

Undertaking No. J2.2

Calculate total amount in the deferral account to be refunded if a four-year disposition period was decided, p. 94.

Response:

The table shown below illustrates the refund of the 1575 deferral account over a four year disposition period.

Effect on Revenue Requirement	Year 1	Year 2	Year 3	Year 4
Amortization of deferred balance - Note 1	\$ (3,260,306)	\$ (3,260,306)	\$ (3,260,306)	\$ (3,260,306)
Return on Rate Base Associated with deferred PP&E balance at WACC - Note 2	(858,373)	(643,780)	(429,187)	(214,593)
Amount included in Revenue Requirement on rebasing (excluding PILS)	(4,118,680)	(3,904,086)	(3,689,493)	(3,474,900)
PILS	(171,414)	(128,561)	(85,707)	(42,854)
Amount included in Revenue Requirement on rebasing (including PILS)	\$ (4,290,094)	\$ (4,032,647)	\$ (3,775,200)	\$ (3,517,753)

Note 1: The amortization of deferred balance represents the 1575 account balance of \$13,041,225 equally amortized over the 4 year period.

Note 2: The return on rate base amount has been calculated using the opening balance of the deferral account multiplied by the weighted average cost of capital of 6.582%.