

1 Q. **Reference: Volume II, Exhibit 9: Cost of Service Study / Utility and Industrial**
2 **Rate Design Report**

3 Does Lummus Consultants agree that a wholesale rate that promotes increased
4 frequency of customer load curtailments at times not required for system support is
5 encouraging inefficient use of society's resources? If not, why not? (Volume II,
6 Exhibit 9)

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9 A. Lummus Consultants does not believe that there is a clear nexus between voluntary
10 customer load curtailments and inefficient use of society's resources. Providing
11 appropriate energy and demand price signals in order to provide incentives for the
12 conservation of energy and capital resources are, in fact, a widespread industry
13 practice. Lummus Consultants, does however, acknowledge that customer load
14 curtailment may contribute to system inefficiency depending upon how it is utilized.