



January 4, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, Suite 2700
Toronto, Ontario
M4P 1E4

Dear Ms. Walli:

**Re: Re: London Hydro Inc.
2010 IRM3 Distribution Rate Application
Response to Board Staff Interrogatories
Board File No. EB-2009-0235**

Please find accompanying this letter two hard copies of London Hydro's responses to the interrogatories of Ontario Energy Board Staff in this proceeding. Electronic versions of this response will be forwarded to the Board in both PDF and Excel format.

If further information is required, please contact the undersigned at 519-661-5800 ext. 5745 or williamd@londonhydro.com.

Yours truly,

A handwritten signature in cursive script that reads "D Williamson".

Dave Williamson
V.P. Finance, CFO & Secretary
London Hydro Inc.

Board Staff Interrogatories

2010 IRM3 Electricity Distribution Rates London Hydro Inc. ("London Hydro") EB-2009-0235

1. Ref: Manager's Summary and EDDVAR Report

On July 31, 2009 the Board issued its Report on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR). The report requires electricity distributors to determine the outstanding consolidated value of Group One accounts as at December 31, 2008 and determine whether or not the Board defined threshold value of +/- \$0.001/kwh had been exceeded. London Hydro chose to request exemption from filing.

- a) London Hydro advises attempt to complete the 2010 Deferral Variance Account Work form, but encountered difficulties in processing due to model constrictions. Did London Hydro attempt to discuss this issue with Board Staff or request model modifications?
- b) Did London Hydro complete an informal calculation of outstanding balances as at December 31, 2008 to determine position on threshold? If so please advise calculated value.
- c) The Board is currently reviewing the impact of significant growth in the balance of Account 1588 – Global Adjustment during the period January 1 to September 30, 2009. Currently no concrete direction has been determined for future disposition. The Board has added the request to disclose 1588 – Global Adjustment values in the model for information purposes only. If London Hydro would like to consider completing the 2010 IRM Deferral Variance Account Workform, please complete and file the amended Deferral Variance Account Workform V4 as found on the Board's website under the 2010 Electricity Distribution Rates update December 7, 2009.
- d) If London Hydro has completed a previous version of the 2010 IRM Deferral Variance Account Workform, please update to Deferral Variance Account Workform V4 as found on the Board's website under the 2010 Electricity Distribution Rates update December 7, 2009. Note that Board staff can assist in converting any recent models and making model amendments. Please contact your case manager to assist you.
- e) If London Hydro has completed the workform please reconcile final balance for disposition to the 2008 year end account balance reported in the RRR filing. Please identify the source and reasons for variances.

- f) If London Hydro has completed the workform please confirm that London Hydro has complied with and applied correctly the Boards accounting policy and procedures for calculation of the final disposition balance. If London Hydro has used other practices in the calculation please explain where in the filing and why.
- g) If London Hydro has completed the workform please confirm that London Hydro has used the simple interest calculation as required by the Board using the Boards prescribed interest rates. If London Hydro has used other calculations please explain where in the filing and why.
- h) If London Hydro has completed the workform please confirm that London Hydro has complied with the requirement to apply recoveries to principal first as outlined in the 2006 Regulatory Assets Transactions document issued September 4, 2009 (included in the Updated IRM Deferral and Variance Account Work Form zip file). If London Hydro has not complied with this requirement please explain why not?
- i) If London Hydro has completed the workform please confirm whether the threshold balance of +- \$0.001 per kWh is or is not exceeded.
- j) If London Hydro has any concerns with respect to the disposition of deferral variance account balances, please explain in detail why the Board should not consider disposal at this time?

Response:

a) YES

b) Yes. In London Hydro's 2009 Cost of Service Rate Application and in response to Board Staff IR's # 36 and #110 London Hydro provided calculations for all deferral and variance account balances for the period January 1, 2005 to December 31, 2008. Board Staff provided a continuity schedule for that purpose, which was completed by London Hydro. The Board ordered the disposition of certain account balances, the details of which were filed with the Draft Rate Order EB-2008-0235

c) London Hydro has completed those portions of the 2010 IRM Deferral Variance Account Workform V4 that it was able to under the circumstances, given that the form is not designed for those 5 LDC's that were involved in the

December 2004 Regulatory Asset Hearings. Information on 1588 Global Adjustment has been completed.

- d) Not applicable, previous version not completed.
- e) Reconciliation was provided with 2009 Cost of Service Rate Application in the Draft Rate Order in Appendix C page 7. In the 2010 IRM Workform V4 account 1590 differs from the RRR filing amounts previously indicated by \$225,974 due to the recalculation of the interest component based upon the directions provided in the July 31, 2009 EDVAR report.
- f) Confirmed.
- g) Confirmed.
- h) Confirmed
- i) As indicated in answer "c" above, London Hydro has completed the portions of the Workform V4 that it is able to, and the Workform indicates that the value for the threshold test is \$519,322. For London Hydro, the threshold value of \$0.001 per kWh would have to be approximately \$3.4 million and thus we confirm that the threshold value has not been exceeded.
- j) London Hydro has included with this response, an excel file call Appendix A, which provides the balance of Account 1590 and a proposed rate rider for disposition on May 1, 2010. We are requesting approval for disposition of this balance.

Additionally, we are attaching excel file labelled Appendix B, which provides further details to the calculation of balances in Account 1590 and information supplemental to the Workform V4 for the 2004 Regulatory Asset Accounts.

Given that the Board approved the disposition of the remaining Group 1 deferral and variance account balances as part of the 2009 Cost of Service rate application, London Hydro submits that no further account dispositions are required at this time.

2. Ref: 2010 IRM Deferral Variance Account 1588 - Power

On October 15, 2009 the Board issued "Regulatory Audit and Accounting Bulletin 200901" which clarified the accounting rules for reporting the 1588 – Global Adjustment sub-account.

- a) Has London Hydro reviewed the Regulatory Audit & Accounting Bulletin 200901 dated October 15, 2009, and ensured that it has accounted for its account 1588 and sub-account Global Adjustment in accordance with this Bulletin?

Response:

- a) **YES**

3. Ref: 2010 IRM Deferral Variance Account 1588 – Global Adjustment

On November 13, 2009 Board Staff prepared a submission in the Enersource EB-2009-0193 2010 IRM3 Application. The following is an excerpt from the submission in respect to Board staff concerns with the current proposal for handling the disposition of the USoA 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.

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

For these reason the Board's original Deferral Variance Account workform was modeled 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."

Board staff would like to poll London Hydro 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 London Hydro agree that this proposal would be fair to all customers? Why or why not?

- b) If the Board were to order London Hydro to provide such a rate rider, would London Hydro's billing system be capable of billing non-RPP the separate rate rider? What complications, if any, would London Hydro see with this rate rider?
- c) If London Hydro were to be unable to bill in this fashion what would it consider proposing in the alternative?
- d) If London Hydro were to establish a separate rate rider to dispose of the balance of the 1588 – Global adjustment sub-account, does London Hydro believe that the rider be applied to customers in the MUSH sector? If not, would London Hydro have the billing capability to exclude customers in the MUSH sector if a separate rate rider were to apply for the disposition of the 1588 – Global adjustment sub-account?

Response:

a) Regardless of whether the proposal would be fair or not fair to all customers, the reality is that distributors have designed their billing systems based upon customer classes and distribution rates within those classes. Board staffs proposal would require a further breakdown of customers within a class for energy pricing billing purposes that does not currently exist and based upon the customers energy consumption levels and choice of energy supplier. Any redesign of billing systems to facilitate this form of customization and segregation would undoubtedly be extremely difficult and costly and the Board would have to consider how those costs of systems modifications would be recovered by the distributors, and whether or not the proposal has merit in the context of these overall costs.

b) No, existing systems could not perform this billing function without significant cost and redesign. One major complication is that a customers status can change from RPP to non-RPP and there is no way of ensuring that the correct individual customers will benefit from or are penalized by the application of a rate rider intended for a specific subset of customers within a class.

For this reason, it is the opinion of London Hydro, that any attempts to assign a global adjustment rate rider to a subset of a rate class, cannot ensure that all customers within that class are treated fairly.

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c) As indicated in a) London Hydro could not bill in this fashion plus as indicated in b) there no assurance of fairness to all customers in the class, even if it could. We would recommend the treatment of Global Adjustments for rate riders be handled in the same manner as was submitted by London Hydro in its 2009 Cost of Service Rate Application in the Draft Rate Order on Appendix C pages 1 and 2 whereby amounts were allocated at the Customer Class level based upon the allocation of kWh's for non-RPP customers at the customer class level.

d) As indicated above, any attempts to allocate the rate rider to a subset of a customer class would require extensive and costly systems modifications, and could not ensure fairness to all customers in that class. This would be particularly difficult MUSH customers after Nov 1/09 due to the fact that they are no longer included under the RPP energy group and many of the MUSH sector customers have opted out of the RPP plan prior to Nov 1/09.

Board staffs proposal to attempt to allocate an RSVA variance account balance to specific customers within a customer class appears to be motivated by an attempt to achieve a matching or assigning of costs or credits to the specific individual customers that create those variances.

While London Hydro agrees in theory that this is an ideal goal, in practice, there is no way to ensure that the same individual customers who created or contributed to any of the variances that occur in any of the RSVA accounts will be the same customers who will share proportionately in the disposition of those variances.

4. Ref: Supplemental Module - Z-Factor Tax Changes

Sheet "F1.1 Z-Factor Tax Changes" of the supplemental module shows Grossed-Up Tax Amount as \$4,175,844 while the 2009 RRWF sheet "3.Taxes_PILs" shows Grossed-Up Income Taxes as \$2,669,815

- a) Please review and advise of the correct amount.

Response:

a) On completing sheet F1.1 London Hydro input as regulatory taxable income the value of \$8,478,228 as per line 9 on the 2009 RRWF sheet 5 "Revenue Sufficiency Deficiency". When this value was used, the Boards formulas on sheet F1.1 performed the calculations that resulted in a grossed up amount of \$4,175,844.

It appears that London Hydro should have used the value on line 3 of the RRWF sheet 3 "Taxes_PILs" which is \$5,808,413. Using this value results in a tax impact value on sheet F1.1 of \$1,916,776 which when reduce by other credits of \$128,000 as indicated on line 10 of the RRWF sheet 3 "Taxes_PILs" produces an amount before gross up of \$1,788,776. This amount when grossed up equals \$2,669,815.

The correct amount on sheet F1.1 Z-Factor Tax Changes for Gross-Up Tax Amount should be \$2,669,815, but the Boards IRM worksheet model calculates a value of \$2,860,860 since the worksheet design does not allow for the input of the \$128,000 other tax credit amount that was included in the calculations on the RRWF worksheets.

London Hydro believes the correct amount to be shown as Grossed-Up Tax Amount on Sheet "F1.1 Z-Factor Tax Changes" of the supplemental module should be \$2,669,815 as recorded in the 2009 RRWF sheet "3.Taxes_PILs" worksheet.

5. 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	2,231,975
General Service Less Than 50 kW	530,842
General Service 50 to 4,999 kW	756,921
General Service 50 to 4,999 kW (CoGeneration)	41,743
Standby Power	0
Large Use	85,703
Unmetered Scattered Load	40,635
Sentinel Lighting	1,847
Street Lighting	4,433
	3,694,100

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

Response:

a) Exhibit 3, page 24 table 23 of London Hydro's 2009 Cost of Service Rate Application provides the detailed analysis of the revenue offsets and the amount of \$3,707,148 that was filed with the application for the 2009 test year.

As detailed in the Draft Rate Order Appendix B page 4, this amount was further reduced by \$13,048 to the final value of \$3,694,100 as approved by the Board and as indicated above.

For reference, the 2006 cost allocation filings revenue offset amount as illustrated in the 2009 Cost of Service Rate Application in VECC IR # 42a page 23 of the Supplemental Interrogatories was \$4,090,796 less the standby revenue amount of \$247,190 included in that amount for net revenue offset amount of \$3,843,605.

The amount of \$3,843,605 appears in the 2009 Cost of Service Rate Application in Exhibit 8, Page 3 Table 1.

6. Harmonized Sales Tax

It is possible that the PST and GST may be harmonized effective July 1, 2010. Unlike the GST, the PST is included as an OM&A expense and is also included in capital expenditures. If the GST and PST are harmonized, corporations would see a reduction in OM&A expenses and capital expenditures.

In the event that PST and GST are harmonized effective July 1, 2010:

- a. Would London Hydro agree to capture in a variance account the reductions in OM&A and capital expenditures?
- b. Are there other alternatives that the Board might consider to reflect the reductions in OM&A and capital expenditures if this bill is enacted?

Response:

a) No, London Hydro does not agree or concur with the Boards proposal that the avoided PST should some how be quantified and captured in a deferral account for future disposition.

PST is a commodity tax, not an income tax and it should not be afforded the same treatment with respect to rate and revenue adjustments.

There are numerous other cost elements that are engrained into the rates being charged by LDC's such as municipal property taxes, Employment Insurance Rates, Canada Pension Plan rates, OMERS pension costs, copper and other metal prices, foreign exchange rates, wage rates etc. that are subject to annual or periodic price adjustments that should also be considered in the context of such a proposal.

It would be inherently unfair for the Board to narrowly focus their attention on one specific cost element engrained in rates, while at the same time electing to ignore the reality that many other cost elements will be subjected to cost increases. If we are to seriously consider the Boards proposal we should not ignore the fact that effective July 1, 2010 all billings issued by LDC's will increase by an additional 8% as a result of the tax harmonization. This change will increase accounts receivable and reduce available working capital thus placing further strain on utility cashflows.

What the Board is proposing, if it were to be carried out, would require an enormous administrative process and expense as outlined below.

Each LDC would be required to examine every single invoice that they pay after July 1, 2010 to determine the answers to the following questions:

- a. Was this particular supplier expense, service or commodity taxable at 8% prior to July 1 or was it previously exempt from the 8% PST?
- b. If it was taxable, exactly how much of this particular suppliers expense, service or commodity cost element is currently included the rates that are being charged?
- c. Upon determining the answer to part b), was the cost in capital or operating?

As can be demonstrated from this simple procedural analysis, the administrative effort and cost of capturing this form of information would be enormous, particularly in light of the fact that utilities have no historical accounting records previously that would have captured this form of information.

London Hydro understands the issue being raised by Board Staff and other Intervenor with respect to those LDC's that have filed cost of service rate applications based upon a 2010 Test Year but the issue is quite different for those LDC's that have filed their cost of service rate applications prior to 2010.

With respect to those utilities that have completed a cost of service rate application prior to 2010, London Hydro fails to see any purpose in capturing this information as it relates to capital, since cost of service rates are based on capital dollars already spent that incorporate past "commodity" tax rates and will not be affected by the harmonization until such time as the next cost of service rate application. Future cost of service rates will incorporate whatever cost reductions might occur in capital via the calculation of the rate base in future rate proceedings.

With respect to OM&A costs, if we were to assume that an LDC was able to in some manner quantify the 8% RST that was built into their already approved OM&A costs and the RST that may be avoided due to the commodity tax change, it is uncertain as to exactly how an LDC could provide the form of evidence that presumably would be requested by the Board and Intervenor in the future to support any amounts recorded in the deferral account.

Evidence would presumably have to include an analysis to show how much RST existed in the previously approved OM&A amounts, and since this information has never been captured by LDC's, any retroactive attempts to produce such data would at best be an extremely onerous and costly administrative burden to be placed upon this industry at a time when resources are already strained.

It is quite likely that the cost of producing such information and the cost of the ensuing regulatory hearing and proceedings of filing and defending this information would produce minimal if any net benefits to the ratepayers.

b) As indicated in response to part a), London Hydro is of the opinion that commodity tax rate adjustments should neither be afforded the same treatment as income tax adjustments, nor should they be selectively chosen for adjustments in the absence of considering other rate cost components. With respect to LDC's that have filed their cost of service rate applications prior to 2010, the Board should not be engaging in this form of selective cost component adjustments to approved OM&A costs incorporated into rates, unless they are prepared to consider other cost increases or rate component adjustments such as revisions subsequent to 2009 to the 8.01% ROE currently built in to 2009 cost of service rates.

For those utilities that have filed their cost of service rate applications prior to 2010, what the Board is proposing is in essence, retroactive ratemaking on a very selective basis.

NAME OF UTILITY London Hydro Inc.
LICENCE NUMBER ED-2002-0557
NAME OF CONTACT D. Williamson
PHONE NUMBER 519-661-5800 ext 5745

APPENDIX "A" - ACCOUNT 1590

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Allocation of Balances to Customer Classes

Account Description	Account Number	Projected Balances as at May 1, 2010
Recovery of Regulatory Asset Balances	1590	\$ 458,614
Total claim		\$ 458,614

Allocation Data By Customer Class	2009 Customers	2009 kWhs Billed	2009 kWhs Billed	2009 Customers Allocator %	2009 kWhs Allocator %	2009 Gross Dx Revenue	2009 Gross Dx Revenue Allocator %
RESIDENTIAL CLASS	131,936		1,091,392,572	90.437%	31.803%	\$ 35,663,122	60.419%
GENERAL SERVICE <50 KW plus Unmetered Loads	12,349		427,487,639	8.465%	12.457%	8,554,482	14.493%
GENERAL SERVICE >50 KW to 4,999 KW	1,595	4,093,815	1,651,046,316	1.094%	48.112%	12,094,123	20.489%
GENERAL SERVICE >50 KW to 4,999 KW (CoGeneration)	3	198,649	36,489,491	0.002%	1.063%	667,505	1.131%
LARGE USER	3	383,763	200,485,379	0.002%	5.842%	1,370,000	2.321%
SENTINEL LIGHTS	0	2,342	856,841	0.000%	0.025%	29,877	0.051%
STREET LIGHTING	1	67,170	23,921,899	0.001%	0.697%	646,887	1.096%
Totals	145,888	4,745,739	3,431,680,137	100.00%	100.00%	\$ 59,025,995	100.00%

NAME OF UTILITY
 LICENCE NUMBER
 NAME OF CONTACT
 PHONE NUMBER

London Hydro Inc.
 ED-2002-0557
 D. Williamson
 519-661-5800 ext 5745

Disposition of Deferral Account Balance and Rate Rider Calculations As At May 1, 2010
Disposition Period -May 1,2010 to April 30,2011

Allocation of Balances to Customer Classes

Method of Allocation	Account	Total allocation	Customer Classes						
			Res.	GS <50KW + Unmetered	GS >50KW	Cogeneration	Large User	Sentinel	Streetlighting
Recovery of Regulatory Asset Balances	1590	100.000%	64.612%	12.838%	21.394%	0.200%	0.839%	0.021%	0.096%

Allocation of Revised Account Balances to Rate Classes

Account	Projected Balance August 31,2009																
Recovery of Regulatory Asset Balances	1590	\$	458,614	\$	296,319	\$	58,875	\$	98,115	\$	918	\$	3,846	\$	98	\$	442
Total Allocated for Recovery		\$	458,614	\$	296,319	\$	58,875	\$	98,115	\$	918	\$	3,846	\$	98	\$	442

Forecast 2009 Energy Usage by Customer Class - Kwh's

	3,431,680,137	1,091,392,572	427,487,639	1,651,046,316	36,489,491	200,485,379	856,841	23,921,899
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Forecast 2009 Demand By Customer Class - Kw's

	4,745,739	-	-	4,093,815	198,649	383,763	2,342	67,170
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Rate Rider Per Kwh for Customers Billed on Kwh's

	\$	0.0003	\$	0.0001	\$	-	\$	-	\$	-	\$	-	\$	-
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Rate Rider Per Kw for Demand Customers Billed on Kw's

	\$	-	\$	-	\$	0.0240	\$	0.0046	\$	0.0100	\$	0.0420	\$	0.0066
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Deferral and Variance Account - Rate Riders

Rate Class	Billing Parameter	Rate Rider- May 1/10 to Apr 30/11
Residential	kWh	\$ 0.0003
GS<50 kW	kWh	\$ 0.0001
GS>50 kW	kW	\$ 0.0240
GS>50 kW (CoGen)	kW	\$ 0.0046
Large User	kW	\$ 0.0100
Unmetered Scattered Load	kWh	\$ 0.0001
Sentinel Lighting	kW	\$ 0.0420
Street Lighting	kW	\$ 0.0066

Analysis of Regulatory Asset Recoveries - Account 1590 (OEB A/C 1590)

APPENDIX "B" - 2004 Reg Assets

Date	Account 1590 Opening Balance	Transfers IN - Principal	Recoveries - Principal	Closing Principal Balance	Days	Interest Rate	Transfers IN - Interest	Interest Earned After Mar 31,2005	Interest Recoveries	Closing Interest Balance	Account 1590 Closing Balance	Recovery Amounts
31-Mar-05	-	14,379,533	-	14,379,533	31	7.00%	4,163,856			4,163,856	18,543,389	
30-Apr-05	14,379,533	-	(566,312)	13,813,221	30	7.00%	-	82,732	-	4,246,588	18,059,809	(566,312)
31-May-05	13,813,221	0	(438,822)	13,374,399	31	7.00%	-	82,122	-	4,328,710	17,703,109	(438,822)
30-Jun-05	13,374,399	0	(455,427)	12,918,972	30	7.00%	-	76,949	-	4,405,659	17,324,631	(455,427)
31-Jul-05	12,918,972	0	(550,876)	12,368,096	31	7.00%	-	76,806	-	4,482,464	16,850,560	(550,876)
31-Aug-05	12,368,096	0	(658,185)	11,709,911	31	7.00%	-	73,531	-	4,555,995	16,265,906	(658,185)
30-Sep-05	11,709,911	0	(560,868)	11,149,043	30	7.00%	-	67,372	-	4,623,367	15,772,410	(560,868)
31-Oct-05	11,149,043	0	(513,208)	10,635,835	31	7.00%	-	66,283	-	4,689,651	15,325,486	(513,208)
30-Nov-05	10,635,835	0	(449,458)	10,186,377	30	7.00%	-	61,192	-	4,750,843	14,937,220	(449,458)
31-Dec-05	10,186,377	0	(459,087)	9,727,290	31	7.00%	-	60,560	-	4,811,403	14,538,693	(459,087)
31-Jan-06	9,727,290	0	(579,397)	9,147,893	31	7.00%	-	57,831	-	4,869,234	14,017,127	(579,397)
28-Feb-06	9,147,893	0	(493,183)	8,654,710	28	7.00%	-	49,123	-	4,918,357	13,573,067	(493,183)
31-Mar-06	8,654,710	0	(544,891)	8,109,819	31	7.00%	-	51,454	-	4,969,811	13,079,630	(544,891)
30-Apr-06	8,109,819	0	(427,584)	7,682,234	30	7.00%	-	46,659	-	5,016,470	12,698,705	(427,584)
31-May-06	7,682,234	0	(496,225)	7,186,009	31	4.14%	-	27,012	-	5,043,482	12,229,492	(496,225)
30-Jun-06	7,186,009	0	(447,145)	6,738,864	30	4.14%	-	24,452	-	5,067,934	11,806,799	(447,145)
31-Jul-06	6,738,864	0	(502,344)	6,236,520	31	4.59%	-	26,270	-	5,094,205	11,330,725	(502,344)
31-Aug-06	6,236,520	0	(594,230)	5,642,290	31	4.59%	-	24,312	-	5,118,517	10,760,808	(594,230)
30-Sep-06	5,642,290	0	(531,117)	5,111,173	30	4.59%	-	21,286	-	5,139,803	10,250,976	(531,117)
31-Oct-06	5,111,173	0	(470,945)	4,640,228	31	4.59%	-	19,925	-	5,159,728	9,799,956	(470,945)
30-Nov-06	4,640,228	0	(441,821)	4,198,407	30	4.59%	-	17,506	-	5,177,234	9,375,641	(441,821)
31-Dec-06	4,198,407	0	(444,083)	3,754,324	31	4.59%	-	16,367	-	5,193,601	8,947,925	(444,083)
31-Jan-07	3,754,324	0	(549,120)	3,205,204	31	4.59%	-	14,636	-	5,208,237	8,413,440	(549,120)
28-Feb-07	3,205,204	0	(490,647)	2,714,557	28	4.59%	-	11,286	-	5,219,523	7,934,079	(490,647)
31-Mar-07	2,714,557	0	(566,310)	2,148,247	31	4.59%	-	10,582	-	5,230,105	7,378,352	(566,310)
30-Apr-07	2,148,247	0	(470,605)	1,677,642	30	4.59%	-	8,104	-	5,238,209	6,915,851	(470,605)
31-May-07	1,677,642	0	(468,613)	1,209,029	31	4.59%	-	6,540	-	5,244,749	6,453,778	(468,613)
30-Jun-07	1,209,029	0	(422,433)	786,596	30	4.59%	-	4,561	-	5,249,311	6,035,907	(422,433)
31-Jul-07	786,596	0	(533,988)	252,608	31	4.59%	-	3,066	-	5,252,377	5,504,985	(533,988)
31-Aug-07	252,608	0	(252,608)	-	31	4.59%	-	985	(274,840)	4,978,522	4,978,522	(527,448)
30-Sep-07	-	0	-	-	30	4.59%	-	-	(507,290)	4,471,232	4,471,232	(507,290)
31-Oct-07	-	0	-	-	31	5.14%	-	-	(523,580)	3,947,652	3,947,652	(523,580)
30-Nov-07	-	0	-	-	30	5.14%	-	-	(446,688)	3,500,964	3,500,964	(446,688)
31-Dec-07	-	0	-	-	31	5.14%	-	-	(443,150)	3,057,814	3,057,814	(443,150)
31-Jan-08	-	0	-	-	31	5.14%	-	-	(567,802)	2,490,012	2,490,012	(567,802)
29-Feb-08	-	0	-	-	29	5.14%	-	-	(497,721)	1,992,291	1,992,291	(497,721)
31-Mar-08	-	0	-	-	31	5.14%	-	-	(536,799)	1,455,493	1,455,493	(536,799)
30-Apr-08	-	0	-	-	30	4.08%	-	-	(525,317)	930,176	930,176	(525,317)
31-May-08	-	0	-	-	31	4.08%	-	-	(398,619)	531,556	531,556	(398,619)
30-Jun-08	-	0	-	-	30	4.08%	-	-	(73,483)	458,073	458,073	(73,483)
31-Jul-08	-	0	-	-	31	3.35%	-	-	541	458,614	458,614	541

Board Approved Allocators for Regulatory Assets	Account	Decision Reference	Customer Classes							
			Res.	GS <50KW	GS >50KW	GS >50KW TOU	Cogeneration	Large User	Sentinel	Streetlighting
Energy consumption (kWh's) by customer class	1580,1582,1584,1586 and 1588	Par. 2.0.35	33.474%	13.351%	21.553%	23.771%	0.791%	6.379%	0.029%	0.652%
Non-TOU customers only, allocated by the proportion of kWh's used	1571	Par. 3.0.27	43.30%	17.65%	39.00%				0.044%	
Allocation to rate classes according to customer count.	1518/1548	Par. 4.0.16	90.141%	8.711%	0.967%	0.175%	0.003%	0.002%	0.000%	0.001%
Allocation to customer classes in proportion to the customers in each class that received a rebate cheque.	1525 (1508)	Par. 5.0.19	91.03%	8.97%						
Allocation to rate classes according to customer count.	1570	Par. 7.0.67	90.141%	8.711%	0.967%	0.175%	0.003%	0.002%	0.000%	0.001%
Allocation of Revised Account Balances to Rate Classes	Account	Revised Amounts to March 31,2005								
Retail Settlement Variance Accounts	1580,1582,1584,1586 and 1588	\$ 10,011,575	\$ 3,351,275	\$ 1,336,645	\$ 2,157,795	\$ 2,379,851	\$ 79,192	\$ 638,638	\$ 2,903	\$ 65,275
Pre-Market Opening Energy Variances	1571	\$ 6,700,890	2,901,700	1,182,730	2,613,515	-	-	-	2,945	-
RCVA Retailer and STR expenses	1518/1548	\$ 96,412	86,907	8,398	932	169	3	2	-	1
Bill 210 Rebate Cheques	1525 (1508)	278,077	253,133	24,943	-	-	-	-	-	-
Qualifying Transition Costs	1570	8,631,849	7,780,835	751,920	83,470	15,106	259	173	-	86
Total Allocated for Recovery		\$ 25,718,803	\$ 14,373,850	\$ 3,304,638	\$ 4,855,712	\$ 2,395,126	\$ 79,453	\$ 638,813	\$ 5,849	\$ 65,363
Recoveries to March 31,2005										
Interim transition cost recoveries - March 1,2002 to March 31,2004		\$ (724,510)	\$ (429,719)	\$ (120,131)	\$ (98,933)	\$ (49,200)	\$ (6,643)	\$ (17,171)	\$ (123)	\$ (2,590)
Phase 1 Recoveries - April 1,2004 to March 31,2005										
Actual amounts - April 1,2004 to November 30,2004		\$ (3,951,160)	(1,202,266)	(492,433)	(936,900)	(983,634)	(21,866)	(285,496)	(1,070)	(27,495)
Projected amounts - Dec 1,2004 to March 31,2005		(2,320,000)	(705,934)	(289,142)	(550,119)	(577,560)	(12,839)	(167,634)	(628)	(16,144)
Actual and projected interest on recoveries to March 31,2005		(179,744)	(54,693)	(22,401)	(42,621)	(44,747)	(995)	(12,988)	(49)	(1,251)
		\$ (7,175,414)	\$ (2,392,612)	\$ (924,107)	\$ (1,628,573)	\$ (1,655,141)	\$ (42,343)	\$ (483,289)	\$ (1,870)	\$ (47,480)
Net Total Amounts for Recovery - 3 years 2005,2006,2007		\$ 18,543,389	\$ 11,981,238	\$ 2,380,531	\$ 3,227,139	\$ 739,985	\$ 37,111	\$ 155,524	\$ 3,979	\$ 17,883
Net Total Amount - divided by 3 = annual amount		\$ 6,181,130	\$ 3,993,746	\$ 793,510	\$ 1,075,713	\$ 246,662	\$ 12,370	\$ 51,841	\$ 1,326	\$ 5,961
Year 2003 Energy Usage by Customer Class - Kwh's		3,339,303,820	1,117,118,053	442,493,345	631,430,912	871,606,557	26,190,926	227,093,478	1,031,617	22,338,932
Year 2003 Demand Data for Customers Billed on Demand - Kw's		4,389,395	-	-	1,770,051	1,929,241	185,172	441,848	2,590	60,493
Rate Rider Per Kwh for Customers Billed on Kwh's		\$ 0.00358	\$ 0.00179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Rider Per Kw for Demand Customers Billed on Kw's		\$ -	\$ -	\$ 0.60773	\$ 0.12785	\$ 0.06680	\$ 0.11733	\$ 0.51205	\$ -	\$ 0.09854

Revised Regulatory Asset Balance - OEB Decision December 9,2004

APPENDIX "B" - 2004 Reg Assets

Account	PRINCIPAL TRANSFERRED TO 1590 - Mar 31/05				INTEREST TRANSFERRED TO 1590 - Mar 31/05					
	Original Principal as at Dec 31,2003	OEB Disallowances - Principal	Principal Adjustments re: Board's Order Hydro One	Revised Principal balances Dec 31/03	Original Interest as at Dec 31, 2003	OEB Allowances and Disallowances - Interest	Revised Interest Amounts at Dec 31,2003	Interest for period Jan 1/04 to Dec 31,2004	Interest for period Jan 1/05to Mar 31/05	Total Interest Approved By Board
1580 RSVA wms	\$ 5,149,181	\$ -	\$ -	\$ 5,149,181	\$ 340,311	\$ -	\$ 340,311	\$ 384,263	\$ 66,042	\$ 790,616
1582 RSVA wms one-time	112,097	-	-	112,097	4,398	-	4,398	8,155	1,648	14,201
1584 RSVA nw	1,924,882	-	(642)	1,924,240	91,598	-	91,598	141,154	27,181	259,933
1586 RSVA cn	851,932	-	2,540	854,472	42,591	-	42,591	62,617	11,887	117,095
1588 RSVA power	664,654	-	-	664,654	66,960	-	66,960	51,213	6,912	125,085
1571 Pre-Market Opening Energy Variance	5,427,214	-	-	5,427,214	-	800,096	800,096	379,905	93,675	1,273,676
1518 Retail Cost Variances - Retail	58,802	-	-	58,802	-	1,386	1,386	4,127	1,012	6,525
1548 Retail Cost Variances - STR	28,599	-	-	28,599	-	(14)	(14)	2,007	492	2,486
1508 Other Regulatory Assets - Bill 210 Cheques	240,289	-	-	240,289	-	16,820	16,820	16,820	4,147	37,788
1570 Transition Costs	9,006,466	(1,911,122)	55	7,095,399	1,201,896	(223,575)	978,321	448,467	109,662	1,536,450
Sub-Total	23,464,116	(1,911,122)	1,953	21,554,947	1,747,754	594,713	2,342,467	1,498,729	322,660	4,163,856
Recoveries Through Approved Rate Riders										
March 1,2002 to March 31,2004	(724,510)			(724,510)			-	-	-	-
April 1,2004 to November 30,2004	(3,951,160)			(3,951,160)						
Dec 1,2004 to March 31,2005	(2,499,744)			(2,499,744)						
Total	\$ 16,288,702	\$ (1,911,122)	\$ 1,953	\$ 14,379,533	\$ 1,747,754	\$ 594,713	\$ 2,342,467	\$ 1,498,729	\$ 322,660	\$ 4,163,856