Q. In reference to the evidence of Lorne Henderson, pages 8 and 9, Tables 1 and 2, why are the revenue to cost ratios under Current Method in Table 1 different from the revenue to cost ratios under Actual in Table 2, and why are the revenue to cost ratios under Proposed Method in Table 1 the same as revenue to cost ratios under Normalized in Table 2?

A. The tables on pages 8 and 9 of the pre-filed evidence of Mr. Lorne Henderson are designed to reflect the impact of the Company's two proposed changes in its cost of service methodology on the revenue to cost ratios for each rate class.

The two proposed changes are:

- change in methodology used to functionalize and classify general expenses.
- change from the use of actual revenue and purchased power expense to using weather normalized revenue and purchased power expense.

The ratios in the column labelled Proposed Method in Table 1 (Page 8) and the ratios in the column labelled Normalized in Table 2 (Page 9) are identical because both sets of revenue to cost ratios are derived from the proposed cost of service methodology using both proposed changes.

The ratios in the column labelled Current Method in Table 1 (Page 8) and the ratios in the column labelled Actual in Table 2 (Page 9) are different due to the fact that each set of ratios is derived using a cost of service methodology which includes only one of the two proposed changes. Table 1 (Page 8) reflects only the impact of the change in methodology used to functionalize and classify general expenses, while Table 2 (Page 9) reflects only the impact of the change from the use of actual revenue and purchased power expense to using weather normalized revenue and purchased power expense.