

1 Q. On page 15, lines 22 to 28 of Mr. Hamilton's Prefiled Testimony he states
2 that transformer ownership discounts for the Labrador Interconnected
3 System have been revised to reflect relative rate levels between the systems.
4 Why are the discounts based on rate levels rather than the costs of the
5 transformers?

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8 A. The demand charges for the Labrador Interconnected System are less than
9 one-third of those on the Island Interconnected System. Hydro therefore
10 proposes to offer transformer ownership discounts more in line with the
11 proposed demand charges for the Labrador Interconnected System.