

1 Q. (Rates and Regulation Evidence page 4.7, lines 5 to 12)

2 Did Hydro and Lummus take into consideration the marginal costs derived in the
3 NERA reports identified in the previous RFI? If so, please explain how, and if not,
4 please explain why not.

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7 A. Hydro and Lummus Consultants did not explicitly take into consideration the
8 marginal costs derived in the NERA reports for the IC rate for the reason explained
9 in lines 10-12 of the referenced paragraph. That is, Hydro agrees with the
10 recommendation in the Lummus report that no changes to the IC rate structure
11 should be made until the future marginal cost structure is known.