

**HALTON HILLS HYDRO INC.**

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**HALTON HILLS HYDRO INC.**

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**HALTON HILLS HYDRO INC.**

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**HALTON HILLS HYDRO INC.**

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**HALTON HILLS HYDRO INC.**

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**HALTON HILLS HYDRO INC.**

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Halton Hills Hydro Inc. to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2008.

**APPLICATION**

The Applicant is Halton Hills Hydro Inc. (HHHI). Halton Hills Hydro Inc. is an Ontario corporation with its office in the Town of Halton Hills. Halton Hills Hydro Inc. carries on the business of distributing electricity within the town/city of Halton Hills.

Halton Hills Hydro Inc. hereby applies to the Ontario Energy Board (the "OEB") pursuant to section 78 of the Ontario Energy Board Act, 1998 for approval of its proposed distribution rates and other charges, effective May 1, 2008.

Except where specifically identified in the Application, Halton Hills Hydro Inc. followed Chapter 2 of the Filing Requirements for Transmission and Distribution Applications dated November 14, 2006 (the "Filing Requirements") in order to prepare this application.

The Schedule of Rates and Charges proposed in this Application is identified in Exhibit 1; Tab 2; Schedule 1, attached to this Summary.

Halton Hills Hydro Inc. requests that the OEB make its Rate Order effective May 1, 2008 in accordance with the Filing Requirements.

Halton Hills Hydro Inc. submits the proposed distribution rates contained in this Application are just and reasonable on the following grounds:

- (i) the proposed rates for the distribution of electricity have been prepared in accordance with the Filing Requirements;
- (ii) the proposed adjusted rates are necessary to meet Halton Hills Hydro Inc.'s Market Based Rate of Return and PILs requirements;
- (iii) there are no impacts to any of the customer classes or consumption level subgroups that are so significant as to warrant the deferral of any adjustments being requested by Halton Hills Hydro Inc.

**HALTON HILLS HYDRO INC.**

Halton Hills Hydro Inc. applies for an Order or Orders approving the proposed distribution rates and other charges set out in this Application to be effective May 1, 2008. Halton Hills Hydro Inc. submits these rates and charges are just and reasonable pursuant to section 78 of the Ontario Energy Board Act, 1998 being Schedule B to the Energy Competition Act, 1998, S.O. 1998, c.15,

The address of service for Halton Hills Hydro Inc. is: 43 Alice St., Acton, ON, L7J 2A9

DATED at Halton Hills, Ontario, 15<sup>th</sup> day of August, 2007.

Daniel F. Guatto, P.Eng.  
President  
Halton Hills Hydro Inc.

Arthur A. Skidmore, CMA  
Corporate Vice-President &  
Chief Financial Officer  
Halton Hills Hydro Inc.

**HALTON HILLS HYDRO INC.**

**DISTRIBUTOR LICENCE**

Electricity Distribution Licence

ED-2002-0552

Halton Hills Hydro Inc.

Valid Until

November 16, 2023

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**Mark C. Garner**

**Secretary**

**Ontario Energy Board**

**Date of Issuance: November 17, 2003**

Ontario Energy Board

P.O. Box 2319

2300 Yonge Street

26th. Floor

Toronto, ON M4P 1E4

Commission de l'Énergie de l'Ontario

C.P. 2319

2300, rue Yonge

26e étage

Toronto ON M4P 1E4

Please refer to [www.oebdocs.oeb.gov.on.ca/pdf/12MFX-0.pdf](http://www.oebdocs.oeb.gov.on.ca/pdf/12MFX-0.pdf) - 2005-06-22 for complete text version of licence.

**HALTON HILLS HYDRO INC.**

**CONTACT INFORMATION**

Arthur A. Skidmore, CMA  
Corporate Vice-President &  
Chief Financial Officer

Direct line: 519-853-3700 ext 225  
Direct Fax: 519-853-5592  
E-mail: [askidmore@haltonhillshydro.com](mailto:askidmore@haltonhillshydro.com)

Daniel F. Guatto, P.Eng.  
President

Direct line: 519-853-3700 ext 201  
Direct Fax: 519-853-5592  
E-mail: [guatto@haltonhillshydro.com](mailto:guatto@haltonhillshydro.com)

**HALTON HILLS HYDRO INC**

**SPECIFIC APPROVALS REQUESTED**

Halton Hills Hydro Inc. requests the following specific approvals:

- Approval to charge rates effective May 1, 2008 to recover a revenue requirement of \$10,446,283.
- Approval of our Specific Services charges listed in Exhibit 1, Tab 2, schedule 1 page 6 and page 7.
- Approval of Halton Hills Hydro Inc.'s proposed change in capital structure involving the decrease of Halton Hills Hydro Inc.'s deemed common equity component from 50% to 48% (Exhibit 6), consistent with the Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors dated December 20, 2006.
- Approval to continue and recover the following deferral/variance accounts after May 1, 2008 (Exhibit 5). Please note Halton Hills Hydro Inc. has made no request to establish any new deferral/variance accounts.
  - 1505 Un-recovered Plant and Regulatory Study Costs
  - 1508 Other Regulatory Assets
  - 1510 Preliminary Survey and Investigation Charges
  - 1515 Emission Allowance Inventory
  - 1516 Emission Allowances Withheld
  - 1518 Retail Cost Variance Account – Retail
  - 1520 Power Purchase Variance Account
  - 1525 Miscellaneous Deferred Debits – including Rebate Cheques
  - 1530 Deferred Losses from Disposition of Utility Plant
  - 1540 Unamortized Loss on Re-acquired Debt
  - 1545 Development Charge Deposits/Receivables
  - 1548 Retail Cost Variance Account – STR
  - 1550 LV Variance Account
  - 1555 Smart Meter Capital Variance Account
  - 1556 Smart Meters OM&A Variance Account
  - 1560 Deferred Development Cost
  - 1562 Deferred Payments in Lieu of Taxes
  - 1563 PILS Contra Account
  - 1565 CDM Expenditure and Recoveries
  - 1566 CDM Contra Account
  - 1570 Qualifying Transition Costs
  - 1571 Pre-Market Opening Energy Variances Total
  - 1572 Extra-Ordinary Event Losses
  - 1574 Deferred Rate Impact Amounts
  - 1580 RSVA-Wholesale Market Service Charge
  - 1582 RSVA-One-time Wholesale Market Service
  - 1584 RSVA-Retail Transmission Network Charge
  - 1586 RSVA-Retail Transmission Connection Charge
  - 1588 RSVA-Power
  - 1590 Recovery of Regulatory Asset Balances
  - 1592 Deferred PILs Account
  - 2425 Other Deferred Credits

**HALTON HILLS HYDRO INC**

- Approval of the proposed lost factor in Exhibit 4, Tab 2, Schedule 9.

**HALTON HILLS HYDRO INC.**

**DRAFT ISSUES LIST**

**1. Smart Metering**

In the rate application, Halton Hills Hydro Inc. has not included any costs related to Smart Metering. In decision EB-2007-0536 dated April 12, 2007, Halton Hills Hydro Inc. applied for \$1.18 to embark on its Smart Metering Investment Plan filed with the Ontario Energy Board December 15, 2006. However, the Ontario Energy Board only approved \$0.26 due to Regulation 153/07. At the present time, it is unclear how Smart Metering costs will be recovered and therefore we request to be included in any provincial mandate of Smart Metering Costs recovery.

**HALTON HILLS HYDRO INC.**

**PROCEDURAL ORDERS/MOTIONS/NOTICES**

There are no current procedural orders, motions or notices at this time.

**HALTON HILLS HYDRO INC.**

**ACCOUNTING ORDERS REQUESTED**

Halton Hills Hydro Inc. does not request any accounting orders at the time of submission.

**HALTON HILLS HYDRO INC.**

**NON-COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS**

Halton Hills Hydro Inc. follows the categories and accounting guidelines as stated in the Uniform System of Accounts.

**HALTON HILLS HYDRO INC.**

**MAP OF DISTRIBUTION SYSTEM**

Distribution System Maps are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix A.

The Distribution System Maps are listed as follows:

1. [4160v \(Acton\)](#)
2. [4160v \(Georgetown\)](#)
3. [8320v \(Rural\)](#)
4. [27600v \(Overhead\)](#)
5. [27600v \(Underground\)](#)
6. [44000v \(System\)](#)

**HALTON HILLS HYDRO INC.**

**LIST OF NEIGHBOURING UTILITIES AND DISTRIBUTOR DESCRIPTION**

**LIST OF ADJACENT  
DISTRIBUTORS**

|   |  |
|---|--|
| HYDRO ONE BRAMPTON<br>175 Sandalwood Pkwy W<br>Brampton, ON L7A 1E8 | Direct line: 905-840-6300<br>Direct Fax: 905-840-1915<br>Website: <a href="http://www.hydroonebrampton.com">www.hydroonebrampton.com</a> |
|---|--|

|  |  |
|--|--|
| MILTON HYDRO DISTRIBUTION INC.<br>55 Thompson Rd S<br>Milton, ON L9T 6P7 | Direct line: 905-878-3483<br>Direct Fax: 905-876-2044<br>Website: <a href="http://www.miltonhydro.com">www.miltonhydro.com</a> |
|--|--|

|  |  |
|--|--|
| ENERSOURCE HYDRO MISSISSAUGA<br>3240 Mavis Rd<br>Mississauga, ON L5C 3K1 | Direct line: 905-273-9050<br>Direct Fax: 905-566-2737<br>Website: <a href="http://www.enersource.com">www.enersource.com</a> |
|--|--|

|  |   |
|--|---|
| HYDRO ONE NETWORKS INC.<br>483 Bay St<br>Toronto, ON M5G 2P5 | Direct line: 416-345-5000<br>Direct Fax:<br>Website: <a href="http://www.HydroOne.com">www.HydroOne.com</a> |
|--|---|

**DISTRIBUTOR DESCRIPTION**

|                         |  |
|-------------------------|--|
| COMMUNITY SERVED:       | Town of Halton Hills   |
| TOTAL SERVICE AREA      | 281 sq km  |
| RURAL SERVICE AREA      | 256 sq km  |
| DISTRIBUTION TYPE       | Directly connected and embedded with Hydro One Networks  |
| SERVICE AREA POPULATION | 55,300   |
| MUNICIPAL POPULATION    | 55,300   |
| BOUNDARIES              | West: Regional Road 25<br>North: Highway 24<br>East: Winston Churchill Blvd<br>South: Steeles Avenue<br>Halton Hills Hydro operates within the municipal boundaries of the Town of Halton Hills. |

**HALTON HILLS HYDRO INC.**

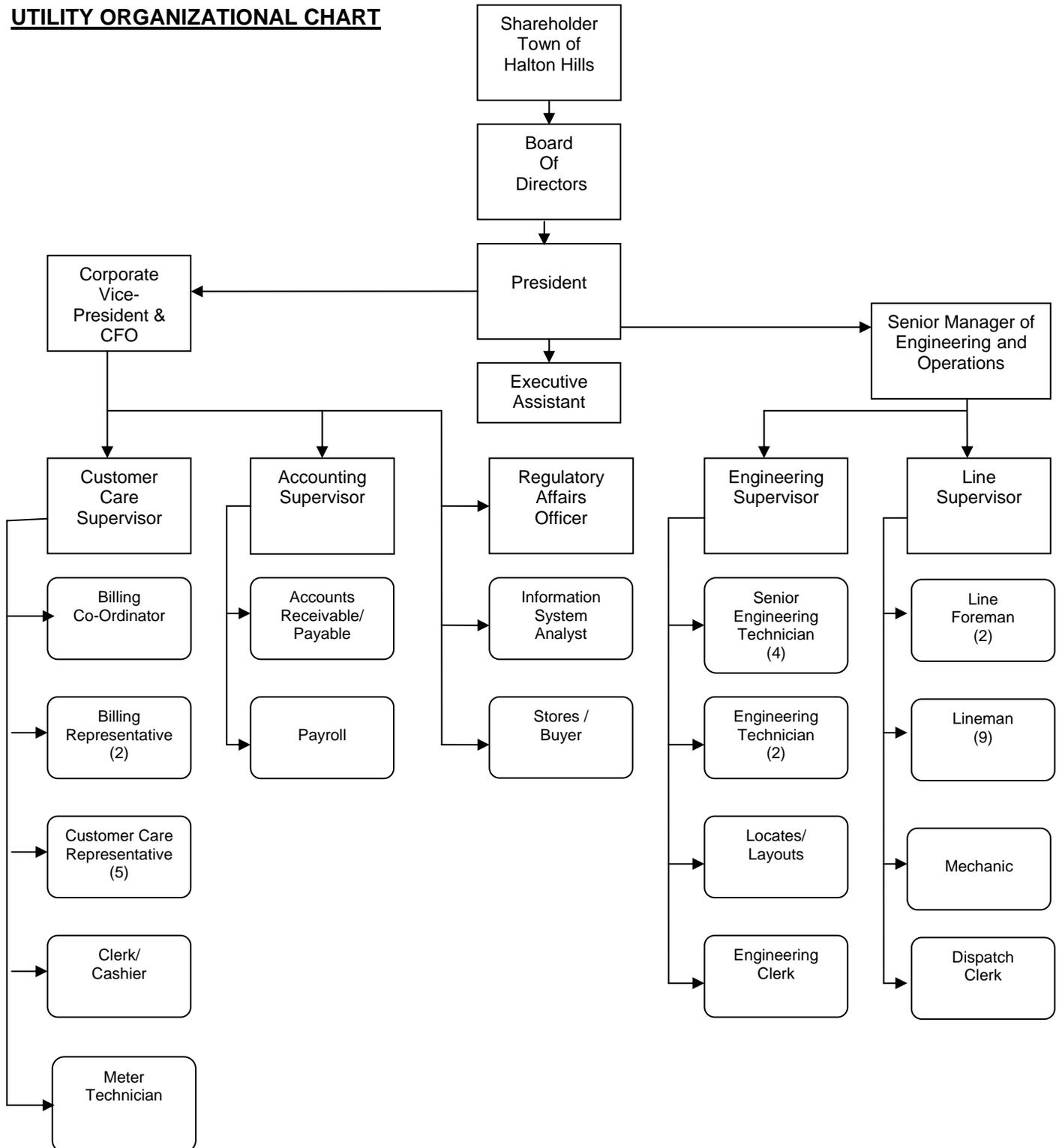
**EXPLANATION OF HOST AND EMBEDDED UTILITIES**

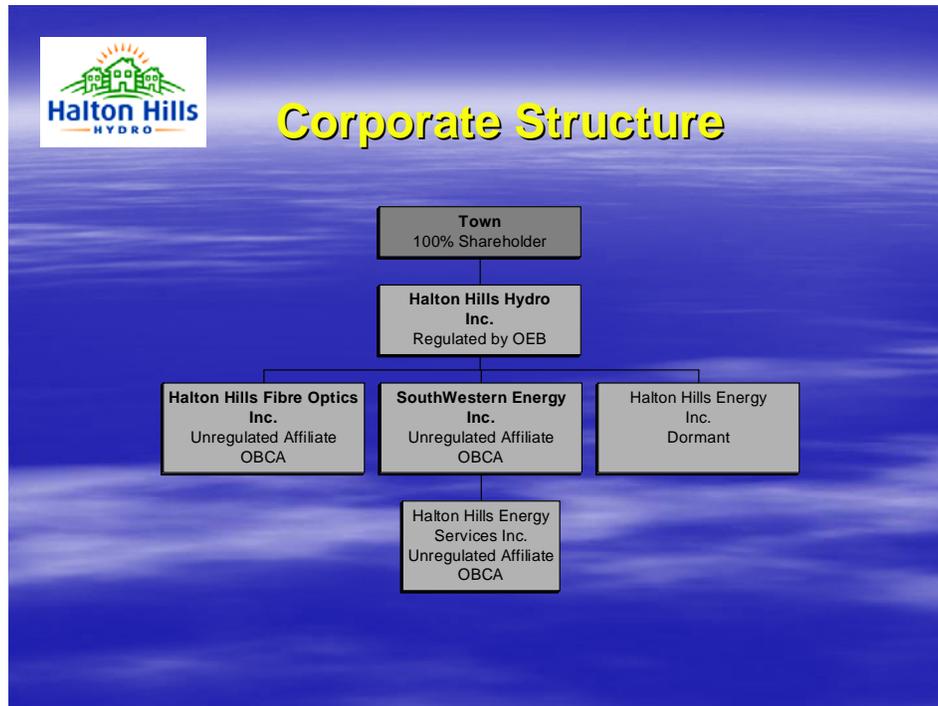
Halton Hills Hydro Inc. does not host any utilities within its service area.

Halton Hills Hydro Inc. does not have any embedded utilities within its service area.

**HALTON HILLS HYDRO INC.**

**UTILITY ORGANIZATIONAL CHART**



**HALTON HILLS HYDRO INC.****CORPORATE ENTITIES RELATIONSHIP CHART****Halton Hills Hydro Inc.**

Halton Hills Hydro Inc. is a wholly-owned corporation of The Town of Halton Hills, and was incorporated April 13, 1999 under the laws of the Province of Ontario. The principal activity of the Company is to provide electrical power distribution throughout the Town of Halton Hills.

**Halton Hills Fibre Optics Inc.**

Halton Hills Fibre Optics Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on October 27, 1999 under the laws of the Province of Ontario. The principal activity of the Company is to provide high-speed data communications primarily within, but not limited to the boundaries of the municipality of the Town of Halton Hills.

**SouthWestern Energy Inc.**

SouthWestern Energy Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on October 27, 1999 under the laws of the Province of Ontario. The principal activities of the Company are to provide hot water tank and sentinel light rentals, water meter reading and billing services for residents in the municipality of the Town of Halton Hills, as well as energy and related services.

**HALTON HILLS HYDRO INC.**

**Halton Hills Energy Inc.**

Halton Hills Energy Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on April 13, 1999 under the laws of the Province of Ontario. The principal activity of the Company is the marketing of energy. Currently, there is no activity in the Company.

**Halton Hills Energy Services Inc.**

Halton Hills Energy Services Inc. is a wholly-owned subsidiary of SouthWestern Energy Inc. and was incorporated on June 11, 2002 under the laws of the Province of Ontario. The principal activities of the Company are to provide hot water tank and sentinel light rentals, as well as water meter reading and billing services for residents in the municipality of the Town of Halton Hills.

**Board of Directors**

| <u>Halton Hills Hydro</u> | <u>Halton Hills Fibre Optics</u> | <u>Halton Hills Energy Services Inc.,<br/>Southwestern Energy Inc. &amp;<br/>Halton Hills Energy Inc. (dormant)</u> |
|---------------------------|----------------------------------|---|
| Mr. B. Boyce (Chair)      | Mr. B. Boyce (Chair)             | Mr. R. Arbuckle (Chair)   |
| Mr. R. Bonnette (Mayor)   | Mr. D. Guatto                    | Mr. D. Guatto   |
| Mr. D. Perlin (CAO)       | Mr. R. Poth                      | Mr. R. Miller   |
| Mr. D. Guatto             |                                  |   |
| Mr. D. Allison            |                                  |   |
| Mr. G. Groves             |                                  |   |
| Mr. J. Samuelson          |                                  |   |

Halton Hills Hydro Inc. has entered into service agreements with affiliates that are updated on an annual basis.

**HALTON HILLS HYDRO INC.**

**PLANNED CHANGES IN CORPORATE AND OPERATIONAL STRUCTURE**

Halton Hills Hydro Inc. does not have any current changes planned for Corporate and Operational Structure.

**HALTON HILLS HYDRO INC.**

**STATUS REPORT ON BOARD DIRECTIVES**

Halton Hills Hydro Inc. has no Board Directives at this time.

**HALTON HILLS HYDRO INC.**

**CONDITIONS OF SERVICE**

Halton Hills Hydro Inc. filed the Conditions of Service dated February 2007 with Market Operations on June 15, 2007 in response to a Compliance Bulletin. The file was submitted in Word and pdf formats as requested.

**HALTON HILLS HYDRO INC.**

**CHANGES IN CONDITIONS OF SERVICE**

Halton Hills Hydro Inc. is planning to review and make changes to the deposit policy stated in the current Conditions of Service - February 2007, by the end of 2007. When complete, new Conditions of Service will be developed in accordance with the Distribution System Code.

**HALTON HILLS HYDRO INC.**

**LIST OF WITNESSES**

**To be provided if oral hearing occurs**

**HALTON HILLS HYDRO INC.**

**SUMMARY OF THE APPLICATION**

**PURPOSE AND NEED**

Halton Hills Hydro Inc. self-nominated for 2008 rate rebasing. We have calculated a Revenue requirement of \$10,446,283 and our present rates will produce a revenue deficiency of \$1,549,973 in distribution revenue for the 2008 Test Year. Halton Hills Hydro Inc. therefore seeks the Ontario Energy Board's approval to revise its rates applicable to its distribution of electricity. The issues to be reviewed in this case, as Halton Hills Hydro Inc. sees them, are discussed below.

Through this Application, Halton Hills Hydro Inc. seeks:

- To recover:
  - Revenue Deficiency arising from changes in OM&A, Amortization, Rate of Return, and PILS
  - Deferral and Variance Account balances
- To change:
  - Distribution Loss Factor
- To reflect:
  - Just and reasonable Distribution Rates that have been modeled in accordance with the Ontario Energy Board Filing Requirements for Distribution Rate Applications

Halton Hills Hydro Inc. has been assisted in this rate application by Elenchus Research Associates who provided the model used in the determination of just and reasonable 2008 Distribution Rates and by Ogilvy Renault who has reviewed our application. Halton Hills Hydro Inc. is a growing LDC with increasing numbers of customers and consumption. The information used in this Application is Halton Hills Hydro Inc.'s forecasted results for its 2008 test year. With the rates presently in effect, Halton Hills Hydro Inc. estimates that its revenue for 2008 would not be sufficient to provide a reasonable return. Halton Hills Hydro Inc. is also presenting the actual, historical information for fiscal year 2006, forecast information for the fiscal bridge year 2007, and forecast information for the 2008 test year.

**TIMING**

The financial information supporting the 2008 test year for this Application will be Halton Hills Hydro Inc.'s fiscal year beginning January 1, 2008 and ending December 31, 2008 (the "2008 Test Year"). However, this information will be used to set rates effective May 1, 2008. The test year revenue requirement is that forecasted by Halton Hills Hydro Inc. as needed to enable the earning of a reasonable return for fiscal year 2008. For the required revenues to match and appropriately offset the expected costs of service for the test year, revised rates reflecting the Board's decision must be effective for volumes consumed on and after May 1, 2008.

**HALTON HILLS HYDRO INC.****CUSTOMER IMPACT**

Halton Hills Hydro's proposed rates will not have unacceptable impacts on the total distribution portion of the customer's bill and therefore Halton Hills Hydro Inc. is not proposing any rate mitigation measures.

**Residential**

| Charge Description   | units   | 2007      | 2008      | Proposed % change |
|--|---------|-----------|-----------|-------------------|
| Service Charge   | Monthly | \$11.35   | \$ 12.88  | 13.5%             |
| Distribution Volumetric Rate                                     | kWh     | \$ 0.0115 | \$ 0.0142 | 23.5%             |
| Regulatory Asset Recovery  | kWh     | \$ 0.0042 | n/a       | n/a               |
| Deferral and Variance Account Dispositions                       | kWh     | n/a       | \$ 0.0010 | n/a               |
| Retail Transmission-Network Service Rate                         | kWh     | \$ 0.0057 | \$ 0.0057 | 0%                |
| Retail Transmission-Line and Transformer Connection Service Rate | kWh     | \$ 0.0050 | \$ 0.0050 | 0%                |
| Wholesale Market Service Rate                                    | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Rural Rate Protection Charge                                     | kWh     | \$ 0.0010 | \$ 0.0010 | 0%                |
| Standard Supply Service-Administration Charge (if applicable)    | Monthly | \$ 0.25   | \$ 0.25   | 0%                |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer service charge by \$1.53 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 4.52% to bring the Revenue to Cost ratio to 93.46%.

The total impact on a Residential customer with 1000kWhs is an increase of 1.8% as shown in Appendix F.

**Residential-Time of Use**

| Charge Description   | units   | 2007      | 2008      | Proposed % change |
|--|---------|-----------|-----------|-------------------|
| Service Charge   | Monthly | \$10.64   | \$ 9.56   | (10.2)%           |
| Distribution Volumetric Rate                                     | kWh     | \$ 0.0125 | \$ 0.0124 | (0.8)%            |
| Regulatory Asset Recovery  | kWh     | \$ 0.0042 | n/a       | n/a               |
| Deferral and Variance Account Dispositions                       | kWh     | n/a       | \$ 0.0000 | n/a               |
| Retail Transmission-Network Service Rate                         | kWh     | \$ 0.0057 | \$ 0.0057 | 0%                |
| Retail Transmission-Line and Transformer Connection Service Rate | kWh     | \$ 0.0050 | \$ 0.0050 | 0%                |
| Wholesale Market Service Rate                                    | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Rural Rate Protection Charge                                     | kWh     | \$ 0.0010 | \$ 0.0010 | 0%                |
| Standard Supply Service-Administration Charge (if applicable)    | Monthly | \$ 0.25   | \$ 0.25   | 0%                |

Currently there are only two customers in this class.

The total impact on a Residential Time of Use customer with 3000kWhs is a decrease of 3.7% as shown in Appendix F.

**HALTON HILLS HYDRO INC.****General Service less than 50kW**

| Charge Description   | units   | 2007      | 2008      | Proposed % change |
|--|---------|-----------|-----------|-------------------|
| Service Charge   | Monthly | \$24.74   | \$ 28.13  | 13.7%             |
| Distribution Volumetric Rate                                     | kWh     | \$ 0.0100 | \$ 0.0128 | 28.0%             |
| Regulatory Asset Recovery  | kWh     | \$ 0.0038 | n/a       | n/a               |
| Deferral and Variance Account Dispositions                       | kWh     | n/a       | \$ 0.0009 | n/a               |
| Retail Transmission-Network Service Rate                         | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Retail Transmission-Line and Transformer Connection Service Rate | kWh     | \$ 0.0045 | \$ 0.0045 | 0%                |
| Wholesale Market Service Rate                                    | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Rural Rate Protection Charge                                     | kWh     | \$ 0.0010 | \$ 0.0010 | 0%                |
| Standard Supply Service-Administration Charge (if applicable)    | Monthly | \$ 0.25   | \$ 0.25   | 0%                |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by \$3.39 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.96% to bring the Revenue to Cost ratio to 96.50%.

The total bill impact on a General Service less than 50kW customer with 2000kWhs is an increase of 2.3% as shown in Appendix F.

**General Service 50 to 999kW**

| Charge Description   | units   | 2007      | 2008      | Proposed % change |
|--|---------|-----------|-----------|-------------------|
| Service Charge   | Monthly | \$93.67   | \$ 80.77  | (13.8)%           |
| Distribution Volumetric Rate                                     | kW      | \$ 4.6208 | \$ 4.4350 | (4.00)%           |
| Regulatory Asset Recovery  | kW      | \$ 0.4894 | n/a       | n/a               |
| Deferral and Variance Account Dispositions                       | kW      | n/a       | \$ 0.2596 | n/a               |
| Retail Transmission-Network Service Rate                         | kW      | \$ 2.1218 | \$ 2.1218 | 0%                |
| Retail Transmission-Line and Transformer Connection Service Rate | kW      | \$ 1.7882 | \$ 1.7882 | 0%                |
| Wholesale Market Service Rate                                    | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Rural Rate Protection Charge                                     | kWh     | \$ 0.0010 | \$ 0.0010 | 0%                |
| Standard Supply Service-Administration Charge (if applicable)    | Monthly | \$ 0.25   | \$ 0.25   | 0%                |

In order to decrease the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to decrease the monthly customer charge by \$12.90 in the 2008 test year. The impact of these changes is a decrease in the allocation of revenue by 4.00% to bring the Revenue to Cost ratio to 149.18%.

The total bill impact on a General Service 50 to 999kW customer with 100kW demand and 50,000kWhs is a decrease of 0.2% as shown in detail in Appendix F.

**HALTON HILLS HYDRO INC.****General Service 1,000 to 4,999kW**

| Charge Description   | units   | 2007      | 2008      | Proposed % change |
|--|---------|-----------|-----------|-------------------|
| Service Charge   | Monthly | \$207.22  | \$185.71  | (10.4)%           |
| Distribution Volumetric Rate                                     | kW      | \$ 4.2999 | \$ 4.5649 | 6.2%              |
| Regulatory Asset Recovery  | kW      | \$ 1.2870 | n/a       | n/a               |
| Deferral and Variance Account Dispositions                       | kW      | n/a       | \$ 0.2869 | n/a               |
| Retail Transmission-Network Service Rate                         | kW      | \$ 2.2535 | \$ 2.2535 | 0%                |
| Retail Transmission-Line and Transformer Connection Service Rate | kW      | \$ 1.9603 | \$ 1.9603 | 0%                |
| Wholesale Market Service Rate                                    | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Rural Rate Protection Charge                                     | kWh     | \$ 0.0010 | \$ 0.0010 | 0%                |
| Standard Supply Service-Administration Charge (if applicable)    | Monthly | \$ 0.25   | \$ 0.25   | 0%                |

In order to decrease the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to decrease the monthly customer charge by \$21.51 in the 2008 test year. The impact of these changes is a decrease in the allocation of revenue by 1.96% to bring the Revenue to Cost ratio to 119.30%.

The total impact on a General Service 1,000 to 4,999kW customer with 3500kW demand and 500,000kWhs is a decrease of 5.5% as shown in Appendix F.

**Un-metered Scattered Load**

| Charge Description   | units   | 2007      | 2008      | Proposed % change |
|--|---------|-----------|-----------|-------------------|
| Service Charge (per connection)                                  | Monthly | \$12.23   | \$ 12.63  | 3.3%              |
| Distribution Volumetric Rate                                     | kWh     | \$ 0.0100 | \$ 0.0114 | 14.0%             |
| Regulatory Asset Recovery  | kWh     | \$ 0.0019 | n/a       | n/a               |
| Deferral and Variance Account Dispositions                       | kWh     | n/a       | \$ 0.0008 | n/a               |
| Retail Transmission-Network Service Rate                         | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Retail Transmission-Line and Transformer Connection Service Rate | kWh     | \$ 0.0045 | \$ 0.0045 | 0%                |
| Wholesale Market Service Rate                                    | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Rural Rate Protection Charge                                     | kWh     | \$ 0.0010 | \$ 0.0010 | 0%                |
| Standard Supply Service-Administration Charge (if applicable)    | Monthly | \$ 0.25   | \$ 0.25   | 0%                |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by \$0.40 in the 2008 test year. The impact of these changes is no change to the allocation of revenue to maintain the Revenue to Cost ratio to 100.00%.

The total impact on an Un-metered Scattered Load customer with 200kWhs is an increase of 2.1% as shown in Appendix F.

**HALTON HILLS HYDRO INC.****Sentinel Lighting**

| Charge Description   | units   | 2007      | 2008      | Proposed % change |
|--|---------|-----------|-----------|-------------------|
| Service Charge (per connection)                                  | Monthly | \$ 1.18   | \$ 1.88   | 59.3%             |
| Distribution Volumetric Rate                                     | kW      | \$ 4.9844 | \$ 8.2545 | 65.6%             |
| Regulatory Asset Recovery  | kW      | \$ 2.5490 | n/a       | n/a               |
| Deferral and Variance Account Dispositions                       | kW      | n/a       | \$ 0.1576 | n/a               |
| Retail Transmission-Network Service Rate                         | kW      | \$ 1.6083 | \$ 1.6083 | 0%                |
| Retail Transmission-Line and Transformer Connection Service Rate | kW      | \$ 1.4113 | \$ 1.4113 | 0%                |
| Wholesale Market Service Rate                                    | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Rural Rate Protection Charge                                     | kWh     | \$ 0.0010 | \$ 0.0010 | 0%                |
| Standard Supply Service-Administration Charge (if applicable)    | Monthly | \$ 0.25   | \$ 0.25   | 0%                |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by \$0.70 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.03% to bring the Revenue to Cost ratio to 50.00%

The total impact on a Sentinel Lighting customer with 0.75kW demand and 25kWhs is an increase of 11.4% as shown in Appendix F.

**Street Lighting**

| Charge Description   | units   | 2007      | 2008      | Proposed % change |
|--|---------|-----------|-----------|-------------------|
| Service Charge (per connection)                                  | Monthly | \$ 0.52   | \$ 1.01   | 94.2%             |
| Distribution Volumetric Rate                                     | kW      | \$ 3.4451 | \$ 6.9720 | 102.3%            |
| Regulatory Asset Recovery  | kW      | \$ 1.3403 | n/a       | n/a               |
| Deferral and Variance Account Dispositions                       | kW      | n/a       | \$ 0.3430 | n/a               |
| Retail Transmission-Network Service Rate                         | kW      | \$ 1.6002 | \$ 1.6002 | 0%                |
| Retail Transmission-Line and Transformer Connection Service Rate | kW      | \$ 1.3824 | \$ 1.3824 | 0%                |
| Wholesale Market Service Rate                                    | kWh     | \$ 0.0052 | \$ 0.0052 | 0%                |
| Rural Rate Protection Charge                                     | kWh     | \$ 0.0010 | \$ 0.0010 | 0%                |
| Standard Supply Service-Administration Charge (if applicable)    | Monthly | \$ 0.25   | \$ 0.25   | 0%                |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by \$.49 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.46% to bring the Revenue to Cost ratio to 20.70%

The impact on the Street Light customer with 620kW demand and 300,000kWhs is an increase of 10.1% as shown in Appendix F.

**HALTON HILLS HYDRO INC.****Specific Service Charges**

Halton Hills Hydro Inc. proposes no change to the Specific Service Charges previously approved effective May 1, 2007. These charges are listed below.

## Customer Administration

|   |          |
|---|----------|
| Arrears certificate   | \$ 15.00 |
| Statement of account  | \$ 15.00 |
| Pulling post dated cheques  | \$ 15.00 |
| Duplicate invoices for previous billing   | \$ 15.00 |
| Request for other billing information   | \$ 15.00 |
| Easement letter   | \$ 15.00 |
| Income tax letter   | \$ 15.00 |
| Notification charge   | \$ 15.00 |
| Account history   | \$ 15.00 |
| Credit reference/credit check (plus credit agency costs)                                  | \$ 15.00 |
| Returned cheque (plus bank charges)   | \$ 15.00 |
| Charge to certify cheque  | \$ 15.00 |
| Legal letter charge   | \$ 15.00 |
| Account set up charge/change of occupancy charge (plus credit agency costs if applicable) | \$ 30.00 |
| Special meter reads   | \$ 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  |
| Collection of account charge – no disconnection – after regular hours | \$ 165.00 |
| 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 |
| Disconnect/Reconnect at pole – after regular hours                    | \$ 415.00 |
| Install/Remove load control device – during regular hours             | \$ 65.00  |
| Install/Remove load control device – after regular hours              | \$ 185.00 |
| Service call – customer owned equipment                               | \$ 30.00  |
| Service call – after regular hours                                    | \$ 165.00 |
| Interval Meter Charge   | \$ 20.00  |
| Temporary service install & remove – overhead – no transformer        | \$ 500.00 |
| Temporary service install & remove – underground – no transformer     | \$ 300.00 |
| Temporary service install & remove – overhead – with transformer      | \$1000.00 |
| Specific Charge for Access to the Power Poles (\$/pole/year)          | \$ 22.35  |

## Allowances

|   |              |
|---|--------------|
| Transformer Allowance for Ownership - per kW of billing demand/month                      | \$/kW (0.50) |
| Primary Metering Allowance for transformer losses – applied to measured demand and energy | % (1.00)     |

**Loss Factors**

|  | 2007<br>TLF | 2008<br>TLF | Proposed<br>% Change |
|--|-------------|-------------|----------------------|
| Total Loss Factor-Secondary Metered Customer <5,000 kW | 1.0368      | 1.0499      | 35.6%                |
| Total Loss Factor-Primary Metered Customer <5,000 kW   | 1.0265      | 1.0395      | 49.1%                |

Changes to the Total Loss Factor are detailed in Exhibit 4, Tab 2, Schedule 9.

**HALTON HILLS HYDRO INC.**

**MAJOR ISSUES**

There are a number of issues that, although they may not all be defined as major, are anticipated to be examined in this case. These issues are listed below.

**Capital Structure**

Halton Hills Hydro Inc. is requesting a change in its deemed capital structure. Specifically, Halton Hills Hydro Inc. is requesting a decrease in the deemed equity ratio from 50% to 47% consistent with the 3 year phase-in of Halton Hills Hydro Inc.'s capital structure from 50% to 40% equity as outlined in the Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006.

**Return on Equity**

Halton Hills Hydro Inc. has assumed a return on equity of 8.93% consistent with the methodology outlined in Appendix B of the Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006.

**Capital Expenditures**

Halton Hills Hydro Inc. continues to expand and reinforce its distribution system in order to meet the demand of new and existing customers in its service territory. This increase in demand comes both from currently un-serviced areas as well as existing areas needing upgrades.

**Operating and Maintenance Costs**

Operating and maintenance costs have been updated to reflect the impact of inflation and expected changes in costs.

**HALTON HILLS HYDRO INC.**

**BUDGET DIRECTIVES**

Halton Hills Hydro Inc. compiles budget information for the three major components of the budgeting process: revenue forecasts, operating and maintenance expense forecast and capital budgets. This budget information is compiled for both the bridge and test years.

**Revenue Forecast**

The energy sales and revenue forecast model was updated to reflect more recent information. This model was then used to prepare the revenues sales, throughput volume and revenue forecast at existing rates for fiscal 2007 and 2008. The forecast is found in Exhibit 3, Tab 2 and considers such factors as new customer additions and load profiles for all classes of customers.

**Operating and Maintenance Expense Forecast**

The operating and maintenance expenses for fiscal 2007 bridge year and the 2008 test year have been forecast using a zero based methodology and is strongly influenced by prior year experience. Each item is reviewed account by account for each of the forecast years.

**Capital Budget**

All other capital expenditures are budgeted on a line by line basis based on need and forecasted customer growth.

**HALTON HILLS HYDRO INC.**

**CHANGES IN METHODOLOGY**

The following is a summary of changes in the methodology requested by Halton Hills Hydro Inc. in the current proceeding.

**a) Capital Structure**

Halton Hills Hydro Inc. has no current request to change the methodology addressing Capital Structure. There is the potential for future changes, however, the changes have not been investigated at this time.

**b) Return on Equity**

Halton Hills Hydro Inc. has no current request to change the methodology addressing Return on Equity. There is the potential for future changes, however, the changes have not been investigated at this time.

**c) Interest Rate Applicable to Deferral/Variance Accounts**

Halton Hills Hydro Inc. has no current request to change the methodology relating to the Interest Rate Applicable to Deferral/Variance Accounts.

**e) Cost Allocation & Fully Allocated Costing Study**

Halton Hills Hydro Inc. has no current request to change the methodology addressing Cost Allocation and the Fully Allocated Costing Study. There is the potential for future changes, however, the changes have not been investigated at this time.

**HALTON HILLS HYDRO INC.****NUMERICAL DETAILS OF CAUSES OF DEFICIENCY 2008 TEST YEAR AND  
CALCULATION OF REVENUE REQUIREMENT**

|                                    | 2008 Test<br>forecast at 2007<br>Existing Rates<br>(\$) | Comments                             |
|------------------------------------|---|--------------------------------------|
| Revenue                            |   |                                      |
| Distribution Revenue               | 9,672,375   | Exhibit 3, Tab 1, Schedule 2         |
| Other Operating Revenue (Net)      | 960,000   | Exhibit 3, Tab 1, Schedule 2         |
| Total Revenue                      | 10,632,375  |                                      |
| Costs and Expenses                 |   |                                      |
| Distribution Costs                 |   |                                      |
| Operation & Maintenance            | 5,093,000   |                                      |
| Depreciation & Amortization        | 2,190,723   |                                      |
| Property & Capital Taxes           | 195,000   |                                      |
| Interest                           | 1,266,740   |                                      |
| Total Costs and Expenses           | 8,745,463   |                                      |
| Utility Income Before Income Taxes | 2,114,493   |                                      |
| Income Taxes                       | 836,500   |                                      |
| Utility Income                     | \$1,277,993   |                                      |
| Utility Proposed Rate Base         | 37,954,174  |                                      |
| Required Return@7.451%             | 2,827,966   | Exhibit 6, Tab 1, Schedule 4, Page 3 |
| Required Return                    | 2,827,966   |                                      |
| Utility Income                     | 1,277,993   |                                      |
| Revenue Deficiency                 | 1,549,973   |                                      |

**HALTON HILLS HYDRO INC.****CALCULATION OF REVENUE REQUIREMENT**

|                        | 2006 EDR    | 2008 Test    |
|------------------------|-------------|--------------|
| OM&A                   | \$4,625,879 | \$5,288,000  |
| Amortization           | 1,846,338   | 2,190,723    |
| Return                 | 2,252,485   | 2,827,966    |
| PILS                   | 938,649     | 1,242,594    |
| Revenue<br>Offset      | (974,580)   | (1,103,000)  |
| Revenue<br>Requirement | \$8,688,771 | \$10,446,283 |

**HALTON HILLS HYDRO INC.**

**CAUSES OF REVENUE DEFICIENCY**

The increase in Halton Hills Hydro Inc.'s distribution expenses including depreciation expense in the 2008 Test Year as compared to 2006 EDR is \$1,006,506. This is a result of normal operating expenses plus inflation plus additional amortization related to the Capital program at Halton Hills Hydro Inc.

The change in Halton Hills Hydro Inc.'s return on capital in the 2008 Test Year as compared to 2006 EDR is \$575,481. This indicates that Halton Hills Hydro Inc. was not earning its regulated return based on 2006 EDR (which is based on 2004 actual).

The change in Halton Hills Hydro Inc.'s PILs in the 2008 Test Year as compared to 2006 EDR is \$303,945. This change is relative to the estimated amount to be collected based on decreased tax rates and increased revenue.

**HALTON HILLS HYDRO INC.**

**AUDITED FINANCIAL STATEMENTS**

**AT**

**DECEMBER 31, 2006**

[Audited Financial Statements at December 31 2006](#) are in pdf format and are hyperlinked for electronic submission. A printed copy is located in Appendix B.

**HALTON HILLS HYDRO INC.**

**PRO FORMA FINANCIAL STATEMENTS**

**AT**

**DECEMBER 31, 2007**

[Pro forma financial statements at December 31, 2007](#) are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix B.

**HALTON HILLS HYDRO INC.**

**PRO FORMA FINANCIAL STATEMENTS**

**AT**

**DECEMBER 31, 2008**

[Pro forma financial statements at December 31, 2008](#) are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix B.

HALTON HILL HYDRO INC.RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND FINANCIAL RESULTS FILED

## RECONCILIATION BETWEEN 2006 AUDITED FINANCIAL STATEMENTS AND FINANCIAL RESULTS FILED

| <u>FS classification</u>      | <u>OEB account #</u>                 | <u>Difference</u> | <u>Rationale</u>  |
|-------------------------------|--------------------------------------|-------------------|---|
| Inventory                     | 1330 - Inventory                     | 630,689           | Regulatory accounting mandates transformers in inventory be classified to capital account 1850  |
| Regulatory assets             | 1586 - RSVA connection               | 314,735           | Regulatory accounting requires HONI regulatory assets to be accounted for as per OEB rate order |
| Regulatory assets             | 1562 - Deferred PILS                 | (152,368)         | Regulatory account for deferred PILS  |
| Regulatory assets             | 1592 - 2006 PILS & taxes             | 132,908           | Regulatory account for 2006 PILS & taxes variance   |
| Capital assets                | 1850 - Line transformers             | (630,689)         | Regulatory accounting mandates transformers in inventory be classified to capital account 1850  |
| Power costs                   | 4750 - low voltage charges           | 409,163           | Low voltage charges reclassified from other expenses  |
| Recovery of regulatory assets | 4080 - distribution services revenue | 1,471,724         | Recovery of regulatory assets offset against receipts   |
| Items impacting net income:   |                                      |                   |   |
| Service revenue               | 4080 - distribution services revenue | 206,368           | Deferred charge funds reclassification - CDM  |
| Service revenue               | 4080 - distribution services revenue | (72,750)          | Deferred charge funds reclassification - smart meters   |
| Service revenue               | 4080 - distribution services revenue | 38,953            | Retailer revenue - cost offset reclassification   |
| Operating expenses            | Various                              | 32,606            | Cumulative minor regulatory expense reclassifications   |
| Net income difference         |                                      | <u>248,199</u>    |   |

**HALTON HILLS HYDRO INC.**

**PROPOSED ACCOUNTING TREATMENT**

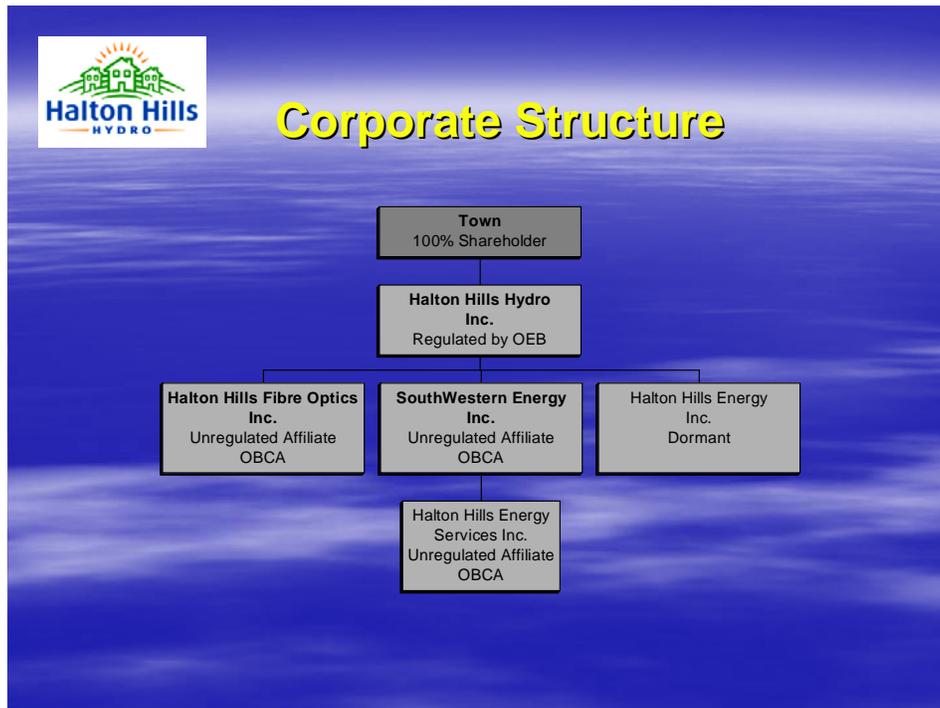
Halton Hills Hydro Inc. intends to construct a new Municipal 230kV to 27.6kV Transformer Station.

This project is consistent with the recommendations of the GTA West Supply Study published February 16<sup>th</sup>, 2006, in which Enersource Hydro Mississauga, Halton Hills Hydro Inc., Hydro One Brampton, Hydro One Networks Inc. - Distribution, Hydro One Networks Inc. - Transmission and Milton Hydro Distribution Inc. participated. The study identifies the transmission constrained area on the west side of the GTA near Trafalgar Control Centre, of which, Halton Hills is a part.

Halton Hills Hydro Inc. continues to see significant prestige industrial growth along Steeles Avenue between James Snow Parkway and Trafalgar Road which is rapidly diminishing the available capacity on two recently acquired 27.6kV feeders from Hydro One's Halton TS in Milton. The proposed new TS would be north of Hwy 401 on Steeles Avenue in Halton Hills, precisely where the prestige industrial load is developing.

Halton Hills Hydro Inc. forecasts the need for the proposed TS to be in service by 2010 or 2011 (latest), at which time the peak loading on existing distribution facilities will exceed their design ratings resulting in possible supply interruptions.

We will account for these costs in Construction In Process. Once the project is complete and commissioned, these costs will be capitalized and depreciated over the appropriate term.

**HALTON HILLS HYDRO INC.****INFORMATION ON PARENT AND SUBSIDIARIES****Halton Hills Fibre Optics Inc.**

Halton Hills Fibre Optics Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on October 27, 1999 under the laws of the Province of Ontario. The principal activity of the Company is to provide high-speed data communications primarily within, but not limited to the boundaries of the municipality the Town of Halton Hills.

**SouthWestern Energy Inc.**

SouthWestern Energy Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on October 27, 1999 under the laws of the Province of Ontario. The principal activities of the Company are to provide hot water tank and sentinel light rentals, water meter reading and billing services for residents in the municipality of Halton Hills, as well as energy and related services.

**Halton Hills Energy Inc.**

Halton Hills Energy Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on April 13, 1999 under the laws of the Province of Ontario. The principal activity of the Company is the marketing of energy. Currently, there is no activity in the Company.

**Halton Hills Energy Services Inc.**

Halton Hills Energy Services Inc. is a wholly-owned subsidiary of SouthWestern Energy Inc. and was incorporated on June 11, 2002 under the laws of the Province of Ontario. The principal activities of the Company are to provide hot water tank and sentinel light rentals, as well as water meter reading and billing services for residents in the municipality of Halton Hills.

**HALTON HILLS HYDRO INC.**

| <u>Exhibit</u>              | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u>   |
|-----------------------------|------------|-----------------|---|
| <b><u>2 – Rate Base</u></b> |            |                 |   |
|                             | 1          |                 | <b><u>Overview</u></b>  |
|                             |            | 1               | Rate Base Overview  |
|                             |            | 2               | Rate Base Summary Table   |
|                             |            | 3               | Variance Analysis on Rate Base Summary Table  |
|                             | 2          |                 | <b><u>Gross Assets – Property, Plant and Equipment Accumulated Depreciation</u></b> |
|                             |            | 1               | Fixed Asset Continuity Statements   |
|                             |            | 2               | Gross Asset Tables  |
|                             |            | 3               | Materiality Analysis on Gross Assets  |
|                             |            | 4               | Accumulated Depreciation Tables   |
|                             |            | 5               | Materiality Analysis on Accumulated Depreciation                                    |
|                             | 3          |                 | <b><u>Capital Budget</u></b>  |
|                             |            | 1               | Capital Budget by Project   |
|                             |            | 2               | Materiality Analysis on Capital Budgets   |
|                             |            | 3               | System Expansions   |
|                             |            | 4               | Capitalization Policy   |
|                             | 4          |                 | <b><u>Allowance for Working Capital</u></b>   |
|                             |            | 1               | Working Capital Allowance Calculation by Account                                    |

**HALTON HILLS HYDRO INC.**

**RATE BASE OVERVIEW**

A projection of Halton Hills Hydro Inc.'s rate base is provided for both the Bridge Year (2007) and the Test Year (2008). Historical data pertaining to rate base is also presented for 2006 Board Approved and 2006 Actual.

Halton Hills Hydro Inc.'s forecast rate base for the test year is \$37,954,174. The rate base underlying the test year revenue requirement includes a forecast of net fixed assets, plus a working capital allowance. Net fixed assets are gross assets in service minus accumulated depreciation and contributed capital. Details for Halton Hills Hydro Inc.'s working capital allowance is provided in Appendix C.

Fixed Asset Continuity Schedules for Historical Board Approved, Historical Actual, Bridge and Test years are provided at Appendix C.

**Gross Asset – Property, Plant and Equipment and Accumulated Depreciation**

The bridge and test year's gross asset balance reflects the capital expenditure programs forecast for each year respectively. These programs are described in detail in Halton Hills Hydro Inc.'s written evidence at Exhibits 2, Tab 3, Schedule 1 and 2.

**Capital Budget**

The Capital Budget for both the bridge year and test year is included in Exhibit 2, Tab 3, Schedule 1. This provides all the relevant information pertaining to the Capital Program at Halton Hills Hydro Inc. The review for capital projects in excess of 1% of the net fixed assets are in Exhibit 2, Tab 3, Schedule 2.

**Allowance for Working Capital**

The calculation of working capital is included in Appendix C.

**HALTON HILLS HYDRO INC.****RATE BASE SUMMARY TABLE**

|                     | <b>2006<br/>Board<br/>Approved</b> | <b>2006<br/>Actual</b> | <b>Variance<br/>from 2006<br/>Board<br/>Approved</b> | <b>2006<br/>Actual</b> | <b>2007 Bridge</b> | <b>Variance<br/>from 2006<br/>Actual</b> | <b>2007 Bridge</b> | <b>2008 Test</b> | <b>Variance<br/>from 2007<br/>Bridge</b> |
|---------------------|------------------------------------|------------------------|--|------------------------|--------------------|--|--------------------|------------------|--|
|                     | <b>(\$)</b>                        | <b>(\$)</b>            | <b>(\$)</b>  | <b>(\$)</b>            | <b>(\$)</b>        | <b>(\$)</b>                              | <b>(\$)</b>        | <b>(\$)</b>      | <b>(\$)</b>                              |
| <u>Gross Asset</u>  |                                    |                        |  |                        |                    |  |                    |                  |  |
| Asset               |                                    |                        |  |                        |                    |  |                    |                  |  |
| Values at           | 30,289,407                         | 35,907,562             | 5,618,155  | 35,907,562             | 39,756,408         | 3,848,846                                | 39,756,408         | 44,246,521       | 4,490,113                                |
| Cost                |                                    |                        |  |                        |                    |  |                    |                  |  |
| <u>Accumulated</u>  |                                    |                        |  |                        |                    |  |                    |                  |  |
| <u>Depreciation</u> |                                    |                        |  |                        |                    |  |                    |                  |  |
| Depreciation        | (6,045,069)                        | (9,717,688)            | (3,672,619)  | (9,717,688)            | (11,240,001)       | (1,522,313)                              | (11,240,001)       | (12,761,547)     | (1,521,546)                              |
| Net Fixed           |                                    |                        |  |                        |                    |  |                    |                  |  |
| Asset               | 24,244,338                         | 26,189,874             | 1,945,536  | 26,189,874             | 28,516,408         | 2,326,534                                | 28,516,408         | 31,484,974       | 2,968,567                                |
| <u>Allowance</u>    |                                    |                        |  |                        |                    |  |                    |                  |  |
| <u>for Working</u>  |                                    |                        |  |                        |                    |  |                    |                  |  |
| <u>Capital</u>      | 5,296,452                          | 6,018,522              | 722,070  | 6,018,522              | 6,206,625          | 188,103                                  | 6,206,625          | 6,469,200        | 262,575                                  |
| Utility Rate        |                                    |                        |  |                        |                    |  |                    |                  |  |
| Base                | 29,540,791                         | 32,208,396             | 2,667,605  | 32,208,396             | 34,723,033         | 2,514,637                                | 34,723,033         | 37,954,174       | 3,231,141                                |

**HALTON HILLS HYDRO INC.**

**VARIANCE ANALYSIS ON RATE BASE SUMMARY TABLE**

A summary of utility rate base is presented in Exhibit 2, Tab 1, Schedule 2

**2008 Test Year**

As shown in the above noted exhibit, the total rate base in the 2008 test year is forecast to be \$37,954,174. Net fixed assets accounts for \$31,484,974 of this total or 82.95%. The allowance for working capital totals \$6,469,200 or 7.05%.

**Comparison to 2007 Bridge Year**

The total rate base is expected to be \$3,231,141 or 9.31% higher in the 2008 test year than in the 2007 bridge year. The increase is comprised of \$2,968,567 in net capital additions and \$262,575 in working capital allowance. This increase is the result of the Capital Plans of Halton Hills Hydro Inc. detailed in Exhibit 2, Tab 3, Schedule 1 of this application.

**2007 Bridge Year**

**Comparison to 2006 Actual**

The total rate base is expected to be \$2,514,637 or 7.81% higher in the 2007 Bridge year than the 2006 Actual. The increase is comprised of \$2,326,534 in net capital additions and \$188,103 in working capital allowance. This increase is the result of the Capital Plans of Halton Hills Hydro Inc. detailed in Exhibit 2, Tab 3, Schedule 1 of this application.

**2006 Actual**

**Comparison to 2006 Board Approved**

The total rate base was \$2,667,605 or 9.03% higher in 2006 actual than in the 2006 Board approved rate base. The increase is comprised of \$1,945,536 in net capital additions and \$722,070 in working capital allowance. This increase is the result of the 2006 Capital Expenditures of Halton Hills Hydro Inc. and the \$722,070 or 13.63% deficiency in working capital allowance.

**HALTON HILLS HYDRO INC.**

**FIXED ASSET CONTINUITY STATEMENTS**

[Fixed Asset Continuity Statements](#) are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

**HALTON HILLS HYDRO INC.**

**GROSS ASSET TABLES**

[Gross Asset Tables](#) are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

**HALTON HILLS HYDRO INC.****MATERIALITY ANALYSIS ON GROSS ASSETS**

The calculation of the Materiality Threshold on gross assets is shown in the following table:

Materiality Threshold = 1% of net fixed assets

| Fixed assets balance:       | <u>2006 actual</u> | <u>2007 bridge</u> | <u>2008 test</u> |
|-----------------------------|--------------------|--------------------|------------------|
| Gross cost                  | 37,542,800         | 41,970,016         | 46,523,026       |
| Accumulated<br>amortization | (10,674,816)       | (11,805,185)       | (13,717,909)     |
| Net fixed assets            | 26,867,984         | 30,164,831         | 32,805,117       |
| 1% of net fixed<br>assets   | 268,680            | 301,648            | 328,051          |

Halton Hills Hydro Inc. has selected the lowest materiality threshold of \$268,680 to allow for the most detailed review of gross asset changes.

[Materiality Analysis on Gross Assets Tables](#) are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

**HALTON HILLS HYDRO INC.**

**ACCUMULATED DEPRECIATION TABLES**

[Accumulated Depreciation Tables](#) are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

**HALTON HILLS HYDRO INC.****MATERIALITY ANALYSIS ON ACCUMULATED DEPRECIATION**

The calculation of the Materiality Threshold on accumulated depreciation is shown in the following table:

Materiality Threshold = 1% of net fixed assets

| Fixed assets balance:    | <u>2006 actual</u> | <u>2007 bridge</u> | <u>2008 test</u> |
|--------------------------|--------------------|--------------------|------------------|
| Gross cost               | 37,542,800         | 41,970,016         | 46,523,026       |
| Accumulated amortization | (10,674,816)       | (11,805,185)       | (13,717,909)     |
| Net fixed assets         | 26,867,984         | 30,164,831         | 32,805,117       |
| 1% of net fixed assets   | 268,680            | 301,648            | 328,051          |

Halton Hills Hydro Inc. has selected the lowest materiality threshold of \$268,680 to allow for the most detailed review of accumulated depreciation changes.

[Materiality Analysis of Accumulated Depreciation Tables](#) are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

**HALTON HILLS HYDRO INC.****CAPITAL BUDGET BY PROJECT****2006 Actual**

| <u>Project Description</u>           | <u>Account</u> | <u>Service<br/>Year</u> | <u>Spend<br/>Year</u> | <u>Amount</u>    | <u>Reference</u> |
|--------------------------------------|----------------|-------------------------|-----------------------|------------------|------------------|
| <u>Projects in service:</u>          |                |                         |                       |                  |                  |
| Building upgrade                     | 1808           | Hist                    | Hist                  | 29,799           |                  |
| Distribution station upgrade         | 1820           | Hist                    | Hist                  | 130,415          |                  |
| OH upgrade                           | 1830           | Hist                    | Hist                  | 672,455          | A                |
| OH upgrade                           | 1835           | Hist                    | Hist                  | 443,199          | B                |
| UG upgrade                           | 1840           | Hist                    | Hist                  | 37,892           |                  |
| UG upgrade                           | 1845           | Hist                    | Hist                  | 148,340          |                  |
| Tx upgrade                           | 1850           | Hist                    | Hist                  | 319,504          | C                |
| Service upgrade                      | 1855           | Hist                    | Hist                  | 548,053          | D                |
| Metering upgrade                     | 1860           | Hist                    | Hist                  | 270,787          | E                |
| Office furniture upgrade             | 1915           | Hist                    | Hist                  | 50,915           |                  |
| Computer equipment upgrade           | 1920           | Hist                    | Hist                  | 149,217          |                  |
| Computer software upgrade            | 1925           | Hist                    | Hist                  | 204,394          |                  |
| Truck replacements                   | 1930           | Hist                    | Hist                  | 52,428           |                  |
| Stores equipment upgrade             | 1935           | Hist                    | Hist                  | 2,144            |                  |
| Tool replacements                    | 1940           | Hist                    | Hist                  | 50,897           |                  |
| Load control equipment upgrade       | 1970           | Hist                    | Hist                  | 612,620          | F                |
| System supervisory equipment upgrade | 1980           | Hist                    | Hist                  | 97,487           |                  |
| Contributed capital                  | 1995           | Hist                    | Hist                  | -543,189         | G                |
| <u>Construction in progress:</u>     |                |                         |                       |                  |                  |
| Distribution station upgrade         | 1820           | Bridge                  | Hist                  | 673,208          | H                |
| Computer software upgrade            | 1825           | Bridge                  | Hist                  | 20,000           |                  |
| Subdivision builds                   | 1845           | Future                  | Hist                  | 29,362           |                  |
| Truck replacements                   | 1930           | Bridge                  | Hist                  | 73,940           |                  |
|                                      |                |                         |                       | <u>4,073,867</u> |                  |

Highlights represent OEB account additions in excess of materiality.

Highlighted accounts are referenced by letters and reference letters are used in Materiality Analysis of Capital Budget Exhibit 2, Tab 3, Schedule 2.

**HALTON HILLS HYDRO INC.****2007 Bridge**

| <u>Project Description</u>              | <u>Account</u> | <u>Service<br/>Year</u> | <u>Spend<br/>Year</u> | <u>Amount</u>    |
|---|----------------|-------------------------|-----------------------|------------------|
| <u>Projects in service:</u>             |                |                         |                       |                  |
| OH upgrade                              | 1830           | Bridge                  | Bridge                | 1,248,000        |
| Tx upgrade                              | 1850           | Bridge                  | Bridge                | 575,500          |
| UG upgrade                              | 1845           | Bridge                  | Bridge                | 334,500          |
| OH upgrade                              | 1835           | Bridge                  | Bridge                | 332,000          |
| Service upgrade                         | 1855           | Bridge                  | Bridge                | 138,930          |
| UG upgrade                              | 1840           | Bridge                  | Bridge                | 73,000           |
|   |                |                         |                       | <u>2,701,930</u> |
| Distribution station upgrade            | 1820           | Bridge                  | Bridge                | 1,020,396        |
| Contributed capital                     | 1995           | Bridge                  | Bridge                | -427,135         |
|   |                |                         |                       | <u>3,295,191</u> |
| Metering upgrade                        | 1860           | Bridge                  | Bridge                | 592,000          |
| Truck replacements                      | 1930           | Bridge                  | Bridge                | 230,000          |
| Load control equipment upgrade          | 1970           | Bridge                  | Bridge                | 169,520          |
| Computer equipment upgrade              | 1920           | Bridge                  | Bridge                | 141,200          |
| Computer software upgrade               | 1925           | Bridge                  | Bridge                | 101,800          |
| Tool replacements                       | 1940           | Bridge                  | Bridge                | 57,000           |
| Office furniture upgrade                | 1915           | Bridge                  | Bridge                | 27,500           |
| System supervisory equipment<br>upgrade | 1980           | Bridge                  | Bridge                | 27,500           |
| <u>Construction in progress:</u>        |                |                         |                       |                  |
| New transformer station                 | 1815           | Future                  | Bridge                | 200,000          |
|   |                |                         |                       | <u>4,841,711</u> |

Highlights represent OEB account additions in excess of materiality.

**HALTON HILLS HYDRO INC.****2007 Bridge-detail**

| PROJECTS  | PROJECT COST | SUBTOTALS | RECOVERABLES | NET PROJECT COST | Ref. |
|---|--------------|-----------|--------------|------------------|------|
| <u>HYDRO &amp; CUSTOMER DIRECTED PROJECTS</u>         |              |           |              |                  |      |
| WINSTON CHURCHILL - 5SDRS TO STEELES                  | 1,060,481    |           | 250,000      | 810,481          | A    |
| EXPANSION REFUNDS                                     | 195,000      |           |              | 195,000          |      |
| POLELINE UPGRADE - 27TH SDRD - TRAFALGAR TO 8TH LINE  | 168,780      |           | -            | 168,780          |      |
| WINSTON CHURCHILL - STEELES TO 407                    | 127,140      |           | -            | 127,140          |      |
| POLE CHANGEOUT PROGRAM                                | 118,960      |           | -            | 118,960          |      |
| ACTON REAR YARD POLE REPLACEMENT PROGRAM              | 118,540      |           | -            | 118,540          |      |
| GEORGETOWN DOWNTOWN REAR YARD UPGRADE                 | 107,668      |           | -            | 107,668          |      |
| STEELES AVE. & WINSTON CHURCHILL INTERSECTION REBUILD | 80,610       |           | 32,805       | 47,805           |      |
| 27 SDRD REBUILD - TERRA COTTA - ROAD REBUILD          | 68,980       |           | 34,490       | 34,490           |      |
| PCB TRANSFORMER CHANGEOUT PROGRAM                     | 65,480       |           | -            | 65,480           |      |
| PROJECTS <50,000 EACH                                 | 590,291      |           | 109,840      | 480,451          |      |
|   |              | 2,701,930 |              |                  |      |
| <u>SUBSTATION CAPITAL</u>                             |              |           |              |                  |      |
| GLEN WILLIAMS SUB. - NEW TX INSTALL                   | 398,348      |           | -            | 398,348          | B    |
| NEW TRAFALGAR RD STATION - TOWN YARD                  | 283,000      |           | -            | 283,000          | C    |
| NEW SUBSTATION - DUBLIN LINE                          | 100,000      |           | -            | 100,000          |      |
| RIVER SUB. - TX UPGRADE                               | 86,776       |           | -            | 86,776           |      |
| PROJECTS <50,000 EACH                                 | 152,272      |           | -            | 152,272          |      |
|   |              | 1,020,396 |              |                  |      |
|   | 3,722,326    | 3,722,326 | 427,135      | 3,295,191        |      |

**HALTON HILLS HYDRO INC.**

|  |           |           |         |           |   |
|--|-----------|-----------|---------|-----------|---|
| METERING UPGRADE                                     | 527,000   | 527,000   |         | 527,000   | D |
|  |           |           |         | -         |   |
| <u>CONSTRUCTION IN PROGRESS</u>                      |           |           |         |           |   |
| NEW TS. - STEELES AVE. - HORNBY & TRAFALGAR RD. AREA | 200,000   | 200,000   |         | - 200,000 |   |
|  | 4,449,326 | 4,449,326 | 427,135 | 4,022,191 |   |

Highlights represent OEB account additions in excess of materiality.

Highlighted accounts are referenced by letters and reference letters are used in Materiality Analysis of Capital Budget Exhibit 2, Tab 3, Schedule 2.

**HALTON HILLS HYDRO INC.****2008 Test**

| <u>Project Description</u>              | <u>Account</u> | <u>Service<br/>Year</u> | <u>Spend<br/>Year</u> | <u>Amount</u>    |
|---|----------------|-------------------------|-----------------------|------------------|
| <u>Projects in service:</u>             |                |                         |                       |                  |
| OH upgrade                              | 1830           | Test                    | Test                  | 1,320,000        |
| Tx upgrade                              | 1850           | Test                    | Test                  | 590,000          |
| OH upgrade                              | 1835           | Test                    | Test                  | 337,000          |
| UG upgrade                              | 1845           | Test                    | Test                  | 337,000          |
| Service upgrade                         | 1855           | Test                    | Test                  | 140,500          |
| UG upgrade                              | 1840           | Test                    | Test                  | 84,000           |
|   |                |                         |                       | <u>2,808,500</u> |
| Distribution station upgrade            | 1820           | Test                    | Test                  | 1,313,240        |
| Land acquisition                        | 1805           | Future                  | Test                  | 300,000          |
| Contributed capital                     | 1995           | Test                    | Test                  | -700,330         |
|   |                |                         |                       | <u>3,721,410</u> |
| Computer equipment upgrade              | 1920           | Test                    | Test                  | 337,000          |
| Building upgrade                        | 1808           | Test                    | Test                  | 285,000          |
| Truck replacements                      | 1930           | Test                    | Test                  | 280,000          |
| System supervisory equipment<br>upgrade | 1980           | Test                    | Test                  | 152,800          |
| Metering upgrade                        | 1860           | Test                    | Test                  | 139,400          |
| Computer software upgrade               | 1925           | Test                    | Test                  | 83,700           |
| Office furniture upgrade                | 1915           | Test                    | Test                  | 82,000           |
| Tool replacements                       | 1940           | Test                    | Test                  | 49,700           |
| <u>Construction in progress:</u>        |                |                         |                       |                  |
| New transformer station                 | 1815           | Future                  | Test                  | 700,000          |
|   |                |                         |                       | <u>9,552,420</u> |

Highlights represent OEB account additions in excess of materiality.

**HALTON HILLS HYDRO INC.****2008 Test-detail**

| PROJECTS  | PROJECT COST | SUB-TOTALS | RECOVERABLES | NET PROJECT COST | REF |
|---|--------------|------------|--------------|------------------|-----|
| <b><u>HYDRO &amp; CUSTOMER DIRECTED PROJECTS</u></b>                                  |              |            |              |                  |     |
| EXPANSION REFUNDS   | 750,000      |            |              | 750,000          | A   |
| WINSTON CHURCHILL - 5SDRD TO STEELES  | 652,400      |            | 540,660      | 111,740          | B   |
| 27 SDRD - 8TH LINE TO 32 SDRD - NEW 3 PHASE CIRCUIT                                   | 165,809      |            |              | - 165,809        |     |
| POLE CHANGEOUT PROGRAM  | 123,820      |            |              | - 123,820        |     |
| ACTON REAR YARD POLE REPLACEMENT PROGRAM  | 123,040      |            |              | - 123,040        |     |
| 8TH LINE - 27TH SDRD TO BALLINAFAD MS - 3 PHASE 8 KV CIRCUIT INSTALL                  | 85,000       |            |              | - 85,000         |     |
| 27 SDRD REBUILD - TERRA COTTA - ROAD REBUILD - TOWN PCB TRANSFORMER CHANGEOUT PROGRAM | 70,500       |            | 34,490       | 36,010           |     |
|   | 66,560       |            |              | - 66,560         |     |
| LIGHTNING ARRESTOR ON 44 KV FEEDERS   | 57,736       |            |              | - 57,736         |     |
| STEELES AVE. & WINSTON CHURCHILL INTERSECTION REBUILD                                 | 53,400       |            | 45,180       | 8,220            |     |
| 8TH LINE - 27TH SDRD TO GLEN WILLIAMS MS - 3 PHASE FEEDER TIE                         | 50,480       |            |              | - 50,480         |     |
| PROJECTS <50,000 EACH   | 609,755      |            | 80,000       | 529,755          |     |
|   |              |            | 2,808,500    |                  |     |
| <b><u>SUBSTATION CAPITAL</u></b>  |              |            |              |                  |     |
| CROSS STREET SUBSTATION - NEW SWITCHGEAR  | 541,520      |            |              | - 541,520        | C   |
| RIVER SUBSTATION - NEW TRANSFORMER  | 528,100      |            |              | - 528,100        | D   |
| BALLINAFAD SUB - REPLACE KYLE RECLOSURES WITH VIPERS                                  | 145,520      |            |              | - 145,520        |     |
| MOUNTAINVIEW SUB. - NEW 44 KV UNDERGROUND CABLE                                       | 98,100       |            |              | - 98,100         |     |
|   |              |            | 1,313,240    |                  |     |

**HALTON HILLS HYDRO INC.**PROPERTY PURCHASES

|  |           |           |         |           |  |
|--|-----------|-----------|---------|-----------|--|
| NEW SUBSTATION - DUBLIN LANE -<br>PROPERTY PURCHASE                | 100,000   |           | -       | 100,000   |  |
| NEW SUBSTATION - 10TH LINE AND<br>MAYFIELD RD. - PROPERTY PURCHASE | 100,000   |           | -       | 100,000   |  |
| NEW TRAFALGAR RD STATION - TOWN YARD                               | 100,000   |           | -       | 100,000   |  |
|  |           | 300,000   |         |           |  |
|  | 4,421,740 | 4,421,740 | 700,330 | 3,721,410 |  |

COMPUTER EQUIPMENT UPGRADE

|                       |         |         |  |         |   |
|-----------------------|---------|---------|--|---------|---|
| AS400                 | 120,000 |         |  |         | E |
| MAILING MACHINE       | 60,000  |         |  |         |   |
| PROJECTS <50,000 EACH | 157,000 | 337,000 |  | 337,000 |   |
| BUILDING UPGRADE      | 285,000 | 285,000 |  | 285,000 | F |

TRUCK REPLACEMENTS

|                       |         |         |  |  |  |
|-----------------------|---------|---------|--|--|--|
| SINGLE BUCKET TRUCK   | 250,000 |         |  |  |  |
| PROJECTS <50,000 EACH | 30,000  | 280,000 |  |  |  |

CONSTRUCTION IN PROGRESS

|   |           |           |         |           |         |   |
|---|-----------|-----------|---------|-----------|---------|---|
| NEW TS. - STEELES AVE. - HORNBY &<br>TRAFALGAR RD. AREA | 700,000   | 700,000   |         | -         | 700,000 | G |
|   | 6,023,740 | 6,023,740 | 700,330 | 5,323,410 |         |   |

Highlights represent OEB account additions in excess of materiality.

Highlighted accounts are referenced by letters and reference letters are used in Materiality Analysis of Capital Budget Exhibit 2, Tab 3, Schedule 2.

**HALTON HILLS HYDRO INC.****MATERIALITY ANALYSIS ON CAPITAL BUDGETS**

The calculation of the Materiality Threshold on capital budgets is shown in the following table:

Materiality Threshold = 1% of net fixed assets

| Fixed assets balance:       | <u>2006 actual</u> | <u>2007 bridge</u> | <u>2008 test</u> |
|-----------------------------|--------------------|--------------------|------------------|
| Gross cost                  | 37,542,800         | 41,970,016         | 46,523,026       |
| Accumulated<br>amortization | (10,674,816)       | (11,805,185)       | (13,717,909)     |
| Net fixed assets            | 26,867,984         | 30,164,831         | 32,805,117       |
| 1% of net fixed<br>assets   | 268,680            | 301,648            | 328,051          |

Halton Hills Hydro Inc. has selected the lowest materiality threshold of \$268,680 to allow for the most detailed review of capital budgets.

The following list represents projects where the materiality threshold of 1% of the total net fixed assets is exceeded. Where the materiality threshold is not exceeded, significant larger projects are discussed.

**2006 Actual**A - 1830

No single projects contained within OH upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of poles, towers, fixtures used for supporting overhead distribution conductors and service wires, as follows:

| <u>Project</u>  | <u>Cost</u>    |
|---|----------------|
| 1. Pole replacements<br>Various locations - as determined through pole testing    | 32,682         |
| 2. Pole replacements<br>Hwy 7 & Trafalgar Rd - as determined through pole testing | 76,303         |
| 3. Pole line rebuild<br>Prince St   | 54,747         |
| 4. Pole line relocation<br>Eastern Ave  | 31,884         |
| 5. Pole Line rebuild<br>Bower St  | 20,172         |
| 6. Pole Line rebuild<br>10th Line   | 58,461         |
| 7. Pole replacements<br>Longfield Rd  | 65,103         |
|   | <u>339,352</u> |

**HALTON HILLS HYDRO INC.****B - 1835**

No single projects contained within OH upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of overhead conductors and devices used for distribution purposes, as follows:

| <u>Project</u>   | Cost                |
|--|---------------------|
| 1. Pole line relocation<br>Steeles Ave & Brigdon Gate                                  | 56,455              |
| 2. Industrial subdivision build<br>First Halton Business Park - Steeles Ave & 5th Line | 46,891              |
| 3. Pole line rebuild<br>Prince St  | 19,853              |
| 4. Pole line relocation<br>Eastern Ave   | 37,370              |
| 5. Pole Line rebuild<br>Bower St   | 17,752              |
|  | <hr/> 178,321 <hr/> |

**C - 1850**

No single projects contained within TX upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of overhead and underground distribution line transformers and pole type and underground voltage regulators, as follows:

| <u>Project</u>   | Cost                |
|--|---------------------|
| 1. Voltage conversion<br>Steeles Ave - James Snow & Winston Churchill Blvd     | 172,545             |
| 2. Voltage regulator installation<br>Silvercreek feeder - Hwy 25 & 25 Sideroad | 40,707              |
|  | <hr/> 213,252 <hr/> |

**D - 1855**

No single projects contained within service upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of overhead and underground conductors leading from a point where wires leave the last pole of the overhead system or the transformers or manhole, or the top of the pole of the distribution line, to the point of connection with the customer's electrical panel, as follows:

| <u>Project</u>  | Cost   |
|---|--------|
| 1. Residential subdivision<br>Halton Hills Village Homes, Phase 4, Stage 3                        | 26,479 |
| 2. Residential subdivision<br>Halton Hills South Property, Phase 2 - Mountainview & 10th Sideroad | 21,318 |
| 3. Residential subdivision<br>Cachet Estates  | 22,576 |
| 4. Voltage conversion<br>Steeles Ave - James Snow & Winston Churchill Blvd                        | 32,174 |
| 5. Transformer upgrade<br>10676 Trafalgar Rd  | 12,287 |

**HALTON HILLS HYDRO INC.**

|   |                |
|---|----------------|
| 6. Pole line installation<br>5th Sideroad               | 42,319         |
| 7. Transformer installation<br>Pt Lot 11, Concession 10 | 14,624         |
|   | <u>171,777</u> |

E - 1860

No single projects contained within metering upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of meters for use in measuring the electricity delivered to its users, as follows:

| <u>Project</u>  | Cost           |
|---|----------------|
| 1. Residential metering installations<br>Various locations        | 86,587         |
| 2. General service metering<br>installations<br>Various locations | 39,464         |
| 3. Subdivision metering installations<br>Various locations        | 31,526         |
|   | <u>157,577</u> |

F - 1970

One single project comprises the bulk of load control equipment installed during 2006, as follows:

| <u>Project</u> | Cost           |
|----------------|----------------|
| Load shifting  | <u>508,777</u> |

Please refer to conservation & demand management discussion for further information, Halton Hills Hydro 2006 Conservation and Demand Management Report RP-2004-0203/EB-2005-0374 filed with the OEB March 30, 2007.

G - 1995

No single projects contained within contributed capital during 2006 were in excess of materiality.

Larger contributions received during the year include amounts relating to contributions or or property from governments or government agencies, corporations, individuals and others received in aid of construction or for acquisition of fixed assets, as follows:

| <u>Project</u>  | Contribution |
|---|--------------|
| 1. Commercial plaza service upgrade<br>Mountainview & Argyll                                      | 30,440       |
| 2. Service installation<br>9328 15th Sideroad   | 17,177       |
| 3. Service installation<br>15771A River Dr  | 15,072       |
| 4. Residential subdivision<br>Cachet Estates  | 46,109       |
| 5. Residential subdivision<br>Halton Hills South Property, Phase 2 - Mountainview & 10th Sideroad | 22,023       |

**HALTON HILLS HYDRO INC.**

|   |                |
|---|----------------|
| 6. Industrial subdivision build                     |                |
| First Halton Business Park - Steeles Ave & 5th Line | 65,892         |
| 7. Residential subdivision                          |                |
| Halton Hills Village Homes, Phase 4, Stage 3        | 31,731         |
| 8. Pole line relocation                             |                |
| Main St - Maple Ave to 15th<br>Sideroad             | 50,020         |
|   | <u>278,464</u> |

H - 1820

Two major projects comprise the bulk of subdivision work-in-process at the close of 2006, as follows:

| <u>Project</u>                    | WIP cost       |
|-----------------------------------|----------------|
| 1. Substation transformer upgrade |                |
| Glen Williams substation          | 192,419        |
| 2. Substation switchgear upgrade  |                |
| River St substation               | 469,453        |
|                                   | <u>661,872</u> |

As the substation switchgear upgrade project is in excess of materiality, the project details are as follows:

Need - upgrade of substation switchgear

Scope - to provide reliable electricity services to affected customers

Start date of build - February 2006

In service date - December 2006

**HALTON HILLS HYDRO INC.**

**2007 Bridge**

**A - WINSTON CHURCHILL - 5SDRD TO STEELES**

Need - joint use overhead distribution line with Hydro One Brampton

Scope - to service existing load transfer customers and to have infrastructure in place to support future load growth

Start date of build - September 2007

In service date - December 2007

**B - GLEN WILLIAMS SUBSTATION**

Need - new 10 MVA transformer installation to replace existing 5 MVA transformer

Scope - to provide reliable electricity services to affected customers

Start date of build - May 2007

In service date - December 2007

**C - NEW TRAFALGAR RD STATION - TOWN YARD**

Need - construction of substation to accommodate new commercial and residential load growth

Scope - to provide reliable electricity services to affected customers

Start date of build - January 2007

In service date - September 2007

**D - METERING UPGRADE**

Need - implementation of smart meters per smart metering investment plan

Scope - to comply with provincial legislation

Start date of build - N/A

In service date - N/A

**HALTON HILLS HYDRO INC.**

**2008 Test**

**A - EXPANSION REFUNDS**

Need - to comply with OEB code

Scope - to refund based on economic evaluation model

Start date - ongoing

Completion - December 2008

**B - WINSTON CHURCHILL - 5SDRD TO STEELES**

Need - joint use overhead distribution line with Hydro One Brampton

Scope - to service existing load transfer customers and to have infrastructure in place to support future load growth

Start date of build - January 2008

In service date - July 2008

**C - CROSS STREET SUBSTATION UPGRADE**

Need - new switchgear installation requirement

Scope - to provide reliable electricity services to affected customers

Start date of build - January 2008

In service date - October 2008

**D - AS400**

Need - new computer network operating system requirement

Scope - to update technology

Start date of build - March 2008

In service date - June 2008

**F - BUILDING UPGRADE**

Need - replacement of operations facility roof

Scope - building upgrade

Start date of build - June 2008

In service date - September 2008

**G - CONSTRUCTION IN PROGRESS**

Need - start-up of construction phase for new transformer station as required to support load growth in commercial subdivision

Scope - planning, designing & implementation of 125 MW transformer station

Start date of build - January 2007

In service date - December 2010

**HALTON HILLS HYDRO INC.****SYSTEM EXPANSIONS****2008 Test Year**

The following represents a description of system expansions by project, as included in our capital budget:

**A - CONSTRUCTION IN PROGRESS**

|                            |   |
|----------------------------|---|
| <i>Need</i>                | start-up of construction phase for new transformer station as required to support load growth in commercial subdivision |
| <i>Scope</i>               | planning, designing & implementation of 125 MW transformer station  |
| <i>Start date of build</i> | January 2007  |
| <i>In service date</i>     | December 2010   |
| <i>2008 cost</i>           | \$700,000   |

**2007 Bridge Year**

The following represents a description of system expansions by project, as included in our capital budget:

**A - NEW TRAFALGAR RD STATION**

|                            |  |
|----------------------------|--|
| <i>Need</i>                | construction of substation to accommodate new commercial and residential load growth |
| <i>Scope</i>               | to provide reliable electricity services to affected customers                       |
| <i>Start date of build</i> | January 2007   |
| <i>In service date</i>     | September 2007   |
| <i>2007 cost</i>           | \$283,000  |

**B - CONSTRUCTION IN PROGRESS**

|                            |   |
|----------------------------|---|
| <i>Need</i>                | start-up of construction phase for new transformer station as required to support load growth in commercial subdivision |
| <i>Scope</i>               | planning, designing & implementation of 125 MW transformer station  |
| <i>Start date of build</i> | January 2007  |
| <i>In service date</i>     | December 2010   |
| <i>2007 cost</i>           | \$200,000   |

**2006 Actual**

No material system expansions took place during 2006 actual.

**HALTON HILLS HYDRO INC.**

**CAPITALIZATION POLICY**

Halton Hills Hydro Inc. adopts the following practice for capitalization project construction costs. All "outside" labour staff report their time on timesheets. Using this methodology allows for more accurate reporting between operating and capital expenses. We build an annual labour rate that includes all benefits and administration. Labour hours multiplied by labour rate is the amount that is capitalized per project. Materials capitalization is actual material costs plus burden. Contract labour capitalization is actual costs plus burden.

All other capital expenditures are capitalized based on invoice cost.

**HALTON HILLS HYDRO INC.**

**WORKING CAPITAL ALLOWANCE CALCULATION BY ACCOUNT**

The [Working Capital Allowance Calculation by Account Table](#) is in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

**HALTON HILLS HYDRO INC.**

| <u>Exhibit</u>                      | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u>                        |
|-------------------------------------|------------|-----------------|--|
| <b><u>3 - Operating Revenue</u></b> |            |                 |  |
|                                     | 1          |                 | <b><u>Overview</u></b>                             |
|                                     |            | 1               | Overview of Operation Revenue                      |
|                                     |            | 2               | Summary of Operating Revenue Table                 |
|                                     |            | 3               | Variance Analysis on Operating Revenue Table       |
|                                     | 2          |                 | <b><u>Throughput Revenue</u></b>                   |
|                                     |            | 1               | Forecasting Methodology                            |
|                                     |            | 2               | Volume Forecast Tables                             |
|                                     |            | 3               | Variance Analysis on Volume Forecast Table         |
|                                     |            | 4               | Customer Count Forecast Table                      |
|                                     |            | 5               | Variance Analysis on Customer Count Forecast Table |
|                                     | 3          |                 | <b><u>Other Revenue</u></b>                        |
|                                     |            | 1               | Other Distribution Revenue                         |
|                                     |            | 2               | Materiality Analysis on Other Distribution Revenue |
|                                     |            | 3               | Rate of Return on Other Distribution Revenue       |
|                                     |            | 4               | Distribution Revenue Data                          |
|                                     | 4          |                 | <b><u>Revenue Sharing</u></b>                      |
|                                     |            | 1               | Description of Revenue Sharing                     |

**HALTON HILLS HYDRO INC.**

**OVERVIEW OF OPERATING REVENUE**

This exhibit provides the details on Halton Hills Hydro Inc.'s operating revenue for Historical, Historical Board Approved, Bridge and Test years. This exhibit also provides a detailed variance analysis by rate class of the operating revenue components.

Distribution revenues have been calculated using the most recently approved rates. In particular, delivery rates are based on the EB-2007-0536 Tariff of Rates and Charges, dated April 12, 2007.

**Throughput Revenue**

Information related to Halton Hills Hydro Inc.'s throughput revenue include details of forecasting methodology, volume and customer counts forecast tables. Detailed variance analysis on the forecast information is also provided.

**Other Revenue**

Other revenues include revenues such as Late Payment Charges, Miscellaneous Service Revenues and Retail Services Revenues. A summary of these other revenues is presented in Exhibit 3, Tab 3, Schedule 1

**Revenue Sharing**

Halton Hills Hydro Inc. does not engage in revenue sharing.

**HALTON HILLS HYDRO INC.****SUMMARY OF OPERATING REVENUE TABLE**

|  | 2006 Board<br>Approved<br>(\$) | 2006 Actual<br>(\$) | Variance<br>from 2006<br>Board<br>Approved<br>(\$) | 2007 Bridge<br>(\$) | 2008 Test<br>(\$) | Variance<br>from 2007<br>Actual<br>(\$) |
|--|--------------------------------|---------------------|--|---------------------|-------------------|---|
| <b><u>Distribution Revenues</u></b>      |                                |                     |  |                     |                   |   |
| Residential                              | 4,478,394                      | 4,872,319           | 393,925  | 4,962,367           | 5,113,275         | 150,900                                 |
| Residential Time of Use                  | 898                            | 943                 | 45   | 1,149               | 1,155             | 6                                       |
| General Service<br>Less than 50 kW       | 892,592                        | 984,105             | 91,513   | 1,020,617           | 1,057,879         | 37,262                                  |
| General Service<br>50 to 999 kW          | 2,433,490                      | 2,243,309           | 190,181  | 2,252,838           | 2,300,170         | 47,332                                  |
| General Service<br>1000 to 4,999 kW      | 1,133,652                      | 1,136,982           | 3,330  | 1,345,609           | 1,388,608         | 42,999                                  |
| Un-metered Scattered Load                | 29,897                         | 29,754              | 52,856   | 30,048              | 30,149            | 101                                     |
| Sentinel Lighting                        | 6,478                          | 6,348               | 128  | 6,522               | 6,522             | 0                                       |
| Street Lighting                          | 48,017                         | 50,218              | 2,199  | 53,224              | 53,606            | 382                                     |
|  | <u>9,023,508</u>               | <u>9,323,876</u>    |  | <u>9,672,375</u>    | <u>9,951,365</u>  |   |
| <b><u>Other Distribution Revenue</u></b> |                                |                     |  |                     |                   |   |
| Late Payment Charges                     | 125,845                        | 223,565             | 97,720   | 242,000             | 226,000           | (16,000)                                |
| Specific Service Charges                 | 358,064                        | 434,657             | 76,593   | 470,000             | 375,000           | 95,000                                  |
| Other Distribution Revenue               |                                | 862,544             | 862,544  | 248,000             | 502,000           | 254,000                                 |
|  | <u>483,909</u>                 | <u>1,520,766</u>    |  | <u>960,000</u>      | <u>1,103,000</u>  |   |
|  | <u>9,507,417</u>               | <u>10,844,642</u>   |  | <u>10,632,375</u>   | <u>11,054,365</u> |   |

**HALTON HILLS HYDRO INC.**

**VARIANCE ANALYSIS ON OPERATING REVENUE TABLE**

Halton Hills Hydro Inc.'s distribution revenue has been calculated using the most recently approved rates. In particular, delivery rates are based on the EB-2007-0536 Tariff of Rate and Charges dated April 12, 2007. Distribution revenue does not include commodity related revenue.

A summary of operating revenues is presented in Exhibit 3, Tab 1, Schedule 2, which based on the forecasted data provided in Exhibit 3, Tab 2, Schedules 2 and 3.

**2008 Test Year**

Halton Hills Hydro Inc. operating revenue is forecast to be \$11,054,365 in Fiscal 2008, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$9,951,365 or 90% of total revenues. The remaining revenue of \$1,103,000 or 10% is from other operating revenue.

**2007 Bridge Year**

Halton Hills Hydro Inc. operating revenue is forecast to be \$10,632,375 in Fiscal 2007, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$9,672,375 or 91% of total revenues. The remaining revenue of \$960,000 or 9% is from other operating revenue.

**2006 Actual**

Halton Hills Hydro Inc. operating revenue was \$10,844,642 in Fiscal 2006, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$9,323,876 or 86% of total revenues. The remaining revenue of \$1,520,766 or 14% is from other operating revenue.

**2006 Board Approved**

Halton Hills Hydro Inc. operating revenue was \$9,507,417 in Fiscal 2006, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals \$9,023,508 or 95% of total revenues. The remaining revenue of \$483,909 or 5% is from other operating revenue.

**HALTON HILLS HYDRO INC.**

**FORECASTING METHODOLOGY**

This exhibit discusses the methodology used to determine Halton Hills Hydro Inc.'s customer and load forecast. A projection for the number of customers in each customer class is provided for both the Bridge Year (2007) and the Test Year (2008). Historical data for the annual number of customers in each rate class is available for 2004 through to 2006. As a result of the limited amount of data available, time series techniques that are often used to help estimate forecast values cannot be used. Rather, Halton Hills Hydro Inc. has used a simple trend growth in customer connections, by class, to forecast Bridge and Test Year customer numbers. Given the growth and trends in customer numbers in Halton Hills Hydro Inc.'s service territory over the past five years, the resulting customer forecast is likely not materially different than what would result from using more sophisticated time series techniques. In recent history, there has been very little year-to-year variation in customer growth by class. Historical and forecast customer numbers, by class, are displayed in the next section.

As required by the OEB Filing Requirements for Transmission and Distribution Applications, we are providing normalized historical and forecast (Bridge Year and Test Year) throughput data. Weather normalization (where required) is based on normalized average use per customer ("NAC") calculated from the weather-normalized throughput of the utility from 2004. This weather-normalized throughput was generated by Hydro One using their weather normalization model for the Cost Allocation process previously undertaken by the Board. However, upon review, Halton Hills Hydro Inc. concluded the weather normalized data provided skewed results that did not present a realistic forward scenario. For this reason we have developed our own Load Forecast based on actual consumption data.

**HALTON HILLS HYDRO INC.**Customer Forecast

Table 1 below presents historical and forecast customer numbers, by class, for Halton Hills Hydro Inc.

|   | 2004   | 2005   | 2006   | 2007   | 2008   |
|---|--------|--------|--------|--------|--------|
| Residential                             | 17,006 | 17,682 | 18,201 | 18,335 | 18,900 |
| <i>Per cent chg</i>                     |        | 4.00%  | 2.9%   | .7%    | 3.1%   |
| Residential<br>Time of Use              | 2      | 2      | 2      | 2      | 2      |
| <i>Per cent chg</i>                     |        | 0      | 0      | 0      | 0      |
| General Service<br>Less than 50 kW      | 1,154  | 1,533  | 1,482  | 1,550  | 1,600  |
| <i>Per cent chg</i>                     |        | 32.8%  | (3.4)% | 4.6%   | 3.2%   |
| General Service<br>50 kW to 999 kW      | 153    | 172    | 178    | 179    | 180    |
| <i>Per cent chg</i>                     |        | 12.4%  | 3.49%  | 0.6%   | 0.6%   |
| General Service<br>1,000 kW to 4,999 kW | 10     | 10     | 12     | 12     | 12     |
| <i>Per cent chg</i>                     |        | 0      | 20%    | 0      | 0      |
| Un-metered<br>Scattered Load            | 141    | 137    | 136    | 136    | 136    |
| <i>Per cent chg</i>                     |        | (2.8%) | 0      | 0      | 0      |
| Sentinel Lighting                       | 121    | 177    | 178    | 179    | 179    |
| <i>Per cent chg</i>                     |        | 46.2%  | 0.5%   | 0.5%   | 0      |
| Street Lighting                         | 3,944  | 4,144  | 4,289  | 4,444  | 4,450  |
| <i>Per cent chg</i>                     |        | 5.1%   | 3.5%   | 3.5%   | 1.4%   |

Annual percentage change is presented for all customer classes listed in the table above. For the Residential class we have used available water allotments as the appropriate measure of future residential growth. In Halton Hills, there is limited residential growth until additional water resources are provided by the Region of Halton. The General Service 50 – 999 kW and General Service 1,000 – 4,999 kW customer classes growth is estimated using prospective customer inquiries. We estimate no growth in Sentinel Lighting and Un-metered Scattered Load customer classes. The Street Lighting growth is projected based on the residential customer growth plus additional commercial subdivisions.

**HALTON HILLS HYDRO INC.****VOLUME FORECAST TABLES****Load Forecast**

As previously mentioned, Halton Hills Hydro Inc. has not used weather sensitive load in the calculation of the Load Forecast. Instead we have created our own Load forecast based on actual customer consumption. We have provided both load forecasts.

**Normalized Forecast-Wholesale**

|                                 | Residential | General Service less than 50 kW | General Service 50 to 999 kW | General Service 1,000 to 4,999 kW | Un-metered Scattered Load | Street Lighting | Sentinel Lighting | Total       |
|---------------------------------|-------------|---------------------------------|------------------------------|-----------------------------------|---------------------------|-----------------|-------------------|-------------|
| 2004 Normalized Consumption     | 204,663,794 | 57,905,967                      | 80,509,486                   | 123,666,357                       | 951,100                   | 2,558,657       | 362,210           | 470,617,571 |
| 2004 # of Cutomers              | 17006       | 1154                            | 153                          | 10                                | 141                       | 3944            | 173               |             |
| Normalized consumption/customer | 12,035      | 50,178                          | 526,206                      | 12,366,636                        | 6,745                     | 649             | 2,993             |             |
| 2005 # of customer              | 17682       | 1533                            | 172                          | 10                                | 137                       | 4144            | 177               |             |
| 2005 Normalized consumption     | 212,799,318 | 63,497,744                      | 96,836,585                   | 123,666,357                       | 979,705                   | 2,636,269       | 370,585           | 500,786,563 |
| 2006 # of customer              | 18201       | 1482                            | 178                          | 12                                | 136                       | 4289            | 178               |             |
| 2006 Normalized consumption     | 219,045,379 | 61,497,744                      | 96,836,585                   | 123,666,357                       | 979,705                   | 2,636,269       | 372,679           | 533,118,653 |

If you compare the normalized results to actual results from a wholesale perspective, you get a normalized number in 2006 that is 8.1% higher than actual kWhs purchased. With the trend continuing into 2008 the consumption used to calculate Halton Hills Hydro Inc.'s volumetric charges would be grossly overstated, therefore causing an under stated and under collected volumetric charge.

**HALTON HILLS HYDRO INC.****Halton Hills Hydro Inc.'s Volume Forecast**

|                                      |     | Historical Board<br>Approved | Historical Actual | Bridge Year<br>Forecast | Test Year<br>Forecast |
|--------------------------------------|-----|------------------------------|-------------------|-------------------------|-----------------------|
| Year                                 |     | 2006                         | 2006              | 2007                    | 2008                  |
| <b>Customer Class</b>                |     |                              |                   |                         |                       |
| Residential                          | #   | 17,006                       | 18,201            | 18,335                  | 18,900                |
|                                      | kWh | 188,015,331                  | 208,116,543       | 214,360,040             | 220,790,841           |
|                                      |     |                              |                   |                         |                       |
| Residential<br>Time of Use           | #   | 2                            | 2                 | 2                       | 2                     |
|                                      | kWh | 58,679                       | 55,028            | 71,500                  | 72,000                |
|                                      |     |                              |                   |                         |                       |
| General Service<br>Less than 50 KW   | #   | 1,154                        | 1,482             | 1,550                   | 1,600                 |
|                                      | kWh | 54,999,273                   | 54,412,911        | 56,045,299              | 58,287,111            |
|                                      |     |                              |                   |                         |                       |
| General Service<br>50 to 999 kW      | #   | 153                          | 178               | 179                     | 180                   |
|                                      | kWh | 111,923,177                  | 120,056,489       | 123,658,184             | 126,131,349           |
|                                      | kW  | 489,420                      | 442,181           | 444,000                 | 454,000               |
|                                      |     |                              |                   |                         |                       |
| General Service<br>1,000 to 4,999 kW | #   | 10                           | 12                | 12                      | 12                    |
|                                      | kWh | 95,926,614                   | 87,641,451        | 90,270,695              | 94,784,230            |
|                                      | kW  | 257,863                      | 257,481           | 306,000                 | 316,000               |
|                                      |     |                              |                   |                         |                       |
| Un-metered<br>Scattered Load         | #   | 141                          | 136               | 136                     | 136                   |
|                                      | kWh | 920,340                      | 979,473           | 1,008,857               | 1,018,946             |
|                                      |     |                              |                   |                         |                       |
| Sentinel Lights                      | #   | 121                          | 178               | 179                     | 179                   |
|                                      | kWh | 343,839                      | 313,546           | 322,952                 | 323,275               |
|                                      | kW  | 956                          | 768               | 800                     | 800                   |
|                                      |     |                              |                   |                         |                       |
| Street Lighting                      | #   | 3944                         | 4289              | 4444                    | 4450                  |
|                                      | kWh | 2,495,616                    | 2,535,532         | 2,611,598               | 2,689,946             |
|                                      | kW  | 6794                         | 6808              | 7400                    | 7500                  |
|                                      |     |                              |                   |                         |                       |

General Service 50 to 999 kW, General Service 1,000 to 4,999 kW, Sentinel Lighting and Street Lighting are billed on demand amounts and require an estimate of billed kW for the forecast. Billed kW is estimated based on an Engineering estimation of load growth (not customer growth). Therefore, Halton Hills Hydro Inc. has used the load and customer forecasted numbers in the following table.

**File Number: EB-2007-0696**

**Exhibit: 3**

**Tab: 2**

**Schedule: 2**

**Page: 3**

**HALTON HILLS HYDRO INC.**

**HALTON HILLS HYDRO INC.**

**VARIANCE ANALYSIS ON VOLUME FORECAST TABLE**

The purpose of the evidence contained in Exhibit 3, Tab 2, Schedule 2 is to provide the Board with a review of Halton Hills Hydro Inc.'s historical, bridge and test year's consumption and revenue. Test year revenues have been calculated using the approved EB-2007-0536 Tariff of Rates and Charges dated April 12, 2007.

**Residential**

We have projected a load growth in kWh of 6.1% from 2006 actual to 2008 test

**Residential Time Of Use**

We have projected a load growth in kWh of 30.8% from 2006 actual to 2008 test

**General Service Less Than 50 kW**

We have projected a load growth in kWh of 7.1% from 2006 actual to 2008 test

**General Service 50 to 999 kW**

We have projected a load growth in kW of 2.7% from 2006 actual to 2008 test

**General Service 1,000 to 4,999 kW**

We have projected a load growth in kW of 22.7% from 2006 actual to 2008 test

**Un-metered Scattered Load**

We have projected a load growth in kWh of 4.0% from 2006 actual to 2008 test

**Street Lighting**

We have projected a load growth in kW of 10.2% from 2006 actual to 2008 test

**Sentinel Lighting**

We have projected a load growth in kW of 4.1% from 2006 actual to 2008 test

**HALTON HILLS HYDRO INC.****CUSTOMER COUNT FORECAST TABLE****Halton Hills Hydro Inc.'s Customer Forecast**

|                                      | <b>Historical Board<br/>Approved</b> | <b>Historical Actual</b> | <b>Bridge Year<br/>Forecast</b> | <b>Test Year<br/>Forecast</b> |
|--------------------------------------|--------------------------------------|--------------------------|---------------------------------|-------------------------------|
| <b>Year</b>                          | <b>2006</b>                          | <b>2006</b>              | <b>2007</b>                     | <b>2008</b>                   |
| <b>Customer Class</b>                |                                      |                          |                                 |                               |
| Residential                          | 17,006                               | 18,201                   | 18,335                          | 18,900                        |
| Residential<br>Time of Use           | 2                                    | 2                        | 2                               | 2                             |
| General Service<br>Less than 50 KW   | 1,154                                | 1,482                    | 1,550                           | 1,600                         |
| General Service<br>50 to 999 kW      | 153                                  | 178                      | 179                             | 180                           |
| General Service<br>1,000 to 4,999 kW | 10                                   | 12                       | 12                              | 12                            |
| Un-metered<br>Scattered Load         | 141                                  | 136                      | 136                             | 136                           |
| Sentinel Lights                      | 121                                  | 178                      | 179                             | 179                           |
| Street Lighting                      | 3,944                                | 4,289                    | 4,444                           | 4,450                         |

**HALTON HILLS HYDRO INC.**

**VARIANCE ANALYSIS ON CUSTOMER COUNT FORECAST TABLE**

The purpose of the evidence contained in Exhibit 3, Tab 2, Schedule 4, is to provide the Board with a review of Halton Hills Hydro Inc.'s actual and forecasted customers.

**Residential :**

We have projected a customer growth of 3.8% from 2006 actual to 2008 test.

**General Service Less than 50 kW**

We have projected a customer growth of 8.0% from 2006 actual to 2008 test.

**General Service 50 to 999 kW**

We have projected a customer growth of 1.1% from 2006 actual to 2008 test.

**General Service 1,000 to 4,999 kW**

We have projected a customer growth of 0% from 2006 actual to 2008 test.

**Un-metered Scattered Load**

We have projected a customer growth of 0% from 2006 actual to 2008 test.

**Street Lighting**

We have projected a customer growth of 3.8% from 2006 actual to 2008 test.

**Sentinel Lighting**

We have projected a customer growth of 0.5% from 2006 actual to 2008 test.

**HALTON HILLS HYDRO INC.****OTHER DISTRIBUTION REVENUE**

|   | 2006 Board<br>Approved<br>(\$) | 2006 Actual<br>(\$) | Variance<br>from 2006<br>Board<br>Approved<br>(\$) | 2007 Bridge<br>(\$) | 2008 Test<br>(\$)  | Variance<br>from 2007<br>Actual<br>(\$) |
|---|--------------------------------|---------------------|--|---------------------|--------------------|---|
| <b><u>Other Distribution Revenue</u></b>        |                                |                     |  |                     |                    |   |
| Retail Services Revenues                        |                                | 37,102              | 37,102   | 30,000              | 30,000             | 0                                       |
| Service Transaction Requests<br>(STR) Revenues  |                                | 1,850               | 1,850  | 2,000               | 2,000              | 0                                       |
| Electric Services Incidental to<br>Energy Sales |                                |                     |  |                     |                    |   |
| Transmission Charges<br>Revenue                 |                                |                     |  |                     |                    |   |
| Transmission Services<br>Revenue                |                                |                     |  |                     |                    |   |
| Interdepartmental Rents                         |                                |                     |  |                     |                    |   |
| Rent from Electric Property                     |                                | 140,157             | 140,157  | 80,000              | 80,000             | 0                                       |
| Other Utility Operating Income                  | 358,064                        | 434,657             | 76,593   | 470,000             | 375,000            | 95,000                                  |
| Other Electric Revenues                         |                                | 211,748             | 211,748  |                     |                    |   |
| Late Payment Charges                            | 125,845                        | 223,565             | 97,720   | 242,000             | 226,000            | (16,000)                                |
| Sales of Water and Water<br>Power               |                                |                     |  |                     |                    |   |
| Miscellaneous Service<br>Revenues               |                                | 199,593             | 199,593  | 41,000              | 60,000             | 19,000                                  |
| Provision for Rate Refunds<br>Interest          |                                | 272,094             | 272,094  | 95,000              | 330,000            | 235,000                                 |
| <b>TOTAL</b>                                    | <b>\$483,909</b>               | <b>\$1,520,767</b>  | <b>\$1,036,858</b>                                 | <b>\$960,000</b>    | <b>\$1,103,000</b> | <b>\$143,000</b>                        |

**HALTON HILLS HYDRO INC.****MATERIALITY ANALYSIS ON OTHER DISTRIBUTION REVENUE**

The materiality threshold of 1% based on 2006 Board Approved rate base equals (1% x \$7,926,009) or \$79,260. The following represents Revenue accounts that exceed the materiality threshold.

| Revenue Account                | 2007 Bridge | 2008 Test | Variance<br>from 2007<br>Actual |
|--------------------------------|-------------|-----------|---------------------------------|
| Other Utility Operating Income | \$470,000   | \$375,000 | \$95,000                        |

Explanation: 2007 includes proceeds on disposal of vehicle of \$45,000 and Inter-company revenue is expected to decrease by \$50,000 in 2008

| Revenue Account | 2007<br>Bridge | 2008 Test | Variance<br>from 2007<br>Actual |
|-----------------|----------------|-----------|---------------------------------|
| Interest        | \$95,000       | \$330,000 | \$235,000                       |

Explanation: In our 2008 Test year we will have an additional debt of \$7,200,000 earning interest.

**HALTON HILLS HYDRO INC.**

**RATE OF RETURN ON OTHER DISTRIBUTION ACTIVITIES**

In this application, Halton Hills Hydro Inc. has applied for the same Specific Service Charges schedule previously approved in the 2007 Tariffs of Rates and Charges (EB-2007-0536). The Specific Service Charges schedule follows the OEB recommended charges and as such Halton Hills Hydro Inc. has no further information related to the rate of return on non-core delivery activities.

**HALTON HILLS HYDRO INC.****DISTRIBUTION REVENUE DATA****2006 Board Approved**

|                                   | Customers<br>(Year-End) | Consumption<br>(kWh / KW) | Distribution Revenues<br>(\$) | Unit Revenues<br>\$/kWh |
|-----------------------------------|-------------------------|---------------------------|-------------------------------|-------------------------|
| Residential                       | 17,006                  | 188,015,331 kWh           | 4,478,394                     | 0.02381930              |
| Residential Time of Use           | 2                       | 58,679 kWh                | 989                           | 0.01685441              |
| General Service less than 50 kW   | 1,154                   | 54,999,273 kWh            | 892,592                       | 0.01622916              |
| General Service 50 to 999 kW      | 153                     | 489,420 kW                | 2,433,490                     | 4.97219157              |
| General Service 1,000 to 4,999 kW | 10                      | 257,863 kW                | 1,133,652                     | 4.39633449              |
| Un-metered Scattered Load         | 141                     | 920,340 kWh               | 29,897                        | 0.03248473              |
| Sentinel Lighting                 | 121                     | 956 kW                    | 6,478                         | 6.77615063              |
| Street Lighting                   | 3944                    | 6,794 kW                  | 48,017                        | 7.06755961              |
| TOTAL                             | 22,531                  | 244,748,656               | 9,023,508                     | 0.03686847              |

**2006 Actual**

|                                   | Customers<br>(Year-End) | Consumption<br>(kWh / KW) | Distribution Revenues<br>(\$) | Unit Revenues<br>\$/kWh |
|-----------------------------------|-------------------------|---------------------------|-------------------------------|-------------------------|
| Residential                       | 18,201                  | 208,116,543               | 4,872,319                     | 0.02341149              |
| Residential Time of Use           | 2                       | 55,028                    | 943                           | 0.01713673              |
| General Service less than 50 kW   | 1,482                   | 54,412,911                | 984,105                       | 0.01808587              |
| General Service 50 to 999 kW      | 178                     | 442,181                   | 2,243,309                     | 5.07328221              |
| General Service 1,000 to 4,999 kW | 12                      | 257,481                   | 1,136,982                     | 4.41578990              |
| Un-metered Scattered Load         | 136                     | 979,473                   | 29,754                        | 0.03037756              |
| Sentinel Lighting                 | 178                     | 768                       | 6,348                         | 8.26562500              |
| Street Lighting                   | 4,289                   | 6,808                     | 50,218                        | 7.37632197              |
| TOTAL                             | 24,478                  | 264,271,193               | 9,323,976                     | 0.03528185              |

**2007 Bridge**

|                                   | Customers<br>(Year-End) | Consumption<br>(kWh / KW) | Distribution Revenues<br>(\$) | Unit Revenues<br>\$/kWh |
|-----------------------------------|-------------------------|---------------------------|-------------------------------|-------------------------|
| Residential                       | 18,335                  | 214,360,040               | 4,962,367                     | 0.02314968              |
| Residential Time of Use           | 2                       | 71,500                    | 1,149                         | 0.01606993              |
| General Service less than 50 kW   | 1,550                   | 56,045,299                | 1,020,617                     | 0.01821057              |
| General Service 50 to 999 kW      | 179                     | 444,000                   | 2,252,838                     | 5.07395946              |
| General Service 1,000 to 4,999 kW | 12                      | 306,000                   | 1,345,609                     | 4.39741503              |
| Un-metered Scattered Load         | 136                     | 1,008,857                 | 30,048                        | 0.02978420              |
| Sentinel Lighting                 | 179                     | 800                       | 6,522                         | 8.15250000              |
| Street Lighting                   | 4,444                   | 7,400                     | 53,224                        | 7.19243243              |
| TOTAL                             | 24,837                  | 272,243,896               | 9,672,375                     | 0.03552834              |

**HALTON HILLS HYDRO INC.****2008 Test**

|                                   | Customers<br>(Year-End) | Consumption<br>(kWh / KW) | Distribution Revenues<br>(\$) | Unit Revenues<br>\$/kWh |
|-----------------------------------|-------------------------|---------------------------|-------------------------------|-------------------------|
| Residential                       | 18,900                  | 220,790,841               | 5,113,275                     | 0.02315891              |
| Residential Time of Use           | 2                       | 72,000                    | 1,155                         | 0.01604167              |
| General Service less than 50 kW   | 1,600                   | 52,287,111                | 1,057,879                     | 0.02023212              |
| General Service 50 to 999 kW      | 180                     | 454,000                   | 2,300,170                     | 5.06645374              |
| General Service 1,000 to 4,999 kW | 12                      | 316,000                   | 1,388,608                     | 4.39432911              |
| Un-metered Scattered Load         | 136                     | 1,018,946                 | 30,149                        | 0.02958842              |
| Sentinel Lighting                 | 179                     | 800                       | 6,522                         | 8.15250000              |
| Street Lighting                   | 4,450                   | 7,500                     | 53,606                        | 7.14746667              |
| TOTAL                             | 25,459                  | 274,947,198               | 9,951,365                     | 0.03619373              |

**HALTON HILLS HYDRO INC.**

**DESCRIPTION OF REVENUE SHARING**

Halton Hills Hydro Inc. does not engage in revenue sharing.

**HALTON HILLS HYDRO INC.**

| <u>Exhibit</u>                    | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u>                                     |
|-----------------------------------|------------|-----------------|---|
| <b><u>4 - Operating Costs</u></b> |            |                 |   |
|                                   | 1          |                 | <b><u>Overview</u></b>  |
|                                   |            | 1               | Overview of Operating Costs                                     |
|                                   |            | 2               | Summary of Operating Costs Table                                |
|                                   | 2          |                 | <b><u>OM&amp;A Costs</u></b>                                    |
|                                   |            | 1               | OM&A Detailed Costs Table                                       |
|                                   |            | 2               | Materiality Analysis on OM&A Costs                              |
|                                   |            | 3               | Shared Services   |
|                                   |            | 4               | Corporate Cost Allocation                                       |
|                                   |            | 5               | Purchase of Services  |
|                                   |            | 6               | Employee Description  |
|                                   |            | 7               | Depreciation and Amortization                                   |
|                                   |            | 8               | Loss Adjustment Factor Calculation                              |
|                                   |            | 9               | Materiality Analysis on Distribution Losses                     |
|                                   | 3          |                 | <b><u>Income Tax, Large Corporation Tax</u></b>                 |
|                                   |            | 1               | Income Tax, Large Corporation Tax and Ontario Capital Tax Table |
|                                   |            | 2               | Interest Expense  |
|                                   |            | 3               | Capital Cost Allowance (CCA)                                    |

**HALTON HILLS HYDRO INC.**

**OVERVIEW OF OPERATING COSTS**

Operating Costs

The operating costs presented in this exhibit represent the annual expenditures required to sustain Halton Hills Hydro Inc.'s Distribution Operations.

OM&A Costs

The OM&A costs in this exhibit represents Halton Hills Hydro Inc.'s integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives; to comply with the Distribution System Code, environmental requirements and Government direction; and to maintain distribution business service quality and reliability at targeted performance levels. These are the costs to provide service to customers connected to Halton Hills Hydro Inc.'s distribution system and to meet the service levels stipulated in the Standard Supply Service Code and the Retail Settlement Code.

The proposed OM&A cost expenditures for the 2008 test year result from a rigorous business planning and work prioritization process that reflects risk-based decision making to ensure that the most appropriate, cost effective solutions are put in place.

OM&A expenditures totaled \$37,717,923 in 2006 Board Approved, \$42,788,079 in 2006 Actual and are forecast to be \$44,707,869 in 2007 and \$46,188,223 in 2008.

Shared Services, Corporate Cost Allocation, Purchase of Services, Employee Description

This section includes discussion on shared services and corporate cost allocation with affiliates. In addition, Halton Hills Hydro Inc. has provided information on the types of services purchased externally and an analysis of staffing levels.

Loss Adjustment Factor

Halton Hills Hydro Inc. has proposed a Loss Adjustment Factor of 4.99%.

Income Tax, Large Corporation Tax and Ontario Capital Taxes

This information consists of detailed calculations of income taxes, and indemnity payments to the Province.

The Income Taxes, Large Corporation Taxes and Ontario Capital Taxes expenditures totaled \$627,557 in 2006 Board Approved, \$775,562 in 2006 Actual and are forecast to be \$1,158,772 in 2007 and \$836,469 in 2008.

**HALTON HILLS HYDRO INC.****SUMMARY OF OPERATING COSTS TABLE****Operating Costs-Summary**

|                                     | <b>2006<br/>Board<br/>Approved</b> | <b>2006<br/>Actual</b> | <b>2007<br/>Bridge</b> | <b>2008<br/>Test</b> |
|-------------------------------------|------------------------------------|------------------------|------------------------|----------------------|
|                                     | <b>(\$)</b>                        | <b>(\$)</b>            | <b>(\$)</b>            | <b>(\$)</b>          |
| Operation                           | 495,401                            | 700,553                | 715,000                | 784,000              |
| Maintenance                         | 562,172                            | 694,552                | 741,000                | 821,000              |
| Billing & Collecting                | 873,784                            | 908,849                | 923,000                | 1,039,000            |
| Community Relations                 | 88,690                             | 2,245                  | 2,000                  | 2,000                |
| Administrative and General Expenses | 2,594,596                          | 2,088,759              | 2,170,000              | 2,447,000            |
| Amortization Expenses               | 1,846,338                          | 1,930,209              | 2,129,369              | 2,190,723            |
| Taxes other than income taxes       | 71,132                             | 189,020                | 190,000                | 195,000              |
| Cost of Power                       | 30,683,803                         | 35,539,505             | 36,636,500             | 37,840,000           |
| Other Operating Costs               | -                                  | 2,901                  | 20,000                 | 33,000               |
| LCT, OCT & Income Taxes             | 502,007                            | 731,486                | 1,181,000              | 836,500              |
| Total Operating Costs               | 37,717,923                         | 42,788,079             | 44,707,869             | 46,188,223           |

**HALTON HILLS HYDRO INC.**

**OM&A DETAILED COSTS TABLE**

[OM&A Detailed Costs Table](#) is in pdf format and is hyperlinked for electronic submission. A printed copy is located in Appendix D.

**HALTON HILLS HYDRO INC.****MATERIALITY ANALYSIS ON OM&A COSTS**

The following list represents distribution expenses where the variance is greater or equal to 1% of the total distribution expenses before PILS.

**Determination of Materiality Threshold for OM&A Costs**

| <b>Distribution Expenses</b>            | <b>2006 Actual</b> | <b>2007 Bridge</b> | <b>2008 Test</b> |
|---|--------------------|--------------------|------------------|
| OM&A                                    | 4,583,978          | 4,741,000          | 5,288,000        |
| Amortization                            | 1,930,209          | 2,129,369          | 2,190,723        |
| Distribution Expenses before PILS       | 6,514,187          | 6,870,369          | 7,478,723        |
| 1% of Distribution Expenses before PILS | 65,142             | 68,704             | 74,787           |

Halton Hills Hydro Inc. has selected the lowest level of materiality for the most effective review of costs.

Materiality discussion on OM&A Detailed Costs Table is in pdf format and is hyperlinked for electronic submission. A printed copy is located in Appendix D.

**HALTON HILLS HYDRO INC.****SHARED SERVICES**

A summary of shared services for actual fiscal 2006, along with the projections for the 2007 bridge year and 2008 test year are shown in the following tables. The cost allocation of these services is described in Exhibit 4, Tab 2, Schedule 4.

**Shared Services:**

Halton Hills Hydro provides the following services to its affiliates:

- 1.) Billing Services
- 2.) Collecting Services
- 3.) Customer Services
- 4.) Payment Services
- 5.) Distribution Poles
- 6.) Office space
- 7.) Use of Office Equipment
- 8.) Administration
- 9.) Warehouse Services

Halton Hills Hydro derives the following revenue from providing the services listed above are:

|                      | <b>2006 Actual</b> | <b>2007 Bridge</b> | <b>2008 Test</b> |
|----------------------|--------------------|--------------------|------------------|
| Intercompany Revenue | \$388,484          | \$411,483          | \$362,000        |

The decrease in 2008 Test is a result of an Affiliate's discontinuance of a line of business.

**HALTON HILLS HYDRO INC.****CORPORATE COST ALLOCATION**

Halton Hills Hydro operates under a Services Agreement that is updated on a yearly basis for the provision of any services performed for an affiliate.

**SERVICES:**

Water Billing: The allocation of costs in for water billing includes:

| <b>Type of Cost</b>                  | <b>Allocator</b>                  |
|--------------------------------------|-----------------------------------|
| Salaries and Benefits                | Estimated time                    |
| Supplies – bills, envelopes, postage | % of water meters to total meters |
| Meter Reading                        | Actual # of reads                 |
| Occupancy                            | Sq footage of space               |
| Office equipment                     | Estimate of usage                 |

Hot Water Tank Rentals: The allocation of costs for water heater rentals includes:

| <b>Type of Cost</b>                  | <b>Allocator</b>    |
|--------------------------------------|---------------------|
| Salaries and Benefits                | Estimated time      |
| Supplies – bills, envelopes, postage | % of bills          |
| Occupancy                            | Sq footage of space |
| Office equipment                     | Estimate of usage   |

Fibre Optics Services: The allocation of costs for Fibre Optics Services:

| <b>Type of Cost</b>   | <b>Allocator</b>    |
|-----------------------|---------------------|
| Salaries and Benefits | Estimated time      |
| Occupancy             | Sq footage of space |
| Office equipment      | Estimate of usage   |
| Poles                 | # of poles          |

**HALTON HILLS HYDRO INC.****PURCHASE OF SERVICES**

|   | <u>2006 Actual</u> | <u>2007 Bridge</u> | <u>2008 Test</u> |
|---|--------------------|--------------------|------------------|
| <u>Quality Tree</u>   |                    |                    |                  |
| Tree trimming<br>tendering approach                             | 115,074            | 80,000             | 110,000          |
| <u>Wajax</u>  |                    |                    |                  |
| Vehicles<br>cost approach                                       | 14,636             | 20,000             | 20,000           |
| <u>Canadian Electric Services</u>                               |                    |                    |                  |
| Transformer Maintenance & Equipment<br>cost approach            | 5,022              | 5,000              | 5,000            |
| <u>Super Sucker Hydro Vac</u>                                   |                    |                    |                  |
| Overhead Line Maintenance & Installation<br>cost approach       | 25,538             | 30,000             | 25,000           |
| <u>Jescan</u>   |                    |                    |                  |
| Underground Line Maintenance &<br>Installation<br>cost approach | 60,385             | 65,000             | 65,000           |
| <u>Best Safety &amp; Practice</u>                               |                    |                    |                  |
| Safety Consultant<br>cost approach                              | 19,477             | 20,000             | 20,000           |
| <u>Power Systems Technical Service</u>                          |                    |                    |                  |
| Substation Maintenance<br>cost approach                         | 73,131             | 52,500             | 50,000           |
| <u>AESI</u>   |                    |                    |                  |
| ESA Consulting<br>-quotation                                    | 35,456             | 35,000             | 35,000           |
| <u>Pole Care International</u>                                  |                    |                    |                  |
| Pole testing<br>-quotation                                      | Nil                | 20,000             | 20,000           |
| <u>MDMA</u>   |                    |                    |                  |
| Meter Reading<br>tendering                                      | 139,001            | 132,300            | 147,400          |

**HALTON HILLS HYDRO INC.**

|   | <u>2006 Actual</u> | <u>2007 Bridge</u> | <u>2008 Test</u> |
|---|--------------------|--------------------|------------------|
| <u>MRS Company</u><br>Programming<br>cost approach  | 76,188             | 50,500             | 60,000           |
| <u>Rodan Energy &amp; Metering</u><br>Wholesale Meter Maintenance &<br>Installation<br>quotations | 140,828            | 25,200             | 25,200           |
| <u>Deloitte &amp; Touche</u><br>Audit Fees<br>tendering   | 35,000             | 38,500             | 40,000           |
| <u>Adrian Phillips</u><br>Legal Fees<br>cost approach   | 35,726             | 39,000             | 42,000           |
| <u>Man Maid Service</u><br>Building Cleaning Services<br>-tendering                               | 20,220             | 20,500             | 20,500           |
| <u>Halton Recycling</u><br>Waster Disposal<br>quotation   | 1,898              | 2,000              | 2,000            |
| <u>Honeywell</u><br>Building Maintenance<br>cost approach   | 26,947             | 27,000             | 27,500           |
| <u>Snowjak's Snow Removal</u><br>Snow Removal<br>cost approach                                    | 15,030             | 18,000             | 18,000           |
| <u>R.C. Whitney &amp; Associates</u><br>Labour Relations Services<br>cost approach                | 12,590             | 3,500              | 3,500            |
| <u>MEARIE – Dion Durrell</u><br>Actuarial Fees<br>cost approach                                   | 5,914              | 3,000              | 3,000            |

**HALTON HILLS HYDRO INC.****EMPLOYEE DESCRIPTION****Number of employees (Full-time equivalents (FTE's)):**

|            | <u>2006</u><br><u>Board</u><br><u>Approved</u> | <u>2006</u><br><u>Actual</u> | <u>2007</u><br><u>Bridge</u> | <u>2008</u><br><u>Test</u> |
|------------|--|------------------------------|------------------------------|----------------------------|
| Management | 9  | 9                            | 10                           | 10                         |
| Unionized  | 34   | 34                           | 35                           | 36                         |

**Compensation (Total Salary and Wages (\$)):**

|            | <u>2006</u><br><u>Board</u><br><u>Approved</u> | <u>Average</u> | <u>2006</u><br><u>Actual</u> | <u>Average</u> | <u>2007</u><br><u>Bridge</u> | <u>Average</u> | <u>2008</u><br><u>Test</u> | <u>Average</u> |
|------------|--|----------------|------------------------------|----------------|------------------------------|----------------|----------------------------|----------------|
| Management | 903,051  | 100,339        | 1,015,579                    | 112,842        | 1,188,848                    | 118,885        | 1,146,259                  | 124,626        |
| Unionized  | 2,217,075                                      | 67,184         | 2,551,952                    | 75,057         | 2,557,429                    | 73,069         | 2,746,390                  | 76,289         |

**Compensation (Total Benefits (\$)):**

|            | <u>2006</u><br><u>Board</u><br><u>Approved</u> | <u>Average</u> | <u>2006</u><br><u>Actual</u> | <u>Average</u> | <u>2007</u><br><u>Bridge</u> | <u>Average</u> | <u>2008</u><br><u>Test</u> | <u>Average</u> |
|------------|--|----------------|------------------------------|----------------|------------------------------|----------------|----------------------------|----------------|
| Management | 133,693  | 14,855         | 180,740                      | 20,082         | 200,438                      | 20,044         | 210,860                    | 21,086         |
| Unionized  | 385,597  | 11,685         | 448,331                      | 13,186         | 513,345                      | 14,667         | 562,635                    | 15,629         |

**Compensation (Total Incentives (\$)):**

|            | <u>2006</u><br><u>Board</u><br><u>Approved</u> | <u>Average</u> | <u>2006</u><br><u>Actual</u> | <u>Average</u> | <u>2007</u><br><u>Bridge</u> | <u>Average</u> | <u>2008 Test</u> | <u>Average</u> |
|------------|--|----------------|------------------------------|----------------|------------------------------|----------------|------------------|----------------|
| Management | 0  | 0              | 61,665                       | 6,852          | 68,100                       | 6,810          | 70,923           | 7,092          |
| Unionized  | 0  | 0              | 0                            | 0              | 0                            | 0              | 0                | 0              |

**Total of Costs charged to O&M (\$):**

|       | <u>2006</u><br><u>Actual</u> | <u>Average</u> | <u>2007</u><br><u>Bridge</u> | <u>Average</u> | <u>2008</u><br><u>Test</u> | <u>Average</u> |
|-------|------------------------------|----------------|------------------------------|----------------|----------------------------|----------------|
| TOTAL | 2,877,724                    | 166,526        | 2,883,838                    | 166,278        | 3,222,369                  | 178,435        |

**Status of pension funding**

Halton Hills Hydro Inc. and its employees contribute to the Ontario Municipal Employee's Retirement System (OMERS), a defined benefit pension plan for employees. As Halton Hills Hydro Inc. is only liable for the contributions, defined contribution plan accounting is used by Halton Hills Hydro Inc. Halton Hills Hydro Inc.'s contribution for employee's current service for the year ended December 31, 2006 was \$206,651.

**HALTON HILLS HYDRO INC.**

**DEPRECIATION AND AMORTIZATION**

[Depreciation and Amortization Tables](#) are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix D.

**HALTON HILLS HYDRO INC.****LOSS ADJUSTMENT FACTOR CALCULATION**

|  | <b>2004</b> | <b>2005</b> | <b>2006</b> | <b>Total</b>  |
|--|-------------|-------------|-------------|---------------|
| A "Wholesale" kWh (IESO)                         | 468,337,202 | 495,175,531 | 493,166,270 | 1,456,679,003 |
| B Wholesale kWh for Large Use customer(s) (IESO) | 0           | 0           | 0           | 0             |
| C Net "Wholesale" kWh (A)-(B)                    | 468,337,202 | 495,175,531 | 493,166,270 | 1,456,679,003 |
| D Retail kWh (Distributor)                       | 445,615,670 | 465,644,681 | 476,142,756 | 1,387,403,107 |
| E Retail kWh for Large Use Customer(s) (1% loss) | 0           | 0           | 0           | 0             |
| F Net "Retail" kWh (D)-(E)                       | 445,615,670 | 465,644,681 | 476,142,756 | 1,387,403,107 |
| G Loss Factor [(C)/(F)]                          | 1.0509      | 1.0637      | 1.0357      | 1.049932      |
| H Distribution Loss Adjustment Factor            |             |             |             |               |

**Total Utility Loss Adjustment Factor**

LAF

Total Loss Factor

Secondary Metered Customer

Total Loss Factor - Secondary Metered Customer &lt; 5,000kW 1.0499

Total Loss Factor - Secondary Metered Customer &gt; 5,000kW N/A

Primary Metered Customer

Total Loss Factor - Primary Metered Customer &lt; 5,000kW 1.0395

Total Loss Factor - Primary Metered Customer &gt; 5,000kW N/A

**HALTON HILLS HYDRO INC.**

**MATERIALITY ANALYSIS ON DISTRIBUTION LOSSES**

Halton Hills Hydro is proposing to increase the distribution loss factor from 3.68% to 4.99%.

**HALTON HILLS HYDRO INC.****INCOME TAX, LARGE CORPORATON TAX AND ONTARIO CAPITAL TAX TABLE**Income & Capital Taxes

| Line Item                               | 2006 Board Approved | 2006 Actual    | 2007 Bridge      | 2008 Test      |
|---|---------------------|----------------|------------------|----------------|
| Income taxes                            | 554,169             | 694,197        | 1,093,353        | 771,049        |
| Capital taxes                           | 73,388              | 81,365         | 65,419           | 65,419         |
| <b>Total income &amp; capital taxes</b> | <b>627,557</b>      | <b>775,562</b> | <b>1,158,772</b> | <b>836,469</b> |

Income Taxes

| Line Item   | 2006 Board Approved | 2006 Actual      | 2007 Bridge      | 2008 Test        |
|---|---------------------|------------------|------------------|------------------|
| <b>Income before PILs/Taxes</b>                                   | <b>1,329,336</b>    | <b>1,895,292</b> | <b>2,763,680</b> | <b>1,581,790</b> |
| <b>Additions:</b>   |                     |                  |                  |                  |
| Amortization of tangible assets per financial statements          | 1,846,338           | 1,917,005        | 2,129,369        | 2,190,723        |
| Amortization of intangible assets                                 | -                   | 13,204           | -                | -                |
| Non-deductible meals and entertainment expense                    | -                   | 6,119            | 6,500            | 6,500            |
| Reserves from financial statements - balance at end of year       | 79,361              | 67,736           | 546,550          | 546,550          |
| Interest on taxes   | -                   | 33,000           | -                | -                |
| SR&ED recapture   | -                   | 27,781           | -                | -                |
| Actual interest expense   | -                   | -                | 997,951          | 1,266,740        |
| <b>Total Additions</b>  | <b>1,925,699</b>    | <b>2,064,845</b> | <b>3,680,370</b> | <b>4,010,513</b> |
| <b>Deductions:</b>  |                     |                  |                  |                  |
| Gain on disposal of asset per financial statements                | -                   | 774              | 46,000           | -                |
| Capital cost allowance from Schedule 8                            | 1,454,275           | 1,902,072        | 1,558,890        | 1,633,039        |
| Cumulative eligible capital deduction from Schedule 10            | 66,618              | 61,955           | 57,618           | 53,585           |
| Reserves from financial statements - balance at beginning of year | 44,963              | 71,821           | 546,550          | 546,550          |

**HALTON HILLS HYDRO INC.**

|  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|
| Interest capitalized for accounting deducted for tax | -                | -                | 25,049           | 36,260           |
| Book income of joint venture or partnership          | -                | 1,597            | -                | -                |
| Excess interest                                      | 154,934          |                  |                  |                  |
| Deemed interest expense                              |                  |                  | 1,149,942        | 1,087,945        |
| <b>Total Deductions</b>                              | <b>1,720,790</b> | <b>2,038,219</b> | <b>3,384,049</b> | <b>3,357,378</b> |
| <b>Net income for tax purposes</b>                   | <b>1,534,245</b> | <b>1,921,918</b> | <b>3,060,001</b> | <b>2,234,926</b> |
| Charitable donations                                 | -                | -                | 33,000           | -                |
| <b>TAXABLE INCOME</b>                                | <b>1,534,245</b> | <b>1,921,918</b> | <b>3,027,001</b> | <b>2,234,926</b> |
| CORPORATE INCOME TAX RATE                            | 36.12%           | 36.12%           | 36.12%           | 34.50%           |
| <b>INCOME TAXES</b>                                  | <b>554,169</b>   | <b>694,197</b>   | <b>1,093,353</b> | <b>771,049</b>   |

**HALTON HILLS HYDRO INC.**Capital Taxes

| Line Item              | 2006 Board Approved |                     | 2006 Actual         |                     | 2007 Bridge         |                     | 2008 Test           |                     |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                        | ONTARIO             | FEDERAL             | ONTARIO             | FEDERAL             | ONTARIO             | FEDERAL             | ONTARIO             | FEDERAL             |
| Total Rate Base        | 34,462,629          | 32,569,480          | 37,121,698          | 36,821,447          | 37,954,174          | 37,954,174          | 37,954,174          | 37,954,174          |
| Exemption              | <u>(10,000,000)</u> | <u>(50,000,000)</u> | <u>(10,000,000)</u> | <u>(50,000,000)</u> | <u>(15,000,000)</u> | <u>(50,000,000)</u> | <u>(15,000,000)</u> | <u>(50,000,000)</u> |
| Deemed Taxable Capital | 24,462,629          | (17,430,520)        | 27,121,698          | (13,178,553)        | 22,954,174          | (12,045,826)        | 22,954,174          | (12,045,826)        |
| Rate                   | <u>0.300%</u>       | <u>0.000%</u>       | <u>0.300%</u>       | <u>0.000%</u>       | <u>0.285%</u>       | <u>0.000%</u>       | <u>0.285%</u>       | <u>0.000%</u>       |
| Gross Tax Payable      | 73,388              | 0                   | 81,365              | 0                   | 65,419              | 0                   | 65,419              | 0                   |
| Surtax                 | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   | 0                   |
| <b>Net Tax Payable</b> | <b>73,388</b>       | <b>0</b>            | <b>81,365</b>       | <b>0</b>            | <b>65,419</b>       | <b>0</b>            | <b>65,419</b>       | <b>0</b>            |

NOTE: RATE BASE IS USED AS A PROXY FOR TAXABLE CAPITAL IN DETERMINATION OF CAPITAL TAXES FOR BRIDGE & TEST YEARS  
 RATIONALE: SIMPLE PROCESS TO CALCULATE, GENERATES VALUE WITHIN REASON OF ACTUAL TAXABLE CAPITAL

**HALTON HILLS HYDRO INC.****INTEREST EXPENSE**

The following table represents the Interest Expense for Halton Hills Hydro Inc.

| <b>Line Item</b>              | <b>2006 Board Approved</b> | <b>2006 Actual</b> | <b>2007 Bridge</b> | <b>2008 Test</b> |
|-------------------------------|----------------------------|--------------------|--------------------|------------------|
| Actual interest expense       | 1,170,943                  | 1,478,097          | 997,951            | 1,266,740        |
| Capitalized interest          | -                          | -                  | 25,049             | 36,260           |
| Actual interest               | 1,170,943                  | 1,478,097          | 1,023,000          | 1,303,000        |
| Interest forecast adjustments | 54,845                     | -                  | -                  | -                |
| Total interest                | 1,225,788                  | 1,478,097          | 1,023,000          | 1,303,000        |
| Deemed interest:              | 1,070,854                  | 1,157,350          | 1,149,942          | 1,087,945        |
| Excess interest               | 154,934                    | 320,747            | (126,942)          | 215,055          |

**HALTON HILLS HYDRO INC.**

**CAPITAL COST ALLOWANCE (CCA)**

[Capital Cost Allowance](#) are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix D.

**HALTON HILLS HYDRO INC.**

Exhibit      Tab      Schedule      Contents of Schedule

**5 – Deferral and Variance Accounts**

1

- |   |   |
|---|---|
| 1 | Existing Deferral and Variance Accounts |
| 2 | Calculation of Balances by Account      |
| 3 | Method of Recovery                      |

**HALTON HILLS HYDRO INC.**

**EXISTING DEFERRAL AND VARIANCE ACCOUNTS**

Halton Hills Hydro Inc. current has the following existing Deferral and Variance Accounts:

- 1505 Un-recovered Plant and Regulatory Study Costs
- 1508 Other Regulatory Assets
- 1510 Preliminary Survey and Investigation Charges
- 1515 Emission Allowance Inventory
- 1516 Emission Allowances Withheld
- 1518 Retail Cost Variance Account – Retail
- 1520 Power Purchase Variance Account
- 1525 Miscellaneous Deferred Debits – including Rebate Cheques
- 1530 Deferred Losses from Disposition of Utility Plant
- 1540 Unamortized Loss on Re-acquired Debt
- 1545 Development Charge Deposits/Receivables
- 1548 Retail Cost Variance Account – STR
- 1550 LV Variance Account
- 1555 Smart Meter Capital Variance Account
- 1556 Smart Meters OM&A Variance Account
- 1560 Deferred Development Cost
- 1562 Deferred Payments in Lieu of Taxes
- 1563 PILS Contra Account
- 1565 CMD Expenditure and Recoveries
- 1566 CDM Contra Account
- 1570 Qualifying Transition Costs
- 1571 Pre-Market Opening Energy Variances Total
- 1572 Extra-Ordinary Event Losses
- 1574 Deferred Rate Impact Amounts
- 1580 RSVA-Wholesale Market Service Charge
- 1582 RSVA-One-time Wholesale Market Service
- 1584 RSVA-Retail Transmission Network Charge
- 1586 RSVA-Retail Transmission Connection Charge
- 1588 RSVA-Power
- 1590 Recovery of Regulatory Asset Balances
- 1592 Deferred PILs Account
- 2425 Other Deferred Credits

**HALTON HILLS HYDRO INC.****CALCULATION OF BALANCES BY ACCOUNT**

|   | Opening December 31,<br>2006 Balances | Carrying Costs | Accruals  | Ending April 30, 2008<br>Balances |
|---|---------------------------------------|----------------|-----------|-----------------------------------|
| <b>Commodity accounts are classified as follows:</b>                                |                                       |                |           |                                   |
| 1588 Retail Settlement Variance Account - Power                                     | \$1,011,418                           | \$51,029       | \$551,553 | \$1,614,000                       |
| 1588 RSVA Power - Sub-account Global Adjustments                                    |                                       |                |           |                                   |
| <b>Non-commodity accounts are classified in two categories as follows:</b>          |                                       |                |           |                                   |
| <u>Wholesale and Retail Market Variance Accounts</u>                                |                                       |                |           |                                   |
| 1518 Retail Cost Variance Account - Retail  | \$11,582                              | \$709          |           | \$12,291                          |
| 1548 Retail Cost Variance Account - STR   | (\$2,962)                             | (\$181)        |           | (\$3,143)                         |
| 1580 Retail Settlement Variance Account - Wholesale Market Service Charges          | \$239,054                             | \$8,052        |           | \$247,106                         |
| 1582 Retail Settlement Variance Account - One-time Wholesale Market Service         | \$51,737                              | \$2,402        |           | \$54,139                          |
| 1584 Retail Settlement Variance Account - Retail Transmission Network Charges       | \$17,586                              | (\$5,960)      |           | \$11,626                          |
| 1586 Retail Settlement Variance Account - Retail Transmission Connection<br>Charges | (\$546,413)                           | (\$37,827)     |           | (\$584,240)                       |
| <u>Utility Deferral Accounts</u>  |                                       |                |           |                                   |
| 1508 Other Regulatory Assets  | \$231,182                             | \$12,723       |           | \$243,905                         |
| 1525 Miscellaneous Deferred Debits  | \$79,181                              | \$3,503        |           | \$82,684                          |
| 1550 LV Variance  | \$19,874                              | \$1,290        |           | \$21,164                          |
| 1562 Deferred Payments in Lieu of Taxes   | (\$152,368)                           | (\$8,481)      |           | (\$160,849)                       |
| 1570 Qualifying Transition Costs (closed December 31, 2002)                         | (\$65,042)                            | (\$8,622)      |           | (\$73,664)                        |
| 1571 Pre-Market Opening Energy Variances (closed April 30, 2002)                    | (\$19,008)                            | (\$6,305)      |           | (\$25,313)                        |
| Total   | \$875,821                             | \$12,330       | \$551,553 | \$1,439,704                       |

**HALTON HILLS HYDRO INC.**

Halton Hills Hydro calculated the 2006 ending balance as the actual balance at December 31, 2006 less the OEB approved Regulatory Asset recovery until May 1<sup>st</sup> 2008. We then added carrying costs to the balance and added a forecast of RSVA power variance for both the Bridge and Test years.

**HALTON HILLS HYDRO INC.****METHOD OF RECOVERY**

We propose to dispose of the balance of \$1,439,704 over the three year period May 1, 2008 to April 30, 2010 at an annual amount of \$479,901.33 using the following calculation:

|   | Ending<br>April 30,<br>2008<br>Balances | Allocation<br>Basis             | Residential<br><br>(\$) | General<br>Service<br>less than<br>50kW<br>(\$) | General Service<br>50 to 999 kW<br>(\$) | General Service<br>1,000 to 4,999 kW<br>(\$) |
|---|---|---------------------------------|-------------------------|---|---|--|
| 1588 Retail Settlement<br>Variance Account - Power  | \$1,614,000                             | kWh                             | 706,919                 | 186,621   | 403,843                                 | 303,476                                      |
| 1518 Retail Cost<br>Variance Account - Retail   | \$12,291                                | # of<br>Customers               | 11,055                  | 936   | 105                                     | 7  |
| 1548 Retail Cost<br>Variance Account - STR  | (\$3,143)                               | # of<br>Customers               | (2,828)                 | (239)   | (27)                                    | (2)  |
| 1580 Retail Settlement<br>Variance Account -<br>Wholesale Market Service<br>Charges       | \$247,106                               | kWh                             | 108,230                 | 28,572  | 61,829                                  | 46,463                                       |
| 1582 Retail Settlement<br>Variance Account - One-<br>time Wholesale Market<br>Service     | \$54,139                                | kWh                             | 23,712                  | 6,260   | 13,546                                  | 10,180                                       |
| 1584 Retail Settlement<br>Variance Account - Retail<br>Transmission Network<br>Charges    | \$11,626                                | kWh                             | 5,092                   | 1,344   | 2,909                                   | 2,186  |
| 1586 Retail Settlement<br>Variance Account - Retail<br>Transmission Connection<br>Charges | (\$584,240)                             | kWh                             | (255,892)               | (67,554)  | (146,184)                               | (109,853)                                    |
| 1508 Other Regulatory<br>Assets   | \$243,905                               | kWh                             | 106,828                 | 28,202  | 61,028                                  | 45,861                                       |
| 1525 Miscellaneous<br>Deferred Debits   | \$82,684                                | Rebate chqs                     | 82,684                  |   |   |  |
| 1550 LV Variance  | \$21,164                                | kWh                             | 9,270                   | 2,447   | 5,295                                   | 3,979  |
| 1562 Deferred<br>Payments in Lieu of Taxes  | (\$160,849)                             | kWh                             | (70,450)                | (18,598)  | (40,246)                                | (30,244)                                     |
| 1570 Qualifying<br>Transition Costs (closed<br>December 31, 2002)                         | (\$73,664)                              | # of<br>Customers               | (66,266)                | (5,610)   | (631)                                   | (42)   |
| 1571 Pre-Market<br>Opening Energy Variances<br>(closed April 30, 2002)                    | (\$25,313)                              | Kwh for NON<br>TOU<br>customers | (13,758)                | (3,632)   | (7,860)                                 | -  |
| Total   | \$1,439,704                             |                                 | 644,597                 | 158,749   | 353,607                                 | 272,011                                      |
| /Year Recovery  | \$479,901                               |                                 | 214,866                 | \$52,916  | 117,869                                 | 90,670                                       |
| Test Year Consumption   |   |                                 | 220,790,841<br>kWh      | 58,287,111<br>kWh                               | 454,000<br>kW                           | 316,000<br>kW                                |
| <b>2008 Rate Riders</b>   |   |                                 | <b>\$0.0010</b>         | <b>\$0.0009</b>                                 | <b>\$0.2596</b>                         | <b>\$0.2869</b>                              |

**HALTON HILLS HYDRO INC.**

|   | <b>Ending<br/>April 30,<br/>2008<br/>Balances</b> | <b>Allocation<br/>Basis</b>     | <b>Un-<br/>metered<br/>Scattered<br/>Load</b> | <b>Sentinel<br/>Lighting</b> | <b>Street<br/>Lighting</b> | <b>Residential<br/>Time of<br/>Use</b> |
|---|---|---------------------------------|---|------------------------------|----------------------------|--|
|   |   |                                 | <b>(\$)</b>                                   | <b>(\$)</b>                  | <b>(\$)</b>                | <b>(\$)</b>                            |
| 1588 Retail Settlement<br>Variance Account - Power  | \$1,614,000                                       | kWh                             | 3,262   | 1,035                        | 8,613                      | 231                                    |
| 1518 Retail Cost<br>Variance Account - Retail   | \$12,291  | # of<br>Customers               | 80  | 105                          | 1                          | 1                                      |
| 1548 Retail Cost<br>Variance Account - STR  | (\$3,143)   | # of<br>Customers               | (20)  | (27)                         | -                          | -                                      |
| 1580 Retail Settlement<br>Variance Account -<br>Wholesale Market Service<br>Charges       | \$247,106   | kWh                             | 499   | 158                          | 1,319                      | 35                                     |
| 1582 Retail Settlement<br>Variance Account - One-time<br>Wholesale Market Service         | \$54,139  | kWh                             | 109   | 35                           | 289                        | 8                                      |
| 1584 Retail Settlement<br>Variance Account - Retail<br>Transmission Network<br>Charges    | \$11,626  | kWh                             | 23  | 7                            | 62                         | 2                                      |
| 1586 Retail Settlement<br>Variance Account - Retail<br>Transmission Connection<br>Charges | (\$584,240)                                       | kWh                             | (1,181)                                       | (375)                        | (3,118)                    | (83)                                   |
| 1508 Other Regulatory<br>Assets   | \$243,905   | kWh                             | 493   | 156                          | 1,302                      | 35                                     |
| 1525 Miscellaneous<br>Deferred Debits   | \$82,684  | Rebate chqs                     | -   | -                            | -                          | -                                      |
| 1550 LV Variance  | \$21,164  | kWh                             | 43  | 14                           | 113                        | 3                                      |
| 1562 Deferred Payments<br>in Lieu of Taxes  | (\$160,849)                                       | kWh                             | (325)   | (103)                        | 858                        | (23)                                   |
| 1570 Qualifying<br>Transition Costs (closed<br>December 31, 2002)                         | (\$73,664)  | # of<br>Customers               | (477)   | (628)                        | (4)                        | (7)                                    |
| 1571 Pre-Market<br>Opening Energy Variances<br>(closed April 30, 2002)                    | (\$25,313)  | Kwh for NON<br>TOU<br>customers | (63)  | -                            | -                          | -                                      |
| <b>Total</b>  | <b>\$1,439,704</b>                                |                                 | <b>2,443</b>                                  | <b>378</b>                   | <b>7,718</b>               | <b>201</b>                             |
| /Year Recovery  | \$479,901   |                                 | 814   | 126                          | 2,573                      | 67                                     |
| Test Year Consumption   |   |                                 | 1,018,946<br>kWh                              | 800<br>kW                    | 7,500<br>kW                | 72,000<br>kWh                          |
| <b>2008 Rate Riders</b>   |   |                                 | <b>\$0.0008</b>                               | <b>\$0.1576</b>              | <b>\$0.3430</b>            | <b>-</b>                               |

**HALTON HILLS HYDRO INC.**

Exhibit      Tab      Schedule      Contents of Schedule

**6 – Cost of Capital and Rate of Return**

|   |   |                   |
|---|---|-------------------|
| 1 |   |                   |
|   | 1 | Overview          |
|   | 2 | Capital Structure |
|   | 3 | Cost of Debt      |
|   | 4 | Return on Equity  |

**HALTON HILLS HYDRO INC.**

**OVERVIEW**

The purpose of this evidence is to summarize the method and cost of financing Halton Hills Hydro Inc.'s capital requirements for the 2008 test years.

**Capital Structure**

Halton Hills Hydro Inc. has a deemed capital structure of 50% debt, 50% equity, as approved by the Ontario Energy Board in RP-2005-0020, and an approved return on equity of 9.00%, as specified in the Board's Decision EB-2005-0374, dated April 12, 2006. Halton Hills Hydro Inc. is requesting Board approval of a deemed capital structure 53% debt, 47% equity.

This change in capital structure complies with the Ontario Energy Board's Report on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors dated December 20, 2006. The OEB report indicates that Distributors will be required phase-in a 60% debt and 40% capital structure that must be completed by 2010.

**Return on Equity**

Halton Hills Hydro Inc. is requesting an 8.93% return on equity for 2008 rates.

**Cost of Debt**

Exhibit 6, Tab 1, Schedule 3 provides the detailed calculation of Halton Hills Hydro Inc.'s forecasted long-term debt cost of 6.14% for 2008.

**HALTON HILLS HYDRO INC.****CAPITAL STRUCTURE****2006 Board Approved**

| Elements                 | Dollars (\$)      | Ratio (%) | Cost Rate (%) | Return (%) |
|--------------------------|-------------------|-----------|---------------|------------|
| Long-term debt-Municipal | 16,141,970        | 49.20     | 6.25          |            |
| Deposits                 | 500,000           | 1.50      | Prime-2%      |            |
| Common equity            | 16,161,063        | 49.30     |               | 9.00       |
| <b>Total</b>             | <b>32,803,033</b> |           |               |            |

**2007 Bridge**

| Elements                 | Dollars (\$)      | Ratio (%) | Cost Rate (%) | Return (%) |
|--------------------------|-------------------|-----------|---------------|------------|
| Long-term debt-Municipal | 16,141,970        | 42.55     | 6.25          |            |
| Deposits                 | 500,000           | 1.32      | Prime-2%      |            |
| Common equity            | 21,297,057        | 56.13     |               | 9.00       |
| <b>Total</b>             | <b>37,939,027</b> |           |               |            |

**2008 Test**

| Elements                             | Dollars (\$)      | Ratio (%) | Cost Rate (%) | Return (%) |
|--------------------------------------|-------------------|-----------|---------------|------------|
| Long-term debt-Municipal             | 16,141,970        | 35.06     | 6.25          |            |
| Long-term debt-Financial Institution | 7,200,000         | 15.64     | 5.78          |            |
| Deposits                             | 500,000           | 1.09      | Prime-2%      |            |
| Common equity                        | 22,201,336        | 48.21     |               | 8.93       |
| <b>Total</b>                         | <b>46,043,308</b> |           |               |            |

Halton Hills Hydro Inc. intends to acquire a loan for an additional \$7.2 Million to move the actual capital structure closer to the "deemed" amount of 53% Debt and 47% Equity Capital Structure. The loan amount has already been negotiated by Halton Hills Hydro with its financial institution at a rate of 5.78%, effective May 1, 2008, pending approval of this application. This additional debt will be required as Halton Hills Hydro continues with the construction of a new Transformer Station as outlined in Exhibit 1, Tab 3, Schedule 4 of this application.

**HALTON HILLS HYDRO INC.**

**COST OF DEBT**

|                        | 2006 Board Approved |                           |                                | 2006 Actual       |                           |                                | 2007 Bridge       |                           |                                | 2008 Test         |                           |                                |
|------------------------|---------------------|---------------------------|--------------------------------|-------------------|---------------------------|--------------------------------|-------------------|---------------------------|--------------------------------|-------------------|---------------------------|--------------------------------|
|                        | Principal<br>(\$)   | Carrying<br>Costs<br>(\$) | Calculated<br>Cost Rate<br>(%) | Principal<br>(\$) | Carrying<br>Costs<br>(\$) | Calculated<br>Cost Rate<br>(%) | Principal<br>(\$) | Carrying<br>Costs<br>(\$) | Calculated<br>Cost Rate<br>(%) | Principal<br>(\$) | Carrying<br>Costs<br>(\$) | Calculated<br>Cost Rate<br>(%) |
| <b>Long-Term Debt</b>  |                     |                           |                                |                   |                           |                                |                   |                           |                                |                   |                           |                                |
| Town of Halton Hills   | 16,141,970          | 0                         | 6.25                           | 16,141,970        | 0                         | 6.25                           | 16,141,970        | 0                         | 6.25                           | 16,141,970        | 0                         | 6.25                           |
| TD Bank Deposits       | 500,000             | 0                         | Prime-2%                       | 371,888           | 0                         | Prime-2%                       | 371,888           | 0                         | Prime-2%                       | 7,200,000         | 0                         | 5.78                           |
| <b>Total</b>           | <b>16,641,970</b>   |                           |                                | <b>16,513,858</b> |                           |                                | <b>16,513,858</b> |                           |                                | <b>23,341,970</b> |                           |                                |
| <b>Short-Term Debt</b> |                     |                           |                                |                   |                           |                                |                   |                           |                                |                   |                           |                                |
| Deposits               | 0                   | 0                         | 0                              | 250,000           | 0                         | Prime-2%                       | 250,000           | 0                         | Prime-2%                       | 250,000           | 0                         | Prime-2%                       |
| <b>Total</b>           | <b>0</b>            |                           |                                | <b>250,000</b>    |                           |                                | <b>250,000</b>    |                           |                                | <b>250,000</b>    |                           |                                |

**HALTON HILLS HYDRO INC.****RETURN ON EQUITY**

The calculations used to determine the return on equity and the debt are taken from the "Report to the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors" issued December 20, 2006.

Excerpt from the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors Appendix A and Appendix B

**Method to Update the Deemed Long-term Debt Rate**

The Board will use the Long Canada Bond Forecast plus an average spread with "A/BBB" rated corporate bond yields to determine the updated deemed debt rate.

The following approach is consistent with the ROE method. As per the approach adopted in the 2006 EDRH, the ROE and the long-term debt rates are based on the same risk-free rate forecast. Therefore, they differ only through the risk premiums that reflect their distinct natures and for which lenders/investors seek commensurate returns. This approach simplifies the calculations and aims to make it easier to understand the numbers. Specifically, the Long Canada Bond Forecast (*LCBF<sub>t</sub>*) used will be the same as that used for updating the ROE. The average spread between "A/BBB" rated corporate bond yields and 30-year (long) Government of Canada Bond yields will be calculated as the average spread over the weeks of the month corresponding to the Consensus Forecasts.

The deemed Long-Term Debt Rate (*LTDR<sub>t</sub>*) will be calculated as follows:

$$LTDR_t = LCBF_t + \frac{\sum_w (CorpBonds_{w,t} - {}_{30}CB_{w,t})}{n}$$

Where:

- ***CorpBonds<sub>w,t</sub>*** is the average long-term corporate bond yield from Scotia Capital Inc. for week *w* of period *t* [Series V121761];
- ***{}\_{30}CB<sub>w,t</sub>*** is the 30-year (long) Government of Canada bond yield for week *w* of period *t* [Series V121791]; and
- ***n*** is the number of weeks in the month for which data are reported.

Halton Hills Hydro Inc.'s application uses 6.14% as the Long Term Debt rate.

*"The Board has determined that for embedded debt the rate approved in prior Board decisions shall be maintained for the life of each active instrument, unless a new rate is negotiated, in which case it will be treated as new debt"*

-Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors

**HALTON HILLS HYDRO INC.****Method to Update ROE - ROE Update for any Period**

Using March 1999 as the starting calculation and substituting for the initial ROE and Long Canada Bond Forecast approved by the Board in the Decision RP-1998-0001 the following is the adjustment formula for calculating the ROE at time  $t$ :

$$ROE_t = 9.35\% + 0.75 \times (LCBF_t - 5.50\%)$$

The ROE must be set in advance of the approved rates. The final ROE will be factored into rates using the Long Canada Bond Forecast based on *Consensus Forecasts* (as detailed below) and Bank of Canada data three months in advance of the effective date for the rate change. Therefore, for May 1 rate changes, the ROE will be based on January data – effectively *Consensus Forecasts* published during that month and Bank of Canada data for all business days during the month of January. The necessary data is available within the first or second business days after the end of the month and thus poses no delay for determining rates.

***Long Canada Bond Forecast for any Period***

For any period  $t$  the Long Canada Bond Forecast  $LCBF_t$  can be expressed as:

$$LCBF_t = \left[ \frac{{}_{10}CBF_{3,t} + {}_{10}CBF_{12,t}}{2} \right] + \frac{\sum_i ({}_{30}CB_{i,t} - {}_{10}CB_{i,t})}{I_t}$$

Where:

${}_{10}CB_{3,t}$  is the 3-month forecast of the 10-year Government of Canada bond yield as published in *Consensus Forecasts* at time  $t$ ;

${}_{10}CB_{12,t}$  is the 12-month forecast of the 10-year Government of Canada bond yield as published in *Consensus Forecasts* at time  $t$ ;

${}_{30}CB_{i,t}$  is the actual rate for the 30-year Government of Canada bond yield at the close of day  $i$  (as published by the Bank of Canada) [Series V39056] during the month (this is the previous month data, the same as used for updating the ROE for natural gas distribution) corresponding to time  $t$ ;

${}_{10}CB_{i,t}$  is the actual rate for the 10-year Government of Canada bond yield at the close of day  $i$  (as published by the Bank of Canada) [Series V39055] during the month corresponding to time  $t$ ; and

$I_t$  is the number of business days for which published 10- and 30- Government of Canada bond yields are published during the month corresponding to time  $t$ .

**HALTON HILLS HYDRO INC.****Return on Equity Calculation**

| <b><u>Government of Canada Bond Yields</u></b> | <b><u>Rate</u></b> |
|--|--------------------|
| 3-month forecast of the 10-year bond yield     | 4.80%              |
| 12-month forecast of the 10-year bond yield    | 4.90%              |
| Average actual prior month 30-year bond yield  | 4.20%              |
| Average actual prior month 10-year bond yield  | 4.11%              |
| Long Canada Bond Forecast                      | 4.94%              |
| <b>Return on Equity</b>                        | <b>8.93%</b>       |

**WEIGHTED AVERAGE COST OF CAPITAL**

|   | <b>Deemed<br/>Portion</b> | <b>Effective<br/>Rate</b> | <b>Average Cost<br/>of Capital</b> |
|---|---------------------------|---------------------------|------------------------------------|
| <b>Cost of Debt</b>                         | 53.33%                    | 6.14%                     | 3.274%                             |
| <b>Return on Equity</b>                     | 46.77%                    | 8.93%                     | 4.177%                             |
| <b>Weighted Average Cost of<br/>Capital</b> |                           |                           | 7.451%                             |

**HALTON HILLS HYDRO INC.**

Exhibit      Tab      Schedule      Contents of Schedule

**7 - Calculation of Revenue Deficiency**

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1

Determination of Net Utility Income and Calculation  
of Revenue Deficiency

**HALTON HILLS HYDRO INC.****DETERMINATION OF NET UTILITY INCOME AND CALCULATION OF REVENUE DEFICIENCY**

|                                    | 2008 Test<br>Existing<br>Rates<br>(\$) | Comments                             |
|------------------------------------|--|--------------------------------------|
| Revenue                            |  |                                      |
| Distribution Revenue               | 9,672,375                              | Exhibit 3, Tab 1, Schedule 2         |
| Other Operating Revenue (Net)      | 960,000                                | Exhibit 3, Tab 1, Schedule 2         |
| Total Revenue                      | <u>10,632,375</u>                      |                                      |
| Costs and Expenses                 |  |                                      |
| Distribution Costs                 |  |                                      |
| Operation & Maintenance            | 5,093,000                              |                                      |
| Depreciation & Amortization        | 2,190,723                              |                                      |
| Property & Capital Taxes           | 195,000                                |                                      |
| Interest                           | 1,266,740                              |                                      |
| Total Costs and Expenses           | <u>8,745,463</u>                       |                                      |
| Utility Income Before Income Taxes | 2,114,493                              |                                      |
| Income Taxes                       | 836,500                                |                                      |
| Utility Income                     | <u><u>\$1,277,993</u></u>              |                                      |
| Utility Proposed Rate Base         | 37,954,174                             |                                      |
| Required Return@7.451%             | 2,827,966                              | Exhibit 6, Tab 1, Schedule 4, Page 3 |
| Required Return                    | 2,827,966                              |                                      |
| Utility Income                     | 1,277,993                              |                                      |
| Revenue Deficiency                 | 1,549,973                              |                                      |

**HALTON HILLS HYDRO INC.**

| <u>Exhibit</u>                    | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u> |
|-----------------------------------|------------|-----------------|-----------------------------|
| <b><u>8 – Cost Allocation</u></b> |            |                 |                             |
|                                   | 1          |                 |                             |
|                                   |            | 1               | Cost Allocation Overview    |
|                                   |            | 2               | Proposed Changes            |

**HALTON HILLS HYDRO INC.**

**COST ALLOCATION OVERVIEW**

**MANAGER'S SUMMARY  
FOR COST ALLOCATION INFORMATIONAL FILING  
JANUARY 15, 2007**

**COST ALLOCATION FILE NO: EB-2007-0001  
EDR 2006 FILE NO: EB-2005-0374**

1. Introduction

On September 29, 2006 the Ontario Energy Board (the "OEB") issued the Board Directions on Cost Allocation Methodology for Electricity Distributors ("the Directions"). On November 15, 2006 the OEB also issued the Cost Allocation Information Filing Guidelines for Electricity Distributors ("the Guidelines"), the Cost Allocation Model ("the Model") and User Instruction (the Instructions") for the Model. Halton Hills Hydro has prepared this information filing consistent with our understanding of the Directions, the Guidelines, the Model and the Instructions.

The main purpose of this cost allocation filing is to provide information on Halton Hills Hydro's current rate classifications that are over or under contributing revenue based on the assumptions of the Model.

In the mid 1980's, Ontario Hydro, the regulator at the time, completed the last cost allocation study that reflected the distribution function but this was an integrated cost study. An integrated study reviewed the full costs of providing electricity to customers which included energy, transmission and distribution. Distribution represented only around 15% of the total costs reviewed. The results of this study assisted Ontario Hydro in developing the Rate Setting Guidelines that were used by Municipal Electric Utilities to develop the bundled rates.

Under the Energy Competition Act, 1998, the electricity industry in Ontario was separated into Generation, Transmission and Distribution companies. Along with this separation the rates also needed to be unbundled to reflect the structure of the new companies. The unbundling of distribution from generation and transmission was completed in 2001 using the Electricity Distribution Rate Handbook Rate and the Rate Unbundling and Design Model (i.e. the RUD model). The Rate Handbook and RUD model provided a method to unbundled distribution rates from the other rates by rate classification but it did not determine whether the unbundled rates collected the cost of providing service to the rate classification. The current cost allocation process is the first time a cost allocation study has been conducted in Ontario that focuses completely on distribution to determine whether or not the distribution rates are collecting the cost of providing service to the rate classifications.

## HALTON HILLS HYDRO INC.

Halton Hills Hydro is in the 2<sup>nd</sup> tranche of filers, due by January 15, 2007. This filing comprises a Run 1, Run 2, Appendix 1.1 (with Addendum), and system schematics. Run 1 reflects the rate classifications as they were prior to May 1, 2006. Prior to May 1, the Unmetered Scattered Load ("USL") customers were included in the General Service < 50 kW rate classification. Run 2 has the USL customers pulled out of the General Service < 50 kW class to form a class of their own which is consistent with the current rate classifications used by Halton Hills Hydro.

In order to prepare this cost allocation filing, Halton Hills Hydro used the services of Hydro One to prepare load data profiles by rate classification. Individually, Halton Hills Hydro conducted a residential appliance saturation survey. The results of this survey were used by Hydro One to prepare the load data profiles for Halton Hills Hydro.

The cost/financial data used in the Model is consistent with the cost data that supports the current approved distribution rates for Halton Hills Hydro. Based on the Guidelines, Halton Hills Hydro assets were broken out into primary and secondary distribution functions. The breakout of assets, capital contributions, depreciation, accumulated depreciation, customer data and load data by primary, line transformer and secondary categories were developed from the best data available from Halton Hills Hydro customer and financial information systems.

### 2. Summary of Results

#### 2.1 Revenue to Cost Ratios

The results of a cost allocation are typically presented in the form of revenue to cost ratios. The ratio is shown by rate classifications and is the percentage of distribution revenue collected by rate classification compared to the costs allocated to the classification. The percentage shows the rate classifications that are either over or under contributing. A percentage of less than 100% means the rate classification is under collecting the costs assigned to the classification and a percentage of greater than 100% indicates the rate classification is over collecting the costs assigned to the classification.

The following outlines the revenue to cost ratios for the Run 2. The results for Run 1 are similar. In Run 1, the USL rate classification is combined with the General Service < 50 kW rate classification. As a result, the cost to revenue ratio in Run 1 for General Service < 50 kW customers is 82.54% and there is no ratio for USL.

**HALTON HILLS HYDRO INC.**

| Rate Classification               | Revenue to Cost Ratio | (\$Under Contributing)/<br>\$Over Contributing |
|-----------------------------------|-----------------------|--|
| Residential                       | 88.37%                | (\$651,707)                                    |
| General Service <50 kW            | 81.87%                | (\$205,219)                                    |
| General Service 50 to 999 kW      | 156.93%               | \$656,747                                      |
| General Service 1,000 to 4,999 kW | 164.17%               | \$565,294                                      |
| Street Lights                     | 15.14%                | (\$356,116)                                    |
| Sentinel Lights                   | 36.74%                | (\$10,937)                                     |
| USL                               | 106.77%               | \$1,939  |
| Total                             |                       |  |

Since the unbundled distribution rates have never been based on costs it is expected the Residential class would be the rate class being under contributing based on the method used to previously design the bundled rates for customers of a Municipal Electric Utility ("MEU"). Prior to the passing of Bill 35 by the Ontario Government on October 30, 1998, an MEU was regulated by Ontario Hydro. In order to assist an MEU with setting the retail rates for their customers, Ontario Hydro provided the MEU Rate Setting Guidelines. These guidelines provided guidance to an MEU on how to develop the bundled retail rates for their customers. However, the guidelines allowed the utility to charge a kWh rate for General Service customers that was higher than the Residential customers. This could be one of the reasons that the Residential class is under-contributing.

With regard to Street Lights and Sentinel Lights, it is assumed in the cost allocation study that a street light or sentinel light connection is equivalent to a customer. This appeared to be reasonable because in the case of other rate classifications each connection is essentially a customer. This means the customer costs allocated to street lights and sentinel lights are based on 3,944 and 121 connections, respectively which are the biggest drivers causing the results for these two classes.

The question is: should streetlights, in particular, be allocated costs based on the number of individual streetlight connections or on the number of customers (streetlight owners)? There are arguments for both sides. On one hand, it could be argued that it should be connections because it would be consistent with the other rate classifications. On the other hand, it could be justified that a streetlight is like any other appliance or outside light on a home. It just happens to be outside on the street. In this case, a streetlight would be incremental load much like a stove or refrigerator and it would attract very little customer costs if any at all. The only customer costs it might attract would be the cost of sending a bill to the customer. Halton Hills Hydro understands that low revenue to cost ratio for street lights has occurred with other distributors as well. In Halton Hills Hydro's view, this is a provincial issue that needs to be discussed with the

## HALTON HILLS HYDRO INC.

OEB and other market participants. As a result, changes should not be made to streetlight or sentinel light pricing until this issue has been resolved. Regarding the USL results, these results are also expected as there are most likely cost associated with meter capital and meter reading in the current rates that should be removed since these customers are not metered.

### 2.2 Monthly Fixed Charge Comparison

The Model produces customer unit costs per month for each rate classification. To assist with reviewing the range of current fixed monthly service charges, the Model generates three scenarios of reasonable cost-based customer unit costs for each rate classification. These unit costs determined by the Model are compared to the current approved monthly service charge.

#### Scenario 1: Avoided Costs

With a strict “avoided cost” approach, only meter related costs, billing and collection costs are included. This approach has the advantage of focusing on the immediate costs of an additional customer. But no administration or general overhead are applied.

#### Scenario 2: Directly Related Customer Costs

The directly related customer costs are those cost included in the avoided cost version but an allocation for administration and general overhead is included.

#### Scenario 3: Minimum System Approach

The minimum system approach assumes that a minimum-size distribution system can be built to serve the minimum load requirements of the customer. For the purposes of this filing the minimum load requirement is assumed to be 400 watts per customer. The minimum system method involves determining the minimum size pole, conductor, cable, transformer, and service that is currently installed by the distributor. Once determined for each plant account, the minimum size distribution system is classified as customer-related costs and then used to define the monthly unit customer cost.

There are various approaches to define the minimum system. Moreover, judgment is required to address various implementation details with this methodology. The OEB cost allocation project did not seek to develop a common minimum system methodology for use by the Ontario electricity distribution sector. Instead, the results of numerous past Ontario minimum system studies were examined and approved for use in the Model.

The minimum system results are applied to the following accounts:

- Line Transformers (Account 1850)
- “Distribution” which includes poles and conductors, and is defined as Accounts 1830 -1845

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- Related O&M accounts.

The density of the distributor (i.e. customers/route kilometer of line) is the major factor that determines the percentage of the above costs which are included in the customer costs. The density of Halton Hills Hydro has 40 customers/km. This means Halton Hills Hydro is classified as a medium distributor. As a result, 40% of Halton Hills Hydro's distribution costs (i.e. lines and poles) and 40% of Halton Hills Hydro's line transformers are defined to be customer related cost. In Halton Hills Hydro's view of the three scenarios the Minimum System approach appears to be the most reasonable approach to determine the customer unit cost/month as it better reflects the fixed cost of providing service to a customer.

The following outlines the monthly fixed cost comparison.

| Rate Classification               | Approved Fixed Charge | Minimum System Fixed Charge | Directly Related Fixed Charge | Avoided Cost Fixed Charge |
|-----------------------------------|-----------------------|-----------------------------|-------------------------------|---------------------------|
| Residential                       | \$ 11.59              | \$ 13.83                    | \$ 6.75                       | \$ 3.40                   |
| General Service <50 kW            | \$ 24.86              | \$ 20.56                    | \$ 12.29                      | \$ 5.13                   |
| General Service 50 to 999 kW      | \$ 93.18              | \$ 106.55                   | \$ 99.65                      | \$ 52.12                  |
| General Service 1,000 to 4,999 kW | \$ 205.71             | \$ 213.94                   | \$ 198.82                     | \$ 103.57                 |
| Street Lights                     | \$ 0.52               | \$ 8.73                     | \$ 0.06                       | \$ 0.01                   |
| Sentinel Lights                   | \$ 1.17               | \$ 7.72                     | \$ 0.48                       | \$ 0.19                   |
| USL                               | \$ 12.12              | \$ 11.10                    | \$ 4.55                       | \$ 1.95                   |

Assuming the Minimum System Fixed Charge is the most reasonable scenario, Halton Hills Hydro submits it would be reasonable to adopt the Charges under Minimum System in any future cost allocation or rate applications.

### 3.0 Conclusion

In accordance with the Directions, Halton Hills Hydro expects the OEB will give due consideration to the results of these filings when deciding upon specific cost allocation matters in future rate hearings. Halton Hills Hydro understands that after reviewing the results of the cost allocation filings from all distributors, and considering the overall regulatory context including results from the forthcoming distribution rate design consultations, the OEB will decide upon the priorities for, and timing of, any adjustments to future cost allocations, rate classifications or rate design. Halton Hills Hydro also understands the information in this filing will be made public.

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**PROPOSED CHANGES**

In reviewing the results produced by the Cost Allocation Model, Halton Hills Hydro Inc. proposes the following Monthly Fixed Charges.

**PROPOSED MONTHLY SERVICE CHARGE**

| Rate Classification               | Approved Fixed Charge | Proposed Fixed Charge |
|-----------------------------------|-----------------------|-----------------------|
| Residential                       | \$ 11.59              | \$ 12.88              |
| Residential Time of Use           | n/a                   | \$ 9.56               |
| General Service <50 kW            | \$ 24.86              | \$ 28.13              |
| General Service 50 to 999 kW      | \$ 93.18              | \$ 80.77              |
| General Service 1,000 to 4,999 kW | \$ 205.17             | \$ 185.71             |
| Street Lights                     | \$ 0.52               | \$ 1.01               |
| Sentinel Lights                   | \$ 1.17               | \$ 1.88               |
| Un-metered Scattered Load         | \$ 12.12              | \$ 12.63              |

Halton Hills Hydro Inc. proposes the fixed charges listed above to keep the existing fixed variable split intact and to start the process of moving to 100% revenue to expense ratio.

**Transformer Ownership Allowance**

Currently, Halton Hills Hydro Inc. provides a transformer ownership allowance to those customers that own their transformation facilities. Halton Hills Hydro Inc.'s present transformer ownership allowance is \$0.50 per kW. The amount of the allowance has not been reviewed on a generic basis in recent years. The filings will be used by the OEB to review this allowance from a cost based perspective.

The present allowance is intended to reflect the costs to a distributor of providing step down transformation facilities to the customer's utilization voltage level. Since it is assumed that the distributor provides electricity at utilization voltage, the cost of this transformation is captured in and recovered through the distribution rates. Therefore, when a customer provides the step down transformation from primary to secondary, it should receive a credit of these costs already included in the distribution rates.

In Halton Hills Hydro Inc.'s case, the Model is suggesting the transformer ownership allowance from a cost based perspective should be \$0.50 per kW. In Halton Hills Hydro Inc.'s view, this amount appears to be reasonable but suggest the OEB review this issue on a provincial basis before the current the transformer ownership allowance is adjusted.

**HALTON HILLS HYDRO INC.**

Exhibit      Tab    Schedule      Contents of Schedule

**9 – Request for LRAM and SSM Adjustments**

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|   |  |
|---|--|
| 1 | Overview                                 |
| 2 | Summary of Request                       |
| 3 | Lost Revenue Adjustment Mechanism (LRAM) |
| 4 | Shared Savings Mechanism (SSM)           |
| 5 | Bill Impacts                             |

## HALTON HILLS HYDRO INC.

### OVERVIEW

On May 31, 2004, the Minister of Energy granted approval to all electricity distributors in Ontario to apply to the Board for adjustments to their 2005 electricity distribution rates that would enable them to recover the third tranche of their incremental market adjusted revenue requirements (MARR). The Minister's approval was conditional on a commitment to reinvest an equivalent amount in Conservation and Demand Management ("CDM") initiatives. The CDM plans of Halton Hills Hydro Inc. were approved by the Ontario Energy Board ("OEB") in December 2004 with a Final Order issued in February 2005.

Halton Hills Hydro Inc.'s CDM efforts have been successful, but as a result, with decreases in kWh consumption and kW demand, Halton Hills Hydro Inc. has experienced distribution revenue losses. The OEB has authorized distributors to apply for Lost Revenue Adjustment Mechanism ("LRAM") and Shared Savings Mechanism ("SSM") adjustments. The authorization to apply for LRAM and SSM adjustments for 2005 and 2006 is derived from the OEB's December 2004 decision on the Pollution Probe motion in file RP-2004-0203, and the OEB's May 2005 Report on the 2006 Electricity Distribution Rate Handbook (the "Report", Board File No. RP-2004-0188).

At page 107 of the Report, the Board addressed LRAM recoveries, stating:

"In its December 2004 Decision RP-2004-0203, the board concluded that an LRAM was appropriate and that it should apply to 3rd tranche expenditures. The Board indicated, at that time, that the LRAM formula would be established as part of the 2006 proceeding.

The Board continues to believe that an LRAM is appropriate and concludes that it will be retrospective, not prospective. At this time, greater accuracy will be achieved if the LRAM is calculated after-the-fact, based on actual results.

Accordingly, a distributor will be expected to calculate the energy savings by customer class and to value those energy savings by the board-approved distribution charge appropriate to that class. The resulting amount may be claimed in a subsequent rate year as compensation for lost revenue".

With respect to SSM, at page 110 of its Report, the Board wrote:

"The Board, in its RP-2004-0203 Decision, found that a distributor shareholder incentive was an appropriate way to encourage distributors to pursue CDM programs. The Board continues to be of this view. Distributors should be rewarded with 5 percent of the net savings established by the TRC test. The Board recognizes that it will be essential to establish certain inputs and to define avoided costs. Accordingly, the Board's Conservation Manual will address these

**HALTON HILLS HYDRO INC.**

matters. This will allow parties to screen CDM programs and calculate the relevant incentives.”

At page 111 of the Report, the Board wrote:

“The SSM will apply to TRC benefits achieved by 3rd tranche expenditures as well as any incremental expenditures that are approved in 2006. However, as in the case of the Board’s Decision with respect to 2005, the incentive will not apply to utility-side activities. Because the SSM will be retrospective, no claims for a shareholder incentive should be made in the 2006 rate applications.

There has been considerable discussion in this proceeding as to whether CDM expenditures on the utility side should be differentiated from customer-side expenditures. The Board recognizes that conservation programs should have a balance between the two. It is important to recall however, the Board’s earlier finding that the SSM incentive does not apply to utility-side investments. The Board previously ruled with respect to the 2005 SSM that the inclusion of capitalised assets into rate base provides sufficient incentives. The Board continues to hold that view.”

In accordance with the Report, Halton Hills Hydro Inc.’s LRAM & SSM request includes only customer-side activities. Halton Hills Hydro Inc. has calculated energy savings by customer class and valued those savings by the Board-approved distribution charge appropriate to each class, as required by the Report. The request is:

“Inputs and assumptions of the TRC Test have to be clearly stated in the pre-filed evidence. Applicants may use the standard inputs for TRC calculation which are contained in the Board’s Conservation Manual (available late June 2005). Where an applicant wishes to use other inputs, the applicant must provide supporting evidence, an explanation of its choice and, for comparison, the TRC Test results using the inputs contained in the Conservation Manual.”

On September 8, 2005 the Board issued its Conservation Manual, under the name of the Total Resource Cost Guide (the “TRC Guide”). The TRC Guide set out a OEB-approved methodology and associated parameters for the financial evaluation of CDM programs. The TRC Guide was revised October 2, 2006 to reflect the OEB’s Decision in the EB-2005-0523 proceeding concerning the attribution of benefits between utilities and non-rate-regulated third parties. On November 14, 2006, the OEB issued a document titled “Filing Requirements for Transmission and Distribution Applications” (the “Filing Requirements”). The Filing Requirements contain provisions relating to applications for LRAM and SSM. Halton Hills Hydro Inc. submits that it has relied on and complied with the OEB’s TRC Guide, the Filing Requirements guidelines and OEB direction in preparing this application for the years 2008 to 2011. This request is also consistent with the OEB’s Decision in EB-2007-0096 – the application by Toronto Hydro-Electric System Limited for approval of its LRAM and SSM adjustments for 2005 and 2006.

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**SUMMARY OF REQUEST**

Halton Hills Hydro Inc. seeks approval for the recovery of 2005 and 2006 LRAM and SSM amounts as part of this rate application. Recovery is to be based on a volumetric rate rider commencing May 1, 2008. Halton Hills Hydro Inc. is proposing a one year recovery period effective until April 30, 2009.

The LRAM calculations are based on the kWh or kW load reduction for each of the years 2005 and 2006, multiplied by the applicable variable distribution rate by rate class. The LRAM, in the amount of \$8,721 is a before tax amount as the basis for calculations is variable distribution rates derived from revenue requirement which includes a provision for PILs.

The SSM calculations are prepared in accordance with the SSM Guidelines and the TRC Guide which provide for an after tax amount of \$21,453. The SSM amount included for recovery in this rate application is calculated by grossing up the after tax amount of \$21,453 by the marginal tax rate of 36.12% to calculate a pre-tax amount for recovery of \$33,583. This is consistent with the Board's Decision in EB-2007-0096.

The total LRAM and SSM for recovery is \$42,304. The LRAM and SSM amounts and corresponding rate riders are shown in the following table. Halton Hills Hydro Inc. proposes a single rate rider for recovery of the total LRAM and SSM.

**LRAM and SSM Total Amounts and Rate Riders by Class**

| Rate Class                         | Amounts (2005 + 2006) |                  | Billing Units<br>(2006) |     | Rate Riders |        |        |
|------------------------------------|-----------------------|------------------|-------------------------|-----|-------------|--------|--------|
|                                    | LRAM                  | SSM              |                         |     | LRAM        | SSM    | Total  |
|                                    | \$                    | \$               |                         |     | \$/kWh      | \$/kWh | \$/kWh |
| Residential                        | \$ 1,292              | \$ 8,299         | 208,116,543             | kWh | 0.00000     | .00004 | .00004 |
| General Service<br>less than 50 kW | \$ 7,429              | \$ 25,285        | 54,412,911              | kWh | 0.00014     | .00046 | .00060 |
| <b>Total</b>                       | <b>\$ 8,721</b>       | <b>\$ 33,583</b> |                         |     |             |        |        |

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**LOST REVENUE ADJUSTMENT MECHANISM (LRAM)**

The purpose of an LRAM adjustment is to account for the variance between forecasted volumes used to set class rates and actual volumes resulting from CDM programs. The LRAM recovery has been calculated as the approved savings per measure multiplied by the number of measures implemented for the particular programs targeted at each rate class.

The Halton Hills Hydro Inc. budgeted load forecasts for revenue requirement calculations for the years 2005 and 2006 were not adjusted for CDM programs. As such, the LRAM value is larger than it would have been had previous load forecasts and distribution rates incorporated estimates as to the impact of CDM programs on distribution revenue.

In accordance with the Board's Decision in EB-2007-0096, Halton Hills Hydro Inc. has not reduced the calculated load reduction for free ridership. Halton Hills Hydro Inc. understands that this approach may change once load forecasts incorporate CDM.

The following table illustrates the CDM Load Impacts by program and class for both 2005 and 2006.

**CDM Load Impacts by Program and Class**

| <b>Rate Classification</b>                 | <b>Water Heater Load Control</b> | <b>Lighting</b> | <b>Capacitor Installation</b> | <b>Equipment Replacement</b> |
|--|----------------------------------|-----------------|-------------------------------|------------------------------|
| <b>Residential</b>                         | 114,330 kWh                      |                 |                               |                              |
| <b>General Service<br/>Less than 50 kW</b> |                                  | 70,199 kWh      | 142,600 kWh                   | 421,943 kWh                  |

The reduction in distribution revenue is calculated on the forgone volumes resulting from CDM activities by class and at the variable distribution rate applicable to that class and year. As the variable distribution rate decreased on May 1, 2006, Halton Hills Hydro Inc. elected to use the lower distribution rate for the entire twelve month period, in favour of customer impacts.

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**SHARED SAVINGS MECHANISM (SSM)**

SSM amounts are calculated based on the results of a cost effectiveness test known as the total resource cost ("TRC") test which is defined as a test that *"measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both the participant's and the LDC's costs."*

In measuring the effectiveness of a program, the TRC test examines the benefits of a program. This benefit is typically the avoided resource costs such as electricity and program costs which include both the LDC's costs and the participant's costs, over the life of the program. The stream of future net benefits are net present valued (NPV) to a single number and must be greater than zero to be cost effective.

The TRC tests also provides for free ridership such that a program with a high degree of free ridership is therefore less cost effective for the LDC to pursue as the program costs will exceed the program benefits.

The amount of the shareholder's SSM incentive is based on 5% of the NPV of the net benefits. When the net benefits are zero or less, there is no eligible SSM for the program.

Halton Hills Hydro Inc. has calculated SSM amounts in accordance with the methodology set out in the TRC Guide. In accordance with the Guidelines for applying for SSM incentive, Halton Hills Hydro Inc. is only making application for customer focused initiatives that reduce the demand for electricity.

Certain CDM programs were jointly sponsored with other regulated energy distributors and in these cases Halton Hills Hydro Inc. apportioned the savings in accordance with the TRC Guide and the Board's EB-2005-0523 Decision.

Certain CDM programs resulted in NPV of net costs as opposed to net savings. In these cases Halton Hills Hydro Inc. has reduced its total SSM claim by the NPV of the costs.

Halton Hills Hydro Inc. has calculated the SSM recovery as 5% of the NPV of the Net Benefits (less the NPV of the Net Costs), for each program, in accordance with the TRC Guide. The total after tax SSM calculated in this application amounts to \$21,454. Halton Hills Hydro Inc. is filing for recovery of the pre-tax amount of SSM in the amount of \$33,583 in this application, in accordance with the Board's Decision in EB-2007-0096.

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The following table summarizes the SSM calculations by program and customer class.

**SSM (TRC) Amounts by Program and Class**

| <b>Rate Classification</b>                 | <b>Water Heater Load Control</b> | <b>Lighting</b> | <b>Capacitor Installation</b> | <b>Equipment Replacement</b> |
|--|----------------------------------|-----------------|-------------------------------|------------------------------|
| <b>Residential</b>                         | \$ 106,027                       |                 |                               |                              |
| <b>General Service<br/>Less than 50 kW</b> |                                  | \$ 9,914        | \$ 48,609                     | \$ 274,436                   |

As with the LRAM adjustment, Halton Hills Hydro Inc. proposes that the pre-tax SSM amount arising from CDM activities in each rate class be allocated to that class, and that the SSM be recovered through a variable distribution rate rider applicable to that class. Also consistent with the LRAM rate rider, Halton Hills Hydro Inc. proposed to implement the variable distribution rate rider over three years to mitigate potential customer impacts

Halton Hills Hydro Inc. would also propose that the LRAM and SSM rate riders be combined into, and recovered through a single distribution rate rider and be implemented effective May 1, 2008 for a period of three years ending April 30, 2011.

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**BILL IMPACTS**

**LRAM and SSM Total Amounts and Rate Riders by Class**

| Rate Class                                 | Amounts (2005 + 2006) |                  | Billing Units<br>(2006) |     | Rate Riders               |                           |                           |
|--|-----------------------|------------------|-------------------------|-----|---------------------------|---------------------------|---------------------------|
|  | LRAM                  | SSM              |                         |     | LRAM                      | SSM                       | Total                     |
|  | \$                    | \$               |                         |     | \$/unit<br>(kWh or<br>kW) | \$/unit<br>(kWh or<br>kW) | \$/unit<br>(kWh or<br>kW) |
| <b>Residential</b>                         | \$ 1,292              | \$ 8,299         | 208,116,543             | kWh | 0.00000                   | .00004                    | .00004                    |
| <b>General Service<br/>less than 50 kW</b> | \$ 7,429              | \$ 25,285        | 54,412,911              | kWh | 0.00014                   | .00046                    | .00060                    |
| <b>Total</b>                               | <b>\$ 8,721</b>       | <b>\$ 33,583</b> |                         |     |                           |                           |                           |

As shown by this table the bill impact to the affected Rate classes is minimal as a result of LRAM and SSM.

**HALTON HILLS HYDRO INC.**

| <u>Exhibit</u>                 | <u>Tab</u> | <u>Schedule</u> | <u>Contents of Schedule</u>                         |
|--------------------------------|------------|-----------------|---|
| <b><u>10 - Rate Design</u></b> |            |                 |   |
|                                | 1          |                 |   |
|                                |            | 1               | Rate Design Overview                                |
|                                |            | 2               | Rate Mitigation                                     |
|                                |            | 3               | Existing Rate Classes                               |
|                                |            | 4               | Existing Rate Schedule-Effective May 1, 2007        |
|                                |            | 5               | Proposed Rate Classes if Different than Existing    |
|                                |            | 6               | Proposed Rate Schedule-Effective May 1, 2008        |
|                                |            | 7               | Summary of Proposed Rate Schedule                   |
|                                |            | 8               | Summary of Proposed 2008 Test Revenue               |
|                                |            | 9               | Rate Impacts  |
|                                |            | 10              | Proposed Changes to Terms and Conditions of Service |

**HALTON HILLS HYDRO INC.**

**RATE DESIGN OVERVIEW**

This exhibit presents an overview of the process to allocate Halton Hills Hydro Inc.'s related revenue requirement costs for the forecasted 2008 test year to the respective rate classes. This exhibit documents, by rate class, the proposed changes in distribution for the 2008 test year.

The total revenue requirement of \$10,446,283 for 2008 test year was calculated in Exhibit 1, Tab 2, Schedule 4 and needs to be allocated to the respective customer classes for consideration in respect to rate design. The method of allocating these costs to the customer classes uses various steps to apportion the costs amongst all LDC customer classes.

The following steps are followed to derive the revenues collected from fixed and variable rates under the proposed 2008 rates.

Step 1 – Based on information in the cost allocation section revenues are allocated to each rate class to reflect the proposed movement in revenue cost ratios

Step 2 – Based on the proposed monthly service charge, also outlined in the cost allocation section, the fixed revenues for each rate class is determined.

Step 3 – The amount in step 2 is subtracted from the amount in Step 1 and divided by the 2008 forecasted energy sales by class to determine the volumetric charge by customer class.

**HALTON HILLS HYDRO INC.**

**RATE MITIGATION**

Halton Hills Hydro does not propose any Rate Mitigation in this application. The total bill impacts to the various customer classes are relatively low and in fact, some customer classes are seeing a decrease in their bill.

**HALTON HILLS HYDRO INC.**

**EXISTING RATE CLASSES**

**Residential**

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. The customer will be supplied at one service entrance only.

**Residential –Time of Use**

This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. The customer will be supplied at one service entrance only.

**General Service less than 50 kW**

This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

**General Service 50 to 999 kW**

This classification applies to all non-residential customers with an average peak demand equal to or greater than 50 kW over the past twelve months, or is forecast to be equal to or greater than 50 kW, but less than 1,000 kW. For a new customer without prior billing history, the peak demand will be based on 90% of the proposed capacity or installed transformer.

**General Service 1,000 to 4,999 kW**

This classification applies to all non-residential customers with an average peak demand equal to or greater than 1,000 kW over the past twelve months, or is forecast to be equal to or greater than 1,000 kW, but less than 5,000 kW. For a new customer without prior billing history, the peak demand will be based on 90% of the installed transformer.

**HALTON HILLS HYDRO INC.**

**Un-metered Scattered Load**

This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is un-metered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, pedestrian X-Walk signals/beacons, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the un-metered load or periodic monitoring of actual consumption.

**Sentinel Lighting**

This classification refers to accounts that are an un-metered lighting load supplied to a sentinel light.

**Street Lighting**

All services supplied to street lighting equipment owned by or operated for the Municipality, the Region or the Province of Ontario shall be classified as Street Lighting Service. Street Lighting plant, facilities, or equipment owned by the customer are subject to the Electrical Safety Authority (ESA) requirements and Halton Hills Hydro specifications.

**HALTON HILLS HYDRO INC.****EXISTING RATE SCHEDULE – Effective May 1, 2007****Residential**

|  |        |        |
|--|--------|--------|
| Service Charge   | \$     | 11.35  |
| Distribution Volumetric Rate   | \$/kWh | 0.0115 |
| Regulatory Asset Recovery  | \$/kWh | 0.0042 |
| Retail Transmission Rate – Network Service Rate                            | \$/kWh | 0.0057 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0050 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**Residential-Time of Use**

|  |        |        |
|--|--------|--------|
| Service Charge   | \$     | 10.64  |
| Distribution Volumetric Rate   | \$/kWh | 0.0125 |
| Regulatory Asset Recovery  | \$/kWh | 0.0042 |
| Retail Transmission Rate – Network Service Rate                            | \$/kWh | 0.0057 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0050 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**General Service less than 50 kW**

|  |        |        |
|--|--------|--------|
| Service Charge   | \$     | 24.74  |
| Distribution Volumetric Rate   | \$/kWh | 0.0100 |
| Regulatory Asset Recovery  | \$/kWh | 0.0038 |
| Retail Transmission Rate – Network Service Rate                            | \$/kWh | 0.0052 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0045 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**General Service 50 to 999 kW**

|  |        |        |
|--|--------|--------|
| Service Charge   | \$     | 93.67  |
| Distribution Volumetric Rate   | \$/kW  | 4.6208 |
| Regulatory Asset Recovery  | \$/kW  | 0.4894 |
| Retail Transmission Rate – Network Service Rate                            | \$/kW  | 2.1218 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW  | 1.7882 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**General Service 1,000 to 4,999 kW**

|   |        |        |
|---|--------|--------|
| Service Charge  | \$     | 207.22 |
| Distribution Volumetric Rate  | \$/kW  | 4.2999 |
| Regulatory Asset Recovery   | \$/kW  | 1.2870 |
| Retail Transmission Rate – Network Service Rate – Interval metered                            | \$/kW  | 2.2535 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered | \$/kW  | 1.9603 |
| Wholesale Market Service Rate   | \$/kWh | 0.0052 |
| Rural Rate Protection Charge  | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)                               | \$     | 0.25   |

**HALTON HILLS HYDRO INC.****Un-metered Scattered Load**

|  |        |        |
|--|--------|--------|
| Service Charge (per connection)  | \$     | 12.23  |
| Distribution Volumetric Rate   | \$/kWh | 0.0100 |
| Regulatory Asset Recovery  | \$/kWh | 0.0019 |
| Retail Transmission Rate – Network Service Rate                            | \$/kWh | 0.0052 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0045 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**Sentinel Lighting**

|  |        |        |
|--|--------|--------|
| Service Charge (per connection)  | \$     | 1.18   |
| Distribution Volumetric Rate   | \$/kW  | 4.9844 |
| Regulatory Asset Recovery  | \$/kW  | 2.5490 |
| Retail Transmission Rate – Network Service Rate                            | \$/kW  | 1.6083 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW  | 1.4113 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**Street Lighting**

|  |        |        |
|--|--------|--------|
| Service Charge (per connection)  | \$     | 0.52   |
| Distribution Volumetric Rate   | \$/kW  | 3.4451 |
| Regulatory Asset Recovery  | \$/kW  | 1.3403 |
| Retail Transmission Rate – Network Service Rate                            | \$/kW  | 1.6002 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW  | 1.3824 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**HALTON HILLS HYDRO INC.**

**PROPOSED RATE CLASSES IF DIFFERENT THAN EXISTING**

Halton Hills Hydro does not request any changes to existing rate classes.

**HALTON HILLS HYDRO INC.****PROPOSED RATE SCHEDULE – Effective May 1, 2008****Residential**

|  |        |        |
|--|--------|--------|
| Service Charge   | \$     | 12.88  |
| Distribution Volumetric Rate   | \$/kWh | 0.0142 |
| Recovery of Deferral and Variance Account Dispositions                     | \$/kWh | 0.0010 |
| Retail Transmission Rate – Network Service Rate                            | \$/kWh | 0.0057 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0050 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**Residential-Time of Use**

|  |        |        |
|--|--------|--------|
| Service Charge   | \$     | 9.56   |
| Distribution Volumetric Rate   | \$/kWh | 0.0124 |
| Recovery of Deferral and Variance Account Dispositions                     | \$/kWh | 0.0000 |
| Retail Transmission Rate – Network Service Rate                            | \$/kWh | 0.0057 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0050 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**General Service less than 50 kW**

|  |        |        |
|--|--------|--------|
| Service Charge   | \$     | 28.13  |
| Distribution Volumetric Rate   | \$/kWh | 0.0128 |
| Recovery of Deferral and Variance Account Dispositions                     | \$/kWh | 0.0009 |
| Retail Transmission Rate – Network Service Rate                            | \$/kWh | 0.0052 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0045 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**General Service 50 to 999 kW**

|  |        |        |
|--|--------|--------|
| Service Charge   | \$     | 80.77  |
| Distribution Volumetric Rate   | \$/kW  | 4.4350 |
| Recovery of Deferral and Variance Account Dispositions                     | \$/kW  | 0.2596 |
| Retail Transmission Rate – Network Service Rate                            | \$/kW  | 2.1218 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW  | 1.7882 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**General Service 1,000 to 4,999 kW**

|   |        |        |
|---|--------|--------|
| Service Charge  | \$     | 185.71 |
| Distribution Volumetric Rate  | \$/kW  | 4.5649 |
| Recovery of Deferral and Variance Account Dispositions  | \$/kW  | 0.2869 |
| Retail Transmission Rate – Network Service Rate – Interval metered                            | \$/kW  | 2.2535 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered | \$/kW  | 1.9603 |
| Wholesale Market Service Rate   | \$/kWh | 0.0052 |
| Rural Rate Protection Charge  | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)                               | \$     | 0.25   |

**HALTON HILLS HYDRO INC.****Un-metered Scattered Load**

|  |        |        |
|--|--------|--------|
| Service Charge (per connection)  | \$     | 12.63  |
| Distribution Volumetric Rate   | \$/kWh | 0.0114 |
| Recovery of Deferral and Variance Account Dispositions                     | \$/kWh | 0.0008 |
| Retail Transmission Rate – Network Service Rate                            | \$/kWh | 0.0052 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kWh | 0.0045 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**Sentinel Lighting**

|  |        |        |
|--|--------|--------|
| Service Charge (per connection)  | \$     | 1.88   |
| Distribution Volumetric Rate   | \$/kW  | 8.2545 |
| Recovery of Deferral and Variance Account Dispositions                     | \$/kW  | 0.1576 |
| Retail Transmission Rate – Network Service Rate                            | \$/kW  | 1.6083 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW  | 1.4113 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**Street Lighting**

|  |        |        |
|--|--------|--------|
| Service Charge (per connection)  | \$     | 1.01   |
| Distribution Volumetric Rate   | \$/kW  | 6.9720 |
| Recovery of Deferral and Variance Account Dispositions                     | \$/kW  | 0.3430 |
| Retail Transmission Rate – Network Service Rate                            | \$/kW  | 1.6002 |
| Retail Transmission Rate – Line and Transformation Connection Service Rate | \$/kW  | 1.3824 |
| Wholesale Market Service Rate  | \$/kWh | 0.0052 |
| Rural Rate Protection Charge   | \$/kWh | 0.0010 |
| Standard Supply Service – Administrative Charge (if applicable)            | \$     | 0.25   |

**HALTON HILLS HYDRO INC.****SUMMARY OF PROPOSED RATE SCHEDULE**

The following is a summary of the proposed changes to Halton Hills Hydro Inc.'s rates for the 2008 test year. Halton Hills Hydro Inc. is forecasting a distribution related delivery deficiency for the 2008 test year of \$1,549,973 as shown in Exhibit 7, Tab 1, Schedule 1.

The impact on each rate class is described below.

***Residential***

The proposed changes to Residential rates are summarized below.

|                              | 2007 Board Approved | 2008 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge               | \$ 11.35            | \$ 12.88      | 13.5%    |
| Distribution Volumetric Rate | \$ 0.0115           | \$ 0.0142     | 23.5%    |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer service charge by \$1.53 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 4.52% to bring the Revenue to Cost ratio to 93.46%.

The total impact on a Residential customer with 1000kWhs is an increase of 1.8% as shown in Appendix F.

***Residential Time of Use***

The proposed changes to Residential Time of Use rates are summarized below.

|                              | 2007 Board Approved | 2008 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge               | \$10.64             | \$ 9.56       | (10.2)%  |
| Distribution Volumetric Rate | \$ 0.0125           | \$ 0.0124     | (0.8)%   |

Currently there are only two customers in this class.

The total impact on a Residential Time of Use customer with 3000kWhs is a decrease of 3.7% as shown in Appendix F.

**HALTON HILLS HYDRO INC.*****General Service less than 50 kW***

The proposed changes to General Service less than 50 kW rates are summarized below.

|                              | 2007 Board Approved | 2008 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge               | \$24.74             | \$ 28.13      | 13.7%    |
| Distribution Volumetric Rate | \$ 0.0100           | \$ 0.0128     | 28.0%    |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by \$3.39 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.96% to bring the Revenue to Cost ratio to 96.50%.

The total bill impact on a General Service less than 50kW customer with 2000kWhs is an increase of 2.3% as shown in Appendix F.

***General Service 50 to 999 kW***

The proposed changes to General Service 50 to 999 kW rates are summarized below.

|                              | 2007 Board Approved | 2008 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge               | \$93.67             | \$ 80.77      | (13.8)%  |
| Distribution Volumetric Rate | \$ 4.6208           | \$ 4.4350     | (4.00)%  |

In order to decrease the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to decrease the monthly customer charge by \$12.90 in the 2008 test year. The impact of these changes is a decrease in the allocation of revenue by 4.00% to bring the Revenue to Cost ratio to 149.18%.

The total bill impact on a General Service 50 to 999kW customer with 100kW demand and 50,000kWhs is a decrease of 0.2% as shown in detail in Appendix F.

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**HALTON HILLS HYDRO INC.*****General Service 1,000 to 4,999 kW***

The proposed changes to General Service 1,000 to 4,999 kW rates are summarized below.

|                              | 2007 Board Approved | 2008 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge               | \$207.22            | \$185.71      | (10.4)%  |
| Distribution Volumetric Rate | \$ 4.2999           | \$ 4.5649     | 6.2%     |

In order to decrease the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to decrease the monthly customer charge by \$21.51 in the 2008 test year. The impact of these changes is a decrease in the allocation of revenue by 1.96% to bring the Revenue to Cost ratio to 119.30%.

The total impact on a General Service 1,000 to 4,999kW customer with 3500kW demand and 500,000kWhs is a decrease of 5.5% as shown in Appendix F.

***Un-metered Scattered Load***

The proposed changes to Un-metered Scattered Load rates are summarized below.

|                              | 2007 Board Approved | 2008 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge               | \$12.23             | \$ 12.63      | 3.3%     |
| Distribution Volumetric Rate | \$ 0.0100           | \$ 0.0114     | 14.0%    |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by \$0.40 in the 2008 test year. The impact of these changes is no change to the allocation of revenue to maintain the Revenue to Cost ratio to 100.00%.

The total impact on an Un-metered Scattered Load customer with 200kWhs is an increase of 2.1% as shown in Appendix F.

**HALTON HILLS HYDRO INC.*****Sentinel Lighting***

The proposed changes to Sentinel Lighting rates are summarized below.

|                              | 2007 Board Approved | 2008 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge               | \$ 1.18             | \$ 1.88       | 59.3%    |
| Distribution Volumetric Rate | \$ 4.9844           | \$ 8.2545     | 65.6%    |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by \$0.70 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.03% to bring the Revenue to Cost ratio to 50.00%

The total impact on a Sentinel Lighting customer with 0.75kW demand and 25kWhs is an increase of 11.4% as shown in Appendix F.

***Street Lighting***

The proposed changes to Street Lighting rates are summarized below.

|                              | 2007 Board Approved | 2008 Proposed | % change |
|------------------------------|---------------------|---------------|----------|
| Service Charge               | \$ 0.52             | \$ 1.01       | 94.2%    |
| Distribution Volumetric Rate | \$ 3.4451           | \$ 6.9720     | 102.3%   |

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by \$.49 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.46% to bring the Revenue to Cost ratio to 20.70%

The impact on the Street Light customer with 620kW demand and 300,000kWhs is an increase of 10.1% as shown in Appendix F.

**HALTON HILLS HYDRO INC.****Summary of Volumetric Calculations**

|                            | <b>Residential</b> | <b>Residential</b> | <b>General</b>   | <b>General</b> | <b>General</b>  | <b>Un-metered</b> | <b>Sentinel</b> | <b>Street</b>   |
|----------------------------|--------------------|--------------------|------------------|----------------|-----------------|-------------------|-----------------|-----------------|
|                            |                    | <b>Time</b>        | <b>Service</b>   | <b>Service</b> | <b>Service</b>  | <b>Scattered</b>  | <b>Lighting</b> | <b>Lighting</b> |
|                            |                    | <b>Of</b>          | <b>Less than</b> | <b>50 to</b>   | <b>1,000 to</b> | <b>Load</b>       |                 |                 |
|                            |                    | <b>Use</b>         | <b>50 kW</b>     | <b>999 kW</b>  | <b>4,999 kW</b> |                   |                 |                 |
|                            | <b>(\$/kWh)</b>    | <b>(\$/kWh)</b>    | <b>(\$/kWh)</b>  | <b>(\$/kW)</b> | <b>(\$/kW)</b>  | <b>(\$ /kWh)</b>  | <b>(\$/kW)</b>  | <b>(\$/kW)</b>  |
| Revenue Requirement        | .0130              | .0112              | .0114            | 3.9846         | 3.8535          | .0103             | 7.9261          | 6.6477          |
| Transformer Allowance      |                    |                    |                  | .0253          | .2532           |                   |                 |                 |
| Low Voltage Charges        | .0012              | .0012              | .0010            | .4251          | .4582           | .0011             | .3284           | .3243           |
| LRAM /SSM                  |                    |                    | .0004            |                |                 |                   |                 |                 |
| Proposed Volumetric Charge | .0142              | .0124              | .0128            | 4.4350         | 4.5649          | .0114             | 8.2545          | 6.9720          |

**HALTON HILLS HYDRO INC.****SUMMARY OF PROPOSED 2008 TEST REVENUE**

| Rate Class                       | Number of Customers Or Connections | Volume (kWh or kW) | Proposed Fixed Charge (\$) | Proposed Volumetric Charge (\$) | Proposed Revenue at Proposed Rates (\$) |
|----------------------------------|------------------------------------|--------------------|----------------------------|---------------------------------|---|
| Residential                      | 18,900                             | 220,790,841 kWh    | 12.88                      | 0.0142                          | 6,066,295                               |
| Residential Time of Use          | 2                                  | 72,000 kWh         | 9.56                       | 0.0124                          | 1,122                                   |
| General Service Less than 50kW   | 1,600                              | 58,287,111kWh      | 28.13                      | 0.0128                          | 1,288,536                               |
| General Service 50 to 999 kW     | 180                                | 454,000 kW         | 80.77                      | 4.4350                          | 2,187,968                               |
| General Service 1,000 to 4,999kW | 12                                 | 316,000 kW         | 185.71                     | 4.5649                          | 1,469,242                               |
| Un-metered Scattered Load        | 136                                | 1,018,946 kWh      | 12.63                      | 0.0114                          | 32,212                                  |
| Sentinel Lighting                | 179                                | 800 kW             | 1.88                       | 8.2545                          | 10,642                                  |
| Street Lighting                  | 4,450                              | 7,500 kW           | 1.01                       | 6.9720                          | 106,223                                 |
|                                  |                                    |                    |                            |                                 |   |
| <b>TOTAL</b>                     |                                    |                    |                            |                                 | 11,162,240                              |

The Summary of 2008 Test Revenues above includes an allocation for Low Voltage charges, LRAM and SSM.

**HALTON HILLS HYDRO INC.**

**RATE IMPACTS**

This schedule presents the results of the assessment of customer total bill impacts by level of consumption by customer and per rate class.

Impacts are derived using the applicable May 1, 2007 rates and the proposed 2008 distribution rates, (including Rate Rider for the Recovery of Deferral and Variance Account Dispositions) and maintaining the 2006 Retail Transmission Service Rates at existing 2006 levels.

The total bill impacts are calculated for the average customer per Residential rate class and for General Service classes at certain levels of consumption. The rates are assessed on the basis of moving to the proposed distribution rates derived in Exhibit 10, Tab 1, Schedule 6, including the Rate Rider for the Recovery of Deferral and Variance Accounts. The total bill impacts are premised on the distribution rates arising from the new revenue requirements. All other non-distribution charges, except RTSR charges, are kept unchanged.

The bill impact excludes Commodity prices.

[Rate Impacts](#) for all rate classes are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix F.

**HALTON HILLS HYDRO INC.**

**PROPOSED CHANGES TO TERMS AND CONDITIONS OF SERVICES**

Please refer back to Exhibit 1, Tab 1, Schedule 18 for proposed changes to terms and conditions of service.

# APPENDIX A

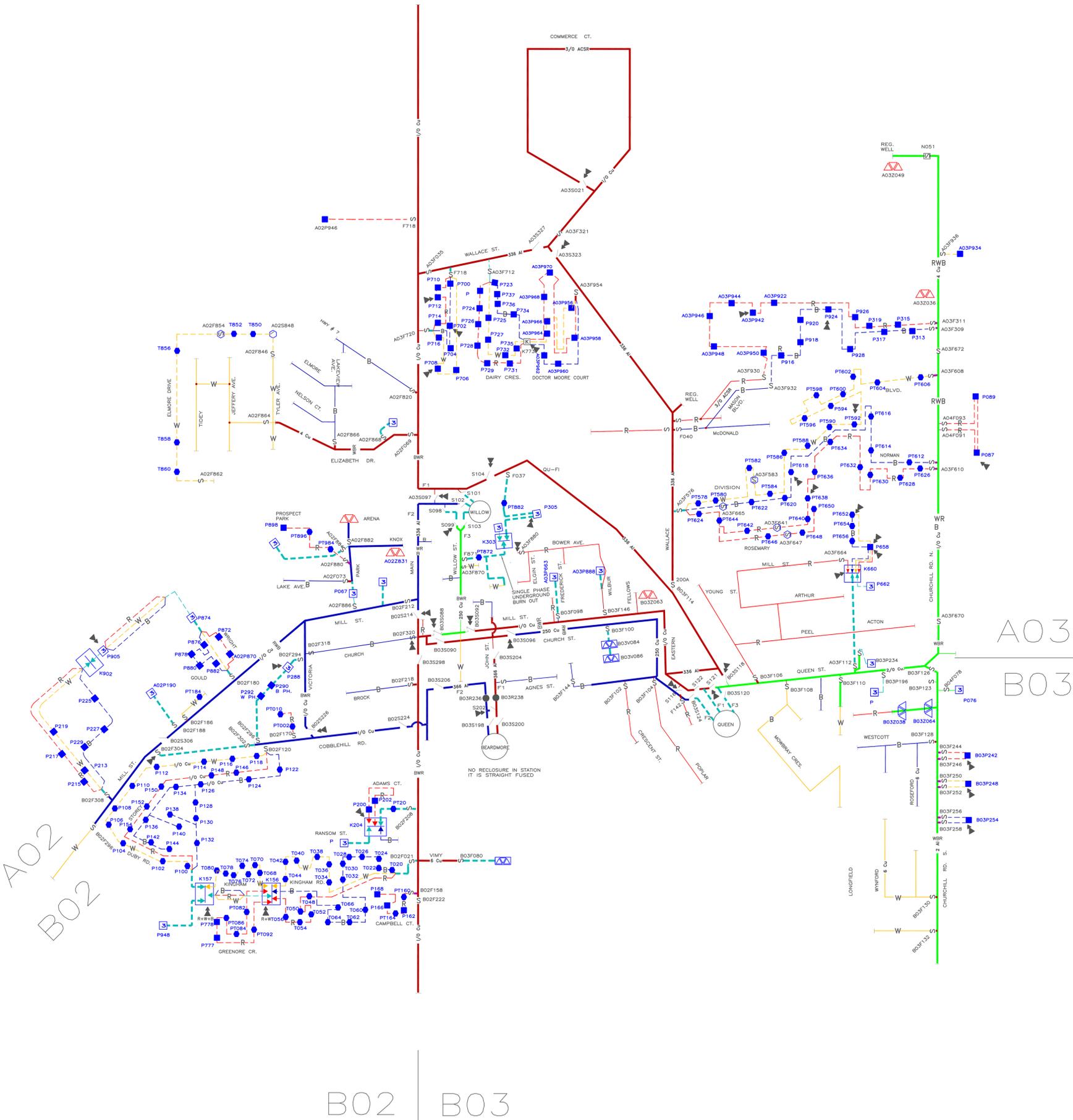
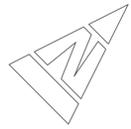
Distribution System Maps

## APPENDIX A

### DISTRIBUTION SYSTEM MAPS

1. 4160v (Acton)
2. 4160v (Georgetown)
3. 8320v (Rural)
4. 27600v (Overhead)
5. 27600v (Underground)
6. 44000v (System)

A02 A03



A02  
B02

A03  
B03

B02 B03

KEY MAP



LEGEND

- F 1 O/H FEEDER
- F 3 O/H FEEDER
- F 3 O/H FEEDER
- 3 PHASE U/G CABLE
- OVERHEAD BLUE PHASE
- OVERHEAD RED PHASE
- OVERHEAD WHITE PHASE
- UNDERGROUND BLUE PHASE
- UNDERGROUND RED PHASE
- UNDERGROUND WHITE PHASE
- S SWITCH
- O OPEN POINT
- K BAR UNIT
- 1 1 PHASE PADMOUNT TRANSFORMER
- 3 3 PHASE PADMOUNT TRANSFORMER
- 3 3 PHASE WALT
- 3 3 PHASE TX. BANK
- 3 POLE MOUNT TRANSFORMER
- D DEAD END
- S SOLID BLADE SWITCH
- L LOAD INTERRUPT SWITCH
- S SUB STATION
- RECLOSURES

NOTES

NO RECLOSURE IN STATION  
IT IS STRAIGHT FUSED

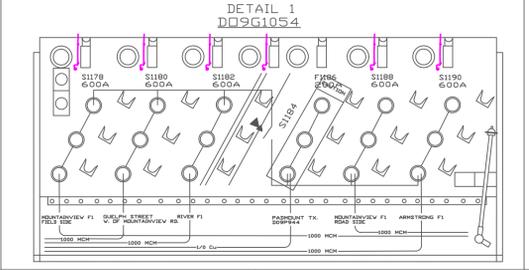
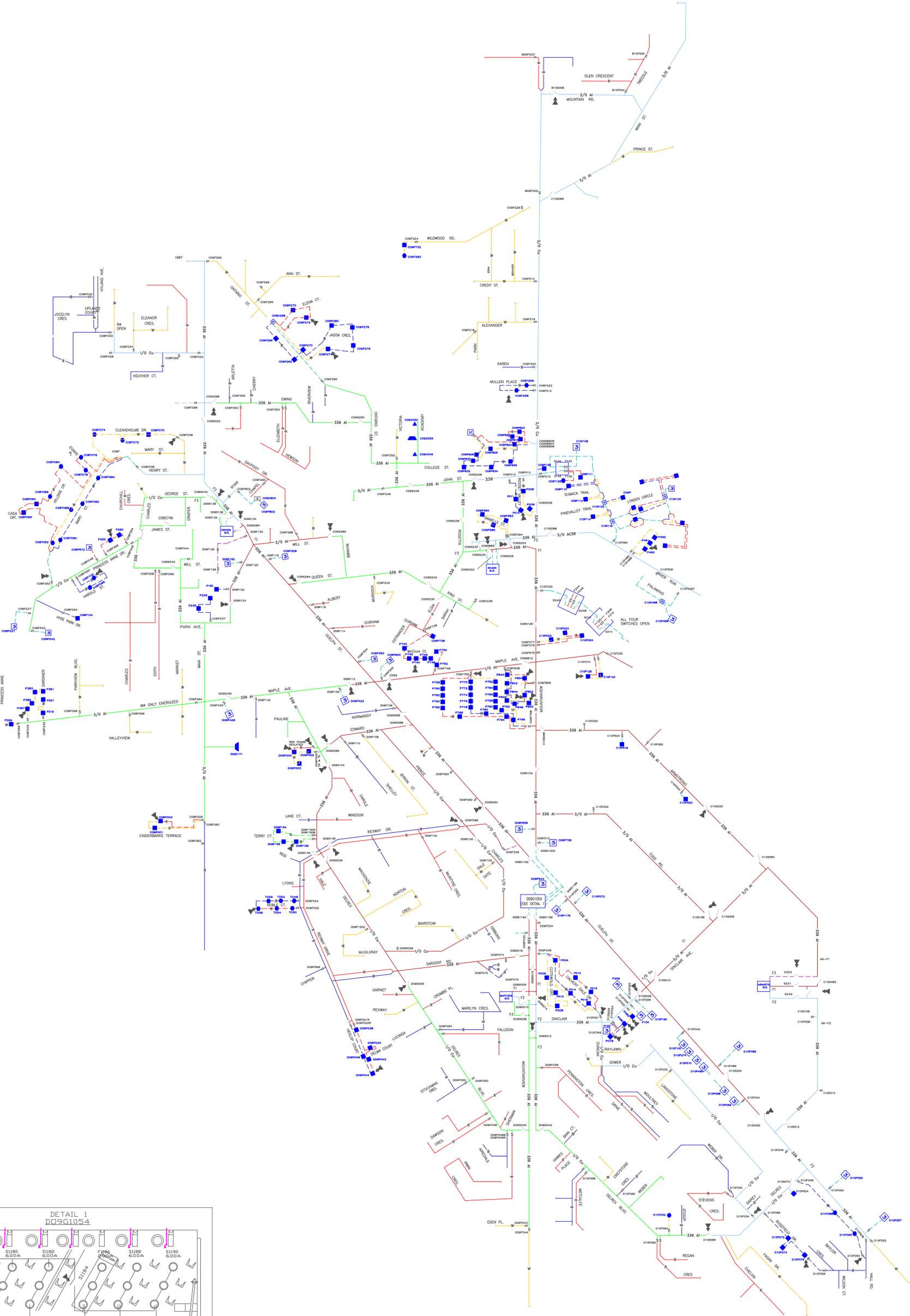
REVISION

| REVISION   | MADE BY      | DATE     |
|--|--------------|----------|
| NEW BORDER AND LINETYPES                             | M. MAROSCHAK | 99-02-17 |
| TRANSFORMER UPDATE                                   | F. LEMUT     | 00-02-15 |
| TRANSFORMER UPDATE                                   | D. FLORITA   | 00-06-09 |
| TRANSFORMER UPDATE                                   | F. LEMUT     | 01-06-21 |
| NEW SERVICE (B03P234)                                | F. LEMUT     | 01-07-27 |
| COMMENT ADDED<br>(SINGLE PHASE U/G BURN OUT)         | F. LEMUT     | 02-01-17 |
| ADDED CONDUCTOR SIZE FROM<br>BEARDMORE SUBSTATION    | C. HALE      | 03-04-01 |
| PHASE CHANGE ON MOWBRAY PL.<br>"APPROVED BY" REVISED | C. HALE      | 03-09-12 |
| RECLOSURES ADDED (BEARDMORE S.S.)                    | C. HALE      | 03-09-22 |
| SUBDIVISIONS ADDITIONS                               | C. HALE      | 04-06-18 |
| MAP ERRORS (KINGHAM RD.)                             | C. HALE      | 04-09-16 |
| MAP ERRORS (KINGHAM RD.)                             | C. HALE      | 05-07-12 |
| MAP ERRORS (QUEEN F1/ F2)                            | C. HALE      | 05-07-26 |
| MAP ERRORS (QUEEN F1/ F2)                            | C. HALE      | 05-08-08 |
| LONGFIELD ROAD                                       | C. HALE      | 05-10-05 |
|  | C. HALE      | 05-11-01 |
|  | C. HALE      | 06-03-07 |
|  | C. HALE      | 06-12-11 |

ACTON URBAN AREA  
4.16 kV DISTRIBUTION SCHEMATIC

HALTON HILLS HYDRO Inc.  
43 ALICE STREET, ACTON, ONTARIO L7J 2A9  
(905) 453-2222 FAX# (519) 853-5168

| DESIGNED BY  | DRAWN BY | APPROVED BY  | SIGNATURE | SCALE  | DATE OF ISSUE | DATE | DWG. NO. |
|--------------|----------|--------------|-----------|--------|---------------|------|----------|
| M. MAROSCHAK | F. LEMUT | M. MAROSCHAK |           | N.T.S. | 00-06-09      |      |          |



**LEGEND**

- F 1 O/H FEEDER
- F 2 O/H FEEDER
- F 3 O/H FEEDER
- 3 PHASE U/O CABLE
- OVERHEAD BLUE PHASE
- OVERHEAD RED PHASE
- OVERHEAD WHITE PHASE
- UNDERGROUND BLUE PHASE
- UNDERGROUND RED PHASE
- UNDERGROUND WHITE PHASE
- SUB STATION
- K BAR UNIT
- 1 PHASE PADMOUNT TRANSFORMER
- 3 PHASE PADMOUNT TRANSFORMER
- A PHASE VAULT
- P POLE MOUNT TRANSFORMER
- O OPEN POINT
- F FUSED CUT-OUT SWITCH
- S SOLID BLADE SWITCH
- M MID SPAN OPENER

**NOTES**

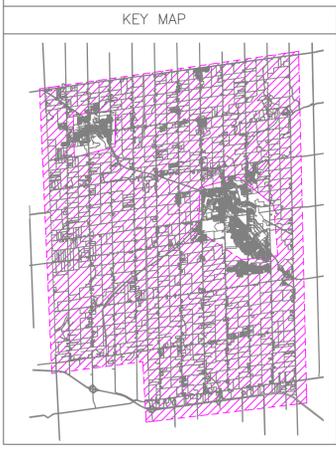
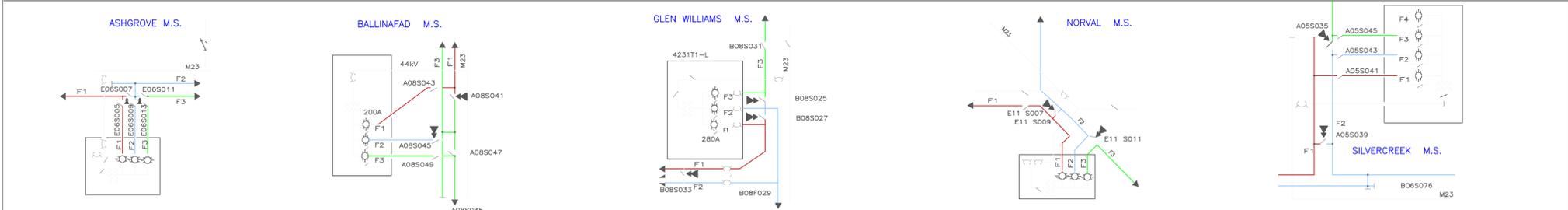
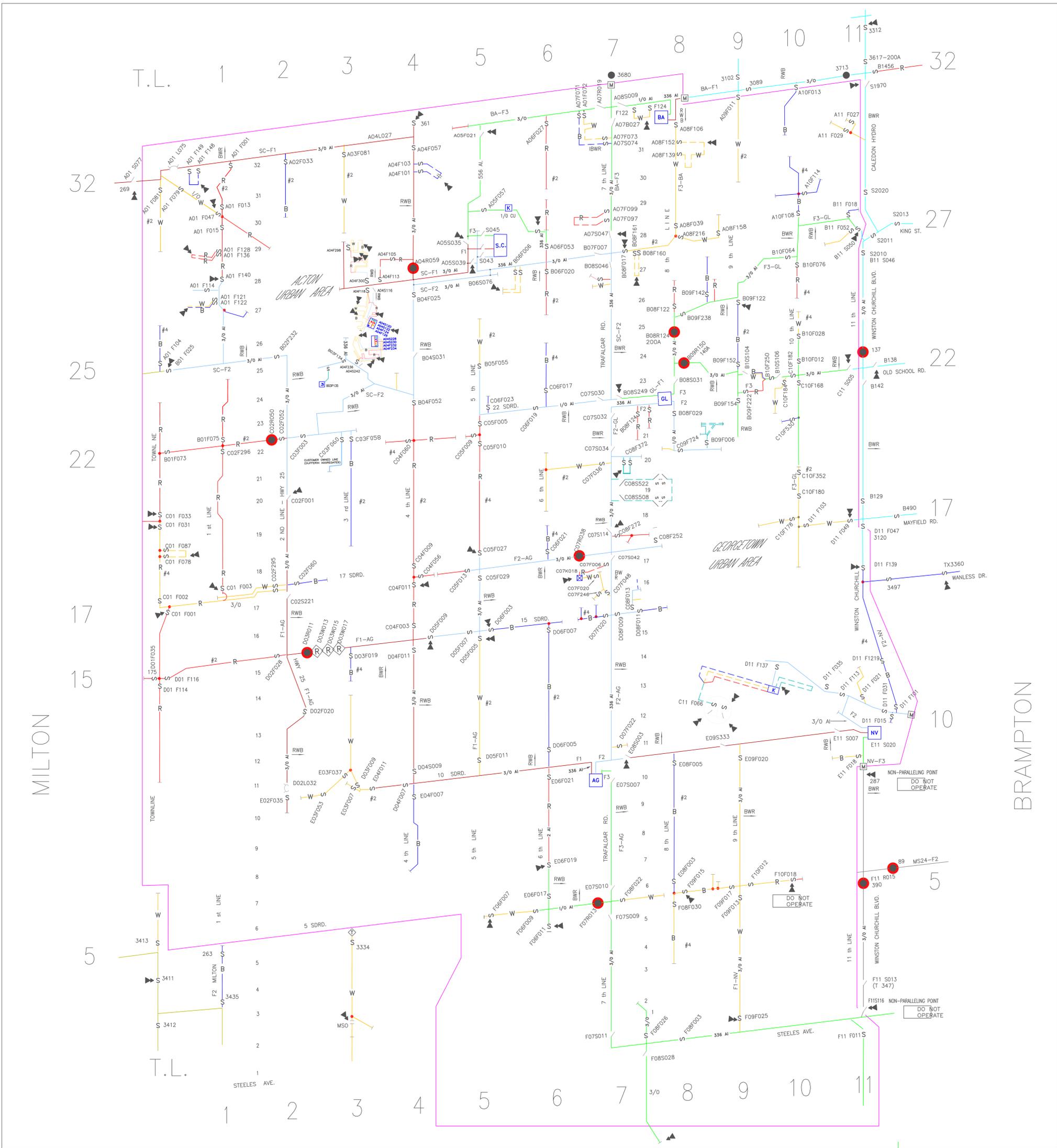
**REVISION**

| REVISION  | MADE BY      | DATE     |
|---|--------------|----------|
| NEW BORDER AND LINETYPES                                      | M. MAROSCHAK | 99-03-22 |
| NEW COLOUR SCHEME   | F. LEMUT     | 00-02-04 |
| NEW FEEDER (C09S040)  | D. FLORITA   | 00-07-17 |
| TX. UPDATE  | F. LEMUT     | 01-06-13 |
| PHASE CHANGE  | F. LEMUT     | 01-07-27 |
| SWITCHGEAR UPDATE (C10V109)                                   | F. LEMUT     | 01-09-19 |
| PADMOUNT TRANSFORMER UPDATE (P748 LOCATED ON MCCLURE CRES.)   | F. LEMUT     | 01-12-12 |
| ADDITION OF TERRY COURT                                       | F. LEMUT     | 02-02-28 |
| OPEN POINT CHANGE - 78 RIVER DRIVE (OPEN BETWEEN P940 TO 941) | F. LEMUT     | 02-12-17 |
| ADDITION OF VICTORIA STATION SUBD.                            | C. HALE      | 03-05-21 |
| ADDED THE SWITCH (RIVER M.S.)                                 | C. HALE      | 03-07-17 |
| ADDED SWITCHGEAR (DO9G1054)                                   | C. HALE      | 04-02-25 |
| SWITCH REVISIONS  | C. HALE      | 04-03-11 |
| GREEN POINT CHANGE (JASON CT.)                                | C. HALE      | 04-10-25 |
| "APPROVED BY" REVISED   | C. HALE      | 05-03-11 |
| PHASING/ SWITCH UPDATES                                       | C. HALE      | 05-08-26 |
| NEW SERVICE (GULF ST. @ GLEBE) & JOHN ST.                     | C. HALE      | 06-01-11 |
| PHASE CHANGES, DO9F021R                                       | C. HALE      | 06-03-13 |
| ADDED UPLANDS COURT, BLUE PHASE                               | C. HALE      | 06-05-17 |

**4.16 K.V. SCHEMATIC OF GEORGETOWN URBAN AREA**

**HALTON HILLS HYDRO Inc.**  
 43 ALICE STREET, ACTON, ONTARIO L7J 2A9  
 (905) 453-2222 FAX# (519) 853-5168

| DESIGNED BY  | DRAWN BY | APPROVED BY  | SCALE  | DATE     | DWG. NO. |
|--------------|----------|--------------|--------|----------|----------|
| M. MAROSCHAK | F. LEMUT | M. MAROSCHAK | N.T.S. | 99-03-01 |          |



| LEGEND |                                    |
|--------|------------------------------------|
|        | BRAMPTON FEEDERS                   |
|        | CALEDON FEEDERS                    |
|        | MILTON FEEDERS                     |
|        | F1 FEEDER                          |
|        | F2 FEEDER                          |
|        | F3 FEEDER                          |
|        | 3 PHASE UNDERGROUND                |
|        | UNDERGROUND RED PHASE              |
|        | UNDERGROUND BLUE PHASE             |
|        | UNDERGROUND WHITE PHASE            |
|        | OVERHEAD RED PHASE                 |
|        | OVERHEAD BLUE PHASE                |
|        | OVERHEAD WHITE PHASE               |
|        | FUSED SWITCH                       |
|        | SOLID BLADE SWITCH                 |
|        | MID SPAN OPENER                    |
|        | DEAD END                           |
|        | LINE CAPACITORS                    |
|        | 16,000 TO 4800 V. STEP DOWN TRANS. |
|        | SWITCH GEAR                        |
|        | METER UNIT                         |
|        | RECLOSEURES                        |
|        | REGULATORS                         |
|        | OPEN POINT                         |
|        | SUBSTATION                         |

| NOTES  |
|--|
| MAJOR REVISIONS                                |
| CHANGING COLOURS                               |
| NEW BORDER AND LINTYPES                        |
| NEW COLOUR SCHEMES                             |
| UPDATED PHASE COLOURS                          |
| REVISION OF PHASES                             |
| FEEDER COLOURS                                 |
| SUBDIVISION UPDATES                            |
| SUBDIVISION UPDATES                            |
| SWITCH UPDATES                                 |
| SWITCH UPDATES                                 |
| SWITCH UPDATES                                 |
| REVISION OF PHASES                             |
| REVISIONS TO SWITCHES                          |
| ADDED ACTON E. PH. 1 & HONEYFIELD SUBD.        |
| REVISIONS TO SWITCHES                          |
| ADDED OPEN POINT                               |
| MOVED OPEN POINT                               |
| ADDED ACTON E. PH. 2 & 8.32KV TO CHURCHILL RD. |
| LINE REMOVED, HWY 25                           |
| PHASE CHANGES (E11F018)                        |
| SWITCH UPDATES/ FEEDER CHANGES                 |
| LINE EXTENSION, 10TH LINE                      |
| REVISIONS                                      |
| PHASING REVISIONS - 17 SDRD                    |
| NEW LINE PRIVATE 3RD LINE                      |
| SWITCH UPDATE: D04S009                         |
| PHASING CHANGE B TO W, C07F036                 |

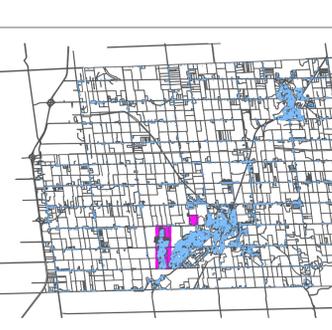
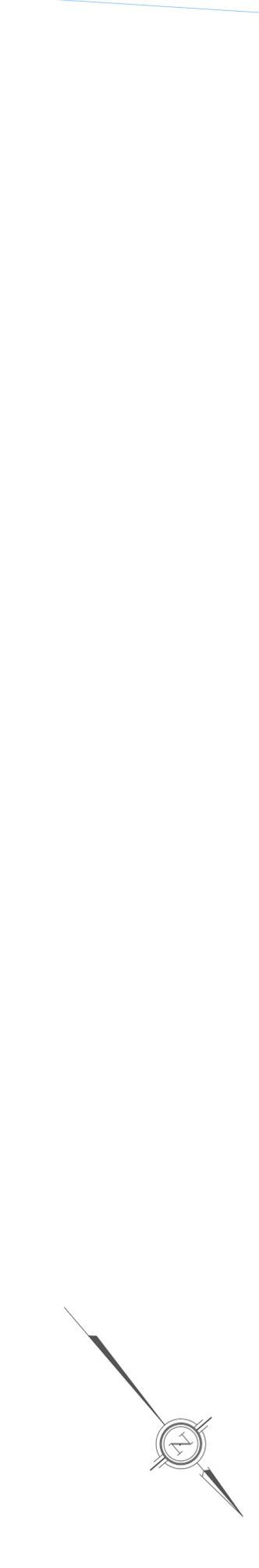
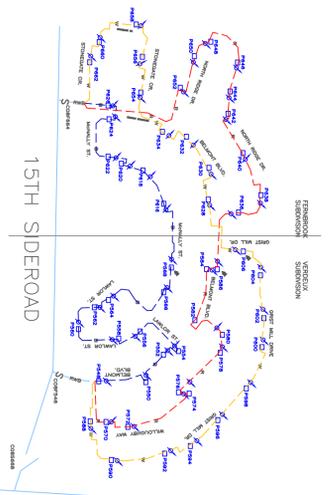
| REVISION                                       | MADE BY      | DATE     |
|--|--------------|----------|
| MAJOR REVISIONS                                | M. MAROSCHAK | 99-03-12 |
| CHANGING COLOURS                               | F. LEMUT     | 01-01-23 |
| NEW BORDER AND LINTYPES                        | F. LEMUT     | 01-07-25 |
| NEW COLOUR SCHEMES                             | F. LEMUT     | 01-07-27 |
| UPDATED PHASE COLOURS                          | F. LEMUT     | 01-09-24 |
| REVISION OF PHASES                             | F. LEMUT     | 01-10-26 |
| FEEDER COLOURS                                 | F. LEMUT     | 02-03-13 |
| SUBDIVISION UPDATES                            | F. LEMUT     | 02-03-18 |
| SUBDIVISION UPDATES                            | F. LEMUT     | 02-03-25 |
| SWITCH UPDATES                                 | F. LEMUT     | 02-06-10 |
| SWITCH UPDATES                                 | F. LEMUT     | 03-05-12 |
| SWITCH UPDATES                                 | C. HALE      | 03-12-18 |
| REVISION OF PHASES                             | C. HALE      | 03-12-23 |
| REVISIONS TO SWITCHES                          | C. HALE      | 04-02-04 |
| ADDED ACTON E. PH. 1 & HONEYFIELD SUBD.        | C. HALE      | 04-02-16 |
| REVISIONS TO SWITCHES                          | C. HALE      | 04-03-05 |
| ADDED OPEN POINT                               | C. HALE      | 04-08-24 |
| MOVED OPEN POINT                               | M. WRIGHT    | 04-08-04 |
| ADDED ACTON E. PH. 2 & 8.32KV TO CHURCHILL RD. | C. HALE      | 04-08-10 |
| LINE REMOVED, HWY 25                           | C. HALE      | 04-09-16 |
| PHASE CHANGES (E11F018)                        | C. HALE      | 04-10-18 |
| SWITCH UPDATES/ FEEDER CHANGES                 | C. HALE      | 04-11-09 |
| LINE EXTENSION, 10TH LINE                      | C. HALE      | 05-07-12 |
| REVISIONS                                      | C. HALE      | 05-07-20 |
| PHASING REVISIONS - 17 SDRD                    | C. HALE      | 05-07-28 |
| NEW LINE PRIVATE 3RD LINE                      | C. HALE      | 05-11-23 |
| SWITCH UPDATE: D04S009                         | C. HALE      | 06-05-05 |
| PHASING CHANGE B TO W, C07F036                 | C. HALE      | 06-05-22 |
|  | C. HALE      | 06-09-29 |
|  | C. HALE      | 06-11-08 |

**8.32 KV RURAL SCHEMATIC**

**HALTON HILLS HYDRO Inc.**  
 43 ALICE STREET, ACTON, ONTARIO L7J 2A9  
 (905) 453-2222 FAX# (519) 853-5168

|                           |                         |               |
|---------------------------|-------------------------|---------------|
| DESIGNED BY: M. MAROSCHAK | H.H. FILE               | H.H. DWG. NO. |
| DRAWN BY: F. LEMUT        | 6. SPECS & DOCUMENTS    |               |
| APPROVED BY: M. MAROSCHAK | 03. HIGH DRAFTING SPEED |               |
| SIGNATURE:                | DATE:                   | DWG. NO.      |
| SCALE: N.T.S.             | 99-03-01                |               |





KEY MAP

LEGEND

- OVERHEAD 3 PHASE
- OVERHEAD 1 PHASE
- UNDERGROUND 500 MCM CU
- UNDERGROUND 3 PHASE
- UNDERGROUND 1 PHASE
- OVERHEAD RED PHASE
- OVERHEAD BLUE PHASE
- OVERHEAD WHITE PHASE
- UNDERGROUND RED PHASE
- UNDERGROUND BLUE PHASE
- UNDERGROUND WHITE PHASE
- PADMOUNT TRANSFORMER
- K-BAR UNIT
- ⊞ LOAD BREAK SWITCH
- ⊞ FUSED CIRCUT SWITCH
- ⊞ FAULT LINE INDICATOR
- ⊞ OPEN POINT

NOTES

| REVISION | DATE     | MADE BY       | CHECKED BY |
|----------|----------|---------------|------------|
|          | 99/02/24 | M. MAROSCHIAK |            |
|          | 00-02-17 | F. LEHART     |            |
|          | 01-02-19 | F. LEHART     |            |
|          | 01-05-28 | F. LEHART     |            |
|          | 01-07-20 | F. LEHART     |            |
|          | 03-07-12 | C. HALE       |            |
|          | 08-11-05 | C. HALE       |            |
|          | 09-11-19 | C. HALE       |            |

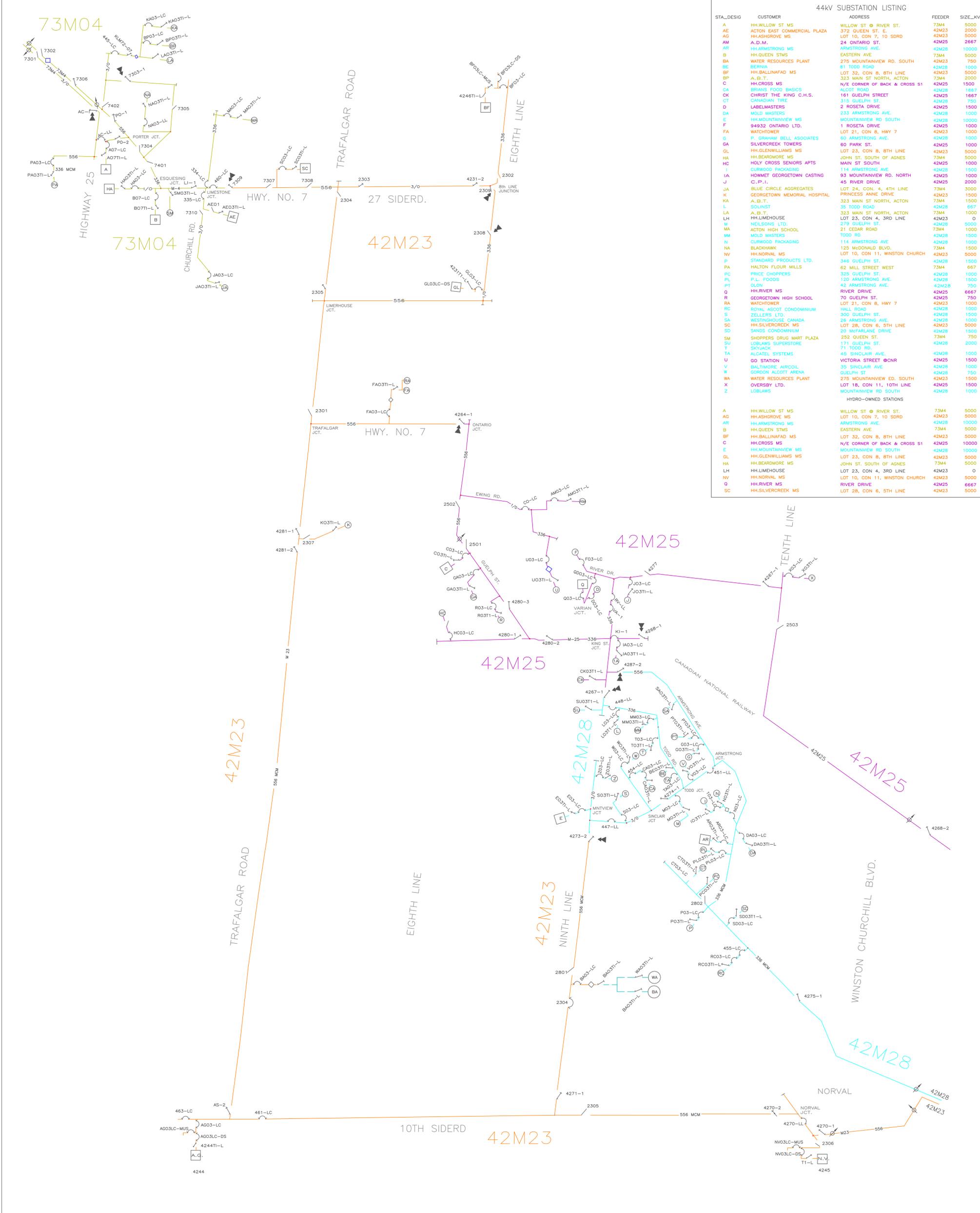
CHECK WARE SYSTEM  
 APPROVED BY: REVISION  
 APPROVED BY: REVISION  
 APPROVED BY: REVISION

REVISIONS

HALTON HILLS HYDRO Inc.  
 43 ALICE STREET, ACTON, ONTARIO L7J 2A9  
 (905) 453-2222 FAX# (519) 653-5168

27.6KV SCHEMATIC

DESIGNED BY: M. MAROSCHIAK  
 DRAWN BY: E. LEHART  
 APPROVED BY: M. MAROSCHIAK  
 SCALE: N.T.S.



| STA_DESIG | CUSTOMER                     | ADDRESS                        | FEEDER | SIZE_KVA |
|-----------|------------------------------|--------------------------------|--------|----------|
| A         | HH.WILLOW ST MS              | WILLOW ST @ RIVER ST.          | 73M4   | 5000     |
| AE        | ACTON EAST COMMERCIAL PLAZA  | 372 QUEEN ST. E.               | 42M23  | 2000     |
| AG        | HH.ASHGROVE MS               | LOT 10, CON 7, 10 SDRD         | 42M23  | 5000     |
| AM        | A.D.M.                       | 24 ONTARIO ST.                 | 42M25  | 2667     |
| AR        | HH.ARMSTRONG MS              | ARMSTRONG AVE.                 | 42M28  | 1000     |
| BA        | HH.QUEEN STMS                | EASTERN AVE                    | 73M4   | 5000     |
| B         | WATER RESOURCES PLANT        | 275 MOUNTAINVIEW RD. SOUTH     | 42M23  | 750      |
| BE        | BERNIA                       | 81 TODD ROAD                   | 42M28  | 1000     |
| BF        | HH.BALLINAFAD MS             | LOT 32, CON 8, 8TH LINE        | 42M23  | 5000     |
| BP        | A.B.T.                       | 323 MAIN ST NORTH, ACTON       | 73M4   | 2000     |
| C         | HH.CROSS MS                  | N/E CORNER OF BACK & CROSS ST  | 42M25  | 1500     |
| CA        | BRANS FOOD BASICS            | ALCOT ROAD                     | 42M28  | 1667     |
| OK        | CHRIST THE KING C.H.S.       | 161 GUELPH STREET              | 42M25  | 1667     |
| CT        | CANADIAN TIRE                | 315 GUELPH ST.                 | 42M28  | 750      |
| D         | LABELMASTERS                 | 2 ROSETA DRIVE                 | 42M25  | 1500     |
| DA        | MOLD MASTERS                 | 233 ARMSTRONG AVE.             | 42M28  | 1000     |
| E         | HH.MOUNTAINVIEW MS           | MOUNTAINVIEW RD SOUTH          | 42M28  | 10000    |
| F         | 94932 ONTARIO LTD.           | 1 ROSETA DRIVE                 | 42M25  | 1000     |
| FA        | WATCHTOWER                   | LOT 21, CON 8, HWY 7           | 42M23  | 1000     |
| G         | P. GRAHAM BELL ASSOCIATES    | 60 ARMSTRONG AVE.              | 42M28  | 1000     |
| GA        | SILVERCREEK TOWERS           | 60 PARK ST.                    | 42M25  | 1000     |
| GL        | HH.GLENWILLIAMS MS           | LOT 23, CON 8, 8TH LINE        | 42M23  | 5000     |
| HA        | HH.BEARDMORE MS              | JOHN ST. SOUTH OF AGNES        | 73M4   | 5000     |
| HC        | HOLY CROSS SENIORS APTS      | MAIN ST SOUTH                  | 42M25  | 1000     |
| I         | CURWOOD PACKAGING            | 114 ARMSTRONG AVE.             | 42M28  | 1500     |
| IA        | HOWMET GEORGETOWN CASTING    | 93 MOUNTAINVIEW RD. NORTH      | 42M25  | 1000     |
| J         | C.P.I.                       | 45 RIVER DRIVE                 | 42M25  | 2000     |
| JA        | BLU CIRCLE ABOGOGATES        | LOT 24, CON. 8, 4TH LINE       | 73M4   | 3000     |
| KA        | GEORGETOWN MEMORIAL HOSPITAL | PRINCESS ANNE DRIVE            | 42M23  | 1500     |
| K         | A.B.T.                       | 323 MAIN ST NORTH, ACTON       | 73M4   | 1500     |
| L         | SOLINST                      | 35 TODD ROAD                   | 42M28  | 667      |
| LA        | A.B.T.                       | 323 MAIN ST NORTH, ACTON       | 73M4   | 1000     |
| LH        | HH.LIMEHOUSE                 | LOT 23, CON 4, 3RD LINE        | 42M23  | 0        |
| M         | NELSONS LTD.                 | 279 GUELPH ST.                 | 42M28  | 5000     |
| MA        | ACTON HIGH SCHOOL            | 21 CEDAR ROAD                  | 73M4   | 1000     |
| MB        | MOLD MASTERS                 | TODD RD                        | 42M28  | 1500     |
| N         | CURWOOD PACKAGING            | 114 ARMSTRONG AVE.             | 42M28  | 1500     |
| NA        | BLACKHAWK                    | 125 McDONALD BLVD.             | 73M4   | 1500     |
| NV        | HH.NORVAL MS                 | LOT 10, CON 11, WINSTON CHURCH | 42M23  | 5000     |
| P         | STANDARD PRODUCTS LTD.       | 346 GUELPH ST.                 | 42M28  | 1500     |
| PA        | HALTON FLOUR MILLS           | 62 MILL STREET WEST            | 73M4   | 667      |
| PC        | PRICE CHIPPERS               | 325 GUELPH ST.                 | 42M28  | 1000     |
| PL        | P.L. FOODS                   | 120 ARMSTRONG AVE.             | 42M28  | 1500     |
| Q         | OLON                         | 42 ARMSTRONG AVE.              | 42M28  | 750      |
| PT        | HH.RIVER MS                  | RIVER DRIVE                    | 42M25  | 6667     |
| R         | GEORGETOWN HIGH SCHOOL       | 70 GUELPH ST.                  | 42M25  | 750      |
| RA        | WATCHTOWER                   | LOT 21, CON 8, HWY 7           | 42M23  | 1000     |
| RC        | ROYAL ASCOT CONDOMINIUM      | HALL ROAD                      | 42M28  | 1000     |
| SC        | ZELLERS LTD.                 | 300 GUELPH ST.                 | 42M28  | 1500     |
| SA        | WESTINGHOUSE CANADA          | 28 ARMSTRONG AVE.              | 42M28  | 1000     |
| S         | HH.SILVERCREEK MS            | LOT 28, CON 6, 5TH LINE        | 42M23  | 5000     |
| SD        | SANDS CONDOMINIUM            | 20 McFARLANE DRIVE             | 42M28  | 1500     |
| SM        | SHOPPERS DRUG MART PLAZA     | 252 QUEEN ST.                  | 73M4   | 750      |
| SU        | LOBLAWS SUPERSTORE           | 121 GUELPH ST.                 | 42M28  | 2500     |
| T         | SKYJACK                      | 71 TODD RD.                    | 42M28  | 1000     |
| TA        | ALCATEL SYSTEMS              | 45 SINCLAIR AVE.               | 42M28  | 1000     |
| U         | GO STATION                   | VICTORIA STREET @ CNR          | 42M25  | 1500     |
| V         | BALTIMORE AIRCOLD            | 35 SINCLAIR AVE.               | 42M28  | 1000     |
| W         | GORDON ALCOIT ARENA          | GUELPH ST                      | 42M28  | 750      |
| WA        | WATER RESOURCES PLANT        | 275 MOUNTAINVIEW ED. SOUTH     | 42M23  | 1500     |
| X         | OVERSBY LTD.                 | LOT 18, CON 11, 10TH LINE      | 42M25  | 1500     |
| Z         | LOBLAWS                      | MOUNTAINVIEW RD SOUTH          | 42M28  | 1000     |



| LEGEND |                              |
|--------|------------------------------|
|        | 42M23 FEEDER                 |
|        | 42M25 FEEDER                 |
|        | 42M28 FEEDER                 |
|        | 73M04 FEEDER                 |
|        | 1 PHASE U/G CABLE            |
|        | 3 PHASE U/G CABLE            |
|        | FAULT LINE INDICATOR         |
|        | OPEN POINT                   |
|        | DEAD END                     |
|        | SOLID BLADE SWITCH           |
|        | LOAD INTERRUPT SWITCH        |
|        | MID SPAN OPENER              |
|        | GANG OPERATED AIR BREAK      |
|        | SUB STATION (CUSTOMER OWNED) |
|        | SUB STATION (HYDRO-OWNED)    |

| NOTES                     |
|---------------------------|
| NEW BORDER & LINETYPES    |
| NEW COLOUR SCHEME         |
| OPEN POINT CHANGES        |
| NEW SWITCHES              |
| NEW SWITCHES              |
| NEW OPEN POINT            |
| NAME CHANGE (HOWMET)      |
| NEW SUBSTATION            |
| NEW/ REMOVED SWITCHES     |
| ADDED FCI AT CROSS S.S.   |
| NEW SUBSTATION            |
| "APPROVED BY" REVISED     |
| NEW SUBSTATION            |
| REMOVE/ NEW SWITCH (2309) |
| NEW OPEN POINT            |
| SERVICE CHANGE (SA)       |

| REVISION                  | MADE BY      | DATE     |
|---------------------------|--------------|----------|
| NEW BORDER & LINETYPES    | M. MAROSCHAK | 99-02-01 |
| NEW COLOUR SCHEME         | F. LEMUT     | 01-01-10 |
| OPEN POINT CHANGES        | F. LEMUT     | 01-07-24 |
| NEW SWITCHES              | F. LEMUT     | 01-07-31 |
| NEW SWITCHES              | F. LEMUT     | 01-08-01 |
| NEW OPEN POINT            | F. LEMUT     | 01-11-30 |
| NAME CHANGE (HOWMET)      | F. LEMUT     | 02-02-28 |
| NEW SUBSTATION            | F. LEMUT     | 02-04-25 |
| NEW/ REMOVED SWITCHES     | F. LEMUT     | 03-04-28 |
| ADDED FCI AT CROSS S.S.   | C. HALE      | 04-10-14 |
| NEW SUBSTATION            | C. HALE      | 04-10-18 |
| "APPROVED BY" REVISED     | C. HALE      | 04-12-24 |
| NEW SUBSTATION            | C. HALE      | 05-01-05 |
| REMOVE/ NEW SWITCH (2309) | C. HALE      | 05-07-12 |
| NEW OPEN POINT            | C. HALE      | 06-01-11 |
| SERVICE CHANGE (SA)       | C. HALE      | 06-02-07 |
|                           | C. HALE      | 06-02-20 |
|                           | C. HALE      | 06-09-29 |

44 KV SCHEMATIC

HALTON HILLS HYDRO Inc.

43 ALICE STREET, ACTON, ONTARIO L7J 2A9  
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|                           |                           |                 |
|---------------------------|---------------------------|-----------------|
| DESIGNED BY: M. MAROSCHAK | FILED: H.H.H. OPERATIONS  | H.H.H. DWG. NO. |
| DRAWN BY: F. LEMUT        | 6. SPECS & DOCUMENTS      |                 |
| APPROVED BY: M. MAROSCHAK | 1. H.H.H. DRAFTING SPEC'S |                 |
| SIGNATURE:                | DATE: 99-03-01            | DWG. NO.        |
| SCALE: N.T.S.             |                           |                 |

# APPENDIX B

Financial Statements

## APPENDIX B

### Financial Statements

1. Audited Financial Statements at December 31, 2006 (from Exhibit 1, Tab 3, Schedule 1)
2. Pro Forma Financial Statements at December 31, 2007 (from Exhibit 1, Tab 3, Schedule 2 )
3. Pro Forma Financial Statements at December 31, 2008 (from Exhibit 1, Tab 3, Schedule 2)

*Non-Consolidated Financial Statements of*

**HALTON HILLS HYDRO INC.**

*December 31, 2006*

## Auditors' Report

To the Directors of  
Halton Hills Hydro Inc.

We have audited the non-consolidated balance sheet of Halton Hills Hydro Inc. as at December 31, 2006 and the non-consolidated statements of income and retained earnings and of cash flows for the year then ended. These financial statements have been prepared on a non-consolidated basis for income tax purposes. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting disclosed in Note 3 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Directors of Halton Hills Hydro Inc. and the provincial income tax authorities, for income tax purposes. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.



Chartered Accountants  
Licensed Public Accountants

March 29, 2007

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**HALTON HILLS HYDRO INC.****Non-Consolidated Statement of Income and Retained Earnings**

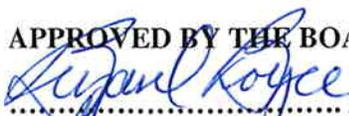
Year Ended December 31, 2006

|  | <u>2006</u>         | <u>2005</u>         |
|--|---------------------|---------------------|
| REVENUE                                  |                     |                     |
| Service revenue (Note 16)                | \$ 45,619,622       | \$ 45,731,875       |
| Other income                             | 1,514,435           | 1,116,930           |
|  | <u>47,134,057</u>   | <u>46,848,805</u>   |
| OPERATING EXPENSES                       |                     |                     |
| Power costs                              | 35,130,342          | 36,847,936          |
| Salaries and benefits                    | 3,636,852           | 3,489,322           |
| Material costs                           | 2,690,912           | 1,514,086           |
| Contract services                        | 2,102,678           | 2,704,632           |
| Property costs                           | 521,663             | 517,652             |
| Other expenses                           | 855,429             | 753,768             |
| Communication costs                      | 268,081             | 260,991             |
| Capital taxes                            | 101,683             | 68,445              |
| Allocated to capital                     | (5,012,989)         | (4,702,453)         |
|  | <u>40,294,651</u>   | <u>41,454,379</u>   |
| INCOME BEFORE THE UNDERNOTED             | <u>6,839,406</u>    | <u>5,394,426</u>    |
| RECOVERY OF REGULATORY ASSETS            | 1,471,724           | 1,004,331           |
| AMORTIZATION                             | 1,930,209           | 1,884,106           |
| INTEREST EXPENSE                         | 1,542,001           | 1,188,834           |
|  | <u>4,943,934</u>    | <u>4,077,271</u>    |
| INCOME BEFORE INCOME TAXES               | <u>1,895,472</u>    | <u>1,317,155</u>    |
| PROVISION FOR INCOME TAXES (Note 17)     |                     |                     |
| Current                                  | 729,981             | 646,313             |
| NET INCOME                               | <u>1,165,491</u>    | <u>670,842</u>      |
| RETAINED EARNINGS, BEGINNING OF THE YEAR | 3,065,624           | 2,394,782           |
| RETAINED EARNINGS, END OF THE YEAR       | <u>\$ 4,231,115</u> | <u>\$ 3,065,624</u> |

**HALTON HILLS HYDRO INC.**  
**Non-Consolidated Balance Sheet**  
**December 31, 2006**

|  | 2006                 | 2005                 |
|--|----------------------|----------------------|
| <b>ASSETS</b>                                      |                      |                      |
| <b>CURRENT</b>                                     |                      |                      |
| Cash and cash equivalents                          | \$ 1,600,010         | \$ 2,085,729         |
| Accounts receivable (Note 4)                       | 3,402,683            | 3,389,257            |
| Unbilled revenue                                   | 5,677,289            | 5,519,301            |
| Inventory  | 1,087,028            | 995,697              |
| Due from related companies (Note 5)                | 1,341,153            | 1,334,080            |
| Prepaid expenses and deposits                      | 248,551              | 286,144              |
|  | <b>13,356,714</b>    | <b>13,610,208</b>    |
| NOTES RECEIVABLE (Note 6)                          | 865,551              | 865,551              |
| REGULATORY ASSETS (Note 7)                         | 3,046,254            | 4,468,443            |
| LONG-TERM INVESTMENTS (Note 8)                     | 906,370              | 904,773              |
| CAPITAL ASSETS (Note 9)                            | 26,948,895           | 24,809,367           |
| GOODWILL   | 352,881              | 352,881              |
| DEFERRED CHARGES                                   | 47,787               | 79,645               |
|  | <b>\$ 45,524,452</b> | <b>\$ 45,090,868</b> |
| <b>LIABILITIES</b>                                 |                      |                      |
| <b>CURRENT</b>                                     |                      |                      |
| Accounts payable and accrued liabilities (Note 10) | \$ 7,588,026         | \$ 8,228,664         |
| Deferred revenue (Note 11)                         | 322,890              | 456,507              |
| Current portion of consumer deposits               | 250,000              | 250,000              |
|  | <b>8,160,916</b>     | <b>8,935,171</b>     |
| NOTE PAYABLE TO PARENT (Note 12)                   | 16,141,970           | 16,141,970           |
| CONSUMER DEPOSITS                                  | 371,888              | 339,440              |
| EMPLOYEE FUTURE BENEFITS (Note 13)                 | 456,900              | 447,000              |
|  | <b>25,131,674</b>    | <b>25,863,581</b>    |
| CONTINGENT LIABILITIES (Note 14)                   |                      |                      |
| <b>SHAREHOLDER'S EQUITY</b>                        |                      |                      |
| Capital stock (Note 15)                            | 16,161,663           | 16,161,663           |
| Retained earnings                                  | 4,231,115            | 3,065,624            |
|  | <b>20,392,778</b>    | <b>19,227,287</b>    |
|  | <b>\$ 45,524,452</b> | <b>\$ 45,090,868</b> |

APPROVED BY THE BOARD

 Director

 Director

**HALTON HILLS HYDRO INC.**  
**Non-Consolidated Statement of Cash Flows**  
**Year Ended December 31, 2006**

|   | <u>2006</u>         | <u>2005</u>         |
|---|---------------------|---------------------|
| <b>OPERATING ACTIVITIES</b>   |                     |                     |
| Cash from operations  |                     |                     |
| Net income  | \$ 1,165,491        | \$ 670,842          |
| Items not affecting cash:   |                     |                     |
| Amortization  | 1,930,209           | 1,884,106           |
| Gain on disposal of capital assets                                    | (774)               | (25,444)            |
| Difference between employee future benefits expense and amount funded | 9,900               | 12,500              |
| Equity in loss (income) of limited partnership                        | (1,597)             | 1,297               |
|   | <u>3,103,229</u>    | <u>2,543,301</u>    |
| Change in regulatory assets   | 1,422,189           | (498,847)           |
| Changes in non-cash working capital (Note 18)                         | <u>(1,602,598)</u>  | <u>473,213</u>      |
|   | <u>2,922,820</u>    | <u>2,517,667</u>    |
| <b>FINANCING ACTIVITY</b>   |                     |                     |
| Net consumer deposits received (repaid)                               | 32,448              | (355,417)           |
| <b>INVESTING ACTIVITIES</b>   |                     |                     |
| Purchase of capital assets  | (3,477,748)         | (3,140,292)         |
| Proceeds on disposal of capital assets                                | 4,903               | 25,610              |
| Deferred charges  | 31,858              | (79,645)            |
|   | <u>(3,440,987)</u>  | <u>(3,194,327)</u>  |
| <b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>                      | <b>(485,719)</b>    | <b>(1,032,077)</b>  |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>                   | <b>2,085,729</b>    | <b>3,117,806</b>    |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                         | <b>\$ 1,600,010</b> | <b>\$ 2,085,729</b> |
| <b>SUPPLEMENTAL DISCLOSURE</b>  |                     |                     |
| Payments for interest   | \$ 1,493,457        | \$ 1,286,905        |
| Net payments for income tax   | \$ 636,269          | \$ 826,758          |

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2006**

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**1. NATURE OF OPERATIONS**

Halton Hills Hydro Inc., the 'Company', is a wholly-owned corporation of the Town of Halton Hills, and was incorporated on April 13, 1999 under the laws of the Province of Ontario.

The principal activity of the Company is to provide electric power distribution throughout the municipality of Halton Hills.

**2. REGULATION**

*Regulator*

The Ontario Energy Board (OEB) has regulatory oversight of the electricity industry in the Province of Ontario. The Ontario Energy Board Act, 1998, the Electricity Act, 1998, the Electricity Restructuring Act, 2004 and a number of other provincial statutes set out the OEB's mandate and authority. The OEB prescribes and enforces licence requirements and conditions towards the following objectives as set out in the Electricity Restructuring Act, 2004:

- To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service; and
- To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

The OEB's authority and responsibilities include the ability to approve and set rates for the transmission and distribution of electricity, to provide rate protection for various electricity consumers, and to ensure electricity distribution companies fulfill their customer service obligations.

*Rate approval process*

Rate applications are generally due on an annual basis, with the 2007 rate application due no later than January 26, 2007. The Company, OEB licence number ED-2002-0552, has complied with the filing deadline for the 2007 rate application. Rate adjustments for 2007 will be approved by and come into effect May 1, 2007. The OEB decision in regards to 2007 rates is expected in April 2007.

The rate application process includes oral or written public hearings whereby those who may be affected by the OEB's ruling have the opportunity to express their views.

The OEB Electricity Distribution Rate Handbook contains policies, guidelines and procedures used by Ontario electricity distributors in preparing applications for the 2006 distribution rates.

The OEB has traditionally regulated distribution rates based upon cost-of-service methodology. In 2007, however, the OEB has adopted an incentive rate setting mechanism (IRM) for electricity distributors. Incentive regulation is intended to provide distributors with the opportunity to increase returns to shareholders through the implementation of efficiency initiatives. These efficiencies are also intended to benefit ratepayers by reducing costs.

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2006**

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**2. REGULATION (continued)**

*Type of regulation*

The OEB initiated a process to update approved 2006 rates based on the "Report of the Board on Cost of Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario's Electricity Distributors". The objective of the 2<sup>nd</sup> generation IRM is to provide regulatory certainty to distributors as rate-related studies are carried out. The 2<sup>nd</sup> generation IRM will be in place for a maximum of three years. Distributor rates will not be rebased prior to implementing the incentive rate adjustment effective May 1, 2007. The OEB will rebase rates for distributors over three years, beginning in 2008. The Company has applied for a 2008 rebasing from the OEB.

The OEB has retained a price cap form of adjustment mechanism for the IRM. The price cap adjustment will be applied to distribution rates, uniformly across all customer classes and to both the monthly service charge and volumetric rate, including taxes. The adjustment is net of the smart meter funding, large corporation tax allowance, incremental 2006 CDM funding, regulatory assets rate rider and specific service charges. The OEB will use the Canada Gross Domestic Product Implicit Price Index for final domestic demand as the price cap escalator. For 2007, the price cap has been set at 1.92%

Offsetting the price cap, is a productivity differential. The OEB has determined that electricity distributors will be subject to a 1% productivity differential for the duration of the 2nd Generation IRM.

Thus, for 2007, with the price cap set at 1.92% and annual productivity gain of 1%, an increase in rates of 0.92% is anticipated.

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Basis of accounting*

The financial statements have been prepared on a non-consolidated basis for income tax purposes and reflect the following significant accounting policies as set forth in the Accounting Procedures Handbook issued by the Ontario Energy Board (OEB) under the authority of the Ontario Energy Board Act, 1998. These financial statements materially differ from Canadian generally accepted accounting principles (GAAP) because they are non-consolidated. Consolidated financial statements have been presented to the shareholder.

*Regulation*

The following accounting policies under the regulated environment differ from GAAP for companies operating in an unregulated environment:

*Contributions in aid of construction*

Contributions in aid of construction consist of third party contributions toward the cost of constructing Company assets. Amortization of contributed capital is on a straight-line basis over 25 years. Capital contributions for the year of \$543,189 (2005 - \$1,043,632) have been charged as an offset to capital assets.

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2006**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Regulatory assets*

Regulatory assets represent future revenues associated with costs incurred in the current or prior periods, which are expected to be recovered from customers in future periods through the rate setting process.

Regulatory assets result from the provincially approved rate of the OEB and represent differences between costs incurred and those collected through rates. Regulatory assets on the balance sheet at year-end relate primarily to retail settlement variance accounts, pre-market opening cost of power variances and transition costs. Transition costs consist primarily of qualifying capital and related costs incurred in the preparation of market opening. Regulatory assets will be recognized for rate-setting and financial statement purposes only to the extent allowed by the regulator.

The regulatory assets are recovered through incremental amounts charged to consumers as approved by the OEB and included in service revenue. The related reduction of the regulatory assets is disclosed separately on the Statement of Income.

The Ontario Energy Board Amendments Act (Electricity Pricing), 2003, in conjunction with Bill 4, allows for recovery of regulatory assets. The 2006 rate decision included approval to recover regulatory asset balances to December 31, 2004 based on a variable charge over a two-year period beginning with the rate change on May 1, 2006. Transition costs recoveries were approved after a write-down of 10% of the total balance recoverable as at May 1, 2006 (including interest) which was charged to income during the year.

*Payment in lieu of income taxes*

Under the Electricity Act, 1998, the Company is required to make payments-in-lieu of corporate income taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC). These payments are recorded in accordance with the rules for computing income taxes, taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) and modified by the Electricity Act, 1998, and related regulations.

The Company, regulated by the OEB, provides for PILs using the taxes payable method.

Under the taxes payable method, no provision is made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying values for accounting purposes. Future income taxes are expected to be reflected in future rates, and, accordingly, are not recognized in the financial information.

Future PILs disclosures are included in Note 17.

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2006**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Deferred revenue*

Deferred revenue consists of deferred Conservation and Demand Management (CDM) revenues and deferred Smart Metering revenues.

Deferred CDM revenues consist of the net amount of the final one-third market-based revenue requirement adjustment, and incremental CDM funding approved through the 2006 rate setting process, in excess of funds expended on CDM activities. The 2005 rates included the final one-third adjustment, as approved by the OEB in March 2005, to bring the Company to its market-based rate of return. The rate adjustment is subject to a financial commitment by the Company to invest an amount equivalent to the final one-third increase, \$715,000 in CDM activities over the next three years. The 2006 rates include incremental operating and capital CDM funds totalling \$179,669.

Deferred Smart Metering revenues consist of funding to begin the transition of the Company's legacy metering assets to smart meters. The basis for the installation of 800,000 smart meters in Ontario by the end of 2007 and all homes and businesses by the end of 2010 is outlined in the Energy Conservation Responsibility Act, 2006. These meters will have the capacity to measure and report usage over certain periods, be read remotely and provide customers with access to information about their consumption. The 2006 rates of the Company included \$136,800 to begin smart meter deployment.

*Use of estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include unbilled revenue. Actual results could differ from those estimates.

*Revenue recognition*

Service revenue is recorded on the basis of regular meter readings and estimated power usage since the last meter reading date to the year-end. The related cost of power is recorded on the basis of power used.

Other revenues, which include pole attachment rentals, customer requested services and other miscellaneous revenues, are recognized as the service activity is performed.

*Cash and cash equivalents*

Cash and cash equivalents consist of cash on hand, balances with banks, and investments in money market instruments, with maturities of 90 days or less at acquisition. Investing and financing activities that do not require the use of cash or cash equivalents are excluded from the Statement of Cash Flows and disclosed separately.

*Inventory*

Inventory is valued at the lower of average cost and net realizable value.

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2006**

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Long-term investments*

Long-term investments in subsidiary companies are recorded at cost.

The Company follows the equity method of accounting for its investment in a limited partnership. Under this method, the investment is initially recorded at cost and is adjusted for the Company's proportionate share of any post-acquisition earnings, losses and distributions.

*Capital assets*

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the useful service life as follows:

|                                 |               |
|---------------------------------|---------------|
| Distribution system             | 25 years      |
| Plant                           | 25 - 60 years |
| Fleet                           | 5 - 8 years   |
| Other equipment                 | 10 - 15 years |
| Computer equipment and software | 1 - 5 years   |
| General office                  | 10 years      |
| Stores equipment                | 10 years      |

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

*Deferred charges*

Deferred charges consist of expenditures that provide future benefit. These charges are amortized on a straight-line basis over 3 years.

*Goodwill*

Goodwill is recorded at amortized cost as at December 31, 2001. The carrying value of goodwill is tested against the fair values of the entities which generated the goodwill on an annual basis. If the carrying amount exceeds fair value, an impairment loss is recognized in the statement of income in an amount equal to the excess. Management has reviewed the fair values of the entities and has determined that no impairment of goodwill exists.

*Employee future benefits*

The Company provides its current and retired employees with life insurance and medical benefits beyond those provided by government-sponsored plans. The cost of these benefits is expensed as earned through employment service.

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
December 31, 2006

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Asset retirement obligations*

The Company recognizes the liability for an asset retirement that results from acquisition, construction, development or normal operations. The liability for an asset retirement is initially recorded at its fair value in the year in which it is incurred and when a reasonable estimate of fair value can be made. The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings.

**4. ACCOUNTS RECEIVABLE**

|                                      | <u>2006</u>         | <u>2005</u>         |
|--------------------------------------|---------------------|---------------------|
| Electric service revenue             | \$ 3,052,241        | \$ 2,371,474        |
| Miscellaneous                        | 394,414             | 907,762             |
| Town of Halton Hills                 | 45,578              | 213,558             |
|                                      | <u>3,492,233</u>    | <u>3,492,794</u>    |
| Less allowance for doubtful accounts | (89,550)            | (103,537)           |
|                                      | <u>\$ 3,402,683</u> | <u>\$ 3,389,257</u> |

The accounts receivable from the Town of Halton Hills arose in the normal course of operations and is due under normal terms of trade.

Miscellaneous accounts receivable includes \$18,514 (2005 - \$24,342) due from related companies. These receivables arose in the normal course of operations and are due under normal terms of trade.

**5. DUE FROM RELATED COMPANIES**

The Company performs billing and collecting services, capital asset maintenance, finance functions, as well as certain engineering and information system services for related companies.

Amounts due from related companies at December 31st for transactions in the normal course of operations are as follows:

|                                   | <u>2006</u>         | <u>2005</u>         |
|-----------------------------------|---------------------|---------------------|
| Halton Hills Fibre Optics Inc.    | \$ 891,957          | \$ 1,017,204        |
| Southwestern Energy Inc.          | 305,685             | 27,830              |
| Halton Hills Energy Services Inc. | 135,935             | 283,550             |
| Halton Hills Energy Inc.          | 7,576               | 5,496               |
|                                   | <u>\$ 1,341,153</u> | <u>\$ 1,334,080</u> |

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
December 31, 2006

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**5. DUE FROM RELATED COMPANIES (continued)**

Repayments of advances to Halton Hills Fibre Optics Inc. for capital initiatives amounted to \$250,000 during the year (2005 - \$100,000 advanced). The net amount advanced for capital initiatives of \$350,000 (2005 - \$600,000) is unsecured, bears interest at the prime rate less ½ % and has no specific repayment terms.

Other than the above, these receivables are unsecured and have no specific interest or repayment terms.

Administrative services provided by the Company to related companies during the year are as follows:

|                                | <u>2006</u>       | <u>2005</u>       |
|--------------------------------|-------------------|-------------------|
| Halton Hills Fibre Optics Inc. | \$ 79,476         | \$ 63,480         |
| SouthWestern Energy Inc.       | 308,008           | 271,506           |
|                                | <u>\$ 387,484</u> | <u>\$ 334,986</u> |

**6. NOTES RECEIVABLE**

The Company holds the following notes receivable:

|   | <u>2006</u>       | <u>2005</u>       |
|---|-------------------|-------------------|
| Halton Hills Energy Services Inc., unsecured, non-interest bearing, no fixed terms of repayment, due December 31, 2010                    | \$ 171,853        | \$ 171,853        |
| Halton Hills Fibre Optics Inc., unsecured, bears interest at prime less 1%, no fixed repayment terms for principal, due December 31, 2010 | 693,698           | 693,698           |
|   | <u>\$ 865,551</u> | <u>\$ 865,551</u> |

**7. REGULATORY ASSETS**

Regulatory assets are as follows:

|                                    | <u>2006</u>         | <u>2005</u>         |
|------------------------------------|---------------------|---------------------|
| Pre-market opening energy variance | \$ 323,328          | \$ 337,166          |
| Retail settlement variance         | 2,150,514           | 3,737,662           |
| Retail cost variance               | 165,841             | 11,949              |
| Transition costs                   | 406,571             | 381,666             |
|                                    | <u>\$ 3,046,254</u> | <u>\$ 4,468,443</u> |

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2006**

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**7. REGULATORY ASSETS (continued)**

Management expects that regulatory assets attained during 2005 and 2006 will be recovered through future rate increases. If in a future decision, the regulator determines that the existing regulatory treatment is no longer applicable, the regulatory assets would be charged to operations.

In the absence of rate regulation, GAAP would require that the actual purchased power costs (including any variances arising from electricity commodity, retail transmission and wholesale market costs), as well as transition costs, be recognized as an expense when incurred.

In the absence of rate regulation, power costs for the year would have been lower (higher) by \$1,581,331 (2005 - \$(202,466)) and interest income would have been lower by \$159,142 (2005 - \$296,381). The net effect, in the absence of rate regulation, is a pre-tax increase (decrease) in net income of \$1,422,189 (2005 - \$(498,847)).

**8. LONG-TERM INVESTMENTS**

The Company holds the following investments, all of which are wholly-owned, except for the investment in EnerConnect Inc., a limited partnership investment, of which 46,389 units (1.5865% share of partnership) are held:

|                                | <u>2006</u>       | <u>2005</u>       |
|--------------------------------|-------------------|-------------------|
| Halton Hills Energy Inc.       | \$ 1              | \$ 1              |
| SouthWestern Energy Inc.       | 171,853           | 171,853           |
| Halton Hills Fibre Optics Inc. | 693,698           | 693,698           |
| EnerConnect Inc.               | 40,818            | 39,221            |
|                                | <u>\$ 906,370</u> | <u>\$ 904,773</u> |

The investment in EnerConnect includes the proportionate share of the company's income (loss) for the year of \$1,597 (2005 - \$(1,297)).

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
December 31, 2006

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**9. CAPITAL ASSETS**

|                                 | 2006                 |                          | 2005                 |                     |
|---------------------------------|----------------------|--------------------------|----------------------|---------------------|
|                                 | Cost                 | Accumulated Amortization | Net Book Value       | Net Book Value      |
| Distribution system             | \$ 27,382,836        | \$ 6,444,355             | \$ 20,938,481        | \$19,694,821        |
| Plant                           | 8,793,468            | 1,883,420                | 6,910,048            | 6,377,933           |
| Fleet                           | 1,507,255            | 1,003,043                | 504,212              | 521,345             |
| Other equipment                 | 2,066,430            | 518,743                  | 1,547,687            | 907,691             |
| Computer equipment and software | 1,462,107            | 1,059,459                | 402,648              | 260,240             |
| General office                  | 310,200              | 159,524                  | 150,676              | 136,300             |
| Stores equipment                | 53,151               | 33,237                   | 19,914               | 23,146              |
| Contributed capital             | (3,872,520)          | (347,749)                | (3,524,771)          | (3,112,109)         |
|                                 | <b>\$ 37,702,927</b> | <b>\$ 10,754,032</b>     | <b>\$ 26,948,895</b> | <b>\$24,809,367</b> |

During the year, the Company recorded capital asset additions of \$4,073,866 (2005 - \$2,671,398), of which \$724,605 (2005 - \$128,487) were recorded in accounts payable at year-end.

**10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities includes an amount of \$Nil (2005 - \$1,124,680) due to low volume and designated customers arising from the Ontario Price Credit (OPC) rebate program. The rebate funds were received by the Company from the Ontario Electricity Financial Corporation (OEFC) through the Independent Electricity System Operator. The OPC rebate represents the OEFC surplus between fixed and wholesale electricity commodity prices during the period April 1, 2004 and March 31, 2005.

Accounts payable and accrued liabilities also includes \$1,081 (2005 - \$5,778) due to related companies. These payables arose in the normal course of operations and are due under normal terms of trade.

**11. DEFERRED REVENUE**

During the year, the Company collected \$330,990 (2005 - \$595,833), for a total of \$926,823 to date of revenue related to the final one-third market-based rate of return adjustment, 2006 CDM and 2006 Smart Meter funding. Also, during the year, the Company expended \$464,607 (2005 - \$139,326), for a total of \$603,933 to date towards CDM and Smart Metering activities. The net balance of revenues over expenditures to date totals \$322,890 (2005 - \$456,507).

In the absence of rate regulation, service revenue for the year would have been higher by \$322,890 (2005 - \$456,507), resulting in a pre-tax increase in net income of \$322,890 (2005 - \$456,507).

**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2006**

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**12. NOTE PAYABLE**

The note payable is due to the Town of Halton Hills, bears interest at a prescribed rate set annually by the Town and is due December 31, 2010. For 2006, the prescribed interest was set at 9.16%. In 2007, the prescribed rate of interest is 8.93%. There are no fixed terms for the repayment of principal.

**13. EMPLOYEE FUTURE BENEFITS**

The Company pays certain medical and life insurance benefits on behalf of its retired employees. The Company recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability at December 31, 2006 of \$456,900 (2005 - \$447,000) and the expense for the year then ended was determined by actuarial valuation using a discount rate of 5.0%.

Information regarding the defined benefit plan of the Company is as follows:

|   | <u>2006</u>       | <u>2005</u>       |
|---|-------------------|-------------------|
| Accrued benefit liability at January 1  | \$ 447,000        | \$ 434,500        |
| Expense for the year ended December 31  | 25,735            | 29,220            |
| Benefits paid during the year   | <u>(15,835)</u>   | <u>(16,720)</u>   |
| Projected accrued benefit obligation at December 31<br>determined by actuarial valuation using a 5.0% discount rate | <u>\$ 456,900</u> | <u>\$ 447,000</u> |

The main actuarial assumptions utilized for the valuation are as follows:

**General Inflation** – future general inflation levels, as measured by the changes in the Consumer Price Index (CPI), were assumed at 2.0% in 2006 and thereafter.

**Discount (Interest) Rate** – the obligation as at December 31, 2006 of the present value of future liabilities and the expense for the year then ended were determined using a discount rate of 5.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 3.0%.

**Salary levels** – future general salary and wage levels were assumed to increase at the CPI rate plus productivity, merit and promotion gains of 1.3% per annum.

**Medical costs** – medical costs were assumed to increase at the CPI rate plus 8% in 2006. Thereafter, medical costs are assumed to decline by 1% per annum from the 2006 rate.

**Dental costs** – dental costs were assumed to increase at the CPI rate plus 3.0%.

# HALTON HILLS HYDRO INC.

## Notes to the Non-Consolidated Financial Statements

December 31, 2006

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### 14. CONTINGENT LIABILITIES

A class action claiming \$500 million in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against the former Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged Late Payment charges on overdue utility bills at any time after April 1, 1981.

The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code.

The Company collected total late payment interest of \$1,786,238 from January 1995 to December 2006. No determination of the portion of these payments which may have constituted interest at impermissible rates has been made.

The Electricity Distributors Association is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Company.

### 15. CAPITAL STOCK

|                                       | <u>2006</u>   | <u>2005</u>   |
|---------------------------------------|---------------|---------------|
| Authorized                            |               |               |
| Unlimited number of preference shares |               |               |
| Unlimited number of common shares     |               |               |
| Issued and fully paid                 |               |               |
| 1,152 common shares                   | \$ 16,161,663 | \$ 16,161,663 |

### 16. SERVICE REVENUE

Service revenue consists of:

|               | <u>2006</u>          | <u>2005</u>          |
|---------------|----------------------|----------------------|
| Cost of power | \$ 35,130,342        | \$ 36,847,936        |
| Distribution  | 10,489,280           | 8,883,939            |
|               | <u>\$ 45,619,622</u> | <u>\$ 45,731,875</u> |



**HALTON HILLS HYDRO INC.**  
**Notes to the Non-Consolidated Financial Statements**  
**December 31, 2006**

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**20. CREDIT FACILITIES (continued)**

b) Security on Electricity purchases

As of May 2002, in order for the Company to obtain the electricity it requires to distribute to its customers, the Company is required to provide security to the Independent Electricity System Operator based on its estimated usage. The security obtained was a letter of credit issued in the amount of \$1,952,426 (2005 - \$1,952,426) from a financial institution.

c) Covenants

The above credit facilities require an interest coverage ratio of not less than 2.0 to 1, and a total interest bearing debt to capitalization ratio not greater than 0.55 to 1. As at December 31, 2006, the Company is in compliance with these covenants.

**21. PENSION AGREEMENT**

The Company and its employees contribute to the Ontario Municipal Employee's Retirement System (OMERS), a defined benefit pension plan for the employees of Ontario municipalities. As the Company is only liable for the contributions, defined contribution plan accounting is used by the Company. The Company's contribution for employees' current service for the year ended December 31, 2006 was \$206,651 (2005 - \$170,947).

**22. FINANCIAL INSTRUMENTS**

*Financial risk*

Financial risk is the risk to the company's earnings that arises from fluctuations in interest rates, foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to interest and foreign exchange risk as management does not consider financial risk to be material.

*Credit risk*

The Company is exposed to credit risk from its customers, however, the concentration of this risk is minimized due to the large number of diverse customers.

*Fair value*

The fair value of cash, and cash equivalents, accounts receivable, unbilled revenue, notes receivable, due from related parties, accounts payable and accrued liabilities and deferred revenue was equal to the book value given the short-term nature of these items. As there is no secondary market for consumer deposits, the calculation of a fair value with appropriate reliability is impractical.

It is not practicable within the constraint of cost to determine the fair value of the note payable to parent with sufficient reliability.

**HALTON HILLS HYDRO INC.**

## 2007 Pro Forma Balance Sheet

| Group Description                      | Account Description   | Total      |
|--|---|------------|
| 1050-Current Assets                    | 1005-Cash   | 2,200,000  |
|  | 1070-Current Investments  | 0          |
|  | 1100-Customer Accounts Receivable                                   | 3,100,000  |
|  | 1102-Accounts Receivable - Services                                 | 35,000     |
|  | 1104-Accounts Receivable - Recoverable Work                         | 150,000    |
|  | 1110-Other Accounts Receivable                                      | 97,787     |
|  | 1120-Accrued Utility Revenues                                       | 5,730,000  |
|  | 1130-Accumulated Provision for Uncollectible Accounts--Credit       | -110,000   |
|  | 1140-Interest and Dividends Receivable                              | 7,000      |
|  | 1180-Prepayments  | 220,000    |
|  | 1200-Accounts Receivable from Associated Companies                  | 1,100,000  |
| 1050-Current Assets Total              |   | 12,529,787 |
| 1100-Inventory                         | 1330-Plant Materials and Operating Supplies                         | 500,000    |
| 1100-Inventory Total                   |   | 500,000    |
| 1150-Non-Current Assets                | 1405-Long Term Investments in Non-Associated Companies              | 41,000     |
|  | 1460-Other Non-Current Assets                                       | 360,000    |
|  | 1490-Investment in Subsidiary Companies                             | 1,731,000  |
| 1150-Non-Current Assets Total          |   | 2,132,000  |
| 1200-Other Assets and Deferred Charges | 1508-Other Regulatory Assets  | 240,821    |
|  | 1518-RCVARetail   | 12,532     |
|  | 1525-Miscellaneous Deferred Debits                                  | 57,428     |
|  | 1548-RCVASTR  | -10,624    |
|  | 1550-LV Variance Account  | 43,000     |
|  | 1555-Smart Meters Capital Variance Account                          | -162,000   |
|  | 1562-Deferred Payments in Lieu of Taxes                             | -152,000   |
|  | 1565-Conservation and Demand Management Expenditures and Recoveries | 0          |
|  | 1566-CDM Contra Account   | 0          |
|  | 1570-Qualifying Transition Costs                                    | -429,138   |
|  | 1571-Pre-market Opening Energy Variance                             | -362,336   |
|  | 1580-RSVAWMS  | -15,156    |
|  | 1582-RSVAONE-TIME   | -14,229    |
|  | 1584-RSVANW   | -683,005   |
| 1586-RSVACN                            | -1,778,436  |            |

**HALTON HILLS HYDRO INC.**

## 2007 Pro Forma Balance Sheet

| Group Description                            | Account Description  | Total      |
|--|--|------------|
|  | 1588-RSVAPOWER   | -937,301   |
|  | 1590-Recovery of Regulatory Asset Balances                         | 6,188,657  |
|  | 1592-2006 PILs/Taxes Variance                                      | 150,000    |
| 1200-Other Assets and Deferred Charges Total |  | 2,148,213  |
| 1300-Intangible Plant                        | 1606-Organization  | 89         |
|  | 1610-Miscellaneous Intangible Plant                                | 336,911    |
| 1300-Intangible Plant Total                  |  | 337,000    |
| 1450-Distribution Plant                      | 1805-Land  | 354,871    |
|  | 1806-Land Rights   | 4,738      |
|  | 1808-Buildings and Fixtures  | 2,840,621  |
|  | 1820-Distribution Station Equipment - Normally Primary below 50 kV | 3,758,775  |
|  | 1830-Poles, Towers and Fixtures                                    | 14,477,914 |
|  | 1835-Overhead Conductors and Devices                               | 3,851,573  |
|  | 1840-Underground Conduit   | 845,105    |
|  | 1845-Underground Conductors and Devices                            | 3,881,831  |
|  | 1850-Line Transformers   | 6,676,544  |
|  | 1855-Services  | 1,615,144  |
|  | 1860-Meters  | 2,673,193  |
| 1450-Distribution Plant Total                |  | 40,980,309 |
| 1500-General Plant                           | 1905-Land  | 0          |
|  | 1906-Land Rights   | 0          |
|  | 1908-Buildings and Fixtures  | 0          |
|  | 1910-Leasehold Improvements  | 0          |
|  | 1915-Office Furniture and Equipment                                | 267,257    |
|  | 1920-Computer Equipment - Hardware                                 | 411,410    |
|  | 1925-Computer Software   | 772,197    |
|  | 1930-Transportation Equipment                                      | 1,579,952  |
|  | 1935-Stores Equipment  | 45,152     |
|  | 1940-Tools, Shop and Garage Equipment                              | 380,729    |
|  | 1945-Measurement and Testing Equipment                             | 0          |
|  | 1955-Communication Equipment                                       | 0          |
|  | 1960-Miscellaneous Equipment                                       | 0          |
|  | 1970-Load Management Controls - Customer Premises                  | 859,156    |

**HALTON HILLS HYDRO INC.**

## 2007 Pro Forma Balance Sheet

| Group Description                   | Account Description   | Total       |
|-------------------------------------|---|-------------|
|                                     | 1975-Load Management Controls - Utility Premises                                  | 0           |
|                                     | 1980-System Supervisory Equipment   | 636,598     |
|                                     | 1985-Sentinel Lighting Rental Units   | 0           |
|                                     | 1995-Contributions and Grants - Credit  | -4,299,655  |
| 1500-General Plant Total            |   | 652,796     |
| 1550-Other Capital Assets           | 2005-Property Under Capital Leases  | 0           |
|                                     | 2055-Construction Work in Progress--Electric                                      | 210,359     |
| 1550-Other Capital Assets Total     |   | 210,359     |
| 1600-Accumulated Amortization       | 2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment | -11,798,361 |
|                                     | 2120-Accumulated Amortization of Electric Utility Plant - Intangibles             | -92,864     |
| 1600-Accumulated Amortization Total |   | -11,891,225 |
| 1650-Current Liabilities            | 2205-Accounts Payable   | -5,328,105  |
|                                     | 2208-Customer Credit Balances   | -1,000,000  |
|                                     | 2210-Current Portion of Customer Deposits   | -250,000    |
|                                     | 2250-Debt Retirement Charges( DRC) Payable  | -250,000    |
|                                     | 2292-Payroll Deductions / Expenses Payable  | -120,000    |
|                                     | 2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.                           | -150,000    |
| 1650-Current Liabilities Total      |   | -7,098,105  |
| 1700-Non-Current Liabilities        | 2306-Employee Future Benefits   | -471,000    |
|                                     | 2335-Long Term Customer Deposits  | -385,000    |
|                                     | 2425-Other Deferred Credits   | -100,000    |
| 1700-Non-Current Liabilities Total  |   | -956,000    |
| 1800-Long-Term Debt                 | 2525-Term Bank Loans - Long Term Portion  | 0           |
|                                     | 2550-Advances from Associated Companies   | -16,141,969 |
| 1800-Long-Term Debt Total           |   | -16,141,969 |
| 1850-Shareholders' Equity           | 3005-Common Shares Issued   | -16,161,663 |
|                                     | 3045-Unappropriated Retained Earnings   | -5,658,822  |
|                                     | 3046-Balance Transferred From Income  | -1,582,680  |
| 1850-Shareholders' Equity Total     |   | -23,403,165 |
| Grand Total                         |   | -0          |

# APPENDIX C

Exhibit 2 – Rate Base – Supporting Documents

## APPENDIX C

1. Fixed Asset Continuity Schedule (from Exhibit 2, Tab 2, Schedule 1)
2. Gross Assets Table (from Exhibit 2, Tab 2, Schedule 2)
3. Materiality Analysis on Gross Assets Table (Exhibit 2, Tab 2, Schedule 3)
4. Accumulated Depreciation Table (from Exhibit 2, Tab 2, Schedule 4)
5. Materiality Analysis on Accumulated Depreciation Table (Exhibit 2, Tab 2, Schedule 5)
6. Working Capital Allowance Table (from Exhibit 2, Tab 4, Schedule 1)

HALTON HILLS HYDRO INC.

ACCUMULATED DEPRECIATION TABLE

ACCOUNT: 1805-Land

|                        | 2006 APPROVED            | 2006 ACTUAL              | BRIDGE YEAR              | TEST YEAR                | VARIANCES                       |                              |                            |
|------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|------------------------------|----------------------------|
|                        | Accumulated Amortization | Accumulated Amortization | Accumulated Amortization | Accumulated Amortization | 2006 ACTUAL FROM BOARD APPROVED | 2007 BRIDGE FROM 2006 ACTUAL | 2008 TEST FROM 2007 BRIDGE |
| <b>Opening Balance</b> | 0                        | 0                        | 0                        | 0                        |                                 |                              |                            |
| Additions              |                          |                          |                          |                          |                                 |                              |                            |
| Depreciation 0.0%      | 0                        | 0                        | 0                        | 0                        |                                 |                              |                            |
| Retirements & Sales    | 0                        | 0                        | 0                        | 0                        |                                 |                              |                            |
| Other (specify) ARO    |                          |                          |                          |                          |                                 |                              |                            |
|                        |                          |                          |                          |                          |                                 |                              |                            |
|                        |                          |                          |                          |                          |                                 |                              |                            |
| <b>Closing Balance</b> | 0                        | 0                        | 0                        | 0                        | 0                               | 0                            | 0                          |
| Average Balance        | 0                        | 0                        | 0                        | 0                        |                                 |                              |                            |
| Change in Year         | 0                        | 0                        | 0                        | 0                        |                                 |                              |                            |

**HALTON HILLS HYDRO INC.**

2006 Actual  
Working Capital Allowance

2006  
Actual      15%      Allowance for Working Capital

|  |   |                |            |                |
|--|---|----------------|------------|----------------|
| Distribution Expenses - Operation                | 5005-Operation Supervision and Engineering                                    | 208,732        |            |                |
|  | 5012-Station Buildings and Fixtures Expense                                   | 700            |            |                |
|  | 5016-Distribution Station Equipment - Operation Labour                        | 25,243         |            |                |
|  | 5017-Distribution Station Equipment - Operation Supplies and Expenses         | 4,311          |            |                |
|  | 5020-Overhead Distribution Lines and Feeders - Operation Labour               | 89,737         |            |                |
|  | 5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses | 4,635          |            |                |
|  | 5055-Underground Distribution Transformers - Operation                        | 68,798         |            |                |
|  | 5065-Meter Expense  | 81,741         |            |                |
|  | 5070-Customer Premises - Operation Labour                                     | 58,077         |            |                |
|  | 5075-Customer Premises - Materials and Expenses                               | 1,086          |            |                |
|  | 5085-Miscellaneous Distribution Expense                                       | 16,906         |            |                |
|  | 5050-Underground Subtransmission Feeders - Operation                          | 140,587        |            |                |
| <b>Distribution Expenses - Operation Total</b>   |   | <b>700,553</b> | <b>15%</b> | <b>105,083</b> |
| Distribution Expenses - Maintenance              | 5105-Maintenance Supervision and Engineering                                  | 132,414        |            |                |
|  | 5114-Maintenance of Distribution Station Equipment                            | 101,361        |            |                |
|  | 5120-Maintenance of Poles, Towers and Fixtures                                | 46,911         |            |                |
|  | 5125-Maintenance of Overhead Conductors and Devices                           | 112,026        |            |                |
|  | 5130-Maintenance of Overhead Services   | 73,565         |            |                |
|  | 5135-Overhead Distribution Lines and Feeders - Right of Way                   | 88,276         |            |                |
|  | 5145-Maintenance of Underground Conduit                                       | 9,820          |            |                |
|  | 5150-Maintenance of Underground Conductors and Devices                        | 35,277         |            |                |
|  | 5155-Maintenance of Underground Services                                      | 43,117         |            |                |
|  | 5160-Maintenance of Line Transformers   | 47,482         |            |                |
|  | 5175-Maintenance of Meters  | 4,303          |            |                |
|  | 5165-Maintenance of Street Lighting and Signal Systems                        | 0              |            |                |
|  | 5186-Water Heater Rentals - Materials and Expenses                            | 0              |            |                |
|  | 5195-Maintenance of Other Installations on Customer Premises                  | 0              |            |                |
| <b>Distribution Expenses - Maintenance Total</b> |   | <b>694,552</b> | <b>15%</b> | <b>104,183</b> |
| Billing and Collecting                           | 5305-Supervision  | 81,276         |            |                |
|  | 5310-Meter Reading Expense  | 136,677        |            |                |
|  | 5315-Customer Billing   | 338,442        |            |                |
|  | 5320-Collecting   | 309,341        |            |                |
|  | 5330-Collection Charges   | 1,009          |            |                |
|  | 5335-Bad Debt Expense   | 42,000         |            |                |

**HALTON HILLS HYDRO INC.**

| 2006 Actual                                      |  | 2006                     | Allowance for               |
|--|--|--------------------------|-----------------------------|
| Working Capital Allowance                        |  | <u>Actual</u>            | <u>Working Capital</u>      |
|  | 5325-Collecting- Cash Over and Short                           | 104                      |                             |
| <b>Billing and Collecting Total</b>              |  | <b>908,849</b>           | <b>15% 136,327</b>          |
| Community Relations                              | 5425-Miscellaneous Customer Service and Informational Expenses | 29                       |                             |
|  | 5515-Advertising Expense                                       | 2,216                    |                             |
|  | 5415-Energy Conservation                                       | 0                        |                             |
| <b>Community Relations Total</b>                 |  | <b>2,245</b>             | <b>15% 337</b>              |
| Administrative and General Expenses              | 5605-Executive Salaries and Expenses                           | 492,390                  |                             |
|  | 5615-General Administrative Salaries and Expenses              | 499,181                  |                             |
|  | 5630-Outside Services Employed                                 | 115,923                  |                             |
|  | 5635-Property Insurance  | 43,192                   |                             |
|  | 5655-Regulatory Expenses                                       | 66,168                   |                             |
|  | 5665-Miscellaneous General Expenses                            | 70,972                   |                             |
|  | 5675-Maintenance of General Plant                              | 481,999                  |                             |
|  | 5610-Management Salaries and Expenses                          | 206,716                  |                             |
|  | 5620-Office Supplies and Expenses                              | 40,833                   |                             |
|  | 5640-Injuries and Damages                                      | 37,596                   |                             |
|  | 5645-Employee Pensions and Benefits                            | 25,736                   |                             |
|  | 5660-General Advertising Expenses                              | 8,053                    |                             |
| <b>Administrative and General Expenses Total</b> |  | <b>2,088,759</b>         | <b>15% 313,314</b>          |
| Taxes Other Than Income Taxes                    | 6105-Taxes Other Than Income Taxes                             | 189,020                  |                             |
| <b>Taxes Other Than Income Taxes Total</b>       |  | <b>189,020</b>           | <b>15% 28,353</b>           |
| Power Supply Expenses                            | 4705-Power Purchased   | 27,767,404               |                             |
|  | 4708-Charges-WMS   | 2,501,240                |                             |
|  | 4714-Charges-NW  | 2,651,515                |                             |
|  | 4716-Charges-CN  | 2,210,183                |                             |
|  | 4750-Charges-LV  | 409,163                  |                             |
| <b>Power Supply Expenses Total</b>               |  | <b>35,539,505</b>        | <b>15% 5,330,926</b>        |
| <b>Working capital allowance total</b>           |  | <b><u>40,123,483</u></b> | <b>15% <u>6,018,522</u></b> |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1940-Tools, Shop and Garage Equipment

|                        | 2006 ACTUAL    |                          |                | BRIDGE YEAR    |                          |                | TEST YEAR      |                          |                |
|------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
|                        | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>361,332</b> | <b>-182,247</b>          | <b>179,085</b> | <b>412,229</b> | <b>-213,689</b>          | <b>198,540</b> | <b>380,729</b> | <b>-164,837</b>          | <b>215,892</b> |
| Additions              | 50,897         |                          | 50,897         | 57,000         |                          | 57,000         | 49,700         |                          | 49,700         |
| Depreciation 10.0%     |                | -31,442                  | -31,442        |                | -39,648                  | -39,648        |                | -38,333                  | -38,333        |
| Retirements & Sales    |                |                          | 0              | -88,500        | 88,500                   | 0              | -44,500        | 44,500                   | 0              |
| Other (specify) ARO    |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
| <b>Closing Balance</b> | <b>412,229</b> | <b>-213,689</b>          | <b>198,540</b> | <b>380,729</b> | <b>-164,837</b>          | <b>215,892</b> | <b>385,929</b> | <b>-158,670</b>          | <b>227,259</b> |
| Average Balance        | 386,781        | -197,968                 | 188,813        | 396,479        | -189,263                 | 207,216        | 383,329        | -161,753                 | 221,576        |
| Change in Year         | 50,897         | -31,442                  | -31,442        | -31,500        | 48,852                   | 17,352         | 5,200          | 6,167                    | 11,367         |

HALTON HILLS HYDRO INC.

GROSS ASSETS TABLE

ACCOUNT: 1805-Land

|                        | 2006 APPROVED | 2006 ACTUAL | BRIDGE YEAR | TEST YEAR  | VARIANCES                       |                              |                            |
|------------------------|---------------|-------------|-------------|------------|---------------------------------|------------------------------|----------------------------|
|                        | Gross Cost    | Gross Cost  | Gross Cost  | Gross Cost | 2006 ACTUAL FROM BOARD APPROVED | 2007 BRIDGE FROM 2006 ACTUAL | 2008 TEST FROM 2007 BRIDGE |
| <b>Opening Balance</b> | 354,871       | 354,871     | 354,871     | 354,871    |                                 |                              |                            |
| Additions              | 0             | 0           | 0           | 0          |                                 |                              |                            |
| Depreciation 0.0%      |               |             |             |            |                                 |                              |                            |
| Retirements & Sales    | 0             | 0           | 0           | 0          |                                 |                              |                            |
| Other (specify) ARO    |               |             |             |            |                                 |                              |                            |
|                        |               |             |             |            |                                 |                              |                            |
|                        |               |             |             |            |                                 |                              |                            |
| <b>Closing Balance</b> | 354,871       | 354,871     | 354,871     | 354,871    | 0                               | 0                            | 0                          |
| Average Balance        | 354,871       | 354,871     | 354,871     | 354,871    |                                 |                              |                            |
| Change in Year         | 0             | 0           | 0           | 0          |                                 |                              |                            |

**HALTON HILLS HYDRO INC.**

**ACCUMULATED DEPRECIATION TABLE**

ACCOUNT: 1930-Transportation Equipment

|                                | 2006 APPROVED            | 2006 ACTUAL              | BRIDGE YEAR              | TEST YEAR                | VARIANCES                       |                              |                            |
|--------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|---------------------------------|------------------------------|----------------------------|
|                                | Accumulated Amortization | Accumulated Amortization | Accumulated Amortization | Accumulated Amortization | 2006 ACTUAL FROM BOARD APPROVED | 2007 BRIDGE FROM 2006 ACTUAL | 2008 TEST FROM 2007 BRIDGE |
| <b>Opening Balance</b>         | -650,256                 | -859,542                 | -1,003,043               | -1,068,038               |                                 |                              |                            |
| <i>Additions</i>               |                          |                          |                          |                          |                                 |                              |                            |
| <i>Depreciation 15.0%</i>      |                          | -143,501                 | -225,995                 | -247,868                 |                                 |                              |                            |
| <i>Retirements &amp; Sales</i> |                          |                          | 161,000                  | 135,000                  |                                 |                              |                            |
| <i>Other (specify) ARO</i>     |                          |                          |                          |                          |                                 |                              |                            |
|                                |                          |                          |                          |                          |                                 |                              |                            |
|                                |                          |                          |                          |                          |                                 |                              |                            |
| <b>Closing Balance</b>         | -650,256                 | -1,003,043               | -1,068,038               | -1,180,906               | -352,787                        | -64,995                      | -112,868                   |
| <i>Average Balance</i>         | -650,256                 | -931,293                 | -1,035,541               | -1,124,472               | A                               |                              |                            |
| <i>Change in Year</i>          | 0                        | -143,501                 | -64,995                  | -112,868                 |                                 |                              |                            |

Reference

Variance analysis

A

- gross assets added in excess of 2006 approved = 116,000 results in 46,400 amort'n diff (2 years 2005, 2006)
- remainder = 306,400, or approx 153,200 annual amort'n expense, reasonable based on actual capital account gross balance

HALTON HILLS HYDRO INC.

## MATERIALITY OF GROSS ASSETS TABLE

Materiality Threshold = 1% of net fixed assets

| Fixed assets balance:    | <u>2006 actual</u> | <u>2007 bridge</u> | <u>2008 test</u> |
|--------------------------|--------------------|--------------------|------------------|
| Gross cost               | 37,542,800         | 41,970,016         | 46,523,026       |
| Accumulated amortization | (10,674,816)       | (11,805,185)       | (13,717,909)     |
| Net fixed assets         | 26,867,984         | 30,164,831         | 32,805,117       |
| 1% of net fixed assets   | 268,680            | 301,648            | 328,051          |





HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1808-Buildings and Fixtures

|                        | 2006 ACTUAL      |                          |                  | BRIDGE YEAR      |                          |                  | TEST YEAR        |                          |                  |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   |
| <b>Opening Balance</b> | <b>2,810,822</b> | <b>-229,802</b>          | <b>2,581,020</b> | <b>2,840,621</b> | <b>-342,582</b>          | <b>2,498,039</b> | <b>2,840,621</b> | <b>-456,207</b>          | <b>2,384,414</b> |
| Additions              | 29,799           |                          | 29,799           | 0                |                          | 0                | 285,000          |                          | 285,000          |
| Depreciation 4.0%      |                  | -112,780                 | -112,780         |                  | -113,625                 | -113,625         |                  | -119,325                 | -119,325         |
| Retirements & Sales    | 0                | 0                        | 0                | 0                | 0                        | 0                | 0                | 0                        | 0                |
| Other (specify) ARO    |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
| <b>Closing Balance</b> | <b>2,840,621</b> | <b>-342,582</b>          | <b>2,498,039</b> | <b>2,840,621</b> | <b>-456,207</b>          | <b>2,384,414</b> | <b>3,125,621</b> | <b>-575,532</b>          | <b>2,550,089</b> |
| Average Balance        | 2,825,722        | -286,192                 | 2,539,530        | 2,840,621        | -399,394                 | 2,441,227        | 2,983,121        | -515,869                 | 2,467,252        |
| Change in Year         | 29,799           | -112,780                 | -112,780         | 0                | -113,625                 | -113,625         | 285,000          | -119,325                 | 165,675          |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: Land &amp; Buildings total

|                        | 2006 ACTUAL      |                          |                  | BRIDGE YEAR      |                          |                  | TEST YEAR        |                          |                  |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   |
| <b>Opening Balance</b> | <b>3,170,431</b> | <b>-229,802</b>          | <b>2,940,629</b> | <b>3,200,230</b> | <b>-342,582</b>          | <b>2,857,648</b> | <b>3,200,230</b> | <b>-456,207</b>          | <b>2,744,023</b> |
| Additions              | 29,799           |                          | 29,799           | 0                |                          | 0                | 285,000          |                          | 285,000          |
| Depreciation 0.0%      |                  | -112,780                 | -112,780         |                  | -113,625                 | -113,625         |                  | -119,325                 | -119,325         |
| Retirements & Sales    | 0                | 0                        | 0                | 0                | 0                        | 0                | 0                | 0                        | 0                |
| Other (specify) ARO    |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
| <b>Closing Balance</b> | <b>3,200,230</b> | <b>-342,582</b>          | <b>2,857,648</b> | <b>3,200,230</b> | <b>-456,207</b>          | <b>2,744,023</b> | <b>3,485,230</b> | <b>-575,532</b>          | <b>2,909,698</b> |
| Average Balance        | 3,185,331        | -286,192                 | 2,899,139        | 3,200,230        | -399,394                 | 2,800,836        | 3,342,730        | -515,869                 | 2,826,861        |
| Change in Year         | 29,799           | -112,780                 | -112,780         | 0                | -113,625                 | -113,625         | 285,000          | -119,325                 | -119,325         |

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1820-Distribution Station Equipment - Normally Primary below 50 kV

|                        | 2006 ACTUAL      |                          |                  | BRIDGE YEAR      |                          |                  | TEST YEAR        |                          |                  |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   |
| <b>Opening Balance</b> | <b>2,052,096</b> | <b>-429,335</b>          | <b>1,622,761</b> | <b>2,182,511</b> | <b>-540,612</b>          | <b>1,641,899</b> | <b>3,758,775</b> | <b>-508,438</b>          | <b>3,250,338</b> |
| Additions              | 130,415          |                          | 130,415          | 1,727,264        |                          | 1,727,264        | 1,313,240        |                          | 1,313,240        |
| Depreciation 4.0%      |                  | -111,277                 | -111,277         |                  | -118,826                 | -118,826         |                  | -176,596                 | -176,596         |
| Retirements & Sales    |                  |                          | 0                | -151,000         | 151,000                  | 0                | -1,000           | 1,000                    | 0                |
| Other (specify) ARO    |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
| <b>Closing Balance</b> | <b>2,182,511</b> | <b>-540,612</b>          | <b>1,641,899</b> | <b>3,758,775</b> | <b>-508,438</b>          | <b>3,250,338</b> | <b>5,071,015</b> | <b>-684,034</b>          | <b>4,386,982</b> |
| Average Balance        | 2,117,304        | -484,974                 | 1,632,330        | 2,970,643        | -524,525                 | 2,446,118        | 4,414,895        | -596,236                 | 3,818,660        |
| Change in Year         | 130,415          | -111,277                 | -111,277         | 1,576,264        | 32,174                   | 1,608,439        | 1,312,240        | -175,596                 | 1,136,644        |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1830-Poles, Towers and Fixtures

|                        | 2006 ACTUAL       |                          |                  | BRIDGE YEAR       |                          |                   | TEST YEAR         |                          |                   |
|------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
|                        | Gross Cost        | Accumulated Amortization | Net Book Value   | Gross Cost        | Accumulated Amortization | Net Book Value    | Gross Cost        | Accumulated Amortization | Net Book Value    |
| <b>Opening Balance</b> | <b>12,557,459</b> | <b>-2,876,367</b>        | <b>9,681,092</b> | <b>13,229,914</b> | <b>-3,448,937</b>        | <b>9,780,977</b>  | <b>14,477,914</b> | <b>-4,003,094</b>        | <b>10,474,820</b> |
| Additions              | 672,455           |                          | 672,455          | 1,248,000         |                          | 1,248,000         | 1,320,000         |                          | 1,320,000         |
| Depreciation 4.0%      |                   | -572,570                 | -572,570         |                   | -554,157                 | -554,157          |                   | -605,517                 | -605,517          |
| Retirements & Sales    | 0                 | 0                        | 0                | 0                 | 0                        | 0                 | 0                 | 0                        | 0                 |
| Other (specify) ARO    |                   |                          | 0                |                   |                          | 0                 |                   |                          | 0                 |
|                        |                   |                          | 0                |                   |                          | 0                 |                   |                          | 0                 |
|                        |                   |                          | 0                |                   |                          | 0                 |                   |                          | 0                 |
| <b>Closing Balance</b> | <b>13,229,914</b> | <b>-3,448,937</b>        | <b>9,780,977</b> | <b>14,477,914</b> | <b>-4,003,094</b>        | <b>10,474,820</b> | <b>15,797,914</b> | <b>-4,608,610</b>        | <b>11,189,304</b> |
| Average Balance        | 12,893,687        | -3,162,652               | 9,731,035        | 13,853,914        | -3,726,015               | 10,127,899        | 15,137,914        | -4,305,852               | 10,832,062        |
| Change in Year         | 672,455           | -572,570                 | -572,570         | 1,248,000         | -554,157                 | 693,843           | 1,320,000         | -605,517                 | 714,483           |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1835-Overhead Conductors and Devices

|                        | BRIDGE YEAR      |                          |                  | BRIDGE YEAR      |                          |                  | TEST YEAR        |                          |                  |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   |
| <b>Opening Balance</b> | <b>3,076,374</b> | <b>-677,070</b>          | <b>2,399,304</b> | <b>3,519,573</b> | <b>-821,585</b>          | <b>2,697,988</b> | <b>3,851,573</b> | <b>-969,008</b>          | <b>2,882,565</b> |
| Additions              | 443,199          |                          | 443,199          | 332,000          |                          | 332,000          | 337,000          |                          | 337,000          |
| Depreciation 4.0%      |                  | -144,515                 | -144,515         |                  | -147,423                 | -147,423         |                  | -160,803                 | -160,803         |
| Retirements & Sales    | 0                | 0                        | 0                | 0                | 0                        | 0                | 0                | 0                        | 0                |
| Other (specify) ARO    |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
| <b>Closing Balance</b> | <b>3,519,573</b> | <b>-821,585</b>          | <b>2,697,988</b> | <b>3,851,573</b> | <b>-969,008</b>          | <b>2,882,565</b> | <b>4,188,573</b> | <b>-1,129,811</b>        | <b>3,058,762</b> |
| Average Balance        | 3,297,974        | -749,328                 | 2,548,646        | 3,685,573        | -895,296                 | 2,790,277        | 4,020,073        | -1,049,409               | 2,970,664        |
| Change in Year         | 443,199          | -144,515                 | -144,515         | 332,000          | -147,423                 | 184,577          | 337,000          | -160,803                 | 176,197          |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1840-Underground Conduit

|                        | 2006 ACTUAL    |                          |                | BRIDGE YEAR    |                          |                | TEST YEAR      |                          |                |
|------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
|                        | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>734,213</b> | <b>-135,449</b>          | <b>598,764</b> | <b>772,105</b> | <b>-168,534</b>          | <b>603,571</b> | <b>845,105</b> | <b>-200,878</b>          | <b>644,227</b> |
| Additions              | 37,892         |                          | 37,892         | 73,000         |                          | 73,000         | 84,000         |                          | 84,000         |
| Depreciation 4.0%      |                | -33,085                  | -33,085        |                | -32,344                  | -32,344        |                | -35,484                  | -35,484        |
| Retirements & Sales    | 0              | 0                        | 0              | 0              | 0                        | 0              | 0              | 0                        | 0              |
| Other (specify) ARO    |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
| <b>Closing Balance</b> | <b>772,105</b> | <b>-168,534</b>          | <b>603,571</b> | <b>845,105</b> | <b>-200,878</b>          | <b>644,227</b> | <b>929,105</b> | <b>-236,362</b>          | <b>692,743</b> |
| Average Balance        | 753,159        | -151,992                 | 601,168        | 808,605        | -184,706                 | 623,899        | 887,105        | -218,620                 | 668,485        |
| Change in Year         | 37,892         | -33,085                  | -33,085        | 73,000         | -32,344                  | 40,656         | 84,000         | -35,484                  | 48,516         |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1845-Underground Conductors and Devices

|                        | 2006 ACTUAL      |                          |                  | BRIDGE YEAR      |                          |                  | TEST YEAR        |                          |                  |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   |
| <b>Opening Balance</b> | <b>3,398,991</b> | <b>-843,478</b>          | <b>2,555,513</b> | <b>3,547,331</b> | <b>-984,905</b>          | <b>2,562,426</b> | <b>3,881,831</b> | <b>-1,133,488</b>        | <b>2,748,343</b> |
| Additions              | 148,340          |                          | 148,340          | 334,500          |                          | 334,500          | 337,000          |                          | 337,000          |
| Depreciation 4.0%      |                  | -141,427                 | -141,427         |                  | -148,583                 | -148,583         |                  | -162,013                 | -162,013         |
| Retirements & Sales    | 0                | 0                        | 0                | 0                | 0                        | 0                | 0                | 0                        | 0                |
| Other (specify) ARO    |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
| <b>Closing Balance</b> | <b>3,547,331</b> | <b>-984,905</b>          | <b>2,562,426</b> | <b>3,881,831</b> | <b>-1,133,488</b>        | <b>2,748,343</b> | <b>4,218,831</b> | <b>-1,295,501</b>        | <b>2,923,330</b> |
| Average Balance        | 3,473,161        | -914,192                 | 2,558,970        | 3,714,581        | -1,059,197               | 2,655,384        | 4,050,331        | -1,214,495               | 2,835,836        |
| Change in Year         | 148,340          | -141,427                 | -141,427         | 334,500          | -148,583                 | 185,917          | 337,000          | -162,013                 | 174,987          |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: Poles &amp; Wires totals

|                        | 2006 ACTUAL       |                          |                   | BRIDGE YEAR       |                          |                   | TEST YEAR         |                          |                   |
|------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
|                        | Gross Cost        | Accumulated Amortization | Net Book Value    | Gross Cost        | Accumulated Amortization | Net Book Value    | Gross Cost        | Accumulated Amortization | Net Book Value    |
| <b>Opening Balance</b> | <b>19,767,037</b> | <b>-4,532,364</b>        | <b>15,234,673</b> | <b>21,068,923</b> | <b>-5,423,961</b>        | <b>15,644,962</b> | <b>23,056,423</b> | <b>-6,306,468</b>        | <b>16,749,955</b> |
| Additions              | 1,301,886         |                          | 1,301,886         | 1,987,500         |                          | 1,987,500         | 2,078,000         |                          | 2,078,000         |
| Depreciation 0.0%      |                   | -891,597                 | -891,597          |                   | -882,507                 | -882,507          |                   | -963,817                 | -963,817          |
| Retirements & Sales    | 0                 | 0                        | 0                 | 0                 | 0                        | 0                 | 0                 | 0                        | 0                 |
| Other (specify) ARO    |                   |                          | 0                 |                   |                          | 0                 |                   |                          | 0                 |
|                        |                   |                          | 0                 |                   |                          | 0                 |                   |                          | 0                 |
|                        |                   |                          | 0                 |                   |                          | 0                 |                   |                          | 0                 |
| <b>Closing Balance</b> | <b>21,068,923</b> | <b>-5,423,961</b>        | <b>15,644,962</b> | <b>23,056,423</b> | <b>-6,306,468</b>        | <b>16,749,955</b> | <b>25,134,423</b> | <b>-7,270,285</b>        | <b>17,864,138</b> |
| Average Balance        | 20,417,980        | -4,978,163               | 15,439,818        | 22,062,673        | -5,865,214               | 16,197,459        | 24,095,423        | -6,788,376               | 17,307,047        |
| Change in Year         | 1,301,886         | -891,597                 | -891,597          | 1,987,500         | -882,507                 | -882,507          | 2,078,000         | -963,817                 | -963,817          |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1850-Line Transformers

|                        | 2006 ACTUAL      |                          |                  | BRIDGE YEAR      |                          |                  | TEST YEAR        |                          |                  |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   |
| <b>Opening Balance</b> | 5,781,540        | -1,301,530               | 4,480,010        | 6,101,044        | -1,557,860               | 4,543,184        | 6,676,544        | -1,813,412               | 4,863,132        |
| Additions              | 319,504          |                          | 319,504          | 575,500          |                          | 575,500          | 590,000          |                          | 590,000          |
| Depreciation 4.0%      |                  | -256,330                 | -256,330         |                  | -255,552                 | -255,552         |                  | -278,862                 | -278,862         |
| Retirements & Sales    | 0                | 0                        | 0                | 0                | 0                        | 0                | 0                | 0                        | 0                |
| Other (specify) ARO    |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
| <b>Closing Balance</b> | <b>6,101,044</b> | <b>-1,557,860</b>        | <b>4,543,184</b> | <b>6,676,544</b> | <b>-1,813,412</b>        | <b>4,863,132</b> | <b>7,266,544</b> | <b>-2,092,274</b>        | <b>5,174,270</b> |
| Average Balance        | 5,941,292        | -1,429,695               | 4,511,597        | 6,388,794        | -1,685,636               | 4,703,158        | 6,971,544        | -1,952,843               | 5,018,701        |
| Change in Year         | 319,504          | -256,330                 | -256,330         | 575,500          | -255,552                 | 319,948          | 590,000          | -278,862                 | 311,138          |

## Notes:

2006 ACTUAL INCLUDES TRANSFORMERS IN INVENTORY \$630,688 - RECLASSIFIED PER OEB ACCOUNTING  
(THEREFORE DIFF THAN 2006 LEADSHEET CAPITAL ASSET CONTINUITY)

INSTALLED TX ONLY IN CAPITAL PER GAAP

ADDS HERE IN INVENTORY FOR BRIDGE & TEST COULD OFFSET ANY IMPACT OF REDUCING COST IN SOFTWARE ACCOUNT

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1855-Services

|                        | 2006 ACTUAL      |                          |                  | BRIDGE YEAR      |                          |                  | TEST YEAR        |                          |                  |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   |
| <b>Opening Balance</b> | 928,161          | -15,121                  | 913,040          | 1,476,214        | -76,764                  | 1,399,450        | 1,615,144        | -138,591                 | 1,476,553        |
| Additions              | 548,053          |                          | 548,053          | 138,930          |                          | 138,930          | 140,500          |                          | 140,500          |
| Depreciation 4.0%      |                  | -61,643                  | -61,643          |                  | -61,827                  | -61,827          |                  | -67,416                  | -67,416          |
| Retirements & Sales    | 0                | 0                        | 0                | 0                | 0                        | 0                | 0                | 0                        | 0                |
| Other (specify) ARO    |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
| <b>Closing Balance</b> | <b>1,476,214</b> | <b>-76,764</b>           | <b>1,399,450</b> | <b>1,615,144</b> | <b>-138,591</b>          | <b>1,476,553</b> | <b>1,755,644</b> | <b>-206,007</b>          | <b>1,549,637</b> |
| Average Balance        | 1,202,188        | -45,943                  | 1,156,245        | 1,545,679        | -107,678                 | 1,438,001        | 1,685,394        | -172,299                 | 1,513,095        |
| Change in Year         | 548,053          | -61,643                  | -61,643          | 138,930          | -61,827                  | 77,103           | 140,500          | -67,416                  | 73,084           |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1860-Meters

|                        | 2006 ACTUAL      |                          |                  | BRIDGE YEAR      |                          |                  | TEST YEAR        |                          |                  |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   |
| <b>Opening Balance</b> | <b>1,810,406</b> | <b>-292,382</b>          | <b>1,518,024</b> | <b>2,081,193</b> | <b>-385,996</b>          | <b>1,695,197</b> | <b>2,673,193</b> | <b>-481,084</b>          | <b>2,192,109</b> |
| Additions              | 270,787          |                          | 270,787          | 592,000          |                          | 592,000          | 139,400          |                          | 139,400          |
| Depreciation 4.0%      |                  | -93,614                  | -93,614          |                  | -95,088                  | -95,088          |                  | -109,716                 | -109,716         |
| Retirements & Sales    | 0                | 0                        | 0                | 0                | 0                        | 0                | 0                | 0                        | 0                |
| Other (specify) ARO    |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
| <b>Closing Balance</b> | <b>2,081,193</b> | <b>-385,996</b>          | <b>1,695,197</b> | <b>2,673,193</b> | <b>-481,084</b>          | <b>2,192,109</b> | <b>2,812,593</b> | <b>-590,799</b>          | <b>2,221,794</b> |
| Average Balance        | 1,945,800        | -339,189                 | 1,606,611        | 2,377,193        | -433,540                 | 1,943,653        | 2,742,893        | -535,942                 | 2,206,951        |
| Change in Year         | 270,787          | -93,614                  | -93,614          | 592,000          | -95,088                  | 496,912          | 139,400          | -109,716                 | 29,684           |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **Services & meters totals**

|                        | 2006 ACTUAL      |                          |                  | BRIDGE YEAR      |                          |                  | TEST YEAR        |                          |                  |
|------------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   | Gross Cost       | Accumulated Amortization | Net Book Value   |
| <b>Opening Balance</b> | <b>2,738,567</b> | <b>-307,503</b>          | <b>2,431,064</b> | <b>3,557,407</b> | <b>-462,760</b>          | <b>3,094,647</b> | <b>4,288,337</b> | <b>-619,675</b>          | <b>3,668,662</b> |
| Additions              | 818,840          |                          | 818,840          | 730,930          |                          | 730,930          | 279,900          |                          | 279,900          |
| Depreciation 0.0%      |                  | -155,257                 | -155,257         |                  | -156,915                 | -156,915         |                  | -177,131                 | -177,131         |
| Retirements & Sales    | 0                | 0                        | 0                | 0                | 0                        | 0                | 0                | 0                        | 0                |
| Other (specify) ARO    |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
|                        |                  |                          | 0                |                  |                          | 0                |                  |                          | 0                |
| <b>Closing Balance</b> | <b>3,557,407</b> | <b>-462,760</b>          | <b>3,094,647</b> | <b>4,288,337</b> | <b>-619,675</b>          | <b>3,668,662</b> | <b>4,568,237</b> | <b>-796,806</b>          | <b>3,771,431</b> |
| Average Balance        | 3,147,987        | -385,132                 | 2,762,856        | 3,922,872        | -541,217                 | 3,381,655        | 4,428,287        | -708,241                 | 3,720,046        |
| Change in Year         | 818,840          | -155,257                 | -155,257         | 730,930          | -156,915                 | -156,915         | 279,900          | -177,131                 | -177,131         |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1920-Computer Equipment - Hardware

|                        | 2006 ACTUAL    |                          |                | BRIDGE YEAR    |                          |                | TEST YEAR      |                          |                |
|------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
|                        | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>622,493</b> | <b>-407,695</b>          | <b>214,798</b> | <b>771,710</b> | <b>-499,909</b>          | <b>271,801</b> | <b>411,410</b> | <b>-116,721</b>          | <b>294,689</b> |
| Additions              | 149,217        |                          | 149,217        | 141,200        |                          | 141,200        | 337,000        |                          | 337,000        |
| Depreciation 20.0%     |                | -92,214                  | -92,214        |                | -118,312                 | -118,312       |                | -107,832                 | -107,832       |
| Retirements & Sales    |                |                          | 0              | -501,500       | 501,500                  | 0              | -81,500        | 81,500                   | 0              |
| Other (specify) ARO    |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
| <b>Closing Balance</b> | <b>771,710</b> | <b>-499,909</b>          | <b>271,801</b> | <b>411,410</b> | <b>-116,721</b>          | <b>294,689</b> | <b>666,910</b> | <b>-143,053</b>          | <b>523,857</b> |
| Average Balance        | 697,102        | -453,802                 | 243,300        | 591,560        | -308,315                 | 283,245        | 539,160        | -129,887                 | 409,273        |
| Change in Year         | 149,217        | -92,214                  | -92,214        | -360,300       | 383,188                  | 22,888         | 255,500        | -26,332                  | 229,168        |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1925-Computer Software

|                        | 2006 ACTUAL    |                          |                | BRIDGE YEAR    |                          |                | TEST YEAR      |                          |                |
|------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
|                        | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | 466,003        | -420,561                 | 45,442         | 670,397        | -559,550                 | 110,847        | 772,197        | -772,197                 | 0              |
| Additions              | 204,394        |                          | 204,394        | 101,800        |                          | 101,800        | 83,700         |                          | 83,700         |
| Depreciation 100.0%    |                | -138,989                 | -138,989       |                | -212,647                 | -212,647       |                | -83,700                  | -83,700        |
| Retirements & Sales    | 0              | 0                        | 0              | 0              | 0                        | 0              | 0              | 0                        | 0              |
| Other (specify) ARO    |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
| <b>Closing Balance</b> | <b>670,397</b> | <b>-559,550</b>          | <b>110,847</b> | <b>772,197</b> | <b>-772,197</b>          | <b>0</b>       | <b>855,897</b> | <b>-855,897</b>          | <b>0</b>       |
| Average Balance        | 568,200        | -490,056                 | 78,145         | 721,297        | -665,874                 | 55,424         | 814,047        | -814,047                 | 0              |
| Change in Year         | 204,394        | -138,989                 | -138,989       | 101,800        | -212,647                 | -110,847       | 83,700         | -83,700                  | 0              |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: IT assets totals

|                        | 2006 ACTUAL      |                          |                | BRIDGE YEAR      |                          |                | TEST YEAR        |                          |                |
|------------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value | Gross Cost       | Accumulated Amortization | Net Book Value | Gross Cost       | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>1,088,496</b> | <b>-828,256</b>          | <b>260,240</b> | <b>1,442,107</b> | <b>-1,059,459</b>        | <b>382,648</b> | <b>1,183,607</b> | <b>-888,918</b>          | <b>294,689</b> |
| Additions              | 353,611          |                          | 353,611        | 243,000          |                          | 243,000        | 420,700          |                          | 420,700        |
| Depreciation 0.0%      |                  | -231,203                 | -231,203       |                  | -330,959                 | -330,959       |                  | -191,532                 | -191,532       |
| Retirements & Sales    | 0                | 0                        | 0              | -501,500         | 501,500                  | 0              | -81,500          | 81,500                   | 0              |
| Other (specify) ARO    |                  |                          | 0              |                  |                          | 0              |                  |                          | 0              |
|                        |                  |                          | 0              |                  |                          | 0              |                  |                          | 0              |
|                        |                  |                          | 0              |                  |                          | 0              |                  |                          | 0              |
| <b>Closing Balance</b> | <b>1,442,107</b> | <b>-1,059,459</b>        | <b>382,648</b> | <b>1,183,607</b> | <b>-888,918</b>          | <b>294,689</b> | <b>1,522,807</b> | <b>-998,950</b>          | <b>523,857</b> |
| Average Balance        | 1,265,302        | -943,858                 | 321,444        | 1,312,857        | -974,189                 | 338,669        | 1,353,207        | -943,934                 | 409,273        |
| Change in Year         | 353,611          | -231,203                 | -231,203       | -258,500         | 170,541                  | -330,959       | 339,200          | -110,032                 | -191,532       |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1915-Office Furniture and Equipment

|                        | 2006 ACTUAL    |                          |                | BRIDGE YEAR    |                          |                | TEST YEAR      |                          |                |
|------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
|                        | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>284,724</b> | <b>-133,598</b>          | <b>151,126</b> | <b>328,757</b> | <b>-166,967</b>          | <b>161,790</b> | <b>267,257</b> | <b>-122,668</b>          | <b>144,589</b> |
| Additions              | 50,915         |                          | 50,915         | 27,500         |                          | 27,500         | 82,000         |                          | 82,000         |
| Depreciation 15.0%     |                | -36,121                  | -36,121        |                | -44,701                  | -44,701        |                | -45,076                  | -45,076        |
| Retirements & Sales    | -6,882         | 2,752                    | 0              | -89,000        | 89,000                   | 0              | -15,500        | 15,500                   | 0              |
| Other (specify) ARO    |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
| <b>Closing Balance</b> | <b>328,757</b> | <b>-166,967</b>          | <b>161,790</b> | <b>267,257</b> | <b>-122,668</b>          | <b>144,589</b> | <b>333,757</b> | <b>-152,244</b>          | <b>181,513</b> |
| Average Balance        | 306,741        | -150,283                 | 156,458        | 298,007        | -144,818                 | 153,189        | 300,507        | -137,456                 | 163,051        |
| Change in Year         | 44,033         | -33,369                  | -36,121        | -61,500        | 44,299                   | -17,201        | 66,500         | -29,576                  | 36,924         |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1930-Transportation Equipment

|                        | 2006 ACTUAL      |                          |                | BRIDGE YEAR      |                          |                | TEST YEAR        |                          |                |
|------------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value | Gross Cost       | Accumulated Amortization | Net Book Value | Gross Cost       | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>1,380,887</b> | <b>-859,542</b>          | <b>521,345</b> | <b>1,433,315</b> | <b>-1,003,043</b>        | <b>430,272</b> | <b>1,579,952</b> | <b>-1,068,038</b>        | <b>511,914</b> |
| Additions              | 52,428           |                          | 52,428         | 307,637          |                          | 307,637        | 280,000          |                          | 280,000        |
| Depreciation 15.0%     |                  | -143,501                 | -143,501       |                  | -225,995                 | -225,995       |                  | -247,868                 | -247,868       |
| Retirements & Sales    |                  |                          | 0              | -161,000         | 161,000                  | 0              | -135,000         | 135,000                  | 0              |
| Other (specify) ARO    |                  |                          | 0              |                  |                          | 0              |                  |                          | 0              |
|                        |                  |                          | 0              |                  |                          | 0              |                  |                          | 0              |
|                        |                  |                          | 0              |                  |                          | 0              |                  |                          | 0              |
| <b>Closing Balance</b> | <b>1,433,315</b> | <b>-1,003,043</b>        | <b>430,272</b> | <b>1,579,952</b> | <b>-1,068,038</b>        | <b>511,914</b> | <b>1,724,952</b> | <b>-1,180,906</b>        | <b>544,046</b> |
| Average Balance        | 1,407,101        | -931,293                 | 475,809        | 1,506,634        | -1,035,541               | 471,093        | 1,652,452        | -1,124,472               | 527,980        |
| Change in Year         | 52,428           | -143,501                 | -143,501       | 146,637          | -64,995                  | 81,642         | 145,000          | -112,868                 | 32,132         |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1935-Stores Equipment

|                        | 2006 ACTUAL   |                          |                | BRIDGE YEAR   |                          |                | TEST YEAR     |                          |                |
|------------------------|---------------|--------------------------|----------------|---------------|--------------------------|----------------|---------------|--------------------------|----------------|
|                        | Gross Cost    | Accumulated Amortization | Net Book Value | Gross Cost    | Accumulated Amortization | Net Book Value | Gross Cost    | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | 51,007        | -27,861                  | 23,146         | 53,152        | -33,237                  | 19,915         | 45,152        | -30,152                  | 15,000         |
| Additions              | 2,145         |                          | 2,145          | 0             |                          | 0              | 0             |                          | 0              |
| Depreciation 10.0%     |               | -5,376                   | -5,376         |               | -4,915                   | -4,915         |               | -4,490                   | -4,490         |
| Retirements & Sales    |               |                          | 0              | -8,000        | 8,000                    | 0              | -500          | 500                      | 0              |
| Other (specify) ARO    |               |                          | 0              |               |                          | 0              |               |                          | 0              |
|                        |               |                          | 0              |               |                          | 0              |               |                          | 0              |
|                        |               |                          | 0              |               |                          | 0              |               |                          | 0              |
| <b>Closing Balance</b> | <b>53,152</b> | <b>-33,237</b>           | <b>19,915</b>  | <b>45,152</b> | <b>-30,152</b>           | <b>15,000</b>  | <b>44,652</b> | <b>-34,142</b>           | <b>10,510</b>  |
| Average Balance        | 52,080        | -30,549                  | 21,531         | 49,152        | -31,695                  | 17,457         | 44,902        | -32,147                  | 12,755         |
| Change in Year         | 2,145         | -5,376                   | -5,376         | -8,000        | 3,085                    | -4,915         | -500          | -3,990                   | -4,490         |

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1940-Tools, Shop and Garage Equipment

|                        | 2006 ACTUAL    |                          |                | BRIDGE YEAR    |                          |                | TEST YEAR      |                          |                |
|------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
|                        | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>361,332</b> | <b>-182,247</b>          | <b>179,085</b> | <b>412,229</b> | <b>-213,689</b>          | <b>198,540</b> | <b>380,729</b> | <b>-164,837</b>          | <b>215,892</b> |
| Additions              | 50,897         |                          | 50,897         | 57,000         |                          | 57,000         | 49,700         |                          | 49,700         |
| Depreciation 10.0%     |                | -31,442                  | -31,442        |                | -39,648                  | -39,648        |                | -38,333                  | -38,333        |
| Retirements & Sales    |                |                          | 0              | -88,500        | 88,500                   | 0              | -44,500        | 44,500                   | 0              |
| Other (specify) ARO    |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
| <b>Closing Balance</b> | <b>412,229</b> | <b>-213,689</b>          | <b>198,540</b> | <b>380,729</b> | <b>-164,837</b>          | <b>215,892</b> | <b>385,929</b> | <b>-158,670</b>          | <b>227,259</b> |
| Average Balance        | 386,781        | -197,968                 | 188,813        | 396,479        | -189,263                 | 207,216        | 383,329        | -161,753                 | 221,576        |
| Change in Year         | 50,897         | -31,442                  | -31,442        | -31,500        | 48,852                   | 17,352         | 5,200          | 6,167                    | 11,367         |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **Equipment totals**

|                        | 2006 ACTUAL      |                          |                | BRIDGE YEAR      |                          |                | TEST YEAR        |                          |                |
|------------------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|------------------|--------------------------|----------------|
|                        | Gross Cost       | Accumulated Amortization | Net Book Value | Gross Cost       | Accumulated Amortization | Net Book Value | Gross Cost       | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>2,077,950</b> | <b>-1,203,248</b>        | <b>874,702</b> | <b>2,227,453</b> | <b>-1,416,936</b>        | <b>810,517</b> | <b>2,273,090</b> | <b>-1,385,695</b>        | <b>887,395</b> |
| Additions              | 156,385          |                          | 156,385        | 392,137          |                          | 392,137        | 411,700          |                          | 411,700        |
| Depreciation 0.0%      |                  | -216,440                 | -216,440       |                  | -315,259                 | -315,259       |                  | -335,767                 | -335,767       |
| Retirements & Sales    | -6,882           | 2,752                    | -4,130         | -346,500         | 346,500                  | 0              | -195,500         | 195,500                  | 0              |
| Other (specify) ARO    |                  |                          | 0              |                  |                          | 0              |                  |                          | 0              |
|                        |                  |                          | 0              |                  |                          | 0              |                  |                          | 0              |
|                        |                  |                          | 0              |                  |                          | 0              |                  |                          | 0              |
| <b>Closing Balance</b> | <b>2,227,453</b> | <b>-1,416,936</b>        | <b>810,517</b> | <b>2,273,090</b> | <b>-1,385,695</b>        | <b>887,395</b> | <b>2,489,290</b> | <b>-1,525,962</b>        | <b>963,328</b> |
| Average Balance        | 2,152,702        | -1,310,092               | 842,610        | 2,250,272        | -1,401,316               | 848,956        | 2,381,190        | -1,455,829               | 925,361        |
| Change in Year         | 149,503          | -213,688                 | -216,440       | 45,637           | 31,241                   | -315,259       | 216,200          | -140,267                 | -335,767       |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1970-Load Management Controls - Customer Premises

|                        | 2006 ACTUAL    |                          |                | BRIDGE YEAR    |                          |                | TEST YEAR      |                          |                |
|------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
|                        | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>77,016</b>  | <b>-5,987</b>            | <b>71,029</b>  | <b>689,636</b> | <b>-39,862</b>           | <b>649,774</b> | <b>859,156</b> | <b>-117,302</b>          | <b>741,854</b> |
| Additions              | 612,620        |                          | 612,620        | 169,520        |                          | 169,520        | 0              |                          | 0              |
| Depreciation 10.0%     |                | -33,875                  | -33,875        |                | -77,440                  | -77,440        |                | -85,916                  | -85,916        |
| Retirements & Sales    | 0              | 0                        | 0              | 0              | 0                        | 0              | 0              | 0                        | 0              |
| Other (specify) ARO    |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
| <b>Closing Balance</b> | <b>689,636</b> | <b>-39,862</b>           | <b>649,774</b> | <b>859,156</b> | <b>-117,302</b>          | <b>741,854</b> | <b>859,156</b> | <b>-203,217</b>          | <b>655,939</b> |
| Average Balance        | 383,326        | -22,925                  | 360,402        | 774,396        | -78,582                  | 695,814        | 859,156        | -160,259                 | 698,897        |
| Change in Year         | 612,620        | -33,875                  | -33,875        | 169,520        | -77,440                  | 92,080         | 0              | -85,916                  | -85,916        |

**HALTON HILLS HYDRO INC.**

**FIXED ASSET CONTINUITY SCHEDULE**

ACCOUNT: 1980-System Supervisory Equipment

|                        | 2006 ACTUAL    |                          |                | BRIDGE YEAR    |                          |                | TEST YEAR      |                          |                |
|------------------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|----------------|--------------------------|----------------|
|                        | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value | Gross Cost     | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | <b>511,611</b> | <b>-132,933</b>          | <b>378,678</b> | <b>609,098</b> | <b>-171,709</b>          | <b>437,389</b> | <b>636,598</b> | <b>-213,440</b>          | <b>423,158</b> |
| Additions              | 97,487         |                          | 97,487         | 27,500         |                          | 27,500         | 152,800        |                          | 152,800        |
| Depreciation 6.7%      |                | -38,776                  | -38,776        |                | -41,731                  | -41,731        |                | -47,771                  | -47,771        |
| Retirements & Sales    | 0              | 0                        | 0              | 0              | 0                        | 0              | 0              | 0                        | 0              |
| Other (specify) ARO    |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
|                        |                |                          | 0              |                |                          | 0              |                |                          | 0              |
| <b>Closing Balance</b> | <b>609,098</b> | <b>-171,709</b>          | <b>437,389</b> | <b>636,598</b> | <b>-213,440</b>          | <b>423,158</b> | <b>789,398</b> | <b>-261,211</b>          | <b>528,187</b> |
| Average Balance        | 560,355        | -152,321                 | 408,034        | 622,848        | -192,574                 | 430,274        | 712,998        | -237,325                 | 475,673        |
| Change in Year         | 97,487         | -38,776                  | -38,776        | 27,500         | -41,731                  | -14,231        | 152,800        | -47,771                  | 105,029        |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1995-Contributions and Grants - Credit

|                        | 2006 ACTUAL       |                          |                   | BRIDGE YEAR       |                          |                   | TEST YEAR         |                          |                   |
|------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
|                        | Gross Cost        | Accumulated Amortization | Net Book Value    | Gross Cost        | Accumulated Amortization | Net Book Value    | Gross Cost        | Accumulated Amortization | Net Book Value    |
| <b>Opening Balance</b> | <b>-3,329,331</b> | <b>217,222</b>           | <b>-3,112,109</b> | <b>-3,872,520</b> | <b>347,749</b>           | <b>-3,524,771</b> | <b>-4,299,655</b> | <b>511,193</b>           | <b>-3,788,463</b> |
| Additions              | -543,189          |                          | -543,189          | -427,135          |                          | -427,135          | -700,330          |                          | -700,330          |
| Depreciation 4.0%      |                   | 130,527                  | 130,527           |                   | 163,444                  | 163,444           |                   | 185,993                  | 185,993           |
| Retirements & Sales    | 0                 | 0                        | 0                 | 0                 | 0                        | 0                 | 0                 | 0                        | 0                 |
| Other (specify) ARO    |                   |                          | 0                 |                   |                          | 0                 |                   |                          | 0                 |
|                        |                   |                          | 0                 |                   |                          | 0                 |                   |                          | 0                 |
|                        |                   |                          | 0                 |                   |                          | 0                 |                   |                          | 0                 |
| <b>Closing Balance</b> | <b>-3,872,520</b> | <b>347,749</b>           | <b>-3,524,771</b> | <b>-4,299,655</b> | <b>511,193</b>           | <b>-3,788,463</b> | <b>-4,999,985</b> | <b>697,185</b>           | <b>-4,302,800</b> |
| Average Balance        | -3,600,926        | 282,486                  | -3,318,440        | -4,086,088        | 429,471                  | -3,656,617        | -4,649,820        | 604,189                  | -4,045,631        |
| Change in Year         | -543,189          | 130,527                  | 130,527           | -427,135          | 163,444                  | -263,692          | -700,330          | 185,993                  | -514,337          |



HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **Other distribution assets total**

|                        | 2006 ACTUAL |                          |                | BRIDGE YEAR |                          |                | TEST YEAR  |                          |                |
|------------------------|-------------|--------------------------|----------------|-------------|--------------------------|----------------|------------|--------------------------|----------------|
|                        | Gross Cost  | Accumulated Amortization | Net Book Value | Gross Cost  | Accumulated Amortization | Net Book Value | Gross Cost | Accumulated Amortization | Net Book Value |
| <b>Opening Balance</b> | -2,403,793  | 71,478                   | -2,332,315     | -2,236,875  | 129,354                  | -2,107,521     | -2,466,990 | 173,627                  | -2,293,363     |
| Additions              | 166,918     |                          | 166,918        | -230,115    |                          | -230,115       | -547,530   |                          | -547,530       |
| Depreciation 0.0%      |             | 57,876                   | 57,876         |             | 44,273                   | 44,273         |            | 52,306                   | 52,306         |
| Retirements & Sales    |             |                          | 0              |             |                          | 0              |            |                          | 0              |
| Other (specify) ARO    |             |                          | 0              |             |                          | 0              |            |                          | 0              |
|                        |             |                          | 0              |             |                          | 0              |            |                          | 0              |
|                        |             |                          | 0              |             |                          | 0              |            |                          | 0              |
| <b>Closing Balance</b> | -2,236,875  | 129,354                  | -2,107,521     | -2,466,990  | 173,627                  | -2,293,363     | -3,014,520 | 225,933                  | -2,788,587     |
| Average Balance        | -2,320,334  | 100,416                  | -2,219,918     | -2,351,933  | 151,491                  | -2,200,442     | -2,740,755 | 199,780                  | -2,540,975     |
| Change in Year         | 166,918     | 57,876                   | 57,876         | -230,115    | 44,273                   | 44,273         | -547,530   | 52,306                   | 52,306         |

HALTON HILLS HYDRO INC.

## FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: Overall totals

|                        | 2006 ACTUAL       |                          |                   | BRIDGE YEAR       |                          |                   | TEST YEAR         |                          |                   |
|------------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|-------------------|--------------------------|-------------------|
|                        | Gross Cost        | Accumulated Amortization | Net Book Value    | Gross Cost        | Accumulated Amortization | Net Book Value    | Gross Cost        | Accumulated Amortization | Net Book Value    |
| <b>Opening Balance</b> | <b>34,272,324</b> | <b>-8,760,560</b>        | <b>25,511,764</b> | <b>37,542,800</b> | <b>-10,674,816</b>       | <b>26,867,984</b> | <b>41,970,016</b> | <b>-11,805,185</b>       | <b>30,164,831</b> |
| Additions              | 3,277,358         |                          | 3,277,358         | 5,426,216         |                          | 5,426,216         | 4,831,010         |                          | 4,831,010         |
| Depreciation 0.0%      |                   | -1,917,008               | -1,917,008        |                   | -2,129,369               | -2,129,369        |                   | -2,190,723               | -2,190,723        |
| Retirements & Sales    | -6,882            | 2,752                    | -4,130            | -999,000          | 999,000                  | 0                 | -278,000          | 278,000                  | 0                 |
| Other (specify) ARO    |                   |                          | 0                 |                   |                          | 0                 |                   |                          | 0                 |
|                        |                   |                          | 0                 |                   |                          | 0                 |                   |                          | 0                 |
|                        |                   |                          | 0                 |                   |                          | 0                 |                   |                          | 0                 |
| <b>Closing Balance</b> | <b>37,542,800</b> | <b>-10,674,816</b>       | <b>26,867,984</b> | <b>41,970,016</b> | <b>-11,805,185</b>       | <b>30,164,831</b> | <b>46,523,026</b> | <b>-13,717,909</b>       | <b>32,805,118</b> |
| Average Balance        | 35,907,562        | -9,717,688               | 26,189,874        | 39,756,408        | -11,240,001              | 28,516,408        | 44,246,521        | -12,761,547              | 31,484,974        |
| Change in Year         | 3,270,476         | -1,914,256               | -1,917,008        | 4,427,216         | -1,130,369               | -2,129,369        | 4,553,010         | -1,912,723               | -2,190,723        |

# APPENDIX D

Operating Costs

## APPENDIX D

### Operating Costs

1. OM&A Detailed Costs Table (from Exhibit 4, Tab 2, Schedule 1)
2. Materiality Analysis on OM&A Costs (from Exhibit 4, Tab 2, Schedule 2)
3. Depreciation and Amortization (from Exhibit 4, Tab 2, Schedule 7)
4. Capital Cost Allowance (CCA) (from Exhibit 4, Tab 3, Schedule 3)

**HALTON HILLS HYDRO INC.**

**CAPITAL COST ALLOWANCE (CCA)**

| Class | Class Description  | UCC Test Year Opening Balance | Test Year - Tier 1, Tier 2 Additions | Test Year - Tier 1, Tier 2 Disposals | UCC Before 1/2 Yr Adjustment | 1/2 Year Rule {1/2 Additions Less Disposals} | Reduced UCC       | Rate % | Test Year CCA    | UCC End of Test Year |
|-------|--|-------------------------------|--------------------------------------|--------------------------------------|------------------------------|--|-------------------|--------|------------------|----------------------|
| 1     | Distribution System - post 1987  | 24,336,734                    | 801,675                              | 0                                    | 25,138,409                   | 400,838                                      | 24,737,572        | 4%     | 989,503          | 24,148,906           |
| 2     | Distribution System - pre 1988   | 0                             | 0                                    | 0                                    | 0                            | 0  | 0                 | 6%     | 0                | 0                    |
| 8     | General Office/Stores Equip  | 602,457                       | 0                                    | 0                                    | 602,457                      | 0  | 602,457           | 20%    | 120,491          | 481,966              |
| 10    | Computer Hardware/ Vehicles  | 844,619                       | 0                                    | 0                                    | 844,619                      | 0  | 844,619           | 30%    | 253,386          | 591,233              |
| 10.1  | Certain Automobiles  | 0                             | 0                                    | 0                                    | 0                            | 0  | 0                 | 30%    | 0                | 0                    |
| 12    | Computer Software  | 60,985                        | 0                                    | 0                                    | 60,985                       | 0  | 60,985            | 100%   | 60,985           | 0                    |
| 13 1  | Leasehold Improvement # 1  | 0                             | 0                                    | 0                                    | 0                            | 0  | 0                 | 5      | 0                | 0                    |
| 13 2  | Leasehold Improvement # 2  | 0                             | 0                                    | 0                                    | 0                            | 0  | 0                 | 4      | 0                | 0                    |
| 13 3  | Leasehold Improvement # 3  | 0                             | 0                                    | 0                                    | 0                            | 0  | 0                 | 3      | 0                | 0                    |
| 13 4  | Leasehold Improvement # 4  | 0                             | 0                                    | 0                                    | 0                            | 0  | 0                 | 4      | 0                | 0                    |
| 14    | Franchise  | 0                             | 0                                    | 0                                    | 0                            | N/A  | 0                 | 7      | 0                | 0                    |
| 17    | New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs | 0                             | 0                                    | 0                                    | 0                            | 0  | 0                 | 8%     | 0                | 0                    |
| 43.1  | Certain Energy-Efficient Electrical Generating Equipment                   | 0                             | 0                                    | 0                                    | 0                            | 0  | 0                 | 30%    | 0                | 0                    |
| 45    | Computers & Systems Software acq'd post Mar 22/04                          | 41,920                        | 0                                    | 0                                    | 41,920                       | 0  | 41,920            | 45%    | 18,864           | 23,056               |
| 46    | Data Network Infrastructure Equipment (acq'd post Mar 22/04)               | 36,819                        | 0                                    | 0                                    | 36,819                       | 0  | 36,819            | 30%    | 11,046           | 25,773               |
|       |  |                               | 0                                    | 0                                    | 0                            | 0  | 0                 |        | 0                | 0                    |
|       |  |                               | 0                                    | 0                                    | 0                            | 0  | 0                 |        | 0                | 0                    |
|       |  | 0                             |                                      |                                      | 0                            | 0  | 0                 |        | 0                | 0                    |
|       |  | 0                             |                                      |                                      | 0                            | 0  | 0                 |        | 0                | 0                    |
|       | <b>TOTAL</b>   | <b>25,923,534</b>             | <b>801,675</b>                       | <b>0</b>                             | <b>26,725,209</b>            | <b>400,838</b>                               | <b>26,324,372</b> |        | <b>1,454,275</b> | <b>25,270,934</b>    |

HALTON HILLS HYDRO INC.

## ANNUAL DEPRECIATION TABLE

ACCOUNT: Other distribution assets total

|                        | <b>2006 APPROVED</b>           | <b>2006 ACTUAL</b>             | <b>BRIDGE YEAR</b>             | <b>TEST YEAR</b>               |
|------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
|                        | <i>Annual<br/>Depreciation</i> | <i>Annual<br/>Depreciation</i> | <i>Annual<br/>Depreciation</i> | <i>Annual<br/>Depreciation</i> |
| <b>Opening Balance</b> | <b>55,750</b>                  | <b>71,478</b>                  | <b>129,354</b>                 | <b>173,627</b>                 |
| Additions              | 0                              | 0                              | 0                              | 0                              |
| Depreciation various   | -34,759                        | 57,876                         | 44,273                         | 52,306                         |
| Retirements & Sales    |                                |                                |                                |                                |
| Other (specify) ARO    |                                |                                |                                |                                |
| Reclass 1995 allocated | 0                              |                                |                                |                                |
|                        |                                |                                |                                |                                |
| <b>Closing Balance</b> | <b>20,991</b>                  | <b>129,354</b>                 | <b>173,627</b>                 | <b>225,933</b>                 |
| Average Balance        | 38,371                         | 100,416                        | 151,491                        | 199,780                        |
| Change in Year         | -34,759                        | 57,876                         | 44,273                         | 52,306                         |

**HALTON HILLS HYDRO INC.****MATERIALITY ANALYSIS ON OM&A COSTS****2008 Test from 2007 Bridge**

## A. 5610 - Management salaries &amp; expenses:

- variance over 2007 bridge year resulting from the following:

|   |         |
|---|---------|
| Settlement analyst hire - full year salary & benefits variance    | 56,000  |
| Staff training - MBA designation                                  | 45,000  |
| Regulatory affairs officer - full year salary & benefits variance | 30,000  |
| Annual management salary increase                                 | 10,000  |
| Disaster recovery contract renewal                                | 8,500   |
| Other miscellaneous   | 3,500   |
| Total   | 153,000 |

## B. 5615 - General administrative salaries &amp; expenses:

- variance over 2007 bridge year resulting from the following:

|   |         |
|---|---------|
| Engineering technologist hire - full year salary & benefits | 73,800  |
| Annual general administrative salary increase               | 7,500   |
| Annual benefit cost increase                                | 6,500   |
| New Scada maintenance contract                              | 7,500   |
| Other miscellaneous   | 5,700   |
| Total   | 101,000 |

## C. Power supply expenses - 4705, 4708, 4714, 4716

- costs examined in aggregate as all fluctuate according to power used
- total increase of these accounts budgeted for 2008 = \$1,180,000, or 3.28% increase over 2007 projected
- increase conservative based on expected load growth and power costs increases

## D. 6110 - Income taxes:

- 2008 test year taxable income approximately \$440,000 above 2007 bridge
- variance results due to 2008 test year income taxes assessed on regulatory results; 2007 test year taxable income based on projected actual results
- income taxes at 34.50% on \$440,000 = approx \$151,800
- variance reasonable compared to total calculated difference

**HALTON HILLS HYDRO INC.****2007 Bridge from 2006 Actual**

- A. 5705 - Amortization expense - property, plant & equipment:
- estimated amortization assuming projects and assets added evenly throughout the year for 2007 bridge equals approximately \$177,000
  - therefore, increased amortization reasonable
- B. Power supply expenses - 4705, 4708, 4714, 4716
- costs examined in aggregate as all fluctuate according to power used
  - total increase of these accounts budgeted for 2007 = \$869,658, or 2.48% increase over 2006 actual
  - increase conservative based on expected load growth and power cost increases
- C. 4750 - LV charges:
- low voltage charges initiated May 2006, thus 8 months expense for low voltage during prior year
  - \$613,744 is annual low voltage charges, when prorated to 12 months, therefore account balance reasonable
- D. 6110 - Income taxes:
- 2007 projected taxable income approximately \$700,000 above 2006 actual
  - income taxes at 36.12% on \$700,000 = approx \$253,000
  - variance reasonable compared to total calculated difference

**HALTON HILLS HYDRO INC.****2006 Actual from Board Approved**

- A. 5415 - Energy conservation:
- 2006 Board Approved costs provided a Tier I adjustment for CDM expenditures totaling \$88,690
  - CDM expenditures totaling \$78,974 were booked into account 5615
  - For appropriate comparison to 2006 Board Approved, these costs should be reclassified to account 5415
  - \*\*As a result of the reclassification, the net variance in the account is \$9,716 below materiality.
- B. 5615 - General administrative salary & expenses:
- reclassification of CDM expenditures of \$78,974 included in 5615 reduces the account balance to \$420,207
  - resulting variance is \$29,387, below materiality
- C. 5665 - Miscellaneous general expenses:
- 2006 Board Approved costs provided a Tier I adjustment for low voltage expenditures totaling \$613,744
  - these cost should be reclassified to power supply expense account #4750
  - resulting account balance is \$57,560 and variance \$13,412, below materiality
- D. 5705 - Amortization expense - property, plant & equipment:
- 2006 actual net book value of assets amounts to \$26,867,984, compared to 2006 approved of \$24,864,338
  - net book value increase of \$2,006,646 primarily relates to distribution assets amortized over 25 year term
  - amortization of approx \$80,000 resulting from change in net book value, thus \$83,871 increase in amortization reasonable
- E. Power supply expenses - 4705, 4708, 4714, 4716
- costs examined in aggregate as all fluctuate according to power used
  - total increase of these accounts for 2006 actual = \$4,446,539, or 14.5% increase over 2006 Board approved
  - significant factors contributing to increase are: elimination of fixed price cost of power, increase in retail price plan and load growth
- F. 4750 - LV charges:
- reclassification of low voltage charges of \$613,744 in account #5665 to account #4750
  - variance as a result of reclassification = \$204,581
  - low voltage charges initiated May 2006, thus 8 months expense for low voltage during the year
  - \$613,744 for annual low voltage charges, when prorated to 8 months equivalent to actual expense, therefore account balance reasonable

**HALTON HILLS HYDRO INC.**

G. 6105 - Taxes other than income taxes:

- capital taxes of \$100,178 included in 6105 for 2006 actual
- capital taxes of \$89,445 reclassified in 2006 Board approved from account #6105 to 6110
- reclassification results in account variance less than materiality, thus balance reasonable

H. 6110 - Income taxes:

- 2006 Board approved based on 2004 taxable income
- 2004 taxable income approximately \$400,000 below 2006 actual
- income taxes at 36.12% on \$400,000 = approx \$144,500
- under-accrual of income taxes from 2005 booked in 2006 of \$64,000
- variance reasonable compared to total calculated difference of \$208,500 arising from taxable income difference and tax under-accrual amounts

HALTON HILLS HYDRO INC.

VARIANCES

|   | 2006 Board<br>Approved | 2006<br>Actual   | 2007<br>Bridge   | 2008<br>Test     | 2006 ACTUAL FROM<br>BOARD APPROVED | REFERENCE | 2007 BRIDGE FROM<br>2006 ACTUAL | REFERENCE | 2008 TEST FROM<br>2007 BRIDGE | REFERENCE |
|---|------------------------|------------------|------------------|------------------|------------------------------------|-----------|---------------------------------|-----------|-------------------------------|-----------|
| <b>Distribution Expenses - Operation</b>                              |                        |                  |                  |                  |                                    |           |                                 |           |                               |           |
| 5005-Operation Supervision and Engineering                            | 161,630                | 208,732          | 213,000          | 218,000          | 47,102                             |           | 4,288                           |           | 5,000                         |           |
| 5012-Station Buildings and Fixtures Expense                           | 2,329                  | 700              | 1,000            | 1,000            | (1,629)                            |           | 300                             |           | -                             |           |
| 5016-Distribution Station Equipment - Operation Labour                | 15,961                 | 25,243           | 25,000           | 28,000           | 9,282                              |           | (243)                           |           | 3,000                         |           |
| 5017-Distribution Station Equipment - Operation Supplies and Expenses | 5,858                  | 4,311            | 4,000            | 4,000            | (1,547)                            |           | -                               |           | -                             |           |
| 5020-Overhead Distribution Lines and Feeders - Operation Labour       | 58,678                 | 89,737           | 90,000           | 100,000          | 31,059                             |           | 263                             |           | 10,000                        |           |
| 5045-Underground Distribution Lines & Feeders - Operation Supplies &  | 9,916                  | 4,635            | 5,000            | 5,000            | (5,281)                            |           | 365                             |           | -                             |           |
| 5055-Underground Distribution Transformers - Operation                | 44,987                 | 68,798           | 61,000           | 69,000           | 23,811                             |           | (7,798)                         |           | 8,000                         |           |
| 5065-Meter Expense  | 87,804                 | 81,741           | 69,000           | 71,000           | (6,063)                            |           | (12,741)                        |           | 2,000                         |           |
| 5070-Customer Premises - Operation Labour                             | 11,268                 | 58,077           | 91,000           | 115,000          | 46,809                             |           | 32,923                          |           | 24,000                        |           |
| 5075-Customer Premises - Materials and Expenses                       | 409                    | 1,086            | 58,000           | 65,000           | 677                                |           | 56,914                          |           | 7,000                         |           |
| 5085-Miscellaneous Distribution Expense                               | 4,634                  | 16,906           | 1,000            | 1,000            | 12,272                             |           | (15,906)                        |           | -                             |           |
| 5050-Underground Subtransmission Feeders - Operation                  | 91,927                 | 140,587          | 97,000           | 107,000          | 48,660                             |           | (43,587)                        |           | 10,000                        |           |
| <b>Distribution Expenses - Operation Total</b>                        | <b>495,401</b>         | <b>700,553</b>   | <b>715,000</b>   | <b>784,000</b>   | <b>205,152</b>                     |           | <b>14,447</b>                   |           | <b>69,000</b>                 |           |
| <b>Distribution Expenses - Maintenance</b>                            |                        |                  |                  |                  |                                    |           |                                 |           |                               |           |
| 5105-Maintenance Supervision and Engineering                          | 102,165                | 132,414          | 132,000          | 132,000          | 30,249                             |           | (414)                           |           | -                             |           |
| 5114-Maintenance of Distribution Station Equipment                    | 109,960                | 101,361          | 141,000          | 159,000          | (8,599)                            |           | 39,639                          |           | 18,000                        |           |
| 5120-Maintenance of Poles, Towers and Fixtures                        | 42,329                 | 46,911           | 47,000           | 53,000           | 4,582                              |           | 89                              |           | 6,000                         |           |
| 5125-Maintenance of Overhead Conductors and Devices                   | 98,769                 | 112,026          | 125,000          | 149,000          | 13,257                             |           | 12,974                          |           | 24,000                        |           |
| 5130-Maintenance of Overhead Services                                 | 56,758                 | 73,565           | 74,000           | 82,000           | 16,807                             |           | 435                             |           | 8,000                         |           |
| 5135-Overhead Distribution Lines and Feeders - Right of Way           | 68,110                 | 88,276           | 88,000           | 99,000           | 20,166                             |           | (276)                           |           | 11,000                        |           |
| 5145-Maintenance of Underground Conduit                               | 5,547                  | 9,820            | 10,000           | 11,000           | 4,273                              |           | 180                             |           | 1,000                         |           |
| 5150-Maintenance of Underground Conductors and Devices                | 16,062                 | 35,277           | 35,000           | 39,000           | 19,215                             |           | (277)                           |           | 4,000                         |           |
| 5155-Maintenance of Underground Services                              | 19,631                 | 43,117           | 42,000           | 45,000           | 23,486                             |           | (1,117)                         |           | 3,000                         |           |
| 5160-Maintenance of Line Transformers                                 | 36,627                 | 47,482           | 43,000           | 48,000           | 10,855                             |           | (4,482)                         |           | 5,000                         |           |
| 5175-Maintenance of Meters  | 4,621                  | 4,303            | 0                | 0                | (318)                              |           | -                               |           | -                             |           |
| 5165-Maintenance of Street Lighting and Signal Systems                | 1,593                  | 0                | 4,000            | 4,000            | (1,593)                            |           | 4,000                           |           | -                             |           |
| <b>Distribution Expenses - Maintenance Total</b>                      | <b>562,172</b>         | <b>694,552</b>   | <b>741,000</b>   | <b>821,000</b>   | <b>132,380</b>                     |           | <b>46,448</b>                   |           | <b>80,000</b>                 |           |
| <b>Billing and Collecting</b>   |                        |                  |                  |                  |                                    |           |                                 |           |                               |           |
| 5305-Supervision  | 67,783                 | 81,276           | 81,000           | 81,000           | 13,493                             |           | (276)                           |           | -                             |           |
| 5310-Meter Reading Expense  | 124,505                | 136,677          | 131,000          | 147,000          | 12,172                             |           | (5,677)                         |           | 16,000                        |           |
| 5315-Customer Billing   | 368,547                | 338,442          | 349,000          | 383,000          | (30,105)                           |           | 10,558                          |           | 34,000                        |           |
| 5320-Collecting   | 274,356                | 309,341          | 306,000          | 362,000          | 34,985                             |           | (3,341)                         |           | 56,000                        |           |
| 5330-Collection Charges   | 0                      | 1,009            | 0                | 0                | 1,009                              |           | (1,009)                         |           | -                             |           |
| 5335-Bad Debt Expense   | 38,593                 | 42,000           | 1,000            | 1,000            | 3,407                              |           | (41,000)                        |           | -                             |           |
| 5325-Collecting- Cash Over and Short                                  | 0                      | 104              | 55,000           | 65,000           | 104                                |           | 54,896                          |           | 10,000                        |           |
| <b>Billing and Collecting Total</b>                                   | <b>873,784</b>         | <b>908,849</b>   | <b>923,000</b>   | <b>1,039,000</b> | <b>35,065</b>                      |           | <b>14,151</b>                   |           | <b>116,000</b>                |           |
| <b>Community Relations</b>  |                        |                  |                  |                  |                                    |           |                                 |           |                               |           |
| 5425-Miscellaneous Customer Service and Informational Expenses        | 0                      | 29               | 0                | 0                | 29                                 |           | (29)                            |           | -                             |           |
| 5515-Advertising Expense  | 0                      | 2,216            | 0                | 0                | 2,216                              |           | (2,216)                         |           | -                             |           |
| 5415-Energy Conservation  | 88,690                 | 0                | 2,000            | 2,000            | (88,690)                           | A         | 2,000                           |           | -                             |           |
| <b>Community Relations Total</b>                                      | <b>88,690</b>          | <b>2,245</b>     | <b>2,000</b>     | <b>2,000</b>     | <b>(86,445)</b>                    |           | <b>(245)</b>                    |           | <b>-</b>                      |           |
| <b>Administrative and General Expenses</b>                            |                        |                  |                  |                  |                                    |           |                                 |           |                               |           |
| 5605-Executive Salaries and Expenses                                  | 492,621                | 492,390          | 503,000          | 522,000          | (231)                              |           | 10,610                          |           | 19,000                        |           |
| 5610-Management Salaries and Expenses                                 | 203,955                | 206,716          | 237,000          | 390,000          | 2,761                              |           | 30,284                          |           | 153,000                       | A         |
| 5615-General Administrative Salaries and Expenses                     | 390,820                | 499,181          | 503,000          | 604,000          | 108,361                            | B         | 3,819                           |           | 101,000                       | B         |
| 5620-Office Supplies and Expenses                                     | 47,147                 | 40,833           | 62,000           | 52,000           | (6,314)                            |           | 21,167                          |           | (10,000)                      |           |
| 5630-Outside Services Employed  | 156,855                | 115,923          | 92,000           | 103,000          | (40,932)                           |           | (23,923)                        |           | 11,000                        |           |
| 5635-Property Insurance   | 32,680                 | 43,192           | 49,000           | 51,000           | 10,512                             |           | 5,808                           |           | 2,000                         |           |
| 5640-Injuries and Damages   | 40,764                 | 37,596           | 46,000           | 63,000           | (3,168)                            |           | 8,404                           |           | 17,000                        |           |
| 5645-Employee Pensions and Benefits                                   | 61,918                 | 25,736           | 19,000           | 21,000           | (36,182)                           |           | (6,736)                         |           | 2,000                         |           |
| 5655-Regulatory Expenses  | 74,628                 | 66,168           | 87,000           | 68,000           | (8,460)                            |           | 20,832                          |           | (19,000)                      |           |
| 5660-General Advertising Expenses                                     | 1,557                  | 8,053            | 8,000            | 2,000            | 6,496                              |           | (53)                            |           | (6,000)                       |           |
| 5665-Miscellaneous General Expenses                                   | 671,304                | 70,972           | 74,000           | 75,000           | (600,332)                          | C         | 3,028                           |           | 1,000                         |           |
| 5675-Maintenance of General Plant                                     | 420,347                | 481,999          | 490,000          | 496,000          | 61,652                             |           | 8,001                           |           | 6,000                         |           |
| <b>Administrative and General Expenses Total</b>                      | <b>2,594,596</b>       | <b>2,088,759</b> | <b>2,170,000</b> | <b>2,447,000</b> | <b>(505,837)</b>                   |           | <b>81,241</b>                   |           | <b>277,000</b>                |           |

HALTON HILLS HYDRO INC.

|  | 2006 Board<br>Approved | 2006<br>Actual    | 2007<br>Bridge    | 2008<br>Test      | VARIANCES                          |           |                                 |           |                               |           |
|--|------------------------|-------------------|-------------------|-------------------|------------------------------------|-----------|---------------------------------|-----------|-------------------------------|-----------|
|  |                        |                   |                   |                   | 2006 ACTUAL FROM<br>BOARD APPROVED | REFERENCE | 2007 BRIDGE FROM<br>2006 ACTUAL | REFERENCE | 2008 TEST FROM<br>2007 BRIDGE | REFERENCE |
| <b>Amortization Expense</b>                                |                        |                   |                   |                   |                                    |           |                                 |           |                               |           |
| 5705-Amortization Expense - Property, Plant, and Equipment | 1,833,134              | 1,917,005         | 2,116,165         | 2,177,519         | 83,871                             | D         | 199,160                         | A         | 61,354                        |           |
| 5715-Amortization of Intangibles and Other Electric Plant  | 13,204                 | 13,204            | 13,204            | 13,204            | -                                  |           | -                               |           | -                             |           |
| <b>Amortization Expense Total</b>                          | <b>1,846,338</b>       | <b>1,930,209</b>  | <b>2,129,369</b>  | <b>2,190,723</b>  | <b>83,871</b>                      |           | <b>199,160</b>                  |           | <b>61,354</b>                 |           |
| <b>Power Supply Expenses</b>                               |                        |                   |                   |                   |                                    |           |                                 |           |                               |           |
| 4705-Power Purchased                                       | 23,050,889             | 27,767,404        | 28,455,000        | 29,388,000        | 4,716,515                          | E         | 687,596                         | B         | 933,000                       | C         |
| 4708-Charges-WMS   | 2,878,234              | 2,501,240         | 2,563,000         | 2,647,000         | (376,994)                          | E         | 61,760                          | B         | 84,000                        | C         |
| 4714-Charges-NW  | 2,539,613              | 2,651,515         | 2,717,000         | 2,806,000         | 111,902                            | E         | 65,485                          | B         | 89,000                        | C         |
| 4716-Charges-CN  | 2,215,067              | 2,210,183         | 2,265,000         | 2,339,000         | (4,884)                            | E         | 54,817                          | B         | 74,000                        | C         |
| 4750-Charges-LV  | 0                      | 409,163           | 636,500           | 660,000           | 409,163                            | F         | 227,337                         | C         | 23,500                        |           |
| <b>Power Supply Expenses Total</b>                         | <b>30,683,803</b>      | <b>35,539,505</b> | <b>36,636,500</b> | <b>37,840,000</b> | <b>4,855,702</b>                   |           | <b>1,096,995</b>                |           | <b>1,203,500</b>              |           |
| <b>Taxes Other Than Income Taxes</b>                       |                        |                   |                   |                   |                                    |           |                                 |           |                               |           |
| 6105-Taxes Other Than Income Taxes                         | 71,132                 | 189,020           | 190,000           | 195,000           | 117,888                            | G         | 980                             |           | 5,000                         |           |
| <b>Taxes Other Than Income Taxes Total</b>                 | <b>71,132</b>          | <b>189,020</b>    | <b>190,000</b>    | <b>195,000</b>    | <b>117,888</b>                     |           | <b>980</b>                      |           | <b>5,000</b>                  |           |
| <b>Extraordinary &amp; Other Items</b>                     |                        |                   |                   |                   |                                    |           |                                 |           |                               |           |
| 6205-Donations   | 0                      | 2,901             | 20,000            | 33,000            | 2,901                              |           | 17,099                          |           | 13,000                        |           |
| <b>Extraordinary &amp; Other Items Total</b>               | <b>0</b>               | <b>2,901</b>      | <b>20,000</b>     | <b>33,000</b>     | <b>2,901</b>                       |           | <b>17,099</b>                   |           | <b>13,000</b>                 |           |
| <b>Income Taxes</b>  |                        |                   |                   |                   |                                    |           |                                 |           |                               |           |
| 6110-Income Taxes  | 502,007                | 731,486           | 980,000           | 836,500           | 229,479                            | H         | 248,514                         | D         | (143,500)                     | D         |
| <b>Income Taxes Total</b>                                  | <b>502,007</b>         | <b>731,486</b>    | <b>1,181,000</b>  | <b>836,500</b>    | <b>229,479</b>                     |           | <b>449,514</b>                  |           | <b>(344,500)</b>              |           |
| <b>Total Operating Costs</b>                               | <b>37,717,923</b>      | <b>42,788,079</b> | <b>44,707,869</b> | <b>46,188,223</b> | <b>5,070,156</b>                   |           | <b>1,919,790</b>                |           | <b>1,480,354</b>              |           |

# APPENDIX E

Consensus Forecasts - Survey Date July 9, 2007

# CONSENSUS FORECASTS

## A Digest of International Economic Forecasts

% GDP \$ CPI £ PPI € LIBOR ¥ RPI % GDP

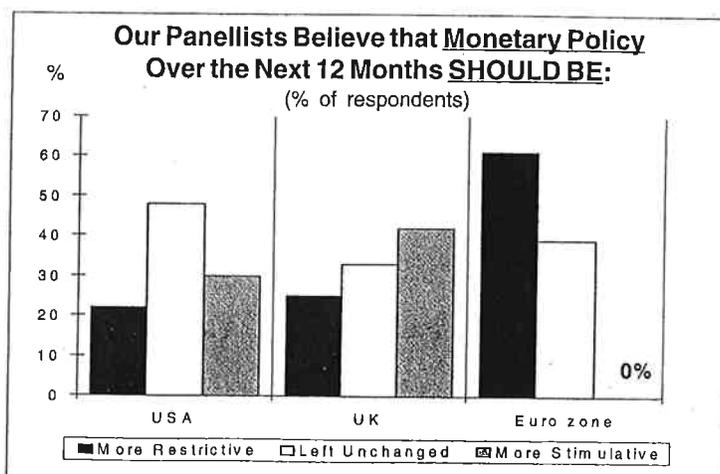
Survey Date  
July 9, 2007

Every month, Consensus Economics surveys over 240 prominent financial and economic forecasters for their estimates of a range of variables including future growth, inflation, interest rates and exchange rates. More than 20 countries are covered and the reference data, together with analysis and polls on topical issues, is rushed to subscribers by express mail and e-mail.

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### Survey Highlights

- ◆ In **Japan** (page 6), forecasts for GDP growth this year have been upgraded, underpinned by improved capital expenditure expectations and supportive global demand. Meanwhile, despite core consumer price inflation stagnating, the Bank of Japan appears ready to raise interest rates soon.
- ◆ In the **United Kingdom** (page 12), 2007 GDP growth forecasts have been raised this month following a stream of upbeat data. The Bank of England also increased interest rates to 5.75% in a bid to quell inflationary pressures.
- ◆ In response to strong activity, high capacity utilisation and accelerating wage growth, interest rates in **Norway** (page 21) and **Sweden** (page 23) have also been hiked. GDP growth forecasts for both countries remain robust.
- ◆ This month's special survey is an **Evaluation of Economic Policy** by our panellists. Current fiscal and monetary policies are assessed, as are views on the likely and recommended direction of policy over the next year (pages 3 and 28). Panellists also reveal the most favourable and unfavourable factors influencing their forecasts (page 29).



|                         | Average % Change on Previous Calendar Year |      |   |      |                                  |      |  |      |                                |      | Annual Total                  |      |                                      |      |                                     |      |  |      |
|-------------------------|--|------|---|------|----------------------------------|------|--|------|--------------------------------|------|-------------------------------|------|--------------------------------------|------|-------------------------------------|------|--|------|
|                         | Gross Domestic Product                     |      | Personal Expenditure                        |      | Machinery & Equipment Investment |      | Pre - Tax Corporate Profits                |      | Industrial Production          |      | Consumer Prices               |      | Industrial Product Prices            |      | Average Hourly Earnings             |      | Housing Starts (thousand units)                              |      |
|                         | <i>Produit Intérieur Brut</i>              |      | <i>Dépenses de Consommation des Ménages</i> |      | <i>Investissement Productif</i>  |      | <i>Bénéfices des Sociétés avant impôts</i> |      | <i>Production Industrielle</i> |      | <i>Prix à la Consommation</i> |      | <i>Prix des Produits Industriels</i> |      | <i>Rémunération Horaire Moyenne</i> |      | <i>Construction de Logements mises en chantier, milliers</i> |      |
| Economic Forecasters    | 2007                                       | 2008 | 2007  | 2008 | 2007                             | 2008 | 2007                                       | 2008 | 2007                           | 2008 | 2007                          | 2008 | 2007                                 | 2008 | 2007                                | 2008 | 2007   | 2008 |
| JP Morgan               | 2.6  | 2.6  | 3.6   | 2.5  | 1.8                              | 5.8  | 6.1  | 3.0  | 1.2                            | 2.6  | 2.6                           | 2.6  | 3.3                                  | 2.6  | 3.6                                 | 3.8  | 215  | 200  |
| Royal Bank of Canada    | 2.6  | 3.0  | 3.7   | 2.8  | 2.1                              | 7.2  | 3.9  | 4.2  | na                             | na   | 2.4                           | 2.2  | na                                   | na   | na                                  | na   | 208  | 190  |
| Caisse de Depot         | 2.5  | 2.8  | 3.3   | 3.3  | 6.0                              | 7.0  | na   | na   | na                             | na   | 2.1                           | 2.1  | na                                   | na   | na                                  | na   | 215  | 192  |
| Conf Board of Canada    | 2.5  | 3.2  | 3.8   | 3.2  | 3.6                              | 8.7  | 9.8  | 7.3  | na                             | na   | 2.4                           | 2.1  | 3.0                                  | 1.5  | na                                  | na   | 212  | 196  |
| Desjardins              | 2.5  | 3.0  | 3.9   | 3.7  | 1.4                              | 3.5  | 5.7  | 4.9  | na                             | na   | 2.3                           | 2.9  | 4.8                                  | 3.6  | na                                  | na   | 212  | 195  |
| Informetrica            | 2.5  | 2.9  | 3.3   | 2.9  | 5.7                              | 6.3  | 4.9  | 5.5  | 0.3                            | 1.8  | 2.3                           | 2.0  | 4.0                                  | 1.9  | 2.7                                 | 3.1  | 189  | 190  |
| National Bank Financial | 2.5  | 2.8  | 3.5   | 2.7  | 1.9                              | 7.0  | 5.1  | -4.1 | na                             | na   | 2.3                           | 1.8  | na                                   | na   | na                                  | na   | 212  | 196  |
| Toronto Dominion Bank   | 2.5  | 2.5  | 3.7   | 2.9  | 2.1                              | 7.2  | 6.3  | 3.5  | -1.0                           | 2.0  | 2.6                           | 2.2  | na                                   | na   | na                                  | na   | 214  | 193  |
| BMO Capital Markets     | 2.4  | 2.8  | 3.6   | 2.8  | 2.0                              | 6.4  | 5.8  | 4.2  | -0.1                           | 1.5  | 2.5                           | 2.6  | 3.8                                  | 3.0  | 3.7                                 | 3.8  | 210  | 190  |
| Economap                | 2.4  | 2.8  | 3.5   | 2.7  | 2.5                              | 5.0  | 5.0  | 3.5  | -0.2                           | 1.6  | 2.4                           | 2.3  | 3.0                                  | 2.5  | 3.0                                 | 2.8  | 205  | 185  |
| Global Insight          | 2.4  | 2.9  | 3.6   | 3.1  | 3.1                              | 5.4  | 1.7  | 5.0  | 0.3                            | 2.3  | 2.3                           | 2.1  | 1.7                                  | -1.8 | 3.1                                 | 2.7  | 212  | 204  |
| Merrill Lynch Canada    | 2.4  | 2.2  | 4.2   | 3.5  | na                               | na   | na   | na   | na                             | na   | 2.3                           | 1.9  | na                                   | na   | na                                  | na   | 213  | 193  |
| Scotia Economics        | 2.4  | 2.5  | 3.7   | 2.7  | 1.5                              | 5.5  | 5.0  | 3.5  | na                             | na   | 2.4                           | 2.3  | na                                   | na   | na                                  | na   | 208  | 195  |
| CIBC World Markets      | 2.3  | 2.6  | 3.7   | 2.8  | 1.6                              | 6.1  | 8.0  | 6.0  | na                             | na   | 2.4                           | 2.3  | na                                   | na   | na                                  | na   | 215  | 198  |
| EDC Economics           | 2.3  | 2.8  | 3.6   | 3.2  | 5.2                              | 5.9  | 3.6  | 4.3  | -0.3                           | 2.6  | 2.5                           | 2.2  | na                                   | na   | 3.3                                 | 2.3  | 209  | 189  |
| Consensus (Mean)        | 2.5  | 2.8  | 3.6   | 3.0  | 2.9                              | 6.2  | 5.5  | 3.9  | 0.0                            | 2.1  | 2.4                           | 2.2  | 3.4                                  | 1.9  | 3.2                                 | 3.1  | 210  | 194  |
| Last Month's Mean       | 2.5  | 2.8  | 3.5   | 2.9  | 3.6                              | 6.1  | 4.9  | 3.3  | 0.2                            | 2.1  | 2.2                           | 2.2  | 2.9                                  | 2.3  | 3.0                                 | 3.0  | 208  | 193  |
| 3 Months Ago            | 2.4  | 2.9  | 3.3   | 2.9  | 5.1                              | 6.0  | 2.3  | 3.6  | -0.1                           | 2.0  | 1.9                           | 2.1  | 2.1                                  | 2.0  | 2.6                                 | 2.9  | 205  | 192  |
| High                    | 2.6  | 3.2  | 4.2   | 3.7  | 6.0                              | 8.7  | 9.8  | 7.3  | 1.2                            | 2.6  | 2.6                           | 2.9  | 4.8                                  | 3.6  | 3.7                                 | 3.8  | 215  | 204  |
| Low                     | 2.3  | 2.2  | 3.3   | 2.5  | 1.4                              | 3.5  | 1.7  | -4.1 | -1.0                           | 1.5  | 2.1                           | 1.8  | 1.7                                  | -1.8 | 2.7                                 | 2.3  | 189  | 185  |
| Standard Deviation      | 0.1  | 0.2  | 0.2   | 0.3  | 1.6                              | 1.2  | 2.0  | 2.7  | 0.7                            | 0.5  | 0.1                           | 0.3  | 1.0                                  | 1.8  | 0.4                                 | 0.6  | 7  | 5    |
| Comparison Forecasts    |  |      |   |      |                                  |      |  |      |                                |      |                               |      |                                      |      |                                     |      |  |      |
| IMF (Apr. '07)          | 2.4  | 2.9  | 3.3   | 2.8  |                                  |      |  |      |                                |      | 1.7                           | 2.0  |                                      |      |                                     |      |  |      |
| OECD (May '07)          | 2.5  | 3.0  | 3.0   | 2.7  |                                  |      |  |      |                                |      | 2.0                           | 2.1  |                                      |      |                                     |      |  |      |

### Government and Background Data

**Prime Minister** - Mr. Stephen Harper (Conservative). **Government** - The Conservatives lead a minority government, with 124 out of 308 seats in parliament (155 seats are needed for a clear majority). **Next Election** - By 2011 (general election). **Nominal GDP** - C\$1,371bn (2005). **Population** - 32.3mn (mid-year, 2005). **C\$/US\$ Exchange Rate** - 1.212 (average, 2005).

### Quarterly Consensus Forecasts

*Historical Data and Forecasts (bold italics) From Survey of June 11, 2007*

|                        | 2006 |     | 2007 |            |            |            | 2008       |            |            |            |
|------------------------|------|-----|------|------------|------------|------------|------------|------------|------------|------------|
|                        | Q3   | Q4  | Q1   | Q2         | Q3         | Q4         | Q1         | Q2         | Q3         | Q4         |
| Gross Domestic Product | 2.4  | 1.9 | 2.0  | <b>2.4</b> | <b>2.8</b> | <b>3.0</b> | <b>2.8</b> | <b>2.8</b> | <b>2.7</b> | <b>2.8</b> |
| Personal Expenditure   | 4.5  | 4.5 | 4.1  | <b>3.7</b> | <b>3.3</b> | <b>3.2</b> | <b>3.0</b> | <b>2.9</b> | <b>2.9</b> | <b>2.9</b> |
| Consumer Prices        | 1.6  | 1.3 | 1.9  | <b>2.1</b> | <b>2.4</b> | <b>2.9</b> | <b>2.5</b> | <b>2.2</b> | <b>2.2</b> | <b>2.2</b> |

*Percentage Change (year-on-year).*

### Historical Data

| * % change on previous year                       | 2003 | 2004 | 2005 | 2006  |
|---|------|------|------|-------|
| Gross Domestic Product*                           | 1.9  | 3.1  | 3.1  | 2.8   |
| Personal Expenditure*                             | 3.0  | 3.4  | 3.8  | 4.2   |
| Machinery & Eqpt Investment*                      | 7.7  | 9.3  | 10.8 | 7.4   |
| Pre - Tax Corporate Profits*                      | 6.9  | 17.1 | 11.9 | 5.0   |
| Industrial Production*                            | 0.2  | 1.8  | 1.0  | -0.5  |
| Consumer Prices*                                  | 2.8  | 1.8  | 2.2  | 2.0   |
| Industrial Product Prices*                        | -1.4 | 3.2  | 1.5  | 2.3   |
| Average Hourly Earnings*                          | 1.9  | 2.7  | 3.2  | 2.7   |
| Housing Starts, '000 units                        | 218  | 233  | 225  | 227   |
| Unemployment Rate, %                              | 7.6  | 7.2  | 6.8  | 6.3   |
| Current Account, C\$ bn                           | 14.7 | 29.1 | 27.9 | 23.6  |
| Federal Govt Budget Balance, fiscal years, C\$ bn | 9.1  | 1.5  | 13.2 | 7.7 e |
| 3 mth Trsy Bill, % (end yr)                       | 2.6  | 2.5  | 3.4  | 4.2   |
| 10 Yr Govt Bond, % (end yr)                       | 4.8  | 4.3  | 4.0  | 4.1   |

*e = consensus estimate based on latest survey*

| Year Average          | Annual Total              |           | Fiscal Years (Apr-Mar)               |            | Rates on Survey Date                         |            |  |  |
|-----------------------|---------------------------|-----------|--------------------------------------|------------|--|------------|--|--|
|                       |                           |           |                                      |            | 4.5%   |            | 4.7%   |  |
| Unemployment Rate (%) | Current Account (C\$ bn)  |           | Federal Govt Budget Balance (C\$ bn) |            | 3 month Treasury Bill Rate (%)               |            | 10 Year Government Bond Yield (%)            |  |
| Taux de Chômage (%)   | Balance Courante (C\$ md) |           | Balance Budgétaire (C\$ md)          |            | Rendement sur les Bons du Trésor de 3 mois % |            | Rendement des Obligations d'État de 10 ans % |  |
| 2007 2008             | 2007 2008                 | FY 07-08  | FY 08-09                             | End Oct'07 | End Jul'08                                   | End Oct'07 | End Jul'08                                   |  |
| 6.0 6.3               | 36.3 45.3                 | 3.0 3.0   | 4.8 5.2                              | 4.9 5.1    |  |            |  |  |
| 6.2 6.3               | 19.4 16.8                 | na na     | 5.1 5.3                              | 5.2 5.4    |  |            |  |  |
| 6.3 6.4               | 20.0 20.0                 | 5.0 3.0   | 4.5 4.2                              | 4.6 4.7    |  |            |  |  |
| 6.1 6.0               | 35.9 38.5                 | 14.9 13.1 | 4.4 4.3                              | 4.6 4.9    |  |            |  |  |
| 6.1 5.8               | 29.9 24.6                 | 5.0 6.0   | 4.8 4.8                              | 4.8 5.2    |  |            |  |  |
| 6.1 6.0               | 18.0 24.0                 | 5.0 6.0   | 4.6 4.8                              | 4.6 4.7    |  |            |  |  |
| 6.1 6.1               | 21.0 17.0                 | 4.0 4.0   | 4.6 4.6                              | 4.8 4.9    |  |            |  |  |
| 6.2 6.3               | 28.6 22.8                 | 3.3 3.0   | 4.7 4.7                              | 4.5 4.6    |  |            |  |  |
| 6.2 6.3               | 26.0 18.0                 | 5.0 5.0   | 4.8 4.8                              | 4.9 5.4    |  |            |  |  |
| 6.2 6.4               | 25.0 19.0                 | 6.0 5.0   | 4.8 4.8                              | 4.7 5.2    |  |            |  |  |
| 6.2 6.3               | 28.3 30.6                 | na na     | 4.4 4.5                              | 4.5 4.8    |  |            |  |  |
| 6.1 6.2               | 27.2 18.7                 | na na     | 4.8 4.5                              | 5.1 4.7    |  |            |  |  |
| 6.1 6.2               | 25.0 14.0                 | 3.3 3.0   | 4.6 4.6                              | 4.9 5.1    |  |            |  |  |
| 6.1 6.2               | 30.0 30.0                 | 3.0 3.0   | 4.5 4.4                              | 4.8 4.7    |  |            |  |  |
| 6.5 6.4               | 22.7 23.5                 | na na     | 4.5 4.5                              | 4.7 5.0    |  |            |  |  |
| 6.2 6.2               | 26.2 24.2                 | 5.2 4.9   | 4.6 4.7                              | 4.8 4.9    |  |            |  |  |
| 6.2 6.2               | 23.7 21.5                 | 4.5 4.3   |                                      |            |  |            |  |  |
| 6.2 6.3               | 17.6 16.5                 | 4.1 3.9   |                                      |            |  |            |  |  |
| 6.5 6.4               | 36.3 45.3                 | 14.9 13.1 | 5.1 5.3                              | 5.2 5.4    |  |            |  |  |
| 6.0 5.8               | 18.0 14.0                 | 3.0 3.0   | 4.4 4.2                              | 4.5 4.6    |  |            |  |  |
| 0.1 0.2               | 5.5 8.7                   | 3.4 3.0   | 0.2 0.3                              | 0.2 0.3    |  |            |  |  |
| 6.2 6.2               |                           |           |                                      |            |  |            |  |  |
| 6.1 6.0               |                           |           |                                      |            |  |            |  |  |

**Bank of Canada Raises Target Rate to 4.5% (After Survey)**  
 Economic growth began the second quarter on a muted note with the recovery stagnating in April, due partly to Easter falling in that month. Activity was reined in by a sharp 5.2% (m-o-m) contraction in motor vehicle output and, as a result, manufacturing as a whole fell by 0.3%. Industrial production was unchanged in m-o-m terms, however, and managed to offset declines in manufacturing and mining with a 2.5% surge in utilities output. There is some good news on the horizon for industry, though. In spite of April's 0.6% (m-o-m) fall in factory shipments, new orders during the same month grew by 0.8%, which could bode well for industrial output over the near-term. In addition, forward-looking US indicators of industrial activity (which are linked to many Canadian sectors, especially manufacturing and car production) showed some firmness in June. Forecasts for industrial production, though, have dipped this month, with our panel now predicting zero growth in industry for this year. Worries over downside risks to the outlook have been further fuelled by uncertainty over the US economic outlook as a whole. Moreover, the C\$ continues to appreciate sharply, contributing to faltering terms of trade with the US. This, coupled with falling commodity prices, is hitting export-oriented business. On the domestic demand side, a booming property market, along with robust jobs data showing an increase in payrolls of 35,000 in June, bodes well for consumer activity. Indeed, personal expenditure forecasts have edged up this month. However, April's 0.5% (m-o-m) advance in retail trade – compared with a 1.4% surge during the previous month – was propelled mainly by new car sales. Excluding autos and gasoline, sales actually fell, which could hint at waning underlying momentum.

As had been widely expected, the Bank of Canada raised its target interest rate to 4.5% on July 10 (the day after our survey date). The bank also telegraphed the likelihood of further rate hikes to come. Indeed, core inflation surpassed headline price increases in April, hitting 2.5% (y-o-y) before easing to 2.2% in May. Inflationary pressures stemming from tight capacity constraints, rising unit labour costs and core food prices remain a cause for concern, and consumer price expectations for 2007 have been upgraded again this month.

**Direction of Trade – 2006**

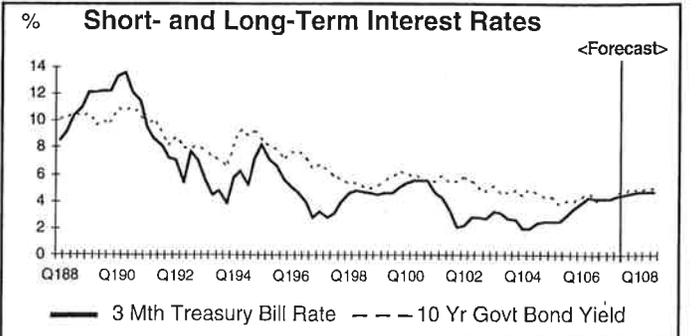
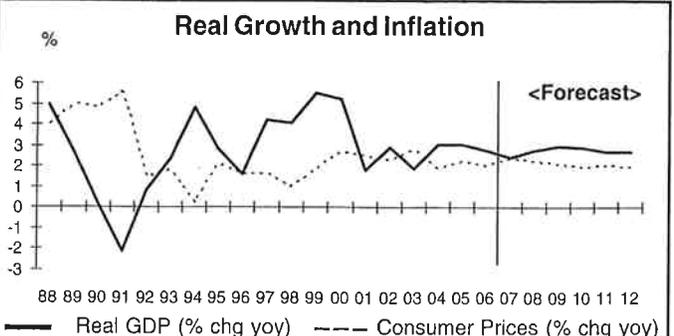
| Major Export Markets (% of Total) |      | Major Import Suppliers (% of Total) |      |
|-----------------------------------|------|-------------------------------------|------|
| United States                     | 82.3 | United States                       | 55.7 |
| United Kingdom                    | 2.2  | China                               | 8.4  |
| Japan                             | 2.1  | Mexico                              | 3.9  |
| Asia (ex. Japan)                  | 4.4  | Asia (ex. Japan)                    | 14.0 |
| Latin America                     | 2.2  | Latin America                       | 7.1  |
| Middle East                       | 0.7  | Africa                              | 2.1  |

**Likelihood of a Bank of Canada Interest Rate Change**

Our panel's estimated average probability of a change in the overnight lending rate (4.50% on July 10) at or before the next key policy meeting on September 5, 2007 is:

| INCREASE | NO CHANGE | DECREASE |             |
|----------|-----------|----------|-------------|
| 74.0     | +         | 25.8     | +           |
|          |           |          | 0.3 = 100 % |

Most likely rate change mentioned: +0.25 %



# APPENDIX F

Rate Impacts

## APPENDIX F

### RATE IMPACTS

| Page | Customer Rate Class              | kWh       | kW    |
|------|----------------------------------|-----------|-------|
| 1    | Residential                      | 100       |       |
| 2    | Residential                      | 500       |       |
| 3    | Residential                      | 1,000     |       |
| 4    | Residential                      | 2,000     |       |
| 5    | Residential                      | 5,000     |       |
| 6    | Residential                      | 10,000    |       |
| 7    | Residential                      | 20,000    |       |
| 8    | General Service less than 50kW   | 500       |       |
| 9    | General Service less than 50kW   | 1,000     |       |
| 10   | General Service less than 50kW   | 2,000     |       |
| 11   | General Service less than 50kW   | 5,000     |       |
| 12   | General Service less than 50kW   | 10,000    |       |
| 13   | General Service less than 50kW   | 15,000    |       |
| 14   | General Service 50 to 999kW      | 5,000     | 50    |
| 15   | General Service 50 to 999kW      | 15,000    | 50    |
| 16   | General Service 50 to 999kW      | 15,000    | 100   |
| 17   | General Service 50 to 999kW      | 50,000    | 100   |
| 18   | General Service 50 to 999kW      | 50,000    | 500   |
| 19   | General Service 1,000 to 4,999kW | 50,000    | 1,000 |
| 20   | General Service 1,000 to 4,999kW | 150,000   | 1,000 |
| 21   | General Service 1,000 to 4,999kW | 500,000   | 1,000 |
| 22   | General Service 1,000 to 4,999kW | 50,000    | 3,500 |
| 23   | General Service 1,000 to 4,999kW | 150,000   | 3,500 |
| 24   | General Service 1,000 to 4,999kW | 500,00    | 3,500 |
| 25   | General Service 1,000 to 4,999kW | 1,000,000 | 3,500 |
| 26   | Streetlight                      | 160,000   | 620   |
| 27   | Streetlight                      | 300,000   | 620   |
| 28   | Sentinel                         | 25        | 0.75  |
| 29   | Sentinel                         | 50        | 0.75  |
| 30   | Un-metered Scattered Load        | 200       |       |
| 31   | Residential TOU                  | 3,000     |       |
| 32   | Residential TOU                  | 15,000    |       |

**HALTON HILLS HYDRO INC.**

**Residential**

100 kWh Consumption

|  | Metric | 2007 BILL |            |              | 2008 BILL |            |              | IMPACT       |              |                    |
|--|--------|-----------|------------|--------------|-----------|------------|--------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$ | Volume    | Rate<br>\$ | Charge<br>\$ | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 11.35        |           |            | 12.88        | 1.53         | 13.5%        | 6.7%               |
| Distribution   | kWh    | 100       | 0.01150    | 1.15         | 100       | 0.01420    | 1.42         | 0.27         | 23.5%        | 1.2%               |
| <b>Sub-Total</b>   |        |           |            | <b>12.50</b> |           |            | <b>14.30</b> | <b>1.80</b>  | <b>14.4%</b> | <b>7.9%</b>        |
| Regulatory Asset Recovery                                | kWh    | 100       | 0.00420    | 0.42         | 100       | 0.00100    | 0.10         | (0.32)       | -76.2%       | -1.4%              |
| Retail Transmission - Network                            | kWh    | 104       | 0.00570    | 0.59         | 105       | 0.00570    | 0.60         | 0.01         | 1.3%         | 0.0%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 104       | 0.00500    | 0.52         | 105       | 0.00500    | 0.52         | 0.01         | 1.3%         | 0.0%               |
| Wholesale Market Service                                 | kWh    | 104       | 0.00520    | 0.54         | 105       | 0.00520    | 0.55         | 0.01         | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 104       | 0.00100    | 0.10         | 105       | 0.00100    | 0.10         | 0.00         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 100       | 0.00700    | 0.70         | 100       | 0.00700    | 0.70         | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 104       | 0.05704    | 5.91         | 105       | 0.05704    | 5.99         | 0.08         | 1.3%         | 0.3%               |
| <b>Total Bill</b>  |        |           |            | <b>21.29</b> |           |            | <b>22.86</b> | <b>1.58</b>  | <b>7.4%</b>  | <b>6.9%</b>        |

HALTON HILLS HYDRO INC.

Residential

500 kWh Consumption

|  | Metric | 2007 BILL |            |              | 2008 BILL |            |              | IMPACT       |              |                    |
|--|--------|-----------|------------|--------------|-----------|------------|--------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$ | Volume    | Rate<br>\$ | Charge<br>\$ | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 11.35        |           |            | 12.88        | 1.53         | 13.5%        | 2.4%               |
| Distribution   | kWh    | 500       | 0.01150    | 5.75         | 500       | 0.01420    | 7.10         | 1.35         | 23.5%        | 2.1%               |
| <b>Sub-Total</b>   |        |           |            | <b>17.10</b> |           |            | <b>19.98</b> | <b>2.88</b>  | <b>16.8%</b> | <b>4.6%</b>        |
| Regulatory Asset Recovery                                | kWh    | 500       | 0.00420    | 2.10         | 500       | 0.00100    | 0.50         | (1.60)       | -76.2%       | -2.5%              |
| Retail Transmission - Network                            | kWh    | 518       | 0.00570    | 2.95         | 525       | 0.00570    | 2.99         | 0.04         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 518       | 0.00500    | 2.59         | 525       | 0.00500    | 2.62         | 0.03         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 518       | 0.00520    | 2.70         | 525       | 0.00520    | 2.73         | 0.03         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 518       | 0.00100    | 0.52         | 525       | 0.00100    | 0.52         | 0.01         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 500       | 0.00700    | 3.50         | 500       | 0.00700    | 3.50         | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 518       | 0.05704    | 29.57        | 525       | 0.05704    | 29.95        | 0.38         | 1.3%         | 0.6%               |
| <b>Total Bill</b>  |        |           |            | <b>61.03</b> |           |            | <b>62.80</b> | <b>1.77</b>  | <b>2.9%</b>  | <b>2.8%</b>        |

**HALTON HILLS HYDRO INC.**

**Residential**

1,000 kWh Consumption

|  | Metric | 2007 BILL |            |               | 2008 BILL |            |               | IMPACT       |              |                    |
|--|--------|-----------|------------|---------------|-----------|------------|---------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$  | Volume    | Rate<br>\$ | Charge<br>\$  | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 11.35         |           |            | 12.88         | 1.53         | 13.5%        | 1.4%               |
| Distribution   | kWh    | 1,000     | 0.01150    | 11.50         | 1,000     | 0.01420    | 14.20         | 2.70         | 23.5%        | 2.4%               |
| <b>Sub-Total</b>   |        |           |            | <b>22.85</b>  |           |            | <b>27.08</b>  | <b>4.23</b>  | <b>18.5%</b> | <b>3.8%</b>        |
| Regulatory Asset Recovery                                | kWh    | 1,000     | 0.00420    | 4.20          | 1,000     | 0.00100    | 1.00          | (3.20)       | -76.2%       | -2.8%              |
| Retail Transmission - Network                            | kWh    | 1,037     | 0.00570    | 5.91          | 1,050     | 0.00570    | 5.98          | 0.08         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 1,037     | 0.00500    | 5.18          | 1,050     | 0.00500    | 5.25          | 0.07         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 1,037     | 0.00520    | 5.39          | 1,050     | 0.00520    | 5.46          | 0.07         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 1,037     | 0.00100    | 1.04          | 1,050     | 0.00100    | 1.05          | 0.01         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 1,000     | 0.00700    | 7.00          | 1,000     | 0.00700    | 7.00          | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 1,037     | 0.05704    | 59.14         | 1,050     | 0.05704    | 59.89         | 0.75         | 1.3%         | 0.7%               |
| <b>Total Bill</b>  |        |           |            | <b>110.71</b> |           |            | <b>112.72</b> | <b>2.01</b>  | <b>1.8%</b>  | <b>1.8%</b>        |

**HALTON HILLS HYDRO INC.**

**Residential**

2,000 kWh Consumption

|  | Metric | 2007 BILL |            |               | 2008 BILL |            |               | IMPACT       |              |                    |
|--|--------|-----------|------------|---------------|-----------|------------|---------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$  | Volume    | Rate<br>\$ | Charge<br>\$  | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 11.35         |           |            | 12.88         | 1.53         | 13.5%        | 0.7%               |
| Distribution   | kWh    | 2,000     | 0.01150    | 23.00         | 2,000     | 0.01420    | 28.40         | 5.40         | 23.5%        | 2.5%               |
| <b>Sub-Total</b>   |        |           |            | <b>34.35</b>  |           |            | <b>41.28</b>  | <b>6.93</b>  | <b>20.2%</b> | <b>3.3%</b>        |
| Regulatory Asset Recovery                                | kWh    | 2,000     | 0.00420    | 8.40          | 2,000     | 0.00100    | 2.00          | (6.40)       | -76.2%       | -3.0%              |
| Retail Transmission - Network                            | kWh    | 2,074     | 0.00570    | 11.82         | 2,100     | 0.00570    | 11.97         | 0.15         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 2,074     | 0.00500    | 10.37         | 2,100     | 0.00500    | 10.50         | 0.13         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 2,074     | 0.00520    | 10.78         | 2,100     | 0.00520    | 10.92         | 0.14         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 2,074     | 0.00100    | 2.07          | 2,100     | 0.00100    | 2.10          | 0.03         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 2,000     | 0.00700    | 14.00         | 2,000     | 0.00700    | 14.00         | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 2,074     | 0.05704    | 118.28        | 2,100     | 0.05704    | 119.78        | 1.50         | 1.3%         | 0.7%               |
| <b>Total Bill</b>  |        |           |            | <b>210.07</b> |           |            | <b>212.55</b> | <b>2.48</b>  | <b>1.2%</b>  | <b>1.2%</b>        |

HALTON HILLS HYDRO INC.

Residential

5,000 kWh Consumption

|  | Metric | 2007 BILL |            |               | 2008 BILL |            |               | IMPACT       |              |                    |
|--|--------|-----------|------------|---------------|-----------|------------|---------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$  | Volume    | Rate<br>\$ | Charge<br>\$  | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 11.35         |           |            | 12.88         | 1.53         | 13.5%        | 0.3%               |
| Distribution   | kWh    | 5,000     | 0.01150    | 57.50         | 5,000     | 0.01420    | 71.00         | 13.50        | 23.5%        | 2.6%               |
| <b>Sub-Total</b>   |        |           |            | <b>68.85</b>  |           |            | <b>83.88</b>  | <b>15.03</b> | <b>21.8%</b> | <b>2.9%</b>        |
| Regulatory Asset Recovery                                | kWh    | 5,000     | 0.00420    | 21.00         | 5,000     | 0.00100    | 5.00          | (16.00)      | -76.2%       | -3.1%              |
| Retail Transmission - Network                            | kWh    | 5,184     | 0.00570    | 29.55         | 5,250     | 0.00570    | 29.92         | 0.38         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 5,184     | 0.00500    | 25.92         | 5,250     | 0.00500    | 26.25         | 0.33         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 5,184     | 0.00520    | 26.96         | 5,250     | 0.00520    | 27.30         | 0.34         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 5,184     | 0.00100    | 5.18          | 5,250     | 0.00100    | 5.25          | 0.07         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 5,000     | 0.00700    | 35.00         | 5,000     | 0.00700    | 35.00         | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 5,184     | 0.05704    | 295.70        | 5,250     | 0.05704    | 299.46        | 3.76         | 1.3%         | 0.7%               |
| <b>Total Bill</b>  |        |           |            | <b>508.15</b> |           |            | <b>512.06</b> | <b>3.91</b>  | <b>0.8%</b>  | <b>0.8%</b>        |

**HALTON HILLS HYDRO INC.**

**Residential**

10,000 kWh Consumption

|  | Metric | 2007 BILL |            |                 | 2008 BILL |            |                 | IMPACT       |              |                    |
|--|--------|-----------|------------|-----------------|-----------|------------|-----------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$    | Volume    | Rate<br>\$ | Charge<br>\$    | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 11.35           |           |            | 12.88           | 1.53         | 13.5%        | 0.2%               |
| Distribution   | kWh    | 10,000    | 0.01150    | 115.00          | 10,000    | 0.01420    | 142.00          | 27.00        | 23.5%        | 2.7%               |
| <b>Sub-Total</b>   |        |           |            | <b>126.35</b>   |           |            | <b>154.88</b>   | <b>28.53</b> | <b>22.6%</b> | <b>2.8%</b>        |
| Regulatory Asset Recovery                                | kWh    | 10,000    | 0.00420    | 42.00           | 10,000    | 0.00100    | 10.00           | (32.00)      | -76.2%       | -3.2%              |
| Retail Transmission - Network                            | kWh    | 10,368    | 0.00570    | 59.10           | 10,500    | 0.00570    | 59.85           | 0.75         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 10,368    | 0.00500    | 51.84           | 10,500    | 0.00500    | 52.50           | 0.66         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 10,368    | 0.00520    | 53.91           | 10,500    | 0.00520    | 54.60           | 0.69         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 10,368    | 0.00100    | 10.37           | 10,500    | 0.00100    | 10.50           | 0.13         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 10,000    | 0.00700    | 70.00           | 10,000    | 0.00700    | 70.00           | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 10,368    | 0.05704    | 591.39          | 10,500    | 0.05704    | 598.91          | 7.52         | 1.3%         | 0.7%               |
| <b>Total Bill</b>  |        |           |            | <b>1,004.96</b> |           |            | <b>1,011.24</b> | <b>6.28</b>  | <b>0.6%</b>  | <b>0.6%</b>        |

HALTON HILLS HYDRO INC.

Residential

20,000 kWh Consumption

|  | Metric | 2007 BILL |            |                 | 2008 BILL |            |                 | IMPACT       |              |                    |
|--|--------|-----------|------------|-----------------|-----------|------------|-----------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$    | Volume    | Rate<br>\$ | Charge<br>\$    | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 11.35           |           |            | 12.88           | 1.53         | 13.5%        | 0.1%               |
| Distribution   | kWh    | 20,000    | 0.01150    | 230.00          | 20,000    | 0.01420    | 284.00          | 54.00        | 23.5%        | 2.7%               |
| <b>Sub-Total</b>   |        |           |            | <b>241.35</b>   |           |            | <b>296.88</b>   | <b>55.53</b> | <b>23.0%</b> | <b>2.8%</b>        |
| Regulatory Asset Recovery                                | kWh    | 20,000    | 0.00420    | 84.00           | 20,000    | 0.00100    | 20.00           | (64.00)      | -76.2%       | -3.2%              |
| Retail Transmission - Network                            | kWh    | 20,736    | 0.00570    | 118.20          | 21,000    | 0.00570    | 119.70          | 1.50         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 20,736    | 0.00500    | 103.68          | 21,000    | 0.00500    | 105.00          | 1.32         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 20,736    | 0.00520    | 107.83          | 21,000    | 0.00520    | 109.20          | 1.37         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 20,736    | 0.00100    | 20.74           | 21,000    | 0.00100    | 21.00           | 0.26         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 20,000    | 0.00700    | 140.00          | 20,000    | 0.00700    | 140.00          | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 20,736    | 0.05704    | 1,182.78        | 21,000    | 0.05704    | 1,197.83        | 15.05        | 1.3%         | 0.7%               |
| <b>Total Bill</b>  |        |           |            | <b>1,998.57</b> |           |            | <b>2,009.61</b> | <b>11.04</b> | <b>0.6%</b>  | <b>0.5%</b>        |

HALTON HILLS HYDRO INC.

GS<50kW

500 kWh Consumption

|  | Metric | 2007 BILL |            |              | 2008 BILL |            |              | IMPACT       |              |                    |
|--|--------|-----------|------------|--------------|-----------|------------|--------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$ | Volume    | Rate<br>\$ | Charge<br>\$ | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 24.74        |           |            | 28.13        | 3.39         | 13.7%        | 2.7%               |
| Distribution   | kWh    | 500       | 0.01000    | 5.00         | 500       | 0.01280    | 6.40         | 1.40         | 28.0%        | 1.1%               |
| <b>Sub-Total</b>   |        |           |            | <b>29.74</b> |           |            | <b>34.53</b> | <b>4.79</b>  | <b>16.1%</b> | <b>3.8%</b>        |
| Regulatory Asset Recovery                                | kWh    | 500       | 0.00380    | 1.90         | 500       | 0.00090    | 0.45         | (1.45)       | -76.3%       | -1.2%              |
| Retail Transmission - Network                            | kWh    | 518       | 0.00520    | 2.70         | 525       | 0.00520    | 2.73         | 0.03         | 1.3%         | 0.0%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 518       | 0.00450    | 2.33         | 525       | 0.00450    | 2.36         | 0.03         | 1.3%         | 0.0%               |
| Wholesale Market Service                                 | kWh    | 518       | 0.00520    | 2.70         | 525       | 0.00520    | 2.73         | 0.03         | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 518       | 0.00100    | 0.52         | 525       | 0.00100    | 0.52         | 0.01         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 518       | 0.00700    | 3.63         | 525       | 0.00700    | 3.67         | 0.05         | 1.3%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 518       | 0.05704    | 29.57        | 525       | 0.05704    | 29.95        | 0.38         | 1.3%         | 0.3%               |
| <b>Total Bill</b>  |        |           |            | <b>73.08</b> |           |            | <b>76.95</b> | <b>3.87</b>  | <b>5.3%</b>  | <b>3.1%</b>        |

HALTON HILLS HYDRO INC.

GS<50kW

1,000 kWh Consumption

|  | Metric | 2007 BILL |            |               | 2008 BILL |            |               | IMPACT       |              |                    |
|--|--------|-----------|------------|---------------|-----------|------------|---------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$  | Volume    | Rate<br>\$ | Charge<br>\$  | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 24.74         |           |            | 28.13         | 3.39         | 13.7%        | 2.7%               |
| Distribution   | kWh    | 1,000     | 0.01000    | 10.00         | 1,000     | 0.01280    | 12.80         | 2.80         | 28.0%        | 2.2%               |
| <b>Sub-Total</b>   |        |           |            | <b>34.74</b>  |           |            | <b>40.93</b>  | <b>6.19</b>  | <b>17.8%</b> | <b>4.9%</b>        |
| Regulatory Asset Recovery                                | kWh    | 1,000     | 0.00380    | 3.80          | 1,000     | 0.00090    | 0.90          | (2.90)       | -76.3%       | -2.3%              |
| Retail Transmission - Network                            | kWh    | 1,037     | 0.00520    | 5.39          | 1,050     | 0.00520    | 5.46          | 0.07         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 1,037     | 0.00450    | 4.67          | 1,050     | 0.00450    | 4.72          | 0.06         | 1.3%         | 0.0%               |
| Wholesale Market Service                                 | kWh    | 1,037     | 0.00520    | 5.39          | 1,050     | 0.00520    | 5.46          | 0.07         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 1,037     | 0.00100    | 1.04          | 1,050     | 0.00100    | 1.05          | 0.01         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 1,000     | 0.00700    | 7.00          | 1,000     | 0.00700    | 7.00          | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 1,037     | 0.05704    | 59.14         | 1,050     | 0.05704    | 59.89         | 0.75         | 1.3%         | 0.6%               |
| <b>Total Bill</b>  |        |           |            | <b>121.16</b> |           |            | <b>125.42</b> | <b>4.25</b>  | <b>3.5%</b>  | <b>3.4%</b>        |

HALTON HILLS HYDRO INC.

GS<50kW

2,000 kWh Consumption

|  | Metric | 2007 BILL |            |               | 2008 BILL |            |               | IMPACT       |              |                    |
|--|--------|-----------|------------|---------------|-----------|------------|---------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$  | Volume    | Rate<br>\$ | Charge<br>\$  | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 24.74         |           |            | 28.13         | 3.39         | 13.7%        | 1.5%               |
| Distribution   | kWh    | 2,000     | 0.01000    | 20.00         | 2,000     | 0.01280    | 25.60         | 5.60         | 28.0%        | 2.5%               |
| <b>Sub-Total</b>   |        |           |            | <b>44.74</b>  |           |            | <b>53.73</b>  | <b>8.99</b>  | <b>20.1%</b> | <b>4.0%</b>        |
| Regulatory Asset Recovery                                | kWh    | 2,000     | 0.00380    | 7.60          | 2,000     | 0.00090    | 1.80          | (5.80)       | -76.3%       | -2.6%              |
| Retail Transmission - Network                            | kWh    | 2,074     | 0.00520    | 10.78         | 2,100     | 0.00520    | 10.92         | 0.14         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 2,074     | 0.00450    | 9.33          | 2,100     | 0.00450    | 9.45          | 0.12         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 2,074     | 0.00520    | 10.78         | 2,100     | 0.00520    | 10.92         | 0.14         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 2,074     | 0.00100    | 2.07          | 2,100     | 0.00100    | 2.10          | 0.03         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 2,000     | 0.00700    | 14.00         | 2,000     | 0.00700    | 14.00         | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 2,074     | 0.05704    | 118.28        | 2,100     | 0.05704    | 119.78        | 1.50         | 1.3%         | 0.7%               |
| <b>Total Bill</b>  |        |           |            | <b>217.59</b> |           |            | <b>222.70</b> | <b>5.11</b>  | <b>2.4%</b>  | <b>2.3%</b>        |

HALTON HILLS HYDRO INC.

GS<50kW

5,000 kWh Consumption

|  | Metric | 2007 BILL |            |               | 2008 BILL |            |               | IMPACT       |              |                    |
|--|--------|-----------|------------|---------------|-----------|------------|---------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$  | Volume    | Rate<br>\$ | Charge<br>\$  | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 24.74         |           |            | 28.13         | 3.39         | 13.7%        | 0.7%               |
| Distribution   | kWh    | 5,000     | 0.01000    | 50.00         | 5,000     | 0.01280    | 64.00         | 14.00        | 28.0%        | 2.7%               |
| <b>Sub-Total</b>   |        |           |            | <b>74.74</b>  |           |            | <b>92.13</b>  | <b>17.39</b> | <b>23.3%</b> | <b>3.4%</b>        |
| Regulatory Asset Recovery                                | kWh    | 5,000     | 0.00380    | 19.00         | 5,000     | 0.00090    | 4.50          | (14.50)      | -76.3%       | -2.8%              |
| Retail Transmission - Network                            | kWh    | 5,184     | 0.00520    | 26.96         | 5,250     | 0.00520    | 27.30         | 0.34         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 5,184     | 0.00450    | 23.33         | 5,250     | 0.00450    | 23.62         | 0.30         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 5,184     | 0.00520    | 26.96         | 5,250     | 0.00520    | 27.30         | 0.34         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 5,184     | 0.00100    | 5.18          | 5,250     | 0.00100    | 5.25          | 0.07         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 5,000     | 0.00700    | 35.00         | 5,000     | 0.00700    | 35.00         | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 5,184     | 0.05704    | 295.70        | 5,250     | 0.05704    | 299.46        | 3.76         | 1.3%         | 0.7%               |
| <b>Total Bill</b>  |        |           |            | <b>506.86</b> |           |            | <b>514.56</b> | <b>7.70</b>  | <b>1.5%</b>  | <b>1.5%</b>        |

**HALTON HILLS HYDRO INC.**

**GS<50kW**

10,000 kWh Consumption

|  | Metric | 2007 BILL |            |               | 2008 BILL |            |                 | IMPACT       |              |                    |
|--|--------|-----------|------------|---------------|-----------|------------|-----------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$  | Volume    | Rate<br>\$ | Charge<br>\$    | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 24.74         |           |            | 28.13           | 3.39         | 13.7%        | 0.3%               |
| Distribution   | kWh    | 10,000    | 0.01000    | 100.00        | 10,000    | 0.01280    | 128.00          | 28.00        | 28.0%        | 2.8%               |
| <b>Sub-Total</b>   |        |           |            | <b>124.74</b> |           |            | <b>156.13</b>   | <b>31.39</b> | <b>25.2%</b> | <b>3.1%</b>        |
| Regulatory Asset Recovery                                | kWh    | 10,000    | 0.00380    | 38.00         | 10,000    | 0.00090    | 9.00            | (29.00)      | -76.3%       | -2.9%              |
| Retail Transmission - Network                            | kWh    | 10,368    | 0.00520    | 53.91         | 10,500    | 0.00520    | 54.60           | 0.69         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 10,368    | 0.00450    | 46.66         | 10,500    | 0.00450    | 47.25           | 0.59         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 10,368    | 0.00520    | 53.91         | 10,500    | 0.00520    | 54.60           | 0.69         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 10,368    | 0.00100    | 10.37         | 10,500    | 0.00100    | 10.50           | 0.13         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 10,000    | 0.00700    | 70.00         | 10,000    | 0.00700    | 70.00           | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 10,368    | 0.05704    | 591.39        | 10,500    | 0.05704    | 598.91          | 7.52         | 1.3%         | 0.8%               |
| <b>Total Bill</b>  |        |           |            | <b>988.98</b> |           |            | <b>1,000.99</b> | <b>12.01</b> | <b>1.2%</b>  | <b>1.2%</b>        |

HALTON HILLS HYDRO INC.

GS<50kW

15,000 kWh Consumption

|  | Metric | 2007 BILL |            |                 | 2008 BILL |            |                 | IMPACT       |              |                    |
|--|--------|-----------|------------|-----------------|-----------|------------|-----------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$    | Volume    | Rate<br>\$ | Charge<br>\$    | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 24.74           |           |            | 28.13           | 3.39         | 13.7%        | 0.2%               |
| Distribution   | kWh    | 15,000    | 0.01000    | 150.00          | 15,000    | 0.01280    | 192.00          | 42.00        | 28.0%        | 2.8%               |
| <b>Sub-Total</b>   |        |           |            | <b>174.74</b>   |           |            | <b>220.13</b>   | <b>45.39</b> | <b>26.0%</b> | <b>3.1%</b>        |
| Regulatory Asset Recovery                                | kWh    | 15,000    | 0.00380    | 57.00           | 15,000    | 0.00090    | 13.50           | (43.50)      | -76.3%       | -2.9%              |
| Retail Transmission - Network                            | kWh    | 15,552    | 0.00520    | 80.87           | 15,750    | 0.00520    | 81.90           | 1.03         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 15,552    | 0.00450    | 69.98           | 15,750    | 0.00450    | 70.87           | 0.89         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 15,552    | 0.00520    | 80.87           | 15,750    | 0.00520    | 81.90           | 1.03         | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 15,552    | 0.00100    | 15.55           | 15,750    | 0.00100    | 15.75           | 0.20         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 15,000    | 0.00700    | 105.00          | 15,000    | 0.00700    | 105.00          | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 15,552    | 0.05704    | 887.09          | 15,750    | 0.05704    | 898.37          | 11.29        | 1.3%         | 0.8%               |
| <b>Total Bill</b>  |        |           |            | <b>1,471.10</b> |           |            | <b>1,487.42</b> | <b>16.32</b> | <b>1.1%</b>  | <b>1.1%</b>        |

HALTON HILLS HYDRO INC.

**GS 50-999 kW**

50 kW Consumption

5,000 kWh Consumption

|  | Metric | 2007 BILL |            |               | 2008 BILL |            |               | IMPACT         |              |                    |
|--|--------|-----------|------------|---------------|-----------|------------|---------------|----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$  | Volume    | Rate<br>\$ | Charge<br>\$  | Change<br>\$   | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 93.67         |           |            | 80.77         | (12.90)        | -13.8%       | -1.5%              |
| Distribution   | kW     | 50        | 4.62080    | 231.04        | 50        | 4.43500    | 221.75        | (9.29)         | -4.0%        | -1.0%              |
| <b>Sub-Total</b>   |        |           |            | <b>324.71</b> |           |            | <b>302.52</b> | <b>(22.19)</b> | <b>-6.8%</b> | <b>-2.5%</b>       |
| Regulatory Asset Recovery                                | kW     | 50        | 0.48940    | 24.47         | 50        | 0.25960    | 12.98         | (11.49)        | -47.0%       | -1.3%              |
| Retail Transmission - Network                            | kW     | 52        | 2.12180    | 109.99        | 52        | 2.12180    | 111.39        | 1.40           | 1.3%         | 0.2%               |
| Retail Transmission - Line and Transformation Connection | kW     | 52        | 1.78820    | 92.70         | 52        | 1.78820    | 93.88         | 1.18           | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 5,184     | 0.00520    | 26.96         | 5,250     | 0.00520    | 27.30         | 0.34           | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 5,184     | 0.00100    | 5.18          | 5,250     | 0.00100    | 5.25          | 0.07           | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 5,000     | 0.00700    | 35.00         | 5,000     | 0.00700    | 35.00         | 0.00           | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 5,184     | 0.05704    | 295.70        | 5,250     | 0.05704    | 299.46        | 3.76           | 1.3%         | 0.4%               |
| <b>Total Bill</b>  |        |           |            | <b>914.71</b> |           |            | <b>887.78</b> | <b>(26.93)</b> | <b>-2.9%</b> | <b>-3.0%</b>       |

**HALTON HILLS HYDRO INC.**

**GS 50-999 kW**

50 kW Consumption  
15,000 kWh Consumption

|  | Metric | 2007 BILL |            |                 | 2008 BILL |            |                 | IMPACT         |              |                    |
|--|--------|-----------|------------|-----------------|-----------|------------|-----------------|----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$    | Volume    | Rate<br>\$ | Charge<br>\$    | Change<br>\$   | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 93.67           |           |            | 80.77           | (12.90)        | -13.8%       | -0.8%              |
| Distribution   | kW     | 50        | 4.62080    | 231.04          | 50        | 4.43500    | 221.75          | (9.29)         | -4.0%        | -0.6%              |
| <b>Sub-Total</b>   |        |           |            | <b>324.71</b>   |           |            | <b>302.52</b>   | <b>(22.19)</b> | <b>-6.8%</b> | <b>-1.4%</b>       |
| Regulatory Asset Recovery                                | kW     | 50        | 0.48940    | 24.47           | 50        | 0.25960    | 12.98           | (11.49)        | -47.0%       | -0.7%              |
| Retail Transmission - Network                            | kW     | 52        | 2.12180    | 109.99          | 52        | 2.12180    | 111.39          | 1.40           | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kW     | 52        | 1.78820    | 92.70           | 52        | 1.78820    | 93.88           | 1.18           | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 15,552    | 0.00520    | 80.87           | 15,750    | 0.00520    | 81.90           | 1.03           | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 15,552    | 0.00100    | 15.55           | 15,750    | 0.00100    | 15.75           | 0.20           | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 15,000    | 0.00700    | 105.00          | 15,000    | 0.00700    | 105.00          | 0.00           | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 15,552    | 0.05704    | 887.09          | 15,750    | 0.05704    | 898.37          | 11.29          | 1.3%         | 0.7%               |
| <b>Total Bill</b>  |        |           |            | <b>1,640.38</b> |           |            | <b>1,621.79</b> | <b>(18.59)</b> | <b>-1.1%</b> | <b>-1.1%</b>       |

HALTON HILLS HYDRO INC.

**GS 50-999 kW**

100 kW Consumption

15,000 kWh Consumption

|  | Metric | 2007 BILL |            |                 | 2008 BILL |            |                 | IMPACT         |              |                    |
|--|--------|-----------|------------|-----------------|-----------|------------|-----------------|----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$    | Volume    | Rate<br>\$ | Charge<br>\$    | Change<br>\$   | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 93.67           |           |            | 80.77           | (12.90)        | -13.8%       | -0.6%              |
| Distribution   | kW     | 100       | 4.62080    | 462.08          | 100       | 4.43500    | 443.50          | (18.58)        | -4.0%        | -0.9%              |
| <b>Sub-Total</b>   |        |           |            | <b>555.75</b>   |           |            | <b>524.27</b>   | <b>(31.48)</b> | <b>-5.7%</b> | <b>-1.5%</b>       |
| Regulatory Asset Recovery                                | kW     | 100       | 0.48940    | 48.94           | 100       | 0.25960    | 25.96           | (22.98)        | -47.0%       | -1.1%              |
| Retail Transmission - Network                            | kW     | 104       | 2.12180    | 219.99          | 105       | 2.12180    | 222.79          | 2.80           | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kW     | 104       | 1.78820    | 185.40          | 105       | 1.78820    | 187.76          | 2.36           | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 15,552    | 0.00520    | 80.87           | 15,750    | 0.00520    | 81.90           | 1.03           | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 15,552    | 0.00100    | 15.55           | 15,750    | 0.00100    | 15.75           | 0.20           | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 15,000    | 0.00700    | 105.00          | 15,000    | 0.00700    | 105.00          | 0.00           | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 15,552    | 0.05704    | 887.09          | 15,750    | 0.05704    | 898.37          | 11.29          | 1.3%         | 0.5%               |
| <b>Total Bill</b>  |        |           |            | <b>2,098.59</b> |           |            | <b>2,061.80</b> | <b>(36.79)</b> | <b>-1.8%</b> | <b>-1.8%</b>       |

**HALTON HILLS HYDRO INC.**

**GS 50-999 kW**

100 kW Consumption

50,000 kWh Consumption

|  | Metric | 2007 BILL |            |                 | 2008 BILL |            |                 | IMPACT         |              |                    |
|--|--------|-----------|------------|-----------------|-----------|------------|-----------------|----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$    | Volume    | Rate<br>\$ | Charge<br>\$    | Change<br>\$   | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 93.67           |           |            | 80.77           | (12.90)        | -13.8%       | -0.3%              |
| Distribution   | kW     | 100       | 4.62080    | 462.08          | 100       | 4.43500    | 443.50          | (18.58)        | -4.0%        | -0.4%              |
| <b>Sub-Total</b>   |        |           |            | <b>555.75</b>   |           |            | <b>524.27</b>   | <b>(31.48)</b> | <b>-5.7%</b> | <b>-0.7%</b>       |
| Regulatory Asset Recovery                                | kW     | 100       | 0.48940    | 48.94           | 100       | 0.25960    | 25.96           | (22.98)        | -47.0%       | -0.5%              |
| Retail Transmission - Network                            | kW     | 104       | 2.12180    | 219.99          | 105       | 2.12180    | 222.79          | 2.80           | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kW     | 104       | 1.78820    | 185.40          | 105       | 1.78820    | 187.76          | 2.36           | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 51,840    | 0.00520    | 269.57          | 52,500    | 0.00520    | 273.00          | 3.43           | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 51,840    | 0.00100    | 51.84           | 52,500    | 0.00100    | 52.50           | 0.66           | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 50,000    | 0.00700    | 350.00          | 50,000    | 0.00700    | 350.00          | 0.00           | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 51,840    | 0.05704    | 2,956.95        | 52,500    | 0.05704    | 2,994.57        | 37.62          | 1.3%         | 0.8%               |
| <b>Total Bill</b>  |        |           |            | <b>4,638.44</b> |           |            | <b>4,630.84</b> | <b>(7.60)</b>  | <b>-0.2%</b> | <b>-0.2%</b>       |

**HALTON HILLS HYDRO INC.**

**GS 50-999 kW**

500 kW Consumption

50,000 kWh Consumption

|  | Metric | 2007 BILL |            |                 | 2008 BILL |            |                 | IMPACT          |              |                    |
|--|--------|-----------|------------|-----------------|-----------|------------|-----------------|-----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$    | Volume    | Rate<br>\$ | Charge<br>\$    | Change<br>\$    | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 93.67           |           |            | 80.77           | (12.90)         | -13.8%       | -0.2%              |
| Distribution   | kW     | 500       | 4.62080    | 2,310.40        | 500       | 4.43500    | 2,217.50        | (92.90)         | -4.0%        | -1.1%              |
| <b>Sub-Total</b>   |        |           |            | <b>2,404.07</b> |           |            | <b>2,298.27</b> | <b>(105.80)</b> | <b>-4.4%</b> | <b>-1.3%</b>       |
| Regulatory Asset Recovery                                | kW     | 500       | 0.48940    | 244.70          | 500       | 0.25960    | 129.80          | (114.90)        | -47.0%       | -1.4%              |
| Retail Transmission - Network                            | kW     | 518       | 2.12180    | 1,099.94        | 525       | 2.12180    | 1,113.93        | 13.99           | 1.3%         | 0.2%               |
| Retail Transmission - Line and Transformation Connection | kW     | 518       | 1.78820    | 927.00          | 525       | 1.78820    | 938.80          | 11.79           | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 51,840    | 0.00520    | 269.57          | 52,500    | 0.00520    | 273.00          | 3.43            | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 51,840    | 0.00100    | 51.84           | 52,500    | 0.00100    | 52.50           | 0.66            | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 50,000    | 0.00700    | 350.00          | 50,000    | 0.00700    | 350.00          | 0.00            | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 51,840    | 0.05704    | 2,956.95        | 52,500    | 0.05704    | 2,994.57        | 37.62           | 1.3%         | 0.5%               |
| <b>Total Bill</b>  |        |           |            | <b>8,304.08</b> |           |            | <b>8,150.87</b> | <b>(153.21)</b> | <b>-1.8%</b> | <b>-1.9%</b>       |

HALTON HILLS HYDRO INC.

**GS 1000-4999**

1,000 kW Consumption  
50,000 kWh Consumption

|  | Metric | 2007 BILL |            |                  | 2008 BILL |            |                  | IMPACT          |              |                    |
|--|--------|-----------|------------|------------------|-----------|------------|------------------|-----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$     | Volume    | Rate<br>\$ | Charge<br>\$     | Change<br>\$    | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 207.22           |           |            | 185.71           | (21.51)         | -10.4%       | -0.2%              |
| Distribution   | kW     | 1,000     | 4.29990    | 4,299.90         | 1,000     | 4.56490    | 4,564.90         | 265.00          | 6.2%         | 2.0%               |
| <b>Sub-Total</b>   |        |           |            | <b>4,507.12</b>  |           |            | <b>4,750.61</b>  | <b>243.49</b>   | <b>5.4%</b>  | <b>1.9%</b>        |
| Regulatory Asset Recovery                                | kW     | 1,000     | 1.28700    | 1,287.00         | 1,000     | 0.28690    | 286.90           | (1,000.10)      | -77.7%       | -7.6%              |
| Retail Transmission - Network                            | kW     | 1,037     | 2.25350    | 2,336.43         | 1,050     | 2.25350    | 2,366.15         | 29.72           | 1.3%         | 0.2%               |
| Retail Transmission - Line and Transformation Connection | kW     | 1,037     | 1.96030    | 2,032.44         | 1,050     | 1.96030    | 2,058.30         | 25.86           | 1.3%         | 0.2%               |
| Wholesale Market Service                                 | kWh    | 51,840    | 0.00520    | 269.57           | 52,500    | 0.00520    | 273.00           | 3.43            | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 51,840    | 0.00100    | 51.84            | 52,500    | 0.00100    | 52.50            | 0.66            | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 50,000    | 0.00700    | 350.00           | 50,000    | 0.00700    | 350.00           | 0.00            | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 51,840    | 0.05704    | 2,956.95         | 52,500    | 0.05704    | 2,994.57         | 37.62           | 1.3%         | 0.3%               |
| <b>Total Bill</b>  |        |           |            | <b>13,791.35</b> |           |            | <b>13,132.03</b> | <b>(659.32)</b> | <b>-4.8%</b> | <b>-5.0%</b>       |

**HALTON HILLS HYDRO INC.**

**GS 1000-4999**

1,000 kW Consumption

150,000 kWh Consumption

|  | Metric | 2007 BILL |            |                  | 2008 BILL |            |                  | IMPACT          |              |                    |
|--|--------|-----------|------------|------------------|-----------|------------|------------------|-----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$     | Volume    | Rate<br>\$ | Charge<br>\$     | Change<br>\$    | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 207.22           |           |            | 185.71           | (21.51)         | -10.4%       | -0.1%              |
| Distribution   | kW     | 1,000     | 4.29990    | 4,299.90         | 1,000     | 4.56490    | 4,564.90         | 265.00          | 6.2%         | 1.3%               |
| <b>Sub-Total</b>   |        |           |            | <b>4,507.12</b>  |           |            | <b>4,750.61</b>  | <b>243.49</b>   | <b>5.4%</b>  | <b>1.2%</b>        |
| Regulatory Asset Recovery                                | kW     | 1,000     | 1.28700    | 1,287.00         | 1,000     | 0.28690    | 286.90           | (1,000.10)      | -77.7%       | -4.9%              |
| Retail Transmission - Network                            | kW     | 1,037     | 2.25350    | 2,336.43         | 1,050     | 2.25350    | 2,366.15         | 29.72           | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kW     | 1,037     | 1.96030    | 2,032.44         | 1,050     | 1.96030    | 2,058.30         | 25.86           | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 155,520   | 0.00520    | 808.70           | 157,499   | 0.00520    | 818.99           | 10.29           | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 155,520   | 0.00100    | 155.52           | 157,499   | 0.00100    | 157.50           | 1.98            | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 150,000   | 0.00700    | 1,050.00         | 150,000   | 0.00700    | 1,050.00         | 0.00            | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 155,520   | 0.05704    | 8,870.86         | 157,499   | 0.05704    | 8,983.71         | 112.85          | 1.3%         | 0.6%               |
| <b>Total Bill</b>  |        |           |            | <b>21,048.07</b> |           |            | <b>20,472.16</b> | <b>(575.91)</b> | <b>-2.7%</b> | <b>-2.8%</b>       |

**HALTON HILLS HYDRO INC.**

**GS 1000-4999**

1,000 kW Consumption

500,000 kWh Consumption

|  | Metric | 2007 BILL |            |                  | 2008 BILL |            |                  | IMPACT          |              |                    |
|--|--------|-----------|------------|------------------|-----------|------------|------------------|-----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$     | Volume    | Rate<br>\$ | Charge<br>\$     | Change<br>\$    | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 207.22           |           |            | 185.71           | (21.51)         | -10.4%       | 0.0%               |
| Distribution   | kW     | 1,000     | 4.29990    | 4,299.90         | 1,000     | 4.56490    | 4,564.90         | 265.00          | 6.2%         | 0.6%               |
| <b>Sub-Total</b>   |        |           |            | <b>4,507.12</b>  |           |            | <b>4,750.61</b>  | <b>243.49</b>   | <b>5.4%</b>  | <b>0.5%</b>        |
| Regulatory Asset Recovery                                | kW     | 1,000     | 1.28700    | 1,287.00         | 1,000     | 0.28690    | 286.90           | (1,000.10)      | -77.7%       | -2.2%              |
| Retail Transmission - Network                            | kW     | 1,037     | 2.25350    | 2,336.43         | 1,050     | 2.25350    | 2,366.15         | 29.72           | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kW     | 1,037     | 1.96030    | 2,032.44         | 1,050     | 1.96030    | 2,058.30         | 25.86           | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 518,400   | 0.00520    | 2,695.68         | 524,995   | 0.00520    | 2,729.97         | 34.29           | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 518,400   | 0.00100    | 518.40           | 524,995   | 0.00100    | 525.00           | 6.60            | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 500,000   | 0.00700    | 3,500.00         | 500,000   | 0.00700    | 3,500.00         | 0.00            | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 518,400   | 0.05704    | 29,569.54        | 524,995   | 0.05704    | 29,945.71        | 376.18          | 1.3%         | 0.8%               |
| <b>Total Bill</b>  |        |           |            | <b>46,446.60</b> |           |            | <b>46,162.64</b> | <b>(283.96)</b> | <b>-0.6%</b> | <b>-0.6%</b>       |

**HALTON HILLS HYDRO INC.**

**GS 1000-4999**

3,500 kW Consumption

50,000 kWh Consumption

|  | Metric | 2007 BILL |            |                  | 2008 BILL |            |                  | IMPACT            |              |                    |
|--|--------|-----------|------------|------------------|-----------|------------|------------------|-------------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$     | Volume    | Rate<br>\$ | Charge<br>\$     | Change<br>\$      | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 207.22           |           |            | 185.71           | (21.51)           | -10.4%       | -0.1%              |
| Distribution   | kW     | 3,500     | 4.29990    | 15,049.65        | 3,500     | 4.56490    | 15,977.15        | 927.50            | 6.2%         | 2.6%               |
| <b>Sub-Total</b>   |        |           |            | <b>15,256.87</b> |           |            | <b>16,162.86</b> | <b>905.99</b>     | <b>5.9%</b>  | <b>2.5%</b>        |
| Regulatory Asset Recovery                                | kW     | 3,500     | 1.28700    | 4,504.50         | 3,500     | 0.28690    | 1,004.15         | (3,500.35)        | -77.7%       | -9.6%              |
| Retail Transmission - Network                            | kW     | 3,629     | 2.25350    | 8,177.50         | 3,675     | 2.25350    | 8,281.53         | 104.03            | 1.3%         | 0.3%               |
| Retail Transmission - Line and Transformation Connection | kW     | 3,629     | 1.96030    | 7,113.54         | 3,675     | 1.96030    | 7,204.03         | 90.50             | 1.3%         | 0.2%               |
| Wholesale Market Service                                 | kWh    | 51,840    | 0.00520    | 269.57           | 52,500    | 0.00520    | 273.00           | 3.43              | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 51,840    | 0.00100    | 51.84            | 52,500    | 0.00100    | 52.50            | 0.66              | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 50,000    | 0.00700    | 350.00           | 50,000    | 0.00700    | 350.00           | 0.00              | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 51,840    | 0.05704    | 2,956.95         | 52,500    | 0.05704    | 2,994.57         | 37.62             | 1.3%         | 0.1%               |
| <b>Total Bill</b>  |        |           |            | <b>38,680.77</b> |           |            | <b>36,322.65</b> | <b>(2,358.12)</b> | <b>-6.1%</b> | <b>-6.5%</b>       |

HALTON HILLS HYDRO INC.

GS 1000-4999

3,500 kW Consumption  
 150,000 kWh Consumption

|  | Metric | 2007 BILL |            |                  | 2008 BILL |            |                  | IMPACT            |              |                    |
|--|--------|-----------|------------|------------------|-----------|------------|------------------|-------------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$     | Volume    | Rate<br>\$ | Charge<br>\$     | Change<br>\$      | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 207.22           |           |            | 185.71           | (21.51)           | -10.4%       | -0.1%              |
| Distribution   | kW     | 3,500     | 4.29990    | 15,049.65        | 3,500     | 4.56490    | 15,977.15        | 927.50            | 6.2%         | 2.6%               |
| <b>Sub-Total</b>   |        |           |            | <b>15,256.87</b> |           |            | <b>16,162.86</b> | <b>905.99</b>     | <b>5.9%</b>  | <b>2.5%</b>        |
| Regulatory Asset Recovery                                | kW     | 3,500     | 1.28700    | 4,504.50         | 3,500     | 0.28690    | 1,004.15         | (3,500.35)        | -77.7%       | -9.6%              |
| Retail Transmission - Network                            | kW     | 3,629     | 2.25350    | 8,177.50         | 3,675     | 2.25350    | 8,281.53         | 104.03            | 1.3%         | 0.3%               |
| Retail Transmission - Line and Transformation Connection | kW     | 3,629     | 1.96030    | 7,113.54         | 3,675     | 1.96030    | 7,204.03         | 90.50             | 1.3%         | 0.2%               |
| Wholesale Market Service                                 | kWh    | 155,520   | 0.00520    | 808.70           | 157,499   | 0.00520    | 818.99           | 10.29             | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 155,520   | 0.00100    | 155.52           | 157,499   | 0.00100    | 157.50           | 1.98              | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 150,000   | 0.00700    | 1,050.00         | 150,000   | 0.00700    | 1,050.00         | 0.00              | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 155,520   | 0.05704    | 8,870.86         | 157,499   | 0.05704    | 8,983.71         | 112.85            | 1.3%         | 0.3%               |
| <b>Total Bill</b>  |        |           |            | <b>45,937.49</b> |           |            | <b>43,662.78</b> | <b>(2,274.71)</b> | <b>-5.0%</b> | <b>-6.3%</b>       |

**HALTON HILLS HYDRO INC.**

**GS 1000-4999**

3,500 kW Consumption

500,000 kWh Consumption

|  | Metric | 2007 BILL |            |                  | 2008 BILL |            |                  | IMPACT            |              |                    |
|--|--------|-----------|------------|------------------|-----------|------------|------------------|-------------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$     | Volume    | Rate<br>\$ | Charge<br>\$     | Change<br>\$      | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 207.22           |           |            | 185.71           | (21.51)           | -10.4%       | -0.1%              |
| Distribution   | kW     | 3,500     | 4.29990    | 15,049.65        | 3,500     | 4.56490    | 15,977.15        | 927.50            | 6.2%         | 2.6%               |
| <b>Sub-Total</b>   |        |           |            | <b>15,256.87</b> |           |            | <b>16,162.86</b> | <b>905.99</b>     | <b>5.9%</b>  | <b>2.5%</b>        |
| Regulatory Asset Recovery                                | kW     | 3,500     | 1.28700    | 4,504.50         | 3,500     | 0.28690    | 1,004.15         | (3,500.35)        | -77.7%       | -9.6%              |
| Retail Transmission - Network                            | kW     | 3,629     | 2.25350    | 8,177.50         | 3,675     | 2.25350    | 8,281.53         | 104.03            | 1.3%         | 0.3%               |
| Retail Transmission - Line and Transformation Connection | kW     | 3,629     | 1.96030    | 7,113.54         | 3,675     | 1.96030    | 7,204.03         | 90.50             | 1.3%         | 0.2%               |
| Wholesale Market Service                                 | kWh    | 518,400   | 0.00520    | 2,695.68         | 524,995   | 0.00520    | 2,729.97         | 34.29             | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 518,400   | 0.00100    | 518.40           | 524,995   | 0.00100    | 525.00           | 6.60              | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 500,000   | 0.00700    | 3,500.00         | 500,000   | 0.00700    | 3,500.00         | 0.00              | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 518,400   | 0.05704    | 29,569.54        | 524,995   | 0.05704    | 29,945.71        | 376.18            | 1.3%         | 1.0%               |
| <b>Total Bill</b>  |        |           |            | <b>71,336.02</b> |           |            | <b>69,353.26</b> | <b>(1,982.76)</b> | <b>-2.8%</b> | <b>-5.5%</b>       |

**HALTON HILLS HYDRO INC.**

**GS 1000-4999**

3,500 kW Consumption

1,000,000 kWh Consumption

|  | Metric | 2007 BILL |            |                   | 2008 BILL |            |                   | IMPACT            |              |                    |
|--|--------|-----------|------------|-------------------|-----------|------------|-------------------|-------------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$      | Volume    | Rate<br>\$ | Charge<br>\$      | Change<br>\$      | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 207.22            |           |            | 185.71            | (21.51)           | -10.4%       | -0.1%              |
| Distribution   | kW     | 3,500     | 4.29990    | 15,049.65         | 3,500     | 4.56490    | 15,977.15         | 927.50            | 6.2%         | 2.6%               |
| <b>Sub-Total</b>   |        |           |            | <b>15,256.87</b>  |           |            | <b>16,162.86</b>  | <b>905.99</b>     | <b>5.9%</b>  | <b>2.5%</b>        |
| Regulatory Asset Recovery                                | kW     | 3,500     | 1.28700    | 4,504.50          | 3,500     | 0.28690    | 1,004.15          | (3,500.35)        | -77.7%       | -9.6%              |
| Retail Transmission - Network                            | kW     | 3,629     | 2.25350    | 8,177.50          | 3,675     | 2.25350    | 8,281.53          | 104.03            | 1.3%         | 0.3%               |
| Retail Transmission - Line and Transformation Connection | kW     | 3,629     | 1.96030    | 7,113.54          | 3,675     | 1.96030    | 7,204.03          | 90.50             | 1.3%         | 0.2%               |
| Wholesale Market Service                                 | kWh    | 1,036,800 | 0.00520    | 5,391.36          | 1,049,990 | 0.00520    | 5,459.95          | 68.59             | 1.3%         | 0.2%               |
| Rural Rate Protection Charge                             | kWh    | 1,036,800 | 0.00100    | 1,036.80          | 1,049,990 | 0.00100    | 1,049.99          | 13.19             | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 1,000,000 | 0.00700    | 7,000.00          | 1,000,000 | 0.00700    | 7,000.00          | 0.00              | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 1,036,800 | 0.05704    | 59,139.07         | 1,049,990 | 0.05704    | 59,891.43         | 752.36            | 1.3%         | 2.1%               |
| <b>Total Bill</b>  |        |           |            | <b>107,619.64</b> |           |            | <b>106,053.95</b> | <b>(1,565.69)</b> | <b>-1.5%</b> | <b>-4.3%</b>       |

**HALTON HILLS HYDRO INC.**

**Street Light**

620 kW Consumption  
 160,000 kWh Consumption

|  | Metric | 2007 BILL |            |                  | 2008 BILL |            |                  | IMPACT          |               |                    |
|--|--------|-----------|------------|------------------|-----------|------------|------------------|-----------------|---------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$     | Volume    | Rate<br>\$ | Charge<br>\$     | Change<br>\$    | Change<br>%   | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 0.52             |           |            | 1.01             | 0.49            | 94.2%         | 0.0%               |
| Distribution   | kW     | 620       | 3.44510    | 2,135.96         | 620       | 6.97200    | 4,322.64         | 2,186.68        | 102.4%        | 12.0%              |
| <b>Sub-Total</b>   |        |           |            | <b>2,136.48</b>  |           |            | <b>4,323.65</b>  | <b>2,187.17</b> | <b>102.4%</b> | <b>12.0%</b>       |
| Regulatory Asset Recovery                                | kW     | 620       | 1.34030    | 830.99           | 620       | 0.34300    | 212.66           | (618.33)        | -74.4%        | -3.4%              |
| Retail Transmission - Network                            | kW     | 643       | 1.60020    | 1,028.63         | 651       | 1.60020    | 1,041.72         | 13.09           | 1.3%          | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kW     | 643       | 1.38240    | 888.63           | 651       | 1.38240    | 899.93           | 11.30           | 1.3%          | 0.1%               |
| Wholesale Market Service                                 | kWh    | 165,888   | 0.00520    | 862.62           | 167,998   | 0.00520    | 873.59           | 10.97           | 1.3%          | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 165,888   | 0.00100    | 165.89           | 167,998   | 0.00100    | 168.00           | 2.11            | 1.3%          | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 160,000   | 0.00700    | 1,120.00         | 160,000   | 0.00700    | 1,120.00         | 0.00            | 0.0%          | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 165,888   | 0.05704    | 9,462.25         | 167,998   | 0.05704    | 9,582.63         | 120.38          | 1.3%          | 0.7%               |
| <b>Total Bill</b>  |        |           |            | <b>16,495.49</b> |           |            | <b>18,222.18</b> | <b>1,726.69</b> | <b>10.5%</b>  | <b>9.5%</b>        |

**HALTON HILLS HYDRO INC.**

**Street Light**

620 kW Consumption  
 300,000 kWh Consumption

|  | Metric | 2007 BILL |            |                  | 2008 BILL |            |                  | IMPACT          |               |                    |
|--|--------|-----------|------------|------------------|-----------|------------|------------------|-----------------|---------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$     | Volume    | Rate<br>\$ | Charge<br>\$     | Change<br>\$    | Change<br>%   | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 0.52             |           |            | 1.01             | 0.49            | 94.2%         | 0.0%               |
| Distribution   | kW     | 620       | 3.44510    | 2,135.96         | 620       | 6.97200    | 4,322.64         | 2,186.68        | 102.4%        | 12.0%              |
| <b>Sub-Total</b>   |        |           |            | <b>2,136.48</b>  |           |            | <b>4,323.65</b>  | <b>2,187.17</b> | <b>102.4%</b> | <b>12.0%</b>       |
| Regulatory Asset Recovery                                | kW     | 620       | 1.34030    | 830.99           | 620       | 0.34300    | 212.66           | (618.33)        | -74.4%        | -3.4%              |
| Retail Transmission - Network                            | kW     | 643       | 1.60020    | 1,028.63         | 651       | 1.60020    | 1,041.72         | 13.09           | 1.3%          | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kW     | 643       | 1.38240    | 888.63           | 651       | 1.38240    | 899.93           | 11.30           | 1.3%          | 0.1%               |
| Wholesale Market Service                                 | kWh    | 311,040   | 0.00520    | 1,617.41         | 314,997   | 0.00520    | 1,637.98         | 20.58           | 1.3%          | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 311,040   | 0.00100    | 311.04           | 314,997   | 0.00100    | 315.00           | 3.96            | 1.3%          | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 300,000   | 0.00700    | 2,100.00         | 300,000   | 0.00700    | 2,100.00         | 0.00            | 0.0%          | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 311,040   | 0.05704    | 17,741.72        | 314,997   | 0.05704    | 17,967.43        | 225.71          | 1.3%          | 1.2%               |
| <b>Total Bill</b>  |        |           |            | <b>26,654.90</b> |           |            | <b>28,498.37</b> | <b>1,843.47</b> | <b>6.9%</b>   | <b>10.1%</b>       |

**HALTON HILLS HYDRO INC.**

**Sentinel**

0.75 kW Consumption  
 25 kWh Consumption

|  | Metric | 2007 BILL |            |              | 2008 BILL |            |              | IMPACT       |              |                    |
|--|--------|-----------|------------|--------------|-----------|------------|--------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$ | Volume    | Rate<br>\$ | Charge<br>\$ | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 1.18         |           |            | 1.88         | 0.70         | 59.3%        | 5.6%               |
| Distribution   | kW     | 1         | 4.98440    | 3.74         | 1         | 8.25450    | 6.19         | 2.45         | 65.6%        | 19.8%              |
| <b>Sub-Total</b>   |        |           |            | <b>4.92</b>  |           |            | <b>8.07</b>  | <b>3.15</b>  | <b>64.1%</b> | <b>25.4%</b>       |
| Regulatory Asset Recovery                                | kW     | 1         | 2.54900    | 1.91         | 1         | 0.15760    | 0.12         | (1.79)       | -93.8%       | -14.5%             |
| Retail Transmission - Network                            | kW     | 1         | 1.60830    | 1.25         | 1         | 1.60830    | 1.27         | 0.02         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kW     | 1         | 1.41130    | 1.10         | 1         | 1.41130    | 1.11         | 0.01         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 26        | 0.00520    | 0.13         | 26        | 0.00520    | 0.14         | 0.00         | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 26        | 0.00100    | 0.03         | 26        | 0.00100    | 0.03         | 0.00         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 25        | 0.00700    | 0.18         | 25        | 0.00700    | 0.18         | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 26        | 0.05704    | 1.48         | 26        | 0.05704    | 1.50         | 0.02         | 1.3%         | 0.2%               |
| <b>Total Bill</b>  |        |           |            | <b>10.99</b> |           |            | <b>12.40</b> | <b>1.41</b>  | <b>12.8%</b> | <b>11.4%</b>       |

**HALTON HILLS HYDRO INC.**

**Sentinel**

0.75 kW Consumption  
 50 kWh Consumption

|  | Metric | 2007 BILL |            |              | 2008 BILL |            |              | IMPACT       |              |                    |
|--|--------|-----------|------------|--------------|-----------|------------|--------------|--------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$ | Volume    | Rate<br>\$ | Charge<br>\$ | Change<br>\$ | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 1.18         |           |            | 1.88         | 0.70         | 59.3%        | 4.9%               |
| Distribution   | kW     | 1         | 4.98440    | 3.74         | 1         | 8.25450    | 6.19         | 2.45         | 65.6%        | 17.2%              |
| <b>Sub-Total</b>   |        |           |            | <b>4.92</b>  |           |            | <b>8.07</b>  | <b>3.15</b>  | <b>64.1%</b> | <b>22.1%</b>       |
| Regulatory Asset Recovery                                | kW     | 1         | 2.54900    | 1.91         | 1         | 0.15760    | 0.12         | (1.79)       | -93.8%       | -12.6%             |
| Retail Transmission - Network                            | kW     | 1         | 1.60830    | 1.25         | 1         | 1.60830    | 1.27         | 0.02         | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kW     | 1         | 1.41130    | 1.10         | 1         | 1.41130    | 1.11         | 0.01         | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 52        | 0.00520    | 0.27         | 52        | 0.00520    | 0.27         | 0.00         | 1.3%         | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 52        | 0.00100    | 0.05         | 52        | 0.00100    | 0.05         | 0.00         | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 50        | 0.00700    | 0.35         | 50        | 0.00700    | 0.35         | 0.00         | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 52        | 0.05704    | 2.96         | 52        | 0.05704    | 2.99         | 0.04         | 1.3%         | 0.3%               |
| <b>Total Bill</b>  |        |           |            | <b>12.81</b> |           |            | <b>14.24</b> | <b>1.43</b>  | <b>11.2%</b> | <b>10.0%</b>       |

HALTON HILLS HYDRO INC.

**Unmetered Scattered Load**  
200 kWh Consumption

|  | Metric | 2007 BILL |            |              | 2008 BILL |            |              | IMPACT       |             |                    |
|--|--------|-----------|------------|--------------|-----------|------------|--------------|--------------|-------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$ | Volume    | Rate<br>\$ | Charge<br>\$ | Change<br>\$ | Change<br>% | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 12.23        |           |            | 12.63        | 0.40         | 3.3%        | 1.3%               |
| Distribution   | kWh    | 200       | 0.01000    | 2.00         | 200       | 0.01140    | 2.28         | 0.28         | 14.0%       | 0.9%               |
| <b>Sub-Total</b>   |        |           |            | <b>14.23</b> |           |            | <b>14.91</b> | <b>0.68</b>  | <b>4.8%</b> | <b>2.1%</b>        |
| Regulatory Asset Recovery                                | kWh    | 200       | 0.00190    | 0.38         | 200       | 0.00080    | 0.16         | (0.22)       | -57.9%      | -0.7%              |
| Retail Transmission - Network                            | kWh    | 207       | 0.00520    | 1.08         | 210       | 0.00520    | 1.09         | 0.01         | 1.3%        | 0.0%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 207       | 0.00450    | 0.93         | 210       | 0.00450    | 0.94         | 0.01         | 1.3%        | 0.0%               |
| Wholesale Market Service                                 | kWh    | 207       | 0.00520    | 1.08         | 210       | 0.00520    | 1.09         | 0.01         | 1.3%        | 0.0%               |
| Rural Rate Protection Charge                             | kWh    | 207       | 0.00100    | 0.21         | 210       | 0.00100    | 0.21         | 0.00         | 1.3%        | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 200       | 0.00700    | 1.40         | 200       | 0.00700    | 1.40         | 0.00         | 0.0%        | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 207       | 0.05704    | 11.83        | 210       | 0.05704    | 11.98        | 0.15         | 1.3%        | 0.5%               |
| <b>Total Bill</b>  |        |           |            | <b>31.13</b> |           |            | <b>31.79</b> | <b>0.65</b>  | <b>2.1%</b> | <b>2.1%</b>        |

HALTON HILLS HYDRO INC.

Residential TOU

3,000 kWh Consumption

|  | Metric | 2007 BILL |            |               | 2008 BILL |            |               | IMPACT         |              |                    |
|--|--------|-----------|------------|---------------|-----------|------------|---------------|----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$  | Volume    | Rate<br>\$ | Charge<br>\$  | Change<br>\$   | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 10.64         |           |            | 9.56          | (1.08)         | -10.2%       | -0.4%              |
| Distribution   | kWh    | 3,000     | 0.01250    | 37.50         | 3,000     | 0.01240    | 37.20         | (0.30)         | -0.8%        | -0.1%              |
| <b>Sub-Total</b>   |        |           |            | <b>48.14</b>  |           |            | <b>46.76</b>  | <b>(1.38)</b>  | <b>-2.9%</b> | <b>-0.5%</b>       |
| Regulatory Asset Recovery                                | kWh    | 3,000     | 0.00420    | 12.60         | 3,000     | 0.00000    | 0.00          | (12.60)        | -100.0%      | -4.2%              |
| Retail Transmission - Network                            | kWh    | 3,110     | 0.00570    | 17.73         | 3,150     | 0.00570    | 17.95         | 0.23           | 1.3%         | 0.1%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 3,110     | 0.00500    | 15.55         | 3,150     | 0.00500    | 15.75         | 0.20           | 1.3%         | 0.1%               |
| Wholesale Market Service                                 | kWh    | 3,110     | 0.00520    | 16.17         | 3,150     | 0.00520    | 16.38         | 0.21           | 1.3%         | 0.1%               |
| Rural Rate Protection Charge                             | kWh    | 3,110     | 0.00100    | 3.11          | 3,150     | 0.00100    | 3.15          | 0.04           | 1.3%         | 0.0%               |
| Debt Retirement Charge                                   | kWh    | 3,000     | 0.00700    | 21.00         | 3,000     | 0.00700    | 21.00         | 0.00           | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 3,110     | 0.05704    | 177.42        | 3,150     | 0.05704    | 179.67        | 2.26           | 1.3%         | 0.8%               |
| <b>Total Bill</b>  |        |           |            | <b>311.72</b> |           |            | <b>300.67</b> | <b>(11.05)</b> | <b>-3.5%</b> | <b>-3.7%</b>       |

**HALTON HILLS HYDRO INC.**

**Residential TOU**

15,000 kWh Consumption

|  | Metric | 2007 BILL |            |                 | 2008 BILL |            |                 | IMPACT         |              |                    |
|--|--------|-----------|------------|-----------------|-----------|------------|-----------------|----------------|--------------|--------------------|
|  |        | Volume    | Rate<br>\$ | Charge<br>\$    | Volume    | Rate<br>\$ | Charge<br>\$    | Change<br>\$   | Change<br>%  | % of Total<br>Bill |
| Monthly Service Charge                                   |        |           |            | 10.64           |           |            | 9.56            | (1.08)         | -10.2%       | -0.4%              |
| Distribution   | kWh    | 15,000    | 0.01250    | 187.50          | 15,000    | 0.01240    | 186.00          | (1.50)         | -0.8%        | -0.5%              |
| <b>Sub-Total</b>   |        |           |            | <b>198.14</b>   |           |            | <b>195.56</b>   | <b>(2.58)</b>  | <b>-1.3%</b> | <b>-0.9%</b>       |
| Regulatory Asset Recovery                                | kWh    | 15,000    | 0.00420    | 63.00           | 15,000    | 0.00000    | 0.00            | (63.00)        | -100.0%      | -21.0%             |
| Retail Transmission - Network                            | kWh    | 15,552    | 0.00570    | 88.65           | 15,750    | 0.00570    | 89.77           | 1.13           | 1.3%         | 0.4%               |
| Retail Transmission - Line and Transformation Connection | kWh    | 15,552    | 0.00500    | 77.76           | 15,750    | 0.00500    | 78.75           | 0.99           | 1.3%         | 0.3%               |
| Wholesale Market Service                                 | kWh    | 15,552    | 0.00520    | 80.87           | 15,750    | 0.00520    | 81.90           | 1.03           | 1.3%         | 0.3%               |
| Rural Rate Protection Charge                             | kWh    | 15,552    | 0.00100    | 15.55           | 15,750    | 0.00100    | 15.75           | 0.20           | 1.3%         | 0.1%               |
| Debt Retirement Charge                                   | kWh    | 15,000    | 0.00700    | 105.00          | 15,000    | 0.00700    | 105.00          | 0.00           | 0.0%         | 0.0%               |
| Cost of Power Commodity                                  | kWh    | 15,552    | 0.05704    | 887.09          | 15,750    | 0.05704    | 898.37          | 11.29          | 1.3%         | 3.8%               |
| <b>Total Bill</b>  |        |           |            | <b>1,516.05</b> |           |            | <b>1,465.10</b> | <b>(50.95)</b> | <b>-3.4%</b> | <b>-16.9%</b>      |