

Undertaking J2.7: Hydro to use the Tillsonburg decision and the terms that were decided upon in that decision to provide an alternate basis for allocating the capital costs of the CIS system.

Response:

Undertaking J2.7 asks us to provide an alternate method to allocating the capital cost of the CIS system similar to the allocation method outlined in the Tillsonburg decision. Consistent with our understanding of the Tillsonburg approach, the table below shows the total costs borne by the City divided by the total Operating, Maintenance and Administration (OM&A) costs associated with billing to arrive at a percentage of 20% compared to Tillsonburg's 28.3%. Applying this 20% to the total capital costs of the new billing system suggests the City would responsible for \$420,000 of the new billing system.

Table 1- Alternate Method

Total Water Billing Costs:	\$729,678	Divided by
Total Billing Costs:	\$3,642,204	
Equals:	20.0%	
	*	Multiplied by
SAP Billing System Capital Cost:	\$2,100,000	
Equals Total percentage share:	\$420,000	

As stated in our evidence, we believe that the principle of causality should be given primacy and the City of Greater Sudbury should not be committed to contribute towards this capital. We have performed this calculation for the purpose of responding to the undertaking, but we do not support this approach nor do we propose to amend our application to reflect this approach.

If a change in the business of billing water/wastewater should occur in the future that would require a subsequent change or upgrade to the billing system we would not expect that the electricity rate payer should be responsible for such costs.

Further, our evidence to date (Transcript Vol.1_REV_20090723 pages 152 through to page 156) has shown that electricity rate payers have been advantaged under the current billing arrangement with the City.