

1 Q. Explain how the findings of the Board in Order Nos. P.U. 26(2013) and P.U. 29(2013)  
2 in relation to the Island Industrial customer rate phase-in and funding have been  
3 addressed in the Interim Rates Application.

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6 A. Board Order Nos. P.U. 26(2013) and P.U. 29(2013) in relation to the Island Industrial  
7 customer rate phase-in and funding are addressed in the Interim Rates Application  
8 as follows:

9

10 Board Order No. P. U. 26(2013) dated August 30, 2013 in relation to the Island  
11 Industrial customer states:

12

13 *1. Hydro shall on August 31, 2013:*

14 *i) credit \$49 million to the Island Industrial customers' Rate Stabilization*  
15 *Plan*

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17 As stated in response to Request for Information PUB-NLH-7<sup>1</sup> filed during the 2013  
18 RSP proceeding, the calculation of the amount of \$49 million contemplates that  
19 Hydro's proposed GRA rates for IC would come into effect on January 1, 2014.  
20 Approval of Hydro's Interim Rate Application for rates effective January 1, 2014 will  
21 be in line with the Government directed allocation of \$49 million of the RSP Surplus  
22 to IC.

23

24 *2. The rates to be charged to all Island Industrial customers, as set out in Schedule*  
25 *"A" to this Order, to be effective for electrical consumption on and after September*  
26 *1, 2013, are approved on an interim basis.*

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<sup>1</sup> Included as Appendix D in Hydro's Interim Rate filing.

1 The rates approved as set out in Schedule "A" to the Board's Order which became  
2 effective, on an interim basis, September 1, 2013, are the phase-in rates directed by  
3 Government, and were the interim rates in effect until subsequent issuance of  
4 Board Order No. P. U. 29(2013) dated September 30, 2013. Hydro's Interim Rates  
5 Application, Schedule A, page 5, requests approval of new IC rates effective January  
6 1, 2014 based on the 2013 Test Year included in Hydro's GRA and represents the  
7 new base rates for IC. The difference between the IC phase-in rates and the 2013  
8 Test Year based rates is directed to be funded from the RSP Surplus and which  
9 funding was contemplated in the Government directed amount of \$49 million to  
10 become effective January 1, 2014.

11  
12 Board Order No. P. U. 29(2013) dated September 30, 2013 in relation to the Island  
13 Industrial customer states:

14  
15 *3. The rates to be charged to Island Industrial customers to be effective for electrical*  
16 *consumption on and after September 1, 2013, are approved on an interim basis, as*  
17 *set out in Schedule A to this Order.*

18  
19 The rates approved as set out in Schedule "A" to the Board's Order which became  
20 effective, on an interim basis, September 1, 2013, are the phase-in rates directed by  
21 Government, and are intended to continue in effect until August 31, 2014. Hydro's  
22 Interim Rates Application, Schedule A, page 5, requests approval of new IC rates  
23 effective January 1, 2014 based on the 2013 Test Year included in Hydro's GRA and  
24 represents the new base rates for IC. The difference between the IC phase-in rates  
25 and the 2013 Test Year based rates is directed to be funded from the RSP Surplus  
26 and which funding was contemplated in the Government directed amount of \$49  
27 million to become effective January 1, 2014.