

1     Q.     For each customer class, please provide details on the methodology used to  
2             develop revenue forecasts. For each customer class identified above,  
3             describe the forecast methodology used as causal/econometric, time series,  
4             or judgmental. If causal/econometric, identify the model form and the actual  
5             equation, the independent variables, and the data source for the independent  
6             variables. If time series, identify the model by type (e.g., exponential  
7             smoothing, ARIMA, etc.) and by patterns modeled (trend, seasonality, trend  
8             and seasonality, errors, etc.) If judgmental, identify the source of the  
9             judgment.

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12     A.     Revenue forecasts are developed as follows:

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14             •     Wholesale and Industrial Customer Classes:

15                     The load forecast is the underlying basis for the billing determinants to  
16                     which rates are applied. Please see response to CA 70 NLH for  
17                     details as to how the load forecast is prepared. The revenue model is  
18                     an Excel spreadsheet.

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20             •     Rural Customer Classes

21                     The rural load forecast of energy and actual demand is the underlying  
22                     basis for the billing determinants to which rates are applied. The  
23                     methodology for the Hydro rural systems' load forecast is a  
24                     combination of basic statistical and regression analysis, combined  
25                     with customer service requests and media information clippings  
26                     respecting local economic activity. Rural load forecasts are also  
27                     subject to the analytical judgment of experienced staff. For  
28                     interconnected and isolated systems, the principal rate classes are

1 reviewed and projected separately, and larger general service  
2 customer accounts are typically evaluated individually.

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4 Historical sales data is used to calculate proportionate forfeit discount  
5 factors, billing demand and other rate class billing determinants. The  
6 rural revenue model uses a combination of database, custom  
7 programming, and spreadsheet technology.