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2 Q. If one of these customers is unable or unwilling to pay its share of the historical
3 balance in a year, are the remaining industrial customers or other customers of
4 NLH at risk for any portion of the remaining balance?

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6 A. Under the RSP, there is no allocation of particular portions of plan balances
7 made to particular customers. The Historical Plan component of the RSP rate is
8 determined based upon the amount to be collected in that year divided by the
9 actual firm energy consumption for that customer class in the previous year.
10 Therefore, the amount of historical RSP that any particular industrial customer
11 will pay in any year will depend upon that customer's actual firm energy
12 consumption in that year. There is no determination of a "share" of that historical
13 plan balance that any particular customer is required or expected to pay in a
14 year. To the extent that amounts of the historical plan balance remain
15 uncollected due to reductions in class energy consumption, that balance remains
16 as an amount to be collected from that customer class in future years.

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18 With the loss of a customer of that class, a net load variation will arise in the
19 current plan. The net load variation that resulted from the cessation of
20 operations at the Stephenville paper mill was approximately 2¢ /kWh (4.7¢ /kWh
21 - 2.7¢ /kWh). That load variation credit will more than offset the increase in rates
22 due to the historic plan increase.