

1 Q. **Reference: Page 9, lines 8-15**

2 Describe the regulatory mechanisms, such as a new deferral account, that would
3 have to be put in place to allow the recovery of Deferred Supply Costs from the
4 rates put in place for 2018 carrying forward to 2019 as proposed by Hydro.

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7 A. Final rates at the conclusion of Hydro's 2017 General Rate Application could be set
8 on either the Deferral Account Scenario or Expected Supply Scenario. In either case,
9 Hydro would propose recovery such that no new deferral account would be
10 required.

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12 For example, under the Expected Supply Scenario the Board could approve a rate
13 rider which would recover the approved balances in Hydro's supply cost deferral
14 accounts.¹ Under the Deferral Account Scenario, the Board has the option to
15 transfer the supply costs to be recovered directly to the Off-Island Purchases
16 Deferral Account. If the Board decides that a supply cost recovery rider is also
17 appropriate under the Deferral Account Scenario, then similar to the Expected
18 Supply Scenario, the amounts recovered through the supply cost recovery rider
19 would apply to reduce the balances owing from customers in the existing supply
20 cost deferral accounts.

¹ Under this scenario, amounts recovered through the supply cost recovery rider would apply to reduce the balance in the existing deferral accounts.