

RETAIL ENERGY SUPPLY ASSOCIATION

Data Request DPUC-01

Interrogatory EL-9

Date of Response: 10/17/06

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Docket No. 97-1-15RE02

WITNESSES: Roy Boston, Sempra Energy Solutions
Adam Fairbanks, Consolidated Edison Solutions, Inc.
Chris Kallaher, Direct Energy Services, LLC
Jeff Knox, Strategic Energy, LLC
Jay Kooper, Hess Corporation

EL-9. For each type of cost identified in Interrogatory EL-7, explain if the cost should be direct charged or allocated to each rate component.

ANSWER: The table on page 2 of 2 summarizes RESA's recommendation for directly charging or allocating costs that are appropriately charged to the GSC based on the cost recovery method set forth in RESA's response to Interrogatory EL-8.

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Cost Component	Method of Allocation to GSC
Energy, capacity and ancillary Services	Direct charge
Supply acquisition and portfolio management	Direct charge
Uncollectible expense	Allocate based on proportion of generation revenues to total revenues
Billing, collection and customer service	Unknown
Return of and return on assets	Direct charge or allocate, depending upon the asset
Allowance of working capital	Direct charge based on lead lag study for generation service
Power administration, load settlement and wholesale supplier relations	Direct charge
Retail supplier relations	Charge to distribution rates
Procurement fee and incentive fee	Direct charge
Legal fees related to generation procurement and associated regulatory proceedings	Direct charge
Regulatory commission expense	Direct charge costs pertaining to FERC and DPUC proceedings; Allocate DPUC/OCC expenses based on revenues or other reasonable method
Regulatory compliance	Allocate personnel costs based on estimated time dedicated to generation-related matters; Direct charge consultant and other outside costs
Transmission costs	See energy, capacity and ancillary services