

1 Q. In its report to the Minister on July 29, 1996, the Board recommended that
2 preferential rates be phased out and that the phase-out period should be five
3 years.

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5 (a) Provide Hydro's schedule for the phase-out of preferential rates.

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7 (b) Provide Hydro's schedule for the implementation of full cost recovery
8 rates to rural government customers.

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10 A. (a) As indicated in Mr. Osmond's evidence Hydro will submit at its next
11 Rate Application, for review and approval by the Board, a rate plan
12 outlining alterations in rates over a maximum of five years, covering
13 the phase out of preferential rates from Isolated Rural customers.

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15 (b) As indicated in Mr. Osmond's evidence it is Hydro's recommendation
16 that Government agencies and departments receive an overall initial
17 20% increase in rates, including the general rate increase, effective
18 January 1, 2002. Hydro will submit in its next Rate Application, for
19 review and approval by the Board, a rate plan outlining alterations in
20 rates over a maximum of five years in order to reach 100% cost
21 recovery.