

November 7, 2022

**2023 GENERAL RATE APPLICATION
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To provide breakdown or explanation calculation of budget rate impact of .3 percent

RESPONSE:

Please see below which shows the annual Basic rate impact of the Project NOVA 2022 Re-baseline.

Figure 1 Overall NOVA Impacts on Basic Rate Indication After Rebaseline

| Line No. | Year (\$Millions) | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 | 2030/31 | 2031/32 | 2032/33 |
|----------|----------------------------------------------------|-------------|--------------|--------------|--------------|-------------|--------------|-------------|--------------|--------------|--------------|
| 1 | NOVA - After Rebaseline | | | | | | | | | | |
| 1 | Project Expense | 2.9 | 3.1 | -0.1 | -2.5 | -2.4 | -3.3 | -3.4 | -3.5 | -3.6 | -3.7 |
| 2 | (ongoing plus imp) | | | | | | | | | | |
| 3 | Amortization Expense | 0.0 | 0.0 | 2.8 | 7.1 | 7.1 | 7.1 | 7.1 | 4.2 | 0.0 | 0.0 |
| 4 | Operational Expense | 9.3 | 12.4 | 12.9 | 9.5 | 9.7 | 9.9 | 10.0 | 10.2 | 10.3 | 10.4 |
| 5 | (IT consultants/D&T & other FTE) | | | | | | | | | | |
| 6 | Broker Commission Savings | 2.6 | 1.3 | -2.8 | -4.3 | -5.8 | -7.4 | -7.7 | -8.0 | -8.2 | -8.5 |
| 7 | Cost Avoidance Savings | -1.0 | -5.5 | -5.0 | -7.5 | -5.2 | -5.3 | -5.4 | -5.5 | -5.6 | -5.7 |
| 8 | Total Expenses (b) | 13.7 | 11.3 | 7.8 | 2.3 | 3.4 | 1.0 | 0.7 | -2.6 | -7.1 | -7.5 |
| 9 | Impact on Net Income and Basic rate setting | 1.2% | 1.0% | 0.7% | 0.2% | 0.3% | 0.1% | 0.1% | -0.2% | -0.1% | -0.1% |
| 10 | Change in Basic Rate from prior year | | -0.2% | -0.3% | -0.5% | 0.1% | -0.2% | 0.0% | -0.3% | 0.2% | 0.0% |