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November 30, 2009

Delivered By Courier

Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

Attention: Kirsten Walli
Board Secretary

**Re: Haldimand County Hydro Inc. (EB-2009-0265)
2010 Electricity Distribution Rate (Cost of Service) Application
Responses to Interrogatories**

Dear Ms. Walli:

Haldimand County Hydro Inc. filed an application with the Ontario Energy Board (the "Board") on August 28, 2009 seeking approval for changes to rates that Haldimand County Hydro may charge for electricity distribution to be effective May 1, 2010.

Pursuant to Procedural Order No. 1 issued on October 14, 2009, Board Staff and Intervenor filed interrogatories on October 27 and 30, 2009 respectively. Haldimand County Hydro was required to file responses by November 16, 2009.

By letter dated November 11, 2009, Haldimand County Hydro requested an extension for filing responses to interrogatories to November 30, 2009, citing the number and complexity of the interrogatories received. The Board determined that it would grant the requested extension. Procedural Order No. 2 issued on November 13, 2009 requires that Haldimand County Hydro file with the Board complete responses to all interrogatories and deliver them to the intervenors no later than November 30, 2009.

In accordance with Procedural Order No. 2, two hard copies of the complete responses to all interrogatories are now enclosed. An electronic copy of the complete responses in PDF format will be submitted through the Board's *Regulatory Electronic Submission System* ("RESS").

In addition, an electronic copy of the complete responses in PDF format will be forwarded via email to the representatives noted for each of the intervenors as follows :

1. Energy Probe Research Foundation
 - a. David MacIntosh, Energy Probe Research Foundation
 - b. Randy Aiken, Aiken & Associates
2. Ms. Lisa Pryor
3. School Energy Coalition
 - a. John De Vellis, Shibley Righton LLP
 - b. Wayne McNally, Ontario Education Services Corporation
4. Vulnerable Energy Consumers Coalition
 - a. Michael Buonaguro, Public Interest Advocacy Centre
 - b. William Harper, Econalysis Consulting Services Inc.

These responses to interrogatories relating to the 2010 Electricity Distribution Rate (Cost of Service) Application are respectfully submitted for the Board's consideration.

Yours truly,
HALDIMAND COUNTY HYDRO INC.

Original signed by

Jacqueline A. Scott
Finance Manager

Board Staff Interrogatories
Haldimand County Hydro Inc. ("Haldimand County Hydro")
2010 Electricity Distribution Rate Application
EB-2009-0265
Dated: October 27, 2009

RATE BASE AND CAPITAL EXPENDITURES

1. Ref: Exhibit 2

Please provide information for the period 2006 to 2010 in the following table format:

	2006 Actual	2007 Actual	2008 Actual	2009 Bridge	2010 Test
Allowed ROE (%)					
on the regulated rate base	9.00%	9.00%	9.00%	9.00%	8.01%
Actual ROE (%)					
on the regulated rate base	9.08%	9.75%	11.60%	5.63%	9.94%
Retained Earnings	\$ 4,349,078	\$ 5,673,959	\$ 8,473,801	\$ 8,908,705	\$ 10,264,868
Dividends Paid to Shareholder	\$ 55,557	\$ 404,452	\$ 449,627	\$ 515,808	\$ 237,677
Sustaining Capital Expenditures (excluding Smart Meters)	\$ 981,904	\$ 208,380	\$ 1,136,631	\$ 1,855,676	\$ 1,080,960
Development Capital Expenditures (excluding Smart Meters)	\$ 1,860,949	\$ 2,156,958	\$ 2,863,672	\$ 2,085,276	\$ 1,870,528
Operations Capital Expenditures	\$ 372,986	\$ 406,009	\$ 928,727	\$ 438,089	\$ 459,158
Smart Meters Capital Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Other Capital Expenditures:					
Other Capital	\$ 131,992	\$ 609,968	\$ 145,793	\$ 97,857	\$ 33,255
Capital Contributions	\$ (353,824)	\$ (472,830)	\$ (242,212)	\$ (47,800)	\$ (131,600)
Disposals	\$ (72,493)	\$ (72,192)	\$ (137,809)	\$ -	\$ -
Total Capital Expenditures (including Smart Meters)	\$ 2,921,514	\$ 2,836,293	\$ 4,694,802	\$ 4,429,098	\$ 3,312,301
Total Capital Expenditures (excluding Smart Meters)	\$ 2,921,514	\$ 2,836,293	\$ 4,694,802	\$ 4,429,098	\$ 3,312,301
Depreciation Expense (2006 & 2007 exclude Fully Allocated Depreciation)	\$ 2,026,392	\$ 2,162,367	\$ 2,442,300	\$ 2,813,976	\$ 2,932,087
Construction Work in Progress	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ 34,527,190	\$ 35,466,521	\$ 36,781,875	\$ 39,009,183	\$ 40,097,056
Number of Customer Additions (Total)	120	123	116	150	151
Residential	133	113	106	144	145
General Service < 50 kW (excludes Unmetered Scattered Load)	(12)	25	8	3	3
General Service > 50 kW (includes Intervals)	(1)	(15)	2	3	3
Note:					
1. Smart Meters are not included in Rate Base and Capital Expenditures as part of Haldimand County Hydro Inc.'s ("HCHI") 2010 EDR Application and therefore have not been included as part of this table. The expenditures on Smart Meter capital currently reside in the OEB approved variance account '1555' and will not be transferred to Rate Base and Capital until HCHI meets the Smart Meter filing guideline requirements for inclusion of smart meter costs into ongoing operations and rate base. (Reference: Exhibit 9 / Tab 2 / Schedule 3)					

2. Ref: Exhibit 2 / Tab 2 / Sch. 3 / P.5

In Project #3 titled "Replace Defective Transformer Pads", Haldimand County Hydro has indicated that it intends to replace existing fibreglass pad-mounted transformer foundations with concrete foundations. Please answer the following questions with respect to this project:

- a) What was the rationale to use fibreglass pad-mounted foundations considering that fibreglass is more fragile than concrete?

Response

Based on current Utilities Standard Forum (USF) standards the foundations used for supporting pad mounted transformers can be manufactured from concrete or fibreglass. Haldimand County Hydro standards require concrete foundations. To the best of our knowledge the use of fibreglass foundations was initiated as an Ontario Hydro pilot program. These customers and assets were initially part of Ontario Hydro's service territory which Haldimand County Hydro purchased in 1999.

The "Replace Defective Transformer Pad" project was a program to replace legacy installations where safety problems with the foundation and/or transformer were identified by inspection.

- b) Are there any other utilities using fibreglass pad-mounted transformer foundations?

Response

Fibreglass foundations are readily available in today's distribution supplier marketplace and it is likely that they are being used in some locals. However, to the best of our knowledge, most LDC's in Ontario have standardized on concrete foundations.

This was an Ontario Hydro pilot program. In the 1980's and early 1990's Dunnville Hydro Electric Commission and Haldimand Hydro Electric Commission also installed approximately 5 fiberglass pads in their service territories. These service territories merged to what is now Haldimand County Hydro. In total, there are approximately 52 fiberglass foundations that have been identified. Approximately 16 have been converted to concrete. We are not aware of other LDC's that use them.

- c) Since this is a multi-year project, please provide the total cost of replacing these transformer foundations. Please also provide a breakdown for the individual years.

Response

Year	Total Cost
2004	\$29,873
2005	\$739
2006	\$24,031
2007	\$8,665
Total	\$63,308

There are no capital costs after 2007 because only the foundations were being replaced instead of the entire foundation/transformer installation and this was captured under maintenance. Haldimand County Hydro was finding that the transformers were in good condition and the transformer was simply being placed back onto the new foundation. Therefore, when a defective fibreglass foundation is identified it is replaced as a maintenance item. The rationale is that the foundation is only part of the pad mounted transformer installation asset and the proper financial treatment is to book this cost as maintenance.

3. Ref: Exhibit 2 / Tab 2 / Sch. 3

The evidence indicates that Haldimand County Hydro has installed a new CIS billing system. Please answer the following questions with respect to this project:

- a) What is the total cost of the new CIS billing system?

Response

The total cost of the new CIS billing system was budgeted at \$609,778 with final costs of \$603,926.

- b) Has Haldimand County Hydro completed the installation of the new CIS system and is it in operation?

Response

The implementation of the Harris NorthStar CIS system began in May of 2008 with Go Live status achieved as of March 1, 2009. The Harris NorthStar CIS system has been used for all business requirements since March 1, 2009.

- c) How did Haldimand County Hydro select the provider of this system? Please provide documents related to this project including any presentations made to the Board of Directors, scoping documents and RFPs.

Response

It is important to note that Haldimand County Hydro did not elect to change billing systems on its own accord. The requirement for the change in CIS solutions was purely driven by the supplier of the old system as it made a business decision not to continue offering the Advanced Utility Solution (AUS) in the Ontario market and would cease providing support beyond December 31, 2008. The AUS product is still being offered by Harris as a billing solution in other provinces in Canada and other countries. The vendor chose to manage their costs by focusing their efforts on only one product to handle the complexity of the Ontario Market place related to the need for LDCs to provide billing services to Retailers.

Haldimand County Hydro explored options including working with 24 Ontario LDCs utilizing 17 independent Customer Information and Billing Systems that would be known as CODAC. The process included the issuance of an RFP on March 29, 2007 with final submissions received May 4, 2007.

The intention of the RFP was to explore pricing and delivery options that would define costs for a single installation for the group, to a single installation for an LDC. The CODAC group migrated from 24 LDCs to 7 in the final stages of negotiations.

Haldimand County Hydro was interested in the group approach but the group was unable to resolve governance and final costs. On March 26, 2008 Haldimand County Hydro selected the Harris NorthStar system based on costs and their large presence in the Ontario market.

Attached for Reference as Appendix A:

- 1. Request for Proposal – Customer Information and Billing System***
- 2. Haldimand County Hydro Board Report dated April 16, 2008***

d) Is this system being used to bill water customers?

Response

Yes, the Harris NorthStar system is used to bill water customers.

e) Did Haldimand County Energy Inc. ("HCEI") make any capital contribution towards the acquisition of the new CIS system?

Response

No, there was no capital contribution from HCEI.

f) If Haldimand County Hydro is using the new CIS system to bill water customers and HCEI has not made any contributions towards the capital cost of the new CIS system, please provide reasons for not doing so when the new system is also being used to service water billing customers.

Response

Haldimand County Hydro charges Haldimand County Energy a fee per billed account per month to perform billing, collecting and customer service functions. A portion of the amortization costs associated with the CIS system is incorporated into that monthly fee.

4. Ref: Exhibit 2 / Tab 2 / Sch. 1

The evidence indicates that Haldimand County Hydro incurred capital expenditures of nearly \$5 million in 2008. This seems disproportionate to other years. Please provide reasons for the substantial increase in capital expenditures in 2008.

Response

In 2008 a number of significant projects contributed to the elevated capital expenditures, reported within the following APH accounts as noted in Exhibit 2/ Tab 2/ Schedule 1/ Table 7:

1820 – Distribution Station Equipment (\$201,933)
1830 – Poles, Towers, and Fixtures (\$1,410,907)
1835 – Overhead Conductors and Devices (\$1,243,981)
1850 – Line Transformers (\$999,275)
1925 – Computer Software (\$606,533)

The projects involved were:

- 1. Line Supply - Hagersville from Jarvis TS – Phase 2 – As described in Exhibit 2/ Tab 2/ Schedule 3/ page 40 of 65 – This project is a continuation of this work started in 2007.***
- 2. Pole Replacement Program, Various Locations - As described in Exhibit 2/ Tab 2/ Schedule 3/ page 41 of 65 – This was the first year that a block replacement capital program for poles existed. Poles identified as defective under the inspection program must be replaced before the next cycle of inspections.***
- 3. Decewsville DS – Transformer Replacement – The existing transformer had reached end of life and needed to be replaced to avoid a potential failure.***
- 4. Reallocation of Spare Transformer Capital – As described in Exhibit 2/ Tab 2/ Schedule 3/ page 43 of 65. This is the first time spare transformers were recognized as capital.***
- 5. New CIS Billing System - Harris Northstar – As described in Exhibit 2/ Tab 2/ Schedule 3/ page 45 of 65. This project was initiated as a result of a decision by the vendor (Advanced) to eliminate support for this CIS product.***

None of the above projects were discretionary in nature in terms of risk. Not completing these projects would generate a considerable amount of risk which Haldimand County Hydro was not comfortable with.

5. Ref: Exhibit 2 / Tab 2 / Sch. 3

The evidence indicates a substantial investment in the ESRI Distribution Mapping System. Please answer the following questions with respect to this investment:

- a) What is the total cost of this project? Please provide a breakdown for the individual years and the different components including cost of hardware, software, consulting services, equipment, training etc.

Response

***ESRI Mapping Summary
January 1, 2004 to September 30, 2009***

YEAR	LABOUR HOURS	LABOUR	MATERIAL	TRUCK	DIRECT PURCHASE (hardware, software)	SUB-CONTRACTOR	GRAND TOTAL
2004	109.00	\$ 2,020	\$ -	\$ -	\$ 62,877	\$ 91,999	\$ 156,896
2005	8.00	\$ 327	\$ -	\$ -	\$ -	\$ 175,649	\$ 175,976
2006	3.50	\$ 155	\$ 189	\$ 63	\$ -	\$ 111,906	\$ 112,313
2007	-	\$ -	\$ 93	\$ -	\$ -	\$ 183,412	\$ 183,505
2008	0.50	\$ 26	\$ 1	\$ -	\$ 50,613	\$ 172,943	\$ 223,583
2009	0.50	\$ 26	\$ 36	\$ -	\$ -	\$ 134,394	\$ 134,456
	121.50	\$ 2,554	\$ 319	\$ 63	\$ 113,490	\$ 870,303	\$ 986,729

- b) Please provide the benefits and rationale for each component.

Response

The ESRI GIS system was purchased to allow Haldimand County Hydro to digitally document the location and attributes of all distribution system assets.

This project has been organized in several phases as noted below:

- The first phase of this project started in 2004. This involved selecting and installing the hardware and software necessary to support the GIS system.***
- The second phase of this project involved creating an electrical schematic of the distribution system. This was previously performed using paper maps and AutoCAD file formats. These formats were transcribed or converted to the ESRI digital format. A***

comprehensive electrical schematic was necessary to operate the distribution system in a safe manner.

- ***The third phase of the project entailed GPS coordinates for all major electrical assets including main switches and transformers. This phase included the collection of transformer asset information.***
- ***The fourth phase of the project involves collecting GPS coordinates for all distribution poles along with pole attributes. It is expected that this phase will be completed in 2010. Once all distribution system asset information is complete this will form the base information system to support Haldimand County Hydro's Distribution Asset Management Plan (DAMP).***
- ***Future phases of this project potentially will involve the following:***
 - ***Connecting the Customer information (CIS system) to the electrical system.***
 - ***Creating a digital electrical network to allow load flow and system coordination studies.***
 - ***Adding of an Asset Management Tool to integrate inspection & maintenance data with the GIS map.***
 - ***It is also our intention to use the GIS system to manage and potentially clear underground cable locate requests using the mapping system.***

Haldimand County Hydro's strategy is to utilize the ESRI system to form the backbone of Haldimand County Hydro's asset management system. The basic building blocks of an asset management plan are to first know what the assets are, where they are located, and how they are connected together. An electronic system is essential to manage the assets as effectively and efficiently as possible. Information collected in the system will form the key components of any future asset condition assessments. As this project is integral to the management of assets it is not finite in nature and costs will be incurred in all forward years.

A description of the various components and associated costs are noted below:

- ***Hardware:***
 - ***Lap top computers and 2 mobile GPS field devices were purchased to obtain and log field data and to check and edit maps. Hardware also includes a GIS workstation, colour printer and plotter for printing large scale maps for the outside crews. In 2008 the software was upgraded to a server version so that it could run faster and more efficiently with the proper backup routines to maintain data security. A new server was required for this installation.***

- **Software:**
 - **5 Arcview seat licences, 1 ArcEditor licences and 2 ArcPad software licences were purchased to carry out this project. AutoCAD licences were also purchased. In 2008 an ArcSDE (server licence) was purchased along with a Sequel Server database. A single license of CYME Distribution Analysis software was also purchased to integrate with the GIS database. The CYME software is a network modeling tool to be used as a design tool for distribution network planning, voltage drop calculations, phase balancing, protection coordination and load flow studies.**
- **Consulting services:**
 - **Services were provided from Guelph Hydro as they had resources and previous experience converting older CAD version maps to the ESRI format.**
 - **Consultants were also used to obtain field data, GPS coordinates, nameplate information, apply asset numbers to equipment in our service territory of over 1250 square kilometers.**
- **Training:**
 - **A new GIS Technician position was created to coordinate and maintain the GIS maps and database.**
 - **ESRI ArcEditor software and Access database training was needed to fulfill this function.**

In today's configuration, the components of the system work together to create the digital platform for which to manage the distribution assets. For this reason there is no rationale for each component as each component is required to operate the system.

c) Is the project complete? If not, please provide the completion date.

Response

The project is not complete. Base mapping of all poles is scheduled for completion in 2010. Beyond the base map, ongoing work in the distribution system such as changes in poles, transformers, switches, conductor, line extensions, new customers, etc will require editing the map and attributes of the assets.

With the Green Energy Act it is foreseeable that the system will grow to include such functions or software modules as follows:

- ***Outage Management***
- ***Asset Attribute & Maintenance/Inspection***
- ***Automated Reliability Indices calculations via Smart Meter Intelligence***
- ***Instruction Order Preparation***
- ***Mobile Dispatch***
- ***Management of Materials through Instruction Orders***
- ***System Optimization Protocol***

6. Ref: Exhibit 2 / Tab 2 / Sch. 3

Please complete the following table. Please also include poles replaced/to be replaced under major capital projects:

Response

	2007	2008	2009 Bridge Year	2009 Actual Y.T.D.	2010 Test Year
Number of poles replaced / to be replaced		89	140	70	140
Total Costs		\$302,905	\$492,520	\$492,520	\$507,360
Average Cost		\$3,403	\$3,518	\$7,036	\$3,624

In 2009 only 70 of 140 poles are now expected to be replaced due to higher costs (explained below). The 70 remaining poles will be added to the 140 poles currently budgeted for in 2010.

Poles which require replacement are identified during the distribution system plant inspection process. In 2006 the maintenance and inspection program was restructured to allow a more rigorous documentation and action program. Throughout 2007 the number of poles identified for replacement was tracked. When the 2008 budget was set, in the fall of 2007, a number of defective poles were required to be replaced. In years prior to 2008 defective poles were changed within the maintenance budget because they were considered single pole replacements. The maintenance and inspection program was being conducted in a specific geographic area and on a specific frequency. It was therefore, prudent to replace poles within this area under a dedicated capital project - a block replacement program.

In 2008 and 2009, dedicated contractor line crews replaced most of the defective poles as part of the capital pole replacement project. The costs in 2009 are significantly higher due to the differences in density (urban/rural) and the complexity of the installations. In 2008 these poles were characterized by mostly rural single phase poles where the following conditions were present:

- New pole can be planted next to defective pole because area is open with no driveways, curbs, etc. This is a more cost efficient installation as opposed to placing pole in exact former location;*
- Often no buried utilities in vicinity of pole being replaced – vacuum excavation contractors used less often;*
- Rural roads offer low traffic volume – traffic control contractors required less often;*

- ***Single phase poles are easier to change because there is less primary and secondary to work around.***

In 2009 the poles replaced were predominately urban and three phase poles with the following conditions present:

- ***Urban environments require pole to be placed in same location due to urban structures such as roads, property lines, driveways, landscaping, etc. This increases the time to install;***
- ***Urban environments have many buried utilities present – vacuum excavation required more often;***
- ***Urban areas have more traffic requiring the use of traffic control contractors more often;***
- ***Three phase poles with secondary are more complex to replace and take more time.***

7. Ref: Exhibit 2 / Tab 2 / Sch. 3

Does Haldimand County Hydro have a vehicle replacement policy? If so, please provide the information. Also, provide a list of all vehicles that were replaced or will be replaced for each of the years, from 2007 through to 2010. In this respect, please provide the following information for each vehicle: type of vehicle replaced, mileage, year, scrap value and the cost of the new vehicle. Please include purchases of new vehicles that are not a replacement.

Response

Haldimand County Hydro does not have a formal vehicle replacement policy. It does however, have a documented vehicle replacement program.

A written long term plan for the replacement of trucks was established in late 2005 for the 2006 Budget year (2009 version of this plan attached as Appendix B). This plan extends to the year 2020. The replacement schedule is based on a 15 year lifespan for large trucks and an 8 year lifespan for small trucks. In addition to this replacement plan an evaluation matrix was created in late 2007 in preparation for the 2008 budget year to further define when a vehicle should be considered for replacement (see "Evaluation Matrix" table below). A scoring system is used to rate each truck based on a number of factors (see "Evaluation Matrix – 2008 Scoring" table below). The score for each truck is compared to a decision matrix (see "Decision Matrix " table below) which indicates the relative status of the vehicle. The final decision on truck replacement is dependent on the current state of the vehicle and whether that vehicle will be cost effective over the remaining life of the vehicle.

The long term goal of our truck replacement program is to replace vehicles at a rate which levels our expenditures from year to year as best as possible. In this way Haldimand County Hydro can avoid the peaks and valleys of spending when only short term needs are considered. Replacing today's large fleet vehicles is an expensive proposition and it is critical that a vehicle replacement program be maintained to avoid an extraordinary expenditure in any given year.

Evaluation Matrix:

Factor	Description of Evaluation Criteria				
Age	One point for each year of service based on in service date				
Mileage	One point for each 16093 kilometers (10000miles) of use				
Points	1	2	3	4	5
Type of Service	Light duty - Small Vehicles - Engineering or Administrator Use - Large vehicles - on road use only and lightly loaded.	n/a	Medium Duty - Small Vehicles - trucks used by trades which are commonly loaded - Large vehicles - mainly on road use and with average payload	n/a	Heavy Duty - Small & Large Vehicles - Trades use and commonly loaded for road and off road use
Reliability	Repair once every 3 months or less	n/a	Repair two or three times in 3 month period	n/a	Repair two or more times per month on average
Maintenance and Repair Costs	Accumulated cost as compared to original purchase cost - $\geq$ 20%	Accumulated cost as compared to original purchase cost - $>$ 20% & $\geq$ 47%	Accumulated cost as compared to original purchase cost - $>$ 47% & $\geq$ 74%	Accumulated cost as compared to original purchase cost - $>$ 74% & $<$ 100%	Accumulated cost as compared to original purchase cost - $\geq$ 100%
Take into consideration body condition, rust, interior condition, anticipated repairs, and accident history					
Condition	Excellent - Truck has no signs of deterioration and is close to like new condition	Very Good - Truck is no longer in new condition but is still in very good shape	Good - Truck has signs of regular use	Fair - Truck is showing signs of early deterioration with advanced signs of rust, & worn interior components.	Poor - Truck has signs of rust perforation, seat covers are worn thru, and repairs have been postponed due to age and cost benefit.

Evaluation Matrix – 2008 Scoring:

Factor	Points															
	Large Truck Number							Small Truck Number								
	3	4	6	9	18	22	27	19	20	21	23	24	25	26	28	29
Age	10	20	14	14	9	5	3	7	6	6	5	4	3	3	2	1
Mileage	22	7	7	15	7	7	2	15	7	7	6	6	7	8	1	0
Points																
Type of Service	3	5	5	5	5	5	3	1	1	1	3	1	5	5	3	1
Reliability	5	5	1	3	1	3	1	1	1	1	1	1	1	1	1	1
Maintenance and Repair Costs	4	5	5	5	2	2	1	2	1	2	1	1	1	1	1	1
Condition	5	5	3	4	3	2	1	5	2	2	1	1	2	2	1	1
Total Score	49	47	35	46	27	24	11	31	18	19	17	14	19	20	9	5

Decision Matrix:

Scoring Results	
Point Ranges	Action
Under 18	Excellent - Continue to Monitor
18-22	Good - Continue to Monitor
23-27	Qualifies for Replacement - Schedule Detailed Evaluation
over 27	Needs Immediate Consideration - Perform Detailed Evaluation

Haldimand County Hydro has not added any new (additional) vehicles in the fleet for the years 2007 through 2010. In fact, Haldimand County Hydro has one less vehicle starting in 2008.

Information on vehicles replaced/or to be replaced in the years 2007 thru 2010 is as noted in the attached Appendix C.

OPERATING REVENUE

Load Forecast Methodology

8. Ref: Exhibit 3 / Tab 2 / Schedule 2

On page 11 in the above reference the applicant stated that the process of developing a model of energy usage involves estimating multifactor models using different input variables to determine the best fit. Amongst others, Haldimand County Hydro also used the Ontario real GDP monthly index numbers which came from the Ontario Ministry of Finance's "Ontario Economic Outlook and Fiscal Review" (2001 to 2007 from the 2003 and 2008 Outlook, and 2008 to 2010 from the 2009 Outlook); Population data that was based on the 2006 Census population data for Haldimand County as well as Number of Customers. On page 12 the applicant provided the equation resulting from the multifactor regression model.

- a) Please confirm that this multifactor regression model was in fact used to establish 2008 weather normalized load only and that the result was used as the basis for the IESO adjustments for the 2009 and 2010 weather-normalized load forecast.

Response

Yes, this is correct.

- b) Please explain the use of 'Number of Customers' in addition to 'Population' as an input variable in this multi regression model. Please provide a version excluding population as a variable and re-estimating the Load Forecast.

Response

Haldimand County Hydro's objective was to develop a multi-regression model that achieved an R-square value higher than or equal to 95%. This objective was not achieved but including both 'Number of Customers' and 'Population' as input variables produced results closer to a 95% than if only 'Number of Customers' was used. The requested re-estimated Load Forecast is provided - 348,537,606 kWh (Billed).

- c) Please provide a rationale for using the filed multifactor regression model to develop the load forecast considering that the output includes a negative co-efficient for GDP, a result which does not make intuitive sense.

Response

The rationale for using the multifactor regression model as filed is provided in response to b) in that the filed model provides the highest R square value. This is also illustrated in the Chart titled "Actual vs. Predicted Purchases" in Exhibit 3/ Tab 2/ Schedule 2/ page 13 and shown in the results provided in Table 13/ Exhibit 3/ Tab 2/ Schedule 2/ page 14.

The resulting regression model assigns a negative co-efficient to the Ontario GDP and the population variable. Haldimand County Hydro was aware of this result at the time the load forecast was prepared for the 2010 rate application. An analysis was conducted to eliminate these variables since Haldimand County Hydro could not explain the negative coefficients. When these two variables were eliminated the resulting equation did not have any negative coefficients that were not intuitive but the equation had a R-square that was below 90% and produced much higher variances than those shown in the results Table 13/ Exhibit 3/ Tab 2/ Schedule 2/ page 14. As a result, Haldimand County Hydro decided it would be more reasonable to use a model that was not fully explainable but more accurate than to use a model that was less accurate and could be fully explained.

In addition, it is Haldimand County Hydro's view that the negative coefficients on Ontario GDP and population are somewhat associated with a decline from 2006 onwards relating to CDM results.

- d) Please explain why GDP is included in the multifactor regression model when the only output is the 2008 weather normalized load. Please re-estimate 2008 weather normalized load using only weather related variables.

Response:

Please see response to (c). The requested re-estimated Load Forecast is provided - 339,504,434 kWh (Billed).

9. Ref: Exhibit 3 / Tab 2 / Schedule 2

To forecast the 2009 and 2010 weather-normalized purchases, the Applicant stated that it has incorporated the IESO 18-Month Outlook for June 2009 to November 2010, dated May 25, 2009. IESO is forecasting a 4.0% decline in the year 2009 and an additional 0.3% decline in the year 2010.

- a) Please explain how a load forecast adjustment based on the IESO 18-Month Outlook, which is based on a provincial average, compares with economic trends experienced in Haldimand County Hydro's service area.

Response

Haldimand County Hydro does not have any economic trend data available for its service area which means the requested comparison cannot be completed.

- b) Please file regional data that support the projected decline.

Response

Please refer to response in (a) above.

- c) Please recalculate Haldimand County Hydro's load forecast for the 2009 bridge year and the 2010 test year using the multifactor regression model including economic indicators instead of the IESO adjustment, and compare the outcome to Haldimand County Hydro's current load forecast for the 2009 bridge and 2010 test year.

Response

Please refer to response in (a) above.

10. Ref: Exhibit 3 / Tab 2 / Schedule 2

Haldimand County Hydro stated that no further adjustments have been made for CDM activities since Haldimand County Hydro has incorporated the IESO 18-Month Outlook into its load forecasting model which accounts for energy savings on account of CDM initiatives.

Please provide information on the impact of local CDM initiatives for Haldimand County Hydro and compare the reduction due to conservation with the data provided in the IESO 18-Month outlook.

Response

Haldimand County Hydro has calculated an approximation of annual energy savings on account of local CDM initiatives for Haldimand County Hydro of 2,913,982 kWh. Annual energy savings kWh are provided in the LRAM / SSM report, Exhibit 10/ Appendix A. The estimated annual energy savings represents the average of the annual amounts provided in this report. The estimated annual energy savings represents 0.9% of the 2010 forecasted total billed amount for Haldimand County Hydro.

In the IESO 18-Month outlook, Section 4.4, "Conservation and Demand Management", it states,

".....Conservation – at the time of peak – is expected to grow by 215 MW over the course of the forecast."

The above information is the only numerical information that Haldimand County Hydro was able to find in the IESO 18-Month outlook with regards to the CDM results. The 215 MW is 0.9% of the 2010 summer normal weather peak demand in the IESO 18-Month outlook which is equivalent to the estimated annual energy savings for Haldimand County Hydro.

Customer Count Forecast

11. Ref: Exhibit 3 / Tab 2 / Schedule 2

On page 16 in the above reference Haldimand County Hydro states that *the customer/connection forecast is based on reviewing historical customer/connection data that is available for the past 7 years, 2002 to 2008*. Board staff's calculation produced different results for the GS<50 kW and the GS>50 kW rate class. Staff further noted a marked increase in the historical customer count for the GS<50 kW rate class as well as a decrease in the GS>50 kW rate class.

- a) Please confirm that the customer count forecast on Table 15 [E3/T2/S2 p. 16] calculates the geometric annual growth rate for the GS<50 kW and GS>50 kW classes from 2002 to 2006 only.

Response

Board Staff are correct, the customer count forecast on Table 15 calculates the geometric annual growth rate for the GS < 50 kW and GS > 50 kW rate classes from 2002 to 2006 only. This period of time, 2002 to 2006, is a more accurate representation of the actual growth activity in the two GS customer classes versus using 2002 to 2008. A reclassification of customers occurred in 2007 from the GS > 50 kW class to the GS < 50 kW class which distorts the geometric annual growth rate.

- b) If yes, please confirm that this geometric annual growth rate is then applied to the 2008 actual customer data

Response

Yes, the geometric annual growth rate is then applied to the 2008 actual customer data for all classes except Street Lighting and Unmetered Scattered Loads as noted in Exhibit 3 / Tab 2 / Schedule 2/ page 17.

- c) Please explain the increase in the customer count for the GS<50 kW class for 2007 actual and 2008 actual.

Response

As noted in (a) above, the GS < 50 kW class shows a significant increase from 2006 to 2007 and from 2007 to 2008 as compared to other years due to the reclassification of GS customers from GS > 50 kW to GS < 50 kW in 2007 and then again in 2008. Haldimand County Hydro reclassified customers whose average annual demand was less than 50 kW.

- d) Please explain the decrease in the customer count for the GS>50 kW class for 2007 actual and 2008 actual.

Response

Refer to response in (c) above. The GS > 50 kW class experienced a significant decrease from 2006 to 2007 and from 2007 to 2008 due to the reclassification of GS customers to GS < 50 kW.

Load Forecast

12. Ref: Exhibit 3 / Tab 2 / Schedule 2

In Table 19 [E3/T2/S2] Haldimand County Hydro provided the non-normalized weather energy forecast. Board staff calculated non-normalized weather energy forecast by using the forecast annual energy usage (kWh) per customer/connection provided by the applicant in [Table 18 E3/T2/S2] multiplied by the forecasted customer count [Table 16 E3/T2/S2], see table below:

Year	Res	GS<50	GS>50	Sen	Street	USL	Total
Forecast Annual Non-Normalized Energy Usage (kWh)							
2008	170,854,990	59,889,161	277,894,280	446,202	2,329,111	482,244	511,895,987
2009	169,938,250	61,090,420	268,202,078	418,669	2,329,111	482,244	502,460,772

- a) Please reconcile the forecast annual non-normalized energy usage (kWh) provided in Table 19 of the application with the table above.

Response

The amounts as calculated by Board Staff in the above table highlighted in yellow for the GS > 50 class are not correct.

The load forecast for Haldimand County Hydro was completed with the GS > 50 kW class load separated between the GS > 50 kW customers with a non-interval meter and those with an interval meter. This separation was required in order to determine the two loads to apply to the Retail Transmission Network and Connection ("RTSR's") rates for these same customers. Haldimand County Hydro currently has two sets of RTSR's for the GS > 50 kW class, depending on whether or not the customer has an interval meter. In order to derive new RTSR's and maintain the two rates, the load was required to be forecasted separately.

Haldimand County Hydro has provided below revised Tables 15, 16, 17, 18, and 19 that separate the GS > 50 kW class between interval metered and non-interval metered. The two columns in these revised tables will total the data provided in the original tables in Exhibit 3 / Tab 2 / Schedule 2.

Table 15
Historical Customer Data

Year	G/S 50 to 4999 kW (Non-Interval)	G/S 50 to 4999 kW (Interval)	Total
Number of Customers			
2002	116	22	138
2003	128	23	151
2004	126	24	150
2005	126	25	151
2006	126	24	150
2007	93	42	135
2008	87	50	137
Geomean Annual Growth Rate	1.0209	1.0220	

Table 16
Customer Forecast

Year	G/S 50 to 4999 kW (Non-Interval)	G/S 50 to 4999 kW (Interval)	Total
Forecast Number of Customers			
2009	89	51	140
2010	91	52	143

Table 17
Historical Annual Usage per Customer

Year	G/S 50 to 4999 kW (Non-Interval)	G/S 50 to 4999 kW (Interval)	Total
Energy Usage (kWh) per Customer			
2002	587,548	2,359,584	2,947,132
2003	392,861	3,089,611	3,482,472
2004	429,642	3,152,358	3,582,000
2005	422,272	3,049,465	3,471,737
2006	425,268	3,067,920	3,493,188
2007	488,522	1,887,731	2,376,253
2008	357,260	1,744,468	2,101,728
Geomean Annual Growth Rate	0.9204	0.9509	

Table 18
Forecast Annual kWh Usage per Customer

Year	G/S 50 to 4999 kW (Non-Interval)	G/S 50 to 4999 kW (Interval)	Total
Forecast Annual Energy Usage (kWh) per Customer			
2009	328,832	1,658,826	1,987,658
2010	302,667	1,577,389	1,880,056

Table 19
Non-Normalized Weather Energy Forecast

Year	G/S 50 to 4999 kW (Non-Interval)	G/S 50 to 4999 kW (Interval)	Total
Forecast Annual Non-Normalized Energy Usage (kWh)			
2009	29,266,092	84,600,132	113,866,224
2010	27,542,690	82,024,222	109,566,912

- b) Please provide a summary of historical non-normalized weather energy **forecast** using the historic annual usage per customer/connection data provided by the applicant on Table 17 [E3/T2/S2].

Response

The following table summarizes the historical non-normalized weather energy.

Historical Non-Normalized Weather Energy (kWh)

Year	Residential	G/S < 50 kW	G/S 50 to 4999 kW (Non-Interval)	G/S 50 to 4999 kW (Interval)	Sentinel Lights	Street Lighting	Unmetered Scattered Loads	Total
2002	177,417,290	51,517,777	68,155,522	51,910,852	483,480	2,101,680	510,365	352,096,966
2003	175,021,556	58,877,719	50,286,221	71,061,055	587,864	2,220,905	538,961	358,594,281
2004	172,248,238	56,982,950	54,134,931	75,656,601	572,369	2,191,755	547,358	362,334,202
2005	181,464,305	59,292,994	53,206,244	76,236,616	539,685	2,177,588	513,903	373,431,335
2006	171,538,632	57,302,192	53,583,778	73,630,083	516,624	2,232,308	507,664	359,311,281
2007	173,795,327	58,537,616	45,432,558	79,284,697	489,923	2,297,657	499,320	360,337,098
2008	171,781,096	58,711,522	31,081,627	87,223,389	475,594	2,328,757	482,264	352,084,249

13. Ref: Exhibit 3 / Tab 2 / Schedule 2

On page 24 in the above reference, Haldimand County Hydro provided a summary of the forecast data for the 2006 Board Approved, 2006 through 2008 Actual, the 2009 Bridge Year and the 2010 Test Year. In this summary Haldimand County Hydro included the load forecast for its “new” embedded distributor Hydro One Networks Inc. (“HONI”) only. However, in the 2010 Test Year Haldimand is still a host distributor for Norfolk Power Distribution Inc. (“NPI”).

- a) Please confirm that Haldimand County Hydro’s load forecast excludes the load provided to NPI.

Response

Yes, Haldimand County Hydro’s load forecast excludes the load provided to Norfolk Power.

- b) If yes, please provide a rationale for this exclusion.

Response

Haldimand County Hydro’s load forecast in Exhibit 3/ Tab 2/ Schedule 2 excludes the load provided to Norfolk Power consistent with its proposal “...that the uncertain 2010 revenue be excluded from Haldimand County Hydro’s revenue requirement and used to offset the loss incurred by Haldimand County Hydro for this rate class since 2006. This loss is mostly due to Norfolk Power’s elimination of one supply point on December 12, 2008.” (Also refer to Exhibit 3 / Tab 2 / Schedule 1/ page 8.)

Now that elimination of the 2nd and last supply point to Norfolk Power is forecast to occur August 31, 2010 (copies of letters attached as Appendix D) the expected revenue from May 1, 2010 to August 31, 2010 would be \$14,068. In this particular instance the revenue loss is identifiable and recoverable from the same single customer which caused the revenue deficiency. This load is expected to be only in place for the first four months of the rate year and then be permanently eliminated. Since the 2010 approved rates will be the basis for rates in the next four years it did not appear prudent to include Norfolk Power volumes to only deal with the loss revenue situation going forward. It would be more reasonable to eliminate them from the load forecast and not have to address the loss revenue situation in future years.

- c) If no, please provide a breakdown of the load forecast for NPI for each of the two metering points as well as the duration of the service provided at each of these points.

Response

Not applicable.

OTHER DISTRIBUTION REVENUE

14. Ref: Exhibit 3 / Tab 2 / Schedule 1

On page 6 in the above reference, Haldimand County Hydro stated that its existing “Embedded Distributor rate class distribution wheeling service rate” revenue applicable only to Norfolk Power Distribution Inc. (“NPI”) (\$0.6201 per kW resulting in a revenue forecast of up to \$42,207 for the 2010 Test Year) has been allocated to Other Distribution Revenue as revenue offset. On page 8 Haldimand County Hydro proposed that this revenue be excluded from its revenue requirement and be used to offset losses of \$44,757 incurred by Haldimand County Hydro for the rate class since 2006 (see Table below).

Embedded Distributor – Norfolk Power

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Bridge Year	2010 Test Year
Revenue	\$74,493	\$54,749	\$82,276	\$73,448	\$42,853	\$42,207
kW Volume	119,532	87,851	131,213	117,976	69,128	68,065
No. of Customers	1	1	1	1	1	1
No. of Supply Points	2	2	2	2	1	1
Price (\$/kW)	\$0.6232	\$0.6232	\$0.6288	\$0.6194	\$0.6201	\$0.6201
Revenue Variance from 2006 Board Approved	0	(\$19,744)	\$7,783	(\$1,156)	(\$31,640)	

- a) Please provide further explanation to Haldimand County Hydro’s proposal to treat other distribution revenue as an offset to losses incurred in prior years rather than as a revenue offset in the 2010 test year.

Response

Haldimand County Hydro has inadvertently included the Norfolk Power Distribution Wheeling Service revenue as a revenue offset in Other Distribution Revenue. This should be removed as a revenue offset for consistency purposes with Haldimand County Hydro’s proposal to use the Norfolk Power Distribution Wheeling Service revenue to somewhat offset losses incurred in prior years due to Norfolk Power eliminating one supply point from the Jarvis TS on December 12, 2008.

In a letter dated November 3, 2009 Norfolk Power has updated its earlier forecast to discontinue their entire feed from Jarvis TS by the end of August 2010. (Refer to copies of letters attached as Appendix D.) The existing Norfolk Power Distribution Wheeling Service rate would only be

required for 4 months after the proposed May 1, 2010 effective date for new rates.

The “revised” Table 9 of Exhibit 3/ Tab 2/ Schedule 1 is shown below which represents losses of \$30,578 incurred by Haldimand County Hydro up to and including April 30, 2010. Haldimand County Hydro would only be able to recover a portion of those losses from the period May 1, 2010 to August 31, 2010 (updated discontinuation date of the Norfolk Power feed from Jarvis TS) in the amount of \$14,068. Haldimand County Hydro proposes to continue with the May 1, 2009 “Monthly Distribution Wheeling Service Rate – Norfolk Power” at \$0.6201 per kW in order to somewhat offset the accumulative losses from prior years. Haldimand County Hydro is requesting that this additional revenue to be collected from Norfolk Power for the period May 1, 2010 to August 31, 2010 not be included as part of this rate application, due to the short-term nature of this situation. With this proposal, Haldimand County Hydro will forego \$16,510 of lost revenue from Norfolk Power (i.e. \$30,578 less \$14,068) and will not seek recovery of this amount in any future application.

“Revised” Table 9 – Embedded Distributor – Norfolk Power

	2006 Board Approved (May/06 to Apr/07)	2006 Actual Year (May/06 to Dec/06)	2007 Actual Year Jan/07 to Dec/07)	2008 Actual Year (Jan/08 to Dec/08)	2009 Bridge Year (Jan/09 to Dec/09)	2010 Test Year (Jan/10 to Apr/10)	2010 Test Year (May/10 to Aug/10)
Revenue	\$74,493	\$54,749	\$82,276	\$73,448	\$42,853	\$14,068	\$14,068
kW Volume	119,532	87,851	131,213	117,976	69,128	22,688	22,688
No. of Customers	1	1	1	1	1	1	1
No. of Supply Points	2	2	2	2	1	1	1
Price (\$/kW)	\$0.6232	\$0.6232	\$0.6288	\$0.6194	\$0.6201	\$0.6201	\$0.6201
Revenue Variance from 2006 Board Approved	0	\$5,087	\$7,783	\$(1,045)	\$(31,640)	\$(10,763)	
Accumulative Lost Revenue as at April 30, 2010						\$(30,578)	

- b) Please provide Haldimand County Hydro's views as to whether its proposed treatment creates an inter-generational distortion of cost recovery.

Response

In Haldimand County Hydro's view the proposed treatment does not create an inter-generational distortion since the customers over the time period in question have essentially remained the same.

- c) Please identify a precedent or prior decision where this treatment has been approved by the Board, and provide the relevant references.

Response

Haldimand County Hydro is not aware of a precedent or prior decision where this treatment has been approved.

OPERATING COSTS

15. Ref: Exhibit 4 / Tab 1 / Sch. 1

The evidence indicates that maintenance expenditures in the Test Year are almost double the 2006 actuals and 5.3% over 2008 actuals. The evidence also indicates that the utility made significant capital expenditures in 2008 and 2009. In addition, the report by Kinectrics Inc. titled "Distribution Asset Condition Assessment" rates Haldimand's assets as being in "Good" condition (page 4). Considering that the utility has made significant capital investments recently and its assets are generally considered to be in good condition, Haldimand's forecast indicates no reduction in maintenance related expenses. In fact account number 5125, "Maintenance of Overhead Conductors and Devices" shows a 34% increase in 2010 as compared to 2008 Actual. Other items under maintenance also show a significant increase. Please explain, in as much detail as possible, the reasons for the high level of maintenance expenditures in the Test Year.

Response

Capital expenditures made in 2008 and 2009 will have a minimal effect on the O&M expenses in the short term. The statement (the assets are in generally in "good" condition) is a relative statement. To better understand the needs of the distribution system a longer term outlook is required. In preparation for this type of question, Kinectrics was asked to predict the level of capital expenditures over a 20 year horizon as part of the Asset Condition Assessment. The Kinectrics report indicates the overall level of capital replacement expenditures (replacement of existing assets only) is statistically predicted to be in the \$3 to \$4.5 million dollar range per year for the next 20 years (see Figure 6.3-2 Levelized Capital Plan reproduced below). Based on this prediction, the recent capital expenditures made by Haldimand County Hydro are more reflective of the true system requirements and the capital investment in distribution assets was very likely underfunded in the period prior to 2006. Figure 6.3-2 clearly indicates that significant capital investment, similar to 2008 & 2009 (as mentioned in the question) is predicted over the long range.

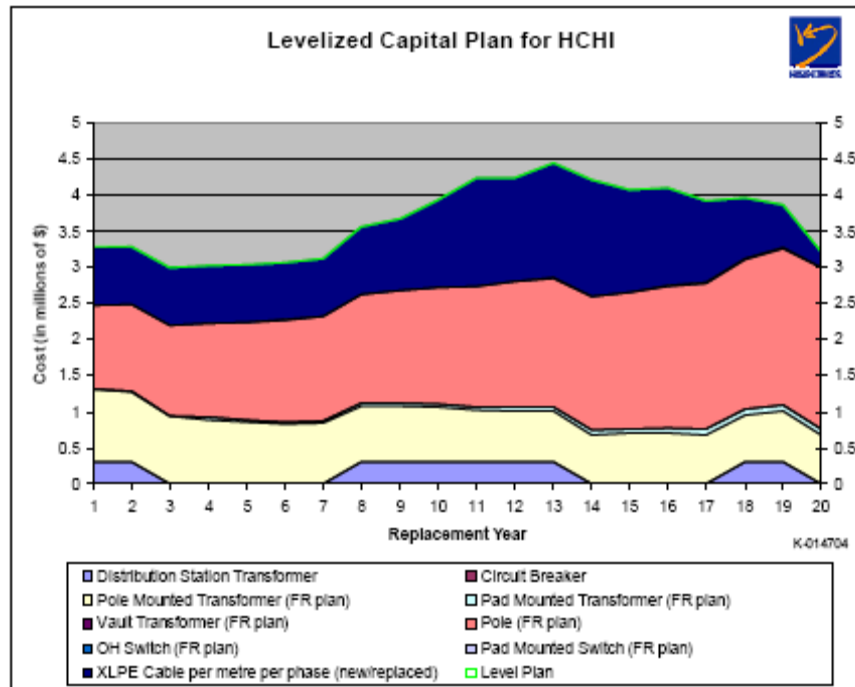


Figure 6.3-2 Levelized Capital Plan

Operations and Maintenance activities will likely continue at a level consistent with this level of capital expenditure. Operations and maintenance expenses prior to 2007 reflected the maintenance practices of this time. In 2006 a new comprehensive Maintenance & Inspection program was created to properly address the needs of the distribution system. Kinectrics' evaluation of our Maintenance & Inspection program during the Asset Condition Assessment states:

HCHI's maintenance program is well structured. Important areas are addressed, such as:

1. Identification of persons responsible for remedial actions.
2. Maintenance practices based on accepted & peer reviewed industry standards.
3. Clearly articulated inspection protocols, along with website links for further information.
4. Cycling of inspection & maintenance activities that are in accordance with budgetary & system degradation parameters.
5. Well defined job numbers for financial reporting requirements.
6. Deferral of certain inspections. These asset classes have been prioritized for startup of inspection & maintenance activities at a later date.
7. Refurbishment (as in the case of reclosers) by outside companies where HCHI does not have the capability in-house.
8. Pole numbering & GPS location recording.
9. Data recording in MS Access.

HCHI's inspection and maintenance practice is clearly defined, prioritized, has clear reporting & remediation responsibility structures, based on accepted industry standards, and is technically and financially sound.

The inspection requirements were launched in late 2006 and the results of these inspections has been the primary driver of increased maintenance costs. This is evident by the actual expenditures from 2007 which range from a low of \$2,660,402 in 2008 to a high of \$2,856,418 in 2007. Maintenance costs based on an Inspection and Maintenance program which is "technically and financially sound" as indicated by Kinectrics is currently averaging \$2,771,699 (2007 to 2010). Within the various maintenance accounts there are often large individual percentage changes from year to year. This is a reflection of the individualistic nature of the repairs planned and completed during the given year. Although this may be of concern it is the overall accumulated cost that is most reflective of the year to year.

16. Ref: Exhibit 4 / Tab 2 / Sch. 4

Please confirm the regulatory costs that Haldimand County Hydro is seeking to recover in the 2010 Test Year.

Response

Haldimand County Hydro is seeking to recover regulatory related costs of \$144,833 in the 2010 Test Year. This amount represents ongoing costs that recur every year for Haldimand County Hydro as well as one-time costs that are specifically related to the 2010 Cost of Service rate application. Please see table below.

Regulatory Cost Recovery – 2010 Test Year

Regulatory Cost Category	USoA Account	2009 Bridge Year (100% of Cost to HCHI)	2009 Bridge Year (Quarter of Costs Allocated in Rate Application)	2010 Test Year (100% of Cost to HCHI)	2010 Test Year (Quarter of Costs Allocated in Rate Application)
Ongoing Costs:					
OEB Annual Assessment (Fixed Cost)	5655	\$ 73,296	\$ 75,428	\$ 75,428	\$ 75,428
OEB Section 30 Costs - Cost Awards (OEB Initiated - Generic Proceedings)	5655	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
OEB Annual Registration Fee	5655	\$ 800	\$ 800	\$ 800	\$ 800
ESA Regulatory Oversight Cost Recovery	5655	\$ 10,974	\$ 10,980	\$ 10,980	\$ 10,980
One-Time Costs - 2010 Cost of Service Rate Application:					
OEB Section 30 Costs - Cost Awards (Three Intervenors plus Board Staff)	5655	\$ -	\$ -	\$ 48,000	\$ 12,000
Legal Costs – Regulatory	5630	\$ 30,000	\$ 7,500	\$ 30,000	\$ 15,000
Consultant Costs –Regulatory	5630	\$ 89,500	\$ 22,375	\$ 25,000	\$ 28,625
USoA Account Total	5655	\$ 87,070	\$ 89,208	\$ 137,208	\$ 101,208
USoA Account Total	5630	\$ 119,500	\$ 29,875	\$ 55,000	\$ 43,625
Total Regulatory Cost Recovering Allocated to the 2010 Test Year					\$ 144,833

Notes:

1. Legal Costs associated with the 2010 Cost of Service Rate Application include a quarter of the costs incurred in the 2009 Bridge Year and a quarter of the costs incurred in the 2010 Test Year. In both of these years, 100% of the costs have been forecast to be spent but only one fourth from each year allocated to regulatory expense.
2. Consultant Costs associated with the 2010 Cost of Service Rate Application include a quarter of the costs incurred in the 2009 Bridge Year and a quarter of the costs incurred in the 2010 Test Year. In both of these years, 100% of the costs have been forecast to be spent but only one fourth from each year allocated to regulatory expense.
3. Consultant Costs associated with the preparation of the 2010 Cost of Service Rate Application consist of a Rates Consultant, LRAM / SSM preparation, Distribution Loss Study report, and the calculation of site specific loss factors related to the new rate class, Embedded Distributor - Hydro One Networks Inc.

17. Ref: Exhibit 4 / Tab 1 / Sch. 1

Haldimand County Hydro is seeking to recover approximately \$7.6 million in controllable OM&A expenses.

- a) For the 2010 Forecast test year, please identify and describe any one time costs other than those explained for regulatory costs.

Response

<i>Pole signs – part of initial cycle of the pole inspection program – this is the last year of the initial program</i>	<i>\$51,780</i>
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- b) Are there any one time costs that were inadvertently carried forward from previous years into 2010?

Response

There is currently no one time costs being carried forward from previous years.

- c) Are there any expenses for charitable donations in the 2010 forecast? If there are please identify them.

Response

Haldimand County Hydro has forecast zero charitable donations in the 2010 Test Year. This practice is consistent with prior years as the company does not make charitable donations because of its status as a municipally-owned entity. Refer to Exhibit 4/ Tab 2/ Schedule 4/ page 1/ point 5.

- d) Are there any costs in the forecast for conversion due to the adoption of International Financial Reporting Standards? If there are please itemize the costs and the rationale of the drivers of the costs.

Response

Haldimand County Hydro has not included any forecast of costs for conversion due to the adoption of International Financial Reporting Standards.

- e) Are there any costs related to Social Assistance or Low Income Energy Assistance Programs in the 2010 Test Year? If “Yes”, please provide amounts and details about the program.

Response

Haldimand County Hydro has not included any costs related to Social Assistance or Low Income Energy Assistance Programs in the 2010 Test Year. Refer to Exhibit 4/ Tab 2/ Schedule 4/ page 1/ point 3.

18. Ref: Exhibit 4 / Tab 2 / Sch. 5

Haldimand County Hydro provides streetlight maintenance for the Corporation of Haldimand County and water billing and sentinel light services for its affiliate Haldimand County Energy Inc. The services provided by Haldimand Hydro are charged on a cost-based price plus mark-ups to cover overheads. Please answer the following questions with respect to affiliate charges:

- a) The evidence (Exh4/Tab2/Sch.5/p.3) indicates that the cost sharing services charged to Haldimand County are per agreements put into place at the time each particular non-affiliate third party service is required. Please provide a copy of the agreements between Haldimand County Hydro and Haldimand County.

Response

Haldimand County Hydro does not have a written services agreement with the Corporation of Haldimand County for streetlight maintenance services. The referenced statement "... per agreements put in place at the time each particular non-affiliate third party service is required..." was intended to reflect the treatment of transactions such as sharing of tree trimming and tree removal costs. This arrangement is not documented in any written agreement but occurs as described in Interrogatory #18 (d) below.

- b) The evidence indicates that services provided to Haldimand County Energy Inc. ("HCEI") and Haldimand County Utilities Inc. ("HCUI") are charged at a cost-based price plus a mark-up to labour and truck. Did Haldimand County Hydro conduct a transfer pricing study to determine the fully allocated costs of providing services to affiliates? If "Yes", please provide the results of the study.

Response

No, a transfer pricing study has not been conducted.

- c) What is Haldimand County Hydro's total operating and administration costs for billing and collection (please identify "water and wastewater" numbers separately if available)?

Response

Costs of the billing and collecting department are summarized in Exhibit 4/ Tab1/ Schedule 1/ Table 1 under OM&A as "Billing and Collections". Similarly, administrative and general expenses which include costs indirectly associated with the billing and collecting department are summarized as "Administration and General Expenses". Billing and collecting and administration and general expenses are further broken down by APH account in Exhibit 4/ Tab 2/ Schedule 2/ page 3 and 4 respectively. Water and wastewater numbers are not identified separately within these tables.

- d) Table 7 titled "HCHI's Charges to Affiliate" shows no amount for Tree Trimming and Pole Relocations for the 2010 Test Year. Is it the opinion of Haldimand County Hydro that the County will not require any tree trimming and pole relocations in 2010 when preceding years indicate a charge for these services? Please provide a detailed explanation supporting your response.

Response

i. Tree Trimming

There was no attempt to forecast the charges to the municipality for this work during 2010 or in the past. The "2009 Forecast" reflects actual cost apportionment known at the time of preparation of the rate submission without any attempt to predict if additional work may occur to the end of the year so it is more of acknowledgement of an amount to date than a forecast.

The reason Table 7 titled "HCHI's Charges to Affiliate" shows no amount for Tree Trimming for the 2010 Test Year is because these amounts reflect, as noted in the table, "Cost share to the County" of each appropriate invoice from the tree contractor engaged by Haldimand County Hydro. The municipality's portion of the invoice is never recorded in the operating and maintenance costs for Haldimand County Hydro. Each appropriate invoice from the Haldimand County Hydro tree contractor is apportioned as noted below and the municipality is billed for its portion, without any markup in recognition of the mutually beneficial nature of this work.

Tree work is only undertaken on behalf of Haldimand County when joint cooperation is beneficial to both parties. If the municipality or Haldimand County Hydro needs to remove a tree which is in close proximity to a power line it is necessary to use a tree contractor qualified to work in such close proximity for at least part of the work, such as a contractor normally engaged by Haldimand County Hydro. Thus, rather than have two contractors appear at a single site and try to coordinate this work, the Haldimand County Hydro tree contractor does the complete job and the municipality is charged for that portion of the work which does not benefit Haldimand County Hydro.

Initially the tree contractor was asked about the logical split of the costs based upon that portion of the work which would be necessary and of value to Haldimand County Hydro. The suggested split of 60% for the municipality and 40% for Haldimand County Hydro has continued. This split does not apply to stump removal which is charged 100% to the municipality if they request this to occur.

For example during 2008 there were 28 instances of tree work in cooperation with the municipality of which 16 were initiated by the municipality and 12 by Haldimand County Hydro. There were 3 associated instances of stumping. See also Energy Probe interrogatory #18 (d) for updated charges to the end of September, 2009.

ii. Pole Relocations or “New” Pole Installs

Similar to the commentary above on tree trimming there was no attempt to forecast the charges to the municipality for “Pole Relocations or “New” Pole Installs” during 2010. The “2009 Forecast” reflects actual charges known at the time of preparation of the rate submission without any attempt to predict if additional work may occur to the end of the year so it is more of acknowledgement of an amount to date than a forecast. “Pole Relocations or “New” Pole Installs” on behalf of Haldimand County were not forecast for 2010 because these occur minimally and on an ad hoc basis. This work is not considered in the budget preparation process and has included work performed by a line contractor and/or overtime by regular staff. For example, there were 3 instances for which Haldimand County was charged during 2008 at a total cost of \$9,902. The municipality was charged at the same rates, including overheads, as would apply to any other customer requesting such work, including insurance companies for damage claims. One instance involved replacement of a broken pole hit by a contractor cutting grass on behalf of the municipality. See also Energy Probe Interrogatory #18 (b) for updated charges to the end of September 2009.

19. Ref: Exhibit 4 / Tab 2 / Sch. 7 / P.5

The evidence on page 5 (Ex4/Tab2/Sc7) indicates that the annual union and non-union wage increases for the year 2007 were 3% as of April 1 and 2% as of July 1. Please confirm whether the annual wage increase (union and non-union) for 2007 totals 5%. If it is 5%, please provide reasons for the larger than average wage increase.

Response

The wage increases of 3% April 1, 2007 and 2% July 1, 2007 were part of a 3.25 year negotiated collective agreement commencing January 1, 2006 and expiring March 31, 2009. These increases were necessary to bring the benchmark lineman wage rate up to that of the lowest paying neighbouring utility which, although achieved in the final year of the agreement, left Haldimand County Hydro behind in the intervening years. Split increases during each of the first two years of the agreement constrained the cost for each year while maintaining the rate at the end of the year. Extending the agreement 3 months, to expire in March, 2009, also constrained the cost over the duration of the agreement. The negotiated increases were applied to non-union staff. Maintaining competitive wages and salaries is important in attracting and retaining competent staff.

20. Ref: Exhibit 4 / Tab 3 / Sch. 1 / P.5

The list of items provided in Table 18 to calculate taxable income includes Regulatory Assets. Please answer the following questions with respect to this item:

- a) Please provide a breakdown of the items included under Regulatory Assets for all the years included in Table 18.

Response

The following table provides a breakdown of the items included under Regulatory Assets for all of the years included in Table 18.

		2006 Board Approved	2008 Actual	2009 Forecast	2010 Forecast
	Opening Balance				
1508	Other Regulatory Costs (OMERS Pension)	\$ -	\$ 196,330	\$ 203,428	\$ 205,459
1518; 1548	Retail Cost	\$ 1,127,271	\$ (1,194,378)	\$ 352,548	\$ 429,695
	Variance Accounts				
1550	Low Voltage Charges	\$ -	\$ (267,953)	\$ (302,512)	\$ (438,071)
1555; 1556	Smart Meters (Capital plus Operating)	\$ -	\$ (12,268)	\$ (36,956)	\$ 3,888,129
1562	PILs Proxy (2001, 2002, 2004, 2005)	\$ -	\$ 875,655	\$ 985,884	\$ 994,578
1570	Transition Costs	\$ 625,471	\$ (480,671)	\$ (525,011)	\$ (529,646)
1571	Pre-Market Opening Energy Variance Account	\$ 697,745	\$ -	\$ -	\$ -
1580; 1584; 1586; 1588	Retail Settlement	\$ 1,504,180	\$ 269,056	\$ (335,840)	\$ (484,736)
	Variance Accounts				
1590	Regulatory Asset Recoveries	\$ -	\$ 133,452	\$ 386,528	\$ 392,096
1595	Regulatory Asset Recoveries				
		\$ 3,954,667	\$ (480,776)	\$ 728,070	\$ 4,457,505
	Closing Balance				
1508	Other Regulatory Costs (OMERS Pension)	\$ -	\$ 203,428	\$ 205,459	\$ -
1518; 1548	Retail Cost	\$ 262,503	\$ 352,548	\$ 429,695	\$ 147,152
	Variance Accounts				
1550	Low Voltage Charges	\$ -	\$ (302,512)	\$ (438,071)	\$ (182,199)
1555; 1556	Smart Meters (Capital plus Operating)	\$ -	\$ (36,956)	\$ 3,888,129	\$ 4,156,373
1562	PILs Proxy (2001, 2002, 2004, 2005)	\$ 679,020	\$ 985,884	\$ 994,578	\$ 998,778
1570	Transition Costs	\$ 406,429	\$ (525,011)	\$ (529,646)	\$ -
1571	Pre-Market Opening Energy Variance Account	\$ 576,124	\$ -	\$ -	\$ -
1580; 1584; 1586; 1588	Retail Settlement	\$ -	\$ (335,840)	\$ (484,736)	\$ (775,648)
	Variance Accounts				
1590	Regulatory Asset Recoveries	\$ -	\$ 386,528	\$ 392,096	\$ -
1595	Regulatory Asset Recoveries	\$ -	\$ -	\$ -	\$ (73,553)
		\$ 1,924,076	\$ 728,070	\$ 4,457,505	\$ 4,344,457

- b) Please explain the significant increase in Regulatory Assets from 2009 to 2010.

Response

The significant increase in Regulatory Assets from 2009 opening balance to 2010 closing balance is primarily on account of the Smart Meter capital and operating deferral accounts.

- c) Please provide the reasons for including Regulatory Assets in the PILs calculation.

Response

Haldimand County Hydro follows the policy of excluding regulatory assets from taxable income and conversely not claiming a deduction for regulatory liabilities. This is on the basis that regulatory assets and liabilities do not represent real assets or liabilities for income tax purposes; rather, they are an estimate of amounts that will be recovered from, or "repaid" to, customers through future adjustments to distribution rates charged to customers. For income tax purposes, these regulatory asset or liability amounts cannot be recognized until collected or repaid through the rate adjustments.

21. Ref: Exhibit 4 / Tab 2 / Sch. 8

Has Haldimand County Hydro used the half-year rule to account for depreciation expenses during the Test Year? If "No", please provide a detailed explanation of the methodology used to account for depreciation expenses.

Response

Haldimand County Hydro did not use the half-year rule to account for depreciation during the Test Year.

For all classes, amortization is calculated on a straight-line basis with rates as set out in the OEB's Accounting Procedures Handbook.

For budget purposes, and consequently the 2010 Test Year, amortization estimates on existing assets are calculated, for a full 12 months, based on the estimated remaining useful life of the asset at the end of the previous year; plus amortization estimates on capital additions forecast during the year are calculated assuming a full 12 months in the year of acquisition.

However, when actual capital additions occur in 2010, the actual amortization will be calculated commencing in the month that the asset is actually put into service.

COST OF DEBT

22. Ref: Exhibit 5 / Tab 1 / Sch. 3

Haldimand County Hydro is seeking a weighted debt cost rate of 5.58% representing long-term debt for the 2010 Test Year. One of the instruments included in the weighted debt cost rate calculation is a debenture held by Haldimand County for an amount of approximately \$2.6 million. Please answer the following questions with respect to this instrument:

- a) Please provide a copy of the debenture with Haldimand County and any revisions or amendments made to this instrument.

Response

This May 1, 2000 debenture issue was entered into with the former Regional Municipality of Haldimand-Norfolk, on behalf of the former Town of Haldimand, and a copy of correspondence relevant to this issuance is included as Appendix E.

- b) Table 2 (Ex5/Tab1/Sc3) of the evidence indicates that the debenture was issued on May 1, 2000 and is for a term of 10 years. Please confirm that the debenture is due on May 1, 2010.

Response

The debenture issued on May 1, 2000 is due on May 1, 2010.

- c) Please identify where on the audited financial statements of 2007 and 2008 this debenture is noted.

Response

For each of the 2007 and 2008 audited financial statements (refer to Exhibit 1/ Tab 3/ Appendix I), this debenture is included as "Long Term Liabilities" on the Statement of Financial Position – page 2 – with further reference to "Note 6" for 2007 and "Note 7" for 2008 on the Notes To The Financial Statements – page 8 for 2007 and page 10 for 2008. This debenture is the first item listed in each of these notes.

- d) Please confirm that the interest rate for this debt instrument is 9.75% for 2010 and that this rate and an amount of \$249,275 representing interest for 12 months, has been used in calculating the weighted debt cost rate for the Test Year.

Response

The scheduled interest rate for this debt instrument is 6.50% for 2010. The 2010 final semi-annual interest payment in the amount of \$249,275 due May 1, 2010 is calculated for the six month period November 1, 2009 to May 1, 2010. The 9.75% interest rate reported in Exhibit 5/ Tab 1/ Schedule 3/ Table 2 was a “computed” weighted average annual rate based on the interest amount due in 2010 calculated on the principal balance due May 1, 2010 of \$7,670,000, pro-rated for the first four months of 2010 for a computed amount of \$2,556,667. It was simply an attempt to annualize the interest rate attributable to the stub period in 2010. Since the 2010 calendar year financial information has been used for the 2010 test year rates, it is Haldimand County Hydro’s view that this is the appropriate method to address this issue in the rate application.

- e) If the debt is due on May 1, 2010, does Haldimand County Hydro intend to renew the amount with the City under the same terms and conditions and at the same rate (i.e. 9.75%)?

Response

Haldimand County Hydro does not intend to renew this debt due on May 1, 2010 through the Municipality of Haldimand County.

- f) If “No” to (e), please explain why a rate of 9.75% has been used to calculate the weighted debt cost rate for 2010 when the principal is due May 1, 2010?

Response

Refer to response in (d) above.

- g) Has Haldimand County Hydro obtained a quote from the market for renewing the debt when it comes due on May 1, 2010?

Response

During 2009 Haldimand County Hydro entered into a Financing Agreement with the Ontario Infrastructure Projects Corporation ("OIPC") for the purpose of financing previous and upcoming qualifying capital projects, each of which will have been financed from current operating funds. Since the refinancing of existing debt is not eligible under the OIPC loan program, Haldimand County Hydro intends to continue to finance capital projects in order to secure the funds necessary to pay off this debenture on May 1, 2010.

As of November 16, 2009, the OIPC's indicative lending rate for a 10-year serial debenture is quoted at 4.02% (as published at their website:

http://www.infrastructureontario.ca/en/loan/rates/sectors/local_distribution_rates.asp) however, it is premature to determine the final interest rate to be charged by the OIPC.

- h) If no to (g), please provide a quote from a third party for a similar loan amount under the same terms and conditions. If yes to (g), please provide the quote.

Response

Refer to response in (g) above.

COST ALLOCATION

23. Ref.: Exhibit 7 / Tab 1 / Schedule 2

The Application states that, "HCHI has incorporated the 'new proposed' rate class, Embedded Distributor – Hydro One Networks Inc., into the updated Model in order to generate a distribution wheeling service rate applicable to this rate class." Please answer the following questions with respect to this new class. Please provide as much detail as possible.

- a) Please explain whether the relationship with Hydro One Networks is a new relationship in the 2010 rate year, or if Hydro One has previously been an embedded distributor.

Response

This embedded distributor relationship with Hydro One started March 7, 2009 and Hydro One was not previously embedded to Haldimand County Hydro.

- b) If Hydro One has been an embedded distributor prior to the 2010 rate year, please provide information regarding how long this relationship has existed and the reasons for this Embedded Distributor rate class not existing previously.

Response

Hydro One has been an embedded distributor since March 7, 2009 and has been charged the General Service 50 to 4999 kW rate as the most appropriate available rate. The reason for this Embedded Distributor rate class not existing previously is because Haldimand County Hydro's 2010 rate application is the first opportunity to apply for this new rate since the relationship began.

The reason the relationship did not exist previously is because Hydro One requested that 8 of its wholesale metering points be deregistered from the IESO wholesale market in order for these to become retail points of supply from Haldimand County Hydro. Their stated reason was to avoid the costly requirement to replace the Primary Metering Units at these locations in order to make them IESO compliant.

The other embedded supply point is Air Products, which is a large customer of Hydro One, and needed additional capacity to accommodate an expansion of their plant. It was agreed that the most cost effective method for supplying this new load was for Hydro One to connect it to an existing underutilized feeder belonging to Haldimand County Hydro.

- c) Why has Haldimand County Hydro decided to introduce this new rate class at this time?

Response

As explained in parts (a) and (b) above this embedded distributor relationship with Hydro One is new as of March 7, 2009 and this current rate application is the first opportunity to introduce this new rate class.

24. Ref.: Exhibit 7, Tab 1, Appendix A: 2010 Cost Allocation Study, Sheet O1: Revenue to Cost Summary Worksheet

The above referenced sheet shows that the 2010 Revenue Requirement for the Embedded Distributor – Hydro One rate class is \$174,351, but that the Total Revenue for this rate class is \$580, all of which is derived from Miscellaneous Revenue; that is to say, this rate class earns \$580 in Distribution Revenue at current rates. Please detail the rates charged to Hydro One as an embedded distributor in this case. Specifically, please explain how and why it is possible to earn negligible revenue from this rate class, when the revenue requirement associated with it totals \$174,351.

Response

Hydro One has recently become an embedded distributor of Haldimand County Hydro. Haldimand County Hydro is currently charging Hydro One on an interim basis the General Service > 50 to 4999 kW rate for this service but is proposing to charge Hydro One a rate that reflects cost as of May 1, 2010. Haldimand County Hydro proposes to charge Hydro One an embedded distributor rate that recovers \$173,771 of base revenue requirement which is the total revenue requirement of \$174,351 minus \$580 of miscellaneous revenue. The embedded distributor rate to Hydro One will completely recover the cost of providing service. As a result, the proposed revenue to cost ratio will be 100% which means there is no need to include a revenue amount in the cost allocation model for Hydro One since the proposed revenue outcome is known. It will be the full cost of providing service.

25. Ref.: Exhibit 7, Tab 1, Appendix A: 2010 Cost Allocation Study, Sheet O1: Revenue to Cost Summary Worksheet

Please re-submit Sheet O1: Revenue to Cost Summary Worksheet completed using the proposed revenue to cost ratios and the corresponding revenue and cost figures for all classes.

Response

The purpose of conducting a cost allocation study is to determine the current level of cross subsidization between classes and then address this cross subsidization in the proposed rate design. In other words, the cost allocation study determines the starting point revenue to cost ratios and the proposed rate design should move the starting point revenue to cost ratios in the direction of the Board's acceptable range. Exhibit 7/ Tab 1/ Schedule 3/ page 3/ Table 2 outlines the change in revenue in 2010 needed to move the revenue to cost ratios from the current level to the proposed values. Exhibit 7/ Tab 1/ Schedule 3/ page 2/ Table 1 outlines the change to revenue to cost ratios from the current level to the proposed values. The proposed 2010 revenue by rate class shown in Exhibit 7/ Tab 1/ Schedule 3/ page 3/ Table 2 could be re-entered into the cost allocation model but the resulting Sheet O1 would show revenue to cost ratios equivalent to Exhibit 7/ Tab 1/ Schedule 3/ page 2/ Table 1.

RATE DESIGN

26. Ref.: Exhibit 8, Tab 1, Schedule 1

Haldimand is proposing a change in the fixed and variable charges for the customers in the Residential, GS<50, GS>50-4999, and USL rate classes. According to Board staff's calculations, the Residential monthly fixed charge will rise by approximately 90%, and the volumetric charge will fall by 27%. These changes would be at least partially responsible for the proposed 15% net increase to the delivery component of a residential customer's bill (at 800 kWh consumption).

- a) Please explain why the increase in the monthly fixed charge for Residential customers is disproportionate to the decrease in the volumetric charge. Please also explain and provide justification as to why these two charges should not be changed proportionately, as explained in the application.

Response

In Exhibit 7/ Tab 1/ Schedule 3/ page 4/ Table 3, in the last column there is a summary of the proposed monthly service charges by rate class for the 2010 Test Year. All these values are less than or equal to the "Minimum System with PLCC Adjustment" value from the 2010 cost allocation model shown in the fourth column of Table 3. It is Haldimand County Hydro's understanding that as a result of the Board's cost allocation review Haldimand County Hydro would be allowed to increase the monthly service charge to the Minimum System with PLCC Adjustment value. In the case of the Residential class Haldimand County Hydro would be allowed to increase the monthly service charge to \$28.02 but as a result of bill impacts Haldimand County Hydro is proposing to increase the Residential monthly service charge to \$20.76. As outlined, in Exhibit 8/ Tab 1/ Schedule 1/ page 7 the Residential monthly service charge results from an analysis of the fixed / variable splits of the distributors in Haldimand County Hydro's peer groups. This analysis indicated the average Residential fixed / variable split for the peer group is 53.12% fixed and 46.88% variable. The proposed Residential monthly service charge of \$20.76 and a volumetric rate of \$0.0240 per kWh represents moving from a 32.14% / 67.86% fixed / variable split to a 53.12% / 46.88% fixed / variable split. Consequently, the monthly service charge will increase and the volumetric charge will decrease which means the changes in the two charges will not be proportional.

- b) Has Haldimand considered the possibility of increasing the fixed monthly charge over a two or three year period?

Response

As stated above, Haldimand County Hydro has considered the bill impacts with its proposed monthly service charges. Haldimand County Hydro has reflected a phase in approach to the proposed change the Residential monthly service charge since it could have gone to the \$28.02 per month but decided for the time being to only go to \$20.76.

27. Ref.: Exhibit 8, Tab 1, Schedule 1

Haldimand has proposed that the distribution volumetric charge for the USL rate class be lowered from \$0.0226 to \$0.0036. According to Board staff's calculations, this is a reduction of 528%. Furthermore, Board staff has found that the applicant does not provide any reasons or justification in the evidence for the substantial reduction.

- a) Please explain the reasons and justification for this substantial decrease.

Response

Please see response to b).

- b) Please further explain why the proposed rate differs so greatly from the GS<50 rate, a class that is similar to USL, with the exception of costs associated with meter management.

Response

As outlined, in Exhibit 8/ Tab 1/ Schedule 1/ page 7, the monthly service charge for USL is the monthly service charge for the GS < 50 kW class less costs associated with meter management. As a result the monthly service charges for USL and GS < 50 kW are connected. However, when the monthly service charges are connected the variable rate cannot be similar since the variable rate will pick up the base revenue requirement not collect by the monthly service charge. With the proposed monthly service charge for GS < 50 kW the fixed/variable split for the GS < 50 kW class moves from 27.61%/72.39% to 39.32%/60.66%. However, in the case of USL the fixed/variable split moves from 45.51%/54.49% to 92.34%/7.66%. In order to connect the monthly service charges of GS < 50 and USL there is a significant impact in the variable component of the USL class resulting in a variable rate change from \$0.0226 to \$0.0036 which is also lower than the GS < 50 kW class variable rate.

LOSS FACTORS

28. Ref: Exhibit 1, Tab 1, Schedule 12, Page 1

The table "Ownership of Feeders at HONI Transformer Stations" in the above reference provides a list of 14 feeders at Jarvis TS, Caledonia TS and Dunnville TS (7 owned by HCHI and 7 owned by HONI). Please answer the following questions with respect to this table:

- a) The table "Supply Facilities Loss Factor" in Exhibit 8, Tab 1, Schedule 4, Page 2 provides the standard Supply Facility Loss Factor ("SFLF") associated with each feeder for a total of 11 feeders, this being 1.0045 for Haldimand County Hydro owned directly connected feeders and 1.006 for HONI owned express feeders. Please provide an explanation as to why feeders 57M2, 57M7 and 57M8 at Jarvis TS are present in the former table (in E1/T1/Sc12) but absent from the latter table (in E8/T1/Sc4).

Response

The 3 feeders 57M2, 57M7, and 57M8 are present in the former table (in E1/T1/Sc12) only for completeness in identifying all 14 feeders supplied by the 3 Transformer Stations located within Haldimand County. These 3 feeders are owned by Hydro One and are dedicated solely to supplying the load of 2 Hydro One large customers (57M2 supplies Air Products Canada Ltd. and both 57M7 and 57M8 supply Imperial Oil Ltd.). These 3 feeders are not used to supply any load of Haldimand County Hydro. The other 4 Hydro One owned feeders are each used to supply load of both Hydro One and Haldimand County Hydro.

- b) Exhibit 1, Tab 1, Schedule 12, Page 3 provides a list of 4 feeders owned by HONI. Please provide an explanation as to why feeders 57M2, 57M7 and 57M8 at Jarvis TS are present in Exhibit 1, Tab 1, Schedule 12, Page 1 as HONI owned but absent from the list on page 3.

Response

Please refer to response to part (a) above.

- c) If the omissions mentioned in (b) are an error, please correct the above mentioned tables and list and re-calculate the proposed weighted average SFLF currently shown as 1.0052.

Response

The omissions mentioned in (b) are not an error. Please see the response to part (a) above for the explanation.

- d) At each of Jarvis TS, Caledonia TS and Dunnville TS, the feeders have mixed ownership, i.e. certain feeders are owned by Haldimand Hydro and others are HONI owned. Apart from the ownership difference, please explain if there are any physical or technical differences between the Haldimand Hydro and HONI owned feeders.

Response

To our knowledge there are no physical or technical differences between the Haldimand County Hydro and HONI owned feeders.

There is a difference in ownership of the primary metering for each feeder at the transformer station. In those instances where Hydro One owns the feeder and Haldimand County Hydro is also a user of the same line, the primary metering is owned by Haldimand County Hydro.

29. Ref: Exhibit 8, Tab 1, Schedule 4

Please explain the reason for the dissimilarity in the 2008 kWh number (376,481,614 kWh) in line A2 in the table "Total Loss Factor Calculation" in Exhibit 8, Tab 1, Schedule 4, Pg.1 and the "TOTAL" kWh number (575,924,720 kWh) in the "Sub Total" row in the table "Supply Facilities Loss Factor" in Exhibit 8, Tab 1, Schedule 4, Pg.2.

Response

Both referenced tables are copied directly from the Kinectrics Inc. report "Distribution Loss Assessment at Haldimand County Hydro Inc." (complete report in Exhibit 8/ Tab 1/ Appendix B).

The "TOTAL" kWh number (575,924,720 kWh) in the "Sub Total" row in the table "Supply Facilities Loss Factor" in Exhibit 8/ Tab 1/ Schedule 4/ page 2 is the total kWh for all of the feeders that supply electricity to Haldimand County Hydro unreduced by kWh delivered to Hydro One and Norfolk Power through these feeders.

The 2008 kWh number (376,481,614 kWh) in line A2 in the table "Total Loss Factor Calculation" in Exhibit 8/ Tab 1/ Schedule 4/ page 1 is the total kWh for all of the feeders that supply electricity to Haldimand County Hydro reduced by kWh delivered to Hydro One and Norfolk Power through these feeders.

30. Ref: Exhibit 1, Tab 1, Schedules 10 and 12

In order to enable selection of the correct SFLF, please expand on the information provided in Exhibit 1, Tab 1, Schedule 12, Pg.3 and Exhibit 1, Tab 1, Schedule 10, Pg.1 and clarify whether Haldimand County Hydro is:

- Directly connected to the IESO controlled grid, or
- Fully embedded in the HONI distribution system, or
- Partially embedded in the HONI distribution system.

Response

In addition to the referenced items stated in this question, please see also Exhibit 8/ Tab 1/ Schedule 4/ page 4 "Statement as to whether the applicant is embedded" for further explanation. Although this statement includes "...Haldimand County Hydro is not considered as embedded to HONI...", it could be considered as partially embedded because it does use certain distribution facilities owned by HONI.

Haldimand County Hydro pays Low Voltage (LV) charges to Hydro One for the shared use of 4 HONI feeder lines and 2 HONI distribution stations as follows:

<i>Caledonia TS</i>	<i>27M3</i>
<i>Caledonia TS</i>	<i>27M6</i>
<i>Dunnville TS</i>	<i>31M2</i>
<i>Jarvis TS</i>	<i>57M3</i>
<i>Argyle DS</i>	
<i>Lythmore DS</i>	

Although HONI owns the 4 feeders stated above, the feeder metering at each TS belongs to Haldimand County Hydro and Haldimand County Hydro pays commodity charges to the IESO only and not to HONI.

31. Ref: Exhibit 8, Tab 1, Schedule 4

With respect to the table “Total Loss Factor Calculation” on page 1 of the above reference, please re-compute the historical and proposed Distribution Loss Factors (“DLF”) and Total Loss Factors (“TLF”) based on the following definitional change:

- Row B definition changed to: Portion of “Wholesale” kWh delivered to distributor for Large Use Customer(s) and Embedded Distributor(s).
- Row E definition changed to: Portion of “Retail” kWh delivered by distributor for Large Use Customer(s) and Embedded Distributor(s).
- With respect to the two embedded distributors (see note below), for each year,

$$\begin{aligned} \text{Row B (kWh)} = & [\text{row E (kWh)} \times \text{DLF}]_{\text{Norfolk, 6th Concession PMU}} + \\ & [\text{row E (kWh)} \times \text{DLF}]_{\text{Norfolk, Highway 6 PMU}} + \\ & [\text{row E (kWh)} \times \text{DLF}]_{\text{Hydro One}} \end{aligned}$$

(Note: For embedded distributor Norfolk, please calculate kWh based on sum of kWh associated with supply points 6th Concession PMU and Highway 6 PMU. As shown in the 8th reference, DLFs associated with these supply points are respectively 1.0352 and 1.0395.)

- Please complete this calculation on a best efforts basis if all data is not available.

Response

For the years 2004 to 2008 inclusive stated in “Table 15 Total Loss Factor Calculations” (Exhibit 8/ Tab 1/ Schedule 4/ page 1 the IESO billed both Norfolk Power Distribution and Hydro One directly for all kWh taken by these utilities as they were both wholesale market participants. There were no “...“Retail” kWh delivered by distributor for Large Use Customer(s) and Embedded Distributor(s)” as requested in the question. Consequently this table cannot be completed in the form requested.

32. Ref: Exhibit 8, Tab 1, Schedule 4

Table 15 on page 1 of the above reference provides the Distribution Loss Factor ("DLF") in Row G. Please answer the following questions with respect to the DLF:

- a) Please provide an explanation or rationale for proposing an average DLF of 1.0624 (years 2004 to 2008) rather than a lower factor such as the actual DLF for 2004 of 1.0550.

Response

Section 3.2 of Kinectrics Inc. report "Distribution Loss Assessment at Haldimand County Hydro Inc." (complete report in Exhibit 8/ Tab 1/ Appendix B) discusses the "Limitations on Present Methodology" for calculating distribution losses for Haldimand County Hydro. It states "...the method results in a large uncertainty in the loss value due to subtracting two large numbers. This uncertainty is important to understanding the year to year comparisons of calculated losses".

Section "4.3 Year to year comparison of losses over the previous six years" includes "It is important to note that year-to year variations, when derived through OEB-mandated 5 year average calculations, are smaller than when based on a single year data."

- b) Please provide an explanation for the increasing trend in losses indicated by an increase in actual DLF from 1.0550 in 2004 to 1.0693 in 2008.

Response

Please refer to Section "4.3 Year to year comparison of losses over the previous six years" from Kinectrics Inc. report "Distribution Loss Assessment at Haldimand County Hydro Inc." which includes "The purpose of this section of the report is a year to year comparison of losses over the previous six years and a report on the causes." and "Haldimand County Hydro is concerned about the causes of and reasons for the variations...". This section includes the reasons identified by Kinectrics.

- c) Please describe any steps that are contemplated to decrease the loss factor during the test year (2010) and/or during a longer planning period.

Response

As stated in Kinectrics report Section "5.1 Determining the source of Losses", "Haldimand County Hydro is concerned with a variety of factors regarding the losses in its distribution system, including the level, the trend, the accuracy in calculation and ultimately, the financial implications of the losses in its distribution system".

Haldimand County Hydro has taken and continues to take many actions which have the effect of reducing electrical losses. These are summarized in Exhibit 8/ Tab 1/ Schedule 4/ page 4 under "Materiality Analysis on Distribution Losses".

- d) Haldimand County Hydro has incurred significant capital expenditures in 2008 and 2009. Please explain why these expenditures have not resulted in a lower proposed DLF for the Test Year.

Response

The actions taken by Haldimand County Hydro to reduce losses (see (c) above) are scientifically based. The fact that these actions did not have a positive effect in the annual loss calculations was one of the concerns leading to the engagement of Kinectrics. The reasons provided by Kinectrics are included in their report sections "3.2 Limitations on Present methodology" and "4.3 Year to year comparison of losses over the previous six years".

33. Ref: Exhibit 8, Tab 1, Schedules 5 and 6

With respect to Haldimand County Hydro's proposed Total Loss Factor ("TLF") of 1.0442 in E8/T1/Sc6/Pg.4 for embedded distributor Norfolk Power, please answer the following:

- a) Please explain the rationale for the increase in the proposed TLF of 1.0442 from the current approved number of 1.0253 as indicated in E8/T1/Sc5/Appendix D.

Response

Haldimand County Hydro's proposed TLF of 1.0442 for embedded distributor Norfolk Power was calculated by Kinectrics Inc. in its report titled "Embedded Distributor and Site Specific Loss Factors" dated August 10, 2009 (Exhibit 8/ Tab 1/ Appendix C) using the data included on page 31 of Appendix A to that report. This is the most current line and load data available for this embedded supply to Norfolk Power.

The current approved loss factor of 1.0253 for embedded distributor Norfolk was calculated by Energy Cost Management Inc. for Haldimand County Hydro's rate submission file RP-2004-0169, specific to the Norfolk embedded situation, which was subsequently combined with file EB-2005-0373, for 2006 distribution rates, to form file EB-2005-0020. One significant difference is that non-technical losses do not appear to have been included in the 2005 submission.

- b) Please explain factors that cause this proposed TLF to be higher than the proposed TLF of 1.0305 for embedded distributor HONI as indicated on page 4 of E8/T1/Sc6.

Response

The Kinectrics report in Exhibit 8/ Tab 1/ Appendix C states on page v "The loss factors were calculated using spreadsheet based models of each of the circuits serving the specific loads. The models utilize conductor size, conductor length and load data...". Thus it is the differences in these characteristics (listed in Appendix A to this report) which have caused differences in the resulting TLF for each of the circuits. The proposed TLF of 1.0442 for embedded distributor Norfolk Power is less than or equal to that for 3 of the Hydro One circuits site specific TLFs listed on this same page v and it is the weighted averaging of these TLFs which results in the proposed 1.0305 TLF for embedded distributor Hydro One.

- c) On page 6 of Kinectrics Inc. report titled "Embedded Distributor and Site Specific Loss Factors" dated August 10, 2009, it is stated that the proposed TLF of 1.0442 corresponds to the TLF associated with the Highway 6 PMU supply point, which is planned to be removed from service after December 2010. Please explain the manner in which Haldimand County Hydro plans to serve this load after this date and comment on the expected TLF.

Response

Exhibit 3/ Tab 2/ Appendix A/ page 2 includes a letter dated January 6, 2009 from Norfolk Power stating "...we should be able to discontinue our feed from Jarvis TS by the end of 2010".

Subsequently a letter dated November 2, 2009 was sent to Norfolk Power to request an update and their reply dated November 3, 2009 states "...we should be able to discontinue our feed from Jarvis TS by the end of August 2010." (Refer to copy of letter attached as Appendix D.)

The correspondence indicates that they have capital projects underway which will enable them to supply this load from their own Bloomsburg TS located in Norfolk County. Once the Norfolk load is transferred, it will no longer be supplied through lines owned by Haldimand County Hydro.

34. Ref: Exhibit 8, Tab 1, Schedule 6

Please provide the calculation methodology used to obtain the proposed TLF of 1.0305 on page 4 of the above reference for embedded distributor HONI similar to the table provided on page 6 of the Kinectrics Inc. report titled "Embedded Distributor and Site Specific Loss Factors" for the calculation of the TLF for embedded distributor Norfolk Power.

Response

The similar tables for both Norfolk Power and Hydro One are contained in Table 1 on page 6 and Table 3 on page 7, respectively, of the Kinectrics Inc. report titled "Embedded Distributor and Site Specific Loss Factors". Table 3 for Hydro One includes all 5 data columns included in Table 1 for Norfolk Power. Table 3 for Hydro One also includes 3 additional columns to provide the calculation methodology for determining the weighted average TLF of 1.0305 for embedded distributor Hydro One.

DEFERRAL AND VARIANCE ACCOUNTS

35. Ref: Exhibit 9 / Tab 1 / Schedule 2

In Table 3 titled "Deferral and Variance Accounts Requested for Disposition" of the above reference and the Continuity Schedule in Exhibit 9 / Tab 1 / Schedule 1 / Appendix A the following amounts are shown for account 1584 as of December 31, 2008:

Principal:	(1,428)
Interest:	(28,251)

Please explain why the interest amount is approximately 20 times the principal amount requested for disposition.

Response

The interest credit amount forecast for January 1, 2005 to April 30, 2006 as part of the disposition of the principal balance in the 2006 EDR (EB-2005-0373) was underestimated in the order of \$20,000; accordingly, the interest credit balance to date has not been reducing at the same proportion as the principal credit balance.

36. Ref: Exhibit 9 / Tab 1 / Schedule 2

In Table 3 titled "Deferral and Variance Accounts Requested for Disposition" of the above reference and the Continuity Schedule in Exhibit 9 / Tab 1 / Schedule 1 /Appendix A the following amounts are shown for account 1588 as of December 31, 2008:

Principal:	(143,201)
Interest:	367,241

Please explain why the principal is a credit number, and the interest is a debit number, and why is there such a large variation in the quantum.

Response

The principal balance was at a large credit amount in 2005 and 2006, and only recently in 2007 and 2008 has the annual activity been in a debit amount to significantly reduce the overall credit amount to its current balance. The interest amount, which opened in 2005 at a lesser credit amount, was also further debited in 2005 to 2008 to account for carrying charge recalculations and adjustments.

37. Ref: Exhibit 9 / Tab 1 / Schedule 2

In Table 3 titled "Deferral and Variance Accounts Requested for Disposition" of the above reference and the Continuity Schedule in Exhibit 9 / Tab 1 / Schedule 1 / Appendix A the following amounts are shown for account 1590 as of December 31, 2008:

Principal: 489,653
Interest: (103,125)

- a) Please explain why the principal is a debit number, and the interest is a credit number, and why there is there such a large variation in the quantum.

Response

The principal balance includes (\$286,126) in recoveries (refunded amounts) over the life of the deferred account, net of the \$775,778 Board-approved balance transferred to this account. The interest balance includes (\$113,101) interest on the recoveries (refunded amounts) over the life of the deferred account, net of the \$9,976 Board-approved balance transferred to this account.

- b) The applicant is requesting disposition of account 1590. Please confirm that the associated rate rider for the balance in the account has ended. (Note: The EDDVAR Report (EB-2008-0046) of the Board on page 6 states that:
"The Board however notes that the balances in these Accounts should not be cleared until the associated rate rider has ended".)

Response

Haldimand County Hydro confirms that the associated rate rider for the balance in the account has ended.

38. Ref: Exhibit 9 / Tab 1 / Schedule 2

In Table 3 titled "Deferral and Variance Accounts Requested for Disposition" of the above reference and the Continuity Schedule in Exhibit 9 / Tab 1 / Schedule 1 / Appendix A the following amounts are shown for account 1570 as of December 31, 2008:

Principal: (407,342)
Interest: (117,669)

- a) Please explain why there is a balance in this account. Account 1570 Qualifying Transition Costs was cleared in the 2006 EDR (Phase 2 Decision) on a final basis. This account has been closed for many years, i.e. new entries are not allowed. Also note that the Continuity Schedule shows that \$940,724 transfer was made to account 1590 per the 2006 EDR. This number, together with the adjustments of \$104,816 and \$1,487 in 2005 total \$1,047,027. This amount is very close to the amount that was presented in Sheet 1 – December 31, 2004 Regulatory Assets worksheet filed by the Applicant in the 2006 EDR application (EB-2005-0373). The amount filed and approved for disposition in the 2006 EDR was \$1,048,158. Therefore, there should be no balance in account 1570.

Response

The principal balance of (\$407,342) represents interim rate recoveries received in 2002, 2003 and 2004 and the interest balance of (\$117,669) represents accumulated carrying charges calculated on that principal balance.

The 2006 EDR (EB-2005-0373), and in particular "Sheet 1" of the accompanying RAR model, where the instructions were to include the total amount of transition costs claimed and not necessarily the balance of the amount in account 1570 at that time, did not reflect these interim recoveries. Accordingly, Sheet 1 reported the "Grand Total Claimed – Minimum Review" amount of \$788,441, which included transition costs claimed in the amount of \$1,048,518 before the 10% minimum review adjustment. The interim recoveries associated with transition costs were included on "Sheet 2" of the RAR model and incorporated into the "Balance to be collected or refunded in the next 2 years" amount of (\$1,206,295). The exclusion of the interim recoveries from the initial claimed amount was further reconciled and explained through Board Staff Interrogatory #21 at the time of the 2006 EDR.

Accordingly, Haldimand County Hydro transferred the Board-approved claimed amount principal balance at the end of 2004 in the amount of \$943,343 (\$1,048,158 less 10% minimum review adjustment), net of computer equipment (which had been purchased as part of the transition costs) disposals during 2005 and 2006 in the amount of \$2,619, for a total of \$940,724 to account 1590; and maintained the interim recoveries balance separate within the transition cost account 1570.

Haldimand County Hydro was interpreting the approved disposition balance for transfer into account 1590 as the “claimed amount”. Accordingly, the transition cost account 1570 principal and interest balances total claim of (\$530,391) should be just simply combined with the recovery of regulatory account 1590 principal and interest balances total claim of \$392,995, which as of December 31, 2008 would now be reported and requested for disposition as a total claim of (\$137,396) represented by:

<i>Account 1590 – Principal</i>	<i>\$82,311</i>
<i>Account 1590 – Interest</i>	<i><u>(\$219,707)</u></i>
<i>Total Claim</i>	<i>(\$137,396)</i>

- b) Why does the Opening Principal Amount of \$640,794 as of Jan. 1, 2005 on the Continuity Schedule (Exhibit 9 / Tab 1 / Schedule 1, Appendix A) not match the amount of \$1,048,158 as of December 31, 04 on Sheet 1 filed under the 2006 EDR application EB-2005-0373?

Response

The Opening Principal Amount in account 1570 per the Continuity Schedule includes prior years’ interim rate recoveries, a credit amount of \$407,364 – as further explained in part (a) above.

- c) Please explain the origin and rationale of the following amounts in the Continuity Schedule page 1:
- (i) Closing Principal Balance as of December 31, 06: (\$407,383)
 - (ii) Opening Interest Amounts as of Jan. 1, 06: \$202,264
 - (iii) Interest Jan. 1 to Dec. 31, 06: (\$27,385)
 - (iv) Transfer of Board approved amounts to 1590 as Per 2006 EDR (\$257,079)
 - (v) Closing Interest Amounts as of Dec. 31, 06: (82,200)

Response

Each of these amounts being queried in (i) through (v) is directly attributable to the explanation provided in response to (a) above.

39. Ref: Exhibit 9 / Tab 1 / Schedule 1 / Appendix A

RP-2005-0020/EB-2005-0373 approved the amount of (\$1,206,296) for disposition of regulatory assets to be refunded to customers. Why are the totals for transfers to 1590 shown on the Continuity Schedule different from this number? According to the Continuity Schedule, the transfers totalled \$785,754 (principal of \$775,778 and interest of \$9,976).

Response

As explained in response to interrogatory # 38 above, the “transfers totaled \$785,754” amount is correct and as reported on Sheet 1 of the RAR model as part of the claimed amounts in the 2006 EDR (EB-2005-0373). The “amount of (\$1,206,296) for disposition of regulatory assets to be refunded to customers” is correct and as reported on Sheet 2 of the RAR model, which includes the interim transition cost recoveries and interim regulatory asset recoveries. As previously explained, the interim transition cost recoveries were not previously transferred to account 1590, but certainly should be considered part of that account balance.

40. Regulatory Audit Bulletin - Account 1588

On October 15, 2009, the Board's Regulatory Audit & Accounting group issued a bulletin related to Regulatory Accounting & Reporting of Account 1588 RSVAPower and Account 1588 RSVAPower Sub-account Global Adjustment. Please confirm whether or not Haldimand County Hydro intends to file any changes with respect to Account 1588.

Response

Haldimand County Hydro does not intend to file any changes with respect to Account 1588 at this time.

LRAM AND SSM AMOUNTS

41. Ref: Report by EnerSpectrum Group dated August 18, 2009, “LRAM and SSM Support”, Pg. 8-9

The Board’s Guidelines for Electricity Distributor Conservation and Demand Management (the “Guidelines”) issued on March 28, 2008, outlines in section 9 the information that is required when filing an application for LRAM or SSM. Please explain why the following has not been included in the application:

- a) The kW or kWh impacts not adjusted for free riders. It appears kW or kWh impacts net of free riders for each program and each rate class has been provided, however, the kW or kWh impacts not adjusted for free riders has not been provided.

Response

The following table outlines the kW or kWh impacts adjusted with free riders and without by rate class by CDM measure.

42. Ref: Report by EnerSpectrum Group dated August 18, 2009, “LRAM and SSM Support”, Pg. 4

In section 6, Determination of SSM Amounts, it states that “for all programs/projects, the most recently published OPA assumptions and measures list were used in TRC calculations in accordance with OEB’s direction letter, Conservation and Demand Management Input Assumptions Board File No.: EB-2008-0352, January 27, 2009.

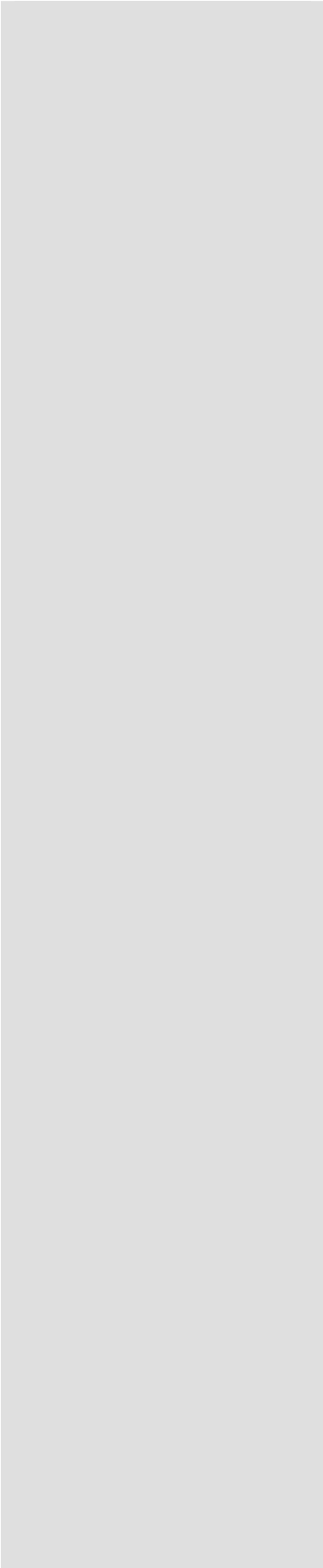
- a) Please state the rationale for using the recently published OPA assumptions and measures list for all programs/projects when the Board states in section 7.3 of the Guidelines that “assumptions used from the beginning of any year will be those assumptions in existence in the immediately prior year”.

Response

Haldimand County Hydro’s rationale for using the OPA Assumptions and Measures List was based on the interpretation of the March 28, 2008 Guidelines and the subsequent letter from the Board (EB-2008-0352) dated January 27, 2009 at the time of the preparation of our LRAM and SSM claim. Maintaining the same principles for overall evaluation of the CDM programs seemed appropriate.

**Board Staff Interrogatories
Haldimand County Hydro Inc. ("Haldimand County Hydro")
2010 Electricity Distribution Rate Application
EB-2009-0265
Dated: October 27, 2009**

APPENDIX A
Customer Information System (CIS)
Request for Proposal
Board Report



Request For Proposal

Customer Information and Billing System

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1 General Information

1.1 Background

This Request for Proposal (RFP) is intended to assist Local Distribution Companies (LDC's), named in Section 1.2, in the selection of a Customer Information and Billing System (CIS). Vendors (this includes Application Service Providers) are invited to submit proposals to provide a CIS that will be capable of meeting all current and future Regulatory requirements in the Province of Ontario. The distribution of this RFP is limited to CIS Vendors currently providing services to at least one LDC in the Province of Ontario. The outline of this RFP is such that it will:

- Provide general LDC information
- Specify the relevant business requirements that prospective Vendors should satisfy if selected
- Specify the relevant functional requirements that prospective Vendors should satisfy if selected
- Provide Vendors with the necessary templates to complete proposals in a timely and consistent fashion
- Communicate the criteria and timelines established by the "CODAC Working Group"
- Ask Vendors to provide flexible pricing options

1.2 The "CODAC Working Group"

The "CODAC Working Group" (Group) currently represents **24** Ontario LDC's utilizing **17** independent Customer Information and Billing Systems. The needs of the Group ranges from those required to change to those currently exploring alternatives to their current CIS.

CODAC Members Details

Company Name	Total Number of Accounts	Electric Meters	Water Meters	Basic Account Types							Current CIS System	Current Financial System	Current GIS System
				All Interval Metered Inc. Streetlights	General Service > 50	General Service < 50	Residential	Unmetered Scattered Load	Other Non-Electric Account Types	Total Basic Account Types			
Cambridge and North Dumfries Hydro Inc.	49,800	48,700	38,900	210	510	4,470	44,000	70	540	49,800	Advanced	CMIC	GENTRY
Collus Power Corp.	14,483	14,252	8,484	48	121	1,607	12,497	27	183	14,483	Advanced	Great Plains	Arctview
ELK Energy	13,702	10,596	7,279	7	110	977	9,502	36	3,070	13,702	Advanced	AccPac	none
Greater Sudbury Utilities***	67,556	45,918	45,854	38	273	3,871	41,511	157	21,706	67,556	Advanced	HTE	In-house
Grimsby Power Inc.	9,611	9,522	0	35	75	654	8,763	84	0	9,611	Advanced	APPX (COS)	CableCad
Haldimand County Hydro	20,919	20,833	8,372	27	125	2,423	18,245	86	13	20,919	Advanced	Great Plains	ESRI
Hawkesbury Hydro	5,275	5,250	0	9	74	564	4,611	17	0	5,275	Advanced	AccPac	none
Orangeville Hydro Limited **	10,724	10,724	9,071	19	130	1,056	9,483	36	0	10,724	Advanced	Great Plains	Microstation
Ottawa River Power *	13,500	13,178	0	27	159	1,781	11,165	42	326	13,500	Advanced	AccPac	ESRI
Tilsonburg Hydro Inc.	6,579	6,466	5,930	22	61	644	5,739	19	94	6,579	Advanced	Great Plains	ESRI
Wasaga Distribution Inc.	10,963	10,963	0	8	31	795	10,120	0	9	10,963	Advanced	Business Vision	Autodesk
Niagara-On-The-Lake Hydro	8,263	7,628	5,859	15	109	1,211	6,299	24	605	8,263	APPX (COS)	APPX (COS)	ArcGIS 9
Welland Hydro-Electric System Corp.	21,547	21,589	0	27	187	1,675	19,435	223	0	21,547	APPX (COS)	APPX (COS)	Autodesk
Barrie Hydro	67,851	67,551	46,417	54	2,542	4,049	60,906	300	0	67,851	HTE	JDEdwards	ESRI
Great Lakes Power	11,590	11,800	0	15	39	955	10,490	91	0	11,590	HTE	HTE	CableCad
North Bay Hydro	24,042	24,020	0	34	224	2,728	21,036	20	0	24,042	HTE	HTE	ESRI
Thunder Bay Hydro ****	61,986	61,986	5,785	6	4,641	2,040	55,099	200	0	61,986	HTE	HTE	all over the map
									0	0			
Totals	418,391	390,976	181,751	601	9,411	31,500	348,901	1,432	26,546	418,391			

* Includes Embrun Hydro (1,800 Accounts) & Hydro 2000 (1,200 Accounts)

** Includes Grand Valley Energy Inc. (687 Accounts)

*** Includes West Nipissing Energy Inc. (3,143 Accounts)

****Includes Kenora, Sioux Lookout & Fort Frances (12,903)

Total # of CIS Systems:	17
Total # of LDC's:	24

The approach of the Group is to work collaboratively in researching current and future requirements, preparing this RFP Document and meeting with a short list of prospective Vendors that are considered best-fit to our needs. Based on the Mission Statement of the Group, LDC's have no obligation to pursue any alternative presented by prospective Vendors or other LDC's within the Group. In other words, LDC's may wish to pursue their own alternatives. Other LDC's may wish to continue with additional members and pursue a group purchasing strategy. Regardless of the ultimate outcome, Group Members have agreed to explore all alternatives collectively up to the point of meeting with a short list of prospective Vendors.

In light of this, the Group has decided that it would like to explore a number of options as it relates to pricing. The options are:

1. Individual Installations with LDC Defined Set-up
2. Individual Installations with Group Defined Set-up
3. One Installation Containing Multiple Companies with Group Defined Set-up (ASP)

Vendors should consider these alternatives when completing Costing Templates in Appendix B.

1.3 Current System Functionality

The current “CODAC Working Group” members are presently utilizing Advanced CIS Infinity, SunGard H.T.E. and APPX Customer Information and Billing Systems. The Advanced CIS Infinity Billing System is windows based with either SQL or Oracle as the database. SunGard H.T.E. runs on an IBM AS/400 with DB2 as the database. APPX runs on an ISAM database. All systems are modular. Current Core CIS functionality includes:

- Billing
- Meter Reading
- General Customer Care
- Contact Management
- Cash Management
- Adjustment Management
- Collections Management
- Automatic Payment Plan Management
- Deposit Management
- Interface to External Financial System
- Wholesale and Retail Management
- Retailer Management
- Electronic Business Transactions (EBT)
- Regulatory Reporting and Filing
- General Financial and Statistical Reporting
- Service / Work Order Management
- Meter and Other Inventories
- Land Management
- Lien Processing
- Security
- Support

1.4 Proposed System Functionality

The proposed CIS should, at a minimum, correspond to the core CIS functionality outlined in Section 1.3. Further to this, Vendors should be able to demonstrate current or pending functionality as it relates to:

- The Province of Ontario Smart Meter Initiative
- The Province of Ontario Net Metering, Sub-Metering and Standard Offer Programs
- Complex Reporting Capabilities Relative to Customer, Metering, Billing, Financial and Regulatory
- User-Friendly Screens and Easy Access to Data
- Display, Access, and Adjustment of Meter Information: details of meter, as well as, details of consumption at customer level
- Interface to Electronic Business Transactions via EBT Hub Service Providers
- Interface to Legacy Financial Systems
- Interface to Legacy Operational or Engineering Applications (GIS)
- Ability to Process Multiple Service Types including but not limited to: Metered, Un-metered and Rental Equipment

- Multiple Company Environment

A comprehensive list of Functional Requirements is outlined in Appendix B (Tab 3. Functional Requirements).

2 Vendor Pre-Qualifications

2.1 Expectations of Vendor

The distribution of this RFP Document and all its associated attachments has been limited to Vendors currently providing a CIS solution to at least one LDC in the Province of Ontario. It is expected that Vendors invited to participate in the RFP process have a comprehensive understanding of the Ontario Market and possess the necessary expertise required to fulfil their obligations as outlined in this RFP document.

The successful Vendor(s) should be actively involved with Regulatory initiatives and be able to provide a system that has the required flexibility to effectively operate in the Ontario Market. The success of this RFP initiative has a direct correlation to prospective Vendors ability to correctly identify, customize and leverage existing and emerging business processes.

As with all new development or customization work, a suitably rigorous testing regime will be required to ensure the system is delivered as per outlined expectations and the successful Vendor(s) will be expected to provide assurance that current operations will not be impacted at any stage throughout this initiative.

As outlined in Section 1.2, the Group is wishing to explore multiple options. Regardless of the end solution chosen by individual Group Members, all have expressed the need for a Go-Live date of no later than **September 30, 2008**. In the event that options 2 or 3 are chosen by some or all of the Group Members, the **September 30, 2008** date would be in reference to the Go-Live date for the last Group Member. It is recognized that a phased implementation approach would be necessary for both options 2 and 3. Vendors that would have difficulty in meeting this timeline are asked to provide comments to this affect in **Appendix B (Tab 20. Comments)**.

2.2 Vendor Background and Qualifications

Vendors are required to complete the Vendor Background and Qualifications spreadsheet located in **Appendix B (Tab 1. Vendor Background)**. This completed spreadsheet and any associated supporting documentation is to be submitted as part of the Proposal. This spreadsheet is not to be changed or altered in any way by prospective Vendors. Only those fields that are left unprotected may be updated by Vendors. Any supporting documentation should be attached to **Appendix C** in PDF format.

2.3 Confidentiality

All vendors will need to sign a Confidentiality Agreement in accordance to the Privacy Act. The details of the confidentiality agreement are outlined below.

VENDOR will treat as such all confidential proprietary information obtained from the CODAC Working Group in the course of the engagement and, except as described in this Section, will not use such information except in connection with the performance of its services hereunder. VENDOR will be entitled to include a description of the services in marketing and research materials and disclose such information to third parties, provided that all such information will be rendered anonymous and not subject to association with the CODAC Working Group. This restriction shall not apply to any confidential information that VENDOR is required by law or professional standards to disclose, that is in or hereafter enters the public domain, that is or hereafter becomes known to VENDOR without breach of any confidentiality obligation or that is independently developed by VENDOR. VENDOR shall be entitled to share any and all confidential information with all other member firms of VENDOR International performing

services hereunder, and within VENDOR (and its subsidiaries) to allow VENDOR to offer the CODAC Working Group services or products that may be of interest to the CODAC Working Group. VENDOR may retain and may disclose to other member firms of VENDOR International, subject to terms of this Section, copies of the CODAC Working Groups confidential information required for compliance with applicable professional standards or internal policies or quality reviews.

By signing the Intent to Respond Template found in **Appendix A**, the Vendor is agreeing to the Confidentiality terms outlined above.

2.4 RFP General Filing Requirements

Vendors interested in responding to this RFP, will be required to complete the Intent to Respond Template (**Appendix A**) and email to the Groups main contact no later than **April 16, 2007 at 4:00pm**.

All requests for further information, clarification of requirements or general questions should be directed to the Groups main contact. All Vendor questions and Group responses will be shared with each prospective Vendor. The question and response period will be between the dates of **April 4, 2007 – April 30, 2007**.

Vendor Proposals must be received by **May 4, 2007 at 12:00pm**. All Proposals are to be directed to the Groups main contact.

The main contact for the Group can be found in Section 5 of this RFP document.

3 General Instructions

3.1 RFP Scope and Process

This RFP is concerned with the analysis, design, testing, training, implementation and support of, at a minimum, one new Customer Information and Billing System (CIS).

The initiative is to be provisioned in entirety as per the current business processes within this RFP and its associated appendices.

All documents submitted, as part of the vendor's proposal will be deemed confidential during the evaluation process. Vendor proposals will not be available for review by anyone other than the evaluation team or its designated agents. There shall be no disclosure of any Vendor's information to a competing Vendor prior to award of the contract(s). All applicable information will be subject to public disclosure in accordance with the Freedom of Information Act, at award of contract(s), cancellation of this RFP, or within 12 months, whichever shall occur first.

The following table outlines the general timelines for the RFP process that the Group will be working towards. These dates may change at the discretion of the Group.

STEP	DATE & TIME	STEP DESCRIPTION
1	March 29, 2007	Issue RFP
2	April 4, 2007 at 2:00 pm	Conference Call with Prospective Vendors
3	April 16, 2007 at 4:00 pm	Intent to Submit Deadline
4	April 4 to April 30, 2007	Group to Respond to Questions, Clarifications and/or Issues
5	May 4, 2007 at 12:00 pm	Proposal Submission Deadline
6	May 11, 2007 by 4:00 pm	Notify Short Listed Vendors

7	May 22 to May 25, 2007 (Location – TBD)	Presentations by Short Listed Vendors – Includes Presentation / Demonstration of CIS Solution and Q & A – Full Day / Vendor is anticipated
8	June 4 to June 8, 2007	Customer Site Visits and Completion of Customer Satisfaction Survey
9	June 13, 2007 by 4:00 pm	Issue Detailed Project Plan Requirements to Short Listed Vendors – List of Vendors could be short listed again based on the results of Presentations
10	June 20, 2007 by 4:00 pm	Detailed Project Plan Deadline
11	TBD	End of the Evaluation of the RFP Responses
12	TBD	Advise Vendors

Vendors should mark these timelines in their calendars and more specifically, the dates after **May 11, 2007**. As Section 4 will outline, A Detailed Project Plan is not required with Vendors responses to this RFP but the Group is asking that Vendors build the necessary templates for those requirements outlined in this Section. Prior to the issuance of the Detailed Project Plan Requirements, Group Members should be in a position to make a decision on whether or not they are interested in proceeding. If Group Members have indicated they are interested in proceeding, selected Vendor(s) will be provided this information to assist in the completion of their Detailed Project Plan.

3.2 Selection Process

It is anticipated that the following phases will encompass the selection process:

- Request for Proposal to be Sent to Vendors
- Review of Response to Request for Proposal from Vendors
- Presentations and Demonstrations by a Short List of Vendors
- Customer Site Visits
- Detailed Project Plan Requirements Sent to Short Listed Vendors
- Review of Detailed Project Plans Received from Vendors
- LDC Vendor Selection(s)

3.3 RFP Filing Requirements

- The purpose of this RFP is to identify vendors that are capable of satisfying the needs of the Group as set out in Appendix B.
- All costs for developing Proposals and all other costs associated with the RFP process are the exclusive responsibility of the Vendor.
- Before acting in reliance on any information contained in the RFP, the Vendor should conduct its own investigations and analysis in relation to their Proposal and should check the accuracy, reliability and completeness of their Proposal and obtain independent and specific advice from appropriate professional advisers.
- In the event that a group of organizations wish to respond to the RFP, one organization is to act as prime contractor with responsibility for authorizing the RFP response and signing the contract. Partner organizations and their roles are to be identified in **Appendix B (Tab 20. Comments)**.
- During the RFP process, there should be no direct contact between Vendors and Group Members. All questions or issues should be directed via email to the Groups main contact identified in Section 5.
- Each proposal will be prepared on the Excel forms provided and be submitted in a sealed envelope bearing the title of work and the name of the Vendor. All supporting documentation should be attached to **Appendix C** in PDF format. Submissions should include **1** signed paper copy and **1** electronic copy on a CD. The paper copy will be held by the Groups main contact and

the electronic copy will be electronically distributed to all Group Members. Vendor Proposals must be delivered to the office of the Groups main contact (Section 5) by the date and time specified in Section 2.4. It is the sole responsibility of the Vendor to ensure that their Proposal is received. All Proposals will be Date and Time Stamped when received. Any Proposal received after this time shall be eliminated from consideration and returned to the Vendor unopened.

3.4 Functional Requirements

The Functional Requirements spreadsheet outlines the required functional and business requirements established by the Group with regards to the Customer Information and Billing System (CIS). Due to the fact that this RFP is limited to Vendors currently operating in the Ontario Market; some assumptions have been made by the Group. Each Vendor will be evaluated on their ability to meet these functional requirements.

Vendors are required to complete the Functional Requirements spreadsheet located in **Appendix B (Tab 3. Functional Requirements)** and submit with their Proposal. This document is not to be changed or altered in any way by prospective Vendors. Only those fields that are left unprotected may be updated by Vendors.

Vendors are asked to complete each Functional Unit based on their CIS system capabilities. The majority of Functional Units have been broken up into three distinct sections:

- Functionality
- Basic Questions
- Other Questions

The exceptions to this rule are Section II and Section III where slight modifications will be noted.

In the first subsection labelled **Functionality**, Vendors are asked to answer each item by marking the appropriate box with an **X** as it relates to their CIS system. If the functionality is anything other than "Core", (Optional, Pending or N/A) please add comments in the Comments field. For example; if the functionality was "Optional", the appropriate Module should be denoted in the Comments field. Further to this, if the functionality is "Pending", please identify if this new functionality will be "Core" or "Optional" and when the new functionality will be available in the Comments field. For any functionality that is "Client Configurable", please place an **X** in the appropriate box.

Functionality	Core	Optional	Pending	N/A	Client Config.	Comments
---------------	------	----------	---------	-----	----------------	----------

In the second subsection labelled **Basic Questions**, Vendors will answer each item by marking the appropriate box with an **X** as it relates to their CIS System. If the answer to the question is "No", please provide comments in the Comments Field.

Basic Questions	Yes	No	Comments
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In the third subsection labelled **Other Questions**, Vendors will answer all general questions asked in the Answers Field.

Other Questions	Answers
-----------------	---------

Functionality Coding Key:

Core	Indicates that this functionality resides in the Basic CIS Billing & Customer Care Module
Optional	The listed functionality does not reside in the Basic CIS Billing & Customer Care Module and is therefore considered an add-on or upgrade to the Core system
Pending	This is planned functionality not yet available but will be at some point in the near future. Vendor to advise if this functionality will be Core or Optional
N/A	This functionality is not presently available and is not expected anytime in the foreseeable future
Client Configurable	This functionality is either “Core”, “Optional” or “Pending”, and clients have access to configure to meet their business processes

3.5 Source Code

Vendors are required to complete the Source Code spreadsheet located in **Appendix B (Tab 2. Source Code)**. This completed spreadsheet and any associated supporting documentation is to be submitted as part of the Proposal. This spreadsheet is not to be changed or altered in any way by prospective Vendors. Only those fields that are left unprotected may be updated by Vendors. Any supporting documentation should be attached to **Appendix C** in PDF format.

3.6 Financial Requirements

3.6.1 Costing / Pricing

The Group requests that all Vendor quotes be all inclusive for all works and services to be provided in the course of completing the Project, and for any facilities used by Vendors outside of those made available by Group Members.

Vendors need to clearly specify any work or services **excluded** from the quoted fixed price. Any exclusion(s) should be noted in **Appendix B (Tab 20. Comments)**.

The Group is asking for multiple costing options for a couple of reasons:

- The Group wishes to explore various costing options as outlined in Section 1.2
- Group Members are currently operating on various databases
- Group Members are currently utilizing various Customer Information and Billing Systems

Vendors are required to complete the costing option templates located in **Appendix B (Tabs 4 to 18)** and submit with their Proposal. These documents are not to be changed or altered in any way by prospective Vendors. Only those fields that are left unprotected may be updated by Vendors.

If a Vendor cannot support any of the costing options presented in Appendix B (Tabs 4 to 18), they are asked not to attempt completion of the applicable costing option and provide comments to this affect in **Appendix B (Tab 20. Comments)**.

If a Vendor is currently providing CIS services to any Group Member(s), they are not required to complete the costing options relative to their own CIS. This pertains to costing options 1 and 2 outlined in Section 1.2. All Vendors should complete their available costing options for option 3 as outlined in Section 1.2.

All offers made in the Vendor Proposals and revised Proposals, pertaining to rates, shall remain valid for a period of **90** days from the due date of Proposals.

3.6.2 Assumptions

Due to Group dynamics, some assumptions are necessary for comparative analysis purposes. It's understood that the complexities of conversions will vary from one CIS to another; therefore every effort has been made to capture all relevant costing scenarios. For further understanding of each costing option, please refer to Appendix B and review the Brief Descriptions.

Option #1: Individual LDC Installation with <u>LDC Defined</u> Set-up. Vendor to Base Costs Wherever Possible on the Assumptions Outlined Below									
LDC Assumptions:									
Account Size:	30,000								
Meter Count:	29,500								
End Users:	22								
Technical Users:	3								
Conversion From Current CIS System:	ADVANCED								
Vendor Information									
Name:	Vendor Name								
Database Option that Quote is Based on:	Vendor to Input								

Rob Skevington:
Denotes Current CIS for LDC

Section 3.6.1 states that rates will remain valid for 90 days

Rob Skevington:
In Reference to Vendors First Available Database Option

Further assumptions are being made relative to Hardware and Database Requirements. The assumption is that both of these requirements would be the responsibility of LDC's.

Due to the assumptions outlined within the various costing templates, it's anticipated that short listed Vendors will be asked to revise their costing quotes once Group Members have made a decision on whether or not to proceed. Any requests for revised costing quotes will likely occur during the issuance of the Detailed Project Plan Requirements. It is at this point that LDC's will review Hardware and Database Requirements along with the associated responsibilities. Vendors may be asked to outline additional costs relative to Hardware and Databases in revised pricing quotes.

3.6.3 Warranty

Within the Vendor Proposal it should be outlined what the warranty period will be and what support will be available. Warranty period should be outlined within the Cost Templates located on **Line 63** in **Appendix B (Tabs 4 to 18)**.

3.7 Right of Refusal

The Group reserves the right to reject any or all Proposals in their entirety or to select certain CIS application software from the Proposals received. The Group reserves the right to award the contract(s) in any manner deemed in the best interest of its members.

3.8 Proposal Costs

All costs incurred by the Vendor in the preparation and presentation of the Proposal shall be absorbed entirely by the Vendor. All supporting documentation submitted with this Proposal shall become the property of the Group.

All travel and other expenses incurred by the Vendor related to presenting their Proposal and demonstrating their CIS are the responsibility of the Vendor.

3.9 Evaluations

Evaluation of the Proposals is expected to be completed within **30** days after receipt. An evaluation team will evaluate proposals on a variety of quantitative and qualitative criteria. The Proposal(s) selected shall provide the most cost-effective approach that meets the stated functional requirements. The lowest price Proposal(s) will not necessarily be selected.

The Group reserves the right to:

- Reject any or all Proposals, or to make no award
- Require modifications to initial proposals
- Make partial or multiple awards
- Accept, reject, or modify all or part of the Vendors work plan, resources, and deliverables
- Cancel this RFP at any time without penalty or cost
- Excuse technical defects in a Proposal when, in its sole discretion, such excuse is beneficial to the Group

The Group may award based on initial Proposals received, without discussion of such Proposals. Vendors may be invited to make oral presentations to the evaluation team.

3.10 Demonstrations and Presentations

All short listed Vendors will be required to provide detailed demonstrations of their CIS application software. All short listed Vendors will also be required to make presentations and/or provide written clarifications of their Proposal at the request of the Group. Upon completion of demonstrations and presentations to the Group, Vendors may be short listed again. The Group will make this decision shortly after demonstrations and presentations are completed.

3.11 Customer Site Visits

Each Vendor is being asked to provide customer references. These references must be LDC's operating within the Ontario Electricity Market. Two references are being requested, with two contacts from each reference. It is preferred that a technical and business contact be provided for each reference.

The Group may wish to schedule customer site visits with any or all references. If site visits are conducted, it is presently proposed that these be scheduled during the period of **June 4 – June 8, 2007**. These dates may change at the discretion of the Group.

Vendors are required to complete the Ontario References spreadsheet located in **Appendix B (Tab 19. References)** and submit with their Proposal. This document is not to be changed or altered in any way by prospective Vendors. Only those fields that are left unprotected may be updated by Vendors.

3.12 Proposal Expectations / Checklist

As a checklist for Vendors, the following should be included in their Proposal submission:

- Covering Letter outlining understanding of the requirements presented
- Completed Appendix B (All Tabs) – Excel format
- Supporting Documentation attached to Appendix C – PDF format

The submitted proposal must follow the rules and format established within this RFP. Adherence to these rules will ensure a fair and objective analysis of all proposals. Failure to complete any portion of this request may result in the rejection of a proposal.

3.13 Notification

On or about **May 11, 2007** the Group will short list vendors and request that each be prepared to meet sometime during the week of **May 22 – May 25, 2007** to make a presentation to the Group. These presentation dates may change. It is the intent of the Group to notify short listed Vendors of any presentation date changes as quickly as possible with the understanding that Vendors need the necessary time to prepare. This notification could be in the form of an email or call to the Vendors main contact listed on the Proposals Covering Letter.

Upon completion of presentations the Group will re-evaluate all short list Vendor(s) and will issue Detailed Project Plan Requirements to those Vendor(s) that the Group feels most comfortable in proceeding with. This notification will occur shortly after presentations have completed and will be in the form of a call followed up by an email.

4 PROJECT PLAN

4.1 Broad Project Plan

Vendors are being asked to prepare a document that highlights their philosophical approach to implementing this project. This is the Vendors opportunity to address components of their service offering that sets them apart. Please include your response as part of **Appendix C**, in PDF format, for the following key areas:

- Project Management Requirements
- Project Timelines as referenced in 2.1
- Resource Requirements
- Risk Assessment
- Change Management process
- Gap Analysis
- Assumptions and Issues
- Conversion Plan
- Testing Plan
- Educational and Training Plan
- Implementation Plan

4.2 Detailed Project Plan

Vendors are not being asked to complete and submit a Detailed Project Plan (Plan) as an attachment to their initial Proposal. As stated in Section 3.13, shortly after May 25, 2007, Vendors that have been short listed will be notified and asked to prepare a Plan. Prior to Vendor notification, Group Members will have decided on their preferred path which will serve to assist Vendors in preparing their Plan. In recognizing that the preferred paths for each Group Member may differ and that there could be a number of paths chosen, the Group will provide short listed Vendors with additional guidelines and information prior to issuing the Plan requirements. Vendors will provide their Plan by **June 20, 2007 at 4:00 pm**.

The format of the Detailed Project Plan will be at the discretion of the Vendor. At a minimum, the Detailed Project Plan must address the following:

- Project Charter
- Project Management Requirements
- Detail Project Timelines – Include Gantt Charts or similar graphic depiction to illustrate phases, activities, tasks, comments, milestones, decision points and deliverables
- Resource Requirements
- Risk Assessment

- Change Management Documentation
- Requirements Documentation
- Gap Analysis Documentation
- Assumptions and Issues
- Conversion Plan
- Testing Plan
- Education and Training Plan
- Implementation Plan
- Financial Requirements – Includes Payment Terms and Conditions
- Legal Requirements

5 CONTACT INFORMATION

All **Intent to Respond** forms and **RFP Responses**; should be directed to:

Contact	Address	Contact Details
Rob Skevington	1500 Bishop Street P.O Box 1060 Cambridge, Ontario N1R 5X6	Intent to Respond forms can be emailed to Contact Forward 1 Hard Copy of Proposal and 1 soft copy via CD

All requests for further information, clarification of requirements or general questions should be directed to:

Contact	Email Address	Contact Details
Rob Skevington	rskevington@camhydro.com	Forward any additional requests for information, clarification or general questions

All requests for further information, clarification of requirements or general questions and the associated responses will be forwarded to all Vendors.

6 TERMS AND DEFINITIONS

The Term “Vendor” is in reference to a single organization, if the response to this RFP is from one organization, a combination of organizations, if the response to this RFP is a joint response from more than one organization and an Application Service Provider (ASP) who provides services to LDC’s in the Province of Ontario.

The Term “Customer Information and Billing System (CIS)” is in reference to the system and functionality being sourced by the Group through this RFP Process

The Term “Local Distribution Company (LDC)” is a company as defined in the Ontario Energy Board Act, 1998. Within this document, it’s in reference to the individual members comprising the Working Group.

The Term “CODAC Working Group” (Group) is in reference to the Group of LDC’s who collectively make up the Working Group.

Appendix A

Intent to Respond Template

RECEIPT ACKNOWLEDGEMENT AND CONFIDENTIALITY ACCEPTANCE

A duly qualified representative of the Vendor / Service Provider must provide the information requested below by **April 16, 2007 at 4:00 pm**.

I hereby confirm receipt of the Group RFP. I agree on behalf of my company to comply with the terms and conditions of this RFP that include, but are not limited to:

1. The confidentiality requirements
2. The instructions set out in the RFP

Printed Name:

Signature:

Title:

Date:

Tel No:

Fax No:

E-Mail Address:

Company Name:

Address:

Appendix B

Appendix B is an excel document that must be completed by all prospective Vendors. This excel document contains a total of 20 Tabs. A brief description of each Tab is outlined below:

Tab #	Tab Name	Brief Description
1.	Vendor Background	A brief Questionnaire on the Vendors background. Narrative Responses are required. Additional supporting documentation to be attached to Appendix C.
2.	Source Code	A very brief Questionnaire on Vendor Source Code. Narrative Response required. Additional supporting documentation to be attached to Appendix C.
3.	Functional Requirements	An in depth System functionality Checklist.
4.	Cost_Option 1_DB1_ADV	Costing Sheet: Pertaining to an Individual LDC Installation with LDC Defined Set-up , utilizing the Vendors first database choice. LDC's current CIS is Advanced. Be sure to include any Optional Functionality Required from Tab 3.
5.	Cost_Option 1_DB2_ADV	Costing Sheet: Pertaining to an Individual LDC Installation with LDC Defined Set-up , utilizing the Vendors second database choice. LDC's current CIS is Advanced. Be sure to include any Optional Functionality Required from Tab 3.
6.	Cost_Option 1_DB1_HTE	Costing Sheet: Pertaining to an Individual LDC Installation with LDC Defined Set-up , utilizing the Vendors first database choice. LDC's current CIS is HTE. Be sure to include any Optional Functionality Required from Tab 3.
7.	Cost_Option 1_DB2_HTE	Costing Sheet: Pertaining to an Individual LDC Installation with LDC Defined Set-up , utilizing the Vendors second database choice. LDC's current CIS is HTE. Be sure to include any Optional Functionality Required from Tab 3.
8.	Cost_Option 1_DB1_OTHER	Costing Sheet: Pertaining to an Individual LDC Installation with LDC Defined Set-up , utilizing the Vendors first database choice. LDC's current CIS is OTHER than Advanced or HTE. Be sure to include any Optional Functionality Required from Tab 3.
9.	Cost_Option 1_DB2_OTHER	Costing Sheet: Pertaining to an Individual LDC Installation with LDC Defined Set-up , utilizing the Vendors second database choice. LDC's current CIS is OTHER than Advanced or HTE. Be sure to include any Optional Functionality Required from Tab 3.
10.	Cost_Option 2_DB1_ADV	Costing Sheet: Pertaining to an Individual LDC Installation with Group Defined Set-up , utilizing the Vendors first database choice. LDC's current CIS is Advanced. Be sure to include any Optional Functionality Required from Tab 3.
11.	Cost_Option 2_DB2_ADV	Costing Sheet: Pertaining to an Individual LDC Installation with Group Defined Set-up , utilizing the Vendors second database choice. LDC's current CIS is Advanced. Be sure to include any Optional Functionality Required from Tab 3.
12.	Cost_Option 2_DB1_HTE	Costing Sheet: Pertaining to an Individual LDC Installation with Group Defined Set-up , utilizing the Vendors first database choice. LDC's current CIS is HTE. Be sure to include any Optional Functionality Required from Tab 3.
13.	Cost_Option 2_DB2_HTE	Costing Sheet: Pertaining to an Individual LDC Installation with Group Defined Set-up , utilizing the Vendors second database choice. LDC's current CIS is HTE. Be sure to include any Optional Functionality Required from Tab 3.

14.	Cost_Option 2_DB1_OTHER	Costing Sheet: Pertaining to an Individual LDC Installation with Group Defined Set-up , utilizing the Vendors first database choice. LDC's current CIS is OTHER than Advanced or HTE. Be sure to include any Optional Functionality Required from Tab 3.
15.	Cost_Option 2_DB2_OTHER	Costing Sheet: Pertaining to an Individual LDC Installation with Group Defined Set-up , utilizing the Vendors second database choice. LDC's current CIS is OTHER than Advanced or HTE. Be sure to include any Optional Functionality Required from Tab 3.
16.	Cost_Option 3_DB1_ALL	Costing Sheet: Pertaining to a Single Installation with Multiple Companies and Group Defined Set-up , utilizing the Vendors first database choice. Be sure to include any Optional Functionality Required from Tab 3.
17.	Cost_Option 3_DB2_ALL	Costing Sheet: Pertaining to a Single Installation with Multiple Companies and Group Defined Set-up , utilizing the Vendors second database choice. Be sure to include any Optional Functionality Required from Tab 3.
18.	Cost_Option 3_DB3_ALL	Costing Sheet: Pertaining to a Single Installation with Multiple Companies and Group Defined Set-up , utilizing the Vendors third database choice. Vendor is to define this alternative Database. Be sure to include any Optional Functionality Required from Tab 3.
19.	References	Vendor to provide Ontario Based Utility references.
20.	Comments	An opportunity for the Vendor to provide Freeform information that did not have a placeholder elsewhere in Appendix B.

If a Vendor cannot support any of the costing options presented in Appendix B (Tabs 4 to 18), they are asked not to attempt completion of the applicable costing option and provide comments to this affect in **Appendix B (Tab 20. Comments)**.

The excel file containing Appendix B is called "Appendix B.xls" and is being sent along with this RFP document.

Appendix C

Vendors should attach all Supporting Documentation for their Proposal in a separate PDF document(s) titled "**VendorName_RFPSection_Appendix_C.pdf**".

VendorName to be replaced by prospective Vendors Company Name

RFPSection to be replaced with **ALL** unless Vendor decides to provide individual PDF documents for each Section

Note that this includes the Vendors philosophies of project implementation as outlined in Section 4.1.

Consumer Services Report

Customer Information System Conversion – April, 2008 Update

Prepared By: R. Jane Albert, Consumer Services Manager
Board Report: CS08-04-03
Date Prepared: April 16, 2008

1.0 Purpose

The following is intended as a progress and follow-up report as to the status of the System Conversion.

On March 26, 2008, the HCHI Board passed the following resolution:

“BE IT RESOLVED THAT the Board authorize the President and CEO to sign the “Software Licence, Implementation and Support and Maintenance Agreement” with N. Harris Computer Corporation for installation and on-going support of their NorthStar Customer Information System.”

Accordingly the agreement with Harris was signed on April 3, 2008. Harris is projecting, based on their recent experience with another former Advanced Utility System’s customer of similar size, a nine month implementation for the core CIS system.

The following report provides a high-level summary of the projected capital cost and the current status of the project.

2.0 Project Pricing

Table 1 summarizes the update forecast capital costs for implementation of the Harris NorthStar CIS. The total Capital cost for licencing and implementation is \$716,850 – comprised of \$569,550 in 2008 and \$147,300 in 2009. We have deferred capital costs of \$147,300 to 2009 for three modules - Outage Management, Tele-Works IVR and GTF Geo-viewer.

Table 1 summarizes the capital cost into 4 components - the original Harris implementation proposal of \$442,600 as presented to the Board in September¹, the revised Harris implementation costs for 2008 including internal Haldimand County Hydro costs, projected capital costs for 2009, and total project costs including 2008 and 2009.

Upon finalizing agreements we took into consideration recent advancements to the NorthStar product which increased the cost by \$12,000. In February 2008 Harris released an embedded report writer that will provide added flexibility in creating complex reports. We also identified further interfaces for meter reading and address verification.

The internal transition costs of \$210,000 were not specifically outlined during the September price review of either the SAP or the Harris systems. These costs were identified in the 2008 capital budget and would be incurred regardless of the system selected.

¹ capital costs presented to the Board in September (Board Report CSO&-09-07)

The GTE geo-viewer, at a cost of \$34,000 for the projected license and implementation, is the system that will allow the interface between our ESRI Geographical Information System (GIS) and the NorthStar CIS system. During the initial pricing review in September GIS systems were not provided for either SAP or Harris as both vendors' systems were under review.

In 2009 we are projecting the installation of three modules, Outage Management, Tele-Works IVR and GTE geo-viewer.

Harris NorthStar Implementation	Capital Cost
Harris Licencing	\$57,500
Professional Services for Conversion	\$181,800
Harris Third Party Licenses	\$15,000
*Outage Management	\$55,000
*Tele-Works IVR	\$58,300
Cost of Hardware	\$75,000
Total As Presented in the September 2007 Board Report for Harris direct cost & hardware	\$442,600
Transition cost for internal staff independent of Vendor Selection as presented in the 2008 Capital Budget	\$210,000
Addition – Meter Reading and Address Accuracy Interface	\$6,000
Addition - Enhanced Embedded Report Writer	\$6,000
Addition - Harris Travel Expenses for 10 Weeks on Site at HCHI	\$18,250
*Addition - New Module GTE geo-viewer (interface to our ESRI GIS System)	\$34,000
*Subtract - Defer three system modules to the 2009 Capital Budget due to time restraints	(\$147,300)
Total Capital Cost for 2008	\$569,550.00

Three System Modules Deferred to 2009	\$147,300.00
Total Capital Costs for 2009	\$147,300.00
Total Project Costs for 2008 and 2009	\$716,850.00

Table 1

Selecting Harris and deferring implementation of selected modules, reduces our Capital outlay in 2008 from \$1,009,778 to \$569,550. The result is a reduction of \$440,228 in the 2008 capital budget but \$147,300 is deferred to the 2009 Capital budget.

3.0 Timelines and Next Steps

Harris has projected a nine month implementation period based on their experience with an Advanced system conversion for a customer of similar size to us. We have currently assembled our transition team and are working along with Harris to prepare for the conversion process.

The Board will receive periodic updates as to our progress.

Board Staff Interrogatories
Haldimand County Hydro Inc. ("Haldimand County Hydro")
2010 Electricity Distribution Rate Application
EB-2009-0265
Dated: October 27, 2009

APPENDIX B

Vehicle Replacement Plan

(2009 Version)

													Replacement Schedule									
Unit #	Year	Chassis	Mileage at September, 2008	Mounted Device	Device Model	Assigned To	Usage / Stress	# of Axles	Reg Gross WT (kg)	Original Book Value	In Service Date	Sale Value	2005	2006	2007	2008	2009	2010	2011	2012		
Large Trucks (15 Year Cycle)																						
4	1989	International	109743	Pitman RBD	PC M50 H	Operations	Medium	2	13000	\$47,707			X				\$ 91,800	X	178200			
9	1995	Ford	239190	Versalift Single Bucket MHAD - LD	VO 42 MHI	Operations	Heavy	2	9600	\$41,070								X	\$ 95,400	\$ 185,188		
6	1995	International - 4900	110506	Altec RBD	D947 BC	Operations	Medium	2	13400	\$48,761									X	\$ 97,391		
3	1999	International	357785	Altec Single Bucket ML	TA 40	Operations	Heavy	2	11000	\$117,400							X	200000		\$ 189,052		
18	2000	Freightliner FL80	116718	Posiplus - Double Bucket MHAD - HD	500-51 AM	Operations	Heavy	3	20000	\$214,867												
22	2003	Freightliner FL80	113572	Posiplus - Single Bucket MHAD - HD	400-46 A	Operations	Heavy	3	17000	\$239,076												
27	2006	Ford F-550 4x4	30745	Del Job Boss Steel Dump Body	Del Job Boss	Operations	Low	2	10000	\$63,040				X	\$63,040							
30	2009	International 7400	4021	Altec Single Bucket MHAD - LD	L42M	Operations	Medium	3	24494	\$222,634	15-Jun-09					X	\$222,634					
32	2009	Ford F550 4x4	2009 Budget	Versalift - Single Bucket ML	SST-37-EIH																	
33	2010	International 7400	2010 Budget	Altec RBD	D2055A-BC																	
Small Trucks (8 Year Cycle)																						
20	2003	Ford F150 4x4	108780	Pickup		Meter - Sup	Medium	2		\$32,476									X	\$ 33,007		
21	2003	Ford F150 4x4	120406	Pickup		Operations - Mgr	Low	2		\$32,416									X			
23	2004	Chevrolet Express Cargo	103876	Van		Meter	Medium	2		\$34,293										\$ 40,186		
24	2005	Chevrolet Silverado 4x4	92471	Pickup		Engineering	Medium	2		\$35,640			X	\$35,640						X		
25	2006	Chevrolet Silverado 2500 4x4	120469	Pickup		Operations	Heavy	2		\$49,473				X	\$49,473							
26	2006	Chevrolet Silverado 2500 4x4	122793	Pickup		Operations	Heavy	2		\$49,473				X	\$49,473							
28	2007	Chevrolet Express Cargo	17040	Van		Meter	Medium	2	3000	\$34,883					X	\$34,883						
29	2008	Ford F150 4x4	5040	Pickup		Engineering	Light	2		\$32,046						X	\$32,046					
31	2009	Ford Escape 4x4		Compact SUV		Line Supervisor											X	\$ 30,000				
		replacement year based on age & cycle																				
		Replaced in this year - Actual																				
Trailers																						
105	1991	Nicholls		Stringing Trailer - Yellow	BC7			2	3100													
103	2000	TJ Welding		Material - Red	600TS			2	5443	\$12,103												
104	1997	Home		Reel - Red	RBT			1		\$4,310												
106	2004	Competition Trailer Mfg.		Box - 4x8 HD - Red	TRA/REM			2	5454	\$4,325												
107	2007	CZ Engineering Inc.		Pole - Yellow - Single Axle	CZ15KP			1	8618	\$13,900					X	\$13,900						
108	2008	CZ Engineering Inc.		Pole - Yellow - Single Axle	CZ15KP			1	8618	\$14,385						X	\$14,385					
10x		Stringing Trailer - Sauber Mfg.															X	\$28,239				
Forklifts & Equipment																						
	2002	Toyota		Lift Truck	02-5FG30	Stores		2							X	\$ 14,871						
TOTAL PER YEAR													\$ 35,640	\$ 161,986	\$ 63,654	\$ 269,065	\$ 350,039	\$ 273,600	\$ 315,586	\$ 269,677		

													Replacement Schedule							
Unit #	Year	Chassis	Mileage at September, 2008	Mounted Device	Device Model	Assigned To	Usage / Stress	# of Axles	Reg Gross WT (kg)	Original Book Value	In Service Date	Sale Value	2013	2014	2015	2016	2017	2018	2019	2020
Large Trucks (15 Year Cycle)																				
4	1989	International	109743	Pitman RBD	PC M50 H	Operations	Medium	2	13000	\$47,707										
9	1995	Ford	239190	Versallift Single Bucket MHAD - LD	VO 42 MHI	Operations	Heavy	2	9600	\$41,070										
6	1995	International - 4900	110506	Altec RBD	D947 BC	Operations	Medium	2	13400	\$48,761										
3	1999	International	357785	Altec Single Bucket ML	TA 40	Operations	Heavy	2	11000	\$117,400			X							
18	2000	Freightliner FL80	116718	Posiplus - Double Bucket MHAD - HD	500-51 AM	Operations	Heavy	3	20000	\$214,867				X	\$ 362,813					
22	2003	Freightliner FL80	113572	Posiplus - Single Bucket MHAD - HD	400-46 A	Operations	Heavy	3	17000	\$239,076							X	\$ 396,455		
27	2006	Ford F-550 4x4	30745	Del Job Boss Steel Dump Body	Del Job Boss	Operations	Low	2	10000	\$63,040										
30	2009	International 7400	4021	Altec Single Bucket MHAD - LD	L42M	Operations	Medium	3	24494	\$222,634	15-Jun-09									
32	2009	Ford F550 4x4	2009 Budget	Versallift - Single Bucket ML	SST-37-EIH															
33	2010	International 7400	2010 Budget	Altec RBD	D2055A-BC															
Small Trucks (8 Year Cycle)																				
20	2003	Ford F150 4x4	108780	Pickup		Meter - Sup	Medium	2		\$32,476									X	\$ 59,420
21	2003	Ford F150 4x4	120406	Pickup		Operations - Mgr	Low	2		\$32,416									X	\$ 61,202
23	2004	Chevrolet Express Cargo	103876	Van		Meter	Medium	2		\$34,293										
24	2005	Chevrolet Silverado 4x4	92471	Pickup		Engineering	Medium	2		\$35,640			X	\$ 37,150						
25	2006	Chevrolet Silverado 2500 4x4	120469	Pickup		Operations	Heavy	2		\$49,473				X	\$ 62,671					
26	2006	Chevrolet Silverado 2500 4x4	122793	Pickup		Operations	Heavy	2		\$49,473				X	\$ 62,671					
28	2007	Chevrolet Express Cargo	17040	Van		Meter	Medium	2	3000	\$34,883					X					
29	2008	Ford F150 4x4	5040	Pickup		Engineering	Light	2		\$32,046						X	\$ 40,000			
31	2009	Ford Escape 4x4		Compact SUV		Line Supervisor											X			
		replacement year based on age & cycle																		
		Replaced in this year - Actual																		
Trailers																				
105	1991	Nicholls		Stringing Trailer - Yellow	BC7			2	3100											
103	2000	TJ Welding		Material - Red	600TS			2	5443	\$12,103										
104	1997	Home		Reel - Red	RBT			1		\$4,310										
106	2004	Competition Trailer Mfg.		Box - 4x8 HD - Red	TRA/REM			2	5454	\$4,325										
107	2007	CZ Engineering Inc.		Pole - Yellow - Single Axle	CZ15KP			1	8618	\$13,900										
108	2008	CZ Engineering Inc.		Pole - Yellow - Single Axle	CZ15KP			1	8618	\$14,385										
10x		Stringing Trailer - Sauber Mfg.																		
Forklifts & Equipment																				
	2002	Toyota		Lift Truck	02-5FG30	Stores		2												
TOTAL PER YEAR													\$ 37,150	\$ 125,342	\$ 362,813	\$ 95,780	\$ -	\$ 396,455	\$ 184,982	\$ 61,202

Board Staff Interrogatories
Haldimand County Hydro Inc. ("Haldimand County Hydro")
2010 Electricity Distribution Rate Application
EB-2009-0265
Dated: October 27, 2009

APPENDIX C

Vehicle Replacements

(2007 to 2010)

HALDIMAND COUNTY HYDRO INC. VEHICLE REPLACEMENTS - 2007 TO 2010

Original Unit #	Replacement Unit #	Year	Chassis	Mileage at September, 2008	Mounted Device	Device Model	Assigned To	Usage / Stress	# of Axles	Original Book Value	In Service Date	Sale Value	2007	2008	2009	2010	2011
													Actual Cost	Actual Cost	Est Cost	Est Cost	Est Cost
Large Trucks (15 Year Cycle)																	
4	33	1989	International	109743	Pitman RBD	PC M50 H	Operations	Medium	2	\$47,707					\$ 91,800	\$ 178,200	
9		1995	Ford	239190	Versalift Single Bucket MHAD - LD	VO 42 MHI	Operations	Heavy	2	\$41,070						\$ 95,400	\$ 185,188
3	32	1999	International	357785	Altec Single Bucket ML	TA 40	Operations	Heavy	2	\$117,400							
30		2009	International 7400	4021	Altec Single Bucket MHAD - LD	L42M	Operations	Medium	3	\$236,617	15-Jun-09		\$236,617				
32		2009	Ford F550 4x4	2009 Budget	Versalift - Single Bucket ML	SST-37-EIH	Operations	Heavy	2	On Order	On Order				\$ 161,482		
33		2010	International 7400	2010 Budget	Altec RBD	D2055A-BC	Operations	Heavy	3	On Order	On Order						
Small Trucks (8 Year Cycle)																	
20		2003	Ford F150 4x4	108780	Pickup		Meter - Sup	Medium	2	\$32,476							\$ 33,007
28		2007	Chevrolet Express Cargo	17040	Van		Meter	Medium	2	\$34,883		\$34,883					
29		2008	Ford F150 4x4	5040	Pickup		Engineering	Light	2	\$32,046			\$32,046				
31		2009	Ford Escape 4x4		Compact SUV		Operations - Mgr	Light	2	\$28,935	Apr-09		\$28,935				
TOTAL PER YEAR													\$ 34,883	\$ 297,598	\$ 253,282	\$ 273,600	\$ 218,195
Retired Trucks																	
16	28	1999	Chevrolet Astro		Van		Meter	Medium				\$1,475					
7	29	2000	Dodge Ram 1500 4x4	116677	Pickup		Engineering	Medium	2			\$4,900					
17	Disposal Only	2001	GMC 1500 4x4	227586	Pickup		Operations - Spare	Medium	2			\$3,817					
19	31	2002	Ford F150 4x4	234615	Pickup		Operations - Sup	Medium	2	\$31,277		\$3,319					
5	30	1992	International	134107	Reachall Double Bucket MHAD - HD	APO-50-MH	Operations	Low	2	\$1,543		\$13,948					
					Legend	RBD	Radial Boom Derrick										
						ML	Man Lift										
						MHAD - HD	Material Handling Aerial Device										
						MHAD - LD	Material Handling Aerial Device										
						Sup	Supervisor										

**Board Staff Interrogatories
Haldimand County Hydro Inc. ("Haldimand County Hydro")
2010 Electricity Distribution Rate Application
EB-2009-0265
Dated: October 27, 2009**

APPENDIX D

Norfolk Power Distribution Inc.

Correspondence with respect to
Elimination of Feed from Jarvis TS

November 2, 2009

Mr. Brad Randall
President & CEO
Norfolk Power Distribution Inc.
P.O. Box 588
70 Victoria Street
Simcoe ON N3Y 4N6

Brad
Dear Mr. Randall:

Re: Embedded Supply Projections via Jarvis TS 57M4 Feeder

Your letter of January 6, 2009 (copy attached) stated "*Based on current installation projections, we should be able to discontinue our feed from Jarvis TS by the end of 2010*". About 11 months have passed since receiving your letter and we would appreciate an update on the date by which you now forecast the discontinuance of the supply to Norfolk from our 57M4 feeder at Highway 6. Are you able to more accurately forecast the date at this time?

We would appreciate a reply at your earliest convenience in order that we may respond by November 16, 2009 to an intervenor question from our 2010 Cost of Service Rate Application.

Yours truly,
HALDIMAND COUNTY HYDRO INC.



Lloyd Payne
President & CEO

Enclosure
LP: nm



IN BUSINESS TO SERVE.

January 6, 2009

Haldimand County Hydro
1 Greendale Drive
Caledonia, ON N3W 2J3

COPY

Attn: Mr. Lloyd Payne
President & CEO

Re: Embedded Supply Projections via Jarvis TS 57M4 Feeder

Dear Lloyd,

In response to your letter of December 30, 2008, we are pleased to provide you the following information regarding our future supply requirements. For 2009, our approved capital budget includes a project to double the capacity of our Bloomsburg TS. Based on current installation projections, we should be able to discontinue our feed from Jarvis TS by the end of 2010.

The installation of our new transformer at Bloomsburg TS will coincide with the doubling of the 115kV A1N circuit which supplies much of Norfolk County. However, we will need to build a feeder extension into Port Dover before a load transition from Jarvis TS to Bloomsburg TS can occur. Some minor system re-configuration will also be necessary to facilitate a loop feed into the area.

Hopefully, this information will be helpful in preparation of your 2010 rate rebasing. Please do not hesitate to contact me if you have any other questions.

Sincerely,

Brad Randall, P.Eng.
President & CEO
Norfolk Power Inc.
pc: B. Pereira

November 3, 2009

Haldimand County Hydro
1 Greendale Drive
Caledonia, ON N3W 2J3

Attn: Mr. Lloyd Payne
President & CEO

Re: Jarvis TS 57M4 Feeder Connection - Update

Dear Lloyd,

As part of our 2010 budgeting process, we have reviewed our asset management plan and anticipate less reliance on the Jarvis TS 57M4 than previously expected. Given the current economic climate and the opportunity for very competitive contract labour pricing, we have accelerated our design to extend an existing feeder into the Port Dover area. With the completion of this feeder extension, we should be able to discontinue our feed from Jarvis TS by the end of August 2010.

I will keep you informed of any changes to our schedule. Please do not hesitate to contact me should you have any other questions.

Sincerely,

Norfolk Power Inc.



Brad Randall, P.Eng.
President & CEO

pc: B. Pereira

**Board Staff Interrogatories
Haldimand County Hydro Inc. ("Haldimand County Hydro")
2010 Electricity Distribution Rate Application
EB-2009-0265
Dated: October 27, 2009**

APPENDIX E

Debenture Issue at May 1, 2000
(Former Regional Municipality of
Haldimand-Norfolk)

*11 pages***FAX**765-8211

TO: Mr. Michael Price, Haldimand Hydro-Electric Commission
FROM: Karen General, Manager of Financial Services, RMHN
DATE: May 2, 2000
SUBJECT: 2000 DEBENTURE ISSUE - NET PROCEEDS & REPAY'T SCHEDULE

FILE COPY

As you are aware, we have sold your debenture at a net cost of borrowing of 6.6%. The closing date was May 1, 2000, at which time you should have received your share of the net proceeds from the Town of Haldimand, amounting to \$11,214,120. Attached is a schedule which shows how your net proceeds was calculated. Please note that you will be invoiced at a later date for a share of the outstanding legal fees and any other miscellaneous charges.

I have also provided a repayment schedule showing the annual principal and semi-annual interest payments. The Regional Corporation will be expecting payment on or before the noted due dates from the Town of Haldimand, who in turn will require reimbursement from the Haldimand Hydro-Electric Commission. For your records, I have also attached a copy of the debenture by-law.

Please do not hesitate to contact me if you have any questions.



pc. Jim Sangster, Treasurer, Town of Haldimand

From the desk of . . .

Karen General, CGA
Manager, Financial Services
Finance Department
Regional Municipality of Haldimand-Norfolk
70 Town Centre Drive
Townsend, Ontario N0A 1S0

(519) 587-4911 Ext. 278
Fax: (519) 587-5554

P.S. Note that on the 28th of April,
10 yr rates were 30 basis points
higher than when we sold
the issue on April 13th. We
timed it pretty good (although
1999's rates were lower).

ALLOCATION OF NET PROCEEDS

	Regional Municipality of Haldimand-Norfolk		Haldimand H.E.C. c/o Town of Haldimand		GRAND TOTAL
Gross Proceeds	\$0.00	0.00%	\$0.00	0.00%	\$11,300,000.00
LESS:					
Fees & Disbursements:					
CBRS Bond Rating Fee	\$0.00	ERR	\$0.00	ERR	Not Available
Fiscal Agent Fees	\$0.00	0.00%	\$65,250.00	100.00%	\$65,250.00
Registry Office Fees	\$0.00	ERR	\$0.00	ERR	Not Available
Legal Fees	\$0.00	ERR	\$0.00	ERR	Not Available
Discount on Issue	\$0.00	0.00%	\$20,630.00	100.00%	\$20,630.00
	\$0.00		\$85,880.00		\$85,880.00
NET DEBT PROCEEDS	\$0.00	0.00%	\$11,214,120.00	100.00%	\$11,214,120.00

COPY

REGIONAL MUNICIPALITY OF HALDIMAND-NORFOLK

\$11,300,000

(Haldimand
Hydro. Electric)

Non-callable Instalment and Refundable Debentures

Dated: MAY 1, 2000

Maturing: MAY 1, 2001-2010

Year	Principal MAY 1	Interest Rate %	Interest MAY 1	Interest NOV. 1	Annual Payment
2000				\$ 364,690.00	364,690.00
2001	\$ 310,000.00	6.00%	\$ 364,690.00	355,390.00	1,030,080.00
2002	330,000.00	6.25%	355,390.00	345,077.50	1,030,467.50
2003	350,000.00	6.30%	345,077.50	334,052.50	1,029,130.00
2004	380,000.00	6.30%	334,052.50	322,082.50	1,036,135.00
2005	400,000.00	6.40%	322,082.50	309,282.50	1,031,365.00
2006	420,000.00	6.40%	309,282.50	295,842.50	1,025,125.00
2007	450,000.00	6.45%	295,842.50	281,330.00	1,027,172.50
2008	480,000.00	6.45%	281,330.00	265,850.00	1,027,180.00
2009	510,000.00	6.50%	265,850.00	249,275.00	1,025,125.00
2010	<u>7,670,000.00*</u>	6.50%	<u>249,275.00</u>		<u>7,919,275.00</u>
TOTAL	<u>\$11,300,000.00</u>		<u>\$3,122,872.50</u>	<u>\$3,122,872.50</u>	<u>\$ 17,545,745.00</u>

* of which \$7,120,000 is refundable, at the option of the borrower, for a further period not exceeding 10 years.

D

00546241 CERTIFICATE OF REGISTRATION NORFOLK (NO) SIMCOE APR 25 PM 4 21 <i>Heather Cook</i> LAND REGISTRAR	(1) Registry ☒ Land Titles ☐	(2) Page 1 of 8 pages
	(3) Property Identifier(s) Block Property	Additional See Schedule ☐
	(4) Nature of Document	
	(5) Consideration	
	(6) Description	
	(7) This Document Contains:	(a) Redescription New Easement Plan/Sketch ☐
(b) Schedule for: Description ☐ Additional Parties ☐ Other ☐		

(8) This Document provides as follows:

By-Law No. 55-00, being a By-Law to authorize the issue of instalment debentures in the amount of \$11,300,000 (\$7,120,000 of which may be refunded at maturity) for the purpose of The Corporation of The Town of Haldimand.

1) This Document relates to instrument number(s)		Continued on Schedule ☐	
2) Party(ies) (Set out Status or Interest) Name(s)		Signature(s)	
THE REGIONAL MUNICIPALITY OF HALDIMAND-NORFOLK		<i>Mary Impeccato</i> Regional Clerk	
		I have the authority to bind the corporation.	
3) Address for Service		Date of Signature Y M D	
70 Town Centre Drive, Townsend, Ontario NOA 1S0		2000 04 25	
4) Party(ies) (Set out Status or Interest) Name(s)		Signature(s)	
5) Address for Service		Date of Signature Y M D	
6) Municipal Address of Property		(15) Document Prepared by:	
		Finance Department Regional Municipality of Haldimand-Norfolk 70 Town Centre Drive	
		Fees and Tax Registration Fee 5000	

THE REGIONAL MUNICIPALITY OF HALDIMAND-NORFOLK

BY-LAW NO. 55-00

A BY-LAW TO AUTHORIZE THE ISSUE OF
INSTALMENT DEBENTURES IN THE AMOUNT
OF \$11,300,000 (\$7,120,000 OF WHICH MAY BE
REFUNDED AT MATURITY) FOR THE
PURPOSE OF THE CORPORATION OF THE
TOWN OF HALDIMAND.

WHEREAS the Council of The Regional Municipality of Haldimand-Norfolk (hereinafter called the "Regional Corporation") has received a request from the Council of The Corporation of the Town of Haldimand ("Haldimand") to borrow money for the purpose set out in column 1 of Schedule "A" annexed hereto ("Schedule "A") and to issue debentures for such purpose in the amount set out in column 7 of Schedule "A";

AND WHEREAS Haldimand has passed the by-laws enumerated in column 3 of Schedule "A" and before authorizing the purpose set out in column 1 of Schedule "A", Haldimand had its Treasurer calculate an updated annual debt and financial obligation limit using the most recent limit determined by the Ministry of Municipal Affairs and Housing in accordance with Ontario Regulation 799/94, as amended, and the Treasurer determined that the estimated annual amount payable in respect of the said purpose would not cause Haldimand to reach or exceed the updated limit with the result that the Council of Haldimand passed the by-laws without the approval of the Ontario Municipal Board;

AND WHEREAS the Transition Board established pursuant to Ontario Regulation 12/00 for the purposes of section 21 of the *Town of Haldimand Act, 1999* (the "Haldimand Act") approved, on March 31, 2000, in accordance with Ontario Regulation 103/00, the issue of debentures by the Regional Corporation in the amount of \$11,300,000 for the aforesaid purpose of Haldimand, provided that such debentures are issued on or before September 1, 2000 and provided the interest rate on the said debentures will not exceed 7.30% per annum;

AND WHEREAS for the aforesaid purpose the Regional Corporation has determined to authorize the borrowing of money by the issue of instalment debentures dated May 1, 2000, in the amount of \$11,300,000 bearing interest at the rates hereinafter set forth and payable on the 1st day of May in each of the years 2001 to 2010, both inclusive, on the terms hereinafter set forth;

Page 2 to By-law No. 55-00

AND WHEREAS effective January 1, 2001 pursuant to the Haldimand Act the Regional Corporation and the City of Nanticoke, as they exist on December 31, 2000, (referred to as "divided municipalities" in the Haldimand Act) as well as the Town of Haldimand and the Town of Dunnville as they exist on December 31, 2000 (referred to as "old municipalities" in the Haldimand Act) are dissolved. Effective January 1, 2001, the Haldimand Act incorporates a new municipality under the name "Town of Haldimand" ("new Haldimand") which stands in the place of the old municipalities (described in the Haldimand Act) for all purposes and in the place of the divided municipalities (described in the Haldimand Act) with respect to matters that are within new Haldimand's jurisdiction;

AND WHEREAS effective January 1, 2001 pursuant to the *Town of Norfolk Act, 1999* (the "Norfolk Act") the Township of Norfolk, the Township of Delhi and the Town of Simcoe as they exist on December 31, 2000 (referred to as "old municipalities" in the Norfolk Act) are dissolved. The Regional Corporation and the City of Nanticoke as they exist on December 31, 2000 are described as "divided municipalities" in the Norfolk Act. Effective January 1, 2001 the Norfolk Act incorporates a new municipality under the name "Town of Norfolk" ("new Norfolk") which stands in the place of the old municipalities (described in the Norfolk Act) for all purposes and in the place of the divided municipalities (described in the Norfolk Act) with respect to matters that are within new Norfolk's jurisdiction;

AND WHEREAS under the Haldimand Act, new Haldimand and new Norfolk jointly stand in the place of the Regional Corporation with respect to debentures issued by the Regional Corporation on which the principal remains unpaid on December 31, 2000 and new Haldimand and new Norfolk are jointly and severally liable to make payments required under such debentures including the payment of any related debt charges that are payable on or after January 1, 2001.

NOW THEREFORE THE COUNCIL OF THE REGIONAL MUNICIPALITY OF HALDIMAND-NORFOLK ENACTS AS FOLLOWS:

1. The borrowing of the sum of \$11,300,000 for the purpose of Haldimand set out in column 1 of Schedule "A", and the issue of debentures therefor in denominations of at least \$1,000 on the credit of the Regional Corporation, to be repaid in annual instalments during the term of years set out in column 8 of Schedule "A", are hereby authorized and approved.
2. The Chair and the Treasurer of the Regional Corporation are hereby authorized to cause any number of instalment debentures to be made for such sums of money as may be required for the purpose aforesaid, not exceeding in total the said sum of \$11,300,000, and the said debentures shall be sealed and signed in accordance with the provisions of the *Regional Municipalities Act, R.S.O. 1990, c. R.8*, as amended (the "Act") and, on or after January 1, 2001, by authorized official(s) of the Regional Corporation's successor(s) in accordance with the provisions of the Haldimand Act, the Norfolk Act and any other applicable legislation.

Page 3 to By-law No. 55-00

3. The said debentures shall all be dated the 1st day of May, 2000, and shall be payable in annual instalments of principal on the 1st day of May in each of the years 2001 to 2010, both inclusive. The said debentures shall bear interest payable semi-annually on November 1 and May 1 in each year during their currency. A portion of the said debentures in the aggregate principal amount of \$4,180,000 (hereinafter referred to as the "Instalment Debentures") shall be payable in ten instalments of principal of varying amounts on the 1st day of May in each of the years 2001 to 2010, both inclusive. The balance of the said debentures amounting to \$7,120,000 (herein called the "Refundable Debentures") shall become due and payable on May 1, 2010 and the said principal amount thereof may be raised by the issue of refunding debentures as provided in subsection (7)(b) of Section 116 of the Act (or if not then applicable, in accordance with any other applicable legislation), and upon such terms not contrary thereto as shall then be determined by the Council of new Haldimand. Interest rates per annum on the Instalment Debentures maturing in the years 2001 to 2010, both inclusive, shall be as follows:

<u>Year of Maturity</u>	<u>Interest Rate</u>
2001	6.00%
2002	6.25%
2003	6.30%
2004	6.30%
2005	6.40%
2006	6.40%
2007	6.45%
2008	6.45%
2009	6.50%

The interest rate per annum on the Instalment Debentures and on the Refundable Debentures (collectively hereinafter called the "Debentures") maturing in the year 2010 shall be 6.50%. The respective amounts of interest or of principal and interest payable in respect of the Debentures in each of such years shall be as set forth in Schedule "B" annexed hereto ("Schedule "B").

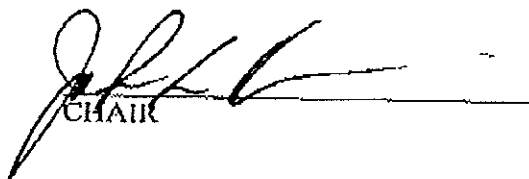
4. Interest shall be payable to the date of maturity of the Debentures and on default shall be payable both before and after default and judgment. Any amounts payable by the Regional Corporation, new Haldimand or new Norfolk as interest on overdue principal or interest in respect of the Debentures shall be paid out of current revenue.
5. The Debentures shall be expressed and be payable as to both principal and interest in lawful money of Canada and shall be in fully registered form payable as to principal at any branch in Canada of the Canadian Imperial Bank of Commerce, at the holder's option, with provision for payment of interest by cheque sent by post to the registered address of the registered holder of each Debenture.

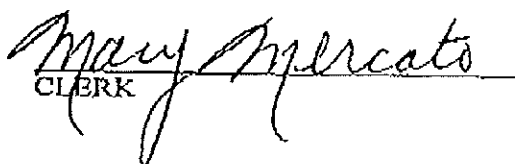
6. There shall be raised in each year during the said 10-year period from the date of the Debentures, by special rates, on all the eligible rateable property in each applicable municipality, to the extent that the amounts have not been provided for by special rates imposed on persons or property made specially liable for them by a by-law of any municipality, the amount of interest or the amount of principal and interest payable in respect of the Debentures for each year as set out in the last column of Schedule "B" and it shall not be necessary to raise by special rate in the year 2010 an amount equal to the amount of the Refundable Debentures to the extent that such amount shall be raised by the issue of refunding debentures in accordance with the applicable legislation. Without limiting the generality of the foregoing, the amount of interest or the amount of principal and interest payable in respect of the Debentures for each year as set out in the last column of Schedule "B", for the purpose set out in column 1 of Schedule "A" shall be and the same is hereby levied: 1) against Haldimand during the year 2000 and in such year Haldimand shall pay to the Regional Corporation on or before the due date the amount hereby levied against it for the payment of the instalment of interest with respect to the Debentures; and 2) against new Haldimand in each year commencing January 1, 2001 and in each such year new Haldimand shall pay to the successor in this regard of the Regional Corporation on or before the due dates, the amounts hereby levied against it for the payments of instalments of principal and interest with respect to the Debentures as they severally fall due. To the extent that the amounts of the instalments of interest or of principal and interest are not paid as aforesaid, now Haldimand and new Norfolk shall impose a special levy, over and above all other levies to pay the yearly instalments of interest or of principal and interest as set out in Schedule "B", but it shall not be necessary in any year to levy more than the amounts required after taking into account amounts paid by Haldimand or by new Haldimand for such purpose.
7. (1) The Chair and the Treasurer of the Regional Corporation are hereby authorized to cause the Debentures to be sold or hypothecated at such price or prices as they may determine and generally to do all things and execute all documents and other papers in the name of the Regional Corporation in order to carry out the sale or hypothecation of the Debentures and the Treasurer is authorized to affix the seal of the Regional Corporation to all such documents and papers.
- (2) The proceeds of the sale or hypothecation of the Debentures shall be apportioned and applied for the purpose set out in column 1 of Schedule "A" and for no other purposes except as permitted by the Act.

Page 5 to By-law No. 55-00

8. The holder of a Debenture issued under the authority of this by-law may exchange such debenture for fully registered debentures in authorized denominations, upon surrender of such debenture to the Treasurer of the Regional Corporation or its successor in this regard. Debentures issued in substitution for any such debenture surrendered shall aggregate the same principal amount as the Debenture surrendered, bear the same interest rate and maturity date as the Debenture surrendered and be the same in every respect except in denomination to such debenture surrendered. The cost of all such exchanges, including printing of the new denominations of Debentures, shall be borne by the Regional Corporation or its successors.

THIS BY-LAW READ A FIRST, SECOND AND THIRD TIME AND FINALLY PASSED
THIS 20TH DAY OF APRIL, 2000.


CHAIR


CLERK

**THE REGIONAL MUNICIPALITY OF HALDEMAND-NORFOLK
SCHEDULE "A" TO BY-LAW NO. 55-00**

1	2	3	4	5	6	7	8
Description of Project	Project Number	By-law Number	M.O.E. Certificate Number and Date (D-M-Y)	Council Debenture Approval \$	Debentures Previously Issued \$	Debentures to be Issued \$	Term (Years)
<u>Town of Haldimand</u> Expansion of the service boundary of the Haldimand Hydro-Electric Commission to include the whole geographic area of the Town of Haldimand involving the acquisition of all of the capital assets necessary and incidental to the distribution of hydro-electric power within the expanded area, which project constitutes an extension of Haldimand Hydro-Electric Commission's works during 1998		1307/96 1531/99		12,300,000	0	11,300,000	10*

* the Redeemable Debentures are to be issued over a further term not to exceed 10 years.

THE REGIONAL MUNICIPALITY OF HALDIMAND-NORFOLK
SCHEDULE "B" TO BY-LAW NO. 55-00

Dated: MAY 1, 2000

Maturing: MAY 1, 2001-2010

Year	Principal MAY 1	Interest Rate %	Interest MAY 1	Interest NOV. 1	Annual Payment
2000				\$ 364,690.00	364,690.00
2001	\$ 310,000.00	6.00%	\$ 364,690.00	355,390.00	1,030,080.00
2002	330,000.00	6.25%	355,390.00	345,077.50	1,030,467.50
2003	350,000.00	6.30%	345,077.50	334,052.50	1,029,130.00
2004	380,000.00	6.30%	334,052.50	322,082.50	1,030,135.00
2005	400,000.00	6.40%	322,082.50	309,282.50	1,031,365.00
2006	420,000.00	6.40%	309,282.50	295,842.50	1,025,125.00
2007	450,000.00	6.45%	295,842.50	281,330.00	1,027,172.50
2008	480,000.00	6.45%	281,330.00	265,850.00	1,027,180.00
2009	510,000.00	6.50%	265,850.00	249,275.00	1,025,125.00
2010	<u>7,670,000.00*</u>	6.50%	<u>249,275.00</u>		<u>7,919,275.00</u>
TOTAL	<u>\$11,300,000.00</u>		<u>\$3,122,872.50</u>	<u>\$3,122,872.50</u>	<u>\$ 17,545,745.00</u>

* of which \$7,120,000 is refundable, at the option of the borrower, for a further period not exceeding 10 years



Haldimand Hydro-Electric Commission

1 Greendale Drive, Caledonia,

Ontario N3W 2J3

Tel: (905) 765-5211 Fax: (905) 765-8211

FILE COPY

February 18, 2000

Mr. Bob Cole, Chair
Haldimand Norfolk Transition Board
P.O. Box 185
Simcoe, Ontario
N3Y 4L1

Re: Permission for Borrowing

Dear Mr. Cole,

The Haldimand Hydro-Electric Commission expanded its service area to the full municipality on February 1, 1999. The expansion involved the transfer of approximately 6,000 Ontario Hydro customers in the rural parts of Haldimand. Under Bill 185, Haldimand Hydro paid \$10,756,918.65 to Ontario Hydro, which is the book value less depreciation less equity for the assets (approximately \$1,800 per customer). The expansion has resulted in a savings of more than \$1.1 million per year for electricity consumers in the Town of Haldimand.

A short-term loan was arranged with our bank on the understanding that it would be converted into a debenture in late 1999 after the Commission finalized all costs related to the expansion. On December 16, 1999 the Commission authorized the Town of Haldimand to request a debenture from the Region of Haldimand-Norfolk for \$11,300,000.00 amortized over 20 years with a balloon payment after 10 years. The Town and Region have subsequently assented to our debenture request.

The proclamation of Bill 25 now requires us to also obtain the approval of the Haldimand Norfolk Transition Board for the issuance of the debenture. Our bank has advised us that it would like the short-term debt instrument converted. The bank has also informed us that we could arrange long-term financing with them if we were an OBCA company.

The Commission requests your Board's approval to either issue a debenture through the Region or arrange long-term financing with the bank (Nanticoke Hydro-Electric Commission is in a similar position). The issuing of a debenture will not affect the new Town of Haldimand's borrowing capacity but will remain an obligation of the Town which is non-transferrable to the new OBCA company (please see attached correspondence from our solicitor).

Alternatively, we could continue with short-term financing and wait for your independent consultant to complete its review of the electricity distribution industry in this area. At that time we could either issue a debenture or be in a position to incorporate OBCA companies which would obtain their own financing. The borrowing rates for OBCA companies tend to be less favourable than issuing a debenture, however it does remove the debt completely from the municipality.

Any delay in issuing long-term financing may adversely affect our ratepayers due to the current upward pressure on interest rates. We look forward to your recommendation and/or approval in a timely manner.

Yours truly,

A handwritten signature in black ink, appearing to read 'M. Price', with a horizontal line underneath.

Michael R. Price, MBA, P. Eng.
General Manager and Secretary

cc. J. Loucks, Nanticoke Hydro

**AIRD & BERLIS**

Barristers and Solicitors

Christopher J. Williams
Direct Line: 863-7745
e-mail: cwilliams@airdberlis.com

BCE Place
Suite 1800, Box 754
181 Bay Street
Toronto, Canada
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February 17, 2000

Our file no. 68789

VIA FAX # 1-905-765-8211

Mr. Michael Price
General Manager
Haldimand Hydro
1 Greendale Drive
Caledonia, Ontario
N3W 2J3

Dear Mr. Price:

Re: Municipal Borrowing and Debt Limits regarding Municipal Electrical Utilities

Please find attached correspondence provided to the Minister of Municipal Affairs and Housing. As you may note, the Ministry's position is that, notwithstanding the repeal of subsection 76(4) of the *Power Corporation Act* that debentures or other debt or financial obligations incurred by a municipal corporation for the purpose of a municipal electric utility will continue to be acknowledged as exempt from the calculation of eligible municipal debt and financial obligations pursuant to section 147 of the *Municipal Act* and O.Reg. 799/94.

Yours very truly,

AIRD & BERLIS

Christopher J. Williams
CJW/ec

cc: Hugh Hanly, Dunnville Hydro

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Christopher J. Williams
Direct Line: 865-7745
e-mail: cwilliams@airdberlis.com

VIA FAX

File No.67827

August 30, 1999

The Honourable Mr. S. Gilchrist
Minister of Municipal Affairs and Housing
17th Floor, 777 Bay Street
Toronto, Ontario M5G 2E5

Dear Sir:

Re: Municipal Borrowing and Debt Limits Regarding Municipal Electric Utilities

We are the solicitors for the Caledon Hydro Electric Commission regarding, *inter alia* matters concerning municipal electric boundary expansion under section 83.2 of the *Power Corporation Act* and transitional matters under Part XI of the *Electricity Act, 1998*.

As a result of section 76(4) of the *Power Corporation Act*, debentures issued for the purpose of municipal electric utility functions were excluded from any debt limitations set out in the *Municipal Act* or in any other Act. Therefore, such debentures were not included when calculating a municipality's eligible annual debt pursuant to section 147 of the *Municipal Act* and O.Reg. 799/94. Recently, by virtue of the proclamation of Schedule "E" to the *Energy Competition Act, 1998* much of the *Power Corporation Act* was repealed, including the afore-referenced section 76(4). We therefore wish to confirm that, notwithstanding the repeal of section 76(4) of the *Power Corporation Act*, that debentures or other debt or financial obligations incurred by municipal corporations, directly or indirectly, for the purpose of a municipal electric utility will continue to be acknowledged as exempt from the calculation of eligible municipal debt and financial obligations pursuant to section 147 of the *Municipal Act* and O.Reg. 799/94.

August 30, 1999

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We have discussed this issue with Ms. Bardecki, Director of Municipal Finance Branch, who has indicated that the above is the Ministry's position.

Yours very truly,

AIRD & BERLIS

Christopher J. Williams
CJW/ec

cc: Ms Bardecki, Director of Municipal Finance Branch
Mr. M. Fenn, Assistant Deputy Minister
Mr. Roger White
Caledon Hydro Electric Commission
Town of Caledon

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