

1 Q. (Summary Report – Additional Cost of Service Information, page 15, Section 5 on
2 Deferral Account Requirements) Did Hydro consider a simplified deferral account
3 which at year-end determines the average cost of supply for the year, compares it
4 to the average cost of supply included in the approved cost of service study, adjusts
5 for variations in load, and then adjusts rates in the following year through a
6 surcharge either upwards to recover a shortfall, or downwards to return to
7 customers any over-payment? Would a single supply cost variance account such as
8 this not be a better alternative than having both the proposed deferral account and
9 the RSP with the associated concerns relating to duplication and harmonization
10 between the accounts?

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13 A. Please refer to Hydro’s response to CA-NLH-056.