

NON-CONFIDENTIAL

Request IR-1:

Please provide a rationale for using historical averages as part of the formula for allocating Enabling Strategies expenditures among rate classes as proposed in the 2016-2018 DSM Plan NS Power Cost Allocation Proposal dated October 30, 2015.

Response IR-1:

The Company's rationale for allocating Enabling Strategies based on historical averages is outlined at page 6, lines 16-17 of its October 30, 2015 submission. NS Power noted that allocating Enabling Strategies in this manner would eliminate the need to track these expenditures by rate class. The Company has proposed this allocation subject to two conditions:

- (1) where the benefit of a particular Enabling Strategy clearly benefits a rate class(es) and the cost exceeds \$100,000 CDN, the costs should be fully allocated to that rate class (for example, the Small Business study currently contemplated in E1's 2016 plan will be allocated to the SBA if the cost of such study exceeds \$100,000);
- (2) where the cost of a particular Enabling Strategy can be attributed to a particular rate class(es) based on historical average(s), up to 2014, such costs should be allocated to that rate class(es) without ongoing tracking.

REDACTED (CONFIDENTIAL INFORMATION REMOVED)

DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

NON-CONFIDENTIAL

1 **Request IR-2:**

2
3 **Did NS Power review the Memorandum (attached) to Julie-Ann Vincent, Efficiency Nova**
4 **Scotia from Andrew Frank of Elenchus dated May 7, 2014 on the subject of Enabling**
5 **Strategies Allocation prior to proposing how to allocate enabling strategies expenditures**
6 **and specifically the memorandum's conclusion that "we (Elenchus) propose that an**
7 **allocation of the Participant Benefit portion of Enabling Strategies on the basis of Program**
8 **Benefits is more appropriate than the methodology proposed in February 2012." The**
9 **methodology proposed in 2012 used historical averages as part of the cost allocation**
10 **formula for Enabling Strategies expenditures.**

11
12 **Response IR-2:**

13
14 Yes, the Company reviewed the referenced memorandum and noted the following passage from
15 that memorandum in recommending allocation based on historical costs:

16
17 With 2 years elapsed and a full year of program history, ENSC now has
18 information on the identified target classes for Enabling Strategies expenditures:

- 19
20 • 65% of expenditures were recorded as aimed at "All Rate Codes /
21 Unknown";
22 • 26% were recorded as Residential;
23 • 6% were recorded as "BNi Overall" (non-Residential); and
24 • 1% was recorded to each of Small General, General, and Large General.

25
26 With the experience that 71% of expenditures are not directly related to an
27 individual rate class, contrary to our original expectation, it is appropriate to
28 revisit the previous recommendation.
29

REDACTED (CONFIDENTIAL INFORMATION REMOVED)

DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

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1 Given there is significant uncertainty around apportionment of the actual costs between rate
2 classes, the Company has proposed a simplified methodology based on historical averages. If
3 the customer classes can achieve consensus on an alternate methodology with E1 and its
4 consultant, NS Power would align recovery with the consensus methodology.

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

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Request IR-3:

Please explain exactly what historical data was used and how it was used in dollar terms to allocate Enabling Strategies expenditures by rate class in NSPI's proposed allocation of Enabling Strategies expenditures.

Response IR-3:

NS Power used the allocation factors that were provided by E1. Please refer to the "2015 PCR – ES Allocation" tab of the spreadsheet included in Appendix A to NS Power Cost Allocation Proposal filed on October 30, 2015 for details.

REDACTED (CONFIDENTIAL INFORMATION REMOVED)

DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

CONFIDENTIAL (Attachment Only)

Request IR-4:

Please provide a calculation that shows the allocation of Enabling Strategies expenditures by rate class using the program benefits as a method for calculation enabling strategies as recommended by Elenchus in the May 7 Memorandum.

Response IR-4:

Please refer to Partially Confidential CA IR-4 Attachment 1, also filed electronically.

Table 1: 2016 PCR - Preliminary allocation of 25% of 2016 program costs associated with system benefits

COLUMN

A

B

C

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Program Cost Recovery by Benefits

System Benefits	25%	\$8,302,500
Combined Class and		
Participant Benefits	75%	\$24,907,500
Total ¹	100%	\$33,210,000

Functionalization of system Benefit DSM Costs

	Factors	
Generation		100%
Transmission		0%
Distribution		0%
Retail		0%

Classification of System Benefit DSM

Costs	Factors ²
Demand-related	36.61%
Energy-related	63.39%
Total	100.00%

Rate Class	Demand-Related Costs			Energy-Related Costs			Total	
	3 CP kW Demands ³	Relative Share	(\$)	MWh Energy Requirement ⁴	Relative Share	(\$)	Relative Share	Total Amount (\$)
Residential ⁵	3,644,446	61.1%	\$1,858,457	4,919,194	48.6%	\$2,559,706	53.2%	\$4,418,163
Small General	142,921	2.4%	\$72,882	270,147	2.7%	\$140,571	2.6%	\$213,453
General Demand	1,244,244	20.9%	\$634,493	2,671,982	26.4%	\$1,390,368	24.4%	\$2,024,861
Large General	167,018	2.8%	\$85,170	430,902	4.3%	\$224,220	3.7%	\$309,390
Small Industrial	110,359	1.9%	\$56,277	267,261	2.6%	\$139,069	2.4%	\$195,346
Medium Industrial	188,083	3.2%	\$95,911	497,263	4.9%	\$258,751	4.3%	\$354,662
Large Industrial	245,023	4.1%	\$124,948	723,221	7.2%	\$376,328	6.0%	\$501,276
Municipal	112,340	1.9%	\$57,287	190,519	1.9%	\$99,137	1.9%	\$156,424
Unmetered	68,809	1.2%	\$35,089	118,905	1.2%	\$61,873	1.2%	\$96,961
Gen. Repl. / Load Foll.								
1P-RTP								
Shore Power								
Total	5,959,982	100.0%	\$3,039,246	10,114,819	100.0%	\$5,263,254	100.0%	\$8,302,500
Classification Breakdown		36.61%			63.39%			100.0%

Numbers may not add due to rounding

¹ Source: EfficiencyOne 2016-2018 DSM Resource Plan

² Source: Source: "2016 Base Cost of Fuel Calculations" as used in Appendix E "Revenue Analysis" provided in 2016 BCF Reply Evidence.

³ Source: "2016 Base Cost of Fuel Calculations" as used in Appendix E "Revenue Analysis" provided in 2016 BCF Reply Evidence.

⁴ Source: "2016 Base Cost of Fuel Calculations" as used in Appendix E "Revenue Analysis" provided in 2016 BCF Reply Evidence.

⁵ All residential rate classes use the same unit fixed cost estimate

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Table 2: 2016 PCR - Preliminary allocation of 75% of 2016 DSM Program Costs associated with benefits realized by participating classes

COLUMN FORMULA	A	B	C	D	E	F	G	H	I	J	K
										Σ col A to I	J * 75%
Program	Existing Residential	New Residential	Efficient Product Rebates (Residential)	Efficient Product Rebates (BNI)	Custom Incentives	Direct Installation	Education and Outreach	Development and Research	Other Enabling Strategies	All Program Costs Combined	Program Costs Directly Assigned to Participating rate classes (75% of the total)
Rate Class											
Residential	\$9,169,224	\$1,190,261	\$3,131,294	\$1,841,293	\$63,832	\$491,685	\$930,784	\$524,024	\$274,233.07	\$17,616,631	\$13,212,473
Small General	\$34,459	\$0	\$4,947	\$554,674	\$127,665	\$851,215	\$65,167	\$58,319	\$26,826	\$1,723,273	\$1,292,455
General Demand	\$116,944	\$0	\$8,654	\$2,476,277	\$3,044,579	\$2,152,455	\$245,494	\$222,268	\$130,720	\$8,397,390	\$6,298,043
Large General	\$5,093	\$0	\$415	\$382,285	\$1,315,384	\$41,018	\$39,705	\$37,656	\$28,804	\$1,850,360	\$1,387,770
Small Industrial	\$0	\$0	\$1,546	\$144,223	\$343,591	\$160,207	\$16,486	\$30,192	\$11,010	\$707,255	\$530,441
Medium Industrial	\$0	\$0	\$493	\$167,915	\$596,056	\$13,871	\$20,848	\$20,804	\$12,966	\$832,953	\$624,715
Large Industrial	\$0	\$0	\$518	\$234,089	\$1,171,538	\$4,663	\$27,925	\$26,976	\$23,177	\$1,488,886	\$1,116,665
Municipal	\$140,769	\$37,986	\$47,572	\$79,198	\$127,665	\$79,469	\$28,847	\$24,814	\$8,955	\$575,274	\$431,455
Unmetered	\$0	\$0	\$0	\$11,639	\$0	\$0	\$3,333	\$2,727	\$280	\$17,978	\$13,484
Gen. Repl. / Load Foll.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1P-RTP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Shore Power	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$9,466,490	\$1,228,247	\$3,195,440	\$5,891,592	\$6,790,309	\$3,794,585	\$1,378,588	\$947,779	\$516,971	\$33,210,000	\$24,907,500

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[illegible]

Table 3: 2016 PCR - Preliminary estimate of 2016 DSM program participation by rate class (Relative Shares)

[illegible]

Table 4: 2016 PCR - Preliminary allocation of 2016 program costs among rate classes

COLUMN	A	B	C	D	E	F
FORMULA	Table 1 Column H	Table 2 Column K	A + C			
	System Benefit Costs (25% of the total expenditure allocated to classes using COS methodology)		Participating Class Benefit Costs (75% of the total expenditure directly assigned to participating classes)		2016 PCR	
	(\$)	Relative Share	(\$)	Relative Share	(\$)	Relative Share
Rate Class						
Residential	\$4,418,163	53.2%	\$13,212,473	53.0%	\$17,630,636	53.1%
Small General	\$213,453	2.6%	\$1,292,455	5.2%	\$1,505,907	4.5%
General Demand	\$2,024,861	24.4%	\$6,298,043	25.3%	\$8,322,903	25.1%
Large General	\$309,390	3.7%	\$1,387,770	5.6%	\$1,697,160	5.1%
Small Industrial	\$195,346	2.4%	\$530,441	2.1%	\$725,787	2.2%
Medium Industrial	\$354,662	4.3%	\$624,715	2.5%	\$979,377	2.9%
Large Industrial	\$501,276	6.0%	\$1,116,665	4.5%	\$1,617,941	4.9%
Municipal	\$156,424	1.9%	\$431,455	1.7%	\$587,879	1.8%
Unmetered	\$96,961	1.2%	\$13,484	0.1%	\$110,445	0.3%
Gen. Repl. / Load Foll. 1P-RTP Shore Power						
Total	\$8,302,500	100.0%	\$24,907,500	100.0%	\$33,210,000	100.0%

Numbers may not add due to rounding

Line #

Table 1: 2017 PCR - Preliminary allocation of 25% of 2017 program costs associated with system benefits

COLUMN

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Program Cost Recovery by Benefits

System Benefits	25%	\$8,505,000
Combined Class and		
Participant Benefits	75%	\$25,515,000
Total ¹	100%	\$34,020,000

Functionalization of system Benefit DSM Costs

	Factors	
Generation		100%
Transmission		0%
Distribution		0%
Retail		0%

Classification of System Benefit DSM

Costs	Factors ²
Demand-related	36.95%
Energy-related	63.05%
Total	100.00%

Rate Class	Demand-Related Costs			Energy-Related Costs			Total	
	3 CP kW Demands ³	Relative Share	(\$)	MWh Energy Requirement ⁴	Relative Share	(\$)	Relative Share	Total Amount (\$)
Residential ⁵	3,708,999	61.5%	\$1,932,097	4,991,365	48.9%	\$2,624,692	53.6%	\$4,556,789
Small General	139,481	2.3%	\$72,658	264,187	2.6%	\$138,922	2.5%	\$211,580
General Demand	1,251,854	20.8%	\$652,117	2,685,304	26.3%	\$1,412,058	24.3%	\$2,064,175
Large General	165,117	2.7%	\$86,013	425,367	4.2%	\$223,678	3.6%	\$309,691
Small Industrial	110,000	1.8%	\$57,301	266,435	2.6%	\$140,104	2.3%	\$197,405
Medium Industrial	192,428	3.2%	\$100,240	507,519	5.0%	\$266,877	4.3%	\$367,117
Large Industrial	244,401	4.1%	\$127,314	719,944	7.1%	\$378,580	5.9%	\$505,893
Municipal	114,176	1.9%	\$59,477	192,256	1.9%	\$101,097	1.9%	\$160,574
Unmetered	69,099	1.1%	\$35,995	119,243	1.2%	\$62,703	1.2%	\$98,699
Gen. Repl. / Load Foll.								
1P-RTP								
Shore Power								
Total	6,032,292	100.0%	\$3,142,350	10,198,127	100.0%	\$5,362,650	100.0%	\$8,505,000
Classification Breakdown	36.95%			63.05%			100.0%	

Numbers may not add due to rounding

¹ Source: EfficiencyOne 2016-2018 DSM Resource Plan

² Source: Source: "2016 Base Cost of Fuel Calculations" as used in Appendix E "Revenue Analysis" provided in 2016 BCF Reply Evidence.

³ Source: "2016 Base Cost of Fuel Calculations" as used in Appendix E "Revenue Analysis" provided in 2016 BCF Reply Evidence.

⁴ Source: "2016 Base Cost of Fuel Calculations" as used in Appendix E "Revenue Analysis" provided in 2016 BCF Reply Evidence.

⁵ All residential rate classes use the same unit fixed cost estimate

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Table 2: 2017 PCR - Preliminary allocation of 75% of 2017 DSM Program Costs associated with benefits realized by participating classes

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COLUMN FORMULA	A	B	C	D	E	F	G	H	I	J Σ col A to I	K J * 75%
Program	Existing Residential	New Residential	Efficient Product Rebates (Residential)	Efficient Product Rebates (BNI)	Custom Incentives	Direct Installation	Education and Outreach	Development and Research	Other Enabling Strategies	All Program Costs Combined	Program Costs Directly Assigned to Participating rate classes (75% of the total)
Rate Class											
Residential	\$10,290,188	\$1,240,857	\$3,244,714	\$1,766,419	\$61,031	\$469,231	\$968,906	\$560,072	\$328,805	\$18,930,223	\$14,197,667
Small General	\$38,672	\$0	\$5,126	\$532,119	\$122,062	\$812,342	\$67,836	\$62,331	\$28,998	\$1,669,487	\$1,252,115
General Demand	\$131,241	\$0	\$8,967	\$2,375,583	\$2,910,969	\$2,054,157	\$255,549	\$237,557	\$140,951	\$8,114,974	\$6,086,231
Large General	\$5,716	\$0	\$430	\$366,740	\$1,257,659	\$39,145	\$41,331	\$40,247	\$30,956	\$1,782,223	\$1,336,667
Small Industrial	\$0	\$0	\$1,602	\$138,358	\$328,513	\$152,891	\$17,161	\$32,269	\$11,857	\$682,651	\$511,988
Medium Industrial	\$0	\$0	\$511	\$161,087	\$569,898	\$13,238	\$21,702	\$22,235	\$13,941	\$802,612	\$601,959
Large Industrial	\$0	\$0	\$537	\$224,570	\$1,120,126	\$4,450	\$29,069	\$28,832	\$24,881	\$1,432,464	\$1,074,348
Municipal	\$157,978	\$39,601	\$49,295	\$75,978	\$122,062	\$75,840	\$30,028	\$26,520	\$10,205	\$587,507	\$440,630
Unmetered	\$0	\$0	\$0	\$11,165	\$0	\$0	\$3,470	\$2,914	\$310	\$17,859	\$13,394
Gen. Repl. / Load Foll.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1P-RTP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Shore Power	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$10,623,795	\$1,280,457	\$3,311,183	\$5,652,019	\$6,492,319	\$3,621,294	\$1,435,051	\$1,012,977	\$590,903	\$34,020,000	\$25,515,000

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Table 4: 2017 PCR - Preliminary allocation of 2017 program costs among rate classes

COLUMN	A	B	C	D	E	F
FORMULA	Table 1 Column H	Table 2 Column K	A + C			
	System Benefit Costs (25% of the total expenditure allocated to classes using COS methodology)		Participating Class Benefit Costs (75% of the total expenditure directly assigned to participating classes)		2017 PCR	
	(\$)	Relative Share	(\$)	Relative Share	(\$)	Relative Share
Rate Class						
Residential	\$4,556,789	53.6%	\$14,197,667	55.6%	\$18,754,456	55.1%
Small General	\$211,580	2.5%	\$1,252,115	4.9%	\$1,463,696	4.3%
General Demand	\$2,064,175	24.3%	\$6,086,231	23.9%	\$8,150,406	24.0%
Large General	\$309,691	3.6%	\$1,336,667	5.2%	\$1,646,358	4.8%
Small Industrial	\$197,405	2.3%	\$511,988	2.0%	\$709,393	2.1%
Medium Industrial	\$367,117	4.3%	\$601,959	2.4%	\$969,075	2.8%
Large Industrial	\$505,893	5.9%	\$1,074,348	4.2%	\$1,580,242	4.6%
Municipal	\$160,574	1.9%	\$440,630	1.7%	\$601,204	1.8%
Unmetered	\$98,699	1.2%	\$13,394	0.1%	\$112,093	0.3%
Gen. Repl. / Load Foll. 1P-RTP Shore Power						
Total	\$8,505,000	100.0%	\$25,515,000	100.0%	\$34,020,000	100.0%

Numbers may not add due to rounding

Line #

Table 1: 2018 PCR - Preliminary allocation of 25% of 2018 program costs associated with system benefits

COLUMN

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Program Cost Recovery by Benefits

System Benefits	25%	\$8,730,000
Combined Class and		
Participant Benefits	75%	\$26,190,000
Total ¹	100%	\$34,920,000

Functionalization of system Benefit DSM Costs

	Factors	
Generation		100%
Transmission		0%
Distribution		0%
Retail		0%

Classification of System Benefit DSM

Costs	Factors ²
Demand-related	37.12%
Energy-related	62.88%
Total	100.00%

Rate Class	Demand-Related Costs			Energy-Related Costs			Total	
	3 CP kW Demands ³	Relative Share	(\$)	MWh Energy Requirement ⁴	Relative Share	(\$)	Relative Share	Total Amount (\$)
Residential ⁵	3,738,583	61.8%	\$2,003,770	5,014,979	49.3%	\$2,703,731	53.9%	\$4,707,501
Small General	136,080	2.3%	\$72,935	258,249	2.5%	\$139,230	2.4%	\$212,165
General Demand	1,238,864	20.5%	\$663,995	2,651,572	26.0%	\$1,429,545	24.0%	\$2,093,539
Large General	163,231	2.7%	\$87,487	419,839	4.1%	\$226,348	3.6%	\$313,836
Small Industrial	109,337	1.8%	\$58,601	264,849	2.6%	\$142,789	2.3%	\$201,390
Medium Industrial	196,610	3.3%	\$105,377	517,318	5.1%	\$278,902	4.4%	\$384,279
Large Industrial	243,783	4.0%	\$130,661	716,631	7.0%	\$386,358	5.9%	\$517,018
Municipal	114,622	1.9%	\$61,434	192,333	1.9%	\$103,693	1.9%	\$165,127
Unmetered	68,487	1.1%	\$36,707	117,515	1.2%	\$63,356	1.1%	\$100,063
Gen. Repl. / Load Foll.								
1P-RTP								
Shore Power								
Total	6,046,335	100.0%	\$3,240,657	10,181,834	100.0%	\$5,489,343	100.0%	\$8,730,000
Classification Breakdown		37.12%			62.88%			100.0%

Numbers may not add due to rounding

¹ Source: EfficiencyOne 2016-2018 DSM Resource Plan

² Source: Source: "2016 Base Cost of Fuel Calculations" as used in Appendix E "Revenue Analysis" provided in 2016 BCF Reply Evidence.

³ Source: "2016 Base Cost of Fuel Calculations" as used in Appendix E "Revenue Analysis" provided in 2016 BCF Reply Evidence.

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⁵ All residential rate classes use the same unit fixed cost estimate

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Table 2: 2018 PCR - Preliminary allocation of 75% of 2018 DSM Program Costs associated with benefits realized by participating classes

COLUMN FORMULA	A	B	C	D	E	F	G	H	I	J	K
										Σ col A to J	K * 75%
Program	Existing Residential	New Residential	Efficient Product Rebates (Residential)	Efficient Product Rebates (BNI)	Custom Incentives	Direct Installation	Education and Outreach	Development and Research	Other Enabling Strategies	All Program Costs Combined	Program Costs Directly Assigned to Participating rate classes (75% of the total)
Rate Class											
Residential	\$10,752,008	\$1,279,244	\$3,351,524	\$1,778,384	\$61,012	\$469,088	\$996,045	\$589,087	\$415,966	\$19,692,359	\$14,769,269
Small General	\$40,408	\$0	\$5,295	\$535,723	\$122,025	\$812,095	\$69,736	\$65,560	\$35,624	\$1,686,466	\$1,264,850
General Demand	\$137,131	\$0	\$9,263	\$2,391,673	\$2,910,083	\$2,053,532	\$262,706	\$249,864	\$172,940	\$8,187,192	\$6,140,394
Large General	\$5,973	\$0	\$444	\$369,224	\$1,257,276	\$39,133	\$42,489	\$42,332	\$37,912	\$1,794,781	\$1,346,086
Small Industrial	\$0	\$0	\$1,655	\$139,295	\$328,413	\$152,845	\$17,641	\$33,940	\$14,540	\$688,329	\$516,247
Medium Industrial	\$0	\$0	\$528	\$162,178	\$569,725	\$13,234	\$22,309	\$23,387	\$17,077	\$808,438	\$606,328
Large Industrial	\$0	\$0	\$555	\$226,091	\$1,119,785	\$4,449	\$29,883	\$30,325	\$30,450	\$1,441,537	\$1,081,153
Municipal	\$165,068	\$40,826	\$50,918	\$76,492	\$122,025	\$75,817	\$30,869	\$27,894	\$12,730	\$602,639	\$451,979
Unmetered	\$0	\$0	\$0	\$11,241	\$0	\$0	\$3,567	\$3,065	\$386	\$18,259	\$13,694
Gen. Repl. / Load Foll.	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1P-RTP	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Shore Power	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$11,100,588	\$1,320,070	\$3,420,181	\$5,690,301	\$6,490,344	\$3,620,192	\$1,475,246	\$1,065,456	\$737,623	\$34,920,000	\$26,190,000

Table 4: 2018 PCR - Preliminary allocation of 2018 program costs among rate classes

COLUMN	A	B	C	D	E	F
FORMULA	Table 1 Column H	Table 2 Column K	A + C			
	System Benefit Costs (25% of the total expenditure allocated to classes using COS methodology)		Participating Class Benefit Costs (75% of the total expenditure directly assigned to participating classes)		2018 PCR	
	(\$)	Relative Share	(\$)	Relative Share	(\$)	Relative Share
Rate Class						
Residential	\$4,707,501	53.9%	\$14,769,269	56.4%	\$19,476,770	55.8%
Small General	\$212,165	2.4%	\$1,264,850	4.8%	\$1,477,014	4.2%
General Demand	\$2,093,539	24.0%	\$6,140,394	23.4%	\$8,233,933	23.6%
Large General	\$313,836	3.6%	\$1,346,086	5.1%	\$1,659,921	4.8%
Small Industrial	\$201,390	2.3%	\$516,247	2.0%	\$717,637	2.1%
Medium Industrial	\$384,279	4.4%	\$606,328	2.3%	\$990,608	2.8%
Large Industrial	\$517,018	5.9%	\$1,081,153	4.1%	\$1,598,171	4.6%
Municipal	\$165,127	1.9%	\$451,979	1.7%	\$617,106	1.8%
Unmetered	\$100,063	1.1%	\$13,694	0.1%	\$113,757	0.3%
Gen. Repl. / Load Foll. 1P-RTP Shore Power						
Total	\$8,730,000	100.0%	\$26,190,000	100.0%	\$34,920,000	100.0%

Numbers may not add due to rounding

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

NON-CONFIDENTIAL

Request IR-5:

Please show the difference in allocation of Enabling Strategies expenditures by rate class of using NS Power's proposed allocation and that recommended by Elenchus.

Response IR-5:

Please refer to the table below for cost comparison in 2016.

Rate Class	Enabling Strategies allocation expenditures as per		
	NS Power	Recommendation by Elenchus	Variance
Residential	\$260,141	\$274,233	\$14,092
Small General	\$41,185	\$26,826	\$14,359
General Demand	\$136,800	\$130,720	\$6,080
Large General	\$29,259	\$28,804	\$455
Small Industrial	\$9,125	\$11,010	\$1,885
Medium Industrial	\$11,590	\$12,966	\$1,376
Large Industrial	\$15,747	\$23,177	\$7,430
Municipal	\$11,374	\$8,955	\$2,419
Unmetered	\$1,749	\$280	\$1,469
Gen. Repl. / Load Foll.	\$0	\$0	\$0
1P-RTP	\$0	\$0	\$0
Shore Power	<u>0</u>	<u>0</u>	<u>0</u>
	\$516,971	\$516,971	\$0

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

NON-CONFIDENTIAL

Request IR-6:

On Page 3 of the Elenchus memo, the issue of double charging of expenditures assigned to a rate class is raised by Elenchus in the following paragraph.

In principle, the entire amount of Enabling Strategies is intended to support or enable the entire amount of program benefits. Therefore, in the absence of a suitable direct allocation, one would reasonably allocate the entire amount of Enabling Strategies on the basis of all program benefits. Given that only a small proportion of enabling strategies spending can be identified, it raises the concern that rate classes which have more identifiable expenses *may in effect be double charged by being charged once for identifiable costs, and then again for a share of general expenses.* (italics added) If most Enabling Strategies costs could have been directly assigned, the exposure to this possible double counting was minimal. However, with such a small proportion directly assigned, and that amount heavily skewed to one rate class, it is a significant concern.

(a) Please explain whether NS Power believes double charging is a significant concern and if not, why not?

Response IR-6:

(a) No, the Company does not believe double charging to be a significant concern under its proposed methodology. EfficiencyOne determines which of its Enabling Strategies may be directly assigned to a customer class and the vetting this information receives through the regulatory process ensures that only such costs that can be directly assigned are directly assigned.

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

NON-CONFIDENTIAL

1 **Request IR-7:**

2
3 **The attached spreadsheet of showing coding to rate classes of Enabling Strategies**
4 **expenditures was provided to G. Foote upon request by Matthew Davidson of Efficiency (e-**
5 **mail also attached). This spreadsheet shows that the Bright Business Conference was**
6 **coded to all rate classes (Line 4, Column B) rather to just BNI rate classes. In effect,**
7 **residential ratepayers were charged with almost 50 per cent of the conference's cost based**
8 **on the sector's share of program costs, for a program that did not address residential DSM.**
9

10 **(a) Did NSPI review the calculation of historical averages to determine whether**
11 **Enabling Strategies expenditures were correctly coded to rate classes prior to**
12 **submitting its proposal for cost allocation?**
13

14 **Response IR-7:**

15
16 **(a) No. Please refer to CA IR-6.**

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

NON-CONFIDENTIAL

1 **Request IR-8:**

2
3 **Please provide NS Power's assessment of which true-up method would allow the best**
4 **alignment of DSM cost allocation by customer class with recovery of an equal amount by**
5 **customer class and how this would be achieved.**

6
7 Response IR-8:

8
9 Alignment of DSM cost allocation by customer class and cost recovery is one of the benefits that
10 varies in the cost recovery proposals from the Company. There are several other benefits that
11 vary depending on the methodology selected including ease of implementation, transparency and
12 predictability. The Company has not made a determination as to the true-up methodology that
13 best aligns cost allocation by customer class with recovery of an equal amount by customer class.
14 NS Power's preference would be to implement a cost recovery methodology that achieves
15 consensus with all Parties. In its letter dated, December 18, 2015, the Company stated:

16
17 As cost allocation is primarily an issue between customer classes, NS Power does
18 not have a strong preference as to which methodology is utilized and it looks
19 forward to receiving further input from customer representatives as part of the
20 established UARB process. The exception to this last comment is that NS Power
21 would not be supportive of a true up mechanism that would materially impact
22 E1's ability to meet its energy savings goals in a cost effective manner.¹

¹ NS Power DSM Cost Recovery Submission, M07151, December 18, 2015, page 5.

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

NON-CONFIDENTIAL

Request IR-9:

Please provide an analysis of exactly how NS Power will be able to absorb 2016 DSM expenditures and the first year of amortized 2015 expenditures, including:

(a) The nature and magnitude in reductions in other areas of NS Power's revenue requirement, compared to the costs in the 2013-2014 GRA Decision.

(b) The changes in projected sales and revenues by customer class compared to the assumptions applied in the 2013-2014 GRA Decision.

Response IR-9:

The Company has not conducted the analysis requested for the purpose of this proceeding. For 2016, NS Power has assumed the risk to its allowed earnings that revenues at current rates would not require the Company to make an Application to the UARB to change its rates for 2016.

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

NON-CONFIDENTIAL

1 **Request IR-10:**

2
3 **Please explain any options that are available to NS Power to implement the Board's**
4 **Decision that the "2014 DSM...variance should be attributed to the 2016 DSM program**
5 **and could be allocated such that classes receive their actual over or under recovery via**
6 **2016 programs."**

7
8 Response IR-10:

9
10 In its Decision on the 2016 to 2018 DSM programs, the UARB directed as follows:

11
12 Having regard to the history of underspending, and the history of overachieving
13 of savings and demand targets, and in an effort to bring greater rigor to the
14 calculation of incentives, the Board is reducing each of the three years in the
15 Quantum Agreement amounts by 10% so that, for example, the amount for 2016
16 would be reduced by \$3,690,000 to \$33,210,000. This amount is inclusive of the
17 \$8.4 million surplus remaining from 2014, as referenced in the following
18 sections.¹
19

20 In its letter dated December 18, 2015, the Company outlined various options that would allocate
21 the 2014 DSM variance to the various customer classes including modification of DSM program
22 delivery to eliminate any imbalance, true-up based on actual recoveries and expenditures at the
23 time of the next contract period and true-up at the time of the next General Rate Application. As
24 the variance is primarily an issue between certain customer classes, NS Power would look to
25 those classes for a preferred resolution.

¹ NS Power 2016-2016 DSM Plan, NSUARB Decision, M06733, August 12, 2015, page 26, paragraph 74.

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

NON-CONFIDENTIAL

1 **Request IR-11:**

2
3 **Please explain in more detail how a cost of service allocation would permit true-up of DSM**
4 **expenditures, including the variance between 2014 DSM collection and allocation by**
5 **customer class.**

6
7 Response IR-11:

8
9 Please refer to Appendix A of the Company's letter dated December 18, 2015 for the variance
10 between DSM cost allocation and Cost of Service allocation. Please also refer to CA IR-10.
11 True-up under the various approaches proposed by NS Power could take place through the
12 setting of rates or in conjunction with the DSM contract period under either approach.

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

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1 **Request IR-12:**

2
3 **Would NSPI be seeking interest on post-2016 DSM expenditures, if it does not make a**
4 **General Rate Application on June 30, 2016?**

5
6 Response IR-12:

7
8 NS Power has not made a determination on its treatment of post-2016 DSM expenditures.

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

NON-CONFIDENTIAL

1 **Request IR-13:**

2
3 **The December 15, 2018 submission proposes two methods for true-ups, “Cost of Service**
4 **Allocation” and “Traditional DSM Allocation.”**

5
6 **(a) Please explain why NSPI does not include the option of using the “75% class cost/**
7 **25% system cost allocation” for true-ups.**

8
9 **(b) Is the “Cost of Service Allocation” the same as the “system cost allocation”**
10 **previously applied to 25% of DSM costs, total class revenues, or something else?**

11
12 **(c) Please provide the “Cost of Service Allocation” that NSPI would apply if it were**
13 **asked to perform a true-up based on the most recent COSS.**

14
15 **(d) Is the “Traditional DSM Allocation” essentially the same as the “class cost”**
16 **component of the 75/25 allocation?**

17
18 **Response IR-13:**

19
20 **(a) NS Power includes the “75% class cost / 25% system cost allocation” option under all**
21 **proposed alternatives except for the “No Allocation” one.**

22
23 **(b) No. Please refer to CA IR-14.**

24
25 **(c) Please refer to Appendix A included in Company’s proposal for allocation of 2016-2018**
26 **DSM Plan costs filed on October 30, 2015.**

27
28 **(d) Yes.**

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DSM Cost Allocation and Recovery (NSUARB M07151)
NSPI Responses to Consumer Advocate Information Requests

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1 **Request IR-14:**

2
3 **Please clarify the “Cost of Service Allocation” option.**

4
5 Response IR-14:

6
7 The “Cost of Service Allocation” is one of the three alternate approaches to the recovery and true
8 up of DSM costs from years 2015 and 2016. It is based on a premise that DSM costs are funded
9 by savings realized in other areas of NS Power’s operations. As was the case with the treatment
10 of excess earnings under the FAM, the recovery of DSM costs by rate classes are proposed to
11 align with their utilization of regulated rate base in COSS. The DSM cost collections by rate
12 classes are proposed to be trued up against actual DSM costs apportioned among rate classes
13 using the same costing methodology as approved for DSM Rider calculations. This
14 methodology consists in splitting actual DSM costs of each class between direct and system
15 categories at a ratio of 75 to 25 and then reapportioning the system cost category among rate
16 classes using the COSS-based treatment of fixed generation costs.