



CENTRE WELLINGTON HYDRO LTD.
730 Gartshore St. P.O. Box 217, Fergus, Ontario, N1M 2W8
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Keith Roszell, Chair
Ron Hallman, Director
George Pinkney, Director
Audrey McNiven-Reid, Director

January 23, 2009

Ontario Energy Board
26th Floor
2300 Yonge Street
Toronto, Ontario
M4P 1E4

ATT: Ms. Kirsten Walli, Board Secretary

Dear Ms. Walli,

EB -2008 - 0225
ED - 2002 - 0498
2009 Cost of Service Rate Application
Centre Wellington Hydro Ltd.

In accordance with instructions released December 20, 2006 Centre Wellington Hydro Ltd. requests a final order for Electricity Distribution Rates commencing May 1, 2009.

This response to interrogatories contains the following parts:

- Supplemental Board Staff Interrogatories # 1 to 7
- Supplemental Board Staff Interrogatory #8,
- Schedule #1-Continuity Schedule Interest rates per August 15, 2008 submission.
- Schedule #2-Continuity Schedule Interest rates revised December 15, 2008.
- VECC's Interrogatories Round #2, Questions 34 to 47
- VECC's IR's 35 Clarification Question via Email

Two (2) hard copies of the interrogatories are enclosed, together with a CD containing a PDF searchable file. The interrogatories have also been filed via the OEB e-Filing Services.

The responses to the interrogatories are respectfully submitted for the Board's consideration.

Thank you,

Florence Thiessen, CGA
Vice President/Treasurer
Centre Wellington Hydro Ltd.

CC Michael Buonagura, VECC
CC John DeVellis, SEC

Centre Wellington Hydro Ltd

Responses to 2nd Round of OEB IR's

January 16, 2009

Prepared by: Florence Thiessen

Centre Wellington Hydro Ltd.

**(“Wellington”)
EB-2008-0225
Supplemental Board Staff Interrogatories**

DEFERRAL AND VARIANCE ACCOUNTS

Supplementary IR # 1

Ref: Response to Board Staff IR #7

Preamble: Board staff provided a continuity schedule with blank cells as a framework with its IRs to Wellington. In November 2006, utilities were advised by the OEB to reallocate the 2006 EDR approved regulatory asset balances from their account of origin to the 1590 recovery accounts effective May 1, 2006.

As an example, the Board approved the transfer of \$737,249 from Account 1571 in 2006; however the amount presented in the continuity schedule attached with the response to IR # 7 states a sum of principal and interest of \$723,428 (\$571,511 + \$151,927). The numbers included in the column “Transfer of Board-approved amounts to 1590 as per 2006 EDR” are either incorrect, or the entries are missing entirely from the continuity schedule filed by Wellington.

Please update the continuity schedule to reflect, and reconcile with, the amounts that were approved by the Board as part of Centre Wellington 2006 EDR Decision (EB-2005-0348).

Response:

Centre Wellington Hydro has prepared two continuity schedules.

Schedule 1 is prepared using the interest rates submitted with the original Cost of Service EDR Application on August 15, 2008.

Schedule 2 is prepared using the updated interest rates proposed by Centre Wellington Hydro in its December 15, 2008 Manager's Summary and adjustments to 1) Other Regulatory Assets-OEB Cost Assessment for Principal amount of \$14,956 in 2005 and related interest as shown in response to 2nd Round of Board Staff IR's Question #3 and 2) Other Regulatory Assets- Pension Contributions for Principal amount of \$4,066 in 2006 and related interest as shown in response to 2nd Round of Board Staff IR's Question #2.

See separate excel files.

Supplementary IR # 2

Ref: Response to Board Staff IR #11

The start and end dates for Account 1508 OMERS are noted incorrectly in Wellington's responses as April 1, 2005 and March 31, 2006. The proper start and end dates are stated on page 15, Article 220, deferral of 1508 OMERS/Cost Assessment of the Board's *Accounting Procedures Handbook for Electric Distribution Utilities (APH)*.

Wellington may wish to consider updating the amount stated here as a result of the details set out above.

Response:

Centre Wellington Hydro would like to update the OMERS amount based on the period of January 1, 2005 to April 30, 2006 as per Article 220 of APH.

Centre Wellington Hydro did not record the April 2006 cost assessment of \$4,066.00 in the 1508 Other Regulatory Assets-OMERS deferral account. The following table provides the principal and related interest charges for the period of April 2006 to April 30, 2009.

Centre Wellington Hydro has updated the Continuity Schedule 2 to include below amounts.

Year	Principal	Interest
2006	\$4,066.00	\$107.34
2007		\$192.22
2008		\$161.83
2009		\$ 33.21
Total	\$4,066.00	\$494.60

Supplementary IR # 3

Ref: Response to Board Staff IR #11

Wellington did not produce any information regarding OEB Cost Assessments in its responses to interrogatories. Amounts recorded here should be in accordance with the Board's *Accounting Procedures Handbook for Electric Distribution Utilities (APH)*.

Wellington may wish to consider providing an update to this account, and update the continuity schedule as necessary.

Response:

Centre Wellington Hydro would like to update the OEB Cost Assessment amount for the 2005/2006 Assessment of \$14,956.00 into the 1508-Other Regulatory Asset-OEB cost deferral account as per Article 220 of APH.

The following table provides the principal and related interest charges for the period of March 2005 to April 30, 2009.

Centre Wellington Hydro has updated the Continuity Schedule 2 to include below amounts.

Year	Principal	Interest
2005	\$14,956.00	\$ 373.55
2006		\$ 713.03
2007		\$ 707.04
2008		\$ 595.25
2009		\$ 122.14
Total	\$14,956.00	\$2,511.01

RATE BASE / CAPITAL EXPENDITURES

Supplementary IR # 4

Ref: Exh 2 / Tab 3 / Sc 2

Please complete the following table:

	2006	2007	2008	2009
Number of poles replaced/to be replaced	24	31	10	29
Total Costs	\$49,377	\$84,927	\$70,700	\$110,500
Average Cost	\$2,001	\$2,783	\$7,070	\$3,810

Supplementary IR # 5

Ref: Exh 2 / Tab 3 / Sc 3

In response to Board Staff Interrogatory No.22, the Company has indicated that Account 1850-Line Transformers has increased to \$306,000 primarily due to transformers being ordered to replace existing ones and because of the depletion of

transformer stock. *Please answer the following questions with respect to this capital expenditure:*

- a) Please indicate the number and cost of transformers that are being held as spare.

Response:

Of the \$306,000, 24 transformers at a cost of \$161,300 will be ordered to replace depleted stock and the remaining 26 transformers at a cost of \$144,700 will be used to replace existing and new installations.

Spares:

2-75 KVA 600/347 Padmount Transformers – \$22,500 – Ordered – Job #09-004.

1-112.5 KVA 208/120 Padmount transformer – \$12,400 – Ordered – Job #09-004.

1-112.5 KVA 600/347 Padmount transformer – \$13,740 – Ordered – Job #09-004.

1-150 KVA 208/120 Padmount transformer – \$13,830 – Ordered.– Job #09-004.

1-150 KVA 600/347 Padmount transformer – \$10,720 – Ordered.– Job #09-004.

1-300 KVA 208/120 Padmount transformer – \$18,140 – Ordered.– Job #09-004.

1-300 KVA 600/347 Padmount transformer – \$18,880 – Ordered.– Job #09-004.

1-75 KVA 208/120 Padmount Transformer - \$11,100 – Ordered. This item was included in the \$183,700 for new transformers on Exhibit 2, Tab 3, Schedule 1, page 19 and 20 Job #09-004 however was omitted from the listing of the transformers.

15–50 KVA Padmount transformers – \$40,000 - will be ordered in 2009.

Replacements or new installations:

3-75 KVA 240/120 Polemount Transformers & 1-50KVA 240/120 Padmount transformer & 1-100 KVA 240/120 Padmount transformer – Total cost of \$ 31,100 – for Job #09-001 as outlined in the 2009 Cost of Service EDR.

2-37.5 KVA 240/120 Polemount Transformers – Total cost of \$16,100 – for Job #09-002 as outlined in the 2009 Cost of Service EDR.

17-50 KVA 240/120 Padmount Transformers – Total cost of \$75,000 – for Job #09-003 as outlined in the 2009 Cost of Service EDR.

2-75 KVA 600/347 Padmount Transformers – to replace oversized transformers at a cost of \$22,500 – Ordered – Job #09-004.

- b) Are all the spare transformers included in rate base?

Response:

Yes, all the spare transformers are included in the rate base because transformers are capitalized at the time of purchase in accordance with Article 410 – Accounting for Specific items – Property, Plant and Equipment of the Accounting Procedures Handbook, page 15.

COST OF DEBT

Supplementary IR # 6

Ref: Exh 6 / Tab 1 / Sc 1

Centre Wellington Hydro submitted a copy of the original Promissory Note in response to Board Staff IR No.30. Please answer the following questions with respect to the Promissory Note:

- a) The debt instrument is classified as a demand note payable to the Corporation of the Township of Centre Wellington carrying a fixed rate of 7.25% per annum. Since the note does not have a fixed term, please justify the reasons for having a fixed interest rate.

Response:

The fixed interest rate was established at the time of incorporation at the when the deemed debt rate was 7.25%. The fixed rate 7.25% was agreed upon (using the OEB guideline) in order to provide both Centre Wellington Hydro and the Township of Centre Wellington with a predetermined rate of interest.

In the 2006 Electricity Distribution Rate Handbook, dated May 11, 2005, page 32 states that the interest rates for LDC's with a Utility Rate Base of less than \$100 million dollars should be using 7.25% debt cost rate. The following quote is taken directly from the EDR Handbook:

"For debt held by a third party, the actual debt rate for the debt is used. For debt held by an affiliate (e.g. municipal shareholder, holding company), the debt rate used is the lower of the actual debt rate and the deemed debt rate at the time of issuance. The debt rate should include all costs of issuance.

For debt issued between March of 2000 and May 12, 2005, the deemed debt rate is that shown in Table 3-1 of the first generation PBR Distribution Rate Handbook (released in March, 2000), given the distributor's size. The updated deemed debt rates shown in Table 5.1 if this 2006 Handbook are used for debt issued on May 13, 2005 or later. For debt issued before March, 2000, the actual debt rate is used. The applicant may have to demonstrate that the debt rate was at or below then current market rates."

Table 3-1 Deemed Common Equity and Debt Ratios and Debt Cost Rates

Size of Utility Rate Base	CER%	(1-CER)%	DR
Greater than \$1.0 billion	35%	65%	6.80%
Between \$250 million to \$1 billion	40%	60%	6.90%
Between \$100 million to \$250 million	45%	55%	7.00%
Under \$100 million	50%	50%	7.25%

- b) The Company has noted in response to Board Staff IR No.30 that “The Note continues to be required to finance the long-life distribution assets of the utility on **favourable** terms.” Please describe these favourable terms. Also, please provide reasons of how the terms can be favourable for the utility when the interest rate payable is much higher than the current market rate or the rate based on the Report of the Board on Cost of Capital and the 2nd Generation Incentive Regulation for Ontario’s Electricity Distributors.

Response:

Favourable terms for both CWHL and the shareholder are the long term stability of the note. The agreement provides long term stability for the LDC in providing a known consistent cost of debt, and for the shareholder a known consistent revenue stream.

The reasons that “the terms can be favourable for the utility when the interest rate payable is much higher than the current market rate or the rate based on the Report of the Board on Cost of Capital and the 2nd Generation Incentive Regulation for Ontario’s Electricity Distributors” is because with the current rate of interest, the Shareholder has not made any demands on the Utility with regards to additional funds, nor put pressure on the LDC to update infrastructure for the sake of appearance. The Shareholder consults with the LDC with regards to municipal infrastructure upgrades (roads, water, sewers, etc) to ensure that if the LDC needs to do upgrades to the electrical systems that the most cost effective process is followed.

With being a smaller LDC, we benefit from a close relationship with our shareholder, in that the shareholder and the LDC together look at ways to keep down costs to all customers in electric, water, sewer and tax rates while providing the best possible service.

In addition, there are no restrictive covenants associated with the Note relating to operations, capital spending or financing and Centre Wellington has benefited from being able to phase in the interest payments. The Note does not require Centre Wellington to pay back the principal or expose the utility to a refinancing risk as the Township has confirmed its intention to continue to provide the required long-term financing under the current terms. During the credit crisis in the financial markets,

the value from this financial flexibility and the long-term nature of the Note will be enhanced considerably.

The financing arrangements between Centre Wellington and the Township were designed to benefit the customer while ensuring a fair return to the shareholder. Both parties benefit from the certainty of the arrangements with the utility avoiding any exposure to debt refinancing and retaining more cash from operations to fund the future needs of the utility and the shareholder being provided with a stable interest payment.

Under the current arrangements, the Township has committed to forego regular dividend payments and to provide access to additional capital when required without exposing Centre Wellington to restrictive covenants, unfavourable terms or increased volatility.

SMART METERS

Supplementary IR # 7

Manager's Summary in Response to Interrogatories

In the Manager's Summary dated December 15, 2008, Centre-Wellington Hydro has requested an increase to the Smart Meter Rate Adder. Centre-Wellington estimates installing 6,169 meters in the 2009 Test Year. These meters have a capital cost of \$1.3 million or \$215.25 per meter as well as 2009 OM&A costs of \$145,189. Please complete the following table:

Total number of metered customers	6,295
Total number of smart meters to be installed	6,245
Total capital cost of the Smart Meter Program	\$1,327,861
Total installed cost per smart meter	\$212.63
Approximate completion date of installing all smart meters	90% by August 2009 100% by Dec 2009
Annual estimated OM&A costs (once all smart meters are installed)	2009 - \$160,662 2010 - \$187,431 2011 - \$158,918

Centre Wellington Hydro Ltd.

Responses to 2nd Round of OEB Supplemental IR's

January 19, 2009

Prepared by: Jim Stinson, CA, Partner-Tax Services, KPMG

For: Florence Thiessen

**Centre Wellington Hydro Ltd.
("Wellington")
EB-2008-0225
Supplemental Board Staff Interrogatories**

INCOME TAX

Supplementary IR # 7

Response to OEB Staff Interrogatory No. 29

In Response to Board Staff Interrogatory No. 29, Centre-Wellington Hydro has referred to KPMG's assessment that the income tax rate on interest income is 22% because interest income is supposed to be investment income. Accordingly, Centre-Wellington has used 22% tax rate to calculate the total PILs expense of \$27,207. Please answer the following questions with respect to this subject matter:

- a) Municipalities are not taxable and do not pay taxes on dividends received from the utilities they own. Consequently, the question of refundable tax on investment income is not relevant. In light of this, please indicate why the higher tax rate of 22% on investment income is justifiable?

Response:

As provided by Jim Stinson, CA, Partner-Tax Services – KPMG

Pursuant to section 93 of the Electricity Act, a municipal electricity utility shall pay an amount equal to the amount of income tax that would be payable under the Income Tax Act if the municipal electricity utility were subject to such a tax.

Centre Wellington Hydro is treated as a Canadian-controlled private corporation or "CCPC" for tax purposes.

When CCPC's earn investment income, such as interest, the amount earned is subject to tax at a higher rate than that applicable to regular business income. At the present time investment income earned by a CCPC is subject to tax at a rate of 48.7%.

However, of this tax, 26.67% is added to the corporation's Refundable Dividend Tax on Hand ("RDTOH") account. When taxable dividends are paid out to shareholders, a dividend refund equal to the lesser of one-third of the dividend paid and the balance in the RDTOH account is refunded to the corporation. Therefore, refundable tax on investment income is relevant.

- b) Taxes in utility applications are to be calculated on a stand alone basis. The tax status of the parent or shareholder is not considered in the derivation of income taxes to be recovered in rates for regulatory purposes. If taxes are supposed to be calculated on a stand alone basis, please provide reasons for using a higher tax rate of 22% versus the 16.5% used for regular income.

Response:

As provided by Jim Stinson, CA, Partner-Tax Services – KPMG

Taxes have been calculated on a stand alone basis. The Income Tax Act requires filing income tax return on the legal entity basis rather than on a consolidated basis.

The tax rate applicable to investment income earned by Centre Wellington Hydro has been calculated as follows:

Federal income tax	34.7%
Ontario income tax	<u>14.0%</u>
Subtotal	48.7%
Less tax to be refunded (RDTOH)	<u>(26.7)%</u>
Net tax rate	<u>22.0%</u>

Schedule 1:
SHEET 1 - Regulatory Assets - Continuity Schedule -
Based on Original Submission August 15, 2008

NAME OF UTILITY	Centre Wellington Hydro Ltd.
Application ID NUMBER	EB-2008-0225
Date	15-Jan-09
	Revision to Continuity Sch based on Original Submission

Enter appropriate data in cells which are highlighted in yellow only.
Enter the total applied for Regulatory Asset amounts for each account in the appropriate cells below:
Debits should be recorded as positive numbers and credits should be recorded as negative numbers.
Repeat cells going across as necessary for each year in application

2005										
Account Description	Account Number	Opening Principal Amounts as of Jan-1-05 ¹	Transactions (additions) during 2005, excluding interest and adjustments ⁵	Transactions (reductions) during 2005, excluding interest and adjustments ⁵	Adjustments during 2005 - instructed by Board ²	Adjustments during 2005 - other ³	Closing Principal Balance as of Dec-31-05	Opening Interest Amounts as of Jan-1-05	Interest Jan-1 to Dec31-05	Closing Interest Amounts as of Dec-31-05
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 8,604					\$ 8,604	\$ 124	\$ 561	\$ 685
Other Regulatory Assets - Sub-Account - Pension Contributions	1508		\$ 47,320				\$ 47,320		\$ 817	\$ 817
Other Regulatory Assets - Sub-Account - Other ⁶	1508						\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁶	1508						\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁶	1508						\$ -			\$ -
Retail Cost Variance Account - Retail	1518	\$ 77,719	\$ 27,802	\$ (3,396)			\$ 102,125	\$ -	\$ 6,590	\$ 6,590
Misc. Deferred Debits	1525	\$ 18,921	\$ -				\$ 18,921	\$ -	\$ 1,495	\$ 1,495
Retail Cost Variance Account - STR	1548	\$ 4,607	\$ 177	\$ (39)			\$ 4,745	\$ -	\$ 338	\$ 338
Qualifying Transition Costs ⁴	1570	\$ 13,555	n/a	n/a		\$ (1,355)	\$ 12,200	\$ -	\$ 3,233	\$ 3,233
Pre-Market Opening Energy Variances Total ⁴	1571	\$ 571,511	n/a	n/a			\$ 571,511	\$ -	\$ 151,927	\$ 151,927
Extra-Ordinary Event Costs	1572						\$ -			\$ -
Deferred Rate Impact Amounts	1574						\$ -			\$ -
RSVA -- One-time Wholesale Market Service	1582	\$ 30,313	\$ 8,273				\$ 38,586	\$ 2,136	\$ 2,426	\$ 4,562
2006 PILs & Taxes Variance	1592	n/a	n/a	n/a	n/a	n/a		n/a	n/a	
Other Deferred Credits	2425						\$ -			\$ -
Sub-Total		\$ 725,230	\$ 83,572	\$ (3,435)	\$ -	\$ (1,355)	\$ 804,012	\$ 2,260	\$ 167,387	\$ 169,647
Smart Meter Capital and Recovery Offset	1555						\$ -			\$ -
Smart Meter Operaqtion, Maintenance and Administration	1556						\$ -			\$ -
Deferred Payments in Lieu of Taxes	1562	\$ (32,576)	\$ 196,960	\$ (231,568)		\$ (148,209)	\$ (215,393)	\$ 7,431	\$ (72,439)	\$ (65,008)
Deferred PILs Contra Account ⁸	1563	\$ 32,576	\$ (196,960)	\$ 231,568		\$ 148,209	\$ 215,393	\$ (7,431)	\$ 72,439	\$ 65,008
CDM Expenditrures and Recoveries	1565	\$ -	\$ 13,081			\$ 49,361	\$ 62,442	\$ -		\$ -
CDM Contra Account	1566	\$ -	\$ (13,081)			\$ (49,361)	\$ (62,442)	\$ -		\$ -
Recovery of Regulatory Asset Balances	1590	\$ (96,659)		\$ (175,335)			\$ (271,994)	\$ -	\$ (14,803)	\$ (14,803)
No sub-total										
Low Voltage Variance Account	1550						\$ -			\$ -
RSVA - Wholesale Market Service Charge	1580	\$ 132,541	\$ 96,909				\$ 229,450	\$ 40,172	\$ 17,948	\$ 58,120
RSVA - Retail Transmission Network Charge	1584	\$ (213,445)	\$ (73,203)				\$ (286,648)	\$ (1,528)	\$ (12,356)	\$ (13,884)
RSVA - Retail Transmission Connection Charge	1586	\$ 83,653	\$ (85,970)				\$ (2,317)	\$ (7,163)	\$ 8,140	\$ 977
RSVA - Power (including Global Adjustment)	1588	\$ (238,608)	\$ (267,814)				\$ (506,422)	\$ 64,819	\$ 71,838	\$ 136,657
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -	\$ (298,965)				\$ (298,965)	\$ -	\$ (9,547)	\$ (9,547)
Sub-Total		\$ (235,859)	\$ (629,043)	\$ -	\$ -	\$ -	\$ (565,937)	\$ 96,300	\$ 76,023	\$ 181,870

Footnotes

- ¹ As per general ledger, if does not agree to Dec-31-04 balance filed in 2006 EDR then provide supplementary analysis
- ² Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs write-off, and etc.
- ³ Provide supporting statement indicating nature of this adjustments and periods they relate to
- ⁴ Closed April 30, 2002
- ⁵ For RSVA accounts only, report the net additions to the account during the year. For all other accounts, record the additions and reductions separately.
- ⁶ Please describe "other" components of 1508 and add more component lines if necessary.
- ⁷ Interest projected on December 31, 2007 closing principal balance.
- ⁸ 1563 is a contra-account and is not included in the total but is shown on a memo basis. Account 1562 establishes the obligation to the ratepayer.

NAME OF UTILITY	Centre Wellington Hydro Ltd.
Application ID NUMBER	EB-2008-0225
Date	15-Jan-09
	Revision to Continuity Sch based on Original S

[illegible]

NAME OF UTILITY	Centre Wellington Hydro Ltd.
Application ID NUMBER	EB-2008-0225
Date	15-Jan-09
	Revision to Continuity Sch based on Original S

2007										
Account Description	Account Number	Opening Principal Amounts as of Jan-1-07	Transactions (additions) during 2007, excluding interest and adjustments ⁵	Transactions (reductions) during 2007, excluding interest and adjustments ⁵	Adjustments during 2007 - instructed by Board ²	Adjustments during 2007 - other ³	Closing Principal Balance as of Dec-31-07	Opening Interest Amounts as of Jan-1-07	Interest Jan-1 to Dec-31-07	Closing Interest Amounts as of Dec-31-07
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ -					\$ -	\$ 85		\$ 85
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$ 59,650					\$ 59,650	\$ 3,302	\$ 2,820	\$ 6,122
Other Regulatory Assets - Sub-Account - Other ⁶	1508	\$ -					\$ -	-		-
Other Regulatory Assets - Sub-Account - Other ⁶	1508	\$ -					\$ -	-		-
Other Regulatory Assets - Sub-Account - Other ⁶	1508	\$ -					\$ -	-		-
Retail Cost Variance Account - Retail	1518	\$ 42,882	\$ 7,889				\$ 50,771	\$ 2,979	\$ 2,221	\$ 5,200
Misc. Deferred Debits	1525	\$ -					\$ -	(0)		(0)
Retail Cost Variance Account - STR	1548	\$ 1,038	\$ 352				\$ 1,390	\$ 42	\$ 57	\$ 99
Qualifying Transition Costs ⁴	1570	\$ -	n/a	n/a			\$ -	(0)		(0)
Pre-Market Opening Energy Variances Total ⁴	1571	\$ -	n/a	n/a			\$ -	0		0
Extra-Ordinary Event Costs	1572	\$ -					\$ -	-		-
Deferred Rate Impact Amounts	1574	\$ -					\$ -	-		-
RSVA -- One-time Wholesale Market Service	1582	\$ 13,771	\$ 4,966				\$ 18,737	\$ 807	\$ 762	\$ 1,569
2006 PILs & Taxes Variance	1592	\$ -					\$ -	-		-
Other Deferred Credits	2425	\$ -					\$ -	-		-
Sub-Total		\$ 117,341	\$ 13,207	\$ -	\$ -	\$ -	\$ 130,548	\$ 7,215	\$ 5,860	\$ 13,075
Smart Meter Capital and Recovery Offset	1555	\$ (28,995)		\$ (28,001)			\$ (56,996)	\$ (296)	\$ (2,001)	\$ (2,297)
Smart Meter Operation, Maintenance and Administration	1556	\$ 6,588	\$ 18,324				\$ 24,912	\$ 195	\$ 671	\$ 866
Deferred Payments in Lieu of Taxes	1562	\$ 92,729	\$ 32,117	\$ (36,363)			\$ 88,483	\$ (43,827)	\$ 4,021	\$ (39,806)
Deferred PILs Contra Account ⁸	1563	\$ (92,729)	\$ (32,117)	\$ 36,363			\$ (88,483)	\$ 43,827	\$ (4,021)	\$ 39,806
CDM Expenditures and Recoveries	1565	\$ 90,274	\$ 28,720				\$ 118,994	-		-
CDM Contra Account	1566	\$ (90,274)	\$ (28,720)				\$ (118,994)	-		-
Recovery of Regulatory Asset Balances	1590	\$ 33,480	\$ (195,482)				\$ (162,002)	\$ 226,518	\$ (2,120)	\$ 224,398
No sub-total										
Low Voltage Variance Account	1550	\$ (38,233)	\$ (61,282)				\$ (99,515)	\$ (126)	\$ (2,634)	\$ (2,760)
RSVA - Wholesale Market Service Charge	1580	\$ (102,698)	\$ (201,963)				\$ (304,661)	\$ 13,823	\$ (5,428)	\$ 8,395
RSVA - Retail Transmission Network Charge	1584	\$ (42,687)	\$ 56,019				\$ 13,332	\$ (1,302)	\$ 1,652	\$ 350
RSVA - Retail Transmission Connection Charge	1586	\$ (334,915)	\$ (363,637)				\$ (698,552)	\$ 16,136	\$ (19,830)	\$ (3,694)
RSVA - Power (including Global Adjustment)	1588	\$ (144,758)	\$ (131,670)				\$ (276,428)	\$ 118,047	\$ 20,823	\$ 138,870
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ (62,825)	\$ (44,264)				\$ (107,089)	\$ (16,448)	\$ (5,678)	\$ (22,126)
Sub-Total		\$ (663,291)	\$ (746,797)	\$ -	\$ -	\$ -	\$ (1,365,824)	\$ 146,578	\$ (11,095)	\$ 141,161
Footnotes										

NAME OF UTILITY	Centre Wellington Hydro Ltd.
Application ID NUMBER	EB-2008-0225
Date	15-Jan-09
	Revision to Continuity Sch based on Original S

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Schedule 2:

SHEET 1 - Regulatory Assets - Continuity Schedule -

Based on December 15, 2008 adjustments to Application

NAME OF UTILITY	Centre Wellington Hydro Ltd.
Application ID NUMBER	EB-2008-0225
Date	15-Jan-09
	Revision to Continuity Sch based on December 15, 2008 Update

Enter appropriate data in cells which are highlighted in yellow only.

Enter the total applied for Regulatory Asset amounts for each account in the appropriate cells below:

Debits should be recorded as positive numbers and credits should be recorded as negative numbers.

Repeat cells going across as necessary for each year in application

2005										
Account Description	Account Number	Opening Principal Amounts as of Jan-1-05 ¹	Transactions (additions) during 2005, excluding interest and adjustments ⁵	Transactions (reductions) during 2005, excluding interest and adjustments ⁵	Adjustments during 2005 - instructed by Board ²	Adjustments during 2005 - other ³	Closing Principal Balance as of Dec-31-05	Opening Interest Amounts as of Jan-1-05	Interest Jan-1 to Dec31-05	Closing Interest Amounts as of Dec-31-05
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 8,604				\$ 14,956	\$ 23,560	\$ 124	\$ 935	\$ 1,059
Other Regulatory Assets - Sub-Account - Pension Contributions	1508		\$ 47,320				\$ 47,320		\$ 817	\$ 817
Other Regulatory Assets - Sub-Account - Other ⁶	1508						\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁶	1508						\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁶	1508						\$ -			\$ -
Retail Cost Variance Account - Retail	1518	\$ 77,719	\$ 27,802	\$ (3,396)			\$ 102,125	\$ -	\$ 6,590	\$ 6,590
Misc. Deferred Debits	1525	\$ 18,921	\$ -				\$ 18,921	\$ -	\$ 1,495	\$ 1,495
Retail Cost Variance Account - STR	1548	\$ 4,607	\$ 177	\$ (39)			\$ 4,745	\$ -	\$ 338	\$ 338
Qualifying Transition Costs ⁴	1570	\$ 13,555	n/a	n/a		\$ (1,355)	\$ 12,200	\$ -	\$ 3,233	\$ 3,233
Pre-Market Opening Energy Variances Total ⁴	1571	\$ 571,511	n/a	n/a			\$ 571,511	\$ -	\$ 151,927	\$ 151,927
Extra-Ordinary Event Costs	1572						\$ -			\$ -
Deferred Rate Impact Amounts	1574						\$ -			\$ -
RSVA -- One-time Wholesale Market Service	1582	\$ 30,313	\$ 8,273				\$ 38,586	\$ 2,136	\$ 2,426	\$ 4,562
2006 PILs & Taxes Variance	1592	n/a	n/a	n/a	n/a	n/a		n/a	n/a	
Other Deferred Credits	2425						\$ -			\$ -
Sub-Total		\$ 725,230	\$ 83,572	\$ (3,435)	\$ -	\$ 13,601	\$ 818,968	\$ 2,260	\$ 167,761	\$ 170,021
Smart Meter Capital and Recovery Offset	1555						\$ -			\$ -
Smart Meter Operation, Maintenance and Administration	1556						\$ -			\$ -
Deferred Payments in Lieu of Taxes	1562	\$ (32,576)	\$ 196,960	\$ (231,568)		\$ (148,209)	\$ (215,393)	\$ 7,431	\$ (72,439)	\$ (65,008)
Deferred PILs Contra Account ⁸	1563	\$ 32,576	\$ (196,960)	\$ 231,568		\$ 148,209	\$ 215,393	\$ (7,431)	\$ 72,439	\$ 65,008
CDM Expenditures and Recoveries	1565	\$ -	\$ 13,081			\$ 49,361	\$ 62,442	\$ -		\$ -
CDM Contra Account	1566	\$ -	\$ (13,081)			\$ (49,361)	\$ (62,442)	\$ -		\$ -
Recovery of Regulatory Asset Balances	1590	\$ (96,659)		\$ (175,335)			\$ (271,994)	\$ -	\$ (14,803)	\$ (14,803)
No sub-total										
Low Voltage Variance Account	1550						\$ -			\$ -
RSVA - Wholesale Market Service Charge	1580	\$ 132,541	\$ 96,909				\$ 229,450	\$ 40,172	\$ 17,948	\$ 58,120
RSVA - Retail Transmission Network Charge	1584	\$ (213,445)	\$ (73,203)				\$ (286,648)	\$ (1,528)	\$ (12,356)	\$ (13,884)
RSVA - Retail Transmission Connection Charge	1586	\$ 83,653	\$ (85,970)				\$ (2,317)	\$ (7,163)	\$ 8,140	\$ 977
RSVA - Power (including Global Adjustment)	1588	\$ (238,608)	\$ (267,814)				\$ (506,422)	\$ 64,819	\$ 71,838	\$ 136,657
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -	\$ (298,965)				\$ (298,965)	\$ -	\$ (9,547)	\$ (9,547)
Sub-Total		\$ (235,859)	\$ (629,043)	\$ -	\$ -	\$ -	\$ (565,937)	\$ 96,300	\$ 76,023	\$ 181,870

Footnotes

¹ As per general ledger, if does not agree to Dec-31-04 balance filed in 2006 EDR then provide supplementary analysis

² Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs write-off, and etc.

³ Provide supporting statement indicating nature of this adjustments and periods they relate to

⁴ Closed April 30, 2002

⁵ For RSVA accounts only, report the net additions to the account during the year. For all other accounts, record the additions and reductions separately.

⁶ Please describe "other" components of 1508 and add more component lines if necessary.

⁷ Interest projected on December 31, 2007 closing principal balance.

⁸ 1563 is a contra-account and is not included in the total but is shown on a memo basis. Account 1562 establishes the obligation to the ratepayer.

⁹ Interest recorded for Other Regulatory Assets-OEB Costs has been increased by \$373.55 in 2005, \$713.03 in 2006, \$707.04 in 2007 because

Schedule 2:

SHEET 1 - Regulatory Assets - Continuity Schedule -

Based on December 15, 2008 adjustments to Application

NAME OF UTILITY	Centre Wellington Hydro Ltd.
Application ID NUMBER	EB-2008-0225
Date	15-Jan-09
	Revision to Continuity Sch based on December 15, 2008 adjustments to Application

2006												
Account Description	Account Number	Opening Principal Amounts as of Jan-1-06	Transactions (additions) during 2006, excluding interest and adjustments ⁵	Transactions (reductions) during 2006, excluding interest and adjustments ⁵	Adjustments during 2006 - instructed by Board ²	Adjustments during 2006 - other ³	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Principal Balance as of Dec-31-06	Opening Interest Amounts as of Jan-1-06	Interest Jan-1 to Dec-31-06 Note ⁹	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Interest Amounts as of Dec-31-06
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 23,560					\$ (8,604)	\$ 14,956	\$ 1,059	\$ 896	\$ (783)	\$ 1,171
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$ 47,320	\$ 12,330			\$ 4,066		\$ 63,716	\$ 817	\$ 2,593		\$ 3,410
Other Regulatory Assets - Sub-Account - Other ⁶	1508	\$ -						\$ -	\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁶	1508	\$ -						\$ -	\$ -			\$ -
Other Regulatory Assets - Sub-Account - Other ⁶	1508	\$ -						\$ -	\$ -			\$ -
Retail Cost Variance Account - Retail	1518	\$ 102,125	\$ 18,477				\$ (77,719)	\$ 42,882	\$ 6,590	\$ 3,902	\$ (7,513)	\$ 2,979
Misc. Deferred Debits	1525	\$ 18,921					\$ (18,921)	\$ -	\$ 1,495	\$ 1,813	\$ (3,308)	\$ (0)
Retail Cost Variance Account - STR	1548	\$ 4,745	\$ 900				\$ (4,607)	\$ 1,038	\$ 338	\$ 150	\$ (445)	\$ 42
Qualifying Transition Costs ⁴	1570	\$ 12,200	n/a	n/a			\$ (12,200)	\$ -	\$ 3,233	\$ 294	\$ (3,527)	\$ (0)
Pre-Market Opening Energy Variances Total ⁴	1571	\$ 571,511	n/a	n/a			\$ (571,511)	\$ -	\$ 151,927	\$ 13,812	\$ (165,738)	\$ 0
Extra-Ordinary Event Costs	1572	\$ -						\$ -	\$ -			\$ -
Deferred Rate Impact Amounts	1574	\$ -						\$ -	\$ -			\$ -
RSVA -- One-time Wholesale Market Service	1582	\$ 38,586	\$ 5,498				\$ (30,313)	\$ 13,771	\$ 4,562	\$ 1,312	\$ (5,066)	\$ 807
2006 PILs & Taxes Variance	1592	\$ -						\$ -	\$ -			\$ -
Other Deferred Credits	2425	\$ -						\$ -	\$ -			\$ -
Sub-Total		\$ 818,968	\$ 37,205	\$ -	\$ -	\$ 4,066	\$ (723,876)	\$ 136,363	\$ 170,021	\$ 24,770	\$ (186,382)	\$ 8,409
Smart Meter Capital and Recovery Offset	1555	\$ -		\$ (28,995)				\$ (28,995)	\$ -	\$ (296)		\$ (296)
Smart Meter Operation, Maintenance and Administration	1556	\$ -	\$ 6,588					\$ 6,588	\$ -	\$ 195		\$ 195
Deferred Payments in Lieu of Taxes	1562	\$ (215,393)	\$ 222,773	\$ (123,132)		\$ 208,480		\$ 92,729	\$ (65,008)	\$ 21,181		\$ (43,827)
Deferred PILs Contra Account ⁸	1563	\$ 215,393	\$ (222,773)	\$ 123,132		\$ (208,480)		\$ (92,729)	\$ 65,008	\$ (21,181)		\$ 43,827
CDM Expenditures and Recoveries	1565	\$ 62,442	\$ 17,993			\$ 9,839		\$ 90,274	\$ -			\$ -
CDM Contra Account	1566	\$ (62,442)	\$ (17,993)			\$ (9,839)		\$ (90,274)	\$ -			\$ -
Recovery of Regulatory Asset Balances	1590	\$ (271,994)	\$ (187,051)				\$ 492,525	\$ 33,480	\$ (14,803)	\$ (4,022)	\$ 245,343	\$ 226,518
No sub-total												
Low Voltage Variance Account	1550	\$ -	\$ (38,233)					\$ (38,233)	\$ -	\$ (126)		\$ (126)
RSVA - Wholesale Market Service Charge	1580	\$ 229,450	\$ (199,607)			\$ (132,541)		\$ (102,698)	\$ 58,120	\$ 8,687	\$ (52,984)	\$ 13,823
RSVA - Retail Transmission Network Charge	1584	\$ (286,648)	\$ 30,516			\$ 213,445		\$ (42,687)	\$ (13,884)	\$ (5,950)	\$ 18,532	\$ (1,302)
RSVA - Retail Transmission Connection Charge	1586	\$ (2,317)	\$ (244,436)			\$ (88,162)		\$ (334,915)	\$ 977	\$ (2,085)	\$ 17,244	\$ 16,136
RSVA - Power (including Global Adjustment)	1588	\$ (506,422)	\$ 123,056			\$ 238,608		\$ (144,758)	\$ 136,657	\$ 23,144	\$ (41,754)	\$ 118,047
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ (298,965)	\$ 236,140					\$ (62,825)	\$ (9,547)	\$ (6,901)		\$ (16,448)
Sub-Total		\$ (565,937)	\$ (92,564)	\$ -	\$ -	\$ -	\$ 231,350	\$ (663,291)	\$ 181,870	\$ 16,769	\$ (58,962)	\$ 146,578
Footnotes												

of an adjustment made on Principal in 2005 of \$14,956.00 (See OEB Bd Staff Q3, 2nd round of IR's.

SHEET 1 - Regulatory Assets - Continuity Schedule -

NAME OF UTILITY	Centre Wellington Hydro Ltd.
Application ID NUMBER	EB-2008-0225

Date	15-Jan-09
	Revision to Continuity Sch based on December

[illegible]

Based on December 15, 2008 adjustments to Application

Date	15-Jan-09
	Revision to Continuity Sch based on December

[illegible]

Centre Wellington Hydro Ltd

Responses to 2nd Round of VECC Interrogatories

December 16, 2009

Prepared by: Florence Thiessen



PUBLIC INTEREST ADVOCACY CENTRE
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Michael Buonaguro
Counsel for VECC
(416) 767-1666

January 13, 2009

VIA MAIL and E-MAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St.
Toronto, ON
M4P 1E4

Dear Ms. Walli:

Re: Vulnerable Energy Consumers Coalition (VECC)
EB-2008-0225
Centre Wellington Hydro Ltd. – 2009 Electricity Distribution Rate
Application

Please find enclosed the supplemental interrogatories of VECC in the above noted proceeding.

Yours truly,

Michael Buonaguro
Counsel for VECC
Encl.

Centre Wellington Hydro Limited (CWHL)
2009 Electricity Rate Application
Board File No. EB-2008-0225

VECC's Interrogatories

(Round #2)

Question #34

Reference: i) VECC #23
ii) CWHL IR Responses, Manager's Summary, page 1

- a) Please clarify the statement in the Manager's Summary regarding CWHL position as to the treatment of the following items and how they are factored into the Application's adjustments:

Response:

The following Table shows the revised total PILs Expense compared to the original submission included as Exhibit 4, Tab 3, Schedule 1.

PILS 2009 TEST Year	Aug 15 2008 Submission	Dec 15 2008 Revised
Taxable Income-Exhibit 4, Tab 3, Sch 1	27,040	27,040
Removed:		
Additions:		
Charitable Donations		10,000
Deductions:		
Charitable Donations		(10,000)
Non-Utility Revenues - 4375		251,000
Non-Utility Expenses - 4380		(226,800)
Revised Taxable income for PILs Calculation		51,240
Regulatory Taxable Income/(Loss)	27,040	51,240
Combined Income Tax Rate	22.00%	22.00%
Total Income Taxes	5,949	11,273
Investment & Miscellaneous Tax Credits	0	0
Income Tax Payable	5,949	11,273
Large Corporations Tax (LCT)	0	0
Ontario Capital Tax (OCT)	2,839	2,839
Grossed-up Income Tax	7,627	14,452
Grossed-up LCT	0	0
Total PILs Expense	10,466	17,292

The last column in the table below has been added to Exhibit 4, Tab 3, Schedule 2 and sets out the revised taxable income based on the removal of the charitable donations and the non-utility revenue and expenses in their entirety.

	T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates	Revised 2009 TEST Year
		Tax Return	Less: Non- Distribution Portion	Utility Only				
Income/(Loss) before PILs/Taxes (Accounting) ¹		444,876		444,876	127,836	44,784	327,473	327,473
Additions:								
Interest and penalties on taxes	103							
Amortization of tangible assets	104	578,501		578,501	594,185	638,185	638,185	638,185
Loss on disposal of assets	111				109			
Charitable donations	112				10,000		10,000	
Non-deductible meals and entertainment expense	121				3,570	3,570	3,570	3,570
Reserves from financial statements- balance at end of year	126				1,256,220	1,053,329	1,053,329	1,053,329
Actual Debt Interest					365,890	365,890		
Total Additions		578,501		578,501	2,229,973	2,060,974	1,705,084	1,695,084
Deductions:								
Gain on disposal of assets per financial statements	401	35,669		35,669	4,372			
Dividends not taxable under section 83	402							
Capital cost allowance from Schedule 8	403	611,848		611,848	728,573	715,097	715,097	715,097
Reserves from financial statements - balance at beginning of year	414				1,137,013	1,256,220	1,256,220	1,256,220
Deemed Debt Interest					344,101	352,472		
Adjustment for:								
Non-Utility Revenues - 4375					260,000	251,000	251,000	
Non-Utility Expenses - 4380					(238,600)	(226,800)	(226,800)	
Total Deductions		647,517		647,517	2,235,458	2,347,989	1,995,517	1,971,317
NET INCOME (LOSS) FOR TAX PURPOSES		375,860		375,860	122,351	(242,231)	37,040	51,240
Charitable donations from Schedule 2					10,000		10,000	
TAXABLE INCOME (LOSS)		375,860		375,860	112,351	(242,231)	27,040	51,240

¹ 2008 Projection = "Earnings before Tax" (sheet E1); 2009 @ existing rates = "Earnings before Tax" (sheet E2); 2009 @ new dist. rates = "Deemed Return On Equity" (sheet E3)

- The inclusion of donations in the OM&A expenses for determining the Service Revenue Requirement

Response:

Donations are not included in the calculation of OM&A expenses for the determination of Service Revenue Requirements. They are excluded as per OEB directions in the 2006 EDR

- The inclusion of donations in the calculation of PILS for purposes of establishing the Service Revenue Requirement

Response:

Donations were removed from the calculation of PILs for the purposes of establishing the Service Revenue Requirements (see the above tables).

- The inclusion of Non-Utility Operations Revenues and Expenses in the determination of the Service Revenue Requirement and Base Distribution Revenue Requirement.

Response:

Non-Utility Operations Revenues and Expenses were not included in the calculation of the Service Revenue Requirements and Base Distribution Revenue Requirements.

- The inclusion of Non-Utility Operations Revenues and Expenses in the calculation of PILs to be included in the Service Revenue.

Response:

As in the above point, Non-Utility Operations Revenues and Expenses were removed from the calculation of PILs and therefore are excluded from the calculation of Service Revenue (see tables above). This is consistent with the calculation of PILs and Service Revenue in the 2006 EDR.

Question #35

Reference: i) CWHL IR Responses, Manager's Summary, pages 2-3

- a) Please explain how changing the interest rate on deferral accounts impacts the PILS payable.

Response:

T2 S1 line #	2006 EDR Approved			2008 Projection	2009 @ existing rates	2009 @ new dist. rates	Revised 2009 TEST Year Donations Non-Utility	Revised 2009 TEST Year DVAD Interest Changes
	Tax Return	Less: Non- Distribution Portion	Utility Only					
Income/(Loss) before PILs/Taxes (Accounting) ¹	444,876		444,876	127,836	44,784	327,473	327,473	327,473
Additions:								
Interest and penalties on taxes	103							
Amortization of tangible assets	104	578,501	578,501	594,185	638,185	638,185	638,185	638,185
Loss on disposal of assets	111			108				
Charitable donations	112			10,000		10,000		
Non-deductible meals and entertainment expense	121			3,570	3,570	3,570	3,570	3,570
Reserves from financial statements- balance at end of year	126			1,256,220	1,053,329	1,053,329	1,053,329	1,118,905
Actual Debt Interest				365,890	365,890			
Total Additions	578,501		578,501	2,229,973	2,060,974	1,705,084	1,695,084	1,760,660
Deductions:								
Gain on disposal of assets per financial statements	401	35,669	35,669	4,372				
Dividends not taxable under section 83	402							
Capital cost allowance from Schedule 8	403	611,848	611,848	728,573	715,097	715,097	715,097	715,097
Reserves from financial statements - balance at beginning of year	414			1,137,013	1,256,220	1,256,220	1,256,220	1,247,391
Deemed Debt Interest				344,101	352,472			
Adjustment for:								
Non-Utility Revenues - 4375				260,000	251,000	251,000		
Non-Utility Expenses - 4380				(238,600)	(226,800)	(226,800)		
Total Deductions	647,517		647,517	2,235,458	2,347,989	1,995,517	1,971,317	1,962,488
NET INCOME (LOSS) FOR TAX PURPOSES	375,860		375,860	122,351	(242,231)	37,040	51,240	125,645
Charitable donations from Schedule 2				10,000		10,000		
TAXABLE INCOME (LOSS)	375,860		375,860	112,351	(242,231)	27,040	51,240	125,645

¹ 2008 Projection = "Earnings before Tax" (sheet E1); 2009 @ existing rates = "Earnings before Tax" (sheet E2); 2009 @ new dist. rates = "Deemed Return On Equity" (sheet E3)

PILS 2009 TEST Year	Before DVAD Interest Change	After DVAD Interest Change	Impact of Change
Regulatory Taxable Income/(Loss)	51,240	125,645	74,405
Combined Income Tax Rate	22.00%	22.00%	22.00%
Total Income Taxes	11,273	27,642	16,369
Investment & Miscellaneous Tax Credits	0	0	0
Income Tax Payable	11,273	27,642	16,369
Large Corporations Tax (LCT)	0	0	0
Ontario Capital Tax (OCT)	2,839	2,839	0
Grossed-up Income Tax	14,452	35,438	20,986
Grossed-up LCT	0	0	0
Total PILs Expense	17,292	38,278	20,986

By changing the interest rates the Reserve balances from the financial statements for both the beginning of the year and end of the year are changed accordingly resulting in an increase of taxable income of \$74,405 as set out in the table above.

- b) Please explain how the change in RTSR increases the SRR by \$11,598 if the return on capital increases by \$10,528 and the PILs increase by \$1,430.

Response:

In the Manager's Summary the amount \$11,598 should read as \$11,958 for service revenue requirement, base revenue requirement and revenue deficiency.

Question #36

Reference:

- i) OEB Staff IR #2 b & c)
- ii) CWHL IR Responses, Manager's Summary, page 3

- a) CWHL appears to be proposing a 38.5% increase in the residential retail charge for Transmission Network (i.e., \$0.0054 vs. \$0.0039 / kWh). Neither reference appears to show the derivation of the increased charges. Please provide.

Response:

The tables below show how Centre Wellington Hydro arrived at the cost of Transmission Network charges being billed from Hydro One Networks. These costs were then allocated to each customer class on the same bases as previous years. This result's in an increase in the charge to residential customers from \$0.0039 per kWh to \$0.0054 per kWh using the revised Transmission Network charges submitted with the December 15, 2008 Interrogatories. The December 15, 2008 Transmission Network charges were adjusted to closer reflect the 2008 actual charges based on the information available at that time

and the increase in Transmission Network charges as per the OEB report dated October 22, 2008.

Estimated NW Charges - August 15, 2008					
	Actual 2005	Actual 2006	Actual 2007	Estimate 2008	Estimate 2009
Transmission Network Charges	\$ 793,857.35	\$ 814,627.48	\$ 808,227.29	\$ 815,436.68	\$ 819,704.00
Increases		2.62%	-0.79%	0.89%	0.52%

Estimated NW Charges - December 15, 2008					
	Actual 2005	Actual 2006	Actual 2007	Estimate 2008	H1 Increases Estimate 2009
Transmission Network Charges	\$ 793,857.35	\$ 814,627.48	\$ 808,227.29	\$ 723,791.00	\$ 805,579.38
Increases		2.62%	-0.79%	-10.45%	11.30%

Class	Estimated NW - 4714 Cost With OEB increase of 11.30%	% of proposed \$ times total NW-4714 Cost	New NW Rate	Proof	2009 - kWh	2009 - kW	Proposed \$ Received for NW - 4066 GL (using existing rates)	% of proposed \$ per class
Residential		256,541	0.0054	\$ 256,526	47,172,831		\$ (183,974)	31.85%
GS-50		111,464	0.0049	\$ 111,475	22,838,459		\$ (79,935)	13.84%
GS-50		332,689	1.9978	\$ 332,689		166,526	\$ (238,582)	41.30%
Street Lights		4,620	1.5067	\$ 4,620		3,066	\$ (3,313)	0.57%
Sentinel Lights		185	1.5144	\$ 185		122	\$ (132)	0.02%
Unmetered Scattered Load		2,047	0.0049	\$ 2,047	419,344		\$ (1,468)	0.25%
Intermediate		98,034	2.2345	\$ 98,034		43,874	\$ (70,304)	12.17%
TOTAL	\$ 805,579	805,579		\$ 805,575	70,430,634	213,588	\$ (577,707)	100.00%

- b) CWHL appears to be proposing a 27.4% decrease in the residential retail
c) charge for Transmission Connection (i.e., \$0.0046 vs. \$0.0062 / kWh).
Neither reference appears to show how the new rate was derived. Please
provide.

Response:

The tables below show how Centre Wellington Hydro arrived at the cost of Transmission Connection charges being billed from Hydro One Networks. These costs were then allocated to each customer class on the same bases as previous years. This result's in a decrease in the charge to residential customers from \$0.0062 per kWh to \$0.0046 per kWh using the revised Transmission Connection charges submitted with the December 15, 2008 Interrogatories. The December 15, 2008 Transmission Connections charges were adjusted to closer to reflect the 2008 actual charges based on the information available at that time and the increase in Transmission Connection charges as per the OEB report dated October 22, 2008.

Estimated CN Charges - August 15, 2008

	Actual 2005	Actual 2006	Actual 2007	Estimate 2008	Estimate 2009
Transmission Connection Charges	\$ 679,690.08	\$ 679,156.22	\$ 670,990.56	\$ 676,975.80	\$ 680,518.63
Increases		-0.08%	-1.20%	0.89%	0.52%

Estimated CN Charges - December 15, 2008

	Actual 2005	Actual 2006	Actual 2007	Estimate 2008	Estimate 2009
Transmission Connection Charges	\$ 679,690.08	\$ 679,156.22	\$ 670,990.56	\$ 634,941.00	\$ 669,862.76
Increases		-0.08%	-1.20%	-5.37%	5.50%

	Estimated CN-4716 Cost With OEB increase of 5.50%	% of proposed \$ times total CN 4716 Cost	New Proposed CN Rate - with Hydro One Increases	CN - 4068 Revenue at Proposed Rates - Proof	2009 - kWh	2009 - kW	Proposed \$ Received for CN - 4068 GL (using existing rates)	% of proposed \$ per class		
Class										
Residential	\$	215,876	0.0046	\$	215,863	47,172,831	\$	(292,472)	32.23%	
GS<50	\$	92,715	0.0041	\$	92,724	22,838,459	\$	(125,612)	13.84%	
GS>50	\$	271,260	1.6289	\$	271,260		166,526.00	\$	(367,506)	40.49%
Street Lights	\$	3,861	1.2593	\$	3,861		3,066.00	\$	(5,231)	0.58%
Sentinel Lights	\$	157	1.2856	\$	157		122.00	\$	(212)	0.02%
USL	\$	1,702	0.0041	\$	1,703	419,344		\$	(2,306)	0.25%
Intermediate	\$	84,292	1.9212	\$	84,292		43,874.00	\$	(114,200)	12.58%
TOTAL	\$	669,863	\$	669,859	70,430,634.00	213,588.00	\$	(907,539)	100.00%	

- d) The original Application included a proposed Residential Retail Transmission Network Rate of \$0.0055 (per Exhibit 4/Tab 2/Schedule 11). The Rate Schedule in the Manager's Summary accompanying the interrogatory responses includes a value of \$0.0054. Please reconcile.

Response:

The reason for the difference in the Residential Retail Transmission Network Rate of \$0.0055 (per Exhibit 4 / .Tab 2 / Schedule 11) and \$0.0054 per kWh in the Rate Schedule in the Manager Summary is because in the submission with the Interrogatories included the revised costs of Transmission Network charges as provided above. The rates when rounded to four decimal places showed a decrease for the residential class.

Question #37

Reference:

- i) OEB Staff #5 b)

- a) Please explain why it is necessary to increase the fixed portion of the fixed/variable split for the residential class and, in doing so, propose a monthly service charge of \$14.00 in order to comply with the Board's Report.

Response:

Centre Wellington Hydro does not feel that there is a restriction to moving the monthly service charge as long as the revised charge does not exceed the ceiling set out in the Cost Allocation Informational Filing. A monthly service charge increase from \$13.01 to \$14.00 is still well below the \$15.60 ceiling.

- b) Why would a 2009 residential service charge derived using the existing fixed/variable split not be in compliance with the Board's report?

Response:

Centre Wellington Hydro is not saying that maintaining the fixed/variable split would not be in compliance with the Board report, however, increasing the monthly service charge by approximately 5% does not seem unreasonable. The increase in the fixed monthly service charge is offset by a decrease in the variable kWh charge.

- c) Please reconcile the \$12.96 residential service charge value reported in this response (and in VECC #3 a)) with the \$13.01 value reported in Table 4 of Exhibit 9/Tab 1/Schedule 1, page 3.

Response:

The \$12.96 residential service charge represents what the monthly service charge would have to be to maintain the existing fixed variable split. It is calculated as follows: Fixed percentage (56.4%) times the gross base revenue requirement (\$1,573,999) divided by the number of residential customers (5,710) divided by 12 months.

The \$13.01 residential monthly service charge represents the current approved charge excluding the \$0.27 smart meter adder.

Question #38

Reference: i) OEB Staff #17

- a) Please indicate precisely what is involved with the following services:
- Pulling Post-Dated Cheques
 - Credit reference/credit check

Response:

Pulling Post-Dated Cheques – would require staff to spend time to reverse the posted dated entry from the cash entry screen, remove the cheque from the file box, make alternate payment arrangements and return the cheque to the customer then input new payment when received from the customer. Post dated cheques are used when the customer refuses to go on preauthorized chequing.

Credit reference / credit check – this would require staff time to contact the credit rating agency, ascertain whether or not the credit reference is within the OEB and Centre Wellington Hydro credit rating parameters, then confer with the customer as to whether or not the credit rating is okay and, if not, make arrangements for a deposit to be paid. File credit check both electronically and in hard copy.

- b) How was it determined that \$15 was the appropriate charge for each of the five new services?

Response:

The \$15 charge for the five new services is in accordance with other miscellaneous service charges proposed by the OEB in the 2006 EDR process.

Question #39

Reference: i) OEB #27

- a) Please explain why the 2009 volumes weren't uplifted by the proposed 2009 loss factor.

Response:

The model being used by Centre Wellington Hydro did not use the proposed loss factor with the 2009 volumes but used the current approved loss factor. This has been brought to the attention of the model developer.

When Centre Wellington Hydro used the proposed loss factor through the Rate and PILs model, the Regulated Return on Capital decreased by \$290 (from \$695,985 to \$695,695). The PIL impact of this change would be a decrease of \$39 (from \$27,207 to \$27,168). The resulting impact on Base Revenue Requirement of such a loss factor change is a total decrease of \$329 (from \$2,732,308 to \$2,731,979).

- b) Based on the revised loss factors set out in OEB #13, what does CWHL now consider to be the appropriate loss factor to be for "uplifting" 2009 billed kWhs for purposes of establishing the cost of power?

Response:

Based on the revised loss factors set out in OEB #13, Centre Wellington Hydro considers 1.0449 to be the appropriate loss factor for the "uplifting" of 2009 billed kWh's.

Question #40

Reference: i) OEB Staff #41 d)

- a) Please explain why, when the revised kW for GS<50 increase, the revenues decrease.

Response:

If only the GS<50 kW load was to change as presented in OEB Board Staff #41 d) the total base revenue requirement would increase by \$45.00. The resulting base revenue requirement is allocated across all classes. In this case \$8.00 was allocated to the GS<50 kW class.

However when residential is reduced by 1,356,423 kWh's in conjunction with the GS<50 increase of 53,160 kWh's the effect on the total base revenue requirement is a decrease of \$1,120.00. This decrease is allocated across the classes and the impact on the GS<50 kW is a decrease of \$196.00.

The reason for change in the revenue requirement is because change in load has an impact on the cost of power and consequently the return on working capital.

Question #41

Reference: i) OEB #43

- a) Why is CWHL transferring \$2 M to Centre Wellington Energy Inc.? Is this a loan? If not, how will the transfer be reported on CWHL's balance sheet?

Response:

Centre Wellington Hydro has transferred \$2M to Centre Wellington Energy Inc in order to improve CWHL capital structure and reporting to the OEB and PEG report.

This business decision made by CWHL is not a loan to the wholly owned company of the Township of Centre Wellington but a transfer of \$2M which will result in a reduction of cash and reduction in retained earnings to CWHL.

Question #42

Reference: i) OEB #52

- a) Please provide a revised budget for the 2009 Rate Application assuming there is no settlement conference or oral hearing.

Response:

CWHL has revised the budget as requested. The result would be 2009 decrease of \$6,855 in administration expenses. It is important to point out that this is the first forward test year cost of service application prepared by CWHL and it is uncertain at this time what the total actual costs will be for preparation of this application. CWHL has not added the cost of the informal conference call or costs relating to the potential submissions by the interveners to this revised budget which may offset the costs of the Technical conference.

Forecasts and budgets can change as new information is known.

For example, just last week CWHL was informed of an additional cost of \$7,200 to install a module to their phone system to track abandoned phone calls. That cost is not included in the cost of service application.

In addition, no provision has been made for the cost of the transition to the International Financial Reporting Standards from Canadian GAAP in the submitted Cost of Service Application.

Question #43

Reference: i) VECC #10 a)

- a) Please provide the volumes and rates used to determine the 2009 expense components for Accounts #4705, 4708, 4714, and 4716.

Response:

The following table provides the volumes and rates used to determine the 2009 Expense components for accounts Commodity, Transmission Network, Transmission Connection, and Wholesale Market Services. Rural Rate Protection has also been included at the rate of \$0.0010 which was the rate known at the time of preparing the December changes to the application. That rate will be changed to \$0.0013, a 30% increase, effective May 1, 2009 as indicated by the OEB in their letter dated December 17, 2008. This rate change would result in a \$48 K increase to working capital but has not been reflected in the rate application.

Electricity (Commodity)	Customer		2009 rate (\$/kWh):		\$0.06030
	Class Name		Volume		Amount
	kWh	Residential	47,172,831		2,844,522
	kWh	General Service Less Than 50 kW	22,838,459		1,377,159
	kWh	General Service 50 to 2,999 kW	67,481,331		4,069,124
	kWh	General Service 3,000 to 4,999 kW	21,969,645		1,324,770
	kWh	Unmetered Scattered Load	419,344		25,286
	kWh	Sentinel Lighting	45,820		2,763
	kWh	Street Lighting	1,165,253		70,265
	TOTAL				9,713,889
Transmission - Network	Customer		2009		
	Class Name		Volume	Rate	Amount
	kWh	Residential	47,172,831	\$0.005400	254,733
	kWh	General Service Less Than 50 kW	22,838,459	\$0.004900	111,908
	kW	General Service 50 to 2,999 kW	166,526	\$1.997800	332,686
	kW	General Service 3,000 to 4,999 kW	43,874	\$2.234500	98,036
	kWh	Unmetered Scattered Load	419,344	\$0.004900	2,055
	kW	Sentinel Lighting	122	\$1.514400	185
	kW	Street Lighting	3,066	\$1.506700	4,620
	TOTAL				804,223
Transmission - Connection	Customer		2009		
	Class Name		Volume	Rate	Amount
	kWh	Residential	47,172,831	\$0.004600	216,995
	kWh	General Service Less Than 50 kW	22,838,459	\$0.004100	93,638
	kW	General Service 50 to 2,999 kW	166,526	\$1.628900	271,254
	kW	General Service 3,000 to 4,999 kW	43,874	\$1.921200	84,291
	kWh	Unmetered Scattered Load	419,344	\$0.004100	1,719
	kW	Sentinel Lighting	122	\$1.285600	157
	kW	Street Lighting	3,066	\$1.259300	3,861
	TOTAL				671,915
Wholesale Market Service	Customer		2009 rate (\$/kWh):		\$0.00520
	Class Name		Volume		Amount
	kWh	Residential	47,172,831		245,299
	kWh	General Service Less Than 50 kW	22,838,459		118,760
	kWh	General Service 50 to 2,999 kW	67,481,331		350,903
	kWh	General Service 3,000 to 4,999 kW	21,969,645		114,242
	kWh	Unmetered Scattered Load	419,344		2,181
	kWh	Sentinel Lighting	45,820		238
	kWh	Street Lighting	1,165,253		6,059
	TOTAL				837,682
Rural Rate Protection	Customer		2009 rate (\$/kWh):		\$0.00100
	Class Name		Volume		Amount
	kWh	Residential	47,172,831		47,173
	kWh	General Service Less Than 50 kW	22,838,459		22,838
	kWh	General Service 50 to 2,999 kW	67,481,331		67,481
	kWh	General Service 3,000 to 4,999 kW	21,969,645		21,970
	kWh	Unmetered Scattered Load	419,344		419
	kWh	Sentinel Lighting	45,820		46
	kWh	Street Lighting	1,165,253		1,165
	TOTAL				161,093

Question #44

Reference: i) VECC #11 b)

- a) Contrary to the response, the “rates” set out in the tables appear to include the LV adder (since LV charges are removed as a bottom line adjustment). Please indicate what the variable rates and revenues are by customer class – excluding the LV charges.

Response:

Please see the below table showing the volumetric charges excluding LV charges as requested.

2009 Test - August 15, 2008 Submission						Transformer Ownership Allowance						
Customer Class	E3/T1/S2	Customers	kwh	kW	Volumetric Charge Excluding		kW	\$ Allowance	Revenue		Total Revenue	Difference Due To Rounding
					Fixed Charge	LV			Revenue	Variable Revenue		
Residential	\$ 1,544,673	5,710	45,046,630		\$ 14.00	\$ 0.0129			\$ 959,280	\$ 583,187	\$ 1,542,467	\$ 2,206
General Service Less Than 50 kW	\$ 479,621	687	21,809,071		\$ 15.44	\$ 0.0161			\$ 127,287	\$ 351,844	\$ 479,131	\$ 490
General Service 50 to 2,999 kW	\$ 531,238	53		166,526	\$ 130.45	\$ 3.0458	98,235	(0.60)	\$ 82,966	\$ 448,269	\$ 531,236	\$ 2
General Service 3,000 to 4,999 kW	\$ 89,042	1		43,874	\$ 558.28	\$ 2.4673	43,180	(0.60)	\$ 6,699	\$ 82,343	\$ 89,042	\$ 0
Unmetered Scattered Load	\$ 10,959	2	400,443		\$ 16.65	\$ 0.0263			\$ 400	\$ 10,550	\$ 10,950	\$ 9
Sentinel Lighting	\$ 2,027	35		122	\$ 2.72	\$ 7.2542			\$ 1,142	\$ 885	\$ 2,027	\$ 0
Street Lighting	\$ 82,193	1,658		3,066	\$ 2.36	\$ 11.4931			\$ 46,955	\$ 35,238	\$ 82,193	\$ 0
Total Distribution Revenue	\$ 2,739,753										\$ 2,737,046	\$ 2,707

2009 Test-December 15, 2008 Submission						Transformer Ownership Allowance								
Customer Class		Customers	kwh	kW	Volumetric Charge Excluding		kW	\$ Allowance	Fixed Revenue		Variable Revenue		Total Revenue	Difference Due to Rounding
					Charge	LV								
Residential	\$ 1,540,475	5,710	45,046,630		\$ 14.00	\$ 0.0129			\$ 959,280	\$ 583,246		\$ 1,542,526	\$ (2,051)	
General Service Less Than 50 kW	\$ 478,318	687	21,809,071		\$ 15.44	\$ 0.0161			\$ 127,287	\$ 351,530		\$ 478,817	\$ (499)	
General Service 50 to 2,999 kW	\$ 529,794	53		166,526	\$ 130.45	\$ 3.0372	98,235	(0.60)	\$ 82,966	\$ 446,830		\$ 529,797	\$ (2)	
General Service 3,000 to 4,999 kW	\$ 88,800	1		43,874	\$ 558.28	\$ 2.4618	43,180	(0.60)	\$ 6,699	\$ 82,101		\$ 88,801	\$ (1)	
Unmetered Scattered Load	\$ 10,929	2	400,443		\$ 16.65	\$ 0.0263			\$ 400	\$ 10,539		\$ 10,939	\$ (9)	
Sentinel Lighting	\$ 2,022	35		122	\$ 2.72	\$ 7.2091			\$ 1,142	\$ 880		\$ 2,022	\$ (0)	
Street Lighting	\$ 81,969	1,658		3,066	\$ 2.36	\$ 11.4203			\$ 46,955	\$ 35,015		\$ 81,969	\$ (0)	
Total Distribution Revenue	<u>\$ 2,732,308</u>											<u>\$ 2,734,870</u>	<u>\$ (2,562)</u>	

Question # 45

Reference: i) VECC #16 a) & b)

- a) Please provide a response to part (b) as originally posed and indicate what the prioritization process identified as the “high priority” activities/requirements for 2008 and 2009.

Response:

The high priority activities / requirements identified are the replacement of high and low voltage connections that showed up as “hot spots”. By taking a proactive approach and repairing these switches CWHL is able to eliminate unplanned outages or interruption of service.

Through our ongoing benchmarking of substation transformer oil we can determine that the oil was not compromised and that no action is required at that time.

The low unplanned outages of our distribution system are directly attributable to CWHL proactive approach of the annual tree trimming program.

Question #46

Reference: i) VECC #22

- a) Please provide the rationale for the 1.42% uplift factor that is applied to the 2007 costs in order to obtain 2009 values.

Response:

Centre Wellington Hydro took Hydro One actual costs for 2007 then looked at the actual cost for 2008 and estimated the future cost based on information available which resulted in an uplift of 0.89% for 2008 and 0.52% increase for 2009 for a total increase of 1.42% or \$11,476 for Network charges and \$9,528 for Connection Charges over 2007 Actual charges.

Question #47

Reference: i) VECC #25

- a) Please explain what the values in Account 1550 represent and why they are a more reasonable allocator to use than say kWhs by class.

Response:

The values in LV Variance account #1550 represents the net of the revenues derived from the difference between Billed-LV (Account #4075) and Charges-LV (Account #4750) from Hydro One Networks for all customer classes.

Refunding of LV Variance based on actual Billed-LV to each class is a reasonable allocator since all customers are not billed on a kWh basis for LV charges. If you used kWh, you would not be refunding the overpayment on the same bases in which it was charged to the customer.

- b) What year's distribution revenues and kWh distribution is used to allocate accounts 1584, 1586 and 1508?

Response:

Account #1584 – Network Variance:

The method of allocation – Distribution revenue using 2009 normalized kWh load at 2008 Approved rates.

Account #1586 – Connection Variance:

The method of allocation – Distribution revenue using 2009 normalized kWh load at 2008 Approved rates.

Account #1508 – Other Regulatory Asset Variance:

The method of allocation – 2009 normalized kWh load.

Vulnerable Energy Consumers Coalition (VECC)
EB-2008-0225
Centre Wellington Hydro Ltd. – 2009 Electricity Distribution Rate
Application

E-Mail Question:

From: Bill Harper [mailto:bharper@econanalysis.ca]
Sent: Tuesday, January 20, 2009 9:38 AM
To: Florence Thiessen; adrian.pye@oeb.gov.on.ca; john.devellis@shibleyrighton.com; mbuonaguro@piac.ca
Cc: Doug Sherwood; david.proctor@sympatico.ca
Subject: RE: DRAFT Responses to 2nd Round of Interrogatories

Florence:

I've reviewed the draft VECC responses and the only one where I see the need for clarification is #35. I understand that the change in interest rate (i.e., 5.43% to 3.35%) on Regulatory Assets for 2008 and 2009 alters the Reserves at both the start and the end of 2009. I would have thought that the directional change would likely be the same in both cases – i.e., they would both either increase or decrease.

However, the opening balance decreases while the closing balance increases (from the values previously provided). Is it possible to briefly explain why this is the case.

Thank you
Bill Harper
416-348-0193

Response:

I would like to confirm that the revised reserve values as presented in the Manager's Summary with the Interrogatories submitted dated of December 15, 2008 are correct. I have reviewed the values and have determined that maybe the best way to show the change is in a table format as shown below.

The Reserves for 2009 shows a net decrease of (\$128,486). This is the result of Centre Wellington Hydro proposing to dispose of the December 31, 2007 audit account balances for those items highlighted in yellow over the next three years by way of a rate rider and projected increases in the regulatory assets for 2008 and 2009.

In the PILs model the “financial statement reserves (not deductible) Sch 13” (Year end balances) is shown on T2 S1 Line #126 of the tax return in the amount of \$1,118,905 and “reserves from financial statements – balance at beginning of the year” is shown on T2 S1 Line #414 in the amount of \$1,247,391.

	Dec 2007 Audited Balances	Dec 2008 Projections	Dec 2009 at Existing Rates	Dec 2009 Projections at New Rates	Change in Regulatory Assets 2008 to 2009
1508-Other Regulatory Assets	65,857	67,855	69,853	1,332	66,523
1518-RCVA Retail	55,972	57,672	59,373	59,373	(1,701)
1548-RCVA STR	1,489	1,536	1,582	1,582	(47)
1550-LV Variance Account	(102,276)	(105,609)	(108,944)	(2,223)	(103,386)
1555-Smart Meters Capital Variance Account	(59,293)	(61,202)	(63,112)	(63,112)	1,909
1556-Smart Meters OM&A Variance Account	25,778	26,612	27,446	27,446	(834)
1562-Deferred Payments in Lieu of Taxes	48,677	51,641	54,605	54,605	(2,964)
1563-Deferred PILs Contra Account	(48,677)	(51,641)	(54,605)	(54,605)	2,964
1565-CDM Expenditures and Recoveries	118,994	118,994	118,994	118,994	-
1566-CDM Contra Account	(118,994)	(118,994)	(118,994)	(118,994)	-
1580-RSVA WMS	(296,266)	(306,472)	(316,678)	(316,678)	10,206
1582-RSVA One-time	20,306	20,932	21,560	21,560	(627)
1584-RSVA NW	13,682	14,128	14,575	298	13,830
1586-RSVA CN	(702,247)	(725,648)	(749,050)	(15,601)	(710,047)
1588-RSVA Power	(137,557)	(146,817)	(156,077)	(156,077)	9,260
Dec 31-Regulatory Assets Balance without 1590	(1,114,556)	(1,157,013)	(1,199,470)	(442,099)	(714,914)
Account 1590-Recovery of Regulatory Assets	62,396	(5,379)	(5,560)	(591,807)	586,428
Total Regulatory Assets	(1,052,160)	(1,162,392)	(1,205,030)	(1,033,906)	(128,486)
Account 2306-Employee Future Benefits	(84,853)	(85,000)	(85,000)	(85,000)	-
Total Reserves	(1,137,013)	(1,247,392)	(1,290,030)	(1,118,906)	(128,486)
Changes in Reserves- Increases /(Decreases)		110,379	42,638	(128,486)	

The residual balances shown in column "Dec 2009 Projections at New Rates" in the regulatory accounts highlighted in yellow represents the interest that would be allocated to the 1590-Recovery of Regulatory Assets carrying charges for the period of May 1, 2009 to December 31, 2009.