

1 require the Company to maintain installation cost records on facilities that
2 may have been installed for an extended period of time and will aid in more
3 timely responses to customers seeking this service.

4 **Q. WHY IS THIS CHANGE BEING REQUESTED?**

5 A. DE Progress has a long-term objective of harmonizing its service policies
6 between DE Progress and DE Carolinas. Both utilities offer facilities above
7 those normally required for electric service; therefore, it makes sense to adopt
8 a uniform approach to establishing rates for this service. The revised
9 approach will improve administration of this voluntary service and continue to
10 ensure that the cost of providing facilities above those normally required is not
11 shifted to other customers.

12 **Q. HOW WILL THE COMPANY TRANSITION TO THIS NEW**
13 **APPROACH?**

14 A. The Company requests that the current calculation of the cost difference
15 continue to apply until a change in the customer's requirements necessitates a
16 recalculation of the facilities that the Company normally would have provided
17 for standard electric service.

18 **V. RESIDENTIAL SERVICE RATE CLASS**

19 **Q. PLEASE DESCRIBE THE PROPOSED CHANGES TO THE**
20 **RESIDENTIAL RATE CLASS.**

21 A. Residential Service Schedule RES will continue to be the basic service
22 schedule available to all residential customers. The Company proposes to
23 increase the Basic Customer Charge in Schedule RES to better reflect the cost

1 of serving these customers. DE Progress requests to increase the monthly
2 Basic Customer Charge from \$11.13 to \$19.50 to better recover customer-
3 related cost identified in the unit cost study for the residential rate class.
4 Although the Company's analysis supports increasing the Basic Customer
5 Charge to \$27.82, we have suggested a smaller increase to moderate any
6 affect on low usage customers. The Schedule RES kilowatt-hour ("kWh")
7 energy rates are increased to achieve the resultant revenue target net of the
8 Customer Charge. As noted earlier, marginal cost data supports a reduced
9 emphasis on summer pricing; therefore, the higher summer energy rate
10 differential is requested to be reduced from approximately 11 percent to 5
11 percent to increase the emphasis on winter pricing. Reducing the emphasis by
12 approximately 50 percent slowly migrates to a more cost-based design and
13 minimizes changes in individual customer bills.

14 **Q. WILL THERE BE ANY PROPOSED CHANGES TO TIME OF USE**
15 **("TOU") RATE STRUCTURES?**

16 A. No structural change in TOU hours and rate seasons is proposed for the
17 residential and nonresidential TOU schedules at this time; however, as
18 discussed earlier seasonal and TOU price relationships are adjusted to better
19 reflect cost causation. More sophisticated metering is planned to be installed
20 over the next several years that will offer more detailed usage information
21 about these various groups by time period; therefore, any change in the TOU
22 rate structure is proposed to occur after this new metering is fully deployed.