

1 Q. (Summary Report – Additional Cost of Service Information, page 11, lines 1 to 3) It is
2 stated “*Table 7 shows that, after removing the impacts of the RSP billings, Hydro’s*
3 *revenue deficiencies are approximately \$46 million for the 2018 Test Year and*
4 *approximately \$19 million for the 2019 Test Year under the Expected Supply*
5 *Scenario.” Please explain in detail the process followed for “*removing the impacts*
6 *of the RSP billings*”.*

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9 A. “RSP billings” refers to billings to customers as a result of normal operation of the
10 Rate Stabilization Plan (RSP), these include: the RSP Current Plan Adjustment rider;
11 the RSP Rate Mitigation Adjustment rider; and the RSP Fuel rider. These rate
12 adjustments, along with base rates and the CDM Cost Recovery Adjustment, are
13 reflected in customer rates and impact customer billings. Primarily, RSP billings
14 provide for the disposition of variances in fuel costs between the implementation of
15 new Test Year rates in a General Rate Application (GRA).

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17 As stated on page 4 of the Summary Report – *Additional Cost of Service*
18 *Information*, customer billing amounts resulting from RSP adjustments are not
19 recorded as revenue to Hydro as these amounts are recorded on Hydro’s balance
20 sheet and reflected in the RSP balance. Therefore, amounts resulting from RSP
21 billings do not contribute to the recovery of Hydro’s non-fuel related costs. The
22 customer billings amounts resulting from the application of base rates contribute to
23 recovery of Hydro’s non-fuel related costs in its GRA Test Year revenue
24 requirements.

1 Please see Appendix J and K of the *Additional Cost of Service Information* (filed
2 March 22, 2018) for a breakdown of the amounts shown in Table 8 versus RSP
3 Billings.