

1 Q. In Hydro's opinion, when should the principle of gradualism be used?

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4 A. Gradualism refers to the process of phasing in required rate increases over a
5 period of time. It is a well-recognized technique that is used a part of the
6 normal rate setting process. The decision as to when to employ the principle
7 of gradualism depends on judgment based on individual circumstances as
8 well as the approach of the regulatory authority.