

1 Q. On June 6, 2014 Hydro advised that it will be filing an amended 2013 General Rate
2 Application ("GRA") in the fall of 2014 with the amended filing providing forecast
3 information for 2014 and a 2015 test year. Explain in detail what the implications
4 are, if any, for Hydro's Interim Rates Application dated May 12, 2014, arising from
5 Hydro's plan to file the amended GRA in the fall.

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8 A. In its Second Interim Rates Application filed May 12, 2014, Hydro requested the
9 Board to approve: (i) the recognition of \$29.4 million in revenue for 2014 so that
10 the delay in the GRA process will not prohibit Hydro from having an opportunity to
11 earn a fair return in 2014; and (ii) IC rates in accordance with Government
12 directives. In the current circumstances, the uncertainty concerning Hydro's
13 opportunity to earn a reasonable return in 2014 can be alleviated only if the Board
14 provides an interim order approving either cost deferral or revenue recognition in
15 2014 and in Hydro's opinion, this request is independent of Hydro's plan to file the
16 amended GRA in the fall and is best addressed in the present Application.

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18 Hydro's rate of return on equity in 2013 was 0.14 percent, and Hydro's first quarter
19 results for 2014 show a net loss of \$5.9 million. As the GRA is not expected to
20 conclude until 2015, existing rates which are based on a 2007 Test Year will
21 continue to the end of 2014. The approval of an interim order by the Board
22 presently which provides additional revenue for 2014 while awaiting the conclusion
23 of the GRA would, in Hydro's opinion, send a positive message to Hydro's investors
24 concerning: (i) Hydro's opportunity to earn a reasonable return in 2014; and (ii) the
25 regulatory environment in which Hydro operates.