

Undertaking JTD.2

Dr. Loube to provide an example of how the relative benefit calculation can be performed

Response:

In the context of a joint use facility the relative benefit is measured by the relative cost savings each individual service class receives for participating with the other services classes in the use of the joint use facility. The relative cost savings is measured using the relative stand-alone cost of building a network to service each class separately.

The process of determining the savings is calculated as follows:

1. Step one: determine the stand-alone cost of providing service to each service class, such as residential, commercial and industrial customers.
2. Step two: determine the stand-alone network cost for service class as the difference between the total stand-alone cost of service and the cost of directly assignable facilities, such as meters.
3. Step three: sum of the stand-alone network cost for the three services
4. Step four: determine the stand-alone relative cost for each service as the ratio of the stand-alone network cost for each service determined in step two divided by the sum of the stand-alone network costs determine in step three.
5. Step five: allocate the joint use facility among the three service classes by the product of the cost of the joint use times the stand-alone relative cost for each class determined in step four.