

1 Q. On page 12, lines 5 to 13 of Mr. Banfield's Pre-filed Evidence, he indicates
2 that the rate for small GS – Government departments and large GS –
3 Government Departments will substantially decrease. Why do customers in
4 these rate categories see substantial rate decreases when the goal is to
5 increase rates to reduce the rural deficit?
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8 A. In 2001 GRA the COS classified the Government Departments as individual
9 classes. Rate classes for isolated system customers are the same as for
10 Island Interconnected customers, which group customers by usage patterns,
11 usage levels and conditions of service. Government departments are
12 allocated full cost rates within their applicable classification, i.e. domestic,
13 small general service, large general service and area lighting. The rate
14 decreases are a result of the change in cost allocations. However, Hydro
15 contends that this is a better method of tracking costs for these small group
16 of customers.