

CONCLUSION

The Board does not believe there is sufficient evidence to justify the proposed changes at this time.

Reclassification of Specifically Assigned Transmission Plant to Common Plant

In its cost of service study Hydro reclassified as common plant transmission lines which had previously been classified as plant serving PDD.

Dr. Sarikas testified: "In the past, transmission lines serving only rural (PDD) were regarded as serving a single rate class since PDD was regarded as a single customer. Incorporation of PDD into the Hydro system results in each rural rate being treated as a separate customer class, e.g., Domestic, and General Service 10-100 kW."

The reclassification of plant formerly specifically assigned to common plant, results in an increase in cost to NP in the 1992 Cost of Service Study of \$1,056,000.

NP argued that the interrelationship of this "common" plant has not changed. The only change since 1989 has been the name change from Power Distribution District (PDD) to Hydro Rural. As in the past, NP and the industrials derive no benefit from this plant, just as other Hydro customers derive no benefit from the line serving only NP's customers in the Port aux Basques area.

CONCLUSION

The Board is not convinced that Hydro's proposal is fair and will not accept the proposed classification at this time.