Northern Ontario Wires (NOW)

2009 Electricity Rate Application

Board File No. EB-2008-0238

VECC's Interrogatories

(Round #2)

Question #23

Reference: i) OEB #4

a) What portion of the 2009 OM&A costs ($2,311,307) were established based on a 3% inflation rate?

See response with c) below

b) Please provide the most recent historical annual inflation rates (i.e., updated to October or November 2008).

Annual Inflation rates as per Consumer Price Index for all Items-Canada for October and November 2008 are 2.6% and 2.0% respectively.

c) Was a similar approach used to establish 2008 OM&A levels and, if so, what inflation rate was used?

In preparing the 2008 Bridge year and 2009 Test Year OM&A Forecasts, NOW used 2007 Actual OM&A Expenses as a base and added 3% to all OM&A accounts (excluding depreciation, interest, taxes, etc) for each 2008 and 2009. Secondly we removed all non-recurring costs in 2007 from 2008 and 2009 and identified 2008 and 2009 non-recurring costs and accounted for them accordingly.

For costs that are non-recurring starting in 2009 we have spread them over a four year period and included them in the 2009 OM&A Forecast

Question #24

Reference: i) OEB #5

a) Does this response mean that the Application needs to be revised to include an additional $20,000 for 2009?

NOW confirms that an additional $20,000 needs to be included in 2009 OM&A. NOW has provided a schedule of changes to Revenue Requirements as part of these responses.

b) The response references a three year rate period. Given that the 3GIRM is for a base year plus three years, why isn't a four year period used?

See Summary of Proposed Changes to Revenue Requirements which has adjusted all non annualized costs to be amortized over four years instead of three. NOW has also reviewed the anticipated timeline for training and replacement and expects the training period to be longer than originally included in the filing. We have revised the cost from $60,000 to $80,000

c) After the current Electric Superintendent retires in 2010 is it reasonable to assume that: i) the salary of the promoted Linesman will be less than that of the retiring Superintendent and ii) the salary of the Linesman's replacement will be less than the salary of the existing Linesman.?
   - If yes, what is the annual difference, starting in 2010?
   - Have these impacts been factored into the derivation of the $60,000 impact?

NOW plans to explore both internal and external opportunities for replacing the Electric Superintendent. In order the recruit externally we expect the salary currently included in the rates to be the minimum that would be required to attract a qualified candidate. An internal recruitment will likely yield a salary materially comparable to what is currently paid as well. . Any salary savings associated with promoting internally is expected to be offset by training costs. Therefore there is not expected to be a decrease in the future costs of the replacement. In fact NOW may need to offer a higher salary if neither of the above alternatives yields a suitable replacement.

Question #25

Reference: i) OEB # 8 e)

a) Please describe the circumstances under which NOW would be providing inventory and truck/equipment services and maintenance services to "arms length customers".

NOW's inventory and truck/equipment is used in completing customer requested sundry work, such as service upgrades, installations, etc. The customer is billed an hourly rate or mark-up on inventory when applicable. These are the same rates that are used when an affiliate is the "customer".

b) Are the revenues and costs associated with the provision of such services (to either NOE, local communities or arms-length customers) included in the Application? If so, where?

Yes. The revenues associated with these services are included as Other Electric Revenue. The costs are accumulated in clearing accounts throughout the year and included in the allocation at year end to operation and maintenance cost accounts.

Question #26

Reference: i) OEB #10

a) The response makes reference to a "summary of changes to costs and impact on revenue requirements". VECC has been unable to locate such a summary in the materials filed with NOW's interrogatory responses (Note: The revised Revenue Deficiency Calculation provided in VECC #17 does not include any adjustments to OM&A as suggested in this response). Please provide such a summary including any revisions arising from the second round of interrogatories.

The above noted reference is found in Exhibit 4, Tab 1, Schedule 2, Page 1 of the original application. It has been replicated here to assist with the review process.

With respect to revision relating from interrogatories, revised schedules (if necessary) will be provided in each specific response.

2009 Distribution Revenue Requirements as per original filing				**$ 2,890,752**
2009 CHANGES to Original Submission				
New 2009 Items				
Move 2008 Contract Negotiations- Negotiator Costs move to 2009 - $10,000 cost (4 year contract)			$ 2,500	
Lineman Rate Increase over and above 3% budgeted (to bring rates in line with industry) - Recent negotiations = $71,210 over 4 years			$ 17,803	
Training for Superintendant Replacement (July 2009 to July 2010 = $80,000 total ($80,000 over 4 years rate period)			$ 20,000	
Interrogatory Costs $15,000 (over 4 year rate period)			$ 3,750	
Carrying charges Reduction - revised forecast for 2009 Will need to recalculate carrying charges forecast depending on OEB direction regarding disposition of deferral and variance accounts	Revised			
	Original	$ 50,943		
	Changed			
Low Voltage - reduce requirements (error in reporting LV chrages - used 2007 Y/E G/L A/C 4750 figures which were adjusted to agree with LV billed in entry to clear accounts to 1550)			$ (39,000)	
Total Changes			**$ 5,053**	**$ 5,053**

Question #27

Reference: i) OEB #15

a) Are there any capital projects that were identified for 2008 or 2009 during the planning process but not included in the proposed capital spending due to their "low priority"? If so, please outline what they were and the basis for their lower priority assignment.

NOW did not identify any 2008 or 2009 capital spending as "low priority" and exclude it from proposed capital spending.

Question #28

Reference: i) OEB #17

a) Based on the response to part (b), please update the working capital estimate and indicate the impact on the overall revenue requirement.

The most recent RPP pricing report available on the OEB website is dated October 15, 2008 and relates to RPP prices for Nov. 1, 2008. The prices are $0.056 per kWh for the first 600 kWh and $0.065 per kWh for the balance of kWh. The calculated 2009 average usage per month for residential customers is 660 kWh (41,161,457 residential kWh / 5,200 customers / 12 months). Using this estimated average usage, we would use 600 kWh @ $0.056 = $33.60 plus 60 kWh @ $0.065 = $3.90 totaling $37.50, which represents a weighted COP price of $0.057 / kWh ($37.50 / 660 kWh).

Using the price of $0.057 / kWh changes the Commodity costs to $7,608,266 from the original $7,274,570 and increase of $333,696. However, this is a working capital issue and as a result, only the return on 15% of the above change will be the impact to ratepayers.

Base Change = $333,696
15% working capital = $50,054
56.67% debt (long and short term combined) @ 5.04% = $1,429.63
43.33% equity @ 8.68% (may be adjusted) = $1,882.55
Total Increase to DRR = $3,312.18 from COP
Adjusted DRR = $2,894,741
Original Requested 2009 DRR = $2,890,752
Calculated DRR Changes (incl taxes etc…) = $3,989
Increase % = 0.14%

Question #29

Reference: i) OEB #23

a) Are the customer counts presented in Exhibit 3/Tab 2/Schedule 2 meant to represent year-end or average annual values?

Year end values.

Question #30

Reference: i) OEB #24
ii) VECC #10

a) With respect to reference (i), part (a) - please provide the actual calculation of the NOW factor (i.e., the 2.101) and indicate the sources of the various inputs used.

As discussed in earlier IR's this NOW adjustment factor is simply a value provided from the Hydro 1 load work performed during the 2006 Cost Allocation study. NOW does not know how this value was calculated. NOW assumes that this factor is a standard calculation performed by Hydro One utilizing appliance survey data, historical load and generic profiles.

This factor was included to attempt to provide a NOW perspective to the Ontario Average Weather correction factors provided by the IESO.

b) With respect to Sheet I6 (Customer Data Worksheet) from NOW's Cost Allocation Informational filing, please reconcile the various Residential kWh values reported there with the ones reported in reference (ii).

NOW does not believe that reconciliation is required or even possible. As discussed in VECC IR # 10, the Hydro 1 2004 stats are not reliable.

The difference between the NOW 2004 and NOW 2009 values is a 5 year change in customer counts, usage profiles and weather profiles.

As discussed in the "Comments on Chart" section of VECC 10a) the annual 41 million kWh sales for the residential class is accurate while the 51 million kWh reported in the Hydro 1 stats are unreliable.

The I6 data references results in a residential sales volume of 41,449,024, the NOW 2004 values are based on total class sales of 41,211,165, and the 2009 represents a total of 41,161,457.

c) With respect to the consumption data reported in Exhibit 3/Tab 2/Schedule 2, page 3, the 2004 and 2003 data is exactly the same for each customer class. A review of the 2006 EDR filing suggests that the 2004 data is incorrect. Please undertake the following:
    a. Provide a corrected copy of the Exhibit
    b. Please indicated whether this correction has any impact on the forecast for 2008 or 2009

2004 and 2003 are identical and incorrect. The 2004 values need to be updated and are included in the following reproduction of Ex. 3, Tab, 2, Sch. 2, pg. 3. (see next page).

The total revenue requirement changes from $2,890,752 to $2,890,610. The minor change is a result from changes in the working capital of rate base calculation. The number is small due to the fact that the revenue requirement is only adjusted by the difference in the calculated return on 15% of the net commodity changes.

For the difference of $142, NOW has not produced new distribution rates, however, submits that this change be incorporated into any final rate decision.

To provide some details on the billing determined side please see a summary of the 2009 average usage statistics.

- Residential
    - Original – 7,916 kWh
    - Adjusted – 7,882 kWh
    - Variance – 34 kWh 0.4%
- GS < 50 – no change as 2009 average based on 2006 & 2007
- GS 50 to 4,999 – no change as 2009 average based on 2006 & 2007
- Unmetered – no change as 2009 average based on 2006 & 2007
- Street Light – no change as 2009 average based on 2006 & 2007

Customer Profile Generation

kWh

	Weather Sensitive?	2002	2003	2004	2005	2006	2007	2009 Non- Normalized Weighted Average	
Residential	yes	45,072,836	41,042,329	39,972,935	44,110,137	42,481,116	43,226,412	41,606,790	
GS < 50 kW	yes	33,709,023	26,551,766	23,654,231	27,064,111	22,211,396	21,107,997	24,543,939	
GS > 50 kw	yes	55,878,857	67,900,691	60,490,840	62,493,758	69,427,760	68,336,387	75,591,032	
Unmetered Loads	no	119,472	119,472	119,472	121,104	121,104	121,104	57,280	
Street Light	no	591,609	2,011,548	2,011,548	1,786,858	1,805,749	1,742,799	1,660,742	
								143,459,784	LDC Total

Counts

	2002	2003	2004	2005	2006	2007	2008	2009
Residential	5,608	5,278	5,268	5,317	5,263	5,249	5,210	5,200
GS < 50 kW	833	866	861	815	787	773	790	785
GS > 50 kw	48	54	55	55	70	69	69	69
Unmetered Loads	48	48	48	15	15	15	15	15
Street Light	1,732	1,732	1,732	1,737	1,737	1,737	1,737	1,737

kW

	2002	2003	2004	2005	2006	2007	2009 Non- Normalized Weighted Average
GS > 50 kw	163,493	162,345	167,241	164,065	175,673	172,737	197,673
Street Light	2,091	5,868	5,014	5,014	5,014	5,014	4,676

Annual Adjustment Factor	-2.34%	-0.68%	0.20%	-1.48%	0.75%	-0.52%
(from IESO Report)						

	Total	WS	Multiplier
Ratio of Total Load to Weather Sensitive Load (2004)	64,978,473	30,926,409	2.101

NOW Weather Normalization Factor	95.09%	98.57%	100.41%	96.89%	101.58%	98.90%
{100% - (IESO Annual * NOW Ratio)}						

Normalized kWh

- weighted average of annual usage / customer * projected customers

	Weather Sensitive?	2002	2003	2004	2005	2006	2007	2008	2009	
Residential	yes	42,860,054.01	40,454,973.50	40,137,372.19	42,736,273	43,154,148	42,750,091	41,065,693	40,986,873	
GS < 50 kW	yes	32,054,130.04	26,171,784.50	23,751,537.71	26,221,167	22,563,293	20,875,404	21,997,802	21,858,575	2 year due to categorization changes
GS > 50 kw	yes	53,135,569.93	66,928,966.32	60,739,681.98	60,547,314	70,527,710	67,583,375	68,558,740	68,558,740	2 year due to categorization changes
Unmetered Loads	no	119,472	119,472	119,472	121,104	121,104	121,104	121,104	121,104	2005 - 2007 avg due to erronous data & consistent load
Street Light	no	591,609	2,011,548	2,011,548	1,786,858	1,805,749	1,742,799	1,778,469	1,778,469	2005 - 2007 avg due to erronous data & consistent load
Total									133,303,760	

note street light ignores 2002 as abnormal

Normalized kW

- weighted average of annual load / customer * projected customers

	Weather Sensitive?	2002	2003	2004	2005	2006	2007	2008	2009	
GS > 50 kw	yes	155,467	160,022	167,929	158,955	178,456	170,834	173,388	173,388	2 year due to categorization changes
Street Light	no	2,091	5,868	5,014	5,014	5,014	5,014	5,014	5,014	2005 - 2007 avg due to erronous data & consistent load

note: street light ignores 2002 as abnormal

	2002	2003	2004	2005	2006	2007	Total
kWh	42,860,054	40,454,974	40,137,372	42,736,273	43,154,148	42,750,091	252,092,912
Counts	5,608	5,278	5,268	5,317	5,263	5,249	31,983
Weighted Average Usage (total kWh / total count)							7,882
2008 Count							5,210
2008 Usage							41,065,693
2009 Count							5,200
2009 Usage							40,986,873

d) With respect to reference (ii), the response appears to suggest that the 9,659 kWh value is based on a total usage of 51 million kWh, while 2004 usage was in the order of 41 million. Please explain further why 51 million was used by Hydro One Networks. Please also provide the derivation of the 7,891 value reported.

The 51 million was used by Hydro as this is what was reported by NOW. During the application process it was discovered that the 51 million was inaccurate and the 41 million was utilized as this was an accurate value (supported by historical sales data).

The 7,891 value was provided for anecdotal purposes and was attempting to show that the use of a 2004 weather normalization factor (supplied by H1) would produce a value close to the NOW normalization methodology provided within this application. This was to provide a comfort level with the NOW approach.

As discussed in part b) above, the 2004 stats are inaccurate and so is the 7,891 value reported in the first round of IRs. A recalculation is provided below..

2004 residential billing stats = 39,972,935
2004 Hydro One residential normalization factor = -0.285%
2004 Normalized billing stats = 39,859,012
2004 customers = 5,268
2004 average usage per customer = 7,566

This is attempting to show that the NOW methodology of weather normalization is close to the results from the Hydro One load work

Question #31

Reference: i) OEB #34 - 37 (Round #1)
ii) OEB #8 (Round #2)

a) In responding to OEB #8 please set out the calculation of the $219,055 LV cost for 2009. Based on the responses to the OEB information requests, is NOW proposing to revise this value.

Yes, NOW is proposing to revise this value. Please see more comments on LV from OEB IR round 2 # 8.

b) Please also confirm that, in the current Application, OM&A Account 5665 includes $219,055 for LV charges.

Currently account 5665 does contain $219,055 in 2009. As discussed in OEB IR # 37 if a specific LV adder is identified and approved then the expenses will be reduced by the $219,055.

c) With respect to the allocation of LV charges to customer classes, why not use the anticipated class shares of billed Connection Charges for 2009? Please provide the 2009 shares.

See proposed allocation below:

	2009 Connection Revenue	% Allocation
Residential	$173,211	33.5%
GS < 50	$83,592	16.2%
GS 50 to 4,999	$259,112	50.2%
Unmetered	$460	0.1%
Street Light	$0	0.0%
Total	$516,374	100.0%

This is an acceptable alternative, however, NOW feels that using a 2 year actual average will produce a more accurate value than a forward looking estimate.

Question #32

Reference: i) VECC #9 (Round #1)
ii) OEB Staff #7 (Round #2)

a) With respect to the 2008 rates and volumes reported in VECC #9:
   - What is the LV adder included in the variable rates for each customer class?
   - Please confirm whether the GS>50 rate is prior to the transformer ownership discount. If yes, what were the 2008 loads eligible for the discout?

The GS rate is prior to transformer ownership adjustments.
2008 LV Rate Adders

- Residential: $0.00179 / kWh
- GS < 50 kW: $0.00148 / kWh
- GS 50 to 4,999: 0.62545 / kW
- Unmetered: $0.00 / kWh
- Street Light: $0.58097 / kW

Question #33

Reference: i) VECC #13 a)

a) The variance explanation for 2008 includes the removal of 2007 non-recurring items associated with Prior Audit Fees, Credit for Overpayment of Benerfits and Hydro One Load Profile. Please explain why these same item don't show up in the explanation of the 2006 to 2007 variance.

NOW confirms an error was made in the preparation of this schedule. These variances should have been included in the explanation of the 2006 to 2007 variance. The revised schedule is as follows:

Summary of 2006 to 2009 changes to OM&A (Cost Drivers)				
	2006 Actual	**2007 Actual**	**2008 Bridge**	**2009 Test**
OM& Expenses	$ 1,906,576	$ 2,137,464	$ 2,322,354	$ 2,311,307
Change between years		**$ 230,888**	**$ 184,890**	**$ (11,046)**
Signficant items in excess of $10,000				
Inflationary Factor		$ 50,000	$ 53,000	$ 57,000
Third Tranche CDM spending in excess of prior year costs reported		$ 23,000	$ (50,000)	
Prior Year Pole Rental adjustment		$ 33,000	$ 12,000	$ (28,000)
Lineman on sick leave in 2007		$ (38,500)	$ 38,500	
Dedicated NOW Management, return of full time CFO and increase shared staff time		$ 12,000	$ 30,000	
Temporary Billing Assistance for 4 months during conversion to new billing system				$ 10,500
Vehicle maintenance and repair costs increase, older vehicles resulting in significant repairs		$ 27,000	$ (10,000)	
Travel Costs Adjustment - 2007 less than typical year (details per rate application)			$ 20,000	
Regulatory Accounting (Variance) Interest		$ 10,443	$ 32,000	$ 4,000
2008 non-recurring items (details provide per rate application			$ 61,332	$ (56,332)
Prior Years Audit fees booked in 2007 - non-recurring		$ 12,000	$ (12,000)	
Hydro One Load Profile in 2007 non - recurring		$ 4,500	$ (4,500)	
Credit for overpayment of benefits (non-recurring)		$ (12,000)	$ 12,000	
Low Voltage Change - included in OM&A for recovery - 2006 only 6 months		$ 118,380		
TOTAL SIGNIFICANT ITEMS IDENTIFIED		**$ 239,823**	**$ 182,332**	**$ (12,832)**
Change betw een years		$ 230,888	$ 184,890	$ (11,046)
Unidentified Difference		$ 8,935	$ (2,558)	$ (1,786)

b) The $61,332 in non-recurring costs for 2008 appears to already reflect the fact that only $5,000 of the $10,000 in increased tree trimming costs was non-recurring (Exhibit 4/Tab 2/Schedule 3, page 3). Why was only $56,332 removed for 2009?

Only $5,000 on the $10,000 tree trimming costs included in 2008 is non-recurring. NOW expects to spend $5,000 annually in contracting tree trimming services.

Question #34

Reference: i) VECC #17 a) and OEB #18

a) Please reconcile the deemed interest costs amounts reported in these two responses ($156,415 versus $155,224 (145,422+9,802)).

The difference arises from the fact that the OEB response to 18d), resulting in the $155,224 was a result of a short term debt rate of 4.47% as opposed to the VECC 17a) being based on a short term debt rate of 5.04%. It is also worth noting a $1,801 difference in the rate base. For reference, the lower rate base is what has been applied for ($5,480,429) resulting in a revenue requirement (before any IR adjustments) of $2,890,752.

Question #35

Reference: i) VECC #19

a) VECC notes that this same interrogatory was posed to all distributors filing for 2009 cost of service based rates and that virtually all responded appropriately. VECC suggests that one of NOW's peer distributors should be approached for assistance in responding to this request.

NOW understands the need to provide full responses to interveners so that proper review of revenue requirements can be performed. As a result, NOW has spent more time to produce the required output.

The model diagnostic issues have been resolved, however, NOW does note that as this was not the intent of the OEB allocation process or the model itself, we can not provide any assurance that the value provided below are consistent with other LDCs or that the values produced are usable in any fashion.

As is shown below, moving the approximate $50,000 in 2006 transformer allowance, only has a significant reduction in the GS > 50 class output ration with corresponding increases in the other classes.

Revised VECC Requested Cost Allocation Run Output

2006 Cost Allocation Information Filing
Northern Ontario Wires
EB-2005-0398 EB-2007-0003
Friday, August 01, 2008
Sheet O1 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1 Residential	2 General Service less than 50 kW	3 General Service 50 to 4,999 kW	7 Street Lighting	9 Unmetered Scattered Load
crev	Distribution Revenue (sale)	$2,237,164	$1,393,379	$471,329	$331,797	$33,357	$7,302
mi	Miscellaneous Revenue (mi)	$339,555	$211,287	$69,177	$33,974	$24,133	$983
	Total Revenue	$2,576,719	$1,604,666	$540,506	$365,771	$57,490	$8,285
	Expenses						
di	Distribution Costs (di)	$248,986	$138,954	$38,516	$30,627	$40,068	$821
cu	Customer Related Costs (cu)	$740,548	$502,149	$170,887	$61,851	$4,443	$1,218
ad	General and Administration (ad)	$814,809	$524,190	$169,555	$77,162	$42,163	$1,739
dep	Depreciation and Amortization (dep)	$331,372	$189,485	$50,755	$39,557	$50,545	$1,030
INPUT	PILs (INPUT)	$59,377	$34,081	$9,167	$6,747	$9,188	$193
INT	Interest	$131,490	$75,473	$20,300	$14,942	$20,348	$428
	Total Expenses	$2,326,582	$1,464,332	$459,181	$230,886	$166,755	$5,428
	Direct Allocation	$0	$0	$0	$0	$0	$0
NI	Allocated Net Income (NI)	$250,137	$143,574	$38,618	$28,424	$38,708	$813
	Revenue Requirement (includes NI)	$2,576,719	$1,607,906	$497,799	$259,309	$205,463	$6,242
		Revenue Requirement Input equals Output					
	Rate Base Calculation						
	Net Assets						
dp	Distribution Plant - Gross	$4,932,852	$2,811,495	$760,350	$587,017	$758,408	$15,583
gp	General Plant - Gross	$364,698	$209,330	$56,305	$41,441	$56,436	$1,186
accum dep	Accumulated Depreciation	($1,401,269)	($784,434)	($215,117)	($185,715)	($211,903)	($4,100)
co	Capital Contribution	$0	$0	$0	$0	$0	$0
	Total Net Plant	$3,896,281	$2,236,391	$601,537	$442,743	$602,941	$12,668
	Directly Allocated Net Fixed Assets	$0	$0	$0	$0	$0	$0
COP	Cost of Power (COP)	$9,052,505	$2,691,666	$1,900,387	$4,352,801	$99,892	$7,758
	OM&A Expenses	$1,804,344	$1,165,293	$378,958	$169,641	$86,674	$3,777
	Directly Allocated Expenses	$0	$0	$0	$0	$0	$0
	Subtotal	***$10,856,848***	***$3,856,959***	***$2,279,346***	***$4,522,442***	***$186,566***	***$11,536***
	Working Capital	$1,628,527	$578,544	$341,902	$678,366	$27,985	$1,730
	Total Rate Base	$5,524,808	$2,814,935	$943,439	$1,121,110	$630,926	$14,399
		Rate Base Input equals Output					
	Equity Component of Rate Base	$2,762,404	$1,407,467	$471,720	$560,555	$315,463	$7,199
	Net Income on Allocated Assets	$250,137	$140,334	$81,326	$134,885	($109,265)	$2,857
	Net Income on Direct Allocation Assets	$0	$0	$0	$0	$0	$0
	Net Income	$250,137	$140,334	$81,326	$134,885	($109,265)	$2,857
	RATIOS ANALYSIS						
	REVENUE TO EXPENSES %	100.00%	99.80%	108.58%	141.06%	27.98%	132.74%
	EXISTING REVENUE MINUS ALLOCATED COSTS	$0	($3,240)	$42,708	$106,462	($147,973)	$2,044
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.06%	9.97%	17.24%	24.06%	-34.64%	39.68%

Originally Filed Output 1 (Cost Allocation Run 2)

2006 Cost Allocation Information Filing
Northern Ontario Wires
EB-2005-0398 EB-2007-0003
Friday, August 01, 2008

Ontario

Sheet O1 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1 Residential	2 General Service less than 50 kW	3 General Service 50 to 4,999 kW	7 Street Lighting	9 Unmetered Scattered Load
crev	Distribution Revenue (sale)	$2,286,481	$1,393,379	$471,329	$381,114	$33,357	$7,302
mi	Miscellaneous Revenue (mi)	$339,555	$211,286	$69,174	$33,969	$24,141	$983
	Total Revenue	$2,626,036	$1,604,665	$540,504	$415,083	$57,499	$8,285
	Expenses						
di	Distribution Costs (di)	$298,303	$170,305	$46,507	$30,561	$49,919	$1,011
cu	Customer Related Costs (cu)	$740,548	$502,149	$170,887	$61,851	$4,443	$1,218
ad	General and Administration (ad)	$814,809	$523,748	$167,754	$73,720	$47,784	$1,804
dep	Depreciation and Amortization (dep)	$331,372	$189,485	$50,754	$39,555	$50,547	$1,031
INPUT	PILs (INPUT)	$59,377	$34,081	$9,166	$6,745	$9,192	$193
INT	Interest	$131,490	$75,472	$20,298	$14,937	$20,355	$428
	Total Expenses	$2,375,899	$1,495,239	$465,367	$227,370	$182,240	$5,683
	Direct Allocation	$0	$0	$0	$0	$0	$0
NI	Allocated Net Income (NI)	$250,137	$143,573	$38,614	$28,415	$38,721	$813
	Revenue Requirement (includes NI)	$2,626,036	$1,638,812	$503,981	$255,785	$220,961	$6,497
		Revenue Requirement Input equals Output					
	Rate Base Calculation						
	Net Assets						
dp	Distribution Plant - Gross	$4,932,852	$2,811,479	$760,286	$586,895	$758,606	$15,585
gp	General Plant - Gross	$364,698	$209,328	$56,299	$41,430	$56,456	$1,186
accum dep	Accumulated Depreciation	($1,401,269)	($784,433)	($215,113)	($185,708)	($211,915)	($4,100)
co	Capital Contribution	$0	$0	$0	$0	$0	$0
	Total Net Plant	$3,896,281	$2,236,375	$601,471	$442,617	$603,147	$12,671
	Directly Allocated Net Fixed Assets	$0	$0	$0	$0	$0	$0
COP	Cost of Power (COP)	$9,052,505	$2,691,666	$1,900,387	$4,352,801	$99,892	$7,758
	OM&A Expenses	$1,853,660	$1,196,202	$385,148	$166,132	$102,146	$4,032
	Directly Allocated Expenses	$0	$0	$0	$0	$0	$0
	Subtotal	*$10,906,165*	*$3,887,867*	*$2,285,536*	*$4,518,934*	*$202,038*	*$11,791*
	Working Capital	$1,635,925	$583,180	$342,830	$677,840	$30,306	$1,769
	Total Rate Base	$5,532,206	$2,819,555	$944,302	$1,120,457	$633,453	$14,439
		Rate Base Input equals Output					
	Equity Component of Rate Base	$2,766,103	$1,409,777	$472,151	$560,229	$316,726	$7,220
	Net Income on Allocated Assets	$250,137	$109,426	$75,137	$187,713	($124,741)	$2,602
	Net Income on Direct Allocation Assets	$0	$0	$0	$0	$0	$0
	Net Income	$250,137	$109,426	$75,137	$187,713	($124,741)	$2,602
	RATIOS ANALYSIS						
	REVENUE TO EXPENSES %	100.00%	97.92%	107.25%	162.28%	26.02%	127.53%
	EXISTING REVENUE MINUS ALLOCATED COSTS	$0	($34,147)	$36,523	$159,298	($163,462)	$1,788
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.04%	7.76%	15.91%	33.51%	-39.38%	36.04%

Question #36

Reference: i) OEB #37 and VECC #21 b)

a) Please provide a schedule that sets out the fixed and variable revenues for each customer class using 2009 volumes and 2008 rates. Please show the actual rates and volumes used in the calculation. For purposes of the calculation please undertake the following:
   - Use the 2008 fixed charges, excluding the Smart Meter rate adder
   - User the 2008 variable charges, excluding the LV rate adder
   - For the GS>50 class, calculate the variable revenues taking into account the loads eligible for the transformer ownership allowance and the lower variable rate applicable to such loads.

2009 Usage @ 2008 Rates (less SM and LV including Transformer Allowance Adjustment)

	2009 Customer Counts	Number of Bills	2008 Fixed Rate (excl.SM)	Fixed Revenue	2009 Annual kWh / kW	2008 Variable Rate	Transformer Allowance	Variable Revenue	Total Revenue
Residential	5,200	12	$ 16.40	$ 1,023,360	41,161,457	0.00901	0	$ 370,679	**$ 1,394,039**
GS < 50 kW	785	12	$ 21.54	$ 202,907	21,858,575	0.00872	0	$ 190,609	**$ 393,516**
GS > 50 kW	69	12	$ 209.06	$ 173,102	173,388	1.43035	$ 49,316	$ 198,690	**$ 371,791**
Unmetered Load	15	12	$ 11.00	$ 1,980	121,104	0.0102	0	$ 1,235	**$ 3,215**
Street Light	1,737	12	$ 1.04	$ 21,678	5,014	2.80713	0	$ 14,075	**$ 35,753**
Total									**$ 2,198,315**