November 11, 2009

Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge St
26th Floor
Toronto, Ontario M4P 1E4

Dear Ms. Walli:

Please find enclosed a re-submission of Orangeville Hydro Limited's responses to the VECC interrogatories. OHL already submitted responses on November 6th, however it was noted the numbering for the response on question 42 was incorrect. We have re-numbered the submission in order to alleviate any confusion.

We hope that you find every in order but if you do require further assistance or have any questions, please contact Jan Howard at jhoward@orangevillehydro.on.ca or by phoning 519-942-8000.

Yours truly,

ORANGEVILLE HYDRO LIMITED

Jan Howard
Manger of Finance & Rates

ORANGEVILLE HYDRO LIMITED 2010 RATE APPLICATION

EB-2009-0272

VECC'S INTERROGATORIES (ROUND #1)

GENERAL

Question #1

Reference: Exhibit 1/Tab 1/Schedule 2, page 2 (lines 12-15)

a) Please provide a schedule setting out the specific instances where the Application does not follow the OEB's Filing Requirements.

Response

OHL revised the materiality from $50,000 to $25,000 to explain capital expenditures, operating, maintenance and administration expenses in more detail to give a better overview of the expenditures. OHL other than the above OHL did not deviate from the OEB Filing Requirements.

Question #2

Reference: i) Exhibit 1/Tab 1/Schedule 5
ii) Application Addendum – Green Energy Plan

a) Reference (i) lists the specific approvals Orangeville Hydro Is seeking and makes no reference to the Green Energy Plan. However, the first page of the Addendum (Reference (ii)) states that "Orangeville Hydro is seeking general approval from the Ontario Energy Board to carry out its plan". Please clarify the following:
   - Is Orangeville Hydro seeking approval of its Green Energy Plan per Section 70 (2.1) of the OEB Act?
   - If yes, what – in Orangeville Hydro's view - will "general approval" of the Plan authorize Orangeville Hydro to do and what are the implications of the OEB approval for the post 2010 period?

b) Does Orangeville Hydro plan on updating its Application once the Board's Decision on the 2010 Transmission Rates is available? If not, how does Orangeville Hydro propose that its Retail Transmission Service rates be modified (per Reference (i), page 2)?

Response

a) Please see OHL's response to Board Staff Question # 48 – Green Energy Plan, Approvals Sought.
b) OHL will update the 2010 Transmission Rates once the Board's Decision is available.

Question #3

Reference: Exhibit 1/Tab 1/Schedule 10, Appendix B
Exhibit 2/Tab 1/Schedule 1, page 3

a) Is Town of Orangeville and the (former) Village of Grand Valley all one contiguous service area?

Response

The Town of Orangeville and the (former) Village of Grand Valley are non-contiguous. They are approximately 20 kilometres apart.

Question #4

Reference: Exhibit 1/Tab 1/Schedule 14
Exhibit 1/Tab 3/Schedule 4

a) What are the specific business activities of Green Pathways Inc.?

b) Please confirm that Orangeville Hydro does not provide services to nor receive services from either Orangeville Hydro Services Inc. or Green Pathways Inc. If this is not the case, please document the services provided/received and provide copies of the relevant service agreements.

Response

a) Green Pathways (GP) is a one-stop energy shop to promote conservation, renewable energy and green living. It is a partnership or Orangeville Hydro Services Inc. which is owned by the Town of Orangeville and PURE (Power Up Renewable Energy), a non-profit group
b) Green Pathways has been contracted by Orangeville Hydro to deliver the PSB (Power Savings Blitz) and ERIP (Electricity Retrofit Incentive Program). There are contracts in place and attached as Appendix A. OHL does not provide services to GP.

Question #5

Reference: Exhibit 1/Tab 2/Schedule 1, page 3

a) Please provide a table similar to Table 1 but covering Orangeville Hydro's System Reliability Indicators as prescribed by the OEB.

Response

OHL has provided the table below for Service Quality Indicators.

	2006		2007		2008	
	Excluding Hydro One	Total System	Excluding Hydro One	Total System	Excluding Hydro One	Total System
SAIDI	0.86	2.16	1.50	2.99	1.51	1.51
SAIFI	1.07	1.83	1.15	1.64	1.09	1.09
CAIDI	0.81	1.18	1.31	1.82	1.39	1.39

Question #6

Reference: Exhibit 1/Tab 2/Schedule 1, Appendix E

a) Please update the OM&A cost comparison to include the 2008 data which was released by the Board in September 2009.

Response

OHL has supplied an updated summary table including the 2008 values and average of the 2008 values.

OM&A Costs To "Small Southern Medium-High Undergrounding with Rapid Growth" Cohort Grouping

Cohort Groupings	Total OM&A		
By Distribution Company	2005-2007 3 Year Avg.	2007	2008
Grimsby Power Incorporated	$162.00	$169.00	$178.00
Orangeville Hydro Limited	**$181.00**	**$192.00**	**$215.00**
Cooperative Hydro Embrun Inc.	$202.00	$210.00	$209.00
Niagara-on-the-Lake Hydro Inc.	$207.00	$227.00	$222.00
Centre Wellington Hydro Ltd.	$239.00	$242.00	$248.00
Average for Cohort Group	**$198.00**	**$208.00**	**$214.00**

SOURCE:
Comparison of Ontario Electricity Distributors Costs [EB-2006-0268], updated with 2007 Data issued June 25, 2009 and 2008 data from the 2008 Yearbook of Electricity Distributors issued September 10, 2009.

Question #7

Reference: Exhibit 1/Tab 2/Schedule 5, page 1, lines 7-10

a) Please describe more fully the duties of the Conservation and Demand Coordinator, indicate the OM&A related costs included in the proposed revenue requirement for this position and explain why the salary isn't fully covered by program recovery costs funded by the OPA.

Response

The CDM Coordinator portion of this job completes all tasks involved with delivering the OPA conservation programs, and the costs involved to do this are recovered from the OPA. This position also includes an Administrative Assistant portion of the job which involves administrative duties as assigned by the President as well as by the management team. The time spent on the CDM functions is approximately 30% of their time, and approximately 70% of their time is spent on the Administrative Assistant portion of the position.

PRIMARY ACTIVITIES AND REPRESENTATIVE MAJOR TASKS:

- Managing the President's calendar, meetings, and external meetings with stakeholders to ensure that he is briefed and that he has all the information he needs.
- Reviewing all correspondence for the President as it arrives, forwarding correspondence which requires attention to appropriate areas within the

organization, and briefing the President and or other managers as appropriate, when President is away from the office.

- Tracking issues and ensuring follow-up of issues; briefing of the President and executive team, and documentation and archiving of issues and correspondence for the President.
- Providing administrative assistance to the President and management team such as typing reports and answering correspondence and email as required.
- Reviewing, organizing, analyzing and preparing for the President reports, documents, and information for his attention.
- Documenting and after review, distributing minutes of management meetings.
- Development, evaluation and co-ordination of policies for Orangeville Hydro. These policies need to be developed with input from internal and external stakeholders, and reviewed by the President and senior managers.
- Ensuring all policies for Orangeville Hydro are up-to-date documented and communicated to staff and other stakeholders.
- Organizing meetings and advising Board members of meetings.
- Preparing agendas and material and packages for Board meetings.
- Documenting Board minutes and after review, distributing these to all members.
- Collecting various information from external utilities.
- Conducting media and communications functions by sending out releases, and monitoring clippings, media regarding utility or Orangeville Hydro issues and preparing information packages.
- Developing and administering Orangeville Hydro's Conservation Initiatives.
- Collaborating with Orangeville Sustainable Action Team to develop energy related sustainability initiatives.
- Coordinating Ontario Power Authority programs, including:
  - Completion of Applications and Budgets for OPA programs for Orangeville.
  - Negotiating contracts with external delivery agents.
  - Liaising with external delivery agents to ensure proper achievement of contacts.
  - Coordination of various Media events.
  - Completing ongoing quarterly and final reporting.
  - Completing monthly or quarterly invoicing for the Programs.
  - Addressing customer inquiries regarding OPA programs.
  - Organizing events to promote energy conservation, Orangeville Hydro and the OPA programs at events such as Home and Lifestyle show, 'Reduce the Juice' trailer tours, etc.
  - Liaising with local Associations for Electricity Retrofit Incentive Program (ERIP) OPA program.
  - Advising IT of design for updates that are required on website for OPA programs.

- Arranging ERIP energy audits, communicate with energy auditor, and arrange follow up meetings.
- Organizing creation of posters, and distribute to be posted at various locations in Orangeville and Grand Valley.

Question #8

Reference: Exhibit 1/Tab 3/Schedule 1, Appendix F, pages 4 & 20

a) Page 20 of Orangeville Hydro's 2007 Statements states that the Dividend Policy calls for dividends to equal 50% of projected annual net income, subject to certain constraints. Please explain the basis for the $1,280,561 dividend payment in 2007 when the actual net income was only $647,165.

Response

OHL paid a special dividend of $1 Million to the Town of Orangeville due to the amalgamation of Orangeville and Grand Valley and also paid a special dividend of $55k to Grand Valley.

RATE BASE

Question #9

Reference: Exhibit 2/Tab 1/Schedule 1, page 6

a) What is Orangeville Hydro's current Status regarding the elimination of long-term load transfers?

b) Please provide a schedule setting out the planned 2009 and 2010 capital spending related to the elimination of long-term load transfers.

c) Given the revised (September 2009) DSC and the new date (2014) for the elimination of long-term load transfers please comment on the priority associated with the proposed spending on eliminating long-term load transfers for the fourth quarter of 2009 and all of 2010.

Response

a) Orangeville Hydro has eliminated all but one of our load transfers.
b) There are no expenditures budgeted in 2009 or 2010.
c) OHL received a request from Hydro One to defer the transfer of the remaining customer until 2014.

Question #10

Reference: Exhibit 2/Tab 2/Schedule 3, pages 3 and 11

a) Please provide a schedule setting out the capital expenditures, by year, for the Veterans Way Expansion Project and briefly explain the facilities installed.

b) What is the current status of the associated customer projects, what capital contributions have been received to-date and what additional capital contributions are anticipated once service connection requests are received?

c) Why was the work undertaken prior to receipt of the service connection requests and the associated capital contributions?

Response

a) The 2006 part of the Veterans Way project included installing 32 poles and 27.6 kV circuit to prepare for the load transfer customers. In 2007, the load transfers were connected to Orangeville Hydro circuit that included 5 polemount transformers to enable service 8 customers and connected the Town well. Contributed capital was received from the Town of Orangeville for a 3 phase underground service which included 2/0 28kV cable and a 150 KVA pad-mount transformer which was installed and paid for in 2007.

		Total Cost	Contributed Capital
2006	B03-Veterans Way	99,162	
2007	B03-Veterans Way	132,841	19,276

b) Humber College is still proposed as well as future residential growth in the in this area.

c) The Veterans Way Expansion project was completed prior to receiving capital contributions from expected future developments due to the OEB requirement of transferring long term load transfer customers to the OHL distribution system, road infrastructure improvements and to facilitate the request to service the Town of Orangeville pumping station located on Veteran's Way.

Question #11

Reference: Exhibit 2/Tab 3/Schedule 1, page 1
Exhibit 2/Tab 3/Schedule 2, page 9

a) Please reconcile the 2010 value reported in the two tables.
- The Distribution and General Plant spending on page 1 does not sum to the reported total
- The capital spending on page 9 does not sum to the total reported on page 1.

Response

OHL has revised the table with the correct numbers in 2010. The capital spending table on page 9 was part of the Board Staff Interrogatories and a new table can be found in our response to Board Staff Question 3 – Capital Expenditures. The table in Ex 2/3/2/page 9 was cut off.

Year	Distribution Plant	General Plant	Total Capital Expenditures	Increase/ Decrease	% Increase/ Decrease
2005	726,236	97,859	824,095		
2006	844,540	444,129	1,288,669	464,574	56%
2007	794,935	292,887	1,087,822	(200,847)	-16%
2008	1,125,900	188,673	1,314,574	226,752	21%
2009	1,292,828	410,999	1,703,826	389,253	30%
2010	1,615,357	319,580	1,934,937	231,111	14%

Question #12

Reference: i) Exhibit 2/Tab 1/Schedule 1, page 4
ii) Exhibit 2/Tab 3/Schedule 2, pages 1 and 9
iii) Exhibit 2/Tab 3/Schedule 3, Appendix B

a) Please indicate when the Asset Condition Summary set out in Reference (iii) was prepared.

b) Reference (i) states that Orangeville Hydro prioritizes all proposed capital projects and establishes a list of projects in order from higher to lower priority based on defined criteria. Please provide the prioritized list of the projects proposed for 2009 and 2010 (reference (ii)) and indicate the basis for their priority.

c) Please specifically discuss the implications of not proceeding with the two projects assigned the lowest priority in 2009 and 2010.

d) Were there any other projects considered by Orangeville Hydro for either 2009 or 2010 that were not included due to a lower priority assignment? If so, please discuss the implications of not proceeding with highest priority project in each year that was not included in the budget.

e) Please explain how the proposed projects for 2009 and 2010 specifically address the asset condition deficiencies noted in Reference (iii).

Response

a) The Asset Condition Summary was prepared in August 2009. A final revision was recently received in October 2009.
b) Please see tables below:

Priority	Category	Project	Basis of Priority
1	Renewal	Misc Pole Replacement	Every year OHL is required to replace a few poles due to age or damage from car/construction incidents
2	Renewal	4 Robb Blvd.	The trans-closure needed to be replaced with a padmount transformer due to oil leakage and age.
3	Renewal	Bredin Parkway Conversion	Safety concerns due to age of underground cable and risk concerns due to insufficient depth of cable.
4	Substation	DS#1 Removal	DS #1 was approaching end of life condition and was a reliability concern.
5	Renewal	Second Street Conversion	Age of poles and transformers is a safety concern. An existing transformer is also located inside a building which is
6	Cust Demand	Orangeville Highlands	OHL is obligated under the DSC to connect new customer services that are funded through contributed capital.
6	Cust Demand	Broadway Grande	OHL is obligated under the DSC to connect new customer services that are funded through contributed capital.
6	Cust Demand	Montgomer Village-Phase H	OHL is obligated under the DSC to connect new customer services that are funded through contributed capital.
6	Cust Demand	Hydro One Rebuild	OHL was requsted by Hydro One to complete the poleline rebuild
6	Cust Demand	5 Misc New Services	OHL is obligated under the DSC to connect new customer services that are funded through contributed capital.
11	Regulatory	Cenntennial & C-Line	OHL was requested by the Town of Orangeville to facilitate road widening.
11	Regulatory	William St. Reconstruction	OHL was requested by the Town of Orangeville to facilitate civil infastructure improvements.
11	Regulatory	Hansen Blvd Reconstruction	OHL was requested by the Town of Orangeville as per a 20 year old agreement to eliminate overhead circuit in a res
14	Regulatory	Riddell Rd Improvements	A loop feed was required for system reliability.
15	Renewal	Ponsford & Emma	OHL was required as per a Joint Use Agreement with Hydro One is transfer existing circuit to Hydro One's new pole
16	Substation	Re-Gravel Sub-stations	Three sub-stations need to be re-gravelled to resist vegetation growth and to maintain the proper gravel depth.
17	Renewal	Rollinghills Refurbishment	Provide switching capability for reliability and to service an development that was expected.
18	Renewal	Faulkner Conversion	Provide service to a future development and expand the 27.6kV system into an older part for future renewal capabili

Priority	Category	Project Title	Priority Basis
1	Renewal	Misc Pole Replacement	Every year OHL is required to replace a few poles due to age or damage from car/construction incidents
2	Metering	Wholesale Meter M5 & M26	OHL is required to replace expried meters and has been requested to remove the meters by from the TS by Hydro C
3	Regulatory	Shirley St., Marion St.	OHL is taking advantage of the occuring road construction to remove overhead primary and prepare for future conve
4	Customer Demand	Edgewood Valley	OHL is obligated under the DSC to connect new customer services that are funded through contributed capital.
4	Customer Demand	Broadway Grande	OHL is obligated under the DSC to connect new customer services that are funded through contributed capital.
4	Customer Demand	Mono Development Phase 4	OHL is obligated under the DSC to connect new customer services that are funded through contributed capital.
4	Customer Demand	4 Misc New Services	OHL is obligated under the DSC to connect new customer services that are funded through contributed capital.
4	Green Energy Act	Large Renewable Generation-Other	The OPA FIT program has initiated connection requests. OHL is forcasting for these requests since we will be requi
4	Green Energy Act	MicroFIT Enablement	OHL will be required to connect approved microFIT facilities.
10	Metering	>50 Class Meter Upgrades	Smart Meter Initiative requires OHL to install smart meters.
11	Renewal	C-Line Conversion	Asset condition assessment revealed transformer and cable deterioration causing a reliability concern.
11	Renewal	King St. Rebuilds	Asset condition assessment revealed polelines nearing end of life condition.
11	Renewal	Water Street Removal 7.2kV	Asset condition assessment revealed polelines nearing end of life condition.
11	Renewal	Broadway Removal Old Circuit	Asset condition assessment revealed polelines nearing end of life condition.
11	Reliability	Fault Indicator Replacement	Asset condition assessment determined fault indicators are outdated and should be replaced.
16	Reliability	Optimization Study	Due to the expected distributed generation connection and the changes over the last 12 years, now is an appropriate
17	Renewal	Orangeville Mall Conversion	Reliability increased with loop feed potential, removal of overhead 44kV in parking lot increased apperance and safe
17	Renewal	Remove Old 4kV Rear Lot	Residential rear lot primary cirucits are a safety concern and difficult to access when issues arise.
19	Renewal	Centennial Road Removals	Improper clearances are causing a safety and reliability concerns.
20	Renewal	Browns Farm Conversion	Age of underground cable is becoming a reliability concern as it is approaching end of life condition.
21	Substation	DS#1 Removal Project	DS#1 is decomissioned and requires removal.
22	Reliability	Remote Sensors	Provide system information for planning.

c) The lowest priority projects for 2009 were the Rolling Hill's Refurbishment and Faulkner Street Conversion. In both these cases, OHL could complete the necessary upgrades in a reasonable timeframe prior to the construction completion of expected developments. The scope and size of the upgrades required OHL to budget for these projects in advance as it will affect other requests. The implications of not proceeding with these projects could result in the inability to connect the future developments in a desired time frame. The lowest priority projects for 2010 were the Removal of DS#1 and the installation of Remote Sensors. The Removal of DS#1 was given a low priority because the station has been

decommissioned and there are no prevailing risks. The implications of not proceeding are minimal but the station is in a residential park area so OHL would like to remove the decommissioned station for aesthetics. The installation of Remote Sensors was given a low priority because OHL is still in the early stages of developing a plan regarding a "Smart" distribution system. The implications of not proceeding with the Remote Sensors are minimal, as stated; OHL is in the early stages of developing a plan.

d) OHL has been made aware of other developments that are being discussed to be constructed. As some of these projects are in older parts of the Town of Orangeville, OHL will be required to upgrade the distribution system as required. OHL is delaying improvements in these areas to co-ordinate with the developers, await contributed capital and minimize the disturbance of the infrastructure in the project areas.

e) The 2009 projects were proposed prior to completing the asset condition assessment as the final revision was received in October 2009. The asset condition assessment revealed areas of the distribution system that are nearing end of life. This is reflected in the 2010 projects such as C-Line Conversion, King St. Rebuild, Water Street 7.2kV Rebuild, Broadway Removal of Old Circuits, and Fault Indicator Replacements.

Question #13

Reference: Exhibit 2/Tab 3/Schedule 2, pages 1-15

a) Please indicate how many new service connections (i.e,, individual distribution customers) are associated with each of the 2009 three subdivision projects discussed on pages 1-2 and when it is expected the individual connections will be made.

b) What is the total contributed capital associated with the three subdivision projects?

c) Based on the joint use agreement with Hydro One (page 3) what is the anticipated capital contribution for the line rebuild?

d) Given that the Rolling Hills Refurbishment project (page 3) has been frequently delayed what is the basis for the decision to proceed with it now in 2009?

e) Who are the other 3 LDCs that chose the UCS solution (page 8)?

f) Please describe the difference between the Broadway Grande project to be connected in 2009 (page 2) and the Broadway Grande project to be connected in 2010 (page 10).

g) Please indicate how many new service connections (i.e,, individual distribution customers) are associated with each of the three 2010 subdivision projects discussed on pages 9-10 and when it is expected the individual connections will be made.

h) Please describe the expected commercial growth in the Centennial Road area (page 13) and indicate both the number of customers and anticipated timing.

i) Orangeville Hydro is forecasting for 2009 and 2010, what the associated capital spending is and where it is reflected in the proposed budget.

j) Has Hydro One performed the site visit required for the wholesale meter upgrade (page 14). Given the reported timelines (i.e., 3 months to provide estimate after site visit and 18 months to complete work after acceptance of proposal) why is it reasonable to assume this work will be completed and the new equipment in-service by the end of 2010?

k) Please provide a schedule that shows the amount of capital contributions associated with each 2009 and 2010 project.

Response

a) The chart below demonstrates the number of customers/connections for 2009.

2009 Subdivisions	Total Connections	Expected Connections 2009	Expected Connections 2010	Expected Connections 2011	Expected Connections 2012
Orangeville Highlands	104	54	50		
Montgomery Village-Phase H	69		69		

b) The total estimated contributed capital according to the first run of the economic evaluations for the three subdivision amounts to $205,000.
c) The joint use agreement estimated contributed capital amounting to $42,315.
d) OHL decided to proceed with the Rolling Hills Refurbishment due to a commercial development in the area. Construction was started in the spring of 2009 but the development has halted construction. Therefore, OHL will not be proceeding with this project in 2009 due to the significant outage that is required to install switch gear equipment and also no capital contribution has been received.

e) The three other LDC's that chose UCS were Wasaga Distribution, Collus Power and Niagara-on-the-Lake.

f) To clarify, OHL should have referred to the Broadway Grande project as separate components. The new Broadway Grande commercial and townhouse development is a customer demand project that has been revised and delayed over the last few years.
This development in the downtown core of Orangeville required the Town of Orangeville to construct considerable improvements to the civil infrastructure and road resurfacing. OHL took the opportunity to install duct work to facilitate the conversion from to overhead to underground conductor. The overhead pole line was approaching end of life condition and a significant voltage conversion was occurring in the area due to the decommissioning of DS #1
OHL is awaiting capital contribution and finalized plans for the development prior to proceeding. Due to the size and scope of this project OHL found it necessary to include in the Rate Application.

g) The chart below demonstrates the number of customers/connection for 2010.

2010 Subdivisions	Total Connections	Expected Connections 2009	Expected Connections 2010	Expected Connections 2011	Expected Connections 2012
Edgewood Valley	34		10	24	
Broadway Grande	124		41	41	42
Mono Development Ph 4	84		42	42	

h) To clarify the Need of this project, there is a safety concern due to improper clearances between the 27.6kV and 4kV circuits and also the wood poles are approaching end of life condition. A new commercial development was constructed at 48 Centennial Road in 2008 that required a primary tap, therefore this was one of the first poles that had to be replaced to achieve proper clearances. As there are still vacant commercial/industrial lots available OHL has continued to replace and reframe the Centennial Road pole line to prepare for possible developments. OHL have been and will continue to spread the pole replacement costs over a few years to minimize the budget impact.

i) Please find table below listing the total number of connections forecasted in the 2009 and 2010 budgets. The connections that have been highlighted are estimates only because at the time of budgeting they were in the planning stage.

2009 Subdivisions/Retail	Total Connections Residential	Total Connections Commercial
Orangeville Highlands	104	
Montgomer Village-Phase H	69	
Church -Blindline&Hansen		1
Westside Market Commercial		6
Lawrence Ave Senior Building	30	
Rolling Hills Plaza		14
Lord Dufferin Centre	48	
2010 Subdivisions/Retail		
Edgewood Valley	34	
Broadway Grande	124	
Mono Development Ph 4	84	
N. Broadway Vacant Site Inquiry		1
E. Broadway Vacant Site Inquiry		1
Riddell Rd.- Seniors Condo's	48	
Westside Plaza-New Store (1)		1

j) Please see response to Board Staff, Question 4. In Service Date of Wholesale Meter Upgrade

k) Schedule of capital contributions received for each project as noted in 2009 and 2010 capital expenditures.

2009 Capital Projects	Project Amount	Contributed Capital
Orangeville Highlands	308,087	(133,512)
Broadway Grande	55,920	(39,792)
Montgomery Village-Phase H	108,787	(31,774)
Hydro One Rebuild	162,522	(42,315)
5 Misc New Services	175,349	(162,324)
Rolling Hills Refurbishment	92,876	(15,000)
Faulkner Conversion	63,084	(15,000)
William St Reconstruction	289,343	(15,000)
	30,604	(3,845)
Total		(458,562)

2010 Capital Projects	Project Amount	Contributed Capital
Edgewood Valley	52,277	(5,620)
Broadway Grande	239,029	(93,922)
Mono Development Ph 4	211,889	(81,622)
4 Misc New Services	114,676	(106,669)
Total		(287,833)

Question #14

Reference: i) Exhibit 2/Tab 3/Schedule 2, pages 15-16
ii) Application Addendum – Green Energy Plan

a) What is the anticipated timing for the installation of a SCADA system by Orangeville Hydro (Reference (ii), page 19)?

b) With respect to the Remote Sensors project, are the proposed sensors of any use/benefit prior to the installation of a SCADA system? If yes, please explain how.

c) The discussion of the Remote Sensors project makes reference to "this phase". Please explain more fully the anticipated phases of the project and why the installation of 10 sensors is Phase 1.

d) Are there any contributed capital or other contributions associated with the Large Renewable Connections? If yes, what is the amount and how was it determined?

e) Has Orangeville Hydro assumed it will receive any contributions/funding under the provisions of Ontario Regulation 330/09? If yes, how much and how was the amount calculated? If no, why not?

f) With respect to the MIcroFIT Enablement Project, given the Board's proposal to create a new customer class for these installations (EB-2009-0326), has Orangeville Hydro included these additional 100 customers as new accounts in its 2010 customer/revenue forecast? If not, why not?

g) Please provide the terms of reference for the Optimization Study (page 16).

h) Is any of the $52,404 in planned spending on services and meters for MicroFIT installations assumed to be directly recoverable from the generators.? If not from the generators, is it recoverable from the Global Adjustment under Ontario Regulation 330/09?

Response

a) The anticipated timing of the installation of the SCADA system is late spring / early summer of 2010
b) Please see response to Board Staff Question 6-Guidelines for Distribution Planning.
c) Please refer to Board Staff Question #5.

d) At this time it is not anticipated that there will be contributed capital with the large renewables as the board requires that LDCs pay up to $90 k per megawatt & it is not anticipated to cost more than that for line extensions.
e) Orangeville Hydro has not assumed that it will receive any contribution / funding under the provisions of Ontario Regulation 330/09 as we do not assume that we will have any more connections to deal with than our fair share compared to other LDCs.
f) Orangeville Hydro has not included these anticipated 100 MicroFIT customers as new accounts in our 2010 customer/revenue forecast as these customers do not generate revenue.
g) Terms of reference for Optimization Study. The Optimization Study will create an updated system model of the OHL distribution system to complete calculations regarding voltage drop, voltage regulation, current flows and power flows. The study will also focus on short circuit analysis, contingency studies and system loss reduction. This will achieve increased performance of the OHL system, as well as, assist with the possible distributed generation connections.
h) The revisions to the Distribution System Code do not make distinction based on the size of generators. As it stands, connection costs are to be paid by the generator in as much as these costs are linked specifically to one location. There is a provision for MicroFIT remote generation, which may require additional services or meters. However, since the benefit of these renewable generation projects is province wide, it is anticipated that the proposed spending for Microfit installations will be recoverable from Global Adjustment.

Question #15

Reference: Exhibit 2/Tab 3/Schedule 2, pages 16-18

a) Reference is made (page 17, line 24) to Orangeville Hydro implementing a SCADA system in 2010. Please indicate where this implementation of a SCADA system (including capabilities, costs and timelines) is described in the Application.

b) What is the basis for the $60,000 cost estimate for software updates to accommodate FIT and microFIT settlements (page 18)?

Response

a) The total expenditure for the SCADA is $35,000 the reference in Exhibit 2, Tab 3, Schedule 2, page 17 was referring to the server in account 1920

amounting to $20,000. The System Supervisor equipment is listed under account 1980 and amounts to $15,000 under Ex 2/3/2/page 9 however the chart was cut off and the amount is not showing. Please see response to Board Staff Question# 3 – Capital Expenditures for the complete table. Also referred to in VECC Question #11.

b) OHL arrived at a forecast of $60k for after consulting with our Harris Computer Systems IT liaison.

Question #16

Reference: Exhibit 2/Tab 2/Schedule 1, pages 3-5
Exhibit 2/Tab 3/Schedule 1, page 1

a) Orangeville Hydro's capital spending equals its in-service additions in all three years 2008-2010. Is all capital spending placed into service and used/useful the year it is spent such that there is no carry-over of assets under construction from one year to the next? If yes, please explain why this is the case.

Response

Not all capital spending is placed into service and used the year it is spent. Sometimes a project is carried over to the beginning of the next year and placed into service at that time. The carry-overs are smaller jobs in nature and generally are a result of the coordination and completion stages of other contractors and happen rarely. The amounts in this case are immaterial. However there are some projects that are completed piece by piece and a component of that project could be placed into service and used.

Question #17

Reference: Exhibit 2/Tab 3/Schedule 1, page 1
Exhibit 2/Tab 3/Schedule 3, pages 4-5

a) Orangeville Hydro's capital spending ramps up significantly from just over $1 M in 2007 to almost $2 M in 2010 afterwards it falls off to just over $1 M again for 2011 and 2012. Please explain why it is not feasible to spread the anticipated sending out more evenly over the coming three years.

Response

The 2011 and 2012 forecasts are preliminary estimates that are based on the areas of concern from the asset conditions assessment.

It is not feasible to spread out the spending more evenly in the budget due to the driving forces that create a push for the capital spending. OHL created the budget for the Rate Application with the information it receives from developers and the Town of Orangeville regarding future developments and expected growth. It is cost effective for OHL to upgrade its distribution system while civil construction is occurring in the older areas of Orangeville. OHL has been informed of projects that are planned for 2009 and 2010 but it is only forecasted that the planned work will actually occur.

LOAD FORECAST & OPERATING REVENUE

Question #18

Reference: Exhibit 3/Tab 1/Schedule 2, page 1

a) Please provide a schedule setting out the rates and volumes by customer class supporting the 2010 test year revenues reported in Table 1.

b) Please clarify whether the rates used in part (a) included:
- Charges for LV recovery
- Smart Meter charges
- Discounts for transformer ownership where applicable.

Response

a) Please see table below as requested.

Customer Class	Number of Customers/ Connections	Total Net Rev. Requirement	Proposed Fixed Rate	Variable Rate	Total kWh Volume	Total kW Volume	Total Fixed Revenue	Total Variable Revenue	Transformer Allowance	Gross Distribution Revenue	LV & Wheeling Charges	Total
Residential	10,045	3,239,709	17.46	$0.0134	84,928,233		$ 2,104,199	$ 1,135,510		3,239,709	75,346	3,315,055
GS < 50 kW	1,081	834,494	33.52	$0.0103	38,954,924		$ 434,611	$ 399,883		834,494	31,215	865,709
GS >50 kW	133	861,026	264.94	$1.8345	122,840,423	293,178	$ 413,309	$ 447,717	$ 90,131	951,157	92,318	1,043,475
Sentinel Lights	170	6,558	1.91	$7.4165	129,899	360	$ 3,889	$ 2,668		6,558	89	6,647
Street Lighting	2,724	49,159	0.81	$4.4557	1,798,732	5,102	$ 26,426	$ 22,733		49,159	1,242	50,400
USL	32	15,018	6.40	$0.0091	376,928		$ 11,601	$ 3,417		15,018	302	15,320
TOTAL		5,005,962			249,029,139		$ 2,994,035	$ 2,011,928	$ 90,131	$ 5,096,094	$ 200,513	$ 5,296,607

b) As noted in the above table, charges LV recovery and the smart meter charges are not included in the rates in Exhibit 3 / Tab 1/ Schedule 2, page 1 Table 1.

Question #19

Reference: Exhibit 3/Tab 2/Schedule 1, page 1, lines 6-7

a) In its EB-2007-0680 Report (page 33) the Board directed Toronto Hydro to work with other parties to understand differences in load forecast methodologies employed. Has Orangeville had any discussions with Toronto Hydro regarding changes it may be implementing in its load forecast methodology? If yes, what was the outcome and how are they reflected in Orangeville's current approach?

Response

No, OHL has not had any discussions with Toronto Hydro regarding changes it may be implementing in its load forecast methodology.

Question #20

Reference: Exhibit 3/Tab 2/Schedule 1, pages 5-9

a) What is the definition and source for the population variable used in the regression analysis?

b) If the data source for "population" does not provide monthly values, what is the frequency of the historical data and how were the monthly values established?

c) What other "model" specifications besides the one set out on pages7-8 were tested by Orangeville Hydro, what was were the results and why were they rejected in favour of the proposed model? Did any of the models include customer count as an explanatory variable and, if not, why not?

d) Please confirm that actual data through to December 31, 2008 was used to develop the model.

e) Please explain why the 10-year weather normal conditions were not based on 1999 to 2008 (as opposed to 1998-2007 per page 9).

f) Please provide any other recent projections of Ontario GDP growth for 2009 and 2010 that Orangeville is aware of and compare the year over year growth rates with those prepared by the Ontario Ministry of Finance (per page 7).

Response

a) Please see Board staff Q#16.

b) The population data was a yearly value, based on a combined total of Orangeville and Grand Valley residents. The monthly totals were a moving average of the prior year and future year.

c) No other "model" specifications were tested by Orangeville Hydro since, as outlined in Exhibit 3, Tab 2, Schedule 1, Page 9, Table 4, the difference between the predicted purchases and the actual purchases over the historic period was minimal and in OHL's opinion no further analysis was needed to produce a more accurate prediction.

d) Yes, actual data was used to develop the model.

e) The 10 year weather normal conditions were actually based on 11 years, from 1998 to 2008. There was a typo in the application; we incorrectly stated that the forecast was from 1998-2007.

f) On October 22, 2009 the Ontario Minister of Finance provided a fall update to the 2009 Ontario Economic Outlook and Fiscal Review. In this review the 2009 GDP was updated from -2.5% to -3.5% and the 2010 GDP was updated from 2.3% to 2.0%

Question #21

Reference: Exhibit 3/Tab 2/Schedule 1, pages 9-11

a) What is the basis for Orangeville Hydro's assumption that Polyone Canada's 2009 reduction in energy use will continue for 2010?

b) Please confirm that Orangeville Hydro is assuming that the facilities at Johnson Controls' and Pfizer will be unused by the end of 2010 (i.e., there will be no new customer taking over the facilities).

c) Please confirm that the adjustments set out in Table 6 include a mark-up on billed sales for losses and, if so, what loss factor was used.

d) Please provide a schedule that sets out the 2007 and 2008 OPA programs that Orangeville Hydro participated in along with the level of participation in each program by year.

e) Please provide the basis for the 962,000 kWh incremental CDM savings assumption for 2009 and 2010 (page 11).

f) Please provide a schedule that sets out the 2009 OPA programs that Orangeville Hydro Is participating in along with the number of new

participants (over and above those from 2007 and 2008) and the anticipated savings (first year and in subsequent years) per participant for each program. Please reconcile the total savings indicated by this schedule for 2009 and 2010 with the 962,000 kWh estimate set out in the Application.

Response

a) After speaking with our contact at PolyOne, they estimate consumption to decrease a further 25% in 2009 and 2010 due to lowered production and less orders.

b) The controller at Johnson Controls advised that the consumption for 2009 will be the same as 2008 however they are scheduled to close in the summer of 2010. As of yet the building has not been sold and there are no plans for a sublet.
After speaking with the company, Pfizer advised they will continue manufacturing until end of September/October however not at full capacity. They have budgeted for their consumption to be 20% less in 2009 than 2008 as they have shut off air conditioning/heating in parts of the plant.
Due to the current economy and our contact with the town, OHL has forecasted that both of these buildings will be unused in 2010.

c) The loss factor that was used for the 2009 consumption adjustment was 1.0406 and the loss factor that was used for the 2010 consumption adjustment is 1.0468.

d) Please see table below outlining the LDC delivered OPA programs for 2007 and 2008.

Program	Year	OV	GV	Total # of participants
Summer Savings	2007	2260	164	2424
Summer Savings	2008	136	20	156
TGRR	2007	193	14	207
TGRR	2008	204	8	212
peaksaver	2007	177	0	177
peaksaver	2008	100	0	100
ERIP	2007	0	0	0
ERIP	2008	0	0	0

e) There was an error in the reduction amount that was used originally for CDM, we have now corrected this amount. We reported 962,000 as the residential consumption, we have adjusted that to 342,000.

OHL used the values from the OPA report to forecast the reduction in consumption for residential customers. We used the amounts for the years of 2009 and 2010 in their respective forecast amounts. Please see below for a sample of the report.

Orangeville Hydro Limited

Initiative Name	Program N	Program Year	Gross Annual Energy Savings (MWh)		
			2008	2009	2010
2008 Great Refrigerator Roundup	Consumer	2008	160	160	160
2008 Cool Savings Rebate	Consumer	2008	61	61	61
2008 Every Kilowatt Counts Power Savings Event	Consumer	2008	122	121	121
			343	**342**	**342**

f) Please see the table below showing the actual number of participants for 2009 for LDC delivered OPA programs.

2009 CDM participants			
Program	**# of customers**	**MW savings per retrofit**	**Total MW per program**
peaksaver	216	0	0
TGRR	200	0.745	149
Cool Savings Rebate	OPA does not provide # of customers		61
EKC Power Savings Event			121
Total MW residential savings			**331**
Power Savings Blitz	114	depends on retrofit measure	410.56
Electricity Retrofit Incentive Program	OHL has received 3 applications but we are not reducing consumption levels as there is no guarantee that these applications will become participants.		
Total MW commercial savings			**410.56**

Question #22

Reference: Exhibit 3/Tab 2/Schedule 1, pages 12-18

a) Please reconcile the forecast number of new connections set out in Table 10 (page 14) for 2009 and 2010 with the new connection assumptions underlying Orangeville Hydro's capital spending forecast.

b) Please provide Orangeville Hydro's customer count by customer class for the most recent month available.

c) Please confirm that the calculation of the geometric mean growth rate from 2002 to 2008 really just calculates the average annual growth rate between the values for the two years assuming a six year period. If not, please explain more fully precisely how the geometric mean is determined.

d) With respect to Table 4, please calculate the predicted "weather normal" sales for each year from 2002-2008 by using the "weather normal variables" as opposed to actual weather HDD and CDD values.

e) Table 16 reports sales by class at the billed/sales level while Table 6 reports adjustments at the purchased level – including losses.

- Why is the CDM adjustment the same in both tables
- Please reconcile the GS>50 adjustments for 2009 and 2010 shown in Table 16 with the adjustments reported in Table 6.

f) Please provide the Hydro One information relied on in order to determine the weather sensitivity by rate class (page 17).

g) Given that residential uses include lighting, cooking and refrigeration, why is it reasonable to assume that the Residential class is 100% weather sensitive (Table 15)?

h) Please provide a schedule setting the average weather normalized use per customer for each class based on the data provided by Hydro One Networks for Orangeville's 2007 Cost Allocation filing and indicate the year the data is based on.

i) What is the basis for assigning all of the CDM adjustment (Table 16) to the Residential class?

Response

a) Please see the tables below for a reconciliation of the number of new forecasted connections with the new connections underlying OHL's capital spending forecast.

Number of Forecasted Customers								
	Year	Residential	General Service < 50kW	General Service > 50kW	Streetlights	Sentinel Lights	Unmetered Scattered Load	Total
Number of Customers/Connections								
	2008	9,619	1,061	132	2,643	177	154	13,784
	2009	9,813	1,081	133	2,683	168	151	14,028
	2010	10,045	1,081	133	2,724	170	151	14,303
Increase from 2008 to 2009		194	20	1	40	-9	-3	244
Increase from 2009 to 2010		232	0	0	41	2	0	275

Number of Customers from Capital Budget								
Description of Capital Job	Year	Residential	General Service < 50kW	General Service > 50kW	Streetlights	Sentinel Lights	Unmetered Scattered Load	Total
Number of Customers/Connections								
2009 New Connections					Forecast using Geomean and prior years number of customers	Decrease in Sentinal Lights, as OHL is no longer providing service.	Decrease in # of customers from actual data	
Orangeville Highlands	2009	54						
Willside Phase 4 EE	2007	9						
Edgewood Valley 2A	2008	55						
Credit Springs	2007	12						
Arbours at Montgomery	2008	64						
Rolling Hills Plaza	2009		14					
New 3 Phase Service Westside Market Commercial	2009		6	1				
Total 2009		**194**	**20**	**1**	**40**	**-9**	**-3**	244

2010 New Connections					Forecast using Geomean and prior years number of customers	Forecast using Geomean and prior years number of customers	Forecast using Geomean and prior years number of customers	
New 3 Phase Service Lawrence Ave 3 Storey Building	2009	30						
Orangeville Highlands	2009	50						
Mono Phase 4	2010	42						
Montgomery Village - Phase H	2009	69						
Broadway Grande	2010	41						
Total 2010		**232**	**0**	**0**	**41**	**2**	**0**	275

b) Please see table provided below showing OHL's customer count by customer class for September 2009.

September-09	
Class	# of customers/ connections
Residential	9757
GS < 50kW	1065
GS > 50kW	98
GS > 50kW TOU	3
Interval	24
Sentinel Lights	169
Streetlights	2755
UMS	151
TOTAL	**14022**

c) Yes, this is correct.

d) Please see the table below showing a yearly total of predicted sales for 2002 to 2008 using weather normal variables.

Total predicted purchases using weather normal values	
2002	242,293,969
2003	244,898,498
2004	250,400,392
2005	254,702,091
2006	258,293,471
2007	260,960,966
2008	263,023,560

e) There was an error discovered in Table 6, with regards to the 2010 manual adjustment for PolyOne. This has now been corrected. Please see the tables below.

Table 6

Manual Adjustment to Forecast (kWh)

	PolyOne Canada Inc.	Johnson Controls Ltd.	Pfizer Canada	The Data Group of Canada	CDM	Total
2009	(1,352,780)	0	(88,451)	338,195	(783,114)	(1,886,150)
2010	(1,360,831)	(3,140,380)	(439,653)	338,784	(787,775)	(5,389,855)

Table 16

Alignment of Non-Normal to Weather Normal Forecast

Year	Residential	General Service < 50kW	General Service > 50kW	Streetlights	Sentinel Lights	Unmetered Scattered Load	Total
Non-normalized Weather Billed Energy Forecast (kWh)							
2009	85,897,414	38,286,008	126,863,515	1,766,075	129,305	367,676	253,309,994
2010	86,631,984	38,865,379	128,396,441	1,798,732	129,899	376,928	256,199,364
Adjustment for Weather (kWh)							
2009	275,108	123,131	404,456	0	0	0	802,695
2010	-551,540	-248,462	-791,404	0	0	0	-1,591,406
Manual Adjustment to Billed Energy Forecast for Loss of Load							
2009	-355,885	-427,229	-1,103,036	0	0	0	-1,886,150
2010	-358,003	-429,771	-4,602,080	0	0	0	-5,389,855
Weather Normalized Billed Energy Forecast (kWh)							
2009	85,816,637	38,409,139	126,164,935	1,771,755	129,721	368,858	252,661,045
2010	85,722,441	38,616,917	123,002,958	1,787,232	129,069	374,519	249,633,135

f) In preparing the response to this question, we noticed that we did not use the correct weather sensitivity info for the GS>50 class. It should have been 45%, we used 89%. We recognize it was an issue of concern brought forward by the Intervenors in the 2009 cost of service applications. We propose that we will take the difference between the non weather normalized consumption and the weather normalized consumption and spread it evenly across classes and proportions, to

address these concerns. It seems reasonable, and it has caused non-material adjustments across the forecast. We will reflect these changes when final rates are determined.

g) We have recognized that the assumption for weather sensitivity for residential customers at 100% was incorrect, and have made the change as per the question above.

h) Please see below the schedule requested, using data provided by Hydro One from 2004.

Annual kWh by class (with normalized weather)	Total Annual Consumption from 2004 provided by Hydro One	2006 Number of Customers	2006 Number of Connections	Average weather normalized use per customer	Average weather normalized use per connection
Residential	80,716,881	8,801	8,801	8,814	8,814
GS<50 kW	32,831,915	866	866	36,433	36,433
GS>50 kW	127,285,544	140	140	873,710	873,710
Street Lighting	1,653,645	3	2,487	529,709	639
Sentinel Lighting	139,298	77	172	1,738	778
USL	782,354	37	62	20,320	12,126
Total	243,409,637	9,924	12,528	1,470,723	932,500

i) OHL used data provided to us from the OPA. This detailed correctly that we only had residential participants for the OPA programs up to 2008. We have made a modification to the manual adjustment to include commercial customers that participated in the OPA programs in 2009. OHL will reflect these changes when final rates are determined.

Question #23

Reference: Exhibit 3/Tab 3/Schedule 1

a) What are the sources of the Miscellaneous Non-Operating income recorded in Account #4390 and why does the income decline to only $500 in 2010?

b) What was the source of the $15,120 gain (Account #4355) in 2009 and why is only $1,500 forecast for 2010?

Response

a) OHL records the sale of scrap in Account 4390. There were some entries made to this account in past years. In 2006, approximately $500 should have been recorded in 4350, 2007, $3,100 was due to Enerconnect partnership payout, and in 2008, $500 should have been recorded in 4350. The amount declines in 2010 because most of the scrap transformers that we had on site were disposed of in 2006, 2007, 2008 and 2009. Some of the transformers were part of the PCB program and other were old 4kV transformers that are now 95% removed from our yard. Considering that there will be very few disposals in 2010, we estimated $500.00.
b) In 2009 OHL purchased a new double bucket truck and received $15,200 for the trade-in of the 1989 double bucket truck.

OPERATING COSTS

Question #24

Reference: Exhibit 4/Tab 2/Schedule 1, page 1, lines 7-8

a) Page 4 (line 2) states that engineering services are now tracked to specific capital projects. Is this the reason why engineering services are no longer included in the overhead rate used for capitalization? If not, why did Orangeville change its capitalization policy in 2009 to exclude engineering department expenses from the overhead rate?

b) What costs are currently included in the overhead rate applied to direct labour for purposes of capitalization?

Response

a) Yes it is the reason why engineering services are no longer included in the overhead rate used for capitalization.
b) The following are included in the overhead rate applied to direct labour; payroll burdens, in-shop/down time, safety and training and miscellaneous small tools.

Question #25

Reference: Exhibit 4/Tab 2/Schedule 3, pages 1-9

a) With respect to the “payroll” cost drivers identified for 2008 (page 5):
- Why isn’t the entire cost of the Administrative Assistant hired to handle CDM with the OPA allocated to #4380 as an OPA expense?

- Why are there no payroll savings in 2008 attributed the Engineering Technician that left the company?

b) What is the basis for the 2.5% and 2.3% inflation increased assumed for 2009 and 2010 respectively?

c) The discussion of 2007 cost drivers suggests that there were $62,000 in one-time incremental contractor costs incurred in that year (page 4, items c-I to c-iv). Why aren't these one-time 2007 costs shown as a reduction in 2008 contractor costs?

d) The discussion of 2008 cost drivers suggests that there were $39,000 in one-time incremental contractor costs incurred in that year (page 6, items d-ii toi d-iv). Why aren't these one-time 2008 costs shown as a reduction in 2009 contractor costs?

e) What was the cost of bad debt attributable to residential customers in 2006, 2007 and 2008 respectively?

f) The discussion of 2009 cost drivers suggests that there were $49,000 in one-time incremental contractor costs incurred in that year (page 7, items c-1 to c-ii). Why aren't these one-time 2009 costs shown as a reduction in 2010 contractor costs?

g) The discussion of 2009 includes $10,000 for overtime to Implement a new CIS system in 2009. Why aren't these one-time 2009 costs shown as a reduction in 2010 payroll costs?

h) Exhibit 4/Tab 2/Schedule 1 (page 3) indicates that both the GIS and SCADA systems are "proposed". What is the proposed acquisition and implementation schedule for each and how does this lead to the need for a new Junior Engineer (page 8) in 2010? Does the associated $76 k represent a full year's salary?

i) The 2010 OM&A increase is partly attributed to $60 k for a new CIS module related to the settlement process for the MicroFIT program. How is this different from the $60 k Orangeville has budgeted in capital spending (Exhibit 2/Tab 3/Schedule 2, page 18) for software updates to accommodate the FIT and MicroFIT settlement processes?

j) Please provide a breakdown of the $100 k budgeted for IFRS. How much is one-time implementation costs versus on-going compliance costs?

k) Why isn't Orangeville recording the transition costs associated with IFRS in a deferral account as directed by the Board in EB-2008-0408 (page 27)?

Response

a) The entire cost of the administration assistant is not wholly allocated to OPA expense because this employee only spends approximately 30% of their time on OPA-related functions. The other 70% of the time has to do with administrative work for the utility. The Engineering Technician left at the end of 2008 and was paid vacation pay upon leaving therefore it caused a reduction in 2009 in payroll as noted in the 2009 Payroll changes "iv. OHL will not be filling the vacancy of the engineering technician until September in account 5085 and 2009 the vacancy caused a reduction in payroll of ($62k).

b) The inflation assumption for both 2009 and 2010 are based on the union contract negotiations, management/non-union salary increases and 2.3% increase on certain expenses incurred in the cost of contractors/material expenses. OHL takes a realistic approach such that not all expenses are adjusted up based on this percentage. The percentage of 2.3 was utilized based on the OEB IRM GDP-IPI indices used in the 2009 cost of service rate filers.

c) The CIS system $17,000 costs are not one-time incremental costs, as well the Human resources companies were retained to assist with contact negotiations and pay equity issues that are still on-going and kept in the budget for 2009. The PCB testing saw a reduction of $7,000 and the meter contractor there was only a reduction of $11,000 over the previous year. We were only trying to capture main cost drivers of the increase/decrease in Exhibit 4 / 2 / 3 on pages 1 – 9. There was an increase in our Great Plains enhancement plan amounting to $6,000 that we did not include in the cost driver section, other than that there were other maintenance/miscellaneous costs that may increase/decrease year to year.

d) In the discussion of 2009 cost drivers amounting to $39,000, OHL missed the addition of a new Board member amounting to $27,000. The legal costs are expected to remain constant therefore there should be no reduction.

e) The table below identifies the bad debt attributable to the residential customers of Orangeville and Grand Valley.

Total Residential Bad Debt Write Offs		
2006	$	11,242.65
2007	$	16,938.91
2008	$	29,262.96

f) The 2009 cost drivers did not show a reduction of $49,000. The ESA inspections expense is a year to year expense. The contractor expense in account 5085, that was noted to be reduced in 2010 for $41,000 was replaced with a contract amount of $8,000 in that account to assist with the implementation of SCADA built in over a 4-year period (total cost of

$32,000. The balance of the increase is due to the increased work plan for certain maintenance activities OHL used to assist us with our asset

g) The $10,000 overtime was not shown as a reduction and if included should have increase the Inflation rate used to 2.7% instead of 2.3%.

h) OHL will implement the GIS system in early 2010 and the SCADA in early spring/ summer. OHL is not hiring the Junior engineer for this purpose only. The engineer will manage the Smart meters, assist in development and maintaining the asset management plan and also assist in developing the budget and forecasts and any of the FIT and MicroFIT installations. OHL is also considering succession planning o this position.

i) The 2010 increase of $60,000 was stated incorrectly - The GEA budget notes these amounts as capital expenditures, however they should be expenses. A new chart is provided in Appendix D. OHL was incorrect in stating in Exhibit 4/ 2 / 3 / p.8 that the contractor cost of $60k was due to the MicroFIT program, only $10k was the cost driver. The remaining 70k is because the new CIS system will be hosted and maintained by an outside source dealing with all upgrades backup, networking making the costs in the long run less expensive.

j) We have outline the anticipated IFRS expenses in the table below:

Deliverable	Fee Estimate (RAS)
A. Assistance with reconstructing details for PP&E to support the balances on the date of transition and the opening	$20,000
B Analysis of Regulatory Assets/Liabilities	$10,000
C Analysis of current capitalization of overhead/burdens and any borrowing costs. Specifically, focused on	$15,000
D Assistance with draft sample note disclosures and financial statement templates	$10,000
Total	$55,000

Deliverable	Fee Estimate (Audit)
E Review of key Position Papers for PP&E, Regulatory Assets/Liabilities etc.	$11,000
F Review of new note disclosures such as Related Party Disclosures, PP&E, Regulatory Assets/Liabilities,	$11,000
G Review of new transitional adjustments and key management estimates.	$11,000
Total	$33,000

Training / Seminars	Estimate
Finance Department Training	$10,000
Operations Department Training	$2,000
Total	$12,000
GRAND TOTAL	**$100,000**

k) OHL is not recording the transition costs associated with IFRS in a deferral account due to the OEB Decisions during the 2009 Cost of Service Filings.

Question #26

Reference: Exhibit 4/Tab 2/Schedule 3, pages 23-24

a) Did Orangeville Hydro offer a Winter Warmth program over the 2008-2009 winter period?

b) Given the Board's September 28, 2009 update regarding the Low Income Energy Assistance Program initiative, is the budgeted LEAP amount required for 2010? If yes, why?

c) With respect to the $140,000 in regulatory costs for the current application please indicate the allowance included for intervenor costs and where it is reflected in Table 7.

Response

a) OHL did not offer the Winter Warmth program.
b) No, see response to OEB question 28.
c) Please see response to OEB question 29

Question #27

Reference: Exhibit 4/Tab 2/Schedule 4, pages 2-4

a) For Streetlight Maintenance and Water Billing services provided to the Town of Orangeville, how are the labour costs determined?
   - Do they include any mark-up for overheads or are they just direct labour hours?
   - If just direct labour costs what would the impact of applying the overhead rate used for capitalization on the total costs for each service similar for each of the years shown (2006-2010)?

:

b) For the services provided to the Township of East Luther Grand Valley, please explain the reference to "contracts" under components of service. Does Orangeville Hydro contract the provision of this service out to a third party?

Response

a) Streetlight maintenance and Water Billing services provided to the Town of Orangeville includes mark-up for overheads.
b) The reference to "contract" does not mean a third party contractor it is the labour and trucking portion that OHL provided in 2007 and 2008 prior to the amalgamation. For our 2009 and 2010 estimates we probably should have broken the component out as labour and trucking because we are considered one utility.

Question #28

Reference: Exhibit 4/Tab 2/Schedule 6

a) Table 10 shows staff levels remaining constant from 2009 to 2010. However, page 4 (lines 19-20) discusses the hiring of two additional staff in 2010. Please reconcile and revise the tables on pages 5 & 6 as necessary.

b) What are the management achievement goals (page 4, lines 14-15 and 24-25) that trigger bonus payments?

c) Does Table 10 reflect approved positions or actual staff employed? If the former, please provide a schedule setting the actual number of FTE's for each year by category.

Response

a) Table10 does not require a revision. Table 10 notes 3 part time staff in 2009 and in 2010 only 1 part time staff. There is a decrease of 2 part time staff plus the increase of 2 non-union staff equals the same amount of non-union staff in both 2009 and 2010.

Number of Employees (FTEs) including Part-Time	2006	2007	2008	2009	2010
Executive					
Management	4	4	4	4	4
Non-Union	3	4	5	5	5
Union	13	13	14	12	12
Total	20	21	23	21	21

Number of Part Time Employees	2006	2007	2008	2009	2010
Executive					
Management					
Non-Union	3	3	3	3	1
Union					
Total	3	3	3	3	1

b) Management achievement goals are set by our Board of Directors and meet the goals established in our Strategic Plan including our company Vision and Mission. The bonus is triggered when management personnel have moved from the development stage in the position and have commendable or over-achieve on their performance.

c) Table 10 reflects the both approved positions and actual staff employed.

Question #29

Reference: Exhibit 4/Tab 2/Schedule 7, page 7

a) In principle, is the depreciation charge for each Account based on the "Total for Depreciation" divided by "Years"? if yes, why doesn't this formula yield the reported depreciation expense for each account? If no, how is the Depreciation Expense determined?

Response

The 2009 and 2010 depreciation schedules were incorrect and the total depreciation divided by the years should yield the depreciation expense. Please find the revised tables.

2009								
Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Expense
1805	Land	29,126	29,126	0	0	0	0	0
1806	Land Rights	33,817	0	33,817	0	33,817	25	1,353
1808	Buildings and Fixtures	15,296	15,296	0	0	0	0	0
1810	Leasehold Improvements	0	0	0	0	0	0	0
1815	Transformer Stn Equip-Normally Primary above 50kV	0	0	0	0	0	0	0
1820	Distribution Stn Equip-Normally Primary below 50kV	902,891	153,203	749,688	7,382	753,379	30	25,113
1825	Storage Battery Equipment	0	0	0	0	0	0	0
1830	Poles, Towers and Fixtures	4,127,638	532,331	3,595,307	146,908	3,668,762	25	146,750
1835	Overhead Conductors and Devices	3,569,804	510,549	3,059,254	148,936	3,133,723	25	125,349
1840	Underground Conduit	3,399,300	214,639	3,184,661	303,293	3,336,307	25	133,452
1845	Underground Conductors and Devices	3,675,728	157,199	3,518,529	370,611	3,703,834	25	148,153
1850	Line Transformers	7,711,503	174,807	7,536,697	650,758	7,862,076	25	314,483
1855	Services	2,231,030	-18,335	2,249,365	107,871	2,303,300	25	92,132
1860	Meters	1,803,916	257,247	1,546,669	15,630	1,554,484	25	62,179
1865	Other Installations on Customer's Premises	0	0	0	0	0	0	0
1905	Land	144,400	144,400	0	0	0	0	0
1906	Land Rights	4,938	4,938	0	0	0	0	0
1908	Buildings and Fixtures	2,711,924	372,393	2,339,531	17,000	2,348,031	50	46,961
1910	Leasehold Improvements	0	0	0	0	0	0	0
1915	Office Furniture and Equipment	185,422	92,468	92,954	0	92,954	10	9,295
1920	Computer Equipment - Hardware	193,809	111,778	82,031	22,100	93,081	5	18,616
1925	Computer Software	433,572	131,650	301,922	216,144	409,994	5	81,999
1930	Transportation Equipment	957,465	469,623	487,842	130,000	552,842	8	69,105
1935	Stores Equipment	29,825	15,541	14,284	5,000	16,784	10	1,678
1940	Tools, Shop and Garage Equipment	145,858	104,085	41,773	5,000	44,273	10	4,427
1945	Measurement and Testing Equipment	15,319	2,237	13,082	1,000	13,582	10	1,358
1950	Power Operated Equipment	0	0	0	0	0	0	0
1955	Communication Equipment	19,323	9,249	10,074	0	10,074	10	1,007
1960	Miscellaneous Equipment	20,547	-6,415	26,962	14,755	34,339	10	3,434
1970	Load Management Controls - Customer Premises	0	0	0	0	0	0	0
1975	Load Management Controls - Utility Premises	0	0	0	0	0	0	0
1980	System Supervisory Equipment	0	0	0	0	0	0	0
1985	Sentinel Lighting Rentals	0	0	0	0	0	10	0
1990	Other Tangible Property	0	0	0	0	0	0	0
1995	Contributions and Grants	-3,086,415	234,577	-3,320,993	-458,562	-3,550,274	25	-142,011
Total Accumulated Depreciation								**1,144,835**
Less:	Fully Allocated Depreciation							
1930	Transportation Equipment							69,105
1935	Stores Equipment							1,678
1940	Tools, Shop and Garage Equipment							4,427
1945	Measurement and Testing Equipment							1,358
1955	Communication Equipment							1,007
Net Depreciation								**1,067,259**

2010								
Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Expense
1805	Land	29,126	29,126	0	0	0	0	0
1806	Land Rights	33,817	0	33,817	0	33,817	25	1,353
1808	Buildings and Fixtures	15,296	15,296	0	0	0	0	0
1810	Leasehold Improvements	0	0	0	0	0	0	0
1815	Transformer Stn Equip-Normally Primary above 50kV	0	0	0	0	0	0	0
1820	Distribution Stn Equip-Normally Primary below 50kV	910,274	156,894	753,379	123,578	815,168	30	27,172
1825	Storage Battery Equipment	0	0	0	0	0	0	0
1830	Poles, Towers and Fixtures	4,274,547	605,785	3,668,762	41,939	3,689,731	25	147,589
1835	Overhead Conductors and Devices	3,718,740	585,018	3,133,723	255,384	3,261,415	25	130,457
1840	Underground Conduit	3,702,592	366,285	3,336,307	233,544	3,453,079	25	138,123
1845	Underground Conductors and Devices	4,046,339	342,505	3,703,834	347,990	3,877,829	25	155,113
1850	Line Transformers	8,362,261	500,186	7,862,076	699,225	8,211,688	25	328,468
1855	Services	2,338,901	35,601	2,303,300	110,559	2,358,580	25	94,343
1860	Meters	1,819,546	265,062	1,554,484	90,971	1,599,969	25	63,999
1865	Other Installations on Customer's Premises	0	0	0	0	0	0	0
1905	Land	144,400	144,400	0	0	0	0	0
1906	Land Rights	4,938	4,938	0	0	0	0	0
1908	Buildings and Fixtures	2,728,924	380,893	2,348,031	10,000	2,353,031	50	47,061
1910	Leasehold Improvements	0	0	0	0	0	0	0
1915	Office Furniture and Equipment	185,422	92,468	92,954	25,000	105,454	10	10,545
1920	Computer Equipment - Hardware	215,909	122,828	93,081	57,800	121,981	5	24,396
1925	Computer Software	649,716	239,722	409,994	118,780	469,384	5	93,877
1930	Transportation Equipment	1,087,465	534,623	552,842	65,000	585,342	8	73,168
1935	Stores Equipment	34,825	18,041	16,784	0	16,784	10	1,678
1940	Tools, Shop and Garage Equipment	150,858	106,585	44,273	5,000	46,773	10	4,677
1945	Measurement and Testing Equipment	16,319	2,737	13,582	1,000	14,082	10	1,408
1950	Power Operated Equipment	0	0	0	0	0	0	0
1955	Communication Equipment	19,323	9,249	10,074	0	10,074	10	1,007
1960	Miscellaneous Equipment	35,302	963	34,339	0	34,339	10	3,434
1970	Load Management Controls - Customer Premises	0	11,000	-11,000	22,000	0	0	1,100
1975	Load Management Controls - Utility Premises	0	0	0	0	0	0	0
1980	System Supervisory Equipment	0	7,500	-7,500	15,000	0	0	500
1985	Sentinel Lighting Rentals	0	0	0	0	0	10	0
1990	Other Tangible Property	0	0	0	0	0	0	0
1995	Contributions and Grants	-3,544,977	5,296	-3,550,274	-287,833	-3,694,190	25	-147,768
Total Accumulated Depreciation								**1,201,701**
Less:	Fully Allocated Depreciation							
1930	Transportation Equipment							73,168
1935	Stores Equipment							1,678
1940	Tools, Shop and Garage Equipment							4,677
1945	Measurement and Testing Equipment							1,408
1955	Communication Equipment							1,007
Net Depreciation								**1,119,762**

Question #30

Reference: Exhibit 4/Tab 3/Schedule 1, page 2

a) Do the 5.5% and 18.25% tax rates used represent the Ontario Provincial tax rates?

b) Do the tax rates used for 2010 reflect the May 2009 budget changes that, effective July 1, 2010, will: i) reduce the general corporate income tax rate from 14% to 12%, ii) reduce the small business tax rate from 5.5% to 4.5% and iii) eliminate the small business deduction surtax? If not, please provide an updated tax calculation.

Response

a) Yes, they represent the Ontario Provincial tax rates.
b) Please see updated tax calculations below.

Orangeville Hydro Limited
ED-2002-0500

ORANGEVILLE HYDRO LIMITED
Revenue Deficiency Determination

Description	2009 Bridge Actual	2010 Test Existing Rates	2010 Test - Required Revenue
Revenue			
Revenue Deficiency			**$520,567**
Distribution Revenue	4,385,302.73	4,382,102.10	$4,382,102
Other Operating Revenue (Net)	377,425.41	356,272.01	$356,272
Total Revenue	**4,762,728.14**	**4,738,374.11**	**$5,258,941**
Costs and Expenses			
Administrative & General, Billing & Collecting	1,602,128.21	1,867,646.75	$1,867,647
Operation & Maintenance	767,066.65	901,368.65	$901,369
Depreciation & Amortization	1,067,258.73	1,119,761.94	$1,119,762
Property Taxes			
Capital Taxes	4,794.69	2,098.78	$2,099
Deemed Interest	549,535.62	570,825.35	$570,825
Total Costs and Expenses	**3,990,783.90**	**4,461,701.48**	**$4,461,701**
Less OCT Included Above			
Total Costs and Expenses Net of OCT	**3,990,783.90**	**4,461,701.48**	**$4,461,701**
Utility Income Before Income Taxes	**771,944.24**	**276,672.63**	**$797,239**
Income Taxes:			
Corporate Income Taxes	270,368.34	51,288.12	$226,979
Total Income Taxes	**270,368.34**	**51,288.12**	**$226,979**
Utility Net Income	**501,575.91**	**225,384.52**	**$570,260**
Capital Tax Expense Calculation:			
Total Rate Base	17,130,974.87	17,798,372.77	$17,798,373
Exemption	15,000,000.00	15,000,000.00	$15,000,000
Deemed Taxable Capital	**2,130,974.87**	**2,798,372.77**	**$2,798,373**
Ontario Capital Tax	4,794.69	2,098.78	$2,099
Income Tax Expense Calculation:			
Accounting Income	771,944.24	276,672.63	$797,239
Tax Adjustments to Accounting Income	125,017.74	41,958.83	$41,959
Taxable Income	**896,961.98**	**318,631.46**	**$839,198**
Income Tax Expense	270,368	51,288	226,979
Federal Tax	19.00%	18.00%	18.00%
Provincial Tax			
Tax rate when Taxable Income is above $1.5 million	14.00%	12.00%	12.00%
When Taxable Income is below $1.5 million			
First $500,000	5.50%	4.50%	4.50%
Remaining	18.25%	15.75%	15.75%
Combined			
Tax rate when Taxable Income is above $1.5 million	33.00%	30.00%	30.00%
When Taxable Income is below $1.5 million			
First $500,000	24.50%	22.50%	22.50%
Remaining	37.25%	33.75%	33.75%
Effective Tax Rate	30.14%	16.10%	27.05%
Actual Return on Rate Base:			
Rate Base	17,130,974.87	17,798,372.77	17,798,372.77
Interest Expense	549,535.62	570,825.35	570,825.35
Net Income	501,575.91	225,384.52	570,259.86
Total Actual Return on Rate Base	**1,051,111.52**	**796,209.86**	**1,141,085.21**
Actual Return on Rate Base	6.14%	4.47%	6.41%
Return Rates:			
Return on Debt (Weighted)	5.66%	5.35%	5.35%
Return on Equity	9.00%	8.01%	8.01%
Deemed Interest Expense	549,535.62	570,825.35	570,825.35
Return On Equity	667,594.09	570,259.86	570,259.86
Total Return	**1,217,129.71**	**1,141,085.21**	**1,141,085.21**
Expected Return on Rate Base	7.10%	6.41%	6.41%
Revenue Deficiency After Tax	**166,018.18**	**$ 344,875**	**0.00**
Revenue Deficiency Before Tax	**166,018.18**	**$ 520,567**	**0.00**

Tax Exhibit	**2010**
Deemed Utility Income	570,260
Tax Adjustments to Accounting Income	41,958.83
Capital Tax	0.00
Taxable Income prior to adjusting revenue to PILs	**612,219**
Tax Rate	27.05%
Total PILs before gross up	**165,588**
Grossed up PILs	**226,979**

COST OF CAPITAL

Question #31

Reference: Exhibit 5/Tab 1/Schedule 1, page 1
Exhibit 5/Tab 1/Schedule 3, page 1

a) The Application indicates that Orangeville Hydro has an existing long-term loan with TD Bank at 5.59% and is planning on borrowing $2 M in 2010 at a rate of 5.57%. Please explain how the combination of these two loans yields an average cost of debt of 6.46% when both borrowing rates are below 6%.

b) Please explain how the $2 M loan requirement in 2010 was determined.

Response

a) Please refer to Board Staff Question # 32.
b) Our current budget for Smart Meters is 2.2 million.

REVENUE DEFICIENCY

Question #32

Reference: Exhibit 6/Tab 1/'Schedule 1, page 2

a) Please provide a schedule that sets out the calculation of the $4,474,574 distribution revenue at existing rates. Please show both the volumes and rates used by class and confirm that the rate used:
   - Exclude Charges for LV recovery,
   - Exclude Smart Meter charges, and
   - Reflect discounts for transformer ownership where applicable.

b) Based on the responses to the first round of interrogatories from all parties please prepare a schedule that sets out all the adjustments/revisions that Orangeville Hydro has acknowledged as being required to the currently requested 2010 revenue requirement and the impact of each.

Response

a) Please note the number referred to in question #32a appears to a typo. It should be $4,374,574. Please see the table below for the calculation of the revenue requirement at existing rates that exclude the LV charges for recover and the smart Meters and reflect the discount for transformer ownership.

Grand Valley Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	2009 Service Charge	Fixed Distribution Revenue	Variable Dist Charge-Excl LV	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer
Residential	5,022,387		7,128		13.30	94,802	0.0119	59,766	154,569		154,569
GS < 50 kW	2,848,162		948		21.36	20,249	0.0106	30,191	50,440		50,440
GS >50 kW	5,563,761	13,721	84		232.99	19,571	2.0984	28,791	48,362		48,362
GS >50 kW - TOU-eliminate	0	0	0			0		0	0		0
Sentinel Lights	0	0		0		0		0	0		0
Street Lighting	100,372	285		1,824	0.93	1,696	4.1876	1,192	2,889		2,889
USL	11,779		12		21.36	256	0.0106	125	381		381
	13,546,461	**14,005**	**8,172**	**1,824**		**136,575**		**120,065**	**256,641**	**0**	**256,641**

Orangeville Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	2009 Service Charge	Fixed Distribution Revenue	Variable Dist Charge-Excl LV	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer
Residential	79,905,845		113,406		16.07	1,822,434	0.0122	974,851	2,797,286		2,797,286
GS < 50 kW	36,106,762		12,018		29.78	357,896	0.0088	317,740	675,636		675,636
GS >50 kW	97,763,226	241,091	1,476		183.39	270,684	1.3313	320,964	591,647	90,131	501,516
GS >50 kW - TOU-eliminate	19,513,436	38,367	36		2,141.44	77,092	1.2556	48,173	125,265	0	125,265
Sentinel Lights	129,899	360		2,041	0.40	816	1.5566	560	1,376		1,376
Street Lighting	1,698,360	4,817		30,863	0.04	1,235	0.2759	1,329	2,564		2,564
USL	365,149		372		29.78	11,078	0.0088	3,213	14,291		14,291
	235,482,678	**284,634**	**127,308**	**32,904**		**2,541,235**		**1,666,830**	**4,208,065**	**90,131**	**4,117,934**
Grand Valley Totals	13,546,461	14,005	8,172	1,824	0	136,575	0	120,065	256,641	0	256,641
TOTAL COMBINED	**249,029,139**	**298,639**	**135,480**	**34,728**	**-**	**2,677,810**	**-**	**1,786,895**	**4,464,706**	**90,131**	**4,374,574**

b) Please see summary of adjustments and revision below:

Original Submission August 2009	**$1,223,220**	**6.87%**	**$17,799,124**	**$22,435,528**	**$3,365,329**	**$1,119,762**	**$250,237**	**$2,769,015**	**$5,362,234**	**$5,005,962**	**$631,388**
Weighted Cost of Debt	**$1,141,133**	**6.41%**	**$17,799,123**	**$22,435,528**	**$3,365,329**	**$1,119,762**	**$250,237**	**$2,769,015**	**$5,280,148**	**$4,923,876**	**$549,302**
Change	-$82,086	$0	-$1	$0	$0	$0	$0	$0	-$82,086	-$82,086	-$82,086
PILs Correction - Revise Tax Rates	**$1,141,133**	**6.41%**	**$17,799,123**	**$22,435,528**	**$3,365,329**	**$1,119,762**	**$229,091**	**$2,769,015**	**$5,259,002**	**$4,902,730**	**$528,155**
Change	$0	$0	$0	$0	$0	$0	-$21,146	$0	-$21,146	-$21,146	-$21,146
Cost of Power - LV Correction	**$1,141,791**	**6.41%**	**$17,809,387**	**$22,503,958**	**$3,375,594**	**$1,119,762**	**$229,266**	**$2,769,015**	**$5,259,835**	**$4,903,563**	**$528,988**
Change	$658	$0	$10,265	$68,430	$10,265	$0	$175	$0	$833	$833	$833
CDM Forecast Reduction for Residential/CDM Inclusion GS < 50	**$1,142,259**	**6.41%**	**$17,816,683**	**$22,552,596**	**$3,382,889**	**$1,119,762**	**$229,391**	**$2,769,015**	**$5,260,427**	**$4,904,155**	**$522,427**
Change	$468	$0	$7,296	$48,637	$7,296	$0	$125	$0	$592	$592	-$6,562
Proposed at November 6, 2009	**$1,142,259**	**$0**	**$17,816,683**	**$22,552,596**	**$3,382,889**	**$1,119,762**	**$229,391**	**$2,769,015**	**$5,260,427**	**$4,904,155**	**$522,427**

COST ALLOCATION

Question #33

Reference: Exhibit 7/Tab 1/Schedule 2, pages 1-2

a) Please provide the O1 Sheets from the Cost Allocation actually filed with the Board in January 2007 prior to the removal of the transformer ownership allowance revenues and costs as filed in Appendix A.

b) Do these results in Appendix B reflect the aggregation of both the Orangeville and Grand Valley service areas or just the Orangeville service area?

Response

a) Please see Appendix B for sheet O1 from 2007 Cost Allocation Study.

b) Yes, the result in Appendix B reflects the aggregation of both the Orangeville and Grand Valley service areas.

Question #34

Reference: Exhibit 7/Tab 1/Schedule 2, pages 2-4

a) Please explain the difference between the number street lights and the number of street light connections for 2010.

b) How was the revenue by customer class as set out in Table 2 established?

c) Please explain why the total and individual class revenues shown in Table 2 don't match those in the O1 Sheet in Appendix B.

d) Please provide an electronic copy of the updated 2010 Cost Allocation filing.

Response

a) The number of streetlights would be the physical number of actual streetlights within our boundary. A streetlight connection means how many physical connections to a transformer that there are. For example 10 streetlights may have 1 feed, meaning only one actual connection to the transformer.
b) The revenue by customer class shown in Table 2 is determined by allocating the 2010 base revenue requirement in the same proportions as the base revenue at existing rates is allocated. To this amount is added the 2010 miscellaneous revenues that is allocated to rate classes in the 2010 cost allocation model.
c) Please find a corrected version of Table 2.

Rate Classification	Revenue (A)	Allocated Cost (B)	Revenue to Cost Ratio (A)/(B)
Residential	$3,621,952	$3,186,375	113.67%
GS <50 kW	$889,607	$876,378	101.51%
GS >50 kW to 4,999 kW	$820,144	$1,128,156	72.70%
Street Lighting	$10,103	$137,640	7.34%
Sentinel Lighting	$2,720	$18,113	15.02%
Unmetered Scattered Load	$17,709	$15,572	113.72%
Total	**$5,362,234**	**$5,362,234**	**100.00%**

d) An electronic copy will be filed with the Board Secretary.

Question #35

Reference: Exhibit 7/Tab 1/Schedule 2, pages 5-7

a) Why is the revenue to cost ratio for residential class only reduced to 109.33% when the one for USL is reduced to 102.34%? What would be the revenue to cost ratio for both classes if both were reduced to the same value?

b) Please provide a schedule that sets out the derivation of the revenue splits in Table 4 and clarify whether the splits are meant to apply to the total Service Revenue Requirement or the Base Distribution Revenue Requirement.

c) Please provide a schedule that sets out how the last two columns in Table 5 were derived.

Response

a) The revenue to cost ratio for USL is reduced 102.34% rather than reducing the residential further is due to the bill impacts on 2 customers with 57 connections. OHL is changing the monthly service charge from "customer" to "connection" charge for this class which would create a higher impact on this class. If the revenue to cost is reduced to 102% for both classes, the impact would affect the >50 kW class. In the Orangeville service area, including the regulatory asset credit, the impacts would range from 16% to 53% on distribution rates.

b) The revenue splits in Table 4 applies to the total Base Revenue requirement and is applied to the revenues as noted in table below.

Customer Class	Rate Application	Rate Application
Residential	64.72%	3,239,709
GS < 50 kW	16.67%	834,494
GS >50 kW	17.20%	861,026
Sentinel Lights	0.13%	6,558
Street Lighting	0.98%	49,159
USL	0.30%	15,018
TOTAL	100.00%	5,005,962

c) Please see table below that sets out how the last two columns in Table 5 were derived.

Class	Distribution Revenue @ Existing Rate %	2010 Serv Rev Requirement Excl Transformer Allowance	Miscellaneous Revenue	Rev Requirement by Rate Class	Revenue to Cost Ratios Per C.A. Study	Rev Requirement by Rate Class @ 100% Rev Cost Ratio	Rate Application inc Misc Rev	Resulting Rev Cost Ratio
Residential	67.48%	3,377,899	244,052	3,621,952	113.67%	3,186,375	3,483,761	109.33%
GS < 50 kW	16.60%	830,871	58,736	889,607	101.51%	876,378	893,230	101.92%
GS >50 kW	15.43%	772,588	47,556	820,144	72.70%	1,128,156	908,581	80.54%
Sentinel Lights	0.03%	1,575	1,145	2,720	15.02%	18,113	7,703	42.53%
Street Lighting	0.12%	6,239	3,864	10,103	7.34%	137,640	53,023	38.52%
USL	0.34%	16,790	919	17,709	113.72%	15,572	15,937	102.34%
TOTAL	100.00%	5,005,962	356,272	5,362,234		5,362,234	5,362,234	

RATE DESIGN

Question #36

Reference: Exhibit 8/Tab 1/Schedule 1, pages 1-8

a) Please confirm that Table #1 needs to be revised so as to include the Ontario Capital Tax.

b) The Board's EB-2007-0667 Guideline (page 12) sets the upper limit for the MSC at 120% of avoided costs plus the allocated customer costs. Please provide a table that sets out the upper limit for each class based on the 2010 Cost Allocation and compare the results with the proposed fixed distribution charges in Table 7.

c) The text on page 7 discusses reducing the fixed portion of the revenue for the GS 50-4999 class from 56.55% to 51.16%. However, Table 6 suggests that the current fixed portion is 48% and Table 8 suggests this ratio is being maintained. Please reconcile.

Response

a) The capital tax expense is included in the total distribution expenses. The tax should have been included in the total PILs. Please find below a revised Table 1.

OM&A Expenses	2,769,015
Amortization Expenses	1,119,762
Total Distribution Expenses	3,888,777
Regulated Return On Capital	1,223,220
PILs (with gross-up)	250,237
Service Revenue Requirement	5,362,234
Less: Revenue Offsets	(356,272)
Base Revenue Requirement	5,005,962

b) Please see table below for the Board's range of the 2010 upper limit of 120%.

	Residential	GS<50	GS>50	Street Light	Sentinel	Unmetered Scatter Load
Upper Limit	$16.18	$24.42	$102.91	$7.50	$8.50	$8.25

c) Please see response to Board staff question #39-GS>50 class.

Question #37

Reference: Exhibit 8/Tab 1/Schedule 1, pages 8-10

a) Please indicate where in the Application the recovery of the $90,131 in transformer ownership allowance discounts is addressed and confirm that the amount is recovered only from the GS 50-4999 class.

b) Please provide a schedule that sets out the derivation of the $200,513 in LV charges based on HON's rates.

Response

a. Please see VECC question #18.
b. Please see Board Staff question #9.

Question #38

Reference: Exhibit 8/Tab 1/Schedule 3, pages 1-2

a) Please confirm that Orangeville Hydro is billed for both Line Connection Service and Transformation Connection Service at all HON LV delivery points. If not provide the relevant billing kW for each Service for the most recent 12 months.

b) The Application shows that there was an 11.8% over recovery of Transmission Network costs in 2008. Given the 5.5% increase in Network Service rates, why shouldn't the current rates be reduced by roughly 5.6% to adjust for the difference (i.e., 1.055/1.118)?

c) The Application shows that there was a 7.8% over recovery of Transmission Connection costs in 2008. Given the 2.2% overall increase in rates, why shouldn't the current Retail Transmission Connection Service rate be reduced for 2010?

Response

a) Orangeville Hydro is not billed for the Line Connection Service. OHL is billed only for the Transformation Connection Service at all HON LV delivery points and have provided the relevant billing kW for each service.

Month	kW Demand Billed
Sep-09	35,753
Oct-09	38,346
Nov-09	41,867
Dec-09	43,454
Jan-10	43,705
Feb-10	42,504
Mar-10	39,967
Apr-10	36,404
May-10	34,481
Jun-10	43,216
Jul-10	37,711
Aug-10	45,326

b) See Board Staff Questions #8 and #9.
c) OHL did decrease the connection rate currently charged according to the Guideline by 2.2%. Please see table in Exhibit 8/1/3 page 1.

Question #39

Reference: Exhibit 8/Tab 1/Schedule 9, Appendix A, page 8

a) Please provide a schedule that includes the following information:
- Total number of Orangeville Hydro residential customers (year end 2008)
- Total number of Residential customers in the Grand Valley service area (year end 2008)

- Total number of Residential customers in the Grand Valley service area using i) less than 100 kWh per month and ii) between 100 and 250 kWh per month (based on most recent 12 months billing data)

Response

Please find a table below showing the total number of residential customers for Orangeville and Grand Valley at year end 2008, as well as the total number of residential Grand Valley customers using less than 100 kWh per month, and between 100 and 250 kWh per month.

Orangeville Hydro 2008	
Total Residential Customers	9056

Grand Valley Energy 2008	
Total Residential Customers	594

Total GVE customers using:	
less than 100 kWh per month	3
between 100 and 250 kWh per month	20

Question #40

Reference: i) Exhibit 1/Tab 1/Schedule 2, page 3
ii) Exhibit 8/Tab 1/Schedules 5 & 6

a) Where in the Application is the change in the Temporary Service Charge discussed. If not addressed in the Application please outline the rationale for the charge and the basis for the proposed rate.

b) Please confirm that the proposed 2010 rate schedule includes new charges "Install/Remove Load Control Device". If yes, please explain the rationale fo these new charges and the basis for the proposed rates.

Response

a. Please disregard lines 13 to 15 on Exhibit 1, Tab 1, Schedule 2, page 3. OHL had no intentions to recover temporary service charges through actual material and labour costs, but decided to maintain the current service charge rate.

b. OHL provided incorrect charges noted on the Tariff Sheet submitted in our

2010 rate application. The section on the 2010 Tariff Sheet for specific charges has been corrected to show the applicable service charges, and is shown below. Orangeville Hydro is maintaining and not requesting any new charges from the previous 2009 rate application and we have calculated our revenue offsets based on the schedule below.

Specific Service Charges

Customer Administration

Arrears certificate	$	15.00
Pulling Post Dated Cheques	$	15.00
Notification Charge	$	15.00
Account History	$	15.00
Credit reference/credit check (plus credit agency costs)	$	15.00
Returned cheque charge (plus bank charges)	$	15.00
Charge to certify cheque	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Meter dispute charges plus Measurement Canada fees (if meter found correct)	$	30.00
Special meter reads	$	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
Disconnect/Reconnect at pole - after regular hours	$	415.00

Temporary service install & remove - overhead - no transformer	$	500.00
Temporary service install & remove - underground - no transformer	$	300.00
Temporary service install & remove - overhead - with transformer	$	1000.00
Specific Charge for Access to the Power Poles $/pole/year	$	22.35

DEFERRAL AND VARIANCE ACCOUNTS

Question #41

Reference: Exhibit 9/Tab 1/Schedule 2

a) Please confirm that the Account #1548 described on page 2 is the RCVA – Service Transaction Request account (as opposed to Miscellaneous Deferred Debits).

Response

Account 1548 should be described as RCVA-Service Transaction Request account.

GREEN ENERGY PLAN

Question #42

Reference: Application Addendum

a) Table 4 includes $35,000 in capital spending on SCADA in 2010. However, there does not appear to be any SCADA related capital spending in Exhibit 2 (see Tab 3/Schedule 2, page 9). Please reconcile.

b) Please confirm if the $60,000 in CIS upgrades set out in Table 4 is the $60,000 capital spending discussed at Exhibit 2/Tab 3/Schedule 2, page 18, lines 13-14.

c) Please reconcile the 9% expected customer growth figure reported on page 12 with the 1.8% and 2.0% growth rates forecast for 2009 and 2010 (per Exhibit 3/Tab 2/Schedule 1, page 14).

d) Please provide Orangeville's plan for installing a SCADA system in terms of activities, investments/spending required and associated timelines (per page 19)

e) Has Orangeville developed a business case that supports the installation of in-home information systems (page 20)? If yes, please provide. If not, does Orangeville plan on undertaking such an assessment prior to installation?

f) Does Orangeville Hydro plan on offering "financing" and "installation" services to prospective renewable energy generators and, if so, will this be part of its "utility business" (pages 21 and 28)?.

g) Please reconcile the statement on page 24 that Orangeville Hydro delivers conservation programs to its residential and commercial consumers with treatment of CDM savings in Exhibit 3 where they are all assigned to the residential class (Exhibit 3/Tab 2/Scheduele 1, page 18).

h) Why are additional dollars for "marketing" and "customer incentives" required to roll out OPA programs (page 25)? If these programs are developed by the OPA with a view to being cost-effective wouldn't such spending potentially negate the cost-effectiveness of the OPA programs?

i) Is it Orangeville Hydro's expectation that it may/will have to undertake utility-specific CDM programs that are not cost effective – based on current OEB criteria (page 25)? If so, what is the basis for this view?

j) Does Orangeville Hydro plan on approaching the OPA for financial assistance with its Marketing Campaign (page 26)? If not, why not?

k) Are the costs for the Marketing Campaign ($16,000 in 2010 per Table 4) included in Orangeville Hydro's proposed 2010 revenue requirement? If yes, where?

l) What is the basis for the 800 small scale generation installations market estimate (page 28)?

m) Will the additional cost of the positions associated with Small Scale Renewable Generation all be fully recovered from the participating renewable energy generators (page 28)?

n) The Plan states that Orangeville Hydro will conduct a feasibility study into owning renewable energy generation (page 30). What is the scope of the feasibility study? What criteria will be used to determine whether the project should proceed? Is the $100,000 capital spending in 2011 for Large Renewables (Table #4) the cost of the feasibility study?

Response

a) The SCADA related spending is $20,000 in 1920-Computer hardware amounting to $20,000 and $15,000 in 1980 System Supervisory Equipment.
b) OHL confirms the $60,000 in CIS upgrades set out in Table 4 is the $60,000 capital spending discussed at Exhibit 2/Tab 3/Schedule 2, page 18, lines 13-14.
c) The 9 % customer growth is anticipated for 5 years out or over 5 years coinciding with the 5 year Green Energy Plan. So overall, this is a little less than 2% per year-make sure coincides with load forecast.
d) Please see Board Staff Question #6 that explains the SCADA implementation.
e) Orangeville Hydro has not developed a business case as yet but will prior to moving ahead with installation.
f) Orangeville Hydro would like to offer financing and installation services to prospective renewable energy generators. However, the OEB has not provided any direction on this to allow it as yet. If it is allowed, it will likely not be part of the utility business – unless OEB directs that it is.

g) At this time OHL does deliver CDM programs to residential and commercial customers.
Please see question #21f and question #22i for more explanation of the forecast of the reduction of consumption due to CDM.

h) Additional dollars for “Marketing” and “Customer Incentives” were included to roll out existing OPA programs in the event the OPA decided to discontinue these programs. OHL saw value in continuing them and would require funding. OHL will also explore the commercial applications through OPA incentive based programs to help reduce peak demand for electricity in the Orangeville area and the burden on currently constrained areas.

i) OHL has developed a comprehensive awareness and education plan that will enable additional participation in current and proposed CDM program. They contribute to more overall savings and are an essential part of the portfolio of CDM activities.

j) Yes Orangeville Hydro plans on approaching the OPA for financial assistance with its Marketing Campaign. However, direction from the OEB staff was that this plan was to be submitted to the OEB for approval and they would direct the OPA to allow funding.

k) Please refer to Board Staff Question # 27.

l) At a workshop attended by staff it was commented that if LDCs are allowed to finance, install, maintain, and put the MicroFIT costs on a utility bill, then the uptake on MicroFIT by residential customers could be as high as 20%. Orangeville Hydro is looking at this as 10% over 5 years and therefore approximately 800.

m) Yes it is Orangeville Hydro’s anticipation that the new positions created due to Small Scale Renewable Generation will be self-funding.

n) With regard to feasibility study for owning a renewable generation install, the study is being done by the President gathering proposals from proponents and analyzing them along with assistance from the Manager of Finance. The cost is internal time. The $100 k is an estimate for the total cost of 10kW installation based on proposals received thus far.

APPENDIX A – GREEN PATHWAYS CONTRACT

greenpathways
.leading the way.

September 2, 2008

Mrs. Amy Long
Orangeville Hydro Limited
400 C Line
Orangeville
ON L9W 2Z7

Dear Mrs. Long

PROPOSAL

Resubmission

Proposal Number:- OH-2008-Schedule F
Power Savings Blitz Program

Delivery Agent Services

Green Pathways Inc. are pleased to provide Orangeville Hydro Limited with a proposal to provide Delivery Agent Services for the Power Savings Blitz Program.
Green Pathways Inc. believes it is fully compliant with the requirements of the RFP and offers these services within the budgetary limitations.
Please find attached one original copy of our response together with three copies and a completed Schedule E.

Yours truly,

Anthony H. Howard
General Manager

greenpathways
.leading the way.

PROPOSAL

Resubmission

Proposal Number:- OH-2008-Schedule F
Power Savings Blitz Program

Delivery Agent Services

Introduction:

Green Pathways Inc. has accepted the invitation to resubmit a proposal to provide Delivery Agent Services for the Power Savings Blitz Program to run from September 2008 through March 2009. This proposal for delivery agent services is limited to the town of Orangeville, Ontario serviced by Orangeville Hydro Limited.

Green Pathways is well suited to manage and execute this Program in Orangeville as staff members and affiliates have been associated with successfully completed similar projects previously in Orangeville and Shelburne, Ontario.

For this Program the key personnel are very familiar with the business community and the types of businesses that are located in Orangeville and will be readily able to identify candidates for the Power Savings Blitz.

Planned Approach:

At the outset Green Pathways will draw on their extensive previous experience and knowledgebase to plan the campaign. This will be achieved through their membership in the Greater Dufferin Area Chamber of Commerce, and ties to the Business Improvement Area Association and the Manufacturers Association together with the Town of Orangeville Sustainability Committee. From these total resources an initial list of eligible candidate customers can be generated.

The Green Pathways Blitz Team (The Team) will be expanded to comprise assessors and installers together with a measurement and verification capability.

The Team will then communicate the Program to the identified eligible candidate customers using various techniques e.g. direct contact, telephone contact and the distribution of a Program information bulletin/brochure.

The Team has the ability to establish a dedicated management and co-ordinating office with its own telephone, fax, e-mail and even a website if deemed of genuine value an effectiveness. However, due to the relatively small scope of this campaign it is believed the facilities of Green Pathways will be more than adequate. If necessary, though, a person could staff this office on a full time basis or during appropriate hours. In any event a prospective client, participant, and/or customers would be responded to within 120 minutes of contacting Green Pathways.

Once The Team has conducted the marketing and information exercise it is anticipated we will receive serious expressions of interest in participating in the Program. Section D Specification of the RFP identified a 'target' of 35 participants. Once this number of participants had been achieved activities associated with acquiring additional participants will be curtailed.

Following the receipt of expressions of interest the appropriate assessments of the business premises would be organized and conducted addressing lighting, water heating and water conservation. An assessment report identifying candidate replacements or other beneficial conservation measures would be provided. Those items that would be covered by the Program together with others that are worthy of consideration with ROI information will be identified.

The next set of activities would be associated with scheduling and conducting the installation work and beyond that implementing the procedures and processes that will allow measurement and verification.

We would also suggest that after this the experience of the participants is made known to the wider business community so the advantage can be taken of 'lessons learned' and new participants can be enrolled in the program if expanded at a later date.

The Program Team:

Program Manager:- Anthony Howard.

Currently General Manager of Green Pathways. Anthony comes from a

successful career in the aerospace industry where he served in both technical and project/program management positions with prominent corporations.

In recent years he has volunteered his time with operations of Power Up Renewable Energy Co-operative being a Founding Member, a current Director/Treasurer and past President.

Anthony has also taken a key role in the formation and establishment of Green Pathways Inc.

The Program Management function is seen as part-time

Marketing Specialist – Candidate: Janina Lucci

Janina Lucci has extensive experience in community marketing programs

Assessors:- This activity will be jointly undertaken by representatives of Green Pathways and Relamping Services Canada Limited.

Relamping Services Canada Limited have extensive experience in relamping and providing lighting solutions

The premises assessment function is seen as an on demand activity

Installers:- TBD – candidate: Relamping Services Canada Limited (have expressed an interest in providing this service) and are fully qualified to conduct this activity.

Within the Orangeville service business community there are a number of appropriately qualified installers who can be engaged for both the light and water heating installation components of this Program.

The items installation function is seen as an on demand activity

Measurement and Verification

This activity will be conducted by the Program Manager with support form Relamping Services of Canada Limited.

The Marketing Plan

Note: Limited to Customers of Orangeville Hydro Limited located in the town of Orangeville, Ontario.

1. Utilising the knowledgebase, Chamber of Commerce Directory, Manufacturers Association data, BIA data and information together with other provided data from pertinent sources generate a list of eligible and targeted Customers
2. Categorise and classify these eligible Customers as to business sector or energy consumer
3. Prepare appropriate handout literature and brochure materials. Disperse this material throughout the business commuity
4. Create or acquire Program related recognition items and material – if appropriate
5. Acquire 'uniforms'/'logowear'
6. Create or acquire suitable poster material and have displayed around Orangeville.
7. Contact directly all businesses identified on eligibility list with Program details. Provide them with the appropriate and necessary documentation to participate in the Program
8. Convene information and working sessions either in groups or individually. Ensure they fully understand the significance of the Program and the benefits of participation.
9. 'Work' the business community on a selective individual/door-to-door basis
10. Utilise the resources of the Greater Dufferin Area Chamber of Commerce, the Manufacturers Association, the BIA to publicise and promote the Program
11. Participate in business events to increase awareness of the Program as necessary
12. At a Chamber event or similar recognize Program participants
13. Develop a Program Newsletter to identify Program progress and success stories and info from other LDC program participants
14. Have Program related articles published in the local media
15. Ensure the business community know how to contact the Program Office and where it is physically located.
16. Conduct a Customer Satisfaction Survey

These activities will be executed as appropriate throughout the duration of the Program and will be undertaken by the Program Manager and the Marketing Specialist and part-time assistance as required from suitable resources.

Fees and Costs inclusive of taxes

Pricing

Fixed Charges

Program Management and Admin	$16,692.00
Marketing	$7,546.00

Variable Charges (per Participant)

Customer Assessment and Measure Installation	**$75 x 36**	**$2,835.00**
Measure Verification	$37.5 x 36	$866.25
Traverse time		$393.75

TOTAL* $26,568 + GST$1,211 + PST$554 = **$28,333**

Milestone Payments for Fixed Charges
Propose monthly payments

At contract award	**$5,000.00**
October 1 '08	**$5,000.00**
November 1 '08	**$5,000.00**
December 1 '08	**$5,000.00**
Total for '08	**$20,000.00**
January 1 '09	**$4,238.00**

Proposal Number: **OH-2008-Schedule F**

FOR: **Delivery Agent Services For The Power Savings Blitz Program**

THIS PROPOSAL IS SUBMITTED BY Green Pathways Inc.

ADDRESS: 400 C Line,
Orangeville,
Ontario L9W 2Z7

TELEPHONE: 519 942 2414 FAX NO.: N/A

PROPONENT G.S.T. No.:

PERSON(S) SIGNING ON BEHALF: Anthony H. Howard

POSITION(S) OF THE PERSON(S): General Manager (print)

To Orangeville Hydro, Hereafter called "Owner":

I/WE Anthony Howard the undersigned declare:

1. THAT no Person(s), Firm or Corporation other than the one whose signature(s) of whose proper officers and the seal is or are attached below has any interest in this Proposal or in the contract proposed to be taken.

2. THAT this Proposal is made without any connections, knowledge, comparison of figures or arrangements with any other company, firm or person making a Proposal for the same work and is in all respects fair and without collusion or fraud.

   THE Proponent insures that no Owner and or employee of Orangeville Hydro, is, or has become interested, directly or indirectly, as a Contracting Party, Partner, Stockholder, surety or otherwise howsoever in or on the performance of the said contract, or in the supplies, work or business in connection with the said contract, or in any portion of the profits thereof, or of any supplies to be used therein, or in any monies to be derived there-from.

3. THAT the several matters stated in the said Proposal are in all respects true.

4. THAT I/WE have carefully examined the requirement(s), as well as all the Instruction to Proponents, General Requirements, Specifications, Proposal Form, Schedules, Agreement and Appendices relating thereto, prepared, submitted and rendered available by the Owner, by and on behalf of the Municipality and hereby acknowledge the same to be part and parcel of any contract to be let for the work therein described or defined.

5. THAT I/WE do hereby Proposal and offer to enter into a contract to supply and to provide all of the labour and material to furnish, deliver, place and erect all materials mentioned and described or implied therein including in every case freight, duty, exchange, G.S.T. and P.S.T. in effect on the date of the acceptance of Proposal, and all other charges on the provisions therein set forth and to accept in full payment thereof, the sums calculated in accordance with the actual measured quantities and unit prices set forth in the Proposal herein.

6. THAT Addendum/Addenda No. ___ to ___ inclusive relate to the said contract and Proponent hereby accepts and agrees to the same as forming part and parcel of the said contract.

7. THAT additions or alterations to or deductions from the said contract, if any, shall be made in accordance with the prices stated in the Schedule of Items of Unit Prices in strict conformity with the requirements of the Contract.

8. THAT this offer is irrevocable and open to acceptance until the formal contract is executed by the awarded Proponent for the said requirement(s) or Sixty (60) working days, and unit prices for as long as stated elsewhere in the document, whichever event first occurs and that the Owner may at any time within that period without notice, accept this Proposal whether any other Proposal has been previously accepted or not.

9. THAT the awarding of the contract, by the Owner is based on this submission which shall be an acceptance of this Proposal.

10. THAT I/WE also understand that the Owner reserves the right to accept or reject all or part of this Proposal or any other and also reserves the right to accept other than the lowest Proposal.

11. **THE TOTAL PROPOSAL PRICE (INCLUDING ALL TAXES) IS:**

Total of Items # 1 – 4 as shown on Schedule I – Proposal Breakdown

_Twenty eight thousand, three hundred and thirty three DOLLARS

($28,333.00)

in lawful money of Canada.

The undersigned affirms that he/she is duly authorized to execute this Proposal.

PROPONENT'S SIGNATURE AND SEAL: Geoffrey A Howard

POSITION: General Manager

WITNESS:

POSITION:

(If Corporate Seal is not available, documentation should be witnessed)

DATED AT THE Orangeville
(City/Town)

THIS 3 DAY OF SEPTEMBER 2008.

SCHEDULE I
PROPOSAL BREAKDOWN

The Bidder submits below itemized unit prices which may be used to extend the contrac requirements or to determine the cost of modifications during the course of the Contract.

The total cost shall reflect all costs to be borne by the Owner. The total cost as shown below shal be **inclusive** of all duties, taxes and charges, except **Federal Goods and Services Tax**, premium and allowances, or any other and miscellaneous costs required to meet the completion date.

ITEM	DESCRIPTION		BREAKDOWN PRICE
1	Program Management and Administration	Labour	$9,638 + GST$482
		Non-Labour	$5,940 + GST$216 +PST$416
2	Program Marketing	Labour	$4,650 + GST$233
		Non-Labour	$2,440 + GST$85 + PST$138
3	Customer Assessments and Measure Installation/per Participant $75 x 36		$2,700 + GST$135
4	Measurement and Verification/per Participant $37.5 x 22		$825 + GST$41.25
5	Traverse time		$375 + GST$18.75

TOTAL* $26,568 + GST$1,211 + PST$554 = **$28,333**

*** Total should equal TOTAL PROPOSAL PRICE as per Proposal Form Item 11**

Section F — Goods and Services Agreement

THIS AGREEMENT made this 12 day of September 2008.
BETWEEN
Orangeville Hydro hereinafter called the "Owner",

AND GREEN PATHWAYS INC.

hereinafter call the "Vendor"

WHEREAS the Owner has awarded to the Vendor the contract for the,

Delivery Agent Services for the Power Savings Blitz Program

According to the terms and conditions herein referred to, the Vendor having put in a Proposal therefore, a copy of which is hereto annexed, which Proposal was accepted by the Owner on the;

12 day of September 2008.

at various unit prices as stated on Schedule I and the Proposal Form.
THE Vendor covenants and agrees with the Owner to provide, as more specifically set out in the contract documents and provide such good, proper and sufficient materials, equipment and appliances of all kinds whatsoever as may be necessary for supplying the said goods, as hereinafter specified and in accordance with the conditions and specifications prepared therefore and attached hereto and which are expressly acknowledged and made part of this Contract.

AND the Owner hereby agrees with the Vendor that the Owner shall in consideration of the covenants and agreements being strictly performed by the Vendor as specified, pay or cause to be paid to the Vendor for the said goods and materials in accordance with the provisions of all the attached conditions and specifications.

IN witness whereof the parties hereto have hereunto set their hand and seals on the above date.

VENDOR

Signature _____

Title _____

Orangeville Hydro

Per: _____
George Dick

Orangeville Hydro Contract Change Order Form

Contract No. OH-2008-Schedule F _____ Change Order No. _____

Project No. _____ Purchase Order No. _____

Change Requested By: _____ Department _____

Date: _____

The following description of work(s) and/or material(s), associated cost(s) have been approved and agreed upon by both signing parties.

The authorized changes, as stated, are subject to all provisions of the contract:

Original Contract Price _____

The above mentioned contract is hereby amended by the sum of: _____

PST (8%) _____

GST (7%) _____

Total ($CDN) _____

With a completion and/or delivery date of _____ days,/_____ weeks.

This agreement to amend Contract No:_____,

made this _____ day of _____ 20__ .

Orangeville Hydro	**Contractor / Supplier**
Per: _____	Per: _____
Position: _____	Position: _____

Blitz - Budget Estimates							
	Duration Sept 1 '08 - March 31 '09 - 29 weeks						
	Estimate based on 50 eligible candidates						
Fixed Charges							
Labour							
Task No.	**Task**	**Hours**	**$/Hr**	**Total $**		**Labour burdened 50%**	**Total including taxes**
	Program Management and Admin						
1	Design program	40	25	1,000		$1,500	
2	Hire staff	20	25	500		$750	
3	Training and Orientation	20	25	500		$750	
4	Program Management 29 weeks @ 3 hrs/wk	87	25	2,175		$3,263	
5	Program Supervision 50 candidates @ 1 hr each	50	25	1,250		$1,875	
6	Reporting	40	25	1,000		$1,500	
				6,425		**$9,638**	
			GST	**322**		**482**	
Non-labour							**$10,120**
	Insurance $5M Liability - allocation. This can be refined by actual quote			$5,000 N/A			
	Use of vehicle @ 51c/Km (50Kms/wk x 29)			$740			
	Office supplies			$100			
	Identity 'tags'			$100			
				$5,940		5940	
			GST	**$260**		260	
			PST	**$416**		416	
							$6,616
Labour	**Marketing**						
1	Design program	40	25	1,000			
2	Oversee acquiring of materials	20	25	500			

Sept 1/08

3	Hiring 'marketing specialist'	4	25	100			
4	Marketing activities - defined	40	25	1,000			
5	Marketing activities - undefined	20	25	500			
				3,100		**$4,650**	
			GST	**$155**		**233**	
							$,4883
Non-labour							
	Literature and Brochures	50 x 10		$500			
	Presentation material - program supplie	N/C					
	Posters - program supplied	N/C					
	Program related items	50 x 10		$1,000			
	Uniforms/logowear $50 x 4			$200			
	Use of vehicle @ 51c/Km (50 Kms/wk x 29)			$740			
				$2,440		2440	
			GST	**$85**		$85	
			PST	**$136**		136	
							$2,661
	Total Fixed Costs inc. taxes						**$24,280**
Variable Charges							
	Customer Assessment and Measure Installation 36 x 2	72	25	$1,800		$2,700	
	Measure verification 10 x 1, 12 x 1	22	25	$550		$825	
	Traverse time	10	25	$250		$375	
				$2,600		**3,900**	
			GST	**$130**		**195**	
							$4,095
	Grand Total inc. taxes						**$28,375**
					Submitted		**$28,333**

greenpathways
.leading the way.

November 13, 2008

Mrs. Amy Long
Orangeville Hydro Limited
400 C Line
Orangeville
ON L9W 2Z7

Dear Mrs. Long

PROPOSAL

Electricity Retrofit Incentive Program

Delivery Agent Services

Green Pathways Inc. is pleased to provide, as requested, Orangeville Hydro Limited with a proposal to provide Delivery Agent Services for the Electricity Retrofit Incentive Program. (ERIP)

Green Pathways Inc. believes it can be totally effective and successful in meeting the objectives and goals of this Program if provided the opportunity. It would be our plan to conduct the education, awareness, marketing and co-ordination of this Program concurrent with the Power Savings Blitz Program currently being undertaken. It is recognized that the ERIP program is to include both Orangeville Hydro Limited and Grand Valley Energy Inc. customers.

Green Pathways Inc. is proposing a Time and Material type contract in order that only the recognized costs and charges that need to be spent are incurred. The estimate of labour hours and costs breakdown provided indicates an anticipated adequate not to be exceeded value. Therefore it is believed the program can, in all probability, be accomplished for an amount less than the indicated total amount, but it does provide for the flexibility required to conduct an effective and successful Program.

Please advise how you wish to proceed.

Yours truly,

Anthony H. Howard
General Manager

PROPOSAL

Electricity Retrofit Incentive Program

Delivery Agent Services

Introduction:

Green Pathways Inc. has accepted the invitation to submit a proposal to provide Delivery Agent Services for the Electricity Retrofit Incentive Program(ERIP) to run until December 31st 2008. This proposal for Delivery Agent Services includes customers in the town of Orangeville, Ontario serviced by Orangeville Hydro Limited and Grand Valley, Ontario serviced by Grand Valley Energy Inc.

Green Pathways is well suited to manage and execute this Program since it complements the Power Savings Blitz Program currently being executed by Green Pathways staff and some activities can be accomplished simultaneously.

For this Program the key personnel are very familiar with the business community and the types of businesses that are located in Orangeville and Grand Valley and will be readily able to identify candidates for the Electricity Retrofit Incentive Program.

Planned Approach:

In the limited time available Green Pathways will draw on their extensive previous experience and knowledgebase to plan the activities associated with effectively and successfully executing the Program. This will primarily be achieved through their membership in the Greater Dufferin Area Chamber of Commerce, and ties to the Manufacturers Association and the Dufferin Federation of Agriculture together with intelligence gathered through current activities with the Power Savings Blitz Program. From these total resources an initial list of eligible candidate customers can be generated. It is believed with the target numbers of prescriptive and custom participants being low this will not be an extended process.

The Green Pathways Team (TheTeam) will then communicate the Program to the identified eligible candidate customers primarily by direct contact since this technique has proven to be the most effective. In this way Green Pathways will rapidly determine participant Program eligibility and the aspects of the Program that apply. The emphasis will be on the less complex opportunities offered by the Program. From this we anticipate expressions of interest to participate to be received.

Following the receipt of expressions of interest the appropriate assessments of the business premises would be organized and conducted addressing applicable aspects of the Program.

The Team will make contact assessors/energy managers and installers as necessary and utilize the measurement and verification capability as provided by Orangeville Hydro Limited.

From this point the Program application process would be followed with Green Pathways only taking a supporting role as appropriate.

We would also suggest that where and by whom the Program has been adopted or taken advantage

The Program Team:

Program Manager:- Anthony Howard.

Currently General Manager of Green Pathways. Anthony comes from a successful career in the aerospace industry where he served in both technical and project/program management positions with prominent corporations.
In recent years he has volunteered his time with operations of Power Up Renewable Energy Co-operative being a Founding Member, a current Director/Treasurer and past President.
Anthony has also taken a key role in the formation and establishment of Green Pathways Inc.

The Program Management function is seen as part-time

Marketing Specialist – Janina Lucci

Janina is playing a key role in the delivery of the Power Savings Blitz program.
Janina has an extensive and broad marketing background which is proving to be of high value to Green Pathways Inc.
Her direct contact technique is proving highly successful and a similar technique would be employed for the ERIP program.

Assessors and Installers:

Appropriately qualified Assessors/Energy Managers and Installers would be engaged by the Participants with the assistance and support of Green Pathways Inc as necessary.

Fees and Costs inclusive of taxes

This is a fee bearing Time and Material contract with estimated adequate, not to be exceeded, Line Item Costs except with the agreement and approval of Orangeville Hydro Limited.

Costing and Pricing.

Total labour costs:- $13,875.00
GST @ 5%:- $693.75

Total non-labour costs:- $790.00
GST@ 5%:- $20.00
PST @ 8%:- $32.00

Fee @ 10% :- $1,466.00

Total possible contract value inclusive of taxes:- $16,876.75

Invoicing and Payments

Invoices will be submitted monthly and identify line item expenditures and total costs. Any applicable fee will be calculated at the conclusion of the period of performance i.e December 31st 2008 and paid at that time.

Accepted Nov 17/08

A. Long

Nov 17 '08

Green Pathways ERIP Program estimate and estimating rationale - November '08							
Estimate covers Orangeville and Grand Valley							
Item	Task Description	Hrs	Duration	Gross Labour Rate $/Hr	Extended Amount: $		
	Labour.(Identify GP or other)						
1	Literature and web search (GP)	16	Nov-Dec	$37.50	$600		
2	Obtain candidates long list - Orangeville and Grand Valley. (GP)						
3	Develop candidates short list (in collaboration with GDACC and DMA) (GP)	16	Nov	$37.50	$600		
4	Prepare 'participant friendly' Program information material (GP)						
4.1	From existing material	40	Nov-Dec	$37.50	$1,500		
4.2	Create new material	20	Nov-Dec	$37.50	$750		
5	Web site development (GP)	40	Nov-Dec	$37.50	$1,500		
6	Meetings with interest groups e.g. DMA and DFA - includes prep'n and follow-up	16	Nov-Dec	$37.50	$600		
7	Exploratory contact - short list (GP) 10 OV, 6 GV	16	Nov-Dec	$37.50	$600		
8	Introductory visit short list (GP) 10 OV, 6 GV	32	Nov-Dec	$37.50	$1,200		
9	Determine eligibility and program type/per participant x no. of participants (GP + TBD)	20	Nov-Dec	$37.50	$750		
10	Obtain Participant Expression of Interest/per participant x no. of participants (GP + TBD)	20	Nov-Dec	$37.50	$750		
11	Identify Assessors/Energy Managers(GP-TBD)	32	Nov-Dec	$37.50	$1,200		
12	Determine extent of Program participation/per participant x no. of participants (GP +TBD)	8	Nov-Dec	$37.50	$300		
13	Prepare Application and process/per participant x no. of participants (GP + TBD)	8	Nov-Dec	$37.50	$300		
14	Select Installers (GP-TBD)	4	Nov-Dec	$37.50	$150		
15	Carry out installations and commissioning (TBD)						
16	Measurement and verification (TBD)						

18	Activities unaccounted for	16	Nov-Dec	$37.50	$600		
19	Management and Administration @ 15%(GP)	50	Nov-Dec	$37.50	$1,875		
	Total labour hrs	**370**					
	Total labour cost				**$13,875**		
	GST @ 5%				$693.75		
	Non-Labour						
1	Office supplies	$200.00			$200.00		
2	Use of vehicle @ 00.52c/Km	750Kms			$390.00		
3	Reproduction and printing.	$200.00			$200.00		
	Total non-labour cost				**$790.00**		
	GST				$20.00		
	PST				$32.00		
	Total labour and and non-labour exclusive of taxes				**$14,665**		
	Total taxes GST & PST				$745.75		
	Fee @ 10%	$1,466			$1,466		
	Total possible contract value inclusive of taxes				**$16,876.75**		

APPENDIX B – SHEET O1 2007 COST ALLOCATION

2006 Cost Allocation Information Filing
Orangeville Hydro Limited
EB-2005-0400 EB-2006-0247
Monday, January 15, 2007

Sheet O1 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
crev	Distribution Revenue (sale)	$3,985,558	$2,641,669	$554,827	$765,885	$2,464	$1,415	$19,298
mi	Miscellaneous Revenue (mi)	$301,759	$202,270	$47,192	$42,639	$6,192	$652	$2,813
	Total Revenue	**$4,287,317**	**$2,843,939**	**$602,019**	**$808,524**	**$8,656**	**$2,067**	**$22,111**
	Expenses							
di	Distribution Costs (di)	$517,195	$286,904	$82,067	$119,647	$25,532	$1,766	$1,279
cu	Customer Related Costs (cu)	$556,842	$404,189	$83,270	$52,311	$10,958	$1,167	$4,946
ad	General and Administration (ad)	$722,403	$463,803	$111,317	$116,404	$24,741	$1,982	$4,155
dep	Depreciation and Amortization (dep)	$877,034	$475,764	$143,865	$205,593	$46,378	$3,212	$2,222
INPUT	PILs (INPUT)	$473,758	$253,001	$78,082	$113,742	$25,901	$1,794	$1,238
INT	Interest	$445,382	$237,847	$73,406	$106,929	$24,350	$1,686	$1,164
	Total Expenses	**$3,592,613**	**$2,121,508**	**$572,007**	**$714,626**	**$157,861**	**$11,607**	**$15,005**
	Direct Allocation	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
NI	Allocated Net Income (NI)	$694,703	$370,992	$114,497	$166,787	$37,980	$2,631	$1,816
	Revenue Requirement (includes NI)	**$4,287,316**	$2,492,500	$686,504	$881,413	$195,841	$14,238	$16,821
		Revenue Requirement Input equals Output						

2006 Cost Allocation Information Filing
Orangeville Hydro Limited
EB-2005-0400 EB-2006-0247
Monday, January 15, 2007

Sheet O1 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
	Rate Base Calculation							
	Net Assets							
dp	Distribution Plant - Gross	**$21,613,860**	$11,625,085	$3,573,389	$5,130,470	$1,150,459	$79,625	$54,832
gp	General Plant - Gross	**$4,183,080**	$2,253,410	$690,735	$986,185	$226,271	$15,668	$10,810
accum dep	Accumulated Depreciation	**($11,018,196)**	($5,917,240)	($1,823,769)	($2,632,481)	($577,318)	($39,938)	($27,450)
co	Capital Contribution	**($1,939,608)**	($1,093,870)	($323,548)	($411,822)	($98,833)	($6,835)	($4,700)
	Total Net Plant	**$12,839,137**	**$6,867,386**	**$2,116,808**	**$3,072,352**	**$700,580**	**$48,521**	**$33,491**
	Directly Allocated Net Fixed Assets	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
COP	Cost of Power (COP)	**$15,329,648**	$5,189,114	$1,846,597	$8,129,922	$105,712	$9,340	$48,962
	OM&A Expenses	**$1,796,440**	$1,154,897	$276,654	$288,362	$61,232	$4,915	$10,381
	Directly Allocated Expenses	**$0**	$0	$0	$0	$0	$0	$0
	Subtotal	***$17,126,088***	***$6,344,011***	***$2,123,251***	***$8,418,284***	***$166,944***	***$14,255***	***$59,342***
	Working Capital	**$2,568,913**	**$951,602**	**$318,488**	**$1,262,743**	**$25,042**	**$2,138**	**$8,901**
	Total Rate Base	**$15,408,050**	**$7,818,987**	**$2,435,295**	**$4,335,094**	**$725,622**	**$50,659**	**$42,392**
		Rate Base Input equals Output						
	Equity Component of Rate Base	**$7,704,025**	**$3,909,494**	**$1,217,648**	**$2,167,547**	**$362,811**	**$25,329**	**$21,196**
	Net Income on Allocated Assets	**$694,703**	**$722,431**	**$30,013**	**$93,898**	**($149,204)**	**($9,540)**	**$7,106**
	Net Income on Direct Allocation Assets	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Net Income	**$694,703**	**$722,431**	**$30,013**	**$93,898**	**($149,204)**	**($9,540)**	**$7,106**
	RATIOS ANALYSIS							
	REVENUE TO EXPENSES %	**100.00%**	114.10%	87.69%	91.73%	4.42%	14.52%	131.45%
	EXISTING REVENUE MINUS ALLOCATED COSTS	**$0**	$351,439	($84,485)	($72,889)	($187,185)	($12,170)	$5,290
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.02%	18.48%	2.46%	4.33%	-41.12%	-37.66%	33.52%