

1 Q. Does the principle of marginal costing rely on a beneficiary pays approach?

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4 A. No. As a practical matter, beneficiary pays methodology is generally applicable to incremental  
5 power delivery facilities. To the extent that beneficiary pays methods take account of network  
6 externalities attributable to the fundamental nature of power systems and incremental facilities  
7 and costs, it is fair to say that such methodology draws on marginal cost concepts.