

1 Q. With regard to the G. H. Mitchell evidence (page 7, lines 5 to 7), owing to the
2 very large rate increase for Hydro's rural customers who are not affected by
3 RSP rate changes, is Hydro giving consideration to redesign of these rates in
4 order to smooth increases in the future? What rate design might Hydro
5 propose to address this situation in the future?

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8 A. Hydro has not proposed redesign for customers not affected by RSP rate
9 changes, as rural rate policies are currently aligned with government
10 direction to the Board with respect to the rates charged by NLH, including
11 preferential rates, rural rates and rate changes generally as referenced in
12 Order No. P.U. 7 (2002-2003). A possible rate policy alternative would be to
13 have the RSP rate change also apply to diesel rates and generally effect a
14 link to current world oil price trends.