

1 Q. **Reference: Interim Rates Application, Schedule 1 – Evidence, Revision 1**

2 On page 6, lines 7 to 10, it is stated “As a result of using the updated number of
3 forecast barrels, the utility customer allocation is approximately \$25.0 million less
4 than it would be using the 2015 Test Year barrels”. Please explain how this change
5 in the RSP Fuel Rider would impact the amounts accumulating in the Energy Supply
6 Cost Variance Deferral Account proposed under the Expected Supply Scenario in
7 Hydro’s compliance filing. Please provide a numerical example showing that there
8 would be no double-counting as a result of this change.

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11 A. The proposed change to the number of barrels used in the calculation of the Rate
12 Stabilization Plan (RSP) Fuel rider would have no impact on the balances in the
13 Energy Supply Cost Variance Deferral Account.¹

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15 The RSP fuel rider does not impact the calculation of the balance in the Energy
16 Supply Cost Variance Deferral Account. Funds collected or disbursed through the
17 RSP fuel rider are recorded in the RSP balance and would not accumulate in the
18 Energy Supply Cost Variance Deferral Account.² Hydro’s proposal to reduce the
19 number of barrels for the purpose of calculating the July 1, 2018 RSP fuel rider
20 would reduce the July 1, 2018 customer rate increase and reduce the funds that
21 would otherwise accumulate in the RSP.

¹ A revision to the Energy Supply Cost Variance Deferral Account would be required if the Board approved the Expected Supply Scenario in determining the 2018 and 2019 Test Year Revenue Requirements. A revised Energy Supply Cost Variance Deferral Account definition is provided in Appendix L of Hydro’s Additional Cost of Service Information filed on March 22, 2018 in compliance with Board Order No. P.U. 2(2018).

² The fuel rider provides for recovery/refund of forecast fuel cost variances as a result of forecast variances from the test year No. 6 fuel price.

1 The balance in the revised Energy Supply Cost Variance Deferral Account under the
2 Expected Supply Scenario is calculated based on approved test year fuel costs,
3 conversion factors, and power purchases to be used in establishing customer base
4 rates. Therefore, the proposal in the 2018 Utility Customer Interim Rates
5 Application to base the RSP fuel rider on the projected number of barrels of No. 6
6 fuel to be consumed at Holyrood for the period July 1, 2018 to June 30, 2019 would
7 have no impact on the projected balances in the revised Energy Supply Cost
8 Variance Deferral Account.

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10 A numerical example is not required as the RSP fuel rider is not an element in the
11 calculation of the revised Energy Supply Cost Variance Deferral Account.