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March 2, 2009

Board Secretary  
Ontario Energy Board  
PO Box 2319  
2300 Yonge St., 27<sup>th</sup> Floor  
Toronto ON, M4P1E4

**RE: Northern Ontario Wires (NOW) 2009 Rate Application –  
Reply Submission (EB-2008-0238)**

NOW is providing final submission on the above noted matter.

NOW is filing the responses and associated attachments via:

- OEB web portal (pdf)
- Hard Copies
  - 2 paper copies via courier
  - Email containing PDF & DOC file formats
- Email to all registered interveners

If there is any difficulty in opening any files, please contact me directly.

Sincerely,

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**IN THE MATTER** of the *Ontario Energy Board Act 1998*,  
Schedule B to the *Energy Competition Act*, 1998, S.O. 1998, c.15;

**AND IN THE MATTER OF** an Application by Northern Ontario Wires  
Inc. for an Order or Orders approving just and reasonable rates and other  
service charges for the distribution of electricity, effective May 1, 2009.

**REPLY SUBMISSION**

**OF THE**

**APPLICANT – NORTHERN ONTARIO WIRES (NOW)**

**Overview**

These are the submissions of the Applicant – Northern Ontario Wires (NOW) for an order fixing just and reasonable rates for the distribution of electricity effective May 1, 2009.

NOW has received final submissions from OEB Staff and two interveners, School Energy Coalition (SEC) and Vulnerable Energy Consumer Coalition (VECC). As these submissions overlap NOW is providing one reply submission.

As suggested in the OEB Staff submission, NOW will be providing an updated revenue requirement and bill impacts resulting from changes identified and agree upon.

**Rate Base**

**Working capital changes**

VECC has correctly identified that the Working Capital allowance had not been updated to include the Jan. 2009 increase in Uniform Transmission Rates. This was an intentional omission as NOWs thought was to update this value along with Commodity Pricing upon rate approval. Upon further consideration, this may not be the most fluid option in this process. As NOW is changing various other aspects of the application, the Working Capital will also be updated to include the change in Transmission Rates, Low Voltage Costs and Street Light load (discussed below).

NOW has increased the Network costs contained in the working capital calculation by 11.26% and the connection costs by 5.45%. These increases align with the percentage increases contained within the retail transmission rate derivation contained later in this submission.

### **Payment in Lieu of Taxes (PILs)**

#### **Adjustments**

NOW has removed the interest adjustments suggested by both Board Staff and Interveners.

#### **CCA rates**

As indicated in NOWs IR responses to VECC IR # 15, we have adjusted the CCA rate for the computer additions and the adjusted revenue requirement reflects this change.

### **Operations, Maintenance and Administration**

#### **Staffing Costs**

##### *Lineman Increase*

NOW provides the following information to clarify the change in numbers reported for this item. NOW's responses to the OEB Interrogatories dated December 11, 2008 indicated \$20,000 annually for the anticipated increase in lineman compensation to achieve parity with the industry. This amount was changed to \$17,803 in our January submission due to recent contract negotiations which has provided for more accurate and final numbers. The \$17,803 was not contained within the original submission and has been included in this submission as an adjustment to the revenue requirement.

##### *Electric Superintendent Replacement*

The Board has requested NOW indicate how it plans to record the "early hiring/training costs" in the OM&A accounts with the options being to recognize them as they are incurred ( i.e. 2009 and 2010) or amortized (to OM&A) over four years commencing in 2009. NOW was planning to recognize these costs as they are incurred and had not considered the later to be an option as this is not typical accounting treatment for costs of this nature. If the Board is suggesting NOW should indeed amortize these costs to match the four year rate period is the Board proposing similar accounting treatments for other such non-recurring costs? NOW furthermore respectfully requests that the Board direct us to the relevant section of the OEB Accounting Standards Handbook that provides for this deferral of costs. If the Board feels that deferral and amortization

is an acceptable or more appropriate method for these costs, NOW is willing to consider this option.

While six months may be adequate training time in typical conditions NOW feels a full year is necessary to provide adequate time to train a replacement and ensure they are familiar with the specifics of our organization and infrastructure. We serve three communities with some distance between them and each with their own sub-station(s) and related infrastructure. Furthermore NOW is currently undertaking some projects that we expect will require additional training time given the absence of the replacement during the preliminary planning and implementation stages.

The Board has indicated concerns with regards to a lack of information concerning the nature of training which would cost \$20,000. To clarify NOW's cost estimates; we expect an internally promoted replacement to cost a minimum of \$75,000 - \$80,000 in compensation expense while and external hire will be at least \$10,000 to \$20,000 higher. NOW has submitted conservatively for this item by requested \$80,000 instead of \$90,000 to \$100,000. An internal hire may reduce the training time on some aspects since the individual would already be familiar with the organization and infrastructure but would need to be trained both internally and externally on planning and supervisory items. Any external training costs would be incremental to the \$80,000 requested and training time saved on infrastructure knowledge would be offset on internal planning and supervisory training. NOW did not intend to suggest it would cost \$20,000 in external training if promotion from within.

NOW's original application did not include any recovery of the incremental \$80,000 training costs and have included an amortized value of \$20,000, per year of this rate regime, in this submission.

#### *Temp billing assistance*

NOW does concede that the Temporary Billing Assistance as currently identified will contribute to over recovery in periods where the temporary assistance is not utilized (years 2 – 4 of the IRM process). NOW agrees with the VECC submissions that this increased cost should be spread over the entire rate setting process (i.e.  $\frac{1}{4}$  recoverable each year) and will reduce the staffing costs by  $\frac{3}{4}$  of the \$10,500 in the base year or a reduction of \$7,875. This would leave \$2,625 in the base year expenses.

#### *Outside Contracted Services – Contract Negotiations*

NOW's original application included \$10,000 in 2008 for contract negotiations consultants. This work was actually performed in 2009 and as a result, the costs have been moved into the 2009 test year. As these costs do not occur every year, NOW has amortized these costs over 4 years and have included \$2,500 in USoA 5630 for 2009.

### 2009 Regulatory Costs

NOW confirms that the Management Fees of \$94,884 are included in the total charges of \$985,271 from the CTS affiliate for 2009.

NOW confirms that the Management Fees of \$94,884 is incremental to the reported compensation expense identified in E4/T2/S7 in the amount of \$1,191,628.

The additional costs of \$3,750 per year are the annualized value of the expected intervenor cost awards of \$15,000. This value should have been reduced by the \$1,075 already contained in account 5655 relating to cost awards. The annual additional value requested by NOW is reduced to \$2,675. Board Staff have indicated that these costs may be related to the response to interrogatories and submission, which is not correct. These costs are relating to intervenor cost awards and are incremental, NOW submits that the Board approves the increased recovery of \$2,675 annually.

### Other Interest Expense

NOW agrees that the revenue requirement has yet to be adjusted by the reduction in “Truck Loan Interest” totaling \$24,214. This adjustment will be included in the revised revenue requirement and bill impact provided in the summary section of this submission.

Upon further discussion and review, NOW also accepts the removal of interest expense on variance accounts (\$50,943) and deposit interest (\$6,119). The result is a further reduction of \$57,062 of “Other Interest Expense”. This is of course due to the concept of the “time value of money”.

The revised requested “Other Interest Expense” is \$6,300 relating purely to the fees associated with the IESO Letter of Guarantee.

The changes noted above will be incorporated into the revised revenue requirement totaling a reduction in “Other Interest Expense” of \$81,276 from NOW original application.

### Inflation

There have been various suggestions and submission regarding the proper inflation percentage to utilize. Board Staff are comfortable with the 3% as originally applied for while SEC suggest a factor of 1.2% based on 2008 results. While it is conceded that the actual GDP is 1.2% for 2008, this number does not necessarily reflect the Ontario economy nor does this value represent the experiences in Northern Ontario. On average, over 70% of LDC costs being directly related to labour expenses. In recent history private labour negotiations in the Province have seen public

sectors (Teachers) receive 2.5% to 3% increases, while we understand that LDC operate in a private market, past history shows a correlation between Public sector wage increases and the contract wanted by LDC union employees. NOW submits that these factors point towards an inflation value much higher than the 1.2% suggested by SEC.

### Low Voltage Costs

As discussed in VECC IR # 31b) NOW is reducing OM&A Expenses by \$219,054 as the LV charges should not be contained within the base distribution revenue. The value of \$219,054 has been updated to \$149,845 (during IR process). The \$149,845 has been incorporated into the Working Capital forecast and the expense will be offset by a Retail LV Rate as calculated below and included in variable distribution charges (similar to smart meter rate adder).

### Tree Trimming

NOWs original application (Ex 4, Tab 2, Sch. 3, Pg. 3) indicates an increase of \$10,000 in tree trimming costs in 2008 compared to 2007. NOW identified that \$5,000 of this increase was non-recurring and removed the costs from the test year. NOW submits that \$5,000 increase in tree trimming will be a ongoing expense and feels this is a proper item to recover in the requested revenue requirement.

### Load Forecast

#### Weather Normalization – NOW Specific adjustment

NOW has reviewed the three submissions relating to weather normalization (Board Staff, SEC & VECC). While we don't agree with all comments regarding the fact that NOW does not understand the NOW adjustment factor, we do concede that the exact calculations performed by Hydro One for the 2006 cost allocation load study are not known.

The NOW adjustment was an attempt to consider local factors when utilizing the IESO provincial weather normalization methodology. NOW does understand that this approach is not the best approach to use for weather normalization, however, it is the best available option in this rate application. Below is a comparison of 2009 weather normalized consumption both including and excluding the "NOW adjustment factor" and the associated percentage change.

Customer Class	Determinent	Including NOW Adjustment	Excluding NOW Adjustment	% Difference
Residential	kWh	41,161,457	41,485,951	0.8%
GS < 50 kW	kWh	21,858,575	21,827,114	-0.1%
GS > 50 kW	kWh	68,558,740	68,468,487	-0.1%
	kW	173,388	173,160	-0.1%

As shown above, the impact from this adjustment is very minor. The change in the direction of the difference (negative or positive) is due to the years utilized to derive the 2009 normalized consumption profile. As an example, the residential class uses a 2002 – 2007 time period to calculate the 2009 average load profile, while the General Service classes only use 2006 & 2007. Since the IESO weather correction are year specific the 2009 adjustment values above are not equal.

### Street Light Connections & Load

Part of the 2009 Forward Test Year Cost of Service Application for NOW outlined some concern with the files relating to customer counts and engineering calculated loads for the Street Light class. As part of this process, NOW organized an audit to accurately identify the connection counts and the associated loads for this customer class. This audit has now been finalized and the results are summarized below. As part of the 2009 rate process and considering all other adjustments made through out this process, NOW submits revised rate calculations based upon these revised Street Light connection and load counts. The application has been adjusted for customer load forecast, count forecast, working capital calculations rate design and bill impacts.

NORTHERN ONTARIO WIRES INC							
Streetlights - adjustments to STATS based on 2009 Counts Audit							
	COUNTS/CONNECTIONS				DEMAND		
	COUNTS per 2009 AUDIT	Rate Application	CHANGE		Load per 2009 AUDIT	Rate Application	CHANGE
Cochrane	385	489			1084.44	1381.8	
Kap	634	708			1809.96	1933.8	
IF	504	540			1468.68	1698.12	
<b>TOTAL</b>	<b>1,523</b>	<b>1,737</b>	<b>(214)</b>		<b>4,363</b>	<b>5,014</b>	<b>(651)</b>

The customer counts have been reduced by 12.3% and the demand by 12.9%. NOW has reduced the kWh associated with this customer class by 12.9% to ensure the working capital calculations are accurate. The original kWhs for 2009 were projected at 1,778,469 and have been adjusted to 1,549,046.

### **Cost of Capital Parameter Update**

As discussed in the IR process and in the original submission, NOW has utilized the Cost of Capital (CoC) Parameters outlined in the OEB communication date Feb. 24, 2009. The chart below summarizes the OEB determined CoC parameters and the utilized values in the updated NOW distribution revenue requirement.

<b>Parameter</b>	<b>OEB CoC Value</b>	<b>NOW Utilized Values</b>
Return on Equity	8.01%	8.01%
Long-Term Debt Rate	7.62%	5.10%
Short-Term Debt Rate	1.33%	1.33%

As NOWs debt is held by 3<sup>rd</sup> parties, NOW is using the actual weighted average debt rate experienced in 2009 as the debt return rate.

### **Cost Allocation and Rate Design**

#### **General Cost Allocation**

NOWs position is that the cost allocation as submitted is the proper methodology to employ when allocating 2009 distribution costs. NOW believes that moving all customers (with the exception of Street Lighting) to a 100% R/C percentage is correct and follows cost causality (the goal of the cost allocation study). It is understood, that moving the Street Light class to 100% (from 26%) is a large increase and as a result have proposed a movement to the bottom of the Board Staff target, 70%. Of course, the revenue shortfall from this allocation methodology leaves NOW short of their approved revenue and proposes to recover this shortfall equally from all customer classes (results in a 102.76% R/C ratio for all classes except Street Lighting).

NOW is willing to implement the cost allocation deemed appropriate by the Board Panel, however, does insist that 100% of the approved revenue requirement be recovered and insists that any phase-in approach for Street Lighting (or any other class) be recovered by some other means (e.g. offset from other rate classes).

NOW has not included any changes relating to the Unmetered Load class as referenced in the OEB Staff submission. The fixed charge is levied per connection; however, the cost allocation results for this class were based on an incorrect number of connections. As this also impacts the Hydro One load work performed in 2006 the error could not be corrected for this applicaiton. NOW submits that the current customer projection is accurate and is the basis on which rates should be determined.



### Fixed Charges

NOW still is of the belief that a balance of cost causality, rate stability and revenue stability should be utilized when setting the fixed / variable splits within customer classes and has utilized this approach in the final rates applied for in this submission.

Proposed Fixed / Variable splits are found in the rate design section of the summary later in this submission.

### LV Costs

As discussed above, the LV costs have been removed from the OM&A expenses and have been included in the Working Capital calculation. A retail rate has been derived below and will be utilized to off-set the LV expenses currently tracked in USoA 1550.

NOW proposes to include the retail LV rates as a rate rider on the variable charge similar to the treatment of the smart meter rate adder.

### Transformer Allowance

NOW has not utilized the proposed transformer cost adjusted Cost Allocation results in this submission. NOW submits that if deemed appropriate, by the Board Panel, a change is required to the proposed cost allocation methodology, the required change can be incorporated after approval of the revenue requirement.

### **Loss Factors**

NOW has revised the Loss Factor calculation in our submission to include a SFLF of 1.006 as suggested in Board Staff submissions. The resulting change in loss factors are incorporated into the revised bill impacts. A summary of the impact from this change is below.

#### LOSS ADJUSTMENT FACTOR CALCULATION

	2002	2003	2004	2005	2006	2007	Total	3 year average
A "Wholesale" kWh (IESO)	92,164,260	140,645,421	140,627,637	139,934,563	142,379,767	140,683,891	655,751,648	422,998,221
B Wholesale kWh for Large Use customer(s) (IESO)							-	-
C Net "Wholesale" kWh (A)-(B)	92,164,260	140,645,421	140,627,637	139,934,563	142,379,767	140,683,891	655,751,648	422,998,221
D Retail kWh (Distributor)	72,119,385	137,150,357	128,657,300	136,598,148	135,989,043	134,694,227	610,514,233	407,281,418
E Retail kWh for Large Use Customer(s) (1% loss)							-	-
F Net "Retail" kWh (D)-(E)	72,119,385	137,150,357	128,657,300	136,598,148	135,989,043	134,694,227	610,514,233	407,281,418
G Loss Factor [(C)/(F)]	1.2779	1.0255	1.0930	1.0244	1.0470	1.0445	1.0741	1.0386
H Distribution Loss Adjustment Factor								

<u>Total Utility Loss Adjustment Factor</u>	<u>LAF - Original</u>	<u>Revised</u>
<b>Supply Facility Loss Factor</b>	1.0045	1.006
<b>Distribution Loss Factors</b>		
<b>Secondary Metered Customer</b>		
Total Loss Factor - Secondary Metered Customer < 5,000kW	1.0386	1.0386
Total Loss Factor - Secondary Metered Customer > 5,000kW	1.0100	1.0100
<b>Primary Metered Customer</b>		
Total Loss Factor - Primary Metered Customer < 5,000kW	1.0282	1.0282
Total Loss Factor - Primary Metered Customer > 5,000kW	1.0000	1.0000
<b>Total Loss Factor</b>		
<b>Secondary Metered Customer</b>		
Total Loss Factor - Secondary Metered Customer < 5,000kW	1.0433	1.0448
Total Loss Factor - Secondary Metered Customer > 5,000kW	1.0145	1.0161
<b>Primary Metered Customer</b>		
Total Loss Factor - Primary Metered Customer < 5,000kW	1.0328	1.0344
Total Loss Factor - Primary Metered Customer > 5,000kW	1.0045	1.006

### Variance Account Disposition

NOW understands and agrees that it is responsible for the data in its applications and that the error was on our part. Although NOW did not specifically bring this error to the attention of the OEB, the 1571 balance of \$50,975 has been identified and reported to the Board on the quarterly Form 2.1.1 filings through 2006 to date. NOW also submits that it seems somewhat inequitable to not allow for recovery of this amount yet the OEB has approved a retroactive adjustment that results in payment to the customers ( re:Halton Hills). Accordingly NOW respectfully requests to have this amount included in the disposition of our deferral accounts.

### Kapuskasing Building Purchase and Current Rent Expense

Both SEC and VECC have expressed concern about the inclusion of rent expense in OM&A costs as they are expected to cease when the building is purchased. NOW submits that it will incur other types of OM&A costs related to ownership of a building that will for the most part replace the rent costs. Current plans are to purchase a building near the end of 2009 therefore rent costs are expected to be incurred for 12 months in 2009. Our current monthly rent for the facilities in Kap is \$1,500/month or \$18,000/year. Ownership of a building is expected to yield the following OM&A costs:

USoA A/C#	Description	Monthly Cost	Annual Cost
Clearing	Utilities – Hydro, heat, water	\$600	\$7,200
Clearing	Property Taxes	\$220	\$2,640
Clearing	Insurance	\$83	\$1,000
Clearing	Maintenance and Repairs - misc	<u>\$167</u>	<u>\$2,000</u>
	TOTAL OM&A Costs with Ownership of Building in Kap	<b>\$1,070</b>	<b>\$12,840</b>
Clearing	Current Rental Costs	<u>\$1,500</u>	<u>\$18,000</u>
	Difference	(\$430)	(\$5,160)

Accordingly NOW submits to reduce annual OM&A costs included in the application by \$3,870 to account for reduced OM&A costs resulting from ownership of a building versus rental. The \$3,870 is calculated by using 3 years of the cost reduction ( $\$5,160 * 3 = 15,480$ ) divided by the 4 year rate setting process ( $\$15,480 / 4 = \$3,870$ )

With respect to the inclusion of the capital, SEC has suggested that the 2009 capital recovery would be overstated as the asset will only be in use for 3 months. NOW submits, that this is the exact issue that the ½ year rules attempts to incorporate. The ½ year rule assumes that all capital expenditures are deemed to occur on July 1, and as a result the capital recovery mimics the usage of the assets. If NOW was to use only 3 months worth of recovery, then we would need to look at all capital expenditures and include 11 months of recovery for items in service by Feb 1 and 9 months recovery for assets in service by Apr 1. Now also submits that in year 2 – 4 of the rate setting process, NOW will only recovery ½ of the capital return even though the asset is in service for 12 months in each of these years. As a result, NOW submits that the included Rate Base is appropriate for the 2009 test year.

## Summary of Changes

### List of agreed to changes

#### 1. Low Voltage

As discussed in IR responses and within this reply submission, in the original application NOW had included \$219,055 of LV expenses in USoA 5665. It is conceded that this was an inappropriate treatment and this expense has been removed.

The LV expense has been revised, through interrogatory process to \$149,855 and this value is used to derive both retail rates and the LV portion of the working capital allowance.

Board Staff have referenced EB-2008-0187 as an update to Hydro One rates effective May 1, 2009. As this application has not yet had a decision rendered, NOW has not utilized the rates to update this application. Any variance between actual and projected expenses will track through the LV variance account holding both the LDC and rate payers financially whole.

A summary chart identifying the calculation of the \$149,855 utilized is provided for your reference.

Month	Year	Units	Variable Rate	Variable Charge	Fixed Charge	Total Charge
Nov	2007	3,505.78	\$ 3.24	\$ 11,358.73	\$ 376.00	\$ 11,734.73
Dec	2007	3,776.33	\$ 3.24	\$ 12,235.31	\$ 376.00	\$ 12,611.31
Jan	2008	4,369.80	\$ 3.24	\$ 14,158.15	\$ 376.00	\$ 14,534.15
Feb	2008	4,444.23	\$ 3.24	\$ 14,399.31	\$ 376.00	\$ 14,775.31
Mar	2008	4,458.77	\$ 3.24	\$ 14,446.41	\$ 376.00	\$ 14,822.41
Apr	2008	4,130.65	\$ 3.24	\$ 13,383.31	\$ 376.00	\$ 13,759.31
May	2008	3,752.66	\$ 3.24	\$ 12,158.62	\$ 376.00	\$ 12,534.62
June	2008	3,517.82	\$ 3.24	\$ 11,397.74	\$ 376.00	\$ 11,773.74
July	2008	3,337.59	\$ 3.24	\$ 10,813.79	\$ 376.00	\$ 11,189.79
Aug	2008	3,097.18	\$ 3.24	\$ 10,034.86	\$ 376.00	\$ 10,410.86
Sept	2008	2,759.66	\$ 3.24	\$ 8,941.30	\$ 376.00	\$ 9,317.30
Oct	2008	3,705.29	\$ 3.24	\$ 12,005.14	\$ 376.00	\$ 12,381.14
<b>12 Month Total</b>						<b>\$ 149,844.66</b>

Assumes:

- Monthly Service Charge of \$188.00 per delivery point
- Variable charges of \$2.66 per kW plus \$0.58 for shared LV

Below is the calculation methodology for the LV recovery through retail rates.

### Billed Connection Charges (4068)

	2007		2008		Two Year Weighted Average
	\$	%	\$	%	
Residential	212,126	36.7%	248,738	39.2%	38.0%
GS < 50 kW	69,987	12.1%	71,851	11.3%	11.7%
GS > 50 kW	289,191	50.1%	308,136	48.5%	49.3%
Street Lights	6,111	1.1%	6,589	1.0%	1.0%
Total	577,415		635,314		100.0%

note: unmetered loads included in GS < 50 kW class.

### LV Rate Adder Calculations

	Allocation Factor	Allocated Expense	2009 Billing Determinant	2009 LV Rate Adder
Residential	38.0%	56,944	41,161,457 kWh	0.0014 per kWh
GS < 50 kW	11.7%	17,525	21,979,679 kWh	0.0008 per kWh
GS > 50 kW	49.3%	73,806	173,388 kW	0.4257 per kW
Street Lights	1.0%	1,569	5,014 kW	0.3130 per kW
Unmetered	0	-	kWh	0.0008 per kWh
Total		149,845		

Note: unmetered loads uses the GS < 50 kW rate, the billing determinants for the GS class are based on the combination of the Unmetered loads and GS < 50 kW from the load profile included in the NOW application.

## 2. PILS

The PILS have been impacted by four separate issues, each will be discussed below.

- i) The first issues relating to PILS is the removal of the interest adjustments (deemed vs. actual). While NOW is adjusting the original application by removing both of these adjustments we do point out that this is a significant change from the PILS approval process utilized in the 2006 EDR process.
- ii) The second issue impacting PILS is the change in CCA rate for computer hardware / software discussed in VECC IR # 15. NOW has moved \$145,000 of 2008 additions and \$7,500 of 2009 additions into CCA class 12 (computer software) and out of CCA class 10 (computer hardware)
- iii) The third issue impacting the PILS calculation is the change in Cost of Capital parameters. NOW has utilized the Feb. 24, 2009 document from the OEB identifying a RoE of 8.01%, RoD – Short Term of 1.33% and the actual NOW RoD – long term value of 5.10%.
- iv) The fourth issue impacting the PILS calculation is the change in working capital identified above (Transmission Costs, Low Voltage Costs and Street Light Load).

### 3. Other Interest Expense

NOW has revised the 5685 – Other Interest Expense value down to \$6,300 from \$87,576. The items removed are summarized below:

- Truck Load Interest - \$24,214
- Regulatory Accounting Carrying Charge - \$50,943
- Deposit Interest - \$6,119
- Total Reductions - \$81,276

Along this same thought process, NOW has reduced the Revenue Offsets by the Interest Revenue earned on customer deposits and variance account over recovery. This amounts to a reduction of \$21,150. NOW submits that from a logic perspective, either interest activity needs to be included or excluded from both the expense and revenue side of the rate setting equation. As NOW has removed these expenses we are also reducing our revenue offsets.

### 4. Loss Factor

NOW has adjusted the SFLF from 1.0045% to 1.006%, this has resulted in the loss factors discussed earlier in this submission.

### 5. OEB Cost Awards (USoA 5655)

As discussed in various IR responses, NOW failed to include any cost recovery for Intervener Cost Awards. These have been estimated @ \$15,000 and have been amortized over 4 years (\$3,750). As NOW current 2009 5655 balance includes \$1,075 for cost awards, the net value of \$2,675 has been added to this account.

### 6. Working Capital

The working capital has been adjusted to incorporate the decrease in LV cost projections, the increase in Wholesale Transmission Rates and the change in Street Lighting load.

#### 7. Return Values

NOW has incorporate the equity return and short-term debt return as outlined in the OEB Feb. 24 2009 letter. As NOWs debt is 3<sup>rd</sup> party held, we are using the actual weighted average debt rate as the long-term debt return value.

#### 8. Staffing Changes

Staffing changes include an increase of \$17,803 for lineman cost increases, an increase of \$20,000 for Superintendent training and a reduction of \$7,875 for temporary billing staff.

#### 9. Contract Negotiations Consultant

NOW has included \$2,500 (4 year amortization of \$10,000) in the revenue requirement for 2009 as these costs moved from 2008 to 2009. The amortization is an attempt to ensure NOW does not over collect on this expense over the life cycle of the rate application.

#### 10. Kapuskasing. Building OM&A Costs

NOW has removed \$3,870 from OM&A expenses to offset the net reduction in expenses from rent and increased OM&A costs associated with the ownership of the new building in Kapuskasing.

### Comparison of Revenue Requirement

NOW has updated the requested revenue requirement. Below is a reconciliation between the original application and the final submission.

	Original Filing	Final Submission	Difference
<b>Rate Base</b>			
Assets	3,758,957	3,758,957	-
Working Capital	1,721,472	1,694,431	(27,041)
<b>Total</b>	<b>5,480,429</b>	<b>5,453,388</b>	<b>(27,041)</b>

#### Return on Rate Base

Equity %	43.33%	43.33%	
ROE	8.68%	8.01%	
<b>Equity Return</b>	<b>206,121</b>	<b>189,273</b>	<b>(16,849)</b>
Debt - Short Term %	4.00%	4.00%	
Return on Short Term	5.04%	1.33%	
Debt - Long Term %	52.67%	52.67%	
Return on Long Term	5.04%	5.10%	
<b>Debt Return</b>	<b>156,415</b>	<b>149,297</b>	<b>(7,118)</b>
<b>OM&amp;A</b>	2,311,307	2,042,210	(269,098)
<b>Amortization</b>	404,740	404,740	-
<b>PILS</b>	60,503	38,761	(21,742)
<b>Revenue Off-Set</b>	(297,503)	(276,353)	21,150
<b>Base Revenue Requirement</b>	2,841,584	2,547,928	(293,656)
<b>Transformer Allowance</b>	49,168	49,168	-
<b>Distribution Revenue Requirement</b>	2,890,752	2,597,096	(293,656)

#### Explanation of Differences

Working Capital	(27,041)	The working capital has been adjusted for both the decrease in LV charges, increase to wholesale transmission charges and street light load changes
Return on Equity	(16,849)	Due to change in WC above and ROE %
Return on Debt	(7,118)	Due to change in WC above and both Short and Long Term Debt Return Rates
OM&A	(269,098)	1) - Lineman Cost Increase 17,803 2) - Reduciton in Temp Billing Staff Costs (7,875) 3) - Superintendent Training Cost Increase 20,000 4) - Contract Negotiation Consultant Increase 2,500 5) - Increase to OEB Cost Awards 2,675 6) - Rent vs. OM&A costs from Kap building (3,870) 7) - Removal of LV (original value) from OM&A costs (219,054) 8) - Reduction in Other Interest Expense (81,276) <b>Total (269,097)</b>
PILS	(21,742)	1) - Removal of interest adjustments 2) - CoC update 3) - Change in return from Working Capital Changes 4) - Computer CCA class revisions
Revenue Off-Sets	21,150	Removal of interest revenue relating to customer deposits & variance accounts
<b>Total (excluding WC)</b>	<b>(293,656)</b>	(Working capital is not a revenue item, however, does impact the return values)



## Allocation of costs table

Below is the proposed cost allocation methodology. It has been discussed in detail in earlier submissions and will not be repeated here. The allocations have been revised to include the changes discussed earlier in this submission.

Northern Ontario Wires Rate Design - Revenue to Cost Ratios Feb. 27, 2008						
	Residential	GS < 50	GS 50 - 4,999	Street Light	Unmetered	
2007 CA Revenue to Cost %	97.92%	107.25%	162.28%	26.02%	127.53%	
Board Staff Min RC%	85.00%	80.00%	80.00%	70.00%	80.00%	
Board Staff Max RC%	115.00%	120.00%	180.00%	120.00%	120.00%	
2006 DRR	1,393,379	471,329	381,114	33,357	7,302	
2006 Misc. Revenue	211,286	69,174	33,969	24,141	983	339,555
2006 Total Revenue	1,604,665	540,504	415,083	57,499	8,285	2,626,036
<b>Minimum Adjustment</b>						
Current RC%	97.92%	107.25%	162.28%	26.02%	127.53%	
Min RC%	85.00%	80.00%	80.00%	70.00%	80.00%	
Max RC%	115.00%	120.00%	180.00%	120.00%	120.00%	
2006 Total Revenue	1,604,665	540,504	415,083	57,499	8,285	2,626,036
Min Adjustment	-	-	-	97,174	(489)	
2006 Min Adjusted Total Revenue	1,604,665	540,504	415,083	154,673	7,796	2,722,721
Allocation of Balance	(60,598)	(20,411)	(15,675)	-	-	(96,685)
2006 Adjusted Total Revenue	1,544,067	520,092	399,408	154,673	7,796	2,626,036
2006 Total Revenue %	58.80%	19.81%	15.21%	5.89%	0.30%	
2009 Total Revenue	1,660,632	559,355	429,560	166,349	8,385	2,824,281
less: 2009 Misc. Rev. Projection incl trans allowance)	171,959	56,299	(21,522)	19,648	800	227,185
2009 Min Adjusted BRR	1,488,672	503,056	451,082	146,701	7,584	2,597,096
<b>New BRR%</b>	<b>57.32%</b>	<b>19.37%</b>	<b>17.37%</b>	<b>5.65%</b>	<b>0.29%</b>	
<b>100% DRR Adjustment</b>						
2006 Total Revenue	1,604,665.01	540,503.84	415,083.14	57,498.67	8,285.33	2,626,036.00
2006 Total Revenue @ 100% RC	1,638,812.02	503,980.60	255,785.46	220,960.84	6,496.90	2,626,035.82
2006 Total Revenue %	62.41%	19.19%	9.74%	8.41%	0.25%	-
2009 Total Revenue	1,762,529	542,027	275,095	237,642	6,987	2,824,281
less: 2009 Misc. Rev. Projection incl trans allowance)	171,959	56,299	(21,522)	19,648	800	227,185
2009 100% RC BRR	1,590,570	485,728	296,617	217,994	6,187	2,597,096
<b>New BRR %</b>	<b>62.41%</b>	<b>19.19%</b>	<b>9.74%</b>	<b>8.41%</b>	<b>0.25%</b>	
<b>Applied for Rate Design (Street Light @ 70% RC, everyone else @ 100% RC plus subsidization)</b>						
Class Specific DRR %	100%	100%	100%	70%	100%	
2006 Total Revenue @ 100% RC	1,638,812	503,981	255,785	220,961	6,497	2,626,036
Subsidization				(66,288)		(66,288)
Allocation of Subsidization	45,169	13,891	7,050	-	179	66,288
2006 Adjusted total Revenue	1,683,981	517,871	262,835	154,673	6,676	2,626,036
2006 Adjusted Total Revenue %	64.13%	19.72%	10.01%	5.89%	0.25%	100%
2009 Total Revenue	1,811,108	556,966	282,677	166,349	7,180	2,824,281
less: 2009 Misc. Rev. Projection incl trans allowance)	171,959	56,299	(21,522)	19,648	800	227,185
2009 100% RC BRR	1,639,149	500,668	304,199	146,701	6,380	2,597,096
<b>New BRR %</b>	<b>63.11%</b>	<b>19.28%</b>	<b>11.71%</b>	<b>5.65%</b>	<b>0.25%</b>	
Actual Applied for RC	102.76%	102.76%	102.76%	70.00%	102.76%	

## Rate Design

NOW is providing the derivation of the fixed and variable charges requested. Please note, that NOW submits that our original F/V methodology is reasonable and these values have been updated for the change noted above.

As NOWs revenue requirement does not include any LV costs, we have included the calculation of updated LV retail rates to recovery the \$149,845 requested. These have been added to the variable charge in a similar fashion that the Smart Meter charges are added to the fixed charge.

Note, the rates are allocated on our original methodology contained in OEB IR Response # 37 as opposed to the method proposed by VECC in IR # 31 (second round).

## LV retail calculation

### Billed Connection Charges (4068)

	2007		2008		Two Year Weighted Average
	\$	%	\$	%	
Residential	212,126	36.7%	248,738	39.2%	38.0%
GS < 50 kW	69,987	12.1%	71,851	11.3%	11.7%
GS > 50 kW	289,191	50.1%	308,136	48.5%	49.3%
Street Lights	6,111	1.1%	6,589	1.0%	1.0%
Total	577,415		635,314		100.0%

note: unmetered loads included in GS < 50 kW class.

### LV Rate Adder Calculations

	Allocation Factor	Allocated Expense	2009 Billing Determinant	2009 LV Rate Adder
Residential	38.0%	56,944	41,161,457 kWh	0.0014 per kWh
GS < 50 kW	11.7%	17,525	21,979,679 kWh	0.0008 per kWh
GS > 50 kW	49.3%	73,806	173,388 kW	0.4257 per kW
Street Lights	1.0%	1,569	4,363 kW	0.3597 per kW
Unmetered	0	-	kWh	0.0008 per kWh
Total		149,845		

Note: unmetered loads uses the GS < 50 kW rate, the billing determinants for the GS class are based on the combination of the Unmetered loads and GS < 50 kW from the load profile included in the NOW application.

## Retail Transmission Rate Calculation (from OEB supplemental IR Response #10)

### Retail Transmission Rates Adjustment Model

#### Network

	2008	2009	% Change
Wholesale Rate	2.31	2.57	11.26%

#### Retail Rates

	Current Rate	Adjustment Factors			Proposed 2009 Rate
		Wholesale	Retail Trend	Net	
Residential	0.0044	11.26%	-5.00%	6.26%	0.0047
GS < 50 kW	0.0040	11.26%	-5.00%	6.26%	0.0043
GS > 50 kW	1.6425	11.26%	-5.00%	6.26%	1.7452
Unmetered Load	0.0040	11.26%	-5.00%	6.26%	0.0043
Street Light	1.2388	11.26%	-5.00%	6.26%	1.3163

#### Connection

	2008	2009	% Change
Wholesale Line	0.59	0.70	
Wholesale Transformation	1.61	1.62	
Wholesale Total	2.2	2.32	5.45%

#### Retail Rates

	Current Rate	Adjustment Factors			Proposed 2009 Rate
		Wholesale	Retail Trend	Net	
Residential	0.0042	5.45%	-5.00%	0.45%	0.0042
GS < 50 kW	0.0038	5.45%	-5.00%	0.45%	0.0038
GS > 50 kW	1.4944	5.45%	-5.00%	0.45%	1.5012
Unmetered Load	0.0038	5.45%	-5.00%	0.45%	0.0038
Street Light	1.1553	5.45%	-5.00%	0.45%	1.1606

# Rate Design - Feb. 27, 2009

Distribution Revenue Requirement \$ 2,597,096.04

## Cost allocation results

Residential	63.11%	\$ 1,639,148.62
GS < 50 kW	19.28%	\$ 500,667.58
GS 50 to 4,999 kW	11.71%	\$ 304,199.10
Street Lights	5.65%	\$ 146,701.16
Unmetered	0.25%	\$ 6,379.58
<b>Total</b>	<b>100.00%</b>	<b>\$ 2,597,096.04</b>

## Residential Class

Distribution Revenue \$ 1,639,148.62

### Fixed component

Customers	Rate	Months	Annual \$	%
5,200	\$ 17.50	12	\$ 1,092,000.00	66.6%
	\$ 1.00			
	\$ 18.50			

### Variable

kWh's	Rate	Annual \$	%
41,161,457	\$ 0.0133	\$ 547,148.62	33.4%
	\$ 0.0014		
	\$ 0.0147		

## General Service < 50 kW

Distribution Revenue \$ 500,667.58

### Fixed component

Customers	Rate	Months	Annual \$	%
785	\$ 23.00	12	\$ 216,660.00	43.3%
	\$ 1.00			
	\$ 24.00			

### Variable

kWh's	Rate	Annual \$	%
21,858,575	\$ 0.0130	\$ 284,007.58	56.7%
	\$ 0.0008		
	\$ 0.0138		

## General Service 50 to 4,999 kW

Distribution Revenue \$ 304,199.10

### Fixed component

Customers	Rate	Months	Annual \$	%
69	\$ 205.00	12	\$ 169,740.00	55.8%
	\$ 1.00			
	\$ 206.00			

### Variable

kWh's	Rate	Annual \$	%
173,388	\$ 0.7755	\$ 134,459.10	44.2%
	\$ 0.4257		
	\$ 1.2011		

## Street Light

Distribution Revenue \$ 146,701.16

### Fixed component

Customers	Rate	Months	Annual \$	%
1,523	\$ 6.25	12	\$ 114,225.00	77.9%

### Variable

kWh's	Rate	Annual \$	%
4,363	\$ 7.4435	\$ 32,476.16	22.1%
	\$ 0.3597		
	\$ 7.8032		

## Unmetered Loads

Distribution Revenue \$ 6,379.58

### Fixed component

Customers	Rate	Months	Annual \$	%
15	\$ 12.00	12	\$ 2,160.00	33.9%

### Variable

kWh's	Rate	Annual \$	%
121,104	\$ 0.0348	\$ 4,219.58	66.1%
	\$ 0.0008		
	\$ 0.0356		

## Bill Impacts

### Summary Bill Impacts

Class	Consumption kWh	Consumption kW	May 2008 Bill	May 2009 Bill	Difference \$	Bill Impact %	Max	Min
Residential	250		\$ 41.02	\$ 44.88	\$ 3.85	9.39%	9.4%	7.9%
	500		\$ 64.29	\$ 70.06	\$ 5.77	8.98%		
Average Customer	805		\$ 94.96	\$ 103.07	\$ 8.12	8.55%		
	1,000		\$ 115.03	\$ 124.65	\$ 9.62	8.36%		
	1,250		\$ 140.77	\$ 152.30	\$ 11.54	8.20%		
	1,500		\$ 166.50	\$ 179.96	\$ 13.46	8.08%		
	2,000		\$ 217.97	\$ 235.27	\$ 17.30	7.94%		
General Service Less Than 50 kW	1,000		\$ 117.50	\$ 127.17	\$ 9.66	8.2%	8.2%	7.4%
	2,000		\$ 218.94	\$ 235.96	\$ 17.02	7.8%		
Average Customer	2,320		\$ 251.44	\$ 270.82	\$ 19.38	7.7%		
	5,000		\$ 523.25	\$ 562.33	\$ 39.08	7.5%		
	10,000		\$ 1,030.43	\$ 1,106.29	\$ 75.85	7.4%		
General Service 50 to 4,999 kW	25,000	50	\$ 2,348.59	\$ 2,306.24	\$ (42.35)	-1.8%	-1.7%	-2.2%
	40,000	75	\$ 3,597.71	\$ 3,535.94	\$ (61.78)	-1.7%		
	50,000	100	\$ 4,477.13	\$ 4,395.92	\$ (81.21)	-1.8%		
Average Customer	82,800	209	\$ 7,515.12	\$ 7,348.88	\$ (166.24)	-2.2%		
	250,000	500	\$ 21,505.45	\$ 21,113.35	\$ (392.09)	-1.8%		
Unmetered Scattered Load - Avg Customer	673		\$ 73.42	\$ 94.85	\$ 21.43	29.2%		
Street Lighting - Avg Customer (579 connections)	43,029	121	\$ 4,832.69	\$ 8,324.34	\$ 3,491.65	72.3%		

### Detailed Bill Impacts

The chart below shows the rates used to generate 1 consumption level of for each customer class. Rate have been updated to include the changes identified above, \$1 smart meter charge, calculated LV & RTR charges above, Nov. 1 2008 commodity pricing and Loss Factor adjustments.

**Residential**

<b>Consumption</b>	<b>250 kWh</b>	<b>0 kW</b>	<b>Loss Factor 1.0448</b>
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May 2008 BILL				May 2009 BILL				IMPACT	
Volume	RATE	CHARGE		Volume	RATE	CHARGE		\$	%
Energy First Tier (kWh)	251	\$ 0.0530	\$ 13.84	251	\$ 0.0560	\$ 14.63			
Energy Second Tier (kWh)	0	\$ 0.0620	\$ 0.00	0	\$ 0.0650	\$ 0.00			
<b>Sub-Total: Energy</b>			<b>\$ 13.84</b>			<b>\$ 14.63</b>	<b>\$0.79</b>	<b>5.7%</b>	<b>1.91%</b>
Monthly Service Charge	1	\$ 16.66	\$ 16.66	1	\$ 16.50	\$ 16.50	\$1.84	11.0%	4.49%
Distribution (kWh)	250	\$ 0.0108	\$ 2.70	250	\$ 0.0147	\$ 3.67	\$0.97	35.6%	2.36%
Retail Transmission Rate - Network Service Rate	251	\$ 0.0044	\$ 1.15	251	\$ 0.0047	\$ 1.22	\$0.07	6.3%	0.16%
Retail Transmission Rate - Line and Transformation Connection Service Rate	251	\$ 0.0042	\$ 1.10	251	\$ 0.0042	\$ 1.10	\$0.00	0.5%	0.01%
<b>Sub-Total: Delivery</b>			<b>\$ 21.61</b>			<b>\$ 24.49</b>	<b>\$2.89</b>	<b>13.4%</b>	<b>7.03%</b>
Wholesale Market Service Rate	251	\$ 0.0052	\$ 1.30	251	\$ 0.0052	\$ 1.30	\$0.00	0.0%	0.00%
Rural Rate Protection Charge	251	\$ 0.0010	\$ 0.26	251	\$ 0.0010	\$ 0.26	\$0.00	0.0%	0.00%
Regulated Price Plan - Administration Charge	1	\$ 0.2500	\$ 0.25	1	\$ 0.2500	\$ 0.25	\$0.00	0.0%	0.00%
<b>Sub-Total: Regulatory</b>			<b>\$ 1.87</b>			<b>\$ 1.87</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>0.00%</b>
Debt Retirement Charge (DRC)	250	\$ 0.0070	\$ 1.75	250	\$ 0.0070	\$ 1.75	\$0.00	0.0%	0.00%
<b>Total Bill before Taxes</b>			<b>\$ 39.07</b>			<b>\$ 42.74</b>	<b>\$3.67</b>	<b>9.4%</b>	<b>9.35%</b>
GST			\$ 39.07			\$ 42.74	\$ 3.67	9.4%	9.45%
<b>Total Bill after Taxes</b>			<b>\$ 41.02</b>			<b>\$ 44.88</b>	<b>\$3.85</b>	<b>9.4%</b>	<b>9.39%</b>

**General Service Less Than 50 kW**

<b>Consumption</b>	<b>1,000 kWh</b>	<b>0 kW</b>	<b>Loss Factor 1.0448</b>
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May 2008 BILL				May 2009 BILL				IMPACT	
Volume	RATE	CHARGE		Volume	RATE	CHARGE		\$	%
Energy First Tier (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0560	\$ 42.00			
Energy Second Tier (kWh)	250	\$ 0.0620	\$ 15.50	250	\$ 0.0650	\$ 16.25			
<b>Sub-Total: Energy</b>			<b>\$ 55.25</b>			<b>\$ 58.25</b>	<b>\$3.00</b>	<b>5.4%</b>	<b>2.67%</b>
Monthly Service Charge	1	\$ 21.80	\$ 21.80	1	\$ 24.00	\$ 24.00	\$2.20	10.1%	1.87%
Distribution (kWh)	1,000	\$ 0.0102	\$ 10.20	1,000	\$ 0.0138	\$ 13.79	\$3.59	35.2%	3.06%
Retail Transmission Rate - Network Service Rate	1,045	\$ 0.0040	\$ 4.18	1,045	\$ 0.0043	\$ 4.44	\$0.26	6.3%	0.22%
Retail Transmission Rate - Line and Transformation Connection Service Rate	1,045	\$ 0.0038	\$ 3.97	1,045	\$ 0.0038	\$ 3.99	\$0.02	0.5%	0.02%
<b>Sub-Total: Delivery</b>			<b>\$ 46.15</b>			<b>\$ 46.22</b>	<b>\$0.07</b>	<b>0.1%</b>	<b>0.17%</b>
Wholesale Market Service Rate	1,045	\$ 0.0052	\$ 5.43	1,045	\$ 0.0052	\$ 5.43	\$0.00	0.0%	0.00%
Rural Rate Protection Charge	1,045	\$ 0.0010	\$ 1.04	1,045	\$ 0.0010	\$ 1.04	\$0.00	0.0%	0.00%
Regulated Price Plan - Administration Charge	1	\$ 0.2500	\$ 0.25	1	\$ 0.2500	\$ 0.25	\$0.00	0.0%	0.00%
<b>Sub-Total: Regulatory</b>			<b>\$ 6.73</b>			<b>\$ 6.73</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>0.00%</b>
Debt Retirement Charge (DRC)	1,000	\$ 0.0070	\$ 7.00	1,000	\$ 0.0070	\$ 7.00	\$0.00	0.0%	0.00%
<b>Total Bill before Taxes</b>			<b>\$ 111.91</b>			<b>\$ 121.11</b>	<b>\$9.20</b>	<b>8.2%</b>	<b>7.93%</b>
GST			\$ 111.91			\$ 121.11	\$ 9.20	8.2%	8.39%
<b>Total Bill after Taxes</b>			<b>\$ 117.50</b>			<b>\$ 127.17</b>	<b>\$9.66</b>	<b>8.2%</b>	<b>8.22%</b>

**General Service 50 to 4,999 kW**

<b>Consumption</b>	<b>25,000 kWh</b>	<b>50 kW</b>	<b>Loss Factor 1.0448</b>
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May 2008 BILL				May 2009 BILL				IMPACT	
Volume	RATE	CHARGE		Volume	RATE	CHARGE		\$	%
Energy	26,121	\$ 0.0545	\$ 1,423.57	26,121	\$ 0.0545	\$ 1,423.57			
<b>Sub-Total: Energy</b>			<b>\$ 1,423.57</b>			<b>\$ 1,423.57</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>0.00%</b>
Monthly Service Charge	1	\$ 209.32	\$ 209.32	1	\$ 206.00	\$ 206.00	\$3.32	1.6%	-1.14%
Distribution (kWh)	50	\$ 2.0558	\$ 102.79	50	\$ 2.0111	\$ 60.96	(\$42.73)	(41.6%)	-1.82%
Retail Transmission Rate - Network Service Rate	52	\$ 1.6425	\$ 85.81	52	\$ 1.7452	\$ 91.17	\$5.37	6.3%	0.23%
Retail Transmission Rate - Line and Transformation Connection Service Rate	52	\$ 1.4944	\$ 78.07	52	\$ 1.5012	\$ 78.42	\$0.35	0.5%	0.02%
<b>Sub-Total: Delivery</b>			<b>\$ 475.98</b>			<b>\$ 435.68</b>	<b>(\$40.33)</b>	<b>(8.5%)</b>	<b>-1.72%</b>
Wholesale Market Service Rate	26,121	\$ 0.0052	\$ 135.83	26,121	\$ 0.0052	\$ 135.83	\$0.00	0.0%	0.00%
Rural Rate Protection Charge	26,121	\$ 0.0010	\$ 26.12	26,121	\$ 0.0010	\$ 26.12	\$0.00	0.0%	0.00%
Regulated Price Plan - Administration Charge	1	\$ 0.2500	\$ 0.25	1	\$ 0.2500	\$ 0.25	\$0.00	0.0%	0.00%
<b>Sub-Total: Regulatory</b>			<b>\$ 162.20</b>			<b>\$ 162.20</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>0.00%</b>
Debt Retirement Charge (DRC)	25,000	\$ 0.0070	\$ 175.00	25,000	\$ 0.0070	\$ 175.00	\$0.00	0.0%	0.00%
<b>Total Bill before Taxes</b>			<b>\$ 2,236.75</b>			<b>\$ 2,196.42</b>	<b>(\$40.33)</b>	<b>(1.8%)</b>	<b>-1.72%</b>
GST			\$ 2,236.75			\$ 2,196.42	\$ 40.33	1.8%	-0.99%
<b>Total Bill after Taxes</b>			<b>\$ 2,346.99</b>			<b>\$ 2,306.24</b>	<b>(\$40.75)</b>	<b>(1.7%)</b>	<b>-1.80%</b>

**Unmetered Scattered Load**

<b>Consumption</b>	<b>673 kWh</b>	<b>0 kW</b>	<b>Loss Factor 1.0448</b>
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May 2008 BILL				May 2009 BILL				IMPACT	
Volume	RATE	CHARGE		Volume	RATE	CHARGE		\$	%
Energy First Tier (kWh)	703	\$ 0.0530	\$ 37.26	703	\$ 0.0560	\$ 39.37	\$2.11	5.7%	0.00%
Energy Second Tier (kWh)	0	\$ 0.0620	\$ 0.00	0	\$ 0.0650	\$ 0.00	\$0.00	0.0%	0.00%
<b>Sub-Total: Energy</b>			<b>\$ 37.26</b>			<b>\$ 39.37</b>	<b>\$2.11</b>	<b>5.7%</b>	<b>2.87%</b>
Monthly Service Charge	1	\$ 11.00	\$ 11.00	1	\$ 12.00	\$ 12.00	\$1.00	9.1%	0.36%
Distribution (kWh)	673	\$ 0.0102	\$ 6.86	673	\$ 0.0356	\$ 23.95	\$17.12	249.4%	23.31%
Retail Transmission Rate - Network Service Rate	703	\$ 0.0040	\$ 2.81	703	\$ 0.0043	\$ 2.99	\$0.18	6.3%	0.24%
Retail Transmission Rate - Line and Transformation Connection Service Rate	703	\$ 0.0038	\$ 2.67	703	\$ 0.0038	\$ 2.68	\$0.01	0.5%	0.02%
<b>Sub-Total: Delivery</b>			<b>\$ 23.35</b>			<b>\$ 41.65</b>	<b>\$18.30</b>	<b>78.4%</b>	<b>24.93%</b>
Wholesale Market Service Rate	703	\$ 0.0052	\$ 3.66	703	\$ 0.0052	\$ 3.66	\$0.00	0.0%	0.00%
Rural Rate Protection Charge	703	\$ 0.0010	\$ 0.70	703	\$ 0.0010	\$ 0.70	\$0.00	0.0%	0.00%
Regulated Price Plan - Administration Charge	1	\$ 0.2500	\$ 0.25	1	\$ 0.2500	\$ 0.25	\$0.00	0.0%	0.00%
<b>Sub-Total: Regulatory</b>			<b>\$ 4.51</b>			<b>\$ 4.51</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>0.00%</b>
Debt Retirement Charge (DRC)	673	\$ 0.0070	\$ 4.71	673	\$ 0.0070	\$ 4.71	\$0.00	0.0%	0.00%
<b>Total Bill before Taxes</b>			<b>\$ 69.92</b>			<b>\$ 90.33</b>	<b>\$20.41</b>	<b>29.2%</b>	<b>27.80%</b>
GST			\$ 69.92			\$ 90.33	\$ 20.41	29.2%	27.80%
<b>Total Bill after Taxes</b>			<b>\$ 73.42</b>			<b>\$ 94.85</b>	<b>\$21.43</b>	<b>29.2%</b>	<b>28.19%</b>

**Street Lighting**

<b>Consumption</b>	<b>43,029 kWh</b>	<b>121.19 kW</b>	<b>Loss Factor 1.0448</b>
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May 2008 BILL				May 2009 BILL				IMPACT	
Volume	RATE	CHARGE		Volume	RATE	CHARGE		\$	%
Energy First Tier (kWh)	750	\$ 0.0530	\$ 39.75	750	\$ 0.0560	\$ 42.00	\$2.25	5.7%	0.00%
Energy Second Tier (kWh)	44,208	\$ 0.0520	\$ 2,740.88	44,208	\$ 0.0550	\$ 2,873.50	\$132.62	4.8%	0.00%
<b>Sub-Total: Energy</b>			<b>\$ 2,780.63</b>			<b>\$ 2,915.50</b>	<b>\$134.87</b>	<b>4.9%</b>	<b>2.79%</b>
Monthly Service Charge	307,888,887	\$ 3.04	\$ 927.97	307,888,887	\$ 3.04	\$ 927.97	\$0.00	0.0%	0.00%
Distribution (kWh)	121.19	\$ 3.981	\$ 483.62	121	\$ 7.8032	\$ 945.70	\$635.09	130.3%	11.07%
Retail Transmission Rate - Network Service Rate	126.63	\$ 1.2388	\$ 156.86	126.63	\$ 1.3163	\$ 166.68	\$9.81	6.3%	0.20%
Retail Transmission Rate - Line and Transformation Connection Service Rate	126.63	\$ 1.1553	\$ 146.29	126.63	\$ 1.1008	\$ 146.96	\$0.66	0.5%	0.01%
<b>Sub-Total: Delivery</b>			<b>\$ 1,241.78</b>			<b>\$ 4,432.26</b>	<b>\$3,190.61</b>	<b>256.9%</b>	<b>66.02%</b>
Wholesale Market Service Rate	44,958	\$ 0.0052	\$ 233.78	44,958	\$ 0.0052	\$ 233.78	\$0.00	0.0%	0.00%
Rural Rate Protection Charge	44,958	\$ 0.0010	\$ 44.96	44,958	\$ 0.0010	\$ 44.96	\$0.00	0.0%	0.00%
Regulated Price Plan - Administration Charge	1	\$ 0.2500	\$ 0.25	1	\$ 0.2500	\$ 0.25	\$0.00	0.0%	0.00%
<b>Sub-Total: Regulatory</b>			<b>\$ 278.99</b>			<b>\$ 278.99</b>	<b>\$0.00</b>	<b>0.0%</b>	<b>0.00%</b>
Debt Retirement Charge (DRC)	43,029	\$ 0.0070	\$ 301.20	43,029	\$ 0.0070	\$ 301.20	\$0.00	0.0%	0.00%
<b>Total Bill before Taxes</b>			<b>\$ 4,602.56</b>			<b>\$ 7,927.94</b>	<b>\$3,325.38</b>	<b>72.3%</b>	<b>68.61%</b>
GST			\$ 4,602.56			\$ 7,927.94	\$ 332.54	72.3%	3.44%
<b>Total Bill after Taxes</b>			<b>\$ 4,632.69</b>			<b>\$ 8,324.54</b>	<b>\$3,691.85</b>	<b>72.3%</b>	<b>72.25%</b>