

**Ontario Energy
Board**

**Commission de
l'énergie
de l'Ontario**



EB-2008-0248

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by West
Coast Huron Energy Inc. for an order approving or
fixing just and reasonable rates and other charges for
the distribution of electricity to be effective May 1,
2009.

BEFORE: **Cathy Spoel**
Presiding Member

Pamela Nowina
Member and Vice-Chair

DECISION AND ORDER

June 17, 2009

BACKGROUND

West Coast Huron Energy Inc. (“WCHE” or the “Applicant”) filed an application with the Ontario Energy Board on September 11, 2008, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that it charges for electricity distribution to be effective May 1, 2009. WCHE is the licensed electricity distributor serving the Town of Goderich.

WCHE is one of about 80 electricity distributors in Ontario that are regulated by the Board. In 2006, the Board announced the establishment of a multi-year electricity distribution rate-setting plan for the years 2007-2010. In an effort to assist distributors in preparing their applications, the Board issued the *Filing Requirements for Transmission and Distribution Applications* on November 14, 2006. Chapter 2 of that document outlines the filing requirements for cost of service rate applications, based on a forward test year, by electricity distributors.

On January 30, 2008, as part of the plan, the Board indicated that WCHE would be one of the electricity distributors to have its rates rebased for the 2009 rate year. Accordingly, WCHE filed a cost of service application based on 2009 as the forward test year.

The Board assigned file number EB-2008-0248 to the application and issued a Notice of Application and Hearing dated September 26, 2008. The Board approved four interventions: the Association of Major Power Consumers in Ontario (AMPCO), School Energy Coalition (SEC), and the Vulnerable Energy Consumers Coalition (VECC). Board staff submitted interrogatories and also made submissions. AMPCO did not make final submissions. The Board determined that this application would be decided by way of a written hearing.

Two rounds of written interrogatories were undertaken as well as a short telephone conference call which resulted in the filing of a number of updated interrogatory responses by the Applicant. The hearing closed with filing of WCHE’s reply argument on March 31, 2009 and a supplementary reply argument on April 3, 2009.

The full record is available at the Board’s offices.

In its original application, WCHE requested a revenue requirement of \$2,684,672 to be recovered in new distribution rates effective May 1, 2009. The resulting requested rate increase was estimated as a 50% increase over 2008 on the delivery component of the bill for a residential customer consuming 1,000 kWh per month.

The following aspects of WCHE's application for rates were accepted by all parties:

- Asset Management
- Service Reliability
- Transformer Ownership Allowance
- Revenue Offsets

The Board accepts the Applicant's evidence on these matters and the resultant rate consequences.

THE ISSUES

The issues listed below were raised in the submissions filed by Board staff, SEC and VECC and are addressed in the following sections of the Decision:

- Load Forecast
- Operating, Maintenance & Administrative Expenses
- Payments in Lieu of Taxes
- Capital Expenditures and Rate Base
- Long-term Debt Rate
- Smart Meter Rate Adder
- Cost Allocation and Rate Design
- Deferral and Variance Accounts

LOAD FORECAST

Board Findings

The Board is prepared to accept the Applicant's load forecasting methodology and its utilization of IESO data. The Board accepts the use of the IESO data as

the best available in the absence of local weather normalization data. In future cases, the Board would prefer that WCHE use specific local data.

To address the removal of Volvo load from the load forecast and the acknowledgement that the Volvo plant has not entirely ceased operation, the Board directs the Applicant to track the over-recovery associated with the delayed closure of the Volvo facilities in Account 1572.

While the Board notes that customer count may be overestimated and the absence of broader economic and CDM effects, the Board accepts the Applicant's customer count and load forecast for the purpose of setting rates in this application.

Response

In order to deal with Volvo West Coast Huron Energy will set up account 1572 to track all distribution revenue collected from the Volvo accounts until their closure.

WCHE will utilize the existing customer and load forecast in determining its rates as a result of this decision.

OPERATING COSTS

OM&A Expenses

Board Findings

The Board is concerned with the lack of a reliable record regarding this aspect of the Operating Cost budget. The \$150,000 initially appeared in the application as a management estimate, an amount which was not endorsed by WCHE's auditor. Then the Applicant produced excerpts of a draft MEARIE report that provided some evidence as to the origins of the original amount. Then in reply argument, WCHE adopted the suggestion of Board staff that if this item is approved, it should be amortized over 4 years. In addition, WCHE then added the annual amount of \$42,000 from the report excerpt, for an annual total of \$79,500. WCHE's responses on this issue seemed to evolve as the proceeding progressed.

The Board finds that the evidence presented and submissions provided by the Applicant are not sufficient on this issue. The Board agrees with the VECC submission that given the lack of evidentiary support, intervenors have no basis upon which to test management's estimates as to the reasonableness of this claim. The Board has no confidence in the amount requested by WCHE, nor the basis for that claimed amount. Even WCHE's reply submission does not address the specific issues raised by VECC and Board staff in this important area. The Board finds that WCHE has not met the Board's evidentiary requirements in this area and therefore finds that the entire O&M amount of \$150,000 will not be allowed for recovery in rates. The Board directs WCHE to reduce the total OM&A expenses of \$1,806,250 by \$150,000.

However, the Board is willing to provide WCHE with a further opportunity to address this aspect of its O&M budget. The Board will declare the rates established in this proceeding as interim for a 3 month period in order to provide WCHE with the opportunity to submit additional evidence on this specific area before finalizing the 2009 rates. The Board will establish a streamlined process to consider any new evidence on the amount to be included in rates for Post Retirement Benefits.

The Board is concerned with the apparently inconsistent and unclear evidence provided by WCHE in its original filing and interrogatory responses in this area. This is especially important for an item as significant as Post Retirement Benefits. The Applicant has the onus to demonstrate that any material spending proposals are appropriately supported by accurate, verifiable and compelling evidence. This is particularly true for an extraordinary item of this magnitude. This evidence should form part of the original filing; related interrogatory responses should be consistent with the original filing, and with each other. This standard has not been met on the issue of Post Retirement Benefits.

The Board expects WCHE's filings on all matters in subsequent proceedings to meet a higher standard.

Response

West Coast Huron Energy has reduced its OM&A expenses in this draft rate order by \$150,000 to reflect this aspect of the decision. A table detailing all changes to OM&A will be provided later in this section to illustrate that all the

required changes to OM&A expenses have been implemented. WCHE will submit additional evidence on this specific area to bring more clarity to what costs are being requested and why they are required.

Regulatory Costs

Board Findings

The Board is also concerned with the changing and unclear record regarding this aspect of the Operating Cost budget. It appears that the Applicant's initial estimate of \$105,000 was adjusted to \$165,000, items added and a final number calculated of \$178,000 (including one time costs of \$140,000).

However, the Board finds that the one-time costs of \$140,000 are comparable to other applicants and reasonable and therefore will permit recovery over 4 years at \$35,000 per year.

In addition, the Board is concerned by the increase in on-going regulatory costs to \$38,000 in the test year when the evidence (Response to Board staff Interrogatory #6, Schedule 6) indicated that on-going rate application costs (including accounting costs) were \$23,995 in 2006, \$29,177 in 2007 and \$8,163 in 2008. Therefore, the Board deems it reasonable that the on-going regulatory costs be limited to \$30,000 for the test year.

This yields an annual amount of \$65,000 to be included in 2009 rates. Therefore, WCHE is to reduce its O&M budget of \$1,806,250 by \$100,000 (\$165,000 – 65,000).

Response

West Coast Huron Energy has further reduced its OM&A costs by \$100,000 to address the board's decision with respect to regulatory costs. A table detailing all changes to OM&A will be provided later in this section to illustrate that all the required changes to OM&A expenses have been implemented.

Charitable Expenses

Board Findings

The Board finds that these costs are not appropriate for rate recovery and directs WCHE to reduce its O&M budget of \$1,806,250 by \$11,900.

Response

WCHE has reduced its O&M budget by a further \$11,900, a table detailing all changes to OM&A will be provided later in this section to illustrate that all the required changes to OM&A expenses have been implemented.

Purchased Services

Board Findings

The Board is again concerned with the apparently inconsistent and unclear evidence provided by WCHE in its original filing and interrogatory responses in this area. Board staff and intervenor submissions underlined the difficulty in understanding this area of the evidence. The Board again reminds the applicant that it has the onus to demonstrate that any material spending proposals are appropriately supported by evidence. This evidence should form part of the original filing; related interrogatory responses should be consistent with the original filing, and with each other. Again, this standard has only marginally been met in this case.

At this time, and with reference to this specific area of proposed spending, the Board is prepared to accept the Applicant's explanations made in its final submissions and will make no specific adjustment for these items. The Board expects WCHE's filings in subsequent proceedings to meet a higher standard.

Total OM&A Costs/OM&A Costs per Customer

Board Findings

The Board is concerned with the total O&M costs and the increase in these costs as presented by WCHE in this application. In this Decision, the Board has directed the Applicant to reduce its O&M budget by a total of \$261,900 which leaves a total O&M budget for the test year of \$1,544,350.

Regarding cost per customer comparisons as raised in the SEC submission, until this measure is further refined and developed, the Board does not consider these to be particularly useful as they can be significantly affected by such factors as customer mix and type of service area, which can vary substantially, especially for smaller distributors.

Response

WCHE provides the following table which details the changes required by this decision to OM&A costs to be included in revenue requirement and utilized in the calculation of working capital:

remove \$150,000 in post retirement benefits
remove \$100,000 in outside services for change in rate application costs
remove \$11,900 in charity expenses
Half year rule on Capex increase of \$12,337 increase in cost of Bucket Truck
Change in the cost of power rate used in the calculation of Working Capital Expense

SUMMARY OF OPERATING COSTS	2008 Test Application	2009 Test Decision	Change
OM&A expenses			
Operation (Working Capital)	\$380,750.00	\$380,750.00	\$0.00
Maintenance (Working Capital)	\$91,800	\$91,800	\$0.00
Billing and Collections	\$436,800	\$436,800	\$0.00
Community Relations	\$26,000	\$26,000	\$0.00
Administrative and General Expenses	\$870,900	\$609,000	- \$261,900.00
Amortization Expense	\$350,459	\$352,001	\$1,542.13
Cost of Power	\$6,122,510	\$6,625,506	\$502,996.05
Total Operating Costs	\$8,279,218	\$8,521,857	\$242,638

PAYMENTS IN LIEU OF TAXES (“PILs”)**Board Findings**

The Board directs WCHE to reflect the appropriate changes in its PILs calculation using the deemed equity of component of 43.33% and a ROE of 8.01% in its Draft Rate Order.

Response

WCHE has updated its calculation of PILS utilizing updated tax rates and the deemed equity component of 43.33% with an ROE of 8.01% as detailed below.

	2009 Test		2009 Test	
	Application	Percentages	Decision	Percentages
Rate Base	\$5,022,449		\$5,097,898	
Equity Portion	\$2,176,227	43.33%	\$2,208,919	43.33%
Debt Portion Long Term	\$2,645,324	52.67%	\$2,685,063	52.67%
Debt Portion Short Term	\$200,898	4.00%	\$203,916	4.00%
Equity Return	\$188,897	8.68%	\$176,934	8.01%
Debt Return Long Term	\$163,111	6.17%	\$204,602	7.62%
Debt Return Short Term	\$8,980	4.47%	\$2,712	1.33%
Proposed Return	\$360,988		\$384,248	

	2009 Test Application	2009 Test Decision
<u>Determination of Taxable Income</u>		
Regulatory Net Income (before tax)	\$208,258	\$176,934
Book to Tax Adjustments		
Additions to Accounting Income:		
Depreciation and amortization	\$350,459	\$350,459
Meals & entertainment / Mileage		
Other Additions		
Total Additions	\$350,459	\$350,459
Deductions from Accounting Income:		
Capital Cost Allowance	\$314,299	\$314,299
Cumulative eligible capital deductions		
Gain on Disposal		
Other Deductions		
Total Deductions	\$314,299	\$314,299
Regulatory Taxable Income	\$244,418	\$213,094
Corporate Income Tax Rate	12.80%	19.00%
Ontario Capital Tax Rate	14.00%	14.00%
Provincial Small Business Rate	\$0	5.50%
Provincial Tax Clawback Rate	\$0	4.25%
Corporate Income Tax	\$31,285	\$40,488
Ontario Capital Tax	\$34,218	\$29,833
Provincial Small Business	-\$20,776	-\$18,113
Provincial Tax Clawback	\$0	\$0
Regulatory Income Tax	\$44,728	\$52,208
<u>Calculation of Utility Income Taxes</u>		
Income Taxes (Line 23)	\$44,728	\$40,488
Ontario Capital Tax	\$0	\$29,833
Large Corporation Tax (Line 14, page 2)		
Total Taxes	\$44,728	\$70,321
Income Taxes Grossed Up		\$13,138
Less Provincial Deduction		-\$18,113
Taxes Grossed up for Rate Purposes	\$51,294	\$65,347
Tax Rates		
Federal Tax	12.80%	19.00%
Federal Surtax	0.00%	0.00%
Provincial Tax	5.50%	5.50%
Total Tax Rate	18.30%	24.50%

RATE BASE AND CAPITAL EXPENDITURES

Capital Expenditures

Board Findings

The Board accepts WCHE's proposed capital spending for 2008 and 2009 and approves the cost increase of the bucket truck amounting to \$12,337 to be added to the rate base of 2009.

The Board rejects SEC's suggestion of allocating an allowance for funds until WCHE's proposed feeder enhancement project is completed. The project will be completed in several phases with each phase being put into service annually. Since each phase will provide benefits to ratepayers, adding the expenditure to the rate base is an appropriate approach.

The Board rejects VECC's suggestion of setting up of a rate base variance account to hold ratepayers harmless in the event of significant capital under-spending by WCHE. Expenditures in forward test year applications are approved on a forecast basis and are not subject to true up in future years.

Response

WCHE has increased the amount approved for the bucket truck by \$12,337 for the calculation of rate base. The effect of this change has already been seen in the change in amortization expenses in the OM&A section of this decision and will also impact the calculation of rate base. The following table details the change in rate base as a result of all changes to OM&A, Working Capital Allowance and Capital Expenditures.

RATE BASE SUMMARY	2009 Test Application	2009 Test Decision	Variance from 2008 Bridge
	(\$'s)	(\$'s)	(\$'s)
<u>Gross Asset</u>			
Asset Values at Cost	\$5,905,783	\$5,911,951	\$6,169
<u>Accumulated Depreciation</u>			
Depreciation	-\$2,038,760	-\$2,039,532	-\$771
Net Fixed Asset	\$3,867,022	\$3,872,420	\$5,397
Allowance for Working Capital	\$1,189,314	\$1,225,478	\$36,164
Utility Rate Base	\$5,056,336	\$5,097,898	\$41,562

The change in gross asset values as cost tie to the averaged amounts detailed below in the fixed asset continuity spreadsheet.

CONTINUITY STATEMENTS	2009 Test Application Gross Asset Value	Accumulated Depreciation	Net Book Value	2009 Test Decision Gross Asset Value	Accumulated Depreciation	Net Book Value	Difference
Land and Buildings							
1805-Land -Opening Balance	\$21,747	\$0	\$21,747	\$21,747	\$0	\$21,747	\$0
1805-Land -Additions	\$0		\$0	\$0		\$0	\$0
1805-Land -Depreciation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1805-Land -Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1805-Land -Closing Balance	\$21,747	\$0	\$21,747	\$21,747	\$0	\$21,747	\$0
Average	\$21,747	\$0	\$21,747	\$21,747	\$0	\$21,747	\$0
1808-Buildings and Fixtures							
1808-Buildings and Fixtures-Opening Balance	\$70,939	-\$22,080	\$48,859	\$70,939	-\$22,080	\$48,859	\$0
1808-Buildings and Fixtures-Additions	\$0		\$0	\$0		\$0	\$0
1808-Buildings and Fixtures-Depreciation		-\$2,838	-\$2,838		-\$2,838	-\$2,838	\$0
1808-Buildings and Fixtures -Adjustments	\$0		\$0	\$0		\$0	\$0
1808-Buildings and Fixtures -Closing Balance	\$70,939	-\$24,917	\$46,021	\$70,939	-\$24,917	\$46,021	\$0
Average	\$70,939	-\$23,498	\$47,440	\$70,939	-\$23,498	\$47,440	\$0
Total	\$92,685	-\$24,917	\$67,768	\$92,685	-\$24,917	\$67,768	\$0
DS							
1820-Distribution Station Equipment Opening Balance	\$152,252	-\$48,664	\$103,588	\$152,252	-\$48,664	\$103,588	\$0
1820-Distribution Station Equipment Additions	\$30,000		\$30,000	\$30,000		\$30,000	\$0
1820-Distribution Station Equipment Depreciation		-\$6,690	-\$6,690		-\$6,690	-\$6,690	\$0
1820-Distribution Station Equipment Adjustments	\$0		\$0	\$0		\$0	\$0
1820-Distribution Station Equipment Closing Balance	\$182,252	-\$55,354	\$126,898	\$182,252	-\$55,354	\$126,898	\$0
Average	\$167,252	-\$52,009	\$115,243	\$167,252	-\$52,009	\$115,243	\$0
Total	\$182,252	-\$55,354	\$126,898	\$182,252	-\$55,354	\$126,898	\$0
Poles and Wires							
1830-Poles, Towers and Fixtures-Opening Balance	\$213,960	-\$5,658	\$208,302	\$213,960	-\$5,658	\$208,302	\$0
1830-Poles, Towers and Fixtures-Additions	\$120,000		\$120,000	\$120,000		\$120,000	\$0
1830-Poles, Towers and Fixtures-Depreciation		-\$5,300	-\$5,300		-\$5,300	-\$5,300	\$0
1830-Poles, Towers and Fixtures-Adjustments	\$0		\$0	\$0		\$0	\$0
1830-Poles, Towers and Fixtures-Closing Balance	\$333,960	-\$10,958	\$323,002	\$333,960	-\$10,958	\$323,002	\$0
Average	\$273,960	-\$8,308	\$265,652	\$273,960	-\$8,308	\$265,652	\$0
1835-Overhead Conductors and Devices							
1835-Overhead Conductors and Devices-Opening Balance	\$2,334,935	-\$654,713	\$1,680,222	\$2,334,935	-\$654,713	\$1,680,222	\$0
1835-Overhead Conductors and Devices-Additions	\$170,000		\$170,000	\$170,000		\$170,000	\$0
1835-Overhead Conductors and Devices-Depreciation		-\$96,797	-\$96,797		-\$96,797	-\$96,797	\$0
1835-Overhead Conductors and Devices-Adjustments	\$0		\$0	\$0		\$0	\$0
1835-Overhead Conductors and Devices-Closing Balance	\$2,504,935	-\$751,510	\$1,753,425	\$2,504,935	-\$751,510	\$1,753,425	\$0
Average	\$2,419,935	-\$703,112	\$1,716,823	\$2,419,935	-\$703,112	\$1,716,823	\$0
1840-Underground Conduit							
1840-Underground Conduit-Opening Balance	\$4,042	-\$428	\$3,614	\$4,042	-\$428	\$3,614	\$0
1840-Underground Conduit-Additions	\$0		\$0	\$0		\$0	\$0
1840-Underground Conduit-Depreciation		-\$162	-\$162		-\$162	-\$162	\$0
1840-Underground Conduit-Adjustments	\$0		\$0	\$0		\$0	\$0
1840-Underground Conduit-Closing Balance	\$4,042	-\$590	\$3,452	\$4,042	-\$590	\$3,452	\$0
Average	\$4,042	-\$509	\$3,533	\$4,042	-\$509	\$3,533	\$0
1845-Underground Conductors and Devices							
1845-Underground Conductors and Devices-Opening Balance	\$1,056,014	-\$294,201	\$761,813	\$1,056,014	-\$294,201	\$761,813	\$0
1845-Underground Conductors and Devices-Additions	\$0		\$0	\$0		\$0	\$0
1845-Underground Conductors and Devices-Depreciation		-\$42,241	-\$42,241		-\$42,241	-\$42,241	\$0
1845-Underground Conductors and Devices-Adjustments	\$0		\$0	\$0		\$0	\$0
1845-Underground Conductors and Devices-Closing Balance	\$1,056,014	-\$336,442	\$719,572	\$1,056,014	-\$336,442	\$719,572	\$0
Average	\$1,056,014	-\$315,321	\$740,693	\$1,056,014	-\$315,321	\$740,693	\$0
Total	\$3,898,951	-\$1,099,500	\$2,799,451	\$3,898,951	-\$1,099,500	\$2,799,451	\$0

Line Transformers							
1850-Line Transformers-Opening Balance	\$898,801	-\$223,137	\$675,665	\$898,801	-\$223,137	\$675,665	\$0
1850-Line Transformers-Additions	\$135,000		\$135,000	\$135,000		\$135,000	\$0
1850-Line Transformers-Depreciation		-\$38,652	-\$38,652		-\$38,652	-\$38,652	\$0
1850-Line Transformers-Adjustments	\$0		\$0	\$0		\$0	\$0
1850-Line Transformers-Closing Balance	\$1,033,801	-\$261,789	\$772,013	\$1,033,801	-\$261,789	\$772,013	\$0
Average	\$966,301	-\$242,463	\$723,839	\$966,301	-\$242,463	\$723,839	\$0
Total	\$1,033,801	-\$261,789	\$772,013	\$1,033,801	-\$261,789	\$772,013	\$0
Services and Meters							
1855-Services-Opening Balance	\$82,331	-\$5,963	\$76,367	\$82,331	-\$5,963	\$76,367	\$0
1855-Services-Additions	\$10,000		\$10,000	\$10,000		\$10,000	\$0
1855-Services-Depreciation		-\$3,493	-\$3,493		-\$3,493	-\$3,493	\$0
1855-Services-Adjustments	\$0		\$0	\$0		\$0	\$0
1855-Services-Closing Balance	\$92,331	-\$9,457	\$82,874	\$92,331	-\$9,457	\$82,874	\$0
Average	\$87,331	-\$7,710	\$79,620	\$87,331	-\$7,710	\$79,620	\$0
1860-Meters-Opening Balance	\$391,731	-\$110,282	\$281,449	\$391,731	-\$110,282	\$281,449	\$0
1860-Meters-Additions	\$0		\$0	\$0		\$0	\$0
1860-Meters-Depreciation		-\$15,669	-\$15,669		-\$15,669	-\$15,669	\$0
1860-Meters-Adjustments	\$0		\$0	\$0		\$0	\$0
1860-Meters-Closing Balance	\$391,731	-\$125,951	\$265,780	\$391,731	-\$125,951	\$265,780	\$0
Average	\$391,731	-\$118,116	\$273,615	\$391,731	-\$118,116	\$273,615	\$0
Total	\$484,062	-\$135,408	\$348,654	\$484,062	-\$135,408	\$348,654	\$0
IT Assets							
1920-Computer Equipment - Hardware-Opening Balance	\$80,982	-\$41,261	\$39,721	\$80,982	-\$41,261	\$39,721	\$0
1920-Computer Equipment - Hardware-Additions	\$0		\$0	\$0		\$0	\$0
1920-Computer Equipment - Hardware-Depreciation		-\$8,098	-\$8,098		-\$8,098	-\$8,098	\$0
1920-Computer Equipment - Hardware-Adjustments	\$0		\$0	\$0		\$0	\$0
1920-Computer Equipment - Hardware-Closing Balance	\$80,982	-\$49,359	\$31,623	\$80,982	-\$49,359	\$31,623	\$0
Average	\$80,982	-\$45,310	\$35,672	\$80,982	-\$45,310	\$35,672	\$0
1925-Computer Software-Opening Balance	\$74,866	-\$39,976	\$34,890	\$74,866	-\$39,976	\$34,890	\$0
1925-Computer Software-Additions	\$0		\$0	\$0		\$0	\$0
1925-Computer Software-Depreciation		-\$7,487	-\$7,487		-\$7,487	-\$7,487	\$0
1925-Computer Software-Adjustments	\$0		\$0	\$0		\$0	\$0
1925-Computer Software-Closing Balance	\$74,866	-\$47,463	\$27,403	\$74,866	-\$47,463	\$27,403	\$0
Average	\$74,866	-\$43,720	\$31,146	\$74,866	-\$43,720	\$31,146	\$0
Total	\$155,848	-\$96,822	\$59,026	\$155,848	-\$96,822	\$59,026	\$0

Equipment							
1915-Office Furniture and Equipment-Opening Balance	\$55,901	-\$43,752	\$12,149	\$55,901	-\$43,752	\$12,149	\$0
1915-Office Furniture and Equipment-Additions	\$0		\$0	\$0		\$0	\$0
1915-Office Furniture and Equipment-Depreciation		-\$6,988	-\$6,988		-\$6,988	-\$6,988	\$0
1915-Office Furniture and Equipment-Adjustments	\$0		\$0	\$0		\$0	\$0
1915-Office Furniture and Equipment-Closing Balance	\$55,901	-\$50,739	\$5,162	\$55,901	-\$50,739	\$5,162	\$0
Average	\$55,901	-\$47,245	\$8,656	\$55,901	-\$47,245	\$8,656	\$0
1930-Transportation Equipment							
1930-Transportation Equipment-Opening Balance	\$286,297	-\$304,509	-\$18,211	\$286,297	-\$304,509	-\$18,211	\$0
1930-Transportation Equipment-Additions	\$290,000		\$290,000	\$302,337		\$302,337	-\$12,337
1930-Transportation Equipment-Depreciation		-\$107,824	-\$107,824		-\$109,366	-\$109,366	\$0
1930-Transportation Equipment-Adjustments	\$0		\$0	\$0		\$0	\$0
1930-Transportation Equipment-Closing Balance	\$576,297	-\$412,333	\$163,964	\$588,634	-\$413,875	\$174,759	-\$12,337
Average	\$431,297	-\$358,421	\$72,876	\$437,466	-\$359,192	\$78,274	-\$6,169
1940-Tools, Shop and Garage Equipment							
1940-Tools, Shop and Garage Equipment-Opening Balance	\$73,897	-\$86,816	-\$12,919	\$73,897	-\$86,816	-\$12,919	\$0
1940-Tools, Shop and Garage Equipment-Additions	\$0		\$0	\$0		\$0	\$0
1940-Tools, Shop and Garage Equipment-Depreciation		-\$18,474	-\$18,474		-\$18,474	-\$18,474	\$0
1940-Tools, Shop and Garage Equipment-Adjustments	\$0		\$0	\$0		\$0	\$0
1940-Tools, Shop and Garage Equipment-Closing Balance	\$73,897	-\$105,291	-\$31,393	\$73,897	-\$105,291	-\$31,393	\$0
Average	\$73,897	-\$96,054	-\$22,156	\$73,897	-\$96,054	-\$22,156	\$0
1945-Measurement and Testing Equipment							
1945-Measurement and Testing Equipment-Opening Balance	\$2,678	-\$2,009	\$669	\$2,678	-\$2,009	\$669	\$0
1945-Measurement and Testing Equipment-Additions	\$0		\$0	\$0		\$0	\$0
1945-Measurement and Testing Equipment-Depreciation		-\$670	-\$670		-\$670	-\$670	\$0
1945-Measurement and Testing Equipment-Adjustments	\$0		\$0	\$0		\$0	\$0
1945-Measurement and Testing Equipment-Closing Balance	\$2,678	-\$2,679	\$0	\$2,678	-\$2,679	\$0	\$0
Average	\$2,678	-\$2,344	\$334	\$2,678	-\$2,344	\$334	\$0
Total	\$708,774	-\$571,042	\$137,732	\$721,111	-\$572,584	\$148,527	-\$12,337
1995-Contributions and Grants - Credit							
1995-Contributions and Grants - Credit-Opening Balance	-\$273,091	\$19,918	-\$253,173	-\$273,091	\$19,918	-\$253,173	\$0
1995-Contributions and Grants - Credit-Additions	\$0		\$0	\$0		\$0	\$0
1995-Contributions and Grants - Credit-Depreciation		\$10,924	\$10,924		\$10,924	\$10,924	\$0
1995-Contributions and Grants - Credit-Adjustments	\$0		\$0	\$0		\$0	\$0
1995-Contributions and Grants - Credit-Closing Balance	-\$273,091	\$30,842	-\$242,249	-\$273,091	\$30,842	-\$242,249	\$0
Average	-\$273,091	\$25,380	-\$247,711	-\$273,091	\$25,380	-\$247,711	\$0
Total	-\$273,091	\$30,842	-\$242,249	-\$273,091	\$30,842	-\$242,249	\$0
Total Opening Balance	\$5,528,283	-\$1,863,531	\$3,664,752	\$5,528,283	-\$1,863,531	\$3,664,752	\$0
Total Additions	\$755,000	\$0	\$755,000	\$767,337	\$0	\$767,337	-\$12,337
Total Depreciation	\$0	-\$350,459	-\$350,459	\$0	-\$352,001	-\$352,001	\$0
Total Adjustments	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Closing Balance	\$6,283,283	-\$2,213,990	\$4,069,293	\$6,295,620	-\$2,215,532	\$4,080,088	-\$12,337
Average	\$5,905,783	-\$2,038,760	\$3,867,022	\$5,911,951	-\$2,039,532	\$3,872,420	-\$6,169
Total	\$6,283,283	-\$2,213,990	\$4,069,293	\$6,295,620	-\$2,215,532	\$4,080,088	-\$12,337

Working Capital

Board Findings

When preparing its draft Rate Order, the Board directs WCHE to use the commodity price of \$0.06072/kWh contained in the Board's April 2009 RPP price report, and the latest Board approved Hydro One charges to calculate the Transmission Network and Connection charges appropriate for the Working Capital allowance.

The Board notes that WCHE has followed the Board's Filing Requirements for Transmission and Distribution Applications dated November 14, 2006 which allows the utility to apply a 15% factor to derive the allowance for working capital. The Board will not require WCHE to prepare a lead lag study for its next rebasing application. In making this finding, the Board is mindful of the significant costs of such studies to smaller utilities. It is to be noted that this issue has been raised in other 2009 Cost of Service proceedings. Other similar sized utilities have cited the prohibitive costs of such a study, but have supported a generic approach to this issue under the auspices of the Board. The Board therefore finds the approach of using a 15% factor to derive working capital allowance as reasonable.

Response

WCHE has updated the commodity price to \$0.06072 as required and has recalculated the Working Capital Allowance implementing this and all other changes to operating costs. The follow tables detail the calculation of Cost of Power and Working Capital Allowance.

	2009 kWh	2009 Test Application Rate	2009 Test Decision Rate	2009 Test Application Total	2009 Test Decision Total	Variance
<u>RESIDENTIAL</u>						
Regular	28,073,558	\$0.0545	\$0.0607	\$1,530,008.91	\$1,704,626.44	\$174,617.53
<u>GENERAL SERVICE</u>						
Less than 50 kW	16,297,712	\$0.0545	\$0.0607	\$888,225.28	\$989,597.04	\$101,371.77
Greater than 50 to 499 kW	24,213,614	\$0.0545	\$0.0607	\$1,319,641.96	\$1,470,250.64	\$150,608.68
Greater than 500 to 4,999 kW Large Use	11,029,532	\$0.0545	\$0.0607	\$601,109.47	\$669,713.15	\$68,603.69
Unmetered Scattered Load	166,487	\$0.0545	\$0.0607	\$9,073.52	\$10,109.07	\$1,035.55
Sentinel Lighting	22,144	\$0.0545	\$0.0607	\$1,206.85	\$1,344.59	\$137.74
Street Lighting	1,064,486	\$0.0545	\$0.0607	\$58,014.48	\$64,635.59	\$6,621.10
	80,867,532			\$4,407,280.47	\$4,910,276.52	\$502,996.05

WORKING CAPITAL ALLOWANCE CALCULATION BY ACCOUNT	2009 Test Application	15%	Allowance for Working Capital	2009 Test Decision	15%	Allowance for Working Capital	
Operation (Working Capital)							
5005-Operation Supervision and Engineering	\$2,000.00	15%	\$300.00	\$2,000.00	15%	\$300.00	\$0.00
5010-Load Dispatching	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5012-Station Buildings and Fixtures Expense	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5014-Transformer Station Equipment - Operation Labour	\$5,000.00	15%	\$750.00	\$5,000.00	15%	\$750.00	\$0.00
5015-Transformer Station Equipment - Operation Supplies and Expenses	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5016-Distribution Station Equipment - Operation Labour	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5017-Distribution Station Equipment - Operation Supplies and Expenses	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5020-Overhead Distribution Lines and Feeders - Operation Labour	\$221,725.00	15%	\$33,258.75	\$221,725.00	15%	\$33,258.75	\$0.00
5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5030-Overhead Sub transmission Feeders - Operation	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5035-Overhead Distribution Transformers- Operation	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5040-Underground Distribution Lines and Feeders - Operation Labour	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$22,425.00	15%	\$3,363.75	\$22,425.00	15%	\$3,363.75	\$0.00
5050-Underground Sub transmission Feeders - Operation	\$124,600.00	15%	\$18,690.00	\$124,600.00	15%	\$18,690.00	\$0.00
5055-Underground Distribution Transformers - Operation	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5060-Street Lighting and Signal System Expense	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5065-Meter Expense	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5070-Customer Premises - Operation Labour	\$5,000.00	15%	\$750.00	\$5,000.00	15%	\$750.00	\$0.00
5075-Customer Premises - Materials and Expenses	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5085-Miscellaneous Distribution Expense	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5090-Underground Distribution Lines and Feeders - Rental Paid	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5095-Overhead Distribution Lines and Feeders - Rental Paid	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5096-Other Rent	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
Sub-Total	\$380,750.00		\$57,112.50	\$380,750.00		\$57,112.50	\$0.00

Maintenance (Working Capital)

5105-Maintenance Supervision and Engineering	\$4,000.00	15%	\$600.00	\$4,000.00	15%	\$600.00	\$0.00
5110-Maintenance of Buildings and Fixtures - Distribution Stations	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5112-Maintenance of Transformer Station Equipment	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5114-Maintenance of Distribution Station Equipment	\$10,000.00	15%	\$1,500.00	\$10,000.00	15%	\$1,500.00	\$0.00
5120-Maintenance of Poles, Towers and Fixtures	\$27,000.00	15%	\$4,050.00	\$27,000.00	15%	\$4,050.00	\$0.00
5125-Maintenance of Overhead Conductors and Devices	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5130-Maintenance of Overhead Services	\$15,000.00	15%	\$2,250.00	\$15,000.00	15%	\$2,250.00	\$0.00
5135-Overhead Distribution Lines and Feeders - Right of Way	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5145-Maintenance of Underground Conduit	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5150-Maintenance of Underground Conductors and Devices	\$15,000.00	15%	\$2,250.00	\$15,000.00	15%	\$2,250.00	\$0.00
5155-Maintenance of Underground Services	\$5,000.00	15%	\$750.00	\$5,000.00	15%	\$750.00	\$0.00
5160-Maintenance of Line Transformers	\$6,000.00	15%	\$900.00	\$6,000.00	15%	\$900.00	\$0.00
5165-Maintenance of Street Lighting and Signal Systems	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5170-Sentinel Lights - Labour	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5172-Sentinel Lights - Materials and Expenses	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5175-Maintenance of Meters	\$6,000.00	15%	\$900.00	\$6,000.00	15%	\$900.00	\$0.00
5178-Customer Installations Expenses- Leased Property	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5185-Water Heater Rentals - Labour	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5186-Water Heater Rentals - Materials and Expenses	\$3,800.00	15%	\$570.00	\$3,800.00	15%	\$570.00	\$0.00
5190-Water Heater Controls - Labour	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5192-Water Heater Controls - Materials and Expenses	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5195-Maintenance of Other Installations on Customer Premises	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
Sub-Total	\$91,800.00		\$13,770.00	\$91,800.00		\$13,770.00	\$0.00

Billing and Collections

5305-Supervision	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5310-Meter Reading Expense	\$100,750.00	15%	\$15,112.50	\$100,750.00	15%	\$15,112.50	\$0.00
5315-Customer Billing	\$326,050.00	15%	\$48,907.50	\$326,050.00	15%	\$48,907.50	\$0.00
5320-Collecting	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5325-Collecting- Cash Over and Short	\$10,000.00	15%	\$1,500.00	\$10,000.00	15%	\$1,500.00	\$0.00
5330-Collection Charges	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5335-Bad Debt Expense	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5340-Miscellaneous Customer Accounts Expenses	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
Sub-Total	\$436,800.00		\$65,520.00	\$436,800.00		\$65,520.00	\$0.00

Community Relations

5405-Supervision	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5410-Community Relations - Sundry	\$13,000.00	15%	\$1,950.00	\$13,000.00	15%	\$1,950.00	\$0.00
5415-Energy Conservation	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5420-Community Safety Program	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5425-Miscellaneous Customer Service and Informational Expenses	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5505-Supervision	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5510-Demonstrating and Selling Expense	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
5515-Advertising Expense	\$13,000.00	15%	\$1,950.00	\$13,000.00	15%	\$1,950.00	\$0.00
5520-Miscellaneous Sales Expense	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00
Sub-Total	\$26,000.00		\$3,900.00	\$26,000.00		\$3,900.00	\$0.00

Administrative and General Expenses

5605-Executive Salaries and Expenses	\$59,300.00	15%	\$8,895.00	\$59,300.00	15%	\$8,895.00	\$0.00	
5610-Management Salaries and Expenses	\$49,900.00	15%	\$7,485.00	\$49,900.00	15%	\$7,485.00	\$0.00	
5615-General Administrative Salaries and Expenses	\$244,750.00	15%	\$36,712.50	\$94,750.00	15%	\$14,212.50	-\$22,500.00	-\$150,000.00
5620-Office Supplies and Expenses	\$6,700.00	15%	\$1,005.00	\$6,700.00	15%	\$1,005.00	\$0.00	
5625-Administrative Expense Transferred Credit	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
5630-Outside Services Employed	\$346,400.00	15%	\$51,960.00	\$246,400.00	15%	\$36,960.00	-\$15,000.00	-\$100,000.00
5635-Property Insurance	\$33,900.00	15%	\$5,085.00	\$33,900.00	15%	\$5,085.00	\$0.00	
5640-Injuries and Damages	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
5645-Employee Pensions and Benefits	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
5650-Franchise Requirements	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
5655-Regulatory Expenses	\$16,250.00	15%	\$2,437.50	\$16,250.00	15%	\$2,437.50	\$0.00	
5660-General Advertising Expenses	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
5665-Miscellaneous General Expenses	\$42,100.00	15%	\$6,315.00	\$30,200.00	15%	\$4,530.00	-\$1,785.00	-\$11,900.00
5670-Rent	\$31,600.00	15%	\$4,740.00	\$31,600.00	15%	\$4,740.00	\$0.00	
5675-Maintenance of General Plant	\$40,000.00	15%	\$6,000.00	\$40,000.00	15%	\$6,000.00	\$0.00	
5680-Electrical Safety Authority Fees	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
5685-Independent Market Operator Fees and Penalties	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
Sub-Total	\$870,900.00		\$130,635.00	\$609,000.00		\$91,350.00	-\$39,285.00	-\$261,900.00

Amortization Expenses

5705-Amortization Expense - Property, Plant, and Equipment	\$350,458.81	0%	\$0.00	\$352,000.93	0%	\$0.00	\$0.00	\$1,542.13
5710-Amortization of Limited Term Electric Plant	\$0.00	0%	\$0.00	\$0.00	0%	\$0.00	\$0.00	
5715-Amortization of Intangibles and Other Electric Plant	\$0.00	0%	\$0.00	\$0.00	0%	\$0.00	\$0.00	
5720-Amortization of Electric Plant Acquisition Adjustments	\$0.00	0%	\$0.00	\$0.00	0%	\$0.00	\$0.00	
5725-Miscellaneous Amortization	\$0.00	0%	\$0.00	\$0.00	0%	\$0.00	\$0.00	
5730-Amortization of Unrecovered Plant and Regulatory Study Costs	\$0.00	0%	\$0.00	\$0.00	0%	\$0.00	\$0.00	
5735-Amortization of Deferred Development Costs	\$0.00	0%	\$0.00	\$0.00	0%	\$0.00	\$0.00	
5740-Amortization of Deferred Charges	\$0.00	0%	\$0.00	\$0.00	0%	\$0.00	\$0.00	
Sub-Total	\$350,458.81		\$0.00	\$352,000.93		\$0.00	\$0.00	\$1,542.13
6105-Taxes other than Income Taxes	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	

Cost of Power

4705-Power Purchased	\$4,407,280.47	15%	\$661,092.07	\$4,910,276.52	15%	\$736,541.48	\$75,449.41	\$502,996.05
4708-Charges-WMS	\$420,511.16	15%	\$63,076.67	\$420,511.16	15%	\$63,076.67	\$0.00	
4710-Cost of Power Adjustments	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
4712-Charges-One-Time	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
4714-Charges-NW	\$591,737.24	15%	\$88,760.59	\$591,737.24	15%	\$88,760.59	\$0.00	
4716-Charges-CN	\$622,113.17	15%	\$93,316.97	\$622,113.17	15%	\$93,316.97	\$0.00	
4730-Rural Rate Assistance Expense	\$80,867.53	15%	\$12,130.13	\$80,867.53	15%	\$12,130.13	\$0.00	
5685-Independent Market Operator Fees and Penalties	\$0.00	15%	\$0.00	\$0.00	15%	\$0.00	\$0.00	
Sub-Total	\$6,122,509.58		\$918,376.44	\$6,625,505.62		\$993,825.84	\$75,449.41	\$502,996.05
WORKING CAPITAL ALLOWANCE TOTAL	\$8,279,218.38		\$1,189,313.94	\$8,521,856.55		\$1,225,478.34	\$36,164.41	\$242,638.17

SMART METERS

Board Findings

The Board approves WCHE's request for a smart meter funding adder of \$1.00 per month per metered customer in accordance with the Board Guideline on Smart Meter Funding and Cost Recovery.

Response

The smart meter funding adder of \$1.00 per month per metered customer is included in this draft rate order. The following table details the rate classes that will be included as metered.

	Units	Rate Rider
Residential	Customer	\$ 1.00
GS<50 kW	Customer	\$ 1.00
GS>50 - 499 kW	Customer	\$ 1.00
GS>500 - 4999 kW	Customer	\$ 1.00
Large Use	Customer	\$ 1.00
Street Lights	Connection	\$ -
Sentinel Lights	Connection	\$ -
Unmetered Scattered Load	Connection	\$ -

COST OF CAPITAL

Long Term Debt

Board Findings

In the Board's Report on Cost of Capital and 2nd Generation IRM, the Board explicitly determined that callable or demand notes held by an affiliate (or a shareholder) were to be subject to a deemed rate, which could change from time to time depending on market conditions at the relevant time. On page 13 of that report, the Board noted:

“For all variable-rate debt and for all affiliate debt that is callable on demand the Board will use the current deemed long-term debt rate. When setting distribution rates at rebasing these debt rates will be adjusted regardless of whether the applicant makes a request for the change.”

The policy underpinning of this approach is that ratepayers, who cover the costs associated with these notes, are entitled to a measure of objectivity with respect to the notes, an element impossible to guarantee without the application of some external factor. The Board recognizes that the note holder in this case - the Town

- has indicated that it has no intention of calling the Note, or otherwise disturbing what is seen by it, and the utility, as an ongoing financing arrangement.

However, the fact is that in all of its relevant particulars the Note meets the description used in the Board's 2nd Generation IRM Report, and therefore, without compelling evidence to the contrary, it should be subject to the deeming provision. In this case, there is no such contrary evidence. The Note is a loan from the sole shareholder, callable on demand.

The Board acknowledges that this finding results in a modest current disadvantage to ratepayers. But it is the principle that is important here; a principle that has been applied consistently in the Board's consideration of rebasing applications within the Incentive Regulation regime.

Accordingly, the Board requires WCHE to apply the deemed rate of 7.62% to this embedded debt.

The Board accepts all other aspects of the utility's proposal with respect to capital structure and cost of capital.

Response

As per this decision WCHE has applied the deemed debt rate of 7.62% to its embedded debt in this draft rate order. The following table details this change.

	2009 Test		2009 Test	
	Application	Percentages	Decision	Percentages
Rate Base	\$5,022,449		\$5,097,898	
Equity Portion	\$2,176,227	43.33%	\$2,208,919	43.33%
Debt Portion Long Term	\$2,645,324	52.67%	\$2,685,063	52.67%
Debt Portion Short Term	\$200,898	4.00%	\$203,916	4.00%
Equity Return	\$188,897	8.68%	\$176,934	8.01%
Debt Return Long Term	\$163,111	6.17%	\$204,602	7.62%
Debt Return Short Term	\$8,980	4.47%	\$2,712	1.33%
Proposed Return	\$360,988		\$384,248	

COST ALLOCATION AND RATE DESIGN

The following issues are addressed in this section:

- Line Losses
- Revenue to Cost Ratios
- Rate Design - Monthly Fixed Charges
- Retail Transmission Rates

Line Losses

Board Findings

The Board approves the Total Loss Factors proposed by WCHE.

Response

WCHE will apply the loss factors as follow from its application.

<u>Total Utility Loss Adjustment Factor</u>	<u>LAF</u>
Supply Facility Loss Factor	1.0045
Distribution Loss Factors	
Secondary Metered Customer	
Total Loss Factor - Secondary Metered Customer < 5,000kW	1.0420
Total Loss Factor - Secondary Metered Customer > 5,000kW	1.0100
Primary Metered Customer	
Total Loss Factor - Primary Metered Customer < 5,000kW	1.0315
Total Loss Factor - Primary Metered Customer > 5,000kW	1.0000
Total Loss Factor	
Secondary Metered Customer	
Total Loss Factor - Secondary Metered Customer < 5,000kW	1.0467
Total Loss Factor - Secondary Metered Customer > 5,000kW	1.0145
Primary Metered Customer	
Total Loss Factor - Primary Metered Customer < 5,000kW	1.0362
Total Loss Factor - Primary Metered Customer > 5,000kW	1.0045

Revenue to Cost Ratios

Board Findings

The Board finds that the starting point for adjusting revenue to cost ratios should be the ratios calculated in the response to VECC's Supplementary Interrogatory #9, shown as "Revised 2006 Study" in the table above.

Given that the ratios describing the status quo are changed, the Board recognizes that WCHE's proposed revenue to cost ratios are no longer consistent with its strategy of adjusting most ratios to the half-way point from the status quo to 100%. With the exception explained in the following paragraph, the proposed ratios are consistent with the Board's policy range, and the Board finds them to be reasonable.

For the Large Use class, the starting point for re-balancing is changed very significantly from the initial application. The Board agrees with VECC's thoughtful submission with respect to this class, and finds that the revenue to cost ratio should be increased to 75% in 2009, and in two equal increments in the following two years to reach 85% which is the lower boundary of the Board's range. The Board also accepts VECC's recommendation that the increased revenue that this change yields shall be used initially to lower the proposed rates for the General Service 500 – 4999 kW class. The ratio for this class is to be lowered, consistent with the increased ratios of other classes, to the point where it would be equal to the ratio of the General Service 50 – 499 kW class. If the re-balancing permits even further relative rate reductions, the ratios of the General Service 500 – 4999 kW class and the General Service 50 – 499 kW class should then be lowered together.

WCHE is directed to provide documentation with its Draft Rate Order, consisting of the proportion of distribution revenue (net of rate adders) that will come from each class, and calculations of the revenue to cost ratios. The revenue to cost ratios should show that the proposed ratios are attained for the Residential, General Service < 50 kW and the various unmetered classes, that the ratio for the Large Use class is 75%, and the ratio for the General Service 500 – 4999 kW class that results from the Board's finding.

Response

WCHE has complied with the direction given in this decision with respect to cost allocation. The following table details how costs are allocated and includes the proportion of distribution (net of rate adders) that will come from each class.

**West Coast Huron Energy
Rate Design - Revenue to Cost Ratios
Tuesday, June 23, 2009**

	Residential	GS < 50	GS>50 to 499 kW	GS>500 kW to 4999 kW	Large Use	Sentinel Lighting	Street Light	Unmetered	
2007 CA Revenue to Cost %	89.44%	88.20%	175.11%	318.54%	63.35%	93.68%	31.94%	64.67%	
Board Staff Min RC%	85.00%	80.00%	80.00%	80.00%	80.00%	70.00%	70.00%	80.00%	
Board Staff Max RC%	115.00%	120.00%	180.00%	180.00%	180.00%	120.00%	120.00%	120.00%	
2006 DRR	757,367	275,824	249,764	181,044	64,252	1,132	18,713	4,345	1,552,441
2006 Misc. Revenue	62,543	25,114	11,629	4,709	7,138	60	2,806	898	114,898
2006 Total Revenue	819,910	300,938	261,393	185,754	71,390	1,192	21,519	5,243	1,667,339
	0.00%	0.00%	0.00%	-138.54%	16.65%	0.00%	38.06%	15.33%	
Minimum Adjustment									
Current RC%	89.44%	88.20%	175.11%	318.54%	63.35%	93.68%	31.94%	64.67%	
Min RC%	85.00%	80.00%	80.00%	80.00%	75.00%	70.00%	70.00%	80.00%	
Max RC%	115.00%	120.00%	180.00%	180.00%	180.00%	120.00%	120.00%	120.00%	
2006 Total Revenue	819,910	300,938	261,393	185,754	71,390	1,192	21,519	5,243	1,667,339
Min Adjustment	-	-	-	(80,788)	13,763		25,642	1,243	(40,141)
2006 Min Adjusted Total Revenue	819,910	300,938	261,393	104,965	85,153	1,192	47,161	6,486	1,627,198
Allocation of Balance	27,994	10,275				41	1,610	221	40,141
2006 Adjusted Total Revenue	847,903	311,213	261,393	104,965	85,153	1,233	48,771	6,707	1,667,339
2006 Total Revenue %	50.85%	18.67%	15.68%	6.30%	5.11%	0.07%	2.93%	0.40%	
2009 Total Revenue	1,193,000	437,876	367,781	147,686	119,810	1,734	68,621	9,437	2,345,946
less: 2009 Misc. Rev. Projection	47,139	17,302	14,532	5,836	4,734	69	2,711	373	92,696
2009 Min Adjustment BRR	1,145,861	420,574	353,248	141,851	115,076	1,666	65,910	9,064	2,253,250
New BRR%	50.85%	18.67%	15.68%	6.30%	5.11%	0.07%	2.93%	0.40%	
	91.81%	90.53%	173.81%	178.66%	75.00%	96.16%	71.85%	82.12%	

RATE DESIGN

Monthly Fixed Charges

Board Findings

The Board finds that the Applicant's proposal to leave all of its Monthly Service Charges unchanged is reasonable in its circumstances, with the exception of the General Service 500-4999 kW class. For that class, the Board agrees with VECC's submission, and finds that the Monthly Service Charge and the volumetric rate should be adjusted by the same percentage amount, thereby keeping the fixed:variable split at the same amount.

The Board notes SEC's concern for higher bill impacts that will be experienced by the larger customers in the various classes in which the fixed:variable split is lower. However, the Board notes that the example of a very high bill impact cited by SEC in its final argument is inconsistent with the same example provided in the Application. SEC's assumption about the cost of power appears to be incorrect. While the bill impact by WCHE's estimate is also quite high, the Board notes that the current approved volumetric rate is low by industry standards, and it approves WCHE's proposal to increase the volumetric rate while leaving the Monthly Service Charge unchanged.

The Board directs WCHE to provide updated bill impacts for the various representative customers in each class as part of the documentation of its Draft Rate Order.

Response

WCHE has used its current fixed charge for each rate class with the exception of GS>500 to 4,999 kW where the decision has directed the WCHE maintain the classes current fixed variable split. Below WCHE has detailed the calculation of its rates utilizing all of the calculations of its new revenue requirement resulting from this decision and have included a variety of bill impacts that result from this rate change.

	A	B	A+B								
	\$ 2,253,249.58	Transformer Allowance Recovery		Customers	Fixed %	Fixed Revenue	Fixed Charge	Consumption	Variable Revenue	Variable Charge	
Residential	50.85%	\$ 1,145,860.62	\$ 1,145,860.62	3,356	49.5%	\$ 567,432.48	\$ 14.09	28,073,558	\$ 578,428.14	\$ 0.0206	
GS < 50 kW	18.67%	\$ 420,574.09	\$ 420,574.09	521	49.7%	\$ 209,191.92	\$ 33.46	16,297,712	\$ 211,382.17	\$ 0.0130	
GS>50 to 499 kW	15.68%	\$ 353,248.35	\$ 25,415.30	49	62.5%	\$ 236,705.28	\$ 402.56	78,630	\$ 141,958.36	\$ 1.8054	
GS>500 kW to 4999 kW	6.30%	\$ 141,850.78	\$ 15,056.92	3	74.0%	\$ 116,111.70	\$ 3,225.32	25,095	\$ 40,796.00	\$ 1.6257	
Large Use	5.11%	\$ 115,076.08	\$ 93,103.20	1	49.9%	\$ 103,832.64	\$ 8,652.72	155,172	\$ 104,346.64	\$ 0.6725	
Sentinel Lighting	0.07%	\$ 1,665.63	\$ 1,665.63	13	52.8%	\$ 879.84	\$ 5.64	64	\$ 785.79	\$ 12.2506	
Street Lights	2.93%	\$ 65,909.89	\$ 65,909.89	1,333	47.2%	\$ 31,124.67	\$ 1.95	2,896	\$ 34,785.22	\$ 12.0112	
Unmetered	0.40%	\$ 9,064.15	\$ 9,064.15	9	39.9%	\$ 3,614.76	\$ 33.47	166,487	\$ 5,449.39	\$ 0.0327	
Total	100.00%	\$ 2,253,249.58	\$ 133,575.42			\$ 1,268,893.28			\$ 1,117,931.72		

	Fixed	%	Variable	%
Residential	\$ 14.09	49.5%	\$ 0.0206	50.5%
GS < 50 kW	\$ 33.46	49.7%	\$ 0.0130	50.3%
GS>50 to 499 kW	\$ 402.56	62.5%	\$ 1.8054	37.5%
GS>500 kW to 4999 kW	\$ 3,225.32	74.0%	\$ 1.6257	26.0%
Large Use	\$ 8,652.72	49.9%	\$ 0.6725	50.1%
Sentinel Lighting	\$ 5.64	52.8%	\$ 12.2506	47.2%
Street Lights	\$ 1.95	47.2%	\$ 12.0112	52.8%
Unmetered	\$ 33.47	39.9%	\$ 0.0327	60.1%

Residential

100

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			14.09	0.00	0.0%	0.0%
Distribution	kWh	100	0.00840	0.84	100	0.02060	2.06	1.22	145.3%	5.1%
Sub-Total				14.93			16.15	1.22	8.2%	5.1%
Regulatory Asset Recovery	kWh	100		0.00	100		0.00	0.00		0.0%
Retail Transmission - Network	kWh	107	0.00390	0.42	105	0.00390	0.41	(0.01)	-2.4%	0.0%
Retail Transmission - Line and Transformation	kWh	107	0.00410	0.44	105	0.00410	0.43	(0.01)	-2.4%	0.0%
Wholesale Market Service	kWh	107	0.00520	0.56	105	0.00520	0.54	(0.01)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	107	0.00100	0.11	105	0.00100	0.10	(0.00)	-2.4%	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	107	0.05450	5.85	105	0.05450	5.70	(0.14)	-2.4%	-0.6%
Total Bill				23.00			24.04	1.04	4.5%	4.3%

Residential

250

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			14.09	0.00	0.0%	0.0%
Distribution	kWh	250	0.00840	2.10	250	0.02060	5.15	3.05	145.3%	7.8%
Sub-Total				16.19			19.24	3.05	18.8%	7.8%
Regulatory Asset Recovery	kWh	250		0.00	100		0.00	0.00		0.0%
Retail Transmission - Network	kWh	268	0.00390	1.05	262	0.00390	1.02	(0.03)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kWh	268	0.00410	1.10	262	0.00410	1.07	(0.03)	-2.4%	-0.1%
Wholesale Market Service	kWh	268	0.00520	1.39	262	0.00520	1.36	(0.03)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	268	0.00100	0.27	262	0.00100	0.26	(0.01)	-2.4%	0.0%
Debt Retirement Charge	kWh	250	0.00700	1.75	250	0.00700	1.75	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	268	0.05450	14.61	262	0.05450	14.26	(0.35)	-2.4%	-0.9%
Total Bill				36.36			38.97	2.61	7.2%	6.7%

Residential

500

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			14.09	0.00	0.0%	0.0%
Distribution	kWh	500	0.00840	4.20	500	0.02060	10.30	6.10	145.3%	9.6%
Sub-Total				18.29			24.39	6.10	33.4%	9.6%
Regulatory Asset Recovery	kWh	500		0.00	500		0.00	0.00		0.0%
Retail Transmission - Network	kWh	536	0.00390	2.09	523	0.00390	2.04	(0.05)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kWh	536	0.00410	2.20	523	0.00410	2.15	(0.05)	-2.4%	-0.1%
Wholesale Market Service	kWh	536	0.00520	2.79	523	0.00520	2.72	(0.07)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	536	0.00100	0.54	523	0.00100	0.52	(0.01)	-2.4%	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	536	0.05450	29.23	523	0.05450	28.52	(0.71)	-2.4%	-1.1%
Total Bill				58.63			63.84	5.21	8.9%	8.2%

Residential

750

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			14.09	0.00	0.0%	0.0%
Distribution	kWh	750	0.00840	6.30	750	0.02060	15.45	9.15	145.3%	10.3%
Sub-Total				20.39			29.54	9.15	44.9%	10.3%
Regulatory Asset Recovery	kWh	750		0.00	750		0.00	0.00		0.0%
Retail Transmission - Network	kWh	804	0.00390	3.14	785	0.00390	3.06	(0.08)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kWh	804	0.00410	3.30	785	0.00410	3.22	(0.08)	-2.4%	-0.1%
Wholesale Market Service	kWh	804	0.00520	4.18	785	0.00520	4.08	(0.10)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	804	0.00100	0.80	785	0.00100	0.78	(0.02)	-2.4%	0.0%
Debt Retirement Charge	kWh	750	0.00700	5.25	750	0.00700	5.25	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	804	0.05450	43.84	785	0.05450	42.78	(1.06)	-2.4%	-1.2%
Total Bill				80.91			88.72	7.82	9.7%	8.8%

Residential

1,000

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			14.09	0.00	0.0%	0.0%
Distribution	kWh	1,000	0.00840	8.40	1,000	0.02060	20.60	12.20	145.3%	10.7%
Sub-Total				22.49			34.69	12.20	54.3%	10.7%
Regulatory Asset Recovery	kWh	1,000		0.00	1,000		0.00	0.00		0.0%
Retail Transmission - Network	kWh	1,073	0.00390	4.18	1,047	0.00390	4.08	(0.10)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kWh	1,073	0.00410	4.40	1,047	0.00410	4.29	(0.11)	-2.4%	-0.1%
Wholesale Market Service	kWh	1,073	0.00520	5.58	1,047	0.00520	5.44	(0.13)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	1,073	0.00100	1.07	1,047	0.00100	1.05	(0.03)	-2.4%	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	1,073	0.05450	58.46	1,047	0.05450	57.04	(1.41)	-2.4%	-1.2%
Total Bill				103.18			113.60	10.42	10.1%	9.2%

Residential

1,500

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			14.09	0.00	0.0%	0.0%
Distribution	kWh	1,500	0.00840	12.60	1,500	0.02060	30.91	18.31	145.3%	11.2%
Sub-Total				26.69			45.00	18.31	68.6%	11.2%
Regulatory Asset Recovery	kWh	1,500		0.00	1,500		0.00	0.00		0.0%
Retail Transmission - Network	kWh	1,609	0.00390	6.27	1,570	0.00390	6.12	(0.15)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kWh	1,609	0.00410	6.60	1,570	0.00410	6.44	(0.16)	-2.4%	-0.1%
Wholesale Market Service	kWh	1,609	0.00520	8.37	1,570	0.00520	8.16	(0.20)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	1,609	0.00100	1.61	1,570	0.00100	1.57	(0.04)	-2.4%	0.0%
Debt Retirement Charge	kWh	1,500	0.00700	10.50	1,500	0.00700	10.50	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,609	0.05450	87.69	1,570	0.05450	85.56	(2.12)	-2.4%	-1.3%
Total Bill				147.72			163.35	15.63	10.6%	9.6%

Residential

2,000

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				14.09			14.09	0.00	0.0%	0.0%
Distribution	kWh	2,000	0.00840	16.80	2,000	0.02060	41.21	24.41	145.3%	11.5%
Sub-Total				30.89			55.30	24.41	79.0%	11.5%
Regulatory Asset Recovery	kWh	2,000		0.00	2,000		0.00	0.00		0.0%
Retail Transmission - Network	kWh	2,145	0.00390	8.37	2,093	0.00390	8.16	(0.20)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kWh	2,145	0.00410	8.80	2,093	0.00410	8.58	(0.21)	-2.4%	-0.1%
Wholesale Market Service	kWh	2,145	0.00520	11.16	2,093	0.00520	10.89	(0.27)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	2,145	0.00100	2.15	2,093	0.00100	2.09	(0.05)	-2.4%	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	2,145	0.05450	116.91	2,093	0.05450	114.09	(2.83)	-2.4%	-1.3%
Total Bill				192.27			213.11	20.84	10.8%	9.8%

GS <50

1,000

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				33.46			33.46	0.00	0.0%	0.0%
Distribution	kWh	1,000	0.00520	5.20	1,000	0.01297	12.97	7.77	149.4%	6.2%
Sub-Total				38.66			46.43	7.77	20.1%	6.2%
Regulatory Asset Recovery	kWh	1,000		0.00	1,000		0.00	0.00		0.0%
Retail Transmission - Network	kWh	1,043	0.00360	3.75	1,044	0.00360	3.76	0.00	0.1%	0.0%
Retail Transmission - Line and Transformation	kWh	1,043	0.00370	3.86	1,044	0.00370	3.86	0.00	0.1%	0.0%
Wholesale Market Service	kWh	1,043	0.00520	5.42	1,044	0.00520	5.43	0.00	0.1%	0.0%
Rural Rate Protection Charge	kWh	1,043	0.00100	1.04	1,044	0.00100	1.04	0.00	0.1%	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	1,043	0.05450	56.83	1,044	0.05450	56.87	0.05	0.1%	0.0%
Total Bill				116.56			124.39	7.83	6.7%	6.3%

GS <50
2,000

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				33.46			33.46	0.00	0.0%	0.0%
Distribution	kWh	2,000	0.00520	10.40	2,000	0.01297	25.94	15.54	149.4%	7.2%
Sub-Total				43.86			59.40	15.54	35.4%	7.2%
Regulatory Asset Recovery	kWh	2,000		0.00	2,000		0.00	0.00		0.0%
Retail Transmission - Network	kWh	2,085	0.00360	7.51	2,087	0.00360	7.51	0.01	0.1%	0.0%
Retail Transmission - Line and Transformation	kWh	2,085	0.00370	7.72	2,087	0.00370	7.72	0.01	0.1%	0.0%
Wholesale Market Service	kWh	2,085	0.00520	10.84	2,087	0.00520	10.85	0.01	0.1%	0.0%
Rural Rate Protection Charge	kWh	2,085	0.00100	2.09	2,087	0.00100	2.09	0.00	0.1%	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	2,085	0.05450	113.65	2,087	0.05450	113.75	0.09	0.1%	0.0%
Total Bill				199.67			215.32	15.66	7.8%	7.3%

GS <50
5,000

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				33.46			33.46	0.00	0.0%	0.0%
Distribution	kWh	5,000	0.00520	26.00	5,000	0.01297	64.85	38.85	149.4%	8.0%
Sub-Total				59.46			98.31	38.85	65.3%	8.0%
Regulatory Asset Recovery	kWh	5,000		0.00	5,000		0.00	0.00		0.0%
Retail Transmission - Network	kWh	5,214	0.00360	18.77	5,218	0.00360	18.78	0.02	0.1%	0.0%
Retail Transmission - Line and Transformation	kWh	5,214	0.00370	19.29	5,218	0.00370	19.31	0.02	0.1%	0.0%
Wholesale Market Service	kWh	5,214	0.00520	27.11	5,218	0.00520	27.13	0.02	0.1%	0.0%
Rural Rate Protection Charge	kWh	5,214	0.00100	5.21	5,218	0.00100	5.22	0.00	0.1%	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	5,214	0.05450	284.14	5,218	0.05450	284.37	0.23	0.1%	0.0%
Total Bill				448.98			488.12	39.14	8.7%	8.0%

GS <50
10,000

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				33.46			33.46	0.00	0.0%	0.0%
Distribution	kWh	10,000	0.00520	52.00	10,000	0.01297	129.70	77.70	149.4%	8.2%
Sub-Total				85.46			163.16	77.70	90.9%	8.2%
Regulatory Asset Recovery	kWh	10,000		0.00	10,000		0.00	0.00		0.0%
Retail Transmission - Network	kWh	10,427	0.00360	37.54	10,436	0.00360	37.57	0.03	0.1%	0.0%
Retail Transmission - Line and Transformation	kWh	10,427	0.00370	38.58	10,436	0.00370	38.61	0.03	0.1%	0.0%
Wholesale Market Service	kWh	10,427	0.00520	54.22	10,436	0.00520	54.26	0.04	0.1%	0.0%
Rural Rate Protection Charge	kWh	10,427	0.00100	10.43	10,436	0.00100	10.44	0.01	0.1%	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	10,427	0.05450	568.27	10,436	0.05450	568.74	0.47	0.1%	0.0%
Total Bill				864.50			942.78	78.28	9.1%	8.3%

GS <50
15,000

kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				33.46			33.46	0.00	0.0%	0.0%
Distribution	kWh	15,000	0.00520	78.00	15,000	0.01297	194.55	116.55	149.4%	8.3%
Sub-Total				111.46			228.01	116.55	104.6%	8.3%
Regulatory Asset Recovery	kWh	15,000		0.00	15,000		0.00	0.00		0.0%
Retail Transmission - Network	kWh	15,641	0.00360	56.31	15,653	0.00360	56.35	0.05	0.1%	0.0%
Retail Transmission - Line and Transformation	kWh	15,641	0.00370	57.87	15,653	0.00370	57.92	0.05	0.1%	0.0%
Wholesale Market Service	kWh	15,641	0.00520	81.33	15,653	0.00520	81.40	0.07	0.1%	0.0%
Rural Rate Protection Charge	kWh	15,641	0.00100	15.64	15,653	0.00100	15.65	0.01	0.1%	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	15,641	0.05450	852.41	15,653	0.05450	853.11	0.70	0.1%	0.1%
Total Bill				1,280.01			1,397.44	117.42	9.2%	8.4%

GS-50 to 499 kW

55 kW Consumption
15,000 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				402.56			402.56	0.00	0.0%	0.0%
Distribution	kW	55	1.06950	58.82	55	1.80540	99.30	40.47	68.8%	2.3%
Sub-Total				461.38			501.86	40.47	8.8%	2.3%
Regulatory Asset Recovery	kW	55		0.00	55		0.00	0.00		0.0%
Retail Transmission - Network	kW	59	1.45850	86.04	58	1.45840	83.95	(2.09)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kW	59	1.47250	86.87	58	1.47250	84.77	(2.10)	-2.4%	-0.1%
Wholesale Market Service	kWh	16,089	0.00520	83.66	15,700	0.00520	81.64	(2.02)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	16,089	0.00100	16.09	15,700	0.00100	15.70	(0.39)	-2.4%	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	16,089	0.05450	876.85	15,700	0.05450	855.64	(21.21)	-2.4%	-1.2%
Total Bill				1,715.89			1,728.56	12.66	0.7%	0.7%

GS-50 to 499 kW

125 kW Consumption
20,000 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				402.56			402.56	0.00	0.0%	0.0%
Distribution	kW	125	1.06950	133.69	125	1.80540	225.67	91.99	68.8%	3.8%
Sub-Total				536.25			628.23	91.99	17.2%	3.8%
Regulatory Asset Recovery	kW	125		0.00	125		0.00	0.00		0.0%
Retail Transmission - Network	kW	134	1.45850	195.55	131	1.45840	190.81	(4.74)	-2.4%	-0.2%
Retail Transmission - Line and Transformation	kW	134	1.47250	197.43	131	1.47250	192.65	(4.78)	-2.4%	-0.2%
Wholesale Market Service	kWh	21,452	0.00520	111.55	20,933	0.00520	108.85	(2.70)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	21,452	0.00100	21.45	20,933	0.00100	20.93	(0.52)	-2.4%	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	21,452	0.05450	1,169.13	20,933	0.05450	1,140.85	(28.28)	-2.4%	-1.2%
Total Bill				2,371.36			2,422.33	50.97	2.1%	2.1%

GS-50 to 499 kW

250 kW Consumption
50,000 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				402.56			402.56	0.00	0.0%	0.0%
Distribution	kW	250	1.06950	267.38	250	1.80540	451.35	183.97	68.8%	3.6%
Sub-Total				669.94			853.91	183.97	27.5%	3.6%
Regulatory Asset Recovery	kW	250		0.00	250		0.00	0.00		0.0%
Retail Transmission - Network	kW	268	1.45850	391.10	262	1.45840	381.61	(9.49)	-2.4%	-0.2%
Retail Transmission - Line and Transformation	kW	268	1.47250	394.85	262	1.47250	385.30	(9.55)	-2.4%	-0.2%
Wholesale Market Service	kWh	53,630	0.00520	278.88	52,333	0.00520	272.13	(6.75)	-2.4%	-0.1%
Rural Rate Protection Charge	kWh	53,630	0.00100	53.63	52,333	0.00100	52.33	(1.30)	-2.4%	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	53,630	0.05450	2,922.84	52,333	0.05450	2,852.13	(70.70)	-2.4%	-1.4%
Total Bill				5,061.22			5,147.41	86.19	1.7%	1.7%

GS-50 to 499 kW

350 kW Consumption
125,000 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				402.56			402.56	0.00	0.0%	0.0%
Distribution	kW	350	1.06950	374.33	350	1.80540	631.89	257.56	68.8%	2.4%
Sub-Total				776.89			1,034.45	257.56	33.2%	2.4%
Regulatory Asset Recovery	kW	350		0.00	350		0.00	0.00		0.0%
Retail Transmission - Network	kW	375	1.45850	547.54	366	1.45840	534.25	(13.28)	-2.4%	-0.1%
Retail Transmission - Line and Transformation	kW	375	1.47250	552.79	366	1.47250	539.42	(13.37)	-2.4%	-0.1%
Wholesale Market Service	kWh	134,075	0.00520	697.19	130,832	0.00520	680.33	(16.86)	-2.4%	-0.2%
Rural Rate Protection Charge	kWh	134,075	0.00100	134.08	130,832	0.00100	130.83	(3.24)	-2.4%	0.0%
Debt Retirement Charge	kWh	125,000	0.00700	875.00	125,000	0.00700	875.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	134,075	0.05450	7,307.09	130,832	0.05450	7,130.33	(176.76)	-2.4%	-1.6%
Total Bill				10,890.56			10,924.61	34.05	0.3%	0.3%

Large Use

30,000 kW Consumption
20,000,000 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				8,652.72			8,652.72	0.00	0.0%	0.0%
Distribution	kW	30,000	0.75920	22,776.00	30,000	0.67246	20,173.74	(2,602.26)	-11.4%	-0.2%
Sub-Total				31,428.72			28,826.46	(2,602.26)	-8.3%	-0.2%
Regulatory Asset Recovery	kW	30,000		0.00	30,000		0.00	0.00	0.0%	0.0%
Retail Transmission - Network	kW	30,000	1.71530	51,459.00	30,000	1.71530	51,459.00	0.00	0.0%	0.0%
Retail Transmission - Line and Transformation	kW	30,000	1.84590	55,377.00	30,000	1.84590	55,377.00	0.00	0.0%	0.0%
Wholesale Market Service	kWh	20,000,000	0.00520	104,000.00	20,000,000	0.00520	104,000.00	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	20,000,000	0.00100	20,000.00	20,000,000	0.00100	20,000.00	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	20,000,000	0.00700	140,000.00	20,000,000	0.00700	140,000.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	20,000,000	0.05450	1,090,000.00	20,000,000	0.05450	1,090,000.00	0.00	0.0%	0.0%
Total Bill				1,492,264.72			1,489,662.46	(2,602.26)	-0.2%	-0.2%

Large Use

100,000 kW Consumption
53,000,000 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				8,652.72			8,652.72	0.00	0.0%	0.0%
Distribution	kW	100,000	0.75920	75,920.00	100,000	0.67246	67,245.79	(8,674.21)	-11.4%	-0.2%
Sub-Total				84,572.72			75,898.51	(8,674.21)	-10.3%	-0.2%
Regulatory Asset Recovery	kW	100,000		0.00	100,000		0.00	0.00	0.0%	0.0%
Retail Transmission - Network	kW	100,000	1.71530	171,530.00	100,000	1.71530	171,530.00	0.00	0.0%	0.0%
Retail Transmission - Line and Transformation	kW	100,000	1.84590	184,590.00	100,000	1.84590	184,590.00	0.00	0.0%	0.0%
Wholesale Market Service	kWh	53,000,000	0.00520	275,600.00	53,000,000	0.00520	275,600.00	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	53,000,000	0.00100	53,000.00	53,000,000	0.00100	53,000.00	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	53,000,000	0.00700	371,000.00	53,000,000	0.00700	371,000.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	53,000,000	0.05450	2,888,500.00	53,000,000	0.05450	2,888,500.00	0.00	0.0%	0.0%
Total Bill				4,028,792.72			4,020,118.51	(8,674.21)	-0.2%	-0.2%

Street Light

1 kW Consumption
25 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				0.71			1.95	1.24	174.1%	8.6%
Distribution	kW	1	2.65630	1.99	1	12.01123	9.01	7.02	352.2%	48.6%
Sub-Total				2.70			10.95	8.25	305.4%	57.2%
Regulatory Asset Recovery	kW	1		0.00	1		0.00	0.00	0.0%	0.0%
Retail Transmission - Network	kW	1	1.10000	0.85	1	1.10000	0.85	0.00	0.1%	0.0%
Retail Transmission - Line and Transformation	kW	1	1.13840	0.88	1	1.13840	0.88	0.00	0.1%	0.0%
Wholesale Market Service	kWh	26	0.00520	0.13	26	0.00520	0.13	0.00	0.1%	0.0%
Rural Rate Protection Charge	kWh	26	0.00100	0.03	26	0.00100	0.03	0.00	0.1%	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	0.05450	1.41	26	0.05450	1.41	0.00	0.1%	0.0%
Total Bill				6.18			14.43	8.25	133.7%	57.2%

Sentinel

0.75 kW Consumption
25 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				5.64			5.64	0.00	0.0%	0.0%
Distribution	kW	1	4.22060	3.17	1	12.25058	9.19	6.02	190.3%	32.8%
Sub-Total				8.81			14.83	6.02	68.4%	32.8%
Regulatory Asset Recovery	kW	1		0.00	1		0.00	0.00	0.0%	0.0%
Retail Transmission - Network	kW	1	1.10560	0.86	1	1.10560	0.87	0.00	0.1%	0.0%
Retail Transmission - Line and Transformation	kW	1	1.16210	0.91	1	1.16210	0.91	0.00	0.1%	0.0%
Wholesale Market Service	kWh	26	0.00520	0.14	26	0.00520	0.14	0.00	0.1%	0.0%
Rural Rate Protection Charge	kWh	26	0.00100	0.03	26	0.00100	0.03	0.00	0.1%	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	0.05450	1.42	26	0.05450	1.42	0.00	0.1%	0.0%
Total Bill				12.34			18.36	6.03	48.8%	32.8%

Sentinel

0.75 kW Consumption
50 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				5.64		5.64	0.00	0.0%	0.0%	
Distribution	kW	1	4.22060	3.17	1	12.25058	9.19	6.02	190.3%	29.9%
Sub-Total				8.81		14.83	6.02	68.4%	29.9%	
Regulatory Asset Recovery	kW	1		0.00	1		0.00	0.00	0.0%	
Retail Transmission - Network	kW	1	1.10560	0.86	1	1.10560	0.87	0.00	0.1%	0.0%
Retail Transmission - Line and Transformation	kW	1	1.16210	0.91	1	1.16210	0.91	0.00	0.1%	0.0%
Wholesale Market Service	kWh	52	0.00520	0.27	52	0.00520	0.27	0.00	0.1%	0.0%
Rural Rate Protection Charge	kWh	52	0.00100	0.05	52	0.00100	0.05	0.00	0.1%	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	0.05450	2.84	52	0.05450	2.84	0.00	0.1%	0.0%
Total Bill				14.09		20.12	6.03	42.8%	30.0%	

Unmetered Scattered Load

1 kW Consumption
600 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				33.47		33.47	0.00	0.0%	0.0%	
Distribution	kWh	1	0.00520	3.12	1	0.03273	19.64	16.52	529.5%	17.3%
Sub-Total				36.59		53.11	16.52	45.1%	17.3%	
Regulatory Asset Recovery	kW	1		0.00	1		0.00	0.00	0.0%	
Retail Transmission - Network	kW	1	0.00360	0.00	1	0.00360	0.00	0.00	0.1%	0.0%
Retail Transmission - Line and Transformation	kW	1	0.00370	0.00	1	0.00370	0.00	0.00	0.1%	0.0%
Wholesale Market Service	kWh	626	0.00520	3.25	626	0.00520	3.26	0.00	0.1%	0.0%
Rural Rate Protection Charge	kWh	626	0.00100	0.63	626	0.00100	0.63	0.00	0.1%	0.0%
Debt Retirement Charge	kWh	600	0.00700	4.20	600	0.00700	4.20	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	626	0.05450	34.10	626	0.05450	34.12	0.03	0.1%	0.0%
Total Bill				78.77		95.32	16.55	21.0%	17.4%	

GS-500 kW to 4999 kW

1700 kW Consumption
700000 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				3,476.42		3,225.32	(251.10)	-7.2%	-0.4%	
Distribution	kW	1,700	1.47250	2,503.25	1,700	1.62567	2,763.64	260.39	10.4%	0.4%
Sub-Total				5,979.67		5,988.97	9.30	0.2%	0.0%	
Regulatory Asset Recovery	kW	1,700		0.00	1,700		0.00	0.00	0.0%	
Retail Transmission - Network	kW	1,700	1.54910	2,633.47	1,700	1.54910	2,633.47	0.00	0.0%	0.0%
Retail Transmission - Line and Transformation	kW	1,700	1.61420	2,744.14	1,700	1.61420	2,744.14	0.00	0.0%	0.0%
Wholesale Market Service	kWh	700,000	0.00520	3,640.00	700,000	0.00520	3,640.00	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	700,000	0.00100	700.00	700,000	0.00100	700.00	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	700,000	0.00700	4,900.00	700,000	0.00700	4,900.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	700,000	0.05450	38,150.00	700,000	0.05450	38,150.00	0.00	0.0%	0.0%
Total Bill				58,747.28		58,756.58	9.30	0.0%	0.0%	

GS-500 kW to 4999 kW

1500 kW Consumption
750000 kWh Consumption

	Metric	2008 Bill			2009 Bill			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				3,476.42		3,225.32	(251.10)	-7.2%	-0.4%	
Distribution	kW	1,500	1.47250	2,208.75	1,500	1.62567	2,438.51	229.76	10.4%	0.4%
Sub-Total				5,685.17		5,663.83	(21.34)	-0.4%	0.0%	
Regulatory Asset Recovery	kW	1,500		0.00	1,500		0.00	0.00	0.0%	
Retail Transmission - Network	kW	1,500	1.54910	2,323.65	1,500	1.54910	2,323.65	0.00	0.0%	0.0%
Retail Transmission - Line and Transformation	kW	1,500	1.61420	2,421.30	1,500	1.61420	2,421.30	0.00	0.0%	0.0%
Wholesale Market Service	kWh	750,000	0.00520	3,900.00	750,000	0.00520	3,900.00	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	750,000	0.00100	750.00	750,000	0.00100	750.00	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	750,000	0.00700	5,250.00	750,000	0.00700	5,250.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	750,000	0.05450	40,875.00	750,000	0.05450	40,875.00	0.00	0.0%	0.0%
Total Bill				61,205.12		61,183.78	(21.34)	0.0%	0.0%	

Retail Transmission Rates

Board Findings

The Board finds that WCHE should file Retail Transmission Rates that correspond to the rates filed in the interrogatory response, as part of the Draft Rate Order.

Response

WCHE is including updated Retail Transmission rates that correspond to the rates filed in the interrogatory process. These rates are calculated as below.

West Coast Huron Energy Retail Transmission Rates Adjustment Model

Network

Retail Rates

	Current Rate	Adjustment Factor	Proposed 2009 Rate
Residential	\$ 0.0039	7.60%	\$ 0.0042
GS < 50 kW	\$ 0.0036	7.60%	\$ 0.0039
GS > 50 to 499 kW	\$ 1.4585	7.60%	\$ 1.5693
GS > 500 to 4999 kW	\$ 1.5491	7.60%	\$ 1.6668
Large Use	\$ 1.7153	7.60%	\$ 1.8457
Unmetered Load	\$ 0.0036	7.60%	\$ 0.0039
Sentinel Lights	\$ 1.1056	7.60%	\$ 1.1896
Street Light	\$ 1.1000	7.60%	\$ 1.1836

Connection

Retail Rates

	Current Rate	Adjustment Factor	Proposed 2009 Rate
Residential	0.0041	11.10%	0.0046
GS < 50 kW	0.0037	11.10%	0.0041
GS > 50 to 499 kW	1.4725	11.10%	1.6359
GS > 500 to 4999 kW	1.6142	11.10%	1.7934
Large Use	1.8459	11.10%	2.0508
Unmetered Load	0.0037	11.10%	0.0041
Sentinel Lights	1.1621	11.10%	1.2911
Street Light	1.1621	11.10%	1.2911

The resulting rates will be billed as follows.

	Units	Network	Connection
Residential	kWh	\$ 0.0042	\$ 0.0046
GS<50 kW	kWh	\$ 0.0039	\$ 0.0041
GS>50 - 499 kW	kW	\$ 1.5693	\$ 1.6359
GS>500 - 4999 kW	kW	\$ 1.6668	\$ 1.7934
Large Use	kW	\$ 1.8457	\$ 2.0508
Street Lights	kW	\$ 1.1836	\$ 1.2911
Sentinel Lights	kW	\$ 1.1896	\$ 1.2911
Unmetered Scattered Load	kWh	\$ 0.0039	\$ 0.0041

DEFERRAL AND VARIANCE ACCOUNTS

Board Findings

The Board approves Regulatory Asset Recovery rate riders (refund) to be applied over two years. The rate riders are designed to dispose of the balances in accounts 1508, 1525, 1580, 1584, 1586, and 1588 as of December 31, 2007 plus interest accrued to April 30, 2009.

Response

The calculation of the rate riders needed to be updated for the change in cost allocation detailed earlier in this decision. WCHE has calculated the Regulatory Asset Recovery Rate Riders for accounts 1508, 1525, 1580, 1584, 1586, and 1588 for recovery over the next two years as documented below.

1508	\$	57,649.23
1525	\$	102.37
1580	\$	(166,351.54)
1584	\$	(20,839.39)
1586	\$	(65,651.96)
1588	\$	(369,576.56)
	\$	(564,667.85)

		Reg Asset Amnt	Determinant	One Year Rate Rider	Two Year Rate Rider
Residential	50.85%	\$ (287,154.45)	27,963,560	\$ (0.0103) kWh	\$ (0.0051)
GS < 50 kW	18.67%	\$ (105,396.52)	16,297,712	\$ (0.0065) kWh	\$ (0.0032)
GS>50 to 499 kW	15.68%	\$ (88,524.59)	78,630	\$ (1.1258) kW	\$ (0.5629)
GS>500 kW to 4999 kW	6.30%	\$ (35,548.02)	25,095	\$ (1.4165) kW	\$ (0.7083)
Large Use	5.11%	\$ (28,838.24)	155,172	\$ (0.1858) kW	\$ (0.0929)
Sentinel Lighting	0.07%	\$ (417.41)	64	\$ (6.5075) kW	\$ (3.2537)
Street Lights	2.93%	\$ (16,517.12)	2,896	\$ (5.7033) kW	\$ (2.8517)
Unmetered	0.40%	\$ (2,271.49)	166,487	\$ (0.0136) kWh	\$ (0.0068)
Total	100.00%	\$ (564,667.85)			

IMPLEMENTATION

The Board has made findings in this Decision which change the Applicant's proposed 2009 distribution rates. These are to be reflected in a Draft Rate Order prepared by WCHE. This Draft Rate Order is to be developed assuming an effective date of May 1, 2009 and as noted in this decision, will be interim pending further evidence from WCHE on the issue of Post Retirement Benefits.

In filing its Draft Rate Order, it is the Board's expectation that WCHE will not use a calculation of the revised revenue deficiency to reconcile the new distribution rates with the Board's findings in this Decision. Rather, the Board expects WCHE to file detailed supporting material, including all relevant calculations showing the impact of this Decision on WCHE's proposed revenue requirement, the allocation of the approved revenue requirement to the classes and the determination of the final rates. WCHE should also show detailed calculations of the revised retail transmission rates and variance account rate riders reflecting this Decision.

Response

WCHE recognizes that this rate order is effective as of May 1st, 2009 but will not be implemented until August 1st, 2009. As a result WCHE has included in this draft rate order a proposed rate rider that will allow WCHE to recover its lost distribution revenue on a variable basis from the implementation date of the rate order until May 1st, 2009. The following table details the calculation of this rate rider.

Revenue Deficiency	\$ 442,359.23
Monthly Deficiency	\$ 36,863.27
August Implementation Date	\$ 110,589.81 3 months lost revenue

			August to April				
			August Implementation Date	Billing Determinant	Consumption	9 Months Consumption	August Rate Rider
Residential	50.85%	\$	56,239.00	kWh	28,073,558	21,055,168	\$ 0.0027
GS < 50 kW	18.67%	\$	20,641.84	kWh	16,297,712	12,223,284	\$ 0.0017
GS>50 to 499 kW	15.68%	\$	17,337.48	kW	78,630	58,972	\$ 0.2940
GS>500 kW to 4999 kW	6.30%	\$	6,962.06	kW	25,095	18,821	\$ 0.3699
Large Use	5.11%	\$	5,647.95	kW	155,172	116,379	\$ 0.0485
Sentinel Lighting	0.07%	\$	81.75	kW	64	48	\$ 1.6993
Street Lights	2.93%	\$	3,234.87	kW	2,896	2,172	\$ 1.4893
Unmetered	0.40%	\$	444.87	kWh	166,487	124,865	\$ 0.0036
Total	100.00%	\$	110,589.81				

RATE ORDER

An interim Rate Order decision will be issued after WCHE has had opportunity to comment on any intervenor submissions to its Draft Rate Order, as set out below.

COST AWARDS

The Board may grant cost awards to eligible stakeholders pursuant to its power under section 30 of the *Ontario Energy Board Act, 1998*. When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of the Board's Practice Direction on Cost Awards. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

All filings with the Board must quote the file number EB-2008-0248, and be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must be received by the Board by 4:45 p.m. on the stated date. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may e-mail your documents to the attention of the Board Secretary at BoardSec@oeb.gov.on.ca. All other filings not filed via the Board's web portal should be filed in accordance with the Board's Practice Directions on Cost Awards.

THE BOARD DIRECTS THAT:

1. WCHE shall file with the Board, and shall also forward to AMPCO, Energy Probe, SEC, and VECC, an interim Draft Rate Order attaching a proposed Tariff of Rates and Charges reflecting the Board's findings in this Decision, within 14 days of the date of this Decision. The Draft Rate Order shall also include customer rate impacts and detailed supporting information showing the calculation of the final rates.

2. AMPCO, SEC, VECC and Board staff shall file any comments on the interim Draft Rate Order with the Board and forward to WCHE within 7 days of the filing of the Draft Rate Order.
3. AMPCO, SEC, and VECC shall file with the Board and forward to their respective cost claims within 26 days from the date of this Decision.
4. WCHE shall file with the Board and forward to AMPCO, SEC, and VECC responses to any comments on its interim Draft Rate Order within 7 days of the receipt of any submissions.
5. WCHE shall file with the Board and forward AMPCO, SEC, and VECC any objections to the claimed costs within 40 days from the date of this Decision.
6. AMPCO, SEC, and VECC shall file with the Board and forward to WCHE any responses to any objections for cost claims within 47 days of the date of this Decision.
7. WCHE shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

DATED at Toronto, June 17, 2009

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

West Coast Huron Energy

TARIFF OF RATES AND CHARGES

Effective May 1st, 2009

Implementation August 1st, 2009

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

EB-2008-0248

APPLICATION

- The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.
- No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a e approved 2006 Electricity Distribution Rate Handbook or any other Licence conditions, Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, or as specified herein.
- This schedule does not contain any rates and charges relating to the electricity commodity (e.g. the Regulated Price Plan).

EFFECTIVE DATES

DISTRIBUTION RATES –May 1st, 2009 for all consumption or deemed consumption services used on or after that date.
SPECIFIC SERVICE CHARGES –May 1st, 2009 for all charges incurred by customers on or after that date.
RETAIL SERVICE CHARGES –May 1st, 2009 for all charges incurred by retailers or customers on or after that date.
LOSS FACTOR ADJUSTMENT –May 1st, 2009 unless the distributor is not capable of prorating changed loss factors jointly with distribution rates. In that case, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

SERVICE CLASSIFICATIONS

Residential Customers

This classification refers to the supply of electrical energy to customers residing in residential dwelling units. Further servicing details are available in the distributor's Conditions of Service.

General Service Less Than 50 kW

This classification applies to the supply of electrical energy to General Service Buildings requiring a connection with a connected load less than 50 kW and, Town Houses and Condominiums described in section 3.1.8 of the distributor's Conditions of Service that require centralized bulk metering. General Service Buildings are defined as buildings that are used for purposes other than single family dwellings. Further servicing details are available in the distributor's Conditions of Service.

General Service 50 to 499 kW

This classification applies to the supply of electrical energy to General Service Customers requiring a connection with a connected load, whose average monthly maximum demand used, for billing purposes, is, or is forecast to be, equal to or greater than 50 kW but less than 500 kW.
Further servicing details are available in the distributor's Conditions of Service.

General Service 500 to 4,999 kW

This classification applies to the supply of electrical energy to General Service Customers requiring a connection with a connected load, whose average monthly maximum demand used, for billing purposes, is, or is forecast to be, equal to or greater than 500 kW but less than 5,000 kW.
Further servicing details are available in the distributor's Conditions of Service.

Large Use

This classification refers to the supply of electrical energy to General Service Customers requiring a connection with a connected load or whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

West Coast Huron Energy

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EB-2008-0248

Unmetered Scattered Load

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, decorative street lighting, billboards, etc. The level of consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

Sentinel Lighting

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light.

Street Lighting

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connection load times the required lighting times established in the approved OEB street lighting load shape template. Street Lighting plant, facilities or equipment owned by the customer are subject to the ESA requirements.

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	14.09
Smart Meter Charge	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0206
Deferral Account 1550 Rate Rider – effective until April 30, 2010	\$/kWh	-0.0051
Effective Date Revenue Recovery Rate Rider – effective until April 30, 2010	\$/kWh	0.0027
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0042
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service Less Than 50 kW

Service Charge	\$	33.46
Smart Meter Charge	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.0130
Deferral Account 1550 Rate Rider – effective until April 30, 2010	\$/kWh	-0.0032
Effective Date Revenue Recovery Rate Rider – effective until April 30, 2010	\$/kWh	0.0017
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0039
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

General Service 50 to 499 kW

Service Charge	\$	402.56
Smart Meter Charge	\$	1.00
Distribution Volumetric Rate	\$/kWh	1.8054
Deferral Account 1550 Rate Rider – effective until April 30, 2010	\$/kWh	-0.5629
Effective Date Revenue Recovery Rate Rider – effective until April 30, 2010	\$/kWh	0.2940
Retail Transmission Rate – Network Service Rate	\$/kWh	1.5693

West Coast Huron Energy

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Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.6359
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
General Service 500 to 4,999 kW		
Service Charge	\$	3,225.33
Smart Meter Charge	\$	1.00
Distribution Volumetric Rate	\$/kWh	1.6257
Deferral Account 1550 Rate Rider – effective until April 30, 2010	\$/kWh	-0.7083
Effective Date Revenue Recovery Rate Rider – effective until April 30, 2010	\$/kWh	0.3699
Retail Transmission Rate – Network Service Rate	\$/kWh	1.6668
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.7934
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
Large Use		
Service Charge	\$	8,652.72
Smart Meter Charge	\$	1.00
Distribution Volumetric Rate	\$/kWh	0.6725
Deferral Account 1550 Rate Rider – effective until April 30, 2010	\$/kWh	-0.0929
Effective Date Revenue Recovery Rate Rider – effective until April 30, 2010	\$/kWh	0.0485
Retail Transmission Rate – Network Service Rate	\$/kWh	1.8457
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	2.0508
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
Unmetered Scattered Load		
Service Charge (per connection)	\$	33.47
Distribution Volumetric Rate	\$/kWh	0.0327
Deferral Account 1550 Rate Rider – effective until April 30, 2010	\$/kWh	-0.0068
Effective Date Revenue Recovery Rate Rider – effective until April 30, 2010	\$/kWh	0.0036
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0039
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
Sentinel Lighting		
Service Charge (per connection)	\$	5.64
Distribution Volumetric Rate	\$/kWh	12.2506
Deferral Account 1550 Rate Rider – effective until April 30, 2010	\$/kWh	-2.8517
Effective Date Revenue Recovery Rate Rider – effective until April 30, 2010	\$/kWh	1.0196
Retail Transmission Rate – Network Service Rate	\$/kWh	1.1896
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.2911
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

West Coast Huron Energy
TARIFF OF RATES AND CHARGES
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EB-2008-0248

Street Lighting

Service Charge (per connection)	\$	1.95
Distribution Volumetric Rate	\$/kWh	12.0112
Deferral Account 1550 Rate Rider – effective until April 30, 2010	\$/kWh	-3.2527
Effective Date Revenue Recovery Rate Rider – effective until April 30, 2010	\$/kWh	1.4893
Retail Transmission Rate – Network Service Rate	\$/kWh	1.1836
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.2911
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

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EB-2008-0248

Specific Service Charges

Customer Administration		
Arrears certificate	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	15.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Retail Service Charges (if applicable)

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

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0467
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0362
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045