



# Schedule 5.3 – Cost Allocation Report

March 3, 2023

## 1 **Cost Allocation Report**

2 As ordered by the Board in its Decision in Matter 494, Liberty has reviewed the recommendations set out  
3 in Mr. Knecht's evidence in Matter 494 and is filing this report as an update on those recommendations in  
4 Liberty's 2023 General Rate Application.

## 5 **Mains Classification & Allocation**

### 6 **Recommendation 1: "The overall classification of mains should be set** 7 **based on the minimum system result."**

8 Liberty accepts this proposal. The minimum system result has been updated to reflect latest  
9 information. As of the end of 2021, it is calculated at 61.594% demand and 38.406% customer. This  
10 information is consistent in Schedule 8.12 – Liberty 2023 Budget COS Model Excel File (Confidential).

### 11 **Recommendation 2: "The demand allocator for all classes should be** 12 **adjusted for the load carrying capability of the minimum system, and** 13 **not only the residential class."**

14 Liberty accepts this proposal and has included these recommendations in this filing. The design  
15 day has been adjusted downward by the per-customer Rate SGS design day demand. The  
16 assumption used was that the minimum system load-carrying capability equaled the residential  
17 per-customer design day demand. This information is consistent with Schedule 8.10 Support for  
18 Allocators, Peak tab.

## 19 **Meters Plant Allocation**

### 20 **Recommendation: "Liberty should develop a better understanding of** 21 **the specific meters used within each rate class to eliminate reliance on** 22 **arbitrary averages."**

23 Liberty considered this proposal and as an interim approach completed a thorough review of the  
24 service and meter costing data. As discussed during the hearing and through Matter 494 file  
25 submissions, Liberty is currently transitioning to Customer First asset management system which  
26 aims to provide more detailed meter and service information that Liberty can use to better assess  
27 the meter and service costing per rate class. This information is consistent with Schedule 8.10  
28 Support for Allocators, Meter\_Invest tab.



## 1 Services Allocation

2 **Recommendation: “[Modify] the cost allocation study to rely on the**  
3 **actual class-specific data derived from the Company’s records.”**

4 Liberty updated and ensured that the class segregation includes all rate classes. The labelling of  
5 “Tier 1” and “Tier 2” has been updated from Matter 478 (PI IR-15) to “Small” and “Large”, respectively,  
6 reflecting current rate class labels. The service costs analysis was likewise updated to rely on latest  
7 actual class-specific data. Correspondingly, the cost relationship between rate class is now  
8 comparable with the recommended alternative as calculated in RDK WP9 Intervenor Evidence, in  
9 Matter 494. This information is consistent with Schedule 8.10 Support for Allocators, Service\_Invest  
10 tab.

