

1 Q. (Re: Response to CA-NLH-39) Is Hydro and its cost of service consultant aware of  
2 any jurisdictions that have an "inherent cross-subsidy" or any other type of subsidy,  
3 approaching 44%?  
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6 A. There may be inherent cross-subsidies between, for example, rural and urban  
7 customers in many jurisdictions that are not apparent when Cost of Service studies  
8 and rates do not delineate between these customer groups. Significant intra-class  
9 cross-subsidies can exist between, for example, high and low load factor customers  
10 in cases where rate structure does not provide for differentiation for differences in  
11 load profile among customers in the class. Significant cross-subsidies can exist due  
12 to competitive concerns for large Industrial Customers and the need to provide  
13 subsidies to these customers simply to keep them on the system for the benefit of  
14 all other customers.