Date Filed: October 21, 2026

Witness: Edward A. Davis and Kimberly R. Parsons
Request from: CLF and Sierra Club

Question:

Refer to the Company's response to CLF-003, which states: "at the system level, the rate adds incremental load priced above the marginal cost of serving it, so each incremental kilowatt-hour contributes to recovery of the Company's cost of providing service. Spreading fixed costs over a larger sales base places downward pressure on average rates for all customers over time. This provides an economic benefit for all residential customers, not just Rate 6 participants." Isn't this even more the case for these customers under Rate 1?

Response:

Rate 6 is predicated on Rate 1, which constitutes approximately 90% of the residential customer base. Furthermore, Rate 7 is included in the cost allocation and overall revenue requirement along with Rate 1. Collectively residential customers, whether served under Rate 1 or also Rate 7 and Rate 5 would benefit, with the most direct benefits derived from the incremental load of customers who switch from Rate 1 to Rate 6.