

1 Q. [J.W. Wilson Evidence, page 16]
2

3 **Dr. Wilson discusses that he proposed a phase-in of the increase in rates that using**
4 **the Board's approved Rural Deficit Allocation would call for. In that regard, does**
5 **Dr. Wilson believe that the choice of cost of service methodology ought to be**
6 **separate from rate design? Please explain.**
7
8

9 A. Cost classification and cost allocation are typically separate steps preceding rate design.
10 However, these steps are linked in that efficient cost classification and allocation (e.g.,
11 classifying transmission and generation plant costs to both energy and demand and
12 allocating these costs in proportion to both energy and demand requirements) is essential
13 in order to support sound rate design.