

1     Q.    Please explain what weight, if any, the Board should give to the timing of Hydro's  
2           filing of its 2013 General Rate Application in its consideration of Hydro's request for  
3           interim rates.

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6     A.    In addition to Hydro's response to IR-NP-NLH-010, it should be noted that Hydro filed  
7           its GRA on July 30, 2013 requesting rate implementation effective January 1, 2014 or  
8           155 days after its filing. By comparison, on September 14, 2012, NP filed its GRA  
9           Application requesting effective rate implementation of January 1, 2013 or just 109  
10          days after its filing, by means of a deferral and recovery mechanism. NP initially  
11          anticipated there would be a \$980,000 revenue shortfall to defer and recover in  
12          order to achieve an effective rate implementation of January 1, 2013, however, a  
13          much higher revenue shortfall of \$3,965,000 was eventually approved by the Board  
14          since the GRA process was longer than NP had projected in its initial filing.

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16        While Hydro has also put forward the alternative of a deferral and recovery  
17          mechanism, similar to that described above, it is Hydro's preference that interim  
18          rates be approved as requested. Hydro views the approval of a deferral and recovery  
19          mechanism as a retrospective approach which would effect a January 1, 2014 rate  
20          implementation of final rates though Board approval would be given later in 2014.  
21        Hydro has proposed what it views as a prospective approach in that rates would be  
22          implemented on January 1, 2014 on an interim basis, with any excess revenues  
23          refunded to customers upon approval of final rates later in 2014. Whether by means  
24          of a deferral and recovery mechanism, or through its preferred approach of interim  
25          rates as proposed, Hydro has requested the opportunity to earn a return on rate  
26          base that is closer to that which results from the Government directed ROE for the  
27          2013 Test Year.