

1 **Q: Reference: Embedded and Marginal Cost of Service Review, May 3, 2019, The**
2 **Brattle Group, Page 26, Lines 3-15.**

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4 *“With respect to Hydro’s approach, CAEC (at 10) states:*

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6 *The NARUC COS Manual reveals many different ways to classify*
7 *generation plant. Some are demand-only in nature and others are*
8 *a combination of demand and energy, but are termed “energy*
9 *weighting methods.” Since none of the conventional approaches*
10 *can claim unchallenged superiority, the current Hydro approach*
11 *of classifying on the basis of generator type, and using both*
12 *demand-only and energy weighted methods appears to be within*
13 *the norms of industry practice.”*

14
15 *We are in general agreement with this statement. Hydro’s approach – i.e.,*
16 *examining and analyzing the reasons that gave rise to the investment in each*
17 *generation facility rather than classifying all fixed generation costs as demand*
18 *related – is by definition, akin to the cost causation approach discussed above.”*

19 **Does Brattle believe that cost causation, and “the reasons that gave rise to the**
20 **investment,” should also be given weight when deciding how to classify**
21 **transmission? Why or why not?**

22
23 **A. Yes, it should be given some weight. Please see response to NP-PUB-001 for a full**
24 **explanation for why we believe the LIL and LTA should be classified as demand.**