

July 2, 2009

Ms. Kirsten Walli, Board Secretary
Ontario Energy Board
2300 Young Street, 27th Floor
P.O. Box 2319
Toronto, ON M4P 1E4

**Re: Responses to Comments received from Board Staff on Thunder Bay
Hydro Electricity Distribution Inc. – 2009 Draft Rate Order
Board File: EB-2008-0245**

On June 23, 2009 Thunder Bay Hydro Electricity Distribution Inc. ("Thunder Bay") received comments from Board Staff with respect to its 2009 Draft Rate Order (DRO) and Revenue Requirement Work Form (RRWF) that was submitted on June 17, 2009. Thunder Bay is writing to provide responses to these comments.

Payments in Lieu of Taxes (PILs)

"Board staff acknowledges, and concurs with, the submission of Energy Probe with respect to the treatment of accelerated CCA for computer hardware and software in accordance with the 2009 Federal Budget."

Response

Thunder Bay's agreement and detailed response can be found in its reply to Energy Probe.

2009 Load Forecast

"Board staff submits that the revised load forecast, which was revised to reflect the adjustment to the loss factor, appears anomalous in some respects. There does not appear to be a loss factor adjustment to the load forecast for unmetered customer classes: Streetlights, Sentinel Lights and Unmetered Loads. Board staff submits that Thunder Bay should confirm or correct this, with adequate explanation.

Further, the adjustments for other classes appear to vary over a range from 0.15% to 0.21%. If there is a reason for different adjustments in different classes, it should be explained. In the alternative, Board staff submits that the calculations should be corrected."

Response

Thunder Bay confirms the load forecast information provided in the draft rate order is correct and has been adjusted in accordance with the Board's Decision. The information reflects the load forecasting methodology proposed in the application and approved by the Board in its Decision.

As outlined in the application, the load forecasting model used by Thunder Bay forecasts the weather normal purchases and reduces this amount by the loss factor to estimate the total weather normal billed amount. The model also conducts a billed forecast by rate class based on forecasted usage per customer and number of customers that is not weather normalized. The model totals the rate class non-weather normalized billed amounts and compares this to the total weather normal billed amount previously determined. The difference is the amount that represents the adjustment to move a non-weather normalized billed forecast to a weather normalized billed forecast. The adjustment is applied to those classes that are weather sensitive which in Thunder Bay's case is Residential, GS < 50 kW, GS > 50 to 999 kW, and GS > 1000 to 4999 kW. The adjustment is assigned to these classes based on their level of weather sensitivity. However, the classes that are not weather sensitive (i.e. Sentinel Lights, Street Lights and USL) do not receive any of the adjustment. When the loss factor is changed from 4.7% to 4.48%, this only impacts the total weather normal bill amount and the resulting level of adjustment for weather normalization. The non-weather normalized billed amounts are not impacted which means there is no change to Sentinel Lights, Street Lights and USL when the loss factor is changed.

The following table summarizes the adjustment to the load forecast per final submission resulting from the updated loss factor. The information in the table shows that when the loss factor is adjusted the only classes that are impacted are those that are weather sensitive and the level of adjustment is directly related to the percentage of weather sensitivity of the rate class. For example, the Residential class which is 100% weather sensitive receives a higher level of adjustment (i.e. 0.21%) than the General Service > 1000 to 4999 kW class which is only 59% weather sensitive.

	Weather Sensitivity As per the Application	Load Forecast Per Final Submission (kWh)	Adjustment For Loss Factor	Adjustment %
Residential	100%	340,800,466	720,471	0.21%
General Service < 50 kW	100%	143,961,424	296,769	0.21%
General Service > 50 to 999 kW	89%	304,722,102	560,110	0.18%
General Service > 1000 to 4999 kW	59%	194,129,052	293,228	0.15%
Streetlights	0%	10,616,947	0	0.00%
Sentinel Lights	0%	146,789	0	0.00%
Unmetered Loads	0%	1,335,240	0	0.00%
Total		995,712,020	1,870,578	0.19%

Revenue-to-Cost Ratios

“Staff concurs that the proposed rates for Unmetered Scattered Load (“USL”) are appropriate. In its Decision, the Board accepted that the USL revenue-to-cost ratio should remain at its existing level. The proposed rates are 5.1% above the existing approved rates, which is consistent with the Decision in this regard.

However, it is not readily apparent that the revenue-to-cost ratio attained with the approved rates is consistent with the Board’s findings at p. 36 of the Decision. Board staff submits that it would be helpful if Thunder Bay were to include an explanation of how the approved ratio is reflected in the ratios shown on p. 12 of the documentation. The underlying cause of the discrepancy appears to be the CDM forecast, in which about 25% of the USL load is assumed to be conserved in the original forecast, but not in the revised forecast. This, in turn, affects the forecast of revenues but does not affect the cost allocation study. With revenues of \$70,203 and allocated costs of \$50,317, the calculated ratio is over 140%, different from both 115%, as provided in response to VECC IR # 7c), and 111% as originally proposed. To reiterate, Board staff is suggesting better documentation, and not any changes, unless necessary, in the rates proposed.”

Response

Calculating the USL revenue to cost ratio as \$70,203 of revenue over costs of \$50,317 is not correct. The information provided in Thunder Bay’s response to the Rate Design comments from VECC shows the proportion of base revenue assigned to the USL rate class assuming the proportions of class revenues at existing rates is \$70,125 (adjusted from the \$70,203 as a result of the change in PILS). In addition, based on the proportion of miscellaneous revenue allocated to the USL class in the cost allocation model, the 2009 miscellaneous revenue assigned to the USL class is \$2,306. This means the 2009 revenue assigned to the USL class before adjusting the revenue to cost ratio for this class is \$72,431. Since rate

class revenues have never been adjusted for the revenue cost ratios resulting from the cost allocation study it is assumed that the USL revenue of \$72,431 has a revenue cost ratio of 114.91% as per column 3 of the Revenue to Cost Ratio table shown on page 34 of the Decision. Based on this assumption, revenues at 100% revenue to cost ratio is \$72,431 divided by 114.91% which is \$63,032. Based on the Decision, Thunder Bay has maintained the revenue to cost ratio of 114.91% for the USL class. This means the base revenue requirement for USL is \$63,032 times 114.91% minus \$2,306 of assigned miscellaneous charges. The resulting base revenue requirement is \$70,125.

Rate Design

“Board staff concurs with VECC that Thunder Bay has not provided adequate schedules to allow parties to satisfactorily replicate the derivation of the proposed rates from the revenue requirement through cost allocation and fixed/variable splits. Board staff believes that Thunder Bay’s calculations appear reasonable, but it would assist staff and other parties if additional information could be provided. Specifically, Board staff submits that Thunder Bay should augment the revenue-to-cost tables shown on p. 12, or provide a separate additional table, showing the fixed/variable split of class revenues and the determination of base distribution fixed and volumetric rates, net of the smart meter funding adder.”

Response

The response to this request is found in the reply to VECC and includes tables showing Thunder Bay’s proposed revenue-to-cost ratios, service and base revenue requirements, the fixed/variable split of class revenues and the determination of base distribution fixed and volumetric rates, net of the smart meter funding adder.

Deferral and Variance Account / Regulatory Asset Rate Riders

“Board staff concurs with the proposed rate riders to be applied over a period of 22 months.”

Response

No additional comments are required.

Allocation of Foregone Revenue Rate Rider

“Board staff notes that Thunder Bay has calculated a rate rider to collect the incremental revenue requirement for two months, corresponding to May 1 to June 30, 2009, and has proposed rate riders to collect that amount over a period of two months (from July 1 to August 31, 2009). Thunder Bay has proposed that

both fixed and volumetric rate riders would be used to collect the foregone incremental revenue requirement. With respect to the fixed rate rider, Board staff notes VECC's comments about how Thunder Bay allocates the incremental revenues collected between distribution (Account 4080) and smart meter funding (account 1555), as shown in the last two columns of the table on page 15 of the draft rate order submission.

Board staff agrees with VECC's comments about the allocation of the \$1.97 for the funding adder. Since Thunder Bay's current rates include the existing funding adder of \$0.27, the incremental smart meter revenues should be \$1.70 per month for metered customers, the difference between the new funding adder of \$1.97 and the existing one of \$0.27. The allocation to Distribution of the rate rider, for metered customer classes, should be similarly adjusted. Board staff provides the following table of what it believes should be the proper allocation."

Customer Class	Fixed Rate Rider Allocation			
		As Proposed (Draft Rate Order, p. 15, right columns)		Corrected, as proposed by Board staff
	Distribution	Smart Meter	Distribution	Smart Meter
Residential	(\$0.4600)	\$1.97	(\$0.1900)	\$1.70
GS < 50 kW	\$0.6100	\$1.97	\$0.8800	\$1.70
GS > 50 kW	\$31.8800	\$1.97	\$32.1500	\$1.70
GS 1000-4999 kW	\$472.6000	\$1.97	\$472.8900	\$1.70
Streetlighting	\$0.9102		\$0.9102	
Sentinel Lights	\$0.3141		\$0.3141	
Unmetered Scattered Load	\$0.4368		\$0.4368	

Response

Thunder Bay agrees with the comments made by Board staff and VECC about the error in the allocation of the fixed rate rider between distribution and the smart meter charges. Thunder Bay concurs with the corrected fixed rate rider allocation calculated by Board staff as set out above. A detailed response and a revised foregone revenue rate rider table have been included in the reply addressed to VECC.

Revenue Requirement Work Form (RRWF)

"Subject to any revisions necessary to address comments in the submissions of Staff and Intervenor, Board staff is generally satisfied with the RRWF that accompanies Thunder Bay's draft rate order. However, Board staff submits that Thunder Bay should resubmit the RRWF to address the following:

1. The Microsoft Excel version of the RRWF submitted by Thunder Bay Hydro has links for various input cells on sheets A. Data Input and 7. Bill Impacts to other rate models that Thunder Bay has used for its application and draft rate order. The RRWF should be a stand-alone model. Board staff does not see the need for Thunder Bay's detailed rate models. However, if there is a need to show sub-calculations with explanations to give context to the numbers shown in the RRWF, then Thunder Bay should do so.
2. On sheet A, Data Input, under Other Revenues, Thunder Bay has not shown revenues for Specific Service Charges and Late Payment Charges, but has aggregated these in with Other Distribution Revenue and Other Income and Deductions. This presentation does not correspond with the application. Board staff submits that Thunder Bay should properly show the disaggregation of Other Revenues by the categories requested in the RRWF; however, Board staff acknowledges that the amount of \$1,497,790 shown, in total, for Other Revenue complies with the application and Board Decision."

Response

As per request from Board Staff, Thunder Bay has resubmitted the RRWF to address the following:

- 1. The revised RRWF submitted by Thunder Bay is now a "stand-alone model" in which the excel links in various input cells have been removed and is attached as Appendix A to this document.*
- 2. Thunder Bay has disaggregated the revenues for Specific Service Charges and Late Payment Charges from Other Revenues as requested in the categories of the RRWF. The total Other Revenues of \$1,497,790 complies with the application and Board Decision and remains unchanged.*

Revised Tariff of Rates and Charges

Following the RRWF, a revised Tariff of Rates and Charges document is found in Appendix B, which reflects the changes discussed above. The impact on the proposed revenue requirement and distribution rates in comparison to those found in the Draft Rate Order is minimal.

Yours truly,

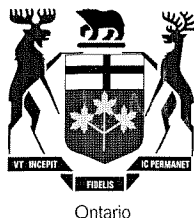


Cindy Speziale, CA
Vice President, Finance

CS/dt

Electronic cc: Robert Mace, President (Thunder Bay Hydro Electricity Distribution Inc.)

Ted Antonopoulos (OEB)
Shelley Grice (AMPCO)
Christine Dade (Dade & Associates)
David S. MacIntosh (Energy Probe)
Randy Aiken (Aiken & Associates)
Bob Williams (Ontario Education Services Corporation)
John De Vellis (Shibley Righton LLP)
Rachel Chen (Institutional Energy Analysis Inc.)
Michael Buonaguro (Public Interest Advocacy Centre)
Bill Harper (Econalysis Consulting Services)



Revenue Requirement Work Form

APPENDIX A

Name of LDC: Thunder Bay Hydro Electricity Distribution Inc. (1)

File Number: EB-2008-0245

Rate Year: 2009

Version: 1.0

Table of Content

<u>Sheet</u>	<u>Name</u>
A	<u>Data Input Sheet</u>
1	<u>Rate Base</u>
2	<u>Utility Income</u>
3	<u>Taxes/PILS</u>
4	<u>Capitalization/Cost of Capital</u>
5	<u>Revenue Sufficiency/Deficiency</u>
6	<u>Revenue Requirement</u>
7	<u>Bill Impacts</u>

Notes:

(1) Pale green cells represent inputs

(2) **Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.**

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Revenue Requirement Work Form

Name of LDC: Thunder Bay Hydro Electricity Distribution Inc.

File Number: EB-2008-0245

Rate Year: 2009

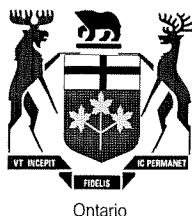
Data Input (1)

	Application	Adjustments	Per Board Decision
1 Rate Base			
Gross Fixed Assets (average)	\$141,816,739 (4)	(\$512,186)	\$141,304,553
Accumulated Depreciation (average)	(\$79,283,849) (5)	\$31,722	(\$79,252,126)
Allowance for Working Capital:			
Controllable Expenses	\$11,622,736	\$21,941	\$11,644,677
Cost of Power	\$69,962,747	\$8,264,882	\$78,227,629
Working Capital Rate (%)	15.00%		15.00%
2 Utility Income			
Operating Revenues:			
Distribution Revenue at Current Rates	\$16,146,651		\$16,288,920
Distribution Revenue at Proposed Rates	\$17,145,155		\$17,105,956
Other Revenue:			
Specific Service Charges	\$745,000		\$745,000
Late Payment Charges	\$282,000		\$282,000
Other Distribution Revenue	\$131,500		\$131,500
Other Income and Deductions	\$339,290		\$339,290
Operating Expenses:			
OM+A Expenses	\$11,913,122	\$21,941	\$11,935,063
Depreciation/Amortization	\$4,443,745	\$ -	\$4,443,745
Property taxes	\$ -	\$ -	\$0
Capital taxes	\$168,569		\$170,284
Other expenses	\$ -	\$ -	\$0
3 Taxes/PILs			
Taxable Income:			
Adjustments required to arrive at taxable income	\$442,093 (3)		\$386,043
Utility Income Taxes and Rates:			
Income taxes (not grossed up)	\$505,172		\$490,720
Income taxes (grossed up)	\$726,890		\$705,382
Capital Taxes	\$168,569		\$170,284
Federal tax (%)	17.75%		17.72%
Provincial tax (%)	12.75%		12.72%
Income Tax Credits	\$ -		\$ -
4 Capitalization/Cost of Capital			
Capital Structure:			
Long-term debt Capitalization Ratio (%)	52.7%		52.7%
Short-term debt Capitalization Ratio (%)	4.0% (2)		4.0% (2)
Common Equity Capitalization Ratio (%)	43.3%		43.3%
Preferred Shares Capitalization Ratio (%)	0.0%		0.0%
Cost of Capital			
Long-term debt Cost Rate (%)	0.35%		0.2%
Short-term debt Cost Rate (%)	1.33%		1.3%
Common Equity Cost Rate (%)	3.75%		3.8%
Preferred Shares Cost Rate (%)	0.00%		0.0%

Notes:

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.



Revenue Requirement Work Form

Name of LDC: Thunder Bay Hydro Electricity Distribution Inc.

File Number: EB-2008-0245

Rate Year: 2009

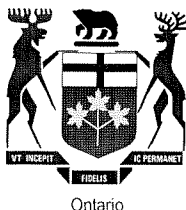
Rate Base

Line No.	Particulars		Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$141,816,739	(\$512,186)	\$141,304,553
2	Accumulated Depreciation (average)	(3)	(\$79,283,849)	\$31,722	(\$79,252,126)
3	Net Fixed Assets (average)	(3)	\$62,532,890	(\$480,464)	\$62,052,427
4	Allowance for Working Capital	(1)	\$12,237,822	\$1,243,024	\$13,480,846
5	Total Rate Base		\$74,770,713	\$762,560	\$75,533,273

(1) Allowance for Working Capital - Derivation					
6	Controllable Expenses		\$11,622,736	\$21,941	\$11,644,677
7	Cost of Power		\$69,962,747	\$8,264,882	\$78,227,629
8	Working Capital Base		\$81,585,483	\$8,286,823	\$89,872,307
9	Working Capital Rate %	(2)	15.00%		15.00%
10	Working Capital Allowance		\$12,237,822	\$1,243,024	\$13,480,846

Notes

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
 (3) Average of opening and closing balances for the year.



Revenue Requirement Work Form

Name of LDC: Thunder Bay Hydro Electricity Distribution Inc.

File Number: EB-2008-0245

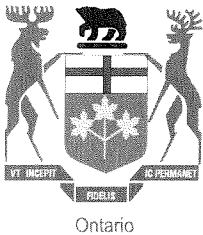
Rate Year: 2009

Utility income

Line No.	Particulars	Application	Adjustments	Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$17,145,155	(\$39,199)	\$17,105,956
2	Other Revenue (1)	\$1,497,790	\$ -	\$1,497,790
3	Total Operating Revenues	\$18,642,945	(\$39,199)	\$18,603,746
Operating Expenses:				
4	OM+A Expenses	\$11,913,122	\$21,941	\$11,935,063
5	Depreciation/Amortization	\$4,443,745	\$ -	\$4,443,745
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$168,569	\$1,716	\$170,284
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$16,525,435	\$23,657	\$16,549,092
10	Deemed Interest Expense	\$176,530	(\$53,729)	\$122,801
11	Total Expenses (lines 4 to 10)	\$16,701,966	(\$30,073)	\$16,671,893
12	Utility income before income taxes	\$1,940,979	(\$9,126)	\$1,931,853
13	Income taxes (grossed-up)	\$726,890	(\$21,508)	\$705,382
14	Utility net income	\$1,214,089	\$12,382	\$1,226,472

Notes

(1)	Other Revenues / Revenue Offsets		
	Specific Service Charges	\$745,000	\$745,000
	Late Payment Charges	\$282,000	\$282,000
	Other Distribution Revenue	\$131,500	\$131,500
	Other Income and Deductions	\$339,290	\$339,290
	Total Revenue Offsets	\$1,497,790	\$1,497,790



Revenue Requirement Work Form

Name of LDC: Thunder Bay Hydro Electricity Distribution Inc.

File Number: EB-2008-0245

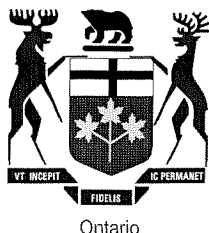
Rate Year: 2009

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$1,214,089	\$1,226,472
2	Adjustments required to arrive at taxable utility income	\$442,093	\$386,043 A
3	Taxable income	\$1,656,182	\$1,612,515
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$505,172	\$490,720 B
5	Capital taxes	\$168,569	\$170,284 C
6	Total taxes	\$673,741	\$661,004
7	Gross-up of Income Taxes	\$221,717	\$214,662
8	Grossed-up Income Taxes	\$726,890	\$705,382
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$895,458	\$875,666
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	17.75%	17.72% B
12	Provincial tax (%)	12.75%	12.72% B
13	Total tax rate (%)	30.50%	30.43%

Notes

- A See Table 1 in response to Energy Probe.
 B See Table 2 in response to Energy Probe.
 C See Table 3 in response to Energy Probe.



Revenue Requirement Work Form

Name of LDC: Thunder Bay Hydro Electricity Distribution Inc.

File Number: EB-2008-0245

Rate Year: 2009

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Application					
Debt					
1	Long-term Debt	52.70%	\$39,404,166	0.35%	\$136,752
2	Short-term Debt	4.00%	\$2,990,829	1.33%	\$39,778
3	Total Debt	56.70%	\$42,394,994	0.42%	\$176,530
Equity					
4	Common Equity	43.30%	\$32,375,719	3.75%	\$1,214,089
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	43.30%	\$32,375,719	3.75%	\$1,214,089
7	Total	100%	\$74,770,713	1.86%	\$1,390,620
Per Board Decision					
Debt					
8	Long-term Debt	52.70%	\$39,806,035	0.21%	\$82,617
9	Short-term Debt	4.00%	\$3,021,331	1.33%	\$40,184
10	Total Debt	56.70%	\$42,827,366	0.29%	\$122,801
Equity					
11	Common Equity	43.3%	\$32,705,907	3.75%	\$1,226,472
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	Total Equity	43.3%	\$32,705,907	3.75%	\$1,226,472
14	Total	100%	\$75,533,273	1.79%	\$1,349,272

Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.



Revenue Requirement Work Form

Name of LDC: Thunder Bay Hydro Electricity Distribution Inc.

File Number: EB-2008-0245

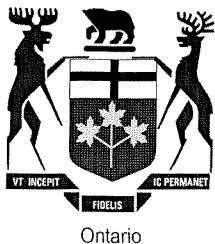
Rate Year: 2009

Revenue Sufficiency/Deficiency

Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$998,504		\$817,036
2	Distribution Revenue	\$16,146,651	\$16,146,651	\$16,288,920	\$16,288,920
3	Other Operating Revenue Offsets - net	\$1,497,790	\$1,497,790	\$1,497,790	\$1,497,790
4	Total Revenue	\$17,644,441	\$18,642,945	\$17,786,710	\$18,603,746
5	Operating Expenses	\$16,525,435	\$16,525,435	\$16,549,092	\$16,549,092
6	Deemed Interest Expense	\$176,530	\$176,530	\$122,801	\$122,801
	Total Cost and Expenses	\$16,701,966	\$16,701,966	\$16,671,893	\$16,671,893
7	Utility Income Before Income Taxes	\$942,475	\$1,940,979	\$1,114,817	\$1,931,853
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$442,093	\$442,093	\$386,043	\$386,043
9	Taxable Income	\$1,384,568	\$2,383,072	\$1,500,861	\$2,317,896
10	Income Tax Rate	30.50%	30.50%	30.43%	30.43%
11	Income Tax on Taxable Income	\$422,324	\$726,890	\$456,742	\$705,382
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	\$520,151	\$1,214,089	\$658,076	\$1,226,472
14	Utility Rate Base	\$74,770,713	\$74,770,713	\$75,533,273	\$75,533,273
	Deemed Equity Portion of Rate Base	\$32,375,719	\$32,375,719	\$32,705,907	\$32,705,907
15	Income/Equity Rate Base (%)	1.61%	3.75%	2.01%	3.75%
16	Target Return - Equity on Rate Base	3.75%	3.75%	3.75%	3.75%
	Sufficiency/Deficiency in Return on Equity	-2.14%	0.00%	-1.74%	0.00%
17	Indicated Rate of Return	0.93%	1.86%	1.03%	1.79%
18	Requested Rate of Return on Rate Base	1.86%	1.86%	1.79%	1.79%
19	Sufficiency/Deficiency in Rate of Return	-0.93%	0.00%	-0.75%	0.00%
20	Target Return on Equity	\$1,214,089	\$1,214,089	\$1,226,472	\$1,226,472
21	Revenue Sufficiency/Deficiency	\$693,938	\$0	\$568,396	\$ -
22	Gross Revenue Sufficiency/Deficiency	\$998,504 (1)		\$817,036 (1)	

Notes:

(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)



Revenue Requirement Work Form

Name of LDC: Thunder Bay Hydro Electricity Distribution Inc.
 File Number: EB-2008-0245
 Rate Year: 2009

Revenue Requirement

Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$11,913,122	\$11,935,063
2	Amortization/Depreciation	\$4,443,745	\$4,443,745
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$168,569	\$170,284
5	Income Taxes (Grossed up)	\$726,890	\$705,382
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$176,530	\$122,801
	Return on Deemed Equity	\$1,214,089	\$1,226,472
8	Distribution Revenue Requirement before Revenues	\$18,642,945	\$18,603,746
9	Distribution revenue	\$17,145,155	\$17,105,956
10	Other revenue	\$1,497,790	\$1,497,790
11	Total revenue	\$18,642,945	\$18,603,746
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$0 (1)	\$ - (1)

Notes

(1) Line 11 - Line 8



Revenue Requirement Work Form

Name of LDC: Thunder Bay Hydro Electricity Distribution Inc.

File Number: EB-2008-0245

Rate Year: 2009

Selected Delivery Charge and Bill Impacts Per Draft Rate Order									
Monthly Delivery Charge					Total Bill				
	Current	Per Draft Rate Order	Change			Current	Per Draft Rate Order	Change	
			\$	%				\$	%
Residential 1000 kWh/month	\$ 31.50	\$ 34.46	\$ 2.95	9.4%		\$ 101.60	\$ 111.07	\$ 9.47	9.3%
GS < 50kW 2000 kWh/month	\$ 54.04	\$ 59.86	\$ 5.81	10.8%		\$ 198.29	\$ 217.14	\$ 18.85	9.5%

Notes:

**THUNDER BAY HYDRO ELECTRICITY DISTRIBUTION INC.
PROPOSED TARIFF OF RATES AND CHARGES
Effective May 1, 2009**

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EB-2008-0245

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 Code, Guideline or Order 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

SPECIFIC SERVICE CHARGES - May 1, 2009 for all charges incurred by customers on or after that date.

LOSS FACTOR ADJUSTMENT - May 1, 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**

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

General Service Less Than 50 kW

This classification refers to a non-residential 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. This class includes small commercial services such as small stores, small service stations, restaurants, churches, small offices and other establishments with similar loads.

General Service 50 to 999 kW

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50kW but less than 1,000 kW. This class includes medium and large-size commercial buildings, apartment buildings, condominiums, trailer courts, industrial plants, as well as large stores, shopping centers, hospitals, manufacturing or processing plants, garages, storage buildings, hotels, motels, schools, colleges, arenas and other comparable premises. Not that for the application of the Retail Transmission Rate - Network Service Rate and the Retail Transmission Rate - Line and Transformation Connection Service Rate the following sub-classifications apply:

General Service 50 to 1,000 kW.

General Service 50 to 1,000 kW interval metered.

General Service 1,000 to 4,999 kW

This classification refers to a non-residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 1,000 kW but less than 5,000 kW.

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 crossing, private sentinel lighting, etc. The customer will provide detailed manifesting information/documentation with regard to electrical demand/consumption of the proposed unmetered load.

Sentinel Lighting

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

Street Lighting

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photocells. The consumption for these customers will be based on the calculated load times the required lighting times established in the approved OEB street lighting load shape template.

THUNDER BAY HYDRO ELECTRICITY DISTRIBUTION INC.
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EB-2008-0245

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$	12.72
Foregone Service Charge Rate Rider - effective to August 31, 2009	\$	1.5000
Distribution Volumetric Rate	\$/kWh	0.0135
Foregone Distribution Volumetric Rate Rider - effective to August 31, 2009	\$/kWh	(0.0003)
LRAM and SSM Rate Rider - effective to April 30, 2012	\$/kWh	0.0004
Regulatory Assets Rate Rider - effective to April 30, 2011	\$/kWh	(0.0008)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0046
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0037
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	\$	19.89
Foregone Service Charge Rate Rider - effective to August 31, 2009	\$	2.5600
Distribution Volumetric Rate	\$/kWh	0.0131
Foregone Distribution Volumetric Rate Rider - effective to August 31, 2009	\$/kWh	0.0006
LRAM and SSM Rate Rider - effective to April 30, 2012	\$/kWh	0.0000
Regulatory Assets Rate Rider - effective to April 30, 2011	\$/kWh	(0.0012)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0043
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0034
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 999 kW

Service Charge	\$	220.13
Foregone Service Charge Rate Rider - effective to August 31, 2009	\$	33.61
Distribution Volumetric Rate	\$/kW	1.2274
Foregone Distribution Volumetric Rate Rider - effective to August 31, 2009	\$/kW	0.1637
LRAM and SSM Rate Rider - effective to April 30, 2012	\$/kW	0.0021
Regulatory Assets Rate Rider - effective to April 30, 2011	\$/kW	(0.5388)
Retail Transmission Rate - Network Service Rate	\$/kW	1.7259
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.3130
Retail Transmission Rate - Network Service Rate - Interval Metered	\$/kW	1.8308
Retail Transmission Rate - Line and Transformation Connection Service Rate - Interval Metered	\$/kW	1.4511
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

General Service 1,000 to 4,999 kW

Service Charge	\$	2,105.35
Foregone Service Charge Rate Rider - effective to August 31, 2009	\$	472.25
Distribution Volumetric Rate	\$/kW	1.6795
Foregone Distribution Volumetric Rate Rider - effective to August 31, 2009	\$/kW	0.2431
LRAM and SSM Rate Rider - effective to April 30, 2012	\$/kW	0.0028
Regulatory Assets Rate Rider - effective to April 30, 2011	\$/kW	(0.5401)
Retail Transmission Rate - Network Service Rate	\$/kW	1.8308
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.4511
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

THUNDER BAY HYDRO ELECTRICITY DISTRIBUTION INC.
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Unmetered Scattered Load

Service Charge (per connection)	\$	8.94
Foregone Service Charge Rate Rider - effective to August 31, 2009	\$	0.4269
Distribution Volumetric Rate	\$/kWh	0.0130
Foregone Distribution Volumetric Rate Rider - effective to August 31, 2009	\$/kWh	0.0006
LRAM and SSM Rate Rider - effective to April 30, 2012	\$/kWh	0.0143
Regulatory Assets Rate Rider - effective to April 30, 2011	\$/kWh	(0.0015)
Retail Transmission Rate - Network Service Rate	\$/kWh	0.0043
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kWh	0.0034
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)	\$	6.43
Foregone Service Charge Rate Rider - effective to August 31, 2009	\$	0.3070
Distribution Volumetric Rate	\$/kW	5.1586
Foregone Distribution Volumetric Rate Rider - effective to August 31, 2009	\$/kW	0.2464
LRAM and SSM Rate Rider - effective to April 30, 2012	\$/kW	0.0000
Regulatory Assets Rate Rider - effective to April 30, 2011	\$/kW	(0.4162)
Retail Transmission Rate - Network Service Rate	\$/kW	1.3082
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.0363
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Street Lighting

Service Charge (per connection)	\$	1.25
Foregone Service Charge Rate Rider - effective to August 31, 2009	\$	0.9088
Distribution Volumetric Rate	\$/kW	7.5549
Foregone Distribution Volumetric Rate Rider - effective to August 31, 2009	\$/kW	5.4980
LRAM and SSM Rate Rider - effective to April 30, 2012	\$/kW	0.0000
Regulatory Assets Rate Rider - effective to April 30, 2011	\$/kW	(0.4426)
Retail Transmission Rate - Network Service Rate	\$/kW	1.3015
Retail Transmission Rate - Line and Transformation Connection Service Rate	\$/kW	1.0150
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service - Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Statement of account	\$	15.00
Easement letter	\$	15.00
Account history	\$	15.00
Returned cheque charge (plus bank charges)	\$	25.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect/Reconnect charge - At Meter - during regular hours	\$	65.00
Disconnect/Reconnect charge - At Meter - after regular hours	\$	185.00
Disconnect/Reconnect charge - At Pole - during regular hours	\$	185.00
Disconnect/Reconnect charge - At Pole - after regular hours	\$	415.00
Install/Remove load control device - during regular hours	\$	65.00
Install/Remove load control device - after regular hours	\$	185.00
Service call - customer owned equipment	\$	30.00

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Service call - after regular hours	\$	165.00
Specific Charge for Access to the Power Poles - per pole/year	\$	22.35
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses - applied to measured demand and energy	%	(1.00)

LOSS FACTORS

Total Loss Factor - Secondary Metered Customer < 5,000 kW	1.0448
Total Loss Factor - Secondary Metered Customer > 5,000 kW	N/A
Total loss Factor - Primary Metered Customer < 5,000 kW	1.0343
Total Loss Factor - Primary Metered Customer > 5,000 kW	N/A