

- 1 **Q. Reference Prefiled Evidence of Larry Brockman, page 6, lines 1-6: What principles**
2 **does Mr. Brockman use for the allocation stage of a cost of service study?**
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- 4 A. In the allocation stage of the cost of service study, Mr. Brockman would apply the
5 determinations based on cost causation that were identified at the classification stage.
6 Mr. Brockman considers cost allocation to be largely a mechanical exercise, with the
7 principled consideration of cost causation having been undertaken during the
8 classification stage.
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- 10 For example, if it was determined in the classification stage that distribution lines are
11 related to the non-coincident demand of a class, Mr. Brockman would allocate those
12 costs in proportion to the class's non-coincident demand. If it was decided that a
13 generation plant's fixed costs should be classified 20% to coincident demand and 80% to
14 energy, Mr. Brockman would allocate those costs using the individual classes'
15 contributions to demand and energy at the generation level.
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- 17 For additional information, see the response to Request for Information PUB-NP-001.