

1 **Volume 1, Section 4 – Customer Rates and Regulations**

2
3 **Q. (page 121, lines 11-12) Under Rate 2.1, will low consumption customers see a higher**
4 **increase than high consumption customers given the increase in the Basic Customer**
5 **Charge?**

6
7 A. All Rate 2.1 customers in will see an increase of \$1.20 per month due to the proposed
8 increase in the Basic Customer Charge. Customers that in some months are charged the
9 minimum monthly charge for three phase service will see a somewhat larger increase, as
10 the minimum monthly charge for three phase service is proposed to increase by \$2.40 per
11 month.¹

12
13 In percentage terms, larger usage customers will see lower percentage increases than
14 lower consumption customers. The response to CA-NP-197 provides more detailed
15 information on rate impacts for customers in different consumption ranges.

16
17 Because the current Rate 2.1 energy charge exceeds both the embedded and marginal
18 cost, and the current Basic Customer Charge is lower than the total of the marginal
19 customer and distribution facilities costs and the agreed-to maximum Basic Customer
20 Charge, it is appropriate to recover any increased revenue from the Rate 2.1 class through
21 an increase in the Basic Customer Charge. This matter is reviewed in detail in the *Rate*
22 *Design Review*, Volume 2, Supporting Materials, Tab 13.

¹ - Approximately 3% of bills to Rate 2.1 customers are subject to the minimum monthly charge for three phase service.