

1 Q. Reference: Volume II, Exhibit 9: Cost of Service Study / Utility and Industrial  
2 Rate Design Report

3 The CDM Deferred Cost Recovery Plan Rules states:

4 ***“Transfers to, and from the proposed account will be tax-effected.”***

5 Please explain the requirement for tax-effecting the transfers given that Hydro is a  
6 government-owned utility. (Volume II, Exhibit 9, Appendix 2, page A2-1)

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9 A. The statement “Transfers to, and from the proposed account will be tax-effected”  
10 was made in error. As Hydro is a GST/HST registrant, it recovers any GST/HST paid  
11 or payable on purchases and expenses related to commercial activities by claiming  
12 an input tax credit on its monthly GST/HST returns.