

1 Q. **Volume II (1st Revision), Exhibit 10: Average Rate Base Methodology**

2 Please explain the significance to Hydro's GRA, which is based on a forecast
3 2018/2019 test period, of CA Energy's analysis in Tables 5 and 6, which appears to
4 be based on historical test periods. (Volume II
5 (1st Revision), Exhibit 10: Average Rate Base Methodology, Tables 5
6 and 6)

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9 A. This response has been provided by Christensen Associates Energy Consulting (CA
10 Energy).

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12 CA Energy's analysis, contained in Tables 5 and 6, pages of *"Rate Base Methods for*
13 *Determining Utility Rates: Consideration of Alternatives and Recommendations,"*
14 reflects the results of two illustrative constructs. The tables are incorporated into
15 the discussion paper in order to clarify and elaborate on the point of issue: within-
16 or end-of-period inclusion of large capital additions for resources within a test
17 period, which is differentiated from, and prior to, a forward rate year when the
18 resources will be used to provide services over a full year. It does not matter
19 whether the test year happens to be an historical test period or a forecast test
20 period. The issue arises simply because the test period is prior to the rate year.