

1 Q. **Reference: Page 7, Lines 3-5**

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3 **Explain the basis of Mr. Todd's suggestion that the "increases in**
4 **operating costs and depreciation" account for 0.2% of the 6.1%**
5 **proposed increase.**

6
7 A. Mr. Todd's evidence states at page 7, lines 3-5:

8 *The increases in operating costs and depreciation (0.2% of the 6.1%*
9 *proposed increase) are consistent with normal increases that are*
10 *expected within the multi-year regime and are subject to the*
11 *productivity incentive.*

12 The lead-in to this comment appears 10 lines earlier at page 6, lines 24-28.

13 *However, a review of the components of the 2010 proposed rate*
14 *changes which are conveniently summarized in the July 31, 2009*
15 *Grant Thornton Report ("2009 GT Report) at page 29 raises questions*
16 *about whether the factors contributing to the requested rate increase*
17 *justify this break in the normal three-year cycle.*

18 Both the 0.2% and the 6.1% figures are based on the Grant Thornton table,
19 Components of 2010 Proposed Rate Changes, as are the other figures contained
20 in that discussion. The Grant Thornton table shows "Operating Costs" as 0.2%,
21 "Depreciation" as 0.0% and "Billed to Customers" as 6.1%.