

EXAM 6 – CANADA, SPRING 2015

3. (4.5 points)

Identify and briefly describe the six approaches to rate regulation. Provide an example of each approach if it is used in Canada.

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EXAM 6C SPRING 2015 SAMPLE ANSWERS AND EXAMINER'S REPORT

QUESTION 3	
TOTAL POINT VALUE: 4.5	LEARNING OBJECTIVE: A2
SAMPLE ANSWERS (BY PART, AS APPLICABLE)	
Part a: 4.5 points	
<ol style="list-style-type: none"> 1. Open competition No filing required. Like in Nunavut, Yukon 2. Use and file Use the rates and inform regulators who can review & even retroactively correct during a certain period. Like in Quebec 3. File and use File the rates & regulators have a period to approve otherwise its correct to use. Like in PEI 4. Flex rating Means that changes within a certain range can be implemented & used. Not in Canada 5. Prior Approval Means that cannot use rates before approval of government. Like in Ontario for major filings 6. Government mandated rates The government can mandate the rates or the rate change like in Alberta with grid & industry wide rate change 	
EXAMINER'S REPORT (BY PART, AS APPLICABLE)	
Part a	
<ul style="list-style-type: none"> • Candidates are expected to know the rate regulations in Canada Generally candidates did reasonably well on this question. Most candidates cannot name the flex rating approach. For the candidates who can named the flex rating approach, a lot of them cannot give the definition and example. 	