

1 Q. [InterGroup Consultants Testimony, page 28, line 21 to page 30, line 2].

2 The title of the referenced section of testimony is “Normalize Entire Cost of
3 Service Study”. However, the section is focused on normalizing the peak loads
4 and load factors for Vale and Praxair.

5 Does InterGroup Consultants agree that a cost of service study that normalizes
6 **all** inputs is necessary to ensure not only “fair and reasonable estimation of the
7 cost responsibility between customer classes”, but also that rates of all
8 customers are reasonable and not unjustly discriminatory?

9 A. The referenced line from InterGroup’s testimony is part of Section 5.3, Impact of
10 Transitional Industrial Customers to Industrial Rates. It focuses on normalization
11 of peak demand for the allocation of demand-related costs due to the transitional
12 nature of the pre-production industrial customers, namely Vale and Praxair.

13 Without suggesting an excessively broad application of the principle, in general,
14 yes, normalization is a part of testing a cost-of-service study for reasonableness.
15 For example, the InterGroup evidence also notes that the NP loads should be
16 normalized for February (weather normalized peaks) which would also affect the
17 determination of the month for 1CP calculations (becomes February 2013 rather
18 than December 2013).