

CCC INTERROGATORY #1

INTERROGATORY

Reference: Ex. B/T2/S4/p. 2

The evidence states the GTA project variance of \$143.4 million is related to delays, permitting issues and construction complexities. If the project had been on time and budget how would this have impacted 2015 and 2016 earnings and the earnings amounts allocated to ratepayers? Please provide a schedule which sets out the projected GTA amounts and the actual GTA amounts for each year of the project.

RESPONSE

Utility results are impacted by the timing and amount of capital which closes into service. As of December 31, 2016, GTA project capital expenditures, which had closed into service effective March 2016, were \$844.7 million, as compared to the approved budget of \$686.5 million, which had been forecast to close into service effective October 2015. The difference in the timing and amount of capital closed into service results in: rate base differences (and corresponding cost of capital differences), which is calculated on the average of monthly averages basis, depreciation differences, and capital cost allowance (and cumulative eligible capital) differences for tax purposes. Each of these differences impacts the calculation of utility allowed revenue/revenue requirement and earnings sharing. The following attachment summarizes the 2015 and 2016 variances in approved versus actual GTA project capital closed into service, and provides what the impact on 2015 and 2016 actual allowed revenues and earnings sharing would have been had approved capital amounts closed into service.

Witnesses: S. Dodd
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