

1 Q. The Board stated in its October 10, 1995 report "*Referral by the Lieutenant*
2 *Governor in Council Concerning Rural Electrical Service*": "The surcharge
3 upon Hydro's customers is financially and economically equivalent to a
4 hidden tax upon a single commodity, namely electricity" (page 175, item 4).
5 Given the above statement, how does Hydro reconcile the evidence of D.G.
6 Hall, page 12, line 26, which appears to be contrary to the Board's previous
7 ruling.

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10 A. In a subsequent July 29, 1996 report "*Referral by the Lieutenant Governor in*
11 *Council Concerning Rural Electrical Service*", the Board revisited this matter
12 and stated: "Government has determined its policy whereby a cross-subsidy
13 by ratepayers, with the phasing out of industrial customers by December 31,
14 1999, will be implemented. This determination precludes further investigation
15 and consideration by the Board. Therefore, the Board is making no
16 recommendation on the issue of funding."

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We believe that these statements supersede those to which you refer.