

1 Q. On page 5, lines 21 to 28 of his Prefiled Testimony, Mr. Osmond indicates  
2 that a temporary reduction in its financial targets would not be viewed  
3 negatively by the financial community. Would a temporary reduction in its  
4 financial targets in combination with the knowledge that it is allowing for a  
5 price of fuel oil that is substantially below forecast in its revenue requirement  
6 be viewed negatively by the financial community?  
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8 A. In recent discussions with Dominion Bond Rating Service officials, the details  
9 of the current rate application were discussed, including a communication of  
10 inherent financial targets and forecast fuel prices. The general feedback  
11 received to date is that while such targets are undesirable in the longer-term,  
12 Hydro's "phased-in" approach seems reasonable from the perspective of the  
13 impact of rate increases on consumers. Adverse reaction from the financial  
14 community is not expected unless there is a rejection by the Board of Hydro's  
15 longer-term financial targets.