

1 Q. Does NERA consider embedded cost studies controversial in terms of
2 methodology and rate implementation? (Cost of Service Evidence, page 17,
3 lines 1 to 3)

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

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8 Referenced text:

1 Marginal cost studies have generally been controversial in terms of methodology
2 and rate implementation and it may therefore not be prudent to dramatically alter
3 NP's rate structure based on the results of this single marginal cost study. It is

9 We do consider the choice of embedded cost approaches and implications of
10 embedded cost results for rate implementation to be controversial.