

1   Q.    Provide an explanation to justify the inclusion in the 2007 test year revenue  
2       requirement of costs related to the supply of energy to the community of  
3       Natuashish. (Financial Consultant's Report – 2006 GRA, page 25, lines 41-  
4       45, page 26 lines 2-8)

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7   A.    When Hydro was preparing its rate application, it appeared an agreement to  
8       transfer this responsibility was imminent. Since Hydro has no agreement to  
9       take on the provision of service in this community, these costs are being  
10      removed from the Revenue Requirement as part of Hydro's next filing. If an  
11      agreement is reached at some point during 2007, Hydro will seek to have  
12      costs deferred to be dealt with at a subsequent GRA.