

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

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3 **Q. (page 120, lines 14 – 16) Did NP consider further reductions in the revenue to cost**  
4 **ratio as a means for bringing the energy charge down to levels reflecting marginal**  
5 **costs?**

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7 A. Yes. The Company did consider further reductions to the Rate 2.1 energy charge to  
8 reduce the revenue to cost ratio for the General Service 0 – 10 kW class and make the  
9 energy charge more reflective of marginal costs. However, this would require a higher  
10 increase in rates to customers in other classes than is currently proposed.

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12 To manage customer impacts, the Company proposes a gradual approach to bring all  
13 customer classes within an acceptable cost recovery range. Further information is  
14 provided in the response to CA-NP 190.