

Q. Does Dr. Feehan believe that allocation of the rural deficit must necessarily be somewhat arbitrary? Please explain.

A. As long as provincial policy requires Labrador Interconnected and NP customers to bear the burden of the rural deficit, I think that the criteria for the allocation of that deficit should be characterized as follows.

1. The allocation method should be understandable to customers;
2. the amount paid by customers towards the rural deficit should be made explicit on their bills;
3. the burden should be allocated fairly; and
4. distortions of energy rates should be minimized.

I agree that judgment within these characteristics is called for in order to set an operational method of allocation.