

General

Q. Ref: PUB-44 NP. Confirm whether or not the “Historical actual cost per new customer averaged over the past 5 years” has been adjusted to remove the expenses associated with “Special Projects” that were incurred in each year. Show the calculation.

A. Yes, the “Historical actual cost per new customer averaged over the past 5 years” for Services has been adjusted to remove the expenses associated with “Special Projects”. The actual calculation for New Services (Labour and Non-Labour) is as follows:

Labour

Average Labour Cost per New Customer = (Actual Labour Cost – Special Projects Labour) / Gross New Residential Customers

Non-Labour

Average Non-Labour Cost per New Customer = (Actual Non-Labour Cost – Special Projects Non-Labour) / Gross New Residential Customers

Cost Per New Customer

Average Cost per New Customer = Average Labour Cost per New Customer + Average Non-Labour Cost per New Customer

The actual calculation for Replacement Services (Labour and Non-Labour) is as follows:

Labour

Average Labour Cost per Customer = (Actual Labour Cost – Special Projects Labour) / Total Residential Customers

Non-Labour

Average Non-Labour Cost per Customer = (Actual Non-Labour Cost – Special Projects Non-Labour) / Total Residential Customers

Average Cost Per Customer

Average Cost per Customer = Average Labour Cost per Customer + Average Non-Labour Cost per Customer

The Company adjusts historical labour costs to reflect current day labour rates and adjusts historical non-labour by a cumulative GDP Deflator factor to reflect current day costs.