

1 **Volume 2: Customer, Energy and Demand Forecast**

2

3 **Q. (page 8 of 8) What is the impact on the revenue requirement for 2025 and 2026 and**
4 **the proposed 5.5% rate increase on July 1, 2025 if sales are 1% above forecast, and**
5 **alternatively, 1% below forecast?**

6

7 **A. See Attachment A for the requested analysis.**

2025 and 2026 *Pro Forma* Revenue Requirement and Customer Rate Impact

Pro Forma 2025 Revenue Requirement¹
+1% Energy Sales
(\$000s)

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>
1 Costs			
2 Power Supply Cost ²	546,030	(3,088)	542,942
3 Operating Costs	81,394	509	81,903
4 Employee Future Benefit Costs	8,122	-	8,122
5 Deferred Cost Recoveries and Amortizations	492	(12,063)	(11,571)
6 Depreciation	83,143	-	83,143
7 Income Taxes ³	20,369	7,097	27,466
8	<u>739,550</u>	<u>(7,545)</u>	<u>732,005</u>
9			
10 Return on Rate Base⁴	88,650	15,399	104,049
11			
12 2025 Revenue Requirement	828,200	7,854	836,054
13			
14 Adjustments			
15 Other Revenue	(11,017)	1,794	(9,223)
16 Interest on Security Deposits	72	-	72
17 Energy Supply Cost Variance Adjustments ⁵	(49,145)	1,908	(47,237)
18 Other Transfers to RSA	(10,447)	4,793	(5,654)
19	<u>(70,537)</u>	<u>8,495</u>	<u>(62,042)</u>
20			
21 2025 Revenue Requirement from Rates	<u>757,663</u>	<u>16,349</u>	<u>774,012</u>

¹ Excludes the impact on deferral cost recoveries and amortizations and finance charges.

² Higher energy purchases and demand costs due to higher energy sales.

³ Higher income tax related to higher return on equity from the additional sales.

⁴ Higher return on equity from the additional sales.

⁵ Higher Energy Supply Cost Variance transfers related to additional energy purchases.

Pro Forma 2025 Revenue Requirement¹
-1% Energy Sales
(\$000s)

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>
1 Costs			
2 Power Supply Cost ²	521,402	(3,088)	518,314
3 Operating Costs	81,394	509	81,903
4 Employee Future Benefit Costs	8,122	-	8,122
5 Deferred Cost Recoveries and Amortizations	492	(12,063)	(11,571)
6 Depreciation	83,143	-	83,143
7 Income Taxes ³	19,705	7,761	27,466
8	<u>714,258</u>	<u>(6,881)</u>	<u>707,377</u>
9			
10 Return on Rate Base⁴	87,102	16,947	104,049
11			
12 2025 Revenue Requirement	801,360	10,066	811,426
13			
14 Adjustments			
15 Other Revenue	(11,017)	1,794	(9,223)
16 Interest on Security Deposits	72	-	72
17 Energy Supply Cost Variance Adjustments ⁵	(35,001)	1,908	(33,093)
18 Other Transfers to RSA	(10,447)	4,793	(5,654)
19	<u>(56,393)</u>	<u>8,495</u>	<u>(47,898)</u>
20			
21 2025 Revenue Requirement from Rates	<u>744,967</u>	<u>18,561</u>	<u>763,528</u>

¹ Excludes the impact on deferral cost recoveries and amortizations and finance charges.

² Lower energy purchases due to lower energy sales.

³ Lower income tax related to lower return on equity from the lower sales.

⁴ Lower return on equity from the lower sales.

⁵ Lower Energy Supply Cost Variance transfers related to lower energy purchases.

**Pro Forma 2026 Revenue Requirement¹
+1% Energy Sales
(\$000s)**

	<u>Existing</u>	<u>Changes</u>	<u>Proposed</u>		
1 Costs					
2 Power Supply Cost ²	544,022	(9,391)	534,631		
3 Operating Costs	84,156	784	84,940		
4 Employee Future Benefit Costs	1,812	-	1,812		
5 Deferred Cost Recoveries and Amortizations	492	9,396	9,888		
6 Depreciation	86,691	-	86,691		
7 Income Taxes ³	18,337	9,204	27,541		
8	<u>735,510</u>	<u>9,993</u>	<u>745,503</u>		
9					
10 Return on Rate Base⁴	85,526	19,141	104,667		
11					
12 2026 Revenue Requirement	821,036	29,134	850,170		
13					
14 Adjustments					
15 Other Revenue	(11,644)	4,784	(6,860)		
16 Interest on Security Deposits	72	-	72		
17 Energy Supply Cost Variance Adjustments ⁵	(48,179)	5,657	(42,522)		
18 Other Transfers to RSA	(4,257)	(1,785)	(6,042)		
19	<u>(64,008)</u>	<u>8,656</u>	<u>(55,352)</u>		
20					
21 2026 Revenue Requirement from Rates	<u>757,028</u>	<u>37,790</u>	<u>794,818</u>		
22					
23				Price	
	PF Existing	PF Proposed	Difference	Elasticity⁶	PF Increase
24 2026 Revenue Requirement from Rates	757,028	794,818	37,790	5,585	43,375
25 RSA Changes	71,097	70,532	(565)	565	-
26 MTA Changes	21,810	22,482	672	151	823
27 Total	<u>849,935</u>	<u>887,832</u>	<u>37,897</u>	<u>6,301</u>	<u>44,198</u>
28					
29 Pro Forma Base Rate Change					5.2%
30					
31 Impact of Energy Supply Cost Variance Adjustment⁷					0.8%
32					
33 Total Pro Forma Customer Rates					6.1%

¹ Excludes the impact on deferral cost recoveries and amortizations and finance charges.

² Higher energy purchases due to higher energy sales.

³ Higher income tax related to higher return on equity from the additional sales.

⁴ Higher return on equity from the additional sales.

⁵ Higher Energy Supply Cost Variance transfers related to additional energy purchases.

⁶ Does not consider impacts to price elasticity for the requested scenario.

⁷ Impact of higher energy purchases on customer rates either through the July 1, 2026 rate adjustment or through the July 1, 2025 rate change via the rebasing scenario.

Pro Forma 2026 Revenue Requirement¹
-1% Energy Sales
(\$000s)

	<u>Existing</u>		<u>Changes</u>		<u>Proposed</u>
1 Costs					
2 Power Supply Cost ²	519,536		(9,391)		510,145
3 Operating Costs	84,156		784		84,940
4 Employee Future Benefit Costs	1,812		-		1,812
5 Deferred Cost Recoveries and Amortizations	492		9,396		9,888
6 Depreciation	86,691		-		86,691
7 Income Taxes ³	17,683		9,858		27,541
8	710,370		10,647		721,017
9					
10 Return on Rate Base⁴	84,002		20,665		104,667
11					
12 2026 Revenue Requirement	794,372		31,312		825,684
13					
14 Adjustments					
15 Other Revenue	(11,644)		4,784		(6,860)
16 Interest on Security Deposits	72		-		72
17 Energy Supply Cost Variance Adjustments ⁵	(34,125)		5,657		(28,468)
18 Other Transfers to RSA	(4,257)		(1,785)		(6,042)
19	(49,954)		8,656		(41,298)
20					
21 2026 Revenue Requirement from Rates	744,418		39,968		784,386
22					
23				Price	
	PF Existing	PF Proposed	Difference	Elasticity⁶	PF Increase
24 2026 Revenue Requirement from Rates	744,418	784,386	39,968	5,585	45,553
25 RSA Changes	71,083	70,518	(565)	565	-
26 MTA Changes	18,690	19,900	1,210	151	1,361
27 Total	834,191	874,804	40,613	6,301	46,914
28					
29 Pro Forma Base Rate Change					5.7%
30					
31 Impact of Energy Supply Cost Variance Adjustment⁷					-0.8%
32					
33 Total Pro Forma Customer Rates					4.8%

¹ Excludes the impact on deferral cost recoveries and amortizations and finance charges.

² Lower energy purchases due to lower energy sales.

³ Lower income tax related to lower return on equity from the lower sales.

⁴ Lower return on equity from the reduction in sales.

⁵ Lower Energy Supply Cost Variance transfers related to lower energy purchases.

⁶ Does not consider impacts to price elasticity for the requested scenario.

⁷ Impact of higher energy purchases on customer rates either through the July 1, 2026 rate adjustment or through the July 1, 2025 rate change via the rebasing scenario.