

From: Paul L. Coxworthy

Sent: Monday, December 09, 2013 3:28 PM

Subject: RE: Hydro's Application for Interim Rates - Proposed Changes to the RSP Rules

Correction: The reference in the first paragraph of the IC Group comments (below) to "new industrial rates for 2013" should read "new industrial rates for 2014".

Regards,

Paul Coxworthy

Hydro Application for Interim rates, effective January 1, 2014

Comments of the Island Industrial Customers on the proposed interim amendment to the RSP Rules:

The Island Industrial Customers note that no party has attempted to make the case that applying to industrial rates, effective January 1, 2014, a fuel rider charge based on a 2007 Test Year value, represents rates that are "reasonable and not unjustly discriminatory" within the meaning and intent of section 3 of the *Electrical Power Control Act*, 1994. It is apparent that new industrial rates for 2013, once the GRA process is completed, will be substantially less than the rate which will apply if the current fuel rider provision of the RSP is applied. In these circumstances, it is evident that such rates would be unreasonable and unjustly discriminatory, even as interim rates.

With respect to the effect of the 2013 Orders-in-Council, the provision thereof with respect to the application to industrial rates of RSP charges in accordance with the Board-approved methodology, effective January 1, 2014, does not in any way prescribe what that methodology should be. It is open for the Board to find that a methodology that would visit upon the industrial customers of Hydro rates that are unreasonable and unjustly discriminatory does not meet with the continuing approval of the Board, and should be amended, on an interim or final basis, dependent on the process reasonably available to the Board in the circumstances.

It is apparent that in the present circumstances, an interim order is the appropriate measure, given the time constraints arising from the General Rate Application process.

In this regard, the Island Industrial Customers wish to make clear that they are not submitting that an interim amendment of the RSP rules is warranted because of any arguable delay on the part of Hydro to file its GRA, to respond to requests for information in the GRA or to file the within Interim Rate Application. There is no need to ascribe blame to recognize that delays are inherent in the regulatory process, and it is for this reason that the section 75 of the *Public Utilities Act* provides the Board with the power to make, unilaterally if necessary, interim orders, to avoid unreasonable and unjust results.

Hydro has submitted that the Board's proposed amendment is contrary to the intent of OC2009-089. However, Hydro by the same submission states that any delay should be kept as short as reasonably possible. In our submission, the Board's proposed interim amendment of the RSP Rules strikes the right, and fair, balance between the interests of Hydro's customers and of Hydro.

Regards,

Paul Coxworthy