

1 Q. Does Stone and Webster believe the proposed flat energy rate of 3.811
2 cents per kWh for Industrial Customers provides a proper price signal for the
3 conservation of natural resources? (Cost of Service Evidence, page 8, lines 4
4 to 6)

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7 A. Although the proposed flat energy rate is not an explicit price signal with
8 respect to the marginal cost of energy, the Industrial Customers, as well as
9 NP, are subject to the fuel rider, which adjusts the rates for all energy by
10 using the updated forecast cost of fuel. In addition, non-firm energy for the
11 industrial customers is based on the marginal cost of fuel. See also the
12 response to CA 48 NLH.