

1 Q. In the InterGroup Consultants Ltd. Report on page 41, Section 6.3 Rate
2 Stabilization Plan Proposals, it is said that the proposal to flow price changes
3 for 'Power Purchase Agreements' ("PPA") power through the RSP does not
4 follow RSP principles when such PPAs, as in the case of Exploits generation,
5 have much uncertainty (intent to transfer the assets to Hydro's regulated
6 operations). Would you agree that an alternative to account for such cost
7 variations when there is much uncertainty is to have more regular periodic
8 GRA filings instead of a more complex RSP? Please explain your response.

9 A. Yes. More frequent General Rate Applications would reduce the need for added
10 provisions in the RSP. In particular this would be a significantly improved solution
11 for the Exploits generation, which is primarily the subject of future price
12 uncertainty due entirely to a potential (and as yet uncertain) policy initiative of
13 government. Given that such a change could be chosen to correspond to occur
14 concurrent with a future GRA timing, there would be no need for any RSP
15 provision to address this price uncertainty.