

1     Q.     Please confirm that Hydro's proposal would result in a higher increase to Labrador  
2           Interconnected customers than proposed in the general rate application.

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5     A.     Hydro proposed a 23.3% increase to Labrador Interconnected Customers in the GRA  
6           filing. Since the GRA filing, Hydro has proposed two options for a revised cost of  
7           service approach for allocation of the Rural Deficit. Use of either one of the  
8           approaches proposed by Hydro in its Rebuttal Evidence effectively eliminates the  
9           proposed rate increase.

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11           It is estimated that reflecting a three-year recovery period of the 2014 forecast net  
12           income shortfall in a 2015 cost of service study would incrementally increase  
13           customer rates by approximately 2%.