

1     Q.     With regard to the G. H. Mitchell evidence (page 12, lines 10 to 11), why is the  
2           revenue to cost ratio for Labrador Interconnected Customers so high?

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5     A.     Rural Labrador Interconnected, in addition to the Cost of Service of \$11.4  
6           million, is allocated \$4.4 million of the rural deficit. This total amount of  
7           allocated costs less the CFB Goose Bay Revenue Credit of \$1.3 million results  
8           in an increase in the revenue to cost ratio from 1.00 to 1.28. (Refer to Exhibit  
9           RDG-1, p.3 of 108, line 8.)