

1 Q. Evidence on Customer Rates, Revision 2 – November 14, 2018, Schedule 1, Page
2 37 of 81, Appendix D - 2019 Test Year Cost of Service Study Summary, 2019
3 Expected Supply Test Year Cost of Service Study – October 26, 2018 Update, Total
4 System Revenue Requirement.

5
6 Please provide a detailed explanation of why the Fuels – Gas Turbine (Line 4,
7 Column 3 of the referenced Schedule) amount of \$7,160,521 is approximately 2
8 times higher than the 2018 amount of \$3,473,692 for Fuels – Gas Turbine shown at
9 line 4, column 3 of Schedule 1, Page 27 of 81. In the explanation, please provide
10 details of the change in production and the reason for the increased production.

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13 A. In order to avoid duplication of fuel cost recovery through 2018 revenue
14 deficiencies and balances accumulating in the Supply Cost Variance Deferral
15 Accounts, Hydro has based the supply costs for the 2018 Test Year from these
16 sources on the 2015 Test Year inputs for computing revenue deficiency/revenue
17 excess for the 2018 Test Year.¹

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19 Given Hydro’s deferral accounts in 2018 will operate relative to the 2015 Test Year,
20 Hydro has included 2015 Test Year gas turbine fuel expense in the 2018 Test Year
21 cost of service study for revenue deficiency. This differs materially from the forecast
22 2019 Test Year gas turbine fuel expense which reflects Hydro’s current reliability
23 approach with respect to the operation of gas turbines.²

¹ As noted on Page 9 of Hydro’s November 14, 2018 Evidence.

² Hydro’s 2015 Test Year forecast included gas turbine production of 10.9 GWh. Hydro’s 2019 Test Year forecast includes gas turbine production of 21.2 GWh.