

1 Q. Explain why it is appropriate to use 2014 Billing Determinants in the Interim Rates
2 Application when the rates proposed in the General Rate Application are based on
3 2013 data.

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6 A. Hydro's 2013 Test Year was prepared with the assumption that base rates were
7 implemented on January 1, 2013. In order to reflect forecast cash flows in a proper
8 manner, it is a standard assumption when a test year is prepared that the rates are
9 assumed to be implemented on January 1.

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11 When Hydro filed its rate application on July 30, 2013 rate changes were quoted
12 based on the 2013 billing determinants (number of customers, demand (kW) and
13 energy (kWh)) which measures the customer rate impact percentage of the 2013
14 Test Year, in 2013, which Hydro believes was a fair measure at the time of filing. As
15 2014 approaches and 2014 billing determinants are more certain, Hydro believes
16 that a more appropriate measure would be to use the 2014 billing determinants to
17 quote the customer rate impacts. It is important to note that rates remain exactly
18 the same as proposed in the Application and it is only the projected percentage
19 change on customer bills which is impacted. In fact, if the 2014 billing determinants
20 were the same as those in 2013 then there would be no change in the projected
21 customer impacts.