

GMO IRP DSM Example
January 18, 2011

****Public****

2011 2012 2013 3 Year Total

Plan 10

The Plan net income assumes expensing of DSM program cost with no cost recovery

Net Income from Plan 10

DSM Cost Expensed in Model with no cost recovery

Income Taxes @ 37%

DSM Program Cost after tax

Net Income with DSM Expense Recovery Only

Demand Side Programs Investment Mechanism (DSIM):

Lost Margin (recovery is embedded in Plan)

DSIM Earned Incentive

Pretax Net Income with DSIM

Income Taxes at 37%

Net Income from DSIM

Lost Margins embedded in Plan

Average Revenue / kWh

Average Fuel Cost / kWh

Average Variable Cost / kWh

Average Lost Margin / kWh

DSM kWh Savings

Lost Margins embedded in Plan

Calculation of DSIM Earned Incentive

Utility Incentive Rate:

kWh savings

kW savings

DSM Results:

kWh savings

kW savings

Utility Incentive Earned Pretax:

kWh savings

kW savings

Total Utility Incentive Earned Pretax

DSM Regulatory Asset

Beginning Balance

Additions

1) Program Cost

2) Lost Margin

3) Utility Incentive:

4) AFUDC

Reductions

1) Recovery of 12/31/10 Balance over 6 years

2) Recovery of Program Cost

3) Recovery of Lost Margins

4) Recovery of Utility Incentive

5) Recovery of AFUDC

Ending Balance

Rate to calculate AFUDC

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Plan 11

The Plan net income assumes expensing of DSM program cost with no cost recovery

Net Income from Plan 11

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Income Taxes @ 37%

DSM Program Cost after tax

Net Income with DSM Expense Recovery Only

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Net Income from DSIM

Lost Margins embedded in Plan

Average Revenue / kWh

Average Fuel Cost / kWh

Average Variable Cost / kWh

Average Lost Margin / kWh

DSM kWh Savings

Lost Margins embedded in Plan

Calculation of DSIM Earned Incentive

Utility Incentive Rate:

kWh savings

kW savings

DSM Results:

kWh savings

kW savings

Utility Incentive Earned Pretax:

kWh savings

kW savings

Total Utility Incentive Earned Pretax

DSM Regulatory Asset

Beginning Balance

Additions

1) Program Cost

2) Lost Margin

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4) AFUDC

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Ending Balance

Rate to calculate AFUDC