

1 Q. On page 6, lines 8 to 10 of Mr. Hamilton's Prefiled Testimony he indicates
2 that non-firm industrial rates should recover all incremental costs of providing
3 the service and provide a contribution towards the fixed cost of the relevant
4 generating plant. Provide the analysis that shows that the non-firm rate is, in
5 fact, meeting this objective.

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7 A. The energy portion of the rate recovers the actual fuel cost incurred to
8 provide the non-firm energy. Other indirect costs are recovered through the
9 10% surcharge on energy and the \$1.50 /kW demand charge. Please see
10 response to IC-44 (3) for explanation of 10% surcharge on the energy portion
11 of the non-firm rate and the response to NP-183 for explanation of the
12 demand charge portion.