

**NLH 33** (Re: p. 8, Lines 14-17) Identify the specific items that would be included in the “cost savings to a utility if a customer leaves the system.” Is this method of identifying the customer costs of a distribution network typically used in other jurisdictions?

**RESPONSE:**

The cost savings to a utility, if a customer leaves the system, would include the variable costs (e.g., fuel costs, meter reading, billing, etc.) that the utility would avoid by not having to serve that customer. While not familiar with the methodology used by each jurisdiction where marginal cost principles are applied, it is generally recognized that the incremental costs of serving an additional load or the incremental cost savings of load reduction reflect marginal costs.