Ontario

ONTARIO ENERGY BOARD

STAFF SUBMISSION

2009 ELECTRICITY DISTRIBUTION RATES

Innisfil Hydro Distribution Systems Ltd.

EB-2008-0233

January 29, 2009

Introduction

Innisfil Hydro Distribution Systems Limited (“Innisfil” or the “Applicant”) is a licensed electricity distributor serving approximately 7,800 customers within the Town of Innisfil. Innisfil submitted an application for 2009 electricity distribution rates on August 15, 2008 (“Application”). The Application was based on a future test year cost of service methodology.

On December 8, 2008, Innisfil filed with the Ontario Energy Board (the “Board”) its responses to the written interrogatories (“IRs”) from Board staff and other parties. On December 18, 2008, Innisfil filed with the Board its responses to the second round of written interrogatories. On January 8, 2009, Innisfil filed further clarification responses.

In Procedural Order No. 4, the Board determined that this application would proceed by way of a written hearing process, and sought submissions from the Board staff and parties to this proceeding.

The following issues are addressed in these submissions:

- Capital Expenditures: Magnitude of increases
- Asset Management Plan: Lack of asset conditions assessment
- Service Reliability: Absence of formal reliability improvement plan
- Cost of Capital and Capital Structure: Long-term debt rate
- Operating, Maintenance & Administrative Expenses: Magnitude of increase in contracted line crew costs and payroll costs
- Payments in Lieu of Taxes: Calculation of PILS
- Cost Allocation and Rate Design: Specific service charges

These submissions reflect observations and concerns which arise from Board staff’s review of the pre-filed evidence and interrogatory responses (“IRRs”) made by Innisfil, and are intended to assist the Board in evaluating Innisfil’s application and in setting just and reasonable rates.

Capital Expenditures

Background

Innisfil's original application proposed capital expenditures of $6,497,892 million in 2009. That figure was subsequently revised downwards to $5,167,342 through responses to interrogatories and in particular the VECC Round 2 IRR (the "Update")[1]. This represents an increase of approximately 92% compared to the 2008 projected level of $2,692,560, as revised downwards from $3,442,560 through the Update, and an increase of approximately 248% compared to 2007 actual capital expenditures of $1,485,248.

Discussion and Submission

Table 1 lists the year-over-year percentage change in capital expenditures from 2007 actuals to the 2009 Test year.

Table 1[2]

	2007 Actual	2008 Bridge	2009 Test
Capital Expenditures	$1,485,248	$2,692,560	$5,167,342
% change as compared to the prior year		81.3%	91.9%

Innisfil's evidence outlines its five-year capital plan. This plan shows capital expenditures projected to be at approximately $2.7 million in 2008, rising to approximately $5.2 million in the 2009 Test year and in the range of $3.9 to $4.3 million in the 2010 to 2012 period[3].

Innisfil's application provided a breakdown of its forecast capital expenditures for the 2009 Test year, as revised in the Update. This indicated that the key areas responsible for the $2.5 million forecast increase in capital expenditures in 2008/2009 were customer demand and reliability, as well as infrastructure replacement, betterments, and capacity.

The first of these key areas was an increase in Innisfil's expenditures in the customer demand category, from approximately $1 million in 2008 to $2.3 million in 2009, or an increase of $1.3 million, based on the information provided in the Update. Innisfil

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[1] VECC Round 2 IRR January 8, 2009

[2] Based on Exhibit 2/Tab 3/Schedule 1

[3] Board staff interrogatory IR #3.3

indicates that a key reason for this increase is a road widening project related to an underground relocation and urbanization of Innisfil Beach Road section one. This project had been scheduled to take place over a four year period beginning in 2008 and Innisfil's application, as filed, contained cost estimates of $750,000 for 2008 and $788,800 for 2009 for this project.

Innisfil stated in the Update, however, that the beginning of the project had been delayed from 2008 until 2009 and the cost for the first phase had increased from $750,000 to $1,050,000. The overall effect of the Update on the costs of this project was a decrease of $750,000 in 2008, due to the one-year delay and an increase in 2009 from the originally budgeted level of $788,800 to $1,050,000. Innisfil explained that Phase One of the project involved utility relocates and that without a completed streetscape design, it had estimated these costs at $750,000 for 2008 budgetary purposes. However, when the streetscape design was completed in the fall of 2008, the actual engineering design had come in at a cost of $1,050,000. Due to the need to wait for final approvals by the Town Council and property acquisitions for the road widening, the start date had been moved to Spring 2009.

The other significant increase in the customer demand category related to utility relocates for which Innisfil budgeted $266,900 in 2009, representing an increase of the same amount over 2008 levels, as there were no expenditures shown for this category in 2008. Innisfil stated that these expenditures were due to construction projects in the County of Simcoe ranging from road widening to traffic signal installations. Innisfil stated further that two of the five draft plans had been received and reviewed at the time of the application, of which one, located at Innisfil Beach Road and 20th Side Road, had a large scope of work including relocating approximately 8 spans (seven poles) of double circuited 44,000 Volt sub-transmission. The second plan consisted of relocating eight poles on the Seventh Line and 20th Side Road. Three of these poles support the 44,000 Volt sub-transmission system and the remainder have single and three phase circuits. Innisfil stated that the three remaining plans, although confirmed by the County, had not yet been issued or included in the 2009 Test Year projects.

The second significant area of increase in the capital budget relates to reliability. Innisfil's budgeted reliability expenditures are anticipated to increase from $495,700 in 2008 to $1,367,026 in 2009, which is an increase of $871,326. In its application, Innisfil stated that the main driver for its investments in this area is an analysis of measures that could be undertaken to improve its reliability performance as measured by the SAIDI, SAIFI and CAIDI indices.

The first of these key projects is the 9M3 9M6 Extension, involving a line extension of double circuit 44,000 Volt sub-transmission. The cost of this project was estimated at $853,000 in the application, as filed, and subsequently revised downwards to approximately $730,000 in the Update. Innisfil stated that the reason for undertaking this project was that two feeder positions had become available from Hydro One out of the Alliston Transformation Station and with the anticipated load growth for Innisfil, it was determined that the two feeders would be utilized by Innisfil not only for growth, but also for backup to the other three sub-transmission feeders into Innisfil. Accordingly, approximately 4 km of double circuit 44,000 Volt sub-transmission is to be built as well as other related equipment, which Innisfil stated should provide enough capacity until 2022.

The second key project relating to reliability is the installation of four load interruptors at a approximate cost of $291,000. Innisfil stated that each of these switches would replace an aging or obsolete airbreak or midspan opener location.

The third key area of increase in Innisfil's capital budget relates to capacity. Expenditures in this area are anticipated to increase from zero in 2008 to $389,900 in 2009. The expenditures relate to phase two of the Barrie M3 line extension, which Innisfil stated will provide redundancy for both the Kempenfelt Center and Big Bay Point DS 44,000 Volt stations. Innisfil stated that, upon completion, this line would loop these stations together for better reliability, dramatically reducing restoration times in the event of an emergency. Innisfil further stated that the 2009 portion of this project would significantly reduce the reliability reporting in outage conditions as well as create new alternatives for scheduled switching and work protection.

The final key area of increase in the capital budget is infrastructure replacement and betterments. These expenditures are anticipated to increase by an amount of $236,001, from $612,955 in 2008 to $848,956 in 2009. The scope of this project is anticipated to include several categories of betterment replacements such as replacement of 100 porcelain 27,600/16,000 Volt and 8,320/4,800 Volt distribution class cutout switches, 30 spans of secondary buss and 40 dead end insulators.

Board staff and other parties asked Innisfil a number of interrogatories related to its justification for accelerating capital expenditures.[4]

One Board staff interrogatory[5] noted that Innisfil was proposing a substantial increase in its capital program for 2009 and requested that Innisfil provide an explanation of the

[4] Board staff interrogatories #3.1 - #3.3, Energy Probe interrogatories #22 - #24, SEC interrogatory #5, #9, #10 - #13, VECC #9, #10

measures it had undertaken, or would undertake to execute capital program projects in the most cost-effective way and also to state why Innisfil believed it had the capacity to complete such a large capital program in 2009.

In its response, Innisfil stated that it had undergone a competitive bidding process (tender) to choose an overhead line contractor, underground capital works would be undertaken via a public tender and materials would be sourced by lowest cost methods (multiple bids/tenders). Innisfil further stated that it had no reason to doubt its ability to complete the capital program in 2009 as engineering was predominantly done in-house, except for guard rails and urbanization, while all physical construction is contracted out and labour, equipment and material shortages are not expected, especially if there will be a construction slow down.

Board staff invites parties to comment on whether or not Innisfil has adequately justified its proposed increase in the 2009 capital expenditure budget.

Asset Management

Innisfil provided its asset management plan in Exhibit 2 Tab 1 Schedule 1 Appendix A of its evidence. The Applicant stated that in managing its distribution system assets, its main objective is to optimize performance of the assets at a reasonable cost with due regard for system reliability, safety and customer service requirements. Innisfil stated that its asset management plan sets out its processes for determining the necessary distribution system investments to ensure safe, reliable delivery of electricity to its customers.

In response to a Board staff interrogatory[6], which asked whether Innisfil had utilized any asset condition study in developing its asset management plan, the Applicant stated that it was mindful of asset conditions as a precursor to yearly budgets and five year plans, but that it had not undertaken an asset condition study from an outside agency which it had estimated would cost around $40,000.

Where large capital and maintenance programs are required, Board staff submits that undertaking asset condition assessments including diagnostic testing to determine conditions of assets may be the optimal means of identifying, prioritizing, and selecting value-added capital investment and maintenance programs.

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[5] Board staff interrogatory #3.1
[6] Board staff interrogatory #3.4

Innisfil stated that in the past six years, its capital growth requirements had been slow and in 2007, even negative, reflecting the maturing development of the Innisfil distribution system. Innisfil noted, however, that both population and employment were projected to increase by more than 100% within the next 25 years and this municipal growth is fueling the need for capital expansion within its rate application. Board staff invites parties to comment on the extent to which Innisfil's capital plan supports the timing of and its proposed significant increases in capital expenditures.

Service Reliability

Innisfil was asked in a Board staff interrogatory[7] to provide a listing of the service reliability indicators maintained and used and their actual values for the years 2002 through 2007, as well as its 2008 and 2009 reliability improvement targets, if any, for the SAIDI, SAIFI and CAIDI indicators. In addition, in the event that Innisfil had established reliability improvement targets, it was asked to provide a copy of the plan that identifies programs or projects that Innisfil plans to undertake to achieve these targets. In its response to this interrogatory, Innisfil provided a table that is reproduced below:

Table 2

YEAR[8]	SAIDI	SAIFI	CAIDI
2002	1.93	1.71	1.13
2003	4.90	2.68	1.83
2004	0.83	0.76	1.09
2005	2.14	1.79	1.19
2006	0.70	0.60	1.16
2007	0.76	1.25	0.60
2008	1.16	1.19	0.98
2009	0.85	0.99	0.86

SAIDI: "System Average Interruption Duration Index" measured as "Hours per Customer"
SAIFI: "System Average Interruption Frequency Index" measured as "Interruptions per Customer"

[7] Board staff interrogatory #3.6

[8] 2002 to 2007 are actuals, 2008 and 2009 are targets

CAIDI: “Customer Average Interruption Duration Index” measured as “Hours per Interruption”

Innisfil stated further that the majority of power interruptions in its service territory are caused by tree contact and loss of supply. Innisfil stated that in response to this, it had increased the frequency of tree trimming and is planning to build two new 44kV feeders to address these primary issues and improve reliability, as has been outlined in the capital expenditures section of this submission. Innisfil stated, however, that a formal plan related to service reliability had not been created.

Board staff invites parties to comment on the adequacy of Innisfil’s reliability performance and on its plans to address system reliability in the stated absence of a formal plan related to service reliability as well as the linkage of service reliability to asset management.

COST OF CAPITAL

Background

Innisfil provided its proposed Cost of Capital in Exhibit 6 of its Application. The following table summarizes its proposals in this area:

Table 3

Cost of Capital Parameter	Applicant’s Proposal
Capital Structure	Requesting Board approval of a capital structure of 56.67% debt and 43.33% equity. This is to comply with the *Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario’s Electricity Distributors*, issued December 20, 2006 (the “Board Report”).
Short-Term Debt	Requesting a 4% short-term debt component with a rate of 4.47% in accordance with the letter from the Board of March 7, 2008 regarding cost of capital updates for 2008 cost of service applications, consistent with the Board’s Report
Long-Term Debt	Proposing a weighted debt cost rate for 2009 of 6.93%.
Return on Equity	Proposing a return on equity rate for the 2009 Test year of 8.57% in accordance with the Board’s letter of March 7, 2008 regarding cost of capital updates for 2008 cost of service applications consistent with the Board’s Report.

Discussion and Submission

Long-term debt

Innisfil has proposed a weighted debt cost rate for 2009 of 6.93%, which is forecasted to consist of three instruments:

- Note payable, issued in 2007, with a principal amount of $2.1 million due to the Town of Innisfil, a proposed rate of 3.35% and a two year term;
- Debentures, issued in 1995, with a principal amount of $5.0 million due to the Town of Innisfil, a proposed rate of 9.75% and a 20 year term; and
- A bank loan, to be issued May 1, 2009, with a principal amount of $1.87 million due to Infrastructure Ontario, a proposed rate of 5.08% and a 25 year term.

Section 2.2.1 of the Report of the Board on Cost of Capital and 2nd Generation incentive Regulation for Ontario's Electricity Distributors dated December 20, 2006 states:

> "**For all variable-rate debt and for all affiliate debt that is callable on demand the Board will use the current deemed long-term debt rate**. When setting distribution rates at rebasing these debt rates will be adjusted regardless of whether the applicant makes a request for a change." [Emphasis in original]

Board staff notes that Innisfil's 9.75% debentures are due to an affiliate, the Town of Innisfil; however, this debt was issued before 2000 requiring the use of the actual debt rate for rate-making purposes, rather than the lower of the actual and deemed rates.

Where the bank loan to be issued May 1, 2009 to Infrastructure Ontario is concerned, Innisfil was asked in a Board staff interrogatory, to provide a more detailed explanation as to how the 5.08% assumed rate was determined. Innisfil stated that it has registered in the pre-application process with Infrastructure Ontario, which Innisfil stated is a Crown Corporation dedicated to building and renewing public infrastructure. Innisfil stated that Infrastructure Ontario offered the following benefits: (1) affordable borrowing rates, (2) all capital expenditures are eligible for financing, (2) long terms up to 40 years, (4) no extra fees, or need to refinance and (5) hassle-free access to capital market financing if necessary.

Innisfil stated that it had requested a quote on a 25 year serial loan for $3,950,000 (subsequently revised down to $1,869,450 in the Update) and had received a rate of 5.08% as of May 16, 2008. Innisfil stated that it had utilized this calculation within its rate application based on the reasonableness of the estimate as of the end of May 2008. Innisfil noted, however, that as of October 31, 2008, the 25 year Infrastructure Ontario rate for a serial loan was 6.17%.

Innisfil proposed that at the time final rates were determined, the debt rate to be used for the 25 year serial loan would be set based on the debt rate quoted by Infrastructure Ontario at the time the Board sets the deemed long and short term debt rates and rate of return on equity for 2009 cost of service/rebased applicants.

Board staff invites parties to the proceeding to provide any comments they may have on the rates proposed to be imputed on Innisfil's debt.

OM&A Costs

Background

Innisfil's Summary of Operating Costs is found at Exhibit 4 Tab 1 Schedule 1 Page 1 of the Application ("Summary"). The 2009 Total Controllable OM&A Expenses forecast is $3,946,120. This represents a 24.4% (or $772,780) increase compared to the 2007 actual level and a 36.2% ($1,049,500) increase compared to the 2006 actual level.

Discussion and Summary

Using the Applicant's Summary as its base, Board staff created two different tables and asked interrogatories concerning each table to clarify the drivers related to the year over year increase in Total OM&A Expenses.

Table 4 below summarizes the key components of Innisfil's operating costs for the 2006 Board approved and actual, 2007 actual, 2008 bridge, and 2009 test years. Table 5 highlights the significant sources of variance for OM&A expenses:

Table 4

	2006 Board Approved	2006 Actual	2007 Actual	2008 Bridge	2009 Test
Operation	$ 494,922	$ 600,374	$ 639,277	$ 733,700	$ 778,575
Maintenance	$ 452,465	$ 416,921	$ 489,578	$ 580,100	$ 657,080
Billing & Collections	$ 808,784	$ 829,894	$ 923,175	$ 950,950	$ 1,010,600
Community Relations	$ 8,290	$ 60,213	$ 49,890	$ 10,600	$ 11,700
Administrative and General Expenses	$ 1,216,272	$ 989,218	$ 1,071,420	$ 1,237,175	$ 1,463,165
Additional Requests: IFRS					$ 25,000
Total OM&A Expenses	$ 2,980,733	$ 2,896,620	$ 3,173,340	$ 3,512,525	$ 3,946,120

Table 5

	2006 Board Approved	Variance 2006/2006	2006 Actual	Variance 2007/2006	2007 Actual	Variance 2008/2007	2008 Bridge	Variance 2009/2008	2009 Test	Variance 2009/2007	Variance 2009/2006
Operation	494,922	105,452	600,374	38,903	639,277	94,423	733,700	44,875	778,575	139,298	178,201
		21.3%		*6.5%*		*14.8%*		*6.1%*		***21.8%***	***29.7%***
Maintenance	452,465	-35,544	416,921	72,657	489,578	90,522	580,100	76,980	657,080	167,502	240,159
		-7.9%		*17.4%*		*18.5%*		*13.3%*		***34.2%***	***57.6%***
Billing & Collections	808,784	21,110	829,894	93,281	923,175	27,775	950,950	59,650	1,010,600	87,425	180,706
		2.6%		*11.2%*		*3.0%*		*6.3%*		***9.5%***	***21.8%***
Community Relations	8,290	51,923	60,213	-10,323	49,890	-39,290	10,600	1,100	11,700	-38,190	-48,513
		626.3%		*-17.1%*		*-78.8%*		*10.4%*		***-76.5%***	***-80.6%***
Administrative and General Expenses	1,216,272	-227,054	989,218	82,202	1,071,420	165,755	1,237,175	225,990	1,463,165	391,745	473,947
		-18.7%		*8.3%*		*15.5%*		*18.3%*		***36.6%***	***47.9%***
Additional Requests: IFRS									25,000		
Total OM&A Expenses	**2,980,733**	**-84,113**	**2,896,620**	**276,720**	**3,173,340**	**339,185**	**3,512,525**	**433,595**	**3,946,120**	**772,780**	**1,049,500**
		-2.82%		9.55%		10.69%		12.34%		**24.35%**	**36.23%**

Innisfil confirmed the accuracy of each of the tables through its response to a Board staff interrogatory[9], but amended the tables to provide updated figures. Board staff notes that the update was non-material in nature. Board staff has modified tables 4 and 5 to include an additional request made by Innisfil through its interrogatory responses.

To assist in understanding the increases in Total Controllable OM&A expenses identified in Table 5, Innisfil provided a listing of the cost drivers in response to a Board staff interrogatory[10], as shown in Table 6 below. The table starts with the opening OM&A balance of $2,992,925 for 2006 Board approved costs and ends with the proposed closing OM&A balance of $3,946,120 in the 2009 test year.

[9] Board Staff interrogatory #1.2a

[10] Board Staff interrogatory #1.2b

Table 6

		2006		2007		2008		2009
Opening Balances	$	2,992,925	$	2,906,371	$	3,183,319	$	3,522,825
OEB reclassification	$	(351,000)	$	32,000	$	-	$	-
Payroll Changes	$	161,000	$	35,000	$	168,000	$	151,000
Change in cost of service providers	$	17,000	$	41,000	$	(13,000)	$	82,000
Change in cost of contractors	$	(40,000)	$	71,000	$	74,000	$	72,000
Inflation	$	126,446	$	97,948	$	110,506	$	103,895
Sub-Total	**$**	**2,906,371**	**$**	**3,183,319**	**$**	**3,522,825**	**$**	**3,931,720**
Less Property Taxes	$	9,751	$	9,979	$	10,300	$	10,600
Closing Balances (prior to additions)	**$**	**2,896,620**	**$**	**3,173,340**	**$**	**3,512,525**	**$**	**3,921,120**
Additional Requests: IFRS	$	-	$	-	$	-	$	25,000
Closing Balances	**$**	**2,896,620**	**$**	**3,173,340**	**$**	**3,512,525**	**$**	**3,946,120**

Board staff notes that the majority of the increase in 2009 OM&A expenses compared to 2006 is a result of inflation, staff changes, 2009 rate rebasing costs, IFRS, and distribution system maintenance.

Payroll Changes

Board staff notes that an examination of Table 6 shows a 41%, or $319,000 proposed increase for 2009 compared to its 2007 actual. This is a result of new full-time and part-time hires, payout for retirees, overtime costs, training costs, additional management costs, payroll costs, and post retirement benefits. Board staff submits that costs related to payroll changes have significantly increased and invites comments from parties to the proceeding as to whether or not Innisfil has provided adequate justification for this cost increase.

Contracted Line Crew Costs

Innisfil is requesting approval of a $146,000 increase related to the increased costs of its contracted line crew. In its response to a Board staff interrogatory,[11] Innisfil stated that in January 2008 the non-union line contractor that had been utilized for the past several years was being sold to K Line Maintenance and Construction Ltd. In March 2008, Innisfil issued a tender for overhead and underground hydro utility line works to any interested contractors. The contract was awarded to K Line Maintenance and Construction Ltd.

[11] Board Staff interrogatory #1.2c

because it provided the lowest price increase. The cost overall of the line crew work is expected to increase in excess of 20% in 2008 and 2009. This is reflected in the maintenance and capital addition costs.

In its set of interrogatories, SEC questioned Innisfil as to whether it had considered the possibility of performing its line crew work in-house. In its response to SEC, Innisfil stated that it did consider the possibility but it would require between one to two years lead time to establish a line crew. This would include the hiring and training of staff with the purchase of tools, equipment, trucks, and trailers.[12]

Board staff would invite comments from parties to the proceeding as to whether Innisfil has adequately explored alternate options to contracting line work as opposed to accepting a significant increase in costs.

Furthermore, in 2008 and 2009, the estimated increase in the various operations and maintenance accounts are $74,000 and $72,000, respectively. Board staff notes that in Innisfil's rate application, the estimated increase for 2009 is $62,000. This results in a total increase of $136,000. Board staff submits that Innisfil was not consistent in filing its documentation regarding line crew costs.

PILs

Background

In the Board's PILs methodology for 2002, 2005 and 2006 EDR applications, the Board approved three blended income tax rates for the application process. One was the minimum, one was the maximum, and the third was an income tax rate that was calculated to represent a utility somewhere towards the middle of the range. For 2009, the published federal and Ontario combined maximum enacted income tax rate is 33%. Those businesses eligible for the small business deduction have a combined income tax rate of 16.5%. Thus, the applicable blended income tax rate for a distributor lies between the minimum rate of 16.5% and the maximum rate of 33%. The rate between these limits principally varies based on the company's taxable income.

[12] Innisfil's response to SEC's Interrogatory #13, page 9

Applicants filed in 2008 EDR without the assistance of a Board-approved model. This allowed each distributor to calculate an income tax rate specific to its individual regulatory tax situation. Thus, there was no pre-set tax rate between the minimum and the maximum tax rates that were established by the Board.

The Board's established PILs methodology derives regulatory net income as follows: rate base multiplied by equity component multiplied by ROE%. The resulting taxable income from this starting point determines the tax rate to be used in calculating the grossed-up PILs amount. Grossed up PILs are then added back to derive revenue requirement.

Discussion and Submission

Innisfil's evidence[13] contained detailed tax calculations which showed a regulatory income tax amount of $575,915 as payable in the 2009 Test year. This was based on an assumed tax rate of 33%.

Board staff asked Innisfil an interrogatory related to its use of the 33% tax rate.[14] Innisfil responded with a breakdown of the components of the 33% rate.

Innisfil seems to have calculated an income tax rate by adding the grossed-up PILs, already computed, to the regulatory net income. Innisfil's methodology results in a higher tax rate. Adding the PILs tax amount to the regulatory net income produces a higher taxable income. Innisfil's method diverges from the Board's established methodology. Board staff estimates that Innisfil is requesting approximately $31,000 more in PILs using its methodology than would otherwise arise using the Board's established methodology. Board staff notes that this amount is less than 0.50% of the base revenue requirement.

Parties may wish to comment on the Applicant's methodology, and on the selection of the applicable income tax rate.

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[13] Exhibit 4 Tab 3 Schedule 1

[14] Board staff interrogatory #5.1

Cost Allocation and Rate Design

Specific Service Charges

Background

On Page 3 of Exhibit 3, Tab 2, Schedule 3 of the Application submitted on August 15, 2008, Innisfil proposes a change in the account set up charge from the current $15 to $30 to better reflect the approximate cost based on the standard fee in the 2006 EDR.

Discussion and Submission

On Page 1 of Exhibit 1, Tab 1, Schedule 6 submitted in the Applicant's evidence on December 8, 2008, Innisfil lists the specific approvals it is requesting, including, "Approval to continue the Specific Service Charges and Transformer Allowance approved in the OEB's Decision and Order in the matter of Innisfil Hydro's 2006 distribution rates [RP-2005-0020/EB-20005-0382]"; however, Board staff notes that the Schedule of Proposed Tariff of Rates and Charges submitted on December 8, 2008 still shows an account set up charge of $30. Board staff submits that Innisfil was not consistent in filing its documentation in this instance.

- All of which is respectfully Submitted -

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