

1 Q. Please confirm that Hydro is not recommending that the Board adopt, for
2 determining the 2004 test year revenue requirement, the recommendation of
3 the SGE Acres Study that the longest reliability reference inflow sequence
4 should be used for all Hydro's operation planning and rate setting purposes?
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7 A. Hydro prepared the 2004 test year revenue requirement using 30 years of
8 inflow data to be consistent with order number PU-7 (2002-2003) and has
9 provided an estimate of the change in revenue requirement for Hydro in the
10 Production Divisions evidence page 30 lines 3 to 5 if the SGE Acres
11 recommendation is implemented. This provides the estimated impact on
12 base rates if the Board were to direct the implementation of this change at
13 this time. Hydro is recommending the adoption of the recommendations of
14 the SGE Acres study with the timing of the implementation left for Board
15 direction.
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17 Hydro will continue it's practice of using all available data for other purposes
18 to be consistent with industry practice and its past engineering studies for
19 feasibility of new generation sources, for evaluating options for hydraulic
20 generating projects and to optimize the use of its existing hydraulic
21 resources.