

1 Q. (a) Further to NP-35(a), in its report to the Minister on July 29, 1996, the  
2 Board recommended that preferential rates be phased out and that  
3 the phase-out period should be five years. Why is Hydro not providing  
4 a schedule to eliminate the preferential rates in accordance with the  
5 Board's recommendation?

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7 (a)(sic) Further to NP-35(b), in its report to the Minister on July 29, 1996, the  
8 Board recommended that the new rate for federal and provincial  
9 departments and agencies should be phased in over 5 years to  
10 recover full costs. Why is Hydro not providing a schedule to  
11 implement rates to recover full cost in accordance with the Board's  
12 recommendation?

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14 A. (a) Please see response to NP-150 and NP-151. Hydro did not start the  
15 phase out of preferential rates since if preferential rates were phased  
16 out at this time the magnitude of the rate increase to Isolated Rural  
17 customers, including the general increase, is considered to be  
18 significant.

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20 Also, it would not be prudent to start the complete phase out given the  
21 magnitude of the projected overall increases until the Board has given  
22 some direction on Rural rates arising from the current rate application.