

1 **Volume 2, Tab 12 – Marginal Cost Study**
2

3 **Q. Schedule 12 at page 16 shows weighting factors for each class. The Cost of Service**
4 **Study (Vol. 2, Tab 10) also uses weighting factors for customer class as shown in**
5 **Schedule 4.3. Please explain why the weighting factors are different in the two**
6 **studies.**

7
8 A. The weighting factors are not different in the two studies. However, the weighting
9 factors are presented differently.

10
11 Schedule 4.3 of the Cost of Service Study (Vol. 2, Tab 10) provides a single customer-
12 related cost weighting factor for each customer class reflecting the weighted average of
13 Customer Accounts Expense and Customer Service and Informational Expense.

14
15 Schedules 12 and 14 in the Marginal Cost Study, on pages 16 and 17 respectively,
16 provide the customer weighting factors for these expenses separately.

17
18 Table 1 provides a reconciliation of the weighting factors from the Marginal Cost Study
19 to the weighting factors in the Cost of Service Study.
20
21

Table 1
Customer Weighting Factors Reconciliation

Class of Service	Customer Accounts Expense¹	Customer Service and Informational Expense²	Overall³
Domestic	1.00	1.00	1.0
General Service 0-10 kW	1.28	1.00	1.2
General Service 10-100 kW	2.73	1.00	2.1
General Service 110-1000 kVA	2.73	1.67	2.3
General Service 1000 kVA and Over	2.73	2.50	2.6

¹ See Schedule 12 of the Marginal Cost Study.

² See Schedule 14 of the Marginal Cost Study.

³ The overall weighting factor in the Cost of Service Study is computed based on Customer Service and Informational Expense receiving a 37.8% weighting factor and Customer Accounts Expense receiving a 62.2% weighting factor. The weighting factors were determined based on the respective proportions of direct operating expense for each.