

1 **Q. Please provide the cost of the above-referenced program and replacement of**
2 **transformers from the period of the commencement in the 1990s to current.**

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4 A. The total cost of this program was comprised of operating costs associated with the initial
5 inspection and associated maintenance of transformers, and capital costs associated with
6 transformer replacements.

7
8 *Operating Costs*

9 The operating cost component of the program was charged to the Company's distribution
10 transformer maintenance account, as is other distribution transformer maintenance that is
11 conducted on an on-going basis. Because the program costs were not specifically
12 tracked, they are not readily available.

13
14 *Capital Costs*

15 The capital costs of replacing the 3,500 distribution transformers referred to at page 31 of
16 the *Operations & Customer Service Evidence* were also not recorded separately in the
17 Company's books of account.

18
19 Based on the approximately 3,500 transformers replaced in connection with the program
20 during the period 1997 to 2001, the total cost of the replacement is estimated at
21 approximately \$6.2 million, calculated as follows:

22
23

24 Capital Cost per Unit	\$1,549.00 ¹
25	
26 Installation Cost per Unit	232.00 ²
27	
28 Total Cost per Unit	\$1,781.00
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30
31 Total Cost of Program: \$1,781 × 3,500 Units Installed = \$6,233,500.00
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33
34 ¹ Derived from the Company's average unit cost of replacement transformers for the years 1999
35 to 2001, based on the cost of transformers as set out in Table 2 of the Company's response to
36 Request for Information PUB 13.1 (1st Revision) filed during the Company's 2003 Capital
37 Budget Hearing.

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39 ² Average labour cost associated with the installation of distribution transformers used in
40 developing the Company's current Distribution Line Cost Per Metre factors for residential and
41 general service contributions in aid of construction (CIAC) set out in Appendix A to the
42 Company's Residential and General Service CIAC Policies.