

1 Q. (page 12, lines 1 to 3 of Second Interim Rates Application Evidence) The evidence
2 states *"The IC rate phase-in proposal under interim rates is in accordance with the*
3 *Government directives and provides recovery of costs from IC while giving*
4 *reasonable consideration to customer impacts"*. Can the Board in its Order on the
5 2013 GRA establish IC rates in accordance with the Government directives without
6 approval of the Second Interim Rates Application? If not, why not? Alternatively,
7 can the Board in its Order on the Second Interim Rates Application address only the
8 component of the Application relating to establishing IC rates in accordance with
9 the Government directives?

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12 A. In its Second Interim Rates Application, Hydro has requested the Board to approve:
13 (i) the recognition of \$29.4 million in revenue for 2014 so that the delay in the GRA
14 process will not prohibit Hydro from having an opportunity to earn a fair return in
15 2014; and (ii) IC rates in accordance with Government directives.

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17 The Board has the authority to approve certain elements of the application and not
18 approve others, as well as the authority to deal with part of an application at one
19 time and the remainder of an application in a subsequent order. In Hydro's opinion,
20 there is no linkage of the requested approval of the IC rates to the requested
21 approval of 2014 revenue recognition to address the 2014 forecast net income
22 shortfall.