



Oakville Hydro
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March 29, 2010

VIA MAIL AND EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
PO Box 2319
2300 Yonge St
Toronto ON
M4P 1E4

Dear Ms Walli:

**Re: Oakville Hydro Electricity Distribution Inc.
Oakville Hydro's Responses to the Energy Probe Research Foundation on
2010 Electricity Distribution Rate Application – EB-2009-0271**

Please find enclosed Oakville Hydro's responses to the interrogatories of the Energy Probe Research Foundation in the above-noted proceeding.

Respectfully submitted by Mary Caputi in absence of the Manager, Regulatory Affairs.

A handwritten signature in blue ink, appearing to read 'M. Caputi', is written over a light blue circular stamp.

Mary Caputi, C.A.
Oakville Hydro Electricity Distribution Inc.
Manager, Financial Analysis and Regulatory Accounting
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IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

AND IN THE MATTER OF an application by Oakville Hydro Electricity Distribution Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2010.

Oakville Hydro Electricity Distribution Inc.
Responses to Interrogatories

Energy Probe Research Foundation

Filed: March 29, 2010

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1. Responses to Energy Probe Foundation
2. Appendix Energy Probe #69 Smart Meter Rate Calculation Model

Note: Numbering follows from the initial round of interrogatories.

Interrogatory # 36

Ref: Energy Probe Interrogatory # 3

- a) **The interrogatory requested the resulting reduction in costs associated with the 2 new executive positions related to the efficiency gains that were expected from these additions. No cost reduction figures were provided. Please provide an estimate of the cost reductions as originally requested.**

RESPONSE:

The highlighted accountabilities and overall role specified for the two new executive positions focus on providing leadership and guidance in the areas noted. In addition to what was noted, the regulatory environment continues to evolve and there are significant new areas to be analysed with regard to the Green Energy Act and Smart Grid strategy that require additional executive direction. As Oakville Hydro moves forward, the goal of these positions is to continuously improve the effectiveness of how Oakville Hydro plans and manages the distribution power system - to meet customer's evolving requirements and to ensure appropriate controls and oversight in determining the LDC's use of capital. This entails focus on resources, processes, power system technologies and IT system capabilities. Although no specific estimates of cost reductions have been developed based on the intent of these roles, the purpose over time as stated is to improve processes. These improvements are expected to result in less incremental overall headcount as Oakville Hydro grows in customers served.

- b) **When does Oakville Hydro expect the Mercer compensation study to be completed? Will Oakville Hydro file this report with the Board and intervenors when it is completed? If not, why not?**

RESPONSE:

Please see response SEC # 38

Interrogatory # 37

Ref: Energy Probe Interrogatory # 4

- a) **Oakville Hydro did not fully answer the question posed in part (a). How does Oakville Hydro deal with the replacement of a vehicle where the vehicle being replaced is sold? Please provide what account(s) are impacted by the sale of the fully depreciated asset.**

RESPONSE:

At incorporation, Oakville Hydro leased its vehicle fleet from the Corporation of the Town of Oakville. Upon expiry of the individual leases, Oakville Hydro has the option to purchase the vehicles at the current market price or return the vehicles to the Town. Oakville Hydro then purchases replacement vehicles for those vehicles that are returned to the Town.

In 2008 Oakville Hydro purchased 3 vehicles from the Corporation of the Town of Oakville upon expiry of the lease agreement since the resale value was estimated to be greater than the purchase price. One vehicle was disposed of in 2008 and the remaining vehicles were disposed of in 2009. Gains on the disposal of these vehicles were recorded in Miscellaneous Income. Other than these 3 vehicles, Oakville Hydro has not sold any vehicles and correspondingly has not had any gains or losses on the disposal of vehicles to record.

- b) **Oakville Hydro indicates that it does not close projects on the system and transfer the assets to the fixed asset ledger for depreciation until the end of the year. Please explain how Oakville Hydro calculates depreciation for the year for these assets that are not transferred to the fixed asset ledger until the end of the year? For example, does Oakville Hydro take one day's depreciation expense on these assets, or does it assume 6 months depreciation or a full year of depreciation?**

RESPONSE:

Oakville Hydro calculates depreciation for the year that assets are transferred to the fixed asset ledger based upon a full year of depreciation.

c) Now that 2009 is complete, please provide the actual level of capital expenditures closed to rate base in 2009.

RESPONSE:

Oakville Hydro Electricity Distribution Inc.		2009 Budget Capital Additions	2009 Actual Capital Additions
1808	Buildings and Fixtures	8,000	-
1810	Leasehold Improvements	265,000	1,036,921
1820	Distribution Station Equipment - Normally Primary below 50 kV	2,643,069	1,842,618
1830	Poles, Towers and Fixtures	3,350,110	3,757,151
1835	Overhead Conductors and Devices	2,693,200	2,391,709
1840	Underground Conduit	3,854,392	3,624,216
1845	Underground Conductors and Devices	4,801,903	5,288,096
1850	Line Transformers	4,880,343	2,791,005
1855	Services	1,630,499	1,490,319
1860	Meters	1,174,997	1,666,935
1915	Office Equipment		68,002
1920	Computer Equipment - Hardware	330,084	1,317,520
1925	Computer Software	252,740	-
1930	Transportation Equipment	323,500	875,996
1935	Warehousing		2,800
1940	Tools, Shop and Garage Equipment	110,000	161,869
1955	Communication Equipment	137,171	
1960	Safety Supplies		1,534
1980	System Supervisory Equipment	1,690,938	429,949
1995	Contributions and Grants	(3,417,849)	(3,979,439)
		24,728,098	22,767,200

Interrogatory # 38

Ref: Energy Probe Interrogatory # 5

- a) **Why does Oakville Hydro not take into consideration the split between RPP and non-RPP volumes when calculating the cost of power?**

RESPONSE:

Oakville Hydro’s use of the RPP to calculate the cost of power is consistent with the Board’s view that the RPP is reasonable for the purposes of determining the working capital allowance. In its decision on Midland Power Utility Corporation’s cost of service application (EB-2008-0236) the Board stated that, “*The Board understands that the IESO does not bill distributors solely on the basis of RPP; however, the Board is satisfied that RPP is a reasonable proxy for purposes of determining the working capital allowance*”.

- b) **What proportion of the 2010 kWh forecast is associated with non-RPP customers? If this figure consistent with the information provided at Table 5 of Exhibit 9, Tab 2, Schedule 1? If not, why not?**

RESPONSE:

Oakville Hydro has updated its forecast of non-RPP kWh in the 2010 test year in preparing the response to Board Staff interrogatory number 52. The revised forecast takes into consideration non-RPP customers for all classifications and is based on non-RPP volumes as reported in 2.1.2 of Oakville Hydro’s RRR filings. Oakville Hydro’s updated forecast of non-RPP volumes is provided in the following table.

Forecast of Non-RPP kWh
2010 Test Year

Customer Classification	A 2009 Total kWh	B RRR 2.1.3 RPP	C = A - B Non-RPP	D = C / A % Non-RPP	E 2010 Total kWh	F = E * F Forecast Non - RPP	G = E - F Forecast RPP
Residential	588,717,228	539,537,524	49,179,704	8.35%	566,970,679	47,363,062	519,607,617
GS <50 Kw	177,827,940	149,193,481	28,634,459	16.10%	186,093,575	29,965,420	156,128,155
Unmetered	4,144,391	4,113,258	31,133	0.75%	3,930,124	29,524	3,900,600
GS 50 to 999 kW	616,611,898	103,347,311	513,264,586	83.24%	619,028,082	515,275,806	103,752,276
GS 1000 to 4999 kW	155,486,226	-	155,486,226	100.00%	116,720,583	116,720,583	-
Street Lightining	11,667,573	-	11,667,573	100.00%	12,956,360	12,956,360	-
Sentinel Lighting	98,801	98,801	-	0.00%	145,709	-	145,709
Total	1,554,554,057	796,290,375	758,263,682	48.78%	1,505,845,112	722,310,754	783,534,358

- c) **Does the forecast provided in Table 5 of Exhibit 9, Tab 2, Schedule 1 of non-RPP kWh's take into account the additional customers that moved to non-RPP status as of November 1, 2009? If not, does Oakville Hydro have an estimate of the incremental annual non-RPP kWh's associated with these customers? If so, what is the estimate?**

RESPONSE:

The forecast provided in Table 5 of Exhibit 9, Tab 2, Schedule 1 Oakville Hydro does not take into account non-RPP kWh associated with customers that moved to non-RPP Status as of November 1, 2009. Oakville Hydro does not have an estimate of the incremental annual non-RPP kWh associated with these customers

- d) **Please calculate the cost of power and the related impact on the working capital allowance to reflect the RPP and non RPP volumes (as provided in the response to parts (b) & (c) above using the RPP price of \$0.06215 per kWh and a price of \$0.05820 per kWh for the non RPP volumes (being the sum of the forecasted average HOEP price of \$0.03326 per kWh and the forecasted global adjustment of \$0.02494 per kWh for the RPP year).**

RESPONSE:

The cost of power and the related impact on the working capital allowance to reflect the RPP and non-RPP volumes using a RPP price of \$0.06215 per kWh and a non-RPP price of \$0.05820 per kWh is provided below. However, it is Oakville Hydro's opinion that a weighted price of \$0.6036 (an average price of \$0.03542 per kWh and the forecast global adjustment of \$0.02494 per kWh for the RPP year) since, as shown in the table below, the forecast average price \$33.26 for the period November 2010 to April 2011.

Ontario Electricity Market Price Forecast (\$ per MWh)			
Calendar Period	Average Price	# of Months	Price
Nov 09 - Jan 10	\$ 36.93	2	\$ 73.86
Feb 10 - Apr 10	\$ 36.85	3	\$ 110.55
May 10 - Jul 10	\$ 29.18	3	\$ 87.54
Aug 10 - Oct 10	\$ 39.80	3	\$ 119.40
Nov 10 - Jan 11	\$ 33.67	1	\$ 33.67
Average			\$ 35.42

Source: Navigant Consulting, Wholesale Electricity Market Price Forecast Report

Forecasted Cost of Power – Commodity Charges
 Energy Probe Interrogatory #38 (d)

Customer Classification	RPP @ 0.06215		*Non-RPP @ 0.0582		Total	
	kWh	Cost of Power	kWh	Cost of Power	kWh	Cost of Power
Residential	519,607,617	\$ 32,293,613	47,363,062	\$ 2,756,530	566,970,679	\$ 35,050,144
GS <50 Kw	156,128,155	9,703,364.85	29,965,420	1,743,987.42	186,093,575	11,447,352
Unmetered	3,900,600	242,422.31	29,524	1,718.28	3,930,124	244,141
GS 50 to 999 kW	103,752,276	6,448,203.97	515,275,806	29,989,051.89	619,028,082	36,437,256
GS 1000 to 4999 kW	-	-	116,720,583	6,793,137.93	116,720,583	6,793,138
Street Lightining	-	-	12,956,360	754,060.15	12,956,360	754,060
Sentinel Lighting	145,709	9,055.81	-	-	145,709	9,056
	783,534,358	\$ 48,696,660	722,310,754	\$ 42,038,486	1,505,845,112	\$ 90,735,146

Interrogatory # 39

Ref: Energy Probe Interrogatory # 6

- a) **The response provided in part (a) of the interrogatory does not replicate Table 16 in its entirety. Please confirm that the figures shown in the response to part (a) of the interrogatory response for the 2009 forecast is equivalent to the first column of numbers provided in Table 16 of Exhibit 2, Tab 4, Schedule 3 and that this is the amount that would be closed to rate base. If this cannot be confirmed, please provide a complete Table 16 based on the figures provided in response to the interrogatory for the 2009 forecast of capital expenditures of \$17,429,469.**

RESPONSE:

Table 16 provided in EP Response #6a) was the forecasted spending that would be spent in the 2009 year and not what would be actually closed to rate base. The actual 2009 capital spending closed to rate base is provided in response EP # 37c).

- b) **The 2009 forecast of capital expenditures is about \$1.5 million lower than that included in the pre-filed evidence. How much of this reduction is due to deferrals to 2010 and how much will not be spent in either 2009 or 2010?**

RESPONSE:

The reduction in the 2009 Forecast of \$1.5M was based on a reassessment of project completion and in service dates, available resources, uncontrollable projects anticipated delays based on the information at the time. All of the reduction represents deferral to 2010 and is planned to be spent in 2010.

- c) **Please update Table 16 in Exhibit 2, Tab 4, Schedule 3 (in its entirety) to reflect actual results for 2009, including actual 2009 expenditures, actual 2009 transfers from CWIP and actual 2009 contributed capital.**

RESPONSE:

Please see Oakville Hydro's responses to SEC Question #24 and SEC Question#39 for this information

Interrogatory # 40

Ref: Energy Probe Interrogatory # 9

Oakville Hydro indicates that it is not able to provide responses to this interrogatory because it does not have historical consumption data over the period January 1998 to December 2001 for customers B, C, D and E. In light of this please provide the following:

- a) Please provide the regression statistics and GWh forecasts that result from the selected version 5 of the regression equation using historical data starting in January 2002 and extending it to the latest actual data available for 2009.

RESPONSE:

Oakville Hydro has rerun the regression model using Version 5 of the regression equation starting in January 2002 and ending in December 2009. The results of the regression analysis are provided below.

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R		0.96						
R Square		0.92						
Adjusted R Square		0.91						
Standard Error		3,739,130.88						
Observations		96.00						
ANOVA								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	9	1.30224E+16	1.44694E+15	103.4922562	2.87316E-42			
Residual	86	1.20237E+15	1.39811E+13					
Total	95	1.42248E+16						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	(82,968,548.05)	19,022,989.44	(4.36)	0.00	(120,784,998.70)	(45,152,097.40)	(120,784,998.70)	(45,152,097.40)
Heating Degree Days	25,187.89	2,653.63	9.49	0.00	19,912.64	30,463.14	19,912.64	30,463.14
Cooling Degree Days	240,472.82	15,452.36	15.56	0.00	209,754.54	271,191.10	209,754.54	271,191.10
Ontario Real GDP Month	615,726.05	419,485.50	1.47	0.15	(218,183.52)	1,449,635.61	(218,183.52)	1,449,635.61
Number of Days in Mon	2,917,747.75	514,560.16	5.67	0.00	1,894,836.02	3,940,659.49	1,894,836.02	3,940,659.49
Spring Fall Flag	(5,018,557.71)	1,064,931.30	(4.71)	0.00	(7,135,571.04)	(2,901,544.39)	(7,135,571.04)	(2,901,544.39)
Population	48.06	302.78	0.16	0.87	(553.85)	649.98	(553.85)	649.98
Number of Peak Hours	55,280.16	26,036.67	2.12	0.04	3,520.98	107,039.34	3,520.98	107,039.34
Blackout Flag	(8,203,269.87)	3,907,453.58	(2.10)	0.04	(15,971,030.33)	(435,509.40)	(15,971,030.33)	(435,509.40)
Large User	1.30	0.39	3.35	0.00	0.53	2.07	0.53	2.07

Table 4 Total System Purchases - Energy Probe Interrogatory # 40 A GWh			
	<u>Actual</u>	<u>Predicted</u>	% Difference
1998	1,380	1,275	-7.6%
1999	1,401	1,341	-4.3%
2000	1,470	1,363	-7.3%
2001	1,502	1,413	-5.9%
2002	1,568	1,476	-5.9%
2003	1,553	1,454	-6.4%
2004	1,580	1,460	-7.6%
2005	1,673	1,556	-7.0%
2006	1,631	1,537	-5.8%
2007	1,681	1,585	-5.7%
2008	1,634	1,560	-4.5%
2009	1,519	1,524	0.4%
2010 (WN)	0	1,526	

b) Rerun the regression equation in (a) above as requested in Energy Probe Interrogatory # 9 and provide the information requested in all parts of the interrogatory.

RESPONSE:

Oakville Hydro has rerun the regression equation in part (a) excluding historical consumption for customers A, B, C, D and E for the period January 2002 to December 2009. The results are provided below.

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R		0.96						
R Square		0.92						
Adjusted R Square		0.91						
Standard Error		3,639,287.34						
Observations		96.00						
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	8	1.30979E+16	1.63724E+15	123.6170646	3.75634E-44			
Residual	87	1.15226E+15	1.32444E+13					
Total	95	1.42501E+16						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	(91,991,237.12)	18,298,066.89	(5.03)	0.00	(128,360,625.66)	(55,621,848.57)	(128,360,625.66)	(55,621,848.57)
Heating Degree Days	24,755.14	2,503.11	9.89	0.00	19,779.95	29,730.34	19,779.95	29,730.34
Cooling Degree Days	239,747.76	14,982.63	16.00	0.00	209,968.17	269,527.35	209,968.17	269,527.35
Ontario Real GDP Month	360,311.75	230,785.95	1.56	0.12	(98,400.31)	819,023.80	(98,400.31)	819,023.80
Number of Days in Mon	3,014,861.53	499,696.28	6.03	0.00	2,021,661.09	4,008,061.98	2,021,661.09	4,008,061.98
Spring Fall Flag	(5,358,846.38)	1,036,452.25	(5.17)	0.00	(7,418,907.41)	(3,298,785.35)	(7,418,907.41)	(3,298,785.35)
Population	292.81	143.20	2.04	0.04	8.18	577.44	8.18	577.44
Number of Peak Hours	47,682.21	25,153.44	1.90	0.06	(2,312.98)	97,677.39	(2,312.98)	97,677.39
Blackout Flag	(8,337,694.12)	3,803,094.25	(2.19)	0.03	(15,896,755.58)	(778,632.66)	(15,896,755.58)	(778,632.66)

Table 4 Total System Purchases - Energy Probe # 40 GWh			
	Actual	Predicted	% Difference
1998	1,380	1,236	-10.4%
1999	1,401	1,298	-7.4%
2000	1,470	1,309	-11.0%
2001	1,502	1,358	-9.6%
2002	1,416	1,422	0.4%
2003	1,399	1,404	0.4%
2004	1,430	1,414	-1.1%
2005	1,522	1,512	-0.6%
2006	1,491	1,497	0.4%
2007	1,537	1,547	0.7%
2008	1,539	1,529	-0.7%
2009	1,501	1,510	0.6%
2010 (WN)	0	1,522	

Table 5 Historical Loss Factor Energy Probe #40			
(GWh)	Actual Purchases	Actual Billed including the Market Participant billed by IESO	Loss Factor
2002	1,416	1,351	4.83%
2003	1,399	1,347	3.89%
2004	1,430	1,383	3.34%
2005	1,522	1,471	3.42%
2006	1,491	1,438	3.69%
2007	1,537	1,476	4.17%
2008	1,539	1,479	4.07%
2009	1,501	1,453	3.31%
Average			3.92%

Table 6 Historical Customer/Connection Data Energy Probe #40								
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads	Total
Number of Customers/Connections								
2002	44,243	4,010	756	17	13,948	271	615	63,860
2003	46,192	4,249	756	17	14,431	248	629	66,522
2004	48,272	4,395	758	17	14,828	244	642	69,156
2005	49,953	4,539	760	17	15,261	243	658	71,431
2006	51,485	4,614	774	17	15,571	241	661	73,363
2007	52,971	4,701	781	17	15,890	240	669	75,269
2008	54,636	4,809	813	17	16,025	237	675	77,211

Table 7 Growth Rate in Customer/Connections Energy Probe #40							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Growth Rate in Customer/Connection							
2002							
2003	4.41%	5.94%	0.07%	0.00%	3.47%	-8.49%	2.17%
2004	4.50%	3.45%	0.30%	0.00%	2.75%	-1.61%	2.05%
2005	3.48%	3.27%	0.25%	0.00%	2.92%	-0.41%	2.57%
2006	3.07%	1.65%	1.82%	0.00%	2.03%	-0.82%	0.44%
2007	2.89%	1.90%	0.86%	0.00%	2.05%	-0.41%	1.16%
2008	3.14%	2.28%	4.12%	0.00%	0.84%	-1.25%	0.90%
Geometric Mean	3.58%	3.07%	1.23%	0.00%	2.34%	-2.21%	1.55%

Table 9 Historical Annual Usage per Customer Energy Probe #40							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Annual kWh Usage Per Customer/Connection							
2002	11,888	36,281	679,145	9,081,361	535	455	7,069
2003	10,842	33,484	688,582	9,889,453	752	651	6,039
2004	10,681	33,422	705,750	9,985,573	764	648	6,945
2005	11,190	36,123	757,185	9,274,103	686	613	6,768
2006	10,546	36,773	729,244	8,580,653	687	595	6,461
2007	10,622	36,670	741,940	8,580,568	683	617	6,387
2008	10,231	36,556	727,340	8,096,449	684	573	5,803

Table 10 Growth Rate in Usage Per Customer/Connection Energy Probe #40							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Growth Rate in Usage Per Customer/Connection							
2002							
2003	-8.80%	-7.71%	1.39%	8.90%	40.62%	43.16%	-14.57%
2004	-1.49%	-0.19%	2.49%	0.97%	1.53%	-0.57%	15.00%
2005	4.77%	8.08%	7.29%	-7.12%	-10.23%	-5.33%	-2.55%
2006	-5.76%	1.80%	-3.69%	-7.48%	0.24%	-2.88%	-4.53%
2007	0.72%	-0.28%	1.74%	0.00%	-0.70%	3.69%	-1.15%
2008	-3.68%	-0.31%	-1.97%	-5.64%	0.22%	-7.23%	-9.15%
Geometric Mean	-2.47%	0.13%	1.15%	-1.90%	4.18%	3.91%	-3.24%

Table 7 Growth Rate in Customer/Connections Energy Probe #40							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Growth Rate in Customer/Connection							
2002							
2003	4.41%	5.94%	0.07%	0.00%	3.47%	-8.49%	2.17%
2004	4.50%	3.45%	0.30%	0.00%	2.75%	-1.61%	2.05%
2005	3.48%	3.27%	0.25%	0.00%	2.92%	-0.41%	2.57%
2006	3.07%	1.65%	1.82%	0.00%	2.03%	-0.82%	0.44%
2007	2.89%	1.90%	0.86%	0.00%	2.05%	-0.41%	1.16%
2008	3.14%	2.28%	4.12%	0.00%	0.84%	-1.25%	0.90%
Geometric Mean	3.58%	3.07%	1.23%	0.00%	2.34%	-2.21%	1.55%

Table 9 Historical Annual Usage per Customer Energy Probe #40							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Annual kWh Usage Per Customer/Connection							
2002	11,888	36,281	679,145	9,081,361	535	455	7,069
2003	10,842	33,484	688,582	9,889,453	752	651	6,039
2004	10,681	33,422	705,750	9,985,573	764	648	6,945
2005	11,190	36,123	757,185	9,274,103	686	613	6,768
2006	10,546	36,773	729,244	8,580,653	687	595	6,461
2007	10,622	36,670	741,940	8,580,568	683	617	6,387
2008	10,231	36,556	727,340	8,096,449	684	573	5,803

Table 10 Growth Rate in Usage Per Customer/Connection Energy Probe #40							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Growth Rate in Usage Per Customer/Connection							
2002							
2003	-8.80%	-7.71%	1.39%	8.90%	40.62%	43.16%	-14.57%
2004	-1.49%	-0.19%	2.49%	0.97%	1.53%	-0.57%	15.00%
2005	4.77%	8.08%	7.29%	-7.12%	-10.23%	-5.33%	-2.55%
2006	-5.76%	1.80%	-3.69%	-7.48%	0.24%	-2.88%	-4.53%
2007	0.72%	-0.28%	1.74%	0.00%	-0.70%	3.69%	-1.15%
2008	-3.68%	-0.31%	-1.97%	-5.64%	0.22%	-7.23%	-9.15%
Geometric Mean	-2.47%	0.13%	1.15%	-1.90%	4.18%	3.91%	-3.24%

Table 11 Energy Probe #40							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Forecast Annual kWh Usage per Customers/Connection							
2009	9,978	36,602	735,699	7,943,011	713	595	5,615
2010	9,732	36,649	744,153	7,792,481	743	618	5,434

Table 12 Non-normalized Weather Billed Energy Forecast Energy Probe #40								
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads	Total
Non-normalized Weather Billed Energy Forecast (GWh)								
2009	565	181	605	135	12	0	4	1,502
2010	570	187	620	132	12	0	4	1,526

Table 14 Alignment of Non-normal to Weather Normal Forecast Energy Probe #40								
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads	Total
Non-normalized Weather Billed Energy Forecast (GWh)								
2009	565	181	605	135	12	0	4	1,502
2010	570	187	620	132	12	0	4	1,526
Adjustment for Weather (GWh)								
2009	-22	-7	-19	-1	0	0	0	-49
2010	-28	-9	-24	-1	0	0	0	-62
Weather Normalized Billed Energy Forecast (GWh)								
2009	542	174	586	134	12	0	4	1,453
2010	543	178	596	132	12	0	4	1,464

Table 17 kW Forecast by Applicable Rate Class Energy Probe #40				
	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting
2009	1,636,232	326,381	31,278	383
2010	1,665,048	314,497	33,349	389

**Forecast Class Billing Determinants for 2010 Test Year Based on Existing Class Revenue Proportions
 Revenue At Existing Rates**

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	542,564,919		703,399		9,650,631	8,138,474	17,789,105		17,789,105	62.66%
GS < 50 kW	178,083,011		61,306		1,844,686	2,332,887	4,177,574		4,177,574	14.71%
GS 50 to 999 kW	595,695,916	1,656,704	9,997		1,986,453	3,208,208	5,194,661	113,555	5,081,106	17.90%
GS > 1000 kW	131,501,366	228,423	204		644,616	394,235	1,038,851	0	1,038,851	3.66%
Large Use	0	0	0		0	0	0	0	0	0.00%
Sentinel Lights	140,163	389		2,720	109	262	371		371	0.00%
Street Lighting	12,463,256	33,349		201,399	62,434	63,266	125,700		125,700	0.44%
USL	3,780,548			8,349	125,657	52,928	178,584		178,584	0.63%
	1,464,229,179	1,918,865	774,905	212,468	14,314,585	14,190,261	28,504,846	113,555	28,391,291	100%

**Forecast Class Billing Determinants for 2010 Test Year Based on Existing Class Revenue Proportions
 Revenue At Proposed Rates**

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	542,564,919	0	703,399	0	9,942,070	8,384,247	18,326,317		18,326,317	55.46%
GS < 50 kW	178,083,011	0	61,306	0	2,146,829	2,714,993	4,861,822		4,861,822	14.71%
GS 50 to 999 kW	595,695,916	1,656,704	9,997	0	2,957,407	4,889,896	7,847,302	113,555	7,733,747	23.41%
GS > 1000 kW	131,501,366	228,423	204	0	750,198	458,807	1,209,005		1,209,005	3.66%
Sentinel Lights	140,163	389	0	2,720	4,596	11,084	15,680		15,680	0.05%
Street Lighting	12,463,256	33,349	0	201,399	371,562	376,518	748,080		748,080	2.26%
USL	3,780,548	0		8,349	103,343	43,529	146,873		146,873	0.44%
	1,464,229,179	1,918,865	774,905	212,468	16,276,005	16,879,074	33,155,078	113,555	33,041,523	100.00%

Adjusted Forecast
Energy Probe Interrogatory #40

Class	Forecasted consumption based on historical average (excluding customers A through E)				A,B,C,D,E Estimated consumption (EP adjustments)				Adjusted Forecast			
	2009		2010		2009		2010		2009		2010	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Total GS 1000 to 4999 kW	357,797	155,486,226	341,890	149,149,571	5,783	2,621,460	5,783	2,621,460	363,580	158,107,686	347,673	151,771,031
Total GS 50 to 999 kW	1,564,795	618,689,166	1,759,051	643,642,230	5,449	3,442,657	5,472	3,456,903	1,570,245	622,131,822	1,764,523	647,099,134
Total	1,922,592	774,175,392	2,100,940	792,791,801	11,233	6,064,117	11,255	6,078,364	1,933,824	780,239,509	2,112,196	798,870,165

Interrogatory # 41

Ref: Board Staff Interrogatory # 10 a

In the response to Board Staff Interrogatory #10, part (a), Oakville Hydro is requesting that the its load forecast be updated with Ontario’s Real GDP of -3.5% for 2009 and 2.0% for 2010 when final rates are determined.

a) Please provide the impact on the revenue requirement of this request.

RESPONSE:

The impact on the revenue requirement is a decrease of \$14,122

b) Please provide the impact, by rate class, of this request.

RESPONSE:

a) Updated Bill Impact:

Bill Impact	Total Bill Impact	Dollar Impact
Residential 800 kWh	2.47%	\$1.72
GS< 50 kW at 2000 kWh	4.64%	\$9.72
GS 50 to 999 kW at 64,000 kWh	2.73%	\$175.74
GS> 1000 kW at 1000,000 kWh	0.54%	\$528.30
Street Lighting at 620,000 kWh	67.60%	\$45,562.86
Sentinel Lighting 1 connection	97.48%	\$11.44
USL at 250 kWh	-7.17%	-\$3.09

Revised Bill Impact;

Bill Impact	Total Bill Impact	Dollar Impact
Residential 800 kWh	2.48%	\$1.72
GS< 50 kW at 2000 kWh	4.53%	\$9.49
GS 50 to 999 kW at 64,000 kWh	2.73%	\$175.55
GS> 1000 kW at 1000,000 kWh	0.54%	\$526.94
Street Lighting at 620,000 kWh	67.57%	\$45,547.00
Sentinel Lighting 1 connection	97.47%	\$11.43
USL at 250 kWh	-5.73%	-\$4.34

- c) **Please explain why the coefficients on population and the large user have changed. Have the other coefficients also changed?**

RESPONSE:

The coefficients on population and the large user changed because the GDP was updated with the new 2009 and 2010 values. This impacted the actual 2009 data used in the regression analysis. In the pre-filed version 5 Oakville Hydro used Jan to May 2009 actual data in the regression analysis and this did not change in the revised analysis conducted to respond to this question. However, the coefficients change anytime an independent variable (i.e. GDP) changes in the data used in the regression analysis.

- d) **Please provide the regression statistics for the new version 5 used in the forecast provided in the response to Board Staff in the same level of detail as shown on page 11 of Exhibit 3, Tab 2, Schedule 1.**

RESPONSE:

Please refer to Oakville Hydro's response to Board Staff interrogatory number 51.

- e) **If the t-statistics for the population variable, or any other variable is less than 1.5, please re-estimate the new version 5 excluding these variables, and provide the regression statistics and coefficients and the forecast GWh's associated with the new GDP forecast.**

RESPONSE:

The t-statistics for population are less than 1.5. The regression statistics and coefficients excluding the population variable and the forecast of GWh's associated with the new forecast are provided below:

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.96							
R Square	0.91							
Adjusted R Square	0.91							
Standard Error	4,214,043.17							
Observations	137.00							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	8	2.40567E+16	3.00709E+15	169.3354844	3.01283E-64			
Residual	128	2.27304E+15	1.77582E+13					
Total	136	2.63297E+16						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	(97,720,659.78)	14,848,732.47	(6.58)	0.00	(127,101,413.48)	(68,339,906.08)	(127,101,413.48)	(68,339,906.08)
Heating Degree Days	25,788.01	2,546.83	10.13	0.00	20,748.67	30,827.35	20,748.67	30,827.35
Cooling Degree Days	232,269.12	14,955.05	15.53	0.00	202,678.00	261,860.23	202,678.00	261,860.23
Ontario Real GDP Monthly	682,931.18	31,472.99	21.70	0.00	620,656.50	745,205.86	620,656.50	745,205.86
Number of Days in Month	3,367,336.59	469,377.83	7.17	0.00	2,438,592.38	4,296,080.80	2,438,592.38	4,296,080.80
Spring Fall Flag	(4,622,942.89)	1,050,104.60	(4.40)	0.00	(6,700,754.22)	(2,545,131.56)	(6,700,754.22)	(2,545,131.56)
Number of Peak Hours	52,844.89	23,929.19	2.21	0.03	5,496.91	100,192.87	5,496.91	100,192.87
Blackout Flag	(7,217,447.17)	4,325,393.60	(1.67)	0.10	(15,775,977.29)	1,341,082.95	(15,775,977.29)	1,341,082.95
Large User	1.363142538	0.218587565	6.23613945	6.0172E-09	0.930629701	1.795655376	0.930629701	1.795655376

Forecast	GWh
2009 BY	1,545
2010 TY	1,538

- f) Please rerun the equation estimated in (e) above and change the period to use data beginning in January 2002 to the latest actual data available for 2009 and remove the volumes associated with customers A, B, C, D and E and provide the information requested in Energy Probe Interrogatory # 9.

RESPONSE:

Oakville Hydro has rerun the regression model provided in response to Energy Probe Question #40 with the updated GDP forecast. The results are provided below.

SUMMARY OUTPUT								
<i>Regression Statistics</i>								
Multiple R	0.96							
R Square	0.92							
Adjusted R Square	0.91							
Standard Error	3,639,057.93							
Observations	96.00							
<i>ANOVA</i>								
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression	8	1.3098E+16	1.63725E+15	123.6340222	3.73592E-44			
Residual	87	1.15212E+15	1.32427E+13					
Total	95	1.42501E+16						
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	(91,086,572.55)	18,015,534.82	(5.06)	0.00	(126,894,398.02)	(55,278,747.09)	(126,894,398.02)	(55,278,747.09)
Heating Degree Days	24,761.96	2,502.12	9.90	0.00	19,788.72	29,735.20	19,788.72	29,735.20
Cooling Degree Days	239,845.88	14,969.01	16.02	0.00	210,093.35	269,598.41	210,093.35	269,598.41
Ontario Real GDP Month	315,360.40	201,528.19	1.56	0.12	(85,198.68)	715,919.49	(85,198.68)	715,919.49
Number of Days in Mon	3,015,077.47	499,668.09	6.03	0.00	2,021,933.05	4,008,221.89	2,021,933.05	4,008,221.89
Spring Fall Flag	(5,353,629.50)	1,035,965.05	(5.17)	0.00	(7,412,722.17)	(3,294,536.83)	(7,412,722.17)	(3,294,536.83)
Population	324.13	123.82	2.62	0.01	78.01	570.24	78.01	570.24
Number of Peak Hours	47,741.78	25,152.62	1.90	0.06	(2,251.76)	97,735.33	(2,251.76)	97,735.33
Blackout Flag	(8,346,298.23)	3,802,566.69	(2.19)	0.03	(15,904,311.12)	(788,285.33)	(15,904,311.12)	(788,285.33)

Table 4 Total System Purchases - Energy Probe # 41 GWh			
	<u>Actual</u>	<u>Predicted</u>	<u>% Difference</u>
1998	1,380	1,242	-10.0%
1999	1,401	1,302	-7.1%
2000	1,470	1,310	-10.9%
2001	1,502	1,358	-9.6%
2002	1,416	1,422	0.4%
2003	1,399	1,404	0.3%
2004	1,430	1,414	-1.1%
2005	1,522	1,512	-0.7%
2006	1,491	1,497	0.4%
2007	1,537	1,547	0.6%
2008	1,539	1,529	-0.6%
2009	1,501	1,510	0.6%
2010 (WN)	0	1,519	

Table 5 Historical Loss Factor Energy Probe #41			
(GWh)	Actual Purchases	Actual Billed including the Market Participant billed by IESO	Loss Factor
2002	1,416	1,351	4.83%
2003	1,399	1,347	3.89%
2004	1,430	1,383	3.34%
2005	1,522	1,471	3.42%
2006	1,491	1,438	3.69%
2007	1,537	1,476	4.17%
2008	1,539	1,479	4.07%
2009	1,501	1,453	3.31%
Average			3.92%

Table 6 Historical Customer/Connection Data Energy Probe #41								
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads	Total
Number of Customers/Connections								
2002	44,243	4,010	756	17	13,948	271	615	63,860
2003	46,192	4,249	756	17	14,431	248	629	66,522
2004	48,272	4,395	758	17	14,828	244	642	69,156
2005	49,953	4,539	760	17	15,261	243	658	71,431
2006	51,485	4,614	774	17	15,571	241	661	73,363
2007	52,971	4,701	781	17	15,890	240	669	75,269
2008	54,636	4,809	813	17	16,025	237	675	77,211

Table 7 Growth Rate in Customer/Connections Energy Probe #41							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Growth Rate in Customer/Connection							
2002							
2003	4.41%	5.94%	0.07%	0.00%	3.47%	-8.49%	2.17%
2004	4.50%	3.45%	0.30%	0.00%	2.75%	-1.61%	2.05%
2005	3.48%	3.27%	0.25%	0.00%	2.92%	-0.41%	2.57%
2006	3.07%	1.65%	1.82%	0.00%	2.03%	-0.82%	0.44%
2007	2.89%	1.90%	0.86%	0.00%	2.05%	-0.41%	1.16%
2008	3.14%	2.28%	4.12%	0.00%	0.84%	-1.25%	0.90%
Geometric Mean	3.58%	3.07%	1.23%	0.00%	2.34%	-2.21%	1.55%

Table 9 Historical Annual Usage per Customer Energy Probe #41							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Annual kWh Usage Per Customer/Connection							
2002	11,888	36,281	679,145	9,081,361	535	455	7,069
2003	10,842	33,484	688,582	9,889,453	752	651	6,039
2004	10,681	33,422	705,750	9,985,573	764	648	6,945
2005	11,190	36,123	757,185	9,274,103	686	613	6,768
2006	10,546	36,773	729,244	8,580,653	687	595	6,461
2007	10,622	36,670	741,940	8,580,568	683	617	6,387
2008	10,231	36,556	727,340	8,096,449	684	573	5,803

Table 10 Growth Rate in Usage Per Customer/Connection Energy Probe #41							
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads
Growth Rate in Usage Per Customer/Connection							
2002							
2003	-8.80%	-7.71%	1.39%	8.90%	40.62%	43.16%	-14.57%
2004	-1.49%	-0.19%	2.49%	0.97%	1.53%	-0.57%	15.00%
2005	4.77%	8.08%	7.29%	-7.12%	-10.23%	-5.33%	-2.55%
2006	-5.76%	1.80%	-3.69%	-7.48%	0.24%	-2.88%	-4.53%
2007	0.72%	-0.28%	1.74%	0.00%	-0.70%	3.69%	-1.15%
2008	-3.68%	-0.31%	-1.97%	-5.64%	0.22%	-7.23%	-9.15%
Geometric Mean	-2.47%	0.13%	1.15%	-1.90%	4.18%	3.91%	-3.24%

Table 15 Historical Annual kW per Applicable Rate Class Energy Probe #41				
	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting
2002	1,347,369	547,521	15,926	342
2003	1,509,048	480,074	30,232	449
2004	1,645,568	585,688	31,103	439
2005	1,548,601	469,035	29,363	414
2006	1,518,283	467,246	29,890	399
2007	1,564,120	461,503	30,296	409
2008	1,614,129	411,997	30,509	377

Table 16 Historical kW/KWh Ratio per Applicable Rate Class Energy Probe #41				
	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting
2002	0.26%	0.35%	0.21%	0.28%
2003	0.29%	0.29%	0.28%	0.28%
2004	0.31%	0.35%	0.27%	0.28%
2005	0.27%	0.30%	0.28%	0.28%
2006	0.27%	0.32%	0.28%	0.28%
2007	0.27%	0.32%	0.28%	0.28%
2008	0.27%	0.30%	0.28%	0.28%
Average	0.28%	0.32%	0.27%	0.28%

Table 12 Non-normalized Weather Billed Energy Forecast Energy Probe #41								
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads	Total
Non-normalized Weather Billed Energy Forecast (GWh)								
2009	565	181	605	135	12	0	4	1,502
2010	570	187	620	132	12	0	4	1,526

Table 14 Alignment of Non-normal to Weather Normal Forecast Energy Probe #41								
	Residential	General Service < 50 kW	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting	Unmetered Loads	Total
Non-normalized Weather Billed Energy Forecast (GWh)								
2009	565	181	605	135	12	0	4	1,502
2010	570	187	620	132	12	0	4	1,526
Adjustment for Weather (GWh)								
2009	-22	-7	-19	-1	0	0	0	-49
2010	-29	-9	-25	-1	0	0	0	-64
Weather Normalized Billed Energy Forecast (GWh)								
2009	542	174	586	134	12	0	4	1,453

Table 17 kW Forecast by Applicable Rate Class Energy Probe #41				
	General Service > 50 to 999 kW	General Service > 1000 kW	Street Lighting	Sentinel Lighting
2009	1,636,232	326,381	31,278	383
2010	1,665,048	314,497	33,349	389

**Forecast Class Billing Determinants for 2010 Test Year Based on Existing Class Revenue Proportions
 Revenue At Existing Rates**

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	541,663,313		703,399		9,650,631	8,124,950	17,775,581		17,775,581	62.65%
GS < 50 kW	177,787,082		61,306		1,844,686	2,329,011	4,173,697		4,173,697	14.71%
GS 50 to 999 kW	594,912,052	1,656,704	9,997		1,986,453	3,208,208	5,194,661	113,555	5,081,106	17.91%
GS > 1000 kW	131,469,958	228,423	204		644,616	394,235	1,038,851	0	1,038,851	3.66%
Large Use	0	0	0		0	0	0	0	0	0.00%
Sentinel Lights	140,163	389		2,720	109	262	371		371	0.00%
Street Lighting	12,463,256	33,349		201,399	62,434	63,266	125,700		125,700	0.44%
USL	3,780,548			8,349	125,657	52,928	178,584		178,584	0.63%
	1,462,216,373	1,918,865	774,905	212,468	14,314,585	14,172,860	28,487,445	113,555	28,373,890	100%

**Forecast Class Billing Determinants for 2010 Test Year Based on Existing Class Revenue Proportions
 Revenue At Proposed Rates**

Class	Annual kWh	Annual kW For Dx	Annualized Customers	Annualized Connections	Fixed Distribution Revenue	Variable Distribution Revenue	Dist. Rev. Including Transformer	Transformer Allowance	Dist. Rev. Excluding Transformer	Dist Rev At Existing Rates %
Residential	541,663,313	0	703,399	0	9,947,302	8,374,720	18,322,022		18,322,022	55.45%
GS < 50 kW	177,787,082	0	61,306	0	2,148,146	2,712,144	4,860,289		4,860,289	14.71%
GS 50 to 999 kW	594,912,052	1,656,704	9,997	0	2,959,188	4,892,773	7,851,961	113,555	7,738,406	23.42%
GS > 1000 kW	131,469,958	228,423	204	0	750,658	459,088	1,209,746		1,209,746	3.66%
Sentinel Lights	140,163	389	0	2,720	4,597	11,086	15,683		15,683	0.05%
Street Lighting	12,463,256	33,349	0	201,399	371,726	376,684	748,410		748,410	2.27%
USL	3,780,548	0	0	8,349	103,409	43,557	146,966		146,966	0.44%
	1,462,216,373	1,918,865	774,905	212,468	16,285,027	16,870,052	33,155,078	113,555	33,041,523	100.00%

Adjusted Forecast
Energy Probe Interrogatory #41

Class	Forecasted consumption based on historical average (excluding customers A through E)				A,B,C,D,E Estimated consumption (EP adjustments)				Adjusted Forecast			
	2009		2010		2009		2010		2009		2010	
	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh
Total GS 1000 to 4999 kW	326,381	134,233,134	314,497	131,469,958	5,783	2,621,460	5,783	2,621,460	332,164	136,854,594	320,281	134,091,419
Total GS 50 to 999 kW	1,636,232	586,373,232	1,665,048	594,912,052	5,449	3,442,657	5,472	3,456,903	1,641,682	589,815,889	1,670,520	598,368,955
Total	1,962,613	720,606,366	1,979,546	726,382,010	11,233	6,064,117	11,255	6,078,364	1,973,846	726,670,483	1,990,801	732,460,374

Interrogatory # 42

Ref: Energy Probe Interrogatory # 10

- a) Please update the response provided in part (c) to reflect actual data for 2009 and include a total in the table. Please explain any significant variances from the 2009 forecast of total other distribution revenue of \$1,889,155.

RESPONSE:

Please see the attached file. Other distribution revenues for 2009 forecast was 2,261,140 not 1,889,155.

OEB	2009 Actual	2009 Budget	variance	2008 Actual
4080	(\$167,773.86)	(\$186,654.00)		(165,274.00)
4210	(\$201,232.95)	(\$123,878.00)	catch up billings	(118,566.00)
4220	(\$665,176.40)	(\$502,487.00)	increased occupancy charges for Blink for data centre space	(412,631.00)
4225	(\$274,622.72)	(\$264,000.00)		(261,337.00)
4235	(\$293,471.37)	(\$333,055.00)		(343,182.00)
4380	\$84,470.05			217,382.00
4375	(\$462,229.04)	(\$65,000.00)	Large one time OPA -ERIP Incentive	(317,569.00)
4398	(\$65,236.43)		One-time US hedging for smart meters	(1,728.00)
4385	(\$10,188.37)	(\$10,299.00)		(10,299.00)
4390	(\$387,730.74)	(\$60,000.00)	SR&ED credit & proceeds on sale of vehicles & chargeable work	(332,662.00)
4405	(795,378.78)	(715,767.00)		(1,068,008.00)
	(\$3,238,570.61)	(\$2,261,140.00)		(2,813,874.00)

- b) Please provide a table similar to that provided in part (c) of the response that excludes revenues and costs incurred in 2009 associated with Blink Communications.

RESPONSE:

OEB	(without Blink) 2009 Actual	(without Blink) 2009 Forecast
4080	(167,774)	(186,654)
4210	(136,185)	(123,878)
4220	(383,176)	(337,087)
4225	(274,623)	(264,000)
4235	(293,471)	(333,055)
4380	84,470	
4375	(462,229)	(65,000)
4398	(65,236)	-
4385	(10,188)	(10,299)
4390	(387,731)	(60,000)
4405	(266,971)	(263,067)
	(\$2,363,115)	(\$1,643,040)

- c) **In part (d) of the response, Oakville Hydro indicates that it does not forecast gains or losses on vehicles being replaced. In the response to Energy Probe Interrogatory # 4, part (a) Oakville Hydro indicated that it records vehicles based on the pooling methodology.**

As per Oakville Hydro’s response to Question #37, Oakville Hydro has not recorded any disposals of its own vehicles to date. All previous vehicles, other than the 3 referred to in response to Question #37, were returned to the Corporation of the Town of Oakville upon termination of the lease agreement

- (i) **Please explain the impact on net book value if Oakville Hydro replaces a vehicle and disposes of it before it is fully depreciated.**

RESPONSE:

Under the pooling method of assets, had Oakville Hydro disposed of any vehicles, the sale price of that vehicle would have been credited to the vehicle “pool” of assets. Were the proceeds, greater than the book value, the gain would have reduced future depreciation expense. Were the proceeds less than book value, then the remaining balance would have continued to be depreciated until the asset was fully depreciated.

- (ii) **How many vehicles is Oakville Hydro forecasting to replace in 2010?**

RESPONSE:

Oakville Hydro is forecasting the replacement of 2 vehicles in 2010, one of which is owned by Oakville Hydro and the other is a leased vehicle. The vehicle that is

owned by Oakville Hydro is a 5-year old automobile and it is expected that the resale value would be minimal. At this time Oakville Hydro has not determined whether this vehicle will be disposed of. The other vehicle is a leased vehicle which will be returned to the Town of Oakville upon termination of the lease agreement.

(iii) For each of the last four historical years, including actual 2009, how many vehicles has Oakville Hydro replaced and what were the total net proceeds associated with the scrap value/sale of these vehicles?

RESPONSE:

Year	Equipment Purchased		Replacing Unit	Owned or Leased	Description
2006					
	from 2005 WIP				
	Single Bucket		29	Leased	1993 International Single Bucket
	Large Van		11	Leased	1996 International Van
	Van		53	Leased	1999 Chevrolet Van
	Pick-up		15	Leased	1994 Dodge Acclaim
	Large Van		10	Leased	1995 International Chassis
	Single Bucket		50	Leased	1998 International Single Bucket
	Pick-up		34	Leased	1994 Ford Ranger
	Pick-up				Addition to Fleet
	Pick-up		45	Leased	1998 Chevrolet Pick-up
	Pick-up		47	Leased	1998 Chevrolet Pick-up
2007	Single Bucket		48	Leased	1998 International Single Bucket
	Locate Van		55	Leased	1999 Chevrolet Van
	Engineering Pick-up			Leased	
2008	P&C Bucket Truck	Note 1	35	Leased	1995 Ford Single Bucket
	Replace Digger/Derrick	Note 1	51	Leased	1999 International Digger Derrick
		Note 1	60	Leased	2000 International Digger Derrick
2009	Double Bucket		58	Leased	2000 International Double Bucket
	Pick-up		36	Leased	1996 Chevrolet Pick-up
	Pick-up		63	Leased	2000 Chevrolet Pick-up
	Meter Van		54	Leased	1999 Chevrolet Van
	P&C Truck		56	Leased	1999 Chevrolet Pick-up
	Line Dump Truck		61	Leased	2000 Ford Dump Truck
	Line Dump Truck		62	Leased	2000 Ford Dump Truck

Note 1 These three vehicles were purchased from the lessor for immediate resell. The gain on sale was recorded in Account 4390 (see Exhibit 3, Tab 4, Schedule 2, Appendix 2-D, page 4 of 5)

The remaining vehicles did not belong to Oakville Hydro, there were no proceeds at disposal, these assets were returned to the lessor.

The proceeds from the sale of those vehicles purchased for resale were as shown in the table below:

Year	Vehicles Purchased for Resale	Net Proceeds on Vehicles Sold (\$)
2009	2	10,700
2008	1	29,762

- d) **Please update the \$101,700 in September year to date revenues described in part (e) of the response to reflect a full year figure for 2009. Is any of this amount related to car accidents or other one time events? If yes please quantify and describe why these are one-time events. In particular, please provide the actual revenues from invoices for car accidents that damaged Oakville Hydro equipment in each of 2006 through 2009. If the billing system error referred to in the response does not permit this, please provide the total of such invoices over the 2006 through 2009 period.**

RESPONSE:

To update our answer to EP# 10 (e) the actual annual revenue for 2009 is \$ 214,000.

The following are the actual revenues (in 000's) for vehicle accidents for the period 2007 – 2009 (2006 data has been sent to storage and is not readily available):

2007 - \$ 123,000 (\$ 86,000 subsequently written off due to no insurance and no assets from which to collect). Net \$ 37,000.
2008 - \$ 56,000
2009 - \$ 44,000

- e) **Part (l) of the response indicates that Oakville Hydro intends to only have one further apprentice in the control room. Please indicate how many apprentices Oakville Hydro will have in 2010 that are eligible for the apprenticeship training tax credit based on the new guidelines that extend the tax credit to the first 48 months of the apprenticeship program.**

RESPONSE:

Based on the existing apprentices and one additional apprentice in 2010 with the proposed extension of the 48 months, Oakville Hydro would have 4 apprentices eligible for the credit for the 2010 year. Details are provided in Oakville Hydro's response to EP Question #50f).

Interrogatory # 43

Ref: Energy Probe Interrogatory # 12

In the response to part (a) Oakville Hydro indicates that there is 1.5 to 2 year cycle in the metal recycling process and that actual proceeds for 2008 were \$84,760 and that a drop is expected for 2009.

- a) What were the actual proceeds on the sale of materials for 2009?**

RESPONSE:

Actual proceeds on the sale of materials for 2009 were \$38,384.

- b) Given the 2 year cycle identified by Oakville Hydro please explain the further drop forecast for 2010 for proceeds from the sale of materials.**

RESPONSE:

Oakville Hydro anticipates a further drop in proceeds on the sale of materials for 2010 due to closer monitoring of its inventories in order to minimize scrap. Warehousing and Operations are working closer together to ensure that distribution of product is more accurate which in turn will reduce the amount of scrap for any given project. For example for cabling requirements, measurement of required metres needed for a job are closely matched with reels that contain approximately the same amount of metres as required, thus producing less waste. This should lead to lower proceeds on the sale of materials.

Interrogatory # 44

Ref: Energy Probe Interrogatory # 16

- a) **The response in part (c) indicates that the annual cost of the accounts receivable insurance is approximately \$40,000. What is the annual premium forecast included in the 2010 revenue requirement associated with this insurance?**

RESPONSE:

The annual premium forecasted in 2010 for Accounts receivable insurance was \$78,200. This amount was an estimate at the time the cost of service application was prepared with policy coverage assumptions. The actual premium has now been finalized as \$40,425 plus PST as reported in Oakville Hydro's response to Energy Probe Interrogatory #16c.

- b) **The response provided in part (d) does not provide any explanation of the increase in the bad debt forecast for 2010 as compared to 2009 and the 2008 actual figure, excluding the \$250,000 associated with one large customer. Please provide the actual bad debt expense for 2009.**

RESPONSE:

Actual bad debt expense for 2009 is \$220,448. The bad debt in account 5335 for 2009 is \$177,985, which includes a recovery of the GST and DRC related to multiple previous years bad debt write offs of \$42,463.

Interrogatory # 45

Ref: Energy Probe Interrogatory # 17

- a) **The response to part (c) indicates that third party comprehensive compensation surveys are done on a periodic basis. Please indicate how often Oakville Hydro undertakes such a survey (e.g. every year, every second year).**

RESPONSE:

These surveys are done on an as needed basis, with no specific timeframe.

- b) **Please explain the higher management training costs in 2010 as compared to the historical figures provided in the response to part (d).**

RESPONSE:

The higher management training costs in 2010 are for one qualified professional engineer's tuition to commence his MBA studies. Please refer to Oakville Hydro's response to VECC interrogatory #7.

- c) **The response in part (e) shows a variance of \$30,025 in 2010, but the difference between the 2009 and 2010 figures is only \$20,025. Please reconcile.**

RESPONSE:

Oakville Hydro has made an input error in the table provided in response to EP Question # 17e) for the 2009 year column. The revised table is below.

Summary of Hydro and Water Charges – Head Office

	2006	2007	2008	2009	2010
Water/Sewer	10,722.96	10,659.75	13,775.82	12,255.00	19,920.00
Hydro	<u>136,103.81</u>	<u>148,092.30</u>	<u>184,207.79</u>	<u>165,000.00</u>	<u>187,360.00</u>
Total	146,826.77	158,752.05	197,973.61	177,255.00	207,280.00
Variiances					30,025.00

Interrogatory # 46

Ref: Energy Probe Interrogatory # 19

- a) **Assuming no oral component to the cost of service proceeding, what additional consultant and legal costs does Oakville Hydro expect to incur related to costs not included in the figures provided related to such things as interrogatory responses, argument-in-chief, reply argument and draft rate orders?**

RESPONSE:

Oakville's Hydro's best estimate of external consultants and legal costs for the interrogatory responses, the settlement conference, argument-in-chief, reply argument and draft rate orders is approximately \$69,000.

- b) **Why is there no reduction in the \$40,000 OEB cost for the review of the cost of service application if there is no oral component?**

RESPONSE:

Oakville Hydro's estimate of \$40,000 is that Oakville Hydro does not expect to see any savings in costs with the upcoming settlement conference process.

- c) **The response provided in part (j) does not provide any basis for the \$40,000 estimate. Does Oakville Hydro have any information on the actual cost related to the cost of service applications by any other distributors that filed such cost of service applications for 2008 and 2009? If so, please provide the details.**

RESPONSE:

Oakville Hydro does not have any information on the total actual cost related to preparing and supporting the cost of service applications by any other distributors that filed such cost of service applications for 2008 and 2009.

Interrogatory # 47

Ref: Energy Probe Interrogatory # 20

- a) **The response to part (a) of the interrogatory indicates that the Board has stated that “In the distributor’s next cost of service rate application immediately after the IFRS transition period, the balance in this sub-account should be included for review and disposition.” Please confirm that the IFRS transition period will not be completed until 2011 at the earliest.**

RESPONSE:

The IFRS transition period will not be finalized until 2011, although the utility will have spent a substantial portion of their budget by the end of 2010.

- b) **Has Oakville Hydro compared its forecasted cost related to transition to IFRS of \$1,000,000 to that of any other electricity distributor? If not, why not? If yes, please provide a comparison of the estimated costs for the transition to IFRS.**

RESPONSE:

From our discussions with other distributors, it is difficult to do a relevant comparison, as everyone is approaching the project differently. Some are doing much of the work internally with dedicated resources whereas others are using more outside resources with no dedicated internal resources. Some are using their own audit firm as their consultant whereas other have awarded to a different audit firm to do the consulting but then still have to have their own audit firm review their work.

Interrogatory # 48

**Ref: Energy Probe Interrogatory # 16 & # 24 &
SEC Interrogatory # 23 b**

Please recalculate the operating cost recovery from affiliates if the Executive & Finance allocation is based on distribution revenues and not total revenues for Oakville Hydro.

RESPONSE:

Please see Oakville Hydro's response to SEC Question # 29.

Interrogatory # 49

**Ref: Energy Probe Interrogatory #24 &
SEC Interrogatory # 23 e &
Exhibit 4, Tab 2, Schedule 8, Table 5**

- a) **Please reconcile the 2010 Test Year costs shown in Table 5 of Exhibit 4, Tab 2, Schedule 8, as amended to reflect the response to Energy Probe Interrogatory # 24a and the percentages shown in Table 6 of Exhibit 4, Tab 2, Schedule 8 with the dollar figures provided in Table 6 in Response to SEC Interrogatory # 23 e. For example, using billing and administration costs for 2010 of \$2,428,384 and the 54.99% shown in Table 6 provides an Oakville Hydro allocation of \$1,335,368 as compared to the figure of \$1,386,384 shown in response to SEC.**

RESPONSE:

In the original submission, Oakville Hydro had an error in the links of its spreadsheet> in the case of the line-Billing & administration the total charge should have been \$2,428,384 versus the amount originally updated of \$2,315,333. The 54.99% was calculated using the \$2,315,333 with the correction of the links, revising the amount to \$2,418,384 the percent of the amount remaining in Oakville Hydro is recalculated to 57.09% versus the 54.99% originally submitted. The following chart shows the 2010 information in the revised format.

Amended Allocations		Oakville Hydro Corporation	Oakville Hydro Electricity Distribution	Oakville Hydro Energy Services Inc	EL-Con Construction Inc	Total
Billing Administration	\$		1,386,384	1,042,000		2,428,384
	%	0.00%	57.09%	42.91%	0.00%	100.00%
Executive Services	\$	8,731	706,662	24,106	20,357	759,856
	%	1.15%	93.00%	3.17%	2.68%	100.00%
Finance Services	\$	11,029	869,889	29,097	25,715	935,730
	%	1.18%	92.96%	3.11%	2.75%	100.00%
Payroll Benefits	\$	49,216	2,843,616	185,000	179,000	3,256,832
	%	1.51%	87.31%	5.68%	5.50%	100.00%
Human Resources Services	\$		592,453	31,343	121,096	744,892
	%	0.00%	79.54%	4.21%	16.26%	100.00%
Information Technology Services	\$		1,264,197	20,528	51,319	1,336,044
	%	0.00%	94.62%	1.54%	3.84%	100.00%
Occupancy Services	\$	11,500	1,775,265	94,400	7,200	1,888,365
	%	0.61%	94.01%	5.00%	0.38%	100.00%
Warehouse & Purchasing Services	\$		802,000	74,000		876,000
	%	0.00%	91.55%	8.45%	0.00%	100.00%
Vehicle Insurance	\$		47,633		10,782	58,415
	%	0.00%	81.54%	0.00%	18.46%	100.00%
Total		80,476	10,288,099	1,500,474	415,469	12,284,518

b) Please add a column to the response to SEC for Table 6 that shows the total for the 5 affiliates for each of the line items. If these totals are different that the corresponding line item figures for 2010 shown in Table 5 of Exhibit 4, Tab 2, Schedule 8, please provide an explanation for the difference.

RESPONSE:

As requested, the column showing the total for each of the line items has been added in the response to Energy Probe Question 49a) above.

c) **Please add a row to the response to SEC for Table 6 that shows the total for each of the affiliates. Please reconcile the difference between the total amount shown allocated to Oakville Hydro and the total amount of OM&A costs included in the revenue requirement of \$12,571,361 shown in Exhibit 6, Tab 1, Schedule 2.**

RESPONSE:

<u>Reconciliation</u>		
Charges to affiliates (above)		
Oakville Hydro Corporation		80,476
Oakville Hydro Energy Services Inc		1,500,474
El-Con Construction Inc		<u>415,469</u>
		1,996,419
Less charges that are netted against directly against Acct. 5615		
Benefits	(413,216)	
Warehouse & Purchasing Burden	<u>(74,000)</u>	
		<u>(487,216)</u>
		<u>1,509,203</u>
Acct #		
5625 Administrative Expense - Transferred Credit		1,385,400
4220 Occupancy charges to affiliates		113,100
4220 Vehicles charges to affiliates		<u>10,782</u>
		<u>1,509,282</u>
Difference due to rounding		

d) **Please update the responses provided above to reflect the updated evidence in Exhibit 4, Tab 2, Schedule 8.**

RESPONSE:

The only difference from the in the response to Question 49a) above is the payroll benefits charge that was omitted in Oakville Hydro Corporation

Interrogatory # 50

Ref: Energy Probe Interrogatory # 26

- a) **Please explain why Oakville Hydro is not eligible for the small business tax rate on the first \$500,000 of taxable income.**

RESPONSE:

At the time of filing of the application, Oakville Hydro was not eligible for the small business tax rate on the first \$500,000 of taxable income as the small business deduction is phased out for associated corporations that have a taxable capital in excess \$10 million and completely eliminated when the taxable capital exceeds \$15M and therefore Oakville Hydro would not be subject to the reduced rate. However, it has been confirmed that on December 15, 2009, Bill 218, received Royal assent. This bill includes provisions which extend the small business deduction to all Canadian-controlled private corporations, effective July 1, 2010, effective July 1, 2010, on the first \$500,000 of active business income regardless of income level and therefore Oakville Hydro will be eligible.

- b) **Please provide the response to part (d) of the interrogatory, assuming that Oakville Hydro is eligible for the small business tax rate as follows. Tax on the first \$500,000 is at 5.0% and the claw back on the taxable income between \$500,000 and \$1.5 million is 2.125%. Please assume that the alternative is 13% on the first \$500,000. Please confirm that the difference between these two calculations is a tax reduction of \$18,750. If this cannot be confirmed, please provide all calculations and assumptions used that result in a different figure.**

RESPONSE:

Based on the two scenarios presented in this question, Oakville Hydro calculates the same difference of \$18,750. The lower amount being the scenario of “Tax on the first \$500,000 is at 5% and the claw back on the taxable income between \$500,000 and \$1.5M is 2.125%”.

- c) **In the response to part (g) of the interrogatory, please explain why Oakville Hydro used \$5,000 as the tax credit received for one apprentice when the maximum amount has been increased to \$10,000?**

RESPONSE:

At the time of the rate application Oakville Hydro used a tax credit of \$5,000 as opposed to the proposed increase to \$10,000 was as this was in the proposed provincial budget form and was not substantially enacted. However, Oakville Hydro has received

confirmation by its tax consultants on December 16, 2009, that the Provincial budget passed in the legislature. Therefore, the \$10,000 would be the applicable value.

- d) Please confirm that based on the \$10,000 tax credit and a tax rate of 31%, the net reduction in taxes is \$6,900 per apprentice. If this cannot be confirmed, please provide Oakville's estimate, including calculations.**

RESPONSE:

This would appear correct.

- e) Does the calculation of the \$3,400 figure shown in the response to part (g) of the interrogatory include the impact of the gross up to estimate the impact on the gross revenue requirement? If not, what would be the impact on the \$3,400 for the gross up? Please show the calculation.**

RESPONSE:

No, the calculation of the \$3,400 provided in response to Energy Probe # 26 (g) does not include the gross up. The grossed up amount would be:

$$\$3,400 / (1 - 31\%) = \$4,928$$

- f) Please confirm that Oakville Hydro will have four apprentices that are eligible for the apprenticeship training tax credit in 2010 (see response to Energy Probe Interrogatory # 29). If this cannot be confirmed, please indicate how many apprentice positions will be eligible.**

RESPONSE:

- f) Oakville Hydro will have the following four apprentices eligible for the 2010 apprenticeship credit.
- g) Has Oakville Hydro included the \$2,000 federal training tax credit available for the first 24 months of such positions in its tax calculations? If not, why not? Please provide the number of positions eligible for this credit in 2010.**

RESPONSE:

The \$2,000 Federal training tax credit is the "Apprenticeship Job Creation" credit. Oakville Hydro has never received this credit as it relates to SR&ED, and therefore

nothing was included in 2010. In the 2008 tax return in Exhibit 4, Tab 3, Schedule 3, Appendix B, Page 44 of 116 no credit was filed.

- h) With respect to the response provided to part (h), please provide the number of positions that were eligible for the co-operative education tax credit in 2008. How many such positions were eligible for this tax credit in 2009?**

RESPONSE:

In 2008, 9 positions were eligible for the co-operative education tax credit filed in Exhibit 4, Tab 3, Schedule 3, Appendix B, Page 115 of 116. There will be 10 positions eligible for this credit in 2009.

Interrogatory # 51

Ref: Energy Probe Interrogatory # 27 & # 28

In the response to part (a) of both interrogatories, Oakville Hydro indicates that a portion of the computer software expenditures should be put into CCA Class 12.

- a) **Please indicate which CCA class the \$149,500 that has been reallocated to Class 12 has been removed from. Based on this reallocation, what is the impact on the CCA claim for 2010? Please show the calculations for 2009 and 2010 to arrive at this amount.**

RESPONSE:

There should have been \$149,500 reallocated from class 50 to class 12. The CCA rate for both classes is 100%. The only difference between the classes is that class 12 assets are subject to the half year rule while class 50 assets are not. The impact on the CCA claim for 2009 and 2010 are provided below.

Description	2009	2010
CCA Claim as per Original Submission.	\$ 8,721,311	\$ 9,843,529
Less: Class 12 Assets subject to half year rule	74,750	62,500
Plus: CCA Claim for Prior Year	-	74,750
Revised CCA Claim	\$ 8,646,561	\$ 9,855,779

- b) **Please indicate which CCA class the \$125,000 that has been reallocated to Class 12 has been removed from. Based on this reallocation, what is the impact on the CCA claim for 2010? Please show the calculations to arrive at this amount.**

RESPONSE:

There should have been \$125,000 reallocated from class 50 to class 12. Please see the response to part (a) for the impact on the 2010 CCA.

- c) **Please provide revised Tables 17 and 18 of Exhibit 4, tab 3, Schedule 2 reflecting the changes made.**

RESPONSE:

Interrogatory # 52

**Ref: Energy Probe Interrogatory # 31 &
Board Staff Interrogatory # 11**

- a) **It is not clear from the answers provided that Oakville Hydro agrees than any revenues in excess of that forecast would be included in account 1572. In particular, the Oakville Hydro response to Board Staff states:**

“If the replacement load is obtained at the location of the customer in question, Oakville Hydro will record in account 1572 the revenue received for additional volumes sold at these locations that is above the volumes assumed in the approved load forecast and seek approval to dispose of this revenue at an appropriate future date.”

It is not clear to Energy Probe whether the revenue associated with additional volumes is only for 2010 or whether any revenues associated with additional volumes in 2010, 2011, 2012 and 2013, or whatever period may exist before Oakville Hydro rebases with another cost of service application would be included in account 1572. Please clarify.

RESPONSE:

Oakville Hydro has proposed that it be permitted to record the difference between forecasted distribution revenue and actual distribution revenue received from Customers A, B, C and D in variance account 1572 – Extraordinary Event Costs. These variances would be recorded until Oakville Hydro’s next cost of service rate application. Oakville Hydro has also requested that it be permitted to record the variance between the amount approved for recovery and the amount collected through the rate riders in account 1572

- b) **The response to part (f) indicates that Oakville Hydro was under second generation IRM for 2008 and 2009. Was Oakville Hydro also under second generation IRM for the period over which the 2010 losses have been calculated? If not, please explain.**

RESPONSE:

Yes, Oakville Hydro was also under second generation IRM for the period over which the 2010 losses have been calculated

Interrogatory # 53

Ref: Energy Probe Interrogatory # 35

Does Oakville Hydro have any suggestions as to the most accurate way to estimate the savings in capital expenditure costs after July 1, 2010 that result from the PST/GST harmonization? If yes, please provide details. If no, how does Oakville Hydro suggest that the Board deal with this reduction to capital expenditures for rate making purposes?

RESPONSE:

Oakville Hydro has made its best estimate based on the details of costs for each project and which items are subject to PST. Based on this calculation it is forecasting a reduction in capital of \$289,022 starting July 1, 2010 see Board Staff Question #54.

Interrogatory # 54

Ref: SEC Interrogatory # 6

Please explain why there are different figures provided in the response to SEC Interrogatory # 6 as compared to the pre-filed evidence for each of the following:

- a) **2007, 2008 and 2009 distribution and other operating revenue (net) does not match the information provided in Table 1 of Exhibit 3, Tab 1, Schedule 2.**

RESPONSE:

There are 3 reasons for the 2007 and 2008 differences between distribution and other operating revenue provided in Table 1, Exhibit 3, Tab 1, Schedule 2 and that provided in response to SEC Interrogatory #6. Please see Table below for detailed calculation of the 2007 and 2008 differences.

SEC #6	2007	2008
Distribution Revenue	28,332,499	28,511,589
PILS Adjustment	34,498 -	85,149
Other Revenue	2,666,085	2,648,600
Reported Revenue - 2.1.7	<u>31,033,082</u>	<u>31,075,040</u>

Table 1, Exhibit 3, Tab 1, Schedule 2

Distribution Revenue	28,332,499	28,511,629
SSS Admin (included in other revenue)	- 190,728 -	165,274
Other Revenue	2,858,042	2,813,874
Reported Revenue	<u>30,999,812</u>	<u>31,160,229</u>

Variance	33,269 -	85,189
PILS Adjustment	- 34,498	85,149
Account 4084 Omitted	1,229	-
Minor Variance 2.1.7 & 2.1.5	-	40
Difference	<u>-</u>	<u>-</u>

The differences in 2009 amounts are due to the fact that Oakville Hydro was asked to provide the most recent forecast data for 2009 in its response to SEC interrogatory #6 whereas Table 1, Exhibit 3, Tab 1, Schedule 2 is based upon the 2009 budgeted amounts.

- (i) In preparing the response to SEC interrogatory #6 Oakville Hydro used 2007 and 2008 trial balance data reported in RRR filing 2.1.7. In the RRR filing SSS administration charges are reported in account 4080 – Distribution revenues. In Table 1, Exhibit 3, Tab 1, Schedule 2 the SSS administration charge was deducted from distribution revenue and added to other revenue. There is no impact on the calculation of revenue deficiency.
- (ii) In accordance with the Accounting Procedures Handbook, Oakville Hydro records the tax impact of legislative changes to the tax rates or rules assumed in the 2006 OEB tax model. The response to SEC interrogatory #6 reflects these adjustments as does the RRR filing 2.1.7. These adjustments are not reflected in Table 1, Exhibit 3, Tab 1, Schedule 2. In 2007 total distribution revenues are greater than that provided in Table 1, Exhibit 3, Tab 1, Schedule 2 by \$34,498 and in 2008 distribution revenue is \$85,149 less than that provided in Table 1, Exhibit 3, Tab 1, Schedule 2.
- (iii) In the response to SEC interrogatory #6 account 4084 was inadvertently omitted from 2007 other distribution revenues resulting in an understatement of distribution revenues \$1,229. In 2008 Table 1, Exhibit 3, Tab 1, Schedule 2 was overstated by \$40 due to a minor variance in the amounts reported in RRR 2.1.5 and 2.1.7. There is no impact on the calculation of the revenue deficiency.

b) 2009 OM&A does not match the information provided in Appendix 2-G of Exhibit 4, Tab 2, Schedule 5.

RESPONSE:

The differences in 2009 amounts are due to the fact that Oakville Hydro was asked to provide the most recent forecast data for 2009 in its response to SEC interrogatory #6 whereas Table 1, Exhibit 3, Tab 1, Schedule 2 is based upon the 2009 budgeted amounts.

c) 2007 depreciation does not match the information provided in Appendix 2-N of Exhibit 4, Tab 2, Schedule 10.

RESPONSE:

Upon incorporation in 2000, Oakville Hydro wrote up its assets to fair market value for book purposes (never used for rate making purposes). In 2006, in conjunction with a change in auditors, Oakville Hydro removed the write up from the books. In 2007 an error was discovered in the adjustment to the cost of Buildings and an

adjustment in the amount of \$100,000 was made to the Buildings account with an offset to accumulated depreciation in the year.

Since the adjustment was made directly to accumulated depreciation, the depreciation expense has been increased in the continuity statements in order to accurately reflect the balance of accumulated depreciation at year end. Therefore, there is a difference of \$100,000 between the depreciation expense reported in the RRR filing 2.1.7 for the year 2007 and that provided in Appendix 2-N of Exhibit 4, Tab 2, Schedule 10.

Oakville Hydro believes that for the purpose of calculating the revenue deficiency the unadjusted depreciation expense is more appropriate.

d) 2009 property & capital taxes do not match the information provided in Table 19 of Exhibit 4, Tab 3, Schedule 3.

RESPONSE:

The differences in 2009 amounts are due to the fact that Oakville Hydro was asked to provide the most recent forecast data for 2009 in its response to SEC interrogatory #6 whereas Table 1, Exhibit 3, Tab 1, Schedule 2 is based upon the 2009 budgeted amounts.

e) 2008 and 2009 rate base does not match the information provided in Table 1 of Exhibit 2, Tab 1, Schedule 1.

RESPONSE:

The 2008 and 2009 rate base amounts are corrected in the following table. The 2009 calculation of revenue deficiency has been updated to reflect Oakville Hydro's updated application.

Calculation of Revenue Deficiency or Surplus

	2007 Actual	2008 Actual	2009 Forecast
Revenue			
Distribution Revenue	\$ 28,176,718	\$ 28,261,166	\$ 28,506,421
Other Operating Revenue (Net)	2,857,591	2,813,874	1,889,155
Total Revenue	31,034,309	31,075,040	30,395,575
Distribution Costs			
Operation, Maintenance, and Administration	8,913,036	10,120,875	13,114,261
Depreciation & Amortization	8,402,591	8,946,738	10,265,490
Property & Capital Taxes	613,373	392,332	299,240
Interest- Deemed Interest	3,582,336	3,858,259	5,754,219
Total Costs and Expenses	21,511,336	23,318,203	29,433,211
Utility Income Before Income Taxes	9,522,974	7,756,836	962,365
Net Tax Adjustments	3,447,874	1,418,252	187,223
Taxable Income	12,970,848	9,175,088	1,149,588
Tax Rate	36.1%	33.5%	31.0%
Income Tax	4,685,070	3,073,655	356,372
Utility Net Income	\$ 4,837,904	\$ 4,683,182	\$ 605,993
Rate Base	108,555,630	111,833,585	133,187,190
Return On Equity	9.00%	9.00%	9.75%
Equity Component Rate Base	45.0%	42.5%	40.0%
Target Return -Equity on Rate Base	\$ 4,396,503	\$ 4,277,635	\$ 5,194,300
Rate of Return	7.76%	7.64%	4.78%
Revenue Deficiency After Tax	- 441,401	- 405,547	4,588,308
Revenue Deficiency Before Tax	- 690,984	- 609,845	6,649,721

Interrogatory # 55

**Ref: SEC Interrogatory # 3 &
SEC Interrogatory # 8**

- a) **Please reconcile the statement in SEC interrogatory # 3 that Oakville Hydro has been consistent in its practice of full year amortization in the year of acquisition with the statement in SEC interrogatory # 8 that Oakville Hydro did not record amortization in 2008 on the assets totaling \$6,151,455 shifted from CWIP to rate base at the end of 2008.**

RESPONSE:

As explained in Exhibit 1, Tab 3, Schedule 3, numerous capital projects that were complete and in service remained in CWIP at the end of 2008 due to some administrative delays. Oakville Hydro identified these assets when preparing its cost of service application and reallocated these projects in the 2.1.7 RRR filing to better reflect the asset base. This reallocation was done for OEB reporting purposes only as the adjustment was made after the 2008 financial statements had been approved

- b) **Please confirm that the annual amortization on these assets is \$247,189.**

RESPONSE:

Oakville Hydro confirms that a full year of amortization on these assets is \$247,189.

- c) **Did Oakville Hydro transfer any assets from CWIP to rate base at the end of 2009? If so, what is the value of these assets that were transferred? Did Oakville Hydro record amortization in 2009 for these assets? If yes, please quantify. If not, please explain why not and quantify the amount of depreciation had it be calculated.**

RESPONSE:

Oakville Hydro Electricity Distribution did transfer all completed and in-service CWIP to rate base at the end of 2009. The value of assets transferred from CWIP to rate base was \$9,867,623. Once these were transferred to rate base, amortization was calculated in 2009. Depreciation on these CWIP assets only forms part of the amortization. The amortization of the asset is based on the full

cost of the whole project as a whole, from the start of costs being incurred to the end of completion, then the full cost of the project is run through amortization.

- d) Is Oakville Hydro forecasting the transfer of any assets from CWIP to rate base at the end of 2010? If so, what is the value of these assets being transferred? Is Oakville Hydro recording amortization in 2010 for these assets? If yes, please quantify. If not, please explain why not.**

RESPONSE:

At the end of 2009, the CWIP is \$4,842,540. With the following two exceptions, the entire amount is anticipated to be completed and in-service and transferred to rate base by the end of 2010.

- CWIP of \$445,000 for the North Oakville Transformer station which will be completed in 2011
- Possible uncontrollable and unexpected road widening delays would also carry over to 2011.

Interrogatory # 56

Ref: SEC Interrogatory # 3

Oakville Hydro indicates that it calculates a full year of amortization in the year of acquisition. Please recalculate the depreciation for the 2010 test year based on the half year rule and:

- a) **Provide a schedule that shows the use of the half year rule for 2010 and provide the impact on the 2010 depreciation expense.**

RESPONSE:

The following schedule provides the impact of using the half year rule on 2010 Depreciation.

Calculation of Amortization using the Half-Year Rule					
	2010	#	Amort	Amort	
	<u>Additions</u>	<u>Yrs</u>	<u>Full</u>	<u>Half</u>	<u>Difference</u>
			<u>Year</u>	<u>Year</u>	
Leasehold Improvements	\$ 300,500	10	\$ 30,050	\$ 15,025	\$ 15,025
Distrib Station Equip	\$ 771,500	30	\$ 25,717	\$ 12,858	\$ 12,858
Poles, Towers and Fixtures	\$ 2,433,437	25	\$ 97,337	\$ 48,669	\$ 48,669
Overhead Conductors	\$ 1,996,529	25	\$ 79,861	\$ 39,931	\$ 39,931
Underground Conduit	\$ 1,108,800	25	\$ 44,352	\$ 22,176	\$ 22,176
Underground Conductors	\$ 2,895,186	25	\$ 115,807	\$ 57,904	\$ 57,904
Line Transformers	\$ 3,185,748	25	\$ 127,430	\$ 63,715	\$ 63,715
Services	\$ 1,100,000	25	\$ 44,000	\$ 22,000	\$ 22,000
Meters	\$ 750,000	25	\$ 30,000	\$ 15,000	\$ 15,000
Computer Equipment	\$ 165,200	5	\$ 33,040	\$ 16,520	\$ 16,520
Computer Software	\$ 1,041,800	5	\$ 208,360	\$ 104,180	\$ 104,180
Transportation Equipment	\$ 340,000	7	\$ 48,571	\$ 24,286	\$ 24,286
Tools	\$ 130,000	10	\$ 13,000	\$ 6,500	\$ 6,500
System Supervisory	\$ 911,000	15	\$ 60,733	\$ 30,367	\$ 30,367
Contributions	\$ (2,615,000)	25	\$ (104,600)	\$ (52,300)	\$ (52,300)
Property Under Capital Lease	\$ 704,573	20	\$ 35,229	\$ 17,614	\$ 17,614
	<u>\$ 15,219,273</u>		<u>\$ 888,888</u>	<u>\$ 444,444</u>	<u>\$ 444,444</u>

- b) What is the impact on the 2010 rate base of using the half year rule? Please provide a schedule showing the calculation of the rate base assuming the half year rule for depreciation.**

RESPONSE:

Assuming that the half-year rule was applied to the 2010 additions the rate base would increase from \$133,187,190 to \$133,409,411 as shown in the table below.

	Gross Assets	Accumulated Amortization	Book Value
2009 Opening Balance	\$ 165,193,373	\$ 68,906,652	\$ 96,286,721
2009 Additions	24,728,098	10,020,022	14,708,076
2010 Opening Balance	189,921,471	78,926,674	110,994,797
2010 Additions	15,219,273	9,821,046	5,398,227
2010 Closing Balance	205,140,744	88,747,720	116,393,024
Net Fixed Assets	197,531,108	83,837,197	113,693,911
Working Capital			131,436,671
Working Capital Allowance			19,715,501
Rate Base			\$ 133,409,411

- c) **Please provide a schedule similar to that shown in Exhibit 6, Table 1, that shows the impact on the 2010 revenue requirement.**

RESPONSE:

- a) The following table provides the impact of applying the half year rule on 2009 and 2010 additions on the 2010 revenue requirement.

Calculation of Revenue Deficiency or Surplus

	2010 Test Existing Rates	2010 Test Proposed Rates
Revenue		
Suff/ Def From Below.		\$ 6,471,983
Distribution Revenue	\$ 28,506,421	28,506,421
Other Operating Revenue (Net)	1,889,155	1,889,155
Total Revenue	30,395,575	36,867,559
Distribution Costs		
Operation, Maintenance, and Administration	13,114,261	13,114,261
Depreciation & Amortization	10,265,490	10,265,490
Property & Capital Taxes	299,400	299,400
Interest- Deemed Interest	5,763,438	5,763,438
Total Costs and Expenses	29,442,590	29,442,590
Utility Income Before Income Taxes	952,985	7,424,969
Net Adjustments per 2010 PILs	- 257,221	- 257,221
Taxable Income	695,764	7,167,748
Tax Rate	31.0%	31.0%
Income Tax	215,687	2,222,002
Utility Net Income	\$ 737,298	\$ 5,202,967
Rate Base	133,409,412	133,409,412
Return On Equity	9.75%	9.75%
Equity Component Rate Base	40.0%	40.0%
Target Return -Equity on Rate Base	\$ 5,202,967	\$ 5,202,967
Rate of Return	4.87%	8.22%
Revenue Deficiency After Tax	4,465,669	
Revenue Deficiency Before Tax	6,471,983	

Interrogatory # 57

**Ref: Exhibit 1, Tab 2, Schedule 1, Updated February 18, 2010 &
Exhibit 1, Tab 2, Schedule 4, Updated February 18, 2010 &
Exhibit 1, Tab 2, Schedule 6, Updated February 18, 2010 &
Exhibit 5, Tab 1, Schedule 2**

As part of the updated evidence, Oakville Hydro has updated the return on equity to 9.75%. Please update the following information to reflect the cost of capital parameters as provided in the OEB's letter of February 24, 2010. In particular, please update the return on equity to 9.85%, the deemed short-term debt rate to 2.07% and the deemed long-term debt rate to 5.87% and provide the following:

- a) A revised Table 1 of Exhibit 1, Tab 2, Schedule 1 showing the rate impact;**

RESPONSE:

Oakville Hydro has updated Exhibit 1, Tab 2, Schedule 1, Table 1 with the cost of capital parameters released by the Board on February 24, 2010 below.

Revised Table 1
 Energy Probe Interrogatory #57

Class – Typical Usage	Monthly Dollar Impact	Total Bill Impact %
Residential - 800 kWh/mth		
Comparison to 2009	0.69	1.00%
General Service <50 kW 2,000 kWh/mth		
Comparison to 2009	7.17	3.42%
General Service 50 to 999 kW 160 kW 64,000 kWh/mth		
Comparison to 2009	148.52	2.31%
General Service > 1,000 kW 2,200 kW 1,000,000 kWh/mth		
Comparison to 2009	237.86	0.24%
Street Lighting : 14,545 connections 2,100 kW 620,000 kWh/mth & 14, 545 connections		
Comparison to 2009	44,133.14	65.48%
Sentinel Lighting 0.30 kW 134.55 kWh/mth & 1 connection		
Comparison to 2009	11.30	96.30%
Unmetered Scattered Load 550 kWh/mth		
Comparison to 2009	(5.04)	(6.65%)

b) A revised Table 2 of Exhibit 1, Tab 2, Schedule 4 showing the calculation of the revenue deficiency;

RESPONSE:

Oakville Hydro's revised Table 2 of Exhibit 1, Tab 2, Schedule 4 showing the calculation of revenue deficiency is provided below.

**Calculation of Revenue Deficiency or Surplus
 VECC Interrogatory #57**

	2010 Test Existing Rates	2010 Test Proposed Rates
Revenue		
Suff/ Def From Below.		\$ 5,461,120
Distribution Revenue	\$ 28,506,421	28,506,421
Other Operating Revenue (Net)	1,889,155	1,889,155
Total Revenue	30,395,575	35,856,696
Distribution Costs		
Operation, Maintenance, and Administration	13,114,261	13,114,261
Depreciation & Amortization	10,265,490	10,265,490
Property & Capital Taxes	299,240	299,240
Interest- Deemed Interest	4,488,408	4,488,408
Total Costs and Expenses	28,167,400	28,167,400
Utility Income Before Income Taxes	2,228,176	7,689,296
Net Adjustments per 2010 PILs	187,223	187,223
Taxable Income	2,415,399	7,876,519
Tax Rate	31.0%	31.0%
Income Tax	748,774	2,441,721
Utility Net Income	\$ 1,479,402	\$ 5,247,575
Rate Base	133,187,190	133,187,190
Return On Equity	9.85%	9.85%
Equity Component Rate Base	40.0%	40.0%
Target Return -Equity on Rate Base	\$ 5,247,575	\$ 5,247,575
Rate of Return	4.48%	7.31%
Revenue Deficiency After Tax	3,768,173	
Revenue Deficiency Before Tax	5,461,120	

c) A revised Revenue Requirement Work Form in Exhibit 1, Tab 2, Schedule 6;

RESPONSE:

Oakville Hydro's revised revenue Requirement Work Form is provided below.



REVENUE REQUIREMENT WORK FORM

Name of LDC: (1)
File Number:
Rate Year: Version: 1.0

Table of Content

<u>Sheet</u>	<u>Name</u>
A	Data Input Sheet
1	Rate Base
2	Utility Income
3	Taxes/PILS
4	Capitalization/Cost of Capital
5	Revenue Sufficiency/Deficiency
6	Revenue Requirement
7	Bill Impacts

Notes:

- (1) Pale green cells represent inputs
(2) **Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.**

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REVENUE REQUIREMENT WORK FORM

Name of LDC: Oakville Hydro Electricity Distribution Inc.
 File Number: EB-2009-0271
 Rate Year: 2010

		Data Input			(1)
		Application	Adjustments	Per Board Decision	
1	Rate Base				
	Gross Fixed Assets (average)	\$197,531,108	(4)		\$197,531,108
	Accumulated Depreciation (average)	(\$84,059,419)	(5)		(\$84,059,419)
	Allowance for Working Capital:				
	Controllable Expenses	\$13,324,861	(6)		\$13,324,861
	Cost of Power	\$118,111,810			\$118,111,810
	Working Capital Rate (%)	15.00%			15.00%
2	Utility Income				
	Operating Revenues:				
	Distribution Revenue at Current Rates	\$28,506,421			
	Distribution Revenue at Proposed Rates	\$33,967,541			
	Other Revenue:				
	Specific Service Charges	\$342,325			
	Late Payment Charges	\$256,834			
	Other Distribution Revenue	\$827,874			
	Other Income and Deductions	\$462,122			
	Operating Expenses:				
	OM+A Expenses	\$13,114,261			\$13,114,261
	Depreciation/Amortization	\$10,265,490			\$10,265,490
	Property taxes	\$210,600			\$210,600
	Capital taxes	\$88,640			
	Other expenses				
3	Taxes/PILs				
	Taxable Income:				
	Adjustments required to arrive at taxable income	\$187,223	(3)		
	Utility Income Taxes and Rates:				
	Income taxes (not grossed up)	\$1,668,272			
	Income taxes (grossed up)	\$2,417,786			
	Capital Taxes	\$88,640			
	Federal tax (%)	18.00%			
	Provincial tax (%)	13.00%			
	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 (%)	5.87%			
	Short-term debt Cost Rate (%)	2.07%			
	Common Equity Cost Rate (%)	9.85%			
	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

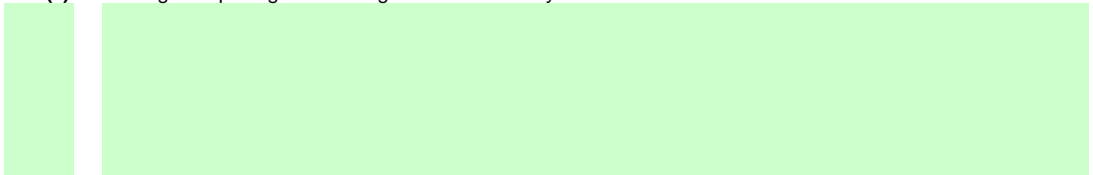
Name of LDC: Oakville Hydro Electricity Distribution Inc.
 File Number: EB-2009-0271
 Rate Year: 2010

Rate Base				
Line No.	Particulars	Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$197,531,108	\$ -	\$197,531,108
2	Accumulated Depreciation (average) (3)	(\$84,059,419)	\$ -	(\$84,059,419)
3	Net Fixed Assets (average) (3)	\$113,471,689	\$ -	\$113,471,689
4	Allowance for Working Capital (1)	\$19,715,501	\$ -	\$19,715,501
5	Total Rate Base	\$133,187,190	\$ -	\$133,187,190

(1) Allowance for Working Capital - Derivation				
6	Controllable Expenses	\$13,324,861	\$ -	\$13,324,861
7	Cost of Power	\$118,111,810	\$ -	\$118,111,810
8	Working Capital Base	\$131,436,671	\$ -	\$131,436,671
9	Working Capital Rate % (2)	15.00%		15.00%
10	Working Capital Allowance	\$19,715,501	\$ -	\$19,715,501

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: Oakville Hydro Electricity Distribution Inc.
 File Number: EB-2009-0271
 Rate Year: 2010

Utility income				
Line No.	Particulars	Application	Adjustments	Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$33,967,541	\$ -	\$33,967,541
2	Other Revenue (1)	\$1,889,155	\$ -	\$1,889,155
3	Total Operating Revenues	<u>\$35,856,696</u>	<u>\$ -</u>	<u>\$35,856,696</u>
Operating Expenses:				
4	OM+A Expenses	\$13,114,261	\$ -	\$13,114,261
5	Depreciation/Amortization	\$10,265,490	\$ -	\$10,265,490
6	Property taxes	\$210,600	\$ -	\$210,600
7	Capital taxes	\$88,640	\$ -	\$88,640
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	<u>\$23,678,991</u>	<u>\$ -</u>	<u>\$23,678,991</u>
10	Deemed Interest Expense	\$4,488,408	\$ -	\$4,488,408
11	Total Expenses (lines 4 to 10)	<u>\$28,167,400</u>	<u>\$ -</u>	<u>\$28,167,400</u>
12	Utility income before income taxes	<u>\$7,689,296</u>	<u>\$ -</u>	<u>\$7,689,296</u>
13	Income taxes (grossed-up)	\$2,417,786	\$ -	\$2,417,786
14	Utility net income	<u>\$5,271,510</u>	<u>\$ -</u>	<u>\$5,271,510</u>

Notes

(1)	Other Revenues / Revenue Offsets		
	Specific Service Charges	\$342,325	\$342,325
	Late Payment Charges	\$256,834	\$256,834
	Other Distribution Revenue	\$827,874	\$827,874
	Other Income and Deductions	\$462,122	\$462,122
	Total Revenue Offsets	<u>\$1,889,155</u>	<u>\$1,889,155</u>



REVENUE REQUIREMENT WORK FORM

Name of LDC: Oakville Hydro Electricity Distribution Inc.
 File Number: EB-2009-0271
 Rate Year: 2010

Taxes/PILs			
Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$5,247,575	\$5,247,575
2	Adjustments required to arrive at taxable utility income	\$187,223	\$187,223
3	Taxable income	\$5,434,798	\$5,434,798
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$1,668,272	\$1,668,272
5	Capital taxes	\$88,640	\$88,640
6	Total taxes	\$1,756,913	\$1,756,913
7	Gross-up of Income Taxes	\$749,514	\$749,514
8	Grossed-up Income Taxes	\$2,417,786	\$2,417,786
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$2,506,426	\$2,506,426
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	18.00%	18.00%
12	Provincial tax (%)	13.00%	13.00%
13	Total tax rate (%)	31.00%	31.00%

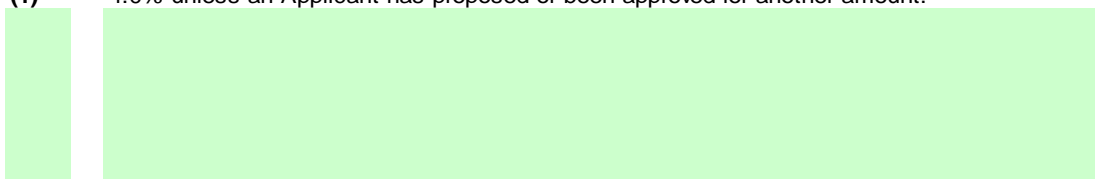
Notes

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Application					
Debt					
1	Long-term Debt	56.00%	\$74,584,826	5.87%	\$4,378,129
2	Short-term Debt	4.00%	\$5,327,488	2.07%	\$110,279
3	Total Debt	60.00%	\$79,912,314	5.62%	\$4,488,408
Equity					
4	Common Equity	40.00%	\$53,274,876	9.85%	\$5,247,575
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$53,274,876	9.85%	\$5,247,575
7	Total	100%	\$133,187,190	7.31%	\$9,735,984
Per Board Decision					
Debt					
8	Long-term Debt	56.00%	\$74,584,826	5.87%	\$4,378,129
9	Short-term Debt	4.00%	\$5,327,488	2.07%	\$110,279
10	Total Debt	60.00%	\$79,912,314	5.62%	\$4,488,408
Equity					
11	Common Equity	40.0%	\$53,274,876	9.85%	\$5,247,575
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	Total Equity	40.0%	\$53,274,876	9.85%	\$5,247,575
14	Total	100%	\$133,187,190	7.31%	\$9,735,984

Notes

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





REVENUE REQUIREMENT WORK FORM

Name of LDC: Oakville Hydro Electricity Distribution Inc.
 File Number: EB-2009-0271
 Rate Year: 2010

Revenue Sufficiency/Deficiency

Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved	At Proposed Rates	At Current Approved	At Proposed Rates
1	Revenue Deficiency from Below		\$5,461,120		\$5,461,120
2	Distribution Revenue	\$28,506,421	\$28,506,421	\$28,506,421	\$28,506,421
3	Other Operating Revenue Offsets - net	\$1,889,155	\$1,889,155	\$1,889,155	\$1,889,155
4	Total Revenue	\$30,395,575	\$35,856,696	\$30,395,575	\$35,856,696
5	Operating Expenses	\$23,678,991	\$23,678,991	\$23,678,991	\$23,678,991
6	Deemed Interest Expense	\$4,488,408	\$4,488,408	\$4,488,408	\$4,488,408
	Total Cost and Expenses	\$28,167,400	\$28,167,400	\$28,167,400	\$28,167,400
7	Utility Income Before Income Taxes	\$2,228,176	\$7,689,296	\$2,228,176	\$7,689,296
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$187,223	\$187,223	\$187,223	\$187,223
9	Taxable Income	\$2,415,399	\$7,876,519	\$2,415,399	\$7,876,519
10	Income Tax Rate	31.00%	31.00%	31.00%	31.00%
11	Income Tax on Taxable Income	\$748,774	\$2,441,721	\$748,774	\$2,441,721
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	\$1,479,402	\$5,271,510	\$1,479,402	\$5,271,510
14	Utility Rate Base	\$133,187,190	\$133,187,190	\$133,187,190	\$133,187,190
	Deemed Equity Portion of Rate Base	\$53,274,876	\$53,274,876	\$53,274,876	\$53,274,876
15	Income/Equity Rate Base (%)	2.78%	9.89%	2.78%	9.89%
16	Target Return - Equity on Rate Base	9.85%	9.85%	9.85%	9.85%
	Sufficiency/Deficiency in Return on Equity	-7.07%	0.04%	-7.07%	0.04%
17	Indicated Rate of Return	4.48%	7.33%	4.48%	7.33%
18	Requested Rate of Return on Rate Base	7.31%	7.31%	7.31%	7.31%
19	Sufficiency/Deficiency in Rate of Return	-2.83%	0.02%	-2.83%	0.02%
20	Target Return on Equity	\$5,247,575	\$5,247,575	\$5,247,575	\$5,247,575
21	Revenue Sufficiency/Deficiency	\$3,768,173	\$23,935	\$3,768,173	\$23,935
22	Gross Revenue Sufficiency/Deficiency	\$5,461,120 (1)		\$5,461,120 (1)	

Notes:

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





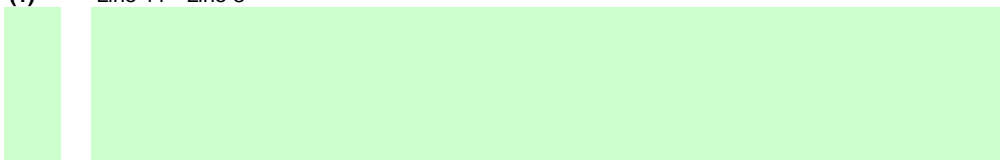
REVENUE REQUIREMENT WORK FORM

Name of LDC: Oakville Hydro Electricity Distribution Inc.
 File Number: EB-2009-0271
 Rate Year: 2010

Revenue Requirement			
Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$13,114,261	\$13,114,261
2	Amortization/Depreciation	\$10,265,490	\$10,265,490
3	Property Taxes	\$210,600	\$210,600
4	Capital Taxes	\$88,640	\$88,640
5	Income Taxes (Grossed up)	\$2,417,786	\$2,417,786
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$4,488,408	\$4,488,408
	Return on Deemed Equity	\$5,247,575	\$5,247,575
8	Distribution Revenue Requirement before Revenues	\$35,832,761	\$35,832,761
9	Distribution revenue	\$33,967,541	\$33,967,541
10	Other revenue	\$1,889,155	\$1,889,155
11	Total revenue	\$35,856,696	\$35,856,696
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$23,935 (1)	\$23,935 (1)

Notes

(1) Line 11 - Line 8





REVENUE REQUIREMENT WORK FORM

Name of LDC: Oakville Hydro Electricity Distribution Inc.
 File Number: EB-2009-0271
 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	\$ 35.48		-\$ 35.48	-100.0%	\$ 69.55		-\$ 69.55	-100.0%
GS < 50kW	2000 kWh/month	\$ 77.50		-\$ 77.50	-100.0%	\$ 209.60		-\$ 209.60	-100.0%

Notes:

(1) Per Draft Rate Order - Monthly Delivery Charge and Total Bill- amounts are to be completed after the Board issues the final Decision and the Draft Rate Order

d) A revised Table 1 of Exhibit 5, Tab 1, Schedule 2 (for 2010 only).

RESPONSE:

A revised Table 1 of Exhibit 5, Tab1, Schedule 2 for 2010 is provided below.

2010 Capitalization/Cost of Capital					
Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Application					
		(%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	56.00%	\$74,584,826	5.87%	\$4,378,129
2	Short-term Debt	4.00% (1)	\$5,327,488	2.07%	\$110,279
3	Total Debt	60.0%	\$79,912,314	5.62%	\$4,488,408
Equity					
4	Common Equity	40.00%	\$53,274,876	9.85%	\$5,247,575
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.0%	\$53,274,876	9.85%	\$5,247,575
7	Total	100.0%	\$133,187,190	7.31%	\$9,735,984

Interrogatory # 58

Ref: Exhibit 2, Tab 4, Schedule 4, Updated February 18, 2010 & SEC Interrogatory #22 (k)

- a) **Please reconcile the figure of \$340,000 shown for vehicles in Table 17 with \$130,000 shown on lines 7 & 8 of page 7.**

RESPONSE:

Please see Oakville Hydro's response to SEC interrogatory # 7.

- b) **Please reconcile the figure of \$130,000 shown for tools in Table 17 with the \$110,000 shown on lines 12 & 13 of page 7.**

RESPONSE:

The amount shown on page 7 is incorrect, it is the 2009 budgeted amount rather than the 2010 budgeted amount.. Table 17 is correct.

- c) **Please confirm that that the \$704,573 for the acquisition of a fibre optic network to connect Oakville Hydro's municipal substation and its head office is a capital lease.**

RESPONSE:

The fibre optic network acquisition is classified as a capital lease.

- d) **Please provide all calculations used to determine the \$704,573 included in rate base for the capital lease. Please also confirm that this lease is for a period of 20 years.**

RESPONSE:

Please see the full lease agreement provided in response to OEB staff interrogatory #44a).

- e) **Did Oakville Hydro consider any other options related to the fibre optic network other than the capital lease? If not, why not?**

RESPONSE:

Oakville Hydro did not have the internal expertise to install, own and maintain a fibre optic network itself. As such, the capital lease from a company engaged in

fibre optic communications as a business was considered to be the most cost effective option for the long term. Blink Communications Inc. had installed a significant amount of fibre in the Oakville area to service its commercial customers, as such had a close match in fibre routes to what Oakville Hydro required to meet its communication requirements. The capital lease format ensured that Oakville Hydro had exclusive use of these fibres for their operating life. Had Oakville Hydro simply rented bandwidth on the fibre, Oakville Hydro would not have been able to assure itself that that fibre would be available for its use if other commercial traffic were to overwhelm the capacity of the installed fibre, thus putting substation communication and service quality at risk.

- f) **The response to SEC Interrogatory #22(k) indicated that the annual charge from Blink for the fibre connections to its substations was \$4,500. Was this charge for the same services for which the \$704,573 capital lease is proposed to provide? If not, please explain the difference.**

RESPONSE:

The fibre covered by the capital lease was in the process of being installed and commissioned for service when the initial application was filed. The charges referred to in responding to SEC Question # 22k) were for the temporary rental of the part of the network that was installed. The capital lease reflects the fact that the balance of the network has been installed and is in service.

- g) **Will Oakville Hydro be able to earn any revenue from the fibre optic network it has leased? If not, why not? If yes, where has this revenue been reflected in the evidence?**

RESPONSE:

Oakville Hydro will not earn any revenue from this fibre. The connections leased are for the exclusive use of Oakville Hydro in communicating between its SCADA system and its substations. No further use of the fibre is permitted.

Interrogatory # 59

Ref: Exhibit 3, Tab 1, Schedule 2, Updated February 18, 2010

Please confirm that Oakville Hydro has not made any changes to the volume and customer forecast underlying the distribution revenue forecast shown in Table 1. If this cannot be confirmed, please describe the changes made.

RESPONSE:

Oakville Hydro has not made any changes to the volume and forecast underlying the distribution revenue forecast shown in Table 1

Interrogatory # 60

Ref: Exhibit 3, Tab 4, Schedule 2, Appendix 2-D, Updated February 18, 2010 & Exhibit 1, Tab 1, Schedule 15, Updated February 18, 2008

The evidence indicates that the affiliate, Blink Communications, was sold on January 29, 2010. Do the 2010 revenues shown in Appendix 2-D of Exhibit 3, Tab 4, Schedule 2 include revenues from Blink Communications up to and including the date it was sold in 2010? If not, please provide the revenues incurred in 2010 from Blink.

RESPONSE:

Oakville Hydro did include the amounts it would receive from Blink for the first month of 2010. This is recorded in transitional services, except for interest earned on the loan for Jan 2010 account 4405, it will not occur in the 4 year span of this application.

Interrogatory # 60

**Ref: Exhibit 3, Tab 3, Schedule 2, Updated February 18, 2010 &
February 18, 2010 Cover Letter**

The detail to support the \$150,720 increase in account 4390 does not appear to be in the evidence, but is contained in the cover letter that accompanied the updated evidence. Does Oakville Hydro agree that this cover letter should be considered part of the evidence in this proceeding? If not, please revise the evidence to include the information related to the increase in revenues of \$150,720.

RESPONSE:

The details of \$150,720 is responded to in SEC Question #9.

Interrogatory # 61

Ref: Exhibit 4, Tab 2, Schedule 1, Appendix 2-F, Original and Updated February 18, 2010 & Exhibit 4, Tab 2, Schedule 2, Original & Updated February 18, 2010

The original 2010 forecast for Administrative and General was \$4,059,977 and the updated figure is \$4,877,877, an increase of \$817,900. The recovery of operating costs from affiliates has changed from an increase in the recovery of \$143,934 to a decrease in the recovery of \$460,966, for a total cost increase of \$604,900. Please explain what the remaining difference of \$213,000 is related to.

RESPONSE:

The Administration & General Changes were as follows:

- Appendix 2-F originally had \$4,334,977 and was revised to \$4,877,877, which is a change of \$542,900. This consists of :
 - Recovery of operating costs from affiliates of \$604,900
 - Savings in Outside Employed Services of \$(62,000).
- Appendix 2-F (excluding IFRS & Pandemic costs originally forecasted \$4,059,977 and was revised to \$4,602,877, which is a change of \$542,900 (same as above).

Interrogatory # 62

Ref: Exhibit 4, Tab 2, Schedule 2, page 11, Updated February 18, 2010

The evidence indicates that the weighted average increase of 2.93% for 2010 was based on a 3% increase for unionize personnel, 3.5% for non-unionized personnel and 2.0% for all other general and administrative expenses. Please provide the dollar figures associated with the unionized personnel, non-unionized personnel and all general and administrative expenses that result in the 2.93% weighted inflation factor.

RESPONSE:

	Costs		Budgeted Inflation	Weighted Average
Unionized personnel	5,160,642	42.74%	3.00%	1.28%
Management personnel	4,029,898	33.37%	3.50%	1.17%
General & Administrative (no IFRS)	2,884,768	23.89%	2.00%	0.48%
	<hr/>			<hr/>
	12,075,308	100.00%		2.93%
	<hr/>			<hr/>
Property Tax on Substations	299,240			
	<hr/>			<hr/>
	<u>12,374,548</u>			

Interrogatory # 63

Ref: Exhibit 4, Tab 2, Schedule 8, Original and Updated February 18, 2010

- a) **A number of the figures shown in Table 5 for 2006, 2007, 2008 and 2009 have been changed from those filed in the original evidence. Please explain why these figures for the historical and bridge years have changed.**

RESPONSE:

The figures changed from those filed in the original submission due mainly to two reasons – 1) Oakville Hydro had some errors in its spreadsheet links and 2) budget numbers as opposed to actual costs had been used in error.

- b) **The original Table 5 had significant figure included historical and for 2009 and 2010 for Vehicle Expenses. These have been removed (2006 through 2008) or are substantially lower (2009 and 2010) in the updated evidence. Please explain.**

RESPONSE:

In the original Table 5, Oakville Hydro included all vehicle operating expenses in its total costs, whereas in the revised Table 5, the only inclusion is the cost of insurance that is allocated. Each of the affiliates is responsible for its own vehicle operating costs.

- c) **Please explain why the percentage allocation of billing administration has gone from 54.99% in the original Table 6 to 57.09% in the updated Table 6A when Blink Communications was not allocated any of these costs.**

RESPONSE:

The percentage allocation for the Billing Administration has changed from the original Table 5 due to the fact that the total cost has been corrected. Revised numbers were provided in Oakville Hydro's response to SEC # 22 (d). The Blink transaction has no bearing on this allocation line.

- d) **Please explain why the allocation percentages in Tables 7A, 8A, 9A and 10A are different from those originally filed in Tables 7, 8, 9 and 10 for the bridge and historical years.**

RESPONSE:

The allocation percentages have been revised from those originally submitted due to the corrections discussed in (a) above.

Interrogatory # 64

Ref: Exhibit 4, Tab 2, Schedule 8

Please provide the historical costs for 2006 through 2008 and the actual costs incurred in 2009 in the same level of detail as shown in Table 12 for the services acquired.

RESPONSE:

	2006	2007	2008	2009	2010
Meter Sealing services	62,861	82,172	65,361	27,940	54,000
Sale, installation & commissioning of meters for multi residential condo	187,644	504,860	377,989	141,708	312,000
Construction & locating services	456,401	2,027,367	3,087,149	3,866,430	3,259,000
Fibre Services	4,500	4,500	4,500	14,500	4,500
Tree Trimming	180,978	221,084	240,301	204,122	298,700
Vehicle maintenance	427,591	351,515	342,259	385,122	378,792
Vehicle fuel purchases	127,902	115,456	140,782	105,847	191,510
Building capital lease (capital & interest)	1,169,966	1,188,574	1,208,103	1,228,581	1,152,221

Interrogatory # 65

Ref: Exhibit 4, Tab 3, Schedule 1, Table 16, Updated February 18, 2010

- a) **Please explain why there are no changes to interest expenses on capital leases (additions to accounting income) and/or capital lease payments (deductions from accounting income) in Table 16 as a result of the capital lease of the fibre optics?**

RESPONSE:

Based on the accounting standards, this lease meets the necessary criteria for a capital lease. However this lease does not have segregated interest and capital components in the monthly lease payments.

- b) **Do the reserves from financial statements shown as both an addition and deduction to accounting income include any balances related to regulatory asset accounts? If yes, please provide a breakout of the balances at year end (addition) and at beginning of the year (deduction) that is associated with these regulatory asset (deferral and variance) accounts.**

RESPONSE:

In Table 16, the reserves do not include the regulatory asset balances.

Interrogatory # 66

Ref: Exhibit 4, Tab 3, Schedule 3, Table 19

Please update Table 19 to reflect actual figures for 2009. Are any corrections needed for 2010 as it appears the capital tax amount included does not correspond to the amount forecast for 2010 elsewhere in the tax calculations?

RESPONSE:

The estimated amount of \$162,000 estimated is based on an approximately one half of what was paid in capital tax in the 2008 taxation year, since the capital tax is being eliminated in July 2010. Please see Exhibit 4, Tab 3, Appendix B, Page 104 of 116.

**Table 19
 Oakville Hydro Electricity Distribution Inc.
 History of Property Taxes**

	OEB	2006	2007	2008	2009	2010
	Account	Actual	Actual	Actual	Actual	Test
Total Property Taxes						
Property Taxes- substations	5012	112,436	163,801	165,661	164,417	181,500
Property Taxes- building	6105	235,422	188,542	194,827	190,306	210,600
Total Taxes Paid		347,858	352,343	360,488	354,723	392,100
Taxes Other Than Income Taxes						
Reported Amount		622,422	613,373	392,332	472,003	372,600
Less Capital taxes		387,000	424,831	197,505	281,697	162,000
Property Taxes		235,422	188,542	194,827	190,306	210,600

Interrogatory # 67

Ref: Exhibit 7, Tab 1, Schedule 3, Table 5, Updated February 18, 2010

What would be the impact on the Residential revenue to cost ratio in each of 2010, 2011 and 2012 if the GS 50 to 999 kW ratio were moved to the bottom of the range (i.e. 80%) in 2010 rather than to 85% and maintained at that level, the GS > 1000kW class stayed at 145.47% in 2011 and 2012, the GS 50 kW class remained at 112.98% in 2011 and 2012, and all other changes were as proposed by Oakville Hydro?

RESPONSE:

If the GS 50 to 999 kW cost ratio in each of 2010, 2011 and 2012 were moved to 80%, the GS > 1000 kW cost ratio remained at 145.47% in 2011 and 2012 and the GS 50 kW class remained at 112.98% the impact on the Residential revenue to cost ratio would be as shown below.

Proposed Revenue to Cost Ratios

Rate Class	2010 Cost Allocation results	Oakville Hydro's proposal			Target Ranges %
		2010	2011	2012	
Residential	122.80%	111.99%	110.24%	108.49%	85-115
GS < 50 kW	112.98%	112.98%	112.98%	112.98%	80-120
GS 50 to 999 kW	65.88%	80.00%	80.00%	80.00%	80-180
GS > 1000 kW	145.47%	145.47%	145.47%	145.47%	80-180
Sentinel Lights	2.76%	36.38%	53.19%	70.00%	70-120
Street Lighting	10.37%	40.19%	55.09%	70.00%	70-120
USL	163.69%	120.00%	120.00%	120.00%	80-120

Note: 2011 and 2012 Street Lighting and Sentinel Lighting incremental revenue will be assigned to Residential, GS< 50 kW and GS> 1000 Kw classes

Allocation of incremental revenue from Street Lighting and Sentinel Lighting

	2010 revenue allocation	2011 revenue allocation	2012 revenue allocation
Residential	\$20,988,461	\$20,660,036	\$20,331,610
GS < 50 kW	\$5,471,736	\$5,471,736	\$5,471,736
GS 50 to 999 kW	\$8,119,018	\$8,119,018	\$8,119,018
GS > 1000 kW	\$1,407,613	\$1,407,613	\$1,407,613
Sentinel Lights	\$18,437	\$26,956	\$35,475
Street Lighting	\$862,348	\$1,182,255	\$1,502,162
USL	\$177,683	\$177,683	\$177,683
TOTAL	\$37,045,297	\$37,045,297	\$37,045,297

Interrogatory # 68

Ref: Exhibit 9, Tab 2, Schedule 1 & Exhibit 9, Tab 2, Schedule 2

Oakville Hydro has allocated the RSVA sub-account global adjustments to rate classes based on kWh consumption for non-RPP customers. However, it appears that these balances are to be combined with the balances from other accounts and allocated to all customers, both RPP and non-RPP.

a) Please confirm that this is the case.

RESPONSE:

Oakville Hydro's had proposed to allocate the RSVA sub-account global adjustments to non-RPP customers in the GS 50 to 999 kW, GS > 1000 kW and Street Lighting (Retailer Contract) classes. Please see Oakville Hydro's response to Board Staff interrogatory 52 (c) for an updated response.

b) Is Oakville Hydro able to clear the global adjustment balance to only non-RPP customers in a rate class?

RESPONSE:

Please see response to Board Staff Question #52e).

Interrogatory # 69

Ref: Exhibit 9, Tab 3, Schedule 1, Updated February 18, 2010

Please update the proposed rate rider shown in Table 12 to reflect a return on equity of 9.85%, a short-term deemed interest rate of 2.07% and a long-term deemed interest rate of 5.87% as per the Board’s February 24, 2010 Cost of Capital Parameter Updates for 2010 Cost of Service Applications letter. Please provide the supporting calculations found in Appendix C used to determine the rate rider.

RESPONSE:

Oakville Hydro has updated its smart meter rate rider as shown in table 12 to reflect a return on equity of 9.85%, a short-term deemed interest rate of 2.07% and a long-term deemed interest rate of 5.87% as per the Board’s February 24, 2010 Cost of Capital Parameters. The supporting calculations are provided in the following pages.

2010 Revenue Requirement for Smart Meters	\$ 1,312,833.75	A
2010 Forecasted number of metered customers	64,575	B
Annual revenue per metered customer	\$ 20.33	C=A/B
Months	12	D
Proposed rate Adder	\$1.69	C/D

Appendix Energy Probe #69 Smart Meter Rate Calculation Model

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

Smart Meter Unit Installation Plan:

	2006	2007	2008	2009	2010	2011	Later	Total
	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted	
Planned number of Residential smart meters to be installed				13,980	39,716			53,696
Planned number of General Service Less Than 50 kW smart meters				1,312	3,543			4,855
Planned Meter Installation (Residential and Less Than 50 kW only)	-	-	-	15,292	43,259	-	-	58,551
Percentage of Completion	0%	0%	0%	26%	100%	100%	100%	
Planned number of General Service Greater Than 50 kW smart meters								-
Planned / Actual Meter Installations	-	-	-	15,292	43,259	-	-	58,551

Other Unit Installation Plan:

	2006	2007	2008	2009	2010	2011	Later	Total
	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted	
Planned number of Collectors to be installed								-
Planned number of Repeaters to be installed								-
Other : Please specify								-
								-
								-
								-

Capital Costs

\$ 10,239,002

1.1 ADVANCED METERING COMMUNICATIONS		Asset Type	2006	2007	2008	2009	2010	2011	Later	Total
			Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted	
1.1.1 Smart Meter	Smart Meter					\$ 1,980,044	\$ 5,929,883	\$ 117,721	\$ 64,818	\$ 8,092,466
<i>may include new meters and modules, etc.</i>										
1.1.2 Installation Cost	Smart Meter					\$ 249,620	\$ 692,160			\$ 941,780
<i>may include socket kits plus shipping, labour, benefits, vehicle, etc.</i>										
1.1.3a Workforce Automation Hardware	Comp. Hard.					\$ 11,746	\$ 35,239			\$ 46,985
<i>may include fieldworker handhelds, barcode hardware, etc.</i>										
1.1.3b Workforce Automation Software	Comp. Soft.									\$ -
<i>may include fieldworker handhelds, barcode hardware, etc.</i>										
Total Advanced Metering Communication Device (AMCD)			\$ -	\$ -	\$ -	\$ 2,241,410	\$ 6,657,282	\$ 117,721	\$ 64,818	\$ 9,081,231
1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)			2006	2007	2008	2009	2010	2011	Later	Total
			Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted	
1.2.1 Collectors	Smart Meter					\$ 472,439				\$ 472,439
<i>may include radio licence, etc.</i>										
1.2.2 Repeaters	Smart Meter									\$ -
<i>may include radio licence, etc.</i>										
1.2.3 Installation	Smart Meter					\$ 576,284	\$ 156,033			\$ 732,317
<i>may include meter seals and rings, collector computer hardware, etc.</i>										
Total Advanced Metering Regional Collector (AMRC) (includes LAN)			\$ -	\$ -	\$ -	\$ 1,048,723	\$ 156,033	\$ -	\$ -	\$ 1,204,756
1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)			2006	2007	2008	2009	2010	2011	Later	Total
			Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted	
1.3.1 Computer Hardware	Comp. Hard.									\$ -
<i>may include AS400 disc space, backup & recovery computer, UPS, etc</i>										
1.3.2 Computer Software	Comp. Soft.					\$ 163,194				\$ 163,194
<i>may include AS400 disc space, backup & recovery computer, UPS, etc</i>										
1.3.3 Computer Software Licence & Installation (includes hardware)	Comp. Soft.									\$ -
<i>may include AS400 disc space, backup & recovery computer, UPS, etc</i>										
Total Advanced Metering Control Computer (AMCC)			\$ -	\$ -	\$ -	\$ 163,194	\$ -	\$ -	\$ -	\$ 163,194
1.4 WIDE AREA NETWORK (WAN)			2006	2007	2008	2009	2010	2011	Later	Total
			Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted	
1.4.1 Activation Fees	Tools & Equip					\$ 61,803				\$ 61,803
<i>may include AS400 disc space, backup & recovery computer, UPS, etc</i>										
Total Wide Area Network (WAN)			\$ -	\$ -	\$ -	\$ 61,803	\$ -	\$ -	\$ -	\$ 61,803

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUN		2006	2007	2008	2009	2010	2011	Later	Total
		Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted	
1.5.1 Customer equipment (including repair of damaged equip	Other Equip.								\$ -
1.5.2 AMI Interface to CIS	Comp. Soft.								\$ -
1.5.3 Professional Fees	Comp. Soft.				\$ 76,818	\$ 92,988			\$ 169,806
1.5.4 Integration	Comp. Soft.				\$ 109,966	\$ 278,867			\$ 388,832
1.5.5 Program Management	Comp. Soft.				\$ 19,527				\$ 19,527
1.5.6 Other AMI Capital	Comp. Soft.								\$ -
Total Other AMI Capital Costs Related To Minimum Functionality		\$ -	\$ -	\$ -	\$ 206,311	\$ 371,855	\$ -	\$ -	\$ 578,166
Total Capital Costs		\$ -	\$ -	\$ -	\$ 3,721,441	\$ 7,185,169	\$ 117,721	\$ 64,818	\$ 11,089,150

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

OM & A

2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

	2006 Audited Actual	2007 Audited Actual	2008 Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
2.1.1 Maintenance <i>may include meter reverification costs, etc.</i>								\$ -
Total Incremental AMI Operation Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

2.2.1 Maintenance				\$ 125,534	\$ 128,044	\$ 130,605	\$ 269,099	\$ 653,283
Total Advanced Metering Regional Collector (AMRC) (includes LAN)	\$ -	\$ -	\$ -	\$ 125,534	\$ 128,044	\$ 130,605	\$ 269,099	\$ 653,283

2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

2.3.1 Hardware Maintenance <i>may include server support, etc.</i>								\$ -
2.3.2 Software Maintenance <i>may include maintenance support, etc.</i>				\$ 78,401	\$ 79,969	\$ 81,569	\$ 168,064	\$ 408,004
Total Advanced Metering Control Computer (AMCC)	\$ -	\$ -	\$ -	\$ 78,401	\$ 79,969	\$ 81,569	\$ 168,064	\$ 408,004

2.4 WIDE AREA NETWORK (WAN)

2.4.1 WIDE AREA NETWORK (WAN) <i>may include serial to Ethernet hardware, etc.</i>								\$ -
Total Incremental Other Operation Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY

2.5.1 Business Process Redesign								\$ -
2.5.2 Customer Communication <i>may include project communication, etc.</i>				\$ 66,397	\$ 66,397	\$ 132,794		\$ 265,587
2.5.3 Program Management								\$ -
2.5.4 Change Management <i>may include training, etc.</i>				\$ 3,402	\$ 278,867			\$ 282,269
2.5.5 Administration Cost								\$ -
2.5.6 Other AMI Expenses						\$ 34,020	\$ 68,040	\$ 102,060
Total 2.5 Other AMI OM&A Costs Related To Minimum Functionality	\$ -	\$ -	\$ -	\$ 66,397	\$ 69,799	\$ 445,680	\$ 68,040	\$ 649,916

Total O M & A Costs

	\$ -	\$ -	\$ -	\$ 270,332	\$ 277,813	\$ 657,855	\$ 505,204	\$ 1,711,203
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Sheet 4. Smart Meter Rev Req Calc

Smart Meter Revenue Requirement Calculation

Average Asset Values

Net Fixed Assets Smart Meters
 Net Fixed Assets Computer Hardware
 Net Fixed Assets Computer Software
 Net Fixed Assets Tools & Equipment
 Net Fixed Assets Other Equipment
 Total Net Fixed Assets

Working Capital

Operation Expense
 Working Capital %

Smart Meters included in Rate Base

Return on Rate Base

Deemed Short Term Debt %
 Deemed Long Term Debt %
 Deemed Equity %

Deemed Short Term Debt Rate%

Weighted Debt Rate (3. LDC Assumptions and Data)
 Proposed ROE (3. LDC Assumptions and Data)

Return on Rate Base

Operating Expenses

Incremental Operating Expenses (3. LDC Assumptions and Data)

Amortization Expenses

Amortization Expenses - Smart Meters
 Amortization Expenses - Computer Hardware
 Amortization Expenses - Computer Software
 Amortization Expenses - Tools & Equipment
 Amortization Expenses - Other Equipment

Total Amortization Expenses

Revenue Requirement Before PILs

Calculation of Taxable Income

Incremental Operating Expenses
 Depreciation Expenses
 Interest Expense

Taxable Income For PILs

Grossed up PILs (5. PILs)

Revenue Requirement Before PILs

Grossed up PILs (5. PILs)

Revenue Requirement for Smart Meters

	2006 Audited Actual	2007 Audited Actual	2008 Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	Later Forecasted
Net Fixed Assets Smart Meters	\$ -	\$ -	\$ -	\$ 1,584,553.62	\$ 6,335,897.64	\$9,224,371.33	\$ -
Net Fixed Assets Computer Hardware	\$ -	\$ -	\$ -	\$ 4,894.27	\$ 22,513.63	\$ 27,407.90	\$ 11,746.24
Net Fixed Assets Computer Software	\$ -	\$ -	\$ -	\$ 166,277.24	\$ 462,938.61	\$ 519,186.75	\$370,914.82
Net Fixed Assets Tools & Equipment	\$ -	\$ -	\$ -	\$ 29,356.43	\$ 55,622.70	\$ 49,442.40	\$ 43,262.10
Net Fixed Assets Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net Fixed Assets	\$ -	\$ -	\$ -	\$ 1,785,081.56	\$ 6,876,972.59	\$9,820,408.39	\$425,923.16
				\$ 1,785,081.56	\$ 6,876,972.59	\$ 6,876,972.59	\$425,923.16
Working Capital							
Operation Expense	\$ -	\$ -	\$ -	\$ 270,332.02	\$ 277,812.72	\$ 657,854.53	\$505,203.65
Working Capital %	\$ -	\$ -	\$ -	\$ 40,549.80	\$ 41,671.91	\$ 98,678.18	\$ 75,780.55
				\$ 40,549.80	\$ 41,671.91	\$ 98,678.18	\$ 75,780.55
Smart Meters included in Rate Base	\$ -	\$ -	\$ -	\$ 1,825,631.36	\$ 6,918,644.49	\$9,919,086.57	\$501,703.71
Return on Rate Base							
Deemed Short Term Debt %			0.0%	0.0%	4.00%	4.00%	4.00%
Deemed Long Term Debt %	55.0%	55.0%	57.5%	60.0%	56.00%	56.00%	56.00%
Deemed Equity %	45.0%	45.0%	42.5%	40.0%	40.00%	40.00%	40.00%
	\$ -	\$ -	\$ -	\$ 1,825,631.36	\$ 6,918,644.49	\$9,919,086.57	\$501,703.71
Deemed Short Term Debt Rate%			4.5%	1.1%	1.33%	1.33%	1.33%
Weighted Debt Rate (3. LDC Assumptions and Data)	6.0%	6.0%	6.0%	6.0%	7.62%	7.62%	7.62%
Proposed ROE (3. LDC Assumptions and Data)	9.0%	9.0%	9.0%	9.0%	9.75%	9.75%	9.75%
	\$ -	\$ -	\$ -	\$ 131,445.46	\$ 131,445.46	\$ 568,740.25	\$ 41,242.05
	\$ -	\$ -	\$ -	\$ 131,445.46	\$ 131,445.46	\$ 568,740.25	\$ 41,242.05
Operating Expenses							
Incremental Operating Expenses (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -	\$ 270,332.02	\$ 277,812.72	\$ 657,854.53	\$ 505,203.65
Amortization Expenses							
Amortization Expenses - Smart Meters	\$ -	\$ -	\$ -	\$ 109,279.56	\$ 444,494.98	\$ 674,354.89	\$680,439.53
Amortization Expenses - Computer Hardware	\$ -	\$ -	\$ -	\$ 1,957.71	\$ 9,788.54	\$ 15,661.66	\$ 15,861.66
Amortization Expenses - Computer Software	\$ -	\$ -	\$ -	\$ 36,950.50	\$ 111,086.47	\$ 148,271.94	\$148,271.94
Amortization Expenses - Tools & Equipment	\$ -	\$ -	\$ -	\$ 3,090.15	\$ 6,180.30	\$ 6,180.30	\$ 6,180.30
Amortization Expenses - Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Amortization Expenses	\$ -	\$ -	\$ -	\$ 151,272.92	\$ 571,550.28	\$ 844,468.78	\$ 850,553.43
Revenue Requirement Before PILs	\$ -	\$ -	\$ -	\$ 553,055.39	\$ 1,418,103.26	\$ 2,317,711.91	\$ 1,396,999.13
Calculation of Taxable Income							
Incremental Operating Expenses	\$ -	\$ -	\$ -	\$ 270,332.02	\$ 277,812.72	\$ 657,854.53	\$ 505,203.65
Depreciation Expenses	\$ -	\$ -	\$ -	\$ 151,272.92	\$ 571,550.28	\$ 844,468.78	\$ 850,553.43
Interest Expense	\$ -	\$ -	\$ -	\$ 65,722.73	\$ 295,232.40	\$ 423,267.26	\$ 21,408.70
Taxable Income For PILs	\$ -	\$ -	\$ -	\$ 65,722.73	\$ 273,507.85	\$ 392,121.33	\$ 19,833.35
Grossed up PILs (5. PILs)	\$ -	\$ -	\$ -	\$ 152,808.03	\$ 44,445.59	\$ 298,013.99	\$ 250,452.45
Revenue Requirement Before PILs	\$ -	\$ -	\$ -	\$ 553,055.39	\$ 1,418,103.26	\$ 2,317,711.91	\$ 1,396,999.13
Grossed up PILs (5. PILs)	\$ -	\$ -	\$ -	\$ 152,808.03	\$ 44,445.59	\$ 298,013.99	\$ 250,452.45
Revenue Requirement for Smart Meters	\$ -	\$ -	\$ -	\$ 400,247.36	\$ 1,373,657.66	\$ 2,019,697.93	\$ 1,146,546.67

2010 Revenue Requirement for Smart Meters	\$ 1,373,657.66	A
2010 Forecasted number of metered customers	64,575	B
Annual revenue per metered customer	\$ 21.27	C=A/B
Months	12	D
Proposed rate Adder	\$1.77	C/D

Sheet 5. PILs

PILs Calculation

	2006	2007	2008	2009	2010	2011	Later
	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted
INCOME TAX							
Net Income	\$ -	\$ -	\$ -	\$65,722.73	\$273,507.85	\$0.00	\$0.00
Amortization	\$ -	\$ -	\$ -	\$151,277.92	\$571,550.28	\$0.00	\$0.00
CCA - Smart Meters	\$ -	\$ -	\$ -	(\$131,135.47)	(\$522,903.14)	(\$756,902.78)	(\$703,652.13)
CCA - Computers	\$ -	\$ -	\$ -	(\$381,251.23)	(\$407,093.44)	\$0.00	\$0.00
CCA - Other Equipment	\$ -	\$ -	\$ -	(\$30,901.50)	(\$30,901.50)	\$0.00	\$0.00
Change in taxable income	\$ -	\$ -	\$ -	(\$326,287.56)	(\$115,839.93)	(\$756,902.78)	(\$703,652.13)
Tax Rate (3. LDC Assumptions and Data)	36.12%	36.12%	33.50%	33.00%	31.00%	28.25%	26.25%
Income Taxes Payable	\$ -	\$ -	\$ -	(\$107,674.89)	(\$35,910.38)	(\$213,825.03)	(\$184,708.68)

ONTARIO CAPITAL TAX

Smart Meters	\$ -	\$ -	\$ -	\$3,169,107.24	\$9,502,688.05	\$8,946,054.61	\$8,330,432.98
Computer Hardware	\$ -	\$ -	\$ -	\$9,788.54	\$35,238.73	\$19,577.07	\$3,915.41
Computer Software	\$ -	\$ -	\$ -	\$332,554.49	\$593,322.72	\$445,050.79	\$296,778.85
Tools & Equipment	\$ -	\$ -	\$ -	\$58,712.85	\$52,532.55	\$46,352.25	\$40,171.95
Other Equipment	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Rate Base	\$ -	\$ -	\$ -	\$3,511,450.27	\$10,131,249.50	\$9,410,682.47	\$8,631,127.24
Less: Exemption	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Deemed Taxable Capital	\$ -	\$ -	\$ -	\$3,511,450.27	\$10,131,249.50	\$9,410,682.47	\$8,631,127.24
Ontario Capital Tax Rate	0.300%	0.225%	0.225%	0.23%	0.08%	0.00%	0.00%
Net Amount (Taxable Capital x Rate)	\$ -	\$ -	\$ -	\$7,900.76	\$7,598.44	\$0.00	\$0.00

Gross Up

Change in Income Taxes Payable	PILs Payable	PILs Payable	PILs Payable	PILs Payable	PILs Payable	PILs Payable	PILs Payable
\$ -	\$ -	\$ -	\$ -	(\$107,674.89)	(\$35,910.38)	(\$213,825.03)	(\$184,708.68)
Change in OCT	\$ -	\$ -	\$ -	\$7,900.76	\$7,598.44	\$0.00	\$0.00
PIL's	\$ -	\$ -	\$ -	(\$99,774.13)	(\$28,311.94)	(\$213,825.03)	(\$184,708.68)
	Gross Up	Gross Up	Gross Up	Gross Up	Gross Up	Gross Up	Gross Up
	36.12%	36.12%	33.50%	\$0.33	\$0.31	\$0.28	\$0.26
	Grossed Up	Grossed Up	Grossed Up	Grossed Up	Grossed Up	Grossed Up	Grossed Up
	PILs	PILs	PILs	PILs	PILs	PILs	PILs
Change in Income Taxes Payable	\$ -	\$ -	\$ -	(\$160,708.80)	(\$52,044.03)	(\$298,013.99)	(\$250,452.45)
Change in OCT	\$ -	\$ -	\$ -	\$7,900.76	\$7,598.44	\$0.00	\$0.00
PIL's	\$ -	\$ -	\$ -	(\$152,808.03)	(\$44,445.59)	(\$298,013.99)	(\$250,452.45)

Sheet 6. Avg Net Fixed Assets & UCC

Smart Meter Average Net Fixed Assets

	2006	2007	2008	2009	2010	2011	Later
	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted
Net Fixed Assets - Smart Meters							
Opening Capital Investment	\$ -	\$ -	\$ -	\$ 0.00	\$ 3,278,386.80	\$ 10,056,462.59	\$ 10,174,184.04
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -	\$ 3,278,386.80	\$ 6,778,075.79	\$ 117,721.45	\$ 64,817.90
Closing Capital Investment	\$ -	\$ -	\$ -	\$ 3,278,386.80	\$ 10,056,462.59	\$ 10,174,184.04	\$ 10,239,001.93
Opening Accumulated Amortization	\$ -	\$ -	\$ -	\$ 0.00	\$ 109,279.56	\$ 553,774.54	\$ 1,228,129.43
Amortization (15 Years Straight Line)	\$ -	\$ -	\$ -	\$ 109,279.56	\$ 444,494.98	\$ 674,354.89	\$ 680,439.53
Closing Accumulated Amortization	\$ -	\$ -	\$ -	\$ 109,279.56	\$ 553,774.54	\$ 1,228,129.43	\$ 1,908,568.96
Opening Net Fixed Assets	\$ -	\$ -	\$ -	\$ 0.00	\$ 3,169,107.24	\$ 9,502,688.05	\$ 8,946,054.61
Closing Net Fixed Assets	\$ -	\$ -	\$ -	\$ 3,169,107.24	\$ 9,502,688.05	\$ 8,946,054.61	\$ 8,330,432.98
Average Net Fixed Assets	\$ -	\$ -	\$ -	\$ 1,584,553.62	\$ 6,335,897.64	\$ 9,224,371.33	\$ 8,638,243.79

Net Fixed Assets - Computer Hardware

	2006	2007	2008	2009	2010	2011	Later
	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted
Net Fixed Assets - Computer Hardware							
Opening Capital Investment	\$ -	\$ -	\$ -	\$ 0.00	\$ 11,746.24	\$ 46,984.98	\$ 46,984.98
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -	\$ 11,746.24	\$ 35,238.73	\$ 0.00	\$ 0.00
Closing Capital Investment	\$ -	\$ -	\$ -	\$ 11,746.24	\$ 46,984.98	\$ 46,984.98	\$ 46,984.98
Opening Accumulated Amortization	\$ -	\$ -	\$ -	\$ 0.00	\$ 1,957.71	\$ 11,746.24	\$ 27,407.90
Amortization (3 Years Straight Line)	\$ -	\$ -	\$ -	\$ 1,957.71	\$ 9,788.54	\$ 15,661.66	\$ 15,661.66
Closing Accumulated Amortization	\$ -	\$ -	\$ -	\$ 1,957.71	\$ 11,746.24	\$ 27,407.90	\$ 43,069.56
Opening Net Fixed Assets	\$ -	\$ -	\$ -	\$ 0.00	\$ 9,788.54	\$ 35,238.73	\$ 19,577.07
Closing Net Fixed Assets	\$ -	\$ -	\$ -	\$ 9,788.54	\$ 35,238.73	\$ 19,577.07	\$ 3,915.41
Average Net Fixed Assets	\$ -	\$ -	\$ -	\$ 4,894.27	\$ 22,513.63	\$ 27,407.90	\$ 11,746.24

Net Fixed Assets - Computer Software

	2006	2007	2008	2009	2010	2011	Later
	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted
Net Fixed Assets - Computer Software							
Opening Capital Investment	\$ -	\$ -	\$ -	\$ 0.00	\$ 369,504.99	\$ 741,359.69	\$ 741,359.69
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -	\$ 369,504.99	\$ 371,854.70	\$ 0.00	\$ 0.00
Closing Capital Investment	\$ -	\$ -	\$ -	\$ 369,504.99	\$ 741,359.69	\$ 741,359.69	\$ 741,359.69
Opening Accumulated Amortization	\$ -	\$ -	\$ -	\$ 0.00	\$ 36,950.50	\$ 148,036.97	\$ 296,308.90
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -	\$ 36,950.50	\$ 111,086.47	\$ 148,271.94	\$ 148,271.94
Closing Accumulated Amortization	\$ -	\$ -	\$ -	\$ 36,950.50	\$ 148,036.97	\$ 296,308.90	\$ 444,580.84
Opening Net Fixed Assets	\$ -	\$ -	\$ -	\$ 0.00	\$ 332,554.49	\$ 593,322.72	\$ 445,050.79
Closing Net Fixed Assets	\$ -	\$ -	\$ -	\$ 332,554.49	\$ 593,322.72	\$ 445,050.79	\$ 296,778.85
Average Net Fixed Assets	\$ -	\$ -	\$ -	\$ 166,277.24	\$ 462,938.61	\$ 519,186.75	\$ 370,914.82

Net Fixed Assets - Tools & Equipment

	2006	2007	2008	2009	2010	2011	Later
	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted
Net Fixed Assets - Tools & Equipment							
Opening Capital Investment	\$ -	\$ -	\$ -	\$ 0.00	\$ 61,803.00	\$ 61,803.00	\$ 61,803.00
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -	\$ 61,803.00	\$ 0.00	\$ 0.00	\$ 0.00
Closing Capital Investment	\$ -	\$ -	\$ -	\$ 61,803.00	\$ 61,803.00	\$ 61,803.00	\$ 61,803.00
Opening Accumulated Amortization	\$ -	\$ -	\$ -	\$ 0.00	\$ 3,090.15	\$ 9,270.45	\$ 15,450.75
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -	\$ 3,090.15	\$ 6,180.30	\$ 6,180.30	\$ 6,180.30
Closing Accumulated Amortization	\$ -	\$ -	\$ -	\$ 3,090.15	\$ 9,270.45	\$ 15,450.75	\$ 21,631.05
Opening Net Fixed Assets	\$ -	\$ -	\$ -	\$ 0.00	\$ 58,712.85	\$ 52,532.55	\$ 46,352.25
Closing Net Fixed Assets	\$ -	\$ -	\$ -	\$ 58,712.85	\$ 52,532.55	\$ 46,352.25	\$ 40,171.95
Average Net Fixed Assets	\$ -	\$ -	\$ -	\$ 29,356.43	\$ 55,622.70	\$ 49,442.40	\$ 43,262.10

Sheet 6. Avg Net Fixed Assets & UCC

Net Fixed Assets - Other Equipment	2006	2007	2008	2009	2010	2011	Later
	Audited Actual	Audited Actual	Actual	Forecasted	Forecasted	Forecasted	Forecasted
Opening Capital Investment	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Closing Capital Investment	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Opening Accumulated Amortization	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Closing Accumulated Amortization	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Opening Net Fixed Assets	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Closing Net Fixed Assets	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Average Net Fixed Assets	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00

Sheet 6. Avg Net Fixed Assets & UCC

For PILs Calculation

UCC - Smart Meters

	2006 Audited Actual	2007 Audited Actual	2008 Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	Later Forecasted
Opening UCC	\$ -	\$ -	\$ -	\$0.00	\$3,147,251.33	\$9,402,423.98	\$8,763,242.65
Capital Additions	\$ -	\$ -	\$ -	\$3,278,386.80	\$6,778,075.79	\$117,721.45	\$64,817.90
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$3,278,386.80	\$9,925,327.12	\$9,520,145.43	\$8,828,060.55
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$1,639,193.40	\$3,389,037.89	\$58,860.72	\$32,408.95
Reduced UCC	\$ -	\$ -	\$ -	\$1,639,193.40	\$6,536,289.22	\$9,461,284.70	\$8,795,651.60
CCA Rate Class	47	47	47	47	47	47	47
CCA Rate	8%	8%	8%	8%	8%	8%	8%
CCA	\$ -	\$ -	\$ -	\$131,135.47	\$522,903.14	\$756,902.78	\$703,652.13
Closing UCC	\$ -	\$ -	\$ -	\$3,147,251.33	\$9,402,423.98	\$8,763,242.65	\$8,124,408.42

UCC - Computer Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	Later Forecasted
Opening UCC	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
Capital Additions Computer Hardware	\$ -	\$ -	\$ -	\$11,746.24	\$35,238.73	\$0.00	\$0.00
Capital Additions Computer Software	\$ -	\$ -	\$ -	\$369,504.99	\$371,854.70	\$0.00	\$0.00
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$381,251.23	\$407,093.44	\$0.00	\$0.00
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$381,251.23	\$407,093.44	\$0.00	\$0.00
Reduced UCC	\$ -	\$ -	\$ -	\$381,251.23	\$407,093.44	\$0.00	\$0.00
CCA Rate Class	45	50	50	50	50	50	50
CCA Rate	45%	55%	55%	100%	100%	55%	55%
CCA	\$ -	\$ -	\$ -	\$381,251.23	\$407,093.44	\$0.00	\$0.00
Closing UCC	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00

UCC - General Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Actual	2009 Forecasted	2010 Forecasted	2011 Forecasted	Later Forecasted
Opening UCC	\$ -	\$ -	\$ -	\$0.00	\$30,901.50	\$0.00	\$0.00
Capital Additions Tools & Equipment	\$ -	\$ -	\$ -	\$61,803.00	\$0.00	\$0.00	\$0.00
Capital Additions Other Equipment	\$ -	\$ -	\$ -	\$0.00	\$0.00	\$0.00	\$0.00
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$61,803.00	\$30,901.50	\$0.00	\$0.00
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$30,901.50	\$0.00	\$0.00	\$0.00
Reduced UCC	\$ -	\$ -	\$ -	\$30,901.50	\$30,901.50	\$0.00	\$0.00
CCA Rate Class	12	12	12	12	12	12	12
CCA Rate	100%	100%	100%	100%	100%	100%	100%
CCA	\$ -	\$ -	\$ -	\$30,901.50	\$30,901.50	\$0.00	\$0.00
Closing UCC	\$ -	\$ -	\$ -	\$30,901.50	\$0.00	\$0.00	\$0.00

Smart Meter Funding Adder

	Opening	Fund Adder	Int. Rate	Interest	Closing
Jan-06	\$ -	\$ -	6.00%	\$ -	\$ -
Feb-06	\$ -	\$ -	6.00%	\$ -	\$ -
Mar-06	\$ -	\$ -	6.00%	\$ -	\$ -
Apr-06	\$ -	\$ -	4.14%	\$ -	\$ -
May-06	\$ -	\$ -	4.14%	\$ -	\$ -
Jun-06	\$ -	\$ -	4.14%	\$ -	\$ -
Jul-06	\$ -	\$ -	4.59%	\$ -	\$ -
Aug-06	\$ -	\$ 3,106	4.59%	\$ -	\$ 3,106
Sep-06	\$ 3,106	\$ 14,665	4.59%	\$ 12	\$ 17,783
Oct-06	\$ 17,783	\$ 14,916	4.59%	\$ 68	\$ 32,767
Nov-06	\$ 32,767	\$ 49,262	4.59%	\$ 125	\$ 82,154
Dec-06	\$ 82,154	\$ 13,202	4.59%	\$ 314	\$ 95,670
Jan-07	\$ 95,670	\$ 16,465	4.59%	\$ 366	\$ 112,502
Feb-07	\$ 112,502	\$ 14,432	4.59%	\$ 430	\$ 127,364
Mar-07	\$ 127,364	\$ 16,917	4.59%	\$ 487	\$ 144,768
Apr-07	\$ 144,768	\$ 13,696	4.59%	\$ 554	\$ 159,018
May-07	\$ 159,018	\$ 17,988	4.59%	\$ 608	\$ 177,613
Jun-07	\$ 177,613	\$ 13,947	4.59%	\$ 679	\$ 192,240
Jul-07	\$ 192,240	\$ 16,964	4.59%	\$ 735	\$ 209,940
Aug-07	\$ 209,940	\$ 15,698	4.59%	\$ 803	\$ 226,440
Sep-07	\$ 226,440	\$ 16,126	4.59%	\$ 866	\$ 243,432
Oct-07	\$ 243,432	\$ 14,431	5.14%	\$ 1,043	\$ 258,906
Nov-07	\$ 258,906	\$ 18,037	5.14%	\$ 1,109	\$ 278,052
Dec-07	\$ 278,052	\$ 13,586	5.14%	\$ 1,191	\$ 292,829
Jan-08	\$ 292,829	\$ 17,768	4.08%	\$ 996	\$ 311,593
Feb-08	\$ 311,593	\$ 13,811	4.08%	\$ 1,059	\$ 326,464
Mar-08	\$ 326,464	\$ 16,026	4.08%	\$ 1,110	\$ 343,600
Apr-08	\$ 343,600	\$ 15,553	3.35%	\$ 959	\$ 360,112
May-08	\$ 360,112	\$ 16,321	3.35%	\$ 1,005	\$ 377,439
Jun-08	\$ 377,439	\$ 16,300	3.35%	\$ 1,054	\$ 394,792
Jul-08	\$ 394,792	\$ 17,639	3.35%	\$ 1,102	\$ 413,533
Aug-08	\$ 413,533	\$ 14,680	3.35%	\$ 1,154	\$ 429,367
Sep-08	\$ 429,367	\$ 17,182	3.35%	\$ 1,199	\$ 447,747
Oct-08	\$ 447,747	\$ 15,640	3.35%	\$ 1,250	\$ 464,637
Nov-08	\$ 464,637	\$ 16,780	3.35%	\$ 1,297	\$ 482,715
Dec-08	\$ 482,715	\$ 15,313	3.35%	\$ 1,348	\$ 499,376
Jan-09	\$ 499,376	\$ 17,231	2.45%	\$ 1,020	\$ 517,626
Feb-09	\$ 517,626	\$ 15,229	2.45%	\$ 1,057	\$ 533,912
Mar-09	\$ 533,912	\$ 17,905	2.45%	\$ 1,090	\$ 552,908
Apr-09	\$ 552,908	\$ 14,694	1.00%	\$ 461	\$ 568,063
May-09	\$ 568,063	\$ 17,765	1.00%	\$ 473	\$ 586,301
Jun-09	\$ 586,301	\$ 37,177	1.00%	\$ 489	\$ 623,966
Jul-09	\$ 623,966	\$ 57,385	0.55%	\$ 286	\$ 681,638
Aug-09	\$ 681,638	\$ 59,499	0.55%	\$ 312	\$ 741,449
Sep-09	\$ 741,449	\$ 59,499	0.55%	\$ 340	\$ 801,288
Oct-09	\$ 801,288	\$ 59,499	0.55%	\$ 367	\$ 861,154
Nov-09	\$ 861,154	\$ 59,499	0.55%	\$ 395	\$ 921,048
Dec-09	\$ 921,048	\$ 59,499	0.55%	\$ 422	\$ 980,969
Jan-10	\$ 980,969	\$ 59,499	0.55%	\$ 450	\$ 1,040,917
Feb-10	\$ 1,040,917	\$ 59,499	0.55%	\$ 477	\$ 1,100,894
Mar-10	\$ 1,100,894	\$ 59,499	0.55%	\$ 505	\$ 1,160,897
Apr-10	\$ 1,160,897	\$ 59,499	0.55%	\$ 532	\$ 1,220,928
May-10	\$ 1,220,928	\$ 114,471	0.55%	\$ 560	\$ 1,335,959
Jun-10	\$ 1,335,959	\$ 114,471	0.55%	\$ 612	\$ 1,451,043
Jul-10	\$ 1,451,043	\$ 114,471	0.55%	\$ 665	\$ 1,566,180
Aug-10	\$ 1,566,180	\$ 114,471	0.55%	\$ 718	\$ 1,681,369
Sep-10	\$ 1,681,369	\$ 114,471	0.55%	\$ 771	\$ 1,796,611
Oct-10	\$ 1,796,611	\$ 114,471	0.55%	\$ 823	\$ 1,911,906
Nov-10	\$ 1,911,906	\$ 114,471	0.55%	\$ 876	\$ 2,027,254
Dec-10	\$ 2,027,254	\$ 114,471	0.55%	\$ 929	\$ 2,142,654
Jan-11	\$ 2,142,654				

\$ 2,105,101

	Approved Deferral and Variance Accounts	CWIP Account
	Prescribed Interest Rate (per the Bankers' Acceptances-3 months Plus 0.25 Spread)	Prescribed Interest Rate (per the DEX Mid Term Corporate Bond Index Yield 2)
Q2 2006	4.14%	4.68
Q3 2006	4.59%	5.05
Q4 2006	4.59%	4.72
Q1 2007	4.59%	4.72
Q2 2007	4.59%	4.72
Q3 2007	4.59%	5.18
Q4 2007	5.14%	5.18
Q1 2008	5.14%	5.18
Q2 2008	4.08%	5.18
Q3 2008	3.35%	5.43
Q4 2008	3.35%	5.43
Q1 2009	2.45%	6.61
Q2 2009	1.00%	6.61
Q3 2009	0.55%	5.67

