

1 Q. In its Interim Rates Application Hydro proposed a transfer of funds from the
2 hydraulic production variation component of the Rate Stabilization Plan to be
3 recognized as revenue in 2014 and the phase-in of Industrial Customer rates in
4 2014. As a result of this application, if it is approved, does Hydro intend to change
5 customer rates for 2014? If so, how does Hydro plan to finalize 2014 rates? If not,
6 what is Hydro's plan with regard to 2014 rates?

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9 A. As stated in response to SIR-PUB-NLH-013, the proposals reflected in the Second
10 Interim Rate Application only increase rates for the Island industrial Customers in
11 2014. The application does not propose rate increases for 2014 for any other
12 customers.

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14 Further, as stated in the response to SIR-PUB-NLH-014, the actual net income
15 shortfall for 2014 will be determined based upon the Board testing Hydro's 2014
16 test year revenue requirement following the submission of the amended
17 application in the fall of 2014. The difference between the actual and the forecast
18 \$29.4 million net income shortfall for 2014 will be recognized as a revenue
19 adjustment in 2015 or over some other time period subject to an order of the
20 Board.

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22 For further clarity, please see Hydro's response to SIR-PUB-NLH-014.