Q. [InterGroup Consultants Testimony, page 7, lines 10-11].

In the response to Request for Information IC-NLH-079, the following alternate rate design for Newfoundland Power is provided:

Rate Component	**Current Rate**	**IC-NLH-079 Rate**	**% Change**
Demand	$4.00/kW/mo	$4.00/kW/mo	0%
1st Block	32.46 (Mills/kwh)	27.86 (Mills/kwh)	(14%)
2nd Block	88.05 (Mills/kwh)	136.81 (Mills/kwh)	55%

InterGroup Consultants identifies one of the Industrial Customers' concerns as being "long term stability and predictability in electricity rates."

Is it InterGroup Consultants' opinion that the alternate rate design provided in the response to Request for Information IC-NLH-079 is consistent with long term stability and predictability in electricity rates?

A. Please see the Pre-filed Testimony of P. Bowman and H. Najmidinov, page 40, lines 18-31. In particular, InterGroup believes the above rate is superior on a number of criteria, including stability, to the rate proposed by Hydro in this GRA. InterGroup also notes that as a result of negotiations over the course of many GRAs, a primary NP wholesale rate design criteria is efficiency (sending marginal cost signals linked to Holyrood). In general, in electricity rate setting, efficiency is a principle that often acts in opposition to rate stability – they are inherently trade-offs. The industrial customers were not always involved in those negotiations and therefore cannot comment on the specific intent of the parties in adopting a heavily efficiency-based rate design.