

1 **Volume 1, Section 4 – Customer Rates and Regulations**2  
3 **Q. (page 118, Table 56)**

- 4
- 5 **a. Based on proposed rates, what would be the Domestic (Rate 1.1) customer class**  
6 **revenue to cost ratio and average rate increase if the revenue to cost ratios for**  
7 **Rates 2.1 and 2.2 were brought down to 110% while maintaining Rates 2.3, 2.4**  
8 **and 4.1 revenue to cost ratios at the proposed 109.4, 103.9 and 101.5,**  
9 **respectively? What average rate increase/decrease would customers on Rates 2.1**  
10 **and 2.2 experience under this scenario?**
- 11
- 12 **b. Based on proposed rates, what would be the energy rates for the Domestic Rate**  
13 **1.1 and the General Service Rate 2.1 customer classes if the basic customer**  
14 **charges for each class were reduced by \$1/month from current levels?**
- 15
- 16 **c. Based on proposed rates, what would be the energy rates for the Domestic Rate**  
17 **1.1 and the General Service Rate 2.1 customer classes if the basic customer**  
18 **charges for each class were reduced by \$1/month from current levels, the**  
19 **revenue to cost ratios for Rates 2.1 and 2.2 were brought down to 110%, the**  
20 **revenue to cost ratios for Rates 2.3, 2.4 and 4.1 were maintained at the proposed**  
21 **109.4, 103.9 and 101.5, respectively, and the revenue to cost ratio for Rate 1.1**  
22 **were increased to enable recovery of the remaining revenue requirement?**
- 23
- 24 **A. (a) Table 1 provides estimated pro-forma revenue to cost ratios and average rate increase**  
25 **by class based on the proposed revenue requirements if the revenue to cost ratios are**  
26 **brought down to 110% for Rates 2.1 and 2.2 while maintaining the revenue to cost**  
27 **ratios for Rates 2.3, 2.4 and 4.1 at the proposed 109.4, 103.9 and 101.5.**
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- 29

30

**Table 1**  
**Pro-forma Revenue to Cost Ratios and Average Class Rate Change**

<b>Rate Code</b>	<b>Class of Service</b>	<b><i>Pro forma</i> Revenue to Cost Ratios (percent)</b>	<b>Average Rate Change (percent)</b>
1.1	Domestic	95.5	7.2
2.1	General Service 0-10 kW	110.0	(2.9)
2.2	General Service 10-100 kW (110 kVA)	110.0	(0.5)
2.3	General Service 110-1000 kVA	109.4	4.3
2.4	General Service 1000 kVA and Over	103.9	5.3
4.1	Street and Area Lighting	101.5	5.3

- 1 (b) Reducing the proposed Basic Customer Charge by \$1 for Domestic Rate 1.1 and  
2 General Service Rate 2.1 while maintaining the proposed revenue recovery from  
3 these customer classes, the proposed energy rate for Domestic Rate 1.1 would be  
4 9.666 ¢/kWh (an 8.2% increase over January 1, 2007 existing rates) and the proposed  
5 energy rate for General Service Rate 2.1 would be 11.617 ¢/kWh (a 1.4% increase  
6 over January 1, 2007 existing rates).  
7
- 8 (c) Reducing the Basic Customer Charge by \$1 for Domestic Rate 1.1 and General  
9 Service Rate 2.1 while providing the average class increases as shown in Table 1,<sup>1</sup>  
10 requires that the proposed energy rate for Domestic be set at 9.746¢/kWh (a 9.1%  
11 increase over January 1, 2007 existing rates) and the proposed energy rate for  
12 General Service Rate 2.1 be set at 11.024 ¢/kWh (a 3.8% decrease from January 1,  
13 2007 existing rates).

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<sup>1</sup> Part “c” is based on the same class revenue requirement scenario as Part “a”. Both questions are based on class revenue requirements that achieve 110% revenue to cost ratios for Rate 2.1 and Rate 2.2, revenue to cost ratios as proposed for Rate 2.3, 2.4 and 4.1, and a revenue to cost ratio for Rate 1.1 based on Rate 1.1 providing the remaining overall revenue requirement.