

1 **Reference: Section 1: Introduction**

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3 **Q. Volume 1, page 1-9, lines 1-4. Provide a table that shows the amount of each category**  
 4 **of cost that contributes to the 2% increase in the proposed revenue requirement.**

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6 A. Table 1 provides the breakdown of cost changes since the Company’s last general rate  
 7 application (“GRA”) that contributes to the 2.0% increase in the proposed revenue  
 8 requirement.<sup>1</sup>

**Table 1:  
Breakdown of Cost Changes since last GRA**

	<b>Amount (\$millions)</b>	<b>Change (%)</b>
Continued Investment <sup>2</sup>	10.3	1.4
Operating Costs <sup>3</sup>	1.5	0.3
GRA Proposals <sup>4</sup>	2.4	0.3
<b>Total</b>	<b>14.2</b>	<b>2.0</b>

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<sup>1</sup> Cost changes since the last GRA reflect the change in the proposed 2023 test year revenue requirement from the 2020 test year revenue requirement approved by the Board in Order No. P.U. 2 (2019).

<sup>2</sup> *Continued investment* includes the change in return on rate base and depreciation. It excludes other effects of continued investment, such as lower operating costs from capital projects such as the *LED Street Lighting Replacement Plan*.

<sup>3</sup> *Operating costs* includes the change in operating costs, employee future benefit costs and other revenue requirement items – primarily interest on the Company’s rate stabilization account.

<sup>4</sup> *GRA proposals* includes: (i) amortizations associated with the 2022 revenue shortfall and GRA hearing costs; (ii) the impact of implementing the depreciation rates included in the *2019 Depreciation Study*; and (iii) changes resulting from the *General Expenses Capitalized Review*.