

1 **Q. Reference: CA-NLH-173**

2 If the winter second-block rate for the Island Industrial Customers were set at 12 cents per kWh,
3 what would be the first-block rate needed to achieve the same revenue requirement, assuming
4 no other changes in the rate structure?

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7 **A. *This response was provided by Christensen Associates Energy Consulting.***

8 Under the proposed hours-of-use rate design, the second-block winter energy rate is
9 \$0.08889/kWh, and the corresponding first-block rate is \$0.06694/kWh. If the second-block
10 winter energy rate were increased to \$0.12000/kWh, then the first-block energy rate would
11 decrease to \$0.05826/kWh in order to achieve the same revenue requirement, assuming no
12 other changes in the rate structure.