

1 Q. Calculation of Rate Base

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3 70.1 What process has been used to determine that the net book value of
4 Capital Assets includes only assets that are used and useful in the
5 generation, transmission and distribution of electricity?

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7 70.2 Provide a copy of any studies that have been undertaken to determine
8 the appropriateness of including or excluding assets in rate base.

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10 70.3 How are assets not included in rate base recorded and tracked?

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13 A. 70.1 Records of construction work in progress are maintained in the Job
14 Cost system until the in-service date at which time they are transferred
15 to the Plant Ledger system and are added to ratebase. The in-service
16 date is defined as the date a project, or an identifiable part, is
17 available on a permanent basis:

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19 a) to generate power for revenue purposes, or

20 b) to transmit energy for revenue purposes, or

21 c) as an operating asset.

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23 For all capital activity in Hydro's capital budget, there is consultation
24 between the Plant Ledger, System Planning and Rates Departments
25 to ensure that the assets are assigned the appropriate class, system,
26 function, and customer location. At this time any assets which are
27 associated with unregulated activity would be identified as such and
28 coded appropriately.

1 When assets are taken out of service they are assigned an identifier in
2 the Plant Ledger system. The net book value of unregulated and "not
3 in service" assets is excluded from ratebase for the purposes of
4 determining the required regulated return.

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6 70.2 No formal studies have been undertaken to determine the
7 appropriateness of including or excluding assets in ratebase.

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9 70.3 Records of construction work in progress are maintained in the Job
10 Cost system. Records of assets taken out of service are maintained
11 in the Plant Ledger system with a "not in service" designation and
12 records of unregulated assets are maintained in the Fixed Asset
13 system with an identifier as noted in 70.1 above.