

Appendix E

**Cost Responsibility Surcharge Calculations
Example 1**

Assumptions

Calculated for 2009 rates, effective 1/1/2009
 New world generation cost was incurred, in part, to serve DL and CCA load shown
 Load excluded from DWR Power and New World charges does not receive Total Portfolio adjustment
 Former DA load that is eligible to return to DA and does so receives same treatment as large MDL and CCA

Inputs

Comment

Load subject to Charges (kWh)		
1	Bundled	66,000,000,000
2	Non-exempt Direct Access (DA)	10,000,000,000
3	Large Municipal Departing Load (MDL)	2,000,000,000
4	Community Choice Aggregation (CCA)	1,000,000,000
5	Load excluded from DWR Power and New World charges	1,000,000,000
6	Total Load	80,000,000,000

10 Ongoing CTC rate--adopted in ERRa (\$/kWh) \$0.004

Adopted in ERRa

12	1: Calculate Total Portfolio Costs	cost	kWh	Implied Price (\$/kWh)
13	A: Old world generation	\$3,750,000,000	50,000,000,000	\$0.075
14	B: DWR Power Charge	\$2,750,000,000	25,000,000,000	\$0.110
15	C: New world generation	\$500,000,000	5,000,000,000	\$0.100
16	Total	\$7,000,000,000	80,000,000,000	

2: Calculate Market Price Benchmark

21	Weighted average market price (\$/kWh)	\$0.069
22	Capacity adder	\$0.007
23	Adjust for Line Losses	1.05
24	Total Benchmark (\$/kWh)	\$0.080

Adopted in ERRa
 Adopted in ERRa
 Adopted in ERRa
 Adopted in ERRa

3: Calculate Net Above Market Costs

	Portfolio Price (\$/kWh)	Benchmark (\$/kWh)	Difference (\$/kWh)	Load	Net AMC
28	A: Old world generation	\$0.075	\$0.080	50,000,000,000	(\$250,000,000)
29	B: DWR Power Charge	\$0.110	\$0.080	25,000,000,000	\$750,000,000
30	C: New world generation	\$0.100	\$0.080	5,000,000,000	\$100,000,000
31	Total				\$600,000,000

4: Calculate indifference amount for each responsible group

	Share of Total Load	A: Old world generation (= Load % x Old World AMC)	B: DWR costs (= Load % x DWR AMC)	C: New world generation (= Load % x New World AMC)	D: TOTAL Indifference Amount (= A + B + C)	
37	Non-exempt Direct Access	13%	(\$31,250,000)	\$93,750,000	\$0	\$62,500,000
38	Large Municipal Departing Load	3%	(\$6,250,000)	\$18,750,000	\$2,500,000	\$15,000,000
39	Community Choice Aggregation	1%	(\$3,125,000)	\$9,375,000	\$1,250,000	\$7,500,000
40	Load excluded from DWR Power and New World charges	1%	\$0	\$0	\$0	\$0

5: Calculate indifference rate for each responsible group

	(\$/kWh)	
43	Non-exempt Direct Access	\$0.006
44	Large Municipal Departing Load	\$0.008
45	Community Choice Aggregation	\$0.008
46	Load excluded from DWR Power and New World charges	\$0.000

= Line 37 / Non-exempt DA Load
 = Line 38 / Municipal Departing Load
 = Line 39 / CCA Load
 = Line 40 / Exempt Load

6: Calculate Power Charge Indifference Amount (PCIA)

	Non-exempt Direct Access	Large Municipal Departing Load	Community Choice Aggregation	Load excluded from DWR and New World charges	
51	[PCIA = Indifference Rate minus Ongoing CTC rate]				
52	Indifference Rate (\$/kWh)	\$0.006	\$0.008	\$0.008	NA
53	Ongoing CTC rate (\$/kWh)	\$0.004	\$0.004	\$0.004	NA
54	PCIA (\$/kWh)	\$0.002	\$0.004	\$0.004	NA

= Results from Step 5 above
 Line 10
 = Line 52 - Line 53

6: Results

	Non-exempt Direct Access	Large Municipal Departing Load	Community Choice Aggregation	Load excluded from DWR and New World charges	
57	DWR Bond Charge (\$/kWh)	\$0.005	\$0.005	\$0.005	\$0.005
58	Ongoing CTC (\$/kWh)	\$0.004	\$0.004	\$0.004	\$0.004
59	PCIA (\$/kWh)	\$0.002	\$0.004	\$0.004	\$0.000
60	Total CRS (\$/kWh)	\$0.011	\$0.013	\$0.013	\$0.009

Adopted annually in DWR Rulemaking
 Line 10
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Appendix E

**Cost Responsibility Surcharge Calculations
Example 2**

Assumptions

Calculated for 2009 rates, effective 1/1/2009
 New world generation cost was incurred, in part, to serve DL and CCA load shown
 Load excluded from DWR Power and New World charges does not receive Total Portfolio adjustment
 DWR Power costs gone, so New World purchases increased to make up difference
 Former DA load that is eligible to return to DA and does so receives same treatment as large MDL and CCA

Inputs

Comment

1	Load subject to Charges (kWh)	
2	Bundled	66,000,000,000
3	Non-exempt Direct Access (DA)	10,000,000,000
4	Large Municipal Departing Load (MDL)	2,000,000,000
5	Community Choice Aggregation (CCA)	1,000,000,000
6	Load excluded from DWR Power and New World charges	1,000,000,000
7	Total Load	80,000,000,000

10 Ongoing CTC rate--adopted in ERRa (\$/kWh) \$0.004

Adopted in ERRa

1: Calculate Total Portfolio Costs

	cost	kWh	Implied Price (\$/kWh)
13 A: Old world generation	\$3,750,000,000	50,000,000,000	\$0.075
14 B: DWR Power Charge			
15 C: New world generation	\$3,200,000,000	30,000,000,000	\$0.107
16 Total	\$6,950,000,000	80,000,000,000	

2: Calculate Market Price Benchmark

21	Weighted average market price (\$/kWh)	\$0.069
22	Capacity adder	\$0.007
23	Adjust for Line Losses	1.05
24	Total Benchmark (\$/kWh)	\$0.080

Adopted in ERRa
 Adopted in ERRa
 Adopted in ERRa
 Adopted in ERRa

3: Calculate Net Above Market Costs

	Portfolio Price (\$/kWh)	Benchmark (\$/kWh)	Difference (\$/kWh)	Load	Net AMC
28 A: Old world generation	\$0.075	\$0.080	(\$0.005)	50,000,000,000	(\$250,000,000)
29 B: DWR Power Charge					
30 C: New world generation	\$0.107	\$0.080	\$0.027	30,000,000,000	\$800,000,000
31 Total					\$550,000,000

4: Calculate indifference amount for each responsible group

	Share of Total Load	A: Old world generation (= Load % x Old World AMC)	B: DWR costs (= Load % x DWR AMC)	C: New world generation (= Load % x New World AMC)	D: TOTAL Indifference Amount (= A + B + C)
37 Non-exempt Direct Access	13%	\$0	\$0	\$0	\$0
38 Large Municipal Departing Load	3%	(\$6,250,000)	\$0	\$20,000,000	\$13,750,000
39 Community Choice Aggregation	1%	(\$3,125,000)	\$0	\$10,000,000	\$6,875,000
40 Load excluded from DWR Power and New World charges	1%	\$0	\$0	\$0	\$0

5: Calculate indifference rate for each responsible group

	(\$/kWh)
43 Non-exempt Direct Access	\$0.000
44 Large Municipal Departing Load	\$0.007
45 Community Choice Aggregation	\$0.007
46 Load excluded from DWR Power and New World charges	\$0.000

= Line 37 / Non-exempt DA Load
 = Line 38 / Municipal Departing Load
 = Line 39 / CCA Load
 = Line 40 / Exempt Load

6: Calculate Power Charge Indifference Amount (PCIA)

	Non-exempt Direct Access	Large Municipal Departing Load	Community Choice Aggregation	Load excluded from DWR and New World charges
51 [PCIA = Indifference Rate minus Ongoing CTC rate]				
52 Indifference Rate (\$/kWh)	NA	\$0.007	\$0.007	NA
53 Ongoing CTC rate (\$/kWh)	NA	\$0.004	\$0.004	NA
54 PCIA (\$/kWh)	NA	\$0.003	\$0.003	NA

= Results from Step 5 above
 Line 10
 = Line 52 - Line 53

6: Results

	Non-exempt Direct Access	Large Municipal Departing Load	Community Choice Aggregation	Load excluded from DWR and New World charges
57 DWR Bond Charge (\$/kWh)	\$0.005	\$0.005	\$0.005	\$0.005
58 Ongoing CTC (\$/kWh)	\$0.004	\$0.004	\$0.004	\$0.004
59 PCIA (\$/kWh)	\$0.000	\$0.003	\$0.003	\$0.000
60 Total CRS (\$/kWh)	\$0.009	\$0.012	\$0.012	\$0.009

Adopted annually in DWR Rulemaking
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Appendix E

**Cost Responsibility Surcharge Calculations
Example 3**

Assumptions

Calculated for 2009 rates, effective 1/1/2009
 DWR Power costs gone, so New World purchases increased to make up difference
 New world generation cost was incurred, in part, to serve new DA, DL and CCA load shown
 Load excluded from DWR Power and New World charges does not receive Total Portfolio adjustment

Inputs

Comment

1	Load subject to Charges (kWh)	
2	Bundled	56,000,000,000
3	Non-exempt Direct Access (DA)	10,000,000,000
4	Large Municipal Departing Load (MDL)	2,000,000,000
5	Community Choice Aggregation (CCA)	1,000,000,000
6	Load excluded from DWR Power and New World charges	1,000,000,000
7	New Direct Access (DA)	10,000,000,000
8	Total Load	80,000,000,000

10 Ongoing CTC rate--(\$/kWh) \$0.004

Adopted in ERR A

12	1: Calculate Total Portfolio Costs	cost	kWh	Implied Price (\$/kWh)
13	A: Old world generation	\$3,750,000,000	50,000,000,000	\$0.075
14	B: DWR Power Charge			
15	C: New world generation	\$3,200,000,000	30,000,000,000	\$0.107
16	Total	\$6,950,000,000	80,000,000,000	

2: Calculate Market Price Benchmark

21	Weighted average market price (\$/kWh)	\$0.069
22	Capacity adder	\$0.007
23	Adjust for Line Losses	1.05
24	Total Benchmark (\$/kWh)	\$0.080

Adopted in ERR A
 Adopted in ERR A
 Adopted in ERR A
 Adopted in ERR A

3: Calculate Net Above Market Costs (AMC)

	Portfolio Price (\$/kWh)	Benchmark (\$/kWh)	Difference (\$/kWh)	Load	Net AMC
28	A: Old world generation	\$0.075	\$0.080		(\$250,000,000)
29	B: DWR Power Charge			50,000,000,000	
30	C: New world generation	\$0.107	\$0.080		\$800,000,000
31	Total		\$0.027	30,000,000,000	\$550,000,000

4: Calculate indifference amount for each responsible group

	Share of Total Load	A: Old world generation (= Load % x Old World AMC)	B: DWR costs (= Load % x DWR AMC)	C: New world generation (= Load % x New World AMC)	D: TOTAL Indifference Amount (= A + B + C)
37	Non-exempt Direct Access	13%	\$0	\$0	\$0
38	Large Municipal Departing Load	3%	(\$6,250,000)	\$0	\$13,750,000
39	Community Choice Aggregation	1%	(\$3,125,000)	\$0	\$6,875,000
40	Load excluded from DWR Power and New World charges	1%	\$0	\$0	\$0
41	New Direct Access (DA)	13%	(\$31,250,000)	\$0	\$68,750,000

5: Calculate indifference rate for each responsible group

		(\$/kWh)
44	Non-exempt Direct Access	\$0.000
45	Large Municipal Departing Load	\$0.007
46	Community Choice Aggregation	\$0.007
47	Load excluded from DWR Power and New World charges	\$0.000
48	New Direct Access	\$0.007

= Line 37 / Non-exempt DA Load
 = Line 38 / Municipal Departing Load
 = Line 39 / CCA Load
 = Line 40 / Exempt Load
 = Line 41 / New DA load

6: Calculate Power Charge Indifference Amount (PCIA)

	Non-exempt Direct Access	Large Municipal Departing Load	Community Choice Aggregation	Load excluded from DWR and New World charges	New Direct Access
51	[PCIA = Indifference Rate minus Ongoing CTC rate]				
52	Indifference Rate (\$/kWh)	NA	\$0.007	\$0.007	NA
53	Ongoing CTC rate (\$/kWh)	NA	\$0.004	\$0.004	NA
54	PCIA (\$/kWh)	NA	\$0.003	\$0.003	NA

= Results from Step 5 above
 Line 10
 = Line 52 - Line 53

6: Results

	Non-exempt Direct Access	Large Municipal Departing Load	Community Choice Aggregation	Load excluded from DWR and New World charges	New Direct Access
56	DWR Bond Charge (\$/kWh)	\$0.005	\$0.005	\$0.005	\$0.005
57	Ongoing CTC (\$/kWh)	\$0.004	\$0.004	\$0.004	\$0.004
58	PCIA (\$/kWh)	\$0.000	\$0.003	\$0.003	\$0.000
59	Total CRS (\$/kWh)	\$0.009	\$0.012	\$0.012	\$0.009

Adopted annually in DWR Rulemaking
 Line 10
 Line 54

(END OF APPENDIX E)