

UNDERTAKING NO. J2.7: TO PROVIDE A DOLLAR BREAKDOWN THAT SHOWS HOW MUCH YOU'RE ATTRIBUTING TO THE % BENEFITS RELATED TO THE WORKING CAPITAL ALLOWANCE DUE TO CHANGE TO MONTHLY BILLING

**RESPONSE:**

In Exhibit K1.4, the analysis prepared by Navigant Consulting Ltd. shows that the working capital allowance (WCA) percentage drops from 10.69% to 8.94%, a reduction of 1.75%, when monthly billing is taken into account.

As shown in the table below the reduction of 1.75% in WCA percentage reduces the revenue requirement for 2016 to 2020 by \$8.0 million.

**Table J2.7**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2016 - 2020</b>
Working Capital Base	\$1,149,277,438	\$1,203,675,681	\$1,251,302,740	\$1,278,580,153	\$1,302,868,679	\$6,185,704,691
Change in WCA%	-1.75%	-1.75%	-1.75%	-1.75%	-1.75%	
Change in WCA & Rate Base	(\$20,112,355)	(\$21,064,324)	(\$21,897,798)	(\$22,375,153)	(\$22,800,202)	(\$108,249,832)
Rate of Return	6.02%	6.08%	6.10%	6.10%	6.10%	
<b>Change in Return Taxes (26.5%) grossed up</b>	<b>(\$1,211,430)</b>	<b>(\$1,281,400)</b>	<b>(\$1,334,846)</b>	<b>(\$1,363,945)</b>	<b>(\$1,389,855)</b>	<b>(\$6,581,475)</b>
<b>Change in Revenue Requirement</b>	<b>(\$269,752)</b>	<b>(\$282,520)</b>	<b>(\$293,699)</b>	<b>(\$300,101)</b>	<b>(\$305,802)</b>	<b>(\$1,451,873)</b>
	<b>(\$1,481,181)</b>	<b>(\$1,563,919)</b>	<b>(\$1,628,545)</b>	<b>(\$1,664,046)</b>	<b>(\$1,695,657)</b>	<b>(\$8,033,349)</b>