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March 2, 2010

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli:

RE: COLLUS Power Corp – IRM3 2010 electricity distribution rate application
Board File No: EB-2009-0220
Final Written Submission (Due March 3, 2009)

COLLUS Power Corp ("COLLUS") is providing with this letter our responses to Board Staff and the Vulnerable Electricity Customer Coalition written submissions issued in February 2010.

We appreciate your efforts in this regard and await your response.

Thank you,

T. Fryer

Mr. T. (Tim) E. Fryer CMA
Chief Financial Officer
COLLUS Power Corp

COLLUS Power Corp

EB – 2009 – 0220

FINAL REPLY SUBMISSION & RESPONSE TO WRITTEN SUBMISSIONS (OEB STAFF & VECC)

March 2, 2010

1. COLLUS Power Corp ("COLLUS") is a licensed electricity distributor (ED-2002-0518) that owns and operates electricity distribution systems that provide service to the Town of Collingwood as well as the former Towns of Thornbury, Stayner and Creemore. COLLUS charges distribution service rates and other charges as authorized by the Ontario Energy Board ("Board").

2. COLLUS filed application, based on the 2010 3rd Generation Incentive Regulation Mechanism filing guidelines, on September 30, 2009 applying for rates effective May 1, 2010.

3. COLLUS provides in Section A of this document the response to Board staff's submission received on February 26, 2010 and the response to the Vulnerable Energy Citizen Coalition (VECC) submission received on February 24, 2010. Cost recovery is only eligible for VECC in regards to the Z-Factor adjustment request so their submission only addresses this matter. COLLUS has responded to the Board Staff and VECC submissions separately since they address different issues associated with the Z-factor adjustment.

SECTION A

INTRODUCTION:

Board staff made written submission on the following matters:

- Z-Factor Adjustment – Loss of Distribution Revenue
- Potential Tax Sharing Rate Rider
- Disposition of Deferral and Variance Accounts
- Treatment of Smart Meter Funding Adder
- Adjustments to the Revenue to Cost Ratios
- Adjustments to the Retail Transmission Service Rates; and
- Accounting for the implementation of the Harmonized Sales Tax (HST)

COLLUS will respond on each, using the sub-heading format the Board staff utilized in their written submission, in the following:

Z-Factor Adjustment

Loss of Distribution Revenue

General Background (GB)

1. In the General Background section of the Board staff submission on Pages 1, 2 and part of 3 it provides accurate and applicable portions of information in regards to COLLUS's Z-factor adjustment request. The outline of Z-factor intentions and requirements is accurate and what COLLUS fulfilled when it compiled the Application.

2. On Page 3 in the 2009 Cost-of-Service Application section, it correctly outlines that COLLUS originally filed a request for a new variance account as part of the 2009 cost of service application. The new variance account would be used for the possible distribution service revenue impact of a material change by the Subject Customer during the IRM3 timeframe. The request was made due to the loss of COLLUS's other large use class customer in 2007 during the IRM2 timeframe. In spite of suffering a materially negative impact when COLLUS's largest LU customer ceased operation in 2007 COLLUS chose not to pursue a mechanism to address 2007 and 2008 loss revenue in the 2009 COS rebasing application. COLLUS indicated that a similar event effected by the Subject Customer (the only remaining LU class customer), during the IRM3 period, would be severely damaging and jeopardize some areas of planned capital investment and or operations spending, thereby negatively impacting customer service.

3. COLLUS submits in regard to the Board staff's point in the General Background section that *"Energy Probe had noted that COLLUS did not see the need to adjust the load or revenue forecast in response to an interrogatory from Board staff"*; COLLUS submits that at that point in time there was absolutely no indication from the Subject Customer that it would be making a major reduction in electricity consumption. Likewise COLLUS had no indication that the forward test year load forecast would end up being over-estimated and did not wish to negatively impact costs on consumers by lowering forecast estimates. COLLUS submits Table A in regards to actual data for 2009 which indicates the lower results. The forecast for customer growth was quite accurate but the lower consumption and load results clearly demonstrate that COLLUS is not incurring undue over recovery within any of the other customer classes.

	COLLUS Power Corp				**TABLE A**		**EB-2009-0220**			
		CHART #1				**CHART #2**				
	2009 Test Year Normalized Forecast				**2009 Test Year Actual**					
	Billed Customers or Connections	**Billed kWh**	**Billed kW**		**Billed Customers or Connections**	**% Variance Col A to 2009 Test Year**	**Billed kWh**	**% Var. Col. B to 2009**	**Billed kW**	**% Var. Col. C to 2009**
	A	**B**	**C**		**A**		**B**		**C**	
Residential	13,011	121,128,423			13,131	0.92%	114,248,439	-5.68%		
General Service Less Than 50 kW	1,588	45,443,663			1,599	0.69%	44,285,112	-2.55%		
General Service 50 to 4,999 kW	127	126,855,660	300,721		116	-8.66%	126,093,426	-0.60%	295,894	-1.61%
Large Use	1	37,423,367	75,012		0.83	-16.67%	19,589,969	-47.65%	48,799	-34.95%
Street Lighting	3,051	2,061,153	6,087		3,020	-1.02%	2,062,089	0.05%	5,915	-2.83%
Unmetered Scattered Load	68	455,702			40	-41.18%	503,922	10.58%		
Total Amount of Column	**17,846**	**333,367,968**	**381,820**		**17,907**	**N/A**	**306,782,957**	**-7.97%**	**350,608**	**-8.17%**

4. COLLUS also submits that in regards to the point in the General Background section, that COLLUS did withdraw the request for a Board approved variance account in EB-2208-0226. The decision was based on the understanding that should such a major event occur, COLLUS would qualify for Z-factor consideration related to the significant negative revenue impact. At that time VECC had indicated their agreement that the scenario appeared to qualify for Z-factor consideration and this has lead to their current support in Section 2.4 of their recent written submission that "VECC concedes that the revenue loss associated with COLLUS' Subject Customer should be considered for Z-factor treatment".

5. Thus COLLUS submitted their request for Z-Factor consideration of the major decrease in consumption and load. COLLUS outlines on Page 9 in #13 of the Application that this was a Board required re-classification as per Section 2.5.4 of the Distribution System Code. COLLUS submits that it requires the proposed Z factor adjustment to recover lost revenue associated with the re-classification in order to ensure that it can deliver their planned services to the full customer base during the rate period.

COLLUS Specific Background (CSB)

6. In the CSB section of the Board staff submission, Board Staff accurately outlines in the 1st paragraph on Page 3 the circumstances leading up to the Board required re-classification of the Subject Customer. As noted the change was applied on November 1, 2009 and COLLUS is <u>only</u> applying for Z-factor adjustment from that point in time. COLLUS submits that this unique occurrence is the first and only re-classification of a large use customer to take place in their service territory. COLLUS further submits that the uniqueness alone of this circumstance demonstrates that this is a matter that is external to the regulatory regime. COLLUS further submits that there is no expectation at all that the reverse situation could happen.

7. On Pages 3 and 4 of their submission, Board staff accurately outlines the adjustment that COLLUS is applying for, including Table 1 that outlines the impact from Nov. 1/09 thru to April 30, 2013. The start date is the Board required re-classification date and the end date is the targeted date COLLUS expects to have rates based on the next Cost-of-Service application. In that regard COLLUS submits that it chose to only seek recovery of the negative impact from Nov. 1/09, even though significant negative impact of reduced LU load had occurred prior to Nov1/09, On Page 6 of the Board staff's submission (last paragraph second sentence) it is stated that *"customer additions and losses, as well as customer re-classifications are an ongoing part of normal utility operations, and as such, could not be characterized per se as being external to the regulatory regime"*. The underlined sections are identified because although, as earlier stated, COLLUS agrees that most customer additions or losses may be normal utility operational events, such unique customer re-classifications, required by the Board that cause significant revenue loss definitely are not.

8. The Board staff submission in this section accurately outlines in 5 bullet points a summary of COLLUS's supporting evidence for the requested recovery. It continues on to outline the specific response of COLLUS as to the planned capital and operating spending that would suffer if recovery is not approved. Part of the COLLUS Application also indicates that required borrowing, to offset the loss, would also negatively impact future ability to respond to the requirements of the Green Energy and Green Economy Act (GEGEA). COLLUS knows that the Board recognizes the need to work with Local Distribution Companies (LDC), as highlighted by recent comments of the Board Chair on the implementation of the GEGEA where the Chair commented the Boards' need to *"move beyond the traditional*

practice with which we are familiar". COLLUS submits this matter is one of those cases that require Board support to ensure future plans are not curtailed. Future planning impact is one thing, but also in this case the current reality is that we already face immediate reductions in service due to the revenue loss resulting from the Board required re-classification of the Subject Customer and their reduced demand during 2009.

Submission (Sb)

9. In the first paragraph of the Sb section Board staff observes that the Board view is that for *"complicated and potentially contentious issues then the IRM process would not be an appropriate venue by which a distributor should seek relief"*. It states that specific exclusions include the loss of customer load. COLLUS submits that the applied for adjustment is not a complicated or contentious issue. As previously noted the only intervenor to this proceeding (i.e. VECC) agrees with the COLLUS Z-factor submission. In the Application the requested recovery amount is simply calculated by examining the revenue loss after the Subject Customer is re-classified and then it is projected forward to April 30, 2013. COLLUS agrees the adjustment proposed in the Application incorporates a change to the Test Year load forecast, but also that the change is limited to the reclassification of the Subject customer.

10. COLLUS submits that if it is only due to the Board's requirement for COLLUS to shift the customer to a new class that the adjustment is even being requested. COLLUS is not submitting that if there was not a Board required change it would have kept the customer in the LU class. Most likely though COLLUS would have sought the Board's advice during their consideration of the matter and one of the factors in making a decision would have been lost revenue recovery. But since the change is initiated

by Board policy without any discretionary activity of the LDC then COLLUS submits it should be allowed to recover the revenue loss occurring so soon after the completion of a time-consuming and costly COS process.

11. Board staff further indicates that the Board believes that exclusions from the IRM process are to be addressed in the distributor's next cost of service application. COLLUS submits that in this case it is important for the Board to recognize this matter can be resolved in an IRM filing. COLLUS believes the Board wants to maintain the intention of the IRM process because COS applications are costly and time consuming for all parties involved. That is one of the reasons why COLLUS chose to honor those intentions in 2007 and stay within the IRM2 process until it was scheduled by Board staff to complete a rebased cost of service application and then move into IRM3. The IRM mechanism is a cost efficient process for the regulation of LDCs but if simple adjustment requests are not included then potential benefits are going to be lost. COLLUS submits that if the issue is not settled during the 2010 IRM3 process then COLLUS may reluctantly have to undertake a COS for 2011 distribution rates in order to achieve the plans laid out in the recent 2009 COS application. Further to that, the estimated cost of $250,000 will then have to be recovered within customer rates. That is approximately a 4% impact on customer rates itself which if coupled with other upward impacts could push into a total impact that may require a rate mitigation plan in future.

12. Board staff's second paragraph in the Sb section refers to the Board's requirement to record amounts related to Z-factor events in account 1572. COLLUS submits that this is in reference to those events that cannot be addressed in an IRM filing. As stated in #7 above COLLUS submits that

this issue can and should be resolved within this IRM3 filing. Additionally COLLUS submits that it would be reluctant to record the impact into a variance account without formal Board direction because it involves revenue amounts and therefore a potential restatement of prior years may be required if it is recorded and eventually not approved during the planned COS application currently scheduled for 2013.

13. It is important to note that in their written submission Board staff generally refers to this matter as a forward-looking recovery, whereas COLLUS believes that is can be viewed to be simply a re-classification due to a Board required change. COLLUS has just recently gone through an extensive 2009 Cost of Service process and received approved rates to meet a specific Revenue Requirement. That revenue requirement cannot possibly be achieved if COLLUS is not allowed this adjustment. In fact as indicated earlier in Table A COLLUS will not achieve the approved revenue requirement certainly in the first rate year and most likely in any of the remaining IRM3 rate years. This will even further jeopardize COLLUS' ability to make their planned and future investments.

14. Earlier in #4 COLLUS addresses the Board staff's position regarding Z-factor events as being only those external to the regulatory regime and the control of management. COLLUS further submits that the requirement to change the Subject Customer's rate class was an unexpected and unique event and it is a Board required re-classification and not within our control.

15. Staff suggests that COLLUS has failed to meet a particular threshold test of whether a Z-factor event has occurred. In support of the existence of this test, Staff cite the Board's Report on *3rd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "3GIRM Report"), and more particularly, Staff refer to the Board's characterization of Z-factor

events as those “genuinely external to the normal regulatory regime". The implication of this Staff approach is that an event could meet all of the Board’s Z-factor criteria but fail to be treated as a Z-factor.

16. In the Staff submission, Staff clearly agrees that the materiality and prudence criteria have been met. Staff also acknowledges with respect to the causation test that COLLUS has established that the loss of revenue from the Subject Customer is outside the load base upon which rates for 2009 and the 3rd Generation IRM period have been set.

17. Firstly on this, in their submission, Staff appear to base their assertion that there has been no Z-factor event on the fact that customer losses and gains are an ongoing part of normal utility operations. It appears that given the frequency of Large Use customer revenue losses which it has experienced, and that such losses are predictable during periods of economic downturn, Staff submits that COLLUS has failed to establish that a Z-factor event has occurred.

18. COLLUS submits that it has never disputed the suggestion that utilities will gain and lose customers on an ongoing basis. COLLUS indicated in its Application and during the course of this proceeding that it has experienced other reductions in load during the period addressed in the Application, and COLLUS has acknowledged that not all reductions in load will trigger a Z-factor application. In fact, by limiting its claim to revenue lost and to be lost in relation to the Subject Customer, COLLUS has acknowledged that not all losses related to reductions in load would trigger applications to the Board for relief. However, what distinguishes the loss of the Subject Customer’s load and the loss of revenue of the re-classification from other reductions experienced by COLLUS, and what renders this event “genuinely external to the regulatory regime”, is its severity.

19. As acknowledged by Staff, the loss of revenue in this case is material. In the period covered by this Application, COLLUS has submitted that it will lose over $687,000 in distribution revenue as a result of this single customer re-classification from Large User to the >50kW class. COLLUS submits that it is not reasonable to expect a distributor of COLLUS' size to plan for losses of this kind in the normal course of its operations. Among the factors that make this event extraordinary are:

(a) the unique size and impact of the Subject Customer relative to other COLLUS customers (similar to the area affected by a severe weather event in the more typical Z-factor application);

(b) the severity of impact of the drop in Subject Customer's load, which is not frequent and ordinary in the context of more usual or historical load variability (similar to the severity of the extraordinary weather event); and

(c) the fact that the decline in load was driven by a sharp decline in economic conditions not generally experienced in several decades (similar to the extraordinary and unusual nature of a severe weather event in the context of the frequency in which one would expect such an event to occur).

(d) the fact that due to Board required Cost Allocated distribution rates that have established a large Fixed Charge component and rates that require a large portion of the revenue requirement to come from the Large Use customer; there is a material negative impact.

20. Secondly, COLLUS submits that the Staff position, if accepted by the Board, could be used to arbitrarily deny any application that relates to an event that otherwise meets the Board's criteria. For example, weather-related events such as ice storms are typically cited as examples of events that could qualify for Z-factor treatment. In fact, during second generation performance based regulation, Z-factor events were limited to "changes in tax rules and natural disasters". In the past, the Board has allowed recovery of costs related to winter storms. However, even in the context of natural disasters, the Board's tests for Z-factor eligibility have to be met. This clearly suggests that it is incumbent on the distributor to do a certain degree of planning for storm-related costs – as the Board is well aware, distributors including COLLUS budget significant amounts for reactive maintenance. Applying Staff's reasoning, even if a major storm event – the most typical of Z-factor events – met all of the Board's eligibility requirements, relief should be denied on the basis that harsh weather is experienced frequently and ordinarily in the course of the utility's operations and the event is therefore not genuinely external to the regulatory regime. Under the Staff approach, it is difficult to see what could be properly considered an "extraordinary event" for which Z-factor relief would be available.

21. Finally, COLLUS is concerned that Staff have mischaracterized the Board's treatment of Z-factors. Staff have presented the words "genuinely external to the regulatory regime and beyond the control of management and the Board" as a threshold test for eligibility, while omitting the context within which those words were used. The following outlines the full paragraph as outlined in on page 35 of the 3GIRM Report from which Staff took those words:

> *"The Board has determined that the eligibility criteria [Causation, Materiality and Prudence, addressed at pages iv and v to the Appendix to the 3GIRM Report and pages vi and vii of Appendix B to the Supplemental 3GIRM Report] are sufficient to limit Z-factors to events genuinely external to the regulatory regime and beyond the control of management and the Board."*

22. COLLUS submits that it is the Board's eligibility criteria, and not a new threshold test created by Staff, that will establish the existence of a Z-factor event. When the Board's required three criteria tests are met, there is a Z-factor event. The 3GIRM Report makes no mention of a further threshold test, and the eligibility criteria – Causation, Materiality, and Prudence – are clearly explained in the Appendices to the 3GIRM Report and the Supplemental 3GIRM Report. With all due respect the approach suggested by Staff, with its proposed new threshold test, is not reasonable. It effectively ignores the Board's criteria and the significance the Board itself gave to them, and it lends itself to arbitrary decision making in that the criteria, if they now have any significance at all, can be ignored at any time. The Staff comment later in their submission, that "…loss of revenue from a particular customer could be shown to have a significant enough impact on the utility to qualify as genuinely external to the normal regulatory experience" only serves to increase the potential for arbitrary results.

23. As discussed in the Application's Manager's Summary, COLLUS submits that the event in question has met the Board's eligibility criteria for Z-factors. COLLUS submits that this has been confirmed by Staff (with respect to causation, Staff acknowledge that the amount claimed is clearly outside of the base on which 2009 and 3GIRM rates have been set, and COLLUS notes that there has been no suggestion by Staff that the amounts claimed do not relate to the loss of revenue from the Subject Customer), and that a Z-factor event has occurred. COLLUS urges the Board to reject what appears to be a new test proposed by Staff that is

outside of current Board policy. However, even if the Board were to accept the Staff suggestion that another test exists, COLLUS has met it. An event of this kind –is both genuinely external to the regulatory regime and beyond the control of management and the Board.

24. On pages 8 and 9 of their submission, Board Staff discuss the matter of "financial impairment" – in that regard, Staff suggests that the cash flow impairment that COLLUS has experienced does not constitute a form of financial distress such that it could be considered genuinely external to the normal regulatory regime.

25. As with the creation of a new test for Z-factor eligibility discussed earlier in the above, COLLUS is concerned that Staff are creating an additional "financial distress" test as another barrier to access to Z-factor relief. In the past, the Board has allowed for the possibility of distributors coming forward to request relief from the Board where they are in "financial distress". For example, at paragraph 3.2.2 of its September 29, 2000 Decision on the Minister's Directive of June 7, 2000 (RP-2000-0069), the Board wrote the following with respect to the phasing in of the Market Adjusted Revenue Requirement in the initial establishment of unbundled distribution rates.(in part):

> *The Board recognizes that there may be circumstances where the MARR phasing-in may result in financial distress for a utility. In the context of the phase-in period, financial distress generally does not mean below market returns, lower returns compared to other utilities, or loss of revenue due to restructuring, or from anticipated adverse business conditions. Financial distress generally means the inability to meet financial obligations incurred prudently. Should a utility perceive that it is in genuine financial distress, it has the opportunity at any time to make its case before the Board.*

26. COLLUS submits that such a “financial distress” standard was not incorporated into the Z-factor provisions of the Board’s 1st Generation Rate Handbook (issued in March 2000 and revised in November 2000), notwithstanding that the Decision on the Minister’s Directive did have impacts on the Handbook. Similarly, such a standard has not been a part of the Board’s Z-factor criteria since that time. COLLUS is concerned that as with the other new test being imposed by Staff, the imposition of a new “financial distress” test renders the Board’s eligibility criteria, arrived at through a lengthy consultative process, meaningless. Once again, all of the Board’s criteria can be met, but an application could still be denied based on arbitrary grounds. Therefore once again, COLLUS submits that it has met the Board’s eligibility criteria and that the Board should grant the requested relief.

27. Finally, COLLUS notes that at page 8 of their submission, Staff refer to the dead-band of ±300 basis points mentioned in the 3GIRM Report. With respect, COLLUS submits that the dead-band is not relevant to the Z-factor eligibility criteria, and instead appears to be yet another obstacle being created to prevent Z-factor relief. While it is not entirely clear why it is being raised, it would appear that the Staff implication is that only a situation in which a utility’s returns fall below the dead-band should be considered for Z-factor relief (similar to the “financial distress” comments discussed previously); or that because earnings in excess of the deemed rate are not subject to sharing, then costs related to events that bring the utility’s earnings below the deemed rate should not be recoverable (similar to the new Staff test related to “genuinely external to the regulatory regime” discussed previously). COLLUS has four comments in this regard:

- First, while the dead-band is mentioned in the 3GIRM Report, it pertains to the Board's consideration of off-ramps from the IRM regime. The 300 basis point dead-band does not form part of the eligibility criteria for Z-factor events.

- Second, the concept of earnings sharing has been considered by the Board on a number of occasions, and has been rejected by the Board on each occasion. COLLUS submits that the fact that earnings in excess of the deemed ROE are not subject to sharing is irrelevant to the question of whether COLLUS should be permitted to recover forgone revenue related to this loss of load. If it were, then it is difficult to see how any distributor would be eligible for Z-factor relief, since in all cases, utilities are permitted to earn in excess of their deemed returns without sharing.

- Third, and similarly, leaving aside the matter of earnings sharing, the suggestion that the Z-factor event must trigger incremental costs or revenue losses that bring the distributor's return below the deadband would eliminate even the more typical Z-factor claims and would render the Board's materiality threshold meaningless.

- Finally, in the context of the forward-looking revenue losses, moving out of the 3GIRM regime and making a cost of service application may address lost load on a going forward basis, but that does not address the lost revenue during the 2009-2013 period. COLLUS submits that it is the Board's Z-factor mechanism that allows the opportunity to address that revenue loss.

Z-Factor Recoveries: Basis for Recovery (BfR)

28. COLLUS establishes in the above items that a Z-Factor event has occurred. In this section of the Board staff submission it outlines their assessment of the actual criteria for Z-factor adjustment.

Materiality:

29. Board staff accepts that the revenue loss exceeds COLLUS's materiality criterion. COLLUS agrees with this assessment and therefore submits that this criterion is met.

Causation:

30. Board staff are in agreement that the loss of revenue is outside the Large User load base upon which rates for 2009 have been set. COLLUS submits that this criterion is met.

Prudence:

31. As indicated by Board staff there is no evidence of imprudent action by COLLUS thus this criterion is met.

Conclusion

32. As previously stated COLLUS believes that it has been successfully demonstrated that the Subject Customer re-classification is genuinely external to the normal regulatory regime. Therefore a Z-Factor event has occurred.

33. Based on the above the Board should allow COLLUS to establish, as part of the approved 2010 distribution rates, the proposed rate rider that collects the revenue loss associated with the re-classification. COLLUS further submits the proposed rate rider has been established using an equitable, fair and reasonable process to achieve this result.

34. Board staff do raise as a final point in their conclusion on Page 9 a matter regarding the recovery request of the estimated $25,200 per annum Transformer Ownership Allowance. Staff state correctly that the 2009 COS approved GS > 50 kW rates include the forward test year forecasted impact of customer TOA. COLLUS submits that the Board required re-classification of the Subject Customer results in an unexpected material increased obligation for payment of TOA to the Subject Customer. COLLUS further submits that this impact should be included for recovery. COLLUS proposes that this additional obligation should be recoverable and be viewed as an additional loss of revenue.

35. Board staff also makes inquiry regarding the fact that “COLLUS would generate additional TOA revenue by virtue of adding load to the GS>50kW rate class that would in turn be offset by the TOA remitted by COLLUS to the Subject Customer”. COLLUS submits that the Net Impact of the Large User customer moving to the GS>50kW class is the amount that is requested for recovery and reflects the additional TOA impact from this customer.

RESPONSE TO VECC SUBMISSION ON Z-FACTOR RECOVERY

36. At the outset of this portion of the COLLUS submission it should be noted that in the earlier portion, addressing the Board staff submission, COLLUS has completely established that a Z-Factor incident has occurred. It has also been noted earlier that VECC agreed with this fact. Further COLLUS submits that it has established that this matter should be dealt with in the 2010 IRM3 process.

37. In the following COLLUS will review VECCs concerns regarding the quantum aspects of the amount of recovery that is being requested and the revised calculation of the rate rider to account for the issues raised by VECC and addressed below.

38. In the VECC submission Section 1 and Parts 2.1, 2.2 and 2.3 of Section 2 provide an accurate review of key items within the COLLUS Application submitted on September 30, 2009.

39. In Part 2.4 VECC indicates their agreement that the revenue loss associated with COLLUS subject customer should be considered for Z-factor treatment. COLLUS notes that unlike Board staff this consideration is given minimal review and submits that this is because it is clear that the Z-factor consideration is applicable.

40. VECC also differs to Board staff's approach in their Part 2.5 as they choose to closely examine the *"Quantum of the Claim".* VECC correctly points out that complete Actual 2009 customer data is now accurately available. They also note that "wherever possible actual results should be used to ground Z-factor relief". COLLUS believes the basis for this statement is a result of the fact that an estimated reduction in the Subject Customers load has been requested in the Application. It must be recognized as well that this does not cover the 2009 COS rate period as it will extend to April 30/10. There is no expectation that there will be any kind of extensive upward shift in load and consumption during the first 4 months of 2010. So most likely at the end of the rate period when compared to the Test Year forecast, actual will finish lower overall.

41. COLLUS earlier provided Table A in Response #3 and believes that this provides some of the updated information that, as VECC indicates, should be made available for consideration. In addition Table B is provided below and it provides the actual Subject Customer data for 2009 as further information.

Table B

Month	Kw	Kva	Billed Kva 90% of Kva	Energy	Load Factor
Jan_09	5,480.64	6,541.92	5,887.73	1,623,209	39.8%
Feb_09	5,433.12	6,462.72	5,816.45	2,169,408	59.4%
Mar_09	5,338.08	6,336.00	5,702.40	2,448,417	61.6%
Apr_09	5,100.48	6,003.36	5,403.02	2,564,440	69.8%
May_09	3,278.88	3,928.32	3,535.49	1,846,440	75.7%
Jun_09	3,405.60	4,055.04	3,649.54	2,002,862	81.7%
Jul_09	3,532.32	4,340.16	3,906.14	1,204,100	45.8%
Aug_09	3,424.00	4,192.00	3,735.07	2,126,829	83.5%
Sep_09	3,520.00	4,272.00	3,806.35	2,183,026	86.1%
Oct_09	3,344.00	4,160.00	3,706.56	2,218,124	89.2%
Nov_09	3,278.00	4,070.88	3,663.79	2,189,848	92.8%
Dec_09	3,247.00	3,991.68	3,592.51	1,677,164	69.4%
			52,405.05	**24,253,867**	

42. VECC throughout their sections 2.5 to 2.12 maintains that there is an issue with the COLLUS request to adjust a Test Year load forecast within an IRM3 process. COLLUS submits that in order to address this issue a simple alteration can be made to the proposed recovery calculation process from that which was originally submitted in the Application. COLLUS submits that it will simply move the Test Year Load Forecast for the re-classified Subject Customer from Large Use class to GS > 50 kW class. COLLUS believes this would address VECC concerns and is a reasonably allowable step to be taken during an IRM3 process. When COLLUS' only LU customer requires a re-classification due to a Board decision then the Test Year forecast is adjusted accordingly, and this proposal will keep the total amounts consistent with the 2009 COS approval. In COLLUS's view doing this will address all of VECCs concerns. Chart # 3 added in Table A provides the end result of the approved Test Year Forecast when the LU load is moved into GS > 50kW.

COLLUS Power Corp — TABLE A

EB-2009-0220

CHART #1

2009 Test Year Normalized Forecast	Billed Customers or Connections A	Billed kWh B	Billed kW C
Residential	13,011	121,128,423	
General Service Less Than 50 kW	1,588	45,443,663	
General Service 50 to 4,999 kW	127	126,855,660	300,721
Large Use	1	37,423,367	75,012
Street Lighting	3,051	2,061,153	6,087
Unmetered Scattered Load	68	455,702	
Total Amount of Column	**17,846**	**333,367,968**	**381,820**

CHART #2

2009 Test Year Actual	Billed Customers or Connections A	% Variance Col A to 2009 Test Year	Billed kWh B	% Var. Col. B to 2009	Billed kW C	% Var. Col. C to 2009
Residential	13,131	0.92%	114,248,439	-5.68%		
General Service Less Than 50 kW	1,599	0.69%	44,285,112	-2.55%		
General Service 50 to 4,999 kW	116	-8.66%	126,093,426	-0.60%	295,894	-1.61%
Large Use	0.83	-16.67%	19,589,969	-47.65%	48,799	-34.95%
Street Lighting	3,020	-1.02%	2,062,089	0.05%	5,915	-2.83%
Unmetered Scattered Load	40	-41.18%	503,922	10.58%		
Total Amount of Column	**17,907**	**N/A**	**306,782,957**	**-7.97%**	**350,608**	**-8.17%**

CHART #3

2009 FTY Move FTY LU to >50	Billed Customers or Connections A	Billed kWh B	Billed kW C
Residential	13,011	121,128,423	
General Service Less Than 50 kW	1,588	45,443,663	
General Service 50 to 4,999 kW	128	164,279,027	375,733
Large Use			
Street Lighting	3,051	2,061,153	6,087
Unmetered Scattered Load	68	455,702	
Total Amount of Column	**17,846**	**333,367,968**	**381,820**

CHART #4

2009 Frct TY Move Estimate LU to >50	Billed Customers or Connections A	Billed kWh B	Billed kW C
Residential	13,011	121,128,423	
General Service Less Than 50 kW	1,588	45,443,663	
General Service 50 to 4,999 kW	128	147,855,660	342,721
Large Use			
Street Lighting	3,051	2,061,153	6,087
Unmetered Scattered Load	68	455,702	
Total Amount of Column	**17,846**	**316,944,601**	**348,808**

43. As indicated the final totals reviewed in paragraph 42 remain consistent and COLLUS will then incorporate this data to re-calculate the applicable recovery amounts. COLLUS still submits that there is a resulting revenue loss, even with this new proposal, that it is appropriate to allow recovery.

44. COLLUS recognizes that in the earlier responses to the Board submission there was some reference in regards to the estimated reduction of load. Although this proposed alteration differs slightly in approach COLLUS submits that simply re-classifying the Test Year load will not change the integrity of any of the COLLUS submission that a Z-Factor event has occurred and all Board criteria have been met.

45. COLLUS submits that by simply shifting the load from the LU class to the >50kW class without adjustment, the issue of estimating a new load for the Subject Customer for revenue loss determination for volumetric revenue is eliminated. Evidence of this will be established in the detail below (#48) of COLLUS approach for calculating the eventual impacts.

46. COLLUS believes that in regard to VECCs concern in 2.9 the actual data that is provided in Chart #2 of Table A is required for consideration. The actual 2009 data clearly demonstrates that "additional revenues over those approved for 2009 rates from its other customer classes" has not occurred in 2009.

47. COLLUS notes that the VECC concern in 2.9 that *"it would be inappropriate for COLLUS to be protected from forecast risk…."* is also eliminated when the volumes are moved and not reduced. By using this approach COLLUS is requesting recovery only of <u>known impact</u>. That being the revenue loss due to the Subject Customer moving to a different

class This amount is known to be lost because the single Subject Customer is re-classified and will continue on as a GS > 50 customer.

48. COLLUS also submits that it is still appropriate to forecast a TOA impact and include this in the revenue loss calculation that is used to determine Z-Factor recovery rates. For this purpose, due to the tenuous operational situation of the Subject Customer, COLLUS submits that it is appropriate to utilize the 3,500 kW monthly load forecast. Table B provided earlier indicates a slightly higher average over the past few months but as noted operations are uncertain and overall may decrease.

49. To explain the process that is being used in this proposal COLLUS provides Appendix A with this document, which is an updated Appendix A-4 (also included for ease of reference) from the original Application information. In the Application on Page 16 in #19 COLLUS introduces how the worksheet and results of Appendix A-4 calculate the annual revenue deficiency. To further explain, Part D of Appendix A indicates a total annual recovery amount of $140,386 compared to an original requested amount of $203,905 in the Application.

50. Key information for the Appendix A worksheet is obtained from the worksheet that is provided in Appendix B. It is the Sheet B 1.4 Re-Based Revenue Requirement from Rates worksheet that is calculated within the 2010 IRM3 Supplementary model. The worksheet indicates there is a shortfall in revenue when the Test Year forecast data has base rates applied. COLLUS explained in the Application in #17 the reason why this sheet is utilized. The Application included Appendix A-3 (which is also is provided in this written submission for ease of reference) and it had indicated a revenue shortfall of $181,768. As a comparison COLLUS new proposal indicates that there is a Difference of $118,249.

51. As the $181,768 was in the Application the $118,249 amount is utilized in Part A Calculation Step #1 of Appendix A as the initial point in the calculation process. This process is still the same as was explained in the Application through #17 to #22. Part D in Appendix A determines the previously referred to annual amount of $140,386 as the total that is to be recovered. Section III of the worksheet uses the same Proposed Fixed to Variable Revenue Allocation basis, that was used in the Application, to determine the Gross Z-Factor rate riders.

52. To actually break it down the $140,386 is the total of the annual Fixed & Volumetric Charge differential of $118,249 plus one-third of the Part C #3 amount of the impact from Nov. 1/09 to April 30/10 at $6,450 and one-third of the Fixed Charge differential for the same period at $15,686.

53. To assist in the explanation of this proposal and the impacts, COLLUS provides Table C below which is an updated Summary of COLLUS Claim table. This table is similar to Table 1 that Board staff utilized in their first round Interrogatories Question #1. As indicated the total amount of claim has been reduced to $496,757 compared to the original $687,314 claim, a difference of almost $190,557.

TABLE C

COLLUS Power Corp

SUMMARY OF COLLUS CLAIM

ORIGINAL SUMMARY

DATE RANGE FROM	TO	Stub Period	Annual	TOA	TOTAL
November 1/09	April 30/10	$ 66,410			$ 66,410
May 1/10	April 30/11		$ 181,768	$ 25,200	$206,968
May 1/11	April 30/12		$ 181,768	$ 25,200	$206,968
May 1/12	April 30/13		$ 181,768	$ 25,200	$206,968
		$ 66,410	$ 545,304	$ 75,600	$687,314

FINAL SUBMISSION PROPOSED SUMMARY

November 1/09	April 30/10	$ 66,410			$ 66,410
May 1/10	April 30/11		$ 118,249	$ 25,200	$143,449
May 1/11	April 30/12		$ 118,249	$ 25,200	$143,449
May 1/12	April 30/13		$ 118,249	$ 25,200	$143,449
		$ 66,410	$ 354,747	$ 75,600	$496,757
				DIFFERENCE	$ (190,557)

54. COLLUS continues to propose a rate rider mechanism to recover the identified lost revenue. The same approach identified in the Application Appendix A is used to establish adjusted Revenue to Cost Ratio Adjustment rates in Section IV which are then to be incorporated into the 2010 OEB IRM3 Rate Generator model to complete the adjustment process.

55. COLLUS establishes in Section IV of Appendix A the proposed rate rider which provides recovery once inserted into the 2010 IRM3 Rate Generator. Neither the Board nor VECC submissions argued that the adjustment process is not correctly applying the recovery amount. COLLUS submits that it is a proper allocation process.

56. COLLUS submits that revising the application to simply move the LU Test Year Forecast data to the >50kW class will also address another VECC concern regarding the impact of recovering the revenue but not addressing the lower Cost of Power and Pils. When COLLUS calculated the impact of VECCs point it was estimated to be approximately a $60,000 annual reduction. COLLUS fully considered making an adjustment for this and continuing to follow the same requests that were outlined in the Application. In the end, even though the result is a total reduction of $190,557, COLLUS decided to submit that it is more appropriate to use the proposed process and re-classify the Test Year load within the approved forecast.

57. COLLUS submits this new proposal for a change from the original Application involves a reduction in revenue recovery requested. COLLUS will provide completely updated, reduced customer impacts when the response to the Board's Final Decision is prepared.

58. One of the final points then is in regards to VECCs concern outlined in 2.12 that Z-Factors should be an "after the fact" adjustment. COLLUS submits that in this case since the Subject Customer Board required re-classification is known, it is appropriate to proceed with the recovery using the process that has been detailed in this submission.

59. There are a series of points in VECCs summary section 3.1 and COLLUS submits that the information contained in this portion of our written submission addresses those concerns.

POTENTIAL TAX SHARING RATE RIDER

General Background:

60. Board staff on Page 9 of their submission provide information regarding 3rd generation incentive regulation 50/50 sharing of known tax change impacts. The amounts are to be collected or refunded on an annual basis using a volumetric rate rider. COLLUS agrees with the concept that has been outlined.

COLLUS Specific Background:

61. COLLUS agrees with Board staff regarding the refund amount of $2,265 and that it would be returned through volumetric billing determinants.

Submission:

62. COLLUS submits that it will follow the Board direction in regards to the handling of Tax Sharing amounts. It is expected that the same treatment will be utilized when there are refund or collection amounts on a go forward basis.

DISPOSITION OF DEFERRAL & VARIANCE ACCOUNTS AS PER THE EDDVAR REPORT

General Background (GB)

63. In this section Board staff provides a brief summary of the determining factors that may lead up to a requirement for disposition. They correctly state that the onus is on the distributor to justify why a balance in excess of the threshold should not be cleared. While COLLUS believes it is empirically incorrect to use yearend accrued balances to determine variance, it recognizes that this is a requirement of the Board and does not chose to attempt to justify not clearing the balance.

64. Board staff also states in the GB section that COLLUS is to file a proposal for the disposition of the balances. It should be noted that the Board has determined that a plan could use up to 4 years if the distributor deems it necessary. COLLUS believes that the Board provided the 4 year mechanism for a distributor to utilize in part to avoid rate shock from significant adjustments related to clearing variance accounts. COLLUS has submitted for a 4 year plan in particular to assist in reducing the possibility of future rate shock for its customers.

65. COLLUS also submits that another reason for a 4 year plan is that it does involve variance amounts that are based on yearend accruals. Unbilled revenue yearend adjustments bring the variance into a higher net payable level. Of course the unbilled revenue actually hasn’t been received at the end of a year yet those balances are being used to determine the

appropriate rate rider. This disjoint suggests that it is better to use an extended period of time to return or charge customers to minimize any rate impacts and thereby help to ensure there is not any rate shock.

66. Finally and most importantly COLLUS submits that since the balances have taken a 4 year timeframe to accumulate it is appropriate to use a 4 year plan for rate rider impact. The Board has utilized the 4 year accumulation period to provide a reasonable timeframe so any accumulations should average out, with over and under recoveries that hopefully balance out leaving minimal variance balance. For instance as the Board knows in 2009 the Global Adjustment variance for most distributors has turned out to be a very large receivable situation. The Board will undoubtedly again provide the “up to 4 year” option in the future in case there are major receivable situation. This could very well be the case because the favorable credit impact of using unbilled revenue amounts will already have been realized.

COLLUS Specific Background (CSB)

67. Under the Annual Disposition in the CSB section Board staff correctly identify that a 4 year period has been requested.

68. In regards to the Global Adjustment portion of the CSB section there is extensive information provided that is a combination of COLLUS data from the Application and interrogatory response. COLLUS doesn’t believe that this information needs to be reviewed in this written submission. COLLUS submits that it will follow whatever direction the Board determines is necessary regarding the treatment of Global Adjustment variance. It

should be noted though that the treatment should ensure that it follows the same timeframe as what the Board determines should be used for the other RSVA balances and that COLLUS believes this should be a 4 year plan.

69. In the final paragraph in the CSB section Board staff suggests that COLLUS did not express any concern with respect to its cash flow were it to use the one year default disposition period. COLLUS submits there was no indication of a need to do anything more than submit a plan.

70. COLLUS definitely submits that a contributing factor for proposing a 4 year plan is that a quicker return will deplete working fund balances to the point that further commercial borrowing will have to be undertaken. As has been stated before when more borrowing is done to meet Board requirements it erodes the ability of the LDC to use this mechanism to further initiatives in regards to implementing the Green Energy and Green Economy Act requirements.

SUBMISSION (Sb)

71. In regards to the Board staff's suggestion to consider a separate rate rider and/or to dispose of global adjustment to the GS>50 kW class, COLLUS will follow whatever direction the Board deems necessary.

72. When Board staff suggests an alternative for disposition that is to recover from all classes they mention "customer migration". COLLUS submits that some customer migration has occurred during the 4 year accumulation of the RSVA balances. COLLUS also accepts such migration will occur during the next few years as well but it is not expected to be on any materially extensive basis.

73. COLLUS believes that RPP electricity customers will continue to recognize that there are not any benefits in signing retailer agreements and therefore remain as SSS customers.

74. In the 4th paragraph of the Submission portion of the Sb section after proposing a 1 year disposition Board staff admits that it recognizes that some volatility in electricity bills may result. COLLUS submits that there is little doubt of the resulting volatility. In the case of the average Residential consumer the current Application is estimating a 1% credit impact on the total bill of the proposed rates. If a 1 year disposition is imposed it results in an approximately 8% credit impact. If there was no disposition then the estimated impact of the proposed changes would result in an approximately 1.5% increase. These amounts suggest that there could be an 8% + 1.5% = 9.5% swing in potential rate impact in the following year.

75. COLLUS submits that customer service inquiries and resulting concerns have indicated that customers have a high level of dissatisfaction with volatility in charges. COLLUS further submits that as is stated in the Application it will be able to use the 4 year time period to assist in smoothing out rate impact for future increasing rate pressures from such things as Time-of-Use meter implementation.

76. In the closing paragraph of the Sb section Board staff note that the Board should consider approving the COLLUS proposed deferral and variance account balance disposition rate riders on a final basis. COLLUS believes that it seems more appropriate due to recent events, like the Board staff informing LDCs that only the non-RPP amounts should be in the Global Adjustment Variance Account, that disposition on an interim basis may provide future flexibility that the Board may wish to utilize.

77. In the same paragraph Board staff does state again that disposition should not be delayed. COLLUS believes that it has already fully explained why a 4 year plan is most appropriate, so it will not repeat the detail in response here.

TREATMENT OF SMART METER FUNDING ADDER

78. COLLUS agrees with the Board staff support for the applied for $2.00 per month per metered customer adder.

ADJUSTMENT TO THE REVENUE TO COST RATIOS

79. COLLUS agrees with the Board staff support for the adjustments.

ADJUSTMENT TO THE RETAIL TRANSMISSION SERVICE RATES (RTSR)

80. COLLUS submits that it will follow whatever direction the Board provides in their Final Decision in regards to RTSRs.

ACCOUNTING FOR IMPLEMENTATION OF HARMONIZED SALES TAX

81. In the General Background section on Page 19 Board staff have arbitrarily determined that distributors of electricity will realize a savings in costs of goods purchased. While this may the case there is no mention of the potential cost that distributors will encounter. For example until a new Cost of Service application process is undertaken, bad debt expense will now include 8% of electricity write off as a result of the HST. Yes this may become part of rates when a COS is undertaken but if there is a substantial write off of electricity arrears at some point in time then it may not be sufficiently covered.

82. While Board staff do outline that it is unclear as to what the cost and savings will be, they do state in the last paragraph on Page 20 that the ending credit balance will be paid back to the customers. There is no indication as to what will happen in the event of a debit balance.

83. In any event COLLUS submits that the Board should not approve the Board staff request for a new variance account. Board would have to provide extensive instruction on how to measure and track incremental changes. These cannot be only applicable to ITC involvement because there are many other incremental impacts. Also in regards to Board direction and instruction to LDCs the regulations should have been in place by now because some cost is currently being incurred, now leading up to the introduction of the HST on July 1, 2010.

84. COLLUS submits that any consideration of the Board on the PST/HST should be in the form of a generic Board proceeding and should not be determined in the course of individual distributor IRM3 rate applications.

Respectfully Submitted;

Original Signed by Tim Fryer

Mr. T. E. Fryer CMA
Chief Financial Officer
COLLUS Corp

APPENDIX A

(For Written Submission March 2/10)

COLLUS Power Corp Z-Factor Adjustment Worksheet

SECTION I: Worksheets from IRM3 models Prior to Adjustment for Revenue Deficiency

Customer Class Description	Revenue to Cost Ratio Adjustment WS			Proposed Fixed to Variable Revenue Allocation WS				Re-Based Bill Determinants WS			
	Table 1			Table 2				Table 3			
Rate Classes	Adjustment Required Base Service Charge	Adjustment Required Base Distribution Volumetric Rate kWh	Adjustment Required Base Distribution Volumetric Rate kW	Service Charge Revenue	Distribution Volumetric Rate Revenue kWh	Distribution Volumetric Rate Revenue kW	Revenue Requirement from Rates by Rate Class	Re-based Billed Customers or Connections	Re-based Billed kWh	Re-based Billed kW	Distribution Volumetric Rate Revenue kW Excl Transformer Allowance
Residential	-$ 0.37	-$ 0.0007	$ -	$ 1,469,206	$ 2,156,104	$ -	$ 3,625,310	13,011	121,128,423	0	$ -
General Service Less Than 50 kW	-$ 0.78	-$ 0.0005	$ -	$ 340,760	$ 509,524	$ -	$ 850,284	1,588	45,443,663	0	$ -
General Service 50 to 4,999 kW	$ 15.07	$ -	$ 0.3469	$ 151,508	$ -	$ 853,296	$ 1,004,804	128	164,279,027	375,733	$ 776,517
Large Use	$ -	$ -	$ -	$ -	$ -	$ -	$ -	0	0	0	$ -
Street Lighting	$ 0.60	$ -	$ 2.6683	$ 91,494	$ -	$ 67,761	$ 159,255	3,051	2,061,153	6,087	$ 67,761
Unmetered Scattered Load	$ -	$ 0.0000	$ -	$ -	$ 8,020	$ -	$ 8,020	68	455,702	0	$ -
Total				$ 2,052,968	$ 2,673,648	$ 921,057	$ 5,647,673	17,846	333,367,968	381,820	$ 844,278
	Enter the above values from Sheet "C1.9 Adjust To Proposed Rates" of the 2010 OEB IRM3 Supp Filing Model.			Enter the above values from Sheet "C1.7 Proposed F V Rev Alloc" of the 2010 OEB IRM3 Supp Filing Model.			Updated	Enter the above values from Sheet "C1.8 Proposed F V Rates" of the 2010 OEB IRM3 Supp Filing Model.			

SECTION II - Calculation of Total Revenue Loss for use in determining Z-factor adjustment

Part A(Updated for Chart #3 Re-Based Revenue of Rates) **Part A - 1**

1. Total Annual Loss Revenue from May 1, 2010 onward	$ 118,249	From cell G80 "B1.4 Re-Based Rev Req" of the 2010 OEB IRM3 Supp Filing Model when Large Use Class Re-Classified
2009 Large User Service Charge	$ 7,927.70	
2009 General Service > 50 kW Service Charge	$ 84.57	
2. Difference in Service (Fixed) Charges	$ 7,843.13	
3. Annual Loss Service Charge Revenue from May 1, 2010 onward	$ 94,118	**This amout remains the same as original in Application Appendix A-4**
4. Annual Loss Volumetric Revenue from May 1, 2010 onward	$ 24,131	**This amount was $87,650 in the original Application Appendix A-4 : lower now-no load reduce**

Part B

Transformer Allowance in 2009 Approved Rates	$ 76,779
Applied for Additional Transformer Allowance in 2010 Rates	$ 25,200

Part C

1. Total Loss Revenue Nov. 1/09 to Apr. 30/10 (SC + Vol. Rev.)*	$ 66,410	**Part C - 1**
2. Loss Service Charge Revenue prior to May 1, 2010 (6 months)	$ 47,059	(6 months @ Service Charge Difference noted above)
3. Loss Revenue prior to May 1, 2010 (Part C-1) less #2	$ 19,352	(6 mo @3,500 kW X $0.60 Trsf. Allowance Credit)

6	LU 09 base rt	$ 2.23	
3500	GS>50 base	$ 1.91	
	TA 09 rate	$ 0.60	
21000	LU - GS + TA	0.92	19,351.50

* The Loss Revenue from 2009 rates that is to be collected over a 3 year period.

Part D

Z Factor Amount to be collected May 1, 2010 onward

Service Charge	$ 109,804	(Part A #3 plus one-third of Part C #2)
Volumetric Excluding Transformer Allowance(for 2011-13)	$ 30,582	**(Part A #4 but not part of A #4 as it was in original calc.)**
Total	$ 140,386	

SECTION III - Z Factor calculation

Z factor rate rider				Z factor annual amount				Additional Transformer Allowance
Residential	$ 0.50	$ 0.0002	$ -	$ 78,581	$ 18,743	$ -	$ 97,324	
General Service Less Than 50 kW	$ 0.96	$ 0.0001	$ -	$ 18,226	$ 4,429	$ -	$ 22,655	
General Service 50 to 4,999 kW	$ 5.28	$ -	$ 0.0850	$ 8,103	$ -	$ 6,750	$ 14,854	$ 25,200
Large Use	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Street Lighting	$ 0.13	$ -	$ 0.0968	$ 4,894	$ -	$ 589	$ 5,483	
Unmetered Scattered Load	$ -	$ 0.0002	$ -	$ -	$ 70	$ -	$ 70	
Total				$ 109,804	$ 23,242	$ 7,339	$ 140,386	

SECTION IV - Z Factor combined with Revenue to Cost Ratio adjustment

Z factor and Rebalancing Adjustment			
Residential	$ 0.13	-$ 0.00055	$ -
General Service Less Than 50 kW	$ 0.18	-$ 0.00039	$ -
General Service 50 to 4,999 kW	$ 20.35	$ -	$ 0.4319
Large Use	$ -	$ -	$ -
Street Lighting	$ 0.73	$ -	$ 2.7651
Unmetered Scattered Load	$ -	$ 0.00015	$ -
	Enter the above values onto Sheet "D1.2 Revenue Cost Ratio Adj" of the 2010 OEB IRM3 Rate Generator.		

Name of LDC: **COLLUS Power Corporation**
File Number: **ED-2002-0518**
Effective Date: **Saturday, May 01, 2010**

Appendix A-3

Detailed Re-Based Revenue From Rates

Applicants Rate Base	Last Rate Re-based Amount				
Average Net Fixed Assets					
Gross Fixed Assets - Re-based Opening	$ 23,484,715	A			
Add: CWIP Re-based Opening	$ 3,017,500	B			
Re-based Capital Additions		C			
Re-based Capital Disposals		D			
Re-based Capital Retirements		E			
Deduct: CWIP Re-based Closing		F			
Gross Fixed Assets - Re-based Closing	$ 26,502,215	G			
Average Gross Fixed Assets			$	24,993,465	H = (A + G) / 2
Accumulated Depreciation - Re-based Opening	$ 12,729,382	I			
Re-based Depreciation Expense	$ 1,101,668	J			
Re-based Disposals		K			
Re-based Retirements		L			
Accumulated Depreciation - Re-based Closing	$ 13,831,050	M			
Average Accumulated Depreciation			$	13,280,216	N = (I + M) / 2
Average Net Fixed Assets			**$**	**11,713,249**	O = H - N
Working Capital Allowance					
Working Capital Allowance Base	$ 30,506,622	P			
Working Capital Allowance Rate	15.0%	Q			
Working Capital Allowance			**$**	**4,575,993**	R = P * Q
Rate Base			**$**	**16,289,243**	S = O + R

Return on Rate Base					
Deemed ShortTerm Debt %	4.00%	T	$	651,570	W = S * T
Deemed Long Term Debt %	52.67%	U	$	8,579,544	X = S * U
Deemed Equity %	43.33%	V	$	7,058,129	Y = S * V
Short Term Interest	1.33%	Z	$	8,666	AC = W * Z
Long Term Interest	6.62%	AA	$	567,966	AD = X * AA
Return on Equity	8.01%	AB	$	565,356	AE = Y * AB
Return on Rate Base			**$**	**1,141,988**	AF = AC + AD + AE

Distribution Expenses					
OM&A Expenses	$ 3,756,199	AG			
Amortization	$ 983,056	AH			
Ontario Capital Tax (F1.1 Z-Factor Tax Changes)	$ 2,901	AI			
Grossed Up PILs (F1.1 Z-Factor Tax Changes)	$ 164,862	AJ			
Low Voltage	$ -	AK			
Transformer Allowance	$ 76,779	AL			
LOF TA		AM			
		AN			
		AO			
			$	**4,983,797**	AP = SUM (AG : AO)

Revenue Offsets					
Specific Service Charges	-$ 155,000	AQ			
Late Payment Charges	-$ 55,000	AR			
Other Distribution Income	-$ 116,000	AS			
Other Income and Deductions	-$ 46,000	AT	**-$**	**372,000**	AU = SUM (AQ : AT)
Revenue Requirement from Distribution Rates			**$**	**5,753,785**	AV = AF + AP + AU

Rate Classes Revenue					
Rate Classes Revenue - Total (B1.1 Re-based Revenue - Gen)			$	5,572,017	AW
Difference			$	181,768	AZ = AV - AW
Difference (Percentage - should be less than 1%)				3.26%	BA = AZ / AW

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

Appendix - B

Detailed Re-Based Revenue From Rates

Applicants Rate Base	Last Rate Re-based Amount			
Average Net Fixed Assets				
Gross Fixed Assets - Re-based Opening	$ 23,484,715	A		
Add: CWIP Re-based Opening	$ 3,017,500	B		
Re-based Capital Additions		C		
Re-based Capital Disposals		D		
Re-based Capital Retirements		E		
Deduct: CWIP Re-based Closing		F		
Gross Fixed Assets - Re-based Closing	$ 26,502,215	G		
Average Gross Fixed Assets			$ 24,993,465	H = (A + G) / 2
Accumulated Depreciation - Re-based Opening	$ 12,729,382	I		
Re-based Depreciation Expense	$ 1,101,668	J		
Re-based Disposals		K		
Re-based Retirements		L		
Accumulated Depreciation - Re-based Closing	$ 13,831,050	M		
Average Accumulated Depreciation			$ 13,280,216	N = (I + M) / 2
Average Net Fixed Assets			**$ 11,713,249**	O = H - N
Working Capital Allowance				
Working Capital Allowance Base	$ 30,506,622	P		
Working Capital Allowance Rate	15.0%	Q		
Working Capital Allowance			**$ 4,575,993**	R = P * Q
Rate Base			**$ 16,289,243**	S = O + R
Return on Rate Base				
Deemed ShortTerm Debt %	4.00%	T	$ 651,570	W = S * T
Deemed Long Term Debt %	52.67%	U	$ 8,579,544	X = S * U
Deemed Equity %	43.33%	V	$ 7,058,129	Y = S * V
Short Term Interest	1.33%	Z	$ 8,666	AC = W * Z
Long Term Interest	6.62%	AA	$ 567,966	AD = X * AA
Return on Equity	8.01%	AB	$ 565,356	AE = Y * AB
Return on Rate Base			**$ 1,141,988**	AF = AC + AD + AE
Distribution Expenses				
OM&A Expenses	$ 3,756,199	AG		
Amortization	$ 983,056	AH		
Ontario Capital Tax (F1.1 Z-Factor Tax Changes)	$ 2,901	AI		
Grossed Up PILs (F1.1 Z-Factor Tax Changes)	$ 164,862	AJ		
Low Voltage	$ -	AK		
Transformer Allowance	$ 76,779	AL		
LOF TA		AM		
		AN		
		AO		
			$ 4,983,797	AP = SUM (AG : AO)
Revenue Offsets				
Specific Service Charges	-$ 155,000	AQ		
Late Payment Charges	-$ 55,000	AR		
Other Distribution Income	-$ 116,000	AS		
Other Income and Deductions	-$ 46,000	AT	**-$ 372,000**	AU = SUM (AQ : AT)
Revenue Requirement from Distribution Rates			**$ 5,753,785**	AV = AF + AP + AU
Rate Classes Revenue				
Rate Classes Revenue - Total (B1.1 Re-based Revenue - Gen)			$ 5,635,536	AW
Difference			$ 118,249	AZ = AV - AW
Difference (Percentage - should be less than 1%)			2.10%	BA = AZ / AW