

Board Staff Interrogatories
COLLUS Power Corporation ("COLLUS")
EB-2009-0220

1. Ref: Cover Letter -Z Factor Rate Rider Application Component

Table 1 below was prepared by Board staff to summarize the COLLUS claim for revenue recovery from November 1, 2009 to April 30, 2013.

| Table 1 | | | | | | |
|-------------------------|----------------|----|-------------|------------|-----------|------------|
| Summary of COLLUS Claim | | | | | | |
| | From | To | Stub Period | Annual | TOA | Total |
| November 1, 2009 | April 30, 2010 | | \$ 66,410 | | | \$ 66,410 |
| May 1, 2010 | April 30, 2011 | | | \$ 181,768 | \$ 25,200 | \$ 206,968 |
| May 1, 2011 | April 30, 2012 | | | \$ 181,768 | \$ 25,200 | \$ 206,968 |
| May 1, 2012 | April 30, 2013 | | | \$ 181,768 | \$ 25,200 | \$ 206,968 |
| | | | \$ 66,410 | \$ 545,304 | \$ 75,600 | \$ 687,314 |

a) Please confirm that the Table 1 summarizes the total revenue loss claimed by COLLUS.

COLLUS Power Response 1 a):

Yes this table correctly summarizes the Total Revenue Loss we are requesting to be recovered in our application.

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b) Please confirm that COLLUS intends to file a Cost of Service application for rates effective on May 1, 2013.

**COLLUS Power Response 1 b):**

**Yes, under the current circumstances we plan on following the 3<sup>rd</sup> Generation IRM process to the fullest and file our next Cost of Service application for rates effective May 1, 2013.**

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2. Ref: Manager's Summary -Z Factor Adjustment Page 8 Para. 12

In the above reference, COLLUS indicates that in the meeting of September 16, 2009 the Large Use Customer ("Subject Customer") requested to be re-classified as General Service Greater Than 50 kW ("GS>50kW") effective November 1, 2009. A Table A-1 "Subject Customer Statistics" is provided. A redacted letter from the Subject Customer is included Appendix A-2 as additional evidence.

a) *Please confirm that the Subject Customer was re-classified as GS>50 kW as of November 1, 2009.*

COLLUS Power Response 2 a):

Yes, we confirm that we followed through with the subject customer's request on November 1, 2009.

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b) *The Table A-1 has estimates for September and October 2009. Please provide an updated table for billed actual data for these months. If the data is not available, please explain why.*

**COLLUS Power Response 2 b):**

| Table 2 (Updated Load Data) |          |          |                          |            |                |
|-----------------------------|----------|----------|--------------------------|------------|----------------|
| Month                       | Kw       | Kva      | Billed Kva<br>90% of Kva | Energy     | Load<br>Factor |
| Jan_09                      | 5,480.64 | 6,541.92 | 5,887.73                 | 1,623,209  | 39.8%          |
| Feb_09                      | 5,433.12 | 6,462.72 | 5,816.45                 | 2,169,408  | 59.4%          |
| Mar_09                      | 5,338.08 | 6,336.00 | 5,702.40                 | 2,448,417  | 61.6%          |
| Apr_09                      | 5,100.48 | 6,003.36 | 5,403.02                 | 2,564,440  | 69.8%          |
| May_09                      | 3,278.88 | 3,928.32 | 3,535.49                 | 1,846,440  | 75.7%          |
| Jun_09                      | 3,405.60 | 4,055.04 | 3,649.54                 | 2,002,862  | 81.7%          |
| Jul_09                      | 3,532.32 | 4,340.16 | 3,906.14                 | 1,204,100  | 45.8%          |
| Aug_09                      | 3,424.00 | 4,192.00 | 3,735.07                 | 2,126,829  | 83.5%          |
| Sep_09                      | 3,520.00 | 4,272.00 | 3,806.35                 | 2,183,026  | 86.1%          |
| Oct_09                      | 3,344.00 | 4,160.00 | 3,706.56                 | 2,218,124  | 89.2%          |
| Nov_09                      | 3,278.00 | 4,070.88 | 3,663.79                 | 2,189,848  | 92.8%          |
| Dec_09                      | 3,300.00 | 3,877.50 | 3,489.75                 | 1,675,918  | 68.3%          |
|                             |          |          | 52,302.29                | 24,252,621 |                |

Note: Load Factor estimated lower for December due to scheduled cut back in plant operations during Christmas.

c) Please confirm that the Subject Customer is billed on 90% Kva consistently as shown on Table A-1.

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**COLLUS Power Response 2 c):**

**Yes, we confirm that Subject Customer has been consistently billed on 90% of Kva.**

d) For purpose of estimate COLLUS proposes to use 3,500 kW and 1,750,000 kWh as reduced load and consumption. On what basis has COLLUS calculated this estimate? Did COLLUS utilize any modeling tools to conclude that this estimate is reasonable? Has COLLUS considered weather normalization or other factors in constructing this estimate?

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**COLLUS Power Response 2 d):**

The proposed demand and load estimates are based on the limited actual use data that was available for our utilization, given how recently they changed operations. Table A-1 on Page 8 of the original 2010 3 GIRM application filed on Sept. 30, 2009 provided one set of data to consider. As indicated in the Subject Customer's letter requesting the customer class change (Appendix A-2 of the application) it is detailed that "the economic downturn has left significant overcapacity in all North American operations". Therefore the expectation is that the current loads will not grow as the 2 closed lines will not be reopened.

The letter also indicates that the parent company requires that "the Collingwood facility lower cost in all areas to remain a viable operation". As we have for many years now, we will work closely with the Subject Customer to find additional ways to conserve and thereby "maintain the lowest possible utility rates" and costs. Therefore our expectations are that load and demand will be reduced in future. As can be noted we have not incorporated a very high estimate for a level of reduction. The average demand for the months of May thru Aug. 2009 is 3,706.25 Kw. But we have incorporated the reduction from Oct. onwards and as identified in earlier TABLE 2 the load has been slightly higher.

**COLLUS Power submits that the 3,500 kW is a reasonably expected average demand for this customer over the term of the 3GIRM process. We further submit that this is a reasonable estimate when all factors are considered.**

The Subject Customer facility is a large manufacturing plant whose loads are driven by the use of internal manufacturing equipment for melting and forming their product, compressors, conveyors, and lighting rather than space heating or cooling systems. Although it is not indicated in their letter it is an automotive related industry and certainly the trend in that industry is not favorable. Collingwood has recently experienced the complete closure of two other automotive related industries. We all will work as diligently as possible to ensure that the Subject Customer maintains their viability and operation in our community.

### **3. Ref: Manager's Summary -Z Factor Adjustment Appendix A-2**

*A redacted letter from the Subject Customer is included Appendix A-2 as evidence. The letter identifies that the Subject Customers has significant overcapacity in North American operations and has shut down two of four operations for an indefinite period of time.*

a) *Has the Subject Customer provided any further information from the date of the letter to further define “indefinite period of time”?*

### COLLUS Power Response 3 a):

**No there has not been any additional information provided at this point in time.**

b) *Has the Subject Customer advised of any change in the situation for its largest customer's plant closures subsequent to the date of the letter?*

### COLLUS Power Response 3 b):

**The Subject Customer has not advised of any change in the situation for its largest customer's plant closures subsequent to the date of the letter. COLLUS Power continues to be in regular communication with the customer and continues to provide assistance on conservation measure opportunities. This regular interaction**

88 c) Is COLLUS management aware of media announced changes in the Subject  
89 Customer's production subsequent to this letter?

91 We are not aware of any decisions by the Subject Customer to provide further  
92 information to media outlets regarding announced changes. The Subject Customer's  
93 line of business is an extremely competitive one. As you would expect they need to  
94 protect their production plans or concerns from external scrutiny so media  
95 announcements regarding operations are not used frequently. Rumors of plant shut-  
96 downs within their industry can threaten their ability to secure new delivery  
97 contracts. This is one of the main reasons that COLLUS Power could not be  
98 forewarned of the decision to completely close down 2 of the 4 production lines. The  
99 Subject Customer did not want it known until the last possible moment and only  
100 provided it after their employees had been notified.

101 d) *Has COLLUS management set up any periodic review process to follow-up changes*  
102 *to the Subject Customers operations in future?*

104 **As noted earlier COLLUS Power personnel will continue to provide customer service**  
105 **on a regular basis. This will include monitoring load and consumption patterns,**  
106 **especially as we work on conservation initiatives including power factor correction to**  
107 **help lower their costs.**

111 **Yes. Schedule 1 below provides some detailed information that was used by COLLUS**  
 112 **Power to consider the most reasonable approach to handling the situation of the**  
 113 **material loss impact due to changing the Subject Customer to GS > 50 Kw class.**  
 114 **COLLUS also notes that this was the only remaining Large Use customer within our**  
 115 **service territory.**

| Customer Class | Basis             | # of Customers | Load (Billed kWh) | Demand (Billed kW) |
|----------------|-------------------|----------------|-------------------|--------------------|
| GS > 50 kW     | 09 Forecast       | 127            | 125,855,660       | 300,721            |
| GS > 50 kW     | 09 Actual to Oct. | 115            | 101,771,530       | 239,500            |
| Large Use      | 09 Forecast       | 1              | 37,423,367        | 75,012             |
| Large Use      | 09 Actual to Oct. | 1              | 24,252,621        | 52,302             |

124 **COLLUS staff met with many of the local industries in late November at a joint**  
125 **meeting hosted by “Excellence in Manufacturing”. At this session the common**  
126 **theme was that each industry and municipal organization were working hard to find**  
127 **further efficiencies to deter the pressure to be relocated to Mexico.**

128 f) *Is COLLUS aware of any customer that has or may be re-classified as a Large User*  
129 *in the foreseeable future?*

**COLLUS Power Response 3 f):**

**COLLUS deals with their industrial customers on a regular basis and works closely with the local Economic Development officer. There are no expectations of any customer reaching the 5 Mw level in the foreseeable future.**

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4. Ref: Manager's Summary, p. 11 Eligibility Criteria - Causation

COLLUS discusses its reasons for believing that its claim meets the Board's criteria for Z-factor recovery. COLLUS notes that the causation criterion is defined as "Amounts should be directly related to the Z-factor event. The amount must be clearly outside of the base upon which rates were derived." COLLUS states that it believes its claim meets this criterion because:

"COLLUS submits that the reduction of load by the Subject Customer and the resulting reduction in distribution revenue is a single event clearly outside of the Large User load base upon which rates for 2009 and the 3GIRM periods have been set."

- a) *Please further discuss this claim in light of the statement made on page 35 of the Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors of July 14, 2008 that: "The Board has determined that the eligibility criteria are sufficient to limit Z-factors to events genuinely external to the regulatory regime and beyond the control of management and the Board."*
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COLLUS Power Response 4 a):

COLLUS Power submits that the information provided in its application clearly indicates that the claim is made external to the regulatory regime within the context of related Z-factor criteria.

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- b) *Please state whether or not COLLUS believes that the loss of the Subject Customers load is genuinely external to the regulatory regime and if so why? If not, please explain what criteria COLLUS believes the Board should use to determine what level of large customer load loss is normal business risk, and what level is external to the regulatory regime?*
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**COLLUS Power Response 4 b):**

COLLUS Power proposes that the matter should be examined on a case by case basis in the context of Board rate making policy. The Board then should evaluate the impact of the loss in the context of its own policies and underlying criteria to determine if an event is internal or external of the regulatory regime.

COLLUS Power has submitted this claim in the Application in the context of the policies and specifically Board policy for Z-factor claims. COLLUS Power submits the Z-factor criteria should assist the Board in evaluating whether an event is internal or external of the regulatory regime.

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c) Z-factor treatment usually applies during the Incentive Regulation plan term. Please explain why COLLUS is seeking Z-factor treatment for a period (i.e. November 1, 2009 to April 30, 2010) that was included under COLLUS' 2009 Cost of Service application. In COLLUS' view, does that amount to a single-issue retroactive (or out of period) ratemaking request.

COLLUS Power Response 4 c):

COLLUS Power properly used the November 1, 2009 customer class changeover date as the starting point of the Z-factor claim. We submit that there is a material impact being incurred at that time and as such it should be included in the total estimated loss of revenue. COLLUS Power has submitted that the recovery of the loss during this period, projected to be \$66,410, is part of the Z-factor claim.

The concept of a Z-Factor has been in place since the Board's initial (2000) Electricity Distribution Rate Handbook. Since then, Z-Factor claims have been provided for in the Board's 2006 Electricity Distribution Rate Handbook, and in 2nd and 3rd Generation IRM. The concept is not new, and it is not exclusive to IRM applications. The Board has not restricted the making of Z-Factor claims to cost of service or IRM applications. The process is intended to provide for an unexpected material event that is not within the distributor's control and that has a significant influence on the operation of the distributor. COLLUS Power meets all of the Board's criteria for eligibility for a Z Factor claim, and thus has proceeded accordingly.

Z-Factor claims are often made after the event occurs giving rise to the claim (in this case, the significant reduction in the Subject Customer's load). Accordingly, it is

191 **5. Ref: Manager's Summary, p. 12 Eligibility Criteria – Materiality**

194 “COLLUS requires the revenue loss that it proposes to be recovered in order to
195 ensure that the required finances are provided to us to make the approved
196 investment in capital, operation and maintenance approved in our 2009 rate
197 application.”

198 a) Please identify what capital or operating programs may have to suffer or be foregone
199 if the lost revenues are not recovered. How much discretionary spending room is
200 included in the 2009 Board approved revenue requirement?

201 **COLLUS Power Response 5 a):**

202 **COLLUS Power submits that there is no discretionary spending room in the 2009**
203 **Board approved revenue requirement. As determined in the Board's Decision and**
204 **Order dated April 17, 2009, regarding our 2009 Cost of Service application,**
205 **specific costs reductions were imposed on required Operation, Maintenance and**
206 **Administration expenses. Tree-trimming cost, inflation factor and rebase cost**
207 **recovery were reduced by a total of \$80,000 annually. COLLUS Power is**
208 **attempting to meet its operational requirements in spite of this decision, it cannot**
209 **in addition lose a material amount of its' approved revenue requirement.**

210 In regards to programs that may be impacted, since the annual amount is
211 approximately \$230,000 per year, it would be impossible to make alterations to
212 plans without negative impact on operations and capital projects. Further
213 borrowing would be required if the revenues are not recovered and this will only
214 serve to further limit our ability to follow the requirements of the Board resulting
215 from the Green Energy Act as it pertains to supporting renewable generation,
216 implementing Smart Grid initiatives and completing our Smart Meter/TOU
217 implementation plans.

218 **Potential capital project planned spending that may have to be curtailed would**
219 **include the following projects:**

226 *COLLUS* notes the following under the topic of Prudence.

229 On July 22, 2009 the Board issued an update of Chapter 3 of the Board's "Filing
230 Requirements for Transmission and Distribution Applications" (the "Filing Requirements").
231 Section 2.3.3 discusses Z-factor Filing Guidelines.

234 • A distributor must notify the Board by letter to the Board Secretary of all Z-factor
235 events. Failure to notify the Board within six months of the event will result in
236 disallowance of the claim.

242 • *The Board requires that any request for a Z-factor will be accompanied by a*
243 *clear demonstration that the management of the distributor could not have*
244 *been able to plan and budget for the event and that the harm caused by the*
245 *event is genuinely incremental to its experience or reasonable expectations.*

246 a) Please explain how certain COLLUS is that the amounts claimed will be incurred up
247 to April 30, 2013.

COLLUS Power Response 6 a):

COLLUS Power has indicated in the 2010 3GIRM Application the reasoning behind determining the estimated loss. Although it is an estimate, COLLUS Power submits that it is a reasonable estimate, just as is all of the forecasted load and demand billing determinants that are used to determine customer rates. The management and staff at COLLUS have no reason to believe that the customer is misleading or misrepresenting their situation. As noted in the response to question 2(d), COLLUS understands that the customer is seriously investigating additional reductions through Power Factor correction which may actually reduce the loads even more than the estimate provided through to May 1, 2013.

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b) *Please discuss why COLLUS is applying for a rate rider now rather than applying for a deferral account for disposition in a future application given the linkage of the revenue loss claim to current economic conditions.*

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**COLLUS Power Response 6 b):**

As indicated on Page 28 of the Board's Decision and Order on our 2009 Cost of Service rate application, COLLUS Power had originally submitted a request for a variance account in case there was a loss of the large user customer.

The following is an excerpt from the information in the D&O:

*"VECC submitted that the scenario appears to qualify for Z-factor consideration. VECC also noted that COLLUS expects new load growth and that the Board should look at overall load levels when adjustments are necessary in the event that the large user customer ceases operation. VECC submitted that the request should not be approved. Energy Probe concurred and stated that a variance account in the test year should not be allowed because it reduces risk to the utility without any reduction in costs to the ratepayers. Energy Probe noted that COLLUS did not see the need to adjust the load or revenue forecast in response to an interrogatory from Board staff. SEC's submission was similar to VECC and Energy Probe."*

In the First Reply Submission of the 2009 CoS, COLLUS withdrew the request that the Board approve the variance account even though the material impact could occur .

COLLUS Power agreed with all parties that this type of event would qualify for a Z-factor application when it decided to withdraw the request. COLLUS Power has

**submitted current overall load levels. Energy Probe viewed a variance account to reduce risk in the test year and that certainly holds true with this case too.**

**In COLLUS Power's response to Q #7 a) additional discussion of the use of a variance/deferral account is presented.**

c) Please explain what prevents COLLUS management from planning and budgeting for this event. Please identify the harm caused to the distributor by this event.

### COLLUS Power Response 6 c):

**COLLUS Power submits that its' response to 4 b) and 5 a) provides the information required to answer this question.**

**7. Ref: Manager's Summary, p. 17 Rate Rider**

*COLLUS requests that the applied for Z-factor be applied as a rate rider. On July 22, 2009 the Board issued an update of Chapter 3 of the Board's "Filing Requirements for Transmission and Distribution Applications" (the "Filing Requirements"). Section 1.2 discusses the difference between a rate adder and a rate rider.*

*“A rate adder (or funding adder) is designed to provide advance funding for investments or expenses to address regulatory undertakings or utility operational matters. Its core purpose is to help a distributor on an interim basis with needed cash flow and also mitigate or smooth anticipated impacts when the Board approves recovery of costs on a final basis. A rate adder does not constitute regulatory approval of any costs actually incurred for which the rate adder was approved. The prudence of such costs is examined, and the costs are approved in whole or in part, at the time at which the distributor brings the matter for regulatory review.”*

*“A rate rider is designed to recover from or return to ratepayers final costs of investments or expenses to address regulatory undertakings or utility operational matters. The prudence of such costs is examined and the costs are approved in whole or in part, at the time at which the distributor Board Staff Interrogatories applies to recover them. The Board normally reviews such costs in a combined hearing on behalf of some or all distributors or in a cost of service hearing for an individual distributor’s rate application.”*

a) *Would COLLUS agree that the Board consider the implementation of a rate adder and deferral account in deference to a rate rider? Please discuss this option including a proposal for reporting methodology.*

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**COLLUS Power Response 7 a):**

COLLUS Power submits that the revenue loss is material for each year of the 3GIRM. If a deferral account is undertaken then customer rates during the period it is in place will not properly reflect the true revenue requirement being recovered. Then when the deferral account is eventually recovered there could be rate mitigation requirements. Also the customers that would have to pay the deferral recovery amount may not have been the same ones that were involved during the accumulation of the deferral. We believe that this is similar to other inter-generational issues that have come before the Board.

Additionally if the expected annual revenue comes in materially lower then the capital projects outlined in the response to Q #5 a) would have to be delayed. COLLUS Power is concerned with the level of their debt headroom and would be hesitant to use new borrowing to move forward on these projects. The OEB's disposition methodology, to use accrued 2008 yearend balances which have unbilled revenue included, for RSVA amount return will result in additional borrowing requirements. Also the latest changes to the Distribution System Code that will impact collection requirements may lead to a need to bill customers on a bi-monthly basis which will result in additional borrowing requirement. In COLLUS' view this would negatively impact the intended goals of TOU rates.

In the case that the Board determines that there will be a rate adder and deferral account then COLLUS Power would submit that the appropriate tracking process would be to determine the variance in revenue recovery from the Large Use and GS > 50 kW classes. Actual revenue recovered for the GS > 50 kW class over the 3 years would be compared against the forecasted revenue from the GS > 50 kW plus Large Use classes for the same period. Any resulting difference would be recorded in a deferral account. This option would ensure that only the variance between the rate adder and the forecast revenue is being placed into the deferral account in each year and the expectation would be that the net difference would not be material, certainly not as material as a rate adder that would only be placed into the deferral account forcing COLLUS to borrow additional funds in the interim.

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8. Ref: Manager's Summary, p. 31 Customer Impact Review

a) *Please confirm that it is COLLUS management intention to discontinue the Large Use rate class and current Large Use rates as of this application.*

COLLUS Power Response 8 a):

Yes at this stage COLLUS Power submits that the Large User rate class would be discontinued. Our intention would be to examine thoroughly and determine the appropriate rate classes when the next Cost of Service application is prepared. At that time an updated Cost Allocation study will be undertaken and that will provide integral information that will be considered in determining the appropriate classes.

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**9. Ref: 2010 IRM Deferral Variance Account 2006 EDR LV**

*In the 2006 EDR application COLLUS included \$398,421 in LV Allocation as a Rate Adder. In 2007 and 2008 the price cap adjustment (GDP-IPI – X) was 0.9% and 1.1% respectively. This would have increased the 2007 and 2008 LV Allocation to \$402,007 and 406,429 respectively. In the 2010 IRM Deferral Variance Account Workform COLLUS has reported \$142,033, \$182,401 and \$155,155 for 2006, 2007 and 2008 additions for USOA 1550 LV Variance account.*

| DVAWF                                                                        |            |                                                                               |  | 2006 EDR                               |               |
|------------------------------------------------------------------------------|------------|-------------------------------------------------------------------------------|--|----------------------------------------|---------------|
| Transactions (additions) during 2006/7/8, excluding interest and adjustments |            | Transactions (reductions) during 2006/7/8, excluding interest and adjustments |  | 7-2 ALLOCATION - LV-Wheeling Cell L120 | (GDP-IPI) - X |
| 2006                                                                         | \$ 142,033 | \$ -                                                                          |  | \$ 398,421                             | 0.0%          |
| 2007                                                                         | \$ 182,401 | \$ -                                                                          |  | \$ 402,007                             | 0.9%          |
| 2008                                                                         | \$ 155,155 | \$ -                                                                          |  | \$ 406,429                             | 1.1%          |

a) *Please confirm that COLLUS has applied the 2006 EDR LV Allocation against Hydro One LV costs and that the balance shown in the Deferral Variance Account workform are net of the LV allocation and correct.*

**COLLUS Power Response 9 a):**

**COLLUS Power confirms this.**

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b) *If LV Allocation not applied or Account 1550 not correct please provide an explanation in respect to the accounting for the LV allocation.*

383 When the Board approved the \$380,000 for Low Voltage recovery the issue was
384 dealt with at that time.

| Account Description | Account Number | Total Claim |
|--|----------------|----------------------|
| | | H = C + D+ E + F + G |
| RSVA - Power (Excluding Global Adjustment) | 1588 | (1,574,168) |
| RSVA - Power (Global Adjustment Sub-account) | | 1,310,524 |

395 b) *Has COLLUS made adjustments subsequent to filing the 2010 IRM3 application*
396 *and need to re-file an updated 2010 IRM Deferral Variance Account workform?*

410 The adjustment was required because COLLUS Power determined that an amount of
411 \$1,071,772 in the Global Adjustment sub-account was applicable to RPP customers.
412 Therefore it was removed from the GA sub-account and applied directly against
413 account 1588 – Power as per the Board’s requirement.

414 **12. Ref: 2010 IRM Deferral Variance Account 1588 – Global Adjustment**

The EDDVAR Report as well as the Board's Decision in EB-2009-0113 adopted an allocation of the GA sub-account balance based on kWh for non RPP customers by rate class. Traditionally this allocation would then be combined with all other allocated variance account balances by rate class. The combined balance by rate class would then be divided by the volumetric billing determinants (kWh or kW) from the most recent audited year end or Board approved forecast, if available. This process hence spreads the recovery or refund of allocated account balances to all customers in the affected rate class.

427 This method was factored on two premises; a) that the recovery/refund of a variance
428 unique to a subset of customers within a rate class would not be unfair to the rate
429 class as a whole and b) that the distributors' billing systems would not be able to bill
430 a subset of customers within a rate class, without placing a significant burden to the
431 distributor.

For these reason the Board's original Deferral Variance Account workform was modelled on this basis. However based on Enersource's evidence, there could be material unfairness to RPP customers within the affected rate classes.

Therefore Board staff suggests that a separate rate rider be established to clear the GA sub-account balance to Non-RPP customers within rate classes.

What remains unclear to Board staff is whether Enersource's billing system could accommodate that change within a reasonable timeframe."

While Enersource's response to the Board staff's submission is still pending Board staff would like to poll COLLUS on the above issue.

- a) Board staff is proposing that a separate disposition rate rider be applied prospectively to Non-RPP customers for 1588 – Global Adjustment. Does COLLUS agree that this proposal would be fair to all customers? Why or why not?

COLLUS Power Response 12 a):

COLLUS understands the goal of Board Staff is to provide fairness to all customer classes and is pleased to see that in general, it is understood that it is difficult to separate rate adjustments to customers within a rate class.

The question of fairness in the disposition of the variance account related to Non-RPP consumers is a complex one as it typically begins with the assumption that all customers in the sub-group of the rate class are equitably responsible for the growth of that particular variance account. In respect of those customers who are in the General Service class >50, it is fairly accurate to assume that those customers would be billed on Non-RPP rates and therefore contributing to GA charges regardless of whether they are enrolled with a Retailer, or paying the market rates directly. In the case of the Residential class, only those customers who have signed with a Retailer would have been responsible for any variances related to the GA charges. The concept of fairness is weighted on the premise that those responsible should benefit (or in this case pay) for their specific share of the costs related to the balance in the associated variance account.

Given that in the majority of cases, as noted above, the customers in the General Service >50 class were "responsible" for the GA rate and the resulting variance regardless of if they had a Retailer account or not, it can be assumed that the entire class can be treated fairly for the period from 2005 through to the end of 2008 if the associated GA account variance is applied to the entire class.

In the case of the Residential class, the following situations arise:

1. Only those customers enrolled with Retailers during the four year period between the beginning of 2005 and the end of 2008 would have contributed to the residential share of the GA variance account.
2. Most customers enrolled in May of 2002 had 5 year contracts which expired at some point in 2007.
3. Only some customers extended their contracts following contract end date.
4. Consumers that dropped their enrolment with Retailers during the period between 2005 and 2008 are on RPP today and would not therefore be allocated their “fair” share of the variance account balances.
5. Many customers enrolled today, enrolled during 2009 and as such were not part of the sub-group of residential customers that contributed to the accumulation of the variance account.
6. The variance account changed from a positive value to a negative value during different periods of time through the affected period.

Given the constantly changing number of customers in the Residential class enrolled with Retailers and the fact that the variance account changed from a positive value to a negative value at different periods of time during the years between 2005 and 2008, it would be difficult to apply a “fairness” principal to the entire group without allocating the proper amount of the variance account to the specific consumers for only the period that they were contributing to the growth or shrinkage of the variance.

- b) *If the Board were to order COLLUS to provide such a rate rider, would COLLUS's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would COLLUS see with this rate rider?*

COLLUS Power Response 12 b):

COLLUS has reviewed the existing capabilities of their billing system, and in the course of the review has identified that establishing a separate rate rider for disposition of the GA variance account could be done on a class by class basis as the rate rider could be added to the “distribution fixed charge” or the “distribution variable charge” of the consumer.

The current rate classifications established during the Cost of Service process did not adequately recognize the additional costs associated with managing retailer accounts, nor provide a method for allocating a separate charge to the consumer for those incremental account management costs. As such, COLLUS does not have a specific charge to which one could apply a new variance account disposition that clearly separates the Residential “enrolled” customer vs. a Residential “RPP” customer. Board staff noted this as “sub-classes within a rate class”.

Discussions with our current software supplier identified that a new rate could be established, however applying this new rate rider to a sub-class of the residential customer group has not been tested and as with most billing system modifications would likely be costly. Additionally, as noted in answer 12 a), the question of which enrolled customer should be required to pay back the variance balance would be difficult to track given that many of the customers responsible for the growth of the variance account balance are no longer enrolled with Retailers, and others that have enrolled over the past 12 months were not responsible for the accumulation of any related debt.

508 COLLUS Power would also suggest that the collection of the cost associated with making
509 the necessary billing changes should be addressed if the proposal is implemented. Perhaps
510 the appropriate methodology would be a variance account that tracks the associated costs
511 for future rate recovery.

512 c) If COLLUS were to be unable to bill in this fashion what would COLLUS consider
513 proposing in the alternative?

514 **COLLUS Power Response 12 c):**

515 COLLUS suggests that the entire GA variance be collected from the >50 customer class
516 through a specific rate adder over a four year period.

517 COLLUS also proposes that the Board may wish to undertake a review to see if it would be
518 plausible to establish a charge (or credit) for customers returning to Regulated Rates (either
519 RPP or TOU) similar to the current charge (or credit) applied to customer accounts when
520 they leave the Regulated Rate plan to enroll with a Retailer. If designed properly this type of
521 exit settlement would ensure that in the future those responsible for variance accounts
522 related to GA were the ones paying or receiving credit appropriately.

A further option would be for the IESO to review the previous months variances created by LDC's using the "Fixed GA rate for Customer Billing" as determined by the IESO and the actual GA costs allocated to LDC charges on line 146 of the IESO invoices. Following the review, the IESO could incorporate an adjustment to the following months "Fixed GA Rate" to mitigate the impact of the previous month's variance. This would be similar in concept to how the Board reviews rates every six months only in that the IESO would be reviewing just the one single component on a monthly basis.

13. Ref: 2010 IRM Deferral Variance Billing Determinants

Below are the billing determinants identified on Sheet "B1.3 Rate Class And Bill Det" of the workform.

| Rate Class | Billed Customers or Connections | | | Billed kWh | Billed kW |
|---------------------------------|------------------------------------|-------------|---------|------------|-----------|
| | A | B | C | | |
| Residential | 13,011 | 121,128,423 | | | |
| General Service Less Than 50 kW | 1,588 | 45,443,663 | | | |
| General Service 50 to 4,999 kW | 128 | 147,855,660 | 342,721 | | |
| Large Use | | | | | |
| Street Lighting | 3,051 | 2,061,153 | 6,087 | | |
| Unmetered Scattered Load | 68 | 455,702 | | | |

a) Please identify if these values are from the COLLUS 2009 Cost of Service Application or 2008 RRR reported values.

COLLUS Power Response 13 a):

These values are from the COLLUS 2009 Cost of Service Application but have been adjusted for the estimated load and demand after the expected Large Use customer changes are applied. Table A-2 on Page 14 of the Manager's Summary of our 2010 3GIRM rate application provides the Board's required 2009 CoS, for use as the billing determinants. Table A-3 on Page 15 of the 2010 application provides the amounts noted above. Other information on Pages 14 and 15 of the 2010 application explains the reasoning used to establish the proposed adjustment to the 2009 CoS forecast.

~~~~~

*b) If the above are from the 2009 CoS application please provide reference to location in the application.*

**COLLUS Power Response 13 b):**

**As noted above Table A-2 is information that was originally approved in the CoS application. In the Board's Decision and Order on the 2009 CoS, dated April 17, 2009, on Page 5 these amounts are noted and then on Page 6 the Board accepts the data.**

~~~~~

554 **Not applicable.**

Below are the Billed kWh for Non-RPP customers identified on Sheet "B1.3 Rate Class And Bill Det" of the workform.

558 a) Please identify if these values estimated values or actual values and specify the
559 applicable period.

561 **COLLUS Power understood from the use of the amounts in this column that an**
562 **annual estimate of the amount of billed kWh for Non RPP customers that would be**
563 **included in these rate classes was required to complete this table. For Residential we**
564 **estimate there will be 1,750 customers under contract with a Retail company and use**
565 **800 kWh per month as expected consumption. For General Service < 50 Kw it is**

expected that there will be 100 customers using 2,000 kWh per month that will be on contract with a Retail company.

In regards to the General Service > 50 Kw class we expect all customers to be Non-RPP and therefore use the full projected billing determinant for load, to be included as the expected billed kWh for the class.

b) If the above values are estimated please explain why COLLUS is unable to determine actual.

COLLUS Power Response 14 b):

COLLUS Power submits that since all of the 2010 3GIRM rate application billing determinants are estimates it is appropriate to estimate this information too. The filing guidelines require the use of the 2009 CoS forecast because 2009 actual would not be available at the time of filing the 2010 application. Likewise the actual information regarding retail use is not completely available.

c) As discussed in question 12 above Board staff have proposed a non-RPP customer rate rider for disposition of the 1588 – Global adjustment. If accepted would COLLUS support using the numbers above as the most reasonable denominator to be used for rate determination.

COLLUS Power Response 14 c):

COLLUS Power supports the use of these amounts for either the current method or any other Board approved method. Any variance created through the use of this data would remain in the GA variance account and be treated accordingly in future Board directions related to GA variances. COLLUS notes that the GA variance account growth for 2009 alone already exceeds the total variance accumulated over the previous four years and recognizes that the Board will need to address this on a more global perspective for all LDC's.

15. Ref: 2010 IRM Deferral Variance Total Claim

Below are the Total Claim values for the EDDVAR Group One Deferral Accounts.

| Regulatory Assets - Continuity Schedule Final | | |
|---|-----------------------|-----------------------------|
| | Account Number | Total Claim |
| Account Description | | H = C + D+ E + F + G |
| LV Variance Account | 1550 | 511,699 |
| RSVA - Wholesale Market Service Charge | 1580 | (895,477) |
| RSVA - Retail Transmission Network Charge | 1584 | (828,953) |
| RSVA - Retail Transmission Connection Charge | 1586 | (1,251,258) |
| RSVA - Power (Excluding Global Adjustment) | 1588 | (1,574,168) |
| RSVA - Power (Global Adjustment Sub-account) | | 1,310,524 |
| Recovery of Regulatory Asset Balances | 1590 | (186,743) |
| Disposition and recovery of Regulatory Balances Account | 1595 | 0 |
| Total | | (2,914,376) |

a) *Please confirm if these are the final balances for disposition. If not the final balances please provide amended workform to support final balances for disposition.*

COLLUS Power Response 15 a):

COLLUS Power has filed an updated D & V workform (V4) that has calculated interest slightly different. The updated total is \$2,912,044 being proposed for disposition. In response #11 b) the balance in the 1588 accounts are adjusted by the same amount of \$1,071,772 and since one is a credit and the other a debit the net difference is \$0.

COLLUS Power notes that based on the updated total we have followed the Board's direction in proposing our disposition plan. Appendix D indicates we continue to propose the 4 year disposition option. An extended period will allow for smoother distribution rate change and reduce the possibility of future customer rate shock.


~~~~~

604       b) *Please reconcile final balance for disposition to the 2008 year end account balance*  
605       *reported in the RRR filing. Please identify source and reason for variances.*

---

606       **COLLUS Power Response 15 b):**

607       **The D&V workform applies a carrying charge of \$35,617 to the 2008 balances to**  
608       **determine final as of April 30, 2010. The balance in the C1.4 the continuity schedule**  
609       **for 2008 indicates a total amount of \$2,876,427. This matches the RRR 2.1.7 filing.**

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~~~~~

610 c) *Please confirm that COLLUS has complied with and applied correctly the Boards*
611 *accounting policy and procedures for calculation of the final disposition balance. If*
612 *COLLUS has used other practices in the calculation please explain where in the*
613 *filing and why?*

614 **COLLUS Power Response 15 c):**

615 **COLLUS Power has correctly applied the Board's accounting policy and procedures**
616 **as provided. We will continue to monitor and review any further direction or**
617 **explanation from the Board on this matter and apply it appropriately.**

~~~~~

618       d) *Please confirm that COLLUS has used the simple interest calculation as required by*  
619       *the Board using the Boards prescribed interest rates. If COLLUS has used other*  
620       *calculations please explain where in the filing and why?*

---

621       **COLLUS Power Response 15 d):**

622       **Yes COLLUS Power has correctly applied the Board's interest calculation policy.**

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~~~~~

623 e) *Please confirm that COLLUS has complied with the requirement to apply recoveries*
624 *to principal first as outlined in the 2006 Regulatory Assets Transactions document*
625 *issued September 4, 2009 (included in the Updated IRM Deferral and Variance*

629 **COLLUS Power confirms that it has complied.**

631 *COLLUS has applied for an increased Smart Meter Rate Adder from \$1.00 to \$2.00 per*
632 *metered customer per month.*

633 a) Please explain how the value of \$2.00 was derived and provide calculation model
634 to support this calculation.

636 **COLLUS Power submitted information on Pages 5 and 6 of the 2010 rate application**
637 **that indicated an estimated under recovered amount of \$2,000,000 by the end of 2009.**
638 **We further submitted that a recovery of \$1 per customer per month would be**
639 **inadequately low, recovering only approximately \$180,000 annually. The requested**
640 **amount of \$2 is an estimate of a 50% incremental change based on an expected**
641 **eventual cost of \$3.00 per customer. COLLUS submits, at the is time, that it intends**
642 **on filing a complete Smart Meter recovery application after final enrolment with the**
643 **MDMR is completed and all ongoing operational costs associated with the**
644 **implementation and application of TOU rates are known.**

b) *If a calculation model was not used, please complete the smart meter calculation model that can be provided to you through your applications case manager.*

648 COLLUS Power submits the following additional information in regards to the current
649 expenditures and recovery. Appendix E is provided with this document and it is a copy of
650 the Board requested Summary form that was submitted by us on Dec. 4/09. In addition
651 further expenditures of over \$100,000 have been incurred in October and November of

2009. Meanwhile only approximately \$9,000 per month of recovery has occurred. Therefore at the end of November 2009 the Net Total in the variance account would be approximately \$1,850,000. This strongly supports the original application's position that the unrecovered amount at the end of 2009 will be in excess of \$2,000,000.

With additional costs still to be incurred for MDMR integration and ongoing operational and maintenance costs related to TOU rate implementation and system operations yet to be determined, the prudent approach is to allow an incremental change. Debt cost associated with funding the Smart Meter initiative, based on current borrowing rates, will result in the net requirement for recovery doubling the original amount. The \$2,000,000 then increases to \$4,000,000 that will need to be recovered and additionally there will be on-going operation and maintenance costs too. It easily appears that a customer charge amount in the area of \$3 per month, roughly \$550,000 per year, will eventually be required. As noted above the estimated \$3 amount was used to establish a reasonable incremental change amount which would help to mitigate future rate shock to customers as we move towards full implementation of TOU rates.

667 As indicated in our response in 16 a) COLLUS Power expects to table a completed model
668 when costs are completely known. We have filed the information in the 2010 3GIRM
669 application and these responses rather than complete a model calculation of estimates.
670 COLLUS Power would prefer to have the incremental increase, to reduce the risk of rate
671 mitigation in the future, but it will follow whatever direction the Board provides in the Final
672 Rate Order on this matter.

673 **17. Ref: Supplemental Module - Z-Factor Tax Changes**

674 Sheet "F1.1 Z-Factor Tax Changes" of the supplemental module shows Grossed-Up Tax
675 Amount as \$225,414 while the 2009 RRWF sheet "3.Taxes_PILs" shows Grossed-Up
676 Income Taxes as \$164,861.

677 a) Please review and advise of correct amount.

678 **COLLUS Power Response 17 a):**

679 **COLLUS Power submits that \$164,861 is the appropriate amount for Grossed-Up**
680 **Income Taxes. We would also submit that there appears to be a problem with the F1.1**
681 **Z-factor tax Changes sheet. Firstly the \$613,723 of regulatory taxable income is**
682 **correctly adjusted by the 26.9% tax rate to get the \$164,861. After that though this**
683 **amount is again ‘Grossed up’ by the factor of 26.9% leading to the incorrect amount**
684 **of \$225,414. Perhaps this is occurring because COLLUS Power has a taxable income**
685 **of less than \$1,500,000?**

In the 2009 RRWF Sheet 5 Rev_Suff_Def the taxable income amount calculates the \$164,862 but doesn't gross it up any further. But in sheet F1.1 Z-Factor Tax Changes it is. COLLUS Power is unsure why but it is the reason for the discrepancy noted above. We submit any adjustment required due to this will not be material and can be dealt with when the Final Rate Order decision is provided.

18. Ref: Supplemental Module - Revenue Offsets Allocation

Sheet "C1.2 Revenue Offsets Allocation" of the supplemental module shows Informational Filing Revenue Offsets

| Rate Class | Informational Filing Revenue Offsets A |
|---------------------------------|--|
| Residential | 262,403 |
| General Service Less Than 50 kW | 69,197 |
| General Service 50 to 4,999 kW | 28,368 |
| Large Use | 0 |
| Street Lighting | 5,397 |
| Unmetered Scattered Load | 1,877 |
| | 367,242 |

a) Please provide reference to the 2009 Cost of Service application that identifies the above Informational Filing Revenue Offsets.

COLLUS Power Response 18 a):

In the Board's Decision & Order filed April 17/09 on the approved 2009 CoS rate application it approved \$372,000 for revenue offsets. Appendix F included with this document indicates how the \$372,000 (Current Misc. Revenue column) was allocated to the various customer classes. It is noted that in the allocation \$4,758 was for the Large Use customer class. To complete C1.2 Revenue Offsets Allocation in the 2010 3GIRM application, COLLUS Power deemed it appropriate to remove the Large Use allocation because of the decision to eliminate the customer class. Then sheet C1.2 performed a reallocation of the \$372,000.

Low Voltage Costs Allocated by Customer Class using RTR Percentages

| Customer Class | Retail Transmission Connection Rate (\$) | | Basis for Allocation (\$) | Allocation Percentages | Allocated \$ |
|--------------------------|--|--------|---------------------------|------------------------|-------------------|
| | per KWh | per kW | | | |
| Residential | 0.0029 | 0.0000 | 351,272.43 | 39.78% | 151,181.30 |
| GS <50 kW | 0.0026 | 0.0000 | 118,153.45 | 13.38% | 50,851.11 |
| GS>50 kW | 0.0000 | 1.0322 | 310,403.71 | 35.16% | 133,592.14 |
| Large Use >5MW | 0.0000 | 1.2940 | 97,065.74 | 10.99% | 41,775.34 |
| Street Light | 0.0000 | 0.7979 | 4,856.59 | 0.55% | 2,090.19 |
| 0 | 0.0000 | 0.0000 | 0.00 | 0.00% | 0.00 |
| Unmetered Scattered Load | 0.0026 | 0.0000 | 1,184.82 | 0.13% | 509.93 |
| 0 | 0.0000 | 0.0000 | 0.00 | 0.00% | 0.00 |
| TOTALS | | | 882,936.74 | 100.00% | 380,000.00 |

Retail transmission connection rates (2008)

Proposed in PO4 response to change

 RTC rates in 09

| | | |
|--------------------------|--------|--------|
| Residential | 0.0031 | 0.0000 |
| GS <50 kW | 0.0027 | 0.0000 |
| GS>50 kW | 0.0000 | 1.0890 |
| Large Use >5MW | 0.0000 | 1.3652 |
| Street Light | 0.0000 | 0.8418 |
| 0 | 0.0000 | 0.0000 |
| Unmetered Scattered Load | 0.0027 | 0.0000 |
| 0 | 0.0000 | 0.0000 |

3.2960
3.1241
0.1719

Decision accepted 5.5% increase in Connection rates therefore update CofP calc.

RATES - Low Voltage Adjustment

| Customer Class | LV Adj. Allocated | Calculated kWh | Calculated kW | Volumetric Rate Type | LV/ Adj. Rates/kWh | LV Adj. Rates/ kW |
|--------------------------|----------------------|--------------------|----------------|-------------------------|-----------------------|----------------------|
| Residential | 151,181.30 | 121,128,423 | 0 | kWh | 0.0012 | |
| GS <50 kW | 50,851.11 | 45,443,633 | 0 | kWh | 0.0011 | |
| GS>50 kW | 133,592.14 | 126,855,660 | 300,721 | kW | | 0.4442 |
| Large Use >5MW | 41,775.34 | 37,423,367 | 75,012 | kW | | 0.5569 |
| Street Light | 2,090.19 | 2,061,153 | 6,087 | kW | | 0.3434 |
| 0 | 0.00 | 0 | 0 | kW | | #DIV/0! |
| Unmetered Scattered Load | 509.93 | 455,702 | 0 | kWh | 0.0011 | |
| 0 | 0.00 | 0 | 0 | kW | | 0.0000 |
| TOTALS | 380,000.00 | 333,367,939 | 381,819 | | | |



Name of LDC: COLLUS Power Corporation
 File Number: EB-2009-0220
 Effective Date: Saturday, May 01, 2010

Calculation of Regulatory Asset Recovery Rate Rider

Rate Rider Recovery Period - Years

Four

Rate Rider Effective To Date

Wednesday, April 30, 2014

| Rate Class | Vol Metric | Billed kWh A | Billed kW B | kWh C | Non-RPP D | 1590 E | 1595 F | Total G = C + D + E + F | Rate Rider kWh H = G / A (kWh) or H = G / B (kW) |
|---------------------------------|------------|--------------------|----------------|---------------------|------------------|-------------------|-----------|----------------------------|---|
| Residential | kWh | 121,128,423 | 0 | (1,543,044) | 131,882 | (152,458) | 0 | (1,563,620) | (0.00323) |
| General Service Less Than 50 kW | kWh | 45,443,663 | 0 | (578,903) | 18,840 | (23,612) | 0 | (583,675) | (0.00321) |
| General Service 50 to 4,999 kW | kW | 147,855,660 | 342,721 | (1,883,520) | 1,160,686 | (10,598) | 0 | (733,431) | (0.53501) |
| Large Use | kW | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000 |
| Street Lighting | kW | 2,061,153 | 6,087 | (26,257) | 0 | (372) | 0 | (26,629) | (1.09367) |
| Unmetered Scattered Load | kWh | 455,702 | 0 | (5,805) | 0 | 1,116 | 0 | (4,690) | (0.00257) |
| | | <u>316,944,601</u> | <u>348,808</u> | <u>(4,037,528)</u> | <u>1,311,408</u> | <u>(185,925)</u> | <u>0</u> | <u>(2,912,044)</u> | |

Enter the above value onto Sheet
 "J2.1 DeferralAccount Rate Rider"
 of the 2010 OEB IRM2 Rate Generator
 "J2.5 DeferralAccount Rate Rider2"
 of the 2010 OEB IRM3 Rate Generator



Name of LDC: COLLUS Power Corporation
 File Number: EB-2009-0220
 Effective Date: Saturday, May 01, 2010

Calculation of Regulatory Asset Recovery Rate Rider

Rate Rider Recovery Period - Years

Four

Rate Rider Effective To Date

Wednesday, April 30, 2014

| Rate Class | Vol Metric | Billed kWh A | Billed kW B | kWh C | Non-RPP D | 1590 E | 1595 F | Total G = C + D + E + F | Rate Rider kWh H = G / A (kWh) or H = G / B (kW) |
|---------------------------------|------------|--------------------|----------------|---------------------|----------------|-------------------|-----------|----------------------------|---|
| Residential | kWh | 121,128,423 | 0 | (1,103,942) | 16,337 | (152,458) | 0 | (1,240,063) | (0.00256) |
| General Service Less Than 50 kW | kWh | 45,443,663 | 0 | (414,165) | 2,334 | (23,612) | 0 | (435,444) | (0.00240) |
| General Service 50 to 4,999 kW | kW | 147,855,660 | 342,721 | (1,347,529) | 143,784 | (10,598) | 0 | (1,214,343) | (0.88581) |
| Large Use | kW | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.00000 |
| Street Lighting | kW | 2,061,153 | 6,087 | (18,785) | 0 | (372) | 0 | (19,157) | (0.78679) |
| Unmetered Scattered Load | kWh | 455,702 | 0 | (4,153) | 0 | 1,116 | 0 | (3,038) | (0.00167) |
| | | <u>316,944,601</u> | <u>348,808</u> | <u>(2,888,575)</u> | <u>162,455</u> | <u>(185,925)</u> | <u>0</u> | <u>(2,912,044)</u> | |

Enter the above value onto Sheet
 "J2.1 DeferralAccount Rate Rider"
 of the 2010 OEB IRM2 Rate Generator
 "J2.5 DeferralAccount Rate Rider2"
 of the 2010 OEB IRM3 Rate Generator

ACCOUNTING FOR SMART METERS

2. Which accounts did you use to record the smart meter costs and how much (\$) were the amounts?

NOTE: Please do not enter any amounts in the shaded areas.

| Type | Account Used | Please specify if account used in Col. B is different from account 1555 | Cumulative Balance as of Dec. 31, 2006 \$ | Cumulative Balance as of Dec. 31, 2007 ** \$ | Cumulative Balance as of Dec. 31, 2008** \$ | Cumulative Balance as of September 30, 2009** \$ | Actual Amount Disposed only in 2007 | Actual Amount Disposed only in 2008 | TOTAL |
|--|-----------------|---|---|--|---|--|--|--|-----------------------|
| Col. A | Col. B | Col. C | Col. D | Col. E | Col. F | Col. G | Col. H | Col. I | Col.J = Cols.G+H+I |
| Smart Meter Capital and Recovery Offset Variance Account | 1555 | | | | | | 0 | 0 | 0 |
| SUB ACCOUNTS: | | | | | | | | | |
| Smart Meter Capital and Recovery, Sub account Capital (for smart meter investments) | 1555 | Used WIP 07&08 : close in 09 | | 43,679 | 459,789 | 1,945,352 | | | 1,945,352 |
| Smart Meter Capital and Recovery, Sub account Carrying Charges (for carrying charges for smart meter investments) | 1555 | CC not booked until 09 | | 602 | 8,521 | 16,688 | | | 16,688 |
| Smart Meter Capital and Recovery Offset Variance Account, Sub account Stranded Meter Costs | 1555 | | | | | | | | 0 |
| Smart Meter Capital and Recovery, Sub account Recovery (for Funding Adder Revenues)* | 1555 | | (25,019) | (70,357) | (117,271) | (192,867) | | | (192,867) |
| Smart Meter Capital and Recovery, Sub account Carrying Charges (for Carrying Charges for Funding Adder Revenues)* | 1555 | CC not booked until 09 | (900) | (2,009) | (5,556) | (6,859) | | | (6,859) |
| Smart Meter Capital and Recovery Offset Variance Account (TOTAL) | 1555 | | (25,919) | (28,085) | 345,483 | 1,762,314 | 0 | 0 | 1,762,314 |

*Please enter credit (negative amount)

**The amount for cumulative balance should exclude the amount disposed if the utility disposed any amount during 2007 to 2009.

| Type | Account Used | Please specify if account used in Col. B is different from account 1556 | Cumulative Balance as of Dec. 31, 2006 \$ | Cumulative Balance as of Dec. 31, 2007 *** \$ | Cumulative Balance as of Dec. 31, 2008*** \$ | Cumulative Balance as of September 30, 2009*** \$ | Actual Amount Disposed only in 2007 | Actual Amount Disposed only in 2008 | TOTAL |
|--|-----------------|---|---|---|--|---|--|--|-----------------------|
| Col. A | Col. B | Col. C | Col. D | Col. E | Col. F | Col. G | Col. H | Col. I | Col.J = Cols.G+H+I |
| Smart Meter OM & A Account | 1556 | | | | | | 0 | 0 | 0 |
| SUB ACCOUNTS: | | | | | | | | | |
| Smart Meter OM & A, Sub account Operating Expenses | 1556 | | | | | | | | 0 |
| Smart Meter OM & A, Sub account Maintenance Expenses | 1556 | | | | | | | | 0 |
| Smart Meter OM & A, Sub account Administration Expenses | 1556 | | | | | | | | 0 |
| Smart Meter OM & A, Sub account Amortization Expense | 1556 | | | | | | | | 0 |
| Smart Meter OM & A, Sub account - Others Please specify. | 1556 | | | | | | | | 0 |
| Smart Meter OM & A, Sub account Carrying Charges | 1556 | | | | | | | | 0 |
| Smart Meter OM & A Account(TOTAL) | 1556 | | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

***The amount for cumulative balance should exclude the amount disposed if the utility disposed any amount during 2007 to 2009.

GENERAL NOTES:

Please use this field for "notes" if required.

Approximately 85% of all meters required to be changed has been completed as of Sept. 30/09. Will complete mass install by end of Oct. 09. Fully complete in 1st quarter 2010.

0

0

0

Cost Allocation Based Calculations

| Class | Revenue Requirement - Cost Allocation | Less Transformer Allowance | Revenue Requirement Cost Allocation Excluding Transformer Allowance | Service Revenue Requirement % - Cost Allocation | 2009 Serv Rev Requirement | 2006 EDR Miscellaneous Rev Allocation - Cost Allocation | Miscellaneous Revenue % | Current Miscellaneous Revenue | Base Rev Requirement | Base Revenue Per Class % |
|--------------------------|--|-------------------------------|--|---|------------------------------|--|----------------------------|-------------------------------------|-------------------------|-----------------------------|
| Residential | 3,117,935 | | 3,117,935 | 61.15% | 3,749,534.54 | 231,184 | 70.54% | 262,402.89 | 3,487,131.65 | 60.54% |
| GS <50 kW | 829,991 | | 829,991 | 16.28% | 998,122.13 | 60,964 | 18.60% | 69,196.53 | 928,925.60 | 16.13% |
| GS>50 kW | 816,391 | 67,621 | 748,770 | 14.68% | 900,448.21 | 24,993 | 7.63% | 28,368.03 | 872,080.17 | 15.14% |
| Large Use >5MW | 191,324 | 48,041 | 143,283 | 2.81% | 172,307.81 | 4,192 | 1.28% | 4,758.08 | 167,549.73 | 2.91% |
| Street Light | 240,786 | | 240,786 | 4.72% | 289,561.98 | 4,755 | 1.45% | 5,397.11 | 284,164.87 | 4.93% |
| 0 | 0 | | 0 | 0.00% | 0.00 | - | 0.00% | 0.00 | 0.00 | 0.00% |
| Unmetered Scattered Load | 18,216 | | 18,216 | 0.36% | 21,906.01 | 1,654 | 0.50% | 1,877.35 | 20,028.66 | 0.35% |
| 0 | 0 | | 0 | 0.00% | 0.00 | - | 0.00% | 0.00 | 0.00 | 0.00% |
| TOTAL | 5,214,643 | 115,662 | 5,098,981 | 100.00% | 6,131,881 | 327,742 | 100.00% | 372,000 | 5,759,881 | 100.00% |

Cost Allocation Worksht
Run 2 0- Umtscld separated
Sheet O1.