

1 **Volume 2, Tab 10 – Cost of Service Study**
2

3 **Q. (Schedule 1.2, page 1 of 2) How does NP determine “weighted customers”? Please**
4 **provide an example.**

5
6 A. Weighted customers are determined for each class of service by applying a weighting
7 factor to the number of customers for each class. This calculation is shown in *Cost of*
8 *Service Study*, Schedule 4.3, Volume 2, Tab 10, Appendix A, page 32 of 43.¹

9
10 Customer weighting factors are developed for four main functions:

- 11 • Customer-related distribution costs (primary lines, secondary lines and
- 12 transformers).
- 13 • Metering.
- 14 • Service drops.
- 15 • Customer-related general (customer accounting, customer contact center, credit).²

16
17
18 For customer-related distribution costs, customers within each class are assigned an equal
19 weighting.

20
21 For metering, each class of service is assigned a weighting based on the relative cost of
22 providing metering to the customers within each class of service.

23
24 For service drops, each class of service is assigned a weighting based on the relative cost
25 of providing a service drop to customers within each class of service.

26
27 For customer-related general, weightings are based on an analysis of the relative time it
28 takes to deal with customer inquiries, credit, and customer accounting for each class of
29 service.

30
31 Attachment A shows the determination of the customer weighting factors for metering.

¹ A customer weighting factor of 0.0 per cent occurs in a number of instances, such as in the case of the weighting factor used to allocate customer-related secondary costs to transmission customers. This reflects the concept that a transmission customer (a customer supplied directly from the transmission system) is not responsible for any of the cost of the distribution secondary or primary system.

² Shown in the column headed “Customer Related Costs” in Schedule 4.3 to the *Cost of Service Study*.

Attachment A

Table 1
Calculation of Customer Weighting Factors for Metering

Class of Service	Metering	
	Cost¹	Weighting
Domestic	\$36.80	1.0
General Service 2.1	\$84.13	2.3
General Service 2.2	\$521.71	14.2
General service 2.3 Secondary	\$2,275.68	61.8
General service 2.3 Primary	\$7,570.10	205.7
General service 2.3 Transmission ²	\$18,219.43	495.2
General service 2.4 Secondary	\$4,775.86	129.8
General service 2.4 Primary	\$8,707.75	236.7
General service 2.4 Transmission ²	\$7,786.46	211.6

NOTES:

- 1 - Costs are based on detailed calculation of the average cost per customer, in each class, of the cost of metering equipment plus labour costs for metering installation. Services < 300 Amps have no labour costs included, as power line technicians install the meters and service drops at the same time and the labour costs are charged to services.
- 2 - Cost of metering for transmission customers is impacted by the extent of use of relatively expensive metering tanks to provide metering in certain circumstances.