

1 Q. (Summary Report – Additional Cost of Service Information, page 8, lines 16 to 17) It
2 is stated “*For the purpose of preparing a financial projection under the Expected*
3 *Supply Scenario with existing rates, Hydro has assumed it would retain any savings*
4 *from off-island purchases.*” Please provide further explanation of this assumption
5 and explain why Hydro believes it is appropriate for this comparison.

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8 A. Hydro is proposing savings from off-island purchases be set aside in a deferral
9 account for future disposition to customers. However, under the Expected Supply
10 Scenario with existing rates, there is no regulatory mechanism such as a deferral
11 account in which to record the impact of the off-island purchases.