**Global Adjustment**

1. Please provide an explanation regarding the GA price reduction in 2014 and how this would impact the GA account balance.

**Response:**

The GA rate for the purpose of customer billing decreased by approximately 6.7% from $0.0526 per kWh in 2013 to $0.0491 in 2014. The rate reduction contributed to the revenue decline in 2014.

Impact:

Decreased revenues in 2014 as compared to 2013 results in an increase in the GA variance account.

1. RE: Loss of a significant GS >50 kW customer – What is the consumption lost and how this would impact the GA account balance?

**Response:**

STEI provided specific information in the Cost of Service Application EB-2014-0113, Exhibit 3, Tab 1, Schedule 1, page 2, lines 11 – 14.

*STEI has also been negatively impacted by the announced closing of a significant GS > 50 kW customer whose load represented approximately 10% of the class total. The company moved its customer service to Toronto and consolidated production with existing plants in Ohio and the Carolinas.*

Additional information was proved on schedule 4 page 1 of the St. Thomas Load Forecast prepared by Elenchus, Exhibit 3, Tab 1, Schedule 3, lines 11-16.

***GSGT50 CUSTOMER CLOSURE***

*In 2012, a GSGT50 customer announced it would be closing its STEI plant. In 2010, this customer’s kWh load represented about 10% of the class total. Therefore, for the purpose of forecasting GSGT50 Class kWh, a series starting in 2009 excluding this customer’s consumption was derived and used to estimate the regression equation. Since May, consumption at the site has averaged about 135,000 kWh/month and 360 kW. This amount has been added back to the class in the forecast period to account for basic upkeep at the site.*

In STEI’s previous IR response it was estimated that lost consumption attributed to this customer was 8,753,119 kWhs and $460 thousand dollars per year.

Impact:

Decreased revenues in 2014 as compared to 2013 results in an increase in the GA variance account.

1. Please provide details regarding the large cancellation 2013 rebilling and how this would impact the GA account balance

**Response:**

March of 2013, through discussions with other utilities that are a member of the Utility Collaborative Services Group, it was determined that street light accounts should be billed as HOEP and not as RPP, as has been the practice.

April 2013, discussions with City regarding change and initiated a two year recalculation

May 2013, St Thomas Energy processed the adjustment that resulted in a one-time increase of GA revenues, as well as other components of the bill and a decrease to RPP revenue. Immaterial net impact on the customer’s bill

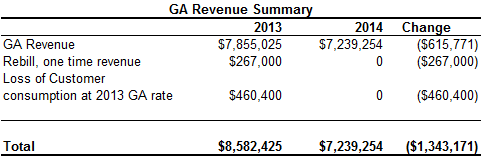
Impact:

2013 GA revenues included a one-time true-up of $267 thousand dollars that impacts the 2014 vs 2013 revenue analysis.

**Summary**

As provided in the following GA Revenue Summary table:

* 2014 GA revenue was $616 thousand less than what was billed in 2013;
* One-time cancel rebill contributed $267 thousand to the variance; and
* Loss of GS > 50 kW customer contributed $460 thousand to the GA revenue variance.



This difference alone would increase GA variance account by $1.34 million. The increase in the GA variance account is then reduced by lower GA expense of $563 thousand resulting in a net increase of $780 thousand in 2014 as compared to 2013

As provided in the Global Adjustment Summary table below and as provided previously, the 2014 GA revenues were $1.34 million less than the 2013 GA revenue. 2014 GA expense was $563 thousand less. The net of these two items resulted in an increase to the GA variance account.

