

1 Q. On its rate schedules, Hydro offers a discount to customers who pay within
2 10 days of the invoice. Please provide a discussion as to how Hydro
3 accounts for early payment discounts within its revenue requirement. In other
4 words, how does Hydro ensure it does not under collect its revenue
5 requirement in the hypothetical situation where all customers pay within 10
6 days?

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9 A. Hydro accounts for early payment discounts within its revenue requirement
10 by assuming that the relative level of discounts forfeited will remain constant
11 with historical patterns. If all customers paid within 10 days Hydro would
12 under collect since historically that has not been the pattern.