

1 Q. Please confirm that the purpose of grouping “classes” in a cost of service study is to
2 avoid the need for calculating costs applicable to each individual customer, and to
3 instead focus on groups of customers with similar characteristics. If not confirmed,
4 please provide the rationale used by Hydro for developing its classes of customers.

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7 A. It is confirmed. Furthermore, the grouping of similar customers is required, since as
8 shown below, Section 73(1) of the *Public Utilities Act* requires that customers with
9 similar circumstances be charged the same rates.

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11 *Equality of rates*

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13 *73. (1) All tolls, rates and charges shall always, under substantially similar*
14 *circumstances and conditions in respect of service of the same description,*
15 *be charged equally to all persons and at the same rate, and the board may*
16 *by regulation declare what shall constitute substantially similar*
17 *circumstances and conditions.*