

1 Q. **Reference: John T. Browne Evidence, Page 9**

2

3 JT Browne evidence refers to the Supreme Court of Canada decision in Ontario  
4 (Energy Board) v. Ontario Power Generation Inc. and the statement that  
5 *"...consumers may be assured that, overall, they are paying no more than what is*  
6 *necessary for the service they receive..."*

7

8 Hydro is proposing that current customers pay rates based upon high cost  
9 production at Holyrood in circumstances where low cost power is actually  
10 consumed by those customers. Please explain in detail how the cost of service  
11 standard does not require that current customer rates be based upon the low cost  
12 power they actually consume.

13

14

15 A. This response has been provided by JT Browne Consulting.

16

17 The cost of service standard requires that a regulated utility have an opportunity to  
18 recover its cost of providing regulated service – no more and no less. However, on  
19 its own, the cost of service does not address when the utility should have this  
20 opportunity.

21

22 Intergenerational equity requires that customers of one period should not bear the  
23 costs of providing service to the customers of another. As explained in Mr.  
24 Browne's evidence (page 14), intergenerational equity is enhanced by deferring the  
25 Pre-commissioning Net Benefits.