

1 **Volume 1, Section 4 – Customer Rates and Regulations**

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3 **Q. (page 113, lines 6-7) Has NP developed marginal cost of service studies in the past**  
4 **and if so, for what purpose?**

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6 A. Yes. In 1984, the Company participated with Hydro in the completion of a marginal cost  
7 study. In 1997, the Company completed a marginal cost study.<sup>1</sup> The purpose of these  
8 marginal cost studies was to explore the potential for the use of alternative rate designs.

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<sup>1</sup> The 1997 Marginal Cost Study was provided as Appendix C to *A Study of Innovative Approaches to Rate Design Based on Marginal Costs and Time-of-Use Design Principles* filed with the Board in June 1997.