

1 Q. NERA indicates in the July, 2006 report that "Because marginal capacity
2 costs are so low, an obvious choice for the NP rate is a structure consisting
3 entirely of energy charges" at page 11. Is NERA recommending NP's rate
4 design be set as an "energy-only" rate?

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7 A. NERA has provided the following response to this Request For Information:

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9 No. NERA's recommendations for both the NP and industrial rates are
10 summarized on page 2 of the Executive Summary of the July 2006 report,
11 *"Implications of Marginal Cost Results for Class Revenue Allocation and*
12 *Rate Design."*