

1 Q. (Reference 2017 GRA Volume I, page 4.2) Based on the revenue requirements for
2 2018 and 2019 test years as given in table 4.1, what would be Hydro's rate of return
3 on rate base and on equity if its fuel savings from off-island purchases were not
4 placed in the Deferral Account?

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7 A. Hydro's revenue requirement has been developed on the assumption that the net
8 savings from off-island purchases would be recorded in a deferral account. In the
9 event the Board does not approve Hydro's proposal to record net fuel savings from
10 off-island purchases in a deferral account then Hydro would be required to reduce
11 its revenue requirement. As a result, there would be no change to Hydro's return
12 on rate base or return on equity.