

1   **Q:**   (Reference May 3, 2019 report by Brattle Group, Inc entitled *Embedded and*  
2           *Marginal Cost of Service Review*) On page 36 (lines 13 to 15) it is stated  
3           “*curtailing consumption during peak demand is an economically appropriate*  
4           *goal of electricity rate making as it results in improvement in overall system load*  
5           *factor, and thus, results in lower unit costs*”, Does the Brattle Group support  
6           assigning as much cost as possible to demand? Is this a principle of cost of  
7           service or rate design? Is it not the purpose of a cost of service study to allocate  
8           the correct and fair amount of costs to demand as a means of fairly allocation  
9           costs to customer classes?

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11   A.    No. The statement refers to a fundamental principle in the economics of peak load  
12           pricing. The Brattle Group’s cost of service recommendations are based on the  
13           principle of cost causality which has been taken by commissions to provide a fair  
14           and economically reasonable allocation of costs.