

5. Gross kW Saved at Customer represents the monthly billing demand reduction from the Business DSM programs. For the calculation of the annual lost margins from this demand charge, the total Business Segment value is halved assuming half of the achievement is on the E15 rate which has a billed demand charge, and the monthly billed kW is multiplied by 12 to represent the 12 monthly bills expected in a year.

The table below shows the results across an expected persistence range of 1.5 years to 2.5 years. This assumes that historical test years are used in future rate cases, with rates effective one full year after the historical test year and that the frequency of rate cases occurs every year (1.5 years of persistence) up to every 3 years (2.5 years of persistence). For instance, if rates that become effective January 1, 2025 are based on a 2023 historical test year, the average persistence of reduced consumption range from 2 years (installed January 1, 2023) to 1 year (installed December 1, 2023), or an average persistence of 1.5 years. If rate cases occur every other year, one program year of DSM achievement will occur the year before the historical test year, representing 2.5 years of persistence, and one program year will occur during the historical test years, representing 1.5 years of persistence, or an average of 2.0 years of persistence. Assuming rate cases every three years adds a program year two full years before the historical rate case, or 3.5 years of persistence. Adding that to the 2.5 years and 1.5 years of persistence from the other two program years, results in average persistence of 2.5 years of persistence.

Estimated 2025 DSM Program Load Margins - Based on Expected Persistence	
1.5 years Persistence	\$616,018
2.0 years Persistence	\$821,357
2.5 years Persistence	\$1,026,697

Preparer: Jeremy Petersen
 Title: Regulatory Policy Specialist
 Department: Customer Energy & Transportation Solutions
 Telephone: 612-330-7934
 Date: August 23, 2024