

- Q.** Is Mr. Drazen advocating the continuation of separate rates for Labrador City and Wabush to reflect the specific costs of distribution supply in each area? If so, is it Mr. Drazen's opinion that there should be separate rates for each distribution area on the Newfoundland/Labrador system based on the specific costs of distribution supply to each area? For example, should there be a specific rate for Corner Brook, St. Anthony, etc., and how should the appropriate number of distribution areas be determined?
- A.** Yes, Mr. Drazen's evidence is that there are historical and cost of services bases for the separate rates for Labrador City, Wabush and Happy Valley/Goose Bay. Therefore, it is appropriate to maintain the separate rates.

On the other hand, no information has been provided regarding material distribution cost differences in other areas, so there is no basis for introducing rate differences.