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April 30, 2010

Via RESS e-filing

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: 2010 Electricity Distribution Rate Application – Veridian Connections Inc.
Responses to Comments and Revised Draft Rate Order Submission
Board File No.: EB-2009-0140**

In accordance with the Board's Procedural Order No. 4 dated April 9th 2010, Veridian is pleased to provide its responses to intervenor and Board Staff comments regarding its Draft Rate Order as filed on April 19th, 2010. Two paper copies of this filing along with one electronic copy in searchable/unrestricted PDF format will follow by courier.

Please find enclosed a revised Draft Rate Order that reflects changes and corrections made in response to intervenor and Board Staff comments. Also included are changes initiated by Veridian to correct an error in the billing determinant used for the Rate Rider for Global Adjustment Sub-Account Disposition. A table summarizing the differences between the original Draft Rate Order and this revised version is appended to this letter and identified as Appendix 'A'.

Comments on Veridian's original Draft Rate Order were received from Energy Probe, the Vulnerable Energy Consumer's Coalition (VECC) and Board Staff. Following are Veridian's responses to those comments:

1. Responses to Comments Submitted by Energy Probe

a) Inconsistencies in Appendices

Energy Probe noted a number of inconsistencies between figures shown in Appendix I – Revenue Requirement Work Form and some other appendices included in the draft Rate Order. Veridian has acknowledged and reviewed the noted inconsistencies. The inconsistency of the As-Filed service revenue requirement amount on Appendix I and the corresponding figure in Appendix E, noted as

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\$30,000 by Energy Probe was due to a data entry error where the incorrect value of “Income Taxes (not grossed up)” had been entered on Sheet 2 of the Revenue Requirement Work Form. This data entry error has been corrected, thus eliminating the inconsistency.

Further inconsistencies between Appendices D, E and I were also reviewed and acknowledged. As suggested by Energy Probe these were due in part to differences in the cost of capital calculations. Rounding differences existed between the methodology used by Veridian’s rate models and the locked cells of the Revenue Requirement Work Form in calculating long term debt rates. Veridian’s model calculated and applied rates to 4 decimals while 2 decimals were used on the Revenue Requirement Work Form.

Notes have been added to Appendix G – Cost of Capital and Return on Regulated Rate Base to explain these differences. Veridian submits that the small differences in calculations are not material and do not affect the calculation of rates.

b) PILs Calculation – Appendix F

Energy Probe requested a revision to Appendix F to make the calculation of the total income tax figure of \$2,224,990 more transparent with respect to the reduction associated with the provincial small business deduction of \$18,750. Veridian has made the requested revision.

Energy Probe submitted that the effective income tax rate used in the calculation of the Grossed-Up Income Tax should be 30.74%, rather than 31.00%. Veridian submits that 31% was clearly identified as the effective income tax rate applied in calculating the Grossed-Up Income Tax amount of \$3,065,203 in both the Settlement Agreement and the Draft Rate Order. The resulting value of \$3,065,203 was accepted by all Parties within the Settlement Agreement and has been accepted by the Board. Veridian submits that it is not appropriate to propose a change in methodology for calculating the Grossed-Up Income Tax amount that would result in an amount different from that accepted by the Parties in the Settlement Agreement. On this basis, Veridian has left unchanged the value of the Grossed-Up Income Tax at \$3,065,203 as filed and agreed upon in the Settlement Agreement.

c) Variance Account for the Ajax Building Expansion Project

Energy Probe noted the absence of a draft accounting order related to the variance account for the Ajax Building Expansion Project.

After consultation with Board Staff on this issue, Veridian has included as Appendix J of the Draft Rate Order, a Draft Accounting Order relating to the Ajax Building Expansion Project Variance Account.

2. Responses to Comments Submitted by VECC

VECC requested the filing of a Draft Accounting Order relating to the Ajax Building Expansion Project Variance Account. As noted above, a Draft Accounting Order has now been included with the Draft Rate Order.

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3. Responses to Comments Submitted by Board Staff

1) Differences in Revenue Requirement Work Form (RRWF) Data

Board Staff submitted that certain data in the RRWF filed as part of the Settlement Proposal were different from that in the RRWF filed as part of the DRO. Veridian reviewed the data, found no differences, and then sought clarification from Board Staff. Through this dialogue it was identified that Board Staff had referred to the original submission of the RRWF (dated March 10th) which was subsequently updated in Veridian's updated Settlement Agreement filing of March 24th, 2010. It was determined that no data differences existed between the March 24th version of the RRWF in the Settlement Agreement and the RRWF filed as part of the DRO.

2) Loss Factors

Board Staff noted incorrect loss factors listed on pages 12 and 24 of the Tariff of Rates and Charges. Veridian has acknowledged and reviewed the incorrect loss factors. The loss factors on pages 12 and 24 of the revised Tariff of Rates and Charges filed as part of the revised DRO incorporate the referenced industry standard relationships between secondary and primary loss factors and the industry-standard value for the Total Loss Factor – Primary Metered Customer > 5,000 kW as 1.0045.

3) Tariff of Rates and Charges sheet headings

Board Staff noted that in all sheets the heading “Note – separate lines if different dates” from the template had been inadvertently retained. This line has been removed from all sheets of the revised Tariff of Rates and Charges.

Please do not hesitate to contact me if clarification is required on any of these matters.

Yours truly,

Original signed by

George Armstrong
Manager of Regulatory Affairs and Key Projects

cc Intervenor of Record for EB-2009-0140
Andrew Taylor, Ogilvy Renault

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Details of Changes to Draft Rate Order and Appendices

Section	Page(s)	Description of Change	Value Before	Value After
Draft Rate Order	3	Revenue Deficiency-Correct Value of 'Application' Column – Difference due to rounding	\$3,757,603	\$3,757,580
Draft Rate Order	7	Addition of "Appendix J"	n/a	n/a
Appendix A – Tariff of Rates and Charges	All	Removal of "Note – separate lines if different dates" from header	n/a	n/a
Appendix A – Tariff of Rates and Charges	3	Correction of billing determinant for Rate Rider for Global Adjustment Sub-Account Disposition	\$/kW	\$/kWh
Appendix A – Tariff of Rates and Charges	5	Correction of billing determinant for Rate Rider for Global Adjustment Sub-Account Disposition	\$/kW	\$/kWh
Appendix A – Tariff of Rates and Charges	6	Correction of billing determinant for Rate Rider for Global Adjustment Sub-Account Disposition	\$/kW	\$/kWh
Appendix A – Tariff of Rates and Charges	12	Total Loss Factor – Primary Metered Customer -< 5,000 kW	1.0442	1.0338
Appendix A – Tariff of Rates and Charges	12	Total Loss Factor – Primary Metered Customer -> 5,000 kW	1.0442	1.0045
Appendix A – Tariff of Rates and Charges	18	Correction of billing determinant for Rate Rider for Global Adjustment Sub-Account Disposition	\$/kW	\$/kWh
Appendix A – Tariff of Rates and Charges	24	Total Loss Factor – Primary Metered Customer -< 5,000 kW	1.1013	1.0999
Appendix D – Revenue Deficiency	n/a	Requested Rate of Return – As Filed	13,584,142	13,584,120
Appendix D – Revenue Deficiency	n/a	Service Revenue Requirement – As Filed	51,866,595	51,866,572
Appendix D – Revenue Deficiency	n/a	Revenue Deficiency – As Filed	(3,737,603)	(3,757,580)
Appendix F – PILs	n/a	Regulatory Taxable Income – Modified for Small business deduction	n/a	n/a
Appendix G – Cost of Capital and Regulated Rate of Return	n/a	Notes added on calculation of long term debt and return to four decimals	n/a	n/a
Appendix I – Revenue Requirement Work Form	Page 2	Income taxes (not grossed up) – corrected data entry error	\$1,950,279	\$1,930,773
Appendix I – Revenue Requirement Work Form	Pages 4, 6, 7 and 8	Added Notes on differences to Appendix G	n/a	n/a
Appendix J – Draft Accounting Order RE: Ajax Building Expansion Variance Account	All	Addition of Appendix	n/a	n/a

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IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, C.15 (Schedule B);

AND IN THE MATTER OF an Application by Veridian Connections Inc. for an Order or Orders approving just and reasonable rates and other service charges for the distribution of electricity effective May 1, 2010

EB-2009-0140
DRAFT RATE ORDER

Veridian Connections Inc.
Filed with the Ontario Energy Board APRIL 30, 2010

BACKGROUND

On October 2, 2009, Veridian Connections Inc. (“Veridian”) filed an application with the Ontario Energy Board (“the Board”) under section 78 of the Ontario Energy Board Act, 1998; S.O. c.15, (Schedule B), for an order or orders to approve just and reasonable rates for the distribution of electricity effective May 1, 2010. The Board assigned file number EB-2009-0140 to the Application.

Veridian filed its responses to Board staff and intervenors’ interrogatories on January 11, 2010. Supplemental interrogatories were to be filed by February 4, 2010 and on February 8, 2010 a transcribed Technical Conference was held.

A Settlement Conference commenced on February 16, 2010 where a full settlement agreement was reached, subject to acceptance of proposed changes to the terms and rates of the various debt instruments held by Veridian’s four municipal shareholders and its parent, Veridian Corporation. A settlement proposal was filed with the Board on March 10, 2010, and on March 30, 2010 Veridian informed the Board that the four municipal shareholders and Veridian Corporation had approved the terms and rates of the debt instruments thus removing the conditions associated with the Settlement Proposal. The Board accepted the settlement proposal and issued its Decision dated March 31, 2010.

The Board directed Veridian to file with the Board and all intervenors of record a Draft Rate Order and its Tariff of Rates and Charges to reflect the Board’s Decision.

BOARD DIRECTION TO VERIDIAN CONNECTIONS INC.

In its Decision, the Board directed that *“Veridian shall file with the Board, and shall also forward to the intervenors, a Draft Rate Order attaching a proposed Tariff of Rates and Charges and other filings reflecting the Board’s findings in the Decision within 14 days of the date of this decision.”*

“The results of the Settlement Proposal together with the Board’s findings outlined in this Decision are to be reflected in Veridian’s Draft Rate Order. The Board expects Veridian to file detailed supporting material, including all relevant calculations, showing the impact of the implementation of the Settlement Proposal and this Decision on its proposed Revenue Requirement; the allocation of the approved Revenue Requirement to the classes within each Tariff Zone; the determination of the final rates including bill impacts; and, for each Tariff Zone, a reconciliation of the Revenue Requirement with the expected Revenue resulting from the application of the load forecast to the Tariff of Rates and Charges. Supporting documentation shall include, but not be limited to, filing a completed version of the Revenue Requirement Work Form excel spreadsheet which can be found on the Board’s website. Veridian should also show detailed calculations of any revisions to the rate riders or rate adders reflecting the Settlement Proposal.”

On April 7th, Veridian filed a letter with the Board requesting a one week extension in filing the Draft Rate Order and on April 9th the Board issued Procedural Order #4 granting the requested extension to April 21st, 2010.

IMPLEMENTATION OF RATES

The Board Decision indicated that *“Pursuant to the approval by the Board of the terms and costs consequences of the Settlement Proposal, the new rates are to be effective May 1, 2010.”*

SUMMARY OF CHANGES OF KEY RATEMAKING COMPONENTS FROM APPLICATION TO DECISION

<u>Rate Base (Exhibit 2)</u>	<u>Application</u>	<u>Decision</u>
Rate Base	\$187,675,529	\$186,594,959
Working Capital Allowance	\$32,927,655	\$32,602,576
Capital Expenditures	\$25,743,225	\$25,443,225

Revenue and Deficiency (Exhibits 3, 6)

Other Revenue	\$4,218,100	\$4,463,100
Base Revenue Requirement	\$47,648,472	\$46,284,010
Service Revenue Requirement	\$51,866,572	\$50,747,110
Revenue Deficiency	\$3,757,580	\$2,393,117
Revenue Apportionment to Tariff Zones		
Veridian_Main	\$44,808,623	\$43,525,482
Veridian_Gravenhurst	\$2,839,849	\$2,758,527

Operating Costs (Exhibit 4)

OM&A	\$22,236,324	\$21,486,324
Amortization	\$12,947,743	\$12,743,021
Grossed-up PILs	\$3,098,385	\$3,193,898
Revenue Deficiency	\$3,757,580	\$2,393,117

Cost of Capital and ROR (Exhibit 5)

Short-Term Interest Rate	1.33%	2.07%
Weighted Average Long-Term Interest Rate	7.11%	5.57%
Return on Equity	8.01%	9.85%
Regulated Rate of Return	7.24%	7.14%
Debt Structure	4% STD, 56% LTD	4% STD, 56% LTD

Cost Allocation (Exhibit 7)

No Changes in Methodology or Proposed Revenue/Cost Ratios

Rate Design (Exhibit 8)

No Changes in Methodology or Proposed Revenue/Cost Ratios

Variance and Deferral Accounts (Exhibit 9)

No Changes in Methodology or Proposed Dispositions

Rate Base

The total change in the rate base from Application to Decision is a reduction of \$1,080,570. Details of the changes are outlined below and a schedule showing the changes from Application to Decision is provided in **Appendix C**:

- 1) The Parties agreed during settlement that the capital expenditure budget for the Test Year will be reduced by \$300,000, representing an estimate of avoided costs of provincial sales tax in the Test Year attributable to the July 1st elimination of the provincial retail sales tax.
- 2) The Parties agreed to adjust 2009 capital additions to the value of Veridian's 2009 actual capital additions (in-service by December 31st, 2009). This results in a reduction of 2009 capital additions and reduces the 2010 opening rate base by \$375,000. The Parties also agreed to apply full year amortization to the 2009 capital additions of \$16,200,596, to be consistent with the accounting treatment assumed in the previous cost of service proceeding in 2006, and consistent with the accounting rules applied in 2007 and 2008.
- 3) The Parties agreed to recalculate the 2010 Cost of Power for working capital purposes using an estimated average commodity cost for all sales based on the weighted average of the RPP and non-RPP costs. As a result, the forecast Cost of Power has been reduced by \$1,417,196 and the Working Capital Allowance portion of rate base has been reduced by \$212,579.
- 4) Working Capital Allowance was calculated as 15% of forecast cost of power and controllable expenses, excluding amortization and PILs. As the Parties agreed during settlement to reduce the level of operating expenses by \$750,000 a corresponding reduction to Working Capital Allowance of \$112,500 was made.

Other Revenue

The Parties agreed during settlement to increase the level of Revenue Offsets by \$245,000 from \$4,218,100 to \$4,463,100 to reflect identified additional one-time shared services revenues and to adjust the Test Year forecast to the amount of Bridge Year actual levels.

Base Distribution Revenue Requirement and Revenue Deficiency

A schedule outlining the calculation of the Revenue Deficiency with comparisons from Application to Decision is provided in **Appendix D**.

A schedule outlining the calculation of the Base Revenue Requirement with allocation to each rate class by Tariff Zone is provided in **Appendix E**.

A reconciliation of Base Distribution Revenue Requirement with expected revenues by Tariff Zone is provided in **Appendix H**.

Operating Expenses (OM&A)

The Parties agreed during settlement to reduce the level of OM&A expenses by \$750,000. This reduction included, but was not limited to:

- 1) An estimate of avoided costs of \$24,237 in provincial sales tax in the Test Year attributable to the July 1st elimination of the provincial retail sales tax, and;
- 2) Elimination of proposed staffing related to the Board's initiative on Low-Income Energy Assistance Program (LEAP-EB-2008-0150) and proposed amendments to customer service standards (EB-2007-022).

Amortization Expenses

Total amortization expenses were reduced by \$204,722 from \$12,947,743 to \$12,743,021 due to changes in the ending Bridge Year Rate Base value, changes in the Test Year capital expenditures and an agreement by the Parties to change the useful life of the Ajax Building Expansion (for amortization purposes) from the proposed life of 32 years to 50 years.

PILs Calculation

The Parties agreed during settlement to increases in Test Year tax credits and changes to effective tax rates to reflect changes in tax rates effective July 1, 2010. A summary of changes in the calculation of taxable income, income and capital taxes, including income tax rates and tax credits is provided in **Appendix F**.

Cost of Capital and ROR

The Parties agreed during settlement to adjust the Deemed Short-Term Debt Rate to 2.07% and the Return on Equity to 9.85% as provided by the Ontario Energy Board in its letter dated February 24, 2010 – Cost of Capital Parameter Updates for 2010 Cost of Service Applications.

The Parties agreed to changes in terms and rates in Long Term debt instruments which resulted in a reduction of the Long Term Weighted Average Long-Term Interest Rate from 7.11% to 5.57%. A summary of changes in the Cost of Capital and Return on Regulated Rate Base is provided in **Appendix G**.

Other Items

No changes were made during settlement to the following:

- 1) Load Forecast
- 2) Methodology for Apportionment of Revenue Requirement between Tariff Zones
- 3) Revenue to Cost Ratios
- 4) Rate Design (Level of Fixed Service Charge and Fixed/Variable Split)
- 5) Loss Factors
- 6) Retail Transmission Service Charges
- 7) Low Voltage Service Charges
- 8) Disposition of Variance and Deferral Account Balances; including the proposed treatment of the balance of Account 2425 and the proposed Z-factor accounting treatment of 2009 PCB testing costs
- 9) Calculation of Rate Riders and Rate Adders

The Parties did agree during settlement that:

- 1) With respect to the Test Year capital expenditure known as the Ajax Building Expansion Project, a variance account will be established to be in effect for the Test Year and the subsequent IRM period until Veridian's next cost of service rebasing period. The purpose of the variance account will be to track the revenue requirement impacts in the test year and subsequent IRM period. This variance account was agreed upon in light of concern of the intervenors that the required capital spending may be less than the forecast, or that the in-service date will not be in 2010. Full details of mechanics of the variance account including hypothetical calculations under various scenarios were provided in the Proposed Settlement Agreement (see Appendix "L).
- 2) Veridian will file a lead-lag study with its next cost of service rate application, and ;
- 3) Veridian will file an analysis with its next cost of service rate application on the differences in the cost of service between its two Tariff Zones; Veridian Main and Veridian Gravenhurst

SCHEDULE OF APPENDICES

- A Tariff of Rates and Charges Effective and Implementation Date May 1, 2010
- B Summary of Bill Impacts
- C Rate Base (Calculation and Summary of changes from Application to Decision)
- D Revenue Deficiency (Calculation and Summary of changes from Application to Decision)
- E Base Distribution Revenue Requirement (Calculation and Allocation to Rate Classes by Tariff Zone and Summary of changes from Application to Decision)
- F PILs (Summary of changes from Application to Decision)
- G Cost of Capital and Return on Regulated Rate Base (Calculation and Summary of changes from Application to Decision)
- H Reconciliation of Base Distribution Revenue Requirement with expected revenues by Tariff Zone
- I Revenue Requirement Work Form
- J Draft Accounting Order RE: Ajax Building Expansion Project Variance Account

**Appendix A - Tariff of Rates and Charges Effective and
Implementation Date May 1, 2010**

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0140

For All Service Areas Except Gravenhurst

RESIDENTIAL SERVICE CLASSIFICATION

All residential customers with kilowatt-hour meters shall be deemed to have a demand of 50kW or less. This customer classification includes Single Family Homes, Street Townhouses, Multiplexes, and Block Townhouses. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012

Applicable only for Non-RPP Customers*	\$/kWh	0.0019
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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	11.06
Smart Meter Funding Adder	\$	1.00
Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011	\$	0.61
Distribution Volumetric Rate	\$/kWh	0.0156
Low Voltage Service Rate	\$/kWh	0.0006
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	(0.0045)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0033

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0140

For All Service Areas Except Gravenhurst

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012

Applicable only for Non-RPP Customers*	\$/kWh	0.0019
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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	13.69
Smart Meter Funding Adder	\$	1.00
Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011	\$	0.61
Distribution Volumetric Rate	\$/kWh	0.0169
Low Voltage Service Rate	\$/kWh	0.0005
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	(0.0046)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0030

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0140

For All Service Areas Except Gravenhurst

GENERAL SERVICE 50 to 2,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 3,000 kW. For new customers without prior billing history, the peak demand will be based on 90% of the installed transformer. Further servicing details are available in the distributor's Conditions of Service. Note that for the application of the Retail Transmission Rate – Network Service Rate and the Retail Transmission Rate – Line and Transformation Connection Service Rate the following sub-classifications apply:

- General Service 50 to 999 kW non-interval metered
- General Service 50 to 999 kW interval metered
- General Service 1,000 to 2,999 kW interval metered.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012		
Applicable only for Non-RPP Customers*	\$/kWh	0.0019

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	134.72
Smart Meter Funding Adder	\$	1.00
Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011	\$	0.61
Distribution Volumetric Rate	\$/kW	3.0172
Low Voltage Service Rate	\$/kW	0.2462
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(1.8069)
Retail Transmission Rate – Network Service Rate	\$/kW	2.0883
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4423

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0140

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0140

For All Service Areas Except Gravenhurst

GENERAL SERVICE 3,000 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average peak demand used for billing purposes over the past twelve months is equal to or greater than, or forecast to be equal to or greater than, 3,000 kW but less than 5,000 kW. For new customers without prior billing history, the peak demand will be based on 90% of the installed transformer. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012

Applicable only for Non-RPP Customers*	\$/kWh	0.0019
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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5,333.07
Smart Meter Funding Adder	\$	1.00
Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011	\$	0.61
Distribution Volumetric Rate	\$/kW	1.4111
Low Voltage Service Rate	\$/kW	0.2710
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(1.7658)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.2916
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.5874

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
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EB-2009-0140

For All Service Areas Except Gravenhurst

LARGE USE SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand used for billing purposes is greater than, or is forecast to be greater than, 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012

Applicable only for Non-RPP Customers*

\$/kWh 0.0019

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	8,011.37
Smart Meter Funding Adder	\$	1.00
Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011	\$	0.61
Distribution Volumetric Rate	\$/kW	1.6807
Low Voltage Service Rate	\$/kW	0.2710
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(2.5329)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.2916
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.5874

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
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EB-2009-0140

For All Service Areas Except Gravenhurst

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

In general, all services will be metered. However, certain types of electrical loads are not practical to meter, or the cost of metering represents an inordinate expense to both the Customer and Veridian. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. These situations can be managed through a controlled connection and a pre-defined basis for estimating consumption. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	7.47
Distribution Volumetric Rate	\$/kWh	0.0185
Low Voltage Service Rate	\$/kWh	0.0005
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kWh	(0.0045)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0030

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
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EB-2009-0140

For All Service Areas Except Gravenhurst

SENTINEL LIGHTING SERVICE CLASSIFICATION

Sentinel lights (dusk-to-dawn) connected to unmetered wires will have a flat rate monthly energy charge added to the regular customer bill. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	2.84
Distribution Volumetric Rate	\$/kW	8.8454
Low Voltage Service Rate	\$/kW	0.1527
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(1.6712)
Retail Transmission Rate – Network Service Rate	\$/kW	1.2936
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.8946

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Veridian Connections Inc.
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For All Service Areas Except Gravenhurst

STREET LIGHTING SERVICE CLASSIFICATION

All services supplied to street or roadway lighting equipment owned by or operated for a municipality or the Province of Ontario shall be classified as Street Lighting Service. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	0.65
Distribution Volumetric Rate	\$/kW	3.6272
Low Voltage Service Rate	\$/kW	0.1609
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2012	\$/kW	(1.6256)
Retail Transmission Rate – Network Service Rate	\$/kW	1.3659
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9426

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Veridian Connections Inc.
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For All Service Areas Except Gravenhurst

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES – Delivery Component – effective September 21, 2009

Service Charge	\$	5.25
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Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
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EB-2009-0140

For All Service Areas Except Gravenhurst

ALLOWANCES

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

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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Customer Administration		
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Account history	\$	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 (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Install/Remove load control device - during regular hours	\$	65.00
Install/Remove load control device - after regular hours	\$	185.00
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 \$/pole/year	\$	22.35
Customer Substation Isolation - After Hours	\$	905.00

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EB-2009-0140

For All Service Areas Except Gravenhurst

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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

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

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0442
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0442
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0338
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

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EB-2009-0140

For Gravenhurst Service Area

RESIDENTIAL SERVICE CLASSIFICATION

Urban Density:

An urban density area is defined as containing 100 or more customers with a line density of at least 15 customers per kilometer of distribution line and includes both Year-Round and Seasonal sub groups.

Suburban Density:

A suburban density area is defined as any area that is not designated as an urban density area.

Residential Year-Round

This classification applies to a customer's main place of abode and may include additional buildings served through the same meter, provided they are not rental income units. To be classified as year-round residential, all of the following criteria must be met:

1. The occupant must state that this is designated as the principal residence for purposes of the Income Tax Act.
2. The occupant must live in this residence for at least 8 months of the year.
3. The address of this residence must appear on the occupant's electric bill, driver's license, credit card invoice, property tax bill, etc
4. Occupants who are eligible to vote in Provincial or Federal elections must be enumerated for this purpose at the address of this residence.

Residential Suburban Seasonal

This classification is comprised of cottages, chalets, and camps, all Farms supplied from single-phase facilities and any residential service not meeting the Residential Year-Round criteria.

Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
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EB-2009-0140

For Gravenhurst Service Area

RESIDENTIAL URBAN YEAR-ROUND

MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers*	\$/kWh	0.0003
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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	9.95
Smart Meter Funding Adder	\$	1.00
Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011	\$	0.61
Distribution Volumetric Rate	\$/kWh	0.0192
Low Voltage Service Rate	\$/kWh	0.0029
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	0.0030
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

RESIDENTIAL SUBURBAN YEAR-ROUND

MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012 Applicable only for Non-RPP Customers*	\$/kWh	0.0003
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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	14.56
Smart Meter Funding Adder	\$	1.00
Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011	\$	0.61
Distribution Volumetric Rate	\$/kWh	0.0201
Low Voltage Service Rate	\$/kWh	0.0029
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	0.0030
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0051

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

Veridian Connections Inc.
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EB-2009-0140

For Gravenhurst Service Area

RESIDENTIAL SUBURBAN SEASONAL

MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012

Applicable only for Non-RPP Customers*

\$/kWh 0.0003

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge

\$ 26.44

Smart Meter Funding Adder

\$ 1.00

Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011

\$ 0.61

Distribution Volumetric Rate

\$/kWh 0.0326

Low Voltage Service Rate

\$/kWh 0.0029

Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014

\$/kWh 0.0033

Retail Transmission Rate – Network Service Rate

\$/kWh 0.0052

Retail Transmission Rate – Line and Transformation Connection Service Rate

\$/kWh 0.0051

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate

\$/kWh 0.0052

Rural Rate Protection Charge

\$/kWh 0.0013

Standard Supply Service – Administrative Charge (if applicable)

\$ 0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

Veridian Connections Inc.
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EB-2009-0140

For Gravenhurst Service Area

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

The General Service classification is applicable to any service that does not fit the description of the Residential classes. Generally, it is comprised of commercial, industrial, educational, administrative, auxiliary and government services. It also includes combination services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential.

This classification refers to a non-residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than 50 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012	\$/kWh	0.0003
Applicable only for Non-RPP Customers*		

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	11.49
Smart Meter Funding Adder	\$	1.00
Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011	\$	0.61
Distribution Volumetric Rate	\$/kWh	0.0195
Low Voltage Service Rate	\$/kWh	0.0026
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	0.0030
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045

Veridian Connections Inc.
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MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

Veridian Connections Inc.
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For Gravenhurst Service Area

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

The General Service classification is applicable to any service that does not fit the description of the Residential classes. Generally, it is comprised of commercial, industrial, educational, administrative, auxiliary and government services. It also includes combination services where a variety of uses are made of the service by the owner of one property, and all multiple services except residential.

This classification refers to a non residential account whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

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MONTHLY RATES AND CHARGES – Electricity Component

Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2012		
Applicable only for Non-RPP Customers*	\$/kWh	0.0003

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	110.62
Smart Meter Funding Adder	\$	1.00
Smart Meter Cost Recovery Rate Rider – effective until April 30, 2011	\$	0.61
Distribution Volumetric Rate	\$/kW	4.0779
Low Voltage Service Rate	\$/kW	0.9486
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	1.2281
Retail Transmission Rate – Network Service Rate	\$/kW	1.9357
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.7915

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TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0140

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

*Excluding Non-RPP customers that ceased to be eligible for and were removed from the RPP on November 1, 2009 as mandated by Ontario Regulation 95/05

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0140

For Gravenhurst Service Area

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to an account that is an unmetered lighting load supplied to a sentinel light, which is assumed to have the same hourly consumption load profile as street lighting. Metered sentinel lighting is captured under the consumption of the principal service. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	1.57
Distribution Volumetric Rate	\$/kW	2.9843
Low Voltage Service Rate	\$/kW	0.7486
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	0.9363
Retail Transmission Rate – Network Service Rate	\$/kW	1.4672
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.4138

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0140

For Gravenhurst Service Area

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	0.43
Distribution Volumetric Rate	\$/kW	0.4055
Low Voltage Service Rate	\$/kW	0.7333
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	1.0537
Retail Transmission Rate – Network Service Rate	\$/kW	1.4599
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3849

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

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approved schedules of Rates, Charges and Loss Factors

EB-2009-0140

For Gravenhurst Service Area

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component – effective September 21, 2009

Service Charge	\$	5.25
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Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
except for the microFIT Generator Class effective date of September 21, 2009

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EB-2009-0140

For Gravenhurst Service Area

ALLOWANCES

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

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

Customer Administration		
Arrears certificate	\$	15.00
Statement of account	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Account history	\$	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 (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Install/Remove load control device - during regular hours	\$	65.00
Install/Remove load control device - after regular hours	\$	185.00
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 \$/pole/year	\$	22.35

Veridian Connections Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010
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approved schedules of Rates, Charges and Loss Factors**

EB-2009-0140

For Gravenhurst Service Area

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

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

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

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.1013
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0903

Appendix B - Summary of Bill Impacts - Main Tariff Zone

Customer Class Name	Volume		RPP Rate Class	Distribution Charges		Delivery Sub-total		Total Bill	
	kWh	kW		\$ change	% change	\$ change	% change	\$ change	% change
Residential	800	0	Summer	\$1.93	8.1%	(\$1.67)	(5.5%)	(\$1.77)	(1.9%)
	1,000	0	Summer	\$2.07	7.7%	(\$2.44)	(6.9%)	(\$2.56)	(2.3%)
	1,500	0	Summer	\$2.42	7.0%	(\$4.35)	(9.2%)	(\$4.54)	(2.7%)
	2,000	0	Summer	\$2.77	6.5%	(\$6.25)	(10.6%)	(\$6.50)	(3.0%)
	5,000	0	Summer	\$4.87	5.5%	(\$17.70)	(13.5%)	(\$18.30)	(3.4%)
	800	0	n/a	\$1.93	8.1%	(\$0.15)	(0.5%)	(\$0.24)	(0.3%)
General Service Less Than 50 kW	1,000	0	Non-res.	\$0.88	2.8%	(\$3.74)	(9.5%)	(\$3.86)	(3.3%)
	2,000	0	Non-res.	\$0.88	1.8%	(\$8.34)	(12.9%)	(\$8.59)	(3.8%)
	10,000	0	Non-res.	\$0.88	0.5%	(\$45.24)	(17.1%)	(\$46.43)	(4.3%)
	35,000	0	Non-res.	\$0.88	0.1%	(\$160.53)	(18.0%)	(\$164.71)	(4.4%)
	25,000	0	Non-res.	\$0.88	0.2%	(\$114.42)	(17.9%)	(\$117.42)	(4.3%)
	2,000	0	n/a	\$0.88	1.8%	(\$4.54)	(7.0%)	(\$4.77)	(2.2%)
	25,000	0	n/a	\$0.88	0.2%	(\$66.92)	(10.5%)	(\$69.70)	(2.7%)
General Service 50 to 2,999 kW	435,000	1,480	n/a	\$63.70	1.3%	(\$1,784.01)	(17.6%)	(\$1,832.26)	(4.2%)
	100,000	500	n/a	\$23.23	1.3%	(\$690.22)	(19.7%)	(\$701.32)	(6.2%)
	40,000	100	n/a	\$6.71	1.5%	(\$97.98)	(12.1%)	(\$102.40)	(2.6%)
General Service 3,000 to 4,999 kW	1,750,000	4,000	n/a	\$285.21	2.4%	(\$3,452.99)	(12.7%)	(\$3,647.09)	(2.2%)
Large Use	4,200,000	6,800	n/a	\$1,490.13	7.5%	(\$7,753.59)	(16.8%)	(\$4,930.35)	(1.4%)
Unmetered Scattered Load	800	0	Non-res.	\$1.80	8.6%	(\$1.81)	(6.7%)	(\$1.91)	(2.2%)
Sentinel Lighting	180	1	Non-res.	\$2.40	48.7%	\$1.56	25.9%	\$1.54	8.0%
Street Lighting	180	1	Non-res.	\$0.24	10.2%	(\$0.57)	(16.6%)	(\$0.59)	(3.6%)

Note: RPP Rate Class of "n/a" indicates Non-RPP customers subject to the Global Adjustment Rate Rider

Appendix B-Summary of Bill Impacts - Gravenhurst Tariff Zone

Customer Class Name	Volume		RPP Rate Class	Distribution Charges		Delivery Sub-total		Total Bill	
	kWh	kW		\$ change	% change	\$ change	% change	\$ change	% change
Residential Urban Year-Round	800	0	Summer	\$3.77	14.8%	\$6.27	18.2%	\$7.02	7.2%
	1,000	0	Summer	\$4.23	14.4%	\$7.37	18.1%	\$8.31	6.9%
	1,500	0	Summer	\$5.38	13.7%	\$10.07	17.9%	\$11.47	6.4%
	2,000	0	Summer	\$6.53	13.3%	\$12.79	17.9%	\$14.65	6.2%
	5,000	0	Summer	\$13.43	12.4%	\$29.09	17.7%	\$33.75	5.7%
	800	0	n/a	\$3.77	14.8%	\$6.53	19.0%	\$7.22	7.3%
Residential Suburban Year-Round	800	0	Summer	\$4.93	16.6%	\$7.43	19.2%	\$8.18	8.0%
	1,000	0	Summer	\$5.49	16.3%	\$8.63	19.2%	\$9.57	7.6%
	1,500	0	Summer	\$6.89	15.7%	\$11.58	19.1%	\$12.98	7.1%
	2,000	0	Summer	\$8.29	15.4%	\$14.55	19.1%	\$16.41	6.8%
	5,000	0	Summer	\$16.69	14.6%	\$32.35	19.0%	\$37.01	6.2%
	800	0	n/a	\$4.93	16.6%	\$7.69	19.9%	\$8.38	8.2%
Residential Suburban Seasonal	800	0	Summer	\$6.79	13.7%	\$9.53	16.3%	\$10.28	8.4%
	1,000	0	Summer	\$7.55	13.5%	\$10.99	16.4%	\$11.93	8.1%
	1,500	0	Summer	\$9.45	13.2%	\$14.59	16.5%	\$15.99	7.5%
	2,000	0	Summer	\$11.35	12.9%	\$18.21	16.5%	\$20.07	7.3%
	5,000	0	Summer	\$22.75	12.4%	\$39.91	16.7%	\$44.57	6.7%
	800	0	n/a	\$6.79	13.7%	\$9.79	16.7%	\$10.48	8.5%
General Service Less Than 50	1,000	0	Non-res.	\$5.00	16.6%	\$8.13	20.2%	\$9.07	7.6%
	2,000	0	Non-res.	\$7.70	15.5%	\$13.93	19.9%	\$15.79	6.7%
	35,000	0	Non-res.	\$96.80	14.0%	\$205.99	19.7%	\$238.61	5.9%
	25,000	0	Non-res.	\$69.80	14.1%	\$147.78	19.7%	\$171.07	5.9%
	2,000	0	n/a	\$7.70	15.5%	\$14.57	20.9%	\$16.29	7.1%
	25,000	0	n/a	\$69.80	14.1%	\$155.80	20.8%	\$177.40	6.4%
General Service 50 to 4,999 kW	435,000	1,480	n/a	(\$588.86)	(7.2%)	\$1,368.26	10.0%	\$1,744.01	3.6%
	100,000	500	n/a	(\$140.12)	(5.1%)	\$506.01	10.9%	\$592.39	4.7%
	40,000	100	n/a	\$43.04	7.5%	\$178.68	18.9%	\$213.23	5.1%
Sentinel Lighting	180	1	Non-res.	\$3.11	>100%	\$4.05	79.8%	\$4.20	22.4%
Street Lighting	180	1	Non-res.	\$0.15	10.3%	\$1.20	28.1%	\$1.35	7.5%

Note: RPP Rate Class of "n/a" indicates Non-RPP customers subject to the Global Adjustment Rate Rider

Appendix C - Rate Base

Working Capital Allowance

	As Filed	Decision	Changes from Filed to Decision
<u>Eligible Distribution Expenses:</u>			
3500-Distribution Expenses - Operation	4,190,515	4,190,515	0
3550-Distribution Expenses - Maintenance	2,838,441	2,838,441	0
3650-Billing and Collecting	5,805,867	5,805,867	0
3700-Community Relations	389,743	389,743	0
3800-Administrative and General Expenses	9,011,758	8,261,758	750,000
3950-Taxes Other Than Income Taxes		0	
Total Eligible Distribution Expenses	22,236,324	21,486,324	750,000
3350-Power Supply Expenses	197,281,376	195,864,180	1,417,196
Total Expenses for Working Capital	219,517,700	217,350,504	2,167,196
Working Capital Allowance			
15.0%	32,927,655	32,602,576	(325,079)

Total Rate Base

	As Filed	Decision	Changes from Filed to Decision
<u>Net Fixed Assets in Service:</u>			
Opening Balance	148,700,849	147,970,939	(729,910)
Closing Balance	160,794,899	160,013,828	(781,071)
Average Balance	154,747,874	153,992,384	(755,491)
Working Capital Allowance	32,927,655	32,602,576	(325,079)
Total Rate Base	187,675,529	186,594,959	(1,080,570)

Appendix D - Revenue Deficiency

Test Year Revenue Deficiency	As Filed		Decision		Changes from Filed to Decision
<i>Cost of Capital</i>					
Rate Base	187,675,529		186,594,959		
Requested Rate of Return	<u>7.24%</u>	13,584,120	<u>7.14%</u>	13,323,866	<u>(260,254)</u>
<i>Cost of Service</i>					
OM&A Expenses	22,236,324		21,486,324		
Amortization	12,947,743		12,743,021		
Payments in Lieu of Taxes (PILs)	<u>3,098,385</u>	38,282,452	<u>3,193,898</u>	37,423,243	(859,209)
Service Revenue Requirement		51,866,572		50,747,110	(1,119,463)
Less: Revenue Offsets		<u>(4,218,100)</u>		<u>(4,463,100)</u>	<u>(245,000)</u>
Distribution Revenue Requirement		47,648,472		46,284,010	(1,364,463)
Distribution Revenue at Existing Rates		<u>43,890,892</u>		<u>43,890,892</u>	<u>0</u>
Revenue Deficiency		<u><u>(3,757,580)</u></u>		<u><u>(2,393,117)</u></u>	<u><u>1,364,463</u></u>

Appendix E - Base Distribution Revenue Requirement

Test Year Revenue Deficiency	As Filed		Decision		Changes from Filed to Decision
<i>Cost of Capital</i>					
Rate Base	187,675,529		186,594,959		
Requested Rate of Return	7.24%	13,584,119	7.14%	13,323,866	(260,253)
<i>Cost of Service</i>					
OM&A Expenses	22,236,324		21,486,324		
Amortization	12,947,743		12,743,021		
Payments in Lieu of Taxes (PILs)	3,098,385	38,282,452	3,193,898	37,423,243	(859,209)
Service Revenue Requirement	51,866,572		50,747,110		(1,119,462)
Less: Revenue Offsets	(4,218,100)		(4,463,100)		(245,000)
Base Distribution Revenue Requirement	<u>47,648,472</u>		<u>46,284,010</u>		<u>(1,364,462)</u>
<i>Allocation to Tariff Zones</i>					
Veridian Main	44,808,623		94.04%	43,525,482	94.04%
Veridian Gravenhurst	2,839,849		5.96%	2,758,527	5.96%
	<u>47,648,472</u>			<u>46,284,009</u>	
<i>Allocation to Rate Classes</i>					
Veridian Main					
Residential	28,078,765		27,274,698		-804,067
General Service < 50 kW	6,430,037		6,245,907		-184,130
General Service 50 - 2,999 kW	8,601,575		8,355,261		-246,314
General Service 3,000-4,999 kW	203,879		198,041		-5,838
Large Use	842,402		818,279		-24,123
Unmetered Scattered Load	183,715		178,454		-5,261
Sentinel Lighting	47,049		45,702		-1,347
Street Lighting	421,201		409,140		-12,061
	<u>44,808,623</u>		<u>43,525,482</u>		<u>-1,283,141</u>
Veridian Gravenhurst					
Residential Urban	908,760		882,736		-26,024
Residential Suburban	332,262		322,748		-9,514
Residential Suburban Seasonal	846,645		822,400		-24,245
General Service < 50 kW	388,349		377,229		-11,120
General Service 50 - 4,999 kW	356,685		346,471		-10,214
Sentinel Lighting	1,420		1,379		-41
Street Lighting	5,728		5,564		-164
	<u>2,839,849</u>		<u>2,758,527</u>		<u>-81,322</u>

Appendix F - PILs

	As Filed	Decision	Changes from Filed to Decision
<i>Calculation of Income Taxes</i>			
Accounting Income	6,013,124	7,351,841	1,338,717
Tax Adjustments to Accounting Income	81,498	(113,971)	(195,469)
Taxable Income	<u>6,094,622</u>	<u>7,237,870</u>	<u>1,143,248</u>
Combined Effective Income Tax Rate	32.0%	31.0%	
 <i>Regulatory Taxable Income</i>			
Total Income Taxes	1,950,279	2,243,740	293,461
Less: Reduction related to Provincial Small business Deduction		(18,750)	(18,750)
Net Income Taxes	<u>1,950,279</u>	<u>2,224,990</u>	<u>274,711</u>
Investment & Miscellaneous Tax Credits	19,506	110,000	90,494
Income Tax Payable	<u>1,930,773</u>	<u>2,114,990</u>	<u>184,217</u>
Ontario Capital Tax	259,013	128,696	(130,317)
Grossed-Up Income Tax	2,839,372	3,065,203	225,831
Total PILs	<u>3,098,385</u>	<u>3,193,898</u>	<u>95,513</u>

Appendix G - Cost of Capital and Regulated Rate of Return

	As Filed				Decision			Changes from Filed to Decision
	Deemed Portion	Effective Rate	Return Amount		Deemed Portion	Effective Rate	Return Amount	
Short-Term Debt	4.00%	1.33%	Note 1	4.00%	2.07%	Note 2	0.74%	
Long-Term Debt	56.00%	7.11%		56.00%	5.57%		-1.54%	
Total Equity	40.00%	8.01%		40.00%	9.85%		1.84%	
Regulated Rate of Return	100.00%	7.24%		100.00%	7.14%		-0.10%	
Rate Base			187,675,529			186,594,959	(1,080,570)	
Regulated Return on Capital			13,584,120			13,323,866	(260,254)	
Deemed Interest Expense			7,570,996			5,972,025	(1,598,972)	
Deemed Return on Equity			6,013,124			7,351,841	1,338,717	

Note 1:

Calculation based on Return
calculated to 4 decimals - 7.2381%

Note 2:

Calculation based on Return
calculated to 4 decimals - 7.1405%

Appendix H - Reconciliation of Base Distribution Revenue Requirement

Veridian Main

Customer Class Name	Fixed Charge			Variable Charge			Transformer Allowances			Calculated	Allocated	Difference
	Rate	Volume	Revenue	Rate	Volume	Revenue	Rate	Volume	Revenue			
Residential	\$11.06	1,156,440	12,790,226	\$0.02	927,385,803	14,467,219				27,257,445	27,274,698	(17,253)
General Service Less Than 50 kW	\$13.69	93,096	1,274,484	\$0.02	294,966,007	4,984,926				6,259,410	6,245,907	13,503
General Service 50 to 2,999 kW	\$134.72	12,456	1,678,072	\$3.02	2,408,247	7,266,163	(\$0.60)	980,157	(588,094)	8,356,141	8,355,261	880
General Service 3,000 to 4,999 kW	\$5,333.07	24	127,994	\$1.41	86,111	121,511	(\$0.60)	86,111	(51,667)	197,838	198,041	(203)
Large Use	\$8,011.37	60	480,682	\$1.68	311,685	523,849	(\$0.60)	311,685	(187,011)	817,520	818,279	(759)
Unmetered Scattered Load	\$7.47	10,500	78,435	\$0.02	5,413,534	100,150				178,585	178,454	131
Sentinel Lighting	\$2.84	8,760	24,878	\$8.85	2,353	20,813				45,692	45,702	(10)
Street Lighting	\$0.65	324,540	210,951	\$3.63	54,601	198,049				409,000	409,140	(140)
TOTAL			16,665,723			27,682,679			(826,772)	43,521,631	43,525,482	(3,851)

Veridian Gravenhurst

Customer Class Name	Fixed Charge			Variable Charge			Transformer Allowances			Calculated	Allocated	Difference
	Rate	Volume	Revenue	Rate	Volume	Revenue	Rate	Volume	Revenue			
Residential Urban Year-Round	\$9.95	35,820	356,409	\$0.0192	27,397,075	526,024				882,433	882,736	(303)
Residential Suburban Year-Round	\$14.56	9,084	132,263	\$0.0201	9,458,013	190,106				322,369	322,748	(379)
Residential Suburban Seasonal	\$26.44	19,104	505,110	\$0.0326	9,730,721	317,222				822,331	822,400	(69)
General Service Less Than 50 kW	\$11.49	8,724	100,239	\$0.0195	14,769,007	287,996	(\$0.60)	19,095	(11,457)	376,777	377,229	(452)
General Service 50 to 4,999 kW	\$110.62	600	66,372	\$4.0779	68,687	280,099				346,471	346,471	(0)
Sentinel Lighting	\$1.57	636	999	\$2.9843	127	379				1,378	1,379	(1)
Street Lighting	\$0.43	11,364	4,887	\$0.4055	1,664	675				5,561	5,564	(3)
TOTAL			1,166,278			1,602,500			(11,457)	2,757,320	2,758,527	(1,207)

Appendix I - Revenue Requirement Work Form



REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc. (1)
File Number: EB-2009-0140
Rate Year: 2010 Version: 1.0

Table of Content

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

Notes:

(1) Pale green cells represent inputs

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

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REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.

File Number: EB-2009-0140

Rate Year: 2010

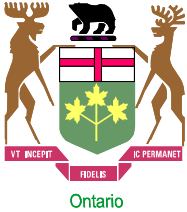
Ontario

Data Input						(1)
	Application		Adjustments		Per Board Decision	
1	Rate Base					
	Gross Fixed Assets (average)	\$331,835,322	(4)	(\$452,092)	\$331,383,230	
	Accumulated Depreciation (average)	(\$177,087,447)	(5)	(\$303,400)	(\$177,390,847)	
	Allowance for Working Capital:					
	Controllable Expenses	\$22,236,324	(6)	(\$750,000)	\$21,486,324	
	Cost of Power	\$197,281,376		(\$1,417,196)	\$195,864,180	
	Working Capital Rate (%)	15.00%			15.00%	
2	Utility Income					
	Operating Revenues:					
	Distribution Revenue at Current Rates	\$43,890,892			\$43,890,892	
	Distribution Revenue at Proposed Rates	\$47,648,472			\$46,284,010	
	Other Revenue:					
	Specific Service Charges	\$1,772,300			\$1,772,300	
	Late Payment Charges	\$618,650			\$618,650	
	Other Distribution Revenue	\$983,000			\$983,000	
	Other Income and Deductions	\$844,150			\$1,089,150	
	Operating Expenses:					
	OM+A Expenses	\$22,236,324		(\$750,000)	\$21,486,324	
	Depreciation/Amortization	\$12,947,743		(\$204,722)	\$12,743,021	
	Property taxes					
	Capital taxes	\$259,013			\$128,696	
	Other expenses					
3	Taxes/PILs					
	Taxable Income:					
	Adjustments required to arrive at taxable income	\$81,498	(3)		(\$113,972)	
	Utility Income Taxes and Rates:					
	Income taxes (not grossed up)	\$1,930,773			\$2,114,990	
	Income taxes (grossed up)	\$2,839,372			\$3,065,203	
	Capital Taxes	\$259,013			\$128,696	
	Federal tax (%)	18.00%			18.00%	
	Provincial tax (%)	14.00%			13.00%	
	Income Tax Credits	(\$19,506)			(\$110,000)	
4	Capitalization/Cost of Capital					
	Capital Structure:					
	Long-term debt Capitalization Ratio (%)	56.0%			56.0%	
	Short-term debt Capitalization Ratio (%)	4.0%	(2)		4.0%	(2)
	Common Equity Capitalization Ratio (%)	40.0%			40.0%	
	Preferred Shares Capitalization Ratio (%)					
	Cost of Capital					
	Long-term debt Cost Rate (%)	7.11%			5.57%	
	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: Veridian Connections Inc.
 File Number: EB-2009-0140
 Rate Year: 2010

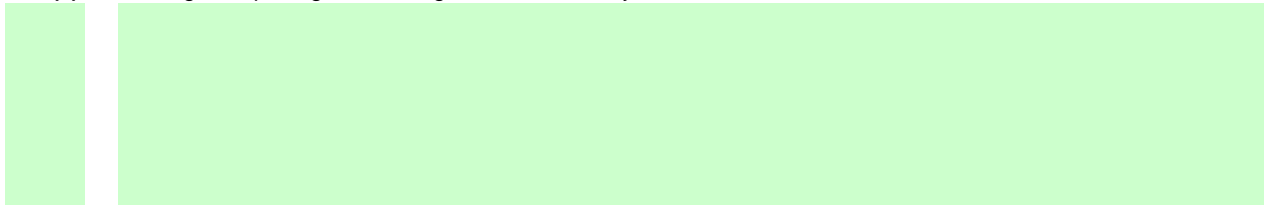
Rate Base

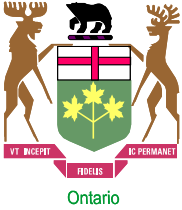
Line No.	Particulars	Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$331,835,322	(\$452,092)	\$331,383,230
2	Accumulated Depreciation (average) (3)	(\$177,087,447)	(\$303,400)	(\$177,390,847)
3	Net Fixed Assets (average) (3)	\$154,747,875	(\$755,492)	\$153,992,383
4	Allowance for Working Capital (1)	\$32,927,655	(\$325,079)	\$32,602,576
5	Total Rate Base	\$187,675,530	(\$1,080,571)	\$186,594,959

(1) Allowance for Working Capital - Derivation				
6	Controllable Expenses	\$22,236,324	(\$750,000)	\$21,486,324
7	Cost of Power	\$197,281,376	(\$1,417,196)	\$195,864,180
8	Working Capital Base	\$219,517,700	(\$2,167,196)	\$217,350,504
9	Working Capital Rate % (2)	15.00%		15.00%
10	Working Capital Allowance	\$32,927,655	(\$325,079)	\$32,602,576

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: Veridian Connections Inc.

File Number: EB-2009-0140

Rate Year: 2010

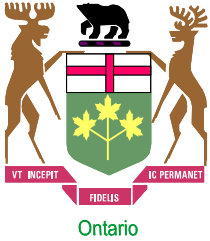
Utility income

Line No.	Particulars	Application	Adjustments	Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$47,648,472	(\$1,364,462)	\$46,284,010
2	Other Revenue	(1) \$4,218,100	\$245,000	\$4,463,100
3	Total Operating Revenues	<u>\$51,866,572</u>	<u>(\$1,119,462)</u>	<u>\$50,747,110</u>
Operating Expenses:				
4	OM+A Expenses	\$22,236,324	(\$750,000)	\$21,486,324
5	Depreciation/Amortization	\$12,947,743	(\$204,722)	\$12,743,021
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$259,013	(\$130,317)	\$128,696
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$35,443,080	(\$1,085,039)	\$34,358,041
10	Deemed Interest Expense	\$7,572,332	(\$1,597,562)	\$5,974,771
11	Total Expenses (lines 4 to 10)	<u>\$43,015,412</u>	<u>(\$2,682,601)</u>	<u>\$40,332,812</u>
12	Utility income before income taxes	<u>\$8,851,160</u>	<u>\$1,563,139</u>	<u>\$10,414,298</u>
13	Income taxes (grossed-up)	\$2,839,372	\$225,831	\$3,065,203
14	Utility net income	<u>\$6,011,788</u>	<u>\$1,337,308</u>	<u>\$7,349,096</u>

Notes

(1)	Other Revenues / Revenue Offsets		
	Specific Service Charges	\$1,772,300	\$1,772,300
	Late Payment Charges	\$618,650	\$618,650
	Other Distribution Revenue	\$983,000	\$983,000
	Other Income and Deductions	\$844,150	\$1,089,150
	Total Revenue Offsets	<u>\$4,218,100</u>	<u>\$4,463,100</u>

Line 10 Note: Differences on Line 10 - Deemed Interest Expense between this schedule and that of Appendix "G" are due to differences in rounding in calculation of the long term debt rate. Please see Note on Appendix "G".



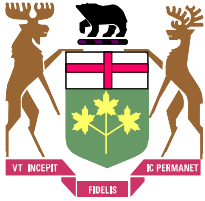
REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
 File Number: EB-2009-0140
 Rate Year: 2010

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<u style="color: blue;">Determination of Taxable Income</u>			
1	Utility net income	\$6,013,124	\$7,351,841
2	Adjustments required to arrive at taxable utility income	\$81,498	(\$113,972)
3	Taxable income	\$6,094,622	\$7,237,869
<u style="color: blue;">Calculation of Utility income Taxes</u>			
4	Income taxes	\$1,930,773	\$2,114,990
5	Capital taxes	\$259,013	\$128,696
6	Total taxes	\$2,189,786	\$2,243,686
7	Gross-up of Income Taxes	\$908,599	\$950,213
8	Grossed-up Income Taxes	\$2,839,372	\$3,065,203
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$3,098,385	\$3,193,899
10	Other tax Credits	(\$19,506)	(\$110,000)
<u style="color: blue;">Tax Rates</u>			
11	Federal tax (%)	18.00%	18.00%
12	Provincial tax (%)	14.00%	13.00%
13	Total tax rate (%)	32.00%	31.00%

Notes



Ontario

REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.

File Number: EB-2009-0140

Rate Year: 2010

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Application					
Debt					
1	Long-term Debt	56.00%	\$105,098,297	7.11%	\$7,472,489
2	Short-term Debt	4.00%	\$7,507,021	1.33%	\$99,843
3	Total Debt	60.00%	\$112,605,318	6.72%	\$7,572,332
Equity					
4	Common Equity	40.00%	\$75,070,212	8.01%	\$6,013,124
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$75,070,212	8.01%	\$6,013,124
7	Total	100%	\$187,675,530	7.24%	\$13,585,456
Per Board Decision					
Debt					
8	Long-term Debt	56.00%	\$104,493,177	5.57%	\$5,820,270
9	Short-term Debt	4.00%	\$7,463,798	2.07%	\$154,501
10	Total Debt	60.00%	\$111,956,975	5.34%	\$5,974,771
Equity					
11	Common Equity	40.0%	\$74,637,983	9.85%	\$7,351,841
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	Total Equity	40.0%	\$74,637,983	9.85%	\$7,351,841
14	Total	100%	\$186,594,959	7.14%	\$13,326,612

Notes

- (1) 4.0% unless an Applicant has proposed or been approved for another amount.
 Line 3 Differences on Line 3 and Line 10 - Total Debt between this schedule and that of
 Line 10 Appendix "G" are due differences in the rounding in calculation of the long term debt rate.
 Please see Note on Appendix "G"



REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
 File Number: EB-2009-0140
 Rate Year: 2010

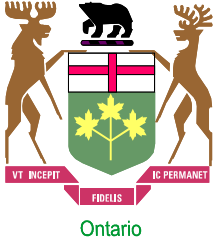
Revenue Sufficiency/Deficiency

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		\$3,758,916		\$2,423,037
2	Distribution Revenue	\$43,890,892	\$43,889,556	\$43,890,892	\$43,860,973
3	Other Operating Revenue Offsets - net	\$4,218,100	\$4,218,100	\$4,463,100	\$4,463,100
4	Total Revenue	\$48,108,992	\$51,866,572	\$48,353,992	\$50,747,110
5	Operating Expenses	\$35,443,080	\$35,443,080	\$34,358,041	\$34,358,041
6	Deemed Interest Expense	\$7,572,332	\$7,572,332	\$5,974,771	\$5,974,771
	Total Cost and Expenses	\$43,015,412	\$43,015,412	\$40,332,812	\$40,332,812
7	Utility Income Before Income Taxes	\$5,093,580	\$8,851,160	\$8,021,180	\$10,414,298
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$81,498	\$81,498	(\$113,972)	(\$113,972)
9	Taxable Income	\$5,175,078	\$8,932,658	\$7,907,208	\$10,300,326
10	Income Tax Rate	32.00%	32.00%	31.00%	31.00%
11	Income Tax on Taxable Income	\$1,656,025	\$2,858,450	\$2,451,235	\$3,193,101
12	Income Tax Credits	(\$19,506)	(\$19,506)	(\$110,000)	(\$110,000)
13	Utility Net Income	\$3,457,061	\$6,011,788	\$5,679,946	\$7,349,096
14	Utility Rate Base	\$187,675,530	\$187,675,530	\$186,594,959	\$186,594,959
	Deemed Equity Portion of Rate Base	\$75,070,212	\$75,070,212	\$74,637,983	\$74,637,983
15	Income/Equity Rate Base (%)	4.61%	8.01%	7.61%	9.85%
16	Target Return - Equity on Rate Base	8.01%	8.01%	9.85%	9.85%
	Sufficiency/Deficiency in Return on Equity	-3.40%	0.00%	-2.24%	0.00%
17	Indicated Rate of Return	5.88%	7.24%	6.25%	7.14%
18	Requested Rate of Return on Rate Base	7.24%	7.24%	7.14%	7.14%
19	Sufficiency/Deficiency in Rate of Return	-1.36%	0.00%	-0.90%	0.00%
20	Target Return on Equity	\$6,013,124	\$6,013,124	\$7,351,841	\$7,351,841
21	Revenue Sufficiency/Deficiency	\$2,556,063	(\$1,336)	\$1,671,896	(\$2,746)
22	Gross Revenue Sufficiency/Deficiency	\$3,758,916 (1)		\$2,423,037 (1)	

Notes:

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

Line 6 Note: Differences on Line 6 - Deemed Interest Expense between this schedule and Appendix "G" are due to differences in rounding in calculation of the long term debt rate. Please see Note on Appendix "G".



REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
 File Number: EB-2009-0140
 Rate Year: 2010

Revenue Requirement

Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$22,236,324	\$21,486,324
2	Amortization/Depreciation	\$12,947,743	\$12,743,021
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$259,013	\$128,696
5	Income Taxes (Grossed up)	\$2,839,372	\$3,065,203
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$7,572,332	\$5,974,771
	Return on Deemed Equity	\$6,013,124	\$7,351,841
8	Distribution Revenue Requirement before Revenues	\$51,867,908	\$50,749,856
9	Distribution revenue	\$47,648,472	\$46,284,010
10	Other revenue	\$4,218,100	\$4,463,100
11	Total revenue	\$51,866,572	\$50,747,110
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	(\$1,336) (1)	(\$2,746) (1)

Notes

(1)

Line 7

Line 11 - Line 8
 Differences on Line 7 - Return between this schedule and Appendix "G" are due to differences in rounding in calculation of the long term debt rate. Please see Note on Appendix "G".



REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.

File Number: EB-2009-0140

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	\$ 30.39	\$ 29.44	-\$ 0.95	-3.1%	\$ 91.25	\$ 90.30	-\$ 0.95	-1.0%	
GS < 50kW	2000 kWh/month	\$ 64.48	\$ 57.55	-\$ 6.93	-10.7%	\$ 223.38	\$ 216.45	-\$ 6.93	-3.1%	

Notes:

Provided for Veridian_Main Classes Only as no mechanism exists within the model to add rows for Veridian_Gravenhurst classes

Appendix “J” – Draft Accounting Order – Test Year Capital Expenditure Variance Account

Request for Establishment of a Variance Account

Veridian requests Board approval for the establishment of a variance account related to the Test Year Capital expenditure known as the Ajax Building Expansion Project (the “Project”). Establishment of the variance account was agreed upon during settlement and is referenced on page 6 of the Draft Rate Order. In particular Veridian seeks approval to establish the following variance account

Revenue Requirement Variance Account – Ajax Building Expansion Project – Account number to be established by the Board.

Details of the purpose of the variance account and example entries and descriptions of the manner in which this account would be used are provided here.

As outlined on page 6 of the Draft Rate Order, “a variance account will be established to be in effect for the Test Year and the subsequent IRM period until Veridian’s next cost of service rebasing period. The purpose of the variance account will be to track the revenue requirement impacts in the test year and subsequent IRM period. This variance account was agreed upon in light of concern of the intervenors that the required capital spending may be less than the forecast, or that the in-service date will not be in 2010.”

Purpose and General Mechanics of the Variance Account

The following description of the mechanics of the variance account is as set out in the Settlement Proposal on pages 11 and 12:

The purpose of the variance account will be to track the revenue requirement impacts in the test year and subsequent IRM period resulting from Veridian’s capital investment and associated OM&A costs for its proposed Ajax Building Expansion Project. The total capital expenditures related to that project in the Test Year have been forecast at \$6,000,000 and a reduction in normalized OM&A costs of \$163,151. The “as-filed” accounting impact of the Project, both OM&A and capital (including amortization and return on capital) forms the baseline for variances for the years 2010 through 2013 or the end of the IRM period. The baseline includes the expected accounting entries related to the Project for each of those years, including the initial test year under cost of service, and the subsequent three years where rates are expected to be set under the IRM formula. Actuals will then be compared to that baseline, and entries to the variance account will reflect the difference between actuals and baseline each year.

The variance account will capture the following:

- a) Asymmetric revenue requirement variances resulting if the actual capital costs are less than forecast capital costs. The reduction in revenue requirement would be credited to the variance account for future distribution to ratepayers.
- b) The decrease in revenue requirement for the Test Year, and the change (increase or decrease) in revenue requirement for each of the subsequent IRM years, due to a change of in-service date of the Ajax Building Expansion Project from 2010 or beyond. The annual increase or decrease in revenue requirement would be recorded in the variance account. The cumulative balance would be distributed to ratepayers in the future.

Illustration of Proposed Accounting Entries

An appendix was included in the Settlement Agreement which outlined numerical examples showing the hypothetical calculation of the variance account in different scenarios. The Appendix set out four scenarios.

Scenario 1 is the agreed baseline, i.e. the amounts that are assumed to be the accounting costs and savings each year for the Project on an “as-filed” basis. Accounting variations from this baseline are to be captured through entries to the variance account.

Scenario 2 illustrates the same calculation for each year, but with a lower total cost of the Project in 2010, and identifies the variance account entries that would reflect that lower cost in that scenario.

Scenario 3 illustrates the variance account entries if the Project does not come into service until March 31, 2011 (used as a hypothetical date beyond the 2010 Test Year). In that scenario, the capital costs are delayed, so amortization and return on capital are lower in years 2010 and 2011, but the OM&A savings are also delayed, increasing OM&A in 2011 to partially offset the delay in the capital cost.

Scenario 4 is similar to Scenario 3, but with a lower total cost of the Project as well.

Detailed accounting entries for the variance scenarios listed above follow. These were originally filed as Appendix “L” to the Settlement Agreement. In the Settlement Agreement, all parties agreed that Appendix “L” correctly described the operation of the variance account in the specific examples and agreed that the actual entries in the variance account should be consistent with the rules underlying those calculations.

Proposed Accounting Entries for Example Scenarios - Revenue Requirement Variance Account - Ajax Building Expansion Project

Scenario Summaries - Annual Entries to Variance Account and YE Variance Account Balances

	2010			2011			2012			2013		
	Revenue Requirement	Entries to Variance Account	YE Balance Variance Account	Revenue Requirement	Entries to Variance Account	YE Balance Variance Account	Revenue Requirement	Entries to Variance Account	YE Balance Variance Account	Revenue Requirement	Entries to Variance Account	YE Balance Variance Account
Scenario 1 - As Filed Completed in 2010, \$6M or more	\$ 136,692	\$ -	\$ -	\$ 431,294	\$ -	\$ -	\$ 410,144	\$ -	\$ -	\$ 390,343	\$ -	\$ -
Scenario 2 Completed in 2010, \$5.5M	\$ 111,559	\$ (25,133)	\$ (25,133)	\$ 381,757	\$ (49,537)	\$ (74,670)	\$ 362,369	\$ (47,775)	\$ (122,445)	\$ 344,218	\$ (46,125)	\$ (168,570)
Scenario 3 Completed in 2011, \$6M or more	\$ (155,016)	\$ (291,708)	\$ (291,708)	\$ 145,749	\$ (236,008)	\$ (527,716)	\$ 431,550	\$ 21,406	\$ (506,310)	\$ 410,655	\$ 20,312	\$ (485,998)
Scenario 4 Completed in 2011, \$5.5M	\$ (155,016)	\$ (291,708)	\$ (291,708)	\$ 120,616	\$ (310,678)	\$ (602,386)	\$ 382,601	\$ (27,543)	\$ (629,929)	\$ 365,098	\$ (25,245)	\$ (655,174)

Note: For simplicity in calculations, PILs impacts have not been included in these examples. It is understood that PILs impacts would be calculated and included in the entries to the variance account.

Proposed Accounting Entries for Example Scenarios - Revenue Requirement Variance Account - Ajax Building Expansion Project

Working Capital Allowance 15.0% Before Tax Weighted Average Cost of Capital 7.14%

Components of Revenue Requirement

Capex Related OM&A WCA Rate Base Return Amortization PILs impact Rev Req't

Scenario 1 - As Filed Completed in 2010, \$6M or more	2010							
	\$ 6,000,000	\$ (163,151)	\$ (24,473)	\$ 2,975,527	\$ 212,453	\$ 87,390		\$ 136,692
	2011							
	\$ 6,000,000	\$ (163,151)	\$ (24,473)	\$ 5,912,610	\$ 422,160	\$ 172,285		\$ 431,294
	2012							
	\$ 6,000,000	\$ (163,151)	\$ (24,473)	\$ 5,740,325	\$ 409,859	\$ 163,436		\$ 410,144
	2013							
	\$ 6,000,000	\$ (163,151)	\$ (24,473)	\$ 5,576,889	\$ 398,190	\$ 155,304		\$ 390,343
	Cumulative to 2013							\$ 1,368,473

Scenario 2 Completed in 2010, \$5.5M	2010							
	\$ 5,500,000	\$ (163,151)	\$ (24,473)	\$ 2,725,527	\$ 194,603	\$ 80,108		\$ 111,559
	2011							
	\$ 5,500,000	\$ (163,151)	\$ (24,473)	\$ 5,419,892	\$ 386,980	\$ 157,928	\$ -	\$ 381,757
	2012							
	\$ 5,500,000	\$ (163,151)	\$ (24,473)	\$ 5,261,965	\$ 375,704	\$ 149,816	\$ -	\$ 362,369
	2013							
	\$ 5,500,000	\$ (163,151)	\$ (24,473)	\$ 5,112,149	\$ 365,007	\$ 142,362	\$ -	\$ 344,218
	Cumulative to 2013							\$ 1,199,903

Proposed Accounting Entries for Example Scenarios - Revenue Requirement Variance Account - Ajax Building Expansion Project

Working Capital Allowance 15.0% Before Tax Weighted Average Cost of Capital 7.14%

Components of Revenue Requirement

	Capex	Related OM&A	WCA	Rate Base	Return	Amortization	PILs impact	Rev Req't
Scenario 3 Completed in 2011, \$6M or more	2010							
	\$ -	\$ (154,190)	\$ (23,129)	\$ (23,129)	\$ (826)	\$ -		\$ (155,016)
	2011							
	\$ 6,000,000	\$ (154,190)	\$ (23,129)	\$ 2,976,871	\$ 212,549	\$ 87,390		\$ 145,749
	2012							
	\$ -	\$ (154,190)	\$ (23,129)	\$ 5,819,560	\$ 415,517	\$ 170,224		\$ 431,550
	2013							
\$ -	\$ (154,190)	\$ (23,129)	\$ 5,649,336	\$ 403,363	\$ 161,482		\$ 410,655	
								Cumulative to 2013
								\$ 832,937
Scenario 4 Completed in 2011, \$5.5M	2010							
	\$ -	\$ (154,190)	\$ (23,129)	\$ (23,129)	\$ (826)	\$ -		\$ (155,016)
	2011							
	\$ 5,500,000	\$ (154,190)	\$ (23,129)	\$ 2,726,871	\$ 194,699	\$ 80,108		\$ 120,616
	2012							
	\$ -	\$ (154,190)	\$ (23,129)	\$ 5,332,669	\$ 380,753	\$ 156,039		\$ 382,601
	2013							
\$ -	\$ (154,190)	\$ (23,129)	\$ 5,199,759	\$ 371,263	\$ 148,026		\$ 365,098	
								Cumulative to 2013
								\$ 713,299

Note: For simplicity in calculations, PILs impacts have not been included in these examples. It is understood that PILs impacts would be calculated and included in the entries to the variance account.

Proposed Accounting Entries for Example Scenarios - Revenue Requirement Variance Account - Ajax Building Expansion Project
Amortization Calculations

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Net Additions	Total for Depreciation	Years	Depreciation Expense
Scenario 1 - As Filed									
Completed in 2010, \$6M or more									
2010									
	Serve Centre Bldgs-								
	1908 Renos/Add'ns			\$ 5,289,482	\$ (61,641)	\$ 5,227,841	\$ 2,613,920	50	\$ 52,278
	1915 Offc Furn & Equip		\$ -	\$ -	\$ 710,518	\$ (8,280)	\$ 702,238	10	\$ 35,112
		\$ -	\$ -	\$ -	\$ 6,000,000	\$ (69,921)	\$ 5,930,079		\$ 87,390
2011									
	Serve Centre Bldgs-								
	1908 Renos/Add'ns	\$ 5,237,204	\$ 5,237,204	\$ -	\$ -	\$ 5,237,204	\$ 5,237,204	50	\$ 104,744
	1915 Offc Furn & Equip	\$ 675,406	\$ 675,406	\$ -	\$ -	\$ 675,406	\$ 675,406	10	\$ 67,541
				\$ -	\$ -	\$ 5,912,610	\$ 5,912,610		\$ 172,285
	Serve Centre Bldgs-								
	1908 Renos/Add'ns	\$ 5,132,460	\$ 5,132,460	\$ -	\$ -	\$ 5,132,460	\$ 5,132,460	50	\$ 102,649
	1915 Offc Furn & Equip	\$ 607,865	\$ 607,865	\$ -	\$ -	\$ 607,865	\$ 607,865	10	\$ 60,787
				\$ -	\$ -	\$ 5,740,325	\$ 5,740,325		\$ 163,436
2013									
	Serve Centre Bldgs-								
	1908 Renos/Add'ns	\$ 5,029,810	\$ 5,029,810	\$ -	\$ -	\$ 5,029,810	\$ 5,029,810	50	\$ 100,596
	1915 Offc Furn & Equip	\$ 547,079	\$ 547,079	\$ -	\$ -	\$ 547,079	\$ 547,079	10	\$ 54,708
				\$ -	\$ -	\$ 5,576,889	\$ 5,576,889		\$ 155,304

Proposed Accounting Entries for Example Scenarios - Revenue Requirement Variance Account - Ajax Building Expansion Project
Amortization Calculations

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Net Additions	Total for Depreciation	Years	Depreciation Expense
Scenario 2		2010							
Completed in 2010, \$5.5M									
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ -	\$ -	\$ 4,848,692	\$ (56,504)	\$ 4,792,187	\$ 2,396,094	50	\$ 47,922
	1915 Offc Furn & Equip	\$ -	\$ -	\$ -	\$ 651,308	\$ (7,590)	\$ 643,718	10	\$ 32,186
		\$ -	\$ -	\$ -	\$ 5,500,000	\$ (64,095)	\$ 5,435,905		\$ 80,108
		2011							
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ 4,800,770	\$ -	\$ 4,800,770	\$ -	\$ -	\$ 4,800,770	50	\$ 96,015
	1915 Offc Furn & Equip	\$ 619,122	\$ -	\$ 619,122	\$ -	\$ -	\$ 619,122	10	\$ 61,912
				\$ 5,500,000	\$ -	\$ -	\$ 5,419,892		\$ 157,928
		2012							
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ 4,704,755		\$ 4,704,755	\$ -	\$ -	\$ 4,704,755	50	\$ 94,095
	1915 Offc Furn & Equip	\$ 557,210		\$ 557,210	\$ -	\$ -	\$ 557,210	10	\$ 55,721
				\$ 5,500,000	\$ -	\$ -	\$ 5,261,965		\$ 149,816
		2013							
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ 4,610,659		\$ 4,610,659	\$ -	\$ -	\$ 4,610,659	50	\$ 92,213
	1915 Offc Furn & Equip	\$ 501,489		\$ 501,489	\$ -	\$ -	\$ 501,489	10	\$ 50,149
				\$ 5,500,000	\$ -	\$ -	\$ 5,112,149		\$ 142,362

Proposed Accounting Entries for Example Scenarios - Revenue Requirement Variance Account - Ajax Building Expansion Project
Amortization Calculations

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Net Additions	Total for Depreciation	Years	Depreciation Expense
Scenario 3									
Completed in 2011, \$6M or more									
2011									
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ -	\$ -	\$ -	\$ 5,289,482	\$ (61,641)	\$ 5,227,841	50	\$ 52,278
	1915 Offc Furn & Equip	\$ -	\$ -	\$ -	\$ 710,518	\$ (8,280)	\$ 702,238	10	\$ 35,112
					\$ 6,000,000	\$ (69,921)	\$ 5,930,079		\$ 87,390
2012									
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ 5,175,562		\$ 5,175,562	\$ -	\$ -	\$ 5,175,562	50	\$ 103,511
	1915 Offc Furn & Equip	\$ 667,126		\$ 667,126	\$ -	\$ -	\$ 667,126	10	\$ 66,713
					\$ -	\$ -	\$ 5,842,688		\$ 170,224
2013									
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ 5,072,051		\$ 5,072,051	\$ -	\$ -	\$ 5,072,051	50	\$ 101,441
	1915 Offc Furn & Equip	\$ 600,413		\$ 600,413	\$ -	\$ -	\$ 600,413	10	\$ 60,041
					\$ -	\$ -	\$ 5,672,465		\$ 161,482

Proposed Accounting Entries for Example Scenarios - Revenue Requirement Variance Account - Ajax Building Expansion Project
Amortization Calculations

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Net Additions	Total for Depreciation	Years	Depreciation Expense
Scenario 4									
Completed in 2011, \$5.5M or more									
2011									
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ -	\$ -	\$ -	\$ 4,848,692	\$ (56,504)	\$ 4,792,187	50	\$ 47,922
	1915 Offc Furn & Equip	\$ -	\$ -	\$ -	\$ 651,308	\$ (7,590)	\$ 643,718	10	\$ 32,186
					\$ 5,500,000	\$ (64,095)	\$ 5,435,905		\$ 80,108
2012									
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ 4,744,265		\$ 4,744,265	\$ -	\$ -	\$ 4,744,265	50	\$ 94,885
	1915 Offc Furn & Equip	\$ 611,532		\$ 611,532	\$ -	\$ -	\$ 611,532	10	\$ 61,153
					\$ -	\$ -	\$ 5,355,798		\$ 156,039
2013									
	Servc Centre Bldgs-								
	1908 Renos/Add'ns	\$ 4,649,380		\$ 4,649,380	\$ -	\$ -	\$ 4,649,380	50	\$ 92,988
	1915 Offc Furn & Equip	\$ 550,379		\$ 550,379	\$ -	\$ -	\$ 550,379	10	\$ 55,038
					\$ -	\$ -	\$ 5,199,759		\$ 148,026

**Proposed Accounting Entries for Example Scenarios - Revenue Requirement Variance Account -
Ajax Building Expansion Project
OM&A Calculations**

Scenario 1 - As Filed

Calculation of 2010 OM&A cost reduction	2010	2011	2012	2013	
Base Lease Costs-Pickering Parkway	\$213,875				
Taxes, Maintenance Insurance - Pickering Parkway	\$130,500				
Incremental Maintenance expenses-building expansion		\$234,000	\$234,000	\$234,000	
Operational Efficiencies		(\$33,000)	(\$33,000)	(\$33,000)	
	\$344,375	\$201,000	\$201,000	\$201,000	
Four year Total					\$947,375
Total costs amortized over 4 year period					\$236,844
New OM&A requirements for space	\$236,844				
Less:Original OM&A levels in revenue requirement (as above)		<u>(\$344,375)</u>			
		(\$107,531)			
Less: Avoided lease costs-Metering Facilities		<u>(\$55,620)</u>			
Test Year OM&A Reduction		(\$163,151)			

**Scenario 3 - Building Completion in 2011 -
assume March 31st**

Calculation of 2010 OM&A cost reduction	2010	2011	2012	2013	
Base Lease Costs-Pickering Parkway	\$213,875	\$53,469			
Taxes, Maintenance Insurance - Pickering Parkway	\$130,500	\$32,625			
Incremental Maintenance expenses-building expansion		\$175,500	\$234,000	\$234,000	
Operational Efficiencies		(\$24,750)	(\$33,000)	(\$33,000)	
	\$344,375	\$236,844	\$201,000	\$201,000	
Four year Total					\$983,219
Total costs amortized over 4 year period					\$245,805
New OM&A requirements for space	\$245,805				
Less:Original OM&A levels in revenue requirement (as above)		<u>(\$344,375)</u>			
		(\$98,570)			
Less: Avoided lease costs-Metering Facilities		<u>(\$55,620)</u>			
Test Year OM&A Reduction		(\$154,190)			