

- Q.1. Provide a costs study which allocates the total cost of service to each proposed tariff rate schedule. Tariff rate schedules may be combined for this purpose provided they are of a similar supply or end use nature. A statement describing which rates were combined and the reasons therefore should be submitted.

The rates of return for each tariff schedule as defined above should be determined at both the present and proposed rate levels. Base rate revenues should be used for there purpose unless there are good and sufficient reasons to include revenues derived from other sources. Should the latter be the case, an explanation of other revenue sources included and reasons therefore should accompany the cost allocation study.

The method selected for use in allocating costs to rate classes should include costs analyses based on:

- a. Peak responsibility.
- b. Average and excess, on a non-coincident demand basis.
- c. Company preferred method if different from the above-referenced methods, with rationale behind the selection.

This study should include a statement of the source and age of the load data used in the determination of demand responsibilities, a description of any special studies used to prepare the cost study, and the most recent overall system line loss study.

The cost data used in the allocation study may be based on the test year.

- A.1. [Exhibit JMK 2 provides the requested information](#)