

- 1 **Q:** CA Energy Consulting report, page 19 states that "*marginal costs have not*
2 *been widely used for cost allocation in the past due to their computational*
3 *challenges and the fact that total marginal costs do not necessarily equal the*
4 *embedded costs that are the object of revenue recovery, subject to regulatory*
5 *approval". Is the Brattle Group aware of any Canadian major utility that uses*
6 *marginal cost of service, or marginal cost for cost allocation purposes, in its*
7 *cost of service study? If so, please provide details on the jurisdiction, the*
8 *approach to using marginal costs in the cost of service study, and reference the*
9 *most recent decision by each regulator that approved this approach.*
- 10
- 11 **A.** No, we are not aware of any Canadian major utility that uses marginal cost of
12 service for allocation purposes.