

1 Q. On page 5, lines 7 to 13, Mr. Osmond states that until the Energy Policy
2 Review is completed by the Government, it is premature for Hydro to
3 recommend or commence a process to implement long-term financial
4 targets. Is this an appropriate strategy given that the government started
5 the review in 1998, and three years later, it has still not been completed?
6 Does Hydro have knowledge that completion of the review is imminent?
7 When is the review expected to be completed? If it is premature for Hydro
8 to implement long-term financial targets, is it also not premature to
9 recommend a rate increase at this time?

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11 A. Please see response to IC-207.

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13 Hydro's long-term financial targets are not related to the rate increase in
14 2002. This requirement is determined by Hydro's 2002 projections of costs
15 and revenues, including a rate of return on rate base and an appropriate
16 return on equity (ROE). The level of ROE attained is a factor in moving
17 towards medium and long-term financial targets. Please see IC-49
18 regarding comments related to Hydro's current, medium and long term
19 financial targets.