

1 Q. **Rural Deficit**

2 **Re: LWHN-NLH-013**

3 In the calculation of "equivalent unweighted customers" in the original application
4 applying the 1993 Methodology, NP Total Customer Costs were divided by NP Cost
5 per Rural Customer. Please explain the justification for this approach. Was it
6 prescribed by the Board in 1993? If so, please provide a precise reference.
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9 A. In the Board's report on the 1992 Cost of Service Study Methodology hearing, the
10 Board recommended "the approach illustrated in GCB-5 (Appendix 1 of this Report)
11 for the allocation of the rural deficit for the purpose of the cost of service". Exhibit
12 GCB-5 explicitly specifies the use of "Equivalent Unweighted" customers. Please see
13 response to PUB-NLH-113 Attachment 1, Appendix 1.