

1 Q. Please explain what the cost of service exclusion amount for 2012 of \$113,000 on
2 line 24 represents and why it was not included in return 12 of Hydro's 2012 annual
3 financial return filed pursuant to Section 59(2) of the *Public Utilities Act*. (Finance
4 Evidence, Schedule I, Page 5 of 11)

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7 A. The 2012 costs of service exclusions represent the depreciation on assets not in
8 service. The cost of service exclusions of \$113K were excluded in error from
9 Hydro's 2012 Annual Return resulting in an immaterial increase to the 2012 Rate of
10 Return on Rate Base of approximately 0.007%. The balance was appropriately
11 recorded in the 2013 GRA.