

SIR-V-NLH-016
NLH 2013 Second Interim Rates Application

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

3 Please confirm that in the calculation of the forecast \$29.4 million shortfall, that the
4 only two expense items that changed were the rate stabilization plan deferral and
5 the accretion of asset retirement obligation.

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8 A. Hydro's 2014 GRA forecast net income shortfall under existing rates, relative to
9 proposed GRA rates (based on a 2013 Test Year), is approximately \$29.4 million, as
10 shown in Appendix A of Hydro's Second Interim Rates Application Evidence. Hydro
11 has experienced a number of cost increases and decreases from the 2007 Test Year
12 (e.g., fuel costs, power purchases, etc.). Hydro also experienced material increases
13 in other costs that are not reflected in customers' rates, as detailed in Hydro's
14 response to SIR-PUB-NLH-006 (page 4).