

1 Q. Based on your knowledge of TOU rates that have been implemented in other
2 jurisdictions, what level of relative peak to off-peak costs are necessary for
3 customers to change their usage patterns by a significant amount leading to a
4 positive impact on the utility's expansion plan costs?
5

6 ANSWER:

7 The peak to off-peak rate differential necessary for customers to change their
8 usage patterns depends on price elasticity. Elasticity varies by customer and the
9 specific usage (e.g., home heating, water heating, cooking, clothes drying, etc.).
10 Mr. Bowman notes that even if a single customer changes the usage pattern of a
11 single appliance in response to a time-varying rate that accurately reflects costs, it
12 will have a positive impact on loss-of-load probability, reducing customer outage
13 costs and a utility's expansion plan costs.