

Hydro Hawkesbury Inc. (“HHI”)

Board File Number EB-2009-0186

**Round #1 Interrogatories of the Vulnerable Energy Consumers’ Coalition
 (“VECC”)**

Question #1

Reference: Exhibit 3, ERA Load Forecast, pages 3 and 11

- a) Please confirm that the referenced large use customer permanently ceased operations in November 2009 as announced. If not, please provide current expectations regarding the customer’s operations in 2010.

HHI Response:

Yes the Large User did ceased operation in November 2009.

- b) If the customer did cease operations, please confirm the current status of the site (i.e., is it being used by someone else, is there a minimum monthly “caretaker” load?).

HHI Response:

The site is kept to minimum monthly caretaker load. No more production on site

- c) Please confirm that the loads shown in Table #1 exclude the large use customer.

HHI Response:

Confirmed. The weather sensitive net system load “WSL” excludes the large use customer.

Question #2

Reference: Exhibit 3, ERA Load Forecast, page 7

- a) Please re-do Table #4 and for each year predict the “weather normal” WSL using ERA’s definition of weather normal.

HHI Response:

This is shown in Table 7 on page 9 of the ERA Load Forecast Report.

Question #3

Reference: Exhibit 3, ERA Load Forecast, page 8

- a) Please provide the most recent Employment Forecast produced by the Ontario Ministry of Finance and update the 2009 & 2010 load forecast accordingly.

HHI Response:

The Fall 2009 Economic Statement from the Ontario Ministry of Finance forecast employment growth of -2.6% in 2009 and 0.6% in 2010. This is not materially different from the -2.6% and 0.4% used in our load forecast, therefore we have not performed an update.

Question #4

Reference: Exhibit 3, ERA Load Forecast, page 14

- a) Please provide the actual year end 2008 and 2009 customer count for each customer class.

HHI Response:

AVERAGE ANNUAL CUSTOMER CONNECTIONS							
	RESIDENTIAL	G<50 KW	G>50KW	LU	SENT	USL	STREET LIGHT
2008	4724	571	79	1	21	4	1158
2009	4781	586	81	1	21	4	1158

Question #5

Reference: Exhibit 3, Tab 1, Schedule 2

- a) What is the source of the \$0.06072 / kWh value used for the 2010 Cost of Power?

HHI Response:

The \$0.06072 value used for the commodity price was based on the RPP published price at the time of the filing deadline. HHI proposes to update the commodity cost with the current commodity prices.

- b) Are any of Hawkesbury's distribution customers registered as Market Participants and billed directly for commodity costs by the IESO?

HHI Response:

No

- c) If the response to part (b) is yes, what is their forecast use for 2010 and has it been excluded from the calculation of the commodity cost used to determine the working capital allowance

HHI Response:

N/A No customer's registered as Market Participant

- d) What portion of Hawkesbury's 2009 (or use 2008 if 2009 is not yet available) sales (excluding the large use customer) are to non-RPP customers? If the \$0.06072 value used for the commodity cost is based on the RPP price, please undertake the following:

HHI Response

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 Non-RPP Customers
4,555,775	2,469,498	89,586,711	123,491,102
3.689%	2.000%	72.545%	

- e) Using the same source, estimate the commodity cost for non-RPP customers
f) Estimate an average commodity cost for all sales based on the weighted average of the RPP and non-RPP forecast costs.

HHI Response

The Avg price for non-RPP customers would be the sum of the HOEP (\$35.68) and the Global Adjustment impact (\$24.94), or \$60.62/MWh (\$0.06062/kWh).

$123,491,102 * 0.06062 = \$7,486,030$.

$68,246,751$ (as per LF net of non RPP) $* 0.06072 = \$4,143,942$

g) Re-estimate the Total Commodity cost for 2010

HHI Response

Please note that the figures presented at f) are based on 2008 usage and thus should not be used to determine the 2010 commodity costs. HHI would like to point out that, as per section 2.1.2 of the Board's minimum filing requirements, the appropriate cost to use is the RPP.

HHI Response e) f) g)

h) Please provide the basis for the \$70,600 in 2010 Low Voltage charges (per page 4).

HHI Response

The projection for 2010 LV Charges were based adjusted 2009 costs.

		2009
4750	cost power (LV)	\$68,765.10
4075	Rev LV power	\$52,290.22

Question #6

Reference: Exhibit 3, Tab 2, Schedule 1, Attachment 1

- a) Page 1 reports 2010 LV costs of \$105,452 whereas Exhibit 3, Tab 1, Schedule 2, page reports a value of \$70,600. Please reconcile.

HHI Response

There was an error in RateMaker's formula, HHI has fixed the error and is resubmitting the revised evidence at Exhibit 3, Tab 2, Schedule 1, Attachment 1. See table at the next page.

- b) Please report the 2010 LV costs and transformer allowance discounts at existing (2009) rates by customer class and provide a revised version of the fixed/variable (F/V) splits (page 2) based on existing rates, where rates exclude the LV charge adder and allow for the reduced revenues due to the transformer allowance where appropriate.

HHI Response

	Revenues from Dist. Charges (A)	Net Distribution Revenues (B)	Transformer Allowances (C)	Low Voltage Charges (D)
Residential	770,857	690,785		80,072
General Service Less Than 50 kW	171,696	153,837		17,859
General Service 50 to 4,999 kW	168,687	52,194	110,443	6,050
Sentinel Lighting	1,932	1,731		201
Street Lighting	10,891	9,760		1,131
Unmetered Scattered Load	1,592	1,427		165
TOTAL	1,125,656	909,734	110,443	105,479

(A) RateMaker model, sheet F4

(B) 2010 Cost Allocation model, sheet O1, row 18 (crev)

(C) RateMaker model, sheet F4

(D) = (A) - (B) - (C); Total matches RateMaker sheet C4

	Net Distribution Revenues (E)	Fixed Charge Revenue (F)	Variable Charge Revenue (G)	Fixed Charge Revenue % (H)	Variable Charge Revenue % (I)
Residential	690,785	280,042	410,743	40.54%	59.46%
General Service Less Than 50 kW	153,837	66,086	87,751	42.96%	57.04%
General Service 50 to 4,999 kW	52,194	44,082	8,112	84.46%	15.54%
Sentinel Lighting	1,731	252	1,479	14.56%	85.44%
Street Lighting	9,760	500	9,260	5.13%	94.87%
Unmetered Scattered Load	1,427	467	960	32.73%	67.27%
TOTAL	909,734	391,429	518,305	43.03%	56.97%

(E) per column (B)

(F) RateMaker model, sheet C4

(G) = (E) - (F)

(H) = (F) / (E)

(I) = (G) / (E)

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C4 Revenue from Current Distribution Charges

Rates from sheet C3; Volumes from sheet C1

2009 PROJECTED DISTRIBUTION REVENUE AT EXISTING RATES								
Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Rate	per	Volume	Variable Charge Revenue	TOTAL
Residential	\$4.9600	4,672	278,077	\$0.0092	kWh	53,502,498	490,297	768,374
General Service Less Than 50 kW	\$9.7300	567	66,203	\$0.0051	kWh	20,540,911	105,498	171,701
General Service 50 to 4,999 kW	\$46.5000	79	44,082	\$0.5422	kW	229,572	124,474	168,556
Large Use	\$6,464.0100	1	77,568	\$1.6804	kW	42,872	72,042	149,610
Sentinel Lighting	\$1.0000	21	252	\$5.1688	kW	325	1,680	1,932
Street Lighting	\$0.0360	1,158	500	\$3.3563	kW	3,096	10,391	10,891
Unmetered Scattered Load	\$9.7300	4	467	\$0.0051	kWh	220,667	1,125	1,592
Gross Revenue (before Transformer Allowances)			467,150				805,507	1,272,657
Transformer Allowances				(\$0.6000)	kW	226,943	-136,166	-136,166
Total Revenue			467,150				669,342	1,136,491
Less: Pass-through amount embedded in distribution rates *							-105,452	-105,452
DISTRIBUTION REVENUE			467,150				563,889	1,031,039

2010 PROJECTED DISTRIBUTION REVENUE AT EXISTING RATES								
Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Rate	per	Volume	Variable Charge Revenue	TOTAL
Residential	\$4.9600	4,705	280,042	\$0.0092	kWh	53,559,119	490,816	770,857
General Service Less Than 50 kW	\$9.7300	566	66,086	\$0.0051	kWh	20,562,650	105,610	171,696
General Service 50 to 4,999 kW	\$46.5000	79	44,082	\$0.5422	kW	229,814	124,605	168,687
Large Use	\$6,464.0100			\$1.6804	kW			
Sentinel Lighting	\$1.0000	21	252	\$5.1688	kW	325	1,680	1,932
Street Lighting	\$0.0360	1,158	500	\$3.3563	kW	3,096	10,391	10,891
Unmetered Scattered Load	\$9.7300	4	467	\$0.0051	kWh	220,667	1,125	1,592
Gross Revenue (before Transformer Allowances)			391,429				734,227	1,125,656
Transformer Allowances				(\$0.6000)	kW	184,071	-110,443	-110,443
Total Revenue			391,429				623,784	1,015,214
Less: Pass-through amount embedded in distribution rates *							-70,600	-70,600
DISTRIBUTION REVENUE			391,429				553,184	944,614

* per revenue amounts on sheet C2 e.g. Low Voltage

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C4 Revenue from Current Distribution Charges

Rates from sheet C3; Volumes from sheet C1

Customer Class Name	PROJECTED REVENUE FROM DISTRIBUTION CHARGES AT EXISTING RATES					
	2009 Fixed %	2009 Variable %	2009 Total %	2010 Fixed %	2010 Variable %	2010 Total %
Residential	36.19%	63.81%	60.38%	36.33%	63.67%	68.48%
General Service Less Than 50 kW	38.56%	61.44%	13.49%	38.49%	61.51%	15.25%
General Service 50 to 4,999 kW	26.15%	73.85%	13.24%	26.13%	73.87%	14.99%
Large Use	51.85%	48.15%	11.76%			
Sentinel Lighting	13.04%	86.96%	0.15%	13.04%	86.96%	0.17%
Street Lighting	4.59%	95.41%	0.86%	4.59%	95.41%	0.97%
Unmetered Scattered Load	29.33%	70.67%	0.13%	29.33%	70.67%	0.14%
TOTAL	41.10%	58.90%	100.00%	38.56%	61.44%	100.00%

Customer Class Name	2010 PROCEEDS FROM CURRENT MONTHLY SERVICE (FIXED) RATES					
	Distribution	Smart Meters				TOTAL
Residential	280,042	56,460				336,502
General Service Less Than 50 kW	66,086	6,792				72,878
General Service 50 to 4,999 kW	44,082	948				45,030
Large Use						
Sentinel Lighting	252					252
Street Lighting	500					500
Unmetered Scattered Load	467					467
TOTAL	391,429	64,200				455,629

Customer Class Name	2010 PROCEEDS FROM CURRENT VARIABLE RATES					
	Distribution					TOTAL
Residential	490,816					490,816
General Service Less Than 50 kW	105,610					105,610
General Service 50 to 4,999 kW	124,605					124,605
Large Use						
Sentinel Lighting	1,680					1,680
Street Lighting	10,391					10,391
Unmetered Scattered Load	1,125					1,125
TOTAL	734,227					734,227

Question #7

Reference: Exhibit 3, Tab 3, Schedule 1, Attachment 1, pages 2-3

- a) Please explain the reduction in volume of transactions between 2008 and 2010 for the items:
- Arrears Certificates
 - Credit Reference

HHI Response:

At the time HHI did the submission, the revenues generated by these 2 accounts is directly related to the number of customer inquiries received.

- b) Is Hawkesbury Hydro proposing to change any of its existing service charges for 2010 or introduce any new ones? If yes, please provide the justification for the new rate(s).

HHI Response:

HHI is not proposing to change its specific service charges. The list of proposed SSC are presented in the next page. In addition, 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.

Hydro Hawkesbury Inc.

TARIFF OF RATES AND CHARGES

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

Question #8

Reference: Exhibit 3, Tab 3, Schedule 2, Attachment 1, page 1

- a) Please explain the decrease in Miscellaneous Service Revenues (Acct. 4235) between 2008 and 2010.

Misc Service revenues										
			2008			2009			2010	
Arrears Certificate	4235	160	\$15.00	\$2,400.00	78	\$15.00	\$1,170.00	95	\$15.00	\$1,425.00
Statement of Account	4235	70	\$15.00	\$1,050.80	61	\$15.00	\$915.00	75	\$15.00	\$1,125.00
Duplicate invoices for previous billing	4235	45	\$15.00	\$670.50	30	\$15.00	\$450.00	40	\$15.00	\$600.00
New Services	4235	26	\$250.00	\$6,500.00	20	\$250.00	\$5,000.00	25	\$250.00	\$6,250.00
Credit reference/credit check (plus credit agency costs)	4235	97	\$15.00	\$1,455.00	32	\$15.00	\$480.00	40	\$15.00	\$600.00
Returned Cheque charge (plus bank charges)	4235	115	\$25.50	\$2,932.50	133	\$25.50	\$3,382.49	133	\$25.50	\$3,382.49
Account set up charge / change of occupancy charge	4235	936	\$30.00	\$28,080.00	805	\$30.00	\$24,150.00	850	\$30.00	\$25,500.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	4235		\$30.00	\$0.00	1	\$30.00	\$30.00	1	\$30.00	\$30.00
Collection of account charge – no disconnection	4235	1,922	\$15.00	\$28,825.50	1,895	\$15.00	\$28,425.00	1,895	\$15.00	\$28,425.00
Disconnect/Reconnect at meter – during regular hours	4235	105	\$30.00	\$3,150.00	135	\$30.00	\$4,050.00	145	\$30.00	\$4,350.00
Disconnect/Reconnect at meter – after regular hours	4235	2	\$130.00	\$260.00	3	\$130.00	\$390.00	3	\$130.00	\$390.00
				\$75,324.30			\$68,442.49			\$72,077.49
	VARIANCE				(\$6,881.81)					\$3,635.00

HHI Response

The table above shows the variance between each year.

These charges are driven by customer requests. Economy has a direct impact on many of these actions. Even if 2009 shows a decrease from 2008, HHI has estimated higher revenues for Test year 2010

- b) Please explain why the 2010 Revenues from Merchandising and Jobbing (4325) are less than those in 2008 while the Costs & Expenses for Merchandising and Jobbing increase between 2008 and 2010.

HHI Response

Prior to 2008 the cost of jobbing was adjusted at year end when inventory adjustments were done. At year end, some costs were expensed to OM&A (line maintenance accounts).

HHI has since then altered its practices and instead now accounts for the cost of jobbing as they occur and at exact costs.

Having reviewed its year-end information, HHI proposes to revise this information.

Account 4325 (rev from Job)	\$64,902.73
Account 4330 (cost of job)	\$51,480.84

Question #9

Reference: Exhibit 7, ERA Cost Allocation Study, page 13

- a) Please provide a table that sets out the 2010 revenue to cost ratios for each customer class if the distribution rates for each class were all increased by the same percentage such that total revenue equalled totals costs. Please include in the same table the Board's recommended Target Range for each class' revenue to cost ratio.

HHI Response

Customer Class	HHI-2010 at 2009 Rates (A)	HHI-2010 at 2009 Rates adjusted with uniform increase (B)	Board Target Range
Residential	103.72	141.26	85-115
GS < 50 kW	87.31	118.91	80-120
GS > 50 kW	21.53	29.33	80-180
Street Lighting	26.66	36.32	70-120
Sentinel Lighting	144.93	197.39	70-120
USL	145.72	198.48	80-120
Total	73.42	100.00	

Question #10

Reference: Exhibit 8, Tab 2, Schedule 1

- a) Please confirm whether the fixed-variable percentages shown on page 1 were based on variable revenues that: i) excluded the LV cost adder and ii) were reduced by the transformer ownership allowance as appropriate. If not, please recalculate.

HHI Response

The fixed and variable percentages on page 1 were based on variable revenues that included the LV rate adder and were not reduced by the transformer ownership allowance. For the fixed and variable percentages that exclude the LV rate adders and include a reduction for the transformer ownership allowance, see the response to question 6(b).

- b) Please provide source data used to determine the F/V splits set out on page 3 and confirm that the rates used:
- Excluded the smart meter rate adder from each LDC's fixed charges
 - Excluded any LV cost adder from each LDC's variable charges
 - Excluded variable revenues due to the transformer allowance discount where appropriate.

HHI Response

The comparator information gathered at Exhibit 8, Tab2, Schedule 1 were gathered from fixed to variable ("F/V") split at existing rates. In the case of Lakefront /Hydro 2000/Wellington and Rideau St-Lawrence, ERA confirms that the rates excluded the smart meter rate adder and included LV cost adder and transformer allowance discount. HHI proposes to remove the 2 CNP utilities from the group and resubmit the evidence that shows F/V calculations that are consistent with HHI's calculations submitted on November 11, 2010 as part of the cost of service application.

- c) Why is it appropriate to use the average fixed charge from a group of other LDC's to benchmark Hawkesbury's fixed charges as opposed to using the Cost Allocation results (Sheet O2) and the Board's recommended range for service charges?

HHI Response

As can be seen in the table below, HHI's proposed rates fall well within Cost Allocation results (Sheet O2) and the Board's recommended range for service charges.

		Existing Rates			Cost Allocation - Minimum Fixed Rate			Cost Allocation - Maximum Fixed Rate (2)	
Customer Class Name	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %
Residential	\$4.96	36.33%	63.67%	\$4.04	29.85%	70.15%	\$8.58	63.45%	36.55%
General Service Less Than 50 kW	\$9.73	38.49%	61.51%	\$7.77	25.36%	74.64%	\$15.09	49.25%	50.75%
General Service 50 to 4,999 kW	\$46.50	26.13%	73.87%	\$50.35	9.92%	90.08%	\$94.41	18.59%	81.41%
Sentinel Lighting	\$1.00	13.04%	86.96%	\$0.32	5.37%	94.63%	\$3.03	51.49%	48.51%
Street Lighting	\$0.04	4.59%	95.41%	\$0.03	1.48%	98.52%	\$3.06	143.32%	-43.32%
Unmetered Scattered Load	\$9.73	29.33%	70.67%	\$0.00	0.00%	100.00%	\$9.73	54.16%	45.84%
Customer Class Name	Rate	Existing Fixed/Variable Split (3)	Variable %	Rate	Rate Application	Variable %	Resulting Usage		Existing Usage Rate
Residential	\$4.91	36.33%	63.67%	\$5.96	44.06%	55.94%	\$0.0080	kWh	\$0.0092
General Service Less Than 50 kW	\$11.80	38.49%	61.51%	\$13.80	45.03%	54.97%	\$0.0056	kWh	\$0.0051
General Service 50 to 4,999 kW	\$132.68	26.13%	73.87%	\$94.41	18.59%	81.41%	\$1.7049	kW	\$0.5422
Sentinel Lighting	\$0.77	13.04%	86.96%	\$1.71	29.03%	70.97%	\$3.2418	kW	\$5.1688
Street Lighting	\$0.10	4.59%	95.41%	\$0.60	28.10%	71.90%	\$6.8897	kW	\$3.3563
Unmetered Scattered Load	\$5.27	29.33%	70.67%	\$7.19	40.02%	59.98%	\$0.0023	kWh	\$0.0051

HHI simply used the fixed charge from a comparator group to determine its final rates. As can be seen in the table below, one third of all revenue from distribution charges comes from Residential variable charges. Since Residential is the most weather-sensitive class, this entails a lot of risk for a small utility like Hawkesbury. In periods of economic downturn, HHI's revenues are also at risk.

		Fixed Charge			Variable Charge			Gross Revenue from Distribution Charges	
Customer Class Name	Rate ¹	Volume ²	Revenue ³	Rate ¹	Volume ²	Revenue ³	Calculated [*]	Allocated ^{**}	Difference
Residential	\$5.96	56,460	336,502	\$0.0080	53,559,119	428,473	764,975	763,767	1,207
General Service Less Than 50 kW	\$13.80	6,792	93,730	\$0.0056	20,562,650	115,151	208,880	208,157	723
General Service 50 to 4,999 kW	\$94.41	948	89,501	\$1.7049	229,814	391,810	481,311	481,320	-10
Sentinel Lighting	\$1.71	252	431	\$3.2418	325	1,054	1,485	1,484	0
Street Lighting	\$0.60	13,896	8,338	\$6.8897	3,096	21,331	29,668	29,668	0
Unmetered Scattered Load	\$7.19	48	345	\$0.0023	220,667	508	853	862	-10
TOTAL		78,396	528,846		74,575,671	958,325	1,487,171	1,485,259	1,912

HHI also adds that it currently has the lowest Residential Service charge in Ontario and the second lowest residential volumetric rate in Ontario. By increasing its fixed components, HHI is making sure that it is able to amass the necessary revenues to ensure that its distribution system remains reliable and safe.

LDC	Effective Date:	Service Charge (\$ / month)	Distribution Volumetric Rate (¢/ kWh)
Hydro Hawkesbury	May-09	5.96	0.92
Hearst Power	May-09	8.42	1.02
Oshawa PUC	May-09	9.16	1.23
Hydro 2000	May-09	9.49	1.15
Gravenhurst-Urban	May-09	9.63	1.98
PUC Distribution Inc	May-09	9.72	1.51
Cambridge and N. Dumfries	May-09	9.73	1.42
Festival - Hensall	May-09	10.03	0.99
Hydro Ottawa	May-09	10.18	2.07
Clinton	May-09	10.23	1.14
Lakefront	May-09	10.32	1.47
Kingston	May-09	10.48	1.27
Kitchener-Wilmot	May-09	10.55	1.23
COLLUS	May-09	10.92	2
Espanola	May-09	10.99	1.44
Peninsula West - Urban	May-09	11.15	2.05
Brant County Power	May-09	11.27	2.25
Rideau	May-09	11.27	1.33
Veridian Connections	May-09	11.3	1.55
E.L.K. Energy Inc	May-09	11.5	0.95
EnWIN	May-09	11.7	1.95
Peninsula West - Suburban	May-09	11.77	1.57

Hydro One Brampton	May-09	11.79	1.57
Haldimand-Urban	May-09	11.85	3.13
Essex	May-09	11.95	1.5
Ottawa River	May-09	11.95	1.21
St. Thomas	May-09	12.02	1.57
Brantford	May-09	12.12	1.34
Chatham-Kent (Avg.)	May-09	12.33	1.39
Haldimand- Suburban	May-09	12.34	3.15
Burlington	May-09	12.55	1.59
Fort Frances	May-09	12.73	0.86
Thunder Bay	May-09	12.75	1.35
Co-op Hydro Embrun	May-09	12.81	1.04
Newbury	May-09	12.89	1.63
Midland	May-09	12.9	2.12
Wasaga Distribution	May-09	12.92	1.62
Enersource	May-09	13.14	1.18
Peterborough	Jul-09	13.29	1.25
Gravenhurst- Suburban	May-09	13.48	2.02
Horizon	May-09	13.48	1.27
Bluewater	May-09	13.9	1.88
Halton Hills	May-09	13.94	1.33
North Bay	May-09	14	1.12
Grand Valley	May-09	14.3	1.63
Orillia	May-09	14.34	1.28
Guelph	May-09	14.38	1.65
Kenora	May-09	14.53	0.99
Oakville	May-09	14.72	1.5
Wellington North	May-09	14.73	1.53
Renfrew Hydro	May-09	14.75	1.19
Centre Wellington	May-09	15	1.35
Festival	May-09	15.09	1.58
Middlesex	May-09	15.1	1.43
Erie Thames	May-09	15.23	1.44
Grimsby	May-09	15.46	0.93
Waterloo North	May-09	15.81	1.34
Milton	May-09	16.05	1.33
Lakeland	May-09	16.21	1.61
Barrie	May-09	16.43	1.46
Toronto Hydro	May-09	16.85	1.432
Orangeville	May-09	17.07	1.35
Niagara Falls	May-09	17.24	1.38
Whitby HE	May-09	17.71	1.37
Parry Sound	May-09	17.84	1.44

Northern Ontario Wires	May-09	18.51	1.44
Niagara-on-the-Lake	May-09	19.05	1.27
Innisfil Hydro	May-09	20	2.11
Norfolk	May-09	22.02	1.99
Sioux Lookout	May-09	24.73	1.32
Atikokan	May-09	34.03	1.3
average		13.72	1.50

While determining its final proposed rates, HHI carefully considered the impact to all rate classes and thus deems them to be just and fair.

Question #11

Reference: Exhibit 8, Tab 2, Schedule 1, Attachment 1

- a) The Rate Application revenue to cost ratios set out on page 2 are based on Base Distribution revenues and allocated costs net of miscellaneous revenues. However, the OEB's Cost Allocation Methodology calculates revenue to cost ratios based on Total Service Revenue by customer class (including allocated miscellaneous revenues) and total Allocated Costs. Please provide a schedule that sets out the proposed revenue to cost ratios calculated in a manner consistent with the OEB's model.

HHI Response

	Allocated Distr. Rev. (A)	Miscellaneous Revenue (B)	Total Service Revenue (C)	Allocated Cost (D)	Revenue-to- Cost Ratio (E)
Residential	738,714	103,117	841,832	765,469	1.10
General Service Less Than 50 kW	199,741	26,702	226,443	206,782	1.10
General Service 50 to 4,999 kW	334,300	48,166	382,465	466,041	0.82
Sentinel Lighting	1,403	82	1,485	1,251	1.19
Street Lighting	29,286	1,881	31,167	43,659	0.71
Unmetered Scattered Load	772	49	821	1,013	0.81
TOTAL	1,304,216	179,997	1,484,214	1,484,215	1.00

(A) RateMaker sheet F4 (Allocated Revenue)

(B) 2010 Cost Allocation model, sheet O1, row 19 (mi)

(C) = (A) + (B)

(D) 2010 Cost Allocation model, sheet O1, row 35 (Revenue Requirement including NI)

(E) = (C) / (D)

- b) Please provide the supporting calculations for the "Cost Allocation Revenue to Cost Ratios" set out on page 2.

HHI Response

The 2006 cost allocation model with all corrections (HHI-2006C2) is used as the basis for comparison to the proposed ratios.

Customer Class	Allocated Distribution Revenue (A)	Miscellaneous Revenue (B)	Total Service Revenue (C)	Allocated Cost (D)	Cost Allocation Revenue to Cost Ratio (E)
Residential	722,640	78,617	801,257	626,772	127.84
GS < 50 kW	167,026	20,437	187,463	168,761	111.08
GS > 50 kW	41,240	33,987	75,227	281,491	26.72
Large Use	148,977	11,994	160,971	114,272	140.87
Sentinel Lighting	1,685	110	1,785	1214	147.77
Street Lighting	8,506	3,372	11,878	45,236	26.26
USL	0	69	69	913	7.53
Total	1,090,074	148,585	1238659	1238660	100.00

(A) HHI-2006C2 CA Model, Sheet O, Row 18

(B) HHI-2006C2 CA Model, Sheet O, Row 19

(C) HHI-2006C2 CA Model, Sheet O, Row 20

(D) HHI-2006C2 CA Model, Sheet O, Row 35

- c) Hawkesbury is proposing to increase the revenue to cost ratios for the GS>50; Street Lighting and USL classes to the lower end of the Board's Target Ranges in 2010. Why is Hawkesbury proposing to move all way in 2010 as opposed to 50% of way as approved by the Board in a number of 2008 and 2009 Rate Application Decisions?

HHI Response

The proposed increases in revenue to cost ratios for these rate classes result in total bill impacts which are acceptable, therefore Hawkesbury does not see the need to phase in the increases. With the proposed increases, the typical total bill for GS>50 and USL will still decrease as a result of decreases in all non-distribution charges. For Street Lighting, the proposed increase in revenue to cost ratio will result in a total bill impact of 8.9%, below the 10% threshold which triggers consideration for bill impact mitigation.

Question #12

Reference: Exhibit 8, Tab 3, Schedule 1, Attachment 1

- a) With respect to page 1, were the Old Rates noted in the table (i.e., \$2.57 and \$0.70) applicable for the whole period Jan 2008 to July 2009? If not what rates were applicable in each month?
- b) Were the current Retail Transmission Service rates applicable for the whole period Jan 2008 to July 2009? If not, what rates were applicable in each month?

HHI Response a) b)

The relevant rates (as opposed to current rates) were applied. Please note that HHI proposes to recast and recalculate its Network and Retail Transmission Rates based on Current rates. Please see Board Staff Issue 5.1 for further details.

Question #13

Reference: Exhibit 8, Tab 4, Schedule 3, pages 2-3

- a) Please provide the estimated total bill impact in 2012 for each customer class when the two year refund period expires.

SUMMARY OF BILL IMPACT IN 2012 WITHOUT RATE RIDER							
	Volume		RPP	Distribution Charges		Total Bill	
	kWh *	kW	Rate Class	\$ change	% change	\$ change	% change
residential	800		Summer	\$0.58	4.4%	(\$1.26)	(1.5%)
residential	800		Winter	\$0.58	4.4%	(\$1.15)	(1.4%)
General Service Less than 50 kW	2,000		non-res	\$5.51	26.2%	\$0.93	0.5%
General Service 50 to 4,999kW	90,000	240	non-res	\$327.47	>100%	\$131.12	1.6%
Sentinel Lighting	430	1.30	Non-res.	(\$1.80)	(23.3%)	(\$2.87)	(6.6%)
Street Lighting	85	0.23	Non-res.	\$1.38	>100%	\$1.23	16.1%
Unmetered Scattered Load	4,600		Non-res.	(\$15.42)	(46.5%)	(\$25.94)	(5.8%)

Question #14

Reference: Exhibit 8, Tab 4, Schedule 3, Attachment 2, page 2

- a) Please provide equivalent schedules for a Residential customer using 500 kWh and 250 kWh per month.

HHI Response

Customer Bill Impact Analysis (500kWh/Month)

Residential		RPP: Summer								
500	kWh's	Metric	2009 BILL			2010 BILL			CHANGE IMPACT	
0			Volume	Rate	Charge	Volume	Rate	Charge	\$	%
†	Monthly Service Charge				\$5.96			\$7.47	\$1.51	25.3%
†	Distribution	kWh	500	\$0.0092	\$4.58	500	\$0.0080	\$4.00	(\$0.58)	(12.7%)
	Sub-Total (Distribution)				\$10.54			\$11.47	\$0.93	8.8%
†	Deferral/Variance Dispositions	kWh	500	\$0.0000	\$0.00	500	(\$0.0054)	(\$2.70)	(\$2.70)	0.0%
	Electricity (Commodity)	kWh	532	RPP-Summer	\$30.31	523	RPP-Summer	\$29.83	(\$0.48)	(1.6%)
†	Transmission - Network	kWh	532	\$0.0047	\$2.50	523	\$0.0044	\$2.30	(\$0.20)	(8.0%)
†	Transmission - Connection	kWh	532	\$0.0030	\$1.60	523	\$0.0024	\$1.26	(\$0.34)	(21.3%)
	Wholesale Market Service	kWh	532	\$0.0052	\$2.77	523	\$0.0052	\$2.72	(\$0.05)	(1.8%)
	Rural Rate Protection	kWh	532	\$0.0013	\$0.69	523	\$0.0013	\$0.68	(\$0.01)	(1.4%)
	Debt Retirement Charge	kWh	500	\$0.0070	\$3.50	500	\$0.0070	\$3.50	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
	TOTAL BILL				\$51.91			\$49.06	(\$2.85)	(5.5%)
†	Delivery Only				\$14.64			\$12.33	(\$2.31)	(15.8%)

Residential		RPP: Winter								
500	kWh's	Metric	2009 BILL			2010 BILL			CHANGE IMPACT	
0			Volume	Rate	Charge	Volume	Rate	Charge	\$	%
†	Monthly Service Charge				\$5.96			\$7.47	\$1.51	25.3%
†	Distribution	kWh	500	\$0.0092	\$4.58	500	\$0.0080	\$4.00	(\$0.58)	(12.7%)
	Sub-Total (Distribution)				\$10.54			\$11.47	\$0.93	8.8%
†	Deferral/Variance Dispositions	kWh	500	\$0.0000	\$0.00	500	(\$0.0054)	(\$2.70)	(\$2.70)	0.0%
	Electricity (Commodity)	kWh	532	RPP-Winter	\$30.31	523	RPP-Winter	\$29.83	(\$0.48)	(1.6%)
†	Transmission - Network	kWh	532	\$0.0047	\$2.50	523	\$0.0044	\$2.30	(\$0.20)	(8.0%)
†	Transmission - Connection	kWh	532	\$0.0030	\$1.60	523	\$0.0024	\$1.26	(\$0.34)	(21.3%)
	Wholesale Market Service	kWh	532	\$0.0052	\$2.77	523	\$0.0052	\$2.72	(\$0.05)	(1.8%)
	Rural Rate Protection	kWh	532	\$0.0013	\$0.69	523	\$0.0013	\$0.68	(\$0.01)	(1.4%)
	Debt Retirement Charge	kWh	500	\$0.0070	\$3.50	500	\$0.0070	\$3.50	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%

	TOTAL BILL				\$51.91			\$49.06	(\$2.85)	(5.5%)
†	Delivery Only				\$14.64			\$12.33	(\$2.31)	(15.8%)

Customer Bill Impact Analysis (500kWh/Month)										
Residential		RPP: Summer								
250	kWh's		2009 BILL			2010 BILL			CHANGE IMPACT	
0		Metric	Volume	Rate	Charge	Volume	Rate	Charge	\$	%
†	Monthly Service Charge				\$5.96			\$7.47	\$1.51	25.3%
†	Distribution	kWh	250	\$0.0092	\$2.29	250	\$0.0080	\$2.00	(\$0.29)	(12.7%)
	Sub-Total (Distribution)				\$8.25			\$9.47	\$1.22	14.8%
†	Deferral/Variance Dispositions	kWh	250	\$0.0000	\$0.00	250	(\$0.0054)	(\$1.35)	(\$1.35)	0.0%
	Electricity (Commodity)	kWh	266	RPP-Summer	\$15.15	262	RPP-Summer	\$14.91	(\$0.24)	(1.6%)
†	Transmission - Network	kWh	266	\$0.0047	\$1.25	262	\$0.0044	\$1.15	(\$0.10)	(8.0%)
†	Transmission - Connection	kWh	266	\$0.0030	\$0.80	262	\$0.0024	\$0.63	(\$0.17)	(21.3%)
	Wholesale Market Service	kWh	266	\$0.0052	\$1.38	262	\$0.0052	\$1.36	(\$0.02)	(1.4%)
	Rural Rate Protection	kWh	266	\$0.0013	\$0.35	262	\$0.0013	\$0.34	(\$0.01)	(2.9%)
	Debt Retirement Charge	kWh	250	\$0.0070	\$1.75	250	\$0.0070	\$1.75	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
	TOTAL BILL				\$28.93			\$28.26	(\$0.67)	(2.3%)
†	Delivery Only				\$10.30			\$9.90	(\$0.40)	(3.9%)

Residential		RPP: Winter								
250	kWh's		2009 BILL			2010 BILL			CHANGE IMPACT	
0		Metric	Volume	Rate	Charge	Volume	Rate	Charge	\$	%
†	Monthly Service Charge				\$5.96			\$7.47	\$1.51	25.3%
†	Distribution	kWh	250	\$0.0092	\$2.29	250	\$0.0080	\$2.00	(\$0.29)	(12.7%)
	Sub-Total (Distribution)				\$8.25			\$9.47	\$1.22	14.8%
†	Deferral/Variance Dispositions	kWh	250	\$0.0000	\$0.00	250	(\$0.0054)	(\$1.35)	(\$1.35)	0.0%
	Electricity (Commodity)	kWh	266	RPP-Winter	\$15.15	262	RPP-Winter	\$14.91	(\$0.24)	(1.6%)
†	Transmission - Network	kWh	266	\$0.0047	\$1.25	262	\$0.0044	\$1.15	(\$0.10)	(8.0%)
†	Transmission - Connection	kWh	266	\$0.0030	\$0.80	262	\$0.0024	\$0.63	(\$0.17)	(21.3%)
	Wholesale Market Service	kWh	266	\$0.0052	\$1.38	262	\$0.0052	\$1.36	(\$0.02)	(1.4%)
	Rural Rate Protection	kWh	266	\$0.0013	\$0.35	262	\$0.0013	\$0.34	(\$0.01)	(2.9%)
	Debt Retirement Charge	kWh	250	\$0.0070	\$1.75	250	\$0.0070	\$1.75	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
			0	\$0.0000	\$0.00	0	\$0.0000	\$0.00	\$0.00	0.0%
	TOTAL BILL				\$28.93			\$28.26	(\$0.67)	(2.3%)
†	Delivery Only				\$10.30			\$9.90	(\$0.40)	(3.9%)

Question #15

Reference: Exhibit 9, Tab 1, Schedule 2

- a) Consistent with the Board's EB-2008-0046 Report, please break down the reported balance for recovery for Account #1588 (RSVA Power) between:
- RSVA – Power –Global Adjustment Sub-account, and

HHI Response:

Please see responses to Board Staff Interrogatories Issue 6.4

- RSVA – Power (excluding the Global Adjustment Sub-account)

HHI Response

Below is the Account balance as of Dec 31st of account 1588 with and without RSVA GA-sub-account. As mentioned above, please see Board Staff Issue 6.4 for further details.

Principal Balance of RSVA power- GA sub-account as of December 31-2008	Principal Balance of RSVA GA sub-account as of December 31-2008
(\$391,203.66)	\$232,444.73

Question #16

Reference: Exhibit 9, Tab 2, Schedule 1, Attachment 1

- a) With respect to page 1, please provide the allocation basis for RSVA – Power – Global Adjustment Sub-account, in accordance with EB-2008-0046 (page 21) and recalculate the rate riders.

HHI Response

Please see table at next page

- b) Why is the recovery of account #1508 allocated using distribution revenues at existing rates as opposed to revenues at proposed rates?

HHI Response

Since the variance arises from historical costs, historical rates are a more appropriate allocator.

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	

Question #17

Reference: Exhibit 2 and Exhibit 4

- a) Please provide the estimated costs of the provincial sales tax included in the OM&A forecast for 2010.
- b) Please provide the amount of provincial sales tax paid on OM&A expenses by HHI in 2006, 2007, 2008, and 2009.
- c) Please provide the estimated costs of the provincial sales tax included in the capital expenditures included in the rate base forecast for 2010.
- d) Please provide the amount of provincial sales tax paid by HHI on capital expenditures included in rate base in 2006, 2007, 2008, and 2009.

HHI Response

The responses to a) b) c) d) can be found below

Tax Amount			
	OM&A Expenses		Capital Expenditures
2006	\$ 3,898.45		\$ 13,241.26
2007	\$ 2,307.56		\$ 4,543.26
2008	\$ 4,150.17		\$ 9,806.41
2009	\$ 8,370.27		\$ 4,951.11
2010	\$ 11,079.11		\$ 16,603.00

- e) Please provide HHI's estimate of the impact, on 2010 revenue requirement, of the removal of the provincial sales tax.

HHI Response

The removal of the provincial sales tax would reduce the revenue requirement by approximately \$11,000

Question #18

Reference: Exhibit 2, Tab 1, Schedule 1

- a) Please confirm that for each year 2006-2009 inclusive, the working capital allowance for HHI has accounted for more than 50% of the utility rate base and that for 2010, the working capital allowance for HHI comprises 48.9% of rate base.

HHI Response

Confirmed see table below

	2010 Projection	2009 Projection	2008 Actual	2007 Actual	2006 Actual
Total rate Base	\$4,146,090.00	\$4,149,976.00	\$4,071,034.00	\$4,236,711.00	\$4,235,900.00
Working Capital Allowance	\$2,026,392.16	\$2,190,572.59	\$2,162,052.48	\$2,264,864.12	\$2,215,123.85
%	48.9%	52.8%	53.1%	53.5%	52.3%

- b) Please indicate whether HHI has ever conducted or commissioned a lead-lag study and, if so, please provide a copy of the last such study.

HHI Response:

No studies conducted or commissioned

- c) Please provide HHI's estimate of the cost of conducting a lead-lag study.

HHI Response:

Unknown

Question #19

Reference: Exhibit 2, Tab 2, Schedule 3
Exhibit 2, Tab 3, Schedule 1, Attachment 1, and
Exhibit 2, Tab 3, Schedule 2

a) Please explain why land rights (Account 1806) are depreciated.

HHI Response:

The following tables show that HHI has reversed the amortization on Land Rights.

b) Please confirm that the gross value of land rights is \$8,588.

HHI Response:

The original cost was established at \$15,650.70. Accumulated amortization as of October 31st 2000 (date of privatization) was \$7,062.70 for a net book value of \$ 8,588.00

	Gross assets - Beginning of year	Accumulated amortization October 31, 2000	Revised gross assets - Beginning of year	Gross Assets - End of year	Adjusted gross assets
Year 2005					
1806-Land Rights	\$15,651	(\$7,063)	\$8,588	\$8,588	\$15,651

c) Please confirm that for each year 2007-2010 inclusive HHI is booking an amortization expense of \$626 in respect of land rights.

HHI Response:

The amortization is \$626, which had been presented, was reversed.

d) Please reconcile the \$626 annual expense with the 4% depreciation rate associated with land rights.

HHI Response:

HHI will no longer depreciate Land Rights. The calculation was 1/25 or 4% of \$ 15,650.70

Question #20

Reference: Exhibit 2, Tab 4, Schedule 1, page 10
Exhibit 2, Tab 4, Schedule 3, Attachment 1, Appendix 2-B, and
Exhibit 2, Tab 3, Schedule 3

- a) Please confirm that no retirements are shown in the capital asset continuity statements for any accounts in any of the years 2007-2010 inclusive. Please comment.

HHI Response

Confirmed. HHI had no capital asset retirements during this period

- b) With respect to the purchase of the new truck in 2008, please provide details with respect to the truck that was replaced including (i) year, (ii) mileage, (iii) salvage/trade-in/resale value of the truck that was replaced and how the revenues from disposition of this asset were recognized by HHI.

HHI Response

It was a 1996 GMC sonata S10 Pick up. Had 165,000 km.
This truck did not pass a safety check due to Cab extended damage caused by rust. The floor was coming apart, and this vehicle had to be removed from the road since the floor could let go at anytime. This truck was a safety hazard to our employees and general public. Truck sold to scrap Yard and the \$200 sales price was registered in account 4390 Misc. Non Operating Income.

- c) Please confirm that no contributions or grants were received for 2006, 2007, and 2009 and none are expected for 2010. If unable to so confirm, please explain; if able to confirm, please explain.

HHI Response

No contribution or grants received in 2006, 2007 and 2009 and none is expected in 2010.

Question #21

Reference: Exhibit 2, Tab 4, Schedule 1, page 1, lines 11-12

- a) Please confirm that the study referred to in lines 11 and 12 is the Stantec study submitted in the pre-filed evidence.

HHI Response
Confirmed

Question #22

Reference: Exhibit 2, Tab 6, Schedule 1

- a) Please provide HHI's SAIDI, SAIFI, and CAIDI for each year 2006-2008 inclusive.

HHI Response

See table below. Please see responses to Board Staff Interrogatories Issue 1.5 for further details.

	All Service Interruptions			Service Interruptions excluding Loss of Supply (Cause Code 2)		
	SAIDI	SAIFI	CAIDI	SAIDI	SAIFI	CAIDI
2006	0.17	0.13	1.33	0.17	0.13	1.33
2007	7.68	2.49	3.09	0.44	0.83	0.53
2008	3.93	2.48	1.58	2.94	1.56	1.88

Question #23

Reference: Exhibit 4, Tab 1, Schedule 1

- a) Please confirm that the increase from 2006 actual OM&A of \$770,907 to projected 2010 OM&A of \$965,143 is consistent with

HHI Response

CHE agrees with VECC calculations in that with an ending value of \$965,143 and a beginning value of \$770,907, the compounded annual growth rate is 5.77%

HHI would like to add the following comments regarding the above question. HHI finds VECC's question deceptive in that a large portion of an average annual increase in OM&A for 2010 is attributable to costs that are beyond the utility's control for example IFRS and Rebasing. A more realistic figure would be to calculate the compound annual growth rate from 2006 EDR to 2009 bridge year. With an ending value of \$873,491 and a beginning value of \$770,907, the compounded annual growth rate is 3.17%

- b) Please confirm that the percentage and absolute increase in OM&A costs from 2006 to 2010 would be higher had there not been significant conservation spending in 2006 (and, to a lesser extent in 2007).

HHI Response

No CDM expenses were accounted for in account 1566 CDM-contra account

- c) Please explain how the average increase in controllable costs of "less than 2.8% per annum or \$24.5K over the six year period" was calculated.

HHI Response

The formula for calculating the compounded annual growth rate is as follows:

$$\text{CAGR}(t_0, t_n) = \left(\frac{V(t_n)}{V(t_0)} \right)^{\frac{1}{t_n - t_0}} - 1$$

■ $V(t_0)$: start value, $V(t_n)$: finish value, $t_n - t_0$: number of years.

$V(t_0)$: start value, = \$818,074

$V(t_n)$: finish value, = \$965,143

$t_n - t_0$: = 2010 - 2004* = 6 periods

*2006EDR was based on 2004 actuals

Question #24

Reference: Exhibit 4, Tab 2, Schedule 4

- a) Please provide the deliverables that HHI expects to get as a result of it spending \$2,000 on LEAP initiatives in 2010.

Response:

As mentioned in the application. HHI is planning to;

- Work with outside consultants to develop an understanding of new and existing programs as they become available; and,
- Link with local social interest groups to identify low income customers and build a process to deal with their needs.

HHI figures that \$2000 will provide them with approximately 6 hrs of outside consulting services. Some of the deliverables HHI expects is, at a minimum, list of possible programs or policies, specific to Hawkesbury's service area and customers, to help alleviate the energy burden and specific circumstances in which low income consumer find themselves.

Question #25

References: Exhibit 9, Tab 3, Schedule 1, Attachment 3
Exhibit 9, Tab 3, Schedule 2, Attachment 1

- a) Please provide support/details of the 2009-2010 Residential Class SM Unit costs (procurement and installation separately).

HHI Response:

Please find below all tables as requested. Also note that HH1 added an expense for customer Brochures for an amount of \$2,164.60, that was incurred post submission.

YEAR 2009					
2009 INSTALLATION					
		METERS INSTALLED IN 2009		LABOUR IN 2009	TOTAL COST
RESIDENTIAL CLASS					
REX 2 SMART METERS FROM ELSTER AS PER INVOICE 94013298	\$ 94.35	1500	\$ 141,523.20	\$ 9,000.00	\$150,523.20
COLLECTORS A3 FROM ELSTER AS PER INVOICE 94014025	\$ 2,296.26	3	\$ 5,993.25	\$ -	\$ 5,993.25
CAPITAL COST INCURED IN 2009 FOR PURCHASE & INSTALLATION					\$156,516.45
2009 PROCUREMENT					
LONDON RFP FEES AS PER INVOICE 18505886	0.506662946	1500	\$ 759.99		\$ 759.99
ELSTER PROJECT INITIATION FEE AS PER INVOICE 94012969	4.017857143	1500	\$ 6,026.79		\$ 6,026.79
FAIRNESS COMMISSIONNERS FEES AS PER INVOICE 2008-09/036	0.093005952	1500	\$ 139.51		\$ 139.51
CAPITAL COST PROCUREMENT IN 2009					\$ 6,926.29

YEAR 2010					
2010 INSTALLATION					
		METERS INSTALLED IN 2010		LABOUR IN 2010	TOTAL COST
RESIDENTIAL CLASS					
REX 2 SMART METERS FROM ELSTER AS PER INVOICE 94013298	\$ 94.35	3225	\$ 304,274.88	\$ 19,350.00	\$323,624.88
COLLECTORS A3 FROM ELSTER AS PER INVOICE 94014025	\$ 2,296.26	3	\$ 5,993.25	\$ 4,750.20	\$ 10,743.45
ESTIMATED CAPITAL COST INCURRED IN 2010 FOR PURCHASE & INSTALLATION					\$334,368.33
2010 PROCUREMENT					
ELSTER PROJECT INITIATION FEE AS PER INVOICE 94012969	4.017857143	3225	\$ 12,957.59		\$ 12,957.59
LONDON RFP FEES AS PER INVOICE 18505886	0.506662946	3225	\$ 1,633.99		\$ 1,633.99
FAIRNESS COMMISSIONERS FEES AS PER INVOICE 2008-09/036	0.093005952	3225	\$ 299.94		\$ 299.94
CAPITAL COST PROCUREMENT IN 2010					\$ 14,891.52

b) Please provide support/details of the 2009-2010 Residential Class SM AMI, communications and back office costs (procurement and installation).

HHI Response:

2009 AMI, COMMUNICATION AND BACK OFFICE COST					
ELSTER PROJECT INITIATION MEETINGS	0.103100818	1500	\$ 154.65		\$ 154.65
ADVERTIZING TO INFORM CUSTOMERS OF SM INSTALLATION	0.01860119	1500	\$ 27.90		\$ 27.90
AMI, COMMUNICATION AND BACK OFFICE COST					\$ 182.55

2010 AMI, COMMUNICATION AND BACK OFFICE ESTIMATED COST					
ELSTER PROJECT INITIATION MEETINGS	0.103100818	3225	\$ 332.50		\$ 332.50
ADVERTIZING TO INFORM CUSTOMERS OF SM INSTALLATION	0.01860119	3225	\$ 59.99		\$ 59.99
AMI SYSTEM AS PER OUR SERVICE PROVIDER (ORPC)	4.185267857	4725	\$ 19,775.39		\$ 19,775.39
BROCHURES FOR CUSTOMER COMMUNICATION UPON INSTALLATION AS PER INVOICE 4071	0.402641369	4725	\$ 1,902.48		\$ 1,902.48
EA INSPECTOR HAND-HELD	1.270098586	4725	\$ 6,001.22		\$ 6,001.22
AMI, COMMUNICATION AND BACK OFFICE COST					\$ 28,071.58

- c) Please provide support/details of the 2010 Commercial Class SM Unit costs (procurement and installation separately).

HHI Response:

No activity in 2009 for the Commercial Class, but the collector expense was distributed according to # customers in commercial class over the total HHI customer base. 2010 is also shown below

YEAR 2009					
2009 INSTALLATION					
		METERS INSTALLED IN 2009		LABOUR IN 2009	TOTAL COST
GENERAL SERVICE					
A3RL GEN <50KW	\$ 462.24	0	\$ -	-	\$ -
A3RL GEN >50KW	\$ 462.24	0	\$ -	\$ -	\$ -
COLLECTORS A3 FROM ELSTER AS PER INVOICE 94014025	\$ 2,296.26	3	\$ 895.54	\$ -	\$ 895.54
CAPITAL COST INCURED IN 2009 FOR PURCHASE & INSTALLATION					\$ 895.54
2009 PROCUREMENT					
LONDON RFP FEES AS PER INVOICE 18505886 GEN <50KW	0.50666295	576			\$ -
LONDON RFP FEES AS PER INVOICE 18505886 GEN >50KW	0.50666295	75			\$ -
ELSTER PROJECT INITIATION FEE AS PER INVOICE 94012969 GEN <50KW	4.01785714	576			\$ -
ELSTER PROJECT INITIATION FEE AS PER INVOICE 94012969 GEN >50KW	4.01785714	75			\$ -

FAIRNESS COMMISSIONNERS FEES AS PER INVOICE 2008-09/036 GEN <50KW	0.09300595	576			\$ -
FAIRNESS COMMISSIONNERS FEES AS PER INVOICE 2008-09/036 GEN >50KW	0.09300595	75			\$ -
CAPITAL COST PROCUREMENT IN 2009					\$ -

YEAR 2010					
2010 INSTALLATION					
		METERS INSTALLED IN 2010		LABOUR IN 2010	TOTAL COST
GENERAL SERVICE					
A3RL GEN <50KW	\$ 462.24	576	\$266,250.24	\$10,368.00	\$276,618.24
A3RL GEN >50KW	\$ 462.24	75	\$ 34,668.00	\$ 2,700.00	\$ 37,368.00
BROCHURES FOR CUSTOMER COMMUNICATION UPON INSTALLATION AS PER INVOICE 4071 GEN <50KW	0.40264137	576	\$ 231.92		\$ 231.92
COLLECTORS A3 FROM ELSTER AS PER INVOICE 94014025	\$ 2,296.26	3	\$ 895.54	\$ 709.80	\$ 1,605.34
ESTIMATED CAPITAL COST INCURRED IN 2010 FOR PURCHASE & INSTALLATION					\$315,823.50
2010 PROCUREMENT					
LONDON RFP FEES AS PER INVOICE 18505886 GEN <50KW	0.50666295	576	\$ 291.84		\$ 291.84
LONDON RFP FEES AS PER INVOICE 18505886 GEN >50KW	0.50666295	75	\$ 38.00		\$ 38.00
ELSTER PROJECT INITIATION FEE AS PER INVOICE 94012969 GEN <50KW	4.01785714	576	\$ 2,314.29		\$ 2,314.29
ELSTER PROJECT INITIATION FEE AS PER INVOICE 94012969 GEN >50KW	4.01785714	75	\$ 301.34		\$ 301.34

FAIRNESS COMMISSIONNERS FEES AS PER INVOICE 2008-09/036 GEN <50KW	0.09300595	576	\$ 53.57		\$ 53.57
FAIRNESS COMMISSIONNERS FEES AS PER INVOICE 2008-09/036 GEN >50KW	0.09300595	75	\$ 6.98		\$ 6.98
CAPITAL COST PROCUREMENT IN 2009					\$ 3,006.01

2010 AMI, COMMUNICATION AND BACK OFFICE ESTIMATED COST					
ELSTER PROJECT INITIATION MEETINGS GEN <50KW	0.10310082	576	\$ 59.39		\$ 59.39
ELSTER PROJECT INITIATION MEETINGS GEN >50KW	0.10310082	75	\$ 7.73		\$ 7.73
ADVERTIZING TO INFORM CUSTOMERS OF SM INSTALLATION GEN <50KW	0.01860119	576	\$ 10.71		\$ 10.71
ADVERTIZING TO INFORM CUSTOMERS OF SM INSTALLATION GEN >50KW	0.01860119	75	\$ 1.40		\$ 1.40
AMI SYSTEM AS PER OUR SERVICE PROVIDER (ORPC) GEN <50KW	4.18526786	576	\$ 2,410.71		\$ 2,410.71
AMI SYSTEM AS PER OUR SERVICE PROVIDER (ORPC) GEN >50KW	4.18526786	75	\$ 313.90		\$ 313.90
EA INSPECTOR HAND-HELD GEN <50KW	1.27009859	576	\$ 731.58		\$ 731.58
EA INSPECTOR HAND-HELD GEN <50KW	1.27009859	75	\$ 95.26		\$ 95.26
BROCHURES FOR CUSTOMER COMMUNICATION UPON INSTALLATION AS PER INVOICE 4071 GEN >50KW	0.40264137	75	\$ 30.20		\$ 30.20
AMI, COMMUNICATION AND BACK OFFICE COST					\$ 3,660.87

- d) Please provide support/details of the 2010 Commercial Class SM Unit costs (procurement and installation separately).

HHI Response

See answer to question 25c)

- e) Please provide a schedule that gives a breakdown of the 2010 Capital Costs of \$416,722 shown in the referenced schedule between the Residential and GS<50kw classes.

HHI Response

SMART METER CAPITAL COST INSTALLATION				
	CAPITAL RESIDENTIAL	CAPITAL GENERAL	TOTAL	EXPLANATION
	\$540,957.00	\$323,386.00	\$864,343.00	ADJUSTED AMOUNT JAN 2010
LDC Amortization Policy (15 year)	\$18,032.00	\$10,780.00	\$28,811.00	AMORTIZATION SUBSEQUENT YEARS
Closing net Fixed Assets	\$522,925.00	\$312,606.00	\$835,531.00	
Average fixed Assets	\$261,462.00	\$156,303.00	\$417,766.00	

- f) Please provide a breakdown of the O&M costs of \$30,992 for meters installed in 2010 between the Residential, GS<50kw classes.

HHI Response

OM& A COST					
RESIDENTIAL					
MAS HARWARE COST (SERVICE PROVIDER:ORPC)	\$ 2.56	4725	\$ 12,102.54		\$ 12,102.54
OPERATION DATA STORE	2.4	4725	\$ 11,340.00		\$ 11,340.00
BELL PHONE LINE (6 COLLECTORS)	0.803571429	4725	\$ 3,796.88		\$ 3,796.88
					\$ 27,239.41

OM& A COST/2010					
GENERAL					
MAS HARWARE COST (SERVICE PROVIDER:ORPC) GEN <50KW	\$ 2.56	576	\$ 1,475.36		\$ 1,475.36
MAS HARWARE COST (SERVICE PROVIDER:ORPC) GEN >50KW	\$ 2.56	75	\$ 192.10		\$ 192.10
OPERATION DATA STORE GEN <50KW	\$ 2.40	576	\$ 1,382.40		\$ 1,382.40
OPERATION DATA STORE GEN >50KW	\$ 2.40	75	\$ 180.00		\$ 180.00
BELL PHONE LINE (6 COLLECTORS) GEN <50KW	\$ 0.80	576	\$ 462.86		\$ 462.86
BELL PHONE LINE (6 COLLECTORS) GEN >50KW	\$ 0.80	75	\$ 60.27		\$ 60.27
					\$ 3,752.99

- g) Are any Smart Meters to be installed in other classes? If so, please provide details of the costs.

HHI Response

In the tables above you should recognize the General< 50KV and GEN> 50KV

Question #26

Reference: Exhibit 9, Tab 3, Schedule 2, Attachment 1, page 4 of 4

HHI Preamble:

Responses to a) and b) are based on the table below

Number of Customer		Total Smart Meter Cost			TOTAL			
Residential	GS<50	Residential	GS<50	GS>50KW	total	as per filing	revision	TOTAL
4725	576	\$541,940.70	\$285,033.96	\$37,368.00	\$826,974.66	\$862,183.00	\$2,164.60	\$864,347.60

- a) Please calculate the Net Fixed assets and SM Rate Adder Revenue Requirement by rate class ((Residential, GS<50kW).
- b) Please calculate the SM revenue requirement and SM Rate Adder by rate class (Residential, GS<50kW). Please compare this to the aggregate \$1.51/metered customer per month requested.

HHI Response a) b)

Residential

Smart Meter Revenue Requirement Calculation 2010			
Average Asset Values		31-Dec-10	
Net Fixed Assets Smart Meters	\$	261,938	
Net Fixed Assets Tools and Equipment	\$	-	
Net Fixed Assets Computer Hardware	\$	-	
Net Fixed Assets Computer Software	\$	-	
Total Net Fixed Assets	\$	261,938	\$ 261,938 Avg. net fixed asset
Working Capital			
Operation Expense	\$	30,992	
15 % Working Capital	\$	4,649	\$ 4,649
Smart Meters included in Rate Base		\$	266,586
Return on Rate Base			
Third-party long-term debt		0.0%	\$ -
Deemed long-term debt		56.0%	\$ 149,288
Short-term debt		4.0%	\$ 10,663
Deemed Equity		40.0%	\$ 106,635
			\$ 266,586
Third-party long-term debt rate		7.62%	\$ -
Deemed long-term debt rate		7.62%	\$ 11,376

Short-term debt rate	1.33%	\$ 142	
Return on Equity	8.01%	\$ 8,541	
Return on Rate Base		\$ 20,059	\$ 20,059
Operating Expenses			
Incremental Operating Expenses			\$ 30,992
Amortization Expenses			
Amortization Expenses - Smart Meters		\$ 18,065	
Amortization Expenses - Tools and equipment		\$ -	
Amortization Expenses - Computer Hardware		\$ -	
Amortization Expenses - Computer Software		\$ -	
Total Amortization Expenses			\$ 18,065
Revenue Requirement Before PILs			\$ 69,116
Calculation of Taxable Income			
Incremental Operating Expenses			-\$ 30,992
Depreciation Expenses			-\$ 18,065
Interest Expense			-\$ 11,518
Taxable Income For PILs			\$ 8,541
Grossed up PILs			\$ 2,117
Revenue Requirement Before PILs			\$ 69,116
Grossed up PILs			\$ 2,117
Revenue Requirement for Smart Meters			\$ 71,233
Net Revenue Requirement for 2010			\$ 71,233
Average customer #		----->	4,725
Rate Adder per month per metered customer			\$1.26

GS< 50

Smart Meter Revenue Requirement Calculation 2010			
Average Asset Values	31-Dec-10		
Net Fixed Assets Smart Meters	\$ 137,766		
Net Fixed Assets Tools and Equipment	\$ -		
Net Fixed Assets Computer Hardware	\$ -		
Net Fixed Assets Computer Software	\$ -		
Total Net Fixed Assets	\$ 137,766	\$ 137,766	(1/2 of Capital Costs)
Working Capital			
Operation Expense	\$ 30,992		
15 % Working Capital	\$ 4,649	\$ 4,649	
Smart Meters included in Rate Base		\$ 142,415	
Return on Rate Base			
Third-party long-term debt	0.0%	\$ -	
Deemed long-term debt	56.0%	\$ 79,752	
Short-term debt	4.0%	\$ 5,697	
Deemed Equity	40.0%	\$ 56,966	
		\$ 142,415	
Third-party long-term debt rate	7.62%	\$ -	
Deemed long-term debt rate	7.62%	\$ 6,077	
Short-term debt rate	1.33%	\$ 76	
Return on Equity	8.01%	\$ 4,563	
Return on Rate Base		\$ 10,716	\$ 10,716
Operating Expenses			
Incremental Operating Expenses			\$ 30,992
Amortization Expenses			
Amortization Expenses - Smart Meters		\$ 9,501	
Amortization Expenses - Tools and equipment		\$ -	
Amortization Expenses - Computer Hardware		\$ -	
Amortization Expenses - Computer Software		\$ -	

Total Amortization Expenses			\$ 9,501
Revenue Requirement Before PILs			\$ 51,209
Calculation of Taxable Income			
Incremental Operating Expenses			-\$ 30,992
Depreciation Expenses			-\$ 9,501
Interest Expense			-\$ 6,153
Taxable Income For PILs			\$ 4,563
Grossed up PILs			\$ 1,127
Revenue Requirement Before PILs			\$ 51,209
Grossed up PILs			\$ 1,127
Revenue Requirement for Smart Meters			\$ 52,336
Net Revenue Requirement for 2010			\$ 52,336
Average customer #		----->	576
Rate Adder per month per metered customer			\$7.57

- c) Please provide a cash flow projection showing SM rate adder revenue and Smart Meter expenditures by rate class per Month for the 2009, 2010 and 2011 rate years.

HHI Response

With respect to monthly expenditures for 2010 and 2011, what VECC is requesting entails a considerable amount of work and a level of detail that is unknown at this time. HHI does not have the information, financial resource and physical resource to answer this question.

- d) Please comment on the apparent cross subsidy between the Residential and GS<50 kW classes in respect of the proposed SM funding adder for 2010 and beyond.

HHI Response

HHI refrains from commenting on a cross subsidies between classes. Since the inception of smart meter adders in 2006-2007, the Board has consistently approved a single smart meter rate adder across classes regardless of the breakdown of these classes. HHI is not prepared to comment on an issue that should be dealt with globally or across all utilities and instead proposes to apply a rate adder in a manner that is consistent with past IRM and Cost of Service applications.

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

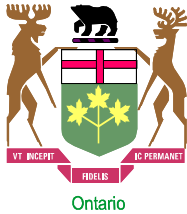
Data Input (1)

	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

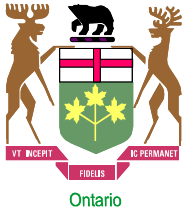
Rate Base

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

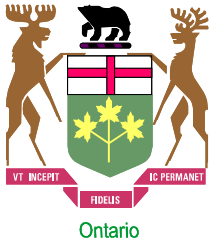
Rate Year: 2010

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



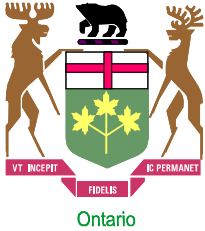
REVENUE REQUIREMENT WORK FORM

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

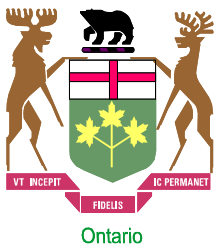
Name of LDC: Hawkesbury Hydro Inc
File Number: EB-2009-0186
Rate Year: 2010

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: