

**Undertaking J2.10 – To explain the apparent inconsistency between recovering LRAM for programs instituted in 2006 and 2007 while adjusting the load forecast on the basis that those programs had no impact in 2006 and 2007.**

We have contracted the study that shows there were kWh savings in 2005, 2006 and 2007 and based on this study we have applied for the LRAM.

It is critical the level of savings assumed in the LRAM is reflected in the 2009 forecast going forward so as to reduce the need for additional LRAM from programs initiated in 2005, 2006 and 2007. Therefore, the kWh savings reflected in the study should be incorporated into the load forecast.

However, our 2009 load forecast is based on predicted figures. When we ran the initial load forecast through the regression analysis, a number of coefficients were generated and felt to be reliable based on the regression statistics that resulted. These coefficients were based on ten and one half years of historical data – January 1998 through July 2008. There were no program impacts for the eight years through 2005 and potentially part of 2006. The LRAM impacts were most likely factored in to historical data from 2006 through 2008 history.

Since most of the historical data, at least eighty percent, did not have program impacts, and since this historical data is what mainly drove the coefficients, in our view the resulting 2009 forecast arising from these coefficients would at best reflect a very limited amount of LRAM. As a result, we felt it was reasonable to reduce the 2009 'predicted purchases' by the LRAM kWh savings. Our adjustment was for one hundred percent of the value. Perhaps a lesser value, say eighty percent, would have been more reasonable. However, we still feel we are justified in adjusting the 2009 predicted values by at least 80% of the LRAM kWh savings since 80% of the historical data used to determine the 2009 forecast did not reflect the CDM savings assumed in the LRAM calculations.