

1    Q.    Please explain in full the degree to which Mr. Greneman, in assessing alternatives  
2            for allocating the rural deficit, has considered the much lower rates paid by  
3            customers served by the Labrador interconnected system as opposed to the Island  
4            interconnected system.

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7    A.    In assessing alternatives for allocating the rural deficit, Mr. Greneman has not  
8            explicitly considered the lower rates paid by customers in the Labrador  
9            Interconnected system. Mr. Greneman does not believe that it is appropriate to  
10          isolate a single variable as a component of total revenues. The higher energy use of  
11          Labrador Interconnected customers (simply because they live in a colder climate) is  
12          the other variable in the calculation of revenues. Fairness in the allocation of the  
13          rural deficit is most equitably apportioned on revenues, which Mr. Greneman notes  
14          gives consideration to both of the revenue components (i.e., electricity rate and  
15          customer load requirements).