



CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.
1500 Bishop Street, P.O. Box 1060, Cambridge, ON N1R 5X6

November 30, 2009

Mr. David MacIntosh
Energy Probe Research Foundation
225 Brunswick Avenue
Toronto, ON M5S 2M6

Re: Cambridge and North Dumfries Hydro Inc.
Response to Energy Probe Research Foundation Interrogatories
2010 Electricity Distribution Rates, Board File EB-2009-0260.

Dear Mr. MacIntosh:

In accordance with Procedural Order No. 1 received from the Ontario Energy Board on October 23, 2009, please find attached Cambridge and North Dumfries Hydro Inc.'s responses to Energy Probe Research Foundation Interrogatories in the above proceedings.

Sincerely,

CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

A handwritten signature in black ink, appearing to be "J. Grotheer", with a horizontal line extending to the right.

John W. Grotheer
President and CEO

c.c. All Intervenors
Board Secretary, Ontario Energy Board

Ontario Energy Board

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

AND IN THE MATTER OF an Application by
Cambridge and North Dumfries Hydro Inc. for an order
approving just and reasonable rates and other charges for
electricity distribution to be effective May 1, 2010.

**INTERROGATORIES OF
ENERGY PROBE RESEARCH FOUNDATION
("ENERGY PROBE")**

November 9, 2009

**CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.
2010 RATES REBASING CASE
EB-2009-0260**

**ENERGY PROBE RESEARCH FOUNDATION
INTERROGATORIES**

Interrogatory # 1

Ref: Exhibit 2 & Exhibit 4

The provincial government has announced plans to harmonize the provincial retail sales tax (RST) with the goods and services tax (GST) effective July 1, 2010 to create harmonized sales tax (HST). Based on the proposed elimination of the RST effective July 1, 2010:

- a) Please confirm that Cambridge and North Dumfries Hydro has not made any adjustments to the OM&A forecasts shown in Exhibit 4 to reflect the elimination of the 8% provincial sales tax.
- b) Please provide the estimated costs of the provincial sales tax included in the OM&A forecast for 2010.
- c) Please provide the amount of provincial sales tax paid by Cambridge and North Dumfries Hydro in each of 2006, 2007, 2008 and 2009 on OM&A expenses.
- d) Is there any reduction in compliance costs that will result from the reduction in the administrative burden on Cambridge and North Dumfries Hydro to comply with two separate sets of tax rules?
- e) Please confirm that Cambridge and North Dumfries Hydro has not made any adjustments to the capital expenditure forecasts shown in Exhibit 2 to reflect the elimination of the 8% provincial sales tax.
- f) Please provide the estimated costs of the provincial sales tax included in the capital expenditures included in rate base forecast for 2010.
- g) Please provide the amount of provincial sales tax paid by Cambridge and North Dumfries Hydro on capital expenditures included in rate base in each of 2006, 2007, 2008 and 2009.

- h) If Cambridge and North Dumfries Hydro is unable to quantify the impact of the removal of the provincial sales tax, is Cambridge and North Dumfries Hydro agreeable to the creation of a deferral account into which the resulting savings would be placed and rebated to customers in the future? If not, why not?

Response:

- a) It is confirmed that no adjustments were made to OMA forecasts shown in Exhibit 4 to reflect the changes relating to the implementation of HST.
- b) The estimated costs of the provincial sales tax included in the OM&A forecast for 2010 is \$86,017.
- c) The amount of provincial sales tax is not tracked separately. We have therefore made best effort calculations with the following results:

2006	\$70,265
2007	\$70,469
2008	\$81,190
2009 (Projected)	\$82,985

- d) Currently the filing of the PST on a quarterly basis is not a major task. The new HST will have new rules that will require special attention such as ITC rules associated with energy and telecommunication. The change in net effort will therefore be minimal.
- e) It is confirmed that no adjustments were made to capital expenditure forecasts shown in Exhibit 2 to reflect the changes relating to the implementation of HST.
- f) The estimated cost of the provincial sales tax included in the capital expenditures is \$338,418 for 2010.
- g) The amount of provincial sales tax is not tracked separately. We have therefore made best effort calculations with the following results:

2006	\$ 229,137
2007	\$ 347,933
2008	\$ 325,692
2009 (Projected)	\$ 392,671

- h) Many of the final regulations with respect to the HST are still pending. We are unable to agree or disagree on the creation of a deferral account. It is

assumed that the Board will establish a process to deal with utilities in rate basing and those that are not.

Interrogatory # 2

Ref: Exhibit 1, page 21 & 22

- a) Are any of the costs associated with Cambridge and North Dumfries Energy Plus Inc. and/or Cambridge and North Dumfries Energy Solutions Inc. including their Board of Directors, included in the costs included in the filing by Cambridge and North Dumfries Hydro Inc. for recovery through the revenue requirement? If yes, please identify and quantify these costs.**
- b) Please explain how the costs for the President & CEO and Treasurer are allocated between the three entities.**

Response:

- a) There are no costs associated with Cambridge and North Dumfries Energy Plus Inc. and/or Cambridge and North Dumfries Energy Solutions Inc. including their Board of Directors, included in the filing by Cambridge and North Dumfries Hydro Inc. for recovery through the revenue requirement.**
- b) Included in the accounting services to each of the affiliates is a provision to recover the services provided by the President & CEO and Treasurer.**

Interrogatory # 3

Ref: Exhibit 1, page 29

The evidence states that the 2009 Bridge Year links back to the Cambridge and North Dumfries Hydro Inc. Board of Directors approved Operations and Capital budgets.

- a) Has the 2009 Bridge Year forecast as included in the rates application been approved by the Board of Directors? If so, when was this approval provided?**
- b) Has the 2010 Test Year forecast as included in the rates application been approved by the Board of Directors? If so, when was this approval provided?**

Response:

- a) The 2009 Bridge Year forecast included in the rate application was approved by the Board of Directors at the December 18, 2008 meeting.
- b) The 2010 Test Year forecast included in the rate application has not been approved by the Board of Directors.

Interrogatory # 4

Ref: Exhibit 1, page 32

The evidence indicates that Cambridge and North Dumfries Hydro understands that the ROE will be finalized by the OEB based on January 2010 market interest rate information. Is it also Cambridge and North Dumfries Hydro understanding that the Board will set the deemed long-term debt rate and the short-term debt rate based on January 2010 market interest rate information?

Response:

Yes, we understand that the Board will set the deemed long-term debt rate and the short-term debt rate based on the January 2010 market interest rate information.

Interrogatory # 5

Ref: Exhibit 1, page 37

- a) Has Cambridge and North Dumfries Hydro received approval from the Board of Directors of the 2010 budget that underpins the rate application at their September 10, 2009 meeting?
- b) Did the Board of Directors make any changes to the 2009 or 2010 budgets or the evidence filed as part of this application? If yes, please identify.

Response:

- a) **No approval was requested at the September 10, 20, 2009 meeting from the Board of Directors of the 2010 Test Year information that underpins the rate application.**
- b) **The Board of Directors did not make any changes to the 2009 or 2010 budgets or the evidence filed as part of this application.**

Interrogatory # 6

**Ref: Exhibit 1, Table 4 &
Exhibit 4, Table 42**

- a) **Why has Cambridge and North Dumfries Hydro not used the \$15 million exemption available to it in the calculation of the Ontario Capital Tax?**
- b) **What is the impact on the revenue deficiency of using the \$15 million exemption?**

Response:

- a) **Please refer to response to OEB Board Staff interrogatory #25.**
- b) **Please refer to response to OEB Board Staff interrogatory #25.**

Interrogatory # 7

Ref: Exhibit 1, page 78

- a) **Has Cambridge and North Dumfries Hydro Inc. claimed any CCA for income tax purposes in 2008 related to the new Customer Information System (CIS) that began in 2008 and is expected to go live in November 2009? If yes, please explain why it is appropriate to claim the CCA on a project that was not in service in 2008.**
- b) **Is the project on time and still expected to go live in November, 2009? If not, when is the project now expected to go on line?**

Response:

- a) No CCA was claimed for income tax purposes in 2008 relating to the new CIS. Only in the year that the systems goes live will it be claimed.
- b) See response to OEB Board Staff interrogatory #5 (a).

Interrogatory # 8

Ref: Exhibit 2, Table 9

Please explain the disposal in accumulated depreciation of \$ 414,351 in Account 1850 line transformers in 2005. In particular, please explain why there is no corresponding disposal in the costs section of the continuity schedule.

Response:

The \$414,351 amount shown as disposal under the accumulated depreciation section in Account 1850 was presented incorrectly. It should have been in Account 1860 – Meters. It is an adjustment to correct the accumulated amortization relating the depreciation of Wholesale Meter Point from market opening. The corrected schedule for 2005 is presented below.

Fixed Asset Continuity Schedule (Distribution & Operations)
As at December 31, 2005

		Cost				Accumulated Depreciation					
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	398,582.00	32,656.00	0.00	431,238.00	0	0.00	0.00	0.00	431,238.00
CEC	1806	Land Rights	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
1	1808	Buildings and Fixtures	5,506,611.00	110,067.00	0.00	5,616,678.00	1,548,280	122,224.07	0.00	1,670,504.29	3,946,173.71
	1810	Leasehold Improvements	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	1815	Transformer Station Equipment - Normally Primary above 50 kV	9,290,178.00	0.00	0.00	9,290,178.00	696,601	232,252.00	0.00	928,853.20	8,361,324.80
1	1820	Distribution Station Equipment - Normally Primary below 50 kV	628,136.02	-0.02	0.00	628,136.00	584,559	7,104.00	0.00	591,662.79	36,473.21
	1825	Storage Battery Equipment	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
1	1830	Poles, Towers and Fixtures	18,292,671.00	1,253,989.00	0.00	19,546,660.00	7,425,365	767,752.00	0.00	8,193,117.00	11,353,543.00
1	1835	Overhead Conductors and Devices	18,879,277.00	1,294,202.00	0.00	20,173,479.00	7,663,481	792,372.00	0.00	8,455,853.00	11,717,626.00
1	1840	Underground Conduit	16,849,385.00	889,182.00	0.00	17,738,567.00	7,373,798	675,947.00	0.00	8,049,745.00	9,688,822.00
1	1845	Underground Conductors and Devices	13,392,395.00	713,554.00	0.00	14,105,949.00	5,847,237	538,062.00	0.00	6,385,299.00	7,720,650.00
1	1850	Line Transformers	29,388,939.00	1,587,478.00	0.00	30,976,417.00	14,183,408	1,053,936.00	0.00	15,237,344.00	15,739,073.00
1	1855	Services	12,728,223.00	725,228.00	0.00	13,453,451.00	5,591,944	524,970.00	0.00	6,116,914.00	7,336,537.00
1	1860	Meters	7,333,712.00	480,366.00	0.00	7,814,078.00	3,360,881	273,428.03	414,351.00	3,219,957.92	4,594,120.08
	1865	Other Installations on Customer's Premises	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
N/A	1905	Land	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
CEC	1906	Land Rights	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
1	1908	Buildings and Fixtures	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	1910	Leasehold Improvements	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
8	1915	Office Furniture and Equipment	683,273.00	4,482.85	104,123.85	583,632.00	508,843	37,131.01	104,123.85	441,850.47	141,781.53
45	1920	Computer Equipment - Hardware	1,449,153.00	52,559.70	51,252.70	1,450,460.00	1,220,985	142,047.32	51,004.30	1,312,027.69	138,432.31
12	1925	Computer Software	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
10	1930	Transportation Equipment	2,870,576.00	72,651.00	0.00	2,943,227.00	2,152,144	213,528.33	0.00	2,365,672.54	577,554.46
10	1935	Stores Equipment	105,013.00	0.00	0.00	105,013.00	98,958	2,977.51	0.00	101,935.17	3,077.83
8	1940	Tools, Shop and Garage Equipment	1,172,902.00	41,757.29	2,677.29	1,211,982.00	949,628	58,298.84	2,063.85	1,005,863.25	206,118.75
	1945	Measurement and Testing Equipment	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	1950	Power Operated Equipment	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
10	1955	Communication Equipment	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	1960	Miscellaneous Equipment	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	1970	Load Management Controls - Customer Premises	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	1975	Load Management Controls - Utility Premises	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	1980	System Supervisory Equipment	714,214.00	0.00	0.00	714,214.00	676,302	26,432.00	0.00	702,733.91	11,480.09
	1985	Sentinel Lighting Rentals	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
	1990	Other Tangible Property	0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
1	1995	Contributions and Grants	(8,250,239.00)	(289,578.00)	0.00	(8,539,817.00)	(1,021,823.92)	(343,164.25)	0.00	(1,364,988.17)	(7,174,828.83)
	2005	Property under Capital Lease	0.00	61,873.00	0.00	61,873.00	0	12,377.20	0.00	12,377.20	49,495.80
			0.00	0.00	0.00	0.00	0	0.00	0.00	0.00	0.00
		Total before Work in Process	131,433,001.02	7,030,467.82	158,053.84	138,305,415.00	58,860,590.20	5,137,675.06	571,543.00	63,426,722.26	74,878,692.74
WIP		Work in Process	59,955.00	148,975.00		208,930.00	0.00	0.00	0.00	0.00	208,930.00
		Total after Work in Process	131,492,956.02	7,179,442.82	158,053.84	138,514,345.00	58,860,590.20	5,137,675.06	571,543.00	63,426,722.26	75,087,622.74

10	1935	Transportation
10	1955	Communication Equipment

Less: Fully Allocated Depreciation
Transportation 213,528.33
Communication 0.00
Net Depreciation 4,924,146.73

Interrogatory # 9

Ref: Exhibit 2, Table 21 & Addendum - Table 22

- a) For each account in Table 21, please show the actual capital expenditures based on the most recent year-to-date figures available.
- b) For each project in Addendum - Table 22, please show the actual amount spent year-to-date.
- c) Will all of the projects shown in Addendum - Table 22 be completed and in service by the end of 2009? If not, please indicate the amount and timing for completion of those projects that will not be in service by the end of 2009.
- d) Has Cambridge and North Dumfries Hydro purchased the \$706,000 worth of vehicles as forecast for 2009? If not, what purchases will be delayed to 2010?
- e) Does Cambridge and North Dumfries Hydro still expect to spend \$11,812,000 on capital additions in 2009? If not, what is the current forecast for 2009?

Response:

- a) **Capital Expenditures
YTD – October 31, 2009**

OEB Account	Amount
1805	\$ 41,187
1808	17,703
1830	1,324,122
1835	1,364,439
1840	1,195,108
1845	953,207
1850	1,462,746
1855	922,681
1860	102,329
1915	--
1920	51,402
1925	814,638
1930	757,815
1940	<u>127,950</u>
	<u>\$ 9,007,377</u>

b)

Table 22
YTD – October 31, 2009

<u>Project</u>	<u>Amount</u>
Land	\$ 41,187
Buildings	17,703
Kossuth Rd.	683,760
Boxwood Subdivision	--
West Side Rebuild	2,692,349
Townline Rd. – North 401	--
Trussler Rd.	14,338
Clyde Rd.	76,650
Townline Rd. – South of 401	--
Maple Grove Rd.	27,866
Developer Payments	592,706
Project Under Threshold	3,009,684
Meters	102,329
Office Equipment	--
Computer Equipment	116,238
CIS Conversion – Hardware	607,216
- Software	1,811
Computer Software	140,775
Vehicle Replacement	723,708
Transportation Equipment	31,107
Tools & Equipment	127,950
	<u><u>\$ 9,007,377</u></u>

c)

Table 22
Update

<u>Project</u>	<u>Comment</u>
Kossuth Rd	Completed and energized in 2009
Boxwood Subdivision	Environmental assessment delays. Now a 2010 Project.
West Side Rebuild	Energized in 2009 – Minor Cleanup in 2010 (\$100,000)
Townline Rd. – North 401	Project part of long term load transfers. Now delayed to future years.
Trussler Rd.	Completed and energized in 2009.
Clyde Rd.	Completed and energized in 2009.
Townline Rd. – South of 401	Regional government has easement issues. Delayed to 2010.
Maple Grove Rd.	Completed and energized in 2009.
Vehicles	Completed.

- d) The vehicles arrived and were put into service in June. Year to date spending is \$757,815 with a year end projection of \$770,000.**
- e) Capital additions for 2009 are now forecast to be \$13,007,000.**

Interrogatory # 10

Ref: Exhibit 2, Table 26

Based on the most recent information available, does Cambridge and North Dumfries Hydro still expect to spend \$10,672,000 in capital additions that will be in service by the end of 2010?

Response:

Based on the updated information, the amount Cambridge and North Dumfries Hydro Inc. plans to spend is \$12,147,000 in capital additions that will be in service by the end of 2010.

Interrogatory # 11

Ref: Exhibit 2, Table 5

Table 5 shows a significant increase expenditures related to new servicing in 2009 as compared to 2008, with further growth forecast for 2010. Expenditures in this category fell substantially between 2006 and 2008.

- a) Please explain what type of expenditures is included in this category and explain what they are related to.**
- b) Has the recession had any impact on the amount of new servicing in 2009? If not, why not?**
- c) Will the full amount of \$1,315,000 shown as expenditures in 2009 for new lines be spent in 2009, or will some portion be spent in 2010? If yes, please indicate the amount deferred to 2010.**

Response:

- a) New servicing relates to the expenditures for providing the connections (new and upgrades) to commercial/industrial locations and the costs associated with servicing and connecting residential lots. The decrease between 2006 and 2008 was the net impact of strong commercial/industrial growth but a major dip in residential servicing. During that period, a number of developers faced delays in getting projects through the approval process and there were constraints on sewage capacity in some parts of the utility.
- b) The recession has reduced the level of commercial/industrial activity but the residential activity is stronger based on the pent-up demand from the issues noted in part (a) above.
- c) The projected spending for new lines in 2009 is \$1,175,000. One project, the Boxwood Industrial Subdivision in the amount of \$350,000 is now deferred to 2010.

Interrogatory # 12

Ref: Exhibit 2, Table 22 & 25

Please explain what the meter expenditures of \$179,000 for 2009 and the \$100,000 for 2010 are for. Are any of these costs related to smart meters? Are any of these expenditures related to meters that will be replaced with smart meters?

Response:

The \$179,000 expenditure for 2009 includes the following: new/replacement instrument transformers for commercial/industrial locations, wholesale meter cabinet replacement for AYR PME and electronic meters including RIMS for commercial/industrial locations.

The \$100,000 expenditure for 2010 includes the following: new/replacement instrument transformers for commercial/industrial locations and electronic meters including RIMS for commercial/industrial locations.

None of these costs relate to smart meters and none of these expenditures relate to meters that will be replaced with smart meters.

Interrogatory # 13

Ref: Exhibit 2, Table 26

- a) Are the vehicles forecast to be replaced in 2010 fully depreciated? If not, please provide the net book value.**
- b) Please indicate where in the evidence the proceeds from the disposition of each of the vehicles being replaced in 2010 is shown and provide the associated amounts for each vehicle.**

Response:

- a) All vehicles to be replaced in 2010 are full depreciated.**
- b) Please refer to response to OEB Board Staff interrogatory #2 (b).**

Interrogatory # 14

Ref: Exhibit 2, page 93

- a) Please update the cost of power component of the working capital allowance to reflect the October 15, 2009 OEB RPP Report that has a cost of power of \$.06215 per kWh.**
- b) Has Cambridge and North Dumfries Hydro reflected the different rates applicable to RPP and non-RPP customers in the cost of power calculation? If not, why not?**
- c) Exhibit 9, Table 8 shows that the allocation factor for the RSVA – Power – Global Adjustment is kWh – non RPP. Please provide the total non RPP kWh used for this allocation. Is this figure a 2010 forecast or an actual historical figure? Please provide the percentage of the total kWh represented by the non RPP kWh based on either the forecast or the actual historical period used.**
- d) Please calculate the cost of power and the related impact on the working capital allowance to reflect the RPP and non RPP volumes (as provided in the response to part (c) above using the RPP price of \$.06215 per kWh and a price of \$.05820 per kWh for the non RPP volumes (being the sum of the forecasted average HOEP price of \$.03326 per kWh and the forecasted global adjustment of \$.02494 per kWh for the RPP year).**

- e) Are the kWh's associated with any market participants served by the distributor included in the kWh's used to calculate the cost of power? If yes, please recalculate the cost of power component of the working capital allowance removing any such volumes.
- f) Does the distributor intend to update the transmission related cost of power to reflect 2010 transmission rates when they are approved by the Board?

Response:

- (a) The updated cost of power component of the working capital allowance based on the October 15, 2009 OEB report is presented below.

Calculation Reflected in Application						Updated Calculation		
<i>Electricity - Commodity</i>	2010	2010 Loss	2010			2010		
Class per Load Forecast	Forecasted	Factor	kWhs	Price per kWh	Amount	kWhs	Price per kWh	Amount
Residential	409,529,583	1.0262	420,250,857	\$0.06070	\$25,509,227	420,250,857	\$0.06215	\$26,118,591
GS<50kW	176,507,497	1.0262	181,128,373	\$0.06070	\$10,994,492	181,128,373	\$0.06215	\$11,257,128
GS>50kW	508,804,918	1.0262	522,125,169	\$0.06070	\$31,692,998	522,125,169	\$0.06215	\$32,450,079
TOU	218,337,524	1.0262	224,053,488	\$0.06070	\$13,600,047	224,053,488	\$0.06215	\$13,924,924
LU	159,305,102	1.0262	163,475,627	\$0.06070	\$9,922,971	163,475,627	\$0.06215	\$10,160,010
ST.Light	9,402,577	1.0262	9,648,731	\$0.06070	\$585,678	9,648,731	\$0.06215	\$599,669
Unmetered Scattered Load	1,862,830	1.0262	1,911,598	\$0.06070	\$116,034	1,911,598	\$0.06215	\$118,806
TOTAL	1,483,750,031		1,522,593,844		\$92,421,446	1,522,593,844		\$94,629,207
Working Capital Allowance %						15%		
Working Capital Allowance						\$13,863,216.95		
Change						\$331,164.16		

- b) Cambridge and North Dumfries Hydro Inc. did not reflect the different rates applicable to RPP and non-RPP customer in the cost of power calculation. Cambridge and North Dumfries Hydro Inc. considers the difference between the RPP (\$0.0607) and Non-RPP (\$0.0591) rates to be immaterial and the related impact on working capital.
- c) The kWh by rate class used to allocate the Global Adjustment amount is based on the 2008 billed amount. The total kWh billed in 2008 and the non- RPP kWh by rate class is presented in the table below.

Customer Class	kWh for Non RPP Customers Billed in 2008	Percentage of kWhs for Non RPP Customer	kWhs Billed in 2008
Residential	59,815,450	5.93%	387,314,732
General Service < 50 kW	24,282,610	2.41%	170,263,597
General Service > 50 to 999 kW	431,918,072	42.85%	484,236,276
General Service > 1000 to 4999 kW	258,871,648	25.68%	249,869,851
General Service > 5000 kW	222,782,188	22.10%	230,297,755
Unmetered Loads	0	0.00%	2,112,232
Street Lights	10,411,783	1.03%	9,448,890
Totals	1,008,081,751	100.00%	1,533,543,333
Percentage of Non RPP kWhs			66%

d) The cost of power and the related impact on the working capital allowance to reflect the RPP and the non- RPP volumes based on the information presented in part (c) and the provided pricing is presented below.

2010 Forecasted Loss Adjusted kWhs	2010			
	kWhs	Percentage	Price per kWh	Amount
kWhs for RPP Customer	521,709,790	34%	0.06215	32,424,263
kWhs for Non - RPP Customer	1,000,884,053	66%	0.0582	58,251,452
Total	1,522,593,844	100%		90,675,715
Working Capital Allowance %				15%
Working Capital Allowance				13,601,357.30

e) Cambridge and North Dumfries Hydro Inc. does not have any market participant and as such, no kWhs associated with market participants were included in the cost of power calculation.

f) Yes. Cambridge and North Dumfries Hydro Inc. will update the transmission rates when they are approved by the Board.

Interrogatory # 15

Ref: Exhibit 3, page 13 & 14 & 15

Please provide the regression equations (as shown on page 15), the statistical results (as shown on page 14) and please provide the data used in a live Excel spreadsheet for the three equations referenced on pages 13 & 14. Please include in the live Excel spreadsheet all variables used in the regression analysis as well as any variables that were ultimately rejected for use through the stepwise regression analysis.

Response:

Excel models are attached to the submission.

Interrogatory # 16

Ref: Exhibit 3, page 14 & 15

- a) **Please explain how growth in population results in a decrease in per capita energy consumption. Would it also follow that a reduction in population would result in an increase in per capital consumption?**
- b) **Why did Cambridge and North Dumfries Hydro keep explanatory variables with a t-statistic of less than 2 in the equation? Were any variables with a t-statistic of less than 2 but greater than 1 removed from the final version of the equation through the stepwise regression? If yes, please provide details on what variables were removed and what their corresponding t-statistic was.**

Response:

- a) **Please see response to OEB Board Staff Interrogatory #9 (a). The results of the regression analysis suggest that a reduction in population would result in an increase in consumption.**
- b) **Please see response to OEB Board Staff Interrogatory #9 (b). No variables with a t-statistic of less than 2 but greater than 1 were removed from the final version of the equation.**

Interrogatory # 17

Ref: Exhibit 3, page 14 & 15 & Table 6

For each equation requested below, please provide the Statistical Results (as shown on page 14), the estimated equation (as shown on page 15) and the resulting forecast (as shown in Table 6):

- a) **The current equation excluding the Spring Fall Flag variable.**

- b) The current equation excluding population, but including the number of customers (excluding the number of connections for street lighting and USL).
- c) The equation estimated in (b) above, but also excluding the Spring Fall Flag variable.
- d) The current equation excluding the population and Spring Fall Flag variables.

Response:

- a) The following provides the statistical results, the coefficients for the estimated equation and the resulting forecast for the current equation excluding the Spring Fall Flag variable.

Regression Statistics	Value
Multiple R	97.1%
R Square	94.3%
Adjusted R Square	94.0%
F- Test	408.8
Coefficient by Variable	
Intercept	(54,262,242)
Heating Degree Days	18,837
Cooling Degree Days	64,821
Ontario Real GDP Monthly %	652,116
Number of Days in Month	2,444,589
Population	(308)
Number of Peak Hours	215,719

T-Stats by Coefficient	
Intercept	(3.70)
Heating Degree Days	13.04
Cooling Degree Days	3.78
Ontario Real GDP Monthly %	5.59
Number of Days in Month	6.75
Population	(1.70)
Number of Peak Hours	11.43
Purchased Forecast	
2009 (W N) - MWh	1,529,933
2010 (W N) - MWh	1,524,487

- b) The following provides the statistical results, the coefficients for the estimated equation and the resulting forecast for the current equation excluding population, but including the number of customers (excluding the number of connections for street lighting and USL).

Regression Statistics	Value
Multiple R	97.1%
R Square	94.3%
Adjusted R Square	94.0%
F- Test	346.6
Coefficient by Variable	
Intercept	(63,583,783)
Heating Degree Days	19,816
Cooling Degree Days	70,149
Ontario Real GDP Monthly %	536,840
Number of Days in Month	2,393,379
Spring Fall Flag	912,403
Number of Customers	(378)
Number of Peak Hours	228,923
T-Stats by Coefficient	
Intercept	(4.70)
Heating Degree Days	11.75
Cooling Degree Days	3.84
Ontario Real GDP Monthly %	4.59
Number of Days in Month	6.53
Spring Fall Flag	1.14
Number of Customers	(0.83)
Number of Peak Hours	11.08
Purchased Forecast	
2009 (W N) - MWh	1,531,439
2010 (W N) - MWh	1,525,536

- c) The following provides the statistical results, the coefficients for the estimated equation and the resulting forecast for the equation estimated in (b) above, but also excluding the Spring Fall Flag variable.

Regression Statistics	Value
Multiple R	97.1%
R Square	94.2%
Adjusted R Square	94.0%
F- Test	403.3
Coefficient by Variable	
Intercept	(62,956,602)
Heating Degree Days	18,841
Cooling Degree Days	63,212
Ontario Real GDP Monthly %	569,353
Number of Days in Month	2,440,847
Number of Customers	(441)
Number of Peak Hours	219,165
T-Stats by Coefficient	
Intercept	(4.65)
Heating Degree Days	12.95
Cooling Degree Days	3.67
Ontario Real GDP Monthly %	5.01
Number of Days in Month	6.69
Number of Customers	(0.98)
Number of Peak Hours	11.64
Purchased Forecast	
2009 (W N) - MWh	1,533,723
2010 (W N) - MWh	1,527,119

- d) Please see response to OEB Board Staff Interrogatory #9 (c).

Interrogatory # 18

Ref: Exhibit 3, page 17

Please explain what Cambridge and North Dumfries Hydro means by the 20 year trend. Was a regression analysis done for each month to determine a relationship between degrees and a linear time trend? If not, please show mathematically how the 20 year trend figures were calculated.

Response:

The 20 year trend numbers were determined on for each month for Heating Degree Days (HDD) and Cooling Degree Days (CDD) For example, the 20 year trend number for HDD for February was determined by taking all February HDD from 1989 to 2008 and using the trend function in Excel to determine the 20 year trend number for February. An example of the calculation using the trending function is presented below for February.

Heating Degree Days																				20 Yrs Trending
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Feb	649.5	613.5	589.1	625.4	738.1	619.1	735.3	712.6	615	547.1	578.4	643.8	620.2	592	755.9	699.2	683.5	651.2	785.1	651.2

Interrogatory # 19

Ref: Exhibit 3, Table 8

- a) Why has Cambridge and North Dumfries Hydro used a loss factor calculated over the 2004 through 2008 period rather than over the same period (1996 through 2008) used to estimate the equation used to forecast the purchased energy?
- b) Please expand Table 8 to reflect loss factors prior to 2004 as far back as reliable data is available, back to and including 1996.

Response:

- a) Please see response to VECC Interrogatory #14 (k).
- b) Cambridge and North Dumfries Hydro Inc. does not have billed consumption data going back to 1996 that is required to provide the information requested. The most reliable billed consumption information available starts in 2001. Table 8 is updated and presented below with the information that is available.

MWh	Actual Purchases	Actual Billed	Loss Factor
2001	1,420,978	1,359,912	4.49%
2002	1,519,145	1,418,653	7.08%
2003	1,523,718	1,486,260	2.52%
2004	1,570,406	1,528,292	2.76%
2005	1,640,989	1,599,364	2.60%
2006	1,599,360	1,561,103	2.45%
2007	1,609,194	1,566,590	2.72%
2008	1,557,523	1,518,626	2.56%
Average			3.40%

Interrogatory # 20

Ref: Exhibit 3, Table 9 & 11

- a) Please confirm that the customer numbers shown in Table 9 are as of mid year.
- b) How is this mid year figure calculated? For example, is it the June 30 number of customers, or the average of the number of customers at year

end and the previous year end, or is it the average of the number of customers at each month end in the year?

- c) Please update Table 11 to reflect the actual customer count as of June 30, 2009 and the impact that this has on the 2010 customer count forecast.
- d) Please provide by rate class, the number of customers/connections based on the most recent month of information available. Please also provide the number of customers by rate class for the corresponding month in 2008.

Response:

- a) Please refer to response to Vulnerable Energy Consumers Coalition (VECC) interrogatory #15 (a).
- b) Please refer to response to Vulnerable Energy Consumers Coalition (VECC) interrogatory #15 (a).
- c) The actual customer count/connection as of June 30, 2009 and the revised forecasted 2010 customer count/connection based on the June 30, 2009 information is outlined in the table below.

Number of Customer/Connection								
Year	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	General Service > 5000 kW	Street Lights	Unmetered Loads	Total
30-Jun-09	44,393	4,583	713	24	2	12,464	540	62,719
Geomean	1.0204	1.0001	1.0218	1.0093	1.0520	1.0130	0.9421	
Forecasted 2010	45,297	4,584	729	24	2	12,626	509	63,771

- d) The most recent customer count/connection information available to Cambridge and North Dumfries Hydro Inc. is at October 31, 2009. The customer count/connection at October 31, 2009 and October 31, 2008 is presented in the table below.

	<u>Residential</u>	<u>General Service < 50 kW</u>	<u>General Service > 50 to 999 kW</u>	<u>General Service > 1000 to 4999 kW</u>	<u>General Service > 5000 kW</u>	<u>Street Lights</u>	<u>Unmetered Loads</u>	<u>Total</u>
31-Oct-09	44,697	4,599	712	24	2	12,526	542	63,102
31-Oct-08	43,738	4,576	680	27	3	12,393	538	61,955

Interrogatory # 21

Ref: Exhibit 3, Table 9, 10 & 11

- Table 9 appears to indicate that the reduction in GS < 50 kW customers in 2001 was the result of movement of customers to the GS > 50 to 999 kW class. Is this correct?
- The growth rate shown in Table 10 for the GS < 50 kW class appears to include the significant loss of customers in 2001, but not the significant increase in customers in the same year for the GS > 50 to 999 kW class. Is this correct? If yes, please explain the rationale for including the customer transfer in 2001 in the GS < 50 kW class in the calculation of the geometric mean growth rate for this class.
- Please calculate the geometric mean growth rate for the GS < 50 kW class between 2001 and 2008.
- Based on the growth rate calculated in (c) above, please recalculate the number of GS < 50 kW customers forecast for 2010 using both the current 2009 forecast of 4,581 and the number of customers at the end of June 30, 2009 as requested in Interrogatory # 20 above.
- What is the incremental kWh forecast for the GS < 50 kW class as a result of this change for both sets of incremental customers?
- Given the significant increase in USL customers in 2009 as compared to 2008, why does Cambridge and North Dumfries Hydro still consider it appropriate to forecast a decrease in 2010?

Response:

- Yes, prior to 2000, GS < 50 kW and GS > 50 to 999 kW customers were grouped together.
- The growth rate as shown in Exhibit 3, Table 10 reflects a loss in customer for GS< 50 and no increase in customers for GS> 50 in 2001 is correct. The

customer transfer in 2001 in GS < 50 class was included in the calculation of the geometric mean growth rate because Cambridge and North Dumfries Hydro Inc. considers the impact on the growth not to be material.

- c) The geometric mean growth rate for GS < 50 class between 2001 and 2008 is 2.00 %. It is calculated by allocation the customers in the GS < 50 class in 2000 between the GS < 50 and GS > 50.
- d) Based on the geometric mean growth calculated in part (c) above, the number of GS < 50 customers forecasted for 2010 using the current 2009 forecast and the actual customer count at June 30, 2009 are presented below.
 - The 2010 customer forecast using the current 2009 customer forecast of 4,581 and the 2.00% geometric mean growth rate calculated is 4,672
 - The 2010 customer forecast using the actual customer count at June 30, 2009 and the 2.00% geometric mean growth rate calculated is 4,674
- e) The incremental change in 2010 kWh forecasted for GS <50 kW class based on the customer forecast for 2010 as shown in part (d) are:
 - Based on 2009 customer forecast of 4,581 – 2,801,358
 - Based on 2009 customer count at June 30, 2009 – 2,863,961
- f) Cambridge and North Dumfries Hydro Inc. forecasts the decrease in USL in 2010 based on the geometric mean which captures the fluctuation in the number of connections over the years.

Interrogatory # 22

Ref: Exhibit 3, Table 1 & Table 23

Please explain why the 2009 and 2010 forecast figures for Other Distribution Revenues do not match between Table 1 and Table 23. In particular, please explain why the total revenue offsets shown in Table 23 in both 2009 and 2010 are significantly lower than those shown in Table 1, while the historical year figures are the same in the two tables.

Response:

The difference between Table 1 and Table 23 as presented in Exhibit 3 is a result of an account not being included in Table 23. Account 4215, Other Utility Operating Income was not included in Table 23. For 2009 and 2010, \$124,802 for each year was not included in Table 23, thus creating the difference.

Interrogatory # 23

Ref: Exhibit 3, Table 23

Please provide the most recent year-to-date figures that are available for each account shown in Table 23, along with the figures for the corresponding period in 2008.

Response:

Other Distribution Revenues

USoA Account	Account Description	YTD September 2009	YTD September 2009
4082	Retail Service Revenue	--	57,479
4084	Service Transaction Request (STR) Revenue	--	1,070
4210	Rent from Electric Property	\$ 165,756	160,320
4225	Late Payment Charges	265,155	261,393
4235	Specific Service Charges	402,810	436,370
4325	Revenues from Merchandise, Jobbing, Etc.	117,454	97,910
4355	Gain on Disposition of Utility and Other Property	--	55,454
4375	Revenues from Non-Utility Operations	827,753	878,899
4390	Miscellaneous Non-Operating Income	115,076	129,936
4405	Interest and Dividend Income	305,742	221,783
	TOTAL	\$2,199,746	\$2,300,614
	Less:		
	50% of Gain on Disposal of Utility Property	--	(27,737)
	Loss on Disposition of Utility and Other Property	(8,826)	--
4330	Costs & Expenses re: 4325	(117,454)	(97,910)
4380	Expense re: 4375	(827,753)	(840,112)
	Total Revenue Offsets	\$1,245,713	\$1,304,865

Interrogatory # 24

Ref: Exhibit 3, pages 28 – 35

- a) Please explain the drop in Account 4082 Retail Services Revenue from \$75,000 per year to \$15,000 forecast for 2010.**
- b) If the explanation to part (a) is based on \$60,000 in costs associated with the Retail Services Revenue, please explain where these costs are reflected in the evidence. In particular, are they included in the OM&A costs that are included in the 2010 revenue requirement?**
- c) If there was approximately \$60,000 in costs associated with Account 4082, where have these costs been recorded in 2006 through 2009?**
- d) Please provide the 2008 revenue in Account 4210 Rent from Electric Property excluding adjustments related to retroactive billings.**
- e) Please confirm that no costs shown in Account 4380 are included in the revenue requirement for 2010. If this cannot be confirmed, please explain what costs remain in the revenue requirement.**
- f) Please provide details and documentation on the determination of the costs associated with water and sewer billing. Please explain, as an example, how the costs associated with assets (computers, software, etc.) including depreciation are recovered through the cost recovery service. Please also indicate where in the evidence it is shown that the corresponding asset costs and depreciation expenses have been removed from the cost of service for regulated distribution activities.**
- g) Please provide the level of surplus funds and the interest rate used to generate 2009 and 2010 forecast of revenue in Account 4405.**
- h) Please confirm that there are no regulatory asset related interest credits or debits included in the 2009 and 2010 forecasts for Account 4405. If this cannot be confirmed, please indicate the amount of regulatory asset account interest that is included in the 2009 and 2010 forecast figures.**

Response:

- a) A correction needs to be made in the rate application. The updated information is as follows.

		2009 <u>Bridge</u>	2010 <u>Test</u>
4082	Retail Service Revenue	\$75,000	\$75,000
4084	Service Transaction Request (STR) Revenue	\$ 1,400	\$ 1,400

- b) Based on the correction in part a), the cost associated with 4082 and 4084 are correctly recorded in 5315.
- c) These costs were recorded in 5315.
- d) The 2008 revenue in Account 4210 excluding adjustments is \$206,566.
- e) It is confirmed that no costs shown in Account 4380 are included in the revenue requirement for 2010.
- f) The revenue charged for water and sewer billing is shown in account 4375. The expenses of an equivalent amount are recorded in account 4380. Some of the costs are direct costs (i.e. meter reading). Some of the costs are shared costs (i.e. postage, bill stock, telephone calls, cashier cost, telephone answering, etc. Some of the costs are overall general costs (i.e. facilities, equipment rental and repairs, etc.).

The reductions in operating costs are charged in the following area: 5310 – Meter Reading; 5315 – Customer Billing; 5320 – Collecting; and 5620 – Office Supplies and Expense including information systems. The chargeback makes reference to the direct costs, shared costs and overall general costs. The allocation of costs associated with assets utilized are included in the overall general cost based on the fact that there are no identifiable assets dedicated only to water and sewer billing.

As noted in SEC Interrogatory #13 (a), water and sewer billing will be turned over to the City of Cambridge and the Region of Waterloo effective October 1, 2010. The revenue for the full year of 2010 as included in the original application is \$689,317. There will now be a reduction in revenue of \$172,329. As noted in the first paragraph, there are three types of costs associated with the service (direct, shared, overall general). Direct costs represent approximately 36% of the total. It is therefore requested that costs that will remain should now be included in the revenue requirement ($64\% \times \$172,329 = \$110,290$).

g) Revenue in Account 4405 assumed the following:

	<u>Average Cash Balances</u>	<u>Average Interest Rate For Year</u>
2009	\$21,300,000	2.38%
2010	\$19,300,000	1.45%

h) It is confirmed that there are no regulatory assets related to interest credits or debits included in the 2009 and 2010 forecast for Account 4405.

Interrogatory # 25

Ref: Exhibit 3, Table 16

What is the impact on the gross revenue deficiency of \$2,461,873 shown in Exhibit 6, Tab 1, Schedule 1 if the residential and GS < 50 rate classes were all assumed to be 50% weather sensitive?

Response:

Assuming a 50 % weather sensitivity factor for Residential and GS < 50 rate class the gross revenue deficiency presented in Exhibit 6, Table 1 will be \$2,488,888.

Interrogatory # 26

Ref: Exhibit 4, Table 4

- a) What is the impact on the revenue requirement in 2010 if the 2010 increase for unionized employees is reduced from 3% to 2%?**
- b) What is the impact on the revenue requirement in 2010 if the 2010 increase for non-union employees is reduced from 2.9% to 1.5%?**

Response:

- a) The impact on the revenue requirement would be a \$42,033 reduction. Our unionized employees are represented by IBEW. The IBEW have**

settled 3% contracts in many other utilities for 2010 and it is assumed that this will be their minimum expectation.

- b) The impact on the revenue requirement would be a \$26,955 reduction. It is worth noting the salary survey reports by Hewitt Associates and Watson Wyatt indicate 2010 salaries increased in the 2.8 – 3.0% range.

Interrogatory # 27

Ref: Exhibit 4, page 7

- a) What reduction in costs has been reflected in the evidence that is associated with the move to monthly billing in late 2009? Please quantify these reductions.
- b) Does Cambridge and North Dumfries Hydro consider it appropriate to reflect the higher costs associated with monthly billing in the revenue requirement without any adjustments to the working cash allowance to reflect the better cash flow that will result from monthly billing?

Response:

- a) Moving to monthly billing increased many costs as outlined in the application. Many of these costs related to forms, postage, envelopes, etc. In many cases, these costs will double with the switch to monthly for bi-monthly. As we calculated the increases, we considered the fact the smaller dollar value of the bills should make payments easier for some customers. We therefore reduced the increase volumes by 20% for reminder notices, collection notices and disconnect notices. The amount that the increase was reduced by is \$19,184.
- b) The switch to monthly billing does have a one-time impact on cash balance spread over the month. The impact of these balances have been reflected in the 2010 amount in 4405.

Interrogatory # 28

Ref: Exhibit 4, Table 5

- a) Please explain the increase in the Executive FTE to 7.0 in 2009 from 6.8 in 2008. Has this increase taken place? What is the additional cost associated with this increase in the 2010 test year?**
- b) Please explain the increase in the Management FTE to 13.0 from 12.2 in 2008. Has this increase taken place? What is the additional cost associated with this increase in the 2010 test year?**

Response:

- a) The increase in the Executive FTE to 7.0 in 2009 from 6.8 in 2008 reflects the fact that there was staff turnover in one of the positions in 2008 and there was a vacancy for a few months in the transition. For 2009, the seven executive positions have not had any turnover. There are no additional costs associated with this increase in the 2010 test year.**
- b) A new management position was created and filled in late 2008. This change translates into the position being an FTE for all of 2009 and is therefore reflected in the total year 2009 FTE of 13.0. There are no additional costs associated with this increase in the 2010 Test Year.**

Interrogatory # 29

Ref: Exhibit 4, Table 2 & page 19-20

- a) How has the meter reading expense related to the third party been affected by the installation of smart meters?**
- b) What are the main drivers behind the increase in customer billing costs in 2009 of \$306,106 relative to the figure of \$169,921 in 2008?**
- c) Approximately how many invoices did Cambridge and North Dumfries Hydro issue in 2008?**
- d) How much has been included in the Billing costs associated with the duties and responsibilities associated with the Low Income Energy Assistance Program? Is this amount in addition to the 0.12% of distribution revenue that was to be included in the revenue requirement?**

Response:

- a) The installation of smart meters has not impacted the meter reading expense related to the third party. Our mass installation of smart meters is not scheduled to be completed until late 2010. Our registration with the IESO and the start of Time Of Use billing is scheduled for early 2011. The meter reading costs associated with a meter reader will transition at that time to a read per meter payable to a third party for the operation of the remote read/tower based system.
- b) The main drivers reflected in the increase from 2008 to 2009 are:
 - Increased software costs (\$110,000) relating to transition to the new Billing System.
 - \$27,000 in banking fees that had been allocated to variance accounts in error in 2008 but are correctly recorded in 2009 as expense.
- c) Approximately 320,000 in invoices were issued in 2008.
- d) The impact of LEAP on billing is minimal so no amounts are included as incremental.

Interrogatory # 30

Ref: Exhibit 4, page 24

- a) What is the estimated cost to conduct a study to determine the differences between IFRS and the current accounting standard GAAP, and transitioning to IFRS?
- b) Why has Cambridge and North Dumfries Hydro not partnered with other distributors, perhaps through the EDA, to have such a study conducted?

Response:

- a) See Interrogatory Response to VECC Question 20 a) and b).
- b) Cambridge and North Dumfries Hydro Inc. has partnered with a group of utilities in the initial phases and continues to explore the option of partnering in later phases.

Interrogatory # 31

Ref: Exhibit 4, page 25

- a) On September 28, 2009 the OEB issued a letter providing a status update on the LEAP initiative. As part of that letter the Board indicated that the Minister of Energy and Infrastructure requested that the Board not proceed to implement new support programs for low-income energy consumers in advance of a ministerial direction. In light of this, would Cambridge and North Dumfries Hydro agree that the amount included in the 2010 revenue requirement in excess of the historical amount of \$9,000 should be removed? If not, why not?**
- b) What is the total cost associated with the 0.33 FTE in 2010 related to LEAP?**
- c) Please explain the \$200,000 in software changes that are LEAP related.**

Response:

- a) See OEB Board Staff interrogatory #20 (a).**
- b) See OEB Board Staff interrogatory #20 (c).**
- c) See OEB Board Staff interrogatory #20 (c).**

Interrogatory # 32

Ref: Exhibit 4, page 26

- a) Please provide the total cost associated with the new position for the contract administration and customer contact requirements of the FIT and MicroFit programs of the OPA.**
- b) How many FIT and MicroFit contracts does Cambridge and North Dumfries Hydro expect to have in place in 2010?**
- c) Why is the cost associated with the new position included in the revenue requirement rather than in the newly established OEB deferral accounts to capture the costs?**

Response:

- a) See OEB Board Staff interrogatory #40 (b).**

- b) Cambridge and North Dumfries Hydro Inc. is unable to estimate the number of contracts that will be administered. Our plans included in the rate application were put in place to ensure we provided an appropriate resource for our customers and to support the CEA.**
- c) Based on our review of the definitions outlined for Account 1532, we do not consider these costs to be eligible to be included. We therefore consider this new activity as an appropriate new revenue requirement balance.**

Interrogatory # 33

Ref: Exhibit 4, page 32

- a) Please confirm that the new CIS system went live in November, 2009. If this cannot be confirmed, when is it now expected to go live?**
- b) When in 2010 will Cambridge and North Dumfries Hydro be moving to monthly billing for all of its customers?**

Response:

- a) See response to OEB Board Staff Interrogatory 5 (a).**
- b) The move to monthly billing will be part of the transition to the new CIS system.**

Interrogatory # 34

Ref: Exhibit 4, Table 2

- a) Please explain the \$90,000 increase in costs in 2010 in Account 5040.**
- b) Please explain the increase in meter expenses (Account 5065) in 2009 and 2010 relative to past years. How does the replacement of meters with smart meters impact on this cost in the test year? Please explain why there is not a significant decrease in meter expenses since the smart meter costs are not included in this account.**
- c) Please explain why there is no significant decrease in Account 5175 for the maintenance of meters. The replacement of conventional meters with new smart meters does not appear to reduce maintenance costs. Why not?**

- d) Please explain the significant increase in Account 5320 Collecting costs forecast for 2010.
- e) Please explain the increase in bad debt expense (Account 5335) in 2010 relative to 2009.
- f) How much of the 2008 bad debt expense of \$375,980 was associated with one time impacts from large customers?
- g) Please explain the doubling of the expense in Account 5410 Community Relations – Sundry in 2010 as compared to previous years.
- h) How much of the 2010 increase of \$260,000 in Account 5620 Office Supplies and Expenses is related to the move to monthly billing? What is the remainder of the increase due to?
- i) Please explain what is driving the increase of nearly 19% in the costs in Account 5615 General Administrative Salaries and Expenses. How much of this increase is related to the move to monthly billing?
- j) What is the drive behind the more than doubling of costs in 2009 as compared to 2008 in Account 5630 Outside Services Employed? Why is this situation expected to continue in 2010?
- k) Please provide the actual year-to-date figures for 2009 for each sub-total shown in Table 2 (i.e. Operations, Maintenance, Total Billing and Collecting, Total Community Relations, Total Administrative and General) and for the Total OM&A based on the most recent information available. Please also provide the year-to-date 2008 revenue for each sub-total for the corresponding period.

Response:

- a) The increase in Account 5040 reflects annual union wage increases, increased benefits cost as part of applied burdens and the additional apprentice linesperson.
- b) The majority of the expense in 5065 is labour and is impacted by annual salary increases and benefit cost increases. The mass installation of residential smart meters will occur during 2010 by the use of contractors. The existing staff will continue to focus on the regular meter issues and our operating expenses will have little impact in 2010.
- c) As noted in part (b), the mass installation of residential smart meters will be starting in 2010. The ongoing maintenance costs related to commercial/industrial meters will still continue.

- d) The significant increase relates to the additional costs associated with the switch to monthly billing (Staff Increase \$57,000, Bank Payment Processing Fees \$36,000).
- e) Please see response to SEC Interrogatory #6.
- f) In 2008 there was a bad debt of \$137,551 associated with a single customer.
- g) Account 5410 is where we recorded the incremental amount for the LEAP assistance fund which is yet to be resolved.
- h) Please see Exhibit 4, Page 49, lines 2 to 4.
- i) Please see Exhibit 4, Page 48, lines 9 to 12.
- j) Account 5630 Outside Services Employed in 2009 included ongoing costs plus higher labour arbitration costs, risk assessment consulting on operating systems, consulting on calculation of future taxes for financial statements. In 2010, we have planned for consulting work associated with risk assessment and continuity planning, potential fees re: labour negotiations and increased costs associated with switching to a different audit firm.
- k) Total OM&A Expenditures

	August 2008	August 2009
Operations	\$ 1,826,838	\$ 1,665,501
Maintenance	808,267	792,268
Billing and Collecting	642,339	729,370
Community Relations	21,894	32,962
Administrative and General	<u>2,564,063</u>	<u>2,670,347</u>
	\$ 5,863,401	\$ 5,890,448

Interrogatory # 35

Ref: Exhibit 4, Table 12

If the current rate application does not require an oral (technical conference, hearing) component, what is the expected reduction in costs in relation to the \$160,000 forecast? Please show the impact on each of the legal, consultant and intervenor cost forecasts.

Response:

The assumption for legal of \$60,000 included that the base case legal would be \$10,000 and an oral component will add an additional \$110,000. An average was used based on the uncertainty. The assumption for intervenors of \$60,000 was just the base case and that an oral component would add unknown additional amounts.

The assumption for consultants is just for base case and minimal amounts would be incurred in consultants for an oral component.

Interrogatory # 36

Ref: Exhibit 4, page 68

It is not clear how Cambridge and North Dumfries Hydro deal with the Board of Director costs for its affiliates.

- a) Please confirm that there are no Board of Director costs associated with the affiliates that has been included in the OM&A costs or the revenue requirement of the regulated distributor. If this cannot be confirmed, or if the costs are included in OM&A and offset by recovery of these costs through other revenues, please quantify and illustrate where these costs and revenues are shown in the evidence.**
- b) For each of CNDHI, CNDES and CNDEP, please provide the number of individuals on the respective Board of Directors and the total cost associated with each of the Board of Directors for 2010.**
- c) Please explain why Board of Director fees for the affiliated companies are paid through Cambridge and North Dumfries Hydro in order to satisfy the Affiliate Relationships Code.**

Response:

- a) It is confirmed that based on a reasonable allocation of costs to the affiliates, there are no Board of Director costs associated with the affiliates that have been included in the OM&A cost or the revenue requirement of the regulated distributor. These allocations would be embedded in balances in 4375 and 4380.

b)

	<u>Individuals On Board</u>	<u>Total Cost 2010</u>
Cambridge and North Dumfries Hydro Inc.	9	\$ 111,330
Cambridge and North Dumfries Energy Solutions Inc.	3	\$ 10,800
Cambridge and North Dumfries Energy Plus Inc.	6	\$ 10,800

- c) For administrative purposes, Board of Directors' fees for all three companies have always been paid by one company and allocated to the others. In 2009 changes were made to the composition of the boards and the company paying the Directors moved from Cambridge and North Dumfries Energy Plus Inc. to Cambridge and North Dumfries Hydro Inc. The change in board composition was prompted by Affiliate Relationship Code issues.

Interrogatory # 37

Ref: Exhibit 4, page 73 & Table 38 & Table 39 & Table 40

- a) What is the impact on the depreciation expense in the 2009 bridge year of using the half year rule for calculating the depreciation expense as compared to the full year's amortization methodology that was taken on current year additions in previous years? Please provide a version of Table 39 that calculates depreciation in 2009 based on the methodology that was in place in 2008 and earlier.
- b) What is the impact on the 2010 rate base if the 2009 depreciation expense and the resulting accumulated depreciation had continued to be calculated in the same manner as in 2008 and prior years. Please provide revised continuity schedules for 2009 and 2010 (Tables 38 & 40) that reflect the change in net book value at year end that correspond to the change in rate base.

Response:

- a) If full year amortization is taken on all additions in 2009, depreciation expense for the year would be \$7,064,822. When compared to the half year rule for calculating depreciation expense, an additional \$397,277 expense is a result of taking full depreciation on all additions in 2009. Table 39 is presented below assuming full year amortization on all additions in 2009.

Appendix 2 - N
Depreciation Expenses - 2009

Account	Description	A Opening Balance	B Less Fully Depreciated	C = A - B Net for Depreciation	D Additions	E= C+ 0.5 x D Total for Depreciation	F Years	G = E/F Depreciation Expenses
1805	Land	395,225		395,225	90,000	485,225	NA	0
1806	Land Rights	0		0	0	0	NA	0
1808	Buildings and Fixtures	5,823,245	23,526	5,799,719	0	5,799,719	50	115,994
1810	Leasehold Improvements	0		0	0	0		0
1815	Transformer Station Equipment - Normally Primary	9,771,354		9,771,354	0	9,771,354	40	244,284
1820	Distribution Station Equipment - Normally Primary	55,653	55,653	0	0	0	25	0
1825	Storage Battery Equipment	0		0	0	0		0
1830	Poles, Towers and Fixtures	23,328,484	578,151	22,750,333	1,705,752	24,456,085	25	978,243
1835	Overhead Conductors and Devices	24,076,580	598,799	23,477,781	1,758,051	25,235,832	25	1,009,433
1840	Underground Conduit	21,273,070	529,972	20,743,098	1,539,720	22,282,818	25	891,313
1845	Underground Conductors and Devices	16,913,970	419,848	16,494,122	1,228,653	17,722,775	25	708,911
1850	Line Transformers	36,801,203	911,964	35,889,239	1,765,924	37,655,163	25	1,506,207
1855	Services	16,165,455	402,641	15,762,814	1,188,900	16,951,714	25	678,069
1860	Meters	9,136,785	1,122,816	8,013,969	179,000	8,192,969	25	327,719
1865	Other Installations on Customer's Premises	0		0	0	0		
1870	Leased Property on Customer Premises	0		0	0	0		
1875	Street Lighting and Signal Systems	0		0	0	0		
1905	Land	0		0	0	0		
1906	Land Rights	0		0	0	0		
1908	Buildings and Fixtures	0		0	0	0		
1910	Leasehold Improvements	0		0	0	0		
1915	Office Furniture and Equipment	629,090	400,208	228,882	30,000	258,882	10	25,888
1920	Computer Equipment - Hardware	1,488,617	939,013	549,604	189,500	739,104	5	147,821
1925	Computer Software - 3 Years	653,961	207,885	446,076	265,500	711,576	3	237,192
1925	Computer Software - 5 Years	537,503	0	537,503	1,002,000	1,539,503	5	307,901
1930	Transportation Equipment	3,299,888	2,082,192	1,217,697	719,000	1,936,697	6	322,783
1935	Stores Equipment	105,013	104,452	561	0	561	10	56
1940	Tools, Shop and Garage Equipment	1,283,612	812,375	471,237	150,000	621,237	10	62,124
1945	Measurement and Testing Equipment	0		0	0	0		
1950	Power Operated Equipment	0		0	0	0		
1955	Communication Equipment	0		0	0	0		
1960	Miscellaneous Equipment	0		0	0	0		
1970	Load Management Controls - Customer Premises	0		0	0	0		
1975	Load Management Controls - Utility Premises	0		0	0	0		
1980	System Supervisory Equipment	714,214	714,214	0	0	0	15	0
1985	Sentinel Lighting Rentals	0		0	0	0		
1990	Other Tangible Property	0		0	0	0		
1995	Contributions and Grants	(11,419,225)		(11,419,225)	(1,368,000)	(12,787,225)	25	(511,489)
2005	Property under Capital Lease	61,873		61,873	0	61,873	5	12,375
	Total	161,095,570	9,903,708	151,191,862	10,444,000	161,635,862		7,064,822

Less: Transportation Depreciation	322,783
	6,742,039

- b) The impact on 2010 rate base if depreciation expenses for 2009 and the resulting accumulated depreciation had continued to be calculated by taking full year depreciation expenses for additions in the year that they come into service is presented below.

2010 Rate Base on Exhibit 5, Page 4

\$106,120,669

2010 Rate Base assuming full depreciation
for all additions in 2009

\$105,762,349

Difference

\$ 358,319

Revised Tables 38 and 48 are presented below.

Fixed Asset Continuity Schedule (Distribution & Operations)
As at December 31, 2009

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
N/A	1805	Land	395,225	90,000	61,721	423,504	0	0	0	0	423,504
CEC	1806	Land Rights	0	0	0	0	0	0	0	0	0
47	1808	Buildings and Fixtures	5,823,245	0	14,804	5,808,441	2,065,442	135,164	14,804	2,185,802	3,622,638
13	1810	Leasehold Improvements	0	0	0	0	0	0	0	0	0
47	1815	Transformer Station Equipment - Normally Primar	9,771,354	0	0	9,771,354	1,653,859	244,151	0	1,898,010	7,873,344
47	1820	Distribution Station Equipment - Normally Primar	55,653	0	0	55,653	55,653	0	0	55,653	1
47	1825	Storage Battery Equipment	0	0	0	0	0	0	0	0	0
47	1830	Poles, Towers and Fixtures	23,328,484	1,705,752	0	25,034,236	10,683,583	963,294	0	11,646,877	13,387,359
47	1835	Overhead Conductors and Devices	24,076,580	1,758,051	0	25,834,631	11,026,182	994,508	0	12,020,690	13,813,941
47	1840	Underground Conduit	21,273,070	1,539,720	0	22,812,790	10,397,956	877,697	0	11,275,653	11,537,137
47	1845	Underground Conductors and Devices	16,913,970	1,228,653	0	18,142,623	8,250,339	698,146	0	8,948,485	9,194,138
47	1850	Line Transformers	36,801,203	1,765,924	0	38,567,127	18,451,409	1,466,934	0	19,918,343	18,648,784
47	1855	Services	16,165,455	1,188,900	0	17,354,355	7,915,553	668,280	0	8,583,833	8,770,522
47	1860	Meters	9,136,785	179,000	0	9,315,785	4,523,889	331,911	0	4,855,800	4,459,985
N/A	1865	Other Installations on Customer's Premises	0	0	0	0	0	0	0	0	0
N/A	1870	Leased Property on Customer Premises	0	0	0	0	0	0	0	0	0
N/A	1875	Street Lighting and Signal Systems	0	0	0	0	0	0	0	0	0
N/A	1905	Land	0	0	0	0	0	0	0	0	0
CEC	1906	Land Rights	0	0	0	0	0	0	0	0	0
47	1908	Buildings and Fixtures	0	0	0	0	0	0	0	0	0
13	1910	Leasehold Improvements	0	0	0	0	0	0	0	0	0
8	1915	Office Furniture and Equipment	629,090	30,000	0	659,090	546,111	29,140	0	575,251	83,838
10	1920	Computer Equipment - Hardware	1,488,617	189,500	105,850	1,572,267	1,278,098	165,545	105,850	1,337,793	234,474
12	1925	Computer Software	1,191,464	1,267,500	44,142	2,414,822	344,552	607,887	44,142	908,297	1,506,525
10	1930	Transportation Equipment	3,299,888	719,000	445,183	3,573,705	2,576,159	298,414	445,183	2,429,390	1,144,316
8	1935	Stores Equipment	105,013	0	0	105,013	104,957	63	0	105,020	(7)
8	1940	Tools, Shop and Garage Equipment	1,283,612	150,000	0	1,433,612	1,017,096	69,668	0	1,086,764	346,848
8	1945	Measurement and Testing Equipment	0	0	0	0	0	0	0	0	0
8	1950	Power Operated Equipment	0	0	0	0	0	0	0	0	0
8	1955	Communication Equipment	0	0	0	0	0	0	0	0	0
8	1960	Miscellaneous Equipment	0	0	0	0	0	0	0	0	0
47	1970	Load Management Controls - Customer Premises	0	0	0	0	0	0	0	0	0
47	1975	Load Management Controls - Utility Premises	0	0	0	0	0	0	0	0	0
47	1980	System Supervisory Equipment	714,214	0	0	714,214	714,215	0	0	714,215	(1)
47	1985	Sentinel Lighting Rentals	0	0	0	0	0	0	0	0	0
47	1990	Other Tangible Property	0	0	0	0	0	0	0	0	0
47	1995	Contributions and Grants	(11,419,225)	(1,368,000)	0	(12,787,225)	(2,670,470)	(540,424)	0	(3,210,894)	(9,576,331)
0	2005	Property under Capital Lease	61,873	0	0	61,873	49,499	12,374	0	61,873	(0)
		Total before Work in Process	161,095,570	10,444,000	671,700	170,867,870	78,984,081	7,022,753	609,979	85,396,855	85,471,014
WIP		Work in Process	242,659	(42,659)	0	200,000	0	0	0	0	200,000
		Total after Work in Process	161,338,229	10,401,341	671,700	171,067,870	78,984,081	7,022,753	609,979	85,396,855	85,671,014

1925	Transportation
1930	Stores Equipment

Less: Fully Allocated Depreciation
Transportation 298,414
Communication
Net Depreciation 6,724,339

Fixed Asset Continuity Schedule (Distribution & Operations)
As at December 31, 2010

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
N/A	1805	Land	423,504	35,000	67,043	391,461	0	0		0	391,461
CEC	1806	Land Rights	0	0	0	0	0	0		0	0
47	1808	Buildings and Fixtures	5,808,441	115,000	8,723	5,914,718	2,185,802	137,964	7,613	2,316,153	3,598,564
13	1810	Leasehold Improvements	0	0	0	0	0	0		0	0
47	1815	Transformer Station Equipment - Normally Primary	9,771,354	0	0	9,771,354	1,898,010	244,151		2,142,161	7,629,193
47	1820	Distribution Station Equipment - Normally Primary	55,653	0	0	55,653	55,653	0		55,653	1
47	1825	Storage Battery Equipment	0	0	0	0	0	0		0	0
47	1830	Poles, Towers and Fixtures	25,034,236	1,665,172	0	26,699,408	11,646,877	929,976		12,576,853	14,122,555
47	1835	Overhead Conductors and Devices	25,834,631	1,716,284	0	27,550,915	12,020,690	960,170		12,980,860	14,570,055
47	1840	Underground Conduit	22,812,790	1,502,869	0	24,315,659	11,275,653	847,628		12,123,281	12,192,378
47	1845	Underground Conductors and Devices	18,142,623	1,198,888		19,341,511	8,948,485	674,151		9,622,636	9,718,875
47	1850	Line Transformers	38,567,127	1,723,457		40,290,584	19,918,343	1,432,843		21,351,186	18,939,398
47	1855	Services	17,354,355	1,160,330		18,514,685	8,583,833	645,054		9,228,887	9,285,798
47	1860	Meters	9,315,785	100,000		9,415,785	4,855,800	330,331		5,186,131	4,229,654
N/A	1865	Other Installations on Customer's Premises	0	0		0	0	0		0	0
N/A	1870	Leased Property on Customer Premises	0	0		0	0	0		0	0
N/A	1875	Street Lighting and Signal Systems	0	0		0	0	0		0	0
N/A	1905	Land	0	0		0	0	0		0	0
CEC	1906	Land Rights	0	0		0	0	0		0	0
47	1908	Buildings and Fixtures	0	0		0	0	0		0	0
13	1910	Leasehold Improvements	0	0		0	0	0		0	0
8	1915	Office Furniture and Equipment	659,090	83,000		742,090	575,251	24,594		599,845	142,244
10	1920	Computer Equipment - Hardware	1,572,267	117,000		1,689,267	1,337,793	147,784		1,485,577	203,690
12	1925	Computer Software	2,414,822	1,035,000	110,678	3,339,144	908,297	560,147	110,678	1,357,766	1,981,378
10	1930	Transportation Equipment	3,573,705	125,000	74,890	3,623,815	2,429,390	242,391	74,890	2,596,891	1,026,925
8	1935	Stores Equipment	105,013	0		105,013	105,020	0		105,020	(7)
8	1940	Tools, Shop and Garage Equipment	1,433,612	95,000		1,528,612	1,086,764	62,745		1,149,509	379,103
8	1945	Measurement and Testing Equipment	0	0		0	0	0		0	0
8	1950	Power Operated Equipment	0	0		0	0	0		0	0
8	1955	Communication Equipment	0	0		0	0	0		0	0
8	1960	Miscellaneous Equipment	0	0		0	0	0		0	0
47	1970	Load Management Controls - Customer Premises	0	0		0	0	0		0	0
47	1975	Load Management Controls - Utility Premises	0	0		0	0	0		0	0
47	1980	System Supervisory Equipment	714,214	0		714,214	714,215	0		714,215	(1)
47	1985	Sentinel Lighting Rentals	0	0		0	0	0		0	0
47	1990	Other Tangible Property	0	0		0	0	0		0	0
47	1995	Contributions and Grants	(12,787,225)	(1,267,000)		(14,054,225)	(3,210,894)	(506,800)		(3,717,694)	(10,336,531)
	2005	Property under Capital Lease	61,873			61,873	61,873	0		61,873	(0)
		Total before Work in Process	170,867,870	9,405,000	261,334	180,011,536	85,396,855	6,733,129	193,181	91,936,803	88,074,732
WIP		Work in Process	200,000			200,000	0			0	200,000
		Total after Work in Process	171,067,870	9,405,000	261,334	180,211,536	85,396,855	6,733,129	193,181	91,936,803	88,274,732

1925	Transportation
1930	Stores Equipment

Less: Fully Allocated Depreciation	
Transportation	242,391
Communication	
Net Depreciation	6,490,738

Interrogatory # 38

Ref: Exhibit 4, Table 42

Please provide a detailed explanation (and calculation if necessary) for the following 2010 amounts shown in Table 42:

- Other Additions to accounting income of \$23,607; and
- Other Deductions from accounting income of \$14,813.

Response:

- The addition of \$23,607 to accounting income shown in table 42 consists of the following:

Capital Lease interest non-deductible -	\$ 2,047
Ontario apprenticeship tax credit-	\$15,560
Apprenticeship tax credit for 2007-	\$ 6,000

- b) The deduction of \$14,813 from accounting income is for lease payment deductible for tax purposes.

Interrogatory # 39

Ref: Exhibit 4, Table 42

- a) Please confirm that the 2009 provincial budget reduced the small business tax rate from 5.5% to 4.5% effective July 1, 2010 on the first \$500,000 of taxable income and eliminated the 4.25% surtax on taxable income over \$500,000, also effective July 1, 2010.
- b) Please confirm that the 2010 provincial tax savings resulting from the above change is \$18,750, the difference between the following calculations on the first \$1,500,000 of taxable income:

* $13\% \times \$1,500,000 = \$195,000$ and

* $5\% \times \$500,000$	=	\$25,000
$13\% \times \$1,000,000$	=	\$130,000
$2.125\% \times \$1,000,000$	=	<u>\$21,250</u>
Total	=	\$176,250

If these calculations cannot be confirmed, please provide the calculations that show the reduction in the provincial income tax and provide the rationale for the rates and numbers used.

Response:

- a) Cambridge and North Dumfries Hydro Inc. acknowledges the reduction of the small business tax rate from 5.5% to 4.5% on the first \$500,000 of taxable and the elimination of the 4.25% surtax on taxable income over \$500,000 effective July 1, 2010 that was announced in the 2009 Ontario budget.
- b) Cambridge and North Dumfries Hydro Inc. will not have any tax saving in 2010 from the tax change mentioned in part a). The small business surtax in 2010, even at the lower rate of 2.125% would eliminate the small business deduction amount. The calculation is presented below.

Ontario Tax Payable in 2010			
Ontario taxable income - 2010			3,813,618
General Corporate tax rate			13.0%
Income tax payable before credits			495,770
Less Ontario small business deduction			
\$500,000 x 8%		(A)	(40,000)
Add Surtax clawback:			
Taxable income		5,752,314	
Less small business threshold		(500,000)	
Surtax base		5,252,314	
Half year rate	2.125%	(B)	111,612
Surtax: lessor of (A) or (B)			40,000
Ontario income tax before specified credits			495,770

Interrogatory # 40

Ref: Exhibit 4, Table 42

The evidence is not clear as to whether or not Cambridge and North Dumfries Hydro has included any apprenticeship or co-operative education tax credits in the calculation of the regulatory income tax.

- a) Please calculate the impact on taxes and on the revenue requirement of including the Apprenticeship Training Tax Credit as modified in the 2009 provincial budget to 35% of qualifying wages to a maximum of \$10,000 per position and extending the eligibility period from 36 months to 48 months. Please show the number of positions eligible the credit and the amount that can be claimed for each in 2010.
- b) Has Cambridge and North Dumfries Hydro included any tax credits related to the Co-operative Education Tax Credit? If not, why not? If not, please provide a calculation that reflects the 2009 provincial budget changes that increased the credit to 25% of qualifying wages to a maximum of \$3,000.

Response:

- a) **Cambridge and North Dumfries Hydro Inc. has five apprentices. Based on the Apprenticeship Training Tax Credit (ATTC) as modified in the 2009 Ontario Budget, Cambridge and North Dumfries Hydro Inc. would be eligible for the ATTC for only three apprentices in 2010. Each apprentice income for 2010 will exceed \$10,000. Therefore ATTC for 2010 that Cambridge and North Dumfries Hydro Inc. can claim is \$10,500 ($3 \times \$10,000 \times 35\%$).**

ATTC of \$15,560 was included in the taxes and the revenue requirement as question 38 a). The impact on taxes and revenue requirements based on the difference between the two amounts (\$15,560 - \$10,500) is outlined below.

Total Revenue Requirement including ATTC of \$15,560	24,958,934
Total Revenue Requirement including ATTC of \$10,500	24,953,966
Difference in Revenue Requirement	4,968
Total Taxes including ATTC of \$15,560	1,182,222
Total Taxes including ATTC of \$10,500	1,177,254
Difference in Taxes	4,968

- b) **Cambridge and North Dumfries Hydro Inc. did not include any tax credits related to Co-operative Education Tax Credit for 2010. As it does not have any Co-operative Education program.**

Interrogatory # 41

Ref: Exhibit 4, Table 43 & Table 44

- a) **The application of the half year rule does not appear to be done correctly for the assets in CCA classes 10 and 12 in both 2009 and 2010. In particular, the column that deals with the ½ Year Rule shows a calculation that is ½ of the additions less disposals. The figures provided are ½ of the additions only and do not reflect the disposals. Please provide a corrected version of Tables 43 and 44 that reflect ½ of the additions less disposals.**
- b) **In both 2009 and 2010 there are significant disposals shown in classes 10 and 12. Are these disposition amounts related to the proceeds from the disposition of the assets or are they related to the original cost of the assets being disposed of? If the later, please explain why these amounts are included in the dispositions column.**

- c) Please provide the proceeds of the dispositions in 2009 and 2010 for Class 10 and 12 and use these figures to revise the CCA claims in 2009 and 2010. Please provide revised Tables 43 & 44.
- d) Please explain why the computer hardware additions in 2009 (\$189,500) and in 2010 (\$117,000) have been placed in CCA Class 10 at a rate of 30% rather than in Class 50, at a rate of 55%.
- e) Is Cambridge and North Dumfries Hydro aware that a new CCA class (Class 52) has been established for computer hardware and systems software purchased after January 27, 2009 and prior to February, 2011 that has a rate of 100% and removes the half year rule that effectively allows the write-off of the full amount of the capital addition in the year that the addition was made?
- f) Please revise Tables 43 & 44 to reflect the CCA Class 52 described in part (e) above and the movement of the computer hardware additions in 2009 and 2010 from Class 10 to Class 52.

Response:

- a) The corrected version of Tables 43 and 44 that reflect half of the additions less disposals are presented in part (e) below.
- b) The disposal amount shown in Tables 43 and 44 for class 10 and 12 are related to the original cost of the assets being disposed of.
- c) The proceeds of the dispositions in 2009 and 2010 for class 10 and 12, and the revised CCA claims are provided in the revised Tables 43 and 44 presented in part (e) below.
- d) Computer hardware additions in 2009 and 2010 have been placed in CCA class 10 rather than in class 50 as a result of misclassification.
- e) Cambridge and North Dumfries Hydro in not aware of the new CCA class (Class 52) that has been established for computer hardware and systems software purchased after January 27, 2009 and prior to February, 2011 that has a rate of 100% and removes the half year rule that effectively allows the write-off of the full amount of the capital addition in the year that the addition was made.
- f) The revised Tables 43 and 44 reflect the following changes:
 - Half of the additions less disposals in 2009 and 2010
 - Proceeds of the dispositions in 2009 and 2010 for class 10 and 12
 - The new CCA class for 2009 and 2010 – Class 52

- **Revised CCA claim for 2009 and 2010**

CCA Continuity Schedule (2009)

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	34,498,531	0	0	34,498,531	-	-	34,498,531	0	34,498,531	4%	1,379,941	33,118,590
2	Distribution System - pre 1988	31,864,903	0	0	31,864,903	-	-	31,864,903	0	31,864,903	6%	1,911,894	29,953,009
6	Buildings (No footings below ground)	42,073	0	0	42,073	-	-	42,073	0	42,073	10%	4,207	37,866
8	General Office/Stores Equip	482,701	0	0	482,701	180,000.00	-	662,701	90,000	572,701	20%	114,540	548,161
10	Computer Hardware/ Vehicles	838,593	0	0	838,593	719,000.00	57,777.00	1,499,816	330,612	1,169,205	30%	350,761	1,149,055
10.1	Certain Automobiles	0	0	0	0	-	-	0	0	0	30%	0	0
12	Computer Software	296,208	0	0	296,208	1,267,500.00	-	1,563,708	633,750	929,958	100%	929,958	633,750
3	Building including Components after 1978 and before 1988	768,229	0	0	768,229	-	-	768,229	0	768,229	5%	38,411	729,818
13 3	Lease # 3	0	0	0	0	-	-	0	0	0		0	0
13 4	Lease # 4	0	0	0	0	-	-	0	0	0		0	0
14	Franchise	0	0	0	0	-	-	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	265,816	0	0	265,816	-	-	265,816	0	265,816	8%	21,265	244,551
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	-	-	0	0	0	30%	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	29,721	0	0	29,721	-	-	29,721	0	29,721	45%	13,374	16,347
50	Computers & Systems Hardware acq'd post Mar 19/07	156,625	0	0	156,625	-	-	156,625	0	156,625	55%	86,144	70,481
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	-	-	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	23,531,206			23,531,206	7,998,000.00	-	31,529,206	3,999,000	27,530,206	8%	2,202,416	29,326,790
52	Computer Hardware & System Software Purchase after Jan 27, 2009 and Prior to Feb, 2011	0	0	0	0	189,500.00	-	189,500	0	189,500	100%	189,500	0
	SUB-TOTAL - UCC	92,774,606	0	0	92,774,606	10,354,000	57,777	103,070,829	5,053,362	98,017,468		7,242,414	95,828,415
CEC	Goodwill		0	0	0								
CEC	Land Rights		0	0	0								
CEC	FMV Bump-up		0	0	0								
	SUB-TOTAL - CEC	0	0	0	0								

0

CCA Continuity Schedule (2010)

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	33,118,590	0	0	33,118,590	-	-	33,118,590	0	33,118,590	4%	1,324,744	31,793,846
2	Distribution System - pre 1988	29,953,009	0	0	29,953,009	-	-	29,953,009	0	29,953,009	6%	1,797,181	28,155,828
6	Buildings (No footings below ground)	37,866	0	0	37,866	-	-	37,866	0	37,866	10%	3,787	34,079
8	General Office/Stores Equip	548,161	0	0	548,161	178,000.00	-	726,161	89,000	637,161	20%	127,432	598,729
10	Computer Hardware/ Vehicles	1,149,055	0	0	1,149,055	125,000.00	4,500.00	1,269,555	58,000	1,211,555	30%	363,466	906,088
10.1	Certain Automobiles	0	0	0	0	-	-	0	0	0	30%	0	0
12	Computer Software	633,750	0	0	633,750	1,035,000.00	-	1,668,750	517,500	1,151,250	100%	1,151,250	517,500
3	Building including Components after 1978 and before 1988	729,818	0	0	729,818	-	-	729,818	0	729,818	5%	36,491	693,327
		0	0	0	0	-	-	0	0	0	0%	0	0
13.3	Lease # 3	0	0	0	0	-	-	0	0	0		0	0
13.4	Lease # 4	0	0	0	0	-	-	0	0	0		0	0
14	Franchise	0	0	0	0	-	-	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	244,551	0	0	244,551	-	-	244,551	0	244,551	8%	19,564	224,987
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	-	-	0	0	0	30%	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	16,347	0	0	16,347	-	-	16,347	0	16,347	45%	7,356	8,991
50	Computers & Systems Hardware acq'd post Mar 19/07	70,481	0	0	70,481	-	-	70,481	0	70,481	55%	38,765	31,717
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	-	-	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	29,326,790			29,326,790	7,915,000.00	-	37,241,790	3,957,500	33,284,290	8%	2,662,743	34,579,046
52	Computer Hardware & System Software Purchase after Jan 27, 2009 and Prior to Feb, 2011	0	0	0	0	117,000.00	-	117,000	0	117,000	100%	117,000	0
	SUB-TOTAL - UCC	95,828,415	0	0	95,828,415	9,370,000	4,500	105,193,915	4,622,000	100,571,915		7,649,778	97,544,137
0													
CEC	Goodwill	0	0	0	0								
CEC	Land Rights	0	0	0	0								
CEC	FMV Bump-up	0	0	0	0								
	SUB-TOTAL - CEC	0	0	0	0								

Interrogatory # 42

Ref: Exhibit 4, Table 45

- a) Please provide the actual amount for property taxes in the same level of detail as shown in Table 45.
- b) For the office location, please provide the percent increase in the assessed value in 2009 over 2008.
- c) What assumption has Cambridge and North Dumfries Hydro assumed for the increase in the tax rate applicable to the office location in 2009 and in 2010?
- d) What was the actual increase in the tax rate applicable to the office location in 2009?

Response:

a)

	Actual Taxes
	<u>2009</u>
Distribution Station	\$ 3,215
Transformer Station	\$ 21,952
Office Location	\$145,783

- b) The assessed value increased by 3.8% in 2009 over 2008. This is part of a 4 year phase-in to increase the assessment by 15.3%.
- c) The amounts included in the rate application reflected the phased in assessment impact and a general tax rate increase in 2-3% range each year.
- d)

	<u>2008 Tax Rate</u>	<u>2009 Tax Rate</u>
City	.902960%	.884120%
Region	1.343820%	1.325170%
Education	2.032660%	1.901920%

Interrogatory # 43

Ref: Exhibit 5, page 6

- a) Has Cambridge and North Dumfries Hydro considered replacing the loan from its affiliate with third party financing? If not, why not?
- b) Has Cambridge and North Dumfries Hydro requested financing terms and rates from any third party in the last six months? If yes, please provide all correspondence relating to the amount, term and applicable rate.
- c) Has Cambridge and North Dumfries Hydro requested financing from Infrastructure Ontario to finance some portion of its capital expenditures in 2009 and/or 2010? If not, why not? What are the current rates available from Infrastructure Ontario for 5, 10, 15, 20, 25 and 30 year terms.
- d) Has Cambridge and North Dumfries Hydro enquired as to whether or not the affiliate would be agreeable to calling the loan if the distributor can obtain replacement financing at equivalent or lower rates? If not, why not? If yes, what was the affiliate response?
- e) If the Board were to allow the deemed long-term debt rate to apply to the affiliate loan and it was in excess of the Established Rate of 4.993%, would Cambridge and North Dumfries Hydro actually pay the affiliate the higher interest cost?

Response:

- a) At the time of monetizing the City of Cambridge loan we asked the Township of North Dumfries if they wished to also have their loan repaid. They indicated that they had a strong interest in continuing to earn the interest income and therefore declined.
- b) Cambridge and North Dumfries Hydro Inc. has not requested financing terms and rates from any third party in the last six months.
- c) Cambridge and North Dumfries Hydro Inc. has not requested financing from Infrastructure Ontario to finance some portion of its capital expenditures in 2009 and/or 2010. All funding for the capital expenditures are being financed from internal cash flow in cash balances and there is no financing requirement. As per the Infrastructure Ontario website on November 10, 2009, the rates are as follows:

5 yr = 2.93 – 3.03%
10 yr = 4.03 – 4.13%

15 yr = 4.58 – 4.68%
20 yr = 4.91 – 5.01%
25 yr = 5.13 – 5.23%
30 yr = 5.24 – 5.34%

- d) Cambridge and North Dumfries Hydro Inc. do not just focus on the rate when evaluating any financing situation. The term of the loan, the security required, the repayment terms, the covenants, closing costs re: existing financing and the costs associated with obtaining the financing are also impacted variables. When evaluating the variables, it does not seem prudent to obtain replacement financing. It should be noted that in 2006 at the time of the third party debt, the Township of North Dumfries was given the option of a reduction to the equivalent rate or repayment. The new note was signed at the new lower equivalent rate.
- e) The established rate of 4.993% would only be paid to ensure fairness and transparency to the other shareholder.

Interrogatory # 44

Ref: Exhibit 7, Table 2 & Table 5

- a) Do the proposed revenue to cost ratios shown in Table 5 result in an over contribution relative to the allocated revenue requirement shown in Table 2 for the aggregate of all the classes excluding the embedded distributors? In other words, do the proposed revenue to cost ratios result in these classes providing the additional more than \$300,000 shortfall from the embedded distributors based on the cost allocation model?
- b) Please provide a table that shows for each rate class (including the embedded distributor class) the revenues associated with the proposed revenue to cost ratios. If the total of these revenues does not equal \$23,345,924, please explain any difference, other than due to rounding.

Response:

- a) The proposed revenue to cost ratios shown in Table 5 do not result in an over contribution relative to the allocated revenue requirement shown in Table 2.
- b) In the referenced Table 2 the column titled "2010 Revenue Assuming Proposed Revenue to Cost Ratios" shows for each rate class (including the embedded distributor class) the revenues associated with the proposed revenue to cost ratios. The Revenue to Cost ratios presented in the last

column of table 2 should have been the Proposed Revenue to Cost Ratio as shown in table 5 on page 7. For more detail please refer VECC question 30.

Interrogatory # 45

Ref: Exhibit 7, Table 5

In several 2008 and 2009 Board Decisions (see for example the EB-2007-0693 Decision and Order dated August 11, 2008), the Board stated that “No point within any of the ranges should be considered to be any more reliable than any other point within the range” and that “The Board will not approve any further movement within the ranges as requested by a number of the intervenors in the proceeding, and by the Applicant itself”.

- a) In light of the above, please explain why Cambridge and North Dumfries Hydro propose to change some revenue to cost ratios that are already within the Board approved range. In particular, why is the proposal for the USL class to reduce the revenue to cost ratio from 110% to 90%?**
- b) What is the impact on the GS < 50 kW proposed revenue to cost ratio if all of the classes that currently have ratios within the Board approved range remain as they are (i.e. residential, GS > 50 to 999, GS > 1000 to 4999 and USL), and the GS > 5000 kW and Street Light classes are increased as proposed?**

Response:

- a) The proposal to reduce the revenue to cost ratio from 110% to 90% was an oversight. The proposal should have been at the 110%**
- b) Under the requested scenarios the GS <50 kW proposed revenue to cost ratio would be 113.78%.**

Interrogatory # 46

Ref: Exhibit 7, page 11

Cambridge and North Dumfries Hydro propose to move the GS > 5000 kW and Street Light classes to the bottom end of their respective ranges. Is the proposal to use this additional revenue to reduce the revenue to cost ratios for the GS < 50 kW and GS > 50 to 999 kW classes? How will the additional revenue be split between the two classes?

Response:

Cambridge and North Dumfries Hydro Inc. proposes that as the GS > 5000 kW and Street Light classes move to the bottom end of their respective ranges the additional revenue will be split between the GS < 50 kW and GS > 50 to 999 kW classes in order to achieve the same lower revenue to cost ratio for both classes.

Interrogatory # 47

Ref: Exhibit 8, page 1

Please reconcile the total revenue offset of \$1,488,201 and the base revenue requirement of \$23,470,733 in the written evidence with the figures provided in Table 1 of \$1,613,010 and \$23,345,924, respectively.

Response:

Please refer to response to OEB Board Staff interrogatory #31.

Interrogatory # 48

Ref: Exhibit 8, Table 17 & Table 19

- a) Please explain why Cambridge and North Dumfries Hydro proposes to use a 5 year average to calculate the total loss factor rather than the 3 year average used in the 2006 EDR Handbook.**
- b) Please calculate the loss factors based on the average of the 2006 through 2008 data.**
- c) Please explain how the proposed loss adj. factor of 1.0286 shown in Table 19 is derived from the five year average loss factor of 2.84% shown in Table 17.**

Response:

- a) **Cambridge and North Dumfries Hydro Inc. proposes to use a 5 year average to calculate the total loss factor in accordance with Appendix 2-Q, Chapter 2 of the Filing Requirements for Transmission and Distribution Applications issued by the Board May 27, 2009.**
- b) **The loss factor based on the average from 2006 to 2008 is presented below.**

MWh	Actual Purchases	Actual Billed	Loss Factor
2006	1,599,360	1,561,103	2.45%
2007	1,609,194	1,566,590	2.72%
2008	1,557,523	1,518,626	2.56%
Average			2.58%

- c) **The proposed loss adjustment factor of 1.0286 shown in table 19 is derived as follow;**

Supply Facility Loss Factor 1.0003 x Distribution Loss Factor- Secondary Metered Customer < 5,000 kW 1.0283

Interrogatory # 49

**Ref: Exhibit 7, Table 5 &
Exhibit 8, page 33**

Table 5 in Exhibit 7 shows a significant increase in the proposed revenue to cost ratio for the GS > 5000 kW class, but the monthly bill impacts for this class shows a decrease in rates.

- a) **Please confirm that the GS > 5000 kW rates would be increasing except for the regulatory asset rate rider.**
- b) **To what level could the revenue to cost ratio for the GS > 5000 kW class of customers rise if the bill impact were to set to 0% for the smaller customers in this class?**
- c) **Based on the results of part (b) above, how much further could the revenue to cost ratios for the GS < 50 kW and GS > 50 to 999 kW class be reduced in 2010?**

Response:

- a) **Cambridge and North Dumfries Hydro Inc. confirms that the GS > 5000 kW rates would be increasing except for the regulatory asset rate rider.**
- b) **When the revenue to cost ratio is raised to 100% for the GS > 5000 kW class the bill impact would still be negative for the smaller customers in this class.**
- c) **Based on the results of part (b) above, the revenue to cost ratios for the GS < 50 kW and GS > 50 to 999 kW class would be reduced to 111.62% in 2010.**

Interrogatory # 50

Ref: Exhibit 9, Table 8

- a) **Please calculate the rate riders assuming the account balances were to be cleared over a 4 year time horizon.**
- b) **What is the total bill impact on the GS > 5000 kW customer class if the regulatory asset rate rider were calculated over a 4 year period?**

Response:

- a) **The rate rider table, assuming the deferral and variance account balances were to be cleared over a four year time horizon, are presented in the Table below.**

Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	General Service > 5000 kW	Unmetered Scattered Load	Street Lights	Total
Group 1										
Low Voltage	\$ 438,375	kWh	\$ 110,717	\$ 48,671	\$ 138,423	\$ 71,427	\$ 65,832	\$ 604	\$ 2,701	\$ 438,375
WMSC - Account 1580	\$ (3,975,688)	kWh	\$ (1,004,108)	\$ (441,406)	\$ (1,255,375)	\$ (647,784)	\$ (597,043)	\$ (5,476)	\$ (24,496)	\$ (3,975,688)
Network - Account 1584	\$ (915,269)	kWh	\$ (231,162)	\$ (101,619)	\$ (289,008)	\$ (149,131)	\$ (137,449)	\$ (1,261)	\$ (5,639)	\$ (915,269)
Connection - Account 1586	\$ (3,064,069)	kWh	\$ (773,867)	\$ (340,192)	\$ (967,520)	\$ (499,248)	\$ (460,142)	\$ (4,220)	\$ (18,879)	\$ (3,064,069)
Power - Account 1588	\$ (4,139,109)	kWh	\$ (1,045,382)	\$ (459,550)	\$ (1,306,978)	\$ (674,411)	\$ (621,585)	\$ (5,701)	\$ (25,503)	\$ (4,139,109)
Power, Goba Adjustment - Account 1588	\$ 2,137,167	kWh for Non RPP Customer	\$ 126,811	\$ 51,480	\$ 915,681	\$ 548,817	\$ 472,306	\$ -	\$ 22,073	\$ 2,137,167
Recovery of Regulatory Asset Balances	\$ (436,649)	2006 Reg. Assets %	\$ (534,667)	\$ (27,246)	\$ 56,581	\$ 10,711	\$ 57,860	\$ (1,380)	\$ 1,492	\$ (436,649)
Subtotal	\$ (9,955,242)		\$ (3,351,658)	\$ (1,269,862)	\$ (2,708,196)	\$ (1,339,618)	\$ (1,220,222)	\$ (17,434)	\$ (48,252)	\$ (9,955,242)
Group 2										
Other Regulatory Assets - Account 1508	\$ 727,101	Dx Revenue	\$ 360,881	\$ 101,549	\$ 178,790	\$ 56,814	\$ 23,818	\$ 2,302	\$ 2,947	\$ 727,101
Retail Cost Variance Account - Acct 1518	\$ (336,924)	# of Customers	\$ (300,112)	\$ (31,448)	\$ (4,640)	\$ (198)	\$ (21)	\$ (451)	\$ (55)	\$ (336,924)
Retail Cost Variance Account (STR) Acct 1548	\$ 62,416	# of Customers	\$ 55,597	\$ 5,826	\$ 860	\$ 37	\$ 4	\$ 84	\$ 10	\$ 62,416
One-Time WMSC - Account 1582	\$ 187,968	kWh	\$ 47,474	\$ 20,869	\$ 59,353	\$ 30,627	\$ 28,228	\$ 259	\$ 1,158	\$ 187,968
Subtotal - Non RSVA, Variable	\$ 640,561		\$ 163,839	\$ 96,797	\$ 234,363	\$ 87,279	\$ 52,029	\$ 2,193	\$ 4,061	\$ 640,561
Smart Meters Revenue and Capital, 1555 (Fixed)	\$ -	# of Metered Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Smart Meter Expenses, 1556 (Fixed)	\$ -	# of Metered Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotal - Non RSVA Fixed	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total to be refunded	\$ (9,314,681)		\$ (3,187,819)	\$ (1,173,065)	\$ (2,473,833)	\$ (1,252,339)	\$ (1,168,193)	\$ (15,241)	\$ (44,191)	\$ (9,314,681)

Balance to be collected or refunded, Variable	\$ (9,314,681)		\$ (3,187,819)	\$ (1,173,065)	\$ (2,473,833)	\$ (1,252,339)	\$ (1,168,193)	\$ (15,241)	\$ (44,191)	\$ (9,314,681)
Balance to be collected or refunded, Fixed	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Number of years for Variable	4									
Number of years for Fixed	4									
Balance to be collected or refunded per year, Variable	\$ (2,328,670)		\$ (796,955)	\$ (293,266)	\$ (618,458)	\$ (313,085)	\$ (292,048)	\$ (3,810)	\$ (11,048)	\$ (2,328,670)
Balance to be collected or refunded per year, Fixed	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Class
Deferral and Variance Account Rate Riders, Variable
Billing Determinants

Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 to 4999 kW	General Service > 5000 kW	Unmetered Scattered Load	Street Lights
\$ (0.0021)	\$ (0.0017)	\$ (0.4971)	\$ (0.5651)	\$ (0.6542)	\$ (0.0018)	\$ (0.4586)
kWh	kWh	kW	kW	kW	kWh	kW

- b) The bill impact on the GS > 5000 kW customer class if the regulatory asset rate rider were calculated over a 4 year period is presented in the Table below.

LARGE USER (> 5000 kW)										
		2009 BILL			2010 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 2,850,000 kWh 5,500 kW	Monthly Service Charge			4,382.74			6,221.27	1,838.53	41.95%	2.45%
	Distribution (kWh)	2,850,000	0.0000	0.00	2,850,000	0.0000	0.00	0.00	0.00%	0.00%
	Distribution (kW)	5,500	1.8333	10,083.15	5,500	1.7502	9,626.10	(457.05)	(4.53%)	3.79%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	Transformer Credit	5,500	(0.6000)	(3,300.00)	5,500		0.00	3,300.00	(100.00%)	0.00%
	Regulatory Assets (kW)	5,500	0.0000	0.00	5,500	(0.6542)	(3,597.88)	(3,597.88)	100.00%	(1.41%)
	Sub-Total			11,166.89			12,250.49	1,083.60	9.70%	4.82%
	Other Charges (kWh)	2,857,695	0.0135	38,578.88	2,850,741	0.0135	38,485.00	(93.88)	(0.24%)	15.13%
	Other Charges (kW)	5,515	3.5343	19,491.13	5,501	3.3404	18,376.80	(1,114.34)	(5.72%)	7.23%
	Cost of Power Commodity (kWh)	2,857,695	0.0607	173,519.24	2,850,741	0.0607	173,096.99	(422.25)	(0.24%)	68.06%
Total Bill Before Taxes				242,756.15			242,209.29	(546.86)	(0.23%)	95.24%
GST			5.00%	12,137.81		5.00%	12,110.46	(27.34)	(0.23%)	4.76%
Total Bill				254,893.95			254,319.75	(574.20)	(0.23%)	100.00%

LARGE USER (> 5000 kW)										
		2009 BILL			2010 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 16,500,000 kWh 33,000 kW	Monthly Service Charge			4,382.74			6,221.27	1,838.53	41.95%	0.43%
	Distribution (kWh)	16,500,000	0.0000	0.00	16,500,000	0.0000	0.00	0.00	0.00%	0.00%
	Distribution (kW)	33,000	1.8333	60,498.90	33,000	1.7502	57,756.60	(2,742.30)	(4.53%)	3.99%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	Transformer Credit	33,000	(0.6000)	(19,800.00)	33,000		0.00	19,800.00	(100.00%)	0.00%
	Regulatory Assets (kW)	33,000	0.0000	0.00	33,000	(0.6542)	(21,587.27)	(21,587.27)	100.00%	(1.49%)
	Sub-Total			45,082.64			42,391.60	(2,691.04)	(5.97%)	2.93%
	Other Charges (kWh)	16,544,550	0.0135	223,351.43	16,504,290	0.0135	222,807.92	(543.51)	(0.24%)	15.40%
	Other Charges (kW)	33,089	3.5343	116,946.81	33,009	3.3404	110,260.78	(6,686.02)	(5.72%)	7.62%
	Cost of Power Commodity (kWh)	16,544,550	0.0607	1,004,585.08	16,504,290	0.0607	1,002,140.49	(2,444.59)	(0.24%)	69.28%
Total Bill Before Taxes				1,389,965.95			1,377,600.79	(12,365.16)	(0.89%)	95.24%
GST			5.00%	69,498.30		5.00%	68,880.04	(618.26)	(0.89%)	4.76%
Total Bill				1,459,464.24			1,446,480.83	(12,983.41)	(0.89%)	100.00%