

1 Q. Please explain in full the degree to which Mr. Greneman, in assessing alternatives
2 for allocating the rural deficit, has considered the impact on consumption of pricing
3 either energy or demand to Labrador interconnected customers above or below
4 marginal costs.

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7 A. In assessing alternatives for allocating the rural deficit, Mr. Greneman has not
8 explicitly considered the impact on consumption of pricing either energy or demand
9 to Labrador Interconnected customers above or below marginal costs in the context
10 of allocating the rural deficit. It is Mr. Greneman's view that allocating the rural
11 deficit based on revenue requirement, as it may change over time and regardless of
12 specific rate structure considerations, is seen as resulting in the most fair and
13 equitable means of apportioning the rural deficit.