

1 Q. Does Stone and Webster agree that allocating test year revenue requirement
2 based on a fully allocated embedded cost of service study and providing
3 marginal cost based pricing signals to customers through rate design is not
4 an uncommon regulatory practice. (Cost of Service Evidence, page 14, line
5 24 to page 15, line 2)
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8 A. Stone & Webster believes it is common practice to determine test year
9 revenue requirement based on a fully allocated embedded cost of service
10 study and to adjust embedded cost based rate structures to incorporate
11 marginal cost based pricing signals.