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**May 6, 2009**

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

**Re: Northern Ontario Wires 2009 Rate Application (EB-2008-0238) – Incorporation of OEB Decision**

**Please find enclosed Northern Ontario Wires (NOWs) adjustments to incorporate the OEB Board's decision. This package will contain the following items:**

**Appendix**

1. Draft Rate Order - Incorporating all changes
2. Load Forecast
  - Load Forecast from VECC IR # 30 including removal of NOW adjustment factor
  - Customer Counts and Usage Stats (reverting to old Street Light values)
3. Summary of changes from decision
  - OM&A Changes & Other Changes
4. Updated PILS Calculation
5. Updated WCA including COP and LV Changes (Rate Base Derivation)
6. Cost of Capital Summary
7. LV Updated
  - LV Expense Estimate Update & Retail Rate Model
8. Cost Allocation from VECC proposal (transmission allowance removal)
  - CA model output & Revised RC Calculations
9. 2009 Distribution Rate Derivations
10. 2009 Regulatory Asset Rate Rider Calculations Worksheet
11. Revenue Deficiency Calculation
12. 2009 Pro-Forma
13. 2009 Distribution Revenue Requirement

**OEB RRWF form completed and filed in electronic form**

- Note minor formula differences in Deemed Interest and Equity return values identified within model

**If you require any further information, please contact me directly.**

**Sincerely,**

**Ian McKenzie, E360 Inc.  
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**Northern Ontario Wires Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective May 1, 2009**

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

**MONTHLY RATES AND CHARGES**

**Residential**

Service Charge		\$ 18.50
Distribution Volumetric Rate	\$/kWh	0.0133
Retail Low Voltage Rate	\$/kWh	0.0007
2009 Regulatory Asset Rate Rider	\$/kWh	-0.0012
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0042
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administrative Charge		\$ 0.25

**General Service Less Than 50 kW**

Service Charge		\$ 24.00
Distribution Volumetric Rate	\$/kWh	0.0132
Retail Low Voltage Rate	\$/kWh	0.0004
2009 Regulatory Asset Rate Rider	\$/kWh	-0.0013
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0043
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0038
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administrative Charge		\$ 0.25

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

Service Charge		\$206.00
Distribution Volumetric Rate	\$/kW	0.5505
Retail Low Voltage Rate	\$/kW	0.2119
2009 Regulatory Asset Rate Rider	\$/kW	-0.5839
Retail Transmission Rate - Network Service Rate	\$/kW	1.7452
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.5012
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administrative Charge		\$ 0.25

**Unmetered Scattered Load**

Service Charge		\$ 25.79
Distribution Volumetric Rate	\$/kWh	0.0132
Retail Low Voltage Rate	\$/kWh	0.0004
2009 Regulatory Asset Rate Rider	\$/kWh	-0.0011
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0043
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0038
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administrative Charge		\$ 0.25

**Street Lighting**

Service Charge		\$ 6.25
Distribution Volumetric Rate	\$/kW	1.6605
Retail Low Voltage Rate	\$/kW	0.1556
2009 Regulatory Asset Rate Rider	\$/kW	-0.2965
Retail Transmission Rate - Network Service Rate	\$/kW	1.3163
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.1606
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service - Administrative Charge		\$ 0.25

**Northern Ontario Wires Inc.**  
**TARIFF OF RATES AND CHARGES**  
**Effective May 1, 2009**

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**Specific Service Charges**

**Customer Administration**

Arrears Certificate	\$ 15.00
Returned Cheque charge (plus bank charges)	\$ 15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$ 30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$ 30.00
Non-Payment of Account	
Late Payment - per month	% 1.50
Late Payment - per annum	% 19.56
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
Specific Charge for Access to the Power Poles - per pole/year	\$ 22.35

**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)

**Retail Service Charges (if applicable)**

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$ 100.00
Monthly Fixed Charge, per retailer	\$ 20.00
Monthly Variable Charge, per customer, per retailer	\$/cust. 0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust. 0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust. (0.30)

**Service Transaction Requests (STR)**

Request fee, per request, applied to the requesting party	\$ 0.25
Processing fee, per request, applied to the requesting party	\$ 0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party	
Up to twice a year no charge	
More than twice a year, per request (plus incremental delivery costs)	\$ 2.00

**LOSS FACTORS**

Total Loss Factor - Secondary Metered Customer < 5,000 kW	%1.0433
Total Loss Factor - Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor - Primary Metered Customer < 5,000 kW	%1.0328
Total Loss Factor - Primary Metered Customer > 5,000 kW	N/A

## Appendix 2

## Customer Profile Generation

kWh

	Weather Sensitive?	2002	2003	2004	2005	2006	2007	2009 Non-Normalized Weighted Average
Residential	yes	45,072,836	41,042,329	39,972,935	44,110,137	42,481,116	43,226,412	41,606,790
GS < 50 kW	yes	33,709,023	26,551,766	23,654,231	27,064,111	22,211,396	21,107,997	24,543,939
GS > 50 kw	yes	55,878,857	67,900,691	60,490,840	62,493,758	69,427,760	68,336,387	75,591,032
Unmetered Loads	no	119,472	119,472	119,472	121,104	121,104	121,104	57,280
Street Light	no	591,609	2,011,548	2,011,548	1,786,858	1,805,749	1,742,799	1,660,742
								<hr/> 143,459,784 LDC Total <hr/>

### Counts

	2002	2003	2004	2005	2006	2007	2008	2009
Residential	5,608	5,278	5,268	5,317	5,263	5,249	5,210	5,200
GS < 50 kW	833	866	861	815	787	773	790	785
GS > 50 kw	48	54	55	55	70	69	69	69
Unmetered Loads	48	48	48	15	15	15	15	15
Street Light	1,732	1,732	1,732	1,737	1,737	1,737	1,737	1,737

**kW**

	2002	2003	2004	2005	2006	2007	2009 Non- Normalized Weighted Average
GS > 50 kw	163,493	162,345	167,241	164,065	175,673	172,737	197,673
Street Light	2,091	5,868	5,014	5,014	5,014	5,014	4,676

Annual Adjustment Factor (from IESO Report)	-2.34%	-0.68%	0.20%	-1.48%	0.75%	-0.52%
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NOW Weather Normalization Factor {100% - (IESO Annual * NOW Ratio)}	97.66%	99.32%	100.20%	98.52%	100.75%	99.48%
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**Normalized kWh**

- weighted average of annual usage / customer \* projected customers

[illegible]

note street light ignores 2002 as abnormal

**Normalized kW**

- weighted average of annual load / customer \* projected customers

	Weather Sensitive?	2002	2003	2004	2005	2006	2007	2008	2009	
<b>GS &gt; 50 kw Street Light</b>	yes	159,673	161,239	167,568	161,633	176,998	171,831	173,160		
	no	2,091	5,868	5,014	5,014	5,014	5,014	5,014		
	note: street light ignores 2002 as abnormal									
										173,160    2 year due to categorization changes
										5,014    2005 - 2007 avg due to erroneous data & consistent load

note: street light ignores 2002 as abnormal

	2002	2003	2004	2005	2006	2007	Total	
KWh	44,019,666	40,762,778	40,051,199	43,456,249	42,801,444	42,999,708	254,091,043	27,805.24
Counts	5,608	5,278	5,268	5,317	5,263	5,249	31,983	
<b>Weighted Average Usage (total kWh / total count)</b>							<b>7,945</b>	
2008 Count							5,210	
2008 Usage							41,391,187	
2009 Count							5,200	
2009 Usage							41,311,741	

### **Appendix 3**

<b>Summary of OM&amp;A Changes in OEB Decision</b>	<b>Increase / (Decrease)</b>
1. Reduce OM&A Costs by \$9,000 (pg. 9 of decision)	
• Reduction for inflation from “non-wage items”	(\$9,000)
2. Reduce OM&A costs by \$17,803 (pg. 11 of decision)	
• Reduction of wages above inflation approval	(\$17,803)
3. Reduce training cost by \$10,000 (pg. 11 of decision)	(\$10,000)
4. Remove Contract Negotiation Consulting costs (pg. 11 of decision)	
• Reduction of \$2,500	(\$2,500)
5. Move RDI costs from 5630 to 5655 (pg. 12 of decision)	
• 5630 – Outside Services	(\$24,000)
• 5655 – Regulatory Costs	\$24,000
6. Remove \$5,000 relating to tree trimming	(\$5,000)

### **Summary of Other Changes**

7. PILS Calculation adjusted for all changes referenced (pg. 15 of decision) – Appendix 4
8. Update CoP & LV charges to be included in WCA (pg. 19 of decision) – Appendix 5
9. Adjust Debt Return to 5.04% from 5.10% (pg. 20 of decision) – Appendix 6
10. Update LV Expenses forecast to current rates (pg. 23 of decision) – Appendix 7
11. LV Retail Rate Adders based on RTR-CN recovery (pg. 23 of decision) – Appendix 7
12. Revised CA model (pg. 26 of decision) – Appendix 8
13. Distribution Rate Derivation – common variable for USL and GS <50 (pg. 27 of decision) – Appendix 9
14. 2009 Regulatory Asset Value Calculation and Rate Derivation (pg. 31 of decision) – Appendix 10

## Appendix 4

	2006 Board Approved	2006 Actual	2007 Actual	2008 Bridge	2009 Test
<u>Determination of Taxable Income</u>					
Regulatory Net Income (before tax)	\$250,137	\$153,531	\$175,819	\$215,026	\$193,055
Book to Tax Adjustments					
Additions to Accounting Income:					
Depreciation and amortization	\$331,372	\$317,199	\$299,135	\$363,270	\$404,740
Meals & entertainment / Mileage					
Other Additions					
Total Additions	\$331,372	\$317,199	\$299,135	\$363,270	\$404,740
Deductions from Accounting Income:					
Capital Cost Allowance	\$247,569	\$249,668	\$270,962	\$388,552	\$404,768
Cumulative eligible capital deductions					
Gain on Disposal					
Other Deductions					
Total Deductions	\$247,569	\$249,668	\$270,962	\$388,552	\$404,768
Regulatory Taxable Income	\$333,939	\$221,061	\$203,992	\$189,744	\$193,027
Corporate Income Tax Rate	18.62%	18.62%	18.62%	17.00%	17.00%
Ontario Capital Tax Rate					
Subtotal					
Less: R&D ITC (0.3)					
Regulatory Income Tax	\$62,179	\$41,162	\$37,983	\$32,257	\$32,815
<u>Calculation of Utility Income Taxes</u>					
Income Taxes (Line 23)	\$62,179	\$41,162	\$37,983	\$32,257	\$32,815
Ontario Capital Tax	\$0	\$0	\$0	\$0	\$0
Large Corporation Tax (Line 14, page 2)					
Total Taxes	\$62,179	\$41,162	\$37,983	\$32,257	\$32,815
Gross UP factor (1-tax rate)	81.38%	81.38%	81.38%	83.00%	83.00%
Total taxes with Gross up (taxes/gross up factor)	\$76,406	\$50,580	\$46,674	\$38,863	\$39,536

removed interest adjustment

removed interest adjustment

## Appendix 5

<b>RATE BASE SUMMARY</b>	<b>2006 Board Approved</b>	<b>2006 Actual</b>	<b>Variance from 2006 Board Approved</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>Variance from 2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Bridge</b>	<b>Variance from 2007 Actual</b>	<b>2008 Bridge</b>	<b>2009 Test</b>	<b>Variance from 2008 Bridge</b>
	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>	<b>(\$'s)</b>
<u>Gross Asset</u>												
Asset Values at Cost	\$5,297,550	\$5,474,266	\$176,717	\$5,474,266	\$5,880,121	\$405,854	\$5,880,121	\$6,389,883	\$509,763	\$6,389,883	\$6,893,009	\$503,125
<u>Accumulated Depreciation</u>												
Depreciation	-\$1,401,269	-\$1,908,362	-\$507,094	-\$1,908,362	-\$2,398,823	-\$490,461	-\$2,398,823	-\$2,750,046	-\$351,223	-\$2,750,046	-\$3,134,051	-\$384,005
Net Fixed Asset	<b>\$3,896,281</b>	<b>\$3,565,904</b>	<b>-\$330,377</b>	<b>\$3,565,904</b>	<b>\$3,481,297</b>	<b>-\$84,607</b>	<b>\$3,481,297</b>	<b>\$3,639,837</b>	<b>\$158,540</b>	<b>\$3,639,837</b>	<b>\$3,758,957</b>	<b>\$119,120</b>
<u>Allowance for Working Capital</u>												
	\$1,662,308	\$1,861,443	\$199,135	\$1,861,443	\$1,779,043	-\$82,401	\$1,779,043	\$1,669,336	-\$109,707	\$1,669,336	\$1,803,411	\$134,075
Utility Rate Base	<b>\$5,558,590</b>	<b>\$5,427,348</b>	<b>-\$131,242</b>	<b>\$5,427,348</b>	<b>\$5,260,340</b>	<b>-\$167,008</b>	<b>\$5,260,340</b>	<b>\$5,309,173</b>	<b>\$48,833</b>	<b>\$5,309,173</b>	<b>\$5,562,368</b>	<b>\$253,195</b>

## Appendix 6

### Cost of Capital Parameters

2009 Test Year

	Deemed	Percentages
Rate Base	\$5,562,368	
Equity Portion	\$2,410,174	43.33%
Debt Portion Long Term	\$2,929,699	52.67%
Debt Portion Short Term	\$222,495	4.00%
Equity Return	\$193,055	8.01%
Debt Return Long Term	\$147,657	5.04%
Debt Return Short Term	\$2,959	1.33%
Proposed Return	\$343,671	



## Appendix 7

### Estimated LV Charges (based on May 1, 2009 rates)

Month	Year	Units	Variable Rate	Variable Charge	Fixed Charge	Total Charge
Nov	2007	3,505.78	\$ 1.63	\$ 5,714.42	\$ 116.01	\$ 5,830.43
Dec	2007	3,776.33	\$ 1.63	\$ 6,155.42	\$ 116.01	\$ 6,271.43
Jan	2008	4,369.80	\$ 1.63	\$ 7,122.77	\$ 116.01	\$ 7,238.78
Feb	2008	4,444.23	\$ 1.63	\$ 7,244.09	\$ 116.01	\$ 7,360.10
Mar	2008	4,458.77	\$ 1.63	\$ 7,267.80	\$ 116.01	\$ 7,383.81
Apr	2008	4,130.65	\$ 1.63	\$ 6,732.96	\$ 116.01	\$ 6,848.97
May	2008	3,752.66	\$ 1.63	\$ 6,116.84	\$ 116.01	\$ 6,232.85
June	2008	3,517.82	\$ 1.63	\$ 5,734.05	\$ 116.01	\$ 5,850.06
July	2008	3,337.59	\$ 1.63	\$ 5,440.27	\$ 116.01	\$ 5,556.28
Aug	2008	3,097.18	\$ 1.63	\$ 5,048.40	\$ 116.01	\$ 5,164.41
Sept	2008	2,759.66	\$ 1.63	\$ 4,498.25	\$ 116.01	\$ 4,614.26
Oct	2008	3,705.29	\$ 1.63	\$ 6,039.62	\$ 116.01	\$ 6,155.63
<b>12 Month Total</b>						<b>\$ 74,507.01</b>

#### Summary of Charges

HVDS Low	1.63 per kW
Service Chrg	116.01 per connection

### 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%	28,314	41,311,741 kWh	0.0007 per kWh
GS < 50 kW	11.7%	8,714	21,827,114 kWh	0.0004 per kWh
GS > 50 kW	49.3%	36,698	173,160 kW	0.2119 per kW
Street Lights	1.0%	780	5,014 kW	0.1556 per kW
Unmetered	0	-	kWh	0.0004 per kWh

Total 74,507

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.

## Appendix 8



### 2006 Cost Allocation Information Filing

Northern Ontario Wires  
EB-2005-0398 EB-2007-0003  
August-01-08

### Sheet O1 Revenue to Cost Summary Worksheet - Second Run

#### Class Revenue, Cost Analysis, and Return on Rate Base

			1	2	3	7	9
Rate Base Assets		Total	Residential	General Service less than 50 kW	General Service 50 to 4,999 kW	Street Lighting	Unmetered Scattered Load
crev mi	Distribution Revenue (sale)	\$2,237,164	\$1,393,379	\$471,329	\$331,797	\$33,357	\$7,302
	Miscellaneous Revenue (mi)	\$339,555	\$211,287	\$69,177	\$33,974	\$24,133	\$983
	Total Revenue	\$2,576,719	\$1,604,666	\$540,506	\$365,771	\$57,490	\$8,285
Expenses							
di cu ad dep INPUT INT	Distribution Costs (di)	\$248,986	\$138,954	\$38,516	\$30,627	\$40,068	\$821
	Customer Related Costs (cu)	\$740,548	\$502,149	\$170,887	\$61,851	\$4,443	\$1,218
	General and Administration (ad)	\$814,809	\$524,190	\$169,555	\$77,162	\$42,163	\$1,739
	Depreciation and Amortization (dep)	\$331,372	\$189,485	\$50,755	\$39,557	\$50,545	\$1,030
	PILs (INPUT)	\$59,377	\$34,081	\$9,167	\$6,747	\$9,188	\$193
	Interest	\$131,490	\$75,473	\$20,300	\$14,942	\$20,348	\$428
Total Expenses		\$2,326,582	\$1,464,332	\$459,181	\$230,886	\$166,755	\$5,428
Direct Allocation		\$0	\$0	\$0	\$0	\$0	\$0
NI	Allocated Net Income (NI)	\$250,137	\$143,574	\$38,618	\$28,424	\$38,708	\$813
	Revenue Requirement (includes NI)	\$2,576,719	\$1,607,906	\$497,799	\$259,309	\$205,463	\$6,242
	Revenue Requirement Input equals Output						
Rate Base Calculation							
Net Assets							
dp gp accum dep co	Distribution Plant - Gross	\$4,932,852	\$2,811,495	\$760,350	\$587,017	\$758,408	\$15,583
	General Plant - Gross	\$364,698	\$209,330	\$56,305	\$41,441	\$56,436	\$1,186
	Accumulated Depreciation	(\$1,401,269)	(\$784,434)	(\$215,117)	(\$185,715)	(\$211,903)	(\$4,100)
	Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0
	Total Net Plant	\$3,896,281	\$2,236,391	\$601,537	\$442,743	\$602,941	\$12,668
Directly Allocated Net Fixed Assets		\$0	\$0	\$0	\$0	\$0	\$0
COP	Cost of Power (COP)	\$9,052,505	\$2,691,666	\$1,900,387	\$4,352,801	\$99,892	\$7,758
	OM&A Expenses	\$1,804,344	\$1,165,293	\$378,958	\$169,641	\$86,674	\$3,777
	Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal	\$10,856,848	\$3,856,959	\$2,279,346	\$4,522,442	\$186,566	\$11,536
	Working Capital	\$1,628,527	\$578,544	\$341,902	\$678,366	\$27,985	\$1,730
Total Rate Base		\$5,524,808	\$2,814,935	\$943,439	\$1,121,110	\$630,926	\$14,399
Rate Base Input equals Output							
Equity Component of Rate Base		\$2,762,404	\$1,407,467	\$471,720	\$560,555	\$315,463	\$7,199
Net Income on Allocated Assets		\$250,137	\$140,334	\$81,326	\$134,885	(\$109,265)	\$2,857
Net Income on Direct Allocation Assets		\$0	\$0	\$0	\$0	\$0	\$0
Net Income		\$250,137	\$140,334	\$81,326	\$134,885	(\$109,265)	\$2,857
RATIOS ANALYSIS							
REVENUE TO EXPENSES %		100.00%	99.80%	108.58%	141.06%	27.98%	132.74%
EXISTING REVENUE MINUS ALLOCATED COSTS		\$0	(\$3,240)	\$42,708	\$106,462	(\$147,973)	\$2,044
RETURN ON EQUITY COMPONENT OF RATE BASE		9.06%	9.97%	17.24%	24.06%	-34.64%	39.68%

**Northern Ontario Wires  
Rate Design - Revenue to Cost Ratios  
04-May-09**

	Residential	GS < 50	GS 50 - 4,999	Street Light	Unmetered	
2007 CA Revenue to Cost %	99.80%	108.58%	141.06%	27.98%	132.74%	
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	331,797	33,357	7,302	
2006 Misc. Revenue	211,287	69,177	33,974	24,133	983	339,555
2006 Total Revenue	1,604,666	540,506	365,771	57,490	8,285	2,576,719
<b>Minimum Adjustment</b>						
Current RC%	99.80%	108.58%	141.06%	27.98%	132.74%	
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	1,604,666	540,506	365,771	57,490	8,285	2,576,719
Min Adjustment	-	-	-	86,334	(795)	
2006 Min Adjusted Total Revenue	1,604,666	540,506	365,771	143,824	7,490	2,662,258
Allocation of Balance	(54,665)	(18,413)	(12,461)	-	-	(85,539)
2006 Adjusted Total Revenue	1,550,001	522,093	353,311	143,824	7,490	2,576,719
2006 Total Revenue %	60.15%	20.26%	13.71%	5.58%	0.29%	
2009 Total Revenue	1,705,380	574,430	388,728	158,242	8,241	2,835,022
less: 2009 Misc. Rev. Projection incl trans allowance)	171,960	56,301	27,650	19,641	800	276,353
2009 Min Adjustment BRR	1,533,420	518,130	361,078	138,601	7,441	2,558,669
<b>New BRR%</b>	<b>59.93%</b>	<b>20.25%</b>	<b>14.11%</b>	<b>5.42%</b>	<b>0.29%</b>	
<b>100% DRR Adjustment</b>						
2006 Total Revenue	1,604,665.66	540,506.47	365,771.34	57,490.45	8,285.23	2,576,719.16
2006 Total Revenue @ 100% RC	1,607,905.64	497,798.80	259,309.43	205,463.45	6,241.66	2,576,718.98
2006 Total Revenue %	62.40%	19.32%	10.06%	7.97%	0.24%	-
2009 Total Revenue	1,769,090	547,701	285,304	226,060	6,867	2,835,022
less: 2009 Misc. Rev. Projection incl trans allowance)	171,960	56,301	27,650	19,641	800	276,353
2009 100% RC BRR	1,597,130	491,400	257,653	206,419	6,067	2,558,669
<b>New BRR %</b>	<b>62.40%</b>	<b>19.32%</b>	<b>10.06%</b>	<b>7.97%</b>	<b>0.24%</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	1,607,906	497,799	259,309	205,463	6,242	2,576,719
Subsidization				(61,639)		(61,639)
Allocation of Subsidization	41,796	12,940	6,741	-	162	61,639
2006 Adjusted total Revenue	1,649,702	510,739	266,050	143,824	6,404	2,576,719
2006 Adjusted Total Revenue %	64.02%	19.82%	10.33%	5.58%	0.25%	100%
2009 Total Revenue	1,815,076	561,938	292,720	158,242	7,046	2,835,022
less: 2009 Misc. Rev. Projection incl trans allowance)	171,960	56,301	27,650	19,641	800	276,353
2009 100% RC BRR	1,643,116	505,637	265,070	138,601	6,246	2,558,669
<b>New BRR %</b>	<b>64.22%</b>	<b>19.76%</b>	<b>10.36%</b>	<b>5.42%</b>	<b>0.24%</b>	
Actual Applied for RC	102.60%	102.60%	102.60%	70.00%	102.60%	

## Appendix 9

### Rate Design - May 4, 2009

Distribution Revenue Requirement                      \$ 2,558,668.85

#### Cost allocation results

Residential	64.22%	\$ 1,643,116.14
GS < 50 kW	19.76%	\$ 505,636.62
GS 50 to 4,999 kW	10.36%	\$ 265,069.74
Street Lights	5.42%	\$ 138,600.77
Unmetered	0.24%	\$ 6,245.57
<b>Total</b>	<b>100.00%</b>	<b>\$ 2,558,668.85</b>

#### Residential Class

Distribution Revenue                      \$ 1,643,116.14

#### Fixed component

Customers	Rate	Months	Annual \$	%
5,200	\$ 17.50	12	\$ 1,092,000.00	66.5%
	\$ 1.00	Smart Meter Adder		
	\$ 18.50	Rate including smart meter		

#### Variable

kWh's	Rate	Annual \$	%
41,311,741	\$ 0.0133	\$ 551,116.14	33.5%
		LV Rate Adder (seperate rate rider requested)	
	\$ 0.0133	Rate Including LV adder	

#### General Service < 50 kW

Distribution Revenue                      \$ 505,636.62

#### Fixed component

Customers	Rate	Months	Annual \$	%
785	\$ 23.00	12	\$ 216,660.00	42.8%
	\$ 1.00	Smart Meter Adder		
	\$ 24.00	Rate including smart meter		

#### Variable

kWh's	Rate	Annual \$	%
21,827,114	\$ 0.0132	\$ 288,976.62	57.2%
		LV Rate Adder (seperate rate rider requested)	
	\$ 0.0132	Rate Including LV adder	

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

Distribution Revenue \$ 265,069.74

**Fixed component**

Customers	Rate	Months	Annual \$	%
69	\$ 205.00	12	\$ 169,740.00	64.0%
	\$ 1.00		Smart Meter Adder	
	\$ 206.00		Rate including smart meter	

**Variable**

kW's	Rate	Annual \$	%
173,160	\$ 0.5505	\$ 95,329.74	36.0%
		LV Rate Adder (seperate rate rider requested)	
	\$ 0.5505	Rate Including LV adder	

**Street Light**

Distribution Revenue \$ 138,600.77

**Fixed component**

Customers	Rate	Months	Annual \$	%
1,737	\$ 6.25	12	\$ 130,275.00	94.0%

**Variable**

kW's	Rate	Annual \$	%
5,014	\$ 1.6605	\$ 8,325.77	6.0%
		LV Rate Adder (seperate rate rider requested)	
	\$ 1.6605	Rate Including LV adder	

**Unmetered Loads**

Distribution Revenue \$ 6,245.57

**Fixed component**

Customers	Rate	Months	Annual \$	%
15	\$ 25.79	12	\$ 4,642.24	74.3%

**Variable**

kWh's	Rate	Annual \$	%
121,104	\$ 0.0132	\$ 1,603.34	25.7%
		LV Rate Adder (seperate rate rider requested)	
	\$ 0.0132	Rate Including LV adder	

## Appendix 10

NOW was not able to replicate the value referenced in the OEB decision (\$622,335). The decision referenced a table on pg. 30. Using these values the total recovery amount is \$724,286 or per year of the 4-year period equal to \$181,071.50. The tables below allocate the \$724,286 values as approved in the table on pg. 30 of the decision.

NORTHERN ONTARIO WIRES INC										
SUMMARY OF VARIANCE ACCOUNTS AND RATE RIDER CALCULATION										
OEB Supplem Interog 11 f) response - Variance accounts including RSVA's										
ALLOCATORS >>>					Residential	GS < 50 KW	GS > 50 Non TOU	Small Scattered Load	Street Lighting	Total
				Summary of Allocators = 2009 FORECAST						
				KW			173,388		5,014	178,402
				KWH	41,161,457	21,858,575	68,558,740	121,104	1,778,469	133,478,345
				# of Customers	5,200	785	69	15	3	6,072
				Distribution Revenue	1,827,862	558,441	333,592	7,119	163,739	\$ 2,890,753
				Allocator Percentages						
				KW	0.0%	0.0%	97.2%	0.0%	2.8%	100.0%
			KWH	30.8%	16.4%	51.4%	0.1%	1.3%	100.0%	
			# of Customers	85.6%	12.9%	1.1%	0.2%	0.0%	100.0%	
			Distribution Revenue	63.2%	19.3%	11.5%	0.2%	5.7%	100.0%	
			2006 EDR Reg Asset Alloc	40.7%	17.7%	40.4%	0.3%	0.9%	100.0%	

BALANCE AND RATE RIDER CALCULATION									
A/C Description	A/C#	April 30, 2009 (from OEB Decision)	ALLOCATOR	Residential	GS < 50 KW	GS > 50 Non TOU	Small Scattered Load	Street Lighting	Total
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508								
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$84,988.00	Dx Revenue	\$53,739.06	\$16,418.14	\$9,807.59	\$209.30	\$4,813.92	\$84,988.00
Other Regulatory Assets - Sub-Account - Other 6	1508								
Other Regulatory Assets - Sub-Account - Other 6	1508								
Other Regulatory Assets - Sub-Account - Other 6	1508								
Retail Cost Variance Account - Retail	1518	(\$22,047.00)	# of Customers	(\$18,880.83)	(\$2,850.28)	(\$250.53)	(\$54.46)	(\$10.89)	(\$22,047.00)
Misc. Deferred Debits	1525	\$4,679.00	# of Customers	\$4,007.05	\$604.91	\$53.17	\$11.56	\$2.31	\$4,679.00
Retail Cost Variance Account - STR	1548	\$15,618.00	# of Customers	\$13,375.10	\$2,019.13	\$177.48	\$38.58	\$7.72	\$15,618.00
Qualifying Transition Costs 4	1570								
Pre-Market Opening Energy Variances Total 4	1571								
Extra-Ordinary Event Costs	1572								
Deferred Rate Impact Amounts	1574								
RSVA -- One-time Wholesale Market Service	1582	\$10,739.00	KWH	\$3,311.64	\$1,758.63	\$5,515.89	\$9.74	\$143.09	\$10,739.00
2006 PILs & Taxes Variance	1592								
Other Deferred Credits	2425								
Smart Meter Capital and Recovery Offset	1555								
Smart Meter Operation, Maintenance and Administration	1556								
Deferred Payments in Lieu of Taxes	1562								
Deferred PILs Contra Account 8	1563								
CDM Expenditures and Recoveries - no Bal \$ therefore did not include	1565								
CDM Contra Account -no Bal \$ therefore did - no Bal\$ therefore did not include	1566								
Recovery of Regulatory Asset Balances	1590		% of Previous Allocation	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Low Voltage Variance Account	1550	(\$39,960.00)	KWH	(\$12,322.69)	(\$6,543.90)	(\$20,524.73)	(\$36.26)	(\$532.43)	(\$39,960.00)
RSVA - Wholesale Market Service Charge	1580	(\$296,878.00)	KWH	(\$91,549.91)	(\$48,617.10)	(\$152,486.02)	(\$269.36)	(\$3,955.61)	(\$296,878.00)
RSVA - Retail Transmission Network Charge	1584	(\$87,347.00)	KWH	(\$26,935.68)	(\$14,304.05)	(\$44,864.21)	(\$79.25)	(\$1,163.81)	(\$87,347.00)
RSVA - Retail Transmission Connection Charge	1586	(\$1,431,220.00)	KWH	(\$441,353.24)	(\$234,378.32)	(\$735,120.29)	(\$1,298.54)	(\$19,069.61)	(\$1,431,220.00)
RSVA - Power (including Global Adjustment)	1588	\$1,037,142.00	KWH	\$319,829.23	\$169,843.63	\$532,709.25	\$940.99	\$13,818.91	\$1,037,142.00
RSVA - Power - Sub-Account - Global Adjustment	1588	\$0.00	KWH	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>TOTAL NON-RSVA's balances per above</b>		<b>(\$724,286.00)</b>		<b>(\$196,780.28)</b>	<b>(\$116,049.21)</b>	<b>(\$404,982.41)</b>	<b>(\$527.69)</b>	<b>(\$5,946.42)</b>	<b>(\$724,286.00)</b>
<b>Overall % allocated</b>				<b>27.2%</b>	<b>16.0%</b>	<b>55.9%</b>	<b>0.1%</b>	<b>0.8%</b>	<b>100.0%</b>
Recovery over a 4 year period		(\$181,071.50)		(\$49,195.07)	(\$29,012.30)	(\$101,245.60)	(\$131.92)	(\$1,486.60)	(\$181,071.50)
<b>RATE RIDERS CALCULATION</b>									
Regulatory Asset Rate Rider				(\$0.0012)	(\$0.0013)	(\$0.5839)	(\$0.0011)	(\$0.2965)	
Billing Determinants				KWH	KWH	KW	KWH	KW	

## Appendix 11

### Determination of Net Utility Income

	Existing Rates	Proposed Rates	Revenue (Surplus) or Deficiency
Revenue Deficiency		\$49,241	
Distribution Revenue	\$2,460,260	\$2,460,260	\$0
Other Operating Revenue (Net)	\$276,353	\$276,353	\$0
<b>Total Revenue</b>	<b>\$2,736,613</b>	<b>\$2,785,854</b>	<b>\$49,241</b>
Costs and Expenses			\$0
Distribution Costs	\$1,372,901	\$1,372,901	\$0
Operation & Maintenance	\$625,005	\$625,005	\$0
Depreciation & Amortization	\$404,740	\$404,740	\$0
Deemed Interest	\$150,616	\$150,616	\$0
<b>Total Costs and Expenses</b>	<b>\$2,553,263</b>	<b>\$2,553,263</b>	<b>\$0</b>
Utility Income Before Income Taxes	\$183,350	\$232,591	\$49,241
Income Taxes	\$39,536	\$39,536	\$0
<b>Utility Income (loss) After Taxes</b>	<b>\$143,814</b>	<b>\$193,055</b>	<b>\$49,241</b>

Rate Base	\$5,562,368	\$5,562,368
Equity Portion	43.3300%	43.3300%
Equity Component of Rate Base	\$2,410,174	\$2,410,174
Target Return on Equity	8.01%	8.01%
Return on Rate Base	\$193,054.94	\$193,054.94
Revenue Deficiency	-\$49,241.11	\$0.00

### Reconciliation to Revenue Requirement (colour coded)

OM&A	\$1,997,907
Amortization	\$404,740
Return	\$343,671
PILS	\$39,536
Revenue Off-Set (Other operating revenue)	-\$276,353
<b>Base Revenue Requirement</b>	<b>\$2,509,501</b>
Transformer Allowance (input)	\$49,168
<b>Revenue Requirement</b>	<b>\$2,558,669</b>



**Appendix 12**

**Northern Ontario Wires  
PROFORMA STATEMENT OF INCOME  
FOR THE TWELVE MONTHS ENDED DECEMBER 31ST 2009**

	<b>YEAR ENDED 31-Dec-09</b>
<b>Electricity Revenue</b>	\$ 12,594,096
<b>Cost of Power</b>	<u>10,035,427</u>
<b>Gross Margin</b>	2,558,669
<b>Miscellaneous Revenues</b>	<u>227,185</u>
<b>Total Revenues from Operations</b>	2,785,854
<b>Expenses</b>	
Operating & Maintenance	625,005
Billing & Collecting	749,869
Administration & General	623,032
Amortization	404,740
Interest	<u>150,616</u>
	2,553,263
<b>Net Income from Operations Before Taxes</b>	232,591
PILS	<u>39,536</u>
<b>Net Income (Loss)</b>	193,055

### Appendix 13

#### Calculation of Revenue Requirement

	2006 EDR	2009 Test	Variance
OM&A	\$2,029,551	\$1,997,907	-\$31,644
Amortization	\$331,372	\$404,740	\$73,369
Return	\$381,627	\$343,671	-\$37,956
PILS	\$59,377	\$39,536	-\$19,841
Revenue Offset	-\$339,555	-\$276,353	\$63,202
Base Revenue Requirement	\$2,462,371	\$2,509,501	\$47,129
Transformer Allowance		\$49,168	\$49,168
Revenue Requirement		\$2,558,669	\$96,297