

Q. (page 6) In Mr. Brockman's view, what ranking should Hydro place on its rate design criteria, and why?

A. Mr. Brockman does not feel that Bonbright's rate design criteria can be "ranked," in any sort of meaningful mathematical way, as the question seems to imply.

Consider the two criteria that receive the most attention in many rate cases – fairness and efficiency. Mr. Brockman knows of no way to determine which is more important. Most rate designers want to set rates that achieve economic efficiency, but it is also important to be fair. Fairness is of course a subjective criteria requiring judgment. Similarly, if one decides to stress efficiency and forgets about stability, public outcry can often make the results impractical. In the end, all the criteria are important, and rate designs must be judged on a case-by-case basis.