

316 also sends the appropriate price signal to induce all customers regardless of their usage
317 level to use energy efficiently. This is specially so for high usage customers. DPU
318 Exhibit 15.7 Phase II summarizes the Division's proposed residential rate design.

319 **Q. What is the bill impact of your proposed alternative residential rate design?**

320 A. The bill impact of the Division's proposed alternative rate design is reported in
321 DPU Exhibit 15.8 Phase II. This exhibit shows that the bill impact for the Division's
322 proposed summer rates is minimal for low energy users and substantial for high energy
323 user. Customers with a usage level up to 1,000 kWh will see bill increases ranging from
324 \$0.33, for those who use 100 kWh to 1.1 for those who use 1,000 kWh. Customers with
325 usage levels between 1,000 kWh to 2,000 kWh will see substantial increase in their
326 summer monthly bills ranging from \$2.07 for those with a usage level of 1,200 kWh to
327 \$25.25 per month for those using 2,000 kWh.

328 The Exhibit also shows that the proposed rate design has minimal bill impact
329 during winter, less than \$1 and \$2 for low and high usage customers, respectively.
330 Hence, the proposed rate design, while having minimal bill impact during winter, will
331 promote energy efficiency during summer when we are more concerned about the
332 increasing peak. It will also reduce the Company's risk in relation to collecting enough
333 revenue to cover its distribution fixed cost.

334 **Q. What was the Division's general approach to the remaining rate classes?**

335 A. The Division was in general agreement with the Company's proposals for the
336 remaining rate classes. However, since the Company's original request was premised on
337 approximately \$66 million rate increase and the Commission has ordered instead a \$34