

1 Q. Paragraph 17 of the Application indicates that the 2016 interim rates would result  
2 in a 3.7% increase in base revenue form the Island Industrial Customers. What is the  
3 basis for selecting a 3.7% base rate increase?  
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6 A. The 2016 Interim Industrial Rates Application proposes to implement interim base  
7 rates that reflect a No. 6 fuel cost of \$64.41 per barrel (\$Cdn) in the base energy  
8 rate for the 2015 Test Year. The forecast fuel cost of \$64.41 per barrel (\$Cdn) is  
9 based on the No. 6 fuel price forecast provided to the Board on October 15, 2015.  
10 The proposed demand charge is consistent with the proposed demand charge in  
11 the Amended Application. Because the methodology for determining specifically  
12 assigned charges is currently being contested before the Board, Hydro is proposing  
13 no change in specifically assigned charges at this time.  
14

15 Using this basis for setting each of the components of IIC rates results in a forecast  
16 3.7% increase in base rate revenues (i.e., demand charge, energy charge and  
17 specifically assigned charges) based on the 2015 Test Year forecast. The calculation  
18 of the 3.7% is provided in Attachment 1 to response to NP-NLH-005.