Q. **Re: Wilson Pre-Filed Testimony, page 17. Dr. Wilson indicates Hydro's "proposed marginal rate for industrial energy consumption is 4.782 cents/kW.h".**

Please confirm that an industrial customer operating at an 85% load factor which increases its load by 1 kW will consume 7446 kW.h in a year, plus increase its Power on Order by 1 kW. Please confirm that this would equal a marginal cost of $456.63 for the year, or 6.253 cents/kW.h.

A. The additional cost to this customer taking 1.0 additional kW of demand in each month at an 85% load factor (7,446 additional kWh of energy annually) will be the customer's additional cost of demand plus the customer's additional cost of energy. Under the assumptions specified here, the additional annual cost of demand (to the customer) will be $9.13 x 12 = $109.56 and the additional cost of energy (to the customer) will be 7,446 x .04782 = $356.07.

$109.56 + $356.07 = $465.63.

The marginal cost of energy (to the utility) is 17.768cents/kWh, which is far above the grossly inefficient marginal energy rate of 4.782 cents/kWh charged to the customer.