Methodology for Escalating Costs and Calculating ASC

1. Escalate all costs from the base year to the start of the Rate Period.
2. Calculate the simple average of the monthly market prices for the first year of the rate period.
3. Use this simple average market price to calculate the revenue from non-firm sales and the cost of non-firm purchases and the cost of any load growth (Without new resource additions).
4. Calculate the first year ASC.
5. Escalate all costs to the start of the second year of the rate period.
6. Calculate the simple average of the monthly market prices for the second year of the rate period.
7. Use this simple average market price to calculate the revenue from non-firm sales and the cost of non-firm purchases and the cost of any load growth (Without new resource additions)..
8. Calculate the second year ASC.
9. Take the simple average of the first and second year ASC's to get the ASC for the rate period.
10. For major resource additions during the rate period,
    a. Calculate the costs associated with the new resource
    b. Add in the costs associated with the new resource.
    c. Estimate the MWhs generated or purchased from the new resource
    d. Recalculate the Purchased Power & Sales for Resale used in the calculation of the rate period ASCs in this order:
        i. Meet new load growth with new resource
        ii. If MWhs from new resource is greater than new load growth, reduce Non-Firm Purchases
        iii. If greater than new load growth and non-firm purchases, increase sales for resale by the remainder.
        iv. The simple average of the monthly market prices over the entire rate period will be used to price both the reduction in purchased power costs and the increase in sales for resale revenues.
11. Calculate the ASC associated with resource additions.