

1 **Q. Further to the reply to CA-NP-77 (parts (b) and (c)), what is the relevance of**  
2 **comparing the rates of NP's customers and others in Atlantic Canada, given the**  
3 **hydraulic resources available in this province relative to the generation sources**  
4 **available in other provinces?**  
5

6 A. The comparison of average monthly rates provides customers with a meaningful  
7 indication of the cost of providing electricity as compared to the other Atlantic Provinces.  
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9 Rates are a reflection of the overall cost structures underlying the provision of service.  
10 These costs include the cost of generation, transmission, distribution, and customer  
11 service, as well as pricing policies in the various jurisdictions such as, for example, the  
12 funding of Hydro's rural deficit.<sup>1</sup> Generation mix is one of many factors that influence  
13 the costs underlying rates.  
14

15 Newfoundland has greater access to hydroelectric production, in percentage terms, than  
16 the other Atlantic Provinces. Any comparison of average monthly rates will necessarily  
17 reflect Newfoundland's greater access to hydroelectric production, as well as the  
18 influence of all of the other cost components underlying the provision of safe, reliable  
19 electrical service in Newfoundland.

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<sup>1</sup> The funding of Hydro Rural Deficit is mandated by the *Electrical Power Control Act, 1994*.