

1 Q. (Reference 2017 GRA Volume I, page 5.16) It is stated (lines 1 to 4) "*The Board's*
2 *approval of interim rates effective July 1, 2015, during Hydro's last GRA was also*
3 *effective in limiting the revenue deficiencies to be recovered from customers at the*
4 *conclusion of the GRA. Hydro believes its proposed approach in the current GRA*
5 *would also achieve this desired result.*" If the objective is to limit revenue
6 deficiencies, why is Hydro proposing different rate increases for different customer
7 classes on the Island Interconnected System?

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10 A. Hydro's proposal for 2018 interim rates is based upon the 2018 Cost of Service
11 Study as found in Exhibit 14 to the Application, which provides the 2018 revenue
12 requirement by customer class. As such, Hydro has proposed interim rate increases
13 which recover approximately 70% of the increased 2018 revenue requirement for
14 each respective customer class' Cost of Service allocation.

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16 This approach not only serves to limit the overall 2018 revenue deficiency, but also
17 the 2018 revenue deficiency by customer class.