

1 **Q. Re: Cost of Service Study, Exhibit 9, s. 4.1.1, page 21**

2 Please explain, in general terms, the relative benefits and drawbacks of recovering
3 an amount through the revenue requirement or through a rate rider and describe
4 the types of situation where rate riders are generally used, in standard industry
5 practice.

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8 **A.** The rationale for the relative benefits and drawbacks of recovering CDM
9 expenditures through a rate rider versus the base rate revenue requirement is fully
10 discussed in Section 4.1.2 of Exhibit 9. In industry practice, rate riders may be used
11 for a number of reasons, including: fuel expenses; programs where future costs are
12 uncertain; transparency and ease of administration; and limited term application.