

1 **Q. IIC Rate Phase-in**

2 (Re: Amended GRA) Table 1 on page 1.6R indicates that the IC rate increase based
3 on the 2013 Test Year was 73.1%. Based on the 2015 Test Year, that increase was
4 reduced to 39.2 %, and was reduced again in the 2015 Interim Rates Application.
5 Please provide a comparison of the rates proposed for the IICs for each of these
6 applications, and based on the most recent oil price forecast, and include an
7 explanation of the contributing factors to progressive reductions in proposed rates.

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10 **A.** The primary reason for the material reduction in the proposed increase for the
11 Island Industrial Customer (IIC) Class relative to the original Application is because
12 the 73.1% increase in the original Application included the effect of the phase-out
13 of the RSP credit adjustment that had been in effect since 2007. The RSP
14 adjustment for the IIC Class (excluding Teck Resources) was reset to zero effective
15 September 1, 2013.
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17 The base rate increase proposed in Hydro's 2013 Test Year was 36.1%; this
18 proposed increase is comparable to the 39.2% increase proposed for the IIC Class in
19 the 2015 Test Year.