

1 **Q. Provide a table comparing actual revenue to weather normalized revenue by year**
2 **since 1975; and provide the percentage difference between the two for each year.**

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4 A. The Degree Day Normalization Reserve (the Reserve) was established by the Board in
5 1974 to normalize the Company's revenue and purchased power costs for the effects of
6 abnormal weather conditions.

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8 Table 1 on page 2 compares actual revenue from rates to weather normalized revenue
9 from rates, as per operation the Reserve, by year from 1975 to 2001.

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11 The impact of the revenue adjustments in Table 1 is partly offset, also as per operation
12 the Reserve, by corresponding adjustments to normalize purchased power expense. It is
13 the net after-tax effect of the two adjustments that determines the transfer to the Reserve.
14 A more detailed explanation of the Reserve transfer mechanism is provided in Exhibit
15 BVP- 22 of the *Finance and Accounting Evidence*.

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17 Table 2 on page 3 provides the net after-tax transfers to/from the Reserve for the period
18 1975-2001. Transfers to the Reserve will reduce the Company's earnings in that year,
19 while transfers from the Reserve will increase the Company's earnings in that year.

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21 As can be seen from Table 2, transfers to/from the Reserve have been as much as \$1.4
22 million in each direction (1993 and 1999). However, as shown on page 2 of Exhibit
23 BVP-22, the net effect of transfers to/from the Reserve over the entire period since its
24 inception (1974) have resulted in a total net after-tax adjustment which has increased the
25 Company's earnings by (and resulted in amounts owing from customers of) only \$0.5
26 million. This indicates that the Degree Day Normalization Reserve is working as
27 intended, and supports the Company's position that no changes are required to the
28 function or methodology associated with its operation.
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Table 1 Actual Revenue Versus Weather Normalized Revenue 1975 – 2001 (\$ millions)			
Year	Actual Revenue	Weather Normalized Revenue	Percentage Difference¹
1975	44.7	45.0	0.7
1976	60.0	60.1	0.2
1977	73.2	73.1	-0.1
1978	91.8	92.1	0.3
1979	107.3	107.0	-0.3
1980	121.6	120.0	-1.3
1981	129.6	132.6	2.3
1982	160.6	158.7	-1.2
1983	170.1	172.5	1.4
1984	196.2	196.2	0.0
1985	239.4	235.0	-1.9
1986	241.0	238.7	-1.0
1987	244.5	245.1	0.2
1988	260.1	262.1	0.8
1989	275.6	273.8	-0.7
1990	305.7	302.4	-1.1
1991	320.8	315.0	-1.8
1992	333.1	325.3	-2.4
1993	336.9	329.0	-2.4
1994	335.5	334.2	-0.4
1995	335.4	335.3	0.0
1996	332.8	337.9	1.5
1997	342.2	340.7	-0.4
1998	326.0	332.9	2.1
1999	326.4	339.7	3.9
2000	329.4	339.3	2.9
2001	346.5	352.0	1.6

1. Negative amounts represent reductions in revenue and positive amounts represent increases in revenue.

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Table 2 Net After-Tax Transfers (to)/from the Degree Day Normalization Reserve 1975-2001 (\$000s)	
Year	After Tax Transfer (to)/from Reserve¹
1975	(50.9)
1976	(8.0)
1977	14.0
1978	(54.9)
1979	62.3
1980	(204.5)
1981	402.6
1982	(164.8)
1983	397.3
1984	34.3
1985	(596.7)
1986	(244.9)
1987	59.0
1988	359.8
1989	152.4
1990	(817.4)
1991	(395.2)
1992	(741.0)
1993	(1,371.4)
1994	90.8
1995	(142.6)
1996	363.0
1997	7.6
1998	892.6
1999	1,388.4
2000	1,141.5
2001	23.9

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1. Negative amounts are transfers to the reserve (which reduces earnings) and positive amounts are transfers from the reserve (which increases earnings).