Q: Re: Conclusion 2.5

Citation:

> **2.5. Liberty continues to consider the P90 forecast as the preferred planning base. *(Recommendation Nos. 2.4 and 2.5)***
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> **Liberty believes the P90 forecast is the appropriate planning base, but Liberty also recognizes that the key issue is the extent to which decision-makers consider the P90 effect in their deliberations. Hydro's reports in this regard include the P90 case. Hydro and the Board must consider the P90 case in any consideration of supply availability. This transparency of inclusion by Hydro of the P90 case will make use of P50 as the base irrelevant.**

In saying that the Board must "consider the P90 case in any consideration of supply availability," does Liberty mean that Hydro should simply plan for the P90 case? If not, in what way should it be "considered"?

Does Liberty's recommendation to use the P90 forecast as the planning base apply only to weather, or also to other aspects of its load forecast?

Please support your answer making reference to practice by other utilities.

A. Liberty does consider it is appropriate to plan for the P90 case. Hydro's current approach is to calculate reserves on both a P50 and P90 basis. This approach assures that Hydro, the Board, and other stakeholders fully understand the ramifications of a P90 forecast. Liberty is satisfied that this visibility of P90 is sufficient.

Liberty's recommendation to use P90 applies only to weather and not to other load uncertainties.

P90 is not necessarily a standard among other utilities. Utilities might choose to use P80, P67, or even P50 depending on their circumstances. Most utilities have "cushion" in their supply because of their tight interconnections and resulting reserve sharing with neighbors. At the present time, Hydro is alone – there are no neighbors to help with supply or with whom to share reserves in the event of extreme weather. It is therefore appropriate for Hydro to use a more conservative weather variable, such as P90.