Q. (Expert Evidence – JT Browne Consulting, page 12) It is stated *"The primary reason Hydro is proposing the OPDA is to deal with the uncertainty in estimating the Pre-commissioning Net Benefits."* Hydro proposes a means for over-collecting costs to fund the deferral account which would be used to mitigate future rate increases. However, Hydro does not propose a rate mitigation strategy for returning these funds to customers. The 2019 test year cost of service study does not reflect the costs that Island customer classes are expected to impose on the system. What guidance can you provide the Board on a rate mitigation strategy for returning these funds to Island customers that is consistent with established regulatory principles? For example, in 2020, could Hydro run a cost of service study reflecting actual costs to supply each Island customer class in 2018 and 2019, an assign the funds in the deferral account accordingly? If so, would this be tantamount to retroactive ratemaking? Is retroactive ratemaking consistent with established regulatory principles?

A. This response has been provided by JT Browne Consulting.

Mr. Browne believes that the Consumer Advocate's proposal for the amortization of the Off-Island Purchases Deferral Account is inconsistent with the principle of intergenerational equity, and therefore inappropriate.

With regards to providing guidance to the Board on the amortization of the Off-Island Purchases Deferral Account, Mr. Browne believes the Board should consider the principles of intergenerational equity and rate stability and predictability in light of the actual and expected circumstances at the time the Board makes its decision.