

1 Q. **2013 General Rate Application, Deferral and Recovery Mechanisms**

2 Page 4.23, lines 15-16 - Hydro states that diesel fuel prices have been subject to the
3 same upward pressures as Holyrood fuel costs for several years. Why is Hydro
4 seeking approval of a deferral and cost recovery account related to diesel fuel
5 prices now?

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8 A. Hydro is seeking approval of a deferral and cost recovery account related to diesel
9 fuel prices during the current GRA as volatility in relation to these fuel prices has
10 continued since its last GRA. Table 4.8 of Hydro's evidence shows that Hydro has
11 experienced an increase in the cost per litre of more the 50% since 2007, with a
12 resulting 2013 Test Year increase in fuel costs in excess of \$6 million since the 2007
13 Test Year. Hydro considers that with the level of volatility in fuel costs it is prudent
14 to seek approval for such a deferral mechanism.