

1 Q. **Volume II (1<sup>st</sup> Revision), Exhibit 4: Identification of the Rural Subsidy on Customer**  
2 **Bill Report**

3 Please outline the findings for the utilities surveyed in Nova Scotia, New Brunswick  
4 and Quebec, and explain why utilities from Prince Edward Island, Saskatchewan and  
5 Alberta were not included in the survey. (Volume II (1<sup>st</sup> Revision), Exhibit 4:  
6 Identification of the Rural Subsidy on Customer Bills Report, Page 4, Footnote 9)

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9 A. Hydro did not include Prince Edward Island, Saskatchewan, and Alberta in its survey  
10 as those provinces do not operate isolated systems. Further, Nova Scotia responded  
11 to the survey indicating it does not have any isolated systems. New Brunswick did  
12 not respond to Hydro's survey; however, New Brunswick does not have any isolated  
13 generation.

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15 Hydro received Hydro Québec's response to Hydro's survey after Hydro filed its  
16 GRA evidence. As a result, information on Hydro Québec is not provided in Exhibit  
17 4. Hydro Québec services 20 isolated communities. Rates charged to customers on  
18 isolated systems do not recover the full cost of providing service. The difference  
19 (the operating deficit for Isolated Systems) is covered by all the customers on the  
20 main grid. The Québec provincial government does not provide any subsidies to  
21 these customers. Domestic customers on isolated systems north of the 53<sup>rd</sup> parallel  
22 have a first tier rate that is the same as the one charged to residential customers on  
23 the main grid. Small and medium power customers on isolated systems are billed  
24 under the same general rates as the main grid system. For areas north of the 53<sup>rd</sup>  
25 parallel, electricity must not be used for space heating or water heating.