

1 Q. Reference: Second Interim Rates Application Evidence, section 2.3 Shortfall page 4,
2 lines 13 to 14 and Appendix A, page A1

3 In addition to SIR-V-NLH-011 & 012, please explain the rationale for changing two
4 expense items, the rate stabilization plan deferral (Appendix A, line 11) by \$72
5 million and the accretion of asset retirement obligation by \$20,000, when
6 comparing existing rates and proposed rates.

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9 A. The variance of \$72 million between the proposed rates and existing rates for the
10 rate stabilization plan deferral was required to reflect the activity in the plan
11 relative to the test year cost of fuel under each scenario¹.

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13 With respect to the \$20,000 accretion of asset retirement obligation, please see
14 Hydro's response to SIR-V-NLH-012.

¹ 2007 Test Year fuel price of \$55.40/bbl versus 2013 Test Year fuel price of \$108.70/bbl.