

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.