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Volume 1, Section 4 – Customer Rates and Regulations

Q. (page 120, lines 11-13) Did NP consider reducing the Basic Customer Charges to accommodate higher percentage increases in energy charges to better reflect the high marginal cost of energy on the system?

A. Yes. The Company did consider reducing the Basic Customer Charges to accommodate higher percentage increases in energy charges.

The Basic Customer Charge is used to recover customer-related costs and to ensure reasonable cost recovery from customers with low usage.

The current Basic Customer Charges are below embedded customer costs and marginal customer and distribution facilities costs for all classes.

The Company’s proposal to leave the Basic Customer Charges unchanged at this time for the Domestic class and the demand-metered General Service classes is an attempt to balance fairness in rates by providing for reasonable recovery of customer-related costs, and efficiency in rates by reflecting marginal cost considerations, while also limiting the rate impact on individual customers.