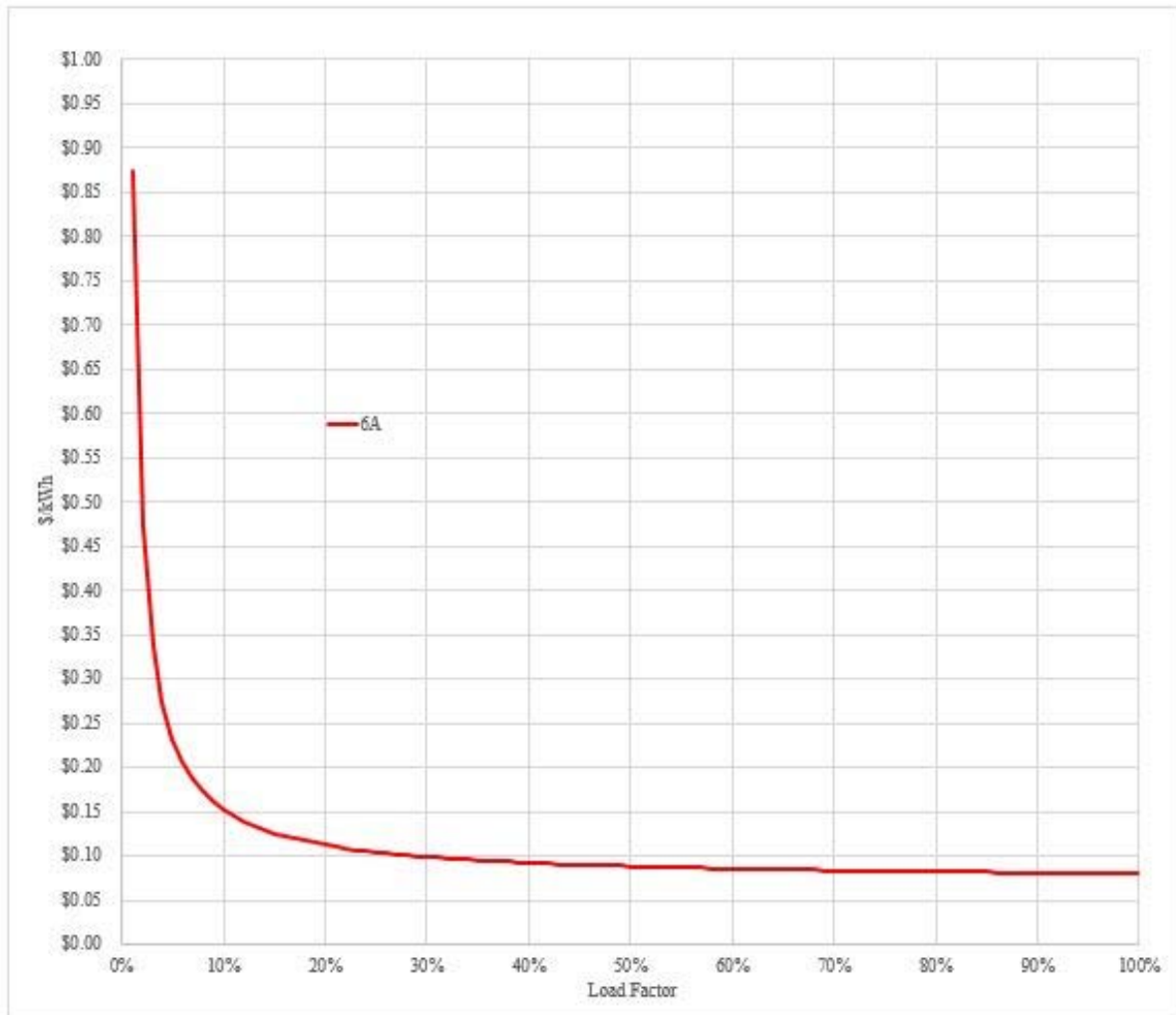


827 **Q. How were proposed Schedule 6A prices calculated?**

828 A. The Company plotted the average energy cost for an existing Schedule 6A customer
 829 using both an average \$5.86 per kW cost for facilities charges and an average
 830 7.204 cents per kWh energy charge against load factor to better understand the
 831 relationship between average energy cost and load factor. Figure 3 shows this average
 832 demand and energy cost relative to load factor.

833 **Figure 3. Average Demand and Energy Cost Relative to Load Factor for Combined**
 834 **Schedule 6A Prices**



835 Through an iterative process of modifying the two different kWh-per-kW blocks, the
 836 Company developed a rate design that follows a similar average cost relationship as