

**Board Staff Interrogatories
2010 Electricity Distribution Rates
Hydro Hawkesbury Inc.
EB-2009-0186**

As noted in Procedural Order No. 1 issued on December 18, 2009, the Board determined that it will proceed by way of written hearing and has ordered written interrogatories and responses in the cost of service application of Hydro Hawkesbury Inc. ("Hawkesbury"). The following are Board Staff's interrogatories.

1 RATE BASE

Issue 1.1 Depreciation Expense

1 Ref: Exhibit(s) Exhibit 4 Tab 7 Schedule 1

The depreciation rates used for some accounts are not those specified in the 2006 EDR Handbook.

- a. Please provide a detailed justification for any deviation in depreciation rates for a specific account or asset from that approved in the 2006 EDR handbook.

HHI Response:

Rate used for depreciation have been adjusted according to the rate approved in the EDR 2006 handbook. See the following table

Depreciation Expenses					
account #	Account description	USA#		# Years for amortization in original application	# Years for amortization and revised
		Accumulated Amortisation	Amortisation expense		
1806	Land Rights	2105	5705	25	0
1815	Transformer Station Equipment Normally Primary above 50KV	2105	5705	22	40
1835	Overhead Conductors and Devices	2105	5705	30	25
1855	Service	2105	5705	30	25
					50 Years For acquisitions after January 1st 1992

1908	Building & Fixtures	2105	5705	60	60 Years prior to January 1st, 1992
1950	Power Operated Equipment	2105	5705	10	8

- b. Please provide a detailed justification for any rates for assets that were not specified in the 2006 EDR Handbook.

HHI Response:

The following Accounts are not specified in the 2006 EDR handbook. See the following table

Depreciation Expenses				
account #	Account description	USA#		Depreciation rate
		Accumulated Amortisation	Amortisation expense	
1925	Computer Software	2105	5705	5 Years as per Computer Hardware
1995	Contribution & Grants	2105	5705	25 Years- same rate as capital assets received

**2 Ref: Exhibit(s) Exhibit 2 Tab 3 Schedule 3, and
Exhibit 4 Tab 7 Schedule 1**

It appears that Hawkesbury is determining depreciation on the basis of declining balances, and not straight line. Please determine the depreciation expense for 2010 using the following table. Please use the depreciation rates from the 2006 EDR Handbook. If Hawkesbury is requesting a rate that is different from that in the 2006 EDR Handbook, a second table in the same format showing the determination of the 2010 Depreciation Expense should also be submitted.

	Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
Account	2009 Gross Assets	Additions	Retirements	2010 Gross Assets	½ 2010 Additions	Adjusted 2010 Gross Assets	Depreciation Rate	Amortization Period	Depreciation Expense
1 1805 - Land									
2 1806 - Land Rights									
3 1815 - Transformer Stations >50kV									
4 etc.									

Note: Column 5 is ½ column 2.
Column 6 is column 4 reduced by column 5.
Column 9 is based on applying the depreciation rate to column 6

HHI Response:

Please note that HHI has revised its depreciation expense calculations and is resubmitting evidence presented at E2 T03 S02 in the next pages. HHI is also restating its Net Capital Assets and a reconciliation of the revision to the financial statements.*
This information can be found following the revision to E2 T03 S02.

* NOTE : THE RECONCILLATION TO THE FINANCIAL STATEMENTS WILL BE PROVIDED AS SOON AS THE INFORMATION BECOMES AVAILABLE

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
Account Description - 2005	Gross Assets	Additions	Retirements	Gross Assets	1/2 Additions	Adjusted Gross Assets	Depreciation Rate	Amortisation Period	Depreciation Expense
1705-Land Transmission Plant 115KV	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1805-Land	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1806-Land Rights	15,650.70	-	-	15,650.70	-	15,650.70	0	0	-
1815-Transformer Station Equipment - Normally Primary above 50 kV	211,064.10	131,977.95	- 106,000.00	237,042.05	- 65,988.98	171,053.07	2.5%	40	4,276.33
1820-Distribution Station Equipment - Normally Primary below 50 kV	289,279.05	-	-	289,279.05	-	289,279.05	3.3%	30	9,642.64
1830-Poles, Towers and Fixtures	602,395.14	1,126.68	- 129,198.58	474,323.24	-563.34	473,759.90	4.0%	25	18,950.40
1835-Overhead Conductors and Devices	759,856.71	3,846.87	- 162,951.76	600,751.82	1,923.44	598,828.38	4.0%	25	23,953.14
1840-Underground Conduit	147,752.16	-	-	147,752.16	-	147,752.16	4.0%	25	5,910.09
1845-Underground Conductors and Devices	224,519.56	1,732.64	-	226,252.20	-866.32	225,385.88	4.0%	25	9,015.44
1850-Line Transformers	765,192.44	-	- 420,807.58	344,384.86	-	344,384.86	4.0%	25	13,775.39
1855-Service	15,181.13	1,301.17	-	16,482.30	-650.59	15,831.71	4.0%	25	633.27
1860-Meters	475,481.55	636.72	- 107,062.26	369,056.01	-318.36	368,737.65	4.0%	25	14,749.51
1865-Other Installations on Customer's Premises	-	-	-	-	-	-	0	0	-
1870-Leased Property on Customer Premises	-	-	-	-	-	-	0	0	-
1875-Street Lighting and Signal Systems	-	-	-	-	-	-	0	0	-
1905-Land	28,299.70	-	-	28,299.70	-	28,299.70	0	0	-
1906-Land Rights	-	-	-	-	-	-	0	0	-
1908-Buildings and Fixtures	1,023,758.62	-	-	1,023,758.62	-	1,023,758.62	1.6%	60	17,062.64
1908-Buildings and Fixtures	-5,995.72	645.17	-	-5,350.55	-322.59	-5,673.14	2.0%	50	-113.46
1910-Leasehold Improvements	-	-	-	-	-	-	0	0	-
1915-Office Furniture and Equipment	25,747.92	97.15	- 19,772.43	6,072.64	-48.58	6,024.06	10.0%	10	602.41
1920-Computer Equipment - Hardware	30,019.13	6,887.17	- 16,825.81	20,080.49	- 3,443.59	16,636.90	20.0%	5	3,327.38

1925-Computer Software	2,415.28	5,896.90	-	8,312.18	-	2,948.45	5,363.73	20.0%	5	1,072.75
1930-Transportation Equipment	229,608.00	-	16,647.12	212,960.88	-	212,960.88	212,960.88	12.6%	8	26,620.11
1935-Stores Equipment	-	-	-	-	-	-	-	0	0	-
1940-Tools, Shop and Garage Equipment	16,605.33	2,209.61	10,948.49	7,866.45	-	1,104.81	6,761.64	10.0%	10	676.16
1945-Measurement and Testing Equipment	-	-	-	-	-	-	-	0	0	-
1950-Power Operated Equipment	-	4,363.29	-	4,363.29	-	2,181.65	2,181.64	12.5%	8	272.71
1955-Communication Equipment	-	-	-	-	-	-	-	0	0	-
1960-Miscellaneous Equipment	-	-	-	-	-	-	-	0	0	-
1965-Water Heater Rental Units	-	-	-	-	-	-	-	0	0	-
1970-Load Management Controls - Customer Premises	-	-	-	-	-	-	-	0	0	-
1975-Load Management Controls - Utility Premises	-	-	-	-	-	-	-	0	0	-
1980-System Supervisory Equipment	-	-	-	-	-	-	-	0	0	-
1985-Sentinel Lighting Rental Units	-	-	-	-	-	-	-	0	0	-
1990-Other Tangible Property	-	-	-	-	-	-	-	0	0	-
1995-Contributions and Grants - Credit	-	-	-	-	-	-	-	4.0%	25	-
2005-Property Under Capital Leases	-	-	-	-	-	-	-	0	0	-
	4,876,830.80	160,721.32	-	990,214.03	4,047,338.09	80,360.70	3,966,977.39			150,426.91

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
Account Description - 2006	Gross Assets	Additions	Retirements	Gross Assets	1/2 Additions	Adjusted Gross Assets	Depreciation Rate	Amortisation Period	Depreciation Expense
1705-Land Transmission Plant 115KV	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1805-Land	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1806-Land Rights	15,650.70	-	-	15,650.70	-	15,650.70	0	0	-
1815-Transformer Station Equipment - Normally Primary above 50 kV	343,042.05	79,086.47	-	284,348.52	39,543.24	244,805.28	2.5%	40	6,120.13
1820-Distribution Station Equipment - Normally Primary below 50 kV	289,279.05	661.45	-	289,940.50	-330.73	289,609.77	3.3%	30	9,653.66
1830-Poles, Towers and Fixtures	603,521.82	21,424.87	-	477,684.00	10,712.44	466,971.56	4.0%	25	18,678.86
1835-Overhead Conductors and Devices	763,703.58	19,815.63	-	616,040.70	9,907.82	606,132.88	4.0%	25	24,245.32
1840-Underground Conduit	147,752.16	354.13	-	148,106.29	-177.07	147,929.22	4.0%	25	5,917.17
1845-Underground Conductors and Devices	226,252.20	505.85	-	226,758.05	-252.93	226,505.12	4.0%	25	9,060.20
1850-Line Transformers	765,192.44	4,306.69	-	345,033.18	2,153.35	342,879.83	4.0%	25	13,715.19
1855-Service	16,482.30	1,318.09	-	17,800.39	-659.05	17,141.34	4.0%	25	685.65
1860-Meters	476,118.27	781.80	-	369,837.81	-390.90	369,446.91	4.0%	25	14,777.88
1865-Other Installations on Customer's Premises	-	-	-	-	-	-	0	0	-
1870-Leased Property on Customer Premises	-	-	-	-	-	-	0	0	-
1875-Street Lighting and Signal Systems	-	-	-	-	-	-	0	0	-
1905-Land	28,299.70	-	-	28,299.70	-	28,299.70	0	0	-
1906-Land Rights	-	-	-	-	-	-	0	0	-
1908-Buildings and Fixtures	1,023,758.62	-	-	1,023,758.62	-	1,023,758.62	1.6%	60	17,062.64
1908-Buildings and Fixtures	-5,350.55	726.72	-	-4,623.83	-363.36	-4,987.19	2.0%	50	-99.74
1910-Leasehold Improvements	-	-	-	-	-	-	0	0	-
1915-Office Furniture and Equipment	25,845.07	4,113.71	-	9,625.83	2,056.86	7,568.97	10.0%	10	756.90
1920-Computer Equipment - Hardware			-		-		20.0%	5	3,950.95

	36,906.30	2,220.49	18,261.77	20,865.02	1,110.25	19,754.77				
1925-Computer Software	8,312.18	13,950.90	-	22,263.08	6,975.45	15,287.63	20.0%	5		3,057.53
1930-Transportation Equipment	229,608.00	-	40,225.41	189,382.59	-	189,382.59	12.6%	8		23,672.82
1935-Stores Equipment	-	-	-	-	-	-	0	0		-
1940-Tools, Shop and Garage Equipment	18,814.94	1,620.82	12,001.49	8,434.27	-810.41	7,623.86	10.0%	10		762.39
1945-Measurement and Testing Equipment	-	-	-	-	-	-	0	0		-
1950-Power Operated Equipment	4,363.29	-	-	4,363.29	-	4,363.29	12.5%	8		545.41
1955-Communication Equipment	-	-	-	-	-	-	0	0		-
1960-Miscellaneous Equipment	-	-	-	-	-	-	0	0		-
1965-Water Heater Rental Units	-	-	-	-	-	-	0	0		-
1970-Load Management Controls - Customer Premises	-	-	-	-	-	-	0	0		-
1975-Load Management Controls - Utility Premises	-	-	-	-	-	-	0	0		-
1980-System Supervisory Equipment	-	-	-	-	-	-	0	0		-
1985-Sentinel Lighting Rental Units	-	-	-	-	-	-	0	0		-
1990-Other Tangible Property	-	-	-	-	-	-	0	0		-
1995-Contributions and Grants - Credit	-	-	-	-	-	-	4.0%	25		-
2005-Property Under Capital Leases	-	-	-	-	-	-	0	0		-
	5,037,552.12	150,887.62	1,074,871.03	4,113,568.71	75,443.86	4,038,124.85				152,562.96

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
Account Description - 2007	Gross Assets	Additions	Retirements	Gross Assets	1/2 Additions	Adjusted Gross Assets	Depreciation Rate	Amortisation Period	Depreciation Expense
1705-Land Transmission Plant 115KV	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1805-Land	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1806-Land Rights	15,650.70	-	-	15,650.70	-	15,650.70	0	0	-
1815-Transformer Station Equipment - Normally Primary above 50 kV	422,128.52	-	-	284,348.52	-	284,348.52	2.5%	40	7,108.71
1820-Distribution Station Equipment - Normally Primary below 50 kV	289,940.50	-	-	289,940.50	-	289,940.50	3.3%	30	9,664.68
1830-Poles, Towers and Fixtures	624,946.69	13,151.96	-	469,014.70	6,575.98	462,438.72	4.0%	25	18,497.55
1835-Overhead Conductors and Devices	783,519.21	1,198.61	-	593,495.29	-599.31	592,895.98	4.0%	25	23,715.84
1840-Underground Conduit	148,106.29	-	-	148,106.29	-	148,106.29	4.0%	25	5,924.25
1845-Underground Conductors and Devices	226,758.05	1,180.76	-	227,938.81	-590.38	227,348.43	4.0%	25	9,093.94
1850-Line Transformers	769,499.13	4,617.98	-	349,651.16	2,308.99	347,342.17	4.0%	25	13,893.69
1855-Service	17,800.39	1,612.41	-	19,412.80	-806.21	18,606.59	4.0%	25	744.26
1860-Meters	476,900.07	1,080.00	-	370,917.81	-540.00	370,377.81	4.0%	25	14,815.11
1865-Other Installations on Customer's Premises	-	-	-	-	-	-	0	0	-
1870-Leased Property on Customer Premises	-	-	-	-	-	-	0	0	-
1875-Street Lighting and Signal Systems	-	-	-	-	-	-	0	0	-
1905-Land	28,299.70	-	-	28,299.70	-	28,299.70	0	0	-
1906-Land Rights	-	-	-	-	-	-	0	0	-
1908-Buildings and Fixtures	1,023,758.62	-	-	1,023,758.62	-	1,023,758.62	1.6%	60	17,062.64
1908-Buildings and Fixtures	-4,623.83	1,448.28	-	-3,175.55	-724.14	-3,899.69	2.0%	50	-77.99
1910-Leasehold Improvements	-	-	-	-	-	-	0	0	-
1915-Office Furniture and Equipment	29,958.78	4,258.35	-	13,625.08	2,129.18	11,495.90	10.0%	10	1,149.59

1920-Computer Equipment - Hardware	39,126.79	10,068.95	- 19,788.32	29,407.42	- 5,034.48	24,372.94	20.0%	5		4,874.59
1925-Computer Software	22,263.08	27,470.72	-	49,733.80	- 13,735.36	35,998.44	20.0%	5		7,199.69
1930-Transportation Equipment	229,608.00	-	- 44,521.92	185,086.08	-	185,086.08	12.6%	8		23,135.76
1935-Stores Equipment	-	-	-	-	-	-	0	0		-
1940-Tools, Shop and Garage Equipment	20,435.76	1,333.72	- 12,684.05	9,085.43	-666.86	8,418.57	10.0%	10		841.86
1945-Measurement and Testing Equipment	-	-	-	-	-	-	0	0		-
1950-Power Operated Equipment	4,363.29	-	-	4,363.29	-	4,363.29	12.5%	8		545.41
1955-Communication Equipment	-	-	-	-	-	-	0	0		-
1960-Miscellaneous Equipment	-	-	-	-	-	-	0	0		-
1965-Water Heater Rental Units	-	-	-	-	-	-	0	0		-
1970-Load Management Controls - Customer Premises	-	-	-	-	-	-	0	0		-
1975-Load Management Controls - Utility Premises	-	-	-	-	-	-	0	0		-
1980-System Supervisory Equipment	-	-	-	-	-	-	0	0		-
1985-Sentinel Lighting Rental Units	-	-	-	-	-	-	0	0		-
1990-Other Tangible Property	-	-	-	-	-	-	0	0		-
1995-Contributions and Grants - Credit	-	-	-	-	-	-	4.0%	25		-
2005-Property Under Capital Leases	-	-	-	-	-	-	0	0		-
	5,188,439.74	67,421.74	- 1,127,201.03	4,128,660.45	- 33,710.89	4,094,949.56				158,189.58

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Account Description - 2008	Gross Assets	Additions	Retirements	Gross Assets	1/2 Additions	Adjusted Gross Assets	Depreciation Rate	Amortisation Period	Depreciation Expense
1705-Land Transmission Plant 115KV	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1805-Land	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1806-Land Rights	15,650.70	-	-	15,650.70	-	15,650.70	0	0	-
1815-Transformer Station Equipment - Normally Primary above 50 kV	422,128.52	20,663.96	-	305,012.48	10,331.98	294,680.50	2.5%	40	7,367.01
1820-Distribution Station Equipment - Normally Primary below 50 kV	289,940.50	-	-	289,940.50	-	289,940.50	3.3%	30	9,664.68
1830-Poles, Towers and Fixtures	638,098.65	1,064.56	-	443,178.61	-532.28	442,646.33	4.0%	25	17,705.85
1835-Overhead Conductors and Devices	784,717.82	7,361.03	-	572,154.99	3,680.52	568,474.47	4.0%	25	22,738.98
1840-Underground Conduit	148,106.29	219.86	-	148,326.15	-109.93	148,216.22	4.0%	25	5,928.65
1845-Underground Conductors and Devices	227,938.81	26,378.06	-	254,316.87	13,189.03	241,127.84	4.0%	25	9,645.11
1850-Line Transformers	774,117.11	21,908.16	-	359,799.68	10,954.08	348,845.60	4.0%	25	13,953.82
1855-Service	19,412.80	1,600.35	-	21,013.15	-800.18	20,212.97	4.0%	25	808.52
1860-Meters	477,980.07	1,936.44	-	372,854.25	-968.22	371,886.03	4.0%	25	14,875.44
1865-Other Installations on Customer's Premises	-	-	-	-	-	-	0	0	-
1870-Leased Property on Customer Premises	-	-	-	-	-	-	0	0	-
1875-Street Lighting and Signal Systems	-	-	-	-	-	-	0	0	-
1905-Land	28,299.70	-	-	28,299.70	-	28,299.70	0	0	-
1906-Land Rights	-	-	-	-	-	-	0	0	-
1908-Buildings and Fixtures	1,023,758.62	-	-	1,023,758.62	-	1,023,758.62	1.6%	60	17,062.64
1908-Buildings and Fixtures	-3,175.55	-	-	-3,175.55	-	-3,175.55	2.0%	50	-63.51
1910-Leasehold Improvements	-	-	-	-	-	-	0	0	-
1915-Office Furniture and Equipment	34,217.13	7,084.26	-	20,259.68	3,542.13	16,717.55	10.0%	10	1,671.76
1920-Computer Equipment - Hardware	-	-	-	-	-	-	20.0%	5	4,419.65

	49,195.74	2,222.69	28,208.83	23,209.60	1,111.35	22,098.25				
1925-Computer Software	49,733.80	63,308.11	-1,250.00	111,791.91	31,654.06	80,137.85	20.0%	5		16,027.57
1930-Transportation Equipment	229,608.00	20,449.80	-	20,449.80	-	10,224.90	12.6%	8		1,278.11
1935-Stores Equipment	-	-	-	-	-	-	0	0		-
1940-Tools, Shop and Garage Equipment	21,769.48	708.84	-	9,764.42	-354.42	9,410.00	10.0%	10		941.00
1945-Measurement and Testing Equipment	-	-	-	-	-	-	0	0		-
1950-Power Operated Equipment	4,363.29	-	-	4,363.29	-	4,363.29	12.5%	8		545.41
1955-Communication Equipment	-	-	-	-	-	-	0	0		-
1960-Miscellaneous Equipment	-	-	-	-	-	-	0	0		-
1965-Water Heater Rental Units	-	-	-	-	-	-	0	0		-
1970-Load Management Controls - Customer Premises	-	-	-	-	-	-	0	0		-
1975-Load Management Controls - Utility Premises	-	-	-	-	-	-	0	0		-
1980-System Supervisory Equipment	-	-	-	-	-	-	0	0		-
1985-Sentinel Lighting Rental Units	-	-	-	-	-	-	0	0		-
1990-Other Tangible Property	-	-	-	-	-	-	0	0		-
1995-Contributions and Grants - Credit	-	55,867.11	-	55,867.11	27,933.56	27,933.55	4.0%	25		-1,117.34
2005-Property Under Capital Leases	-	-	-	-	-	-	0	0		-
	5,255,861.48	119,039.01	-	3,985,101.74	-	3,925,582.22				143,453.35

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1705-Land Transmission Plant 115KV	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1805-Land	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1806-Land Rights	15,650.70	-	-	15,650.70	-	15,650.70	0	0	-
1815-Transformer Station Equipment - Normally Primary above 50 kV	442,792.48	70,000.00	-	375,012.48	35,000.00	340,012.48	2.5%	40	8,500.31
1820-Distribution Station Equipment - Normally Primary below 50 kV	289,940.50	77,000.00	-	366,940.50	38,500.00	328,440.50	3.3%	30	10,948.02
1830-Poles, Towers and Fixtures	639,163.21	49,000.00	-	488,416.92	24,500.00	463,916.92	4.0%	25	18,556.68
1835-Overhead Conductors and Devices	792,078.85	28,000.00	-	570,963.42	14,000.00	556,963.42	4.0%	25	22,278.54
1840-Underground Conduit	148,326.15	-	-	148,326.15	-	148,326.15	4.0%	25	5,933.05
1845-Underground Conductors and Devices	254,316.87	17,500.00	-	271,816.87	8,750.00	263,066.87	4.0%	25	10,522.67
1850-Line Transformers	796,025.27	13,000.00	-	371,425.27	6,500.00	364,925.27	4.0%	25	14,597.01
1855-Service	21,013.15	-	-	21,013.15	-	21,013.15	4.0%	25	840.53
1860-Meters	479,916.51	-	-	372,854.25	-	372,854.25	4.0%	25	14,914.17
1865-Other Installations on Customer's Premises	-	-	-	-	-	-	0	0	-
1870-Leased Property on Customer Premises	-	-	-	-	-	-	0	0	-
1875-Street Lighting and Signal Systems	-	-	-	-	-	-	0	0	-
1905-Land	28,299.70	-	-	28,299.70	-	28,299.70	0	0	-
1906-Land Rights	-	-	-	-	-	-	0	0	-
1908-Buildings and Fixtures	1,023,758.62	-	-	1,023,758.62	-	1,023,758.62	1.6%	60	17,062.64
1908-Buildings and Fixtures	-3,175.55	-	-	-3,175.55	-	-3,175.55	2.0%	50	-63.51
1910-Leasehold Improvements	-	-	-	-	-	-	0	0	-
1915-Office Furniture and Equipment	41,301.39	13,000.00	-	33,082.99	6,500.00	26,582.99	10.0%	10	2,658.30
1920-Computer Equipment - Hardware			-		-		20.0%	5	4,879.86

	51,418.43	6,000.00	30,019.13	27,399.30	3,000.00	24,399.30				
1925-Computer Software	113,041.91	7,000.00	-2,415.28	117,626.63	3,500.00	114,126.63	20.0%	5		22,825.33
1930-Transportation Equipment	250,057.80	-	229,608.00	20,449.80	-	20,449.80	12.6%	8		2,556.23
1935-Stores Equipment	-	-	-	-	-	-	0	0		-
1940-Tools, Shop and Garage Equipment	22,478.32	12,000.00	13,251.13	21,227.19	6,000.00	15,227.19	10.0%	10		1,522.72
1945-Measurement and Testing Equipment	-	-	-	-	-	-	0	0		-
1950-Power Operated Equipment	4,363.29	-	-	4,363.29	-	4,363.29	12.5%	8		545.41
1955-Communication Equipment	-	-	-	-	-	-	0	0		-
1960-Miscellaneous Equipment	-	-	-	-	-	-	0	0		-
1965-Water Heater Rental Units	-	-	-	-	-	-	0	0		-
1970-Load Management Controls - Customer Premises	-	-	-	-	-	-	0	0		-
1975-Load Management Controls - Utility Premises	-	-	-	-	-	-	0	0		-
1980-System Supervisory Equipment	-	-	-	-	-	-	0	0		-
1985-Sentinel Lighting Rental Units	-	-	-	-	-	-	0	0		-
1990-Other Tangible Property	-	-	-	-	-	-	0	0		-
1995-Contributions and Grants - Credit	55,867.11	-	-	55,867.11	-	55,867.11	4.0%	25		-2,234.68
2005-Property Under Capital Leases	-	-	-	-	-	-	0	0		-
	5,374,900.49	292,500.00	1,427,815.92	4,239,584.57	146,250.00	4,093,334.57				156,843.28

	Col 1	Col 2	Col 3	Col 4	Col 5	Col 6	Col 7	Col 8	Col 9
Account Description - 2010	Gross Assets	Additions	Retirements	Gross Assets	1/2 Additions	Adjusted Gross Assets	Depreciation Rate	Amortisation Period	Depreciation Expense
1705-Land Transmission Plant 115KV	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1805-Land	10,000.00	-	-	10,000.00	-	10,000.00	0	0	-
1806-Land Rights	15,650.70	-	-	15,650.70	-	15,650.70	0	0	-
1815-Transformer Station Equipment - Normally Primary above 50 kV	512,792.48	82,000.00	-	433,483.31	-	392,483.31	2.5%	40	9,812.08
1820-Distribution Station Equipment - Normally Primary below 50 kV	366,940.50	50,000.00	-	416,940.50	25,000.00	391,940.50	3.3%	30	13,064.68
1830-Poles, Towers and Fixtures	688,163.21	73,000.00	-	541,223.02	-	504,723.02	4.0%	25	20,188.92
1835-Overhead Conductors and Devices	820,078.85	33,000.00	-	595,814.04	16,500.00	579,314.04	4.0%	25	23,172.56
1840-Underground Conduit	148,326.15	-	-	148,326.15	-	148,326.15	4.0%	25	5,933.05
1845-Underground Conductors and Devices	271,816.87	17,500.00	-	289,316.87	8,750.00	280,566.87	4.0%	25	11,222.67
1850-Line Transformers	809,025.27	11,000.00	-	365,360.54	5,500.00	359,860.54	4.0%	25	14,394.42
1855-Service	21,013.15	-	-	21,013.15	-	21,013.15	4.0%	25	840.53
1860-Meters	479,916.51	-	-	369,354.72	-	369,354.72	4.0%	25	14,774.19
1865-Other Installations on Customer's Premises	-	-	-	-	-	-	0	0	-
1870-Leased Property on Customer Premises	-	-	-	-	-	-	0	0	-
1875-Street Lighting and Signal Systems	-	-	-	-	-	-	0	0	-
1905-Land	28,299.70	-	-	28,299.70	-	28,299.70	0	0	-
1906-Land Rights	-	-	-	-	-	-	0	0	-
1908-Buildings and Fixtures	1,023,758.62	-	-	1,023,758.62	-	1,023,758.62	1.6%	60	17,062.64
1908-Buildings and Fixtures	-3,175.55	25,000.00	-	21,824.45	12,500.00	9,324.45	2.0%	50	186.49
1910-Leasehold Improvements	-	-	-	-	-	-	0	0	-
1915-Office Furniture and Equipment	54,301.39	19,500.00	-	52,582.99	9,750.00	42,832.99	10.0%	10	4,283.30

1920-Computer Equipment - Hardware	57,418.43	11,000.00	- 33,455.21	34,963.22	- 5,500.00	29,463.22	20.0%	5		5,892.64
1925-Computer Software	120,041.91	9,200.00	- -5,356.23	123,885.68	- 4,600.00	119,285.68	20.0%	5		23,857.14
1930-Transportation Equipment	250,057.80	-	- 229,608.00	20,449.80	-	20,449.80	12.6%	8		2,556.23
1935-Stores Equipment	-	-	-	-	-	-	0	0		-
1940-Tools, Shop and Garage Equipment	34,478.32	5,000.00	- 13,251.13	26,227.19	- 2,500.00	23,727.19	10.0%	10		2,372.72
1945-Measurement and Testing Equipment	-	-	-	-	-	-	0	0		-
1950-Power Operated Equipment	4,363.29	30,000.00	-	34,363.29	- 15,000.00	19,363.29	12.5%	8		2,420.41
1955-Communication Equipment	-	-	-	-	-	-	0	0		-
1960-Miscellaneous Equipment	-	-	-	-	-	-	0	0		-
1965-Water Heater Rental Units	-	-	-	-	-	-	0	0		-
1970-Load Management Controls - Customer Premises	-	-	-	-	-	-	0	0		-
1975-Load Management Controls - Utility Premises	-	-	-	-	-	-	0	0		-
1980-System Supervisory Equipment	-	-	-	-	-	-	0	0		-
1985-Sentinel Lighting Rental Units	-	-	-	-	-	-	0	0		-
1990-Other Tangible Property	-	-	-	-	-	-	0	0		-
1995-Contributions and Grants - Credit	55,867.11	-	-	55,867.11	-	55,867.11	4.0%	25		-2,234.68
2005-Property Under Capital Leases	-	-	-	-	-	-	0	0		-
	5,667,400.49	366,200.00	- 1,506,629.66	4,526,970.83	- 183,100.00	4,343,870.83				169,799.99

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B2 Amortization of Capital Assets

Enter breakdown of actual/approved balances and projected amortization expenses

Capital Asset Account	2006 EDR Approved	Variance to 2006 Actual		
		Amortization Expense	Retirements / Other	Ending Balance
1806-Land Rights	-2,295		-313	-2608
1815-Transformer Station Equipment - Normally Primary above 50 kV	-30,983	-6,119	-9,053	-46155
1820-Distribution Station Equipment - Normally Primary below 50 kV	-35,358	-9,654	-14,464	-59476
1830-Poles, Towers and Fixtures	-69,624	-18,679	-28,430	-116733
1835-Overhead Conductors and Devices	-72,396	-24,246	-33,905	-130547
1840-Underground Conduit	-21,664	-5,915	-8,862	-36441
1845-Underground Conductors and Devices	-32,755	-9,061	-13,508	-55324
1850-Line Transformers	-92,082	-13,716	-21,523	-127321
1855-Services	-1,113	-685	-886	-2684
1860-Meters	-58,537	-14,777	-22,117	-95431
1908-Buildings and Fixtures	-74,504	-16,962	-27,124	-118590
1915-Office Furniture and Equipment	-5,097	-716	-1,316	-7129
1920-Computer Equipment - Hardware	-12,464	-3,950	-4,681	-21095
1925-Computer Software	-492	-3,057	-1,314	-4863
1930-Transportation Equipment	-98,158	-23,673	-39,931	-161762
1940-Tools, Shop and Garage Equipment	-3,238	-765	-1,058	-5061
1950-Power Operated Equipment		-545	-273	-818
1995-Contributions and Grants - Credit				
TOTAL	-610,760	-152,520	-228,758	-992,038

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B2 Amortization of Capital Assets

Enter breakdown of actual/approved balances and projects

Capital Asset Account	2006 Actual Ending Balance	2007 Actual		
		Amortization Expense	Retirements / Other	Ending Balance
1806-Land Rights	-2608			-2,608
1815-Transformer Station Equipment - Normally Primary above 50 kV	-46155	-7,107		-53,262
1820-Distribution Station Equipment - Normally Primary below 50 kV	-59476	-9,665		-69,141
1830-Poles, Towers and Fixtures	-116733	-18,499		-135,232
1835-Overhead Conductors and Devices	-130547	-23,717		-154,264
1840-Underground Conduit	-36441	-5,922		-42,363
1845-Underground Conductors and Devices	-55324	-9,095	-0	-64,419
1850-Line Transformers	-127321	-13,897		-141,218
1855-Services	-2684	-744	-1	-3,429
1860-Meters	-95431	-14,814		-110,245
1908-Buildings and Fixtures	-118590	-16,984	-1	-135,575
1915-Office Furniture and Equipment	-7129	-1,150	-1	-8,280
1920-Computer Equipment - Hardware	-21095	-4,874		-25,969
1925-Computer Software	-4863	-7,199		-12,062
1930-Transportation Equipment	-161762	-23,134	100	-184,796
1940-Tools, Shop and Garage Equipment	-5061	-842	1	-5,902
1950-Power Operated Equipment	-818	-545		-1,363
1995-Contributions and Grants - Credit				
TOTAL	-992038	-158187.76	98	-1,150,128

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B2 Amortization of Capital Assets

Enter breakdown of actual/approved balances and projected

Capital Asset Account	2007 Actual Ending Balance	2008 Actual		
		Amortization Expense	Retirements / Other	Ending Balance
1806-Land Rights	-2,608			-2,608
1815-Transformer Station Equipment - Normally Primary above 50 kV	-53,262	-7,365		-60,627
1820-Distribution Station Equipment - Normally Primary below 50 kV	-69,141	-9,665		-78,806
1830-Poles, Towers and Fixtures	-135,232	-17,712		-152,944
1835-Overhead Conductors and Devices	-154,264	-22,740		-177,004
1840-Underground Conduit	-42,363	-5,926		-48,289
1845-Underground Conductors and Devices	-64,419	-9,646		-74,065
1850-Line Transformers	-141,218	-13,954	-1	-155,173
1855-Services	-3,429	-808		-4,237
1860-Meters	-110,245	-14,874	-1	-125,120
1908-Buildings and Fixtures	-135,575	-16,999		-152,574
1915-Office Furniture and Equipment	-8,280	-1,672		-9,952
1920-Computer Equipment - Hardware	-25,969	-4,419		-30,388
1925-Computer Software	-12,062	-16,027		-28,089
1930-Transportation Equipment	-184,796	-1,278	-100	-186,174
1940-Tools, Shop and Garage Equipment	-5,902	-940		-6,842
1950-Power Operated Equipment	-1,363	-545		-1,908
1995-Contributions and Grants - Credit		1,117		1,117
TOTAL	-1,150,128	-143,453	-102	-1,293,683

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B2 Amortization of Capital Assets

Enter breakdown of actual/approved balances and projected

Capital Asset Account	2008 Actual Ending Balance	2009 Projection		
		Amortization Expense	Retirements / Other	Ending Balance
1806-Land Rights	-2,608			-2,608
1815-Transformer Station Equipment - Normally Primary above 50 kV	-60,627	-8,499		-69,126
1820-Distribution Station Equipment - Normally Primary below 50 kV	-78,806	-10,948		-89,754
1830-Poles, Towers and Fixtures	-152,944	-18,558		-171,502
1835-Overhead Conductors and Devices	-177,004	-22,279		-199,283
1840-Underground Conduit	-48,289	-5,931		-54,220
1845-Underground Conductors and Devices	-74,065	-10,523		-84,588
1850-Line Transformers	-155,173	-14,598		-169,771
1855-Services	-4,237	-840		-5,077
1860-Meters	-125,120	-14,912		-140,032
1908-Buildings and Fixtures	-152,574	-16,999		-169,573
1915-Office Furniture and Equipment	-9,952	-2,658		-12,610
1920-Computer Equipment - Hardware	-30,388	-4,880		-35,268
1925-Computer Software	-28,089	-22,825		-50,914
1930-Transportation Equipment	-186,174	-2,556		-188,730
1940-Tools, Shop and Garage Equipment	-6,842	-1,522		-8,364
1950-Power Operated Equipment	-1,908	-545		-2,453
1995-Contributions and Grants - Credit	1,117	2,234		3,351
TOTAL	-1,293,683	-156,839		-1,450,522

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B2 Amortization of Capital Assets

Enter breakdown of actual/approved balances and projections

Capital Asset Account	2009 Projection Ending Balance	2010 Projection		
		Amortization Expense	Retirements / Other	Ending Balance
1806-Land Rights	-2,608			-2,608
1815-Transformer Station Equipment - Normally Primary above 50 kV	-69,126	-9,811		-78,937
1820-Distribution Station Equipment - Normally Primary below 50 kV	-89,754	-13,065		-102,819
1830-Poles, Towers and Fixtures	-171,502	-20,192		-191,694
1835-Overhead Conductors and Devices	-199,283	-23,173		-222,456
1840-Underground Conduit	-54,220	-5,931		-60,151
1845-Underground Conductors and Devices	-84,588	-11,223		-95,811
1850-Line Transformers	-169,771	-14,396		-184,167
1855-Services	-5,077	-840		-5,917
1860-Meters	-140,032	-14,772		-154,804
1908-Buildings and Fixtures	-169,573	-17,249		-186,822
1915-Office Furniture and Equipment	-12,610	-4,283		-16,893
1920-Computer Equipment - Hardware	-35,268	-5,892		-41,160
1925-Computer Software	-50,914	-23,857		-74,771
1930-Transportation Equipment	-188,730	-2,556		-191,286
1940-Tools, Shop and Garage Equipment	-8,364	-2,372		-10,736
1950-Power Operated Equipment	-2,453	-2,420		-4,873
1995-Contributions and Grants - Credit	3,351	2,234		5,585
TOTAL	-1,450,522	-169,798		-1,620,320

B3 Net Capital Asset Balances

Account Description	2006 EDR Approved - Ending Balances			2006 Actual - Ending Balances		
	Gross Assets	Accumulated Amortization	Net Book Value	Gross Assets	Accumulated Amortization	Net Book Value
1805-Land	10,000		10,000	20,000		20,000
1806-Land Rights	8,588	-2,295	6,293	8,588	-2,608	5,980
1815-Transformer Station Equipment - Normally Primary above 50 kV	56,416	-30,983	25,433	281,524	-46,155	235,369
1820-Distribution Station Equipment - Normally Primary below 50 kV	151,715	-35,358	116,357	152,376	-59,476	92,900
1830-Poles, Towers and Fixtures	255,254	-69,624	185,630	284,040	-116,733	167,307
1835-Overhead Conductors and Devices	320,205	-72,396	247,809	353,823	-130,547	223,276
1840-Underground Conduit	113,060	-21,664	91,396	113,414	-36,441	76,973
1845-Underground Conductors and Devices	172,400	-32,755	139,645	174,724	-55,324	119,400
1850-Line Transformers	279,164	-92,082	187,082	283,501	-127,321	156,180
1855-Services	14,185	-1,113	13,072	17,800	-2,684	15,116
1860-Meters	218,045	-58,537	159,508	221,805	-95,431	126,374
1905-Land	28,300		28,300	28,300		28,300
1908-Buildings and Fixtures	820,347	-74,504	745,843	822,675	-118,590	704,085
1915-Office Furniture and Equipment	8,097	-5,097	3,000	14,168	-7,129	7,039
1920-Computer Equipment - Hardware	20,309	-12,464	7,845	30,322	-21,095	9,227
1925-Computer Software	1,833	-492	1,341	22,263	-4,863	17,400
1930-Transportation Equipment	184,896	-98,158	86,738	184,896	-161,762	23,134
1940-Tools, Shop and Garage Equipment	5,912	-3,238	2,674	10,606	-5,061	5,545
1950-Power Operated Equipment				4,363	-818	3,545
1995-Contributions and Grants - Credit						
TOTAL	2,668,726	-610,760	2,057,966	3,029,191	-992,038	2,037,153

B3 Net Capital Asset Balances

Account Description	2007 Actual - Ending Balances			2008 Actual - Ending Balances		
	Gross Assets	Accumulated Amortization	Net Book Value	Gross Assets	Accumulated Amortization	Net Book Value
1805-Land	20,000		20,000	20,000		20,000
1806-Land Rights	8,588	-2,608	5,980	8,588	-2,608	5,980
1815-Transformer Station Equipment - Normally Primary above 50 kV	281,524	-53,262	228,262	302,188	-60,627	241,561
1820-Distribution Station Equipment - Normally Primary below 50 kV	152,376	-69,141	83,235	152,376	-78,806	73,570
1830-Poles, Towers and Fixtures	297,192	-135,232	161,960	298,257	-152,944	145,313
1835-Overhead Conductors and Devices	355,022	-154,264	200,758	362,383	-177,004	185,379
1840-Underground Conduit	113,414	-42,363	71,051	113,634	-48,289	65,345
1845-Underground Conductors and Devices	175,905	-64,419	111,486	202,283	-74,065	128,218
1850-Line Transformers	288,119	-141,218	146,901	310,028	-155,173	154,855
1855-Services	19,413	-3,429	15,984	21,013	-4,237	16,776
1860-Meters	222,885	-110,245	112,640	224,822	-125,120	99,702
1905-Land	28,300		28,300	28,300		28,300
1908-Buildings and Fixtures	824,124	-135,575	688,549	824,124	-152,574	671,550
1915-Office Furniture and Equipment	18,427	-8,280	10,147	25,511	-9,952	15,559
1920-Computer Equipment - Hardware	40,391	-25,969	14,422	42,614	-30,388	12,226
1925-Computer Software	49,734	-12,062	37,672	113,042	-28,089	84,953
1930-Transportation Equipment	184,896	-184,796	100	205,346	-186,174	19,172
1940-Tools, Shop and Garage Equipment	11,939	-5,902	6,037	12,648	-6,842	5,806
1950-Power Operated Equipment	4,363	-1,363	3,000	4,363	-1,908	2,455
1995-Contributions and Grants - Credit				-55,867	1,117	-54,750
TOTAL	3,096,612	-1,150,128	1,946,484	3,215,651	-1,293,683	1,921,968

B3 Net Capital Asset Balances

Amounts from sheets B1 and B2

Account Description	2009 Projection - Ending Balances			2010 Projection - Ending Balances		
	Gross Assets	Accumulated Amortization	Net Book Value	Gross Assets	Accumulated Amortization	Net Book Value
1805-Land	20,000		20,000	20,000		20,000
1806-Land Rights	8,588	-2,608	5,980	8,588	-2,608	5,980
1815-Transformer Station Equipment - Normally Primary above 50 kV	372,188	-69,126	303,062	454,188	-78,937	375,251
1820-Distribution Station Equipment - Normally Primary below 50 kV	229,376	-89,754	139,622	279,376	-102,819	176,557
1830-Poles, Towers and Fixtures	347,257	-171,502	175,755	420,257	-191,694	228,563
1835-Overhead Conductors and Devices	390,383	-199,283	191,100	423,383	-222,456	200,927
1840-Underground Conduit	113,634	-54,220	59,414	113,634	-60,151	53,483
1845-Underground Conductors and Devices	219,783	-84,588	135,195	237,283	-95,811	141,472
1850-Line Transformers	323,028	-169,771	153,257	334,028	-184,167	149,861
1855-Services	21,013	-5,077	15,936	21,013	-5,917	15,096
1860-Meters	224,822	-140,032	84,790	224,822	-154,804	70,018
1905-Land	28,300		28,300	28,300		28,300
1908-Buildings and Fixtures	824,124	-169,573	654,551	849,124	-186,822	662,302
1915-Office Furniture and Equipment	38,511	-12,610	25,901	58,011	-16,893	41,118
1920-Computer Equipment - Hardware	48,614	-35,268	13,346	59,614	-41,160	18,454
1925-Computer Software	120,042	-50,914	69,128	129,242	-74,771	54,471
1930-Transportation Equipment	205,346	-188,730	16,616	205,346	-191,286	14,060
1940-Tools, Shop and Garage Equipment	24,648	-8,364	16,284	29,648	-10,736	18,912
1950-Power Operated Equipment	4,363	-2,453	1,910	34,363	-4,873	29,490
1995-Contributions and Grants - Credit	-55,867	3,351	-52,516	-55,867	5,585	-50,282
TOTAL	3,508,151	-1,450,522	2,057,629	3,874,351	-1,620,320	2,254,031

Issue 1.2 Capital Expenditures

3 Ref: Exhibit(s) Exhibit 2 Tab 4 Schedule 1

On page 2 of this schedule Hawkesbury appears to be capitalizing \$51,520 for MSP transfer fees from Hydro One to Hydro Ottawa. Please explain the nature of this item and provide the reason(s) why it should be included in rate base.

HHI Response:

In 2006, the metering equipment on the 115 KV station had to be changed to meet IESO requirements. Hydro One who was HHI's MSP provider chose to get away from this type of service due to new rules from IESO and the infrastructure investments required to comply with IESO. HHI had to perform the required changes to comply and get a new MSP provider. HHI had to replace the metering units, including Current transformer, Potential transformers, Meters and Communication at its 115KV distribution station. Cost associated with studies, material and labour to comply with the requirements from IESO were capitalised accordingly to reflect the asset addition at our distribution station.

4 Ref: Exhibit(s) Exhibit 2 Tab 4 Schedule 1,

On pages 7 and 8, Hawkesbury explains its entering into an agreement with E-Caliber for services.

a. Please define the acronym "ASP".

HHI Response:

Application Service Provider

b. What alternatives to E-Caliber were examined?

HHI Response:

Hydro Hawkesbury participated in the CODAC group (Coalition of Disgruntled Advanced Customers).

At the end of August 2006, Advanced Infinity was purchased by Harris Computer System. Hydro Hawkesbury Inc was then told that all users of the Advanced CIS System would no longer receive support or upgrades to the Advanced CIS System. Furthermore Advanced would no longer be active in the Ontario Deregulation market.

RFP RESULTS FOR IN HOUSE SOLUTIONS	
SPL IBM	\$ 3,584,057.00
SAP IBM	\$ 2,748,153.00
THE	\$ 365,153.00
HARRIS	\$ 187,585.00
DAFFRON	\$ 382,865.00
SAP WIPRO	\$ 340,000.00

Hydro Hawkesbury Inc. then explored the ASP solution option from E-Caliber as well as ORPC (Ottawa River Power Corporation). Both ASP solutions were using Harris Computer software. These two options were considered since Hydro Hawkesbury Inc, has no professional IT staff. This ASP solution would eliminate the risk involved with programming as well has hardware maintenance and redundancy.

c. What were the selection criteria?

HHI Response:

The following criteria were considered.

1. ASP experience of both parties with Harris software. E-Caliber had several Utilities under ASP solution contract including Oshawa PUC. ORPC had previous Utility ASP experience with two smaller LDC'S. ORPC was using Advanced Computer system at the time and had no experience with the Harris Computer software
2. Implementation experience of new software
3. Experience with Data conversion & extraction from Advanced to Harris.
4. Settlement (EBT and Utilismart)
5. Expertise with Harris software and conversions overall.

d. Based on the selection criteria, why was E-Caliber selected?

HHI Response:

1. ASP experience of E-Caliber with Harris software. E-Caliber had several Utilities under ASP solution contract.
2. Cost was also a major factor in the final decision.

INITIAL INVESTMENT		
E-CALIBER	\$	68,400.00
ORPC	\$	128,900.00

ANNUAL MAINTENANCE COST		
	E-CALIBER	ORPC
ASP HOSTING	\$.23/ CUSTOMER/MONTH	\$0.34/CUSTOMER/MONTH
UTILISMART SETTLEMENT COST	\$14,400 PER YEAR	\$15,540 PER YEAR

Issue 1.3 Working Cash Allowance

5 Ref: Exhibit(s) Exhibit 2 Tab 5 Schedule 1 Attachment 1

This exhibit shows the calculation of the working cash allowance. Hawkesbury has lost a Large User customer. Board staff is interested in the calculation of the Power Supply Expenses for 2010.

- a. Did Hawkesbury reduce the forecasted volume that underpins the cost of power to reflect the loss of the Large User customer?

HHI Response:

Yes, the calculation of the cost of power uses volumes from the Elenchus Load forecast model (as seen at Exhibit 3, Tab 1, Schedule 1, Attachment 1). The Load Forecast model does in fact account for the loss of the Large User customer.

- b. Please state the cost of power used in this calculation.

HHI Response:

The cost of power as per Exhibit 3, Tab1, Schedule is \$12,544,138.

- c. Please show and explain the detailed derivation, showing volumes and unit costs, for the projected balance for Account 3350 – Power Supply Expenses for 2010.

HHI Response:

This information can be found at the section of the application entitled “Pass-through charges” at Exhibit 3, Tab 1, Schedule 2, Attachment 1.

NOTE: HHI anticipates that the board may raise the question that working capital is not the projected cost based on the current transmission rates paid by HHI, but rather is based on a cost using the rates paid by HHI's customers.

HHI anticipates that the board may ask HHI to recast the estimated 2010 cost of power and the associated working capital based on expected costs for the supply of power to their distribution system using the upstream costs for transmission.

HHI would like to state that it cannot provide an answer based directly on the upstream costs for transmission using data available in its existing 2010 load forecast. The Uniform Transmission Rates (UTRs) charged to HHI are based on a system-wide kW billing determinant. However, HHI did not prepare a 2010 load forecast on this basis; rather the load forecast includes kW projections only for those customer classes with a kW billing determinant for delivery.

HHI submits that using the proposed Retail Transmission Service (RTS) rates and retail volumes used to estimate total transmission charges in 2010 are appropriate proxies for the expected upstream costs for transmission. The proposed RTS rates are consistent with the methodology prescribed in Board Guideline G-2008-0001, including adjustments to capture UTR changes and to eliminate trends in excess, as noted in page 2 of HHI's response to Board Staff interrogatory "Issue 19." The application of this guideline is intended to minimize any variances going forward between transmission revenues and costs.

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C2 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

Electricity (Commodity)	Customer Class Name	Revenue USA #	Expense USA #	2009		2010	
				rate (\$/kWh):	\$0.06215	rate (\$/kWh):	\$0.06215
				Volume	Amount	Volume	Amount
kWh	Residential	4006	4705	55,995,714	3,480,134	56,054,974	3,483,817
kWh	General Service Less Than 50 kW	4035	4705	21,498,117	1,336,108	21,520,869	1,337,522
kWh	General Service 50 to 4,999 kW	4035	4705	90,107,709	5,600,194	90,203,069	5,606,121
kWh	Large Use	4020	4705	13,015,266	808,899		
kWh	Sentinel Lighting	4030	4705	113,525	7,056	113,525	7,056
kWh	Street Lighting	4025	4705	1,264,673	78,599	1,264,673	78,599
kWh	Unmetered Scattered Load	4035	4705	230,950	14,354	230,950	14,354
	TOTAL			182,225,955	11,325,343	169,388,060	10,527,468
Transmission - Network	Customer Class Name	Revenue USA #	Expense USA #	2009		2010	
				Volume	Rate	Volume	Rate
kWh	Residential	4066	4714	55,995,714	\$0.0047	263,180	\$0.0044
kWh	General Service Less Than 50 kW	4066	4714	21,498,117	\$0.0043	92,442	\$0.0040
kW	General Service 50 to 4,999 kW	4066	4714	229,572	\$1.7399	399,432	\$1.6115
kW	Large Use	4066	4714	42,872	\$2.0461	87,720	
kW	Sentinel Lighting	4066	4714	325	\$1.3127	427	\$1.2159
kW	Street Lighting	4066	4714	3,096	\$1.3122	4,063	\$1.2154
kWh	Unmetered Scattered Load	4066	4714	230,950	\$0.0043	993	\$0.0040
	TOTAL			78,000,647		848,257	78,040,029
Transmission - Connection	Customer Class Name	Revenue USA #	Expense USA #	2009		2010	
				Volume	Rate	Volume	Rate
kWh	Residential	4068	4716	55,995,714	\$0.0030	167,987	\$0.0024
kWh	General Service Less Than 50 kW	4068	4716	21,498,117	\$0.0027	58,045	\$0.0021
kW	General Service 50 to 4,999 kW	4068	4716	229,572	\$1.0849	249,063	\$0.8547
kW	Large Use	4068	4716	42,872	\$1.3601	58,310	
kW	Sentinel Lighting	4068	4716	325	\$1.7125	557	\$1.3492
kW	Street Lighting	4068	4716	3,096	\$0.8387	2,597	\$0.6618
kWh	Unmetered Scattered Load	4068	4716	230,950	\$0.0027	624	\$0.0021
	TOTAL			78,000,647		537,182	78,040,029
Wholesale Market Service	Customer Class Name	Revenue USA #	Expense USA #	2009		2010	
				Volume	rate (\$/kWh):	Volume	rate (\$/kWh):
kWh	Residential	4062	4708	55,995,714	\$0.00520	291,178	\$0.00520
kWh	General Service Less Than 50 kW	4062	4708	21,498,117		111,790	
kWh	General Service 50 to 4,999 kW	4062	4708	90,107,709		468,560	
kWh	Large Use	4062	4708	13,015,266		67,679	
kWh	Sentinel Lighting	4062	4708	113,525		590	
kWh	Street Lighting	4062	4708	1,264,673		6,576	
kWh	Unmetered Scattered Load	4062	4708	230,950		1,201	
	TOTAL			182,225,955		947,575	169,388,060
Rural Rate Protection	Customer Class Name	Revenue USA #	Expense USA #	2009		2010	
				Volume	rate (\$/kWh):	Volume	rate (\$/kWh):
kWh	Residential	4062	4730	53,502,498	\$0.00130	69,553	\$0.00130
kWh	General Service Less Than 50 kW	4062	4730	20,540,911		26,703	
kWh	General Service 50 to 4,999 kW	4062	4730	86,095,652		111,924	
kWh	Large Use	4062	4730	13,015,266		16,920	
kWh	Sentinel Lighting	4062	4730	108,470		141	
kWh	Street Lighting	4062	4730	1,208,363		1,571	
kWh	Unmetered Scattered Load	4062	4730	220,667		287	
	TOTAL			174,691,827		227,099	169,388,060
Debt Retirement Charge	Customer Class Name	Revenue USA #	Expense USA #	2009		2010	
				Volume	rate (\$/kWh):	Volume	rate (\$/kWh):
	TOTAL				\$0.00700		\$0.00700
Low Voltage Charges	Customer Class Name	Revenue USA #	Expense USA #	2009		2010	
				Volume	Amount	Volume	Amount
	TOTAL (Input amount)	4075	4750		105,452.49		70,600.00
GRAND TOTAL						13,990,908	12,786,363

Issue 1.4 Asset Management

6 Ref: Exhibit(s) Exhibit 2 Tab 4 Schedule 5

**Exhibit 2 Tab 4 Schedule 4 Attachment 2, and
Exhibit 2 Tab 6 Schedule 1**

In Exhibit 2 Tab 4 Schedule 5 Hawkesbury states that it felt that a detailed asset management plan was not required and that the costs of such a plan were not justified.

Board staff notes the level of service interruptions found in Exhibit 2 Tab 6 Schedule 1 that were caused by defective equipment, foreign interference, or tree contact. In Exhibit 2 Tab 4 Schedule 5 Hawkesbury indicates that:

- 2.6 Key performance indicators for critical assets are not in place,
 - 3 In general, limited risk assessment and planning is performed, and
 - 4.3 Strategic planning for asset management appears not to exist.
- a. Please state if Hawkesbury has performed any potential failure analysis and determined a preventive failure plan as a result. If so, please describe the analysis and plan.

HHI Response:

HHI has not performed such an analysis.

As indicated at Exhibit 2, Tab 4 and schedule 2 of the application entitled "Project/Program Classification", HHI is fully compliant with the Minimum Inspection Requirements of the Distribution System Code and thus performs regular inspections of their distribution system, checking for general appearance, anomalies and damages

- b. Please state and describe any proposed capital or operating projects that will address plant at risk of failure and provide their costs and year budgeted.

HHI Response:

Inspections of asset are conducted on an annual basis. HHI's yearly Capital and OMA budgets are then prepared on the basis of the results of these inspections.

HHI also proposes to do a have both their TS assessed in order to determine whether or not the purchase of a new transformer is warranted and justified.

- c. Please state and describe any forward planning performed by Hawkesbury to better assess equipment for the effects of age and the environment in order to estimate the potential for failure.

HHI Response:

HHI beside annual inspections of all its distribution facilities, HHI also refer to Stantec's Utility Load Flow and Evaluation Study performed in 2006. This system optimization study covers many aspect of betterment to be performed of HHI's system. As a small utility, HHI believes that complying with the Minimum Inspection Requirements of the Distribution System Code and acting on the Stantec's recommendations is sufficient at this point and time.

- d. Does Hawkesbury have any undocumented strategic asset management plans? If so, please describe the plans.

HHI Response:

HHI finds Exhibit 2, Tab 4 and schedule 2 of the application entitled "Project/Program Classification to be a good description of its current assets management practices. For the sake of convenience, HHI has included it as part of the response. It can be found in the next page.

PROJECT/PROGRAM CLASSIFICATIONS

Distribution Plant Capital Projects

The distribution plant capital projects are categorized into project pools. Each pool has a specific focus:

1) Future Demand

These are projects that HHI undertakes to meet its customer service obligations in accordance with the OEB's Distribution System Code (the "DSC") and HHI's Conditions of Service. Activities include all overhead and underground works to connect new customers or service upgrades, connection and inspection of new subdivisions and relocating system plant for roadway reconstruction work. Capital contributions toward the cost of these projects are collected by HHI in accordance with the DSC and the provisions of its Conditions of Service.

2) Capacity

Load growth caused by new customer connections and increased demand of existing customers over time can result in a need for capacity improvements on the system. Projects can take the form of new or upgraded feeders, transformers or transformer stations.

3) Replacement and Betterment

Projects are completed when assets reach their end of useful life and must be replaced. HHI completes visual inspections of its plant and replaces assets based on these inspections. In some cases the projects involve spot replacement of assets; in others, the projects involve complete asset replacement.

1 4) Safety and Reliability

2 The Distribution System Code (DSC) requires an LDC to maintain its distribution system
3 in good working condition, as follows:

4 "4.4.1. A distributor shall maintain its distribution system in accordance with good utility
5 practice and performance standards to ensure reliability and quality of electricity service,
6 on both a short-term and long-term basis."
7

8 The following components are regular activities undertaken by HHI to maintain reliability
9 and promote safety.

10 2.1) Overhead Lines

11 1.1.1) Tree Trimming:

12 Vegetation and Right of Way control is a requirement under the Minimum
13 Inspection Requirements of the Distribution System Code and good utility
14 practice. Where overhead hydro lines are in the proximity to trees, regular
15 trimming is required to prevent vegetation from contacting energized lines and
16 inflicting:

- 17 ○ Interruption of power due to short circuit to ground or between phases
- 18 ○ Damage to conductors, hardware and poles
- 19 ○ Danger to persons and property within the vicinity due to falling
20 conductors, hardware, poles and trees
- 21 ○ Danger of electric shock potential from electricity energizing
22 vegetation

23 In an effort of mitigating direct contact between trees and distribution assets, tree
24 trimming is conducted on a one year cycle. HHI's contractor patrols the overhead
25 lines and where tree trimming is needed the contractor will proceed with the
26 necessary clearing.

27

28 During the patrol process, the following potential hazards are also examined.

1.1.2) Conductors and Cables

- Low conductor clearance
- Broken/frayed conductors or tie wires
- Insulation fraying on secondary especially open-wire

1.1.3) Poles/Supports/ Cross arms

- Bent, cracked or broken poles
- Excessive surface wear or scaling
- Loose, cracked or broken cross arms and brackets
- Woodpecker or insect damage, bird nests
- Loose or unattached guy wires or stubs
- Guy strain insulators pulled apart or broken
- Guy guards out of position or missing
- Grading changes, or washouts
- Indications of burning

Pole inspection is a requirement under the Minimum Inspection Requirements of the Distribution System Code as good utility practice. HHI conducts pole inspections annually to determine when poles need to be replaced.

Pole Replacements are undertaken for the following different reasons:

- Structural damage
- Taller or different class of pole required
- Health and safety hazard to the public and employees
- Pole damaged
- Line rebuilds

- 1 ○ ESA compliance

2 1.1.4) Hardware and Attachments

- 3 ○ Loose or missing hardware
- 4 ○ Insulators unattached from pins
- 5 ○ Conductor unattached from insulators
- 6 ○ Insulators flashed over or obviously contaminated
- 7 ○ Tie wires unraveled
- 8 ○ Ground wire broken or removed
- 9 ○ Ground wire guards removed or broken

10 1.1.5) Switches

11 HHI meets the switch inspection requirements under the Minimum Inspection
12 Requirements of the Distribution System Code. Switches are devices that allow
13 or disallow the conductivity of high voltage conductors. They are available in
14 single phase solid or fused configurations and three phase applications involving
15 load break and air break. Fused cut-outs accept different sizes of fuses, which
16 are used for the protection of lines, equipment or transformers from main feeder
17 amperages. Fused switches (cutouts) are inspected during yearly patrol
18 process.

19

20 Switch Replacements are undertaken for the following reasons:

- 21 ○ Mechanical or electrical failure
- 22 ○ Vehicle accidents, lightning strikes
- 23 ○ New customer requirements
- 24 ○ Line rebuilds or circuit reconfigurations
- 25 ○ ESA compliance

1 1.1.6) Reclosures

2 As required under the Minimum Inspection Requirements of the Distribution
3 System Code. HHI inspects and tests reclosures regularly and oil samples are
4 taken on a yearly basis.

5 1.1.7) Transformers

6 Transformer inspection is performed as required under the Minimum Inspection
7 Requirements of the Distribution System Code with visual inspections being
8 conducted on an annual cycle basis to check for general appearance, loose
9 wires, birds or animal nests.

10 2.2) Underground Lines

11 4.2.1.) Switching apparatus

12 Every 3 years, switching cubicles are visually inspected in accordance with the
13 Minimum Inspection Requirements in the Distribution System Code.

14 4.2.2.) Primary Cables

15 Underground primary cable inspection is conducted annually by visually
16 examining the riser poles with respect to cable, cable guards, terminators and
17 arrestors

18 4.2.3.) Secondary Services

19 Similarly, with respect to underground secondary services, riser poles are
20 examined yearly with a visual check of cable, cable guards and connections.

1 5) Substations

2 Substation investments are undertaken to improve or maintain reliability to large
3 numbers of customers and to maintain security and safety at the substations. Age and
4 condition of the transformers are also a major factor in this decision.

5 6) Computer Hardware

6 Computer equipment is used in all departments of the utility and is a key initiative to
7 maintain and improve reliability, improve customer service and reduce costs. New and
8 replacement computer hardware consists of the following equipment:

- 9 • Computer Desktops;
- 10 • Servers;
- 11 • Printers;
- 12 • Disk space and memory

13 HHI utilizes a five year life cycle for its server hardware and for its workstation hardware.
14 It is common industry practice to keep both the hardware and software environments up
15 to date. Increased incidence of hardware failure reduced technical support, new
16 technical standards and higher performance requirements of current operating systems
17 and applications drive this lifecycle. The upgrade of aging servers and consolidation of
18 multiple servers to a more manageable volume provide cost effective migration of
19 workload with higher performance efficiencies and lower maintenance costs. Other
20 benefits of replacing computer equipment and adding new equipment include:

- 21 • Reducing the dependence on IT resources to support older equipment;
- 22 • Taking advantage of new technologies and increasing server utilization;
- 23 • Empowering employees to be more productive with the right equipment to do
24 their jobs;
- 25 • Improving access to data and other information;
- 26 • Adhering to best practices; and

- 1 • Allowing for employee growth, skills and training.

2 7) Computer Software

3 Computer software, whether operating system software or application software, are
4 programs written in machine-readable languages, that control the operations of
5 hardware or that enable users to perform certain tasks on computers.

6

7 The operating system software controls the hardware and manages its internal
8 functions: controls input, output and storage and, handles its interaction with application
9 programs. Application software enables users to accomplish particular tasks required to
10 complete their distribution responsibilities.

11

12 Today, the functioning of computer software is tied closely into the hardware it resides
13 on and it is important that the specification of any PC or Server is appropriate for the
14 software being installed. Benefits of adding or replacing computer software include:

- 15 • Improvements in productivity from software enhancements;
- 16 • Empowering employees with the latest software technologies;
- 17 • Keeping up to date with industry standards;
- 18 • Ease of integration to other applications;
- 19 • Reduced costs using common operating system;
- 20 • Taking advantage of higher levels of security;
- 21 • Reduced dependence on IT resources; and
- 22 • Improved tools for web development/design

23 8) Transportation and Related Equipment

24 HHI owns its own vehicles and performs regular maintenance and replaces them when
25 needed

1 9) Office Furniture and Equipment

2 General office furniture and equipment need to be purchase or upgraded periodically.
3 Examples of Office furniture and equipment include desks, ergonomic equipment and
4 phones. The benefits produced from these purchases include:

- 5 • Productivity increase
- 6 • Better employee communication and output,
- 7 • Fewer Complaints.
- 8 • Overall well-being of employees.

- e. If, after having filed this application, there are now any planning documents adopted or considered, please provide them.

HHI Response:

For the time being or unless mandated by the Board, HHI does not have, nor is considering such a planning document.

Issue 1.5 Service Quality Indicators

7 Ref: Exhibit(s) Exhibit 2 Tab 6 Schedule 1

Board staff is interested in the SAIDI, SAIFI and CAIDI factors.

- a. Please provide reliability performance for the period 2006 to 2008 actuals for SAIDI, SAIFI and CAIDI, with and without Loss of Supply interruptions, by filling out the following table.

	All Service Interruptions			Service Interruptions excluding Loss of Supply (Cause Code 2)		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2006	.17	.13	1.33	.17	.13	1.33
2007	7.68	2.49	3.09	.44	.83	.53
2008	3.93	2.48	1.58	2.94	1.56	1.88

- b. The 2006 Electricity Distribution Rate Handbook specifies the standard for reliability performance as being “within the range of the last three year’s performance”. For any year and reliability indicator where performance did not meet the standard, please describe the reasons for the below-standard performance and what actions Hawkesbury took or is taking to remedy the situation. Please identify, as appropriate, operating or capital projects linked to reliability improvement.

HHI Response:

YEAR 2006 VS (2003,2004,2005)						
	All Service Interruptions			Service Interruptions excluding Loss of Supply (Cause Code 2)		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2003	17.22	4.23	4.07	9.52	2.55	3.7
2004	14.29	2.65	5.39	10.52	1.71	6.2
2005	1.78	2.45	0.73	1.06	1.42	0.7
3 year average	11.1	3.1	3.4	7.0	1.9	3.7

YEAR 2006

HHI Results are within the previous 3 years average performance

YEAR 2007 VS (2004,2005,2006)							
		All Service Interruptions			Service Interruptions excluding Loss of Supply (Cause Code 2)		
		SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
	2004	14.29	2.65	5.39	10.52	1.71	6.2
	2005	1.78	2.45	0.73	1.06	1.42	0.7
	2006	0.17	0.13	1.33	0.17	0.13	1.3
	3 year average	5.4	1.7	2.5	3.9	1.1	2.7

YEAR 2007

HHI Results were not within the previous 3 years average performance. Please see below of details

2007 INTERRUPTION			
CAUSED BY	CUSTOMER HOURS OF INTERRUPTION	CAUSES	Action Taken
Hydro One	38608	H1: EMERGENCY REPAIRS ON CIRCUIT M24 CUMBERLAND TS POWER OUTAGE LOST 44KV AND 110KV CIRCUITS (STORM) LOST 115KV CIRCUIT (UNKNOWN)	No Control over HI's equipment

CAUSED BY	CUSTOMER HOURS OF INTERRUPTION	CAUSES	Action Taken
	670.5	PLANNED MAINTENANCED	
External Factors	1432	DEFFECTIVE EQUIPMENT (MAINLY CAUSED BY WEATER) SUCH AS DAMAGED LIGHTNING ARRESTERS. ALSO A MAJOR CAUSE IS FOREIGN INTERFERENCE. SQUIRLES AND BIRDS.	Was delt with on a per incident basis
External Factors	150	TREES	Was dealt with on a per incident basis
External Factors	77	CAR ACCIDENT. BROKEN POLE	Was dealt with on a per incident basis

YEAR 2008 VS (2005,2006,2007)							
		All Service Interruptions			Service Interruptions excluding Loss of Supply (Cause Code 2)		
		SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
	2005	1.78	2.45	0.73	1.06	1.42	0.7
	2006	0.17	0.13	1.33	0.17	0.13	1.3
	2007	7.68	2.49	3.09	0.44	0.83	0.5
	3 year average	3.2	1.7	1.7	0.6	0.8	0.9

YEAR 2008

HHI Results were not within the previous 3 years average performance. Please see below for details.

2008 INTERRUPTION			
CAUSED BY	CUSTOMER HOURS OF INTERRUPTION	CAUSES	Action Taken
Hydro One	5325	TIE IN REPAIR BY HYDRO ONE OUTAGE ON 115 KV CIRCUIT	No Control over HI's equipment

CAUSED BY	CUSTOMER HOURS OF INTERRUPTION	CAUSES	Action Taken
	8708	PLANNED MAINTENANCED	
	7121	DEFFECTIVE EQUIPMENT SUCH AS DAMAGED TO LIGHTNING ARRESTERS. ALSO A MAJOR CAUSE IS FOREIGN INTERFERENCE. SQUIRLES AND BIRDS. WE HAVE FOUND SEVERAL DEFFECTIVE CUT-OUT SWITCHES	See Note
	2	TREES	

Note: SOME EQUIPEMENT NEEDS REPLACEMENT CAUSING INTERRUPTION AND POLE FIRES. HHI WILL REPLACE ALL (MAKE: CHANCE) CUT-OUT IN 2009 WITH THE POLYMERE TYPE OF CUT-OUTS TO AVOID POLE FIRES AND INTERRUPTIONS. FURTHERMORE, IN ORDER TO AVOID INTERRUPTIONS HHI WILL UNDERTAKE MAJOR LINE CLEARANCE ON MAIN FEEDERS

Issue 1.6 Third Tranche CDM Spending Status

8 Ref: Exhibit(s) Exhibit 1

Board staff is interested in Hawkesbury's Conservation and Demand Management ("CDM") expenditures. On February 2, 2005, Hawkesbury received approval from the Board for its CDM plan and accompanying budget of \$79.117.

- a. Please confirm that the total approved CDM plan budget \$79.117 has been completely expended on the components of the plan.

HHI Response:

Total expenditures is \$78311.56 and was spent on the components of the plan

- b. If the CDM budget has not been spent according to the plan, please indicate; what of the plan remains, the related unspent amounts, and state why the funding has not been exhausted.

HHI Response:

With the exception of an unspent amount of \$805.44, the entirety of the CDM plan budget was spent on the Board approved programs. The remainder of \$805.44 was transferred into the LDC Community Initiate Funds on December 10th 2009. This amount will go towards Energy Conservation Awareness.

2 REVENUE

Issue 2.1 Load Forecast

9 Ref: Exhibit(s) Exhibit 3 Tab 1 Schedule 1; Elenchus Report

The document titled *Weather Normalized Distribution System Load Forecast - 2010 Test Year, May 1, 2009*, is identified in the footer as a final draft document. Board staff is concerned about the selection of data sources for the model, and the forecasting model's performance.

- c. Please state whether the filed document is the approved report or not. If it is not, please provide a final version of the document.
- d. Please state any data cleaning, such as treatment of outliers that was applied.

HHI Response

No data cleaning was applied. All data were included in the analysis.

- e. Hawkesbury has a closer proximity to Montréal, than Ottawa, and has been dependent upon the auto industry in the Montréal area. Why was the monthly full time employment levels for Ottawa, rather than Montréal area used, as an economic variable in the model?

HHI Response

HHI Hawkesbury is in the Province of Ontario situated in the United Counties of Prescott & Russell. Statistics Canada's Labour Force Survey defines the Ottawa Economic Region [3510] to include Prescott & Russell. Since Hawkesbury is part of the Ottawa Economic Region, it is proper to use data for that area rather than Montreal, of which Hawkesbury is not part of. The full-time employment series we have used (v2054772) is for the Ottawa Economic Region and includes Hawkesbury.

- f. Some studies have shown that heating degree days should not be calculated based on 18°C. In the Ottawa area, 14°C has been found more appropriate. Please recalibrate the model using 14°C and provide the resulting forecast along with the measures of statistical performance as found in Table 3 of the Elenchus report. (If dummy variables need to be adjusted to reflect the different behaviour of the model, please adjust and explain).
- g. Similarly, cooling degree days are region specific, with a balance point higher than 18°C for residential loads. Please recalibrate the model for a second run reflecting only the change in cooling degree days to 23°C and provide the

resulting forecast along with the measures of statistical performance as found in Table 3 of the Elenchus report. (If dummy variables need to be adjusted to reflect the different behaviour of the model, please adjust and explain).

- h. Please combine “d” and “e” in a third run of the model and provide the requested information.

HHI Response (f-h)

We are unaware of any studies suggesting degree days in the Ottawa region should be calculated differently from other regions. Furthermore, we are unaware of any direction from the Board to electricity distributors instructing Applicants to deviate from the accepted definition of degree days. Environment Canada, which is Canada’s national weather agency, defines heating degree days and cooling degree days based on the basis of a mean daily temperature of 18 degrees Celsius. Environment Canada calculates this identically for all locations, whether Ottawa, Iqaluit, or Victoria.¹ Other jurisdictions use similar definitions. For example, the United States Weather Service uses a similar definition (base of 65 degrees Fahrenheit or 18.3 degrees Celsius) for all 50 States, Puerto Rico, the Virgin Islands, and Pacific Islands.² However, in the spirit of cooperation, we have performed the necessary analysis to answer the request.

We have calculated heating degree days for Montreal on a base 14°C and cooling degree days on a base 23°C. The results of these calculations and the 10-yr average (1999-2008) are displayed below.

¹ Their glossary of definitions is available at: http://www.climate.weatheroffice.ec.gc.ca/Glossary-popup_e.html#heatdegdays.

² See summary of Climatology of the United States, No. 81, available at <http://www.ncdc.noaa.gov/oa/climate/normal/usnormalshist.html#wmo>.

Station Name	MONTREAL/PIERRE ELLIOTT TRUDEAU INTL A										
	Heating Degree Days -Base 14										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	avg
Jan	719.9	746.4	711.3	571.7	824.3	902.4	774.4	573.4	651.6	625.3	710.1
Feb	535.1	609.4	633.6	531.3	693.6	634.8	574.7	582	697.7	628.7	612.1
Mar	473.4	384.3	537.1	492.2	550.9	443.6	535.4	452.5	520.9	566.8	495.7
Apr	212.3	270.1	227.1	229.4	295.1	247.7	188.4	193.9	249.8	183.6	229.7
May	53.4	73.6	33.3	111.1	43.2	54.9	84.3	46.1	68.8	63	63.2
Jun	1.3	14.6	0.9	8.5	6.8	4.4	1.1	2.6	5.4	0.4	4.6
Jul	0	0	0	0	0	0	0	0	0	0	0.0
Aug	0	0.4	0	0	0	0	0	0	0.2	0	0.1
Sep	14.5	62.8	17.7	9.8	3.7	13.7	11.3	26.3	14.8	20	19.5
Oct	194.9	164.2	129.5	227.8	189.3	165.6	149.7	189.7	114.1	184.7	171.0
Nov	271.3	346.7	283.5	397.1	333.7	352.6	334.5	287.2	389.7	347.9	334.4
Dec	538.2	719.4	446.7	575.9	586.8	663.5	614.3	471.9	632.4	609.5	585.9
Total	3014.3	3391.9	3020.7	3154.8	3527.4	3483.2	3268.1	2825.6	3345.4	3229.9	3226.13

	Cooling Degree Days -Base 23										
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	avg
Jan	0	0	0	0	0	0	0	0	0	0	0.0
Feb	0	0	0	0	0	0	0	0	0	0	0.0
Mar	0	0	0	0	0	0	0	0	0	0	0.0
Apr	0	0	0	0	0	0	0	0	0	0	0.0
May	3.3	0	0.4	0	0	0	0	0.8	1.4	0	0.6
Jun	16.5	2	17.5	0.5	13.7	0.6	31.9	4.1	12.9	8.2	10.8
Jul	28.7	1.4	14.7	32.9	11.7	6.2	27.8	20.1	7.3	3.6	15.4
Aug	7.1	2.2	30.9	32.5	18.7	2.9	15.4	9.2	14.4	0.6	13.4
Sep	7.9	0	5.3	9.1	3.2	0	2	0	2.9	3.4	3.4
Oct	0	0	0	0	0	0	0	0	0	0	0.0
Nov	0	0	0	0	0	0	0	0	0	0	0.0
Dec	0	0	0	0	0	0	0	0	0	0	0.0
Total	63.5	5.6	68.8	75	47.3	9.7	77.1	34.2	38.9	15.8	43.59

Using these data, the wholesale forecast regression equation was re-estimated, with results displayed below.

Model 1: OLS, using observations 2004:01-2008:12 (T = 60)
Dependent variable: WSLkWh

	coefficient	t-ratio	p-value
const	3.52563e+06	2.381	0.0208
HDD147227.43		33.50	8.16e-038
CDD2336706.4		4.612	2.49e-05
D_May05	-4.25260e+06	-11.39	5.64e-016
PeakDays	204696	4.657	2.13e-05
FTE_OTTREG	7711.80	3.545	0.0008

R-squared 0.968297 Adjusted R-squared 0.965361
F(5, 54) 329.8573 P-value(F) 3.65e-39
rho 0.158678 Durbin-Watson 1.643921

The statistical results are very similar to the initial model. Actual vs predicted values 2004 to 2008 for the revised model are shown below.

	Actual kWh	Predicted kWh	Absolute Error
2004	166,851,163	165,697,791.32	0.7%
2005	160,069,380	162,491,935.56	1.5%
2006	165,982,315	163,479,346.33	1.5%
2007	168,514,536	168,866,110.14	0.2%
2008	167,375,788	168,258,115.76	0.5%
MAPE			0.9%

The results are virtually identical to the original model with mean absolute percentage error on the annual estimates at 0.9%. Forecasting using the revised model (everything held equal except for the definition of degree days) yields no material difference, as can be seen in the table below.

Weather Normal Forecast			
	Original	Revised	diff
2009	167,473,096	167,732,152	0.15%
2010	167,650,331	167,926,490	0.16%

The differences are less than ¼ of one per cent from the original forecasts.

- i. Please provide the development of the percentages used to determine the class share of the 2009 and 2010 forecasts.

HHI Response

As indicated on p.9 of the Elenchus Report, forecast class values are allocated based on the class share for 2008. These values (and historical values prior to 2008) are displayed in Table 8 of the report.

Issue 2.2 Customer Growth

10 Ref: Exhibit(s) Exhibit 3 Tab 1 Schedule 1; Elenchus Report

Hawkesbury has linked the customer growth in its territory to that of CMHC's forecast for the Ottawa and Kingston areas. Hawkesbury has a closer proximity to Montréal, than Ottawa, and has been dependent upon the auto industry in the Montréal area. Would housing starts for the Montréal area not be more appropriate forecast determinant?

HHI Response

Hawkesbury is located in eastern Ontario, not in the province of Quebec. We believe the housing market in Hawkesbury is more likely to follow trends seen in eastern Ontario markets like Kingston and Ottawa rather than in the large urban metropolis on the Island of Montreal and its suburbs.

3 Operating Costs

Issue 2.3 Regulatory Expenses

11 Ref: Exhibit(s) Exhibit 4 Tab 2 Schedule 3

Hawkesbury is forecasting \$125,000 for this 2010 rebasing application and to amortize this expense over the next four years.

- a. Staff notes that there is an increase from 2009 to 2010 of \$31,656 in account 5655 – Regulatory Expenses. Does this include all of the \$31,250 which is \$125,000 amortized over 4 years?

HHI Response:
Yes it does

Update: HHI proposed to update the projected regulatory costs requested in its application to the board.

The decision to update its costs was brought about following a review of the cost of drafting interrogatories responses as well as a review of the regulatory cost of filing a yearly IRM application during the next 3 years. HHI has found that the drafting and submitting the application and interrogatories required more resources than first expected. Also, HHI inadvertently overlooked certain regulatory costs that HHI are still expecting to incur such the possibility of a second round of interrogatories, written submissions on so on. HHI is proposing to increase the cost of rebasing from \$135,000 to \$216,000. Please note that HHI is willing to remove any costs that will not have been incurred at the end of the process.

Please find below an update of the costs which is comprised, amongst other things, of the removal of the cost of an expert witness; originally projected at \$5,000, a new separate cost of \$20,000 for intervenor costs, a revised separate cost of \$20,000 for drafting responses to IRs and a projected \$5,000 for written submissions. The table below presents the proposed components of the rebasing application.

REBASING APPLICATION			
		As filed November 11, 2009	Revised
Consultants costs for regulatory matters			
Expert Witness cost for regulatory matters		5000	0
Evidence Drafting		80,000	110,000
<i>includes:</i>			
<i>review of data in RateMaker</i>			

<i>drafting of approx. 150 schedules</i>			
<i>strategic review</i>			
Load Forecast		5,000	5,000
Revisions to Cost Allocation		5,000	5,000
Accounting Input (Deloitte & Touche)		15,000	15,000
Interrogatories		10,000	20,000
2nd round of Interrogatories		0	10,000
Arguments in Chief		0	2,500
Review Board Staff/Intervenor Arguments		0	3,500
Final Written Submission		0	5,000
Intervener cost			20,000
Rate Order (update of model and CA)		5,000	10,000
2010 EDR RateMaker Model		10,000	10,000
2010 EDR Total		135,000	216,000
IRM (30,500 x 3) / 4 = \$22,875			91,500
TOTAL			307,500
3G IRM APPLICATION			
	Estimated Hours		
	Submission	Update	Total
Application document (20 pages)	15		15
Rate Generator (31 sheets)	16	8	24
Supplemental Model (31 sheets)	16	8	24
DeferralVariance Model (18 sheets)	12	4	16
Interrogatory Responses (13 pages)		15	15
Review from accountants (Deloitte & Touche)	15	5	20
Final submissions		8	8
TOTAL HOURS	74	48	122

- b. Staff notes that Account 5630 – Outside Services increases by \$26,243 from 2009 to 2010. Are there any regulatory expenses included in this amount?

HHI Response:

As filed				
2009 Balance	2010 Balance	Variance	Explanation	
\$17,574.00	\$ 43,817.00	\$26,243.00	25% of expected expense for the transition to IFRS (\$60,000)	15,000.00
			25% of expected expense for the sub-station assessment study (\$42,160)	10,540.00
			Estimated normal yearly expenses	18,276.00

Proposed adjustment				
2009 Balance	2010 Balance	Variance	Explanation	
\$ 17,574.00	\$ 28,817.00	\$11,243.00	25% of expected expense for the sub-station assessment study (\$42,160)	10,540.00
			Estimated normal yearly expenses	18,276.00
Hawkesbury Hydro Inc. will use a deferral account to record IFRS expenses as stated on page 27 in the Board report				
"Transition to IFRS, EB-2009-0408"				

- c. Has Hawkesbury budgeted for the costs for future IRM applications?

HHI Response:

No it hasn't: HHI is grateful for Board Staff pointing this out. It has updated its regulatory costs accordingly and the details can be found in the response to a)

- d. If Hawkesbury has not budgeted for IRM, what cost should be included in operating expenses, and in which accounts should the amounts be included?

HHI Response:

HHI has updated its regulatory costs accordingly and the details can be found in the response to a)

Issue 2.4 International Financial Reporting Services (“IFRS”)

12 Ref: Exhibit(s) Exhibit 4 Tab 2 Schedule 2

Hawkesbury states that it estimates that the one time cost for converting to IFRS is \$60,000 and that they propose to amortize the cost over four years. Will Hawkesbury remove these costs and use a deferral account as stated on page 27 in the *Report of the Board Transition to International Financial Reporting Standards, EB-2009-0408, July 28, 2009*?

HHI Response

HHI was not aware of these changes and is therefore proposing to remove this cost from the rebasing application and use a deferral account as stated by the Board.

Low Income Energy Assistance Plan (LEAP)

13 Ref: Exhibit(s) Exhibit 4 Tab 2 Schedule 4

Hawkesbury states that the amount of \$2,000 is included in the 2010 forecast.

- a. How was that estimate derived?

HHI Response

ERA provided the estimate based on their insights and experience on the topic.

- b. Please provide a breakdown of the amount of \$2,000 into the amounts that represent existing programmes and the amounts for new programmes.

HHI Response

Since HHI does not currently have any programs related to LEAP, this amount would be allocated to new programs.

Note: Given that the economy has not yet fully recovered and that energy prices could potentially rise, one of the most effective way to address high energy burdens is by reduction consumption through targeted energy conservation measures for low-income households. Low-income consumers typically live in older drafty and poorly insulated building with inefficient appliance and heating systems. Although HHI has not yet explored its options in terms of specific programs, HHI is hoping to use the seed amount of \$2000 to set in motion such programs. Doing so would most likely require assistance from a consulting firm to ensure that these programs meet both government and customer requirements.

Issue 2.5 Assessment of two power transformers

14 Ref: Exhibit(s) Exhibit 4 Tab 2 Schedule 2

Hawkesbury states that two aging power transformers will be assessed using outside engineering and technical services. In the interest of maintaining an appropriate revenue requirement for future years, Board staff is interested in the costs of this and future one-time operating costs.

- a. Please state the budget for the assessment of the two transformers?

HHI Response:

As mentioned at Exhibit 4, Tab 2, Schedule 2 Page 4 of the submission, the cost of this study is estimated at \$42,160.

- b. In which account(s) are the costs budgeted?

HHI Response:

As mentioned at Exhibit 4, Tab 2, Schedule 2 Page 4 of the submission, the cost of this study is estimated at \$42,160. This amount is to be amortized over a period of 4 years thus HHI recorded the amount of \$10, 540 in account 5630.

- c. Are there future one-time costs of similar magnitude that would justify leaving this entire amount in rates after 2010? Please explain.

HHI Response:

As can be seen in the submission, there are no one-time costs as such.

- d. If there are no future similar costs, would Hawkesbury amortize the costs of the transformer assessment amount over four years for the purposes of rate design? If not, why not?

HHI Response:

HHI would take the same approach in future one-time costs that it did in the application that was filed on December? It would amortize them over a period of 4 years.

Issue 2.6 Purchase of Services

15 Ref: Exhibit(s) Exhibit 4 Tab 6 Schedule 1 Attachment 1

Hawkesbury has provided a table of suppliers stating the amounts, the nature of the activity and whether a contract exists or not.

a. Please expand this table to include the years of 2006 to 2009 inclusive.

HHI Response

Please see the tables below for 2006 to 2009.

2006			
Name Of Supplier	Amount Spent In Historical Year	Type Of Expense	Cost Or Contract Approach
Independent Electricity System	11,290,522.55	Power Purchase	Cost
Hydro One	2,894,255.06	Power Purchase	Cost
Ontario Electricity Financial	1,355,899.15	Debt Retirement Charge	Pass Through
Receiver General For Canada	444,623.65	Payroll Deductions & Gst	Cost
Corp De La Ville De Hawkesbury	385,752.94	Long Term Debt To Shareholder, Pil'S & Dividend	Cost
Ontario Energy Savings Corp	223,009.03	Retail Settlement Charges	Contract
Ontario Electricity Financial	195,662.00	Pil'S	Cost
Direct Energy Marketing Ltd	117,804.90	Retail Settlement Charges	Contract
Hydro Ottawa	70,386.39	Metering Points Settlement Services & Meter Verification	Contract
Lakeport Power	57,836.20	Inventory Purchases: U/G And O/H (Primary And Secondary) Conductors, O/H And U/G Material For Day To Day Operations	Cost
Advanced Computer System	56,227.06	Annual Maintenance Support, Dereg Support & Users Conference	Contract
General Electric Canada Inc.	54,608.28	Substation Maintenance	Cost
Ont Municipal Emp Ret Board	48,376.40	O.M.E.R.S. Pension Plan Fees	Pass Through
Hd Supply Utilities	44,236.89	Inventory Purchases: U/G And O/H (Primary And Secondary) Conductors, O/H And U/G Material For Day To Day Operations	Cost
Stantec Consulting Ltd. (Scl)	39,790.28	Line Optimization & Loss Study	Contract
Constellation New Energy	35,172.02	Retail Settlement Charges	Contract
Mearie Management Inc.	32,602.87	Employee Benefits	Contract
Carte International Inc.	24,810.10	Line Transformers	Cost
Cornwall Electric	20,903.54	3 Phase Padmount Transformers	Cost
Sylvain Goulet	19,297.07	Meter Reading Expenses - Outside Consultant	Contract
Canada Post Corporation	17,573.30	Stamps And Postage For Billing And Other Correspondence	Cost

Bell Canada	17,270.34	Monthly Fees & Equipement Rental	Contract
Esm Services Informatiques Inc	16,151.54	Accounting Software Maintenance & Services	Cost
Electricity Distributors Ass.	12,603.40	Eda Annual Membership Fees	Cost
Mearie-Liability Insurance	11,941.56	Liability Insurance	Contract
Opgi	10,452.46	Retail Settlement Charges	Contract
Deloitte Touche	10,372.00	Annual Audits	Cost
Banque Nationale Du Canada (Master Card)	9,681.97	Miscellaneous	Cost
Ontario Energy Board	9,631.00	Regulatory Expenses	Cost
Econo Gas Bar	8,416.00	Fuel & Gas	Cost
Centre De Services À L'Emploi	7,964.59	Agency Fees For Extra Staff	Cost
Burlington Business Forms	6,503.14	Billing Supplies	Cost
Minister Of Finance	6,201.81	Employer Health Tax	Cost
Theoret & Martel Insurance	5,799.60	Board, Comprehensive Crime & Property Insurance	Contract
Carkner Office Supply Ltd.	5,723.40	Office Supplies	Cost
The Spi Group	4,030.72	Ebt Provider	Contract
Vitrierie Gauthier Glass	3,961.22	Building Maintenance	Cost
Mearie-Vehicle Insurance Progr	3,800.00	Vehicle Insurance	Contract
Cupe -Local 1026H	3,724.87	Union Fees	Pass Through
Workplace Safety & Ins Board	3,420.84	W.S.I.B. Fees	Cost
Electrical Safety Authority	3,165.41	Regulatory Oversight Cost & Licence Fee	Cost
Service Hydraulique D'Argenteu	3,080.65	Truck Maintenance	Cost
Lucette Denis	2,820.75	Janitorial Services	Cost
Arpentages Schultz Barrette /	2,718.34	Easement Fees	Cost
Quasar	2,505.74	Esa Annual Audit Fees	Contract
Sproule Powerline Construction	2,505.40	Linemen Services	Cost
Excavation Claude Lacombe Inc.	2,469.89	Snow Removal	Contract
Enerspectrum Group	2,140.00	Trc Tools For Oeb Reporting	Cost
Gal Power Systems Ottawa Ltd.	1,890.72	Generator Rental For Station Maintenance	Cost
Toronto Hydro Energy Services	1,727.71	Retail Settlement Charges	Contract
Peterborough Utilities Services Inc.	1,698.00	Msp Services	Contract
Larocque Engine Rebuilders Inc	1,682.20	Truck Maintenance And Air Test	Cost
Bell Mobilite	1,533.89	Cellular Phone Service	Contract

Benson 1953	1,492.32	Truck Tires And Maintenance	Cost
Thibert Printing Inc.	1,402.93	Business Forms & Printing Services	Cost
Le Carillon	1,349.01	Public Notification For New Rates	Cost
Kinectrics Inc. / Acc'Ts Recei	1,282.60	Dielectric Testing	Cost
Carriere & Poirier Equipement	1,259.53	Small Tools & Maintenance Of Right Of Way Equipement	Cost
Shell Energy North America (Coral)	1,250.50	Retail Settlement Charges	Contract
Claude Bouvrette	1,236.00	Outside Consultant - Hand Delivered Notices	Cost
Banque Nationale Du Canada	1,070.25	Petty Cash	Cost
Jg Barrette Electric Ltd	1,026.59	Electric Supplies	Cost
Shepherds Utility Equipment	938.59	Small Tools	Cost
Prescott Electric Motors	932.18	Tool Maintenance	Cost
I.G.S. Hawkesbury	895.62	Internet Provider	Contract
Hawkesbury Transport & Excavat	793.50	U/G Facility Maintenance	Cost
Cambridge & North Dumfries Hyd	774.52	Fixed Rate Tcop Project & Purchase Of Dqf Program	Cost
Partner Technologies Incorp.	704.32	Recloser Maintenance	Cost
Ministre Des Finances / Mto	611.00	Fleet Annual Registration Renewal Fee	Cost
Bell Mobility Paging	571.04	Pagers And Maintenance Costs	Contract
Kerr Norton	443.73	Office Supplies	Cost
K-Tek Electro Services Ltd	429.13	High Voltage Rubber Gloves Testing	Cost
B & C Office Equipment Ltd.	420.81	Office Supplies	Cost
Petrole Campbell Petroleum	419.89	Transformer Oil	Cost
Canadian Tire Commercial Mc	415.11	Small Tools & Maintence Of Building	Cost
Ekstrom Industries Inc.	370.76	Metering (Load Adaptors)	Cost
Coté Solutions	364.86	Lawn And Ground Maintenance	Cost
Benson Commercial Tire	360.58	Truck Tires And Maintenance	Cost
Hawkesbury Lumber - Home Hardw	348.38	Small Tools	Cost
Acklands Limited	316.57	Small Tools	Cost
Receiver General For Canada	311.00	Radio License Fees	Cost
F.L.C. Sanitation Centre	310.88	Cleaning Supplies	Cost
Car-Lan Centre Du Pneu	264.50	Tires For Pick Up Truck	Cost
Turpin Auto Ltd.	246.90	Truck Maintenance	Cost
Garage Chartrand & Pineau Inc.	232.97	Truck Maintenance	Cost
Securité Heb	231.12	Security System	Contract

Security Inc.			
Pageau Fire Protection	217.27	Fire Extinguishers & Yearly Inspection	Cost
Imprimerie Prescott-Russell	204.89	Office Supplies	Cost
Commercial Equipment Corp - Woodstock	203.32	High Voltage Rubber Glove Testing	Cost
E.J. Brooks Industries Ltd	202.35	Meter Seals	Cost
Presse Commerce	200.64	Magazines For Waiting Room & Staff Lunch Room	Cost
Purolator Courier Ltd.	177.38	Courier Services	Cost
Atlantic Braids Ltd.	171.18	Truck Maintenance	Cost
Barton Smith	150.00	Truck Maintenance	Cost
Jesstec Industries Inc.	146.81	Meter Seals And Disconnect Devices	Cost
Main Industrial Sales Ltd.	121.62	Electric Supplies	Cost
Comtés Unis De Prescott Et Russell	100.00	Community Relations	Cost
Agence De Collection Unik	70.5	Collection Agency Fees	Cost
Westburne Ruddy Electric	55.45	Inventory Purchases: U/G And O/H (Primary And Secondary) Conductors, O/H And U/G Material For Day To Day Operations	Cost
King Garage	51.25	Truck Maintenance	Cost
Wolseley Mechanical Group-Ontario Region	49.45	Maintenance Building (Thermostat)	Cost
Hawkesbury Motor Sports	46.74	Truck Maintenance	Cost
Gauthier Auto Glass Ltd.	46.69	Truck Maintenance	Cost
G & S Electric Inc.	13.77	Inventory Purchases: U/G And O/H (Primary And Secondary) Conductors, O/H And U/G Material For Day To Day Operations	Cost
Studio De Lettrage 2001	7.98	Truck Maintenance (Stickers)	Cost

2007			
Name Of Supplier	Amount Spent In Historical Year	Type Of Expense	Cost Or Contract Approach
Hydro One	8284061.32	Power Purchase	Cost
Independent Electricity System	6626554.73	Power Purchase	Cost
Ontario Electricity Financial	1338837.04	Debt Retirement Charge	Pass Through

Receiver General For Canada	452552.3	Payroll Deductions & Gst	Cost
Ontario Energy Savings Corp	409085.77	Retail Settlement Charges	Contract
Corp De La Ville De Hawkesbury	388798.76	Long Term Debt To Shareholder, Pil'S & Dividend	Cost
Ontario Electricity Financial	335200	Pil'S	Cost
Direct Energy Marketing Ltd	160867.95	Retail Settlement Charges	Contract
Constellation New Energy	133346.12	Retail Settlement Charges	Contract
Ont Municipal Emp Ret Board	50109.82	O.M.E.R.S. Pension Plan Fees	Pass Through
Hydro Ottawa	38857.32	Metering Points Settlement Services & Meter Verification	Contract
Mearie Management Inc.	34253.94	Employee Benefits	Contract
Lakeport Power	22753.18	Inventory Purchases: U/G And O/H (Primary And Secondary) Conductors, O/H And U/G Material For Day To Day Operations	Cost
Hd Supply Utilities	20387.68	Inventory Purchases: U/G And O/H (Primary And Secondary) Conductors, O/H And U/G Material For Day To Day Operations	Cost
Sylvain Goulet	20018.79	Meter Reading Expenses - Outside Consultant	Contract
Centre De Services À L'Emploi	19092.78	Agency Fees For Extra Staff	Cost
Canada Post Corporation	18063.01	Stamps And Postage For Billing And Other Correspondence	Cost
Ecaliber	16654.44	A.S.P.Provider	Contract
Bell Canada	16508.95	Monthly Fees & Equipment Rental	Contract
Harris Computer Systems	13300.02	Annual Maintenance Support, Dereg Support & Users Conference	Contract
Electricity Distributors Ass.	13250	Eda Annual Membership Fees	Cost
Canadian Tire Commercial Mc	12439.01	Small Tools & Maintenance Of Building	Cost

Mearie-Liability Insurance	11489.04	Liability Insurance	Contract
Winworld	10723.69	New Server	Cost
Deloitte Touche	10706	Annual Audits	Cost
Carkner Office Supply Ltd.	9603	Office Supplies	Cost
Ontario Energy Board	9085.83	Regulatory Expenses	Cost
Trans Canada Utiliy Pole Co.	7201.22	Poles	Cost
Pageau Morel & Associés Inc.	6845.48	P.Eng Service For Esa Requirements	Cost
Minister Of Finance	6331.57	Employer Health Tax	Cost
Banque Nationale Du Canada (Master Card)	6053.93	Miscellaneous	Cost
Pc Maintenance	6045.84	It Services And Maintenance	Cost
Esm Services Informatiques Inc	5931.25	Accounting Software Maintenance & Services	Cost
General Electric Canada Inc.	5922.07	Maintenance & Testing Reclosers & Oil Tests	Cost
Theoret & Martel Insurance	5902.2	Board, Comprehensive Crime & Property Insurance	Contract
Stantec Consulting Ltd. (Scl)	5884.06	P.Eng Service For Guidelines For Generator Connection To Sistribution System	Cost
Carte International Inc.	5036.52	Line Transformers	Cost
Macewen McGill	4652.11	Fuel & Gas	Cost
Studio De Lettrage 2001	3963.28	Refrigerator Roundup Program (Opa)	Cost
Cupe -Local 1026H	3865.82	Union Fees	Pass Through
Econo Gas Bar	3747.27	Fuel & Gas	Cost
Mearie-Vehicle Insurance Progr	3741	Vehicle Insurance	Contract
Arpentages Schultz Barrette /	3561.6	Easement Fees	Cost
Workplace Safety & Ins Board	3407.87	W.S.I.B. Fees	Cost
Burlington Business Forms	3378.84	Billing Supplies	Cost
Electrical Safety Authority	3376.55	Regulatory Oversight Cost & Licence Fee	Cost
The Spi Group	3295.84	Ebt Provider	Contract
Lucette Denis	3017.93	Janitorial Services	Cost

Le Carillon	2985.24	Public Notification For New Rates	Cost
B & C Office Equipment Ltd.	2939.52	Office Supplies	Cost
Shell Energy North America (Coral)	2882.39	Retail Settlement Charges	Contract
Peterborough Utilities Services Inc.	2542	Msp Services	Contract
Excavation Claude Lacombe Inc.	2359.85	Snow Removal	Contract
Vitrierie Gauthier Glass	2084.4	Building Maintenance	Cost
Cwb Group - Industry Services	2067.51	Esa Annual Audit Fees	Contract
Bell Mobilite	1975.99	Cellular Phone Services	Contract
Partner Technologies Incorp.	1799.93	Recloser Maintenance	Cost
Service Hydraulique D'Argenteu	1595.3	Truck Maintenance	Cost
Ottawa Central Railway Inc.	1471.16	Agreement For O/H Over Railway Track	Cost
Kerr Norton	1401.06	Office Supplies	Cost
Kinectrics Inc. / Acc'Ts Recei	1335.6	Dielectric Testing	Cost
Itron Canada Inc.	1296.38	Curent And Potential Transformers & Metering Test Blocks	Cost
Banque Nationale Du Canada	1239.72	Petty Cash	Cost
Summitt Energy Management Inc.	1177.84	Retail Settlement Charges	Contract
Tribune - Express	1177.55	Public Notification For New Rates	Cost
Thibert Printing Inc.	1146.52	Business Forms & Printing Services	Cost
Collus Power Corp	1090.51	Codac Group Final Invoice	Cost
I.G.S. Hawkesbury	890.27	Internet Provider	Contract
Benson 1953	793.99	Truck Maintenance	Cost
Carriere & Poirier Equipement	748.59	Small Tools & Maintenance Of Right Of Way Equipement	Cost
Hawkesbury Motor Sports	655.72	Truck Maintenance	Cost
Jg Barrette Electric Ltd	653.15	Electric Supplies	Cost
Sproule Powerline Construction	636	Linemen Services	Cost
Coté Solutions	631.1	Lawn And Ground Maintenance	Cost
Ministre Des Finances / Mto	611	Fleet Annual Registration Renewal	Cost
Mesurina Ltee	606.36	Current And Potential	Cost

		Transformers	
Bell Mobility Paging	603.27	Pagers And Maintenance Cost	Contract
Robert Lessard - Locksmith	573.02	New Door Lock & Maintenance	Cost
Hawkesbury Transport & Excavat	547.2	U/G Facility Maintenance	Cost
Gray Hawk	495.19	Furnace Maintenance	Cost
Rail Inc.	477	Easement Cost For O/H Lines Over Railway Track	Cost
Sage Accpac Canada Inc.	450.3	Accpac Payroll Tax Update	Contract
Garage Chartrand & Pineau Inc.	447.78	Truck Maintenance	Cost
Pitney Bowes Global Credit Services	380.76	Billing & Mailing Equipment - Rental Fees	Contract
E.J. Brooks Industries Ltd	369.13	Meter Seals	Cost
Main Industrial Sales Ltd.	344.1	Electric Supplies	Cost
Ridge Nassau Ltd	313.2	Maintenance Building (Garage Door)	Cost
Paul Villeneuve	311.64	Equipment Rental (Install Pole In Rock)	Cost
Receiver General For Canada	311	Radio License Fees	Cost
Securité Heb Security Inc.	305.28	Security System	Contract
Acklands Limited	304.58	Small Tools	Cost
Hawkesbury Lumber - Home Hardw	303.16	Small Tools	Cost
Bogue Photo Hawkesbury Ltd.	250.77	Digital Camera (Office Use)	Cost
Hawkesbury Auto Parts Inc.	205.84	Truck Maintenance	Cost
Ray Brunet Welding	202	Welding Service On Recloser	Cost
Presse Commerce	199.11	Magazines For Waiting Room & Staff Lunch Room	Cost
Purolator Courrier Ltd.	174.85	Courrier Services	Cost
F.L.C. Sanitation Centre	169.64	Cleaning Supplies	Cost
Pageau Fire Protection	162.11	Fire Extinguishers & Inspection	Cost
Jesstec Industries Inc.	145.13	Meter Seals And Disconnect Devices	Cost
Centre Floral Inc.	114	Flowers (Funeral) Board Member	Cost
Larocque Engine Rebuilders Inc	102.6	Truck Maintenance And Air Test	Cost
Comtés Unis De Prescott Et Russell	100	Community	Cost

		Relations	
Gauthier Auto Glass Ltd.	89.97	Truck Maintenance	Cost
Agence De Collection Unik	88.5	Collection Agency Fees	Cost
Vankleek Hill Country Depot	85.05	Station Vegetation Maintenance	Cost
Château Décor	42.74	Rust Paint For Pad Mount Transformer	Cost
Atlantic Braids Ltd.	42.4	Truck Maintenance	Cost
Toronto Hydro Energy Services	38.19	Retail Settlement Charges	Contract
Jiffy Muffler	37.1	Truck Maintenance	Cost

2008			
Name Of Supplier	Amount Spent In Historical Year	Type Of Expense	Cost Or Contract Approach
Hydro One	8,173,898.33	Power Purchase	Cost
Independent Electricity System Operator	6,108,417.79	Power Purchase	Cost
Ontario Electricity Financial	1,311,485.68	Debt Retirement Charge	Pass Through
Ontario Energy Savings Corp	449,869.39	Retail Settlement Charges	Contract
Receiver General For Canada	410,275.24	Payroll Deductions & Gst	Pass Through
Corp De La Ville De Hawkesbury	387,493.43	Long Term Debt To Shareholder, Pil'S & Dividend	Cost
Ontario Electricity Financial	316,012.49	Pil'S	Cost
Direct Energy Marketing Ltd	191,963.45	Retail Settlement Charges	Contract
Constellation New Energy	128,288.32	Retail Settlement Charges	Contract
Ecaliber	96,825.55	Asp Provider, Harris Support, Settlement Fees & Conversion Costs	Contract
Ont Municipal Employers Ret Board	55,454.38	O.M.E.R.S. Pension Plan Fees	Pass Through
Hd Supply Utilities	44,891.82	Inventory Purchases: U/G And O/H (Primary And Secondary) Conductors, O/H And U/G Material For Day To Day Operations	Cost
Mearie Management Inc.	37,922.35	Employee Benefits	Contract
Miscellaneous	36,289.79	Miscellaneous	Cost
Hydro Ottawa	26,018.94	Metering Points Settlement Services Till End Of June 2008 & Meter Verification	Contract
Partner Technologies Incorporated	24,471.80	Recloser For 115 Kv Substation	Cost
Lakeport Power	22,443.16	Inventory Purchases: Pole Top Extensions, Rubber Gloves, Padmount Transformers, Conductor Covers And Gripall	Cost
Sylvain Goulet	20,375.86	Meter Reading Services	Contract

Harris Computer Systems	18,823.73	Annual Maintenance Support Till May 31St 2008, Dereg Support & Users Conference	Contract
Canada Post Corporation	17,986.63	Stamps And Postage For Billing And Other Correspondence	Cost
Deloitte Touche	17,640.00	Annual Audit Fees And Rate Rebasing Costs.	Cost
Bell Canada	15,825.23	Monthly Service Charge & Equipement Rental	Contract
Elenchus Research Associates Inc.	15,290.63	Rate Rebasing Costs	Contract
Electricity Distributors Association	13,440.00	Eda Annual Membership Fees	Cost
Summitt Energy Management Inc.	12,992.18	Retail Settlement Charges	Contract
Master Card (Bnc)	11,810.00	Miscellaneous	Cost
Mearie-Liability Insurance	11,603.52	Liability Insurance	Contract
Carkner Office Supply Ltd.	9,485.47	Office Supplies & Equipment	Cost
Ontario Energy Board	8,609.93	Regulatory Expenses	Cost
Econo Gas Bar	8,250.38	Fuel & Gas	Cost
Sure Voltage	8,043.99	Substation Equipement And Maintenance	Contract
Stantec Consulting Ltd. (Sci)	6,467.86	Co-Generation Document & Requirements	Contract
Minister Of Finance	6,331.57	Employer Health Tax	Cost
Theoret & Martel Insurance	6,043.68	Board, Comprehensive Crime & Property Insurance	Contract
General Electric Canada Inc.	5,559.56	Oil Tests And Maintenance	Contract
Sage Accpac Canada Inc.	5,480.50	Accpac Support & Updates	Cost
Cupe -Local 1026H	4,487.45	Union Fees	Pass Through
Workplace Safety & Ins Board	3,820.75	Wsib Fees	Cost
Mearie-Vehicle Insurance Program	3,664.00	Fleet Insurance	Contract
Pitney Bowes Global Credit Services	3,652.50	Rental Fees	Contract
Pc Maintenance	3,542.55	It Services & Maintenance	Cost
Shell Energy North America	3,503.44	Retail Settlement Charges	Contract
Lucette Denis	3,468.28	Janitorial Service	Cost
Universal Energy Corporation	3,411.21	Retail Settlement Charges	Contract
Burlington Business Forms	3,306.81	Billing Stationnary	Cost
Electrical Safety Authority	3,281.28	Regulatory Oversight Cost & Licence Fee	Cost
I.G.S. Hawkesbury	3,275.21	Internet Service And Upgrade To High Speed	Contract
The Spi Group	2,959.33	Ebt Spokes	Contract
Peterborough Utilities Services Inc.	2,520.00	Msp Services	Contract
Excavation Claude Lacombe Inc.	2,509.29	Snow Removal Services	Contract
Thibert Printing Inc.	2,451.53	Business Forms & Printing Services	Cost

Bell Mobility	2,316.94	Cellular Phones	Contract
Electrical Utilities Safety	2,100.00	Course Fees	Cost
Quasar	2,083.07	Esa Annual Audit Fees	Contract
Esm Services Informatiques Inc.	2,074.64	Accounting Software Maintenance & Services	Cost
Centre De Services A L'Emploi	2,047.10	Outside Service Employed	Cost
Woods Parisien	1,574.55	Easements Fees	Cost
Arpentages Schultz Barrette	1,484.00	Easements Fees	Cost
Kinectrics Inc.	1,335.60	Dielectric Testing	Cost
Sproule Powerline Construction	1,286.25	Trouble Call Assistance	Cost
Winworld	1,275.77	Computer Equipement	Cost
Pageau Morel & Associés Inc.	1,102.50	Plans To Meet O.Reg 22/04	Cost
Le Carillon	924.00	Public Notification For New Rates	Cost
Benson 1953	848.43	Tires For Trucks	Cost
Cogeco Cable Canada Inc.	847.00	High Speed Internet Service	Contract
Terry'S Restoration Shop	840.00	Repair Bucket On Boom Truck & Safety Check	Cost
Macewen McGill	803.60	Fuel & Gas	Cost
King Garage	788.24	Tires For Boom Truck	Cost
Securité Heb Security Inc.	732.90	Office Security System	Contract
Shepherds Utility Equipment	729.93	Small Tools	Cost
Ministre Des Finances / Mto	611.00	Fleet Annual Registration Renewal	Cost
Bell Mobility Paging	604.77	Pagers & Maintenance Costs	Contract
Canadian Tire Commercial Mc	537.17	Small Tools	Cost
Ecng Limited Partnership	494.44	Retail Settlement Charges	Contract
Larocque Engine Rebuilders Inc.	490.22	Truck Maintenance & Air Tests	Cost
Commercial Equipment Corp - Woodstock	483.11	Rubber Gloves Testing	Cost
Jg Barrette Electric Ltd	444.63	Electric Supplies	Cost
The Review	378.00	Public Notification For New Rates	Cost
Gauthier Auto Glass Ltd.	318.55	Bed Liner For Pick Up	Cost
Receiver General For Canada	311.00	Radio Licence Fees	Cost
Garage Chartrand & Pineau Inc.	307.33	Truck Maintenance	Cost
Trophy Hill	288.15	Lineman Clothing	Cost
Main Industrial Sales Ltd.	260.12	Electric Supplies	Cost
Jiffy Muffler	252.85	Truck Maintenance	Cost
Bertrand Body Shop &	210.52	Safety Gloves And Glasses	Cost

Welding			
General Bearing Service	182.43	Slings	Cost
Pageau Fire Protection	133.34	Fire Extinguishers & Inspection	Cost
Normand Excavation	109.40	Sand For U/G Service Repairs	Cost
Comtés Unis De Prescott & Russell	100.00	Community Relations	Cost
F.L.C. Sanitation Centre	84.64	Cleaning Supplies	Cost
Agence De Collection Unik	82.14	Collection Agency Fees	Cost
Hawkesbury Motor Sports	81.18	Maintenance Of Lawn Mower	Cost
Purolator Courier Ltd.	77.41	Courier Services	Cost
Dell Canada Inc.	67.78	Computer Equipement	Cost
Hawkesbury Lumber - Home Hardware	58.61	Small Tools	Cost
Château Décor	42.36	Rust Paint For Transformers	Cost
Hotte Automobile Inc.	41.30	Oil Change On Pick Up	Cost

2009			
Name Of Supplier	Amount Spent In Historical Year	Type Of Expense	Cost Or Contract Approach
Hydro One	6,573,925.84	Power Purchase	Cost
Independent Electricity System	6,301,105.05	Power Purchase	Cost
Ontario Electricity Financial	1,187,466.40	Debt Retirement Charge	Pass Through
Corp De La Ville De Hawkesbury	377,251.06	Long Term Debt To Shareholder, Pil'S & Dividend	Cost
Receiver General For Canada	322,227.60	Payroll Deductions & Gst	Cost
Ontario Electricity Financial	214,220.00	Pil'S	Cost
Elster Canadian Meter	177,882.92	Smart Meters	Contract
Elenchus Research Associates Inc.	136,558.38	Rate Rebasing Services	Contract
Ontario Energy Savings Corp	74,201.84	Retail Settlement Charges	Contract
Ecaliber	68,381.60	Asp Provider	Contract
Ont Municipal Emp Ret Board	56,497.64	O.M.E.R.S. Pension Plan Fees	Pass Through
General Electric Canada Inc.	51,121.20	Station Maintenance	Cost
Mearie Management Inc.	38,942.60	Employee Benefits	Contract
Direct Energy Marketing Ltd	33,571.35	Retail Settlement Charges	Contract
Ontario Power Authority	31,165.47	Refund To The Opa For Unused Funds In The Appliance Retrofit Program	Cost

Constellation New Energy	25,973.26	Retail Settlement Charges	Contract
Partner Technologies Incorp.	24,509.02	Recloser Maintenance	Cost
Hd Supply Utilities	20,510.40	Inventory Purchases: U/G And O/H (Primary And Secondary) Conductors, O/H And U/G Material For Day To Day Operations	Cost
Sylvain Goulet	20,450.43	Meter Reading Expenses - Outside Consultant	Contract
Canada Post Corporation	18,867.09	Stamps And Postage For Billing And Other Correspondence	Cost
Lakeport Power	18,493.47	Inventory Purchases: U/G And O/H (Primary And Secondary) Conductors, O/H And U/G Material For Day To Day Operations	Cost
Deloitte Touche	16,065.00	Annual Audits	Cost
Bell Canada	15,671.57	Monthly Fees & Equipement Rental	Contract
Electricity Distributors Ass.	14,383.95	Eda Annual Membership Fees	Cost
Sproule Powerline Construction	8,882.48	Linemen Services	Cost
Banque Nationale Du Canada (Master Card)	8,466.56	Miscellaneous	Cost
Carkner Office Supply Ltd.	7,992.24	Office Supplies	Cost
Ontario Energy Board	7,811.40	Regulatory Expenses	Cost
Econo Gas Bar	7,102.21	Fuel & Gas	Cost
Burlington Business Forms	6,622.85	Billing Stationnary	Cost
Theoret & Martel Insurance	6,203.52	Board, Comprehensive Crime & Property Insurance	Contract
Mearie-Liability Insurance	6,177.60	Liability Insurance	Contract
Hydro Ottawa	5,410.61	Meter Verification & Ct'S And Pt'S Purchases	Cost
Cupe -Local 1026H	4,725.62	Union Fees	Pass Through
Workplace Safety & Ins Board	3,979.44	W.S.I.B. Fees	Cost
Mearie-Vehicle Insurance Progr	3,559.00	Vehicle Insurance	Contract
Pitney Bowes Global Credit Services	3,476.76	Billing & Mailing Equipement - Rental Fees	Contract
Sage Accpac Canada Inc.	3,466.84	Accpac (Payroll Module)	Cost
Lucette Denis	3,245.55	Janitorial Services	Cost
Gal Power Systems Ottawa Ltd.	2,917.66	Generator Rental For Substation Maintenance	Cost
Electrical Safety Authority	2,913.15	Regulatory Oversight Cost & Licence Fee	Cost
Vankleek Hill Computer Sales & Services	2,897.32	Computer Hardware	Cost
Excavation Claude Lacombe Inc.	2,867.76	Snow Removal	Contract
London Hydro	2,860.01	Smart Meter Rfp Fees	Cost

Summitt Energy Management Inc.	2,534.47	Retail Settlement Charges	Contract
Car-Lan Centre Du Pneu	2,424.76	Tires For Boom Truck	Cost
Bell Mobilite	2,406.17	Cellular Phone Service	Contract
Peterborough Utilities Services Inc.	2,310.00	Msp Services	Contract
Universal Energy Corporation	2,027.70	Retail Settlement Charges	Contract
Pc Maintenance	1,946.99	It Services And Maintenance	Cost
Garage Chartrand & Pineau Inc.	1,880.47	Truck Maintenance	Csot
Harris Computer Systems	1,838.22	Conference & Training Fees	Cost
Entreprise Richard Malette	1,751.50	Truck Maintenance	Cost
Petrole Campbell Petroleum	1,724.25	Transformer Oil	Cost
Le Carillon	1,647.63	Public Notification For New Rates	Cost
Benson 1953	1,564.82	Truck Maintenance	Cost
Banque Nationale Du Canada	1,415.45	Petty Cash	Cost
Tribune - Express	1,406.14	Public Notification For New Rates	Cost
Quasar	1,318.10	Esa Annual Audit Fees	Cost
I.G.S. Hawkesbury	1,259.99	Internet Provider	Contract
Cogeco Cable Canada Inc.	1,133.40	Internet Provider Dedicated To Our Billing Asp Provider	Contract
Thibert Printing Inc.	1,101.85	Business Forms & Printing Services	Cost
Jg Barrette Electric Ltd	1,075.77	Electric Supplies	Cost
Turpin Auto Ltd.	966.61	Winter Tires	Cost
Itron Canada Inc.	948.45	Current And Potential Transformers & Metering Test Blocks	Cost
The Spi Group	939.98	Ebt Provider	Contract
Bertrand Supplies	832.81	Small Tolls	Cost
Hawkesbury Car Care	745.80	Tires And Truck Maintenance	Cost
Canadian Tire Commercial Mc	626.13	Small Tools & Maintenance Of Building	Cost
Ago Industries Inc.	616.51	Safety Clothing	Cost
Ministre Des Finances / Mto	611.00	Fleet Annual Registration Renewal	Cost
Bell Mobility Paging	604.77	Pagers And Maintenance Cost	Contract
Mesurina Ltee	601.05	Metering Test Switch	Cost
Shell Energy North America (Coral)	570.40	Retail Settlement Charges	Contract
Gauthier Auto Glass Ltd.	504.90	Truck Maintenance	Cost
Hotte Automobile Inc.	478.92	Truck Maintenance	Cost
Sure Voltage	472.50	Station Maintenance	Cost

Esm Services Informatiques Inc	459.38	Accounting Software Maintenance & Services	Cost
Jiffy Muffler	438.06	Truck Maintenance	Cost
Ecng Limited Partnership	433.12	Retail Settlement Charges	Contract
Harris Computer Utility User Group	379.33	Annual Membership Dues	Contract
Purolator Courier Ltd.	365.38	Courier Services	Cost
E.J. Brooks Industries Ltd	361.87	Meter Seals	Cost
Securité Heb Security Inc.	327.60	Security System	Contract
Shepherds Utility Equipment	322.62	Small Tolls	Cost
Receiver General For Canada	311.00	Radio License Fees	Cost
Studio De Lettrage 2001	307.36	Signs In Substation As Per Esa Requirements	Cost
Kerr Norton	271.99	Office Supplies	Cost
Pageau Fire Protection	209.21	Fire Extinguishers & Inspection	Cost
Atlantic Braids Ltd.	177.11	Truck Maintenance	Cost
Gray Hawk	136.05	Furnace Maintenance	Cost
King Garage	123.17	Truck Maintenance	Cost
Vankleek Hill Country Depot	115.25	Station Vegetation Maintenance	Cost
Carriere & Poirier Equipement	111.06	Small Tools & Maintenance Of Right Of Way Equipement	Cost
Larocque Engine Rebuilders Inc	101.70	Drive Clean Test	Cost
Comtés Unis De Prescott Et Russell	100.00	Community Relations	Cost
Main Industrial Sales Ltd.	98.56	Electric Supplies	Cost
Vitrierie Gauthier Glass	92.40	Building Maintenance	Cost
F.L.C. Sanitation Centre	84.64	Cleaning Supplies	Cost
Hawkesbury Lumber - Home Hardw	81.41	Small Tools	Cost
Robert Lessard - Locksmith	78.37	New Door Lock & Maintenance	Cost
Commercial Equipment Corp - Woodstock	75.87	High Voltage Rubber Glove Testing	Cost
G & S Electric Inc.	72.77	Electric Supplies	Cost
Trophy Hill	71.19	Clothing For Linemen	Cost
B & C Office Equipment Ltd.	32.06	Office Supplies	Cost

b. Please explain any year over year increase greater than 10%.

HHI Response

Please see below

		2006	2007	Variance	VARIANCE 2007 VS 2006	EXPLANATION
NAME OF SUPPLIER	TYPE OF EXPENSE	AMOUNT SPENT	AMOUNT SPENT			
ECALIBER	A.S.P.PROVIDER	\$0.00	\$16,654.44	100	\$16,654.44	ADVANCED COMPUTER SYSTEM WAS SOLD TO HARRIS COMPUTER. HHI PARTICIPATED IN THE CODAC GROUP IN ORDER TO FIND A BILLING SYSTEM TO REPLACE ADVANCED. HHI DECISION WAS TO OBTAIN AN A.S.P. SOLUTION FROM E-CALIBER
MacEWEN MCGILL	FUEL & GAS	\$0.00	\$4,652.11	100	\$4,652.11	IN 2007 HHI OBTAIN QUOTE FROM DIFFERENT COMPANIES FOR FUEL. MscEWEN CAME IN 1ST. SO IN 2007 HHI CHANGED FROM ECONO GAS TO MacEWEN
CENTRE DE SERVICES À L'EMPLOI	AGENCY FEES FOR EXTRA STAFF	\$7,964.59	\$19,092.78	140%	\$11,128.19	NEW EMPLOYEE HIRED IN 2007. HHI HIRED MAUDE CRETE THROUGH LE CENTRE DE SERVICE À L'EMPLOI DURING THE PROBATION PERIOD (AS PER OUR UNION AGREEMENT)
CARKNER OFFICE SUPPLY LTD.	OFFICE SUPPLIES	\$5,723.40	\$9,603.00	68%	\$3,879.60	EXTRA PURCHASES FROM ORDINARY WERE: 4 DRAWER GARDEX FIRE PROOF CABINET AND A HIGH PERFORMANCE PRINTER FOR BILLING PURPOSES
ARPENTAGES SCHULTZ BARRETTE /	EASEMENT FEES	\$2,718.34	\$3,561.60	31%	\$843.26	RAILWAY CROSSING AND APPROVED PLANS FOR ESA REQUIREMENTS
PETERBOROUGH UTILITIES SERVICES INC.	MSP SERVICES	\$1,698.00	\$2,542.00	50%	\$844.00	IN 2006, HHI SWITCHED FROM HYDRO OTTAWA TO PETERBOROUGH. SO 2006 DID NOT COVER A FULL YEAR OF SERVICE
BELL MOBILITE	CELLULAR PHONE SERVICES	\$1,533.89	\$1,975.99	29%	\$442.10	NEW CELLULAR PHONE WERE PURCHASED & MONTHLY SERVICE

						CHARGES.
LE CARILLON	PUBLIC NOTIFICATION FOR NEW RATES	\$1,349.01	\$2,985.24	121%	\$1,636.23	IN ORDER TO SATISFY REGULATORY BODIES PUBLIC NOTIFICATION
PARTNER TECHNOLOGIES INCORP.	RECLOSER MAINTENANCE	\$704.32	\$1,799.93	156%	\$1,095.61	SUBSTATION RECLOSER MAINTENANCE.
KERR NORTON	OFFICE SUPPLIES	\$443.73	\$1,401.06	216%	\$957.33	HHI PURCHASE PRINTER CARTRIDGES FROM SUPPLIER. 2007 SHOWS MORE NEEDS
B & C OFFICE EQUIPMENT LTD.	OFFICE SUPPLIES	\$420.81	\$2,939.52	599%	\$2,518.71	HHI HAD TO BUY AN SQL SOFTWARE AND LICENSING FOR OUR BILLING OPERATIONS
CANADIAN TIRE COMMERCIAL MC	SMALL TOOLS & MAINTENANCE OF BUILDING	\$415.11	\$12,439.01	2897%	\$12,023.90	PART OF OUR 3RD TRANCHE CDM SPENDING WAS FOR LIGHTS. HHI GAVE THOSE LIGHT TO OUR CUSTOMER BASE
COTÉ SOLUTIONS	LAWN AND GROUND MAINTENANCE	\$364.86	\$631.10	73%	\$266.24	SUBSTATION MAINTENANCE WEED CONTROL AND MAIN OFFICE LAWN MAINTENANCE
GARAGE CHARTRAND & PINEAU INC.	TRUCK MAINTENANCE	\$232.97	\$447.78	92%	\$214.81	MAINTENANCE ON OUR BOOM TRUCK
SECURITÉ HEB SECURITY INC.	SECURITY SYSTEM	\$231.12	\$305.28	32%	\$74.16	UPGRADE OUR SECURITY PANEL FOR ALARM SYSTEM.
E.J. BROOKS INDUSTRIES LTD	METER SEALS	\$202.35	\$369.13	82%	\$166.78	82%
MAIN INDUSTRIAL SALES LTD.	ELECTRIC SUPPLIES	\$121.62	\$344.10	183%	\$222.48	SMALL SUPPLIES FOR LINE MAINTENANCE
HAWKESBURY MOTOR SPORTS	TRUCK MAINTENANCE	\$46.74	\$655.72	1303%	\$608.98	REGULAR TRUCK MAINTENANCE
GAUTHIER AUTO GLASS LTD.	TRUCK MAINTENANCE	\$46.69	\$89.97	93%	\$43.28	REGULAR TRUCK MAINTENANCE
STUDIO DE LETTRAGE 2001	REFRIGERATOR ROUNDUP PROGRAM (OPA)	\$7.98	\$3,963.28	49565%	\$3,955.30	OPA FRIDGE ROUND UP PROGRAM.
WINWORLD	NEW SERVER	\$0.00	\$10,723.69	100	\$10,723.69	LOST OUR MAIN SERVER. HAD TO BUY A NEW ONE FOR OUR DAY TO DAY OPERATIONS
TRANS CANADA UTILITY POLE CO.	POLES	\$0.00	\$7,201.22	100	\$7,201.22	NEW POLES 40 AND 50 FOOT.
Pageau Morel & Associés Inc.	P.ENG SERVICE FOR ESA REQUIREMENTS	\$0.00	\$6,845.48	100	\$6,845.48	DISTRIBUTION PLANS TO COMPLY WITH ESA
PC maintenance	IT SERVICES AND MAINTENANCE	\$0.00	\$6,045.84	100	\$6,045.84	HHI HAS NO IT DEPARTMENT. NEW SERVER REQUIRED IT SPECIALIST.
OTTAWA CENTRAL RAILWAY INC.	AGREEMENT FOR O/H OVER RAILWAY TRACK	\$0.00	\$1,471.16	100	\$1,471.16	OTTAWA RAILWAY REQUIRES LDC'S TO COMPLETE AN AGREEMENT FOR SUCH RIGHT ON THEIR

						PROPERTY
Itron Canada Inc.	CURRENT AND POTENTIAL TRANSFORMERS & METERING TEST BLOCKS	\$0.00	\$1,296.38	100	\$1,296.38	CURRENT TRANSFORMERS AND POTENTIAL TRANSFORMER FOR CUSTOMER METERING
TRIBUNE - EXPRESS	PUBLIC NOTIFICATION FOR NEW RATES	\$0.00	\$1,177.55	100	\$1,177.55	IN ORDER TO SATISFY REGULATORY BODIES PUBLIC NOTIFICATION
COLLUS POWER CORP	CODAC GROUP FINAL INVOICE	\$0.00	\$1,090.51	100	\$1,090.51	THE CHANGE FROM ADVANCE UTILITY SYSTEM TO OUR NEW BILLING SYSTEM REQUIRED HHI TO PARTICIPATE IN THE CODAC GROUP RFP. THIS IS THE FINAL INVOICE FOR OUR PARTICIPATION IN THIS GROUP
MESURINA LTEE	TEST BLOCKS FOR METERING	\$0.00	\$606.36	100	\$606.36	TEST BLOCKS FOR METERING
ROBERT LESSARD - LOCKSMITH	NEW DOOR LOCK & MAINTENANCE	\$0.00	\$573.02	100	\$573.02	NEW LOCKS FOR OFFICE EXTERIOR DOORS.
GRAY HAWK	FURNACE MAINTENANCE	\$0.00	\$495.19	100	\$495.19	BUILDING MAINTENANCE (FURNACE)
SAGE ACCPAC CANADA INC.	ACCPAC PAYROLL TAX UPDATE	\$0.00	\$450.30	100	\$450.30	ACCPAC SOFTWARE. PAYROLL MODULE UPDATE
PITNEY BOWES Global Credit Services	BILLING & MAILING EQUIPMENT - RENTAL FEES	\$0.00	\$380.76	100	\$380.76	NEW MAIL SYSTEM
RIDGE NASSAU LTD	MAINTENANCE BUILDING (GARAGE DOOR)	\$0.00	\$313.20	100	\$313.20	REPAIRS ON GARAGE DOOR
PAUL VILLENEUVE	EQUIPMENT RENTAL (INSTALL POLE IN ROCK)	\$0.00	\$311.64	100	\$311.64	NEW POLE IN ROCK. BACKHOE WAS REQUIRED
BOGUE PHOTO HAWKESBURY LTD.	DIGITAL CAMERA (OFFICE USE)	\$0.00	\$250.77	100	\$250.77	DIGITAL CAMERA FOR LINE CREW
HAWKESBURY AUTO PARTS INC.	TRUCK MAINTENANCE	\$0.00	\$205.84	100	\$205.84	PICK UP MAINTENANCE
RAY BRUNET WELDING	WELDING SERVICE ON RECLOSER	\$0.00	\$202.00	100	\$202.00	WELDING REQUIRED ON A 3 PHASE RECLOSER
CENTRE FLORAL INC.	FLOWERS (FUNERAL) BOARD MEMBER	\$0.00	\$114.00	100	\$114.00	FLOWERS FUNERAL HHI BOARD MEMBER
VANKLEEK HILL COUNTRY DEPOT	STATION VEGETATION MAINTENANCE	\$0.00	\$85.05	100	\$85.05	SUBSTATION AND OFFICE WEED CONTROL
CHÂTEAU DÉCOR	RUST PAINT FOR PAD MOUNT TRANSFORMER	\$0.00	\$42.74	100	\$42.74	RUST PAINT FOR OUR TRANSFORMER MAINTENANCE
JIFFY MUFFLER	TRUCK MAINTENANCE	\$0.00	\$37.10	100	\$37.10	OIL CHANGE ON PICK UP

		2007	2008	Variance	VARIANCE 2008 VS 2007	EXPLANATION
NAME OF SUPPLIER	TYPE OF EXPENSE	AMOUNT SPENT	AMOUNT SPENT			
HARRIS COMPUTER SYSTEMS	ANNUAL MAINTENANCE SUPPORT TILL MAY 31st 2008, DEREG SUPPORT & USERS CONFERENCE	\$13,300.02	\$18,823.73	42%	\$5,523.71	HARRIS CONVERSION FROM ADVANCED UTILITY SYSTEM STARTED IN 2007 AND CONTINUED 2008.
ECALIBER	ASP PROVIDER, HARRIS SUPPORT, SETTLEMENT FEES & CONVERSION COSTS	\$16,654.44	\$96,825.55	481%	\$80,171.11	E-CALIBER WAS RETAINED AS THE ASP PROVIDER. CONVERSION STEPS WE COMPLETED IN 2008
HD SUPPLY UTILITIES	INVENTORY PURCHASES: U/G AND O/H (PRIMARY AND SECONDARY) CONDUCTORS, O/H AND U/G MATERIAL FOR DAY TO DAY OPERATIONS	\$20,387.68	\$44,891.82	120%	\$24,504.14	NEW UNDERGROUND SUBDIVISION. MATERIAL ACCOUNTED FOR AN EXTRA \$27,000 FROM 2007 REGULAR MATERIAL PURCHASES
DELOITTE TOUCHE	ANNUAL AUDIT FEES AND RATE REBASING COSTS.	\$10,706.00	\$17,640.00	65%	\$6,934.00	ON TOP OF ANNUAL AUDITS, DELOIT IS INVOLVED IN THE 2010 RATE REBASING EXERCISE IN 2008
ECONO GAS BAR	FUEL & GAS	\$3,747.27	\$8,250.38	120%	\$4,503.11	IN 2007 MacEWEN WAS RETIN FOR FUEL AND GAS. IN 2008, ECONO WAS RETAINED BY HHI
LUCETTE DENIS	JANITORIAL SERVICE	\$3,017.93	\$3,468.28	15%	\$450.35	JANITORIAL SERVICES EXPENSES ARE FOR LABOUR AND MATERIAL. EXTRA CLEANING SUPPLIES PURCHASED
SPROULE POWERLINE CONSTRUCTION	TROUBLE CALL ASSISTANCE	\$636.00	\$1,286.25	102%	\$650.25	TROUBLE CALL ASSISTANCE BY QUALIFIED LINEMEN FOLLOWING MAJOR STORM IN HAWKESBURY IN AUGUST TO MINIMIZE OUTAGE TIME TO OUR CUSTOMERS.
LAROCQUE ENGINE REBUILDERS INC	TRUCK MAINTENANCE & AIR TESTS	\$102.60	\$490.22	378%	\$387.62	MAINTENANCE ON BOOM TRUCK
THIBERT PRINTING INC.	BUSINESS FORMS & PRINTING SERVICES	\$1,146.52	\$2,451.53	114%	\$1,305.01	REFRESH SUPPLIES OF OFFICE FORMS
SHEPHERDS UTILITY EQUIPMENT	SMALL TOOLS	\$0.00	\$729.93	100%	\$729.93	SMALL LINE TOOLS

I.G.S. HAWKESBURY	INTERNET SERVICE AND UPGRADE TO HIGH SPEED	\$890.27	\$3,275.21	268%	\$2,384.94	IN ORDER TO PROVIDE ADEQUATE INTERNET ACCESS HHI UPGRADED TO HIGH SPEED WIRELESS
PARTNER TECHNOLOGIES INCORP.	RECLOSER FOR 115 KV SUBSTATION	\$1,799.93	\$24,471.80	1260%	\$22,671.87	PURCHASE A NEW 3 PHASE RECLOSER FOR OUR SUBSTATION. 1 WAS FOUND TO BE DEFECTIVE
BENSON 1953	TIRES FOR TRUCKS	\$0.00	\$848.43	100%	\$848.43	NEW TIRES FOR TRUCK BOOM TRUCK #1
COMMERCIAL EQUIPMENT CORP - Woodstock	RUBBER GLOVES TESTING	\$0.00	\$483.11	100%	\$483.11	NEW HIGH VOLTAGE RUBBER GLOVE AND COVERS
KING GARAGE	TIRES FOR BOOM TRUCK	\$0.00	\$788.24	100%	\$788.24	TIRES FOR BOOM TRUCK # 2
SAGE ACCPAC CANADA INC.	ACCPAC SUPPORT & UPDATES	\$450.30	\$5,480.50	1117%	\$5,030.20	ACCPAC (ACCOUNTING SOFTWARE) UPDATE AND SUPPORT
PITNEY BOWES Global Credit Services	RENTAL FEES	\$380.76	\$3,652.50	859%	\$3,271.74	NEW MAIL SYSTEM
THE REVIEW	PUBLIC NOTIFICATION FOR NEW RATES	\$0.00	\$378.00	100%	\$378.00	RATE PUBLICATION
JIFFY MUFFLER	TRUCK MAINTENANCE	\$0.00	\$252.85	100%	\$252.85	TRUCK MAINTENANCE MUFFLER
BERTRAND BODY SHOP & WELDING	SAFETY GLOVES AND GLASSES	\$0.00	\$210.52	100%	\$210.52	WORKING GLOVES AND SAFETY GLASSES
COGECO Cable Canada Inc.	HIGH SPEED INTERNET SERVICE	\$0.00	\$847.00	100%	\$847.00	INTERNET HIGH SPEED DEDICATED ONLY TO OUR BILLING SYSTEM (A.S.P. SOLUTION)
SURE VOLTAGE	SUBSTATION EQUIPMENT AND MAINTENANCE	\$0.00	\$8,043.99	100%	\$8,043.99	CELICOGEL FOR OUR 115KV STATION AND GASKET REPAIRS ON 115KV TRANSFORMERS
TROPHY HILL	LINEMAN CLOTHING	\$0.00	\$288.15	100%	\$288.15	LINEMAN CLOTHING. SHIRTS AND PANTS
DELL CANADA INC.	COMPUTER EQUIPMENT	\$0.00	\$67.78	100%	\$67.78	EXTERNAL TAPE DRIVE FOR BACKUPS
HOTTE AUTOMOBILE INC.	OIL CHANGE ON PICK UP	\$0.00	\$41.30	100%	\$41.30	MAINTENANCE ON PICK UP
ELENCHUS RESEARCH ASSOCIATES INC.	RATE REBASING COSTS	\$0.00	\$15,290.63	100%	\$15,290.63	REBASING COST 2010
ELECTRICAL UTILITIES SAFETY	COURSE FEES	\$0.00	\$2,100.00	100%	\$2,100.00	SAFETY COURSE FOR LINEMEN ARC FLASH
GENERAL BEARING SERVICE	SLINGS	\$0.00	\$182.43	100%	\$182.43	NEW SLING FOR LIVEWORK AS PER MINISTRY OF LABOUR REQUEST.
WOODS PARISIEN	EASEMENTS FEES	\$0.00	\$1,574.55	100%	\$1,574.55	REGISTERED EASEMENT

						(SUBDIVISION)
TERRY'S RESTORATION SHOP	REPAIR BUCKET ON BOOM TRUCK & SAFETY CHECK	\$0.00	\$840.00	100%	\$840.00	TRUCK MAINTENANCE. BUCKET DID NOT PASS DIELECTRIC TESTING- SAFETY
NORMAND EXCAVATION	SAND FOR U/G SERVICE REPAIRS	\$0.00	\$109.40	100%	\$109.40	UG FAULT REPAIRS

		2008	2009	Variance	VARIANCE 2009 VS 2008	EXPLANATIONS
NAME OF SUPPLIER	TYPE OF EXPENSE	AMOUNT SPENT	AMOUNT SPENT			
GENERAL ELECTRIC CANADA INC.	STATION MAINTENANCE	\$5,559.56	\$51,121.20	820%	\$45,561.64	MAJOR MAINTENANCE ON FAULTY TRANSFORMER AT 115KV SUBSTATION
BURLINGTON BUSINESS FORMS	BILLING STATIONNARY	\$3,306.81	\$6,622.85	100%	\$3,316.04	BILLS AND COLLECTION NOTICES
VITRERIE GAUTHIER GLASS	BUILDING MAINTENANCE		\$92.40	100%	\$92.40	FRONT OFFICE DOOR LOCK
SPROULE POWERLINE CONSTRUCTION	LINEMEN SERVICES	\$1,286.25	\$8,882.48	591%	\$7,596.23	MAJOR BETTERMENT. HHI NEEDED EXTRA CREW TO AVOID LONG INTERRUPTION
EXCAVATION CLAUDE LACOMBE INC.	SNOW REMOVAL	\$2,509.29	\$2,867.76	14%	\$358.47	SNOW REMOVAL CONTRACT
GAL Power Systems Ottawa Ltd.	GENERATOR RENTAL FOR SUBSTATION MAINTENANCE	\$0.00	\$2,917.66	100%	\$2,917.66	GENERATOR FOR MAINTENANCE ON 115 KV TRANSFORMER
LE CARILLON	PUBLIC NOTIFICATION FOR NEW RATES	\$924.00	\$1,647.63	78%	\$723.63	OEB ORDER PUBLICATION
CARRIERE & POIRIER EQUIPMENT	SMALL TOOLS & MAINTENANCE OF RIGHT OF WAY EQUIPMENT		\$111.06	100%	\$111.06	MAINTENANCE CHAINSAW
JG BARRETTE ELECTRIC LTD	ELECTRIC SUPPLIES	\$444.63	\$1,075.77	142%	\$631.14	SMALL ELECTRICAL SUPPLIES FOR LINE AND OFFICE MAINTENANCE
KERR NORTON	OFFICE SUPPLIES	\$0.00	\$271.99	100%	\$271.99	PRINTER CARTRIDGE
B & C OFFICE EQUIPMENT LTD.	OFFICE SUPPLIES	\$0.00	\$32.06	100%	\$32.06	OFFICE SUPPLIES
PETROLE CAMPBELL PETROLEUM	TRANSFORMER OIL	\$0.00	\$1,724.25	100%	\$1,724.25	TRANSFORMER OIL FOR 115 KV TRANSFORMER MAINTENANCE
CANADIAN TIRE COMMERCIAL MC	SMALL TOOLS & MAINTENANCE OF BUILDING	\$537.17	\$626.13	17%	\$88.96	SMALL TOLLS

BENSON 1953	TRUCK MAINTENANCE	\$848.43	\$1,564.82	84%	\$716.39	WINTER TIRES & RIMS PICK UPS
HAWKESBURY LUMBER - HOME HARDWARE	SMALL TOOLS	\$58.61	\$81.41	39%	\$22.80	SMALL TOOLS
CAR-LAN CENTRE DU PNEU	TIRES FOR BOOM TRUCK		\$2,424.76	100%	\$2,424.76	NEW WINTER TIRES FOR BOOM TRUCK
TURPIN AUTO LTD.	WINTER TIRES		\$966.61	100%	\$966.61	WINTER TIRES FOR GM TRUCK
GARAGE CHARTRAND & PINEAU INC.	TRUCK MAINTENANCE	\$307.33	\$1,880.47	512%	\$1,573.14	TRUCK MAINTENANCE
PAGEAU FIRE PROTECTION	FIRE EXTINGUISHERS & INSPECTION	\$133.34	\$209.21	57%	\$75.87	NEW FIRE EXTINGUISHERS FOR SHOP AND OFFICE, PLUS ANNUAL INSPECTION
E.J. BROOKS INDUSTRIES LTD	METER SEALS		\$361.87	100%	\$361.87	SEALS FOR SMART METER
ATLANTIC BRAIDS LTD.	TRUCK MAINTENANCE		\$177.11	100%	\$177.11	SLINGS FOR LINE CREW
GAUTHIER AUTO GLASS LTD.	TRUCK MAINTENANCE	\$318.55	\$504.90	58%	\$186.35	TRUCK MAINTENANCE
G & S ELECTRIC INC.	ELECTRIC SUPPLIES	\$0.00	\$72.77	100%	\$72.77	SMALL ELECTRICAL SUPPLIES FOR LINE AND OFFICE MAINTENANCE
STUDIO DE LETTRAGE 2001	SIGNS IN SUBSTATION AS PER ESA REQUIREMENTS	\$0.00	\$307.36	100%	\$307.36	MOE REQUIREMENTS FOR SIGNS AT 115 KV SUBSTATION. THIS SITE IS RECOGNIZED AS OUR PCB STORAGE SITE.
Itron Canada Inc.	CURRENT AND POTENTIAL TRANSFORMERS & METERING TEST BLOCKS	\$0.00	\$948.45	100%	\$948.45	METERING MATERIAL (CT, PT)
TRIBUNE - EXPRESS	PUBLIC NOTIFICATION FOR NEW RATES	\$0.00	\$1,406.14	100%	\$1,406.14	OEB ORDER PUBLICATION ENGLISH NEWSPAPER
MESURINA LTEE	METERING TEST SWITCH	\$0.00	\$601.05	100%	\$601.05	METERING TEST BLOCKS
ROBERT LESSARD - LOCKSMITH	NEW DOOR LOCK & MAINTENANCE	\$0.00	\$78.37	100%	\$78.37	MAINTENANCE ON DOOR LOCKS
GRAY HAWK	FURNACE MAINTENANCE	\$0.00	\$136.05	100%	\$136.05	FURNACE CLEANING & MAINTENANCE
VANKLEEK HILL COUNTRY DEPOT	STATION VEGETATION MAINTENANCE	\$0.00	\$115.25	100%	\$115.25	STATION AND OFFICE WEED CONTROL
JIFFY MUFFLER	TRUCK MAINTENANCE	\$252.85	\$438.06	73%	\$185.21	TRUCK MAINTENANCE
COGECO Cable Canada Inc.	INTERNET PROVIDER DEDICATED TO OUR BILLING ASP PROVIDER	\$847.00	\$1,133.40	34%	\$286.40	FULL YEAR OF SERVICE (2007 WASN'T FOR 12 MONTHS)
ELENCHUS RESEARCH ASSOCIATES INC.	RATE REBASING SERVICES	\$15,290.63	\$136,558.38	793%	\$121,267.75	2010 RATE REBASING

ELSTER CANADIAN METER	SMART METERS		\$177,882.92	100%	\$177,882.92	SMART METERS
HYDRO OTTAWA	METER VERIFICATION & CT'S AND PT'S PURCHASES	\$0.00	\$5,410.61	100%	\$5,410.61	INTERVAL METERS , CT's AND METER TESTING
VANKLEEK HILL COMPUTER SALES & SERVICES	COMPUTER HARDWARE	\$0.00	\$2,897.32	100%	\$2,897.32	COMPUTERS
LONDON HYDRO	SMART METER RFP FEES	\$0.00	\$2,860.01	100%	\$2,482.01	FEES FOR SMART METER RFP
HARRIS COMPUTER SYSTEMS	CONFERENCE & TRAINING FEES	\$0.00	\$1,838.22	100%	\$1,585.37	ANNUAL CONFERENCE HARRIS IS OUR CIS SYSTEM
ENTREPRISE RICHARD MALETTE	TRUCK MAINTENANCE	\$0.00	\$1,751.50	100%	\$1,540.98	MAJOR MAINTENANCE ON HYDRAULIC
BERTRAND SUPPLIES	SMALL TOLLS	\$0.00	\$832.81	100%	\$832.81	HAMMER DRILL/ DRILL FOR LINE CREW
HAWKESBURY CAR CARE	TIRES AND TRUCK MAINTENANCE	\$0.00	\$745.80	100%	\$745.80	TRUCK MAINTENANCE
AGO INDUSTRIES INC.	SAFETY CLOTHING	\$0.00	\$616.51	100%	\$616.51	F.R. SAFETY CLOTHING
HOTTE AUTOMOBILE INC.	TRUCK MAINTENANCE	\$0.00	\$478.92	100%	\$478.92	PICK UP MAINTENANCE
HARRIS COMPUTER UTILITY USER GROUP	ANNUAL MEMBERSHIP DUES	\$0.00	\$379.33	100%	\$379.33	ANNUAL MEMBERSHIP

Issue 2.7 Harmonized Sales Tax

**16 Ref: Exhibit(s) Exhibit 4, and
Exhibit 2**

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 Hawkesbury agree to the establishment of a variance account to capture the reductions in OM&A and capital expenditures?

HHI Response

Yes

- b. Are there other alternatives that the Board might consider to reflect the reductions in OM&A and CAPEX if this bill is enacted?

HHI Response

As appreciative as HHI is to be given the opportunity to voice their views on this matter, HHI's prime focus is on managing and operating its distribution utility. And while it currently serves more customers per FTEE than many larger distributors, it does not have the resources to explore alternatives at this point and time.

3 PILS TAX RATES

17 Ref: Exhibit(s) Exhibit 4 Tab 8 Schedule 1

The table below was prepared by Board staff. Please state why Hawkesbury is not using the Blended Tax Rate of 16% and Ontario Capital Tax Rate of 0.150%.

HHI Response:

HHI acknowledges that table prepared by Board Staff is correct and proposes to update its PILs model accordingly.

4 COST ALLOCATION

Issue 4.1 Revenue to Cost Ratios

18 Ref: Exhibit(s) Exhibit 8 Tab 2 Schedule 1 Attachment 1

Board staff is having difficulty understanding Attachment 1. On the second table on page 2 Hawkesbury has provided revenue to cost ratios. The headings are not clear and the derivation of the numbers is not explained. Board staff is interested in knowing what cost and rate components were used to develop the revenue to cost ratios.

Please explain the difference between the Rate Application Revenue to Cost Ratios and the Cost Allocation Revenue to Cost Ratios.

HHI Response:

The "Rate Application Revenue to Cost Ratios" are those being proposed by Hawkesbury for its 2010 EDR. The "Cost Allocation Revenue to Cost Ratios" are the ratios from the HHI-2006C2 Cost Allocation model run (described in the attachment to Exhibit 7 / Tab 1 / Schedule 1), which Hawkesbury considers to be the appropriate starting points for the revenue to cost ratios in each class.

Please show, with explanation of the source of the numbers, the determination of the revenues by class.

HHI Response:

The following table shows the derivation of the Allocated Revenue:

	Revenue Allocation (A)	Allocated Revenue (B)
Residential	56.64%	738,714
General Service Less Than 50 kW	15.32%	199,741
General Service 50 to 4,999 kW	25.63%	334,300
Sentinel Lighting	0.11%	1,403
Street Lighting	2.25%	29,286
Unmetered Scattered Load	0.06%	772
TOTAL	100.00%	1,304,216

(A) Page 1, Outstanding Base Revenue Requirement %, Rate Application (Applicant input)

(B) column (A), multiplied by total Base Revenue Requirement (Exhibit 6 / Tab 1 / Schedule 1)

The following table shows the derivation of the Allocated Cost:

	Cost Allocation Revenue Req. (C)	Miscellaneous Revenue (D)	Allocated Cost (E)
Residential	765,469	103,117	662,352
General Service Less Than 50 kW	206,782	26,702	180,080
General Service 50 to 4,999 kW	466,041	48,166	417,875
Sentinel Lighting	1,251	82	1,169
Street Lighting	43,659	1,881	41,778
Unmetered Scattered Load	1,013	49	964
TOTAL	1,484,215	179,997	1,304,218

(C) 2010 Cost Allocation model, Sheet O1, row 35 (Revenue Requirement including NI)

(D) 2010 Cost Allocation model, Sheet O1, row 19 (mi)

(E) = (C) - (D)

Please comment on the inclusion or exclusion of any adjustment in “b” to reflect the Transformer Ownership Allowance.

HHI Response:

The Allocated Revenues and Allocated Cost figures do not reflect any transformer ownership allowances. Those allowances, as well Low Voltage charges, were added to the Allocated Revenues (see second table of page 1) to produce a Gross Base Revenue Requirement, upon which distribution rates were subsequently derived.

5 RATE DESIGN

Issue 5.1 Retail Transmission Service Rates

19 Ref: Exhibit(s) Exhibit 8 Tab 3 Schedule 1 Attachment 1

The determination of the proposed Retail Transmission Rate Connection and Retail Transmission Rate Network charges appears to use historical costs. Over time these costs have changed, and now produce a historical cost that is not totally reflective of current rate levels. As such, the ratios derived on this Exhibit could lead to results that would not match total costs incurred to total revenues.

- a. Please recast the total period costs for Network Service Charge and Transformation Connection Service Charge based on the current rates that Hawkesbury pays.
- b. Please also recast the respective billings based on current Retail Transmission Rates – Network and Retail Transmission Rates – Connection.
- c. Based on “a” and “b” please develop new proposed Retail Transmission Rates – Network and Retail Transmission Rates – Connection.

HHI Response

HHI has recast and recalculated its Network and Retail and Transmission Rates based on current rates. The information is presented in the following pages. HHI proposes to update its pass-thru charges accordingly. Please note that due to the conversion from the Advanced software to Harris back in June of 2008, the monthly usage prior to June 2008 is not longer readily available. For this reason, HHI used 12 months of history instead of 18 months.

Historical Transmission Costs and Revenues and Proposed Calculation

IESO							
MONTH	Volume	IESO CURRENT Network Service Charge	IESO CURRENT Line Connection Service Charge	IESO CURRENT Transformation Connection Service Charge	IESO Network Service Charge	IESO Line Connection Service Charge	IESO Transformation Connection Service Charge
Jun-08	12091	2.97	0.73	1.71	35,910.27	8,826.43	
Jul-08	12137	2.97	0.73	1.71	36,046.89	8,860.01	
Aug-08	11647	2.97	0.73	1.71	34,591.59	8,502.31	
Sep-08	13026	2.97	0.73	1.71	38,687.22	9,508.98	
Oct-08	12713	2.97	0.73	1.71	37,757.61	9,280.49	
Nov-08	14304	2.97	0.73	1.71	42,482.88	10,441.92	
Dec-08	17899	2.97	0.73	1.71	53,160.03	13,066.27	
Jan-09	19241	2.97	0.73	1.71	57,145.77	14,045.93	
Feb-09	16942	2.97	0.73	1.71	50,317.74	12,367.66	
Mar-09	15655	2.97	0.73	1.71	46,495.35	11,428.15	
Apr-09	10123	2.97	0.73	1.71	30,065.31	7,389.79	
May-09	9599	2.97	0.73	1.71	28,509.03	7,007.27	
Jun-09	12296	2.97	0.73	1.71	36,400.32	8,946.88	

Subtotal	177,633				\$527,570	\$129,672	\$0
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Total					\$527,570	\$129,672	
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Old Rate		01/01/2006	01/11/2007	2.83	0.82	1.5
		01/11/2007	31/12/2008	2.31	0.59	1.61
		01/01/2009	01/07/2009	2.57	0.7	1.62
		01/07/2009	01/01/2010	2.66	0.7	1.57
New Rate			Current	2.97	0.73	1.71
						\$0

Est Revised IESO Cost					\$527,570	\$129,672	
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HYDRO ONE							
MONTH	Volume	H1 CURRENT Network Service Charge	H1 CURRENT Line Connection Service Charge	H1 CURRENT Transformation Connection Service Charge	H1 Network Service Charge	H1 Line Connection Service Charge	H1 Transformation Connection Service Charge
Jun-08	18599	2.24	1.99		41,661.76	37,012.01	
Jul-08	18467	2.24	1.99		41,366.08	36,749.33	
Aug-08	18200	2.24	1.99		40,768.00	36,218.00	
Sep-08	17463	2.24	1.99		39,117.12	34,751.37	
Oct-08	17427	2.24	1.99		39,036.48	34,679.73	
Nov-08	15473	2.24	1.99		34,659.52	30,791.27	
Dec-08	15853	2.24	1.99		35,510.72	31,547.47	
Jan-09	14311	2.24	1.99		32,056.64	28,478.89	
Feb-09	15930	2.24	1.99		35,683.20	31,700.70	
Mar-09	17188	2.24	1.99		38,501.12	34,204.12	
Apr-09	16152	2.24	1.99		36,180.48	32,142.48	
May-09	14446	2.24	1.99		32,359.04	28,747.54	
Jun-09	14664	2.24	1.99		32,847.36	29,181.36	

Subtotal	214,173				\$479,748	\$426,204	
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Total					\$479,748	\$426,204	
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Old Rate					2.52	2.09	
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New Rate					2.24	1.99	
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Est Revised H1 Cost					\$479,748	\$426,204	
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MONTH	Total Tr Net BILLED at Current Rates	Total Tr Conn. BILLED at Current Rates
Jun-08	86,368.20	55,026.96
Jul-08	52,003.45	33,212.16
Aug-08	85,873.50	54,738.74
Sep-08	51,584.93	32,849.94
Oct-08	82,850.01	52,676.75
Nov-08	49,729.50	31,779.68
Dec-08	85,086.74	54,060.71
Jan-09	1,999.62	1,255.91
Feb-09	73,395.27	46,521.58
Mar-09	47,593.66	30,143.55
Apr-09	103,750.22	65,957.22
May-09	45,375.34	28,768.57
Jun-09	80,726.72	51,317.73

consumption applied to new rates			
Supply cost	\$1,007,318	\$555,876	(c)
Billing Revenues	\$846,337	\$538,310	(e)
Ratio	1.190	1.033	

Current Rates	T.N.	TC
Residential	\$0.0047	\$0.0030 kWh
GS < 50kW	\$0.0043	\$0.0027 kWh
GS 50 to 4999 kW	\$1.7399	\$1.0849 kWh
USL	\$0.0043	\$0.0027 kWh
Sent Light	\$1.3127	\$1.7125 KW
Street Lights	\$1.3122	\$0.8387 KW AS OF MAY 1ST 2009

Proposed Rates (current rates with ratio applied)

Residential	\$0.0056	\$0.0031
GS < 50kW	\$0.0051	\$0.0028
GS 50 to 4999 kW	\$2.0708	\$1.1203
USL	\$0.0051	\$0.0028
sent light	\$1.5624	\$1.7684
Street Lights	\$1.5618	\$0.8661

Issue 5.2 Monthly Rates and Charges

20 Ref: Exhibit(s) Exhibit 8 Tab 4 Schedule 3 Attachment 1

On page 3 are the Specific Service Charges.

- a. Please identify and substantiate any charge which has changed or is new.

HHI Response

The list of proposed SSC are presented in the next page

- b. Please review the Conditions of Service and state any charges in the Conditions of Service that are not stated in the current Specific Service Charges and provide justification for the level of the charge.

HHI Response

HHI attests that it has reviewed its conditions of service and that there are no SSC listed in the COS that are not included in the list presented in the following pages.

- c. Please provide the proposed loss adjustment factors.

HHI Response

Exhibit 8, Tab 4. Schedule 3, Attachment 1 page 3 states the following;
"This section addresses updates to the loss adjustment factor. HHI relied on direction from the minimum filing requirements and its appendix 2-Q to adjust its Loss Factor. Based on the calculations shown in the attached schedule, the proposed loss factor will decrease to 4.66% from 6.35%. Exhibit 8, Tab3, Schedule 3, Attachment 1 explains the calculation of loss factors"

Thus, the proposed loss factor is 1.0466 (or 4.66%). HHI has copied included the in the following page.

Calculation of Proposed Total Loss Factors							
	Losses in Distributor's System	2006	2007	2008	2009	2010	5 Year Average
A1	"Wholesale" kWh delivered to distributor (higher value)	-	-	-	-	-	
A2	"Wholesale" kWh delivered to distributor (lower value)	199,559,709.00	199,784,966.00	194,402,877.00	180,488,362.00	167,650,331.00	188,377,249.00
B	Portion of "Wholesale" kWh delivered to distributor for Large Use Customer(s)	-	-	-	-	-	
C	Net "Wholesale" kWh delivered to distributor (A2)-(B)	199,559,709.00	199,784,966.00	194,402,877.00	180,488,362.00	167,650,331.00	188,377,249.00
D	"Retail" kWh delivered by distributor	189,833,349.00	192,427,726.00	185,032,775.00	174,678,773.00	161,833,200.00	180,761,164.60
E	Portion of "Retail" kWh delivered by distributor for Large Use Customer(s)	-	-	-	-	-	
F	Net "Retail" kWh delivered by distributor (D)-(E)	189,833,349.00	192,427,726.00	185,032,775.00	174,678,773.00	161,833,200.00	180,761,164.60
G	Loss Factor in distributor's system [(C)/(F)]	1.0512	1.0382	1.0506	1.0333	1.0359	1.0419
	Losses Upstream of Distributor's System						
H	Supply Facility Loss Factor	1.0045	1.0045	1.0045	1.0045	1.0045	1.0045
	Total Losses						
I	Total Loss Factor [(G)x(H)]	1.0560	1.0429	1.0554	1.0379	1.0406	1.0466

Specific Service Charges

Customer Administration		
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	20.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	15.00
Disconnect/Reconnect at meter – during regular hours	\$	30.00
Disconnect/Reconnect at meter – after regular hours	\$	130.00
Disconnect/Reconnect at pole - during regular hours	\$	100.00
Disconnect/Reconnect at pole – after regular hours	\$	300.00
Install/Remove load control device – during regular hours	\$	30.00
Install/Remove load control device – after regular hours	\$	130.00
Service call – after regular hours	\$	130.00
Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – overhead – with transformer	\$	1,000.00
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Retail Service Charges (if applicable)

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

6 DEFERRAL AND VARIANCE ACCOUNTS

Issue 6.1 Deferral and Variance Account Balances

21 Ref: Exhibit(s) Exhibit 9 Tab 1 Schedule 2

Hawkesbury is requesting the disposition of Account 1525 – Miscellaneous Deferred Debits as of December 31, 2008 with interest to April 30, 2010, a total of \$272,863.

- a. Please itemize all the costs that are included in this balance.

HHI Response

This total is composed of:

Ontario Price Credit Rebate charges	\$ 3,427.92
Secondary Env. Charge from Hydro One year 2005-2006	\$237,727.00
Carrying charges up to April 30, 2010-01-12	\$ 31,708.08

- b. Does the balance include the cost of issuing refund cheques to consumers in accordance with the government legislation in 2002?

HHI Response

Yes

- c. Was the balance for Account 1525 disposed in Hawkesbury's 2006 EDR Regulatory Asset Decision? If it was, please provide the following:

- i The balance as of December 31, 2004,

HHI Response

\$273,603.46

- ii The amount disposed, and

HHI Response

\$32,489.04

- iii The amount moved into Account 1590 – Recovery of Regulatory Asset Balances (recovery).

HHI Response

\$52,401.02

22 Ref: Exhibit(s) Exhibit 9 Tab 1 Schedule 2

Hawkesbury is requesting the disposition of Account 1590 – Recovery of Regulatory Asset Balances (recovery). The December 31, 2008 balance stated on this Schedule is \$25,872. This balance does not match the \$63,003 indicated on the audited financial statements for the same date. Please reconcile the difference.

HHI Response

The amount on sheet C5 of the RateMaker model is incorrect and it will be corrected to show the entire amount of \$63,003.

Exhibit 9 Tab 1 Schedule 2

Issue 6.2 Continuity Schedule Balances

23 Ref: Exhibit(s) Exhibit 9 Tab 1 Schedule 2 Attachment 2

Board staff is having difficulty identifying any amounts transferred to Account 1590 in accordance with the 2006 EDR Decision. Please provide the journal entry that was made to move the amounts from the various regulatory assets accounts into Account 1590.

HHI Response

Here is the journal entry as requested

DESCRIPTION	ACCT NO.	ACCOUNT DESCRIPTION	DEBIT	CREDIT	TRANS. DATE
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-001	Trans Costs-Billing Activities		197,162.13	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-001	Trans Costs-Billing Activities	9,194.65		14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-003	Trans. Costs-Wholesale Market		141.56	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-003	Trans. Costs-Wholesale Market	43.32		14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-004	Trans. Costs-IMO Requirements		1,422.44	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-004	Trans. Costs-IMO Requirements	838.75		14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-005	Trans. Costs-Retailer/Customer		19.56	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-006	Trans. Costs-Staff Adjust. Act		8,915.07	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-006	Trans. Costs-Staff Adjust. Act	721.87		14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-007	Trans. Costs-Regulatory Costs		10,745.26	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-007	Trans. Costs-Regulatory Costs	3,567.40		14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1570-008	Trans. Costs-Regulatory Requir		49.50	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1508-001	Other Regulatory Assets / OEB		5,428.50	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1508-003	Other Reg. Assets / HO 2005-06		11,009.00	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1518-000	RCVA Retail		3,336.60	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1525-001	Miscellaneous Deferred Debits		26,664.04	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1525-002	Secondary Env. /H.O. 2002-2003		5,825.00	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1548-000	RCVA STR		4,344.95	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1590-002	Regulatory Rate Adjustment		14,365.99	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1590-003	Regulatory Assets approved to be recovered	275,063.61		14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1571-000	Pre-market Opening Energy Var.	103,455.68		14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1580-000	RSVA WMS		189,779.21	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1582-000	RSVA ONE-TIME		14,807.27	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1584-000	RSVA Network Service		3,746.15	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1584-002	RSVA Network / H.O. 2002-2003	24,289.00		14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1584-004	RSVA Network / H.O. 2005-2006	35,838.00		14/09/2007

REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1586-000	RSVA Connection Service	785,362.03		14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1586-002	RSVA Connection/H.O. 2002-2003		137,886.00	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1586-004	RSVA Connection / HO 2005-2006		108,618.00	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1588-001	RSVA POWER		271,445.49	14/09/2007
REG. ASSETS Recoveries OEB approved- 2006 Adjustments	1590-003	Regulatory Assets approved to be recovered		222,662.59	14/09/2007
			1,238,374.31	1,238,374.31	

24 Ref: Exhibit(s) Exhibit 9 Tab 1 Schedule 2 Attachment 2

Board staff requires an explanation for the balances in Account 1586 – RSVA Connection. The balance on December 31, 2008 is a \$1,446,760 credit. The balance on January 1, 2005 was a \$578,533 credit. Board staff notes that the Line and Transformation Connection Service rate was reduced by 34% in 2008, however the principle balance increases from a \$1,075,452 credit on December 31, 2007 to a \$1,244,443 credit on December 31, 2008. Please review this and explain in detail the December 31, 2008 balance.

HHI Response

The \$1,446,760 is composed of: \$1,006,715.97 of connection RSVA, \$237,727 for Hydro One charges for year 2005/2006 and \$202,316.70 of carrying charges.

The rate decrease started only on May 1, 2008 with the rate change. The variance in account 1586 without carrying charges for year 2007 was a credit of -\$284,716.30 and the variance for year 2008 without carrying charges was -\$168,990.51. So the total account balance did increase even though the rate went down, but the yearly variance in 2008 did decrease from the previous year. The rate is still too high for HHI, consequently HHI requested a rate adjustment in the current rate application.

Account 1586 - RSVA Connection
Explanation

	Year 2007	Year 2008
Variance Q1	- 52,073.87	- 77,297.09
Variance Q2	- 105,108.59	- 93,140.84
Variance Q3	- 39,920.98	- 491.45
Variance Q4	- 83,533.92	- 23,176.49
Unbilled revenue	- 4,078.94	25,115.36
Total yearly variance	- 284,716.30	- 168,990.51

Issue 6.3 Deferral and Variance Account Rider Calculation

25 Ref: Exhibit(s) Exhibit 9 Tab 2 Schedule 1 Attachment 2

Hawkesbury has applied allocation factors for Accounts 1525, 1548, and 1550 which are not consistent with *EB-2008-0046 Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR Report)*. Please recalculate the rate riders based on the allocation factors contained in the EDDVAR Report.

HHI Response:

HHI agrees with Board Staff in that it used incorrect allocation factors for Account 1525, 1548 and 1550. Please find in the next pages HHI's revised balances and proposed rate rider.

Proposed Rate Rider to dispose of the December 31, 2008 balances plus Carrying Charges to April 2010 for the Deferral & Variance Accounts
Excluding the GA sub-account

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Residential	General Service Less Than 50 KW	General Service 50 to 4,999 KW	Large Use	Sentinel Lighting	Street Lighting	Unmetered Scattered Load
1508-Other Regulatory Assets	46,700	Distribution Revenue (existing rates)	31,981	7,123	6,998		80	452	66
1518-RCVARetail	2,193	Customer Count	1,927	233	32		0	0	
1525-Miscellaneous Deferred Debits	272,863	# Customers w/ Rebate Cheques	243,208	29,654					
1548-RCVASTR	10,630	Customer Count	9,342	1,128	157		2	2	
1550-LV Variance Account	146,492	kWh's	48,478	18,612	78,010		98	1,094	200
1580-RSVAWMS	-319,467	kWh's	-105,720	-40,588	-170,123		-214	-2,385	-436
1582-RSVAONE-TIME	13,436	kWh's	4,446	1,707	7,155		9	100	18
1584-RSVANW	-234,322	kWh's	-77,543	-29,771	-124,782		-157	-1,749	-319
1586-RSVACN	-1,463,352	kWh's	-484,262	-185,920	-779,269		-981	-10,926	-1,995
1588-RSVAPOWER	-144,324	kWh's	-47,760	-18,336	-76,856		-97	-1,078	-197
Sub-Total for recovery	-1,669,151		-375,904	-216,158	-1,058,677		-1,259	-14,489	-2,662
1590-Recovery of Regulatory Asset Balances (residual)	63,003	2006 EDR Approved Recoveries	68,648	2,770	-8,533		407	-288	
Total Recoveries Required (2 years)	-1,606,148		-307,257	-213,388	-1,067,211		-852	-14,778	-2,662
Annual Recovery Amounts	-803,074		-153,629	-106,694	-533,606		-426	-7,389	-1,331
Annual Volume			53,559,119	20,562,650	229,814		325	3,096	220,667
Proposed Rate Rider per			(\$0.0029) kWh	(\$0.0052) kWh	(\$2.3219) kW		(\$1.3106) kW	(\$2.3866) kW	(\$0.0060) kWh
Allocators	2010 Projection Total	Residential	General Service Less Than 50 KW	General Service 50 to 4,999 KW	Large Use	Sentinel Lighting	Street Lighting	Unmetered Scattered Load	
Customers / Connections	6,533	4,705	566	79		21	1,158	4	
kWh's	161,846,035	53,559,119	20,562,650	86,186,766		108,470	1,208,363	220,667	
Distribution Revenue (existing rates)	1,125,656	770,857	171,696	168,687		1,932	10,891	1,592	
Distribution Revenue (proposed rates)	1,304,216	738,714	199,741	334,300		1,403	29,286	772	
Transmission Connection Revenue	379,120	134,532	45,194	196,422		438	2,049	485	
Customer Count	5,354	4,705	568	79		1	1		
# Customers w/ Rebate Cheques	5,208	4,642	566						
2006 EDR Approved Recoveries	130,642	142,346	5,744	-17,695		844	-598		

Issue 6.4 Account 1588 and the Global Adjustment

26 Ref: Exhibit(s) Exhibit 9 Tab 2 Schedule 1 Attachment 2

On October 15, 2009, the Board's Regulatory Audit & Accounting group issued a bulletin related to Regulatory Accounting & Reporting of Account 1588 – RSVA Power and Account 1588 – RSVA Power Sub-account Global Adjustment ("GA sub-account").

- a. Please identify separately, the principal balance of the GA sub-account as of December 31, 2008 and the carrying charges as of April 30, 2010.

HHI Response:

Principal Balance of RSVA GA sub-account as of December 31-2008
232,444.73

Carrying charges as of December 31-2005	Carrying charges as of December 31-2006	Carrying charges as of December 31-2007	Carrying charges as of December 31-2008
(4,402.28)	6,998.57	7,046.74	7,528.32

Carrying charges as of December 31-2009	Estimated carrying charges as of April 30-2010	Carrying Charges Grand TOTAL
2,628.22	420.31	20,219.88

- b. Please confirm that the GA sub-account principal balance proposed for disposition is based on the procedures identified by the Accounting Procedures Handbook.

HHI Response:

The principal balance proposed for disposition is based on direction for the OEB. See below of details.

The Board's accounting policies and procedures for the global adjustment (GA) sub-account 1588 are clear in that this account balance is attributable to non-Regulated Price Plan ("RPP") customers only. The Accounting Procedures Handbook (APH) in

Articles 220 (page 36) and 490 (pages 21-22) specify that Account 1588, RSVAPower, "Sub-account Global Adjustment", is established for the purpose of recording the "net difference" in the global adjustment attributable to non- RPP customers only.

For the purposes of the disposition of the sub-account balance in rates, the "Report of the Board on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR)" EB-2008-0046, specify that the default cost allocation methodology for the "Sub-account Global Adjustment" would be on kWh basis for non-RPP customers. In terms of the rate design, the distributor may consider a few options when requesting disposition of the balance in a cost of service application. Some options are outlined below.

- 1. Use the existing deferral and variance rate rider, where the account balance is recovered from /refunded to all Customers in all Rate Classes*
- 2. Use a new and separate variance account rate rider, where the account balance is recovered from /refunded to all Non-RPP Customers only in all Rate Classes*

Option 1 allocates the GA sub-account balance to only Non-RPP customers in all customer classes to derive the rate rider. Under this approach however, although the GA is allocated to only Non-RPP customers, all customers (RPP and Non-RPP) will be charged/refunded for the GA amount in the rate rider. The reason for this is that the allocated GA amounts to Non-RPP customers are combined with all other account disposition amounts to derive the rate rider, which does not distinguish Non-RPP from RPP customers. Therefore, a distributor will need to assess the impacts as to whether this approach would pose any material unfairness by including the RPP customers. The onus would be the distributor to make this assessment. The distributor should consider option 2 (below) if this approach is considered inappropriate.

Option 2 is the same as option 1, except that a new and separate rate rider is used. This approach is purer in that it assigns direct cost responsibility associated with the GA account balance to only Non-RPP customers. The determination of the derived GA amount for Non-RPP customers only in each class is done on the same basis as discussed above. However, the Non-RPP allocated amounts for each class are included in a separate rate rider calculation sheet to derive a charge/refund amount for Non-RPP customers only in each class under a new and separate rate rider. The merits for having a separate rate rider could be considered in the context of assigning direct cost responsibility to non-RPP customers only.

- c. Please provide an allocation of the December 31, 2008 balance of the GA sub-account (plus interest to April 30, 2010) based on the 2008 kWhs for non-RPP customers.

HHI Response:

Principal Balance of RSVA GA sub-account as of December 31-2008	Carrying Charges TOTAL (as of April 30, 2010)	Total RSVA Acct & Carrying Charges		
232,444.73	20,219.88	252,664.61		
kWh's SOLD TO NON-RPP CUSTOMERS - YEAR 2008				
2008 kWh's for RESIDENTIAL Customers	2008 kWh's for GEN<50KW Customers	2008 kWh's for GEN>50KW Customers	2008 kWh's for LARGE USER Customers	2008 kWh's for Non- RPP Customers
4,555,775	2,469,498	89,586,711	26,879,118	123,491,102
0.0369	0.0200	0.7255	0.2177	
ALLOCATION PER CLASS:				
RESIDENTIAL	0.0020460	\$ 9,321.18		
GEN<50KW	0.0020460	\$ 5,052.63		
GEN>50KW	0.0020460	\$ 183,295.73		
LARGE USER	0.0020460	\$ 54,995.07		
		\$ 252,664.61		

- d. Please calculate the proposed rate rider to dispose of the December 31, 2008 balances plus carrying charges to April 30, 2010, for deferral and variance accounts excluding the GA sub-account.

HHI Response:

Please see table at next page

Proposed Rate Rider to dispose of the December 31, 2008 balances plus Carrying Charges to April 2010 for the Deferral & Variance Accounts
Excluding the GA sub-account

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Residential	General Service Less Than 50 KW	General Service 50 to 4,999 KW	Large Use	Sentinel Lighting	Street Lighting	Unmetered Scattered Load
1508-Other Regulatory Assets	46,700	Distribution Revenue (existing rates)	31,981	7,123	6,998		80	452	66
1518-RCVARetail	2,193	Customer Count	1,927	233	32		0	0	
1525-Miscellaneous Deferred Debits	272,863	# Customers w/ Rebate Cheques	243,208	29,654					
1548-RCVASTR	10,630	Customer Count	9,342	1,128	157		2	2	
1550-LV Variance Account	146,492	kWh's	48,478	18,612	78,010		98	1,094	200
1580-RSVAWMS	-319,467	kWh's	-105,720	-40,588	-170,123		-214	-2,385	-436
1582-RSVAONE-TIME	13,436	kWh's	4,446	1,707	7,155		9	100	18
1584-RSVANW	-234,322	kWh's	-77,543	-29,771	-124,782		-157	-1,749	-319
1586-RSVACN	-1,463,352	kWh's	-484,262	-185,920	-779,269		-981	-10,926	-1,995
1588-RSVAPOWER	-144,324	kWh's	-47,760	-18,336	-76,856		-97	-1,078	-197
Sub-Total for recovery	-1,669,151		-375,904	-216,158	-1,058,677		-1,259	-14,489	-2,662
1590-Recovery of Regulatory Asset Balances (residual)	63,003	2006 EDR Approved Recoveries	68,648	2,770	-8,533		407	-288	
Total Recoveries Required (2 years)	-1,606,148		-307,257	-213,388	-1,067,211		-852	-14,778	-2,662
Annual Recovery Amounts	-803,074		-153,629	-106,694	-533,606		-426	-7,389	-1,331
Annual Volume			53,559,119	20,562,650	229,814		325	3,096	220,667
Proposed Rate Rider per			(\$0.0029) kWh	(\$0.0052) kWh	(\$2.3219) kW		(\$1.3106) kW	(\$2.3866) kW	(\$0.0060) kWh

Allocators	2010 Projection Total	Residential	General Service Less Than 50 KW	General Service 50 to 4,999 KW	Large Use	Sentinel Lighting	Street Lighting	Unmetered Scattered Load
Customers / Connections	6,533	4,705	566	79		21	1,158	4
kWh's	161,846,035	53,559,119	20,562,650	86,186,766		108,470	1,208,363	220,667
Distribution Revenue (existing rates)	1,125,656	770,857	171,696	168,687		1,932	10,891	1,592
Distribution Revenue (proposed rates)	1,304,216	738,714	199,741	334,300		1,403	29,286	772
Transmission Connection Revenue	379,120	134,532	45,194	196,422		438	2,049	485
Customer Count	5,354	4,705	568	79		1	1	
# Customers w/ Rebate Cheques	5,208	4,642	566					
2006 EDR Approved Recoveries	130,642	142,346	5,744	-17,695		844	-598	

- e. Please calculate a separate rate rider for the recovery of the proposed GA balance using the allocated amounts in part 3 and the 2008 non-RPP consumption data (kWh or kW as applicable) as the billing determinant.

HHI Response:

Total RSVA Acct & Carrying Charges	2008 kWh's for Non-RPP Customers	Proposed Rate Rider for RSVA GA Sub-account	As per APH Article 220 and 490 - Option 2
252,664.61	116,465,829.00	0.0021694	

NOTE: Our billing system does not permit us to allocate a GA rate rider to customers classes that are composed of RPP & Non-RPP customers such as Residential & GEN<50KW. Consequently, to eliminate the RSVA sub-account GA, the rate rider would have to be applied to GEN>50KW customers only including the MUSH customers that were transferred to that class.

- i If Hawkesbury were to establish a separate rate rider to dispose of the balance of the GA sub-account, please provide Hawkesbury's views as to whether this rate rider would be applicable to MUSH ("Municipalities, Universities, Schools and Hospitals") sector customers.

If the answer to (i) is in the negative, does Hawkesbury have the capability in its billing system to exclude MUSH sector customers to which the separate rate rider for the disposition of the account 1588 subaccount Power (Global Adjustment) balance would apply?

HHI response:

Please see above.

7 SMART METERS

Issue 7.1 Smart Meter Rate Adder

27 Ref: Exhibit(s) Exhibit 9 Tab 3 Schedule 2 Attachment 1

Board staff has found some inconsistencies in the smart meter rate adder calculation.

- a. Please explain the use of a short term debt rate of 1.13% rather than the current Board Approved 1.33%.
- b. Please state why Hawkesbury is not using the Blended Tax Rate of 16% and Ontario Capital Tax Rate of 0.150%.
- c. The depreciation rates for Tools and Equipment, and for Computer software vary from Hawkesbury's Depreciation Policy found in Exhibit 2 Tab 2 Schedule 3. Please explain the reasons for the deviation from policy.
- d. Please reconcile the Total Capital Costs on page 1 with the Net Fixed Assets on page 2.
- e. Please resubmit Exhibit 9 Tab 3 Schedule 2 Attachment 1 with all changes that may result from "a" to "d" above.

HHI Response a) b) c):

HHI agrees with Board Staff in that certain errors were made while populating the smart meter model. HHI revised its model accordingly and the revised smart meter rate adder is recalculated to be \$1.48 per meter per month. HHI is filing the revised model in conjunction with this document.

(Please note that the straight line depreciation of 10years presented in the smart meter model submitted on November the 11th 2010 for Tool and Equipment was consistent with Exhibit 2 Tab 2 Schedule 3 of the application however the computer software was not. The revised model was updated to show a straight line depreciation of 5years for computer software.)

Smart Meter Costs

2010 EDR Data Information

Third-party long-term debt	0.0%
Deemed long-term debt	56.0%
Short-term debt	4.0%
Deemed Equity	40.0%
Third-party long-term debt rate	7.62%
Deemed long-term debt rate	7.62%
Short-term debt rate	1.33%
Return on Equity	8.01%
Weighted Average Cost of Capital	7.52%

2010 Tax Rate

Corporate Income Tax Rate	16.00%
Capital Tax Rate	0.225%

Capital Data:

	01-May-08 to 31-Dec-08	01-Jan-09 to 31-Dec-09	01-Jan-09 to 31-Dec-10	
Smart meter including installation			\$ 864,347	<-----
Tools and Equipment (Work force management)	\$ -	\$ -	\$ -	<-----
Computer Hardware Costs	\$ -	\$ -	\$ -	<-----
Computer Software	\$ -	\$ -	\$ -	<-----
Total Capital Costs	\$ -	\$ -	\$ 864,347	

LDC Amortization Policy:

Smart Meter Amortization Rate	\$ 15
Tools and Equipment (Work force management)	\$ 5
Computer Hardware Amortization Rate	\$ 5
Computer Software Amortization Rate	\$ 10

Operating Expense Data:

	01-Jan-10 to 31-Dec-10	
Incremental OM&A Expenses	\$ 30,992	<-----
Total Incremental Operating Expense	\$ 30,992	

Smart Meter Revenue Requirement Calculation 2010

Average Asset Values

	31-Dec-10	
Net Fixed Assets Smart Meters	\$ 417,768	
Net Fixed Assets Tools and Equipment	\$ -	
Net Fixed Assets Computer Hardware	\$ -	
Net Fixed Assets Computer Software	\$ -	
Total Net Fixed Assets	\$ 417,768	\$ 417,768

Working Capital

Operation Expense	\$ 30,992	
15 % Working Capital	\$ 4,649	\$ 4,649

Smart Meters included in Rate Base

\$ 422,417

Return on Rate Base

Third-party long-term debt	0.0%	\$ -
Deemed long-term debt	56.0%	\$ 236,553
Short-term debt	4.0%	\$ 16,897
Deemed Equity	40.0%	\$ 168,967
		<u>\$ 422,417</u>

Third-party long-term debt rate	7.62%	\$ -
Deemed long-term debt rate	7.62%	\$ 18,025
Short-term debt rate	1.33%	\$ 225
Return on Equity	8.01%	\$ 13,534

Return on Rate Base

\$ 31,784 \$ 31,784

Operating Expenses

Incremental Operating Expenses	\$ 30,992
--------------------------------	-----------

Amortization Expenses

Amortization Expenses - Smart Meters	\$ 28,812
Amortization Expenses - Tools and equipment	\$ -
Amortization Expenses - Computer Hardware	\$ -
Amortization Expenses - Computer Software	\$ -

Total Amortization Expenses

\$ 28,812

Revenue Requirement Before PILs

\$ 91,588

Calculation of Taxable Income

Incremental Operating Expenses	-\$ 30,992
Depreciation Expenses	-\$ 28,812
Interest Expense	-\$ 18,250

Taxable Income For PILs

\$ 13,534

Grossed up PILs

\$ 3,360

Revenue Requirement Before PILs	\$ 91,588
Grossed up PILs	\$ 3,360

Revenue Requirement for Smart Meters

\$ 94,948

Net Revenue Requirement for 2010

\$ 94,948

Average customer # -----> 5,350

Rate Adder per month per metered customer \$1.48

PILs Calculation 2010

31-Dec-10

INCOME TAX

Net Income	\$	13,534
Amortization	\$	28,812
CCA - Class 47 (8%) Smart Meters	-\$	34,574
CCA - Class 8 (20%) Tools and Equipment	\$	-
CCA - Class 45 (45%) Computers		
CCA - Class 12 (100%) Computers Software	\$	-
Change in taxable income	\$	<u>7,772</u>
Tax Rate		<u>16.00%</u>
Income Taxes Payable	\$	<u>1,244</u>

ONTARIO CAPITAL TAX

Smart Meters	\$	835,535
Tools and Equipment	\$	-
Computer Hardware	\$	-
Computer Software	\$	-
Rate Base	\$	<u>835,535</u>
Less: Exemption	\$	<u>-</u>
Deemed Taxable Capital	\$	<u>835,535</u>
Ontario Capital Tax Rate		<u>0.225%</u>
Net Amount (Taxable Capital x Rate)	\$	<u>1,880</u>

Gross Up

	PILs Payable	Gross Up	Grossed Up PILs
Change in Income Taxes Payable	\$ 1,244	16.00%	\$ 1,480
Change in OCT	\$ 1,880		\$ 1,880
PIL's	<u>\$ 3,123</u>		<u>\$ 3,360</u>

Smart Meter Average Net Fixed Assets

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Net Fixed Assets - Smart Meters			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	
Capital Investment Subsequent Years			\$ 864,347
Closing Capital Investment	\$ -	\$ -	\$ 864,347
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (15 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Subsequent Years			\$ 28,812
Closing Accumulated Amortization	\$ -	\$ -	\$ 28,812
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ 835,535
Average Net Fixed Assets	\$ -	\$ -	\$ 417,768
Net Fixed Assets - Tools and Equipment			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (10 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
Net Fixed Assets - Computer Hardware			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
Net Fixed Assets - Computer Software			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
Total Assets			
Total Fixed Assets	\$ -	\$ -	\$ 864,347
Total Accumulated Amortization	\$ -	\$ -	\$ 28,812
Closing Net Fixed Assets	\$ -	\$ -	\$ 835,535

For PILs Calculation

UCC - Smart Meters

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
CCA Class 47 (8%)			
Opening UCC	\$ -	\$ -	\$ -
Capital Additions	\$ -	\$ -	\$ 864,347
UCC Before Half Year Rule	\$ -	\$ -	\$ 864,347
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ 432,174
Reduced UCC	\$ -	\$ -	\$ 432,174
CCA Rate Class 47	8%	8%	8%
CCA	\$ -	\$ -	\$ 34,574
Closing UCC	\$ -	\$ -	\$ 829,773

UCC - Tools and Equipment

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
CCA Class 8 (20%)			
Opening UCC	\$ -	\$ -	\$ -
Capital Additions	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 8	20%	20%	20%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Equipment

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
CCA Class 45 (45%)			
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 45	55%	55%	55%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Software

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
CCA Class 12 (100%)			
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 12	100%	100%	100%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

Summary of Proposed Changes to Revenue Requirement

Please find below a summary of the proposed changes to HHI's revenue requirement. These proposed changes are based on responses to the 1st round of interrogatories.

To view the total impact of all proposed changes on HHI's revenue requirement, please see the Revenue Requirement Work Form presented in the next pages or the model filed in conjunction with this document.

2 - RATE BASE

- **As per BS Issue 1.1**, HHI's depreciation expense was revised to rectify several errors in depreciation rates.
- **As per VECC Question #19**, HHI's proposes to reverse the amortization on Land Rights (Account 1806)

3 - REVENUE

- **As per BS Issue 1.3**, HHI's Proposes to update the commodity price to the published current commodity prices.
- **As per VECC Question #6**, HHI's recognises that there was an error in the model and proposes to fix the error.
- **As per VECC Question #8 b)**, HHI's proposes to update 2010 projections to reflect a more accurate figure.

4 - OPERATING COSTS

- **As per BS Issue 4.3**, HHI removed the cost of converting to IFRS or 60,000 from account 5630.
- **As per BS Issue 2.3**, HHI proposes to increase its original forecast for rebasing costs from **\$125,000** (\$31,250 *per year for a period of 4 years*) to **\$307,000** (\$54,000 *per year for a period of 4 years*). The revision includes a provision for filing IRM rate application for 2011, 2012 and 2013. This revision is in the amount of \$91,500 and is to be amortized over a period of 4 years (\$22,875 *per year for a period of 4 years*).
- **As per BS Issue 17**, HHI proposes update its models to reflect the blended tax rates.

9 - DEFERRAL / VARIANCE ACCOUNT BALANCES

- **As per BS Issue 6.1**, HHI updated to reflect mandated changes to Regulatory Accounting & Reporting of Account 1588 RSVA Power and Account 1588 RSVA Power Sub-account Global Adjustment.
- **As per BS Issue 22**, HHI proposes to update the balance at December 31, 2008 of account 1590-Recovery of Regulatory Asset Balances (recovery) to be consistent with audited financial statements or \$63,003.
- **As per BS Issue 7.1**. HHI proposes to update its SM model to reflect current (and accurate) rates. These updates will cause the rate adder to decrease by 0.03/meter/month (1.51 from 1.48). The revised model is being filed in conjunction with these responses.
 - upon review of the SM model ,it was found that HHI inadvertently omitted a cost of \$2,164 in its capital costs. HHI respectfully request that this amount be included in the calculation of the SM adder. This change is reflected in the model filed in conjunction with these responses.
- **As per BS Issue 6.3**. HHI agrees that it used incorrect allocation factors for certain accounts and proposes to update these allocation factors in its calculation of the proposed rate rider.
- **8 - RATE DESIGN**
 - **As per BS Issue 5.1** HHI has recast and recalculated its Network and Retail and Transmission Rates based on current rates. HHI proposes to update its pass-thru charges accordingly.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hawkesbury Hydro Inc
File Number: EB-2009-0186
Rate Year: 2010

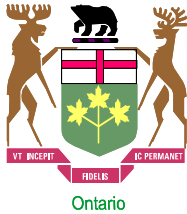
Data Input (1)

	Application	Adjustments	Per Board Decision
1 Rate Base			
Gross Fixed Assets (average)	\$3,691,251	(4)	\$3,691,251
Accumulated Depreciation (average)	(\$1,535,421)	(5)	(\$1,535,421)
Allowance for Working Capital:			
Controllable Expenses	\$995,643	(6)	\$995,643
Cost of Power	\$13,100,567		\$13,100,567
Working Capital Rate (%)	15.00%		15.00%
2 Utility Income			
Operating Revenues:			
Distribution Revenue at Current Rates	\$944,614		
Distribution Revenue at Proposed Rates	\$1,338,377		
Other Revenue:			
Specific Service Charges	\$88,077		
Late Payment Charges	\$31,875		
Other Distribution Revenue	\$22,545		
Other Income and Deductions	\$37,500		
Operating Expenses:			
OM+A Expenses	\$967,381		\$967,381
Depreciation/Amortization	\$169,798		\$169,798
Property taxes	\$28,262		\$28,262
Capital taxes	\$0		
Other expenses			
3 Taxes/PILs			
Taxable Income:			
Adjustments required to arrive at taxable income	\$27,188	(3)	
Utility Income Taxes and Rates:			
Income taxes (not grossed up)	\$26,000		
Income taxes (grossed up)	\$30,952		
Capital Taxes	\$ -		
Federal tax (%)	11.00%		
Provincial tax (%)	5.00%		
Income Tax Credits	\$ -		
4 Capitalization/Cost of Capital			
Capital Structure:			
Long-term debt Capitalization Ratio (%)	56.0%		
Short-term debt Capitalization Ratio (%)	4.0%	(2)	(2)
Common Equity Capitalization Ratio (%)	40.0%		
Preferred Shares Capitalization Ratio (%)			
			Capital Structure must total 100%
Cost of Capital			
Long-term debt Cost Rate (%)	7.62%		
Short-term debt Cost Rate (%)	1.33%		
Common Equity Cost Rate (%)	8.01%		
Preferred Shares Cost Rate (%)			

Notes:

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.



REVENUE REQUIREMENT WORK FORM

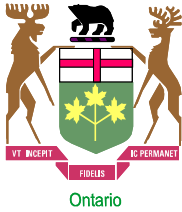
Name of LDC: Hawkesbury Hydro Inc
 File Number: EB-2009-0186
 Rate Year: 2010

Rate Base					
Line No.	Particulars		Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$3,691,251	\$ -	\$3,691,251
2	Accumulated Depreciation (average)	(3)	(\$1,535,421)	\$ -	(\$1,535,421)
3	Net Fixed Assets (average)	(3)	\$2,155,830	\$ -	\$2,155,830
4	Allowance for Working Capital	(1)	\$2,114,431	\$ -	\$2,114,431
5	Total Rate Base		\$4,270,262	\$ -	\$4,270,262

(1) Allowance for Working Capital - Derivation					
6	Controllable Expenses		\$995,643	\$ -	\$995,643
7	Cost of Power		\$13,100,567	\$ -	\$13,100,567
8	Working Capital Base		\$14,096,210	\$ -	\$14,096,210
9	Working Capital Rate %	(2)	15.00%		15.00%
10	Working Capital Allowance		\$2,114,431	\$ -	\$2,114,431

Notes

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
 (3) Average of opening and closing balances for the year.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hawkesbury Hydro Inc

File Number: EB-2009-0186

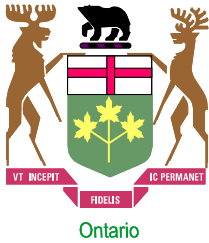
Rate Year: 2010

Utility income

Line No.	Particulars	Application	Adjustments	Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$1,338,377	\$ -	\$1,338,377
2	Other Revenue	(1) \$179,997	\$ -	\$179,997
3	Total Operating Revenues	\$1,518,374	\$ -	\$1,518,374
Operating Expenses:				
4	OM+A Expenses	\$967,381	\$ -	\$967,381
5	Depreciation/Amortization	\$169,798	\$ -	\$169,798
6	Property taxes	\$28,262	\$ -	\$28,262
7	Capital taxes	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$1,165,441	\$ -	\$1,165,441
10	Deemed Interest Expense	\$184,492	\$ -	\$184,492
11	Total Expenses (lines 4 to 10)	\$1,349,933	\$ -	\$1,349,933
12	Utility income before income taxes	\$168,441	\$ -	\$168,441
13	Income taxes (grossed-up)	\$30,952	\$ -	\$30,952
14	Utility net income	\$137,489	\$ -	\$137,489

Notes

(1)	Other Revenues / Revenue Offsets		
	Specific Service Charges	\$88,077	\$88,077
	Late Payment Charges	\$31,875	\$31,875
	Other Distribution Revenue	\$22,545	\$22,545
	Other Income and Deductions	\$37,500	\$37,500
	Total Revenue Offsets	\$179,997	\$179,997



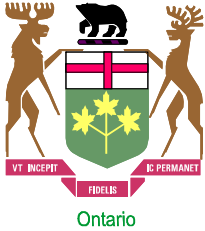
REVENUE REQUIREMENT WORK FORM

Name of LDC: Hawkesbury Hydro Inc
 File Number: EB-2009-0186
 Rate Year: 2010

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$136,819	\$136,819
2	Adjustments required to arrive at taxable utility income	\$27,188	\$27,188
3	Taxable income	\$164,007	\$164,007
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$26,000	\$26,000
5	Capital taxes	\$ -	\$ -
6	Total taxes	\$26,000	\$26,000
7	Gross-up of Income Taxes	\$4,952	\$4,952
8	Grossed-up Income Taxes	\$30,952	\$30,952
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$30,952	\$30,952
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	11.00%	11.00%
12	Provincial tax (%)	5.00%	5.00%
13	Total tax rate (%)	16.00%	16.00%

Notes



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hawkesbury Hydro Inc
 File Number: EB-2009-0186
 Rate Year: 2010

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$2,391,347	7.62%	\$182,221
2	Short-term Debt	4.00%	\$170,810	1.33%	\$2,272
3	Total Debt	60.00%	\$2,562,157	7.20%	\$184,492
	Equity				
4	Common Equity	40.00%	\$1,708,105	8.01%	\$136,819
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$1,708,105	8.01%	\$136,819
7	Total	100%	\$4,270,262	7.52%	\$321,312
Per Board Decision					
		(%)	(\$)	(%)	
	Debt				
8	Long-term Debt	56.00%	\$2,391,347	7.62%	\$182,221
9	Short-term Debt	4.00%	\$170,810	1.33%	\$2,272
10	Total Debt	60.00%	\$2,562,157	7.20%	\$184,492
	Equity				
11	Common Equity	40.0%	\$1,708,105	8.01%	\$136,819
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	Total Equity	40.0%	\$1,708,105	8.01%	\$136,819
14	Total	100%	\$4,270,262	7.52%	\$321,312

Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hawkesbury Hydro Inc

File Number: EB-2009-0186

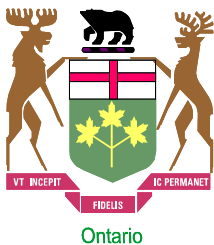
Rate Year: 2010

Revenue Sufficiency/Deficiency

Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$393,382		\$393,382
2	Distribution Revenue	\$944,614	\$944,996	\$944,614	\$944,996
3	Other Operating Revenue Offsets - net	\$179,997	\$179,997	\$179,997	\$179,997
4	Total Revenue	\$1,124,611	\$1,518,374	\$1,124,611	\$1,518,374
5	Operating Expenses	\$1,165,441	\$1,165,441	\$1,165,441	\$1,165,441
6	Deemed Interest Expense	\$184,492	\$184,492	\$184,492	\$184,492
	Total Cost and Expenses	\$1,349,933	\$1,349,933	\$1,349,933	\$1,349,933
7	Utility Income Before Income Taxes	(\$225,323)	\$168,441	(\$225,323)	\$168,441
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$27,188	\$27,188	\$27,188	\$27,188
9	Taxable Income	(\$198,135)	\$195,629	(\$198,135)	\$195,629
10	Income Tax Rate	16.00%	16.00%	16.00%	16.00%
11	Income Tax on Taxable Income	(\$31,702)	\$31,301	(\$31,702)	\$31,301
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$193,621)	\$137,489	(\$193,621)	\$137,489
14	Utility Rate Base	\$4,270,262	\$4,270,262	\$4,270,262	\$4,270,262
	Deemed Equity Portion of Rate Base	\$1,708,105	\$1,708,105	\$1,708,105	\$1,708,105
15	Income/Equity Rate Base (%)	-11.34%	8.05%	-11.34%	8.05%
16	Target Return - Equity on Rate Base	8.01%	8.01%	8.01%	8.01%
	Sufficiency/Deficiency in Return on Equity	-19.35%	0.04%	-19.35%	0.04%
17	Indicated Rate of Return	-0.21%	7.54%	-0.21%	7.54%
18	Requested Rate of Return on Rate Base	7.52%	7.52%	7.52%	7.52%
19	Sufficiency/Deficiency in Rate of Return	-7.74%	0.02%	-7.74%	0.02%
20	Target Return on Equity	\$136,819	\$136,819	\$136,819	\$136,819
21	Revenue Sufficiency/Deficiency	\$330,441	\$670	\$330,441	\$670
22	Gross Revenue Sufficiency/Deficiency	\$393,382 (1)		\$393,382 (1)	

Notes:

(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hawkesbury Hydro Inc
 File Number: EB-2009-0186
 Rate Year: 2010

Revenue Requirement			
Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$967,381	\$967,381
2	Amortization/Depreciation	\$169,798	\$169,798
3	Property Taxes	\$28,262	\$28,262
4	Capital Taxes	\$ -	\$ -
5	Income Taxes (Grossed up)	\$30,952	\$30,952
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$184,492	\$184,492
	Return on Deemed Equity	\$136,819	\$136,819
8	Distribution Revenue Requirement before Revenues	<u>\$1,517,704</u>	<u>\$1,517,704</u>
9	Distribution revenue	\$1,338,377	\$1,338,377
10	Other revenue	<u>\$179,997</u>	<u>\$179,997</u>
11	Total revenue	<u>\$1,518,374</u>	<u>\$1,518,374</u>
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$670 (1)</u>	<u>\$670 (1)</u>

Notes

(1)

Line 11 - Line 8



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hawkesbury Hydro Inc

File Number: EB-2009-0186

Rate Year: 2010

		Selected Delivery Charge and Bill Impacts Per Draft Rate Order								
		Monthly Delivery Charge					Total Bill			
		Current	Per Draft Rate Order	Change			Current	Per Draft Rate Order	Change	
				\$	%				\$	%
Residential	800 kWh/month	\$ 19.84	\$ 18.49	-\$ 1.35	-6.8%		\$ 81.72	\$ 79.39	-\$ 2.33	-2.9%
GS < 50kW	2000 kWh/month	\$ 35.89	\$ 31.42	-\$ 4.47	-12.5%		\$ 197.35	\$ 190.42	-\$ 6.93	-3.5%

Notes: