

1     Q.     Given the requirement in the *Electrical Power Control Act, 1994* that rates should be  
2           based on forecast costs wherever practicable, please explain in detail why Hydro  
3           chose, in the amended GRA filed in November 2014, to use 2014 and 2015 as Test  
4           Years for rate setting purposes. In the response, please address specifically why  
5           2016 was not chosen by Hydro to be a Test Year for rate setting purposes.

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8     A.     Hydro filed its Amended Application in November 2014 to derive customer rates  
9           based upon 2015 Test Year costs (i.e., a forecast test year) and provided detailed  
10          cost information for 2015 to support the proposed customer rates. Hydro also  
11          updated the Requests For Information it considered necessary before the end of  
12          December 2014 to ensure there was a full record for the Board to move the hearing  
13          forward on an accelerated basis. Hydro believes that in an efficient hearing process  
14          involving cooperation by all parties, customer rates based on the 2015 Test Year  
15          could be implemented by July 2015.

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17          Also, as stated in Hydro's response to NP-NLH-359, Hydro has not yet undertaken  
18          its 2016 budget process and does not have detailed operating costs available for  
19          2016. In Hydro's response to NP-NLH-020, Hydro has provided its forecast financial  
20          results for 2016 assuming the proposed rates for 2015 are in effect for 2015 and  
21          2016. The response to NP-NLH-020 indicates that the proposed rates based upon a  
22          2015 Test Year do not result in excess revenues for Hydro in 2016.