

**Question #53 Reference: General**

a) Please provide a schedule that lists all of the corrections and changes to the 2008 Service Revenue Requirement and the resulting Deficiency based on the responses to the first and second round interrogatories. For each change/correction, please provide a cross reference to the relevant interrogatory.

**Response:**

The Applicant is working to prepare this information, however, due to time constraints, may be unable to at this time.

b) Based on the changes and corrections from part (a) please provide an updated version of the following schedules from the original Application:

- Schedule 1.2.3 (page 46)
- Schedule 1.2.4 (page 47)
- Schedule 2.1.2 (page 57) – Year End and Average Values
- Schedule 4.3 (page 119)

Schedule 1.2.3

**Revenue Deficiency**

	2008 Test Existing Rates	2008 Test Proposed Rates
<b>Revenue</b>		
<b>Deficiency From Below</b>		782,115
Distribution Revenue (from Rate Model)	13,621,411	13,621,411
	13,621,411	14,403,526
Distribution Rate Impact		5.74%
Other Operating Revenue	753,945	753,945
<b>Total Revenue</b>	<b>14,375,356</b>	<b>15,157,471</b>
<b>Distribution Costs</b>		
Operation Maintenance & Administration	5,483,028	5,483,028
Depreciation & Amortization	4,337,420	4,337,420
Depreciation & Amortization (Vehicle, Tools & Stores Adj)	(338,937)	(338,937)
Property & Capital Tax	234,422	234,422
Deemed Interest	1,783,969	1,783,969
<b>Total Costs &amp; Expenses</b>	<b>11,499,903</b>	<b>11,499,903</b>
<b>Income Before Income Tax</b>	2,875,453	3,657,569
<b>Income Tax @ 33.5%</b>	1,185,176	1,447,185
<b>Income After Income Tax</b>	<b>1,690,277</b>	<b>2,210,383</b>
<b>Return On Equity w/Pils</b>	<b>3,657,569</b>	
<b>Revenue Deficiency</b>	<b>782,115</b>	

The above Revenue Deficiency reflects the following changes to the Submitted values.

Transmission costs reduced due to rate decrease in fall of 2007	(10,286)
CCA Uplift Adjustment	8,013
Capital Tax rate reduced from .285 to .225%	(30,526)
Total Decrease	<u>(32,799)</u>

## 2.1.2

### Actual Rate Base at End of Period

2006 to 2008	2008 Submitted	2008 Revised
Gross Fixed Assets	97,429,471	97,416,386
Accumulated Depreciation	(48,052,329)	(48,039,243)
Net Fixed Assets	49,377,143	49,377,143
Allowance for Working Funds	8,774,886	8,666,357
Rate Base	58,152,029	58,043,500

## 4.3

### 4.3 Income Tax, Large Corporation Tax

	2008 test (\$)	2008 adjusted (\$)
Regulatory Income	\$ 2,214,732.00	\$ 2,210,383.00
Add Back		

Accounting Amortization	4,337,658.00	4,337,658.00
Non-Deduct portion of Meals & Entertainment	20,000.00	20,000.00
Reserves End of Year		
Post employment benefits	814,000.00	814,000.00
Allowance for AR	130,667.00	130,667.00
Loss on disposal of fixed assets	-	-
<i>Subtract Off</i>		
Gain/loss on disposal of fixed assets		
CCA (see schedule below)	(3,720,133.00)	(3,720,133.00)
CEC (see schedule below)	(104,118.00)	(104,118.00)
Reserves beginning of year		
Post Employment Benefits	(727,000.00)	(727,000.00)
Allowance for AR	(107,000.00)	(107,000.00)
<b>Taxable Income</b>	<b>\$ 2,858,806.00</b>	<b>\$ 2,854,457.00</b>
<i>Taxes</i>		
Federal Proxy	\$ 1,440,150.00	\$ 1,447,185.00
Provincial Proxy		
<i>Taxable Capital for Ontario Capital Tax</i>		
Taxable Capital	58,668,644.00	67,830,829.00
Reduction	14,505,511.00	14,505,511.00
Rate	0.00285	0.00225
	<b>\$ 125,864.93</b>	<b>\$ 119,981.97</b>

Calculation for Regulatory Income

#### Capital Structure

2008 Test	Ratio %	Cost Rate %	Return %	Return
Long Term Debt - Municipal	52.00%	6.10%		\$ 1,755,321.00
Long Term Debt - Financial Institutions	0.00%			
Short Term Debt	1.30%	4.47%		32,157.00
Deposits				
Common Equity	46.70%		8.57%	2,214,732.00
<b>Total</b>				<b>\$ 4,002,210.00</b>