

1 Q. On page 6, lines 13 to 17 of Mr. Hamilton's Prefiled Testimony, he states that
2 Island Interconnected System rates should continue to track the rates
3 charged by NP to similar customers. Does Hydro believe that cost of supply
4 is also a factor, and if so, how is cost of supply to be reflected in these rates?

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7 A. It has been the policy of the Board to charge the same rates for similar
8 customers served from the same system. This policy therefore recognizes
9 that rates are not always related to cost recovery. However, Hydro
10 recognizes that cost of supply is very important and therefore strives to
11 minimize the cost of supply.