



Economic Development Rate Workshop A. 12-03-001

Pacific Gas and Electric Company
July 6, 2012

- The Current EDR
- The Proposed EDR
- Analysis



Economic Development Rates In PG&E's Service Area

1990

- Available in state-designated Enterprise Zones
- 3-Year rate reduction off Otherwise Applicable Rate (OAR): 15-10-5 percent

2005

- Available system-wide
- 5-Year rate reduction: 25-20-15-10-5 percent
- Floor Price consists of transmission, distribution and generation marginal costs
- Revenue assessed annually for individual customers

2007

- Floor Price revised to replace transmission marginal costs with transmission revenues, and add NBCs - PPP, ND, CTC, DWR Bond, ECRA

2010

- 5-Year rate reduction: 12-12-12-12-12 percent



Current EDR- Terms and Conditions

- Available for expansion, retention and attraction, or to avoid closure of commercial/ industrial loads of at least 200 kW
- Rate reduction of 12%/year for 5 years
- Customer must have out-of-state location option
- PG&E and CalBIS review
- Affidavit required, stating that absent this rate the customer would not have located operations, added or retained load within CA
- Available through 2012, customer has 2 years to construct facility, 5 years to remain on rate
- Customers may qualify for a second five year period, but only if they are able to meet the eligibility criteria
- DA and CCA customers eligible, although rate reduction only to non-generation portion of rate



Current EDR- Floor Price Evaluation

- Revenue is not allowed to fall below Floor Price in any given year of the contract. Past bills are adjusted, if necessary, and prospective discounts are revised
- Floor Price consists of transmission charges, distribution and generation marginal costs, PPP, CTC, ND, DWR Bond and ECRA charges
- Distribution and Generation marginal costs are those most recently approved by the CPUC at the time of contract signing
- Non-bypassable charges and transmission charges are revised as needed to reflect changes in those charges that are part of the customer's OAS
- Discount is applied against the revenues for the OAS distribution rate component



Current EDR- Results

- From 2005 to 2010, PG&E added 15 customers with 28 service contracts
 - 9 between 2005-2007
 - 6 subsequent to 2007
- Average pre-2007 first year rate reduction was 25%
- Average post-2007 first year rate reduction was 7.3% (as compared to 25%)
- Created 5055 jobs
- During 2010-11 PG&E evaluated 7 requests showing zero discount
- PG&E has not been able to add additional qualifying participants since 2010 due to lack of “headroom”



Current EDR- Challenges

- Elements of the Floor Price, which have been above actual marginal costs, severely limit or eliminate rate reduction opportunity
- Rates fluctuate relative to the floor price (Generation MC remained at 2007 levels while generation revenue decreased significantly)
- Annual review offers very little rate certainty for customers:
 - True-up has resulted in PG&E “capturing back” part or all of the prior year’s rate reduction;
 - Prospective rate reductions much less than “headline” levels
- PG&E’s current EDR expires at the end of this year



Proposed EDR -- Overview

Similar to current option:

- Available for expansion, retention and attraction, or to avoid closure of commercial/ industrial loads of at least 200 kW
- Standard rate reduction of 12%/year for 5 years
- Affidavit required, stating that absent this rate the customer would not have located operations, added or retained load within CA
- Two years to commence operations, 5 years to remain on rate
- Rate reductions will be applied to bills via a reduction to distribution charges, distribution charges may be negative to ensure the full reduction is provided to customers
- Customers may qualify for a second five year period, but only if they are able to meet the eligibility criteria
- DA/CCA are eligible, rate reduction applied as a percentage to non-generation portion of rate



Proposed EDR -- Review

Different from current option:

- Rate reductions are not subject to true up or revision
- An enhanced version will provide a rate reduction of 35% for 5 years for qualifying customers in Counties with highest unemployment (125% of State Average). Using 2011 data, this would include:
 - Fresno, Alpine, Calaveras, Colusa, Glenn, Kern, Kings, Lake, Madera, Merced, Plumas, San Benito, San Joaquin, Shasta, Siskiyou, Stanislaus, Sutter, Tehama, Trinity, Tulare, Yuba
- List of counties eligible for enhanced option will be revised each year, but the rate reduction will not be altered for existing customers.
- The program will be available to eligible customers enrolling through 2017
- No overall program cap



Proposed EDR -- Analysis

- PG&E supported its analysis of net ratepayer benefit based on net present value of contribution to margin (CTM) over 10 years – 5 years at EDR and 5 years at full tariff. Positive margin has the net effect of reducing rates for all customers.

Net Present Value of Contribution to Margin (\$1000)					
	E-20T	E-20P	E-20S	E-19P	E-19S
12% - 10 year NPV Unconstrained	1,229	2,389	2,760	647	726
12% - 10 year NPV Constrained	1,229	1,507	1,863	414	481
35% - 10 year NPV Unconstrained	498	1,470	1,751	410	469
35% - 10 year NPV Constrained	498	588	854	177	223

- CTM is enhanced by consideration of the portfolio of contracts – some at 12% and some at 35%
- CTM can be further enhanced by secondary sales growth resulting from retention, expansion and attraction of larger customers

* Where distribution capacity is constrained, the average marginal distribution capacity cost (MDCC) is about 20% higher than the system average MDCC: a local distribution planning area (DPA) is considered constrained for this purpose if it has planned capacity-related capital project in excess of \$1 million; a DPA is considered unconstrained when it has no such planned large capacity-related capital projects; the marginal costs exclude MDCC where distribution capacity is unconstrained.



Proposed EDR -- Analysis

- All marginal capacity costs from PG&E's last update in 2011 GRC-2
- Marginal generation energy costs based on 2007/2011 average for first year, indexed to gas price changes in subsequent years
- Contribution to Margin (CTM) is based on revenues in excess of cost including transmission charges, generation and distribution marginal costs and the DWR bond charge
- Full tariff revenue is based on January 1, 2012 rates
- For analysis purposes, full tariff rates and cost are kept constant over time



Proposed EDR – Bundled NPV Analysis

E-19S Constrained MC at 35% EDR

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
ED Sales (kWh)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Revenue at Full Tariff Rates (kWh)	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470
Revenue at ED Rates (\$)	\$180,355	\$180,355	\$180,355	\$180,355	\$180,355	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470
Amount of ED Incentive (\$)	\$97,114	\$97,114	\$97,114	\$97,114	\$97,114	\$0	\$0	\$0	\$0	\$0
Total Cost (\$)	\$228,179	\$181,028	\$181,028	\$181,028	\$181,028	\$181,028	\$181,028	\$181,028	\$181,028	\$181,028
Program Effects										
Change in Revenue	\$180,355	\$180,355	\$180,355	\$180,355	\$180,355	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470
10-year NPV	\$1,504,038									
Total Change in Cost	-\$228,179	-\$181,028	-\$181,028	-\$181,028	-\$181,028	-\$181,028	-\$181,028	-\$181,028	-\$181,028	-\$181,028
10-year NPV	-\$1,280,756									
Total Net Benefit	-\$47,824	-\$672	-\$672	-\$672	-\$672	\$96,442	\$96,442	\$96,442	\$96,442	\$96,442
10-year NPV	\$223,282									

E-19S Unconstrained MC at 35% EDR

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
ED Sales (kWh)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Revenue at Full Tariff Rates (kWh)	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470
Revenue at ED Rates (\$)	\$180,355	\$180,355	\$180,355	\$180,355	\$180,355	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470
Amount of ED Incentive (\$)	\$97,114	\$97,114	\$97,114	\$97,114	\$97,114	\$0	\$0	\$0	\$0	\$0
Total Cost (\$)	\$192,232	\$145,080	\$145,080	\$145,080	\$145,080	\$145,080	\$145,080	\$145,080	\$145,080	\$145,080
Program Effects										
Change in Revenue	\$180,355	\$180,355	\$180,355	\$180,355	\$180,355	\$277,470	\$277,470	\$277,470	\$277,470	\$277,470
10-year NPV	\$1,504,038									
Total Change in Cost	-\$192,232	-\$145,080	-\$145,080	-\$145,080	-\$145,080	-\$145,080	-\$145,080	-\$145,080	-\$145,080	-\$145,080
10-year NPV	-\$1,035,133									
Total Net Benefit	-\$11,876	\$35,275	\$35,275	\$35,275	\$35,275	\$132,390	\$132,390	\$132,390	\$132,390	\$132,390
10-year NPV	\$468,905									



Proposed EDR – Bundled Bill Example

E-19 S, Constrained Marginal Cost					
	Class Avg Rate	Bill	ED Bill	Cost (MC, T and DWR Bond)	CTM
Transmission	\$ 0.01009	\$ 20,182	\$ 20,182	\$ 20,182	\$ -
Distribution	\$ 0.03241	\$ 64,819	\$ (32,295)	\$ 44,060	\$ (76,355)
Public Purpose Programs	\$ 0.01488	\$ 29,767	\$ 29,767		\$ 29,767
Nuclear Decommissioning	\$ 0.00055	\$ 1,093	\$ 1,093		\$ 1,093
Generation	\$ 0.07072	\$ 141,440	\$ 141,440	\$ 106,520	\$ 34,920
CTC	\$ 0.00400	\$ 8,000	\$ 8,000		\$ 8,000
NSGC	\$ 0.00095	\$ 1,909	\$ 1,909		\$ 1,909
DWR Bond Charge	\$ 0.00513	\$ 10,260	\$ 10,260	\$ 10,260	\$ -
Total	\$ 0.13873	\$ 277,470	\$ 180,355	\$ 181,022	\$ (666)
ED Reduction			\$ 97,114		
ED Bill			\$ 180,355		
Annual Usage	2,000,000				
EDR		35%			
Average Constrained Dist MC		0.02203			
Average Gen MC post-2104		0.05326			

E-19 S, Unconstrained Marginal Cost					
	Class Avg Rate	Bill	ED Bill	Cost (MC, T and DWR Bond)	CTM
Transmission	\$ 0.01009	\$ 20,182	\$ 20,182	\$ 20,182	\$ -
Distribution	\$ 0.03241	\$ 64,819	\$ (32,295)	\$ 8,120	\$ (40,415)
Public Purpose Programs	\$ 0.01488	\$ 29,767	\$ 29,767		\$ 29,767
Nuclear Decommissioning	\$ 0.00055	\$ 1,093	\$ 1,093		\$ 1,093
Generation	\$ 0.07072	\$ 141,440	\$ 141,440	\$ 106,520	\$ 34,920
CTC	\$ 0.00400	\$ 8,000	\$ 8,000		\$ 8,000
NSGC	\$ 0.00095	\$ 1,909	\$ 1,909		\$ 1,909
DWR Bond Charge	\$ 0.00513	\$ 10,260	\$ 10,260	\$ 10,260	\$ -
Total	\$ 0.13873	\$ 277,470	\$ 180,355	\$ 145,082	\$ 35,274
ED Reduction			\$ 97,114		
ED Bill			\$ 180,355		
Annual Usage	2,000,000				
EDR		35%			
Average Unconstrained D MC		0.00406			
Average Gen MC post-2104		0.05326			



Analysis at Various Floors

	Average Percentage Rate Reduction to Floor					
	E 20T	E 20P	E 20S	E 19P	E 19S	A 10S
	1. Floor: DWR Bond, Transmission Charge, Dist and Generation MC with indexed MGEC					
Unconstrained Dist MC	-33.1%	-45.0%	-46.7%	-46.6%	-47.7%	-49.5%
Constrained Dist MC	-33.1%	-32.0%	-34.7%	-33.2%	-34.8%	-36.3%
	2. Floor: DWR Bond, Transmission Charge, Dist and Generation MC with indexed MGEC, and PPP, ND, CTC and NSGC					
Unconstrained Dist MC	-15.1%	-29.0%	-31.2%	-31.3%	-33.0%	-35.3%
Constrained Dist MC	-15.1%	-16.0%	-19.1%	-18.0%	-20.1%	-22.1%
	3. Floor: DWR Bond, Transmission Charge, Dist and Generation MC with Settled MGEC, and PPP, ND, CTC and NSGC					
Unconstrained Dist MC	8.6%	-9.5%	-12.7%	-13.6%	-16.0%	-19.8%
Constrained Dist MC	8.6%	3.5%	-0.7%	-0.3%	-3.1%	-6.7%



Analysis at Various Floors

	10 - Year NPV of Participant Contribution to Headroom - Revenue in Excess of Floor (\$1000s)					
	E 20T	E 20P	E 20S	E 19P	E 19S	A 10S
	1. Floor: DWR Bond, Transmission Charge, Dist and Generation MC with indexed MGEC (Table 3-1)					
Unconstrained - 12%	\$ 1,229	\$ 2,389	\$ 2,760	\$ 647	\$ 726	\$ 382
Constrained - 12%	\$ 1,229	\$ 1,507	\$ 1,863	\$ 414	\$ 481	\$ 257
Unconstrained - 35%	\$ 498	\$ 1,470	\$ 1,751	\$ 410	\$ 469	\$ 253
Constrained - 35%	\$ 498	\$ 588	\$ 854	\$ 177	\$ 223	\$ 128
	2. Floor: DWR Bond, Transmission Charge, Dist and Generation MC with indexed MGEC, and PPP, ND, CTC and NSGC					
Unconstrained - 12%	\$ 433	\$ 1,483	\$ 1,794	\$ 422	\$ 492	\$ 268
Constrained - 12%	\$ 433	\$ 602	\$ 896	\$ 190	\$ 246	\$ 143
Unconstrained - 35%	\$ (298)	\$ 564	\$ 784	\$ 186	\$ 234	\$ 139
Constrained - 35%	\$ (298)	\$ (318)	\$ (113)	\$ (47)	\$ (11)	\$ 14
	3. Floor: DWR Bond, Transmission Charge, Dist and Generation MC with Settled MGEC, and PPP, ND, CTC and NSGC					
Unconstrained - 12%	\$ (846)	\$ 164	\$ 419	\$ 113	\$ 169	\$ 121
Constrained - 12%	\$ (846)	\$ (717)	\$ (478)	\$ (120)	\$ (76)	\$ (4)
Unconstrained - 35%	\$ (1,577)	\$ (755)	\$ (590)	\$ (124)	\$ (88)	\$ (8)
Constrained - 35%	\$ (1,577)	\$ (1,637)	\$ (1,487)	\$ (357)	\$ (334)	\$ (133)



Appendix

- **Bundled Input Summary**
- **DA/CCA Examples**



Appendix: Proposed EDR

Bundled Input Summary: Example 35% Constrained MC

	E-20T		E-20P		E-20S		E-19P		E-19S		A 10S	
	Full Tariff	ED	Full Tariff	ED	Full Tariff	ED	Full Tariff	ED	Full Tariff	ED	Full Tariff	ED
Transmission	\$0.00995	\$0.00995	\$0.00904	\$0.00904	\$0.00982	\$0.00982	\$0.01008	\$0.01008	\$0.01009	\$0.01009	0.01304	\$0.01304
Distribution	\$0.00195	-\$0.03023	\$0.01920	-\$0.02127	\$0.02695	-\$0.01748	\$0.02557	-\$0.01908	\$0.03241	-\$0.01615	0.03908	-\$0.01490
Public Purpose Programs	\$0.01204	\$0.01204	\$0.01363	\$0.01363	\$0.01459	\$0.01459	\$0.01398	\$0.01398	\$0.01488	\$0.01488	0.01555	\$0.01555
Nuclear Decommissioning	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	0.00055	\$0.00055
Generation/DWR Power Charge	\$0.05836	\$0.05836	\$0.06373	\$0.06373	\$0.06532	\$0.06532	\$0.06731	\$0.06731	\$0.07072	\$0.07072	0.07519	\$0.07519
CTC	\$0.00317	\$0.00317	\$0.00356	\$0.00356	\$0.00377	\$0.00377	\$0.00400	\$0.00400	\$0.00400	\$0.00400	0.00476	\$0.00476
NSGC	\$0.00080	\$0.00080	\$0.00080	\$0.00080	\$0.00080	\$0.00080	\$0.00095	\$0.00095	\$0.00095	\$0.00095	0.00095	\$0.00095
DWR Bond Charge	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	0.00511	\$0.00511
Total	\$0.09195	\$0.0598	\$0.11564	\$0.07517	\$0.12693	\$0.08251	\$0.12757	\$0.08292	\$0.13873	\$0.09018	0.15423	\$0.10025
Overall EDR		35%		35%		35%		35%		35%		35%
Floor 1	\$0.08332		\$0.10117		\$0.10640		\$0.10781		\$0.11409		\$0.12216	
Floor 2 (post 2014)	\$0.06147		\$0.07863		\$0.08292		\$0.08516		\$0.09051		\$0.09829	
ED Incentive	\$0.03218		\$0.04047		\$0.04443		\$0.04465		\$0.04856		\$0.05398	
Allowable ED Incentive (Floor 1)	\$0.00863	9.4%	\$0.01448	12.5%	\$0.02054	16.2%	\$0.01976	15.5%	\$0.02465	17.8%	\$0.03207	20.8%
Allowable ED Incentive (Floor 2)	\$0.03048	33.1%	\$0.03701	32.0%	\$0.04401	34.7%	\$0.04241	33.2%	\$0.04822	34.8%	\$0.05593	36.3%
Usage (kWh/yr)	8,568,000		8,568,000		8,568,000		2,000,000		2,000,000		900,000	
Full Tariff Rate (\$/kWh)	\$0.0919		\$0.11564		\$0.12693		\$0.12757		\$0.13873		\$0.15423	
Margin (Floor 1)	-\$0.0236		-\$0.02600		-\$0.02389		-\$0.02489		-\$0.02391		-\$0.02191	
Margin (Floor 2)	-\$0.0017		-\$0.00347		-\$0.00042		-\$0.00224		-\$0.00034		\$0.00195	
Annual Average Bill Reduction		\$ 275,739		\$ 346,783		\$ 380,644		\$ 89,297		\$ 97,114		\$ 48,582
Bill (Before ED)		\$787,825		\$990,809		\$1,087,554		\$255,135		\$277,470		\$138,804
ED Dist Charge		\$ (259,052)		\$ (182,281)		\$ (149,756)		\$ (38,165)		\$ (32,295)		\$ (13,412)
Discounting Rate	7.6%											
EDR Rate Reduction	35%											
Years Floor 1 (0,1, or 2)	1	(number of years at settlement MC)					Links to EDMar.xls					
Constrained (1)/Unconstrained(0)	1											
Number of Cust/Schedule	1											
			TOGGLES									



Appendix: Proposed EDR

DA/CCA Input Summary: Example 35% Constrained MC

	E-20T		E-20P		E-20S		E-19P		E-19S		A 10S	
	Full Tariff	ED	Full Tariff	ED	Full Tariff	ED	Full Tariff	ED	Full Tariff	ED	Full Tariff	ED
Transmission	\$0.00995	\$0.00995	\$0.00904	\$0.00904	\$0.00982	\$0.00982	\$0.01008	\$0.01008	\$0.01009	\$0.01009	0.01304	\$0.01304
Distribution	\$0.00195	-\$0.01040	\$0.01920	\$0.00053	\$0.02695	\$0.00441	\$0.02557	\$0.00307	\$0.03241	\$0.00757	0.03908	\$0.00920
Public Purpose Programs	\$0.01204	\$0.01204	\$0.01363	\$0.01363	\$0.01459	\$0.01459	\$0.01398	\$0.01398	\$0.01488	\$0.01488	0.01555	\$0.01555
Nuclear Decommissioning	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	\$0.00055	0.00055	\$0.00055
PCIA	\$0.00169	\$0.00169	\$0.00144	\$0.00144	\$0.00279	\$0.00279	\$0.00402	\$0.00402	\$0.00296	\$0.00296	0.00633	\$0.00633
CTC	\$0.00317	\$0.00317	\$0.00356	\$0.00356	\$0.00377	\$0.00377	\$0.00400	\$0.00400	\$0.00400	\$0.00400	0.00476	\$0.00476
NSGC	\$0.00080	\$0.00080	\$0.00080	\$0.00080	\$0.00080	\$0.00080	\$0.00095	\$0.00095	\$0.00095	\$0.00095	0.00095	\$0.00095
DWR Bond Charge	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	\$0.00513	0.00511	\$0.00511
Total	\$0.03528	\$0.0229	\$0.05335	\$0.03468	\$0.06440	\$0.04186	\$0.06427	\$0.04178	\$0.07098	\$0.04613	0.08537	\$0.05549
Overall EDR		35%		35%		35%		35%		35%		35%
Floor	\$0.01590		\$0.03031		\$0.03180		\$0.03575		\$0.03725		\$0.04223	
ED Incentive	\$0.01235		\$0.01867		\$0.02254		\$0.02250		\$0.02484		\$0.02988	
Allow able ED Incentive	\$0.01939	54.9%	\$0.02304	43.2%	\$0.03260	50.6%	\$0.02853	44.4%	\$0.03372	47.5%	\$0.04314	50.5%
Usage (kWh/yr)	8,568,000		8,568,000		8,568,000		2,000,000		2,000,000		900,000	
Full Tariff Rate (\$/kWh)	\$0.0353		\$0.05335		\$0.06440		\$0.06427		\$0.07098		\$0.08537	
Margin	\$0.0070		\$0.00437		\$0.01006		\$0.00603		\$0.00888		\$0.01326	
Annual Average Bill Reduction		\$ 105,811		\$ 159,985		\$ 193,115		\$ 44,992		\$ 49,683		\$ 26,891
Bill (Before ED)		\$302,316		\$457,101		\$551,758		\$128,547		\$141,950		\$76,830
ED Dist Charge		\$ (89,124)		\$4,517		\$37,772		\$6,141		\$15,137		\$8,279
Discounting Rate	7.6%											
ED Rate Reduction	35%											
Set to Zero for Same MC in all Years	0		Do not change setting				Links to EDMar.xls					
Constrained (1)/Unconstrained(0)	1											
Number of Cust/Schedule	1											
			TOGGLES									



Appendix: Proposed EDR DA/CCA NPV

E-19S Constrained MC at 35% EDR

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
ED Sales (kWh)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Revenue at Full Tariff Rates (kWh)	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950
Revenue at ED Rates (\$)	\$92,268	\$92,268	\$92,268	\$92,268	\$92,268	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950
Amount of ED Incentive (\$)	\$49,683	\$49,683	\$49,683	\$49,683	\$49,683	\$0	\$0	\$0	\$0	\$0
Total Cost (\$)	\$74,502	\$74,502	\$74,502	\$74,502	\$74,502	\$74,502	\$74,502	\$74,502	\$74,502	\$74,502
Program Effects										
Change in Revenue	\$92,268	\$92,268	\$92,268	\$92,268	\$92,268	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950
10-year NPV	\$769,448									
Change in Cost	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502
Total Change in Cost	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502	-\$74,502
10-year NPV	-\$509,060									
Total Net Benefit	\$17,766	\$17,766	\$17,766	\$17,766	\$17,766	\$67,448	\$67,448	\$67,448	\$67,448	\$67,448
10-year NPV	\$260,388									

E-19S Unconstrained MC at 35% EDR

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
ED Sales (kWh)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Revenue at Full Tariff Rates (kWh)	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950
Revenue at ED Rates (\$)	\$92,268	\$92,268	\$92,268	\$92,268	\$92,268	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950
Amount of ED Incentive (\$)	\$49,683	\$49,683	\$49,683	\$49,683	\$49,683	\$0	\$0	\$0	\$0	\$0
Total Cost (\$)	\$38,554	\$38,554	\$38,554	\$38,554	\$38,554	\$38,554	\$38,554	\$38,554	\$38,554	\$38,554
Program Effects										
Change in Revenue	\$92,268	\$92,268	\$92,268	\$92,268	\$92,268	\$141,950	\$141,950	\$141,950	\$141,950	\$141,950
10-year NPV	\$769,448									
Change in Cost	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554
Total Change in Cost	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554	-\$38,554
10-year NPV	-\$263,437									
Total Net Benefit	\$53,713	\$53,713	\$53,713	\$53,713	\$53,713	\$103,396	\$103,396	\$103,396	\$103,396	\$103,396
10-year NPV	\$506,011									



Appendix: Proposed EDR DA/CCA Bill Example

E-19 S, Constrained Marginal Cost					
				Cost (MC, T and DWR Bond)	CTM
	Class Avg Rate	Bill	ED Bill		
Transmission	\$ 0.01009	\$ 20,182	\$ 20,182	\$ 20,182	\$ -
Distribution	\$ 0.03241	\$ 64,819	\$ 15,137	\$ 44,060	\$ (28,923)
Public Purpose Programs	\$ 0.01488	\$ 29,767	\$ 29,767		\$ 29,767
Nuclear Decommissioning	\$ 0.00055	\$ 1,093	\$ 1,093		\$ 1,093
PCIA	\$ 0.00296	\$ 5,920	\$ 5,920		\$ 5,920
CTC	\$ 0.00400	\$ 8,000	\$ 8,000		\$ 8,000
NSGC	\$ 0.00095	\$ 1,909	\$ 1,909		\$ 1,909
DWR Bond Charge	\$ 0.00513	\$ 10,260	\$ 10,260	\$ 10,260	\$ -
Total	\$ 0.07098	\$ 141,950	\$ 92,268	\$ 74,502	\$ 17,766
ED Reduction			\$ 49,683		
ED Bill			\$ 92,268		
Annual Usage	2,000,000				
EDR		35%			
Average Constrained Dist MC*		0.02203			
Average PCIA		0.00296			

E-19 S, Unconstrained Marginal Cost					
				Cost (MC, T and DWR Bond)	CTM
	Class Avg Rate	Bill	ED Bill		
Transmission	\$ 0.01009	\$ 20,182	\$ 20,182	\$ 20,182	\$ -
Distribution	\$ 0.03241	\$ 64,819	\$ 15,137	\$ 8,120	\$ 7,017
Public Purpose Programs	\$ 0.01488	\$ 29,767	\$ 29,767		\$ 29,767
Nuclear Decommissioning	\$ 0.00055	\$ 1,093	\$ 1,093		\$ 1,093
PCIA	\$ 0.00296	\$ 5,920	\$ 5,920		\$ 5,920
CTC	\$ 0.00400	\$ 8,000	\$ 8,000		\$ 8,000
NSGC	\$ 0.00095	\$ 1,909	\$ 1,909		\$ 1,909
DWR Bond Charge	\$ 0.00513	\$ 10,260	\$ 10,260	\$ 10,260	\$ -
Total	\$ 0.07098	\$ 141,950	\$ 92,268	\$ 38,562	\$ 53,706
ED Reduction			\$ 49,683		
ED Bill			\$ 92,268		
Annual Usage	2,000,000				
EDR		35%			
Average Unconstrained D MC		0.00406			
Average PCIA		0.00296			