

1 Q. **Re: CA-NLH-007**

2 It is indicated that the average rate for Domestic Government service in Isolated  
3 Systems is 80.4¢/kWh, and that the proposed average rate is 94.7¢/kWh.

4 Please confirm that these Government rates are based on 100% cost recovery.

5 Is it reasonable to assume that the average costs paid for service in Natuashish  
6 resemble these rates, given that Natuashish is currently paying 100% of the costs  
7 related to electric service? If not, please provide Hydro's best estimate of the total  
8 costs borne by Natuashish, on a ¢/kWh basis.

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11 A. It is confirmed that Government rates in diesel areas are based on 100% cost  
12 recovery. Hydro believes that its Government rates are not comparable to  
13 Natuashish costs, as rates in diesel areas are based upon assets which came into  
14 service over many years, and the Natuashish infrastructure is relatively new. Hydro  
15 is unable to estimate the average costs for service in Natuashish, as it has no data  
16 related to the capital costs paid by MIFN, nor any data related to administrative  
17 costs provided by MIFN related to the provision of electricity.