

1 **Q: Reference: "Embedded and Marginal Cost of Service Review," The Brattle**
2 **Group, May 3, 2019, Exhibit II at p. 14/3-6**

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4 **Regarding a single integrated system for cost of service purposes, is The**
5 **Brattle Group recommending that all generation assets, with the exception of**
6 **Muskrat Falls, be treated as common and then allocated among customer**
7 **classes based on a system load factor for a combined Island and Labrador**
8 **system? If not, please explain The Brattle Group's recommendation on the**
9 **manner in which generation costs are proposed to be allocated by system.**

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11 **A.** No. In this proceeding, we are not recommending that all generation assets, with
12 the exception of Muskrat Falls, be treated as common and then allocated among
13 customer classes based on a system load factor for a combined Island and Labrador
14 system. In this proceeding, we are not recommending a change in the manner in
15 which generation costs are proposed to be allocated by system. We are suggesting
16 that there may be certain generation costs such as overhead, administrative and
17 general, *etc.*, which, in a future, integrated COS might be treated differently than in
18 the current COS.