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Tillsonburg Hydro Inc.

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EB-2008-0246/EB-2009-xxx

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Filed: April 14, 2009

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Interim rates application

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Written Prefiled Evidence –

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April 14, 2009

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Executive Summary

Tillsonburg Hydro Inc. ("THI") seeks an order or orders of the Board authorizing it to charge the rates set out in Attachment A on an interim basis effective May 1, 2009. The requested order or orders will provide THI with appropriate flexibility to manage unusual customer risks that will begin to be realized in late April, 2009 and that may persist throughout 2009. The proposed rates are based on THI's December Update amended to incorporate the reclassification of one of THI's largest customers and for certain updates (eg., to the cost of capital) and to correct certain errors (eg., to rely on a federal tax rate of 11.0%). The bill impacts of these proposed rates are provided at Attachment B.3.

Discussion

On April 9, 2009 THI filed an application seeking an order or orders of the Board authorizing it to charge its proposed 2009 rates on an interim basis effective May 1, 2009.

THI seeks the requested order or orders so that:

- THI can manage unusual loss of load or loss of customer risks as they emerge and as the appropriate supporting data becomes available;
- THI can charge just and reasonable rates that recover the ongoing costs incurred to provide distribution service to the inhabitants of the Town of Tillsonburg and that provide an opportunity to earn a fair rate of return;
- THI's customers have the benefit of a price signal that incents decisions consistent with the objectives of the Green Energy, Green Economy Act, specifically: conservation, demand management and acting on generation investment opportunities; and
- THI's customers continue to experience a predictable schedule of rate changes on May 1 that coincide with previously announced RPP changes.

THI has identified the following issues with respect to this application for interim rates:

- Why is interim relief required?
- Why is interim relief required as of May 1, 2009?
- Why is interim relief at proposed rates appropriate?

- How have the Updated December 15, 2008 rates been amended and why is this appropriate?

Each issue is considered below; please note that these issues are not mutually exclusive.

Why is interim relief required?

THI's customer mix and customer consumption patterns are subject to unusual risks. This is because the majority of THI's large customers are engaged in automobile parts assembly and fabrication and are directly affected by the restructuring of the North American automobile manufacturing industry. The outcome of this restructuring and its timing is beyond THI's control – they are subject to decisions that have been or will be taken by THI's customers in response to automobile manufacturers business decisions that in turn depend on access to capital issues and on automobile manufacturers' ongoing viability. THI has previously realized all available cost and efficiency opportunities that may serve to offset the consequences of changes in customer composition and consumption. For these reasons THI seeks the requested order of the Board that will uniquely provide the flexibility to appropriately adjust rates and manage the timing of such rate changes.

THI also requires interim relief to provide an opportunity to charge just and reasonable rates. In particular, THI seeks to overcome its chronic underearning, as is demonstrated at Exhibit 7/Table 1/Schedule 2/p.2/Table 2 – Updated. During this period of underearning THI has implemented several efficiency measures and has controlled costs so that it could continue to provide distribution service at an appropriate level of quality to the inhabitants of the Town of Tillsonburg.

Why is interim relief required as of May 1, 2009?

THI requires interim rate relief as of May 1, 2009 to be able to:

- Adjust rates appropriately for changes in customer composition and consumption that will commence in late April, 2009 and may persist throughout 2009; and
- overcome chronic underearning at the earliest opportunity.

THI also seeks the requested order or orders so that the timing of its rate changes is consistent with that of other distributors in the same geography.

One of the characteristics of sound rate making is that rates should be predictable. By extension, the timing of rate changes should be predictable as well. THI's customers have experienced rate changes on May 1 for the last several years and expect a rate change as of that date this year as well. The Board's Notices of Application indicated that customers could expect rates to change on this date. This application maintains that schedule of rate changes and enhances predictability.

Another characteristic of sound rate making is that rates are not subject to numerous changes. The previously announced changes to Regulated Price Plan ("RPP") rates will be implemented May 1, 2009. Implementing interim rates concurrent with the changes to the RPP rates is expected to minimize the number of discrete rate changes that THI's customers will experience in a 12 month period.

Why is it appropriate to authorize the proposed rates on an interim basis?

THI submits that authorizing the proposed rates on an interim basis effective May 1, 2009 will provide an appropriate price signal to consumers, achieve predictability and can be expected to minimize the number of discrete rate changes that will be experienced by THI's customers in the 12 month period May 2009 to April 2010.

By authorizing the proposed rates on an interim basis effective May 1, 2009 THI's customers will be provided with a price signal that incents continued and increased conservation and demand management activities as well as incenting them to act on and realize local generation opportunities. The benefits of this price signal effect align with the objectives of the Green Energy, Green Economy Act, which has received second reading. Acting on these opportunities will also provide THI's customers with an effective form of rate and bill impact mitigation. It is desirable that THI's customers enjoy the benefits of these choices as early as possible and, in particular, that THI's customers not lag behind other customers in the same geography in realizing these benefits.

As stated elsewhere, one principle of rate making is that rates should be predictable. THI published the Board issued Notice of Application in local area newspapers twice. The Notices informed readers that THI had applied to the Board to change distribution rates effective May 1, 2009, of the average bill increase to a residential customer consuming 1,000 kWh/month and of the proposed partitioning of the existing General Service 500 – 4,999 kW customer class. THI submits that its customers have knowledge and awareness of the proposed general increase in rates.

THI seeks Board authorization to charge its proposed General Service 500 – 1,499 kW and proposed GS > 1,500 kW rates on an interim basis. THI notes that the Board's Notices of Application both described the proposed customer classes and submits that customers have knowledge of and are aware of these proposed changes. THI further notes that the majority of customers in the proposed General Service 500 – 1,499 kW and GS > 1,500 kW customer classes will be directly affected by the restructuring of the North American automobile industry and that the decision makers in these firms should have the benefit of accurate electricity pricing information to support their decision making with respect to the ongoing viability of their

commercial operations in Tillsonburg. However, should the Board see fit to continue the existing General Service 500 – 4,999 kW customer class the rates set out below will recover the same amount of revenue as the proposed General Service 500 – 1,499 kW and proposed GS > 1,500 kW rates.

Equivalent GS 500 – 4,999 kW rates

Fixed Monthly Charge	\$1,150
Variable Rate	\$1.8378/kW

THI submits that authorizing proposed rates on an interim basis effective May 1, 2009 can be expected to minimize the number of discrete rate changes that THI's customers experience in the 12 month period May 2009 to April 2010. Assuming that THI's final rate order authorizes rates not materially different from those proposed, the transition from interim rates to final rates can be expected to be achieved through rate changes that coincide with RPP change. If the Board does not authorize the proposed rates on an interim basis effective May 1, 2009 and the approved final rates are consistent with those proposed, THI's customers may experience an unduly large bill increase due to the recovery of the Test Year gross revenue deficiency over a period of less than 12 months (eg., through the operation of increased base rates and a short lived rate rider that in combination recover the authorized revenue requirement). To avoid this outcome it will be necessary to change rates as soon as practical – potentially in isolation from other known rates changes (eg., the November 1 change to RPP rates) or three times in a 12 month period. Alternatively, if the Board authorizes final rates that are lower than those proposed then THI will be in a position to implement a rate reduction in an orderly manner while being assured of recovering its authorized revenue requirement between the date that final rates are implemented and April 30, 2010. By authorizing the proposed rates on an interim basis effective May 1, 2009 the Board will be able to 'reach back in time' and change rates so that no party is either harmed or advantaged.

The risk that interim rates will be lower than those that are ultimately approved by the Board is greater than the risk that they will be higher. This is because of THI's revenue recovery risk arising from the restructuring of the North American automobile manufacturing sector, which is

1 beyond THI's control or ability to mitigate, is expected to marginally decrease its revenue
2 requirement and materially increase its revenue deficiency.
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How have the Updated December 15, 2008 Rates Been Amended and Why are these Amendments Appropriate?

THI seeks authorization to charge the rates and charges set out in Attachment A. These proposed rates and charges have been estimated by amending the rates and charges proposed in the December 15, 2008 Update. THI submits that these changes are appropriate because they reflect the best information available. The specific changes are described below:

- The reclassification of one of THI's customers who will cease commercial operations and be idle as of April 2009;
- To incorporate updated information
 - o recently announced rate making parameters:
 - to the cost of capital; and
 - changes to the Rural and Remote Rate Protection ("RRRP") rate); and
 - o to align the Interest Income with changes in the applicable interest rate and average amount of cash holdings;
- To correct errors in the previous submission, specifically:
 - o to correct the proposed 2009 Test Year Operations, Maintenance and Administration costs;
 - o to reduce the assumed federal tax rate from the 11.5% relied on in the December Update to the correct 11.0%;
 - o to incorporate a revised treatment of the Transformer Ownership Allowance that the Board has authorized in other rebasing applications; and
 - o to apply the correctly computed loss factors

These amendments increase THI's proposed 2009 Test Year gross revenue deficiency to \$817.6k (please see Attachment B.1) and its proposed 2009 Test Year revenue requirement to \$3,240k (please see Attachment B.2). The adjustments to the data supporting the proposed rates are discussed in greater detail below.

Reclassifying a Large Customer

THI learned that DDM, one of its large customers, plans to idle its Tillsonburg operations as of April 2009. Consistent with THI's Conditions of Service the customer will be reclassified from

the proposed General Service > 1,500 kW customer class to the General Service 50 – 499 kW customer class. For the purposes of the reclassification THI has assumed that while idle DDM will have metered monthly demand of 350 kW. This change has been incorporated in THI's rate making models as changes to the number of customers in the respective customer classes and to the respective forecast metered demand in the 2009 Test Year. The consequential changes are to the proposed Working Cash Allowance and proposed PILs expense. No other changes have been made. THI has updated its rate making model, its PILs expense estimation model and its Cost Allocation Review – Informational Filing model.

Incorporating updated information:

- the proposed increase in the Rural and Remote Rate Protection ("RRRP") rate from \$0.001/kWh to \$0.0013/kWh; and
- updates to the cost of capital that in combination with the change to the proposed 2009 Test Year rate base increase the cost of capital recoverable through rates to \$656.8k (please see Attachment B.2).

Correcting errors in the December 2008 Update:

- reducing THI's proposed 2009 Test Year interest income by \$22k to \$6k (please see Attachment B.2) to reflect the reduction in the applicable interest rate to 0.75% and an increase in the average amount of cash holdings to \$800k;
- increasing the proposed 2009 Test Year Operations, Maintenance and Administration cost by \$11.5k as follows:
 - o a \$3.0k increase in the costs of the 2009 EDR due to the application of the Management Fee;
 - o a \$8.5k increase in the costs recovered through rates of the costs of the new CIS where the capital costs are recovered over a 4 year period (please note that the previously proposed level of OM&A costs recovered 8/36ths, or \$68k, of the capital costs through rates on an annual basis);
 - o a \$3k increase in the CIS support costs due to a revised allocation to Water/Sewer; and
 - o a \$3K decrease in the OEB Annual assessment costs.

- 1 • reducing the PILs expense to \$62.3k (please see Attachment B.2) due to the combined
- 2 effect of correcting the applicable federal tax rate to 11.0% and using the updated cost of
- 3 capital;
- 4 • incorporating a revised treatment of the Transformer Ownership Allowance that the
- 5 Board has authorized in other rebasing applications; and
- 6 • applying the correctly computed loss factors.

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8 THI also proposes to remove all references to the costs of OPA conservation and demand

9 management programs from its rate making model. This affects the presentation of the data

10 only and does not impact computed rates.

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12 Attachment C provides a corrected OM&A variance analysis.

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1 **Attachment A – Proposed Rate Schedule and Supporting Data**

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Appendix 1-1

Effective ☐
May 1/09

Residential

Service Charge	\$	14.30
Distribution Volumetric Rate	\$/kWh	0.0207
Regulatory Asset Recovery	\$/kWh	0.0012
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0050
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service < 50 kW

Service Charge	\$	29.15
Distribution Volumetric Rate	\$/kWh	0.0150
Regulatory Asset Recovery	\$/kWh	0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service >50 kW, <500 kW

Service Charge	\$	111.00
Distribution Volumetric Rate	\$/kW	2.0066
Regulatory Asset Recovery	\$/kW	0.0327
Retail Transmission Rate – Network Service Rate	\$/kW	1.7610
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5833
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Appendix 1-1

Effective ☐
May 1/09

Street Lighting

Service Charge	\$	1,150.00
Distribution Volumetric Rate	\$/kW	4.1940
Regulatory Asset Recovery	\$/kW	0.1585
Retail Transmission Rate – Network Service Rate	\$/kW	1.4461
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3002
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Unmetered Scattered Load

Service Charge	\$	20.00
Distribution Volumetric Rate	\$/kWh	0.0032
Regulatory Asset Recovery	\$/kWh	0.0009
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service >500 kW, <1,500 kW

Service Charge	\$	751.00
Distribution Volumetric Rate	\$/kW	1.9262
Regulatory Asset Recovery	\$/kW	0.0468
Retail Transmission Rate – Network Service Rate	\$/kW	2.3076
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.1566
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service >1,500 kW

Service Charge	\$	1,151.00
Distribution Volumetric Rate	\$/kW	2.2631
Regulatory Asset Recovery	\$/kW	0.0173
Retail Transmission Rate – Network Service Rate	\$/kW	2.3076
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.1566
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Appendix 1-1

		Effective ☐ May 1/09
Specific Service Charges		
Returned Cheque charge (plus bank charges)	\$	15.00
Account set up charge / change of occupancy charge	\$	30.00
Special Meter reads	\$	30.00
Late Payment - per month	%	1.50
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Install / remove load control device – after regular hours	\$	185.00
Service call – after regular hours	\$	165.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Transformer Allowance for Ownership - per kW of billing demand/month	\$	0.60
Retailer Service Agreement -- standard charge	\$	100.00
Retailer Service Agreement -- monthly fixed charge (per retailer)	\$	20.00
Retailer Service Agreement -- monthly variable charge (per customer)	\$	0.50
Distributor-Consolidated Billing -- monthly charge (per customer)	\$	0.30
Retailer-Consolidated Billing -- monthly credit (per customer)	\$	-0.30
Service Transaction Request -- request fee (per request)	\$	0.25
Service Transaction Request -- processing fee (per processed request)	\$	0.50
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	-0.60
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	-1.00
LOSS FACTORS		
Primary Metered Customer < 5,000 kW		1.0320
Secondary Metered Customer < 5,000 kW		1.0420

- 1 **Attachment B – Summary of Test Year Information – Revenue Deficiency, Revenue**
- 2 **Requirement and Estimated Bill Impacts**
- 3

	August 22, 2008 Submission	December 2008 Update	April 2009 Amendment	Change
Utility Income	-38,758	-84,463	-98,454	-13,991
Utility Rate Base	8,947,080	8,992,835	8,713,761	-279,074
Indicated Rate of Return	-0.43%	-0.94%	-1.13%	-0.19%
Requested / Approved Rate of Return	7.11%	7.11%	7.54%	0.43%
Sufficiency / (Deficiency) in Return	-7.54%	-8.04%	-8.67%	-0.62%
Net Revenue Sufficiency / (Deficiency)	-674,460	-723,416	-755,244	-31,828
Provision for PILs/Taxes *	-72,332	-71,081	-62,346	8,735
Gross Revenue Sufficiency / (Deficiency)	-746,792	-794,497	-817,590	-23,093

	August 22, 2008 Submission	December 2008 Update	April 2009 Amendment	Change
OM&A Expenses	2,103,292	2,124,024	2,135,524	11,500
3850-Amortization Expense	501,604	491,357	491,357	0
Total Distribution Expenses	2,604,896	2,615,381	2,626,881	11,500
Regulated Return On Capital	635,702	638,953	656,790	17,837
PILs (with gross-up)	72,332	71,081	62,346	-8,735
Service Revenue Requirement	3,312,930	3,325,415	3,346,017	20,602
Less: Revenue Offsets	128,878	128,433	106,433	-22,000
Base Revenue Requirement	3,184,052	3,196,982	3,239,584	42,602

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Residential

Volume		RPP	Distribution Charges		Total Bill	
kWh *	kW	Rate Class	\$ change	% change	\$ change	% change
250		Summer	\$3.85	24.6%	\$4.40	12.8%
1,500		Summer	\$9.85	27.7%	\$13.15	8.4%
500		Summer	\$5.05	25.8%	\$6.16	10.8%
1,000		Summer	\$7.45	27.0%	\$9.65	9.1%
1,000		Winter	\$7.45	27.0%	\$9.64	8.8%
2,000		Winter	\$12.25	28.2%	\$16.62	7.7%
2,000		Summer	\$12.25	28.2%	\$16.64	8.1%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

General Service < 50

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
1,000		n/a	\$9.12	26.0%	\$16.48	14.5%
2,000		n/a	\$14.12	31.4%	\$28.86	14.3%
5,000		n/a	\$29.12	38.8%	\$65.97	14.1%
10,000		n/a	\$54.12	43.3%	\$127.85	14.0%
15,000		n/a	\$79.12	45.2%	\$189.72	14.0%
3,256		n/a	\$20.40	35.4%	\$44.39	14.1%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

General Service >50 l

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
15,000	60	n/a	\$69.75	43.1%	\$181.55	13.0%
25,000	100	n/a	\$116.75	59.9%	\$303.09	13.4%
100,000	500	n/a	\$586.79	>100%	\$1,361.52	15.0%
		n/a				
		n/a				
42,574	124	n/a	\$144.95	67.5%	\$448.65	12.5%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
655,475	1,390	n/a				
1,889,257	3,706	n/a				
742,137	1,595	n/a				

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
150	1.00	Non-res.				
200	1.00	Non-res.				
72	0.20	n/a				
78	0.20	Non-res.				

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Street Lighting

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
150	1.00	n/a	(\$187.05)	(13.9%)	(\$185.74)	(13.7%)
110.842	320.00	n/a	(\$277.99)	(10.0%)	\$537.19	4.7%
110.842	320.00	Non-res.	(\$277.99)	(10.0%)	(\$134.20)	(1.1%)

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

Unmetered Scattered

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
730		n/a	\$2.66	13.5%	\$8.42	10.9%
2,226		Non-res.	(\$7.52)	(21.7%)	(\$3.49)	(1.5%)

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

General Service >500

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
225,000	500.00	n/a	\$317.03	22.7%	\$1,926.19	10.0%
335,000	750.00	n/a	\$679.26	44.8%	\$3,077.27	10.9%
450,000	1,000.00	n/a	\$1,041.48	63.7%	\$4,259.77	11.4%
575,000	1,250.00	n/a	\$1,403.71	80.0%	\$5,505.05	11.6%
650,000	1,500.00	n/a	\$1,765.93	94.2%	\$6,436.44	12.0%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

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F8 Customer Bill Impact Analysis

RPP rates per sheet Y7

General Service >1.5l

Volume		RPP?	Distribution Charges		Total Bill	
kWh *	kW		\$ change	% change	\$ change	% change
666,666	1,500	n/a	\$2,671.28	>100%	\$7,138.93	13.0%
1,000,000	2,500	n/a	\$4,457.08	>100%	\$11,249.56	13.6%
1,500,000	3,500	n/a	\$6,242.88	>100%	\$16,340.59	13.4%
2,900,000	4,500	n/a	\$8,028.68	>100%	\$26,725.82	11.9%

* Loss Factors (sheet F6) apply to certain pass-through charges (per sheet Y4)

Attachment C – Detailed Explanation of proposed changes to 2009 Test Year OM&A costs

In its December 2008 Update THI indicated that the annualized variance of the new CIS was \$117k. Further analysis demonstrates that this variance is correctly characterized as relating to Billing and Collecting – it includes the CIS cost variances as well as the Paper and Postage costs that THI will assume responsibility for beginning in 2009;. The variance is correctly documented below.

- the previously proposed level of OM&A costs recovered through rates included \$68k for the recovery of the capital costs of the new CIS. The previously referenced recovery of \$110.3k annually is incorrect.
THI now proposes to amortize the capital costs of the new CIS over a 4 year period, the 2009 – 2012 rate years. The associated annual recovery through rates is \$77k ($\$77000 = \$293500 * 1.05 / 48 * 12$);
- the estimated increase in CIS operating costs allocated to THI did not reflect the appropriate allocation of these costs to Water and Sewer; the allocation has been revised and a favourable CIS operating cost variance of \$6k has been computed.

The annualized Rate Rebasing Application costs were esimated to be \$61.8k; as a result of THI's analysis, the costs of the subject rate rebasing application reflecting the 5% management fee is correctly stated as \$64.8k.

The change in the OEB Assessment costs was an originally estimated to increase by \$6.1k; based on THI's recently received 2009 OEB Assessment, the corrected increase is \$2.9k.

Table 1 presents the OM&A variance analyses as a continuity table that documents the OM&A variance analysis, as corrected for new facts or methodology.

1
2 **Table 1**

	August 2008 Submission	December 2008 Update	April 2009 Amendment
	Corrected	Corrected	Filed
2008 BY OM&A	1627.0	1627.0	1627.0
Labour Related			
New Positions	162.0	162.0	162.0
Cost of Living Adjustment	27.0	27.0	27.0
Change in Capitalized Labour	<u>79.5</u>	<u>86.2</u>	<u>86.2</u>
Total Labour Variance	<u>268.5</u>	<u>275.2</u>	<u>275.2</u>
Non-Labour Related			
New CIS Capital	77.0	77.0	77.0
Allocation of CIS Support Costs	<u>-9.0</u>	<u>-9.0</u>	<u>-6.0</u>
Sub-total New CIS	68.0	68.0	71.0
Paper and Postage	31.5	31.5	31.5
Change in Capitalized Fleet	42.1	47.4	47.4
Rate Rebasing Application	57.8	64.8	64.8
Change in OEB Assessment	<u>6.1</u>	<u>6.1</u>	<u>2.9</u>
Total Non-Labour Variance	<u>205.5</u>	<u>217.9</u>	<u>217.6</u>
Other	<u>2.0</u>	<u>4.0</u>	<u>15.7</u>
Total Variance	<u>476.0</u>	<u>497.0</u>	<u>508.5</u>
2009 TY OM&A	<u>2103.0</u>	<u>2124.0</u>	<u>2135.5</u>