

1 Q. In Order No. P.U. 14 (2015), the Board stated, page 16, lines 26 – 29:

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3 *“The Board believes that it is not necessary or appropriate to address how the*
4 *phase-in of the Island Industrial customer rates is to be completed in advance of the*
5 *general rate application, especially given the differing views expressed by the*
6 *parties.”*

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8 What consideration, if any, did Hydro give to the Board’s ruling in Order No. P.U. 14
9 (2015) in its decision to submit this Application?

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12 A. The question does not present the Board’s statement in its full context. On page 16,
13 lines 20 – 32 in Order No. P.U. 14(2015) the Board stated:

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15 *“The Interim Rate Application proposes a base rate increase of 18.1% for Island*
16 *Industrial customers with a phase-in of this increase in three stages: 2.7% on March*
17 *1, 2015, 4.4% on January 1, 2016 and 10.2% on September, 2016, The Board notes*
18 *that the affected customers do not oppose an interim base rate increase but the*
19 *Industrial Customer Group expresses significant concerns in relation to an effective*
20 *rate increase of more than 2.7% and Vale supports a larger initial increase. The*
21 *Board also notes the Consumer Advocate’s position that the Island Industrial*
22 *customer rate proposals are not consistent with the direction of Government. The*
23 *Board believes that it is not necessary or appropriate to address how the phase-in of*
24 *the Island Industrial customer rates is to be completed in advance of the general*
25 *rate application, especially given the differing views expressed by the parties. The*
26 *Board will therefore only address the increases proposed for 2015. Further, the*
27 *Board agrees with the Industrial Customer Group that changes to the specifically*

1 *assigned charges for the Island Industrial customers should not be addressed in*
2 *advance of the general rate application.”*

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4 The Board’s statement appears to have been made with respect to whether it
5 needed to consider all the steps in the proposed phase-in when deciding on rates
6 for 2015. The Board decided to deal with a single step in Order No. P.U. 14(2015)
7 and approve new rates effective July 1, 2015 which resulted in an effective 2.7%
8 increase to each Island Industrial Customers (IIC). The 2016 Interim Industrial Rates
9 Application proposes another step in the phase-in of Island Industrial Customers
10 (IIC) rates on January 1, 2016 in which the base rates increase but the effective rate
11 results in no increase for each IIC.

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13 Hydro also considered the Board’s decision in Order No. P.U. 14(2015) as the 2016
14 Interim Industrial Rates Application proposes no change in specifically assigned
15 charges at this time.