

1 Q. **Reference: Rates and Regulation Evidence**

2 Please explain in detail why it is appropriate to charge Newfoundland Power a
3 marginal energy rate of 10.400¢ per kWh and the Industrial Customers a marginal
4 energy rate of 4.782¢ per kWh. (Rates and Regulation Evidence, page 4.5, line 19
5 and page 4.7, line 18)

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8 A. The base rates proposed for both NP and the IC, reflect their proper fuel cost. As
9 discussed on page 4.7, line 18 of the Rates and Regulation Evidence, Hydro is not
10 proposing changes to the IC rate structure until the future marginal cost structure is
11 known. Please also see Hydro's response to CA-NLH-32.