

1 Q. (Rates and Regulation Evidence page 4.7, lines 5 to 12)

2 Please explain why Hydro is proposing to continue with the two-block energy rate  
3 structure for NP when it believes it is appropriate to abandon the IC two block rate  
4 structure agreed to in the IC Rate Review?

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7 A. In the short term, Hydro does not believe it is appropriate to change the rate  
8 structure for either customer group. The cost arrangements and infrastructure  
9 change required for the Muskrat Falls Project, once finalized, will need to be  
10 analyzed before Hydro is in a position to determine the appropriate price signals.  
11 Until such a determination is made, Hydro believes it would be premature to make  
12 significant rate structure changes.