

Volume 1, Section 4 – Customer Rates and Regulations

Q. (page 118, Table 56)

- a. Based on proposed rates, what would be the Domestic (Rate 1.1) customer class revenue to cost ratio and average rate increase if the revenue to cost ratios for Rates 2.1 and 2.2 were brought down to 110% while maintaining Rates 2.3, 2.4 and 4.1 revenue to cost ratios at the proposed 109.4, 103.9 and 101.5, respectively? What average rate increase/decrease would customers on Rates 2.1 and 2.2 experience under this scenario?
- b. Based on proposed rates, what would be the energy rates for the Domestic Rate 1.1 and the General Service Rate 2.1 customer classes if the basic customer charges for each class were reduced by \$1/month from current levels?
- c. Based on proposed rates, what would be the energy rates for the Domestic Rate 1.1 and the General Service Rate 2.1 customer classes if the basic customer charges for each class were reduced by \$1/month from current levels, the revenue to cost ratios for Rates 2.1 and 2.2 were brought down to 110%, the revenue to cost ratios for Rates 2.3, 2.4 and 4.1 were maintained at the proposed 109.4, 103.9 and 101.5, respectively, and the revenue to cost ratio for Rate 1.1 were increased to enable recovery of the remaining revenue requirement?

- A. (a) Table 1 provides estimated *pro forma* revenue to cost ratios and average rate increase by class based on the proposed revenue requirements if the revenue to cost ratios are brought down to 110% for Rates 2.1 and 2.2 while maintaining the revenue to cost ratios for Rates 2.3, 2.4 and 4.1 at the proposed 109.4, 103.9 and 101.5.

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

Rate Code	Class of Service	<i>Pro forma</i> Revenue to Cost Ratios (percent)	Average Rate Change (percent)
1.1	Domestic	95.5	4.7
2.1	General Service 0-10 kW	110.0	(5.4)
2.2	General Service 10-100 kW (110 kVA)	110.0	(3.0)
2.3	General Service 110-1000 kVA	109.4	1.8
2.4	General Service 1000 kVA and Over	103.9	2.8
4.1	Street and Area Lighting	101.5	2.8

Requests for Information

- 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 9.108 ¢/kWh (a 5.4% increase over July 1, 2007 existing rates) and the proposed
5 energy rate for General Service Rate 2.1 would be 11.138 ¢/kWh (a 0.3% decrease
6 over July 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 1,¹
10 requires that the proposed energy rate for Domestic be set at 9.186¢/kWh (a 6.3%
11 increase over July 1, 2007 existing rates) and the proposed energy rate for General
12 Service Rate 2.1 be set at 10.558 ¢/kWh (a 5.5% decrease from July 1, 2007 existing
13 rates).

¹ 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.