

1 Q. (Re: p. 14, line 15)

2 Please provide a copy of the report entitled Electric and Gas Rates for the
3 Residential, Commercial and Industrial Sectors.

4

5 ANSWER:

6 Mr. Bowman was co-author of this report, but the report is the property of the Gas
7 Research Institute. As a result, Mr. Bowman is unable to file a copy. He has,
8 however, attached a copy of the report title page, and the page from which he
9 quoted his evidence.

ELECTRIC AND GAS RATES
FOR THE RESIDENTIAL, COMMERCIAL AND INDUSTRIAL SECTORS:

1994

VOLUME I

Topical Report

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III. STUDY RESULTS

General Information

The rates offered to residential, commercial and industrial customers by electric and gas utilities have basically the same characteristics across the nation. Most rates consist of the customer charge, the energy cost adjustment, taxes, surcharges and an energy charge for consumption with a lower limit minimum charge imposed when usage is very low. In addition, most electric utilities and many gas utilities have a commercial/industrial rate that has a demand charge. However, this is not the case with residential rates. Only seven electric utilities offer a residential rate that includes demand charges and there are no gas utilities that use residential demand rates.

This section of the report documents which utilities are offering the different innovative rate types. It also discusses some recent trends in the innovative rates area for both electric and gas utilities. Changes in regulatory policy and increasing competition in both the electric and gas sectors has had a pronounced effect on the innovative rates being offered.

Electric Utility Rates

Electric utilities offer a wide variety of innovative rates as options for their customers. Table 3-1 provides a breakdown of the types of rates offered by each of the electric utilities surveyed. Figure 3-1 provides a summary of the percentage of the electric utilities surveyed that offer each specific type of innovative rate.

Of the types of innovative rates in use, the most predominant in the electric utility industry is the time-of-use (TOU) rate. Time-of-use rates have become the industry standard with over 91% of the electric utilities surveyed offering a TOU rate to their commercial/industrial customers and 66% offering TOU rates to residential customers. For the majority of customers, TOU is an optional rate. However, as noted earlier in the report, residential TOU rates are often mandatory to large-volume customers. The only additional requirement placed on the customer is the installation of a time-of-use meter that is provided by the utility.

In 1990, over 81% of the electric utilities surveyed offered their customers TOU rates. However, only 66% of the utilities offered residential TOU rates. The increased use of TOU rates, and in particular residential TOU rates, is a direct result of design improvements and cost reductions in electric metering.