

1 Q. **Reference: Proposed Long-Term Supply Cost Variance Deferral Account**

2 For each component of the proposed LT-SCVDA, please identify and explain whether customer
3 class responsibility for a variance is determined using the functionalization, classification and
4 customer allocation methodology applicable when the underlying variance arises or the
5 methodology and allocation determinants applicable when the accumulated balance is
6 subsequently disposed.

7
8
9 A. For each component of the proposed Long-Term Supply Cost Variance Deferral Account, the
10 functionalization and classification for a variance is determined using the Cost of Service
11 allocation methodology in place and approved by the Board of Commissioners of Public Utilities
12 when the underlying variance arises (for example, allocation of costs between demand and
13 energy using customer load factor). The customer allocation or customer class assignment is
14 determined using the variants or allocators in the applicable year the variance occurs (for
15 example, allocation of energy costs amongst customer groups based on 12 months-to-date kWh
16 for: Utility Firm invoiced energy, Industrial Firm invoiced energy, and Rural Island
17 Interconnected bulk transmission energy).