

AVISTA RATE CASE

UE-991606 AND UG-991607

Exhibit \_\_\_ (JL-RD-3)      Elasticity Impact of Residential Rate Design

WUTC		
DOCKET NO. <u>UE-991606</u>		
EXHIBIT # <u>689</u>		
ADMIT	W/D	REJECT
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Effect of Avista Residential Rate Design

Step 1: Design an alternative rate, equal percentage adjustments to all rate blocks, same total revenue as Company proposal

	Billing Units	Current Rate	Current Revenue	Avista Proposal		Uniform % Adjustment	
				Proposed Rate	Proposed Revenue	Alternate Rate	Alternate Revenue
Customer Charge	2,105,588	\$3.00	\$6,316,764	\$5.00	\$10,527,940	\$3.43	\$7,222,167
0 - 600	1,093,476,907	\$0.03892	\$42,558,121	\$0.04365	\$47,730,267	\$0.04442	\$48,568,626
600 - 1300	649,899,038	\$0.04673	\$30,369,782	\$0.05501	\$35,750,946	\$0.05333	\$34,658,922
1300+	386,120,941	\$0.05628	\$21,730,887	\$0.05501	\$21,240,513	\$0.06423	\$24,799,951
Total	2,129,496,886	\$0.04742	\$100,975,554	\$0.05412	\$115,249,666	\$0.05412	\$115,249,666
Energy Only:		\$0.04445		\$0.04918		\$0.05073	
Percent Increase Total				14.14%		14.14%	
Percent Increase Energy Only				10.63%		14.12%	

## Usage Impact of Rate Design

Step 2: Compute elasticity impact of Company-proposed rate design

Assumed Elasticity Factor: -0.20

Bill Frequency Staff #226	Total Bills	Block Ending Bills	Block Ending Kwh	Cumulative Kwh
Usage Ending < 600 kwh	681,425	681,425	234,768,696	234,768,696
Usage Ending 600 kwh - 1300 kwh	1,614,883	933,458	851,082,366	1,085,851,062
Usage Ending 1300+ kwh +	2,137,591	522,708	1,071,550,894	2,157,401,956
<b>Total:</b>	<b>2,137,591</b>	<b>2,137,591</b>	<b>2,157,401,956</b>	<b>2,157,401,956</b>

	Difference In Rate Blocks	Elasticity	Units	%	Change in Usage	Adjusted Usage
Customer Charge	45.77%	0.00	2,105,588		<b>0</b>	2,105,588
0 - 600	-1.73%	-0.20	234,768,696	11%	<b>810,484</b>	235,579,180
600 - 1300	3.15%	-0.20	851,082,366	39%	<b>(5,363,136)</b>	845,719,230
1300+	-14.35%	-0.20	1,071,550,894	50%	<b>30,759,084</b>	1,102,309,978
<b>Total Kwh:</b>			<b>2,157,401,956</b>		<b>26,206,432</b>	<b>2,183,608,388</b>
Six-Year Conservation Program Savings Per Folsom:					64,699,571	
% of Conservation Savings Offset With Company-Proposed Rate Design:					40.50%	

### Additional Revenue and Expense from Company-Proposed Rate Design

	Rate	Revenue
0 - 600	810,484	\$0.04365 \$35,378
600 - 1300	(5,363,136)	\$0.05501 (\$295,026)
1300+	30,759,084	\$0.05501 \$1,692,057
<b>Total:</b>	<b>26,206,432</b>	<b>\$1,432,409</b>
Short-Run Additional Power Cost @ \$.03/kwh:		\$786,193
Additional Short-Run Net Revenue:		\$646,216