

1 Q. **2013 Forward Average Rate Base**

2 The nature of expenditures included in Table 9 Deferred Charges page 3.30 all
3 include annual expenditures and amortization of balances resulting in variable
4 annual values. As opposed to the other proposed balances that can be reasonably
5 maintained by management control at constant level for inclusion in the calculation
6 of rate base, the proposed deferred charges included are subject to variability.
7 Please discuss the rationale for including this balance in the calculation of rate base.

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10 A. Notwithstanding that the deferred charges referenced, and which Hydro received
11 Board approval for, may be subject to variability, it is the opinion of Lummus
12 Consultants that it is common practice in the utility industry to include such charges
13 in rate base.