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- 1 Q. (Reference April 5, 2024 Grant Thornton Report, Executive Summary, point 6) It is
2 stated “The difference between WACC and Rate of RORB in the 2024 Rate of RORB
3 Application is largely due to reconciling items between invested capital and rate base,
4 primarily the RSA. The example calculation of the RORB does not consider the impact
5 of any reconciling items between invested capital and rate base. In a GRA, the test
6 year forecast rebalances the RSA and this is not a material issue. However, in non-
7 test years the reconciling items could be significant as the RSA is functioning without
8 a rebalancing effect.”
- 9 a) How significant are the “reconciling items” in this 2024 non-test year?
10 b) Should the RSA be rebalanced whenever the Board approves a change in rates
11 proposed by the utility?
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- 13 A. a) The reconciling items for the 2024 non-test year is approximately \$33 million.
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15 b) The response to this depends on the scope of the utility application being
16 considered by the regulator at the time. In instances where the utility is requesting
17 a rate increase based on an overall change in revenue requirement then yes, the
18 RSA should be rebalanced as a part of that process. However, in our opinion if the
19 application is focused on the review of a particular component of revenue
20 requirement, such as the rate of return on rate base, the filing would not require
21 the rebalancing of the RSA at that time.