

1 Q. Reference Dr. Wilson's evidence relating to Transmission Plant and Costs, on pages
2 11-13.

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4 Would Dr. Wilson also agree that the rationale for another methodology commonly
5 used in the industry to allocate network transmission is, notwithstanding that
6 transmission lines serve both demand and energy, transmission lines are sized to
7 carry peak load and the cost of those lines is fixed in nature and as such there are
8 financial carrying costs including cost of capital, depreciation and O&M?
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11 A. I would call this a description -- not a methodology. Generally transmission facilities are
12 sized to accommodate their expected maximum loads – not the coincident peak load of
13 the system. The capital costs of these facilities, once sunk, are then fixed in the short run
14 – not in nature. Most O&M is not fixed. Depreciation is an accounting concept. Cost of
15 capital generally varies over time. Also, see response to IC-PUB-020.