

PEG Alternative Total Cost Model

VARIABLE KEY

N = Number of customers
D = Ratcheted maximum peak demand
PCTCU = % service territory congested urban
AREA_OTHER = Service territory area multiplied by (1-PCTCU)
PCTFOREST = % service territory forested
PCTELEC = % electric customers
PCTAMI = % of customers with AMI meters
ELEVSTD = Elevation standard deviation
Trend = Time trend

EXPLANATORY VARIABLE	PARAMETER ESTIMATE	T-STATISTIC	P-VALUE
N	0.622	28.679	0.000
N*N	0.563	7.079	0.000
D	0.326	14.196	0.000
D*D	0.577	6.704	0.000
D*N	-0.557	-6.921	0.000
PCTCU	12.273	6.129	0.000
AREA_OTHER	0.018	2.719	0.007
PCTFOREST	0.045	14.261	0.000
PCTELEC	0.088	4.522	0.000
PCTAMI	0.029	2.676	0.008
ELEVSTD	0.037	7.282	0.000
Trend	-0.003	-4.930	0.000
Constant	19.729	1921.427	0.000

Adjusted R² 0.966

Sample Period 1995-2017

Number of Observations 1907

Total Cost Performance of THESL

Year	Percent Difference ¹
2005	-32.4%
2006	-31.8%
2007	-25.3%
2008	-26.3%
2009	-24.0%
2010	-20.1%
2011	-10.7%
2012	-11.3%
2013	-6.9%
2014	-6.1%
2015	-4.4%
2016	2.0%
2017	4.6%
<i>2018</i>	<i>8.7%</i>
<i>2019</i>	<i>9.8%</i>
<i>2020</i>	<i>12.5%</i>
<i>2021</i>	<i>14.3%</i>
<i>2022</i>	<i>16.8%</i>
<i>2023</i>	<i>18.8%</i>
<i>2024</i>	<i>20.5%</i>
Annual Averages	
2005-2017	-14.8%
2015-2017	0.7%
2020-2024	16.6%

¹ Formula for benchmark comparison is $\ln(\text{Cost}^{\text{THESL}}/\text{Cost}^{\text{Bench}})$.

Note: Italicized numbers are projections/proposals.