

- 1 **Q. Reference Prefiled Evidence of Larry Brockman, regarding Mr. Brockman's**  
2 **reference of the NARUC Manual, see page 35 section under III. Classification, A.**  
3 **Cost Accounting Approach:**  
4 (i) **Is the Cost Accounting Approach related to the cost of the mix of generation**  
5 **upon which generation planning decisions were made?**  
6 (ii) **Are there any situations where Mr. Brockman recommends the use of the**  
7 **Cost Accounting Approach for classification of generation plant?**  
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- 9 A. (i) In Mr. Brockman's opinion, the Cost Accounting Approach referenced on page  
10 35 of the NARUC Manual is an attempt to capture the cost causation of various  
11 types of rate base based purely on what accounts they have been booked into. In  
12 that sense, it could be said to be related to the cost of the mix of generation upon  
13 which generation planning decisions were made.  
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15 Mr. Brockman does not believe that the method adequately reflects cost  
16 causation. For example, Mr. Brockman does not agree that all fixed production  
17 costs are related to demand, as the second paragraph on page 35 suggests.  
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- 19 (ii) In Mr. Brockman's opinion, the Cost Accounting Approach may be appropriate  
20 for classifying some costs; for example, classifying the fixed costs of peaking  
21 units to demand. However, Mr. Brockman would not recommend the Cost  
22 Accounting Approach for classification of intermediate or baseload plants.