

SIR-PUB-NLH-002
NLH 2013 Second Interim Rates Application

Page 1 of 1

1 Q. On page 7, lines 14-16 of the evidence Hydro proposes that the Board approve on an
2 interim basis that \$29.4 million of the balance in the Hydraulic Production Variation
3 component of the Rate Stabilization Plan be provided to Hydro to record as revenue
4 in 2014. Explain in detail how this credit to revenue, which will be on an interim basis,
5 will be treated from an accounting perspective, including how Hydro intends to reflect
6 in its 2014 financial statements the fact that the final order of the Board may cause a
7 portion or all of the \$29.4 million to be returned to the Hydraulic Production Variation
8 component of the Rate Stabilization Plan.

9

10

11 A. In the event the Board approved the recognition of the \$29.4 million on an interim
12 basis then Hydro would record the amount as revenue for 2014. It would also be
13 disclosed in Hydro's notes to its financial statements that it is an estimate and that
14 there are regulatory risks and uncertainties. In the event the Board ruled that a
15 portion or all of the \$29.4 million be returned to the Rate Stabilization Plan, then
16 the change in estimate would be reflected prospectively.