

**NLH 40** (Re: p. 8, lines 10-17) Is it necessary for the distribution system to peak at the same time as the total system in order for the coincident peak demand method to be used with the local distribution system?

**RESPONSE:**

For a utility that sells all of its output at the distribution level, the system coincident peak and the distribution sales coincident peak are the same. However, local area peaks are not likely to be uniformly coincident with the system peak, and the sum of these NCPs will exceed the system CP. While any method can be used, some provide better price/cost signals than others. In the case of local distribution demand costs, a system coincident peak allocator is generally not thought to be the best approach.