

SEC INTERROGATORY #1

INTERROGATORY

Ref. Ex. B\1\1, pg. 2: the evidence states that the credit of LPP revenue is allocated on the basis of rate class.

TO PROVIDE a breakdown of how the LPP revenue was credited by rate class from April 1, 1981 and 2002 when the 5% LPP was abolished.

RESPONSE

As can be seen in the attached chart, for the entire period from 1981 to 2002, LPPs were credited to the Company's rate classes on the basis of customer numbers. Historical information was not retained in the same format for all the years, especially in 1982 and 1983 where LPP amounts were grouped by type of service, not by rate class. Nevertheless, the allocations were made on the basis of customer counts in all years.

While we have included information about LPP allocation by rate class from 1981 to 2002, it should be noted that the period from 1981 to 1993 is not relevant in light of the Supreme Court of Canada's second decision, which held that the Company's potential liability under the Garland class action did not commence until the date of the Statement of Claim (April 1994) - see Exhibit C, Tab 1, Schedule 11, p. 29 of 43.

It can be seen from the attached chart that the rate classes with large numbers of customers (Rate 1 and, to some extent Rate 6) have received almost all of the benefit from LPPs. On the other hand, the rate classes with relatively small numbers of customers (Rates 100 and above) have received almost no LPP benefit. As outlined in the prefiled evidence, at Exhibit B, Tab 2, Schedule 6, the Company proposes to use the same allocation principle (customer count) for the recovery of amounts in the 2007 CASDA.

No rate case applications were made in 1985 and 1988. The Company is in the process of retrieving the records for the 1989, 1990 and 1991 years from storage, and will update the attached chart with the information from those years when it is available.

Table 1. Historical allocation of late payment penalties by rate class

YEAR	DESCRIPTION	TOTAL \$ Million	Commercial & Industrial										Off Peak Service	Commercial & Industrial										Off Peak Service	Commercial & Industrial										Off Peak Service																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																												
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