

1 **Q:** On page 23 of its report, the Brattle Group notes “*Setting rates based on each*
2 *classes’ relative peak demand reflects the costs that each class imposes on the*
3 *utility and provides appropriate economic signals for customers to make*
4 *purchases at the peak that is commensurate with the value of the service.*
5

6 *Under the cost causation approach to classification and allocation, the general*
7 *focus is on the utility planner’s investment decisions to add capacity to meet*
8 *reliability criteria such as loss of load probability, reserve margin, loss of load*
9 *hours or other measures.”*
10

11 **If the IIS investment in capacity is based not only on the PSO expected load of**
12 **each class, but on a low probability high impact peak loading (such as P90 or**
13 **greater), what is the view of the Brattle Group on whether the CP allocator**
14 **should take into account the variability in each customer classes’ loads**
15 **between the expected (P50) peak and the planning peak (e.g., P90).**
16

17 **A.** The option proposed is not clear, especially what is meant by “...the variability in
18 each customer classes’ loads...” There are many measures of class load variability
19 – coefficient of variation, interquartile range - and many questions to answer – over
20 what time period should the calculations be performed, should a subperiod analysis
21 be performed, etc. In addition, the reliability implications need to be assessed. In
22 sum moving away from a 1CP to an alternative, probabilistic allocator requires an
23 analysis we have not performed.