NON-CONFIDENTIAL

Undertaking U-2

Provide the calculations supporting the rate impact of the 2012 DSM plan on ELI customers, assuming the plan is at the 158.5 Gwh level as proposed by Multeese.

Response U-2:

The calculation is as follows:

From Table 1 of Appendix B (as revised April 14), the cost allocated to the ELI customers is approximately $1.6 million.

This is based on total DSM program costs of $43.7 million.

Scaling to $53.4 million (Table 2, page 7, Exhibit E-12), the cost to the ELI class is up by approximately 25 % to roughly $2.0 million. **(A)**

If 158.5 Gwh are saved, the fuel cost savings, at an avoided cost of $80/Mwh, is $12.7 million.

Since fuel is allocated on an energy basis, and the ELI class constitutes about 20% of NSPI sales, the fuel savings accruing to the ELI customers is $12.7 million x 0.2 = $2.5 million. **(B)**

The net cost to the ELI class is **A – B = $2.0 million – $2.5 million = ($0.5) million.**