

Q. Does Dr. Feehan believe that interconnected system customers located closer to Holyrood should pay higher rates than customers located next to a hydraulic power source? Please explain your reasoning in detail.

A. My report deals with the allocation of the rural deficit across retail customers located in two entirely separate interconnected systems. With respect to the question, if the customers located closer to Holyrood and the customers located closer to a hydraulic power source are on the same interconnected system and in the same customer class served by the same distributor then they should face the same rate structure. If they are located in different systems then who should pay more would depend on the cost-of-service characteristics of the two systems.