

1 **Q. Page 9, lines 11-14. What approaches to rate mitigation should be considered**  
2 **in Mr. Bowman's opinion, other than Hydro's proposed Off-Island Purchases**  
3 **Deferral Account and a fixed rate rider as in Manitoba?**  
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5 **A.** Mr. Doug Bowman does not support the cost of service study and rate mitigation  
6 plan proposed by Hydro in the 2017 GRA. He believes that without the  
7 information documented in the response to PUB-CA-003, it is not possible to  
8 properly assess the Application, including any potential rate mitigation  
9 alternatives. He would consider supporting rate mitigation only if: 1) the  
10 information documented in PUB-CA-003 is placed on the record, 2) the cost of  
11 service study reflects the expected supply scenario with off-island purchases over  
12 the LIL and ML, and 3) the parties support rate mitigation and agree on a design  
13 and format. If the above three conditions are met, he prefers a fixed rate rider such  
14 as that used in Manitoba. It is simple to understand, replicable, and quantifiable.  
15 For it to work properly, it must be applied to rates that reflect the costs that the  
16 different customer classes are expected to impose on the power system. Hydro's  
17 proposed deferral account is not simple to understand, is not easily replicated, and  
18 is not quantifiable as witnessed by Hydro's inability, or refusal, to provide an  
19 estimate of the balance with off-island purchases over the ML incorporated (CA-  
20 NLH-193). Further, the accumulated funds would not be applied to rates that  
21 reflect the costs that customers are expected to impose on the system since the cost  
22 of service study does not reflect a scenario with off-island purchases.  
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24 Mr. Doug Bowman points out that if the above three conditions are met, Hydro's  
25 proposed Off-Island Purchases Deferral Account is no longer relevant. He believes  
26 that an approach with a fixed rate rider such as that used in Manitoba is a feasible  
27 approach to rate mitigation, but should only be pursued if the above three  
28 conditions are met. If the above three conditions are met, he would be open to  
29 other approaches to rate mitigation that might be posed by the parties during  
30 negotiations.