



April 30, 2010

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
PO Box 2319  
2300 Yonge St, 27<sup>th</sup> Floor  
Toronto ON M4P 1E4

Dear Ms. Walli:

**Re: Chatham-Kent Hydro Inc.– 2010 Cost of Service Rate Application  
Board File No. EB-2009-0261**

Please find accompanying this letter CK Hydro's draft Rate order for the 2010 Cost of Service Application.

Should you have any questions or require further information, please do not hesitate to contact Chris Cowell at (519)352-6300 ext 283 or email: [chrisc@ckenergy.com](mailto:chrisc@ckenergy.com).

Yours truly,

Cheryl Decaire  
Coordinator Regulatory and Rates  
(519)352-6300 ext 405  
[cheryldec@ckenergy.com](mailto:cheryldec@ckenergy.com)

CC Chris Cowell, Chief Financial and Regulatory Officer  
Intervenors  
Keith Ritchie, Ontario Energy Board  
Dave Kenney, President Chatham-Kent Hydro Inc.

**EB-2009-0261**

**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 Chatham-Kent Hydro Inc. to the Ontario Energy Board for an Order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2010.

**DRAFT RATE ORDER**

**CHATHAM-KENT HYDRO INC.**

**DELIVERED APRIL 30, 2010**

**BACKGROUND**

Chatham-Kent Hydro Inc. (“CK Hydro”) filed an application (the “Application”) with the Ontario Energy Board (the “Board”) on October 5, 2009 under section 78 of the Ontario Energy Board Act, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that CK Hydro charges for electricity distribution, to be effective May 1, 2010. The Board assigned the File Number EB-2009-0261 to the Application. Three parties requested and were granted intervenor status: Energy Probe Research Foundation, the School Energy Coalition, and the Vulnerable Energy Consumers Coalition. One party, Enwin Utilities Ltd, requested and was granted Observer status. No letters of comment were received.

The Board issued Procedural Order No. 1 on November 11, 2009. Board staff filed interrogatories on November 25, 2009. All registered intervenors filed interrogatories by November 30, 2009. CK Hydro filed the majority of the responses to interrogatories on December 23, 2009 and the remainder by January 12, 2010.

Procedural Order No. 2 was issued on December 1, 2009. Procedural Order No. 2 invited submissions on certain evidence for which CK Hydro had requested confidential treatment. No submissions were received pursuant to Procedural Order No. 2.

The Board issued Procedural Order No. 3 on January 15, 2010. That Procedural Order provided for a transcribed Technical Conference and a Settlement Conference, and provided the Board’s findings with respect to the request for confidential treatment of certain documents. The Technical Conference was conducted on January 26, 2010. Procedural Order No. 3 also established dates for the filing of any settlement agreement and a subsequent oral proceeding.

The Settlement Conference was convened on February 4, 2010 and concluded on February 5, 2010, at the Board’s offices. Representatives of CK Hydro and all intervenors (the “Parties”) participated in the Settlement Conference, and Board staff participated in accordance with their role as set out in the Board’s Settlement Conference Guidelines.

At the conclusion of the Settlement Conference the parties advised the Board through Board staff that the parties were working on a possible settlement agreement, and requested additional time for the filing of such agreement.

The Board issued Procedural Order No. 4 on February 10, 2010. Procedural Order No. 4 cancelled the dates for the oral hearing and directed that any settlement agreement be filed by February 26, 2010. On February 26, 2010, the parties advised the Board, through Board staff, that the filing of the settlement agreement would occur early the following week. The Partial Settlement Agreement was filed on March 2, 2010.

On March 11, 2010, the Board issued a Decision on Partial Settlement and Procedural Order No. 5. The Board accepted the Partial Settlement Agreement, and established timelines by which parties could make submissions on the unsettled issues.

The unsettled issues documented in the Partial Settlement Agreement were:

- **Rate Base:**
  - The appropriateness of a lead-lag study being required for CK Hydro's next cost of service application.
- **PILS and Taxes**
  - The eligibility of CK Hydro to include the Ontario Small Business Tax Deduction in the calculation of the 2010 PILS allowance.
- **Cost of Capital and Capital Structure:**
  - The percentage of CK Hydro's regulated capital structure that should be made up of short-term debt; and
  - The appropriate allowed Return on Equity.

Board staff and intervenors filed submissions by March 17, 2010. CK Hydro filed its reply submission on March 24, 2010.

On April 20, 2010 the Board issued its Decision in this Application. In addition to the unsettled issues listed above, the Board addressed certain other matters necessary for establishment of CK Hydro's 2010 electricity distribution rates, specifically:

- MicroFit Generator Service Classification and Rate; and
- Implementation.

In its Decision the Board directed CK Hydro to file with the Board, and also forward to intervenors, a Draft Rate Order attaching a proposed Tariff of Rates and Charges reflecting the Board's findings in its Decision, within 10 days of the date of the Decision. CK Hydro was directed to include in the Draft Rate Order customer rate impacts and detailed supporting information showing the calculation of the final rates including the Revenue Requirement Work Form in Microsoft Excel format.

The Board approved a May 1 effective date, but noted that there is insufficient time to implement the new rates on May 1, 2010. The Board made CK Hydro's current rates interim effective May 1, 2010, in order to facilitate an effective date of May 1, 2010.

In developing its draft Rate Order, CK Hydro was directed to establish the 2010 rates assuming a 12 month recovery period. The Board determined that the implementation date of the final Rate Order will be June 1, 2010, and CK Hydro was directed to calculate class-specific rate riders that would recover one month of forgone revenue, and to propose an appropriate time period for recovery giving due consideration to bill impacts. The current interim rates are in effect until the Board approves the final Rate Order. In the Implementation section below, CK Hydro has proposed a one-month period for recovery of

the one month of forgone revenue, and CK Hydro submits that this is an appropriate time period for recovery giving due consideration to bill impacts. The recovery of the May foregone revenue in June will allow the recovery to be made without attracting HST.

As the 2010 rates will be implemented beginning June 1, 2010, for the rate riders to dispose of approved deferral and variance account balances, CK Hydro was directed to re-calculate the rate riders to collect the balances from customers over a period of 11 months rather than 12 months, with the exception of the Account 1588 Global Adjustment sub-account, for which the rate rider, which is applicable only to non-RPP customers, will be recovered over 23 months rather than 24 months.

This Draft Rate Order incorporates the findings and directions of the Board resulting from the Board's Decision of April 20, 2010. This submission includes customer rate impacts and detailed supporting information showing the calculation of the final rates. Accompanying this Draft Rate Order is a completed version of the Board's Revenue Requirement Work Form in Microsoft Excel format.

This Draft Rate Order addresses the following issues, in the order set out below:

- Load Forecast
- Revenue Offsets
- Operating, Maintenance and Administrative Expenses
- Capital Expenditures and Rate Base
- Payments in Lieu of Taxes (PILs)
- Cost of Capital and Capital Structure
- Revenue Deficiency
- Cost Allocation and Rate Design
- Deferral and Variance Accounts
- Smart Meter Charges and Riders
- LRAM and SSM
- Implementation

## **LOAD FORECAST**

The Parties agreed in the Board-approved Partial Settlement Agreement that CK Hydro's proposed 2010 Test Year load forecast for billed consumption would be increased by 24,285,223 kWhs to 666,474,876 kWhs, up from 642,189,653 kWhs as shown in the pre-filed evidence (Exhibit 3, Tab 2, Schedule 1, Table 3-7). While all Parties recognized that the economic slowdown will impact CK Hydro's load forecast, in particular for the commercial and industrial sectors, the Parties agreed that a manual adjustment to the load forecast regression analysis was necessary in setting the weather normalized purchases for the 2010 Test Year. The adjustment was based in part on information about 2009 actual load, as set out in CK Hydro's response to EP IR # 75.

The 2010 Test Year forecast is approximately 4.3% lower than the 2009 actual purchases and is reflective of the continued reduction in consumption by commercial and industrial customers caused by the economic slowdown. This Draft Rate Order reflects the updated load forecast agreed to during settlement and approved by the Board.

Load Forecast	Customers/Connections	Original Application	Settlement/Decision
<b>Residential</b>			
Customers	28,644		
kWh		199,501,364	207,045,763
<b>General Service &lt; 50</b>			
Customers	3,038		
kWh		86,923,094	90,210,202
<b>General Service &gt; 50</b>			
Customers	421		
kWh		183,018,503	189,939,582
kW		456,548	494,092
<b>Intermediate</b>			
Customers	28		
kWh		134,791,341	139,888,648
kW		353,322	382,377
<b>Streetlight</b>			
Customers	10,751		
kWh		5,547,412	5,757,195
kW		16,969	18,365
<b>Sentinel Light</b>			
Customers	327		
kWh		334,470	347,118
kW		997	1,079
<b>Unmetered Scattered</b>			
Customers	194		
kWh		1,041,782	1,081,178
<b>Intermediate with Self Generation</b>			
Customers	1		
kWh		31,031,687	32,205,190
kW		80,671	87,305
<b>Total kWh</b>		642,189,653	666,474,876
<b>Total kW</b>		908,507	983,218
<b>Total Customer/Connection</b>	43,403	43,403	43,403

The Parties also agreed in the accepted Partial Settlement Agreement that the loss factor for the 2010 Test Year should be 4.28% based on a five year average methodology, down from 4.43% as proposed in the pre-filed evidence. The Draft Rate Order reflects the agreed upon factor.

## REVENUE OFFSETS

The Parties to the accepted Partial Settlement Agreement agreed to the following increases in Revenue Offsets for the 2010 Test Year:

- An increase of \$105,000 in SSS Admin fees which were not included in the proposed Other Revenue in the original Application; and,
- An increase in Late Payment revenue of \$10,000 from the amount forecasted in the initial Application to reflect the previous trend of this revenue category and the move to monthly billing.

Both of these changes are reflected in this Draft Rate Order.

<b>Revenue Offsets</b>	
Total Per Original Application	\$ 1,187,450
Adjustments	
SSS Admin Fee Revenue	\$ 105,000
Late Payment	10,000
Total	<u>115,000</u>
Total Per Settlement/Decision	<u>\$ 1,302,450</u>

## OPERATING, MAINTENANCE AND ADMINISTRATIVE EXPENSES

In the accepted Partial Settlement Agreement, the Parties agreed to the following adjustments to CK Hydro's proposed 2010 Test Year Operating, Maintenance and Administration ("OM&A") expenses:

- Reduction in regulatory costs of \$80,000 for the 2010 cost of service rate application which are to be recovered over a four year period. Therefore the 2010 Test Year adjustment is \$20,000.
- Reduction in ongoing regulatory costs of \$15,000.
- Elimination of Board of Director costs from Chatham-Kent Energy (shareholder of CK Hydro) and Chatham-Kent Utility Services (affiliate of CK Hydro) of \$28,583.
- Reduction of \$10,000 to reflect salary increases for management staff at the rate of inflation.
- CK Hydro identified that the OM&A reduction for the change in the PST / HST would result in an approximate decrease in OM&A expenses in the amount of \$50,000 annually (EP IR #3 f). Since this change is to be implemented in July 2010 the parties agreed to a reduction of \$25,000 in the 2010 OM&A. The Parties further agreed that the reduction in OM&A related to the PST/HST changes is sufficient and is not subject to a deferral/variance account.
- A further general reduction of \$25,000 was agreed to.

The total reductions are \$123,583 to bring the agreed upon OM&A expenses for the 2010 Test Year to \$6,679,529 down from \$6,803,112 as originally set out in the pre-filed evidence (Exhibit 4, Tab 2, Schedule 3, Table 4-7, Page 4). The agreed upon OM&A expenses for the 2010 Test Year will allow CK Hydro to maintain its position as a low cost utility within its cohort. It will also ensure that the customers will receive a safe and reliable distribution service while allowing CK Hydro to earn a fair and reasonable return. CK Hydro notes that while it has filed budgets for the Test Year that are illustrative of how it would achieve these goals, as is always the case with forward test year cost of service cases, the actual

decisions as to how to allocate resources, and in what areas to spend the agreed-upon capital and OM&A, are ones that must be made by the utility during the course of the year.

Depreciation expense has also been revised for changes in the capital expenditures in the Bridge Year and Test Year as well as the adoption of the half year rule for all current year capital additions. The total depreciation reduction agreed to by the Parties was \$103,696, bringing total Depreciation Expense down from \$3,815,361 to \$3,711,665.

All OM&A adjustments described above are reflected in this Draft Rate Order and the detailed supporting Appendices to this document.

OM&A Expenses	Original Application	Settlement /Decision	Difference
Operation	1,041,236	1,026,236	15,000
Maintenance	1,187,798	1,142,798	45,000
Billing and Collections	1,826,798	1,826,798	-
Community Relations	56,529	56,529	-
Administrative and General Expenses	2,690,751	2,627,168	63,583
<b>Total Operating Expenses</b>	<b>6,803,112</b>	<b>6,679,529</b>	<b>123,583</b>
Depreciation/Amortization Expense	3,815,361	3,711,665	103,696
<b>Total OM&amp; A Expenses</b>	<b>10,618,473</b>	<b>10,391,194</b>	<b>227,279</b>

## CAPITAL EXPENDITURES AND RATE BASE

As described in the accepted Partial Settlement Agreement, the Parties agreed to the following:

- A reduction in 2009 capital additions of \$100,000 to better reflect the actual 2009 activities.
- An increase in 2009 contributed capital of \$5,000 to better reflect the actual 2009 activities.
- A reduction of \$275,000 in the 2010 Test Year capital additions as follows:
  - CK Hydro estimated that the anticipated capital reduction for the change in PST/HST was \$200,000 annually (EP IR #3(f)). Since the change is to be implemented in July 2010 the Parties agreed to a reduction of \$100,000 in the 2010 capital additions. In addition, the Parties agreed that the reduction in capital related to the PST/HST changes is sufficient and is not subject to a deferral account.
  - The Parties agreed to reduce the capital additions by a further \$175,000 by spreading the costs of repaving the CK Hydro parking lot/storage area over 2 years (2010 and 2011) rather than the one year (2010) set out in the Application (Board Staff IR #8, EP IR #26).
- An adjustment to the 2010 depreciation expense which impacts accumulated depreciation (see above)
- Two adjustments to the working capital allowance calculation.
  - Adjustments to the cost of power as follows:

- As noted above, total billed kWh will be 666,474,876 kWhs, resulting in an increase of 24,285,223 kWhs compared to the amount proposed in the Application.
- The commodity rates used have been updated based upon the rates issued in the October 15, 2009 report by the Board, which are 6.215 cents per kWh for the RPP customers and 6.062 cents per kWh for the non-RPP customers. The non-RPP kWhs will be 64% of the total kWhs purchased.
- Adjustments related to OM&A changes described above.

In addition to the changes agreed upon as part of the settlement, the Board, in its April 20, 2010 Decision found that CK Hydro should reflect the Uniform Transmission Rates approved by the Board on January 21, 2010. CK Hydro has adjusted the Uniform Transmission Rates accordingly. This change has resulted in a change in the working capital allowance, rate base and revenue requirement from the amounts shown in the Settlement Agreement

All of the above noted adjustments to capital expenditures and rate base are reflected in this Draft Rate Order and the detailed supporting Appendices (See Appendix B and Appendix D).

#### Change in Rate Base

	A	B	C		
Description	Original Application	Settlement Agreement	Settlement with Updated UTR*	Difference (B - A)	Difference (C - A)
Gross Fixed Asset	81,411,060	81,031,060	81,031,060	(380,000)	(380,000)
Accum. Deprec'n	33,306,505	33,202,607	33,202,608	(103,898)	(103,897)
Net Book Value	48,104,555	47,828,453	47,828,452	(276,102)	(276,103)
Average NBV	47,405,429	47,214,977	47,214,977	(190,452)	(190,452)
Working Capital	57,787,594	59,902,071	60,484,811	2,114,477	2,697,217
Working Allowance	8,668,139	8,985,311	9,072,722	317,172	404,583
Rate Base	56,073,568	56,200,288	56,287,699	126,720	214,130

#### Change in Working Capital

	A	B	C		
Description	Original Application	Settlement Agreement	Settlement with Updated UTR*	Difference (B - A)	Difference (C - A)
Cost of Power	50,984,482	53,222,542	53,805,282	2,238,060	2,820,800
Operations	1,041,236	1,026,236	1,026,236	(15,000)	(15,000)
Maintenance	1,187,798	1,142,798	1,142,798	(45,000)	(45,000)
Billing & Collecting	1,826,798	1,826,798	1,826,798	-	-
Community Relations	56,529	56,529	56,529	-	-
G & A Expense	2,690,751	2,627,168	2,627,168	(63,583)	(63,583)
Working Capital	57,787,594	59,902,071	60,484,811	2,114,477	2,697,217

\* UTR = Uniform Transmission Rates



## **PAYMENTS IN LIEU OF TAXES (PILS)**

In the accepted Partial Settlement Agreement, the Parties agreed to adjust/reduce the Payments in Lieu of Taxes ("PILs") for the following reasons:

- Flow through of agreed changes in OM&A expenses and capital purchases;
- Correction to the classification of some assets to the appropriate CCA class (see EP IR # 57);
- Application of the half year rule for depreciation purposes to all 2010 Test year capital additions; and,
- CK Hydro will be hiring a number of apprentices in 2010 and will therefore be eligible for an Apprenticeship Training Tax Credit. The tax credit agreed to by the Parties is \$26,700;

The overall impact of the above noted changes in a reduction in 2010 PILs of \$74,597 before gross-up.

The Parties also agreed to the change in PILs from the Application for the updated cost of capital for 2010 cost of service applications as approved by the Board in their letter dated February 24, 2010.

One of the unsettled issues from the settlement conference was CK Hydro's eligibility for the Ontario Small Business Deduction. The intervenors were of the opinion that CK Hydro would be eligible for the Small Business Deduction, which was estimated to be worth \$18,750. As noted, in the Board's April 20, 2010 Decision, CK Hydro subsequently conceded on this issue and agreed to adjust the PILs amount accordingly.

The above noted changes as well as the impact on PILs of the update to the Uniform Transmission Rates approved by the Board in its January 21, 2010 decision (impacts working capital allowance, rate base and revenue requirement) are reflected in this Draft Rate Order. The updated PILs amount is \$1,070,308, which is \$82,645 more than the application.

	A	B	C		
	Original		Updated	Difference	Difference
PILs Provision	Application	Settlement	Settlement / Decision	(B - A)	(C - A)
<b>Determination of Taxable Income</b>					
Utility Income Before Taxes	1,796,597	2,214,291	2,217,735	417,694	421,138
<b>Additions to Accounting Income:</b>					
Amortization of tangible assets	4,119,278	4,015,581	4,015,581 -	103,697	(103,697)
Non-deductible meals and entertainment expense	5,000	5,000	5,000	-	0
Reserves from Financial statement - balance end	5,424,198	5,519,198	5,519,198	95,000	95,000
Realized income from deferred credit acct	1,531,258	1,531,258	1,531,258	-	0
<b>Total Additions</b>	<b>11,079,734</b>	<b>11,071,037</b>	<b>11,071,037</b>	<b>(8,697)</b>	<b>(8,697)</b>
<b>Deductions from Accounting Income:</b>					
Gain on disposal of assets per financial statement	39,996	39,996	39,996	-	0
Capital cost allowance from Schedule B	3,697,189	3,684,423	3,684,423	(12,766)	(12,766)
Cumulative eligible capital deduction from	53,910	53,910	53,910	-	0
Reserves from Financial statement - balance end	5,424,198	5,519,198	5,519,198	95,000	95,000
Realized income from deferred credit acct	1,531,258	1,531,258	1,531,258	-	0
<b>Total Deductions</b>	<b>10,746,551</b>	<b>10,828,785</b>	<b>10,828,785</b>	<b>82,234</b>	<b>82,234</b>
<b>Regulatory Taxable Income</b>	<b>2,129,780</b>	<b>2,456,544</b>	<b>2,459,987</b>	<b>326,764</b>	<b>330,207</b>
Combine Income tax Rate	31.00%	31.00%	31.00%	0.00%	0.00%
	660,232	761,529	762,596	101,297	102,364
<b>Tax Credits</b>				-	0
Apprentice Training		(26,700)	(26,700)	(26,700)	(26,700)
Small Business Tax Credit			(18,750)	0	(18,750)
<b>Regulatory Income Tax</b>	<b>660,232</b>	<b>734,829</b>	<b>717,146</b>	<b>74,597</b>	<b>56,914</b>
<b>Gross up rate</b>	<b>69.00%</b>	<b>69.00%</b>	<b>69.00%</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Gross up income tax</b>	<b>956,858</b>	<b>1,064,969</b>	<b>1,039,342</b>	<b>108,111</b>	<b>82,484</b>
<b>Calculation of Utility Income Taxes</b>					
Income Taxes	956,858	1,064,969	1,039,342	108,111	82,484
Large Corporation Tax					
Ontario Capital Tax	30,805	30,900	30,966	95	161
<b>Total Taxes</b>	<b>987,663</b>	<b>1,095,869</b>	<b>1,070,308</b>	<b>108,206</b>	<b>82,645</b>

## COST OF CAPITAL AND CAPITAL STRUCTURE

In the accepted Partial Settlement Agreement, the Parties agreed that CK Hydro's proposed debt to equity ratio for rate making purposes of 60% to 40% was appropriate. However, the following two matters were not settled with respect to cost of capital and the Parties agreed to make written submissions:

- The percentage of CK Hydro's regulated capital structure that should be made up of short-term debt. The debt component in the application was comprised of 56% long term debt and 4% short term debt. The intervenors, did not agree that 4% short-term debt is an appropriate amount for CK Hydro for rate making purposes.
- The Application provided for an adjustment based on the Board's updated cost of capital parameters. CK Hydro's position was that the methodology for determining the Return on Equity for the 2010 Test Year is as set out in the December 11, 2009 Report of the Board on the Cost of Capital for Ontario's Regulated Utilities, and that the Return on Equity applicable to CK Hydro should be determined on that basis. The intervenors did not agree that the rate should be determined as provided for in that Report.

In its Decision dated April 20, 2010, the Board agreed with the positions put forth by CK Hydro and as such has not required any deviation from the prescribed capital structure and Return on Equity.

CK Hydro, in the Application, had used a long term debt rate of 7.62%, which was the deemed rate approved by the Board for the 2009 cost of service applications. CK Hydro had also proposed that the debt rate would be updated to the deemed rate approved by the Board for the 2010 cost of service applications.

The Parties agreed that the long-term debt rate would be the lower of the nominal rate (7.04%) that was currently charged on the affiliate debt and the deemed rate to be approved by the Board. The Board issued a letter on February 24, 2010 outlining the approved deemed cost of capital rates that are to be included in the 2010 cost of service applications. The deemed-long term debt rate approved by the Board in the letter is 5.87%; therefore, the long term debt rate used in the Partial Settlement Agreement and this Draft Rate Order is 5.87%.

Similarly, CK Hydro, in the Application, had used a short-term debt rate of 1.33%, which was the deemed rate approved by the Board for the 2009 cost of service applications. CK Hydro had also proposed that the debt rate would be updated to the deemed rate approved by the Board for the 2010 cost of service applications. The Parties agreed to update the short-term debt rate based upon the Board's approved rate for 2010 cost of service applications. The deemed short-term debt rate approved by the Board in the letter of February 24, 2010 is 2.07%; therefore, the short term debt used in the Partial Settlement Agreement and this Draft Rate Order is 2.07%.

The above noted adjustments to the cost of capital are reflected in this Draft Rate Order and the detailed supporting Appendices. The updated cost of capital is \$4,114,631 which is \$104,569 less than that shown in the Application.

Description	% of Rate Base	Rate of Return Original Application	Rate of Return Settlement/Board Decision	Return per Original Application	Return per Settlement	Return per Updated Settlement/Board Decision
Long-Term Debt	56%	7.62%	5.87%	2,392,771	1,847,416	1,850,289
Short-Term Debt	4%	1.33%	2.07%	29,831	46,534	46,606
Total Debt	60%			2,422,602	1,893,950	1,896,895
Share Equity	40%	8.01%	9.85%	1,796,597	2,214,291	2,217,735
Total Return				4,219,200	4,108,241	4,114,631
Weighted Avg Return				7.52%	7.31%	7.31%
Rate Base				56,073,568	56,200,288	56,287,699

## REVENUE DEFICIENCY

The impacts of the implementation of the Settlement Agreement and the Board's Decision on the proposed Revenue Deficiency are shown below.

	A Original Submission	B Settlement	C Decision	Difference (B-A)	Difference (C-A)
<b>Revenues</b>					
Distribution Revenue - Existing rates	12,838,181	13,095,629	13,095,629	257,448	257,448
Other Operating Revenue	1,187,450	1,302,450	1,302,450	115,000	115,000
Revenues required to pay additional taxes	557,908	371,140	365,197	(186,768)	(192,711)
<b>Total Revenue</b>	<b>14,583,539</b>	<b>14,769,219</b>	<b>14,763,276</b>	<b>185,680</b>	<b>179,737</b>
<b>Distribution costs</b>					
Distribution Operation	6,803,112	6,679,529	6,679,529	(123,583)	(123,583)
Depreciation	3,815,361	3,711,665	3,711,665	(103,696)	(103,696)
Deemed Interest	2,422,602	1,893,950	1,896,895	(528,652)	(525,707)
<b>Total Distribution Cost</b>	<b>13,041,076</b>	<b>12,285,144</b>	<b>12,288,089</b>	<b>(755,932)</b>	<b>(752,986)</b>
<b>Utility earnings after tax</b>					
Utility earnings before tax	1,542,463	2,484,075	2,475,187	941,612	932,724
Net Income tax	987,661	1,095,869	1,070,308	108,208	82,647
<b>Utility net earnings</b>	<b>554,801</b>	<b>1,388,206</b>	<b>1,404,879</b>	<b>833,405</b>	<b>850,077</b>
<b>Revenue Deficiency</b>					
Actual Utility Net Earnings	554,801	1,388,206	1,404,879	833,405	850,077
Deemed Utility Net Earnings	1,796,597	2,214,291	2,217,735	417,694	421,138
<b>Revenue Deficiency after tax</b>	<b>1,241,796</b>	<b>826,085</b>	<b>812,857</b>	<b>(415,711)</b>	<b>(428,939)</b>
<b>Revenue Deficiency before tax</b>	<b>1,799,705</b>	<b>1,197,225</b>	<b>1,178,053</b>	<b>(602,480)</b>	<b>(621,652)</b>

## COST ALLOCATION AND RATE DESIGN

The Parties to the accepted Partial Settlement Agreement agreed that the proposed cost allocation and fixed-variable splits were appropriate. The Parties also agreed that the revenue-to-cost ratios for customer classes (all classes except Residential and General Service < 50 kW) that are outside of the Board's guidelines would be moved to the range over a three year period. The Parties agreed that the migration to the lower or upper band, as applicable, would be done by moving half-way to the applicable boundary in 2010, and then the rest of the way in equal increments in 2011 and 2012.

Furthermore, the Parties agreed to the following rate class changes:

- Elimination of the Large User class
- Introduction of a new rate class, to be designated Intermediate with Self-Generation

The Large User class was eliminated because there were no longer any customers in that class.

Customers with the following characteristics will be included in the new Intermediate with Self-Generation customer class:

- Customer demand will be between 1,000 kW and 4,999 kW
- Customer will have significant on site generation greater than 500 kW

There are no other changes to CK Hydro's existing customer classes. The Draft Rate Order reflects these rate class changes.

## **DEFERRAL AND VARIANCE ACCOUNTS**

The Parties agreed that the balances in the Deferral and Variance Accounts were appropriate, subject to material adjustments resulting from future Board reviews as part of the RRR process. The Parties agreed that the disposition of the Global Adjustment, which is included in a sub-account of account 1588, should be disposed of differently than the other Deferral and Variance Accounts. The Global Adjustment will be recovered from customers in the following manner:

- From only non-RPP customers; and
- Members of the "MUSH" sector will not be charged this rate as they were not non-RPP customers during the period that these costs were accumulated.

As the 2010 rates will be implemented beginning June 1, 2010, CK Hydro has in the Draft Rate Order, as directed by the Board, re-calculated the rate riders to collect the approved deferral and variance account balances from customers over a period of 11 months rather than 12 months, with the exception of the Account 1588 Global Adjustment sub-account, for which the rate rider, applicable only to non-RPP customers, will be recovered over 23 months rather than 24 months.

## **SMART METER CHARGES AND RIDERS**

As noted in the accepted Partial Settlement Agreement, the Parties agreed that the Smart Meter costs (both OM&A and capital) were appropriate for recovery from CK Hydro's customers. The Parties also agreed that the return on the investment in Smart Meters would be updated to reflect the Board's updated (February 2010) cost of capital parameters (Board staff IR # 57 b). Furthermore, the Parties agreed that the Smart Meter charges, rate rider, disposition rider and permanent rider, were appropriate once the updated cost of capital parameters were used. In this Draft Rate Order, CK Hydro has updated the return on investment in Smart Meters as agreed.

## **LRAM AND SSM**

CK Hydro had proposed to recover \$774,194 in LRAM and SSM (Exhibit 10, Tab 1, Schedule 1, Appendix A, page 6) for conservation programs that were implemented by CK Hydro as well as those supported by the Ontario Power Authority ("OPA"). Included in that amount were LRAM and SSM related to the implementation of Smart Meters and the education programs surrounding conservation initiatives. The Parties to the accepted Settlement Agreement agreed that a portion of LRAM and SSM related to smart meters during a period when smart meters were installed in CK Energy's service territory but not used for Time of Use Pricing should be removed from the requested LRAM/SSM claim. This resulted in a reduction of \$347,010, bringing the total to be recovered from customers to \$427,184.

Further, the Parties agreed to CK Hydro's rate mitigation proposal to defer the timing of the recovery of the LRAM/SSM until May 1, 2011. The Parties also agreed that the billing determinants to be used to determine the LRAM/SSM rate riders are the approved 2010 Test Year amounts.

## **IMPLEMENTATION**

The Board approved a May 1, 2010 effective date, but noted that there is insufficient time to implement the new rates on May 1, 2010. The Board made CK Hydro's current rates interim effective May 1, 2010, in order to facilitate an effective date of May 1, 2010.

As directed by the Board, CK Hydro has developed this Draft Rate Order assuming a 12 month recovery period. As the planned implementation date of the final Rate Order is June 1, 2010, CK Hydro calculated class-specific rate riders to recover one month of foregone revenue. Giving due consideration to bill impacts, CK Hydro has proposed a time period for recovery of one month. The calculation of these class-specific riders and the bill impacts of recovery are shown in Appendix F. CK Hydro submits that the recovery of this forgone revenue over a period of one month does not create any unacceptable bill impacts.

In its Decision the Board directed CK Hydro to include, in the Draft Rate Order, customer rate impacts and detailed supporting information showing the calculation of the final rates.

As directed, CK Hydro submits this Draft Rate Order which incorporates the findings and directions of the Board resulting from the Board's Decision of April 20, 2010. This submission includes customer rate impacts and detailed supporting information showing the calculation of the final rates and the Revenue Requirement Work Form in Microsoft Excel format.

Supporting documentation includes the following:

- Revenue Requirement Work Form excel spreadsheet (Appendix A);
- Revenue Requirement Supporting Material (Appendix B);
- Cost Allocation and Rate Design Calculations (Appendix C);
- Revised Retail Transmission Service Rates (Appendix D);
- Schedule of Rates and Charges including Rate Impacts (Appendix E);
- Class-specific Rate Riders to recover one month of foregone revenue (Appendix F); and
- Smart Meter Adder/Rider (Appendix G)

**APPENDIX A**  
**REVENUE REQUIREMENT WORKFORM**

This Appendix includes the Ontario Energy Board issued Revenue Requirement Workform. This Workform reflects CK Hydro's original filing as of October 5, 2009 in the "Application" column. The "Per Board Decision" column reflects both the direction included in the Board's Decision, and the agreed changes in accordance with the Board-approved Partial Settlement Agreement



## REVENUE REQUIREMENT WORK FORM

Name of LDC: Chatham-Kent Hydro Inc.

File Number: EB-2009-0261

Rate Year: 2010

Version: 1.0

### Table of Content

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

#### Notes:

(1) Pale green cells represent inputs

(2) Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.

#### Copyright

This Revenue Requirement Work Form Model is protected by copyright and is being made available to you solely for the purpose of preparing or reviewing your draft rate order. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.





# REVENUE REQUIREMENT WORK FORM

Name of LDC: Chatham-Kent Hydro Inc.  
File Number: EB-2009-0261  
Rate Year: 2010

Data Input (1)					
	Application		Adjustments		Per Board Decision
<b>1 Rate Base</b>					
Gross Fixed Assets (average)	\$78,652,295	(4)	(\$242,500)		\$78,409,795
Accumulated Depreciation (average)	(\$31,246,866)	(5)	\$52,048		(\$31,194,818)
Allowance for Working Capital:					
Controllable Expenses	\$6,803,111	(6)	(\$123,583)		\$6,679,528
Cost of Power	\$50,984,481		\$2,820,800		\$53,805,282
Working Capital Rate (%)	15.00%				15.00%
<b>2 Utility Income</b>					
Operating Revenues:					
Distribution Revenue at Current Rates	\$12,838,181				\$13,095,629
Distribution Revenue at Proposed Rates	\$14,637,886				\$14,273,683
Other Revenue:					
Specific Service Charges	\$494,368				\$494,368
Late Payment Charges	\$188,861				\$198,861
Other Distribution Revenue	\$360,988				\$465,988
Other Income and Deductions	\$143,233				\$143,233
Operating Expenses:					
OM+A Expenses	\$6,803,111		(\$123,583)		\$6,679,528
Depreciation/Amortization	\$3,815,361		(\$103,696)		\$3,711,665
Property taxes	\$ -		\$ -		\$0
Capital taxes	\$30,805				\$30,966
Other expenses					
<b>3 Taxes/PILs</b>					
Taxable Income:					
Adjustments required to arrive at taxable income	\$333,183	(3)			\$242,251
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$660,232				\$717,146
Income taxes (grossed up)	\$956,858				\$1,039,342
Capital Taxes	\$30,805				\$30,966
Federal tax (%)	18.00%				18.00%
Provincial tax (%)	13.00%				13.00%
Income Tax Credits					(\$45,450)
<b>4 Capitalization/Cost of Capital</b>					
Capital Structure:					
Long-term debt Capitalization Ratio (%)	56.0%				56.0%
Short-term debt Capitalization Ratio (%)	4.0%	(2)			4.0%
Common Equity Capitalization Ratio (%)	40.0%				40.0%
Preferred Shares Capitalization Ratio (%)					
Cost of Capital					
Long-term debt Cost Rate (%)	7.62%				5.87%
Short-term debt Cost Rate (%)	1.33%				2.07%
Common Equity Cost Rate (%)	8.01%				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: Chatham-Kent Hydro Inc.  
File Number: EB-2009-0261  
Rate Year: 2010

Rate Base				
Line No.	Particulars	Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$78,652,295	(\$242,500)	\$78,409,795
2	Accumulated Depreciation (average) (3)	(\$31,246,866)	\$52,048	(\$31,194,818)
3	Net Fixed Assets (average) (3)	\$47,405,429	(\$190,452)	\$47,214,977
4	Allowance for Working Capital (1)	\$8,668,139	\$404,583	\$9,072,722
5	<b>Total Rate Base</b>	<b>\$56,073,568</b>	<b>\$214,131</b>	<b>\$56,287,699</b>
<b>(1) Allowance for Working Capital - Derivation</b>				
6	Controllable Expenses	\$6,803,111	(\$123,583)	\$6,679,528
7	Cost of Power	\$50,984,481	\$2,820,800	\$53,805,282
8	Working Capital Base	\$57,787,593	\$2,697,217	\$60,484,810
9	Working Capital Rate % (2)	15.00%		15.00%
10	Working Capital Allowance	\$8,668,139	\$404,583	\$9,072,722

### 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: Chatham-Kent Hydro Inc.  
File Number: EB-2009-0261  
Rate Year: 2010

Utility income				
Line No.	Particulars	Application	Adjustments	Per Board Decision
<b>Operating Revenues:</b>				
1	Distribution Revenue (at Proposed Rates)	\$14,637,886	(\$364,203)	\$14,273,683
2	Other Revenue (1)	\$1,187,450	\$115,000	\$1,302,450
3	Total Operating Revenues	\$15,825,336	(\$249,203)	\$15,576,133
<b>Operating Expenses:</b>				
4	OM+A Expenses	\$6,803,111	(\$123,583)	\$6,679,528
5	Depreciation/Amortization	\$3,815,361	(\$103,696)	\$3,711,665
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$30,805	\$160	\$30,966
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$10,649,278	(\$227,119)	\$10,422,160
10	Deemed Interest Expense	\$2,422,602	(\$525,707)	\$1,896,895
11	Total Expenses (lines 4 to 10)	\$13,071,881	(\$752,826)	\$12,319,055
12	Utility income before income taxes	\$2,753,455	\$503,622	\$3,257,077
13	Income taxes (grossed-up)	\$956,858	\$82,484	\$1,039,342
14	Utility net income	\$1,796,597	\$421,138	\$2,217,735

## Notes

(1)	<b>Other Revenues / Revenue Offsets</b>		
	Specific Service Charges	\$494,368	\$494,368
	Late Payment Charges	\$188,861	\$198,861
	Other Distribution Revenue	\$360,988	\$465,988
	Other Income and Deductions	\$143,233	\$143,233
	Total Revenue Offsets	\$1,187,450	\$1,302,450



# REVENUE REQUIREMENT WORK FORM

Name of LDC: Chatham-Kent Hydro Inc.

File Number: EB-2009-0261

Rate Year: 2010

Taxes/PILs			
Line No.	Particulars	Application	Per Board Decision
<b><u>Determination of Taxable Income</u></b>			
1	Utility net income	\$1,796,597	\$2,217,735
2	Adjustments required to arrive at taxable utility income	\$333,183	\$242,251
3	Taxable income	\$2,129,781	\$2,459,986
<b><u>Calculation of Utility income Taxes</u></b>			
4	Income taxes	\$660,232	\$717,146
5	Capital taxes	\$30,805	\$30,966
6	Total taxes	\$691,037	\$748,112
7	Gross-up of Income Taxes	\$296,626	\$322,196
8	Grossed-up Income Taxes	\$956,858	\$1,039,342
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$987,663	\$1,070,308
10	Other tax Credits	\$ -	(\$45,450)
<b><u>Tax Rates</u></b>			
11	Federal tax (%)	18.00%	18.00%
12	Provincial tax (%)	13.00%	13.00%
13	Total tax rate (%)	31.00%	31.00%

## Notes



## REVENUE REQUIREMENT WORK FORM

Name of LDC: Chatham-Kent Hydro Inc.  
File Number: EB-2009-0261  
Rate Year: 2010

### Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
<b>Application</b>					
<b>Debt</b>					
1	Long-term Debt	56.00%	\$31,401,198	7.62%	\$2,392,771
2	Short-term Debt	4.00%	\$2,242,943	1.33%	\$29,831
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$33,644,141</b>	<b>7.20%</b>	<b>\$2,422,602</b>
<b>Equity</b>					
4	Common Equity	40.00%	\$22,429,427	8.01%	\$1,796,597
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$22,429,427</b>	<b>8.01%</b>	<b>\$1,796,597</b>
7	<b>Total</b>	<b>100%</b>	<b>\$56,073,568</b>	<b>7.52%</b>	<b>\$4,219,200</b>
<b>Per Board Decision</b>					
<b>Debt</b>					
8	Long-term Debt	56.00%	\$31,521,111	5.87%	\$1,850,289
9	Short-term Debt	4.00%	\$2,251,508	2.07%	\$46,606
10	<b>Total Debt</b>	<b>60.00%</b>	<b>\$33,772,619</b>	<b>5.62%</b>	<b>\$1,896,895</b>
<b>Equity</b>					
11	Common Equity	40.0%	\$22,515,080	9.85%	\$2,217,735
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	<b>40.0%</b>	<b>\$22,515,080</b>	<b>9.85%</b>	<b>\$2,217,735</b>
14	<b>Total</b>	<b>100%</b>	<b>\$56,287,699</b>	<b>7.31%</b>	<b>\$4,114,631</b>

#### Notes

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



# REVENUE REQUIREMENT WORK FORM

Name of LDC: Chatham-Kent Hydro Inc.  
File Number: EB-2009-0261  
Rate Year: 2010

Revenue Sufficiency/Deficiency					
Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$1,799,705		\$1,178,053
2	Distribution Revenue	\$12,838,181	\$12,838,181	\$13,095,629	\$13,095,629
3	Other Operating Revenue Offsets - net	\$1,187,450	\$1,187,450	\$1,302,450	\$1,302,450
4	<b>Total Revenue</b>	<b>\$14,025,631</b>	<b>\$15,825,336</b>	<b>\$14,398,079</b>	<b>\$15,576,133</b>
5	Operating Expenses	\$10,649,278	\$10,649,278	\$10,422,160	\$10,422,160
6	Deemed Interest Expense	\$2,422,602	\$2,422,602	\$1,896,895	\$1,896,895
	<b>Total Cost and Expenses</b>	<b>\$13,071,881</b>	<b>\$13,071,881</b>	<b>\$12,319,055</b>	<b>\$12,319,055</b>
7	<b>Utility Income Before Income Taxes</b>	<b>\$953,750</b>	<b>\$2,753,455</b>	<b>\$2,079,024</b>	<b>\$3,257,078</b>
8	Tax Adjustments to Accounting				
9	Income per 2009 PILs	\$333,183	\$333,183	\$242,251	\$242,251
10	<b>Taxable Income</b>	<b>\$1,286,934</b>	<b>\$3,086,639</b>	<b>\$2,321,275</b>	<b>\$3,499,329</b>
11	Income Tax Rate	31.00%	31.00%	31.00%	31.00%
12	<b>Income Tax on Taxable Income</b>	<b>\$398,949</b>	<b>\$956,858</b>	<b>\$719,595</b>	<b>\$1,084,792</b>
13	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>(\$45,450)</b>	<b>(\$45,450)</b>
14	<b>Utility Net Income</b>	<b>\$554,801</b>	<b>\$1,796,597</b>	<b>\$1,404,879</b>	<b>\$2,217,735</b>
15	<b>Utility Rate Base</b>	<b>\$56,073,568</b>	<b>\$56,073,568</b>	<b>\$56,287,699</b>	<b>\$56,287,699</b>
16	Deemed Equity Portion of Rate Base	\$22,429,427	\$22,429,427	\$22,515,080	\$22,515,080
17	Income/Equity Rate Base (%)	2.47%	8.01%	6.24%	9.85%
18	Target Return - Equity on Rate Base	8.01%	8.01%	9.85%	9.85%
19	Sufficiency/Deficiency in Return on Equity	-5.54%	0.00%	-3.61%	0.00%
20	Indicated Rate of Return	5.31%	7.52%	5.87%	7.31%
21	Requested Rate of Return on Rate Base	7.52%	7.52%	7.31%	7.31%
22	Sufficiency/Deficiency in Rate of Return	-2.21%	0.00%	-1.44%	0.00%
23	Target Return on Equity	\$1,796,597	\$1,796,597	\$2,217,735	\$2,217,735
24	Revenue Sufficiency/Deficiency	\$1,241,796	\$0	\$812,857	(\$0)
25	<b>Gross Revenue Sufficiency/Deficiency</b>	<b>\$1,799,705 (1)</b>		<b>\$1,178,053 (1)</b>	

## Notes:

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



# REVENUE REQUIREMENT WORK FORM

Name of LDC: Chatham-Kent Hydro Inc.

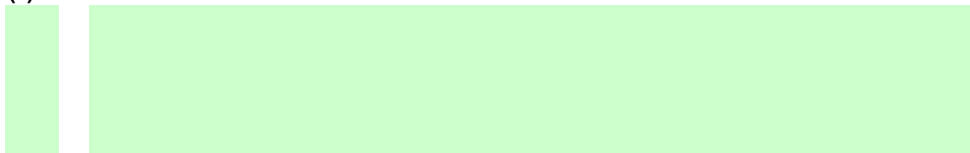
File Number: EB-2009-0261

Rate Year: 2010

Revenue Requirement			
Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$6,803,111	\$6,679,528
2	Amortization/Depreciation	\$3,815,361	\$3,711,665
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$30,805	\$30,966
5	Income Taxes (Grossed up)	\$956,858	\$1,039,342
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$2,422,602	\$1,896,895
	Return on Deemed Equity	\$1,796,597	\$2,217,735
8	Distribution Revenue Requirement before Revenues	\$15,825,336	\$15,576,133
9	Distribution revenue	\$14,637,886	\$14,273,683
10	Other revenue	\$1,187,450	\$1,302,450
11	<b>Total revenue</b>	<b>\$15,825,336</b>	<b>\$15,576,133</b>
12	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<b>\$0 (1)</b>	<b>(\$0) (1)</b>

## Notes

(1) Line 11 - Line 8





# REVENUE REQUIREMENT WORK FORM

Name of LDC: Chatham-Kent Hydro Inc.

File Number: EB-2009-0261

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	\$ 25.56	\$ 24.53	-\$ 1.03	-4.0%		\$ 92.76	\$ 92.15	-\$ 0.61	-0.7%
GS < 50kW	2000 kWh/month	\$ 51.52	\$ 51.63	\$ 0.11	0.2%		\$ 224.00	\$ 225.13	\$ 1.12	0.5%

Notes:



## **APPENDIX B**

### **REVENUE REQUIREMENT SUPPORTING MATERIAL**

This Appendix includes the following information to support the derivation of the revenue requirement.

#### OM&A Forecast

- Summary of Changes to OM&A spending
- Breakdown of OM&A reduction in spending by line item and by USofA account
- Updated depreciation expense schedule
- Updated tax calculations
- Updated CCA schedule

#### Rate Base

- Summary of Changes to Rate Base
- Revised 2010 Capital Additions by project
- Revised 2010 Fixed Asset Continuity Schedule
- Updated Cost of Power worksheet

#### Other Revenue

- Summary of Changes to Revenue Offsets

Summary of Charges to Operating Expenses

Description	2010 Test Year Adjustment	Comments
<b>OM&amp;A Changes</b>		
Reduction in Operations Expense	(15,000)	Reduction due to the elimination of PST
<b>Total Operation Expense Change</b>	<b>(15,000)</b>	
<b>Reduction in Maintenance Expense</b>		
	(10,000)	Reduction due to the elimination of PST
	(10,000)	Wage Inflation Reduction
	(25,000)	General reduction
<b>Total Maintenance Expense Change</b>	<b>(45,000)</b>	
<b>Reduction in Administration Expense</b>		
	(28,583)	Reduction in allocation CKE Board fees
	(35,000)	Regulatory reduction
<b>Total Administration Expense Change</b>	<b>(63,583)</b>	
<b>Total OM&amp;A Changes</b>	<b>(123,583)</b>	
<b>Other Operating Expenses Changes</b>		
Reduction in Depreciation Expenses	(103,696)	Change to half year rule and capital reduction
<b>Total Depreciation/Amortization Change</b>	<b>(103,696)</b>	
<b>Total OM&amp;A Change</b>	<b>(227,279)</b>	

Allocation of Reduction in OM&A Expenses

Description	Detail Information	USofA Account	2010 Test Year Adjustment
<b>OM&amp; A Reductions</b>	Impact of HST (1)	various	(25,000)
	Adjustment to Non-Labour	5105	(10,000)
	Board of Director fees	5605	(28,583)
	Regulatory Cost	5655	(35,000)
	General reduction of OM&A	5105	(25,000)
	Total OM&A Changes		<u>(123,583)</u>
<b>Other OM&amp; A Reductions</b>			
	Depreciation Expense		<u>(103,696)</u>
			<u>(227,279)</u>

Notes:

(1) The total amount of the HST reduction of \$25,000 was allocated as follows: Acct 5065 \$15,000 and acct 5125 \$10,000



Expense Description	2010 Original Application	HST	Wage Reduction	General Reduction	Board Fees	Regulatory	Depreciation	Total Reduction	Settlement
<b>Billing and Collections</b>									
5305-Supervision	137,237							-	137,237
5310-Meter Reading Expense	34,853							-	34,853
5315-Customer Billing	1,025,552							-	1,025,552
5320-Collecting	416,389							-	416,389
5325-Collecting- Cash Over and Short	0							-	0
5330-Collection Charges	0							-	0
5335-Bad Debt Expense	212,766							-	212,766
5340-Miscellaneous Customer Accounts Expenses	0							-	0
Sub-Total	1,826,798								1,826,798
<b>Community Relations</b>									
5405-Supervision	0							-	0
5410-Community Relations - Sundry	44,929							-	44,929
5415-Energy Conservation	0							-	0
5420-Community Safety Program	9,557							-	9,557
5510-Demonstrating and Selling Expense	0							-	0
5515-Advertising Expense	2,043							-	2,043
5520-Miscellaneous Sales Expense	0							-	0
Sub-Total	56,529								56,529
<b>Administrative and General Expenses</b>									
5605-Executive Salaries and Expenses	73,847				(28,583)			(28,583)	45,264
5610-Management Salaries and Expenses	875,544							-	875,544
5615-General Administrative Salaries and Expenses	245,314							-	245,314
5620-Office Supplies and Expenses	59,699							-	59,699
5630-Outside Services Employed	233,633							-	233,633
5635-Property Insurance	84,175							-	84,175
5640-Injuries and Damages	0							-	0
5645-Employee Pensions and Benefits	250,137							-	250,137
5655-Regulatory Expenses	339,852					(35,000)		(35,000)	304,852
5660-General Advertising Expenses	0							-	0
5665-Miscellaneous General Expenses	0							-	0
5670-Rent	0							-	0
5675-Maintenance of General Plant	528,550							-	528,550
6205-Charitable Donations								-	0
Sub-Total	2,690,751								2,627,168
Total Operating, Maintenance and Administration Expenses	6,803,111								6,679,528
<b>Amortization Expenses</b>									
5705-Amortization Expense - Property, Plant, and Equipment	3,815,361						(103,696)	(103,696)	3,711,665
Sub-Total	3,815,361								3,711,665
Total Distribution Expense Before Income Taxes	10,618,472	(25,000)	(10,000)	(25,000)	(28,583)	(35,000)	(103,696)	(227,279)	10,391,193

Chatham-Kent Hydro Inc.  
For Year 2010

OEB	Description	2010 NBV Opening Balance (A)	LESS Fully Depreciated (B)	Net For Depreciation (C) = (A)-(B)	2010 Additions (D)	Total For Deprecation (E) = (C) + 0.5 X (D)	Years (F)	2010 Depreciation Expense (G) = (E)/(F)
	1805 Land	117,846		-		-		
	1806 Land Rights	-		-		-		
	1808 Buildings and Fixtures	339,972		339,972	65,000	372,472	25	14,899
	1810 Leasehold Improvements	-		-		-		
	1815 Transformer Station Equipment - Primary > 50 kV	-		-		-		
	1820 Distribution Station Equipment - Primary <50 kV	795,093		795,093	100,000	845,093	23	36,743
	1825 Storage Battery Equipment	-		-		-		
	1830 Poles, Towers and Fixtures	4,746,932		4,746,932	559,444	5,026,654	25	201,066
	1835 Overhead Conductors and Devices	19,628,594		19,628,594	653,418	19,955,303	22	907,059
	1840 Underground Conduit	1,278,455		1,278,455	241,438	1,399,174	25	55,967
	1845 Underground Conductors and Devices	15,181,831		15,181,831	813,840	15,588,751	19	820,461
	1850 Line Transformers	15,347,757		15,347,757	1,034,560	15,865,037	21	755,478
	1855 Services	3,755,475		3,755,475	423,737	3,967,343	25	158,694
	1860 Meters	2,858,240		2,858,240	29,499	2,872,989	20	143,649
	1861 Smart Meters	4,210,814		4,210,814		4,210,814	13	323,909
	1865 Other Installations on Customer's Premises	-		-		-		
	1905 Land	668,511		-	25,000			
	1906 Land Rights	-		-		-		
	1908 Buildings and Fixtures	3,473,081		3,473,081	303,000	3,624,581	31	116,922
	1910 Leasehold Improvements	-		-		-		
	1915 Office Furniture and Equipment	131,926		131,926	12,000	137,926	15	9,195
	1920 Computer Equipment - Hardware	298,067	298,067	-		-		
	1920 Computer - Hardware post Mar 22/04	55,331		55,331		55,331	8	6,916
	1920 Computer - Hardware post Mar19/07	232,819		232,819	56,000	260,819	11	23,711
	1925 Computer Software	613,095		613,095		613,095	8	76,637
	1930 Transportation Equipment **	2,881,106	2,881,106	-	780,000			
	1935 Stores Equipment	-		-		-		
	1940 Tools, Shop and Garage Equipment	685,613		685,613	299,000	835,113	20	41,756
	1945 Measurement and Testing Equipment	-		-		-		
	1950 Power Operated Equipment	-		-		-		
	1955 Communication Equipment	-		-		-		
	1960 Miscellaneous Equipment	-		-		-		
	1970 Load Management Controls - Customer Premises	-		-		-		
	1975 Load Management Controls - Utility Premises	-		-		-		
	1980 System Supervisory Equipment	827,728		827,728	40,000	847,728	18	47,096
	1985 Sentinel Lighting Rentals	-		-		-		
	1990 Other Tangible Property	1,826,998		1,826,998	81,595	1,867,796	13	143,677
	1995 Contributions and Grants	-	-	4,166,753	275,000	4,304,253	25	172,169
	<b>Total</b>	<b>75,788,531</b>	<b>3,179,173</b>	<b>71,823,001</b>	<b>5,242,530</b>	<b>74,041,766</b>		<b>3,711,665</b>



PILS OR INCOME TAXES WORK FORM  
Name of LDC: Chatham-Kent Hydro Inc.  
File Number: EB-2009-0261  
Rate Year: 2010

## PILs, Tax Provision

				Wires Only		
Regulatory Taxable Income				\$ 2,459,988		A
Ontario Income Taxes						
Income tax payable	Ontario income tax	13.00%	B	\$ 319,798	C = A * B	
Small business credit	Ontario Small Business Threshold	\$ 500,000	D			
	Rate reduction	-8.50%	E	-\$ 42,500	F = D * E	
Surtax		\$ 1,000,000	G = A - D			
	Ontario surtax claw-back	4.25%	H	\$ 42,500	I = G * H	
Ontario Income tax				\$ 319,798	J = C + F + I	
Combined Tax Rate and PILs	Effective Ontario Tax Rate	13.00%	K = J / A			
	Federal tax rate	18.00%	L			
	Combined tax rate				31.00%	M = L + L
Total Income Taxes				\$ 762,596	N = A * M	
Investment Tax Credits				\$ 26,700	O	
Miscellaneous Tax Credits				\$ 18,750	P	
Total Tax Credits				\$ 45,450	Q = O + P	
Corporate PILs/Income Tax Provision for Test Year				\$ 717,146	R = N - Q	
Corporate PILs/Income Tax Provision Gross Up		69.00%	S = 1 - M	\$ 322,196	T = R / S - N	
Income Tax (grossed-up)				\$ 1,039,342	U = R + T	
Ontario Capital Tax (not grossed-up)				\$ 30,966	V	
Tax Provision for Test Year Rate Recovery				\$ 1,070,308	W = U + V	



**PILS OR INCOME TAXES WORK FORM**  
Name of LDC: Chatham-Kent Hydro Inc.  
File Number: EB-2009-0261  
Rate Year: 2010

## Taxable Income Test Year

	T2 S1 line #	Test Year	Taxable Income
<b>Net Income Before Taxes</b>			2,217,735
<b>Additions:</b>			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		4,015,581
2-4 ADJUSTED ACCOUNTING DATA P489			
Amortization of intangible assets	106		
2-4 ADJUSTED ACCOUNTING DATA P490			
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		0
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		5,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125		
Reserves from financial statements- balance at end of year	126		5,519,198
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expense	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
Other Additions: (please explain in detail the nature of the item)			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		1,531,258
Pensions	292		
Non-deductible penalties	293		
	294		
	295		
	296		
	297		
<b>Total Additions</b>			<b>11,071,037</b>
<b>Deductions:</b>			
Gain on disposal of assets per financial statements	401		39,996
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403		3,684,423
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10 CEC	405		53,910
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413		
Reserves from financial statements - balance at beginning of year	414		5,519,198
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the nature of the item)			
Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
Deductible regulatory costs in deferred	394		1,531,258
	395		
	396		
	397		
<b>Total Deductions</b>			<b>10,828,784</b>
<b>NET INCOME FOR TAX PURPOSES</b>			<b>2,459,988</b>
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of preceding taxation years from Schedule 7-1	331		
Net-capital losses of preceding taxation years (Please show calculation)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
<b>REGULATORY TAXABLE INCOME</b>			<b>2,459,988</b>

Name of LDC: Chatham-Kent Hydro Inc.  
File Number: EB-2009-0261  
Rate Year: 2010

Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	\$ 36,126,988	\$ -	\$ -	\$ 36,126,988	-	\$ 36,126,988	4%	\$ 1,445,080	\$ 34,681,908
2	Distribution System - pre 1988	\$ -	\$ -	\$ -	\$ -	-	\$ -	6%	\$ -	\$ -
8	General Office/Stores Equip	\$ 567,322	\$ 311,000	\$ -	\$ 868,322	\$ 155,500	\$ 712,822	20%	\$ 142,564	\$ 725,758
10	Computer Hardware/ Vehicles	\$ 853,590	\$ 780,000	\$ -	\$ 1,633,590	\$ 390,000	\$ 1,243,590	30%	\$ 373,077	\$ 1,260,513
10.1	Certain Automobiles	\$ -	\$ -	\$ -	\$ -	-	\$ -	30%	\$ -	\$ -
12	Computer Software	\$ 65,000	\$ -	\$ -	\$ 65,000	\$ -	\$ 65,000	100%	\$ 65,000	\$ -
13.1	Lease # 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
13.2	Lease #2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
13.3	Lease # 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
13.4	Lease # 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
14	Franchise	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0	\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bids	\$ 216,234	\$ -	\$ -	\$ 216,234	\$ -	\$ 216,234	8%	\$ 17,299	\$ 198,935
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	30%	\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 28,041	\$ -	\$ -	\$ 28,041	\$ -	\$ 28,041	45%	\$ 12,618	\$ 15,422
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ 115,142	\$ -	\$ -	\$ 115,142	\$ -	\$ 115,142	30%	\$ 34,542	\$ 80,599
47	Distribution System - post February 2005	\$ 17,069,954	\$ 4,070,531	\$ -	\$ 21,140,485	\$ 2,035,266	\$ 19,105,220	8%	\$ 1,528,418	\$ 19,612,068
50	Data Network Infrastructure Equipment - post Mar 2007	\$ 17,863	\$ -	\$ -	\$ 17,863	\$ -	\$ 17,863	55%	\$ 9,825	\$ 8,038
50	Data Network Infrastructure Equipment - post Jan 27 2009 no half year rule	\$ -	\$ 56,000	\$ -	\$ 56,000	\$ -	\$ 56,000	100%	\$ 56,000	\$ -
		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -	\$ -
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	TOTAL	\$ 55,050,133	\$ 5,217,531	\$ -	\$ 60,267,664	\$ 2,580,766	\$ 57,686,899		\$ 3,684,423	\$ 56,583,242



Summary of Changes to Rate Base

Description	2010 Test Year Adjustment vs Original Application	Comments
<b>Gross Fixed Assets (average)</b>		
Reduction in Capital Additions 2010	(275,000)	- Reduction in various for total of \$100,000, defer 1/2 of Parking lot project of \$175,000
Reduction in Capital Additions 2009	(100,000)	- Reduction in land for \$100,000
Increase in Capital contribution 2009	(5,000)	- Increase contributed capital in 2009
Change in Gross Fixed Asset	(380,000)	

<b>Accumulated Depreciation (average)</b>		
Decrease in 2010 amortization	(104,097)	Includes 1/2 rule for assets and reduction in the capital additions 2010
Decrease in 2010 opening balance	200	reduction in the contributed capital in 2009
Adjustment to Accumulated Depreciation	(103,897)	

<b>Working Capital</b>		
<b>OM&amp; A Expenses</b>		
Decrease in 2010 OM& A expenses	(123,583)	Decrease for the settlement
Adjustment to OM& A expenses	(123,583)	
<b>Cost of Power</b>		
Electricity - Commodity	1,790,809	Reflect the increase in 2010 volume forecast
Transmission Network	158,165	Increase in volume and uniform RTSR rates to January 2010
Transmission Connection	488,071	
Wholesale Market Service	383,756	Reflect the increase in 2010 volume forecast
Low Voltage	-	
Adjustment to Cost of Power	2,820,800	
Total Working Capital Adjustment	2,697,217	

**EB-2009-0261**  
**Draft Rate Order**  
**Appendix B**  
**Page 10 of 15**

**Filed: April 30, 2010**

**Year 2009**

Job Description	Grand Total	1805 Land	1808 Building	1820 Distribution Station	1830 Poles	1835 O/H conductor & devices	1840 U/G conduit	1845 U/G conductor & Devices	1850 Transformers	1855 Services O/H & U/G	1860 Meters	1860 Smart Meters	1905 Land	1908 Building Fixtures	1915 Office Furniture	1920 Computer	1925 Software	1930 Fleet	1940 Tools	1980	Scada	1990 AM/FM	3030 Contributed Capital
Residential New Service	200,755				0	11,542	3,531	11,794	359	173,496	52												0
Detached Residential	245,486				10,562	3,481		107,340	54,572	69,603	0												0
Comm/Industrial New	149,521				6,422	30,961		13,417	74,952	23,499	271												0
Account Cancellation	6,090				143	0	1,541	0	312	177	3,806												111
Contributed Capital	(280,000)				0	0	0	0	0	0	0												0
Residential Rebuild	30,780				4,018	11,684	674	0	0	14,404	0												0
Comm/Industrial Rebuild	175,580				7,416	56,346	97	26,657	68,380	6,218	10,464												0
Pole Replacement	126,347				75,720	37,532	0	0	3,550	9,545	0												0
Transformer Replacement	168,985				2,166	(44)	0	0	165,826	1,038	0												0
Ridgeway PCB Transformer replacement	75,000				2,156	0	4,395	10,600	33,877	25,972	0												0
Insulator Replacement	35,279				10,224	25,055	0	0	0	0	0												0
Retail Meter Replacement	30,010				4,088	2,357	0	0	23,417	137	10												0
Primary Cable Replacement Program	100,000				0	0	5,510	43,348	51,142	0	0												0
Perry St - Backyard removal	43,232				0	0	0	24,288	18,944	0	0												0
Emergencies	81,769				18,461	4,074	5,191	29,954	6,149	3,381	14,560												0
Outage Management Software	130,000				0	0	0	0	0	0	0						130,000						0
LIS Switches	62,166				19,307	42,859	0	0	0	0	0												0
Capital Expansion Requests	50,000				15,502	17,332	1,459	8,975	5,040	1,580	114												0
M5 Extension to supply CKHA Chatham	319,010				105,996	164,690	0	20,159	28,165	0	0												0
Sub/7/9 Conversion	574,739				13,081	81,052	30,906	211,600	224,659	13,440	0												0
Load Transfers	412,936				45,430	193,621	12,429	31,032	87,728	42,696	0												0
Asset Mangement Development	50,000				10,000	10,000	5,000	10,000	10,000	5,000	0												0
Sub 8 Conversion	50,000				14,685	5,000	0	0	30,315	0	0												0
Dresden Conversion	384,653				104,252	151,400	0	16,464	100,163	12,744	0												0
Purchase New Vehicle	362,593				0	0	0	0	593	0	0							362,000					0
Computer upgrades	63,000				0	0	0	0	0	0	0						63,000						0
Office Furniture	7,500				0	0	0	0	0	0	0					7,500							0
Control Room Support Capital	60,000				60,000	0	0	0	0	0	0		0	0		0		0	0	0	0		0
Upgrades to Scada System	40,000				0	0	0	0	0	0	0										40,000		0
Upgrades to AM/FM	76,460				0	0	0	0	0	0	0												76,460
Small Tools	47,000				0	0	0	0	0	0	0									47,000			0
Building Upgrades	73,500				0	0	0	0	0	0	0												0
Fuel Tanks	40,000				0	0	0	0	0	0	0												0
CN Land	100,000				0	0	0	0	0	0	0												0
Driveway Upgrades	25,000				0	0	0	0	0	0	0												0
Grand Totals	4,117,390	0	0	0	519,294	855,653	74,215	565,628	987,823	400,929	29,278	0	100,000	138,500	7,500	63,000	130,000	362,000	47,000	40,000		76,572	(280,000)

## Reconciliation

Capital Additions original application	4,222,390
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Contributed Capital increase	5,000
Excess cash	100,000

Land reduction	100,000
	<hr/>
	4 117 390

4,117,390

Fixed Asset Continuity Schedule (Distribution & Operations)  
As at December 31, 2009

Cost						Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Net Book Value
N/A	1805	Land	117,846			117,846	0			117,846
CEC	1806	Land Rights	0			0	0			0
47	1808	Buildings and Fixtures	339,972			339,972	125,325	13,591		201,056
13	1810	Leasehold Improvements	0			0	0			0
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	0			0	0			0
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	795,093			795,093	193,281	35,536		566,277
47	1825	Storage Battery Equipment	0			0	0			0
47	1830	Poles, Towers and Fixtures	4,227,639	519,294		4,746,932	769,572	189,877		3,787,483
47	1835	Overhead Conductors and Devices	18,772,941	855,653		19,628,594	6,764,030	915,617		11,948,947
47	1840	Underground Conduit	1,204,240	74,215		1,278,455	246,252	51,139		981,064
47	1845	Underground Conductors and Devices	14,616,203	565,628		15,181,831	5,937,648	818,708		8,425,475
47	1850	Line Transformers	14,359,934	987,823		15,347,757	4,941,260	732,602		9,673,895
47	1855	Services	3,354,546	400,929		3,755,475	661,747	150,219		2,943,509
47	1860	Meters	2,828,962	29,278		2,858,240	1,086,522	140,776		1,630,943
	1861	Smart Meters	4,210,814			4,210,814	539,712	375,787		3,295,315
N/A	1865	Other Installations on Customer's Premises	0			0	0			0
N/A	1905	Land	568,511	100,000		668,511	0			668,511
CEC	1906	Land Rights	0			0	0			0
47	1908	Buildings and Fixtures	3,334,581	138,500		3,473,081	671,841	110,929		2,690,312
13	1910	Leasehold Improvements	0			0	0			0
8	1915	Office Furniture and Equipment	124,426	7,500		131,926	75,823	11,499		44,604
10	1920	Computer Equipment - Hardware	298,067			298,067	297,273	794		0
	1920	Computer - Hardware post Mar 22/04	55,331			55,331	35,555	9,854		9,922
	1920	Computer - Hardware post Mar19/07	169,819	63,000		232,819	53,433	11,651		167,736
12	1925	Computer Software	483,095	130,000		613,095	177,563	66,787		368,745
10	1930	Transportation Equipment	2,519,106	362,000		2,881,106	1,560,960	245,048		1,075,097
8	1935	Stores Equipment	0			0	0			0
8	1940	Tools, Shop and Garage Equipment	638,613	47,000		685,613	498,094	28,190		159,329
8	1945	Measurement and Testing Equipment	0			0	0			0
8	1950	Power Operated Equipment	0			0	0			0
8	1955	Communication Equipment	0			0	0			0
8	1960	Miscellaneous Equipment	0			0	0			0
47	1970	Load Management Controls - Customer Premises	0			0	0			0
47	1975	Load Management Controls - Utility Premises	0			0	0			0
47	1980	System Supervisory Equipment	787,728	40,000		827,728	547,406	55,023		225,299
47	1985	Sentinel Lighting Rentals	0			0	0			0
47	1990	Other Tangible Property	1,750,427	76,572		1,826,998	906,542	150,325		770,131
47	1995	Contributions and Grants	(3,886,753)	(280,000)		(4,166,753)	(849,424)	(167,338)		(3,149,991)
		<b>Total before Work in Process</b>	<b>71,671,139</b>	<b>4,117,390</b>	<b>0</b>	<b>75,788,529</b>	<b>25,240,414</b>	<b>3,946,613</b>	<b>0</b>	<b>46,601,502</b>
WIP		Work in Process	0			0	0			0
		<b>Total after Work in Process</b>	<b>71,671,139</b>	<b>4,117,390</b>	<b>0</b>	<b>75,788,529</b>	<b>25,240,414</b>	<b>3,946,613</b>	<b>0</b>	<b>46,601,502</b>

	1925	Transportation
	1930	Stores Equipment

Less: Fully Allocated Depreciation  
Transportation 245,048  
Communication  
Net Depreciation 3,701,565 29,187,027

**Chatham-Kent Hydro Inc.**  
**EB-2009-0261**  
**Draft Rate Order**  
**Appendix B**  
**Page 12 of 15**  
**Filed: April 30, 2010**

**Year 2010**

Job Description	Grand Total	1805 Land	1808 Building	1820 Distribution Station	1830 poles	1835 O/H conductor & devices	1840 U/G conduit	1845 U/G conductor & Devices	1850 Transformers	1855 Services O/H & U/G	1860 Meters	1860 Smart Meters	1905 Land	1908 Building Fixtures	1915 Office Furniture	1920 Computer	1925 Software	1930 Fleet	1940 Tools	1980 Scada	1990 AM/FM	3030 Contributed Capital
Residential New Service	251,458	0	0	0	2,104	48,691	626	21,292	2,444	176,098	53	0	0	0	0	0	0	0	0	0	148	0
Detached Residential	187,157	0	0	0	4,430	4	5,834	92,634	53,239	30,719	0	0	0	0	0	0	0	0	0	0	296	0
Comm/Industrial New	200,713	0	0	0	8,008	46,174	329	21,450	74,008	50,469	275	0	0	0	0	0	0	0	0	0	0	0
Account Cancellation	6,167	0	0	0	139	0	1,564	0	309	180	3,863	0	0	0	0	0	0	0	0	0	113	0
Contributed Capital	(275,000)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	(275,000)
Residential Rebuild	46,536	0	0	0	3,903	27,329	684	0	0	14,620	0	0	0	0	0	0	0	0	0	0	0	0
Comm/Industrial Rebuild	196,692	0	0	0	11,079	65,612	428	33,048	69,603	6,312	10,610	0	0	0	0	0	0	0	0	0	0	0
Pole Replacement	126,979	0	0	0	69,883	31,065	0	0	3,177	22,854	0	0	0	0	0	0	0	0	0	0	0	0
Transformer Replacement	168,486	0	0	0	0	(43)	0	0	167,476	1,053	0	0	0	0	0	0	0	0	0	0	0	0
Insulator Replacement	39,476	0	0	0	9,786	29,690	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retail Meter Replacement	29,645	0	0	0	3,972	2,304	0	0	23,207	140	21	0	0	0	0	0	0	0	0	0	0	0
Primary Cable Replacement Program	116,727	0	0	0	0	0	5,510	61,281	49,936	0	0	0	0	0	0	0	0	0	0	0	0	0
Low Voltage vault repairs	102,726	0	0	0	0	0	0	48,510	4,216	50,000	0	0	0	0	0	0	0	0	0	0	0	0
Emergencies	73,224	0	0	0	17,671	3,924	5,191	22,494	6,004	3,381	14,560	0	0	0	0	0	0	0	0	0	0	0
LIS Switches	68,330	0	0	0	16,408	51,921	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Capital Expansion Requests	49,037	0	0	0	15,061	16,943	1,481	8,838	4,995	1,603	116	0	0	0	0	0	0	0	0	0	0	0
Asset Management and System Optimization	304,005	0	0	100,000	95,723	10,642	0	0	97,641	0	0	0	0	0	0	0	0	0	0	0	0	0
Reduction of Step Down Transformers	101,209	0	0	0	31,662	29,561	0	0	35,739	4,248	0	0	0	0	0	0	0	0	0	0	0	0
Submarine Cable Replacement	203,751	0	0	0	0	0	100,000	103,751	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Downtown Chatham	243,360	0	0	0	4,208	26,124	81,330	70,489	34,918	26,218	0	0	0	0	0	0	0	0	0	0	74	0
M5 Submarine Cable Replacement	97,020	0	0	0	0	0	0	97,020	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Sub 7/9 Conversion	299,930	0	0	0	8,666	35,483	17,857	106,031	124,055	7,765	0	0	0	0	0	0	0	0	0	0	74	0
Sub 6 Conversion	338,955	0	0	0	9,351	36,923	20,604	120,272	142,771	8,960	0	0	0	0	0	0	0	0	0	0	74	0
Dresden Conversion (South)	470,475	0	0	0	144,584	159,146	0	6,732	140,824	19,115	0	0	0	0	0	0	0	0	0	0	74	0
New Truck Purchases (2)	780,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	780,000	0	0	0	0	0
Computer upgrades	56,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	56,000	0	0	0	0	0	0
Office Furniture	12,000	0	0	0	0	0	0	0	0	0	0	0	0	0	12,000	0	0	0	0	0	0	0
Control Room Support Capital	113,448	0	0	0	102,806	10,642	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Upgrades to Scada System	50,642	0	0	0	0	10,642	0	0	0	0	0	0	0	0	0	0	0	0	0	40,000	0	0
Upgrades to AM/FM	91,383	0	0	0	0	10,642	0	0	0	0	0	0	0	0	0	0	0	0	0	0	80,741	0
Small Tools	99,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	99,000	0	0	0
Customer Switches	200,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	200,000	0	0	0
Building Upgrades	28,000	0	0	0	0	0	0	0	0	0	0	0	0	28,000	0	0	0	0	0	0	0	0
Land - upkeep	25,000	0	0	0	0	0	0	0	0	0	0	0	25,000	0	0	0	0	0	0	0	0	0
Repave Parking Lot	175,000	0	0	0	0	0	0	0	0	0	0	0	0	175,000	0	0	0	0	0	0	0	0
Environmental Storage Building	50,000	0	50,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Secured Storage Building	100,000	0	0	0	0	0	0	0	0	0	0	0	0	100,000	0	0	0	0	0	0	0	0
Substation Repairs	15,000	0	15,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Grand Total</b>	<b>5,242,531</b>	<b>0</b>	<b>65,000</b>	<b>100,000</b>	<b>559,445</b>	<b>653,419</b>	<b>241,438</b>	<b>813,840</b>	<b>1,034,560</b>	<b>423,737</b>	<b>29,499</b>	<b>0</b>	<b>25,000</b>	<b>303,000</b>	<b>12,000</b>	<b>56,000</b>	<b>0</b>	<b>780,000</b>	<b>299,000</b>	<b>40,000</b>	<b>81,595</b>	<b>(275,000)</b>

**Reconciliation**

Capital Additions original application	5,517,531
Parking lot Project over 2 years	- 175,000
Various Jobs	- 25,000 1830
Various Jobs	- 25,000 1835
Various Jobs	- 25,000 1845
Various Jobs	- 25,000 1850
	<u>5,242,531</u>

Fixed Asset Continuity Schedule (Distribution & Operations)  
As at December 31, 2010

Cost							Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	117,846			117,846	0			0	117,846
CEC	1806	Land Rights	0			0	0			0	0
47	1808	Buildings and Fixtures	339,972	65,000		404,972	138,916	14,899		153,815	251,157
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Primary above 50 kV	0			0	0			0	0
47	1820	Distribution Station Equipment - Normally Primary below 50 kV	795,093	100,000		895,093	228,816	36,743		265,559	629,534
47	1825	Storage Battery Equipment	0			0	0			0	0
47	1830	Poles, Towers and Fixtures	4,746,932	559,444		5,306,377	959,450	201,066		1,160,516	4,145,861
47	1835	Overhead Conductors and Devices	19,628,594	653,418		20,282,012	7,679,647	907,059		8,586,706	11,695,306
47	1840	Underground Conduit	1,278,455	241,438		1,519,893	297,391	55,967		353,358	1,166,535
47	1845	Underground Conductors and Devices	15,181,831	813,840		15,995,671	6,756,356	820,461		7,576,817	8,418,853
47	1850	Line Transformers	15,347,757	1,034,560		16,382,317	5,673,862	755,478		6,429,340	9,952,977
47	1855	Services	3,755,475	423,737		4,179,211	811,966	158,694		970,660	3,208,551
47	1860	Meters	2,858,240	29,499		2,887,739	1,227,297	143,649		1,370,946	1,516,793
	1861	Smart Meters	4,210,814			4,210,814	915,499	323,909		1,239,408	2,971,406
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	668,511	25,000		693,511	0			0	693,511
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	3,473,081	303,000		3,776,081	782,770	116,922		899,692	2,876,390
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	131,926	12,000		143,926	87,321	9,195		96,516	47,409
10	1920	Computer Equipment - Hardware	298,067			298,067	298,067			298,067	0
	1920	Computer - Hardware post Mar 22/04	55,331			55,331	45,409	6,916		52,325	3,006
	1920	Computer - Hardware post Mar 19/07	232,819	56,000		288,819	65,083	23,711		88,794	200,025
12	1925	Computer Software	613,095			613,095	244,350	76,637		320,987	292,108
10	1930	Transportation Equipment	2,881,106	780,000		3,661,106	1,806,008	303,916		2,109,924	1,551,181
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	685,613	299,000		984,613	526,284	41,756		568,040	416,573
8	1945	Measurement and Testing Equipment	0			0	0			0	0
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	0			0	0			0	0
8	1960	Miscellaneous Equipment	0			0	0			0	0
47	1970	Load Management Controls - Customer Premises	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	827,728	40,000		867,728	602,429	47,096		649,525	218,203
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	1,826,998	81,595		1,908,593	1,056,867	143,677		1,200,544	708,049
47	1995	Contributions and Grants	(4,166,753)	(275,000)		(4,441,753)	(1,016,762)	-172,170		(1,188,932)	(3,252,821)
		<b>Total before Work in Process</b>	<b>75,788,529</b>	<b>5,242,531</b>	<b>0</b>	<b>81,031,060</b>	<b>29,187,027</b>	<b>4,015,581</b>	<b>0</b>	<b>33,202,608</b>	<b>47,828,452</b>
WIP		Work in Process	0			0	0			0	0
		<b>Total after Work in Process</b>	<b>75,788,529</b>	<b>5,242,531</b>	<b>0</b>	<b>81,031,060</b>	<b>29,187,027</b>	<b>4,015,581</b>	<b>0</b>	<b>33,202,608</b>	<b>47,828,452</b>

	1935	Transportation
	1940	Stores Equipment

Less: Fully Allocated Depreciation		
Transportation	303,916	
Communication		
Net Depreciation	<u>3,711,665</u>	<u>33,202,608</u>

<u>Electricity Commodity - non RPP</u>		2010 Loss			
Class per Load Forecast	2010	Factor	2010		
Residential	132,509,288	1.0428	138,180,686	\$0.0606	\$8,376,513
General Service < 50 kW	57,734,529	1.0428	60,205,567	\$0.0606	\$3,649,661
General Service > 50 to 999 kW	121,561,332	1.0428	126,764,157	\$0.0606	\$7,684,443
Intermediate	89,528,735	1.0428	93,360,565	\$0.0606	\$5,659,517
Large Use	0	0.0000	0	\$0.0606	\$0
Streetlights	3,684,605	1.0428	3,842,306	\$0.0606	\$232,921
Sentinel Lights	222,156	1.0428	231,664	\$0.0606	\$14,043
Unmetered Scattered Loads	691,954	1.0428	721,570	\$0.0606	\$43,742
Intermediate with Self Generation	20,611,321	1.0428	21,493,486	\$0.0606	\$1,302,935
<b>TOTAL</b>	<b>426,543,920</b>		<b>444,800,000</b>		<b>\$26,963,776</b>

<u>Electricity - Commodity RPP</u>		2010 Loss			
Class per Load Forecast	2008 Actual	Factor	2010		
Residential	74,536,475	1.0428	77,726,636	\$0.0622	\$4,830,710
General Service < 50 kW	32,475,673	1.0428	33,865,631	\$0.0622	\$2,104,749
General Service > 50 to 999 kW	68,378,249	1.0428	71,304,838	\$0.0622	\$4,431,596
Intermediate	50,359,913	1.0428	52,515,318	\$0.0622	\$3,263,827
Large Use	0	0.0000	0	\$0.0622	\$0
Streetlights	2,072,590	1.0428	2,161,297	\$0.0622	\$134,325
Sentinel Lights	124,963	1.0428	130,311	\$0.0622	\$8,099
Unmetered Scattered Loads	389,224	1.0428	405,883	\$0.0622	\$25,226
Intermediate with Self Generation	11,593,868	1.0428	12,090,086	\$0.0622	\$751,399
<b>TOTAL</b>	<b>239,930,955</b>		<b>250,200,000</b>		<b>\$15,549,930</b>
	666,474,875		695,000,000		

<u>Transmission - Network</u>		Volume			
Class per Load Forecast		Metric	2010		
Residential		kWh	215,907,322	\$0.0053	\$1,142,911
General Service < 50 kW		kWh	94,071,199	\$0.0047	\$446,097
General Service > 50 to 999 kW		kW	494,092	\$1.9542	\$965,551
Intermediate		kW	382,377	\$2.0823	\$796,239
Large Use		kW	0		\$0
Streetlights		kW	1,079	\$1.4737	\$1,590
Sentinel Lights		kW	18,365	\$1.4844	\$27,261
Unmetered Scattered Loads		kWh	1,127,452	\$0.0047	\$5,347
Intermediate with Self Generation		kW	87,305	\$2.0823	\$181,800
<b>TOTAL</b>			<b>312,089,191</b>		<b>\$3,566,795</b>

<u>Transmission - Connection</u>		Volume			
Class per Load Forecast		Metric	2010		
Residential		kWh	215,907,322	\$0.0045	\$966,750
General Service < 50 kW		kWh	94,071,199	\$0.0040	\$380,121
General Service > 50 to 999 kW		kW	494,092	\$1.5897	\$785,440
Intermediate		kW	382,377	\$1.7410	\$665,729
Large Use		kW	0		\$0
Streetlights		kW	1,079	\$1.2280	\$1,325
Sentinel Lights		kW	18,365	\$1.2532	\$23,015
Unmetered Scattered Loads		kWh	1,127,452	\$0.0040	\$4,556
Intermediate with Self Generation		kW	87,305	\$1.7410	\$152,001
<b>TOTAL</b>			<b>312,089,191</b>		<b>\$2,978,936</b>

<u>Wholesale Market Service</u>					
Class per Load Forecast			2010		
Residential			215,907,322	\$0.0052	\$1,122,718
General Service < 50 kW			94,071,199	\$0.0052	\$489,170
General Service > 50 to 999 kW			198,068,996	\$0.0052	\$1,029,959
Intermediate			145,875,883	\$0.0052	\$758,555
Large Use			0	\$0.0052	\$0
Streetlights			6,003,603	\$0.0052	\$31,219
Sentinel Lights			361,975	\$0.0052	\$1,882
Unmetered Scattered Loads			1,127,452	\$0.0052	\$5,863
Intermediate with Self Generation			33,583,572	\$0.0052	\$174,635
<b>TOTAL</b>			<b>695,000,000</b>		<b>\$3,614,000</b>

Class per Load Forecast			2010		
Residential			215,907,322	\$0.0013	\$280,680
General Service < 50 kW			94,071,199	\$0.0013	\$122,293
General Service > 50 to 999 kW			198,068,996	\$0.0013	\$257,490
Intermediate			145,875,883	\$0.0013	\$189,639
Large Use			0	\$0.0013	\$0
Streetlights			6,003,603	\$0.0013	\$7,805
Sentinel Lights			361,975	\$0.0013	\$471
Unmetered Scattered Loads			1,127,452	\$0.0013	\$1,466
Intermediate with Self Generation			33,583,572	\$0.0013	\$43,659
<b>TOTAL</b>			<b>695,000,000</b>		<b>\$903,500</b>

2010	
4705-Power Purchased- Non RPP	\$26,963,776
4705-Power Purchased - RPP	\$15,549,930
4714-Charges-NW	\$3,566,795
4716-Charges-CN	\$2,978,936
4708-Charges-WMS	\$3,614,000
4730-Rural Rate Assistance	\$903,500
4750-Low Voltage	\$228,345
<b>TOTAL</b>	<b>\$53,805,282</b>

Summary of Changes Impacting Revenue

Description	2010 Settlement vs Original Application	Comments
<b>Distribution Volume (kWh)</b>		
Increase in forecast	24,285,223	Increase in volume billed from 642,189,653 to 666,474,876
<b>Distribution Revenue (\$)</b>		
Increase in revenue at existing rates	257,448	Increase in revenue at existing rates based on the increase in volume
<b>Other Revenue (\$)</b>		
SSS Admin Fee Revenue	(105,000)	Increase related sss Admin charge
Late Payment	(10,000)	Increase late payment
Total Other Revenue Adjustment	(115,000)	

## **Appendix C**

### **COST ALLOCATION AND RATE DESIGN SUPPORTING MATERIAL**

This appendix includes the following information to support the cost allocation and the derivation of the rates

#### **Cost Allocation**

- Updated Revenue to Cost Summary Worksheet

#### **Rate Design**

- Various tables supporting the rate design analysis





Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base	Total	1 Residential	2 GS <50	3 GS>50-Regular	5 GS >50-Intermediate	7 Street Light	8 Sentinel	9 Unmetered Scattered Load	11 Back-up/Standby Power
<b>Assets</b>									
crev Distribution Revenue (sale)	\$14,273,683	\$7,871,311	\$2,145,172	\$1,483,133	\$2,397,670	\$130,987	\$20,554	\$14,490	\$210,366
mi Miscellaneous Revenue (mi)	\$1,302,450	\$869,140	\$216,236	\$156,517	\$35,685	\$11,052	\$1,571	\$1,050	\$11,199
<b>Total Revenue</b>	<b>\$15,576,133</b>	<b>\$8,740,451</b>	<b>\$2,361,408</b>	<b>\$1,639,650</b>	<b>\$2,433,355</b>	<b>\$142,039</b>	<b>\$22,125</b>	<b>\$15,540</b>	<b>\$221,564</b>
<b>Expenses</b>									
di Distribution Costs (di)	\$1,786,411	\$935,673	\$220,535	\$357,350	\$164,855	\$45,727	\$6,421	\$4,341	\$51,508
cu Customer Related Costs (cu)	\$2,209,420	\$1,594,698	\$409,151	\$186,110	\$16,542	\$1,653	\$282	\$168	\$616
ad General and Administration (ad)	\$2,683,697	\$1,693,338	\$420,759	\$369,043	\$123,336	\$33,209	\$4,682	\$3,148	\$36,182
dep Depreciation and Amortization (dep)	\$3,844,281	\$2,186,194	\$526,060	\$689,579	\$229,438	\$93,012	\$13,157	\$8,834	\$98,007
INPUT PILs (INPUT)	\$1,109,591	\$630,199	\$149,361	\$198,758	\$68,197	\$28,049	\$3,986	\$2,665	\$28,376
INT Interest	\$1,966,516	\$1,116,895	\$264,710	\$352,256	\$120,865	\$49,711	\$7,064	\$4,724	\$50,290
<b>Total Expenses</b>	<b>\$13,599,916</b>	<b>\$8,156,998</b>	<b>\$1,990,577</b>	<b>\$2,153,096</b>	<b>\$723,234</b>	<b>\$251,561</b>	<b>\$35,592</b>	<b>\$23,880</b>	<b>\$264,980</b>
<b>Direct Allocation</b>	<b>(\$322,915)</b>	<b>(\$224,738)</b>	<b>(\$24,792)</b>	<b>(\$85,136)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$11,751</b>
NI Allocated Net Income (NI)	\$2,299,131	\$1,305,806	\$309,483	\$411,837	\$141,308	\$58,119	\$8,259	\$5,523	\$58,796
<b>Revenue Requirement (includes NI)</b>	<b>\$15,576,133</b>	<b>\$9,238,066</b>	<b>\$2,275,268</b>	<b>\$2,479,797</b>	<b>\$864,542</b>	<b>\$309,679</b>	<b>\$43,850</b>	<b>\$29,403</b>	<b>\$335,527</b>
<b>Revenue Requirement Input equals Output</b>									
<b>Rate Base Calculation</b>									
<b>Net Assets</b>									
dp Distribution Plant - Gross	\$69,236,960	\$39,183,589	\$9,250,342	\$12,533,168	\$4,301,266	\$1,742,850	\$246,903	\$165,604	\$1,813,239
gp General Plant - Gross	\$12,492,572	\$7,095,237	\$1,681,610	\$2,237,758	\$767,815	\$315,793	\$44,875	\$30,010	\$319,474
accum dep Accumulated Depreciation	(\$31,973,408)	(\$18,019,512)	(\$4,234,341)	(\$5,858,255)	(\$2,010,985)	(\$800,884)	(\$113,049)	(\$76,090)	(\$860,292)
co Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total Net Plant</b>	<b>\$49,756,124</b>	<b>\$28,259,314</b>	<b>\$6,697,611</b>	<b>\$8,912,671</b>	<b>\$3,058,095</b>	<b>\$1,257,759</b>	<b>\$178,729</b>	<b>\$119,524</b>	<b>\$1,272,421</b>
<b>Directly Allocated Net Fixed Assets</b>	<b>(\$2,541,147)</b>	<b>(\$1,811,122)</b>	<b>(\$193,608)</b>	<b>(\$616,730)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$80,314</b>
<b>COP</b>									
Cost of Power (COP)	\$53,805,282	\$16,715,042	\$7,282,773	\$15,334,041	\$11,293,371	\$464,785	\$28,023	\$87,285	\$2,599,962
OM&A Expenses	\$6,679,529	\$4,223,709	\$1,050,446	\$912,503	\$304,733	\$80,789	\$11,385	\$7,656	\$88,307
Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$60,484,811</b>	<b>\$20,938,752</b>	<b>\$8,333,219</b>	<b>\$16,246,544</b>	<b>\$11,598,105</b>	<b>\$545,574</b>	<b>\$39,408</b>	<b>\$94,941</b>	<b>\$2,688,269</b>
<b>Working Capital</b>	<b>\$9,072,722</b>	<b>\$3,140,813</b>	<b>\$1,249,983</b>	<b>\$2,436,982</b>	<b>\$1,739,716</b>	<b>\$81,836</b>	<b>\$5,911</b>	<b>\$14,241</b>	<b>\$403,240</b>
<b>Total Rate Base</b>	<b>\$56,287,699</b>	<b>\$29,589,004</b>	<b>\$7,753,986</b>	<b>\$10,732,922</b>	<b>\$4,797,811</b>	<b>\$1,339,595</b>	<b>\$184,640</b>	<b>\$133,766</b>	<b>\$1,755,975</b>
<b>Rate Base Input equals Output</b>									
<b>Equity Component of Rate Base</b>	<b>\$22,515,079</b>	<b>\$11,835,602</b>	<b>\$3,101,594</b>	<b>\$4,293,169</b>	<b>\$1,919,124</b>	<b>\$535,838</b>	<b>\$73,856</b>	<b>\$53,506</b>	<b>\$702,390</b>
<b>Net Income on Allocated Assets</b>	<b>\$2,299,131</b>	<b>\$808,191</b>	<b>\$395,623</b>	<b>(\$428,310)</b>	<b>\$1,710,121</b>	<b>(\$109,521)</b>	<b>(\$13,467)</b>	<b>(\$8,339)</b>	<b>(\$55,167)</b>
<b>Net Income on Direct Allocation Assets</b>	<b>(\$81,396)</b>	<b>(\$58,012)</b>	<b>(\$6,201)</b>	<b>(\$19,755)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,573</b>
<b>Net Income</b>	<b>\$2,217,735</b>	<b>\$750,179</b>	<b>\$389,422</b>	<b>(\$448,065)</b>	<b>\$1,710,121</b>	<b>(\$109,521)</b>	<b>(\$13,467)</b>	<b>(\$8,339)</b>	<b>(\$52,594)</b>
<b>RATIOS ANALYSIS</b>									
REVENUE TO EXPENSES %	100.00%	94.61%	103.79%	66.12%	281.46%	45.87%	50.46%	52.85%	66.03%
EXISTING REVENUE MINUS ALLOCATED COSTS	\$0	(\$497,615)	\$86,140	(\$840,147)	\$1,568,813	(\$167,640)	(\$21,726)	(\$13,862)	(\$113,963)
RETURN ON EQUITY COMPONENT OF RATE BASE	9.85%	6.34%	12.56%	-10.44%	89.11%	-20.44%	-18.23%	-15.59%	-7.49%

Revenue to Cost Ratio %

Rate Classification	Cost Allocation Model	Proposed for Test Year	Board Target Range
Residential	94.61%	94.70%	85-115%
General Service < 50	103.79%	106.62%	80-120%
General Service 50 to 999	66.12%	73.08%	80-180%
Intermediate 1,000 to 4,999	281.46%	241.51%	80-180%
Streetlight	45.87%	68.10%	70-120%
Sentinel Light	50.46%	59.89%	70-120%
Unmetered Scattered	52.85%	66.20%	80-120%
Intermediate with Self Generation	66.03%	73.11%	80-180%

Proposed Allocation

Rate Classification	Total Revenue Requirement	Proposed Revenue to Cost Ratio	2010 Proposed Service Revenue Requirement	2010 Proposed Miscellaneous Revenue per Cost Allocation Model	2010 Proposed Base Revenue Requirement
Residential	9,238,066	94.70%	8,748,213	869,140	7,879,073
General Service < 50	2,275,268	106.62%	2,425,802	216,236	2,209,566
General Service 50 to 999	2,479,797	73.08%	1,812,264	156,517	1,655,747
Intermediate 1,000 to 4,999	864,542	241.51%	2,087,955	35,685	2,052,270
Streetlight	309,679	68.10%	210,884	11,052	199,832
Sentinel Light	43,850	59.89%	26,264	1,571	24,693
Unmetered Scattered	29,403	66.20%	19,463	1,050	18,413
Intermediate with Self Generation	335,527	73.11%	245,287	11,199	234,088
Total	15,576,133		15,576,133	1,302,450	14,273,683

Base Revenue Impacts

Rate Classification	2010 Base Revenue with 2009 Rates	2010 Base Revenue Requirement
Residential	6,987,789	7,879,073
General Service < 50	1,904,385	2,209,566
General Service 50 to 999	1,316,658	1,655,747
Intermediate 1,000 to 4,999	2,128,541	2,052,270
Streetlight	116,284	199,832
Sentinel Light	18,247	24,693
Unmetered Scattered	12,864	18,413
Intermediate with Self Generation	186,753	234,088
Total	12,671,521	14,273,683

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	207,045,763	0	343,732	0	4,238,221	2,749,568	6,987,789		6,987,789	55.15%
General Service < 50 kW	90,210,202	0	36,452	0	1,130,382	774,004	1,904,385		1,904,385	15.03%
General Service > 50 to 999 kW	189,939,582	494,092	5,048	0	804,433	654,524	1,458,956	142,298	1,316,658	10.39%
Intermediate	139,888,648	382,377	331	0	1,557,920	800,047	2,357,967	229,426	2,128,541	16.80%
Large Use	0	0	0	0	0	0	0		0	0.00%
Streetlights	5,757,195	18,365	0	129,016	60,637	55,647	116,284		116,284	0.92%
Sentinel Lights	347,118	1,079	0	3,919	15,206	3,041	18,247		18,247	0.14%
Unmetered Scattered Loads	1,081,178	0	0	2,332	7,696	5,168	12,864		12,864	0.10%
Intermediate with Self Generation	32,205,189	87,305	12	0	56,467	182,669	239,136	52,383	186,753	1.47%
Total	666,474,875	983,218	385,575	135,267	7,870,961	5,224,668	13,095,629	424,108	12,671,521	100%

Current Fixed Variable Split

Class	2010 Total Base Revenue with 2009 Approved Rates	2010 Fixed Base Revenue with 2009 Approved Rates	2010 Variable Base Revenue with 2009 Approved Rates	Fixed Revenue Proportion	Variable Revenue Proportion
Residential	6,987,789	4,238,221	2,749,568	60.7%	39.3%
General Service < 50 kW	1,904,385	1,130,382	774,004	59.4%	40.6%
General Service > 50 to 999 kW	1,316,658	804,433	512,225	61.1%	38.9%
Intermediate	2,128,541	1,557,920	570,621	73.2%	26.8%
Large Use	0	-	-	0.0%	0.0%
Streetlights	116,284	60,637	55,647	52.1%	47.9%
Sentinel Lights	18,247	15,206	3,041	83.3%	16.7%
Unmetered Scattered Loads	12,864	7,696	5,168	59.8%	40.2%
Intermediate with Self Generation	186,753	56,467	130,286	30.2%	69.8%
Total	12,671,521	7,870,961	4,800,560		

Fixed Charge Analysis

Class	2009 Fixed Rates Approved	Fixed Rate Based on Current Fixed/Variable Revenue Proportion	Proposed Fixed Rates	Minimum System with PLCC Adjustment
Residential	12.33	13.90	17.86	17.86
General Service < 50 kW	31.01	35.98	32.93	32.93
General Service > 50 to 999 kW	159.37	180.87	94.26	94.26
Intermediate	4705.58	4095.53	123.37	123.37
Large Use	12945.69	0.00	0.00	
Streetlights	0.47	0.81	1.40	8.99
Sentinel Lights	3.88	5.25	6.18	11.16
Unmetered Scattered Loads	3.3	4.72	7.60	9.04
Intermediate with Self Generation	4705.58	3997.40	1,100.00	229.75

Proposed Monthly Service Charge

Class	2010 Total Base Revenue	Proposed Fixed Distribution Charge	Annualized Customer/Connections	Revenue with 2010 Proposed Rates
Residential	7,879,073	17.86	343,732	6,138,803
General Service < 50 kW	2,209,566	32.93	36,452	1,200,338
General Service > 50 to 999 kW	1,655,747	94.26	5,048	475,795
Intermediate	2,052,270	123.37	331	40,844
Streetlights	199,832	1.40	129,016	180,622
Sentinel Lights	24,693	6.18	3,919	24,220
Unmetered Scattered Loads	18,413	7.60	2,332	17,723
Intermediate with Self Generation	234,088	1,100.00	12	13,200
Total	14,273,683			8,091,546

Proposed Fixed Variable Split

Class	2010 Total Base Revenue with 2010 Proposed Rates	2010 Fixed Base Revenue with 2010 Proposed Rates	2010 Variable Base Revenue with 2010 Proposed Rates	Fixed Revenue Proportion	Variable Revenue Proportion
Residential	7,879,073	6,138,803	1,740,270	77.9%	22.1%
General Service < 50 kW	2,209,566	1,200,338	1,009,228	54.3%	45.7%
General Service > 50 to 999 kW	1,655,747	475,795	1,179,952	28.7%	71.3%
Intermediate	2,052,270	40,844	2,011,426	2.0%	98.0%
Large Use		-	-	0.0%	0.0%
Streetlights	199,832	180,622	19,210	90.4%	9.6%
Sentinel Lights	24,693	24,220	474	98.1%	1.9%
Unmetered Scattered Loads	18,413	17,723	690	96.3%	3.7%
Intermediate with Self Generation	234,088	13,200	220,888	5.6%	94.4%
Total	14,273,683	8,091,546	6,182,137		

Proposed Volumetric Service Charge

Class	2010 Total Base Revenue	Fixed Revenue	Variable Revenue	Annualized kWh or kW as required	Unit of Measure	Proposed Variable Charge before Transmission Allowance
Residential	7,879,073	6,138,803	1,740,270	207,045,763	kWh	0.0084
General Service < 50 kW	2,209,566	1,200,338	1,009,228	90,210,202	kWh	0.0112
General Service > 50 to 999 kW	1,655,747	475,795	1,179,952	494,092	kW	2.6761
Intermediate	2,052,270	40,844	2,011,426	382,377	kW	5.8603
Streetlights	199,832	180,622	19,210	18,365	kW	1.0460
Sentinel Lights	24,693	24,220	474	1,079	kW	0.4390
Unmetered Scattered Loads	18,413	17,723	690	1,081,178	kWh	0.0006
Intermediate with Self Generation	234,088	13,200	220,888	87,305	kW	2.7757
Total	14,273,683	8,091,546	6,182,137			

Summary of Fixed and Variable excludes Smart Meter charge

Class	Service Charge less Smart Meter	Unit of Measure	Proposed Volumetric Charge
Residential	17.86	kWh	0.0084
General Service < 50 kW	32.93	kWh	0.0112
General Service > 50 to 999 kW	94.26	kW	2.6761
Intermediate	123.37	kW	5.8603
Streetlights	1.40	kW	1.0460
Sentinel Lights	6.18	kW	0.4390
Unmetered Scattered Loads	7.60	kWh	0.0006
Intermediate with Self Generation	1,100.00	kW	2.7757

## **Appendix D**

### **REVISED RETAIL TRANSMISSION SERVICE RATES**

Hydro One Transmission and Connection Rate change for January 2010

	IESO		Hydro One		Total		Rate Change		Revenue	
	Network	Connection	Network	Connection	Network	Connection	Network	Connection	Network	Connection
Forecast 2010	2,265,550	2,269,587	827,982	724,957	3,093,532	2,994,544	3,201,866	2,930,006	(3,243,041)	(2,884,124)

	Network	Connection
<b>Hydro One</b>		
New	2.66	2.27
Previous	2.57	2.32
	0.09	-0.05
	3.50%	-2.16%
<b>IESO Rates</b>		
New	2.66	2.27
Previous	2.57	2.32
	0.09	-0.05
	3.50%	-2.16%

<b>CK H Rate Change</b>		
Estimated Revenue	(3,243,041)	(2,884,124)
Estimated Varaince	(41,175)	45,882
Difference %	-1.3%	1.6%

**Rates for 2010**

	Original			up dated Jan 2010		
	Current	Application	Difference	Application	11.70%	Decision
<b>CK H Rate - Network</b>						
Residential	0.0048	0.0047	(0.0001)	0.0047	0.0006	0.0053
GS < 50 kW	0.0043	0.0042	(0.0001)	0.0042	0.0005	0.0047
GS kW 50 to 4,999	1.7720	1.7495	(0.0225)	1.7495	0.2047	1.9542
GS kW 50 to 4,999 TOU	1.8882	1.8642	(0.0240)	1.8642	0.2181	2.0823
Standby	1.8882	1.8642	(0.0240)	1.8642	0.2181	2.0823
Unmetered Scattered	0.0043	0.0042	(0.0001)	0.0042	0.0005	0.0047
Streetlight	1.3363	1.3193	(0.0170)	1.3193	0.1544	1.4737
Sentinel Light	1.3460	1.3289	(0.0171)	1.3289	0.1555	1.4844
<b>CK H Rate - Connection</b>						
Residential	0.0041	0.0042	0.0001	0.0042	0.0003	0.0045
GS < 50 kW	0.0037	0.0038	0.0001	0.0038	0.0003	0.0040
GS kW 50 to 4,999	1.4556	1.4788	0.0232	1.4788	0.1109	1.5897
GS kW 50 to 4,999 TOU	1.5942	1.6196	0.0254	1.6196	0.1215	1.7410
Standby	1.5942	1.6196	0.0254	1.6196	0.1215	1.7410
Unmetered Scattered	0.0037	0.0038	0.0001	0.0038	0.0003	0.0040
Streetlight	1.1244	1.1423	0.0179	1.1423	0.0857	1.2280
Sentinel Light	1.1475	1.1658	0.0183	1.1658	0.0874	1.2532

**Note:**  
Original Application is based on the uniform rates issued July 2009  
Decision is based on the uniform rates issued January 2010

**Appendix E**  
**SCHEDULE OF RATES AND CHARGES**  
**AND**  
**RATE IMPACTS**



**Residential**

Service Charge	\$	18.54
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.46
Distribution Volumetric Rate	\$/kWh	0.0084
Low Voltage Distribution Rate	\$/kWh	0.0003
Deferral and Variance Account Rider	\$/kWh	(0.0018)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0053
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.2500

**General Service Less Than 50 kW**

Service Charge	\$	33.61
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.46
Distribution Volumetric Rate	\$/kWh	0.0112
Low Voltage Distribution Rate	\$/kWh	0.0003
Deferral and Variance Account Rider	\$/kWh	(0.0027)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0040
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.2500

**General Service 50 to 999 kW**

Service Charge	\$	94.94
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.46
Distribution Volumetric Rate	\$/kW	2.6761
Low Voltage Distribution Rate	\$/kW	0.1295
Deferral and Variance Account Rider	\$/kWh	(1.4574)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	1.9542
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5897
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.0823
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.7410
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.2500

**General Service Intermediate - 1,000 to 4,999 kW**

Service Charge	\$	124.05
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.46
Distribution Volumetric Rate	\$/kW	5.8603
Low Voltage Distribution Rate	\$/kW	0.1416
Deferral and Variance Account Rider	\$/kWh	(1.1146)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	2.0823
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7410
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.2500

**Intermediate with Self Generation**

Service Charge	\$	1,100.68
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.46
Distribution Volumetric Rate	\$/kW	2.7757
Low Voltage Distribution Rate	\$/kW	0.1416
Deferral and Variance Account Rider	\$/kWh	(1.4107)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	2.0823
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7410
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.2500
Standby Charge – for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility).	\$/kW	1.3500

**Unmetered Scattered Load**

Service Charge (per connection)	\$	7.60
Distribution Volumetric Rate	\$/kWh	0.0006
Low Voltage Distribution Rate	\$/kWh	0.0003
Deferral and Variance Account Rider	\$/kWh	(0.0036)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0040
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.2500

**Sentinel Lighting**

Service Charge (per connection)	\$	6.18
Distribution Volumetric Rate	\$/kW	0.4390
Low Voltage Distribution Rate	\$/kW	0.0924
Deferral and Variance Account Rider	\$/kW	(0.3277)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
Retail Transmission Rate – Network Service Rate	\$/kW	1.4844
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2532
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.2500

**Street Lighting**

Service Charge (per connection)	\$	1.40
Distribution Volumetric Rate	\$/kW	1.0460
Low Voltage Distribution Rate	\$/kW	0.0427
Deferral and Variance Account Rider	\$/kW	(1.4353)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
Retail Transmission Rate – Network Service Rate	\$/kW	1.4737
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2280
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.2500

**Specific Service Charges**

Customer Administration		
Arrears certificate	\$	15.00
Statement of Account	\$	15.00
Easement letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

**Non-Payment of Account**

Late Payment – per month	%	1.50
Late Payment – per annum	%	19.56
Disconnect/Reconnect Charge – At Meter During Regular Hours	\$	65.00

Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – overhead – with transformer	\$	1,000.00
Specific charge for access to the power poles – per pole/year	\$	22.35
Switching for company maintenance – Charge based on Time and Materials	\$	

Allowances		
Transformer Allowance for Ownership – per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses - applied to measured demand and energy	%	(1.00)

**Retail Service Charges (if applicable)**

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

	<u>Metric</u>	<u>Current</u>
One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variance Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer		0.30

**Service Transaction Requests (STR)**

Request fee, per request, applied to the requesting party		0.25
Processing fee, per request, applied to the requesting party		0.30

Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party

Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

**LOSS FACTORS**

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0428
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0430
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0324
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0141

RESIDENTIAL										
	2009 BILL			2010 BILL			IMPACT			
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill	
Consumption	Monthly Service Charge		12.33			18.54	6.21	50.36%	20.12%	
	800	0.0139	11.12	800	0.0087	6.96	(4.16)	(37.41%)	7.55%	
	Smart Meter Disposition Rider (per month)		2.11			0.46	(1.65)	(78.20%)	0.50%	
	LRAM & SSM Rider (kWh)	800		800	0.0000	0.00	0.00	0.00%	0.00%	
	Regulatory Assets (kWh)	800	0.0000	0.00	800	(0.0018)	(1.43)	(1.43)	100.00%	(1.55%)
	Sub-Total		25.56			24.53	(1.03)	(4.04%)	26.62%	
	RTSR - Network	838	0.0048	4.02	834	0.0053	4.42	0.40	9.84%	4.79%
	RTSR - Connection	838	0.0041	3.43	834	0.0045	3.74	0.30	8.77%	4.05%
	Sub- Total		33.01			32.68	(0.33)	(1.01%)	35.46%	
	Wholesale Market Rate	838	0.0052	4.36	834	0.0052	4.34	(0.02)	(0.40%)	4.71%
	RRRP	838	0.0013	1.09	834	0.0013	1.08	(0.00)	(0.40%)	1.18%
	DRC	838	0.007	5.86	834	0.007	5.84	(0.02)	(0.40%)	6.34%
	Cost of Power Commodity	600	0.0500	30.00	600	0.0500	30.00	0.00	0.00%	32.56%
	Cost of Power Commodity (kWh)	238	0.0590	14.02	234	0.0590	13.82	(0.20)	(1.41%)	15.00%
	Total Bill Before Taxes		88.34			87.76	-0.58	(0.65%)	95.24%	
	GST		5.00%	4.42		5.00%	4.39	(0.03)	(0.65%)	4.76%
	Total Bill		92.76			92.15	-0.61	(0.65%)	100.00%	

GENERAL SERVICE < 50 kW										
		2009 BILL			2010 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption	Monthly Service Charge			31.01			33.61	2.60	8.38%	14.93%
	Distribution (kWh)	2,000	0.0092	18.40	2,000	0.0115	23.00	4.60	25.00%	10.22%
	Smart Meter Disposition Rider (per month)			2.11			0.46	(1.65)	(78.20%)	0.20%
	Regulatory Assets (kWh)	2,000	0.0000	0.00	2,000	(0.0027)	(5.44)	(5.44)	100.00%	(2.41%)
	Sub-Total			51.52			51.63	0.11	0.22%	22.94%
	RTSR - Network	2,094	0.0043	9.00	2,086	0.00474	9.89	0.89	9.84%	4.39%
	RTSR - Connection	2,094	0.0037	7.75	2,086	0.00404	8.43	0.68	8.77%	3.74%
	Sub- Total			68.27			69.95	1.68	2.46%	31.07%
	Wholesale Market Rate	2,094	0.0052	10.89	2,086	0.0052	10.85	(0.04)	(0.40%)	4.82%
	RRRP	2,094	0.0013	2.72	2,086	0.0013	2.71	(0.01)	(0.40%)	1.20%
	DRC	2,094	0.007	14.66	2,086	0.007	14.60	(0.06)	(0.40%)	6.48%
	Cost of Power Commodity	750	0.0500	37.50	750	0.0500	37.50	0.00	0.00%	16.66%
	Cost of Power Commodity (kWh)	1,344	0.0590	79.30	1,336	0.0590	78.80	(0.50)	(0.62%)	35.00%
	Total Bill Before Taxes			213.34			214.41	1.07	0.50%	95.24%
	GST		5.00%	10.67		5.00%	10.72	0.05	0.50%	4.76%
	Total Bill			224.00			225.13	1.12	0.50%	100.00%

GENERAL SERVICE > 50 kW										
		2009 BILL			2010 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<div>Consumption</div> <div>30,000</div> <div>60</div>	Monthly Service Charge			159.37			94.94	(64.43)	(40.43%)	3.60%
	Distribution (kWh)	30,000	0.0000	0.00	30,000	0.0000	0.00	0.00	0.00%	0.00%
	Distribution (kW)	60	1.5717	94.30	60	2.8056	168.34	74.03	78.51%	6.39%
	Smart Meter Disposition Rider (per month)			2.11			0.46	(1.65)	(78.20%)	0.02%
	Regulatory Assets (kW)	60	0.0000	0.00	60	(1.4574)	(87.45)	(87.45)	100.00%	(3.32%)
	Sub-Total			255.78			176.29	(79.49)	(31.08%)	6.69%
	RTSR - Network	63	1.7720	111.32	63	1.95419	122.27	10.95	9.84%	4.64%
	RTSR - Connection	63	1.4556	91.44	63	1.58966	99.46	8.02	8.77%	3.77%
	Sub- Total			458.54			398.02	(60.52)	(13.20%)	15.10%
	Wholesale Market Rate	31,410	0.0052	163.33	31,284	0.0052	162.68	(0.66)	(0.40%)	6.17%
	RRRP	31,410	0.0013	40.83	31,284	0.0013	40.67	(0.16)	(0.40%)	1.54%
	DRC	31,410	0.0070	219.87	31,284	0.0070	218.99	(0.88)	(0.40%)	8.31%
	Cost of Power Commodity (kWh)	31,410	0.0540	1,696.14	31,284	0.0540	1,689.34	(6.80)	(0.40%)	64.11%
	Total Bill Before Taxes			2,578.71			2,509.69	-69.02	(2.68%)	95.24%
	GST		5.00%	128.94		5.00%	125.48	(3.45)	(2.68%)	4.76%
Total Bill			2,707.65			2,635.18	-72.47	(2.68%)	100.00%	

Intermediate Rate Class										
	2009 BILL			2010 BILL			IMPACT			
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill	
<div>Consumption</div> <div>1,600,000</div> <div>4,000</div>	Monthly Service Charge		4,705.58			123.37	(4,582.21)	(97.38%)	0.08%	
	Distribution (kWh)	1,600,000	0.0000	0.00	1,600,000	0.0000	0.00	0.00	0.00%	0.00%
	Distribution (kW)	4,000	2.3623	9,449.20	4,000	6.0019	24,007.60	14,558.40	154.07%	15.68%
	Smart Meter Disposition Rider (per month)			2.11			0.46	(1.65)	(78.20%)	0.00%
	Transformer Credit	4,000	(0.6000)	(2,400.00)	4,000	(0.6000)	(2,400.00)	0.00	0.00%	(1.57%)
	Regulatory Assets (kW)	4,000	0.0000	0.00	4,000	(1.1146)	(4,458.59)	(4,458.59)	100.00%	(2.91%)
	Sub-Total		11,756.89			17,272.84	5,515.95	46.92%	11.28%	
	RTSR - Network	4,188	1.8882	7,907.78	4,171	2.08234	8,685.86	778.08	9.84%	5.67%
	RTSR - Connection	4,188	1.5942	6,676.51	4,171	1.74103	7,262.18	585.67	8.77%	4.74%
	Sub- Total		26,341.18			33,220.88	6,879.70	26.12%	21.69%	
	Wholesale Market Rate	1,675,200	0.0052	8,711.04	1,668,480	0.0052	8,676.10	(34.94)	(0.40%)	5.67%
	RRRP	1,675,200	0.0013	2,177.76	1,668,480	0.0013	2,169.02	(8.74)	(0.40%)	1.42%
	DRC	1,675,200	0.0070	11,726.40	1,668,480	0.0070	11,679.36	(47.04)	(0.40%)	7.63%
	Cost of Power Commodity (kWh)	1,675,200	0.0540	90,460.80	1,668,480	0.0540	90,097.92	(362.88)	(0.40%)	58.84%
	Total Bill Before Taxes			139,417.18			145,843.28	6,426.10	4.61%	95.24%
GST		5.00%	6,970.86		5.00%	7,292.16	321.30	4.61%	4.76%	
Total Bill			146,388.04			153,135.44	6,747.40	4.61%	100.00%	

Street Lighting										
		2009 BILL			2010 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Billing	Monthly Service Charge	10,751	0.4700	5,052.97	10,751	1.4000	15,051.40	9,998.43	197.87%	28.54%
10,751	Distribution (kWh)	450,000	0.0000	0.00	450,000	0.0000	0.00	0.00	0.00%	0.00%
450,000	Distribution (kW)	1,414	3.1115	4,399.66	1,414	1.0887	1,539.42	(2,860.24)	(65.01%)	2.92%
1,414	Regulatory Assets (kW)	1,414	0.0000	0.00	1,414	(1.4353)	(2,029.46)	(2,029.46)	100.00%	(3.85%)
	Sub-Total			9,452.63			14,561.36	5,108.73	54.05%	27.61%
	RTSR - Network	1,480	1.3363	1,978.34	1,475	1.4737	2,172.99	194.66	9.84%	4.12%
	RTSR - Connection	1,480	1.1244	1,664.63	1,475	1.22796	1,810.65	146.02	8.77%	3.43%
	Sub- Total			13,095.59			18,545.00	5,449.41	41.61%	35.17%
	Wholesale Market Rate	471,150	0.0052	2,449.98	469,260	0.0052	2,440.15	(9.83)	(0.40%)	4.63%
	RRRP	471,150	0.0013	612.50	469,260	0.0013	610.04	(2.46)	(0.40%)	1.16%
	DRC	471,150	0.0070	3,298.05	469,260	0.0070	3,284.82	(13.23)	(0.40%)	6.23%
	Cost of Power Commodity (kWh)	471,150	0.0540	25,442.10	469,260	0.0540	25,340.04	(102.06)	(0.40%)	48.06%
	Total Bill Before Taxes			44,898.22			50,220.05	5,321.84	11.85%	95.24%
	GST		5.00%	2,244.91		5.00%	2,511.00	266.09	11.85%	4.76%
	Total Bill			47,143.13			52,731.06	5,587.93	11.85%	100.00%

Sentinel Lighting										
		2009 BILL			2010 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Billing	Monthly Service Charge	329	3.8800	1,276.52	329	6.1800	2,033.22	756.70	59.28%	44.02%
	329 Distribution (kWh)	30,000	0.0000	0.00	30,000	0.0000	0.00	0.00	0.00%	0.00%
	30,000 Distribution (kW)	83	2.9955	248.63	83	0.5314	44.11	(204.52)	(82.26%)	0.95%
	83 Regulatory Assets (kW)	83	0.0000	0.00	83	(0.3277)	(27.20)	(27.20)	100.00%	(0.59%)
	Sub-Total			1,525.15			2,050.13	524.98	34.42%	44.39%
	RTSR - Network	87	1.3460	116.97	87	1.48439	128.48	11.51	9.84%	2.78%
	RTSR - Connection	87	1.1475	99.72	87	1.25319	108.47	8.75	8.77%	2.35%
	Sub- Total			1,741.83			2,287.07	545.24	31.30%	49.52%
	Wholesale Market Rate	31,410	0.0052	163.33	31,284	0.0052	162.68	(0.66)	(0.40%)	3.52%
	RRRP	31,410	0.0013	40.83	31,284	0.0013	40.67	(0.16)	(0.40%)	0.88%
	DRC	31,410	0.0070	219.87	31,284	0.0070	218.99	(0.88)	(0.40%)	4.74%
	Cost of Power Commodity (kWh)	31,410	0.0540	1,696.14	31,284	0.0540	1,689.34	(6.80)	(0.40%)	36.58%
	Total Bill Before Taxes			3,862.01			4,398.74	536.73	13.90%	95.24%
	GST		5.00%	193.10		5.00%	219.94	26.84	13.90%	4.76%
	Total Bill			4,055.11			4,618.68	563.57	13.90%	100.00%

Unmetered Scattered									
	2009 BILL			2010 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
<b>Consumption</b> <b>1,100,000</b>									
Monthly Service Charge			3.30			7.60	4.30	130.30%	0.01%
Distribution (kWh)	1,100,000	0.0054	5,940.00	1,100,000	0.0009	990.00	(4,950.00)	(83.33%)	1.12%
Regulatory Assets (kW)	1,100,000	0.0000	0.00	1,100,000	(0.0036)	(3,966.25)	(3,966.25)	100.00%	(4.47%)
<b>Sub-Total</b>			<b>5,943.30</b>			<b>-2,968.65</b>	<b>-8,911.95</b>	<b>(149.95%)</b>	<b>(3.34%)</b>
RTSR - Network	1,151,700	0.0043	4,952.31	1,147,080	0.00474	5,439.59	487.28	9.84%	6.13%
RTSR - Connection	1,151,700	0.0037	4,261.29	1,147,080	0.00404	4,635.09	373.80	8.77%	5.22%
<b>Sub- Total</b>			<b>15,156.90</b>			<b>7,106.03</b>	<b>(8,050.87)</b>	<b>(53.12%)</b>	<b>8.01%</b>
Wholesale Market Rate	1,151,700	0.0052	5,988.84	1,147,080	0.0052	5,964.82	(24.02)	(0.40%)	6.72%
RRRP	1,151,700	0.0013	1,497.21	1,147,080	0.0013	1,491.20	(6.01)	(0.40%)	1.68%
DRC	1,151,700	0.0070	8,061.90	1,147,080	0.0070	8,029.56	(32.34)	(0.40%)	9.05%
Cost of Power Commodity (kWh)	1,151,700	0.0540	62,191.80	1,147,080	0.0540	61,942.32	(249.48)	(0.40%)	69.79%
<b>Total Bill Before Taxes</b>			<b>92,896.65</b>			<b>84,533.93</b>	<b>-8,362.72</b>	<b>(9.00%)</b>	<b>95.24%</b>
GST		5.00%	4,644.83		5.00%	4,226.70	(418.14)	(9.00%)	4.76%
<b>Total Bill</b>			<b>97,541.48</b>			<b>88,760.63</b>	<b>-8,780.85</b>	<b>(9.00%)</b>	<b>100.00%</b>

Intermediate with Self Generation									
	2009 BILL			2010 BILL			IMPACT		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
<b>Consumption</b> <b>2,500,000</b> <b>8,000</b>									
Monthly Service Charge			4,705.58			1,100.00	(3,605.58)	(76.62%)	0.52%
Distribution (kWh)	2,500,000	0.0000	0.00	2,500,000	0.0000	0.00	0.00	0.00%	0.00%
Distribution (kW)	8,000	2.3623	18,898.40	8,000	2.7757	22,205.60	3,307.20	17.50%	10.40%
Smart Meter Disposition Rider (per month)			2.11			0.46	(1.65)	(78.20%)	0.00%
Transformer Credit	4,000	(0.6000)	(2,400.00)	4,000	(0.6000)	(2,400.00)	0.00	0.00%	(1.12%)
Regulatory Assets (kW)	8,000	0.0000	0.00	8,000	(1.4107)	(11,285.33)	(11,285.33)	100.00%	(5.29%)
<b>Sub-Total</b>			<b>21,206.09</b>			<b>9,620.73</b>	<b>(11,585.36)</b>	<b>(54.63%)</b>	<b>4.51%</b>
RTSR - Network	8,376	2.0819	17,437.99	8,342	2.08234	17,371.72	(66.27)	(0.38%)	8.14%
RTSR - Connection	8,376	1.8253	15,288.71	8,342	1.74103	14,524.35	(764.36)	(5.00%)	6.80%
<b>Sub- Total</b>			<b>53,932.80</b>			<b>41,516.80</b>	<b>(12,415.99)</b>	<b>(23.02%)</b>	<b>19.45%</b>
Wholesale Market Rate	2,387,797	0.0052	12,416.54	2,397,392	0.0052	12,466.44	49.89	0.40%	5.84%
RRRP	2,387,797	0.0013	3,104.14	2,397,392	0.0013	3,116.61	12.47	0.40%	1.46%
DRC	2,387,797	0.0070	16,714.58	2,397,392	0.0070	16,781.74	67.17	0.40%	7.86%
Cost of Power Commodity (kWh)	2,387,797	0.0540	128,941.02	2,397,392	0.0540	129,459.15	518.13	0.40%	60.63%
<b>Total Bill Before Taxes</b>			<b>215,109.07</b>			<b>203,340.74</b>	<b>-11,768.33</b>	<b>(5.47%)</b>	<b>95.24%</b>
GST		5.00%	10,755.45		5.00%	10,167.04	(588.42)	(5.47%)	4.76%
<b>Total Bill</b>			<b>225,864.52</b>			<b>213,507.78</b>	<b>-12,356.74</b>	<b>(5.47%)</b>	<b>100.00%</b>

## **Appendix F**

### **DEFERRAL RATE RIDERS TO RECOVER ONE MONTH OF FOREGONE REVENUE**



### Calculation of Foregone Revenue for one month

				Revenue		Current Rates	Revenue		Month Revenue Foregone		Foregone Revenue Rate		Adjusted Rates		
				Settlement 2010	Fixed		Volume	Fixed	Volume	Fixed	Volume	Fixed	Volume	Fixed	Volume
<b>Residential</b>															
Service Charge	Customers	28,644	\$	18.54	531,059.76		13.9	398,151.60		132,908		4.64		23.18	
Smart Meter Disposition Rider - effective until April 30, 2012			\$	0.46	13,176.24		0.54	15,467.76		(2,292)		(0.08)		0.38	
Distribution Volumetric Rate	kWh	207,045,763	\$/kWh	0.0084		144,932	0.0133		229,475.72		(84,544)		(0.0049)	0.0035	
Low Voltage Distribution Rate			\$/kWh	0.0003		5,176	0.0006		10,352.29		(5,176)		(0.0003)	0.0000	0.0035
<b>General Service Less Than 50 kW</b>															
Service Charge	Customers	3,038	\$	33.61	102,107.18		32.58	98,978.04		3,129		1.03		34.64	
Smart Meter Disposition Rider - effective until April 30, 2012			\$	0.46	1,397.48		0.54	1,640.52		(243)		(0.08)		0.38	
Distribution Volumetric Rate	kWh	90,210,202	\$/kWh	0.0112		84,196	0.0086		64,650.64		19,546		0.0026	0.0138	
Low Voltage Distribution Rate			\$/kWh	0.0003		2,255	0.0006		4511		(2,255)		(0.0003)	0.0000	0.0138
<b>General Service 50 to 999 kW</b>															
Service Charge	Customers	421	\$	94.94	39,969.74		160.94	67,755.74		(27,786)		(66.00)		28.94	
Smart Meter Disposition Rider - effective until April 30, 2012			\$	0.46	193.66		0.54	227.34		(34)		(0.08)		0.38	
Distribution Volumetric Rate	kW	494,092	\$/kW	2.6761		110,187	1.3217		54,420.12		55,767		1.3544	4.0305	
Low Voltage Distribution Rate			\$/kW	0.1295		5,332	0.25		10294		(4,962)		(0.1205)	0.0090	4.0395
<b>General Service Intermediate - 1,000 to 4,999 kW - vs General Service greater 50</b>															
Service Charge	Customers	23	\$	124.05	2,853.15		160.94	3,701.62		(848)		(36.89)		87.16	
Smart Meter Disposition Rider - effective until April 30, 2012			\$	0.46	10.58		0.54	12.42		(2)		(0.08)		0.38	
Distribution Volumetric Rate	kW	278,743	\$/kW	5.8603		136,126	1.3217		30,701.22		105,425		4.5386	10.3989	
Low Voltage Distribution Rate			\$/kW	0.1416		3,289	0.25		5807		(2,518)		(0.1084)	0.0332	10.4321
<b>General Service Intermediate - 1,000 to 4,999 kW - vs TOU Blenheim</b>															
Service Charge	Customers		\$	124.05	0.00		2810.33	-		0					
Smart Meter Disposition Rider - effective until April 30, 2012			\$	0.46	0.00		0.54	-		0					
Distribution Volumetric Rate	kW	-	\$/kW	5.8603		0	1.4791		-	0		0			
Low Voltage Distribution Rate			\$/kW	0.1416		0	0.27		0		0				
<b>General Service Intermediate - 1,000 to 4,999 kW - vs TOU Chatham</b>															
Service Charge	Customers	2	\$	124.05	248.10		4707.15	9,414.30		(9,166)		(4,583.10)		(4,459.05)	
Smart Meter Disposition Rider - effective until April 30, 2012			\$	0.46	0.92		0.54	1.08		(0)		(0.08)		0.38	
Distribution Volumetric Rate	kW	30,938	\$/kW	5.8603		15,109	2.0923		5,394.30		9,715		3.768	9.6283	
Low Voltage Distribution Rate			\$/kW	0.1416		365	0.27		696.105		(331)		(0.1284)	0.0132	9.6415
<b>Intermediate with Self Generation</b>															
Service Charge	Customers	1	\$	1,100.68	1,100.68		4707.15	4,707.15		(3,606)		(3,606.47)		(2,505.79)	
Smart Meter Disposition Rider - effective until April 30, 2012			\$	0.46	0.46		0.54	0.54		(0)		(0.08)		0.38	
Distribution Volumetric Rate	kW	87,305	\$/kW	2.7757		20,194	2.0923		15,222.35		4,972		0.6834	3.4591	
Low Voltage Distribution Rate			\$/kW	0.1416		1,030	0.27		1964		(934)		(0.1284)	0.0132	3.4723
<b>General Service Intermediate - 1,000 to 4,999 kW - vs large</b>															
Service Charge	Customers	2	\$	124.05	248.10		12947.26	25894.52		(25,646)		(12,823.21)		(12,699.16)	
Smart Meter Disposition Rider - effective until April 30, 2012			\$	0.4600	0.9200		0.54	1.08		(0)		(0.08)		0.38	
Distribution Volumetric Rate	kW	72,696	\$/kW	5.8603		35,502	3.0357		18,390		17,111		2.8246	8.6849	
Low Voltage Distribution Rate			\$/kW	0.1416		858	0.3		1817		(960)		(0.1584)	0.0068	8.6681
<b>Unmetered Scattered Load</b>															
Service Charge (per connection)	Customers	194	\$	7.60	1,474.40		3.3	640.20		834		4.30		11.90	
Distribution Volumetric Rate	kWh	1,081,178	\$/kWh	0.0006		54	0.0048		432.47		(378)		(0.0042)	(0.0036)	
Low Voltage Distribution Rate			\$/kWh	0.0003		27	0.0006		54		(27)		(0.0003)	0.0000	(0.0036)
<b>Sentinel Lighting</b>															
Service Charge (per connection)	Customers	327	\$	6.18	2,020.86		3.88	1,268.76		752		2.30		8.48	
Distribution Volumetric Rate	kW	1,079	\$/kW	0.4390		39	2.8155		253.16		(214)		(2.3765)	(1.9375)	
Low Voltage Distribution Rate			\$/kW	0.0924		8	0.18		16		(8)		(0.0876)	0.0048	(1.9327)
<b>Street Lighting</b>															
Service Charge (per connection)	Customers	10,751	\$	1.40	15,051.40		0.47	5,052.97		9,998		0.93		2.33	
Distribution Volumetric Rate	kW	18,365	\$/kW	1.0460		1,601	3.0315		4,639.46		(3,039)		(1.9855)	(0.9395)	
Low Voltage Distribution Rate			\$/kW	0.0427		65	0.08		122		(57)		(0.0373)	0.0054	(0.9341)
<b>Total</b>															
					710,914	566,347		632,916	459,214	77,998	107,133				

LICENCE NUMBER	ED-2002-0563
DOCID NUMBER	EB-2009-0261
PHONE NUMBER	519-352-6300
(extension)	277

Class	Residential	GS < 50 KW	GS > 50 kw	Intermediate	with Self Generation	Large Users	Scattered Load	Sentinel Lighting	Street Lighting
Deferral and Variance Account Rate Riders, Variable									
Billing Determinants									
Deferral and Variance Account Rate Riders, Fixed (per month)									
Billing Determinants									
	\$ (0.0018)	\$ (0.0027)	\$ (1.4574)	\$ (1.1146)	\$ (1.4107)		\$ (0.0036)	\$ (0.3277)	\$ (1.4353)
	kWh	kWh	kW	kW	kW	kW	kWh	kW	kW
	\$ -	\$ -	\$ -	\$ -	\$ -		\$ -		\$ -
	# metered cust.	# metered cust.	# metered cust.			# metered cust.			
Components of 2010 Riders:									
Variable RSVA	\$ (0.0043)	\$ (0.0043)	\$ (1.6373)				\$ (0.0043)	\$ (1.3705)	\$ (1.3352)
Variable Non RSVA	\$ 0.0025	\$ 0.0015	\$ 0.1799				\$ 0.0007	\$ 1.0429	\$ (0.1001)
Fixed, per month	\$ -	\$ -	\$ -				\$ -	\$ -	\$ -

[illegible]

		Rates includes one month recovery
<b>Residential</b>		
Service Charge	\$	23.18
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.38
Distribution Volumetric Rate	\$/kWh	0.0035
Low Voltage Distribution Rate	\$/kWh	0.0000
Deferral and Variance Account Rider	\$/kWh	(0.0018)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0049
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
<b>General Service Less Than 50 kW</b>		
Service Charge	\$	34.64
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.38
Distribution Volumetric Rate	\$/kWh	0.0138
Low Voltage Distribution Rate	\$/kWh	0.0000
Deferral and Variance Account Rider	\$/kWh	(0.0027)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
<b>General Service 50 to 999 kW</b>		
Service Charge	\$	28.94
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.38
Distribution Volumetric Rate	\$/kW	4.0305
Low Voltage Distribution Rate	\$/kW	0.0090
Deferral and Variance Account Rider	\$/kWh	(1.4574)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	2.1364
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7237
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.2765
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.8879
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
<b>General Service Intermediate - 1,000 to 4,999 kW - vs GS</b>		
Service Charge	\$	87.16
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.38
Distribution Volumetric Rate	\$/kW	10.3989
Low Voltage Distribution Rate	\$/kW	0.0332
Deferral and Variance Account Rider	\$/kWh	(1.1146)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	2.3927
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.0265
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
<b>General Service Intermediate - 1,000 to 4,999 kW - vs TOUBlenheim</b>		
Service Charge	\$	(2,562.23)
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.38
Distribution Volumetric Rate	\$/kW	10.2415
Low Voltage Distribution Rate	\$/kW	0.0132
Deferral and Variance Account Rider	\$/kWh	(1.1146)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	2.2765
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.8879
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**General Service Intermediate - 1,000 to 4,999 kW - vs TOU Chatham**

Service Charge	\$	(4,459.05)
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.38
Distribution Volumetric Rate	\$/kW	9.6283
Low Voltage Distribution Rate	\$/kW	0.0132
Deferral and Variance Account Rider	\$/kWh	(1.1146)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	2.2765
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.8879
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Intermediate with Self Generation**

Service Charge	\$	(2,505.79)
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.38
Distribution Volumetric Rate	\$/kW	3.4591
Low Voltage Distribution Rate	\$/kW	0.0132
Deferral and Variance Account Rider	\$/kWh	(1.4107)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	2.2765
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.8879
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
Standby Charge – for a month where standby power is not provided. The charge is applied to the contracted amount (e.g. nameplate rating of generation facility).	\$/kW	

**General Service Intermediate - 1,000 to 4,999 kW - vs large**

Service Charge	\$	(12,699.16)
Smart Meter Disposition Rider - effective until April 30, 2012	\$	0.38
Distribution Volumetric Rate	\$/kW	8.6849
Low Voltage Distribution Rate	\$/kW	(0.0168)
Deferral and Variance Account Rider	\$/kWh	(1.1146)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
LRAM/SSM Rider	\$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	2.0828
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.6568
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Unmetered Scattered Load**

Service Charge (per connection)	\$	11.90
Distribution Volumetric Rate	\$/kWh	(0.0036)
Low Voltage Distribution Rate	\$/kWh	0.0000
Deferral and Variance Account Rider	\$/kWh	(0.0036)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0044
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Sentinel Lighting**

Service Charge (per connection)	\$	8.48
Distribution Volumetric Rate	\$/kW	(1.9375)
Low Voltage Distribution Rate	\$/kW	0.0048
Deferral and Variance Account Rider	\$/kW	(0.3277)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
Retail Transmission Rate – Network Service Rate	\$/kW	1.6228
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3589
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Street Lighting**

Service Charge (per connection)	\$	2.33
Distribution Volumetric Rate	\$/kW	(0.9395)
Low Voltage Distribution Rate	\$/kW	0.0054
Deferral and Variance Account Rider	\$/kW	(1.4353)
Deferral and Variance Non RPP Rider	\$/kWh	0.0015
Retail Transmission Rate – Network Service Rate	\$/kW	1.6111
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3315
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Specific Service Charges**

Customer Administration		
Arrears certificate	\$	15.00
Statement of Account	\$	15.00
Easement letter	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

**Non-Payment of Account**

Late Payment – per month	%	1.50
Late Payment – per annum	%	19.56
Disconnect/Reconnect Charge – At Meter During Regular Hours	\$	65.00

Temporary service install & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – overhead – with transformer	\$	1,000.00
Specific charge for access to the power poles – per pole/year	\$	22.35
Switching for company maintenance – Charge based on Time and Materials	\$	

**Allowances**

Transformer Allowance for Ownership – per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses - applied to measured demand and energy	%	(1.00)

**Retail Service Charges (if applicable)**

**Metric Current**

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

One-time charge, per retailer, to establish the service agreement between the distributor and the re	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variance Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer		0.30

**Service Transaction Requests (STR)**

Request fee, per request, applied to the requesting party		0.25
Processing fee, per request, applied to the requesting party		0.30

Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party

Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

**LOSS FACTORS**

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0428
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0430
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0324
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0141

# Bill Impacts (for June, month of foregone revenue recovery)

Residential										
Consumption		2009 Bill			2010 Bill			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
800	Monthly Service Charge			13.90			23.18	9.28	66.76%	21.40%
	Distribution (kWh)	800	0.0139	11.12	800	0.0035	2.80	(8.32)	0.00%	2.59%
	Smart Meter Disposition Rider (per month)			0.54			0.38	(0.16)	(29.63%)	0.35%
	Regulatory Assets (kW)	800	0.0000	0.00	800	(0.0018)	(1.43)	(1.43)	100.00%	(1.32%)
	Global Adjustment	800	0.0000	0.00	800	0.0015	1.19	1.19	100.00%	1.10%
	Sub-Total			25.56			26.12	0.56	2.19%	24.12%
	RTSR - Network	838	0.0048	4.02	834	0.0058	4.83	0.81	20.08%	4.46%
	RTSR - Connection	838	0.0041	3.43	834	0.0049	4.05	0.62	17.95%	3.74%
	Sub-Total			33.01			35.00	1.98	6.01%	32.32%
	Wholesale Market Rate	838	0.0052	4.36	834	0.0052	4.34	(0.02)	(0.40%)	4.01%
	RRRP	838	0.0013	1.09	834	0.0013	1.08	(0.00)	(0.40%)	1.00%
	DRC	838	0.0070	5.86	834	0.0070	5.84	(0.02)	(0.40%)	5.39%
	Conservation and Renewable Energy				834	0.0004	0.31	0.31	100.00%	0.29%
	Cost of Power Commodity (kWh)	600	0.0580	34.80	600	0.0650	39.00	4.20	12.07%	36.01%
	Cost of Power Commodity (kWh)	238	0.0670	15.92	234	0.0750	17.57	1.65	10.36%	16.22%
	Total Bill Before Taxes			95.04			103.14	8.10	8.52%	95.24%
	GST		5.00%	4.75		5.00%	5.16	0.40	8.52%	4.76%
	Total Bill			99.79			108.30	8.50	8.52%	100.00%

General Service less 50										
	2009 Bill			2010 Bill			IMPACT			
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill	
Consumption	Monthly Service Charge		32.58			34.64	2.06	6.32%	12.79%	
2,000	Distribution (kWh)	2,000	0.0092	18.40	2,000	0.0138	27.60	9.20	0.00%	10.19%
	Smart Meter Disposition Rider (per month)			0.54			0.38	(0.16)	(29.63%)	0.14%
	Regulatory Assets (kW)	2,000	0.0000	0.00	2,000	(0.0027)	(5.44)	(5.44)	100.00%	(2.01%)
	Global Adjustment	2,000	0.0000	0.00	2,000	0.0015	2.98	2.98	100.00%	1.10%
	Sub-Total			51.52			60.16	8.64	16.78%	22.21%
	RTSR - Network	2,094	0.0043	9.00	2,086	0.0052	10.81	1.81	20.08%	3.99%
	RTSR - Connection	2,094	0.0037	7.75	2,086	0.0044	9.14	1.39	17.95%	3.37%
	Sub-Total			68.27			80.11	11.84	17.34%	29.58%
	Wholesale Market Rate	2,094	0.0052	10.89	2,086	0.0052	10.85	(0.04)	(0.40%)	4.00%
	RRRP	2,094	0.0013	2.72	2,086	0.0013	2.71	(0.01)	(0.40%)	1.00%
	DRC	2,094	0.0070	14.66	2,086	0.0070	14.60	(0.06)	(0.40%)	5.39%
	Conservation and Renewable Energy				2,086	0.0004	0.78	0.78	100.00%	0.29%
	Cost of Power Commodity (kWh)	750	0.0580	43.50	750	0.0650	48.75	5.25	12.07%	18.00%
	Cost of Power Commodity (kWh)	1,344	0.0670	90.05	1,336	0.0750	100.17	10.12	11.24%	36.98%
	Total Bill Before Taxes			230.09			257.97	27.88	12.12%	95.24%
	GST		5.00%	11.50		5.00%	12.90	1.39	12.12%	4.76%
	Total Bill			241.59			270.86	29.27	12.12%	100.00%

General Service greater 50										
		2009 Bill			2010 Bill			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			160.94			28.94	(132.00)	(82.02%)	0.04%
	Distribution (kWh)	800,000	0.0000	0.00	800,000	0.0000	0.00	0.00	0.00%	0.00%
	Distribution (kW)	2,000	1.5717	3,143.40	2,000	4.0305	8,061.00	4,917.60	156.44%	10.85%
	Smart Meter Disposition Rider (per month)			0.54			0.38	(0.16)	(29.63%)	0.00%
	Regulatory Assets (kW)	2,000	0.0000	0.00	2,000	(1.4574)	(2,914.86)	(2,914.86)	100.00%	(3.92%)
	Global Adjustment	800,000	0.0000	0.00	800,000	0.0015	1,191.34	1,191.34	100.00%	1.60%
	Sub-Total			3,204.88			6,366.80	3,061.92	92.65%	8.57%
	RTSR - Network	2,094	1.7720	3,710.57	2,086	2.1364	4,455.65	745.08	20.08%	6.00%
	RTSR - Connection	2,094	1.4556	3,048.03	2,086	1.7237	3,595.00	546.98	17.95%	4.84%
	Sub- Total			10,063.47			14,417.45	4,353.97	43.27%	19.41%
	Wholesale Market Rate	837,600	0.0052	4,355.52	834,240	0.0052	4,338.05	(17.47)	(0.40%)	5.84%
	RRRP	837,600	0.0013	1,088.88	834,240	0.0013	1,084.51	(4.37)	(0.40%)	1.46%
	DRC	837,600	0.0070	5,863.20	834,240	0.0070	5,839.68	(23.52)	(0.40%)	7.86%
	Cost of Power Commodity (kWh)	837,600	0.0540	45,230.40	834,240	0.0540	45,048.96	(181.44)	(0.40%)	60.60%
	Total Bill Before Taxes			66,601.47			70,728.65	4,127.17	6.20%	95.24%
	GST		5.00%	3,330.07		5.00%	3,536.43	206.36	6.20%	4.76%
	Total Bill			69,931.55			74,265.08	4,333.53	6.20%	100.00%

Intermediate Rate Class -GS>50 To Intermediate											
		2009 Bill			2010 Bill			IMPACT			
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill	
Consumption	Monthly Service Charge			160.94			87.16	(73.78)	(45.84%)	0.05%	
	1,600,000	Distribution (kWh)	1,600,000	0.0000	0.00	1,600,000	0.0000	0.00	0.00%	0.00%	
	4,000	Distribution (kW)	4,000	1.5717	6,286.80	4,000	10.4321	41,728.40	35,441.60	563.75%	23.60%
		Smart Meter Disposition Rider (per month)			0.54			0.38	(0.16)	(29.63%)	0.00%
		Transformer Credit	4,000	(0.6000)	(2,400.00)	4,000	(0.6000)	(2,400.00)	0.00	0.00%	(1.36%)
		Regulatory Assets (kW)	4,000	0.0000	0.00	4,000	(1.1146)	(4,458.59)	(4,458.59)	100.00%	(2.52%)
		Global Adjustment	1,600,000	0.0000	0.00	1,600,000	0.0015	2,382.67	2,382.67	100.00%	1.35%
		Sub-Total			4,048.28			37,340.03	33,291.75	822.37%	21.12%
		RTSR - Network	4,188	1.7720	7,421.14	4,171	2.3927	9,980.36	2,559.22	34.49%	5.64%
		RTSR - Connection	4,188	1.4556	6,096.05	4,171	2.0265	8,452.75	2,356.70	38.66%	4.78%
	Sub-Total			17,565.47			55,773.14	38,207.67	217.52%	31.54%	
	Wholesale Market Rate	1,675,200	0.0052	8,711.04	1,668,480	0.0052	8,676.10	(34.94)	(0.40%)	4.91%	
	RRRP	1,675,200	0.0013	2,177.76	1,668,480	0.0013	2,169.02	(8.74)	(0.40%)	1.23%	
	DRC	1,675,200	0.0070	11,726.40	1,668,480	0.0070	11,679.36	(47.04)	(0.40%)	6.61%	
	Cost of Power Commodity (kWh)	1,675,200	0.0540	90,460.80	1,668,480	0.0540	90,097.92	(362.88)	(0.40%)	50.96%	
	Total Bill Before Taxes			130,641.47			168,395.54	37,754.07	28.90%	95.24%	
	GST		5.00%	6,532.07		5.00%	8,419.78	1,887.70	28.90%	4.76%	
	Total Bill			137,173.54			176,815.31	39,641.77	28.90%	100.00%	

Intermediate Rate Class -TOU to Intermediate										
		2009 Bill			2010 Bill			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			4,707.15			(4,459.05)	(9,166.20)	(194.73%)	(2.66%)
	1,600,000 Distribution (kWh)	1,600,000	0.0000	0.00	1,600,000	0.0000	0.00	0.00	0.00%	0.00%
4,000	Distribution (kW)	4,000	2.3623	9,449.20	4,000	9.6415	38,566.00	29,116.80	308.14%	23.01%
	Smart Meter Disposition Rider (per month)			0.54			0.38	(0.16)	(29.63%)	0.00%
	Transformer Credit	4,000	(0.6000)	(2,400.00)	4,000	(0.6000)	(2,400.00)	0.00	0.00%	(1.43%)
	Regulatory Assets (kW)	4,000	0.0000	0.00	4,000	(1.1146)	(4,458.59)	(4,458.59)	100.00%	(2.66%)
	Global Adjustment	1,600,000	0.0000	0.00	1,600,000	0.0015	2,382.67	2,382.67	100.00%	1.42%
	Sub-Total			11,756.89			29,631.42	17,874.53	152.03%	17.68%
	RTSR - Network	4,188	1.8882	7,907.78	4,171	2.2765	9,495.66	1,587.88	20.08%	5.67%
	RTSR - Connection	4,188	1.5942	6,676.51	4,171	1.8879	7,874.63	1,198.12	17.95%	4.70%
	Sub-Total			26,341.18			47,001.71	20,660.52	78.43%	28.04%
	Wholesale Market Rate	1,675,200	0.0052	8,711.04	1,668,480	0.0052	8,676.10	(34.94)	(0.40%)	5.18%
	RRRP	1,675,200	0.0013	2,177.76	1,668,480	0.0013	2,169.02	(8.74)	(0.40%)	1.29%
	DRC	1,675,200	0.0070	11,726.40	1,668,480	0.0070	11,679.36	(47.04)	(0.40%)	6.97%
	Cost of Power Commodity (kWh)	1,675,200	0.0540	90,460.80	1,668,480	0.0540	90,097.92	(362.88)	(0.40%)	53.76%
	Total Bill Before Taxes			139,417.18			159,624.11	20,206.92	14.49%	95.24%
	GST		5.00%	6,970.86		5.00%	7,981.21	1,010.35	14.49%	4.76%
	Total Bill			146,388.04			167,605.31	21,217.27	14.49%	100.00%

Intermediate with Self Generation										
		2009 Bill			2010 Bill			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
<b>Consumption</b>  <b>2,500,000</b>  <b>8,000</b>	Monthly Service Charge			4,707.15			(2,505.79)	(7,212.94)	(153.23%)	(1.07%)
	Distribution (kWh)	2,500,000	0.0000	0.00	2,500,000	0.0000	0.00	0.00	0.00%	0.00%
	Distribution (kW)	8,000	2.3623	18,898.40	8,000	3.4723	27,778.40	8,880.00	46.99%	11.83%
	Smart Meter Disposition Rider (per month)			0.54			0.38	(0.16)	(29.63%)	0.00%
	Transformer Credit	8,000	(0.6000)	(4,800.00)	8,000	(0.6000)	(4,800.00)	0.00	0.00%	(2.04%)
	Regulatory Assets (kW)	8,000	0.0000	0.00	8,000	(1.4107)	(11,285.33)	(11,285.33)	100.00%	(4.81%)
	Global Adjustment	2,500,000	0.0000	0.00	2,500,000	0.0015	3,722.93	3,722.93	100.00%	1.59%
	Sub-Total			18,806.09			12,910.59	(5,895.50)	(31.35%)	5.50%
	RTSR - Network	8,376	1.8882	15,815.56	8,342	2.2765	18,991.32	3,175.76	20.08%	8.09%
	RTSR - Connection	8,376	1.5942	13,353.02	8,342	1.8879	15,749.25	2,396.23	17.95%	6.71%
	Sub-Total			47,974.67			47,651.16	(323.51)	(0.67%)	20.29%
	Wholesale Market Rate	2,617,500	0.0052	13,611.00	2,607,000	0.0052	13,556.40	(54.60)	(0.40%)	5.77%
	RRRP	2,617,500	0.0013	3,402.75	2,607,000	0.0013	3,389.10	(13.65)	(0.40%)	1.44%
	DRC	2,617,500	0.0070	18,322.50	2,607,000	0.0070	18,249.00	(73.50)	(0.40%)	7.77%
	Cost of Power Commodity (kWh)	2,617,500	0.0540	141,345.00	2,607,000	0.0540	140,778.00	(567.00)	(0.40%)	59.96%
Total Bill Before Taxes			224,655.92			223,623.66	-1,032.26	(0.46%)	95.24%	
GST		5.00%	11,232.80		5.00%	11,181.18	(51.61)	(0.46%)	4.76%	
Total Bill			235,888.72			234,804.85	-1,083.87	(0.46%)	100.00%	



Intermediate Rate Class from Large User										
		2009 Bill			2010 Bill			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			12,945.69			(12,699.16)	(25,644.85)	(198.10%)	(8.30%)
	Distribution (kWh)	1,600,000	0.0000	0.00	1,600,000	0.0000	0.00	0.00	0.00%	0.00%
4,000	Distribution (kW)	4,000	3.0357	12,142.80	4,000	8.6681	34,672.40	22,529.60	185.54%	22.66%
	Smart Meter Disposition Rider (per month)			0.54			0.38	(0.16)	(29.63%)	0.00%
	Transformer Credit	4,000	(0.6000)	(2,400.00)	4,000	(0.6000)	(2,400.00)	0.00	0.00%	(1.57%)
	Regulatory Assets (kW)	4,000	0.0000	0.00	4,000	(1.1146)	(4,458.59)	(4,458.59)	100.00%	(2.91%)
	Global Adjustment	1,600,000	0.0000	0.00	1,600,000	0.0015	2,382.67	2,382.67	100.00%	1.56%
	Sub-Total			22,689.03			17,497.71	(5,191.32)	(22.88%)	11.44%
	RTSR - Network	4,188	2.0819	8,719.00	4,171	2.0828	8,687.70	(31.30)	(0.36%)	5.68%
	RTSR - Connection	4,188	1.8253	7,644.36	4,171	1.6568	6,910.66	(733.69)	(9.60%)	4.52%
	Sub-Total			39,052.38			33,096.07	(5,956.31)	(15.25%)	21.63%
	Wholesale Market Rate	1,675,200	0.0052	8,711.04	1,668,480	0.0052	8,676.10	(34.94)	(0.40%)	5.67%
	RRRP	1,675,200	0.0013	2,177.76	1,668,480	0.0013	2,169.02	(8.74)	(0.40%)	1.42%
	DRC	1,675,200	0.0070	11,726.40	1,668,480	0.0070	11,679.36	(47.04)	(0.40%)	7.63%
	Cost of Power Commodity (kWh)	1,675,200	0.0540	90,460.80	1,668,480	0.0540	90,097.92	(362.88)	(0.40%)	58.89%
	Total Bill Before Taxes			152,128.38			145,718.47	-6,409.91	(4.21%)	95.24%
	GST		5.00%	7,606.42		5.00%	7,285.92	(320.50)	(4.21%)	4.76%
	Total Bill			159,734.80			153,004.39	-6,730.41	(4.21%)	100.00%

Unmetered Scattered Load										
		2009 Bill			2010 Bill			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			3.30			11.90	8.60	260.61%	0.01%
	1,100,000									
	Distribution (kWh)	1,100,000	0.0048	5,280.00	1,100,000	(0.0036)	(3,960.00)	(9,240.00)	0.00%	(4.57%)
	Smart Meter Disposition Rider (per month)			0.00			0.00	0.00	100.00%	0.00%
	Regulatory Assets (kW)	1,100,000	0.0000	0.00	1,100,000	(0.0036)	(3,966.25)	(3,966.25)	100.00%	(4.58%)
	Global Adjustment	1,100,000	0.0000	0.00	1,100,000	0.0015	1,638.09	1,638.09	100.00%	1.89%
	Sub-Total			5,283.30			-6,276.26	(11,559.56)	(218.79%)	(7.24%)
	RTSR - Network	1,151,700	0.0043	4,952.31	1,147,080	0.0052	5,946.73	994.42	20.08%	6.86%
	RTSR - Connection	1,151,700	0.0037	4,261.29	1,147,080	0.0044	5,025.99	764.70	17.95%	5.80%
	Sub-Total			14,496.90			4,696.46	(9,800.44)	(67.60%)	5.42%
	Wholesale Market Rate	1,151,700	0.0052	5,988.84	1,147,080	0.0052	5,964.82	(24.02)	(0.40%)	6.88%
	RRRP	1,151,700	0.0013	1,497.21	1,147,080	0.0013	1,491.20	(6.01)	(0.40%)	1.72%
	DRC	1,151,700	0.0070	8,061.90	1,147,080	0.0070	8,029.56	(32.34)	(0.40%)	9.26%
	Conservation and Renewable Energy				1,147,080	0.0004	427.29	427.29	100.00%	0.49%
	Cost of Power Commodity (kWh)	1,151,700	0.0540	62,191.80	1,147,080	0.0540	61,942.32	(249.48)	(0.40%)	71.46%
	Total Bill Before Taxes			92,236.65			82,551.65	-9,685.00	(10.50%)	95.24%
	GST		5.00%	4,611.83		5.00%	4,127.58	(484.25)	(10.50%)	4.76%
	Total Bill			96,848.48			86,679.23	-10,169.25	(10.50%)	100.00%

Street Lighting										
		\$/kWh			1.611091508			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Billing	Monthly Service Charge	10,751	0.4700	5,052.97	10,751	2.3300	25,049.83	19,996.86	395.74%	41.34%
10,751	Distribution (kWh)	450,000	0.0000	0.00	450,000	0.0000	0.00	0.00	0.00%	0.00%
450,000	Distribution (kW)	1,414	3.0315	4,286.54	1,414	(0.9341)	(1,320.82)	(5,607.36)	(130.81%)	(2.18%)
1,414	Regulatory Assets (kW)	1,414	0.0000	0.00	1,414	(1.4353)	(2,029.46)	(2,029.46)	100.00%	(3.35%)
	Global Adjustment				1,414	0.0015	2.11	2.11	100.00%	0.00%
	Sub-Total			9,339.51			21,699.55	12,360.04	132.34%	35.81%
	RTSR - Network	1,480	1.3363	1,978.34	1,475	1.6111	2,375.59	397.25	20.08%	3.92%
	RTSR - Connection	1,480	1.1244	1,664.63	1,475	1.3315	1,963.35	298.72	17.95%	3.24%
	Sub-Total			12,982.47			26,038.49	13,056.01	100.57%	42.97%
	Wholesale Market Rate	471,150	0.0052	2,449.98	469,260	0.0052	2,440.15	(9.83)	(0.40%)	4.03%
	RRRP	471,150	0.0013	612.50	469,260	0.0013	610.04	(2.46)	(0.40%)	1.01%
	DRC	471,150	0.0070	3,298.05	469,260	0.0070	3,284.82	(13.23)	(0.40%)	5.42%
	Cost of Power Commodity (kWh)	471,150	0.0540	25,442.10	469,260	0.0540	25,340.04	(102.06)	(0.40%)	41.82%
	Total Bill Before Taxes			44,785.10			57,713.54	12,928.44	28.87%	95.24%
	GST		5.00%	2,239.25		5.00%	2,885.68	646.42	28.87%	4.76%
	Total Bill			47,024.35			60,599.21	13,574.86	28.87%	100.00%

Sentinel Light										
		\$/kWh			1.622786178			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Billing</b>	Monthly Service Charge	329	3.8800	1,276.52	329	8.4800	2,789.92	1,513.40	118.56%	53.44%
<b>329</b>	Distribution (kWh)	30,000	0.0000	0.00	30,000	0.0000	0.00	0.00	0.00%	0.00%
<b>30,000</b>	Distribution (kW)	83	2.9955	248.63	83	(1.9327)	(160.41)	(409.04)	(164.52%)	(3.07%)
<b>83</b>	Regulatory Assets (kW)	83	0.0000	0.00	83	(0.3277)	(27.20)	(27.20)	100.00%	(0.52%)
	Global Adjustment				83	0.0015	0.12	0.12	100.00%	0.00%
	<b>Sub-Total</b>			<b>1,525.15</b>			<b>2,602.31</b>	<b>1,077.16</b>	<b>70.63%</b>	<b>49.85%</b>
	RTSR - Network	87	1.3460	116.97	87	1.6228	140.46	23.49	20.08%	2.69%
	RTSR - Connection	87	1.1475	99.72	87	1.3589	117.61	17.89	17.95%	2.25%
	<b>Sub- Total</b>			<b>1,741.83</b>			<b>2,860.38</b>	<b>1,118.54</b>	<b>64.22%</b>	<b>54.79%</b>
	Wholesale Market Rate	31,410	0.0052	163.33	31,284	0.0052	162.68	(0.66)	(0.40%)	3.12%
	RRRP	31,410	0.0013	40.83	31,284	0.0013	40.67	(0.16)	(0.40%)	0.78%
	DRC	31,410	0.0070	219.87	31,284	0.0070	218.99	(0.88)	(0.40%)	4.19%
	Cost of Power Commodity (kWh)	31,410	0.0540	1,696.14	31,284	0.0540	1,689.34	(6.80)	(0.40%)	32.36%
	<b>Total Bill Before Taxes</b>			<b>3,862.01</b>			<b>4,972.05</b>	<b>1,110.04</b>	<b>28.74%</b>	<b>95.24%</b>
	GST		5.00%	193.10		5.00%	248.60	55.50	28.74%	4.76%
	<b>Total Bill</b>			<b>4,055.11</b>			<b>5,220.65</b>	<b>1,165.54</b>	<b>28.74%</b>	<b>100.00%</b>

## **Appendix G**

### **SMART METER ADDER/RIDER**

For 2008 Expenditures

Smart Meter Revenue Requirement & Proposed Rates- Summary					
Chatham-Kent Hydro Inc.					
Summary of Actual Costs claimed in this application	2008	2009	2010	Total Actual	Perm Adjust 2010
<b>Capital Costs (must be installed, and used and useful)</b>					
Smart Meters	\$ 419,116		\$ -	\$ 419,116	\$ 419,116
Computer Hardware	\$ 8,883		\$ -	\$ 8,883	\$ 8,883
Computer Software	\$ 7,066		\$ -	\$ 7,066	\$ 7,066
Tools & Equipment	\$ -		\$ -	\$ -	\$ -
Other Equipment (please specify)	\$ -		\$ -	\$ -	\$ -
<b>Total Capital Costs</b>	<b>\$ 435,064</b>		<b>\$ -</b>	<b>\$ 435,064</b>	<b>\$ 435,064</b>

O M & A

2.1 Advanced metering communication device (AMCD)	\$ -		\$ -	\$ -
2.2 Advanced metering regional collector (AMRC) (include:	\$ -		\$ -	\$ -
2.3 Advanced metering control computer (AMCC)	\$ -		\$ -	\$ -
2.4 Wide area network (WAN)	\$ -		\$ -	\$ -
2.5 Other AMI OM&A costs related to minimum functional	\$ 423,820		\$ -	\$ 423,820
<b>Total O M &amp; A Costs</b>	<b>\$ 423,820</b>		<b>\$ -</b>	<b>\$ 423,820</b>

Summary of Revenue Requirement Calculation	2008	2009	2010	Total Actual	Perm Adjust 2010
<b>Net Fixed Assets</b>					
Net Fixed Assets Beginning of Year	\$ -	\$ 419,028	\$ 386,955		\$ 386,955
Net Fixed Assets End of Year	\$ 419,028	\$ 386,955	\$ -		\$ 354,882
<b>Average Net Fixed Asset Values</b>	<b>\$ 209,514</b>	<b>\$ 402,992</b>	<b>\$ 193,478</b>		<b>\$ 370,919</b>

Working Capital Allowance					
Operation Expense	\$ 423,820	\$ -	\$ -		\$ -
Working Capital Allowance 15% (from approved 2006 EDR	\$ 63,573	\$ -	\$ -		\$ -
<b>Smart Meters Rate Base</b>	<b>\$ 273,087</b>	<b>\$ 402,992</b>	<b>\$ 193,478</b>		<b>\$ 370,919</b>

Return on Rate Base

Deemed Debt 56% Times Weighted Debt Rate 5.87%	\$ 8,977	\$ 13,247	\$ 6,360	\$ 28,584	\$ 12,193
Deemed Debt 4% Times Weighted Debt Rate 2.07%	\$ 226	\$ 334	\$ 160	\$ 720	\$ 307
Deemed Equity 40% Times ROE 9.85%	\$ 10,760	\$ 19,847	\$ 7,623	\$ 38,230	\$ 14,614
<b>Return on Rate Base</b>	<b>\$ 19,963</b>	<b>\$ 33,428</b>	<b>\$ 14,143</b>	<b>\$ 67,534</b>	<b>\$ 27,114</b>

Operating Expenses

Incremental Operating Expenses	\$ 423,820	\$ -	\$ -	\$ 423,820	\$ -
Amortization Expenses	\$ 16,036	\$ 32,073	\$ -	\$ 48,109	\$ 32,073
<b>Total Operating Expenses</b>	<b>\$ 439,857</b>	<b>\$ 32,073</b>	<b>\$ -</b>	<b>\$ 471,930</b>	<b>\$ 32,073</b>
<b>Stranded Cost</b>	<b>\$ 114,623</b>			<b>\$ 114,623</b>	
<b>Total Operating Expenses</b>	<b>\$ 554,480</b>	<b>\$ 32,073</b>	<b>\$ -</b>	<b>\$ 586,553</b>	

	2008	2009	2010	Total Actual	Perm Adjust 2010
Revenue Requirement Before PILs	\$ 574,443	\$ 65,501	\$ 14,143	\$ 654,087	\$ 59,187
Grossed up PILs	\$ 5,765	\$ 5,609	\$ -	\$ 11,374	\$ 7,489
<b>Revenue Requirement for Smart Meters</b>	<b>\$ 580,208</b>	<b>\$ 71,110</b>	<b>\$ 14,143</b>	<b>\$ 665,461</b>	<b>\$ 66,676</b>

Rate Rider to Clear Actual Expenses to December 2008

Revenue Requirement for Smart Meters Installed	\$ 665,461
Carrying costs	\$ 2,958

Less Smart Meter Adder Recovery	<b>Rate Adder</b>	<b>Customers</b>	<b>No. of Mths</b>	<b>Amount Recovered</b>	
November 2008 to April 30, 2009	\$ 0.54	31,872	6	\$ 103,265	
May 1, 2009 to April 30, 2010	\$ 0.54	32,132	12	\$ 208,215	
May 1, 2010 to April 30, 2012	\$ 0.46	32,132	24	\$ 356,938	-\$ 668,419
					<b>\$ 0</b>

	<b>Metered</b>				
	<b>Customers per</b>				
<b>Permanent Capital Rate Adjustment</b>	<b>Rate Adder</b>	<b>2010</b>	<b>No. of Mths</b>	<b>Amount Recovered</b>	
May 2010	\$ 0.17	32,132	12	\$ 66,676	

For forecasted 2009 and 2010 Expenditures

**Smart Meter Revenue Requirement & Proposed Rates- Summary**

Summary of Actual Costs claimed in this application	2009 Capital	2010 Capital	Total	
<b>Capital Costs</b> <i>(must be installed, and used and useful)</i>				
Smart Meters	\$ 600,000	\$ 750,000	\$ 1,350,000	
Computer Hardware	\$ -	\$ -	\$ -	
Computer Software	\$ -	\$ -	\$ -	
Tools & Equipment	\$ -	\$ -	\$ -	
Other Equipment <i>(please specify)</i>	\$ -	\$ -	\$ -	
<b>Total Capital Costs</b>	<b>\$ 600,000</b>	<b>\$ 750,000</b>	<b>\$ 1,350,000</b>	
<b>O M &amp; A</b>				
2.1 Advanced metering communication device (AMCD)	\$ -	\$ -	\$ -	
2.2 Advanced metering regional collector (AMRC) (includes LAN)	\$ -	\$ -	\$ -	
2.3 Advanced metering control computer (AMCC)	\$ -	\$ -	\$ -	
2.4 Wide area network (WAN)	\$ -	\$ -	\$ -	
2.5 Other AMI OM&A costs related to minimum functionality	\$ -	\$ -	\$ -	
<b>Total O M &amp; A Costs</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	
<b>Summary of Revenue Requirement Calculation</b>	<b>2009 Capital</b>	<b>2010 Capital</b>	<b>Total</b>	
<b>Net Fixed Assets</b>				
Net Fixed Assets Beginning of Year	\$ -	\$ 580,000		
Net Fixed Assets End of Year	\$ 580,000	\$ 1,265,000		
<b>Average Net Fixed Asset Values</b>	<b>\$ 290,000</b>	<b>\$ -</b>	<b>\$ 922,500</b>	
Working Capital Allowance				
Operation Expense	\$ -	\$ -	\$ -	
Working Capital Allowance	\$ -	\$ -	\$ -	
<b>Smart Meters Rate Base</b>	<b>\$ 290,000</b>	<b>\$ -</b>	<b>\$ 922,500</b>	
<b>Return on Rate Base</b>				
Deemed Debt	\$ 11,570	\$ 31,088	\$ 42,658	
Deemed Equity	\$ 11,309	\$ 36,347	\$ 47,656	
<b>Return on Rate Base</b>	<b>\$ 22,879</b>	<b>\$ -</b>	<b>\$ 67,435</b>	<b>\$ 90,314</b>
<b>Operating Expenses</b>				
Incremental Operating Expenses	\$ -	\$ -	\$ -	\$ -
Amortization Expenses	\$ 20,000	\$ -	\$ 65,000	\$ 85,000
<b>Total Operating Expenses</b>	<b>\$ 20,000</b>	<b>\$ -</b>	<b>\$ 65,000</b>	<b>\$ 85,000</b>
	<b>2009 Capital</b>	<b>2010 Capital</b>	<b>Total</b>	
Revenue Requirement Before PILs	\$ 42,879	\$ 132,435	\$ 175,314	
Grossed up PILs	\$ 5,322	\$ 17,104	\$ 22,426	
<b>Revenue Requirement for Smart Meters</b>	<b>\$ 48,201</b>	<b>\$ 149,539</b>	<b>\$ 197,740</b>	

Rate Adder for Capital In 2009 and 2010 May 1, 2010 to April 30, 2011	Metered		No. of Mths	Amount Recovered
	Rate Adder	Customers per 2010		
	\$ 0.51	32,132	12	\$ 197,740

Deemed Capital Structure	2009	2010
STD	0.0%	4%
LTD	56.7%	56%
Equity	43.3%	40.0%
Capital Rates		
STD	0.0%	2.07%
LTD	7.04%	5.87%
Equity	9.0%	9.85%
Tax Rate	32%	