



Name of LDC: Espanola Regional Hydro Distribution Corporation
File Number: EB-2009-0224
Effective Date: Saturday, May 01, 2010

LDC Information

Applicant Name	Espanola Regional Hydro Distribution Corporation
OEB Application Number	EB-2009-0224
LDC Licence Number	ED-2002-0502
Applied for Effective Date	May 1, 2010
Stretch Factor Group	II
Stretch Factor Value	0.4%
Re-based Year	2008
Most Recent Year Reported	2009



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Worksheet Completion Guide

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Rate Class and Re-Based Billing Determinants & Rates

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections			Re-based Billed kWh	Re-based Billed kW	Re-based Tariff Service Charge D	Re-based Tariff Distribution Volumetric Rate kWh E	Re-based Tariff Distribution Volumetric Rate kW F
				A	B	C					
RES	Residential	Customer	kWh	2,817	33,090,578			10.39	0.0146		
GSLT50	General Service Less Than 50 kW	Customer	kWh	431	14,771,227			18.43	0.0170		
GSGT50	General Service 50 to 4,999 kW	Customer	kW	16	14,752,248	37,580		123.37		3.0504	
USL	Unmetered Scattered Load	Connection	kWh	11	125,709			8.53	0.0130		
Sen	Sentinel Lighting	Connection	kW	27	27,890	77		0.90		7.6612	
SL	Street Lighting	Connection	kW	1,011	581,870	1,718		0.82		10.6841	
NA	Rate Class 7	NA	NA								
NA	Rate Class 8	NA	NA								
NA	Rate Class 9	NA	NA								
NA	Rate Class 10	NA	NA								
NA	Rate Class 11	NA	NA								
NA	Rate Class 12	NA	NA								
NA	Rate Class 13	NA	NA								
NA	Rate Class 14	NA	NA								
NA	Rate Class 15	NA	NA								
NA	Rate Class 16	NA	NA								
NA	Rate Class 17	NA	NA								
NA	Rate Class 18	NA	NA								
NA	Rate Class 19	NA	NA								
NA	Rate Class 20	NA	NA								
NA	Rate Class 21	NA	NA								
NA	Rate Class 22	NA	NA								
NA	Rate Class 23	NA	NA								
NA	Rate Class 24	NA	NA								
NA	Rate Class 25	NA	NA								



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Removal of Rate Adders

Rate Class	Re-based Tariff	Re-based Tariff Distribution	Re-based Tariff Distribution	Service Charge	Distribution Volumetric	Distribution Volumetric
	Service Charge A	Volumetric Rate kWh B	Volumetric Rate kW C	Rate Adders D	kWh Rate Adders E	kW Rate Adders F
Residential	10.39	0.0146	0.0000	0.26	0.0000	0.0000
General Service Less Than 50 kW	18.43	0.0170	0.0000	0.26	0.0000	0.0000
General Service 50 to 4,999 kW	123.37	0.0000	3.0504	0.26	0.0000	0.0000
Unmetered Scattered Load	8.53	0.0130	0.0000	0.00	0.0000	0.0000
Sentinel Lighting	0.90	0.0000	7.6612	0.00	0.0000	0.0000
Street Lighting	0.82	0.0000	10.6841	0.00	0.0000	0.0000



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Calculated Re-Based Revenue From Rates

Rate Class	Re-based Billed			Re-based Base Service Charge	Re-based Base	Re-based Base	Distribution Volumetric Rate kWh	Distribution Volumetric Rate kW	Service Charge Revenue	Distribution	Distribution	Revenue Requirement from Rates
	Customers or Connections	Re-based Billed kWh	Re-based Billed kW		Volumetric Rate kWh	Volumetric Rate kW				Rate Revenue kWh	Rate Revenue kW	
	A	B	C	D	E	F			G = A * D * 12	H = B * E	I = C * F	J = G + H + I
Residential	2,817	33,090,578	0	10.13	0.0146	0.0000			342,435	483,122	0	825,557
General Service Less Than 50 kW	431	14,771,227	0	18.17	0.0170	0.0000			93,975	251,111	0	345,086
General Service 50 to 4,999 kW	16	14,752,248	37,580	123.11	0.0000	3.0504			23,637	0	114,634	138,271
Unmetered Scattered Load	11	125,709	0	8.53	0.0130	0.0000			1,126	1,634	0	2,760
Sentinel Lighting	27	27,890	77	0.90	0.0000	7.6612			292	0	590	882
Street Lighting	1,011	581,870	1,718	0.82	0.0000	10.6841			9,948	0	18,355	28,304
									471,413	735,868	133,579	1,340,859



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Detailed Re-Based Revenue From Rates

Applicants Rate Base	Last Rate Re-based Amount	
Average Net Fixed Assets		
Gross Fixed Assets - Re-based Opening	\$ 3,574,261	A
Add: CWIP Re-based Opening		B
Re-based Capital Additions	\$ 163,500	C
Re-based Capital Disposals		D
Re-based Capital Retirements		E
Deduct: CWIP Re-based Closing		F
Gross Fixed Assets - Re-based Closing	\$ 3,737,761	G
Average Gross Fixed Assets	\$ 3,656,011	$H = (A + G) / 2$
Accumulated Depreciation - Re-based Opening	\$ 1,691,901	I
Re-based Depreciation Expense	\$ 178,637	J
Re-based Disposals		K
Re-based Retirements		L
Accumulated Depreciation - Re-based Closing	\$ 1,870,538	M
Average Accumulated Depreciation	\$ 1,781,220	$N = (I + M) / 2$
Average Net Fixed Assets	\$ 1,874,792	$O = H - N$
Working Capital Allowance		
Working Capital Allowance Base	\$ 5,643,929	P
Working Capital Allowance Rate	15.0%	Q
Working Capital Allowance	\$ 846,589	$R = P * Q$
Rate Base	\$ 2,721,381	$S = O + R$
Return on Rate Base		
Deemed ShortTerm Debt %	4.00%	T \$ 108,855
Deemed Long Term Debt %	49.33%	U \$ 1,342,457
Deemed Equity %	46.67%	V \$ 1,270,068
		$W = S * T$
		$X = S * U$
		$Y = S * V$
Short Term Interest	4.47%	Z \$ 4,866
Long Term Interest	5.82%	AA \$ 78,131
Return on Equity	8.57%	AB \$ 108,845
Return on Rate Base	\$ 191,842	$AF = AC + AD + AE$
Distribution Expenses		
OM&A Expenses	\$ 964,229	AG
Amortization	\$ 178,637	AH
Ontario Capital Tax (F1.1 Z-Factor Tax Changes)		AI
Grossed Up PILs (F1.1 Z-Factor Tax Changes)		AJ
Low Voltage	\$ 139,296	AK
Transformer Allowance	\$ 12,958	AL
		AM
		AN
		AO
	\$ 1,295,120	$AP = \text{SUM} (AG : AO)$
Revenue Offsets		
Specific Service Charges	-\$ 57,220	AQ
Late Payment Charges	-\$ 12,200	AR
Other Distribution Income	-\$ 77,232	AS
Other Income and Deductions		AT
	-\$ 146,652	$AU = \text{SUM} (AQ : AT)$
Revenue Requirement from Distribution Rates	\$ 1,340,310	$AV = AF + AP + AU$
Rate Classes Revenue		
Rate Classes Revenue - Total (B1.1 Re-based Revenue - Gen)	\$ 1,340,859	AW
Difference	-\$ 550	$AZ = AV - AW$
Difference (Percentage - should be less than 1%)	-0.04%	$BA = AZ / AW$



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2009 Base Distribution Rates

Rate Class	Fixed Metric	Vol Metric	Current Base Distribution		Re-based Billed Customers or Connections	Re-based Billed kWh	Re-based Billed kW	Current Base Service Charge Revenue	Current Base Distribution Volumetric Rate kWh Revenue	Current Base Distribution Volumetric Rate kW Revenue	Total Current Base Revenue
			Current Base Service Charge	Volumetric Rate kWh							
Residential	Customer	kWh	10.21	0.0147	2,817	33,090,578	0	345,139	486,431	0	831,570
General Service Less Than 50 kW	Customer	kWh	18.30	0.0172	431	14,771,227	0	94,648	254,065	0	348,713
General Service 50 to 4,999 kW	Customer	kW	142.47		16	14,752,248	37,580	27,354	0	132,654	160,008
Unmetered Scattered Load	Connection	kWh	8.80	0.0134	11	125,709	0	1,162	1,685	0	2,846
Sentinel Lighting	Connection	kW	1.20		27	27,890	77	389	0	781	1,170
Street Lighting	Connection	kW	1.15		1,011	581,870	1,718	13,952	0	25,740	39,692
								482643	742181	159174	1383998

"C7.1 Base Dist Rates Gen"
 of the 2010 OEB IRM3 Rate
 Generator.



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Cost Allocation Information

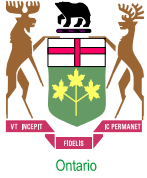
Rate Class	2006 EDR	2006 Cost Allocation Informational Filing				Allocation of Revised Total		Revenue	Revenue to Cost
	TOA Sheet 6-3 A	Total Revenue B	Revenue Requirement C	To Cost Ratio D = B / C	TOA Allocators LTNCP4 E	TOA G = F * E	Revenue H = B - A	Requirement I = C - G	Ratio J = H / I
Residential		797,180	732,250	108.87%		0	797,180	732,250	108.87%
General Service Less Than 50 kW		315,311	279,207	112.93%		0	315,311	279,207	112.93%
General Service 50 to 4,999 kW		65,081	114,228	56.97%		0	65,081	114,228	56.97%
Unmetered Scattered Load		2,991	3,241	92.29%		0	2,991	3,241	92.29%
Sentinel Lighting		511	1,606	31.82%		0	511	1,606	31.82%
Street Lighting		9,563	60,104	15.91%		0	9,563	60,104	15.91%
Total		1,190,637	1,190,636	100.00%	0.00%		1,190,637	1,190,636	100.00%
Transformer Ownership Allowance	<u>0</u> F					<u>0</u>			



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Calculate New Starting Point for 2008 Re-Based Decisions

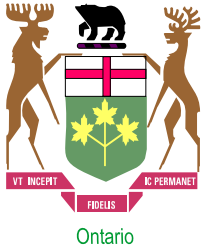
Rate Class	2008 Decision	2008	2009	2010	2011	2012	New Starting Point	2008	2009	2010	2011	2012
	A	B	C	D	E	F	G	H = B * (G / A) I = C * (G / A) J = D * (G / A) K = E * (G / A) L = F * (G / A)				
Residential	108.87%	104.00%	101.00%	tbd			108.87%	104.00%	101.00%	0.00%	0.00%	0.00%
General Service Less Than 50 kW	112.93%	111.00%	107.00%	tbd			112.93%	111.00%	107.00%	0.00%	0.00%	0.00%
General Service 50 to 4,999 kW	56.97%	78.00%	100.00%	100.00%			56.97%	78.00%	100.00%	100.00%	0.00%	0.00%
Unmetered Scattered Load	92.29%	92.29%	92.29%	92.29%			92.29%	92.29%	92.29%	92.29%	0.00%	0.00%
Sentinel Lighting	31.82%	51.00%	61.00%	70.00%			31.82%	51.00%	61.00%	70.00%	0.00%	0.00%
Street Lighting	15.91%	43.00%	57.00%	70.00%			15.91%	43.00%	57.00%	70.00%	0.00%	0.00%



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Decision - Cost Revenue Adjustments by Rate Class

Rate Class	Group	Pre -Rebased	Rebased	Transition	Transition	Transition	Transition
		Year 2007	Year 2008	Year 2 2009	Year 3 2010	Year 4 2011	Year 5 2012
Residential	Rebalance	108.87%	104.00%	101.00%	tbd	tbd	tbd
General Service Less Than 50 kW	Rebalance	112.93%	111.00%	107.00%	tbd	tbd	tbd
General Service 50 to 4,999 kW	Change	56.97%	78.00%	100.00%	100.00%	0.00%	0.00%
Unmetered Scattered Load	No Change	92.29%	92.29%	92.29%	92.29%	0.00%	0.00%
Sentinel Lighting	Change	31.82%	51.00%	61.00%	70.00%	0.00%	0.00%
Street Lighting	Change	15.91%	43.00%	57.00%	70.00%	0.00%	0.00%



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Revenue Offsets Allocation

Rate Class	Informational Filing		Allocated Revenue
	Revenue Offsets A	Percentage Split C = A / B	Offsets E = D * C
Residential	90,193	72.02%	105,625
General Service Less Than 50 kW	28,078	22.42%	32,882
General Service 50 to 4,999 kW	4,938	3.94%	5,783
Unmetered Scattered Load	770	0.61%	902
Sentinel Lighting	34	0.03%	40
Street Lighting	1,213	0.97%	1,421
	125,226	100.00%	146,652
	B		D



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Transformer Allowance

Rate Class	Transformer Allowance In Rate	Transformer Allowance		Transformer Allowance	Volumetric Distribution		Billed kW's G	Adjusted Volumetric Distribution Rate <small>I = (F * (G - C) + (F - E) * C) / G</small>
		A	C	Rate	F	E		
Residential	Yes	-	-	-	-	-	-	-
General Service Less Than 50 kW		-	-	-	-	-	-	-
General Service 50 to 4,999 kW		12,958	21,596	0.6000	3.0504	37,580	2.7056	
Unmetered Scattered Load		0	0	0.0000	0.0000	0	0.0000	
Sentinel Lighting		-	-	-	-	-	-	
Street Lighting	-	-	-	-	-	-		
		B	D			H		
		-	0					



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Revenue / Cost Ratio Revenue

Rate Class	Billed		Billed		Base Service Charge	Base	Base	Distribution Volumetric Rate kWh	Distribution Volumetric Rate kW	Service Charge G = A * D * 12	Distribution	Distribution	Revenue
	Customers or Connections	kWh	kW	kWh		Charge	Rate kWh				Rate kW	Volumetric Rate kWh	Volumetric Rate kW
	A	B	C	D	E	F	H = B * E	I = C * F	J = G + H + I				
Residential	2,817	33,090,578	0	0	10.13	0.0146	0.0000	342,435	483,122	0	825,557		
General Service Less Than 50 kW	431	14,771,227	0	0	18.17	0.0170	0.0000	93,975	251,111	0	345,086		
General Service 50 to 4,999 kW	16	14,752,248	37,580	0	123.11	0.0000	2.7056	23,637	0	101,676	125,314		
Unmetered Scattered Load	11	125,709	0	0	8.53	0.0130	0.0000	1,126	1,634	0	2,760		
Sentinel Lighting	27	27,890	77	0	0.90	0.0000	7.6612	292	0	590	882		
Street Lighting	1,011	581,870	1,718	0	0.82	0.0000	10.6841	9,948	0	18,355	28,304		
								471,413	735,868	120,622	1,327,902		



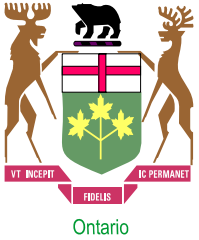
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Proposed Revenue / Cost Ratio Adjustment

Rate Class	Adjusted Revenue	Current Revenue	Re-Allocated Cost	Proposed	Final Adjusted	Dollar Change	Percentage Change
	A	Cost Ratio B		Ratio D			
			C = A / B				
Residential	\$ 931,182	1.04	\$ 895,367	0.99	\$ 890,623	-\$ 40,559	-4.4%
General Service Less Than 50 kW	\$ 377,968	1.11	\$ 340,512	1.06	\$ 362,544	-\$ 15,425	-4.1%
General Service 50 to 4,999 kW	\$ 131,096	0.78	\$ 168,072	1.00	\$ 168,072	\$ 36,976	28.2%
Unmetered Scattered Load	\$ 3,662	0.92	\$ 3,968	0.92	\$ 3,662	\$ -	0.0%
Sentinel Lighting	\$ 921	0.51	\$ 1,807	0.70	\$ 1,265	\$ 343	37.3%
Street Lighting	\$ 29,724	0.43	\$ 69,126	0.70	\$ 48,388	\$ 18,664	62.8%
	<u>\$ 1,474,554</u>		<u>\$ 1,478,852</u>		<u>\$ 1,474,554</u>	<u>\$ 0</u>	<u>0.0%</u>

Out of Balance - **0**

Final ? **Yes**



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Proposed Revenue from Revenue / Cost Ratio Adjustment

Rate Class	Adjusted Revenue By		Revenue Requirement		Revenue Requirement	
	Revenue	Cost	Allocated Re-	from Rates	Re-based	from Rates
	Ratio		Based Revenue	Before	Transformer	from Rates
	A		Offsets	Transformer	Allowance	E = C + D
			B	Allowance	D	
				C = A - B		
Residential	\$ 890,623	\$	105,625	\$ 784,998	\$ -	\$ 784,998
General Service Less Than 50 kW	\$ 362,544	\$	32,882	\$ 329,662	\$ -	\$ 329,662
General Service 50 to 4,999 kW	\$ 168,072	\$	5,783	\$ 162,289	\$ 12,958	\$ 175,247
Unmetered Scattered Load	\$ 3,662	\$	902	\$ 2,760	\$ -	\$ 2,760
Sentinel Lighting	\$ 1,265	\$	40	\$ 1,225	\$ -	\$ 1,225
Street Lighting	\$ 48,388	\$	1,421	\$ 46,967	\$ -	\$ 46,967
	\$ 1,474,554	\$	146,652	\$ 1,327,902	\$ 12,958	\$ 1,340,859



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Proposed Fixed Variable Revenue Allocation

Rate Class	Revenue Requirement from Rates A	Service Charge % Revenue C = A / B	Revenue Requirement from Rates E = F * C
Residential	\$ 784,998	58.5%	\$ 810,254
General Service Less Than 50 kW	\$ 329,662	24.6%	\$ 340,268
General Service 50 to 4,999 kW	\$ 175,247	13.1%	\$ 180,885
Unmetered Scattered Load	\$ 2,760	0.2%	\$ 2,849
Sentinel Lighting	\$ 1,225	0.1%	\$ 1,264
Street Lighting	\$ 46,967	3.5%	\$ 48,479
	<u>\$ 1,340,859</u>		<u>\$ 1,383,998</u>
	B		-



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Proposed Fixed Variable Revenue Allocation

Rate Class	Revenue Requirement from Rates A	Distribution Volumetric Distribution Volumetric			Distribution Volumetric Distribution Volumetric			Revenue Requirement from Rates by Rate Class H = E + F + G
		Service Charge % Revenue B	Rate % Revenue kWh C	Rate % Revenue kW D	Service Charge Revenue E = A * B	Rate Revenue kWh F = A * C	Rate Revenue kW G = A * D	
Residential	\$ 810,254	41.5%	58.5%	0.0%	\$ 336,087	\$ 474,167	\$ -	\$ 810,254
General Service Less Than 50 kW	\$ 340,268	27.2%	72.8%	0.0%	\$ 92,663	\$ 247,605	\$ -	\$ 340,268
General Service 50 to 4,999 kW	\$ 180,885	17.1%	0.0%	82.9%	\$ 30,922	\$ -	\$ 149,963	\$ 180,885
Unmetered Scattered Load	\$ 2,849	40.8%	59.2%	0.0%	\$ 1,162	\$ 1,687	\$ -	\$ 2,849
Sentinel Lighting	\$ 1,264	33.1%	0.0%	66.9%	\$ 418	\$ -	\$ 846	\$ 1,264
Street Lighting	\$ 48,479	35.1%	0.0%	64.9%	\$ 17,039	\$ -	\$ 31,439	\$ 48,479
	<u>\$ 1,383,998</u>				<u>\$ 478,292</u>	<u>\$ 723,458</u>	<u>\$ 182,248</u>	<u>\$ 1,383,998</u>



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Proposed Fixed and Variable Rates

Rate Class	Service Charge Revenue A	Distribution Volumetric		Re-based Customers or Connections D	Re-based Billed kWh E	Re-based Billed kW F	Proposed Base Service Charge G = A / D / 12	Proposed Base Distribution Volumetric Rate kWh H = B / E	Proposed Base Distribution Volumetric Rate kW I = C / F
		Rate Revenue kWh B	Rate Revenue kW C						
Residential	\$ 336,087	\$ 474,167	\$ -	2,817	33,090,578	0	9.94	0.0143	-
General Service Less Than 50 kW	\$ 92,663	\$ 247,605	\$ -	431	14,771,227	0	17.92	0.0168	-
General Service 50 to 4,999 kW	\$ 30,922	\$ -	\$ 149,963	16	14,752,248	37,580	161.05	-	3.9905
Unmetered Scattered Load	\$ 1,162	\$ 1,687	\$ -	11	125,709	0	8.80	0.0134	-
Sentinel Lighting	\$ 418	\$ -	\$ 846	27	27,890	77	1.29	-	10.9867
Street Lighting	\$ 17,039	\$ -	\$ 31,439	1,011	581,870	1,718	1.40	-	18.2998



Name of LDC: Espanola Regional Hydro Distribution Corporation
 File Number: EB-2009-0224
 Effective Date: Saturday, May 01, 2010

Adjustment required to Proposed Rates

Rate Class	Proposed Base	Proposed Base	Proposed Base	Current Base	Current Base	Current Base	Adjustment	Adjustment	Adjustment
	Service Charge	Volumetric Rate kWh	Volumetric Rate kW	Service Charge	Volumetric Rate kWh	Volumetric Rate kW	Required Base Service Charge	Required Base Distribution Volumetric Rate kWh	Required Base Distribution Volumetric Rate kW
	A	B	C	D	E	F	G = A - D	H = B - E	I = C - F
Residential	\$ 9.94	\$ 0.0143	\$ -	\$ 10.21	\$ 0.0147	\$ -	-\$ 0.27	-\$ 0.0004	\$ -
General Service Less Than 50 kW	\$ 17.92	\$ 0.0168	\$ -	\$ 18.30	\$ 0.0172	\$ -	-\$ 0.38	-\$ 0.0004	\$ -
General Service 50 to 4,999 kW	\$ 161.05	\$ -	\$ 3.9905	\$ 142.47	\$ -	\$ 3.5299	\$ 18.58	\$ -	\$ 0.4606
Unmetered Scattered Load	\$ 8.80	\$ 0.0134	\$ -	\$ 8.80	\$ 0.0134	\$ -	\$ 0.00	\$ 0.0000	\$ -
Sentinel Lighting	\$ 1.29	\$ -	\$ 10.9867	\$ 1.20	\$ -	\$ 10.1438	\$ 0.09	\$ -	\$ 0.8429
Street Lighting	\$ 1.40	\$ -	\$ 18.2998	\$ 1.15	\$ -	\$ 14.9824	\$ 0.25	\$ -	\$ 3.3174

Enter the above values onto Sheet "D1.2 Revenue Cost Ratio Adj" of the 2010 OEB IRM3 Rate Generator.



Name of LDC: Espanola Regional Hydro Distribution Corporation
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Load Actual - Most Recent Year

Most Recent Year Reported - 2009

Rate Class	Fixed Metric	Vol Metric	Billed Customers			Base Service Charge	Base Distribution		Service Charge Revenue	Distribution Volumetric		Total Revenue by Rate Class
			or Connections	Billed kWh	Billed kW		Volumetric Rate kWh	Volumetric Rate kW		Rate Revenue kWh	Rate Revenue kW	
			A	B	C	D	E	F	G = A * D * 12	H = B * E	I = C * F	J = G + H + I
Residential	Customer	kWh	0	0	0	\$10.13	\$0.0146	\$0.0000	\$0	\$0	\$0	\$0
General Service Less Than 50 kW	Customer	kWh	0	0	0	\$18.17	\$0.0170	\$0.0000	\$0	\$0	\$0	\$0
General Service 50 to 4,999 kW	Customer	kWh	0	0	0	\$123.11	\$0.0000	\$3.0504	\$0	\$0	\$0	\$0
Unmetered Scattered Load	Connection	kWh	0	0	0	\$8.53	\$0.0130	\$0.0000	\$0	\$0	\$0	\$0
Sentinel Lighting	Connection	kW	0	0	0	\$0.90	\$0.0000	\$7.6612	\$0	\$0	\$0	\$0
Street Lighting	Connection	kW	0	0	0	\$0.82	\$0.0000	\$10.6841	\$0	\$0	\$0	\$0
									\$0	\$0	\$0	\$0



Name of LDC: Espanola Regional Hydro Distribution Corporation
 File Number: EB-2009-0224
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Capital Structure Transition

Capital Structure Transition

Size of Utility (Rate Base)

Year	Small [\$0, \$100M)			Med-Small [\$100M, \$250M)			Med-Large [\$250M, \$1B)			Large >=\$1B		
	Short Term	Long Term		Short Term	Long Term		Short Term	Long Term		Short Term	Long Term	
	Debt	Debt	Equity	Debt	Debt	Equity	Debt	Debt	Equity	Debt	Debt	Equity
2007	4.0%	46.0%	50.0%	4.0%	51.0%	45.0%	4.0%	56.0%	40.0%	4.0%	61.0%	35.0%
2008	4.0%	49.3%	46.7%	4.0%	53.5%	42.5%	4.0%	56.0%	40.0%	4.0%	58.5%	37.5%
2009	4.0%	52.7%	43.3%	4.0%	56.0%	40.0%	4.0%	56.0%	40.0%	4.0%	56.0%	40.0%
2010	4.0%	56.0%	40.0%	4.0%	56.0%	40.0%	4.0%	56.0%	40.0%	4.0%	56.0%	40.0%

Rate Base A

\$2,721,381

Size of Utility B

Small

Deemed Capital Structure

	Short Term	Long Term	
	Debt	Debt	Equity
2008	4.0%	49.3%	46.7%
2009	4.0%	52.7%	43.3%
2010	4.0%	56.0%	40.0%



Name of LDC: Espanola Regional Hydro Distribution Corporation
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K-Factor Adjustment

Applicants Rate Base			Last Rate Re-Basing Amount
Average Net Fixed Assets			
Gross Fixed Assets - Re-Basing Opening	\$3,574,261	A	
Add: CWIP Re-Basing Opening	\$ -	B	
Re-Basing Capital Additions	\$ 163,500	C	
Re-Basing Capital Disposals	\$ -	D	
Re-Basing Capital Retirements	\$ -	E	
Deduct: CWIP Re-Basing Closing	\$ -	F	
Gross Fixed Assets - Re-Basing Closing	\$3,737,761	G	
Average Gross Fixed Assets	\$3,656,011	H	
Accumulated Depreciation - Re-Basing Opening	\$1,691,901	I	
Re-Basing Depreciation Expense	\$ 178,637	J	
Re-Basing Disposals	\$ -	K	
Re-Basing Retirements	\$ -	L	
Accumulated Depreciation - Re-Basing Closing	\$1,870,538	M	
Average Accumulated Depreciation	\$1,781,220	N	
Average Net Fixed Assets	\$1,874,792	O	
Working Capital Allowance			
Working Capital Allowance Base	\$5,643,929	P	
Working Capital Allowance Rate	15.0%	Q	
Working Capital Allowance	\$ 846,589	R	
Rate Base	\$2,721,381	S	
Return on Rate Base			
Deemed ShortTerm Debt %	4.00%	T	\$ 108,855 W
Deemed Long Term Debt %	56.00%	U	\$1,523,973 X
Deemed Equity %	40.00%	V	\$1,088,552 Y
Short Term Interest	4.47%	Z	\$ 4,866 AC
Long Term Interest	5.82%	AA	\$ 88,695 AD
Return on Equity	8.57%	AB	\$ 93,289 AE
Return on Rate Base	\$ 186,850		AF
Distribution Expenses			
OM&A Expenses	\$ 964,229	AG	
Amortization	\$ 178,637	AH	
Ontario Capital Tax	\$ -	AI	
Grossed Up PILs	\$ -	AJ	
Low Voltage	\$ 139,296	AK	
Transformer Allowance	\$ 12,958	AL	
	\$ -	AM	
	\$ -	AN	
	\$ -	AO	
	\$1,295,120	AP	
Revenue Offsets			
Specific Service Charges	-\$ 57,220	AQ	
Late Payment Charges	-\$ 12,200	AR	
Other Distribution Income	-\$ 77,232	AS	
Other Income and Deductions	\$ -	AT	-\$ 146,652 AU
Revenue Requirement from Distribution Rates (after Capital Structure Transition)	\$1,335,318	AV	
Revenue Requirement from Distribution Rates (Before Capital Structure Transition)	\$1,340,310	AW	
K-factor Adjustment	-0.37%	AX	
2008 Filers K-factor Adjustment	-0.19%	AY = AX / 2	

Enter the above value onto Sheet
 "D2.2 K-Factor Adjustment"
 of the 2010 OEB IRM3 Rate Generator.



Name of LDC: Espanola Regional Hydro Distribution Corporation
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Z-Factor Tax Changes

Summary - Sharing of Tax Change Forecast Amounts

1. Tax Related Amounts Forecast from Capital Tax Rate Changes

	2008	2009	2010	2011	2012
Taxable Capital	\$ 2,721,382	\$ 2,721,382	\$ 2,721,382	\$ 2,721,382	\$ 2,721,382
Deduction from taxable capital up to \$15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000	\$ 15,000,000
Net Taxable Capital	-\$ 12,278,618	-\$ 12,278,618	-\$ 12,278,618	-\$ 12,278,618	-\$ 12,278,618
Rate	0.225%	0.225%	0.150%	0.000%	0.000%
Ontario Capital Tax (Deductible, not grossed-up)	\$ -	\$ -	\$ -	\$ -	\$ -

2. Tax Related Amounts Forecast from Income Tax Rate Changes

	2008	2009	2010	2011	2012
Regulatory Taxable Income	\$ 147,268	\$ 147,268	\$ 147,268	\$ 147,268	\$ 147,268
Corporate Tax Rate	16.5%	16.5%	16.5%	16.5%	16.5%
Tax Impact	\$ 24,299	\$ 24,299	\$ 24,299	\$ 24,299	\$ 24,299
Grossed-up Tax Amount	\$ 29,101	\$ 29,101	\$ 29,101	\$ 29,101	\$ 29,101
Tax Related Amounts Forecast from Capital Tax Rate Changes	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Related Amounts Forecast from Income Tax Rate Changes	\$ 29,101	\$ 29,101	\$ 29,101	\$ 29,101	\$ 29,101
Total Tax Related Amounts	\$ 29,101	\$ 29,101	\$ 29,101	\$ 29,101	\$ 29,101
Incremental Tax Savings		\$ -	\$ -	\$ -	\$ -
Total Tax Savings (2009 - 2012)					\$ -
Sharing of Tax Savings (50%)		\$ -	\$ -	\$ -	\$ -
Total Sharing of Tax Savings (50%)					\$ -



Name of LDC: Espanola Regional Hydro Distribution Corporation
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Calculate Tax Change Rate Rider Option B Volumetric

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Z-Factor Tax Change\$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	\$784,998	58.54%	\$0	33,090,578	0	\$0.000000	
General Service Less Than 50 kW	\$329,662	24.59%	\$0	14,771,227	0	\$0.000000	
General Service 50 to 4,999 kW	\$175,247	13.07%	\$0	14,752,248	37,580		\$0.000000
Unmetered Scattered Load	\$2,760	0.21%	\$0	125,709	0	\$0.000000	
Sentinel Lighting	\$1,225	0.09%	\$0	27,890	77		\$0.000000
Street Lighting	\$46,967	3.50%	\$0	581,870	1,718		\$0.000000
	\$1,340,859 H	100.00%	\$0 I				

Enter the above value onto Sheet "J2.1 Tax Change Rate Rider" of the 2010 OEB IRM3 Rate



Name of LDC: Espanola Regional Hydro Distribution Corporation
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Threshold Parameters

Price Cap Index

Price Escalator (GDP-IPI)	2.30%
Less Productivity Factor	-0.72%
Less Stretch Factor	-0.40%

Price Cap Index

1.18%

Enter the above value onto Sheet
"F1.2 Price Cap Adjustment"
of the 2010 OEB IRM3 Rate Generator.

Growth

Re-Based Revenue Requirement From Rates	<u>\$1,340,859</u>	A
Most Recent Year Reported Revenue Requirement From Rates	<u>\$ -</u>	B
Growth	0.00%	C



Name of LDC: Espanola Regional Hydro Distribution Corporation
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Threshold Test

Year	2008	
Status	Re-Basing	
Price Cap Index	1.18%	A
Growth	0.00%	B
Dead Band	20%	C
Average Net Fixed Assets		
Gross Fixed Assets Opening	\$3,574,261	
Add: CWIP Opening	\$ -	
Capital Additions	\$ 163,500	
Capital Disposals	\$ -	
Capital Retirements	\$ -	
Deduct: CWIP Closing	\$ -	
Gross Fixed Assets - Closing	\$3,737,761	
Average Gross Fixed Assets	<u>\$3,656,011</u>	
Accumulated Depreciation - Opening	\$1,691,901	
Depreciation Expense	\$ 178,637	D
Disposals	\$ -	
Retirements	\$ -	
Accumulated Depreciation - Closing	\$1,870,538	
Average Accumulated Depreciation	<u>\$1,781,220</u>	
Average Net Fixed Assets	<u>\$1,874,792</u>	E
Working Capital Allowance		
Working Capital Allowance Base	\$5,643,929	
Working Capital Allowance Rate	15%	
Working Capital Allowance	<u>\$ 846,589</u>	F
Rate Base	<u>\$2,721,381</u>	G = E + F
Depreciation	D \$ 178,637	H
Threshold Test	137.98%	I = 1 + (G / H) * (B + A * (1 + B)) + C
Threshold CAPEX	\$ 246,477	J = H * I



Name of LDC: Espanola Regional Hydro Distribution Corporation
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Summary of Incremental Capital Projects

Number of ICP's

6

Project ID #	Incremental Capital Non-Discretionary Project Description	Incremental Capital CAPEX	Amortization Expense	CCA
ICP 1				
ICP 2				
ICP 3				
ICP 4				
ICP 5				
ICP 6				
		0	0	0



Name of LDC: Espanola Regional Hydro Distribution Corporation
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Incremental Capital Adjustment

Current Revenue Requirement

Current Revenue Requirement - Total	\$ 1,340,310	A
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Return on Rate Base

Incremental Capital CAPEX			\$ -	B
Depreciation Expense			\$ -	C
Incremental Capital CAPEX to be included in Rate Base			\$ -	D = B - C
Deemed ShortTerm Debt %	4.0%	E	\$ -	G = D * E
Deemed Long Term Debt %	56.0%	F	\$ -	H = D * F
Short Term Interest	4.47%	I	\$ -	K = G * I
Long Term Interest	5.82%	J	\$ -	L = H * J
Return on Rate Base - Interest			\$ -	M = K + L
Deemed Equity %	40.0%	N	\$ -	P = D * N
Return on Rate Base -Equity	8.57%	O	\$ -	Q = P * O
Return on Rate Base - Total			\$ -	R = M + Q

Amortization Expense

Amortization Expense - Incremental	C	\$ -	S
------------------------------------	---	------	---

Grossed up PIL's

Regulatory Taxable Income	O	\$ -	T
Add Back Amortization Expense	S	\$ -	U
Deduct CCA		\$ -	V
Incremental Taxable Income		\$ -	W = T + U - V
Current Tax Rate (F1.1 Z-Factor Tax Changes)	16.5%	X	
PIL's Before Gross Up		\$ -	Y = W * X
Incremental Grossed Up PIL's		\$ -	Z = Y / (1 - X)

Ontario Capital Tax

Incremental Capital CAPEX		\$ -	AA
Less : Available Capital Exemption (if any)		\$ -	AB
Incremental Capital CAPEX subject to OCT		\$ -	AC = AA - AB
Ontario Capital Tax Rate (F1.1 Z-Factor Tax Changes)	0.225%	AD	
Incremental Ontario Capital Tax		\$ -	AE = AC * AD

Incremental Revenue Requirement

Return on Rate Base - Total	Q	\$ -	AF
Amortization Expense - Total	S	\$ -	AG
Incremental Grossed Up PIL's	Z	\$ -	AH
Incremental Ontario Capital Tax	AE	\$ -	AI
Incremental Revenue Requirement		\$ -	AJ = AF + AG + AH + AI



Name of LDC: Espanola Regional Hydro Distribution Corporation
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Calculation of Incremental Capital Rate Adder - Option A Fixed and Variable

Rate Class	Distribution			Service Charge Revenue	Distribution		Total Revenue by Rate Class	Billed Customers or Connections			Service Charge Rate Rider	Distribution	
	Service Charge % Revenue	Volumetric Rate % Revenue kWh	Volumetric Rate % Revenue kW		Distribution Volumetric Rate Revenue kWh	Distribution Volumetric Rate Revenue kW		Billed kWh	Billed kW	Distribution Volumetric Rate kWh		Distribution Volumetric Rate kW	
	A	B	C	D = \$N * A	E = \$N * B	F = \$N * C	F	H	I	J	K = D / H / 12	L = E / I	M = F / J
Residential	34.3%	0.0%	47435849.9%	\$ -	\$ -	\$ -	\$ -	2,817	33,090,578	0	\$0.000000	\$0.000000	
General Service Less Than 50 kW	6.0%	0.0%	8365764.3%	\$ -	\$ -	\$ -	\$ -	431	14,771,227	0	\$0.000000	\$0.000000	
General Service 50 to 4,999 kW	1.7%	0.0%	2364126.1%	\$ -	\$ -	\$ -	\$ -	16	14,752,248	37,580	\$0.000000	\$0.000000	\$0.000000
Unmetered Scattered Load	0.0%	0.0%	586.5%	\$ -	\$ -	\$ -	\$ -	11	125,709	0	\$0.000000	\$0.000000	
Sentinel Lighting	0.0%	0.0%	115.5%	\$ -	\$ -	\$ -	\$ -	27	27,890	77	\$0.000000	\$0.000000	\$0.000000
Street Lighting	0.1%	0.0%	169810.1%	\$ -	\$ -	\$ -	\$ -	1,011	581,870	1,718	\$0.000000	\$0.000000	\$0.000000
	42.2%	0.0%	58336252.4%	\$ -	\$ -	\$ -	\$ -						

N

Enter the above value onto Sheet "J1.2 Incremental Cap Fund Adder" of the 2010 OEB IRM3 Rate Generator.



Name of LDC: Espanola Regional Hydro Distribution Corporation
File Number: EB-2009-0224
Effective Date: Saturday, May 01, 2010

Calculation of Incremental Capital Rate Adder - Option B Variable

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Incremental Capital \$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	\$784,998	58.54%	\$0	33,090,578	0	\$0.000000	
General Service Less Than 50 kW	\$329,662	24.59%	\$0	14,771,227	0	\$0.000000	
General Service 50 to 4,999 kW	\$175,247	13.07%	\$0	14,752,248	37,580		\$0.000000
Unmetered Scattered Load	\$2,760	0.21%	\$0	125,709	0	\$0.000000	
Sentinel Lighting	\$1,225	0.09%	\$0	27,890	77		\$0.000000
Street Lighting	\$46,967	3.50%	\$0	581,870	1,718		\$0.000000
	\$1,340,859	100.00%	\$0				

H

I

Enter the above value onto Sheet "J1.2 Incremental Cap Fund Adder" of the 2010 OEB IRM3 Rate Generator.