

Application Concerning RSP Components of Rates Charged Industrial Customers

CA-IC-1

(page 3, lines 13 – 16) Please provide support for the statement that elimination of the risk-sharing provision in each recent Hydro GRA was opposed by Hydro and other parties.

CA-IC-2

(page 3, lines 1-3 and footnote 6) Is Mr. Bowman proposing that in the future when such situations arise, Hydro 1) file a GRA, or 2) apply for a rate rebalancing review? Please provide support for your response.

CA-IC-3

How does Mr. Bowman propose that Hydro over-earnings be allocated to customers if such situations arise in future between GRAs?

CA-IC-4

(page 9, lines 8-13) Mr. Bowman states “The Board in 2001 was faced with arguments from the IC group that their plan, as it then stood, included amounts charged to the IC group that were inconsistent with stated purpose and intent of the plan, and of normal utility operation. In particular, the IC balance included costs reallocated to the IC plan from the NP plan that had nothing to do with changes in Hydro's costs, and the IC plan included ongoing amounts being charged related to the much earlier closure of two previous industrial customers. The IC argued that these amounts should be excluded from the IC plan. The Board did not so order.” What justification did the Board provide for not ordering consistent with IC arguments in this case?

CA-IC-5

(page 11, lines 13-21) What does Mr. Bowman propose that the Board do to address Hydro’s “inappropriate rate discrimination” to deter Hydro from repeating the offense in the future?

CA-IC-6

(page 11, lines 22-26) It is stated that Hydro’s suggestion to suspend the operation of the RSP load variation provision and its implied preference for reallocation would need to be assessed in regard to classic legal and fairness issues relating to retroactive ratemaking.

- (a) Has such an assessment been filed in Mr. Bowman’s evidence? If so, please provide a reference.
- (b) Has such an assessment been filed in this Application? If so, please provide references.
- (c) In Mr. Bowman’s opinion, are any of the experts participating in this Application qualified to file such evidence?

- (d) In Mr. Bowman's opinion is the Board able to issue an Order on the basis of the evidence filed given Hydro's suggestion to suspend the operation of the RSP load variation and its implied preference for reallocation?

CA-IC-7

(page 11, lines 26 - 31) How have the load changes arising from IC reductions or closures impacted the cost of supply to the Island Interconnected Customer classes? Please show:

- (a) The reductions in cost of supply relative to current rates for each customer class; and
- (b) The reductions in cost of supply relative to RSP balances owing to the load variation component.

CA-IC-8

(page 12, lines 18 - 21) In Mr. Bowman's opinion, what represents "reasonable rate change bounds"?

CA-IC-9

(page 12, lines 9 - 11) What percentage of the current average IC rate is 1 cent/kWh? How accurately would IC rates reflect costs during the 5 year amortization period?

CA-IC-10

(page 12, lines 29-32) What percentage of the current average IC rate is 2 cents/kWh? How accurately would IC rates reflect costs under this scenario?

CA-IC-11

(page 12, lines 33-35) With regard to the statement "The current situation, while providing some quantitative benefit to the remaining IC customers, does not reflect proper utility regulation and risk sharing".

- (a) When would it be appropriate for the Board to remedy this situation and why?
- (b) Is it appropriate for the Board to remedy the situation in its order relating to this Application, and if not, why not?
- (c) Would it be fair to continue current "interim" rates until the RSP balance becomes small enough to impact rates by less than, for example, +/- 3%? If not, why not?

CA-IC-12

Is Mr. Bowman aware of any rate applications where a regulatory board approved rates on an interim basis? Please provide a summary of the key details of any such cases as they relate to this Application.

CA-IC-13

Is Mr. Bowman aware of any rate applications where a regulatory board ruled against a recommendation for a change in rates on the basis that it represented retroactive ratemaking? Please provide a summary of the key details of any such cases as they relate to this Application.