

1 **Q. In reference to the evidence of Larry Brockman, page 9, lines 17 to 19 - “A survey of**  
2 **Canadian utilities showed that the BCC generally does not recover all of the**  
3 **customer related costs derived from their cost of service studies, suggesting that**  
4 **regulators consider other factors when setting this charge.” - What are these “other**  
5 **factors” that turned up in Mr. Brockman’s analysis?**  
6

7 A. The suggestion referred to on page 9, lines 17 to 19 of Larry Brockman’s evidence is  
8 based on Mr. Brockman’s experience that regulators sometimes consider factors other  
9 than cost in setting specific charges. Such factors include: conflicting goals of rate  
10 design, such as pricing energy tail blocks to reflect marginal cost while maintaining class  
11 revenue requirements; not wanting to impact small customers by setting BCCs at cost;  
12 philosophical differences on the veracity of the minimum system and zero intercept  
13 concepts; and, political considerations.