

# Cost of Service

Kent Freeman  
*Vice President Rates*

# Presentation Overview

- Definition
- Functionalization
- Classification
- Allocators
- Allocation

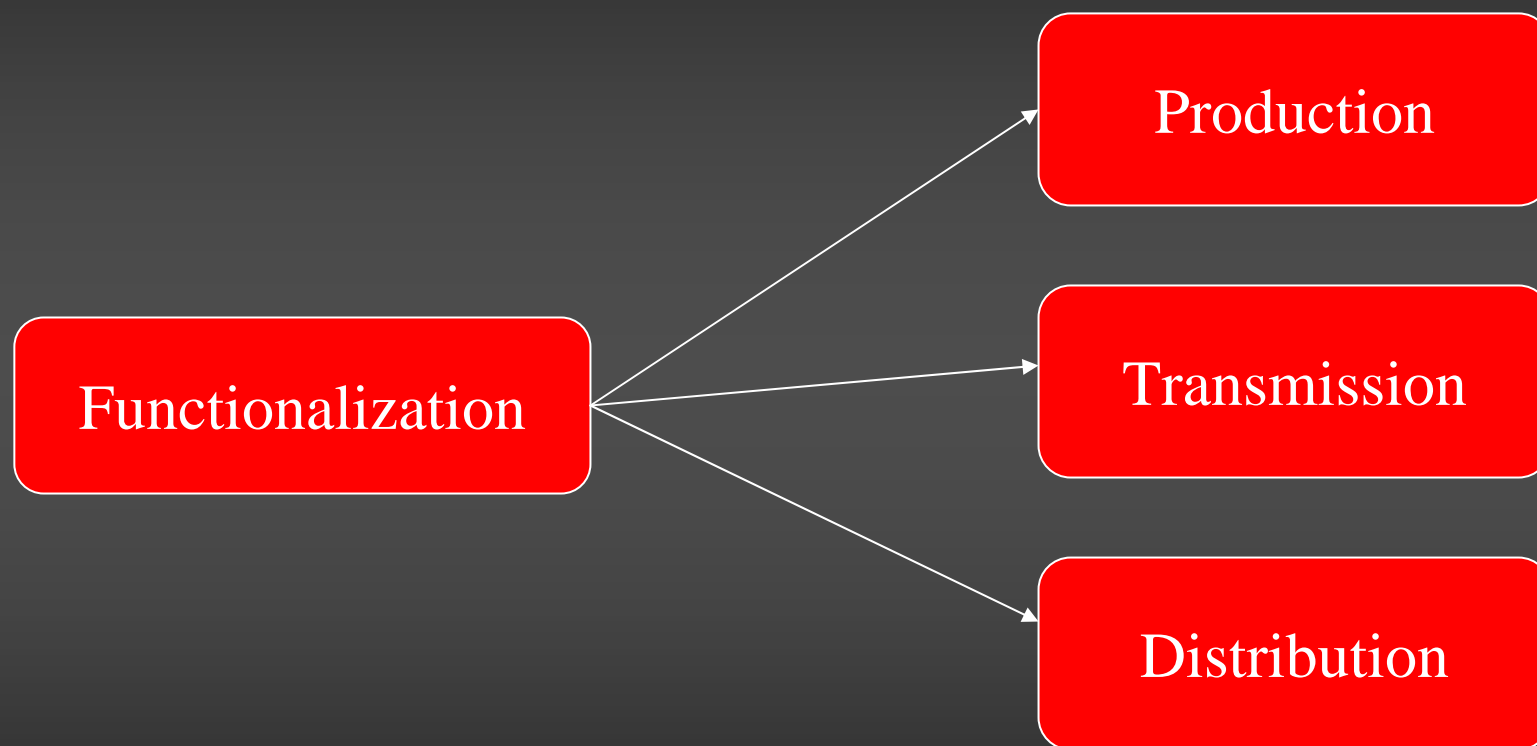
## Cost Of Service Study

A cost allocation, or cost of service study, is a technical procedure involving engineering techniques and accounting analyses. This procedure assigns to customers ONLY that plant and associated expenses necessary in providing electric service to them.

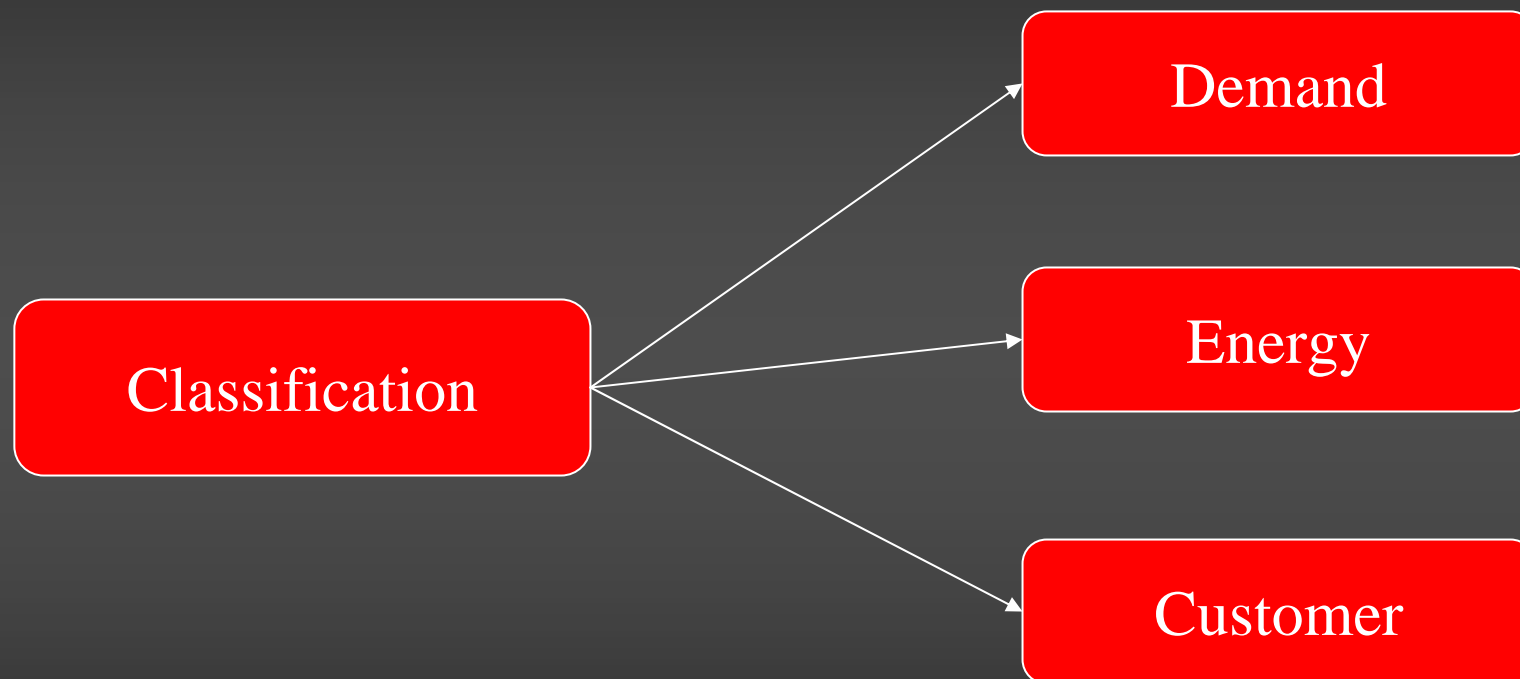
# Cost of Service Study

- Types of Studies
  - Embedded Cost
  - Marginal Cost

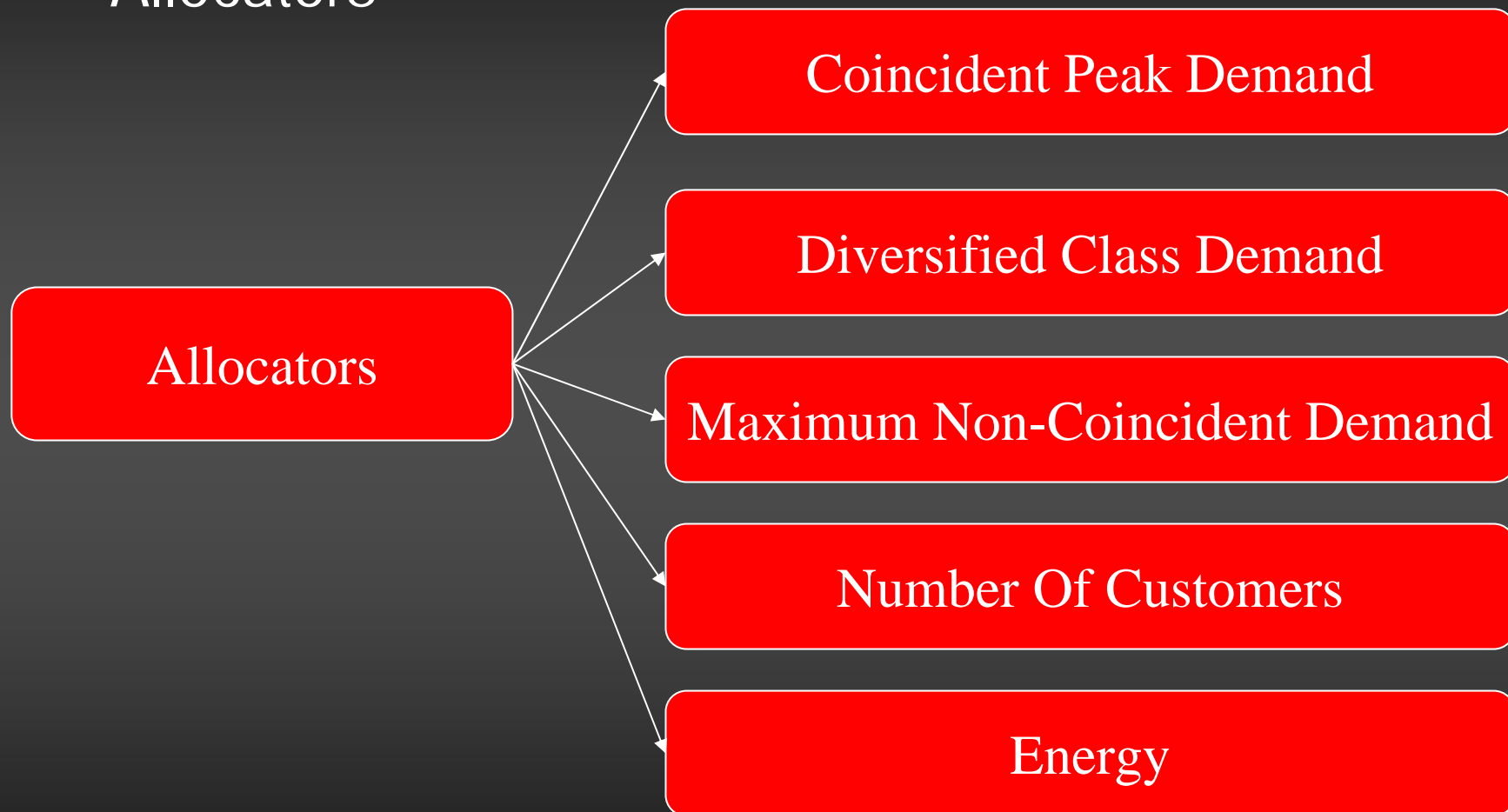
# Functionalization



# Classification

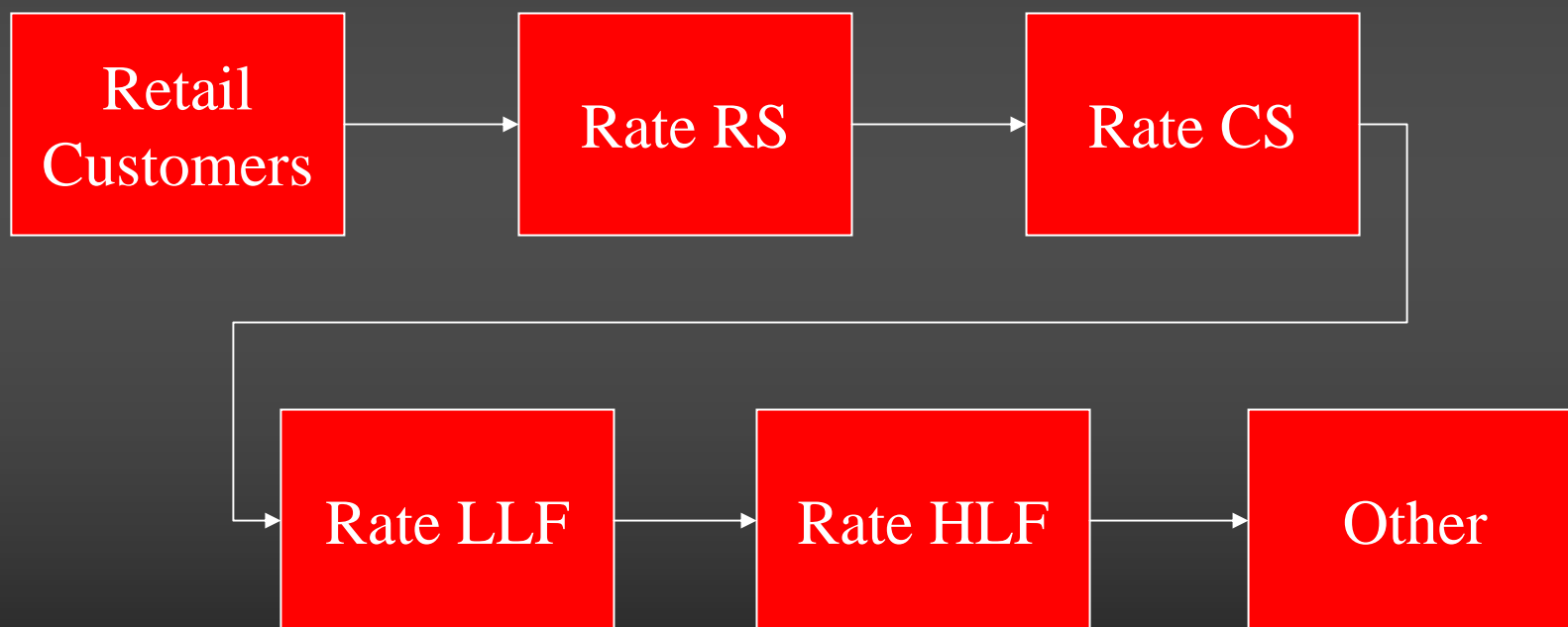


# Allocators



# Allocation

## Retail Cost Of Service Study





# Cost Of Service – Flow Chart

