

1 Q. (Reference Volume II, Exhibit 13) Is Hydro's cost of service expert aware of any  
2 jurisdictions where the cost of service has been based on a fictitious future that  
3 expected to significantly over-collect costs? If so, please provide a list of such  
4 jurisdictions and provide an explanation of how the case was decided.

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7 A. The response below was provided by Christensen Associates Energy Consulting.

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9 Hydro's cost-of-service methods are in line with industry practice and costing  
10 theory with regard to the use of a forward test year and recovery of fully  
11 distributed costs. The question appears to assert the contrary. The use of a forward  
12 Test Year is common in the determination of revenue requirements and the  
13 development of cost to serve by rate class. In circumstances in which a utility is  
14 scheduled to add significantly to rate base before or during the Test Year, revenue  
15 requirements may increase noticeably relative to previous requirements, but it  
16 would be incorrect to infer that over-collection would occur as a result.