

Hearst Power Distribution Company Limited
925 Rue Alexandra Street
Hearst Ontario

September 15th 2010

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Re: Responses to Board Staff and VECC Supplemental IRs

Please find attached Hearst Power Distribution Company Limited's responses to VECC's Preliminary Interrogatories related to Hearst's cost of service application EB-2009-0266. In conjunction with this document, Hearst is providing the following attachments;

2010 RateMaker

- Hearst_2010EDR_15092010.xls

2010 RMPils

- Hearst_RMPils 2010EDR.xls

Revenue Requirement Work Form

- Hearst_2010_Rev_Reqt_Work_Form

Cost Allocation

- Run 1 2006 Cost Allocation Filing: HPL-2006
- Run 2 2006 Corrected: HPL-2006C
- Run 3 2010 Cost Allocation Filing: HPL-2010

Field Survey

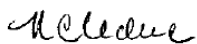
- Hearst Field Survey_VECC 8e.pdf

Hydro One 2006 Weather Normalized Load Forecast

- Hearst_Hydro One 2006 Weather Normalized Load Forecast.zip

This document is being filed pursuant to the Board's e-Filing Services. In order to reduce the carbon footprint, hard copies of these documents will be provided upon request. Should there be any questions, please do not hesitate to contact me at the number below.

Kind Regards,



Nicole C. Leduc
General Manager

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**HEARST POWER DISTRIBUTION COMPANY LIMITED
2010 RATE APPLICATION**

(EB-2009-0266)

VECC'S INTERROGATORIES (ROUND #1)

GENERAL

Preamble:

Please note that Elenchus Research Associates ("Elenchus") was engaged to assist Hearst and ECI in providing responses to both VECC and Board Staff Interrogatories. In an effort to facilitate the transfer of knowledge and in order for Elenchus to better assist Hearst in the post filing stages of the application, the data from the original models have been transferred to Elenchus' RateMaker and Elenchus' PILs model. Open versions of the model ("Hearst_2010EDR.xls" and "Hearst_RMPiIs.xls") are being filed in conjunction with these responses.

In order to facilitate VECC and Board Staff's understanding of the revised evidence, the major worksheets have been included as appendices to the responses. References to these specific appendices are found throughout the various responses.

Question #1

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

a) Please confirm the date that the completed Application was filed with the OEB.

Hearst Response:

The application was sent via courier on April 28, 2010

b) Please confirm that Hearst is not proposing to introduce any new miscellaneous charges for 2010.

Hearst Response:

Confirmed

c) If Hearst is proposing to introduce any new miscellaneous charges, what are they and where can the explanation for each is found?

[Hearst Response:](#)

N/A

Question #2

Reference: Exhibit 1, Tab 1, Schedule 4, page 2

- a) Please provide further details regarding the deferral account requested under Item #12. In particular please explain exactly why types of circumstances the account is meant to address and how they differ from the circumstances under which Hearst may be eligible for a Z-factor adjustment during the 3GIRM period. Explain?

[Hearst Response:](#)

Hearst intends to use any means prescribed by the OEB to manage unforeseen events outside of a distributor's management control. (i.e. Z-factor in an IRM application). That being said, it can be difficult for a utility with such a small workforce to determine and plan for certain costs until they occur. For example, the costs involved in filing and defending an IRM application or a Cost Allocation Filing and the general uncertainty surrounding the need to hire outside consultants. It is for this reason that Hearst request that a deferral account be established to track unforeseen costs that are for the most part of a regulatory compliance nature.

Question #3

Reference: Exhibit 1, Tab 1, Schedule 8, pages 1-3

- a) Please confirm whether or not Hearst's service area is contiguous.

[Hearst Response:](#)

Hearst confirms that its service area is contiguous with the municipal boundaries

Question #4

Reference: Exhibit 1, Tab 1, Schedule 10, page 1

- a) Is Hearst fully embedded within Hydro One Networks' distribution system? If not, please explain the transmission supply arrangements.

Hearst Response:

Hearst's distribution system is comprised of 3 feeders. Hearst owns one feeder for which they purchase power from IESO while the remainder two feeders electricity is supplied by Hydro One.

- b) Please describe Hydro One Networks' low voltage supply delivery points to

Hearst Response:

Hydro One owns the primary line and poles on the M1 & M2 feeders, Hearst is supplied from the Hydro One LV lines. The meter points for delivery are at the TS with Hearst service area egress points being deducted.

Question #5

Reference: Exhibit 1, Tab 1, Schedule 12

- a) Please describe more fully the activities of Hearst Power Sales and Services Company Limited ("HPSSC") in 2010.

Hearst Response:

HPSSC provides streetlight maintenance as well as capital work related to streetlights if and when required.

- b) Please explain why it was necessary to "activate" HPSSC in order to comply with the requirements of the electrical inspection authority.

Hearst Response:

With respects to ESA and Hearst Power Provisional Electrical Contractor License, the first email was received from the ESA on Jan. 15, 2010. In its letter, ESA advised Hearst Power that the license had been wrongly issued to the utility rather than its Affiliate Company.

The second e-mail from ESA is in response to Hearst Power's email asking if ESA had a ruling from the OEB regarding this issue and a copy of Notice of Proposal to Revoke Hearst Power's License.

The third e-mail is a letter from the ESA granting Provisional Electrical Contractor License to Hearst Power Sales and Services (dated May 26, 2010.)

Please find at "Appendix A" supporting documents from the Electricity Safety Association.

RATE BASE

Question #6

Reference: Exhibit 2, Tab.1, Schedule 2
Exhibit 2, Tab 2, Schedule 1

- a) The average Gross Book Values reported in E2/T1/S2 do not align with the average of the opening and closing Gross Book Values reported in E2/T2/S1. Similarly, the average Accumulated Depreciation values reported in E2/T1/S2 do not match the average of the opening and closing values reported in E2/T2/S1. Please reconcile the values reported in the two schedules and provide corrected versions as necessary.

Hearst Response:

Updated tables presenting (1) Gross Book Value, (2) Accumulated Depreciation, (3) Depreciation Expense and (4) Net Book Value are presented in Appendix B-C-D-E respectively. Please note that updated models are being provided as part of these responses to preliminary interrogatories.

- b) The Average Net Book Values reported in E2/T1/S2 do not match the average of the closing NBV for that year and the preceding year as set out in the same schedule. Please reconcile and provide a corrected version as necessary.

Hearst Response:

An updated continuity statement can be found at Appendix F. As mentioned above, updated models are being provided as part of these responses to VECC's preliminary interrogatories.

Question #7 - lv

Reference: Exhibit 2, Tab 4, Schedule 1

- a) Please indicate where LV charges from Hydro One Networks are incorporated into the determination of the working capital allowance.
- If included, please indicate where (e.g., is it included in one of the OM&A accounts?), the amount and how it was calculated.
 - If not included, please provide the forecast amount for 2010, indicate how it was calculated and update the working capital calculation.

Hearst Response:

An updated schedule of Pass-Through Charges is presented at Appendix G. LV charges are incorporated in the determination of the Cost of Power and therefore are included in the determination of the working capital allowance. Billed LVs are recorded in account 4075 while LV charges are recorded in account 4750. 2009 projections are based on actual and 2010 projected is an estimate based on historical numbers.

- b) Please provide the calculations underlying the 2010 cost of power value of \$4,906,000 (i.e., the purchased kWh and unit cost assumed). Please indicate the source of the unit cost of power forecast for 2010.

Hearst Response:

The 2010 projected cost of power has been revised to \$10,101,435. An updated schedule of Pass-Through Charges is presented at Appendix G.

- c) What portions of Hearst's 2009 actual sales were to RPP vs. non-RPP customers?

Hearst Response:

Based on the breakdown presented below, 77.3% of sales were to RPP while 17% were to Non-RPP. The remainder is attributed to MUSH customers.

2009 Actual kWh's				
	MUSH	RPP	Non-RPP	TOTAL
Residential		24,832,515	1,887,351	26,719,866
GS<50kW		11,303,372	942,521	12,245,893
GS>50kW	3,889,560	3,768,802	10,468,024	18,126,386
Intermediate Users		20,110,397		20,110,397
Sentinel Lights		26,687		26,687
Street Lights	511,344	490,186		1,001,530
TOTAL	4,400,904	60,531,959	13,298,076	78,230,759
	5.6%	77.3%	17%	100.0%

- d) Please provide the calculations supporting the 2010 forecast costs for Network Charges, Connection Charges and WMS charges. In each case please show the volumes and rates assumed.

Hearst Response:

Please note that Hearst recalculated its RTSRs based on the current UTS charges. Full calculations are presented at Appendix S

Question #8

Reference: Exhibit 2, Tab 2, Schedule 1
Exhibit 2, Tab 5, Schedule 1
Exhibit 2, Tab 6, Schedule 1

- a) Please provide a revised version of Table 2.5.1.1 that includes 2009 and 2010.

Hearst Response:

A revised version of Table 2.5.1.1 (Capital Additions including 2009-2010) is presented at Appendix H

- b) The historical additions reported in E2/T2/S1 to not always match the historical capital spending reported in E2/T5/S1 for the comparable years. Please reconcile and provide revised schedules as necessary.

Hearst Response:

The revised version of Table 2.5.1.1 (appendix H) reconciles with the continuity statements presented at Appendix F

- c) The total, 2009 capital spending of \$462,867 reported in E2/T5/S1 (and the Rebasing Worksheets) does not match the total additions for the year as set out in E2/T2/S1. Please reconcile and provide revised schedules as necessary.

Hearst Response:

The revised version of Table 2.5.1.1 (Appendix H) reconciles with the Net Book Value presented at Appendix E

- d) Was any of the 2006-2009 spending required for relocation work due to agreements with governments (e.g., the town)? If yes, please indicate the associated spending in each year and what, if any, contribution was received from government.

Hearst Response:

Hearst confirms that during the period of 2006 to 2009, no spending were as a result of government mandated programs.

- e) Please provide a copy of the field survey (per E2/T6/S1) completed by the Lead Hand for the 2010 budget. Please reconcile the findings of the survey with the spending proposed for 2010 (per E2/T5/S1, page 2)?

Hearst Response:

The field survey is presented as an attachment to these responses

LOAD FORECAST

Question #9

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

- a) Please provide a schedule that sets out the rates by class used to establish the revenues shown in E3/T1/S2 for 2009 and 2010.
- b) Please reconcile, for each customer class, the 2010 revenues at proposed rates shown in E3/T1/S2 with those shown in E3/T2/S1, page 3. In doing so, please confirm whether the rates used in either schedule:
- Include a Smart Meter rate adder
 - Include SSS admin charges
 - Include an LV rate adder
 - Have been reduced to exclude the transformer allowance were applicable to customers.
- c) Please provide a schedule that sets out, by customer class, the 2009 rates used to determine the 2010 revenues at approved 2009 rates as shown in E3/T2/S1, page 3. In doing so, please confirm whether the rates used in either schedule:
- Include a Smart Meter rate adder
 - Include SSS admin charges
 - Include an LV rate adder
 - Have been reduced to exclude the transformer allowance were applicable to customers.

Hearst Response to a) b) c):

Due to the fact that Hearst transferred its information from their previous models to Elenchus' Rate Maker model, the table shown at E3/T1/S2 for 2009 and 2010 is no longer readily available. Instead, a table presenting 2010 Projected Revenue at Existing Rates can be found as part of the response to the question below.

Please note that the fixed component of the Distribution Revenue presented in the table below is net of Smart Meter adder and the SSS admin charge. The variable component includes the LV rate rider.

Please provide a schedule that sets out:

- The 2010 forecast fixed and variable billing determinants by class. For the GS>50 and Intermediate classes please indicate both the total forecast billing kW and the billing kW eligible for the transformer ownership allowance,

Hearst Response:

Forecasted fixed and variable billing determinant by class are presented below

	Fixed Charge	Variable Charge			Gross Revenue from Distribution Charges				
Customer Class Name	Rate ¹	Volume ²	Revenue ³	Rate ¹	Volume ²	Revenue ³	Calculated *	Allocated **	Difference
Residential	\$9.00	27,864	250,776	\$0.0203	27,043,280	548,979	799,755	800,311	-556
GS<50kW	\$20.50	4,692	96,186	\$0.0114	12,897,126	147,027	243,213	242,570	643
GS>50kW	\$72.00	456	32,832	\$2.7882	63,373	176,697	209,529	209,529	0
Intermediate Users	\$320.00	36	11,520	\$1.0789	114,518	123,553	135,073	135,078	-5
Sentinel Lights	\$5.00	144	720	\$21.9649	87	1,911	2,631	2,631	0
Street Lights	\$0.50	24	12	\$31.8589	2,531	80,635	80,647	80,647	0
TOTAL			392,046			1,078,802	1,470,848	1,470,766	82

TRANSFORMER ALLOWANCES		2009	2010
		Volume	Volume
Residential			
GS<50kW			
GS>50kW	kW	27,682	22,550
Intermediate Users	kW	65,897	66,666
Sentinel Lights			
TOTAL		93,579	89,216

- The approved distribution rates by class, where the fixed charge excludes both the smart meter rate adder and the SSS admin fee while the variable charge excludes the LV rate adder.

Hearst Response:

Please find below the approved distribution rates excluding the smart meter rate adder.

Please note that the approved distribution rates already exclude the SSS admin fee of \$0.25/customer.

	MONTHLY SERVICE (FIXED) CHARGE					
Customer Class Name	Distribution	Smart Meters			TOTAL	per
Residential	\$7.4200	\$1.0000			\$8.4200	Customer
GS<50kW	\$4.9700	\$1.0000			\$5.9700	Customer
GS>50kW	\$29.4100	\$1.0000			\$30.4100	Customer
Intermediate Users	\$57.0900				\$57.0900	Customer
Sentinel Lights	\$3.9800				\$3.9800	Connection
Street Lights	\$0.9900				\$0.9900	Connection
	VOLUMETRIC (VARIABLE) CHARGE					
Customer Class Name	Distribution	LV rate rider			TOTAL	per
Residential	\$0.0095	\$0.0007			\$0.0102	kWh
GS<50kW	\$0.0091	\$0.0006			\$0.0097	kWh
GS>50kW	\$2.7434	\$0.2492			\$2.9926	kW
Intermediate Users	\$0.5717	\$0.2986			\$0.8703	kW
Sentinel Lights	\$1.7056	\$0.1882			\$1.8938	kWh
Street Lights	\$1.1006	\$0.1906			\$1.2912	kW

- The 2010 revenue at approved rate by class, using the foregoing billing determinants and rates. For the GS>50 and Intermediate classes please show the revenues net of the transformer ownership allowance.

Hearst Response:

Please note that the table below also shows revenues net of LV charges in addition to the requested transformer ownership allowance.

2009 Distribution Revenue by Class		Gross Distr.	LV	Transformer	Net Distr.
		Revenue ¹	Charges	Allowances	Revenue
Residential		479,115	-18,704		460,412
GS<50kW		142,104	-7,348		134,757
GS>50kW		165,402	-12,627	-16,609	136,166
Intermediate Users		59,406	-19,677	-39,538	191
Sentinel Lights		719	-14		704
Street Lighting		3,992	-586		3,406
TOTAL		850,739	-58,370	-56,147	735,635
2010 Distribution Revenue by Class		Gross Distr.	LV	Transformer	Net Distr.
(at existing rates)		Revenue ¹	Charges	Allowances	Revenue
Residential		482,592	-18,930		463,662
GS<50kW		148,421	-7,738		140,683
GS>50kW		203,061	-15,793	-13,530	173,738
Intermediate Users		101,720	-34,195	-40,000	27,526
Sentinel Lights		738	-16		722
Street Lighting		3,292			3,292
TOTAL		939,825	-76,673	-53,530	809,622

Question #10

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

- a) Is the customer count shown in Table 3.2.2 based on year-end or average annual customer counts?

Hearst Response:

A year-end count is used.

- b) Please provide a schedule that sets out the actual kWhs, number of customers and average use per customer for each class for the years 2004 – 2009 inclusive.

Hearst Response:

The table requested is presented at Appendix K

- c) Please confirm that the customer count for the GS<50 class has not been increased for 2010 to account for the reclassification of the GS>50/<1500 kW customer as discussed at E3/T2/S1, pages 1-2.

Hearst Response:

As presented in the table below, the customer count for GS<50 was reduced in 2007 and stayed the same for 2010.

Customer Class Name	2006 EDR Approved	2006 Actual	2007 Actual	2008 Actual	2008 Normalized	2009 Normalized	2009 Actual	2010 Normalized
Residential	2340.00	2318.00	2316.00	2318.00	2318.00	2320.00	2320.00	2322.00
GS<50kW	395.00	399.00	391.00	391.00	391.00	391.00	391.00	391.00
GS>50kW	39.00	41.00	41.00	41.00	41.00	39.00	39.00	38.00
Intermediate Users	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Sentinel Lights	23.00	20.00	19.00	14.00	14.00	12.00	12.00	12.00
Street Lights	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
TOTAL	2,802	2,783	2,772	2,769	2,769	2,767	2,767	2,768

- d) Please provide a schedule that for the GS 50-2999 and GS 3000-4999 classes sets out the kWhs and billing kW for each year 2004-2008 inclusive. In the same table, please show the ratio of billing kW to total kW for each class, by year.

Hearst Response:

The information is presented at Appendix L

- e) Please confirm that there are currently no customers in the GS 50-2999 class whose average billing demand is greater than 1500 kW such that it would be reclassified as an Intermediate customer under Heart's proposed customer class definitions.

Hearst Response:

Confirmed

- f) Please provide the Hydro One Networks' NAC data as supplied for the Cost Allocation Informational filing.

Hearst Response:

The information is presented at Appendix M

- g) Did Hydro One Networks' data include weather normalized kW's per customer for those classes billed on a kW basis? If not, please indicate how the NAC kW values were determined for the GS>50, Intermediate, Street Light and Sentinel Light classes.

Hearst Response:

Weather Normalized kW's per customer class were provided by Hydro One. (See Appendix M for details) Weather Normalized values for intermediate, street light, and sentinel light classes are identical to actual usage as they were not determined to be weather sensitive loads.

The load forecast was developed using a normalized average consumption ("NAC") estimate for a given rate class multiplied by a customer count forecast for that rate class. The NAC value is based on 2004 consumption data that was generated by Hydro One using Hydro One's weather normalization model for the cost allocation initiative previously undertaken by the Board.

Question #11

Reference: Exhibit 3, Tab 3, Schedule 1

- a) Please provide a schedule that sets for 2007-2009 inclusive the actual/forecast miscellaneous revenues by charge type.

Hearst Response:

The information is presented at Appendix N

- b) Why are there revenues but no expenses associated with Merchandising, Jobbing, etc.? Are the revenues shown net of expenses or are the expenses included in the base distribution costs?

Hearst Response:

With respect to job related to the town, the municipality purchases its own material therefore no expenses are incurred by the utility. In the case of specific customer related jobs, the revenues are the overheads charged to labour while expenses are in the expenses accounts (ex. wsib,benefits,etc....)

- c) Why are the Retail Services revenues (Accounts #4082 and #4084) included as an offset as opposed to being posted to the appropriate deferral account?

Hearst Response:

Certain service revenues are being posted to accounts 4082 and 4084 and were included as an offset.

The following Service Charges are posted to account #4082

- Retailer Service Agreement -- standard charge
- Retailer Service Agreement -- monthly fixed charge (per retailer)
- Retailer Service Agreement -- monthly variable charge (per customer)
- Distributor-Consolidated Billing -- monthly charge (per customer)
- Retailer-Consolidated Billing -- monthly credit (per customer)

The following Service charges are posted to Account #4084

- Service Transaction Request -- request fee (per request)
- Service Transaction Request -- processing fee (per processed request)

UPDATE:

Please note that the revenue offsets have been recalculated. The revised breakdown is presented at Appendix N.

- d) Please confirm that the interest income reported does not include any interests expense/income associated with Hearst's regulatory asset accounts.

Hearst Response: Confirmed. The regulatory asset was netted out of the interest earned.

OPERATING COSTS

Question #12

Reference: Exhibit 4, Tab 1, Schedule 1, pages 1-2

- a) Is the \$85,079 estimated cost for smart meter reading recorded in the Smart Meter deferral account or charged to OM&A.

Hearst Response:

The projected 2010 \$85,079 cost relates to the smart metering processes and is charged to the OM&A

- b) Please reconcile the \$85,079 in meter reading costs for 2010 reported here and in E2/T4/S1 with the \$31,120 component for non-smart meters/meter read, addition to 85 value reported in E4/T2/S2. Please provide revised schedules as necessary.

Hearst Response:

The \$85,079 cost relates to meter reading and smart metering processes and the \$31,120 relates to the physical meter reading of standard meters or interval metered accounts.

- c) Was the new charge for support to the new billing system also incurred in 2009? If yes, how much was the 2009 charge? If not, why not?

Hearst Response:

Yes. The 2009 Annual support fee paid to Ecalier was in the amount of \$24,600.

- d) Please explain the \$90,600 incremental cost attributed to the new apprentice in 2010 when the average compensation per employee for 2010 is only \$77,768 – per E4/T4/S1, page 2.

Hearst Response:

Since apprentices are trained outside of Hearst, the total costs also include travel and accommodation costs.

Question #13

Reference: Exhibit 4, Tab 2, Schedule 1
Exhibit 4, Tab 2, Schedule 2
Exhibit 2, Tab 4, Schedule 1

- a) The total OM&A costs by sub-category (e.g. Operation, Maintenance, etc.) reported in Table 4.2.1 do not match those in Table 4.2.2. Please reconcile and provide corrected tables as required.

Hearst Response:

Appendix O presents the revised OM&A summary table, OM&A details and Working Capital Allowance.

- b) Similarly, the detailed OM&A costs by sub-account reported in E2/T4/S1 do match those reported in Table 4.2.2. Please reconcile and provide corrected tables.

Hearst Response:

Same answer as above

Question #14

Reference: Exhibit 4, Tab 2, Schedule 3

- a) Please provide a schedule that, starting with the 2006 actual OM&A costs, shows the major cost drivers contributing to the change in OM&A costs for each year through to 2010 as required by the OEB's May 2009 Filing Guidelines, Appendix 2-H.

[Hearst Response:](#)

The table presenting the cost drivers can be found at Appendix P

- b) What inflation rate has Hearst assumed for non-labour expenses in 2009 and 2010?

[Hearst Response:](#)

Zero

Question #15

Reference: Exhibit 4, Tab 2 Schedule 4

- a) Please reconcile the regulatory costs reported here with the Regulatory Expenses (#5655) of \$7,095 reported in E2/T4/S1 and E4/T2/S2.

[Hearst Response:](#)

The amounts presented at E2/T4/S1 and E4/T2/S2 both show an amount of \$7,095. This amount represents the on-going OEB annual assessment. In E4/T2/S4 Item 2, the amount \$10,000 is part of the proposed rebasing rate rider. Details of the breakdown is provided as part of the answer to section b) below.

- b) Reference is made in this schedule to recovering the cost of the Rebasing Application by means of a "rate rider". Please fully describe what the costs of the Rebasing Application are, how Hearst proposes to recover these costs, and where in the Application these costs have captured in rates. Rates and

[Hearst Response:](#)

[AS FILED:](#)

Please find below details of the proposed rebasing rate-rider. The rate rider is factored in the bill comparison and is presented in the ZBill Compare Rate Design 0801 model (page 779 of the pdf)

Rebasing Costs Recovery		
2010 Hearing assessment	5655	\$10,000
Rebasing support ECMI 2009	5630	\$121,625
Rebasing support ECMI 2010	5630	\$33,005
Rebasing support Auditors 2009	5630	\$9,024
Rebasing support Auditors 2010	5630	\$8,000
Intervenor OEB allowed costs 2010	5630	\$30,000
		\$211,654

\$138,081	\$36,503	\$17,573		\$4,957			\$305	\$14,234	\$ 211,654
Residential	GS < 50 KW	GS 50 – 2,999 kW	GS > 50 TOU	GS 3,000 – 4,999 kW	GS > 5,000 kW	Unmetered Load	Sentinel Lighting	Street Lighting	
\$ 0.0051	\$ 0.0028	\$ 0.3029		\$ 0.0701			\$ 3.4972	\$ 4.4615	
kWh	kWh	kW	kW	kW	kW	kWh	kW	kW	

UPDATE:

Hearst proposes to eliminate the specific rate rider and include the cost of rebasing in its OM&A expenses.

Details of the revised rebasing costs are presented in the table below

REBASING APPLICATION	outside services		
		As filed	Revised
Consultants costs for regulatory matters			
Expert Witness cost for regulatory matters		0	0
Evidence Drafting	ECMI	154,630	137,625
<i>includes:</i>			
<i>review of data in RateMaker</i>			
<i>drafting of approx. 150 schedules</i>			
<i>strategic review</i>			
Load Forecast		0	0
Revisions to Cost Allocation	Elenchus	0	0
Accounting Input	Collins Barrows	17,024	17,024
Interrogatories	Elenchus	0	10,000
2nd round of Interrogatories	Elenchus	0	5,000
Arguments in Chief	Elenchus	0	2,500
Review Board Staff/Intervenor Arguments	Elenchus	0	3,500
Hearing	Elenchus	10000	

Final Written Submission	Elenchus	0	5,000
Intervener cost	Elenchus	30000	20,000
Rate Order (update of model and CA)	Elenchus	0	5,000
2010 EDR RateMaker Model	Elenchus	0	2,000
2010 EDR Total		211,654	207,649
IRM (20812.50 x 3) / 4 = \$15,609			62,436
TOTAL			270,085

3G IRM APPLICATION			
	Estimated Hours		
	Submission	Update	Total
Application document (20 pages)	15		15
Rate Generator (31 sheets)	7.5	4	11.5
Supplemental Model (31 sheets)	7.5	4	11.5
DeferralVariance Model (18 sheets)	7.5	4	11.5
Interrogatory Responses (13 pages)		15	15
Review from accountants	15	5	20
Final submissions		8	8
TOTAL HOURS	52.5	40	92.5

Please note that \$67,521.25 (or \$270,085/4) has been added to USoA 5630 – Outside Services bringing the total OM&A for 2010 from \$867,878 to \$935,399.

Question #16

Reference: Exhibit 4, Tab 3, Schedule 1

- a) The OM&A costs in this schedule differ from those presented in either E2/T4/S1 or E4/T2/S2. Please reconcile and provide corrected tables.

Hearst Response:

Appendix O presents the revised OM&A summary table, OM&A details and Working Capital Allowance.

Question #17

Reference: Exhibit 4, Tab 4, Schedule 1
Exhibit 4, Tab 5, Schedule 1

a) Is Hearst Power's Manager one of the six employees noted in E4/T4/S1?

Hearst Response;

Confirmed, Hearst Power Manager is one of the six employees under executive

b) Please explain why the average annual base salary for 2010 (\$77,768) exceeds the result of dividing the Total Salary and Wages by the Total Number of Employees (\$376,107/6 = \$62,685). Please revise Table 4.4.1.1 are required.

Hearst Response;

The Total Salary is taken from the T4's summary. Some wages are charged to the Town of Hearst as per the Intercorporate Service Agreement (shared services) ex. Water billing, water meter reading. This is done in order to alleviate financial burden to the ratepayers

c) E4/T4/S1 shows a full FTE for both the Executive and the non-Union position.

Hearst Response;

Correct, please note the executive in FTE is the General Manager and Non –Union is the Administrative Assistant/billing clerk.

d) E4/T5/S1 indicates that a portion of the Manager's time is charged to the Town of Hearst. Please clarify the following:

- Is the Compensation reported in E4/T4/S1 net of the charges to the Town?
- If not, please add a line item in Table 4.4.1.1 showing the Compensation charged to the Town.
- If yes, please explain why the total number of employees does not exclude the portion of the Manager's time charged to the Town.

Hearst Response;

Difference between the Total Compensation presented at E4/T4/S1 and the Total Compensation Charged to the OM&A are the wages paid to Town. Please see table below for details.

Total Compensation	347,472	372,392	453,497	471,031	466,607
Total Compensation Charged to OM&A	310,248	331,456	403,198	355,187	396,336
Compensation Charged to the Town	37,224	40,936	50,299	115,844	70,271

Question #18

Reference:

Exhibit 4, Tab 5, Schedule 1
Attached Service Agreements

- a) With respect to Street Light Maintenance services, please indicate where the revenues received from the Town are captured under Miscellaneous Revenues in Exhibit 3 for both historical years and for 2010.

Hearst Response;

Labor is recorded in Account 1110 while other A/R town and overheads (40%) are recorded in account 4325

- b) Table 4.5.1.1 does not show any payments from HPSSC to Hearst Power Distribution for Accounting and Administrative Services in 2010, per the March 2010 Service Agreement. What is the estimated charge for these services, how is it determined and where is it reflected in Exhibit 3?

Hearst Response;

There were no administrative charges prior to 2010 as HPSSC was not in effect.

Question #19

Reference: Exhibit 4, Tab 6, Schedule 1
Exhibit 4, Tab 3, Schedule 1
Exhibit 2, Tab 2, Schedule 1

- a) The three references all include different depreciation charges for 2010 and prior years. Please reconcile and provide corrected schedules are required.

Hearst Response;

Updated tables of the (1) Gross Book Value, (2) Accumulated Depreciation, (3) Depreciation Expense and (4) Net Book Value are presented in Appendix B-C-D-E respectively. Please note that updated models are being provided as part of these responses to preliminary interrogatories.

Question #20

Reference: Exhibit 4, Tab 7, Schedule 1

- a) Has Hearst claimed the Apprenticeship and/or Training tax credits it may be eligible for as a result of hiring the new apprentice? If so, how were they calculated and incorporated in the tax calculations?

Hearst Response;

Yes a tax credit in the amount of \$5,041 (Provincial) and \$2,000 (Federal) was claimed.

- b) The regulatory net income reported for the test year (\$377,428) does not reconcile with that reported in Exhibit 5 nor in the Revenue Requirement Work Form. Please reconcile and correct Table 4.7.1.1 as required.

Hearst Response;

Please find at Appendix Q a revised version of the Revenue Requirement Work Form ("RRWF").

COST OF CAPITAL

Question #21

Reference: Exhibit 5, Tab 1, Schedule 2

- a) The rate base shown for 2010 differs from that calculated in Exhibit 2, Tab 1, Schedule 2. Please reconcile and update as required.

[Hearst Response;](#)

Please find at page 6 of Appendix Q a revised to Exhibit 5, Tab 1, Schedule 2.

- b) Please confirm that the promissory note held by the Town is payable on demand.

[Hearst Response;](#)

Confirmed

REVENUE DEFICIENCY/SURPLUS

Question #22

Reference: Exhibit 6, Tab 1, Schedule 1

- a) Please reconcile the distribution revenue at current approved rates shown here (\$878,705) with that reported in E3/T2/S1, page 3 (\$930,068).
- b) Please explain the difference between the two distribution revenue values reported on page 2 at line 2 (\$878,705 and \$860,083).
- c) Please reconcile the interest, net income and rate base values reported here for 2010 with those reported in Exhibit 5.
- d) Please reconcile the Operating Expense reported here with that determined in Exhibit 4.

[Hearst Response to all of the above:](#)

[Please find a revised version of E6/T1/S1 \(Revenue Deficiency/Surplus\) at Appendix R](#)

- e) Please more fully explain Note #2. In doing so, please indicate whether i) the distribution revenues reported in Line 2 include revenue from the LV rate adder and ii) the Operating Expenses reported in Line 5 include forecast LV costs?

[Hearst Response:](#)

[A revised Revenue Deficiency/Surplus is presented at Appendix R. Please note that the distribution revenue is net of revenues from the LV adder and that LV costs are not included in operating expenses.](#)

- f) Do Hearst's approved 2009 rates include an allowance for the recovery of LV costs?
If yes, what is the implicit LV adder for each class for 2009?

Hearst Response:

Yes it does, see table below

2009		Low Voltage Rate Component	
Customer Class		Low Voltage Component (\$) per kW.h	Low Voltage Component (\$) per kW
Residential		0.0007	
GS < 50 Kw		0.0006	
GS > 50 kW			0.2492
Intermediate			0.2986
Sentinel Lights			0.1882
Street Lighting			0.1906

COST ALLOCATION

Question #23

Reference: Exhibit 7, Tab 1, Schedule 1, pages 1-2 and Appendix A, pages 1-4

- a) With respect to Table 7.1.1.1, please provide an electronic copy of the 2007 Cost Allocation Informational filing that supports the ratios presented in the second column (i.e., 88.45% for Residential).

Hearst Response:

Please note in the process of responding to Preliminary Interrogatories, it was found that certain updates were not done in accordance with the Board's guidelines and therefore, revisions to the Cost Allocation Study were required. Consequently, the information presented at table 7.1.1.5 is obsolete. Revised revenue to cost ratios are presented in the Cost Allocation Report (Appendix Y) and revised electronic copies of the multiple "runs" are being file in conjunction to these responses.

- b) Please explain why the overall revenue to cost ratio in the original Filing was not equal to 100%.

Hearst Response:

The reason why the revenue to cost ratio in the original filing was not equal to 100% was due to the fact that a post filing adjustment in the amount of \$75,000 that was made to the 2006 model. In the revised model entitled "HPL-2006", VECC will find that the revenue to cost ratio equals 100%

- c) What is the "\$75,000 LV Adjustment" that was made to the 2007 Filing and why was the adjustment made?

Hearst Response:

In the April 28th filing, the 2006 Cost Allocation Filing was adjusted to account for the low voltage charges in the amount of \$75,000 to the revenue requirement.

UPDATE:

Please note that this adjustment was backed out from the revised 2006 Cost Allocation Model.

- d) If not provided in response to part (a), please provide a copy of the original 2007 Cost Allocation Informational filing without the \$75,000 LV adjustment.

Hearst Response:

The electronic copy is being filed along with these responses

- e) With respect to Table 7.1.1.1, please provide an electronic copy of the 2007 Cost Allocation Informational filing with the Transformer Ownership Allowance adjustment that supports the ratios presented in the last column (i.e., 96.84% for Residential).

Hearst Response:

The electronic copy is being filed along with these responses

- f) Please confirm whether for the TA adjustment – i) the TA costs of \$87,959 were removed from Work Sheet I3 and ii) the revenues reported for the GS>50 and Intermediate classes were reduced by the amount of the transformer ownership applicable to each class as directed in the May 2009 Filing Guidelines. Note: Since the revenues by class on pages 1 and 3 of Appendix A are the same – it appears that the second part of the adjustment was not made.

Hearst Response:

In the revised Cost Allocation being filed in conjunction to these responses, the TA adjustments were made in accordance with Board guidelines. Please see excel versions of the models for further details as well as the Cost Allocation Report (Appendix Y).

- g) If this is not the case, please revise the 2007 Cost Allocation filing accordingly and provide an electronic copy. Note: In preparing this response please also exclude the \$75,000 LV adjustment.

Hearst Response:

Electronic copies of the 3 runs of the Cost Allocation models are being filed in conjunction to these responses. Please note that the \$75,000 LV adjustment was removed from all models.

- h) With respect to Table 7.1.1.2, please indicate the amount of the total TOA (\$87.959) is attributable to each customer class.

Hearst Response:

The 2006 EDR values of \$21,242.40 for GS > 50, and \$66,717 for Intermediate were used in removing the TFOA.

Question #24

Reference:

Exhibit 7, Tab 1, Schedule 1, page 1 and pages 3-5
Exhibit 7, Tab 1, Schedule 1, Appendix A, pages 5-8

- a) The text at the bottom of page 1 outlines a number of revisions to the cost allocation. Please confirm that the revisions described were performed for the 2010 cost allocation.

Hearst Response:

A description of the revision is provided in the Cost Allocation report at Appendix Y

- b) Please explain why the adjustments for LV costs were required when the OEB's Cost Allocation Model does not include LV costs in the allocation.

Hearst Response:

Please note that the \$75,000 LV adjustment was removed from all models.

- c) Please confirm that the projected value of the 2010 transformer allowance discount (using \$0.35/kW) and provide a break down by customer class.

Hearst Response:

TRANSFORMER ALLOWANCES			2009			2010 at Existing Rates	
		Rate **	Volume	Amount	Rate **	Volume	Amount
Residential							
GS<50kW							
GS>50kW	kW	(\$0.6000)	27,682	-16,609	(\$0.6000)	22,550	-13,530
Intermediate Users	kW	(\$0.6000)	65,897	-39,538	(\$0.6000)	66,666	-40,000
Sentinel Lights							
TOTAL			93,579	-56,147		89,216	-53,530

2010 Transformer Allowances

Volume ⁴	Rate	Amount
89,216	(\$0.3500)	-31,226

- d) Please reconcile the Total Expenses reported on pages 5 and 7 of Appendix A with the total Revenue Requirement (less Net Income) reported in the 2010 Revenue Requirement Work Form (\$1,200,209 - \$92,810 = \$1,107,399).

Hearst Response:

Please note that electronic copies of the 3 runs of the Cost Allocation models are being filed in conjunction to these responses and that the variance with the Proposed Revenue

Requirement is due to the direct allocation of \$30,250 in the 2006 Cost Allocation informational filing.

- e) Please provide the electronic copies of the two 2010 Cost Allocation “runs” presented.

Hearst Response:

Please note that revised electronic copies of the 3 runs of the Cost Allocation models are being filed in conjunction to these responses.

- f) Please reconcile and confirm whether Column #2 of Table 7.1.1.4 represents the results with the TA removed (i.e., revenue reduced to reflect the transformer discount provided and costs reduced to exclude the “cost” of the transformer allowance).

Hearst Response:

Please note that revised information can be found in the Cost Allocation report at Appendix Y and that the Transformer Allowance has been removed in accordance with board guidelines

Table 7.1.1.3 is labelled as representing the results with the TOA removed and shows a Residential Revenue/Cost ratio of 93.54%. Appendix A, pages 7-8 are labelled as the results with the TOA removed and show a Residential Revenue/Cost ratio of 90.84%. Please reconcile and clarify.

Hearst Response:

Please note that the information presented at table 7.1.1.3 is obsolete. Revised information can be found in the Cost Allocation report at Appendix Y

- g) Please provide a schedule (i.e. rates and billing parameters used) that shows the derivation of the current revenue at 2009 rates as set out in Table 7.1.1.5. Please also clarify what adders and charges were included/excluded from the 2009 rates used.

Hearst Response:

Please note that the information presented at table 7.1.1.5. is obsolete. Revised information can be found in the Cost Allocation report at Appendix Y

- h) Please reconcile the 2010 Revenue at 2009 Rates reported by class in Table 7.1.1.5 with the revenue at current rates reported for each class in
- Table 8.1.1.2
 - Table 3.2.1.2

Hearst Response:

Please note that the information presented at table 7.1.1.5. is obsolete. Revised information can be found in the Cost Allocation report at Appendix Y

- i) What are the “Current Revenue to Cost Ratios” used for purposes of calculating the dollar value shown in column #2 of Table 7.1.1.5. Please provide the supporting calculations the show the derivation of:
- the current Revenue to Cost Ratios, and
 - the dollar values presented.

Hearst Response:

Please note that the information presented at table 7.1.1.5 is obsolete. Revised information can be found in the Cost Allocation report at Appendix Y

- j) Please reconcile the revenue at the Proposed 2010 Revenue to Cost Ratios reported by class in Table 7.1.1.5 with the revenue at Proposed Rates reported in Table 8.1.1.2 for each class. For example, for the Residential class the values reported are \$695,354 and \$688,877 respectively.

Hearst Response:

Please note that the information presented at table 7.1.1.5 is obsolete. Revised information can be found in the Cost Allocation report at Appendix Y

RATE DESIGN

Question #25

Reference: Exhibit 8, Tab 1, Schedule 1

- a) Please provide a schedule that sets out the calculation of the \$15,413 in LV cost reduction for 2010. As part of the response, please provide the forecast 2010 LV costs and explain how they were determined.

Hearst Response:

In the revised model, the forecast for the 2010 LV cost is a prediction based on recent past years costs.

	2008	2009	2010
	76107.48	76,944	77,713

- b) Does the proposed \$1,184,796 (page 1) service revenue requirement include LV costs?
- If yes, please indicate where in the Application the costs have been identified and included.
 - If no, please indicate where/how the costs for LV are recovered. While Table 8.1.2.2 sets out proposed LV rates it is not clear that they were incorporated into the proposed rates in E8/T1/S1.

Hearst Response:

As can be seen from the table below, the Base Revenue Requirement is net of Transformer ownership allowance and low voltage charges.

Note: LV Costs are incorporated in the determination of the Cost of Power and therefore are included in the determination of the working capital allowance. Billed LVs are recorded in account 4075 while LV charges are recorded in account 4750.

	Total Base	Transformer	Low Voltage	Gross Base
Customer Class Name	Revenue Requirement	Allowance Recovery ⁴	Revenue Required ⁵	Revenue Requirement
Residential	780,710		19,601	800,311
GS<50kW	234,053		8,517	242,570
GS>50kW	183,545	10,305	15,679	209,529
Intermediate Users	80,742	20,921	33,415	135,078
Sentinel Lights	2,614		17	2,631
Street Lights	80,163		484	80,647
TOTAL	1,361,827	31,226	77,713	1,470,766

- c) Do Hearst's currently approved 2009 rates (E1/T1/S2) include an LV rate adder for recovery of LV costs? If yes, please indicate what the adder for each customer class is and indicate the basis for the value. (Note: It appears that Hearst's 2006 Rate Application did not include any LV Wheeling costs – per Sheet 8-2 of the 2006 EDR Model)

Hearst Response:

Yes it does, Please see response to question #22 f) for rate adder. The Board approved charges in the amount of 75000 in an 2007 (IRM) (see excerpt from April 12 2007 decision and order below)

New low voltage charges from Hydro One Networks Inc.

In its 2007 rate application, Hearst Power advised the Board that as of October 2006 Hydro One Networks Inc. had identified Hearst Power as an embedded distributor and as a result started to charge for the low voltage wheeling distribution services provided to Hearst Power. Because Hearst Power had not been identified as an embedded distributor, an allowance to recover this charge had not been incorporated in its 2006 rates. Hearst Power estimated its annual charge at \$75,000 and requested recovery of this amount. Reflecting a consistent treatment among all embedded distributors, the Board finds that Hearst Power should be able to include the recovery of the low voltage charge in its 2007 rates and that the estimated amount of \$75,000 is appropriate. The Board reminds Hearst Power that the 2006 EDR Generic Decision (RP-2005-0020/EB-2005-0529) provided for the establishment of a variance account so that embedded distributors could track the differences between low voltage charges by the host distributor and the corresponding revenues recovered from ratepayers.

The Board has made the necessary adjustments to Hearst Power's filed 2006 Tariff of Rates and Charges to produce a new Tariff of Rates and Charges to be effective May 1, 2007. The Board finds the rates and charges in the Tariff of Rates and Charges attached as Appendix A to this decision to be just and reasonable.

- d) Does the proposed \$1,184,796 in service revenue requirement include the “cost” of providing the transformer ownership allowance
- If yes, please indicate where in the Application the cost has been determined and incorporated in the service revenue requirement.
 - If not, please indicate where the recovery of the discount is provided for.

Hearst Response:

It does not. Hearst is not seeking recovery of the cost of providing the transformer ownership allowance

- e) Please explain why the SSS Admin revenues are not treated as revenue offset. Precisely how are the SSS Admin revenues taken into account?

Hearst Response:

Please note that in the revised Revenue Requirement presented at Appendix Q or the table presented below, the SSS Admin revenues are treated as an offset and have been removed from the Service Revenue Requirement. Details of the revised Other Service Revenues are presented at Appendix N

		2010 Projection	Non-recurring items (Total)	2010 Normalized
OM&A Expenses	<i>from sheet D1</i>	935,399		935,399
3850-Amortization Expense	<i>from sheet E2</i>	139,718		139,718
Total Distribution Expenses		1,075,117		1,075,117
Regulated Return On Capital	<i>from sheet D3</i>	324,578		324,578
PILs (with gross-up)	<i>from sheet E4</i>	31,038		31,038
Service Revenue Requirement	1,430,734			1,430,734
Less: Revenue Offsets	<i>from sheet C9</i>	68,907		68,907
Base Revenue Requirement	1,361,827			1,361,827

f) With respect to Streetlights, please confirm the following:

- What is the billing parameter used in conjunction with the monthly customer charge (e.g., is it Number of Connections or Number of "Lamps")?

Hearst Response:

The number of connection was used.

- What is the usage parameter employed by the Cost Allocation Model to determine the unit costs for the maximum and minimum values of the monthly fixed charge?

Hearst Response:

Results from the 2010 Cost Allocation Study are used to determine the maximum and minimum values of the monthly fixed charge.

	REVENUE ALLOCATION (sheet O1)						
Customer Class Name	Service Revenue Requirement	%	Miscellaneous Revenue (mi)	%	Base Revenue Requirement *	%	Revenue to Expenses %
Residential	885,897	60.64%	23,974	62.85%	861,923	60.58%	54.76%
GS<50kW	254,440	17.42%	7,466	19.57%	246,974	17.36%	57.62%
GS>50kW	108,633	7.44%	3,911	10.25%	104,722	7.36%	164.18%
Intermediate Users	87,035	5.96%	1,804	4.73%	85,231	5.99%	66.39%
Sentinel Lights	3,958	0.27%	39	0.10%	3,919	0.28%	18.05%
Street Lights	121,023	8.28%	949	2.49%	120,074	8.44%	3.28%
TOTAL (from Column C of sheet O1)	1,460,986	100.00%	38,143	100.00%	1,422,843	100.00%	100.00%
	OK	OK	OK	OK	OK	OK	
* Service Revenue Requirement less Miscellaneous Revenue							
	CUSTOMER UNIT COST PER MONTH (sheet O2)						
Customer Class Name	Avoided Costs (Minimum Charge)	Directly Related	Minimum System with PLCC * adjustment	Existing Fixed Rate	Maximum Charge **		

Residential	\$8.29	\$12.10	\$23.32	\$7.42	\$23.32		
GS<50kW	\$20.03	\$28.92	\$38.60	\$4.97	\$38.60		
GS>50kW	\$71.61	\$105.40	\$108.70	\$29.41	\$108.70		
Intermediate Users	\$706.16	\$971.20	\$973.13	\$57.09	\$973.13		
Sentinel Lights	\$0.29	\$0.44	\$13.99	\$3.98	\$13.99		
Street Lights	\$0.01	\$0.01	\$13.56	\$0.99	\$13.56		

g) Please explain more fully the rationale for the proposed 2010 monthly service charges for each customer class.

Hearst Response:

In its original filing, the rational used was to use the minimum service charge from Cost Allocation as a starting point and marginally increased it. Hearst opted to increase its variable component in order to promote conservation and to aid in managing the bill impact.

UPDATE:

As previously mentioned, the process of responding to Preliminary Interrogatories, it was found that certain updates were not done in accordance with the Board's guidelines and therefore, revisions to the Cost Allocation Study were required. Another factor that prompted the revision to the Cost Allocation Study is the increase in the proposed Revenue Requirement. (Details of this increase can be found in the preamble to Appendix Q). A description of the proposed Changes to Distribution Rates is presented below.

The process for determining the fixed/variable split for the proposed distribution revenue was as follows:

Hearst first determines the recoveries by customer class by going through the following decision process.

Revenue Allocation and Revenue to Cost Ratio:

- Residential: the revenue allocation percentage was entered to arrive at exactly 100% allocation. The resulting ratio of 0.95 (vs 0.55 in the Cost Allocation file) complies with all OEB requirements:
 - o ratio moves towards 1.00
 - o ratio does not cross unity (still above 1.00)
 - o ratio is within the prescribed range
- For GS classes, the revenue allocation percentage was set so the revenue to cost ratio was set to fall within the Cost Allocation ranges.
- For USL and Street Lighting: the ratios from the Cost Allocation were far below the OEB floor for these classes. In accordance with Board Guidelines, allocation percentage was set so the revenue to cost ratio was set to fall within the Cost Allocation ranges.

Revenue Requirement Allocation:

		Outstanding Base Revenue Requirement %			Outstanding Base Revenue Requirement \$ ³		Directly	Total Base
Customer Class Name	Cost Allocation ¹	Existing Rates ²	Rate Application	Cost Allocation	Existing Rates	Rate Application	Assigned Revenues ³	Revenue Requirement
Residential	60.58%	51.35%	57.33%	824,961	699,287	780,710		780,710
GS<50kW	17.36%	15.79%	17.19%	236,383	215,066	234,053		234,053
GS>50kW	7.36%	21.61%	13.48%	100,231	294,240	183,545		183,545
Intermediate Users	5.99%	10.82%	5.93%	81,576	147,395	80,742		80,742
Sentinel Lights	0.28%	0.08%	0.19%	3,751	1,069	2,614		2,614
Street Lights	8.44%	0.35%	5.89%	114,925	4,770	80,163		80,163
TOTAL	100.00%	100.00%	100.00%	1,361,827	1,361,827	1,361,827		1,361,827

Revenue to Cost Ratio:

		Service Revenue Requirement		Previous		Target Range	
Customer Class Name	Rate Application ⁸	Cost Allocation ⁸	Revenue to Cost Ratio	Revenue to Cost Ratio ⁹	Variance	Floor	Ceiling
Residential	804,684	848,935	0.95	0.55	0.40	0.85	1.15
GS<50kW	241,519	243,849	0.99	0.58	0.41	0.80	1.20
GS>50kW	187,456	104,142	1.80	1.64	0.16	0.80	1.80
Intermediate Users	82,546	83,380	0.99	0.66	0.33	0.80	1.80
Sentinel Lights	2,653	3,790	0.70	0.18	0.52	0.70	1.20
Street Lights	81,112	115,874	0.70	0.03	0.67	0.70	1.20
TOTAL	1,399,970	1,399,970	1.00	1.00			

Fixed/Variable Rate Design:

	Existing Rates (1)			Cost Allocation - Minimum Fixed Rate (2)			Cost Allocation - Maximum Fixed Rate (2)		
Customer Class Name	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %
Residential	\$7.42	42.84%	57.16%	\$8.29	28.86%	71.14%	\$23.32	81.19%	18.81%
GS<50kW	\$4.97	15.71%	84.29%	\$20.03	38.74%	61.26%	\$38.60	74.66%	25.34%
GS>50kW	\$29.41	6.60%	93.40%	\$71.61	15.58%	84.42%	\$108.70	23.66%	76.34%
Intermediate Users	\$57.09	2.02%	97.98%	\$706.16	18.82%	81.18%	\$973.13	25.94%	74.06%
Sentinel Lights	\$3.98	77.67%	22.33%	\$0.29	1.59%	98.41%	\$13.99	76.57%	23.43%
Street Lights	\$0.99	0.72%	99.28%	\$0.01	0.00%	100.00%	\$13.56	0.40%	99.60%
	Existing Fixed/Variable Split (3)				Rate Application *		Resulting Usage		(4) Existing
Customer Class Name	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %	Rate	per	Usage Rate
Residential	\$12.31	42.84%	57.16%	\$9.00	31.33%	68.67%	\$0.0203	kWh	\$0.0102
GS<50kW	\$8.12	15.71%	84.29%	\$20.50	39.65%	60.35%	\$0.0114	kWh	\$0.0097
GS>50kW	\$30.35	6.60%	93.40%	\$72.00	15.67%	84.33%	\$2.7882	kW	\$2.9926
Intermediate Users	\$75.81	2.02%	97.98%	\$320.00	8.53%	91.47%	\$1.0789	kW	\$0.8703
Sentinel Lights	\$14.19	77.67%	22.33%	\$5.00	27.37%	72.63%	\$21.9649	kW	\$1.8938
Street Lights	\$24.25	0.72%	99.28%	\$0.50	0.01%	99.99%	\$31.8589	kW	\$1.2912

The table above shows the proposed monthly service charge (“MSC”) for each customer class, the resulting splits of base revenue from fixed and variable charges, and the ensuing usage rates. The rate model provided by Elenchus was designed to present these calculations on the basis of a “Gross Base Revenue Requirement”, which includes the recovery of low voltage (“LV”) charges and transformer allowances (but not the funding adder for smart meters).

For consistency with the Board’s findings in other cost of service applications filed for 2010 rates, an additional calculation was prepared to show the split of base revenue from fixed and variable charges, excluding the recovery of LV charges and transformer allowances. This calculation appears below.

FIXED / VARIABLE REVENUE SPLITS*(Excluding Low Voltage rate adder and Transformer Allowance recoveries)*

2010 Projected Revenue at Existing Rates	Net Distribution Revenue	Fixed Charge Revenue	Fixed %	Variable %	Total %
	(A)	(B)	(C)	(D)	(E)
Residential	460,412	206,751	44.91%	55.09%	62.59%
GS<50kW	134,757	23,319	17.30%	82.70%	18.32%
GS>50kW	136,166	13,411	9.85%	90.15%	18.51%
Intermediate Users	191	2,055	1076.46%	-976.46%	0.03%
Sentinel Lights	704	573	81.36%	18.64%	0.10%
Street Lighting	3,406	24	0.70%	99.30%	0.46%
TOTAL	735,635	246,133	33.46%	66.54%	100.00%

*(A) per sheet "Net Distribution Revenue"**(B) per sheet C4**(C) = (B) / (A)**(D) = 1 - (C)**(E) Class Revenue from column (A) divided by Total from column (A)*

2010 Projected Revenue at Proposed Rates	Net Distribution Revenue	Fixed Charge Revenue	Fixed %	Variable %	Total %
	(E)	(F)	(G)	(H)	(I)
Residential	780,710	250,776	32.12%	67.88%	57.33%
GS<50kW	234,053	96,186	41.10%	58.90%	17.19%
GS>50kW	183,545	32,832	17.89%	82.11%	13.48%
Intermediate Users	80,742	11,520	14.27%	85.73%	5.93%
Sentinel Lights	2,614	720	27.54%	72.46%	0.19%
Street Lights	80,163	12	0.01%	99.99%	5.89%
TOTAL	1,361,827	392,046	28.79%	71.21%	100.00%

*(E) Sheet F4; "Total Base Revenue Requirement"**(F) Sheet F6; "Fixed Charge Revenue"**(G) = (F) / (E)**(H) = 1 - (G)**(I) Class Revenue from column (E) divided by Total from column (E)*

For the Residential class, Hearst opted to maintaining the rate that was applied for in its April 28, 2010 application. The proposed fixed rate of \$9.00 falls within the minimum and maximum boundaries and are consistent with the rates filed on April 28, 2010. Hearst prefers to increase its variable component in order to promote conservation and to aid in managing the bill impact.

For the GS<50 and GS>50 classes, in accordance with Board policy, Hearst opted to bring its fixed components within the boundaries produced by the 2010 Cost Allocation (“CA”) model and set them to the minimum fixed rate of \$20.50 and \$72.00 respectively.

For the Intermediate class, the MSC was well below the minimum boundary in the CA model. Since the class is comprised of only 3 customers, and that an increase in MSC of \$650 would seem excessive, Hearst proposes to move towards the minimum over a period of 3 years. Therefore Hearst proposes to set the MSC for the intermediate class to \$320.00. This rate is consistent with the rate that was filed on April 28, 2010

The fixed charge rates for Street Lighting and Sentinel Lights were set so as to maintain the rates applied in the April 28, 2010 application as they fall within the minimum and maximum boundaries determined by the CA model.

Question #26

Reference: Exhibit 8, Tab 1, Schedule 2

- a) Please provide a schedule that sets out the 2009 monthly billing parameters for HON's LV charges to Hearst and the resulting charges if billed at HON's approved 2010 ST rates.

Hearst Response:

Please find the requested information at Appendix S

- b) Please provide a schedule that sets out the 2009 monthly billing parameters for charges to Hearst for Transmission Network and Connection Service and the resulting charges if billed at the 2010 approved rates for the UTR and HON's Retail Transmission charges.

Hearst Response:

Please find the requested information at Appendix S

Question #27

Reference: Exhibit 8, Tab 1, Schedule 3

- a) Reference is made to 24.08% overcharging based on "the new Hydro One rate structure". What is the basis for this value and does the 24.08% reflect the impact of the recently approved Hydro One distribution rates for 2010?

Hearst Response:

In the April 28th application, the 24.08% reflect the impact of Hydro One 2009 rates and reflects over-recovery based on the cost to revenue ratio. Please see response to question 25 for further details. Please find Appendix S for details of the revised RTSR.

DEFERRAL AND VARIANCE ACCOUNTS

Question #28

Reference: Exhibit 9, Tab 1, Schedule 2

1. Why are there no transactions recorded in Accounts #1518 and #1548 when revenues are reported in E3/T3/S1 related to electricity retailers.

[Hearst Response:](#)

Please see response to question 11c)

Question #29

Reference: Exhibit 9, Tab 1, Schedule 3

- a) The rate riders presented in Table 9.1.3.1 do not match those calculated in the referenced tab of the Rebasing Worksheet file (e.g. the reported rate rider for Residential is \$0.0009/kWh while the detailed calculation shows \$0.0089/kWh). Please check and confirm the proposed rate riders.

[Hearst Response:](#)

[AS FILED](#)

The rate riders presented at Table 9131 is a combination of the proposed Rebasing Rate Rider and the Regulatory Asset Rate Rider. Both riders have been added together to determine the final proposed rate rider

Regulatory Rebasing Rate Rider

YEARS		4	YEARS		1
Regulatory Rebasing Cost Rate Riders (\$) per kW.h		Regulatory Rebasing Cost Rate Riders (\$) per Kw	Regulatory Rebasing Cost Rate Riders (\$) per kW.h		Regulatory Rebasing Cost Rate Riders (\$) per kW
0.0013			0.0051		
0.0007			0.0028		
		0.0757			0.3029
		0.0175			0.0701
		0.8743			3.4972
		1.1154			4.4615

Regulatory Asset Rate Rider

YEARS		4	YEARS		1
-------	--	---	-------	--	---

Regulatory Assets Rate Riders (\$) per kW.h	Regulatory Assets Rate Riders (\$) per kW	Regulatory Assets Rate Riders (\$) per kW.h	Regulatory Assets Rate Riders (\$) per kW
(0.0022)		(0.0089)	
(0.0023)		(0.0093)	
	(0.7925)		(3.1698)
	(0.7464)		(2.9856)
	(0.6973)		(2.7893)
	(0.6010)		(2.4038)

Combined Rate Rider

# OF YEARS	Customer Class	Combined Reg. Asset Rebasing Rate Riders (\$) per kW.h	Combined Reg. Asset Rebasing Rate Riders (\$) per kW
4	Residential	(0.0009)	
	GS < 50 kW	(0.0016)	
	GS > 50 kW		(0.7168)
	Intermediate		(0.7289)
	Sentinel Lights		0.1770
	Street Lighting		0.5144

UPDATE:

Please note that deferral and variance account rate riders have been recalculated in Elenchus' RateMaker model. Due to the new calculation of the Global Adjustment Rate Rider as well as a correction in the calculation in interest to April 2010, the proposed rate rider has changed. Full details of the derivation of the proposed rate rider are presented at Appendix Z. Please be advised that Hearst is still proposing to dispose of the balance over a period of 4 years as proposed in its application.

- b) The proposed 2010 rates set out E1/T1/S2 do not include any values for Regulatory Asset Recovery. Please provide a revised version of this schedule setting out the 2010 rates Hearst is requesting the OEB to approve.

Hearst Response:

A revised schedule is presented at Appendix T

SMART METERS

Question #30

Reference: Exhibit 9, Tab 1, Schedule 4, para 2

Preamble: As of January 1 2010, 2249 residential and 249 Commercial meters have been installed.

Please note that the majority of responses presented below are based on 2009 actuals and may differ from the projections found in the May 13, 2010 submission.

Also, please note that until approval from the Board is granted, transactions related to the requests to transfer \$437,190 to account 1860 have yet to occur. Therefore account balances may not reconcile with the balances presented in the April 28, 2010 application. Hearst is still seeking approval to transfer \$437,190 to account 1860, and requesting that the additional costs incurred in 2010 associated with the smart meter capital and operating accounts be charged to the regular accounts on an ongoing basis effective Jan 1, 2010”

- a) Confirm/update the breakdown of Residential and Commercial meter installations in 2009 and 2010.

								Projected	Projected
			Installations at:	31-Dec-09	31-Dec-09	31-Jan-10	31-Jan-10	31-Dec-10	31-Dec-10
		2010 customer count		Installed Meters	Percent of total customer	Installed Meters	Percent of total customer	Installed Meters	Percent of total customer
Residential		2,322		2,243	96.60%	2,249	96.86%	2,322	100.00%
General Service < 50kW		391		128	32.74%	249	63.68%	391	100.00%
General Service 50kW to 1499kW		38		-	0.00%	-	0.00%	38	100.00%
	TOTAL	2,751		2,371	86.19%	2,498	90.80%	2,751	100.00%

- b) Provide a copy of OEB SM Worksheets Sheets 1-3. Distinguish Residential meter costs and Commercial meter costs.

Hearst Response:

Hearst is not aware of an official OEB SM Worksheet but has made a best effort to answer VECC's questions using the tables below as well as the Smart Meter Revenue Requirement calculations presented at Appendix U

Please note that the responses below are based on actual and may differ from the projections presented in the May 13, 2010 submission.

		31-Dec-09					
	2010 customer count	Installed Meters	Percent of total customer	Capital Cost	(+) Flexnet Collector	(-) Stranded Meters	TOTAL 2009
Residential	2,322	2,243	96.60%	294,085.00	132,397.05	-38,050.92	388,431.13
General Service < 50kW	391	128	32.74%	17,901.00	22,294.25	-6,407.37	33,787.88
General Service 50kW to 1499kW	38	-	0.00%		2,166.70	-622.71	1,543.99
TOTAL	2,751	2,371	86.19%	311,986.00	156,858.00	-45,081.00	423,763.00

The table presents cost for the AMI system. Since it is Hearst's belief that the cost of the AMI system should be shared across all classes, Hearst used the weighted average to determine operating costs per class.

Flexnet Collector	Projected		
	31-Dec-10		
	Installed Meters	Operating	share
Residential	2,322	132,397.05	84%
General Service < 50kW	391	22,294.25	14%
General Service 50kW to 1499kW	38	2,166.70	1%
All classes (tower –meter reading system)			
TOTAL	2,751	156,858.00	100%

The table presents the removal of stranded costs. The actual breakdown per class is not available therefore Hearst used the weighted average to determine the breakdown per class.

Stranded Meters	Projected		
	31-Dec-10		
	Installed Meters	Operating	share
Residential	2,322	-38,050.92	84%
General Service < 50kW	391	-6,407.37	14%
General Service 50kW to 1499kW	38	-622.71	1%
All classes (tower –meter reading system)			
TOTAL	2,751	45,081.00	100%

	Projected					
	31-Dec-10					
	Installed Meters	Percent of total customer	Capital Cost		Total Capital Cost (2009 and 2010)	Cost per unit
Residential	2,322	100.00%	4,429.00		392,860.13	169.19
General Service < 50kW	391	100.00%	14,363.00		48,150.88	123.15
General Service 50kW to 1499kW	38	100.00%	63,904.00		65,447.99	1,722.32
TOTAL	2,751	100.00%	82,696.00		506,459.00	

A breakdown of the \$82,696.00 is presented below:

HEARST POWER - SMART METERS STILL TO BE INSTALLED

	<u>QUANTITY</u>	<u>COST</u>
A) SMART METERS IN STOCK BUT NOT INSTALLED		
* THESE METERS WILL ALL BE INSTALLED BY END		
OF NEXT WEEK - JANUARY 15, 2010	150	\$11,330
CAPITALIZED LABOUR		\$2,738
TOTAL		<u>\$14,068</u>

CLASS: ALL GS < 50 Kw

B) SMART METERS ORDERED BUT NOT RECEIVED YET

NETWORK METERS	32	\$4,480
CAPITALIZED LABOUR		\$244

CLASSES: 28 RESIDENTIAL
2 GS < 50 Kw
2 spares

TOTAL \$4,724

C) SINGLE PHASE - TRANSFORMER TYPE

*METERS TO BE ORDERED - WAITING FOR FINAL APPROVAL
FROM MEASUREMENT Canada

	72	\$10,224
CAPITALIZED LABOUR		<u>\$4,380</u>
TOTAL		<u>\$14,604</u>

D) POLYPHASE METERS

*METERS TO BE ORDERED - WAITING FOR FINAL APPROVAL
FROM MEASUREMENT Canada
**THESE METERS HAVE BEEN ESTIMATED AS WE DO NOT HAVE PRICE
ON IT YET.

	120	\$42,000
CAPITALIZED LABOUR		<u>\$7,300</u>
TOTAL		<u>\$49,300</u>

GRAND TOTAL 374 \$82,696

IF DETAILS ARE NOT INCLUDED IN THE WORKSHEETS PROVIDE THE FOLLOWING:

- c) Support/details of the 2008-2010 *Residential Class* SM Unit costs (procurement and installation separately).

Hearst Response:

See tables above. (Please note that Hearst did not incur smart meter related capital costs in 2008)

- d) Provide Support/details of the 2008-2010 *Residential Class* SM AMI, communications and back office costs (procurement and installation)

[Hearst Response:](#)

2009 Capital Costs

Flexnet Collector	\$156,858.00
Materials (meters)	\$231,704.00
Labour (Olameter)	\$22,789.00
Labour (Hearst Power)	\$12,412.00
Total	\$423,763.00

2010 Capital Costs

Labour	\$14,662.00
Materials (meters)	\$68,034.00
Total	\$82,696.00

- e) Provide Support/details of the 2008-2010 *Commercial Class* SM Unit costs (procurement and installation separately).

[Hearst Response:](#)

See tables above. (Please note that Hearst did not incur smart meter related capital costs in 2008).

- f) Provide a schedule that gives a breakdown of the 2008 - 2010 Capital Costs between the Residential and GS<50kw classes.

[Hearst Response:](#)

See tables above. (Please note that Hearst did not incur smart meter related capital costs in 2008.)

- g) Provide a breakdown of the O&M costs for meters installed in 2008- 2010 between the Residential, GS<50kw classes.

[Hearst Response:](#)

See table below

OM&A Smart Meter Related Costs	2007	2008	2009	2010
Util-Assist	9,788.00	9,538.00	16,000.00	11,000.00
Sensus			62,608.00	85,079.00
Total	9,788.00	9,538.00	78,608.00	96,079.00

Please note that the breakdown of OM&A cost for smart meters by class is not available. Hearst used the weighted average to determine the breakdown. See table below

	Projected			share
	31-Dec-10			
	Installed Meters	Operating		
Residential	2,322	81,096.12		84%
General Service < 50kW	391	13,655.72		14%
General Service 50kW to 1499kW	38	1,327.15		1%
All classes (tower –meter reading system)				
TOTAL	2,751	96,079.00		100%

h) Are any SM to be installed in other classes? If so provide details of costs.

Hearst Response:

See table presented as a response to 30b)

Question #31 – in RateBase

References: Exhibit 9, Tab 1, Schedule 2
Exhibit 9, Tab 1, Schedule 4, Accounts 1555 and 1556

- a) Provide a Copy of OEB Worksheet 4 and Calculate the 2008-2010 Net Fixed assets and SM Rate Adder Revenue Requirement by rate class (Residential, GS<50kw).

[Hearst Response:](#)

See Appendix U

- b) Calculate the 2008-2010 SM revenue requirement and SM Rate Adder revenue by rate class (Residential, GS<50kw). Include the Impact of HST after July 1 2010 and compare to the aggregate \$1.00 /metered customer per month.

[Hearst Response:](#)

See Appendix U

- c) Provide a cash flow projection showing SM rate adder revenue and SM expenditures by Class per Month for the 2008, 2009, 2010 and if applicable 2011 rate years.

[Hearst Response:](#)

See Appendix W for SM rate adder revenues and expenditures. Please note that this information is not available by class.

Hearst Power is requesting to discontinue smart meter charge recovery of its current approved smart meter funding adder of \$1.00 per metered customer per month.

Question #32

References: Exhibit 9, Tab 1, Schedule .2, pages 8-10
Exhibit 9, Tab 1, Schedule 4, para 2 ff
OEB Guideline G-2008-0002

- a) Confirm that in Exhibit 9, Tab.1, Schedule .4, last paragraph, the reference to January 31, 2009 should read January 2010.

[Hearst Response:](#)

Confirmed. The date should have read January 31, 2010.

- b) Based on Exhibit 9.1.2 pages 8-10 provide the details of the total balances in Accounts 1555 and 1556 and the breakdown by class. Include the carrying costs calculation(s).

Hearst Response:

Please note that the balances, dispositions and amounts allocated are not available by class. An explanation of the balances of these accounts is provided below and a breakdown of the balances are presented as part of responses to part d)

1555 contains the following sub-accounts

1) Smart Meter Capital and Recovery Offset Variance - Sub-Account – Capital

As per the Auditor's letter (see Appendix X), Hearst is requesting to transfer the balance of this account to property and equipment (Account 1860-Meters)

2) Smart Meter Capital and Recovery Offset Variance - Sub-Account – Recoveries

This sub-account is used to track the revenues from the smart meter rate adders. Details of this account can be found at Appendix V

3) Variance - Sub-Account - Stranded Meter Costs

This sub-account is used to tracks the value of stranded meters. Details are as follows;

The breakdown of the account balance of 1555 is presented below and further details are presented at Appendix W

2009 Capital Costs

Flexnet Collector	\$156,858.00
Materials (meters)	\$231,704.00
Labour (Olameter)	\$22,789.00
Labour (Hearst Power)	\$12,412.00
Stranded Meters	\$ 45,081.00
Total	\$467,844.00

1556 Smart Meter OM&A Variance

- 1) The 2008 end of year balance of \$9,537 consists of costs payable to UTIL-ASSIST.
- 2) The 2009 operation and maintenance costs in the amount of \$35,890 are explained as follows. \$14,748 payable to UTIL-ASSIST and the balance accounts for \$21,142 payable to

Sensus. Payments to Sensus only started in May of 2009 therefore, the amount reflects a period of 8 months. Please see Appendix W for a monthly breakdown of operation and maintenance costs.

- c) Confirm that Guideline G-2008-0002 states that
“The Board expects that a distributor will normally file for inclusion of smart meter costs into ongoing operations and rate base when it files for a cost of service rate adjustment. When applying for recovery of smart meter costs, a distributor should ensure that all cost information has been audited, including the smart meter related deferral account balances.”

Hearst Response:

Confirmed. The statement is in fact an excerpt from the G-2008-0002 Guideline entitled “Smart Meter Funding and Cost Recovery”

- d) Provide a copy of the Special Report referred to in the Collins Barrow Audit Letter and confirm the balances, dispositions and amounts allocated to each rate class based on the audit.

Hearst Response:

The two page report can be found at Appendix X of these responses. Please note that Hearst does not have the balances, dispositions and amounts allocated to each rate class.

- Provide the balances in the following accounts and explain in more detail why the accounts are not to be cleared even though ongoing costs are charged to operations in 2010 and beyond:

Hearst Response: Account balances are presented below. As for the reason why accounts are not to be cleared, it is because the residual balance in account 1555 largely offsets the balance in 1556. Hearst proposes to dispose of the balances once all expenses are final and audited.

- 1555 - Smart Meter Capital and Recovery Offset Variance Sub-Account – Recoveries

Hearst Response: as of the date of these responses, the balance of this account is \$511,172.75 which consists of; end of 2009 balance of \$467,844 + \$43,329 in 2010 to-date additions)

2009 Capital Costs

Flexnet Collector	\$156,858.00
Materials (meters)	\$231,704.00
Labour (Olameter)	\$22,789.00
Labour (Hearst Power)	\$12,412.00
Stranded Meters	\$ 45,081.00
Total	\$467,844.00

- 1556 - Smart Meter OM&A Variance

Hearst Response:

As of the date of these responses, the balance of this account is \$97,033.25

- e) Provide details of the incremental operating and maintenance activities: Include a list of material ongoing costs including the service fees for operations and maintenance to be paid to Sensus.

Hearst Response:

The total amount of incremental operating and maintenance activities of \$96,079 is comprised of \$85,079 which relates to yearly costs payable to Sensus Metering Systems Inc and \$11,000 which relates to Util-Assist yearly fees. Hearst does not foresee any other OM&A costs.

Question #33

References: Exhibit 9.1.4 Stranded Meters

Preamble: An initial estimate of the stranded meter cost for the Residential and General Service <50 kW customers is \$45,081. This amount will be higher once demand meters for the >50 kW customers are converted.

- a) Provide details of the current estimate of stranded meter costs in sub account 1555 and the accounting for these.

Hearst Response:

Hearst is not applying for recovery of stranded meters therefore no costs were included in the application.

- b) Provide a projection of the stranded meter final costs (NBV and Acc Deprcn) and the associated revenue requirement by class.

Hearst Response:

As stated at Exhibit 9, Tab 1, Schedule 4, page 1/3, 2010 projections for stranded meters are not available as they have not yet been identified.

Appendices

SECTION	APPENDIX	REF#	DESCRIPTION
General	Appendix A	5b	Correspondence from ESA
RateBase	Appendix B	6a/19a	Gross Book Value
RateBase	Appendix C	6a/19a	Accumulated Depreciation
RateBase	Appendix D	6a/19a	Depreciation Expense
RateBase	Appendix E	6a/19a	Net Book Value
RateBase	Appendix F	6b	Continuity Statment
RateBase	Appendix G	7a / 7b	Pass-Through Charges
RateBase	Appendix H	8a/8b/8c	Captial Costs
Load Forecast	Appendix K	10b	Avg use per customer
Load Forecast	Appendix L	10d	Billing vs Total ratios
Load Forecast	Appendix M	10f	Hydro One NAC data
Load Forecast	Appendix N	11a / 25e	Misc revenues by charge type and offsets
Operating Cost	Appendix O	13a / 16a	OM&A Summary Table
Operating Cost	Appendix P	14a	Cost Drivers
Cost of Capital	Appendix Q	20b / 25e	RRWF
Revenue deficiency/Surplus	Appendix R	22d/22e	Revenue Deficiency or surplus
Rate Design	Appendix S	7d/26b/27a	Proposed RTSR
Deferral and Variance Accounts	Appendix T	29b	Rate Schedule
Smart Meters	Appendix U	30b / 31a/ 31b	Smart Meter Calculations
Smart Meters	Appendix V	31c/32b	Cashflow projections for SM adder
Smart Meters	Appendix W	32b	Monthly details of OM&A Costs
Smart Meters	Appendix X	32b	Auditor's letter
Cost Allocation	Appendix Y		Cost Allocation Report
Deferral and Variance Accounts	Appendix Z	27	DVA rate rider
Summary of Changes	Appendix I		Summary of Changes to RateBase
	Appendix II		Summary of Changes to the Revenue Requirement

Appendix A

- 1) ESA – Correspondence January 15,2010
- 2) ESA – Correspondence January 18,2010
- 3) ESA– Correspondence May 26,2010

Nicole Leduc

From: Cathcart, Patience [Patience.Cathcart@electricalsafety.on.ca]
Sent: 2010-01-15 11:00
To: nleduc@ntl.sympatico.ca
Subject: RE: Licence Change

Nicole,

When we originally processed Hearst Power Distribution Company Limited's Provisional Electrical Contractor Licence with limitations, it was an oversight on our part that we did not issue your licence to your company's Affiliate company, it was issued to the LDC itself. After recent contact with the Ontario Energy Board (OEB), it is our understanding that this licence must be issued to the Affiliate company as opposed to the LDC. We are currently making every effort to change the information related to the licence over through having change forms completed in order to align with the Affiliate Relationships Code Regulation under the OEB.

If you have further questions regarding the requirement to have an affiliate company, please contact Paul Gasparatto at the OEB (1-888-632-6273, ext 724).

Attached you will find the change form we are requesting, please complete section A and the signature portion at the bottom. Please send this form back to us with a copy of the Affiliate company's business registration and a copy of the Affiliate company's general liability insurance coverage certificate (which must show coverage of at least \$2 million).

I hope this information is sufficient, however if you have further questions I am available via the information provided below.

Kind Regards,

PATIENCE CATHCART
PROJECT COORDINATOR
LICENSING AND CERTIFICATION
ELECTRICAL SAFETY AUTHORITY
PHONE: 905-712-5383
FAX: 905-507-4572
PATIENCE.CATHCART@ELECTRICALSAFETY.ON.CA

CELEBRATING 10 YEARS



Our Vision: An Ontario free of electrical fatalities and serious injury, damage or loss.
Our Mission: To improve electrical safety for the well-being of the people of Ontario.

2010-01-15

IMPORTANT: Please PRINT or TYPE all information

Notice of Change to Information:

Address / Directors, Officers, Owners, Partners / Company C of Q Holder

Change Type: ☐ Change of Address ☐ Change to Directors, Officers, Partners ☐ Change to CofQ Holder

Section A: Licensee Information

Legal Company Name:

Operating Name:

ECRA/ESA Licence Number:

Section B: Change of Address

New Business Address:	(Street Number, Name, Suite, Unit)	(City)	(Province)	(Postal Code)
New Address for Service:	(Street Number, Name, Suite, Unit)	(City)	(Province)	(Postal Code)
New Phone Number:	() ()	New Fax Number:	() ()	
New Email:				

Section C: Change of Principal Director(s), Officer(s), Owner(s), or Partner(s) Information (Attach separate sheet if more space is required)

☐ New ☐ Terminating	Effective Date of Change:	YYYY	MM	DD	Last Name:
Residence Address: (Street Number/Name, Unit, City, Province, Postal Code)					
Residence Telephone: () ()					
Position held in Company:					
☐ New ☐ Terminating	Effective Date of Change:	YYYY	MM	DD	Last Name:
Residence Address: (Street Number/Name, Unit, City, Province, Postal Code)					
Residence Telephone: () ()					
Position held in Company:					
☐ New ☐ Terminating	Effective Date of Change:	YYYY	MM	DD	Last Name:
Residence Address: (Street Number/Name, Unit, City, Province, Postal Code)					
Residence Telephone: () ()					
Position held in Company:					

Section D: Change to Company CofQ Holder (submit copy of Certificate of Qualification)

Journeyperson Electrician Name:					
Indicate Position held in the Company: ☐ A Corporate Owner, Officer, or Director ☐ A Partner ☐ An Employee					
Qualification Type: ☐ 309A,309D ☐ 309C,309E ☐ 434A,434B ☐ 442A ☐ Other					
Trade Certificate Number:					
Original Date of Issuance:		YYYY	MM	DD	Expiry Date: YYYY MM DD

Name of Authorized Signing Officer (please PRINT)

Signature

Title:

Date:

Warning – It is an offence to knowingly provide false information on this application and any attachments

BY SUBMITTING PERSONAL INFORMATION TO THE ELECTRICAL SAFETY AUTHORITY, OR ITS AGENTS AND SERVICE PROVIDERS, YOU AGREE THAT ESA MAY COLLECT, USE AND DISCLOSE SUCH PERSONAL INFORMATION IN ACCORDANCE WITH ITS PRIVACY POLICY, APPLICABLE LAWS OR PURSUANT TO OUR ADMINISTRATIVE AGREEMENT WITH THE PROVINCE OF ONTARIO. If you provide us with the personal information on behalf of another individual, you represent that you have all necessary authority and/or have obtained all necessary consents from such individual to enable us to collect, use and disclose such personal information for the purposes set forth in our Privacy Policy. A copy of our policy is located on our website at www.esasafe.com and www.esacra.info. Page 1 of 1 Form 1302B 04/08

Nicole Leduc

From: Cathcart, Patience [Patience.Cathcart@electricalsafety.on.ca]
Sent: 2010-01-18 10:51
To: Nicole Leduc
Subject: RE: Licence Change

Hello Nicole,

We have been in contact with Paul Gasparatto at the OEB (1-888-632-6273, ext 724) who provided us with the ruling, it is in reference to the Affiliate Relationships Code (ARC) Regulation under the Ontario Energy Board Act.

Our understanding is that LDCs are not permitted to do any electrical work past the point of demarcation, regardless of the type of work, therefore an affiliate company (that has been issued an electrical contractor licence) or another licensed electrical contractor must complete the work.

The limited provisional electrical contractor licence that was issued to Hearst Power Distribution Company Limited, was issued in error as this is an LDC and LDCs are not permitted to act as electrical contractors as per the ARC Regulation. The licence should have been issued to an affiliate company.

I hope this information is sufficient, please let me know if you have further questions or require assistance.

Kind Regards,

PATIENCE CATHCART
PROJECT COORDINATOR
LICENSING AND CERTIFICATION
ELECTRICAL SAFETY AUTHORITY
PHONE: 905-712-5383
FAX: 905-507-4572
PATIENCE.CATHCART@ELECTRICALSAFETY.ON.CA

From: Nicole Leduc [mailto:nleduc@ntl.sympatico.ca]
Sent: Monday, January 18, 2010 10:29 AM
To: Cathcart, Patience
Subject: RE: Licence Change

Hi Patience,

Further to below email, does the ESA has a ruling from the Ontario Energy Board regarding this issue and if yes can you please provide me a copy.
And also what is the precise reasons for this request.

Thanks
Nicole

Nicole C. Leduc
General Manager
Hearst Power Distribution Company Limited
P.O. Bag 5000
925 Alexandra Street
Hearst ON P0L 1N0

2010-01-18

Tel: (705) 372-2815
Fax: (705) 362-5902

email: NLeduc@ntl.sympatico.ca

THIS MESSAGE IS ONLY INTENDED FOR THE USE OF THE INTENDED RECIPIENT (S) AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, PROPRIETARY AND/OR CONFIDENTIAL.

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From: Cathcart, Patience [mailto:Patience.Cathcart@electricalsafety.on.ca]
Sent: 2010-01-15 11:00
To: nleduc@ntl.sympatico.ca
Subject: RE: Licence Change

Nicole,

When we originally processed Hearst Power Distribution Company Limited's Provisional Electrical Contractor Licence with limitations, it was an oversight on our part that we did not issue your licence to your company's Affiliate company, it was issued to the LDC itself. After recent contact with the Ontario Energy Board (OEB), it is our understanding that this licence must be issued to the Affiliate company as opposed to the LDC. We are currently making every effort to change the information related to the licence over through having change forms completed in order to align with the Affiliate Relationships Code Regulation under the OEB.

If you have further questions regarding the requirement to have an affiliate company, please contact Paul Gasparatto at the OEB (1-888-632-6273, ext 724).

Attached you will find the change form we are requesting, please complete section A and the signature portion at the bottom. Please send this form back to us with a copy of the Affiliate company's business registration and a copy of the Affiliate company's general liability insurance coverage certificate (which must show coverage of at least \$2 million).

I hope this information is sufficient, however if you have further questions I am available via the information provided below.

Kind Regards,

PATIENCE CATHCART
PROJECT COORDINATOR
LICENSING AND CERTIFICATION
ELECTRICAL SAFETY AUTHORITY
PHONE: 905-712-5383
FAX: 905-507-4572

PATIENCE.CATHCART@ELECTRICALSAFETY.ON.CA

CELEBRATING 10 YEARS



OF WORKING TOGETHER
SAFELY

Our Vision: An Ontario free of electrical fatalities and serious injury, damage or loss.
Our Mission: To improve electrical safety for the well-being of the people of Ontario.



www.esaecra.info

155A Matheson Blvd West, Suite 200, Mississauga, ON , L5R 3L5

For inquiries:

TEL: (905) 712 5383

FAX: (905) 507 4574

RECEIVED
FEB 22 2010

By Jacques - 15635

Notice of Proposal

HEARST POWER DISTRIBUTION COMPANY
LIMITED
925 ALEXANDRA ST
HEARST ON POL 1N0
Attention: JACQUES LECOURS

LICENCE NUMBER: 7002950
DATE: February 16, 2010

Revoke an Authorization ("Licence")

Take Notice that pursuant to section 113.2 of the Electricity Act, 1998, S.O. 1998, c. 15, Sched. A, Part VIII (the "Act") the Director of the Electrical Safety Authority ("Director") is hereby proposing to revoke the Licence of HEARST POWER DISTRIBUTION COMPANY (the "Licence Holder") as authorized under the Act.

AND WHEREAS subsection 113.2(2) of the Act provides that the Director may revoke a Licence where in the Director's opinion any of the grounds as set out in subsection 113.2(2) exists.

AND WHEREAS subsection 113.3(1) of the Act provides that where the Director proposes to revoke a Licence, the Director shall serve notice of the proposal, together with written reasons, on the Licence Holder.

A. REASONS

In the Director's opinion the Licence Holder is not entitled to hold a Licence and the Director proposes to revoke the Licence under subsection 113.2(2) of the Act for the following reasons;

The applicant or licence holder failed to comply with or to meet a requirement of the Electricity Act, 1998, Part VIII, Ontario Regulation 570/05, associated regulations, or an Order issued by ESA.

B. PARTICULARS

IT IS ALLEGED AS FOLLOWS:

Based upon a review of your licence application, the Director has determined your limited Provisional Electrical Contractor Licence was issued to a Licensed Distribution Company.

Hearst Power Distribution Company is operating as a Licensed Distribution Company and as a distributor; the company is prohibited from operating as an Electrical Contracting business. Therefore Hearst Power Distribution Company holding a limited Provisional Electrical Contractor Licence is in contravention of s.113.2(2)(a) of the Electricity Act, 1998.

For the reasons and particulars as stated in this Notice of Proposal, the Director, as authorized under s. 113.2 (2)(a) and (f) of the Electricity Act, 1998, Part VIII, and under s. 4(1) of Ontario Regulation

570/05, is proposing to revoke your limited Provisional Electrical Contractor Licence.

S. 113.2 (2) (a) states that the applicant or authorization holder will not carry out the activities in accordance with the law.

S. 113.2 (2) (f) states that a licence may be revoked if the Director has reason to believe that the applicant or authorization holder failed to comply with or to meet a requirement of this Part, the regulations or an order of the Authority.

S. 4(1) states that an electrical contractor shall ensure that all electrical work carried out on the electrical contractor's behalf is carried out in accordance with all applicable laws, including the Electrical Safety Code and the laws relating to health and safety, employment standards, consumer protection, business tax and business practices.

C. RIGHT TO A HEARING

TAKE NOTICE that subsection 113.4(1) of the Act provides that the Licence Holder is entitled to a hearing before the Director in respect of this proposal by the Director to revoke a Licence if WITHIN 15 DAYS after being served with this notice the Licence Holder files a *Notice of Appeal before the Director* to the Director of Appeals that a hearing is required. The application for an Appeal before the Director of Licensing can be found on our website, www.esaecra.info, or it can be obtained through our Customer Service Centre by calling 1-877-372-7233. The application form must be completed in order for the appeal to be considered.

TO: The Director, Licensing & Certification
c/o Director of Appeals
Electrical Safety Authority
155A Matheson Blvd W, Suite 200
Mississauga ON L5R 3L5

AND TAKE FURTHER NOTICE that subsection 113.4(4) of the Act provides that where the Licence Holder does not apply for a hearing before the Director, the Director may carry out the proposal as stated in this Notice of Proposal.

AND TAKE FURTHER NOTICE that subsection 113.4(5) of the Act provides that where the Licence Holder applies for a hearing before the Director in accordance to subsection 113.4(1), the Director shall set a time for and hold the hearing, after issuing a *Notice of Hearing* to the Licence Holder.

AND TAKE FURTHER NOTICE that subsection 113.4(7) of the Act provides that after the hearing, the Director may carry out the proposal stated in this Notice of Proposal if the Director is satisfied that any of the grounds set out in subsection 113.2(2) exists.

AND TAKE FURTHER NOTICE that section 113.9 of the Act provides that the Licence Holder may appeal the Director's decision by filing a *Notice of Appeal before the Review Panel* to the Director of Appeals WITHIN 15 days after receiving notice of the Director's decision.

AND TAKE FURTHER NOTICE that section 113.10 of the Act provides that the Licence Holder may appeal the Review Panel's decision by filing an appeal to the Divisional Court WITHIN 30 days after receiving notice of the Review Panel's decision.

D. CONTINUATION OF LICENCE

TAKE NOTICE that subsection 113.11(2) of the Act provides that if the Director revokes a licence subject to subsection 113.4(7), the revocation does not take effect,

i. Until the time for filing a *Notice of Appeal before the Review Panel* under section 113.9

- expires, or
- ii. Where the Licence Holder files a *Notice of Appeal before the Review Panel* in accordance with section 113.9, and after the final disposition of the appeal by the Review Panel, until the time for filing an appeal with the Divisional Court under section 113.10 expires, or
 - iii. Where the Licence Holder files an appeal with the Divisional Court in accordance with section 113.10, until the final disposition of the appeal by the Divisional Court.

Except where a threat to safety, whereby, subsection 113.11(3) of the Act provides that if, in the Director's opinion, there is or may be a threat to public safety or to the safety of any person, the Director may specify that the revocation take effect earlier than the time specified in subsection 113.11(2).

E. FURTHER PARTICULARS

TAKE FURTHER NOTICE that the Licence Holder may be furnished with further or other particulars in respect of any matter herein or in respect of any other matter including further grounds for revocation of the Licence.

DATED at Mississauga, February 16, 2010



LUCY IMPERA

Registrar and Director, Licensing and Certification
Electrical Safety Authority

Electrical Contractor Registration Agency of the Electrical Safety Authority

MAY 26, 2010

HEARST POWER SALES & SERVICES
925 ALEXANDRA ST
HEARST ON P0L 1N0

ECRA/ESA Licence # 7002950

Dear JEAN-NOEL FRIGO,

RE: Limitations Lifted

Upon review of the documentation submitted, the Director has determined that you have met the requirements as set out in the Notice of Proposal to limit your Provisional Electrical Contractor Licence.

As a Licensed Provisional Electrical Contractor you are required to prominently display your Licence number in all correspondence, contracts and advertisements, on business vehicles and, generally, in all situations where you are communicating with the public in accordance with s. 19 of Ontario Regulation 570/05. Guidelines for displaying your licence number can be found on our website www.esaecra.info

Patience Cathcart
Licensing and Certification
Electrical Safety Authority

Appendix B

Gross Capital Assets

Hearst Power Distribution Company Limited (ED-1999-0292)

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

B1 Gross Capital Assets*Enter planned capital expenditures and asset retirements*

Gross Capital Asset Account	2006 EDR Approved	Variance to 2006 Actual		
		Additions	Retirements / Other	Ending Balance
1830-Poles, Towers and Fixtures	13,007	12,903	801	26,712
1835-Overhead Conductors and Devices	1,520,684	45,103	1,443	1,567,230
1840-Underground Conduit	3,087	310	988	4,385
1845-Underground Conductors and Devices	414,573	5,644	0	420,217
1850-Line Transformers	508,705	15,635	2,722	527,062
1855-Services	5,461	3,361		8,822
1860-Meters	320,900	34,436	729	356,064
1905-Land	7,600			7,600
1906-Land Rights	2,432	900	900	4,232
1908-Buildings and Fixtures	185,770	7,900	7,900	201,570
1915-Office Furniture and Equipment	30,471	10,242	1,449	42,163
1920-Computer Equipment - Hardware	77,301	2,220	0	79,522
1925-Computer Software	49,669	2,657	2,657	54,982
1930-Transportation Equipment	441,136		0	441,136
1935-Stores Equipment	1,855		-0	1,855
1940-Tools, Shop and Garage Equipment	83,808	3,556	3,556	90,920
1955-Communication Equipment		3,546		3,546
TOTAL	3,666,459	148,414	23,144	3,838,017

Hearst Power Distribution Company Limited (ED-**2010 EDR Application (EB-2009-0266) version: v2****September 15, 2010****B1 Gross Capital Assets***Enter planned capital expenditures and asset retirements*

Gross Capital Asset Account	2006 Actual Ending Balance	2007	2007 Actual	Ending Balance
		Additions	Retirements / Other	
1830-Poles, Towers and Fixtures	26,712	1,291	0	28,003
1835-Overhead Conductors and Devices	1,567,230	2,497	0	1,569,727
1840-Underground Conduit	4,385	773		5,158
1845-Underground Conductors and Devices	420,217			420,217
1850-Line Transformers	527,062	11,124	-0	538,186
1855-Services	8,822	740		9,562
1860-Meters	356,064	1,499	0	357,564
1905-Land	7,600			7,600
1906-Land Rights	4,232			4,232
1908-Buildings and Fixtures	201,570			201,570
1915-Office Furniture and Equipment	42,163			42,163
1920-Computer Equipment - Hardware	79,522			79,522
1925-Computer Software	54,982			54,982
1930-Transportation Equipment	441,136	30,826		471,963
1935-Stores Equipment	1,855			1,855
1940-Tools, Shop and Garage Equipment	90,920	3,029		93,949
1955-Communication Equipment	3,546			3,546
TOTAL	3,838,017	51,780	0	3,889,798

Hearst Power Distribution Company Limited (ED-**2010 EDR Application (EB-2009-0266) version: v2****September 15, 2010****B1 Gross Capital Assets***Enter planned capital expenditures and asset retirements*

Gross Capital Asset Account	2007 Actual Ending Balance	2008	2008 Actual	Ending Balance
		Additions	Retirements / Other	
1830-Poles, Towers and Fixtures	28,003	2,625		30,628
1835-Overhead Conductors and Devices	1,569,727	9,898		1,579,625
1840-Underground Conduit	5,158	715		5,873
1845-Underground Conductors and Devices	420,217	3,173	-0	423,390
1850-Line Transformers	538,186	4,386	0	542,572
1855-Services	9,562	204	-0	9,766
1860-Meters	357,564	1,058	0	358,622
1905-Land	7,600			7,600
1906-Land Rights	4,232			4,232
1908-Buildings and Fixtures	201,570			201,570
1915-Office Furniture and Equipment	42,163			42,163
1920-Computer Equipment - Hardware	79,522	14,157		93,678
1925-Computer Software	54,982	60,975	0	115,957
1930-Transportation Equipment	471,963	14,472		486,435
1935-Stores Equipment	1,855			1,855
1940-Tools, Shop and Garage Equipment	93,949	2,822		96,771
1955-Communication Equipment	3,546			3,546
TOTAL	3,889,798	114,484	0	4,004,282

Hearst Power Distribution Company Limited (ED-**2010 EDR Application (EB-2009-0266) version: v2****September 15, 2010****B1 Gross Capital Assets***Enter planned capital expenditures and asset retirements*

Gross Capital Asset Account	2008 Actual Ending Balance	2009		2009 Projection Ending Balance
		Additions	Retirements / Other	
1830-Poles, Towers and Fixtures	30,628	1,969		32,597
1835-Overhead Conductors and Devices	1,579,625	2,355		1,581,980
1840-Underground Conduit	5,873			5,873
1845-Underground Conductors and Devices	423,390			423,390
1850-Line Transformers	542,572	2,378		544,950
1855-Services	9,766			9,766
1860-Meters	358,622	443,384	-226,442	575,564
1905-Land	7,600			7,600
1906-Land Rights	4,232			4,232
1908-Buildings and Fixtures	201,570	13,009		214,579
1915-Office Furniture and Equipment	42,163	5,965		48,128
1920-Computer Equipment - Hardware	93,678			93,678
1925-Computer Software	115,957			115,957
1930-Transportation Equipment	486,435			486,435
1935-Stores Equipment	1,855			1,855
1940-Tools, Shop and Garage Equipment	96,771			96,771
1955-Communication Equipment	3,546			3,546
TOTAL	4,004,282	469,060	-226,442	4,246,900

Hearst Power Distribution Company Limited (ED-**2010 EDR Application (EB-2009-0266) version: v2****September 15, 2010****B1 Gross Capital Assets***Enter planned capital expenditures and asset retirements*

Gross Capital Asset Account	2009 Projection Ending Balance	2010	2010 Projection	Ending Balance
		Additions	Retirements / Other	
1830-Poles, Towers and Fixtures	32,597	10,000		42,597
1835-Overhead Conductors and Devices	1,581,980	18,500		1,600,480
1840-Underground Conduit	5,873			5,873
1845-Underground Conductors and Devices	423,390	13,300		436,690
1850-Line Transformers	544,950	16,500		561,450
1855-Services	9,766	1,000		10,766
1860-Meters	575,564			575,564
1905-Land	7,600	114,896		122,496
1906-Land Rights	4,232			4,232
1908-Buildings and Fixtures	214,579			214,579
1915-Office Furniture and Equipment	48,128	25,000		73,128
1920-Computer Equipment - Hardware	93,678	10,000		103,678
1925-Computer Software	115,957	25,000		140,957
1930-Transportation Equipment	486,435	12,500		498,935
1935-Stores Equipment	1,855			1,855
1940-Tools, Shop and Garage Equipment	96,771	2,000		98,771
1955-Communication Equipment	3,546			3,546
TOTAL	4,246,900	248,696		4,495,596

Appendix C

Accumulated Depreciation

Hearst Power Distribution Company Limited (ED-1999-0292)

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

B2 Amortization of Capital Assets*Enter breakdown of actual/approved balances and projected amortization expenses*

Capital Asset Account	2006 EDR Approved	Variance to 2006 Actual		
		Amortization Expense	Retirements / Other	Ending Balance
1830-Poles, Towers and Fixtures		-2,040		-2,040
1835-Overhead Conductors and Devices	-1,027,689	-96,380		-1,124,069
1840-Underground Conduit		-390		-390
1845-Underground Conductors and Devices	-282,504	-34,723		-317,227
1850-Line Transformers	-412,438	-22,060		-434,497
1855-Services		-712		-712
1860-Meters	-219,643	-24,807		-244,450
1906-Land Rights	-1,396	-1,013		-2,409
1908-Buildings and Fixtures	-60,058	-10,000		-70,058
1915-Office Furniture and Equipment	-18,232	-6,450		-24,682
1920-Computer Equipment - Hardware	-66,330	-13,361		-79,691
1925-Computer Software	-23,730	-27,225	-334	-50,956
1930-Transportation Equipment	-435,250	-14,267		-449,517
1935-Stores Equipment	-1,855	-464		-2,318
1940-Tools, Shop and Garage Equipment	-72,898	-8,095		-80,993
1955-Communication Equipment		-532		-532
TOTAL	-2,622,024	-262,516	-334	-2,884,540

Hearst Power Distribution Company Limited (ED-

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

B2 Amortization of Capital Assets*Enter breakdown of actual/approved balances and project*

Capital Asset Account	2006 Actual Ending Balance	2007 Actual		
		Amortization Expense	Retirements / Other	Ending Balance
1830-Poles, Towers and Fixtures	-2,040	-1,094		-3,134
1835-Overhead Conductors and Devices	-1,124,069	-37,532		-1,161,601
1840-Underground Conduit	-390	-191		-580
1845-Underground Conductors and Devices	-317,227	-14,035		-331,262
1850-Line Transformers	-434,497	-9,332		-443,829
1855-Services	-712	-368		-1,080
1860-Meters	-244,450	-8,893		-253,343
1906-Land Rights	-2,409	-423		-2,832
1908-Buildings and Fixtures	-70,058	-4,031		-74,089
1915-Office Furniture and Equipment	-24,682	-2,874		-27,556
1920-Computer Equipment - Hardware	-79,691	-1,538		-81,229
1925-Computer Software	-50,956	-8,197		-59,153
1930-Transportation Equipment	-449,517	-3,083		-452,600
1935-Stores Equipment	-2,318	-185		-2,504
1940-Tools, Shop and Garage Equipment	-80,993	-2,689		-83,682
1955-Communication Equipment	-532	-355		-887
TOTAL	-2,884,540	-94,819		-2,979,359

Hearst Power Distribution Company Limited (ED-

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

B2 Amortization of Capital Assets*Enter breakdown of actual/approved balances and projected*

Capital Asset Account	2007 Actual Ending Balance	2008 Actual		
		Amortization Expense	Retirements / Other	Ending Balance
1830-Poles, Towers and Fixtures	-3,134	-1,173		-4,307
1835-Overhead Conductors and Devices	-1,161,601	-37,780		-1,199,382
1840-Underground Conduit	-580	-221		-801
1845-Underground Conductors and Devices	-331,262	-14,099		-345,361
1850-Line Transformers	-443,829	-9,642		-453,470
1855-Services	-1,080	-387		-1,466
1860-Meters	-253,343	-8,944		-262,287
1906-Land Rights	-2,832	-423		-3,255
1908-Buildings and Fixtures	-74,089	-4,031		-78,120
1915-Office Furniture and Equipment	-27,556	-2,874		-30,430
1920-Computer Equipment - Hardware	-81,229	-1,860		-83,089
1925-Computer Software	-59,153	-7,160		-66,313
1930-Transportation Equipment	-452,600	-7,612		-460,212
1935-Stores Equipment	-2,504	-185		-2,689
1940-Tools, Shop and Garage Equipment	-83,682	-1,681		-85,363
1955-Communication Equipment	-887	-354		-1,241
TOTAL	-2,979,359	-98,426		-3,077,785

Hearst Power Distribution Company Limited (ED-

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

B2 Amortization of Capital Assets*Enter breakdown of actual/approved balances and projected*

Capital Asset Account	2008 Actual Ending Balance	2009 Projection		
		Amortization Expense	Retirements / Other	Ending Balance
1830-Poles, Towers and Fixtures	-4,307	-1,265		-5,571
1835-Overhead Conductors and Devices	-1,199,382	-37,463		-1,236,845
1840-Underground Conduit	-801	-235		-1,036
1845-Underground Conductors and Devices	-345,361	-14,162		-359,523
1850-Line Transformers	-453,470	-9,777		-463,247
1855-Services	-1,466	-391		-1,857
1860-Meters	-262,287	-18,166	181,161	-99,291
1906-Land Rights	-3,255	-423		-3,678
1908-Buildings and Fixtures	-78,120	-4,161		-82,282
1915-Office Furniture and Equipment	-30,430	-3,172		-33,602
1920-Computer Equipment - Hardware	-83,089	-3,276		-86,365
1925-Computer Software	-66,313	-12,195		-78,508
1930-Transportation Equipment	-460,212	-9,060		-469,272
1935-Stores Equipment	-2,689	-185		-2,875
1940-Tools, Shop and Garage Equipment	-85,363	-1,396		-86,759
1955-Communication Equipment	-1,241	-354		-1,595
TOTAL	-3,077,785	-115,681	181,161	-3,012,305

Hearst Power Distribution Company Limited (ED-

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

B2 Amortization of Capital Assets*Enter breakdown of actual/approved balances and projecte*

Capital Asset Account	2009 Projection Ending Balance	2010 Projection		
		Amortization Expense	Retirements / Other	Ending Balance
1830-Poles, Towers and Fixtures	-5,571	-1,504		-7,075
1835-Overhead Conductors and Devices	-1,236,845	-36,118		-1,272,963
1840-Underground Conduit	-1,036	-235		-1,271
1845-Underground Conductors and Devices	-359,523	-14,428		-373,951
1850-Line Transformers	-463,247	-10,155		-473,402
1855-Services	-1,857	-411		-2,267
1860-Meters	-99,291	-36,569		-135,860
1906-Land Rights	-3,678	-180		-3,858
1908-Buildings and Fixtures	-82,282	-4,292		-86,573
1915-Office Furniture and Equipment	-33,602	-4,720		-38,322
1920-Computer Equipment - Hardware	-86,365	-4,067		-90,431
1925-Computer Software	-78,508	-14,695		-93,203
1930-Transportation Equipment	-469,272	-10,310		-479,581
1935-Stores Equipment	-2,875	-185		-3,060
1940-Tools, Shop and Garage Equipment	-86,759	-1,496		-88,256
1955-Communication Equipment	-1,595	-355		-1,949
TOTAL	-3,012,305	-139,718		-3,152,023

Appendix D

Depreciation Expense

4.6.1.1 - Depreciation Expense

Applicants must provide a breakdown of depreciation expense in the following format for all relevant accounts:

Account	Description	2004 Opening Balance (a)	2004 Less Fully Depreciated (b)	2004 Net for Depreciation (c) = (a) - (b)	2004 Additions (d)	2004 Total for Depreciation (e) = (c) + 0.5 x (d)	2004 Years (f)	2004.00 Depreciation Expense (g) = (e) / (f)	2005 Depreciation Expense (g) = (e) / (f)
Transmission Plant									
1815	1815 - Transformer Station Equipment	0.00	0.00	0.00	0.00	0.00	0		
	Sub-Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Distribution Plant									
1805	1805 - Land	0.00	0.00	0.00	0.00	0.00	0.00		
1806	1806 - Land Rights	0.00	0.00	0.00	0.00	0.00			
1810	1810 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00			
1820	1820 - Distribution Station Equipment	0.00	0.00	0.00	0.00	0.00			
1825	1825 - Storage Battery Equipment	0.00	0.00	0.00	0.00	0.00			
1830	1830 - Poles, Towers and Fixtures	13,007.06	0.00	13,007.06	1,602.19	13,808.16	25	552.33	760.82
1835	1835 - Overhead Conductors and Devices	1,520,684.46	535,293.60	985,390.86	2,885.08	986,833.40	25	39473.34	38714.04
1840	1840 - Underground Conduit	3,086.81	0.00	3,086.81	1,976.29	4,074.96	25	163.00	160.83
1845	1845 - Underground Conductors and Devices	414,572.82	69,339.75	345,233.07	0.00	345,233.07	25	13809.32	13852.79
1850	1850 - Line Transformers	508,705.09	299,334.76	209,370.33	5,443.55	212,092.11	25	8483.68	8779.73
1970	1970 - Load Management Controls - Customer Premises	0.00	0.00	0.00	0.00	0.00			
1975	1975 - Load Management Controls - Utility Premises	0.00	0.00	0.00	0.00	0.00			
1980	1980 - System Supervisory Equipment	0.00	0.00	0.00	0.00	0.00			
1995	1995 - Contributions and Grants	0.00	0.00	0.00	0.00	0.00			
1996	1996 - Hydro One S/S Contribution	0.00	0.00	0.00	0.00	0.00			
	Sub-Total	2,460,056.24	903,968.11	1,556,088.13	11,907.11	1,562,041.69	125.00	62481.67	62268.22
General Plant									
1610	1610 - Miscellaneous Intangible Plant	0.00	0.00	0.00	0.00	0.00	0		
1808	1808 - Buildings and Fixtures	0.00	0.00	0.00	0.00	0.00	0		
1905	1905 - Land	7,600.00	0.00	7,600.00	0.00	7,600.00	0		
1906	1906 - Land Rights	2,432.00	0.00	2,432.00	1,800.00	3,332.00	10	333.20	423.20
1908	1908 - Buildings and Fixtures	185,770.20	0.00	185,770.20	15,799.77	193,670.09	50	3873.40	4031.40
1910	1910 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00	0		
1915	1915 - Office Furniture and Equipment	30,471.82	11,975.90	18,495.92	2,896.81	19,944.33	10	1994.43	2578.97
1920	1920 - Computer Equipment - Hardware	77,301.21	46,805.61	30,495.60	0.00	30,495.60	5	6099.12	6203.56
1921	1921 - Hardware post Mar 22/04 + Hardware post Mar 19/07	0.00	0.00	0.00	0.00	0.00	5	0.00	0.00
1925	1925 - Computer Software	49,669.20	0.00	49,669.20	5,313.03	52,325.72	5	10465.14	10996.45
1930	1930 - Transportation Equipment	441,136.22	298,468.20	142,668.02	0.00	142,668.02	5	28533.60	0.00
1935	1935 - Stores Equipment	1,854.52	0.00	1,854.52	0.00	1,854.52	10	185.45	185.45
1940	1940 - Tools, Shop and Garage Equipment	83,808.43	44,622.03	39,186.40	7,111.80	42,742.30	10	4274.23	3420.23
1945	1945 - Measurement and Testing Equipment	0.00	0.00	0.00	0.00	0.00			
1950	1950 - Power Operated Equipment	0.00	0.00	0.00	0.00	0.00	25	0.00	
1955	1955 - Communication Equipment	0.00	0.00	0.00	0.00	0.00	10	0.00	177.30
1960	1960 - Miscellaneous Equipment	0.00	0.00	0.00	0.00	0.00			
	Sub-Total	880,043.60	401,871.74	478,171.86	32,921.41	494,632.57	145.00	55758.58	28016.55
Other Plant									
1855	1855 - Services	5,460.87	0.00	5,460.87	0.00	5,460.87	25	218.43	267.71
1861	1861 - Smart Meters	0.00	0.00	0.00	0.00	0.00			
1860	1860 - Meters	320,899.88	45,744.07	275,155.81	1,458.00	275,884.81	25	11035.39	11082.43
1990	1990 - Other Tangible Property	0.00	0.00	0.00	0.00	0.00	0		
	Sub-Total	326,360.75	45,744.07	280,616.68	1,458.00	281,345.68	50.00	11253.83	11350.14
	TOTAL	3,666,460.59	1,351,583.92	2,314,876.67	46,286.52	2,338,019.93	320.00	129,494.08	101,634.91

NOTE: Accounts 1806, 1610 and 1990 are not included in Fixed asset continuity schedule and therefore we do not have closing balance depreciation for them
However, since their closing balance costs in the trial balance are zero for all years, it is inferred that they have zero depreciation

4.6.1.1 - Depreciation Expense

Account	Description	2006 Opening Balance (a)	2006 Less Fully Depreciated (b)	2006 Net for Depreciation (c) = (a) - (b)	2006 Additions (d)	2006 Total for Depreciation (e) = (c) + 0.5 x (d)	2006 Years (f)	2006 Depreciation Expense (g) = (e) / (f)
	Transmission Plant							
1815	1815 - Transformer Station Equipment	0.00	0.00	0.00	0.00	0.00	0	
	Sub-Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Distribution Plant							
1805	1805 - Land	0.00	0.00	0.00	0.00	0.00		
1806	1806 - Land Rights	0.00	0.00	0.00	0.00	0.00		
1810	1810 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00		
1820	1820 - Distribution Station Equipment	0.00	0.00	0.00	0.00	0.00		
1825	1825 - Storage Battery Equipment	0.00	0.00	0.00	0.00	0.00		
1830	1830 - Poles, Towers and Fixtures	23,431.92	0.00	23,431.92	3,279.72	25,071.78	25.00	1002.87
1835	1835 - Overhead Conductors and Devices	1,556,076.65	613,420.60	942,656.05	11,153.01	948,232.56	25.00	37929.30
1840	1840 - Underground Conduit	2,978.59	0.00	2,978.59	1,406.55	3,681.87	25.00	147.27
1845	1845 - Underground Conductors and Devices	416,746.41	69,339.75	347,406.66	3,470.67	349,142.00	25.00	13965.68
1850	1850 - Line Transformers	523,507.23	299,334.76	224,172.47	3,554.45	225,949.70	25.00	9037.99
1970	1970 - Load Management Controls - Customer Premises	0.00	0.00	0.00	0.00	0.00		
1975	1975 - Load Management Controls - Utility Premises	0.00	0.00	0.00	0.00	0.00		
1980	1980 - System Supervisory Equipment	0.00	0.00	0.00	0.00	0.00		
1995	1995 - Contributions and Grants	0.00	0.00	0.00	0.00	0.00		
1996	1996 - Hydro One S/S Contribution	0.00	0.00	0.00	0.00	0.00		
	Sub-Total	2,522,740.80	982,095.11	1,540,645.69	22,864.40	1,552,077.89	125.00	62083.12
	General Plant							
1610	1610 - Miscellaneous Intangible Plant	0.00	0.00	0.00	0.00	0.00	0.00	
1808	1808 - Buildings and Fixtures	0.00	0.00	0.00	0.00	0.00		
1905	1905 - Land	7,600.00	0.00	7,600.00	0.00	7,600.00		
1906	1906 - Land Rights	4,232.00	0.00	4,232.00	0.00	4,232.00	10.00	423.20
1908	1908 - Buildings and Fixtures	201,569.97	0.00	201,569.97	0.00	201,569.97	50.00	4031.40
1910	1910 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00		
1915	1915 - Office Furniture and Equipment	42,162.53	13,424.32	28,738.21	0.00	28,738.21	10.00	2873.82
1920	1920 - Computer Equipment - Hardware	78,345.57	58,396.21	19,949.36	1,176.12	20,537.42	5.00	4107.48
1921	1921 - Hardware post Mar 22/04 + Hardware post Mar 19/07	0.00	0.00	0.00	0.00	0.00	5.00	0.00
1925	1925 - Computer Software	54,982.23	0.00	54,982.23	0.00	54,982.23	5.00	10996.45
1930	1930 - Transportation Equipment	441,136.22	441,136.22	0.00	0.00	0.00	5.00	0.00
1935	1935 - Stores Equipment	1,854.52	0.00	1,854.52	0.00	1,854.52	10.00	185.45
1940	1940 - Tools, Shop and Garage Equipment	90,920.23	65,547.93	25,372.30	0.00	25,372.30	10.00	2537.23
1945	1945 - Measurement and Testing Equipment	0.00	0.00	0.00	0.00	0.00		
1950	1950 - Power Operated Equipment	0.00	0.00	0.00	0.00	0.00		
1955	1955 - Communication Equipment	3,546.04	0.00	3,546.04	0.00	3,546.04	10.00	354.60
1960	1960 - Miscellaneous Equipment	0.00	0.00	0.00	0.00	0.00		
	Sub-Total	926,349.31	578,504.68	347,844.63	1,176.12	348,432.69	120.00	25509.64
	Other Plant							
1855	1855 - Services	7,924.85	0.00	7,924.85	897.43	8,373.57	25.00	334.94
1861	1861 - Smart Meters	0.00	0.00	0.00	0.00	0.00		
1860	1860 - Meters	323,251.54	134,494.13	188,757.41	32,812.89	205,163.86	25.00	8206.55
1990	1990 - Other Tangible Property	0.00	0.00	0.00	0.00	0.00	0.00	
	Sub-Total	331,176.39	134,494.13	196,682.26	33,710.32	213,537.42	50.00	8541.50
	TOTAL	3,780,266.50	1,695,093.92	2,085,172.58	57,750.84	2,114,048.00	295.00	96,134.25

NOTE: Accounts 1806, 1610 and 1990 are not included in F
However, since their closing balance costs in the tria

4.6.1.1 - Depreciation Expense

Account	Description	2006 EDR	2007 Opening Balance (a)	2007 Less Fully Depreciated (b)	2007 Net for Depreciation (c) = (a) - (b)	2007 Additions (d)	2007 Total for Depreciation (e) = (c) + 0.5 x (d)	2007 Years (f)	2007 Depreciation Expense (g) = (e) / (f)
	Transmission Plant								
1815	1815 - Transformer Station Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0	
	Sub-Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Distribution Plant								
1805	1805 - Land		0.00	0.00	0.00	0.00	0.00		
1806	1806 - Land Rights		0.00	0.00	0.00	0.00	0.00		
1810	1810 - Leasehold Improvements		0.00	0.00	0.00	0.00	0.00		
1820	1820 - Distribution Station Equipment		0.00	0.00	0.00	0.00	0.00		
1825	1825 - Storage Battery Equipment		0.00	0.00	0.00	0.00	0.00		
1830	1830 - Poles, Towers and Fixtures	2039.86	26,711.64	0.00	26,711.64	1,291.19	27,357.24	25.00	1094.29
1835	1835 - Overhead Conductors and Devices	96380.01	1,567,229.66	630,167.71	937,061.95	2,497.42	938,310.66	25.00	37532.43
1840	1840 - Underground Conduit	389.61	4,385.14	0.00	4,385.14	773.04	4,771.66	25.00	190.87
1845	1845 - Underground Conductors and Devices	34723.14	420,217.08	69,339.75	350,877.33	0.00	350,877.33	25.00	14035.09
1850	1850 - Line Transformers	22059.56	527,061.68	299,334.76	227,726.92	11,124.33	233,289.09	25.00	9331.56
1970	1970 - Load Management Controls - Customer Premises		0.00	0.00	0.00	0.00	0.00		
1975	1975 - Load Management Controls - Utility Premises		0.00	0.00	0.00	0.00	0.00		
1980	1980 - System Supervisory Equipment		0.00	0.00	0.00	0.00	0.00		
1995	1995 - Contributions and Grants		0.00	0.00	0.00	0.00	0.00		
1996	1996 - Hydro One S/S Contribution		0.00	0.00	0.00	0.00	0.00		
	Sub-Total	155592.17	2,545,605.20	998,842.22	1,546,762.98	15,685.98	1,554,605.97	125.00	62184.24
	General Plant								
1610	1610 - Miscellaneous Intangible Plant		0.00	0.00	0.00	0.00	0.00	0.00	
1808	1808 - Buildings and Fixtures		0.00	0.00	0.00	0.00	0.00		
1905	1905 - Land		7,600.00	0.00	7,600.00	0.00	7,600.00		
1906	1906 - Land Rights	1013.00	4,232.00	0.00	4,232.00	0.00	4,232.00	10.00	423.20
1908	1908 - Buildings and Fixtures	9999.50	201,569.97	0.00	201,569.97	0.00	201,569.97	50.00	4031.40
1910	1910 - Leasehold Improvements		0.00	0.00	0.00	0.00	0.00		
1915	1915 - Office Furniture and Equipment	6450.01	42,162.53	13,424.32	28,738.21	0.00	28,738.21	10.00	2873.82
1920	1920 - Computer Equipment - Hardware	13360.60	79,521.69	71,831.41	7,690.28	0.00	7,690.28	5.00	1538.06
1921	1921 - Hardware post Mar 22/04 + Hardware post Mar 19/07	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00
1925	1925 - Computer Software	27225.46	54,982.23	13,996.80	40,985.43	0.00	40,985.43	5.00	8197.09
1930	1930 - Transportation Equipment	14266.80	441,136.22	441,136.22	0.00	30,826.40	15,413.20	5.00	3082.64
1935	1935 - Stores Equipment	463.63	1,854.52	0.00	1,854.52	0.00	1,854.52	10.00	185.45
1940	1940 - Tools, Shop and Garage Equipment	8094.58	90,920.23	65,547.93	25,372.30	3,028.97	26,886.79	10.00	2688.68
1945	1945 - Measurement and Testing Equipment		0.00	0.00	0.00	0.00	0.00		
1950	1950 - Power Operated Equipment		0.00	0.00	0.00	0.00	0.00		
1955	1955 - Communication Equipment	531.91	3,546.04	0.00	3,546.04	0.00	3,546.04	10.00	354.60
1960	1960 - Miscellaneous Equipment		0.00	0.00	0.00	0.00	0.00		
	Sub-Total	81405.48	927,525.43	605,936.68	321,588.75	33,855.37	338,516.44	120.00	23374.94
	Other Plant								
1855	1855 - Services	711.87	8,822.28	0.00	8,822.28	739.65	9,192.11	25.00	367.68
1861	1861 - Smart Meters		0.00	0.00	0.00	0.00	0.00		
1860	1860 - Meters	24806.68	356,064.43	134,494.13	221,570.30	1,499.19	222,319.90	25.00	8892.80
1990	1990 - Other Tangible Property		0.00	0.00	0.00	0.00	0.00	0.00	
	Sub-Total	25518.55	364,886.71	134,494.13	230,392.58	2,238.84	231,512.00	50.00	9260.48
	TOTAL	262,516.20	3,838,017.34	1,739,273.03	2,098,744.31	51,780.19	2,124,634.41	295.00	94,819.66

NOTE: Accounts 1806, 1610 and 1990 are not included in F
However, since their closing balance costs in the tri

4.6.1.1 - Depreciation Expense

Account	Description	2008 Opening Balance (a)	2008 Less Fully Depreciated (b)	2008 Net for Depreciation (c) = (a) - (b)	2008 Additions (d)	2008 Total for Depreciation (e) = (c) + 0.5 x (d)	2008 Years (f)	2008 Depreciation Expense (g) = (e) / (f)
	Transmission Plant							
1815	1815 - Transformer Station Equipment	0.00	0.00	0.00	0.00	0.00	0	
	Sub-Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Distribution Plant							
1805	1805 - Land	0.00	0.00	0.00	0.00	0.00		
1806	1806 - Land Rights	0.00	0.00	0.00	0.00	0.00		
1810	1810 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00		
1820	1820 - Distribution Station Equipment	0.00	0.00	0.00	0.00	0.00		
1825	1825 - Storage Battery Equipment	0.00	0.00	0.00	0.00	0.00		
1830	1830 - Poles, Towers and Fixtures	28,002.83	0.00	28,002.83	2,625.07	29,315.37	25.00	1172.61
1835	1835 - Overhead Conductors and Devices	1,569,727.08	630,167.71	939,559.37	9,897.50	944,508.12	25.00	37780.32
1840	1840 - Underground Conduit	5,158.18	0.00	5,158.18	714.83	5,515.60	25.00	220.62
1845	1845 - Underground Conductors and Devices	420,217.08	69,339.75	350,877.33	3,173.08	352,463.87	25.00	14098.55
1850	1850 - Line Transformers	538,186.01	299,334.76	238,851.25	4,385.92	241,044.21	25.00	9641.77
1970	1970 - Load Management Controls - Customer Premises	0.00	0.00	0.00	0.00	0.00		
1975	1975 - Load Management Controls - Utility Premises	0.00	0.00	0.00	0.00	0.00		
1980	1980 - System Supervisory Equipment	0.00	0.00	0.00	0.00	0.00		
1995	1995 - Contributions and Grants	0.00	0.00	0.00	0.00	0.00		
1996	1996 - Hydro One S/S Contribution	0.00	0.00	0.00	0.00	0.00		
	Sub-Total	2,561,291.18	998,842.22	1,562,448.96	20,796.40	1,572,847.16	125.00	62913.89
	General Plant							
1610	1610 - Miscellaneous Intangible Plant	0.00	0.00	0.00	0.00	0.00	0.00	
1808	1808 - Buildings and Fixtures	0.00	0.00	0.00	0.00	0.00		
1905	1905 - Land	7,600.00	0.00	7,600.00	0.00	7,600.00		
1906	1906 - Land Rights	4,232.00	0.00	4,232.00	0.00	4,232.00	10.00	423.20
1908	1908 - Buildings and Fixtures	201,569.97	0.00	201,569.97	0.00	201,569.97	50.00	4031.40
1910	1910 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00		
1915	1915 - Office Furniture and Equipment	42,162.53	13,424.32	28,738.21	0.00	28,738.21	10.00	2873.82
1920	1920 - Computer Equipment - Hardware	79,521.69	77,300.53	2,221.16	14,156.76	9,299.54	5.00	1859.91
1921	1921 - Hardware post Mar 22/04 + Hardware post Mar 19/07	0.00	0.00	0.00	0.00	0.00	5.00	0.00
1925	1925 - Computer Software	54,982.23	49,669.20	5,313.03	60,975.07	35,800.57	5.00	7160.11
1930	1930 - Transportation Equipment	471,962.62	441,136.22	30,826.40	14,472.00	38,062.40	5.00	7612.48
1935	1935 - Stores Equipment	1,854.52	0.00	1,854.52	0.00	1,854.52	10.00	185.45
1940	1940 - Tools, Shop and Garage Equipment	93,949.20	78,547.93	15,401.27	2,821.80	16,812.17	10.00	1681.22
1945	1945 - Measurement and Testing Equipment	0.00	0.00	0.00	0.00	0.00		
1950	1950 - Power Operated Equipment	0.00	0.00	0.00	0.00	0.00		
1955	1955 - Communication Equipment	3,546.04	0.00	3,546.04	0.00	3,546.04	10.00	354.60
1960	1960 - Miscellaneous Equipment	0.00	0.00	0.00	0.00	0.00		
	Sub-Total	961,380.80	660,078.20	301,302.60	92,425.63	347,515.42	120.00	26182.19
	Other Plant							
1855	1855 - Services	9,561.93	0.00	9,561.93	204.03	9,663.95	25.00	386.56
1861	1861 - Smart Meters	0.00	0.00	0.00	0.00	0.00	25.00	0.00
1860	1860 - Meters	357,563.62	134,494.13	223,069.49	1,058.40	223,598.69	25.00	8943.95
1990	1990 - Other Tangible Property	0.00	0.00	0.00	0.00	0.00	0.00	
	Sub-Total	367,125.55	134,494.13	232,631.42	1,262.43	233,262.64	75.00	9330.51
	TOTAL	3,889,797.53	1,793,414.55	2,096,382.98	114,484.46	2,153,625.21	320.00	98,426.59

NOTE: Accounts 1806, 1610 and 1990 are not included in F
However, since their closing balance costs in the tri

4.6.1.1 - Depreciation Expense

Account	Description	2009 Opening Balance (a)	2009 Less Fully Depreciated (b)	2009 Net for Depreciation (c) = (a) - (b)	2009 Additions (d)	2009 Total for Depreciation (e) = (c) + 0.5 x (d)	2009 Years (f)	2009 Depreciation Expense (g) = (e) / (f)
	Transmission Plant							
1815	1815 - Transformer Station Equipment	0.00	0.00	0.00	0.00	0.00	0	
	Sub-Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Distribution Plant							
1805	1805 - Land	0.00	0.00	0.00	0.00	0.00		
1806	1806 - Land Rights	0.00	0.00	0.00	0.00	0.00		
1810	1810 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00		
1820	1820 - Distribution Station Equipment	0.00	0.00	0.00	0.00	0.00		
1825	1825 - Storage Battery Equipment	0.00	0.00	0.00	0.00	0.00		
1830	1830 - Poles, Towers and Fixtures	30,627.90	0.00	30,627.90	1,969.17	31,612.49	25.00	1264.50
1835	1835 - Overhead Conductors and Devices	1,579,624.58	644,218.71	935,405.87	2,355.06	936,583.40	25.00	37463.34
1840	1840 - Underground Conduit	5,873.01	0.00	5,873.01	0.00	5,873.01	25.00	234.92
1845	1845 - Underground Conductors and Devices	423,390.16	69,339.75	354,050.41	0.00	354,050.41	25.00	14162.02
1850	1850 - Line Transformers	542,571.93	299,334.76	243,237.17	2,377.69	244,426.02	25.00	9777.04
1970	1970 - Load Management Controls - Customer Premises	0.00	0.00	0.00	0.00	0.00		
1975	1975 - Load Management Controls - Utility Premises	0.00	0.00	0.00	0.00	0.00		
1980	1980 - System Supervisory Equipment	0.00	0.00	0.00	0.00	0.00		
1995	1995 - Contributions and Grants	0.00	0.00	0.00	0.00	0.00		
1996	1996 - Hydro One S/S Contribution	0.00	0.00	0.00	0.00	0.00		
	Sub-Total	2,582,087.58	1,012,893.22	1,569,194.36	6,701.92	1,572,545.32	125.00	62901.81
	General Plant							
1610	1610 - Miscellaneous Intangible Plant	0.00	0.00	0.00	0.00	0.00	0.00	
1808	1808 - Buildings and Fixtures	0.00	0.00	0.00	0.00	0.00		
1905	1905 - Land	7,600.00	0.00	7,600.00	0.00	7,600.00		
1906	1906 - Land Rights	4,232.00	0.00	4,232.00	0.00	4,232.00	10.00	423.20
1908	1908 - Buildings and Fixtures	201,569.97	0.00	201,569.97	13,009.06	208,074.50	50.00	4161.49
1910	1910 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00		
1915	1915 - Office Furniture and Equipment	42,162.53	13,424.32	28,738.21	5,965.92	31,721.17	10.00	3172.12
1920	1920 - Computer Equipment - Hardware	93,678.45	77,300.53	16,377.92	0.00	16,377.92	5.00	3275.58
1921	1921 - Hardware post Mar 22/04 + Hardware post Mar 19/07	0.00	0.00	0.00	0.00	0.00	5.00	0.00
1925	1925 - Computer Software	115,957.33	54,982.26	60,975.07	0.00	60,975.07	5.00	12195.01
1930	1930 - Transportation Equipment	486,434.62	441,136.22	45,298.40	0.00	45,298.40	5.00	9059.68
1935	1935 - Stores Equipment	1,854.52	0.00	1,854.52	0.00	1,854.52	10.00	185.45
1940	1940 - Tools, Shop and Garage Equipment	96,771.00	82,807.94	13,963.06	0.00	13,963.06	10.00	1396.31
1945	1945 - Measurement and Testing Equipment	0.00	0.00	0.00	0.00	0.00		
1950	1950 - Power Operated Equipment	0.00	0.00	0.00	0.00	0.00		
1955	1955 - Communication Equipment	3,546.04	0.00	3,546.04	0.00	3,546.04	10.00	354.60
1960	1960 - Miscellaneous Equipment	0.00	0.00	0.00	0.00	0.00		
	Sub-Total	1,053,806.46	669,651.27	384,155.19	18,974.98	393,642.68	120.00	34223.45
	Other Plant							
1855	1855 - Services	9,765.96	0.00	9,765.96	0.00	9,765.96	25.00	390.64
1861	1861 - Smart Meters	0.00	0.00	0.00	437,189.97	218,594.99	15.00	14573.00
1860	1860 - Meters	358,622.02	271,900.41	86,721.61	6,194.22	89,818.72	25.00	3592.75
1990	1990 - Other Tangible Property	0.00	0.00	0.00	0.00	0.00	0.00	
	Sub-Total	368,387.98	271,900.41	96,487.57	443,384.19	318,179.67	65.00	18556.39
	TOTAL	4,004,282.02	1,954,444.90	2,049,837.12	469,061.09	2,284,367.67	310.00	115,681.65

NOTE: Accounts 1806, 1610 and 1990 are not included in this table.
However, since their closing balance costs in the trial balance are zero, they are not included in the table.

4.6.1.1 - Depreciation Expense

Account	Description	2010 Opening Balance (a)	2010 Less Fully Depreciated (b)	2010 Net for Depreciation (c) = (a) - (b)	2010 Additions (d)	2010 Total for Depreciation (e) = (c) + 0.5 x (d)	2010 Years (f)	2010 Depreciation Expense (g) = (e) / (f)
	Transmission Plant							
1815	1815 - Transformer Station Equipment	0.00	0.00	0.00	0.00	0.00	0	
	Sub-Total	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Distribution Plant							
1805	1805 - Land	0.00	0.00	0.00	0.00	0.00		
1806	1806 - Land Rights	0.00	0.00	0.00	0.00	0.00		
1810	1810 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00		
1820	1820 - Distribution Station Equipment	0.00	0.00	0.00	0.00	0.00		
1825	1825 - Storage Battery Equipment	0.00	0.00	0.00	0.00	0.00		
1830	1830 - Poles, Towers and Fixtures	32,597.07	0.00	32,597.07	10,000.00	37,597.07	25.00	1503.88
1835	1835 - Overhead Conductors and Devices	1,581,979.64	688,281.46	893,698.18	18,500.00	902,948.18	25.00	36117.93
1840	1840 - Underground Conduit	5,873.01	0.00	5,873.01	0.00	5,873.01	25.00	234.92
1845	1845 - Underground Conductors and Devices	423,390.16	69,339.75	354,050.41	13,300.00	360,700.41	25.00	14428.02
1850	1850 - Line Transformers	544,949.62	299,334.76	245,614.86	16,500.00	253,864.86	25.00	10154.59
1970	1970 - Load Management Controls - Customer Premises	0.00	0.00	0.00	0.00	0.00		
1975	1975 - Load Management Controls - Utility Premises	0.00	0.00	0.00	0.00	0.00		
1980	1980 - System Supervisory Equipment	0.00	0.00	0.00	0.00	0.00		
1995	1995 - Contributions and Grants	0.00	0.00	0.00	0.00	0.00		
1996	1996 - Hydro One S/S Contribution	0.00	0.00	0.00	0.00	0.00		
	Sub-Total	2,588,789.50	1,056,955.97	1,531,833.53	58,300.00	1,560,983.53	125.00	62439.34
	General Plant							
1610	1610 - Miscellaneous Intangible Plant	0.00	0.00	0.00	0.00	0.00	0.00	
1808	1808 - Buildings and Fixtures	0.00	0.00	0.00	0.00	0.00		
1905	1905 - Land	7,600.00	0.00	7,600.00	0.00	7,600.00		
1906	1906 - Land Rights	4,232.00	2,432.00	1,800.00	0.00	1,800.00	10.00	180.00
1908	1908 - Buildings and Fixtures	214,579.03	0.00	214,579.03	0.00	214,579.03	50.00	4291.58
1910	1910 - Leasehold Improvements	0.00	0.00	0.00	0.00	0.00		
1915	1915 - Office Furniture and Equipment	48,128.45	13,424.32	34,704.13	25,000.00	47,204.13	10.00	4720.41
1920	1920 - Computer Equipment - Hardware	93,678.45	78,344.89	15,333.56	0.00	15,333.56	5.00	3066.71
1921	1921 - Hardware post Mar 22/04 + Hardware post Mar 19/07	0.00	0.00	0.00	10,000.00	5,000.00	5.00	1000.00
1925	1925 - Computer Software	115,957.33	54,982.26	60,975.07	25,000.00	73,475.07	5.00	14695.01
1930	1930 - Transportation Equipment	486,434.62	441,136.22	45,298.40	12,500.00	51,548.40	5.00	10309.68
1935	1935 - Stores Equipment	1,854.52	0.00	1,854.52	0.00	1,854.52	10.00	185.45
1940	1940 - Tools, Shop and Garage Equipment	96,771.00	82,807.94	13,963.06	2,000.00	14,963.06	10.00	1496.31
1945	1945 - Measurement and Testing Equipment	0.00	0.00	0.00	0.00	0.00		
1950	1950 - Power Operated Equipment	0.00	0.00	0.00	0.00	0.00		
1955	1955 - Communication Equipment	3,546.04	0.00	3,546.04	0.00	3,546.04	10.00	354.60
1960	1960 - Miscellaneous Equipment	0.00	0.00	0.00	0.00	0.00		
	Sub-Total	1,072,781.44	673,127.63	399,653.81	74,500.00	436,903.81	120.00	40299.76
	Other Plant							
1855	1855 - Services	9,765.96	0.00	9,765.96	1,000.00	10,265.96	25.00	410.64
1861	1861 - Smart Meters	437,189.97	0.00	437,189.97	114,896.00	494,637.97	15.00	32975.86
1860	1860 - Meters	132,180.02	42,361.25	89,818.77	0.00	89,818.77	25.00	3592.75
1990	1990 - Other Tangible Property	0.00	0.00	0.00	0.00	0.00	0.00	
	Sub-Total	368,387.98	42,361.25	99,584.73	1,000.00	594,722.70	65.00	36979.25
	TOTAL	4,029,958.92	1,772,444.85	2,031,072.07	133,800.00	2,592,610.04	310.00	139,718.36

NOTE: Accounts 1806, 1610 and 1990 are not included in the table. However, since their closing balance costs in the trial balance are zero, they are not included in the table.

Appendix E

Net Capital Asset Balances

Hearst Power Distribution Company Limited (ED-1999-0292)

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

B3 Net Capital Asset Balances

Review projected capital asset account balances (no input on this sheet)

Account Description	2006 EDR Approved - Ending Balances			2006 Actual - Ending Balances		
	Gross Assets	Accumulated Amortization	Net Book Value	Gross Assets	Accumulated Amortization	Net Book Value
1830-Poles, Towers and Fixtures	13,007		13,007	26,712	-2,040	24,672
1835-Overhead Conductors and Devices	1,520,684	-1,027,689	492,995	1,567,230	-1,124,069	443,161
1840-Underground Conduit	3,087		3,087	4,385	-390	3,996
1845-Underground Conductors and Devices	414,573	-282,504	132,069	420,217	-317,227	102,990
1850-Line Transformers	508,705	-412,438	96,268	527,062	-434,497	92,565
1855-Services	5,461		5,461	8,822	-712	8,110
1860-Meters	320,900	-219,643	101,257	356,064	-244,450	111,615
1905-Land	7,600		7,600	7,600		7,600
1906-Land Rights	2,432	-1,396	1,036	4,232	-2,409	1,823
1908-Buildings and Fixtures	185,770	-60,058	125,712	201,570	-70,058	131,512
1915-Office Furniture and Equipment	30,471	-18,232	12,239	42,163	-24,682	17,481
1920-Computer Equipment - Hardware	77,301	-66,330	10,971	79,522	-79,691	-169
1925-Computer Software	49,669	-23,730	25,939	54,982	-50,956	4,026
1930-Transportation Equipment	441,136	-435,250	5,886	441,136	-449,517	-8,381
1935-Stores Equipment	1,855	-1,855	0	1,855	-2,318	-464
1940-Tools, Shop and Garage Equipment	83,808	-72,898	10,910	90,920	-80,993	9,927
1955-Communication Equipment				3,546	-532	3,014
TOTAL	3,666,459	-2,622,024	1,044,436	3,838,017	-2,884,540	953,478

Hearst Power Distribution Company

2010 EDR Application (EB-2009-0266) version: 1

September 15, 2010

B3 Net Capital Asset Balances*Review projected capital asset account balances*

Account Description	2007 Actual - Ending Balances			2008 Actual - Ending Balances		
	Gross Assets	Accumulated Amortization	Net Book Value	Gross Assets	Accumulated Amortization	Net Book Value
1830-Poles, Towers and Fixtures	28,003	-3,134	24,869	30,628	-4,307	26,321
1835-Overhead Conductors and Devices	1,569,727	-1,161,601	408,126	1,579,625	-1,199,382	380,243
1840-Underground Conduit	5,158	-580	4,578	5,873	-801	5,072
1845-Underground Conductors and Devices	420,217	-331,262	88,955	423,390	-345,361	78,029
1850-Line Transformers	538,186	-443,829	94,357	542,572	-453,470	89,101
1855-Services	9,562	-1,080	8,482	9,766	-1,466	8,300
1860-Meters	357,564	-253,343	104,221	358,622	-262,287	96,335
1905-Land	7,600		7,600	7,600		7,600
1906-Land Rights	4,232	-2,832	1,400	4,232	-3,255	977
1908-Buildings and Fixtures	201,570	-74,089	127,481	201,570	-78,120	123,450
1915-Office Furniture and Equipment	42,163	-27,556	14,607	42,163	-30,430	11,733
1920-Computer Equipment - Hardware	79,522	-81,229	-1,707	93,678	-83,089	10,590
1925-Computer Software	54,982	-59,153	-4,171	115,957	-66,313	49,644
1930-Transportation Equipment	471,963	-452,600	19,363	486,435	-460,212	26,223
1935-Stores Equipment	1,855	-2,504	-649	1,855	-2,689	-835
1940-Tools, Shop and Garage Equipment	93,949	-83,682	10,267	96,771	-85,363	11,408
1955-Communication Equipment	3,546	-887	2,660	3,546	-1,241	2,306
TOTAL	3,889,798	-2,979,359	910,438	4,004,282	-3,077,785	926,497

Hearst Power Distribution Company

2010 EDR Application (EB-2009-0266) version: 1

September 15, 2010

B3 Net Capital Asset Balances*Review projected capital asset account balances*

Amounts from sheets B1 and B2

Account Description	2009 Projection - Ending Balances			2010 Projection - Ending Balances		
	Gross Assets	Accumulated Amortization	Net Book Value	Gross Assets	Accumulated Amortization	Net Book Value
1830-Poles, Towers and Fixtures	32,597	-5,571	27,026	42,597	-7,075	35,522
1835-Overhead Conductors and Devices	1,581,980	-1,236,845	345,135	1,600,480	-1,272,963	327,517
1840-Underground Conduit	5,873	-1,036	4,837	5,873	-1,271	4,602
1845-Underground Conductors and Devices	423,390	-359,523	63,867	436,690	-373,951	62,739
1850-Line Transformers	544,950	-463,247	81,702	561,450	-473,402	88,048
1855-Services	9,766	-1,857	7,909	10,766	-2,267	8,499
1860-Meters	575,564	-99,291	476,272	575,564	-135,860	439,704
1905-Land	7,600		7,600	122,496		122,496
1906-Land Rights	4,232	-3,678	554	4,232	-3,858	374
1908-Buildings and Fixtures	214,579	-82,282	132,297	214,579	-86,573	128,006
1915-Office Furniture and Equipment	48,128	-33,602	14,526	73,128	-38,322	34,805
1920-Computer Equipment - Hardware	93,678	-86,365	7,314	103,678	-90,431	13,247
1925-Computer Software	115,957	-78,508	37,449	140,957	-93,203	47,754
1930-Transportation Equipment	486,435	-469,272	17,163	498,935	-479,581	19,353
1935-Stores Equipment	1,855	-2,875	-1,020	1,855	-3,060	-1,205
1940-Tools, Shop and Garage Equipment	96,771	-86,759	10,012	98,771	-88,256	10,515
1955-Communication Equipment	3,546	-1,595	1,952	3,546	-1,949	1,597
TOTAL	4,246,900	-3,012,305	1,234,595	4,495,596	-3,152,023	1,343,572

Appendix F

Continuity Statement

Capital Continuity Statment

	2006 EDR Approved	Variance to 2006 Actual			2006 Balance
		Additions	Ret./Other	Amortization	
1830-Poles, Towers and Fixtures					
Gross Assets	13,007	12,903	801		26,712
Accumulated Amortization				-2,040	-2,040
Net Book Value	13,007	12,903	801	-2,040	24,672
1835-Overhead Conductors and Devices					
Gross Assets	1,520,684	45,103	1,443		1,567,230
Accumulated Amortization	-1,027,689			-96,380	-1,124,069
Net Book Value	492,995	45,103	1,443	-96,380	443,161
1840-Underground Conduit					
Gross Assets	3,087	310	988		4,385
Accumulated Amortization				-390	-390
Net Book Value	3,087	310	988	-390	3,996
1845-Underground Conductors and Devices					
Gross Assets	414,573	5,644	0		420,217
Accumulated Amortization	-282,504			-34,723	-317,227
Net Book Value	132,069	5,644	0	-34,723	102,990
1850-Line Transformers					
Gross Assets	508,705	15,635	2,722		527,062
Accumulated Amortization	-412,438			-22,060	-434,497
Net Book Value	96,268	15,635	2,722	-22,060	92,565
1855-Services					
Gross Assets	5,461	3,361			8,822
Accumulated Amortization				-712	-712
Net Book Value	5,461	3,361		-712	8,110
1860-Meters					
Gross Assets	320,900	34,436	729		356,064
Accumulated Amortization	-219,643			-24,807	-244,450
Net Book Value	101,257	34,436	729	-24,807	111,615
1905-Land					
Gross Assets	7,600				7,600

Capital Continuity Statment

	2006 EDR Approved	Variance to 2006 Actual			2006 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization					
Net Book Value	7,600				7,600
1906-Land Rights					
Gross Assets	2,432	900	900		4,232
Accumulated Amortization	-1,396			-1,013	-2,409
Net Book Value	1,036	900	900	-1,013	1,823
1908-Buildings and Fixtures					
Gross Assets	185,770	7,900	7,900		201,570
Accumulated Amortization	-60,058			-10,000	-70,058
Net Book Value	125,712	7,900	7,900	-10,000	131,512
1915-Office Furniture and Equipment					
Gross Assets	30,471	10,242	1,449		42,163
Accumulated Amortization	-18,232			-6,450	-24,682
Net Book Value	12,239	10,242	1,449	-6,450	17,481
1920-Computer Equipment - Hardware					
Gross Assets	77,301	2,220	0		79,522
Accumulated Amortization	-66,330			-13,361	-79,691
Net Book Value	10,971	2,220	0	-13,361	-169
1925-Computer Software					
Gross Assets	49,669	2,657	2,657		54,982
Accumulated Amortization	-23,730		-334	-27,225	-51,290
Net Book Value	25,939	2,657	2,323	-27,225	3,692
1930-Transportation Equipment					
Gross Assets	441,136		0		441,136
Accumulated Amortization	-435,250			-14,267	-449,517
Net Book Value	5,886		0	-14,267	-8,381
1935-Stores Equipment					
Gross Assets	1,855		-0		1,855
Accumulated Amortization	-1,855			-464	-2,318
Net Book Value	0		-0	-464	-464

Capital Continuity Statment

	2006 EDR Approved	Variance to 2006 Actual			2006 Balance
		Additions	Ret./Other	Amortization	
1940-Tools, Shop and Garage Equipment					
Gross Assets	83,808	3,556	3,556		90,920
Accumulated Amortization	-72,898			-8,095	-80,993
Net Book Value	10,910	3,556	3,556	-8,095	9,927
1955-Communication Equipment					
Gross Assets		3,546			3,546
Accumulated Amortization				-532	-532
Net Book Value		3,546		-532	3,014
TOTAL					
Gross Assets	3,666,459	148,414	23,144		3,838,017
Accumulated Amortization	-2,622,024		-334	-262,516	-2,884,874
Net Book Value	1,044,436	148,414	22,810	-262,516	953,144

Capital Continuity Statment

	2006 Balance	2007 Changes			2007 Balance
		Additions	Ret./Other	Amortization	
1830-Poles, Towers and Fixtures					
Gross Assets	26,712	1,291	0		28,003
Accumulated Amortization	-2,040			-1,094	-3,134
Net Book Value	24,672	1,291	0	-1,094	24,869
1835-Overhead Conductors and Devices					
Gross Assets	1,567,230	2,497	0		1,569,727
Accumulated Amortization	-1,124,069			-37,532	-1,161,601
Net Book Value	443,161	2,497	0	-37,532	408,126
1840-Underground Conduit					
Gross Assets	4,385	773			5,158
Accumulated Amortization	-390			-191	-580
Net Book Value	3,996	773		-191	4,578
1845-Underground Conductors and Devices					
Gross Assets	420,217				420,217
Accumulated Amortization	-317,227			-14,035	-331,262
Net Book Value	102,990			-14,035	88,955
1850-Line Transformers					
Gross Assets	527,062	11,124	-0		538,186
Accumulated Amortization	-434,497			-9,332	-443,829
Net Book Value	92,565	11,124	-0	-9,332	94,357
1855-Services					
Gross Assets	8,822	740			9,562
Accumulated Amortization	-712			-368	-1,080
Net Book Value	8,110	740		-368	8,482
1860-Meters					
Gross Assets	356,064	1,499	0		357,564
Accumulated Amortization	-244,450			-8,893	-253,343
Net Book Value	111,615	1,499	0	-8,893	104,221
1905-Land					
Gross Assets	7,600				7,600

Capital Continuity Statment

	2006 Balance	2007 Changes			2007 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization					
Net Book Value	7,600				7,600
1906-Land Rights					
Gross Assets	4,232				4,232
Accumulated Amortization	-2,409			-423	-2,832
Net Book Value	1,823			-423	1,400
1908-Buildings and Fixtures					
Gross Assets	201,570				201,570
Accumulated Amortization	-70,058			-4,031	-74,089
Net Book Value	131,512			-4,031	127,481
1915-Office Furniture and Equipment					
Gross Assets	42,163				42,163
Accumulated Amortization	-24,682			-2,874	-27,556
Net Book Value	17,481			-2,874	14,607
1920-Computer Equipment - Hardware					
Gross Assets	79,522				79,522
Accumulated Amortization	-79,691			-1,538	-81,229
Net Book Value	-169			-1,538	-1,707
1925-Computer Software					
Gross Assets	54,982				54,982
Accumulated Amortization	-51,290			-8,197	-59,487
Net Book Value	3,692			-8,197	-4,505
1930-Transportation Equipment					
Gross Assets	441,136	30,826			471,963
Accumulated Amortization	-449,517			-3,083	-452,600
Net Book Value	-8,381	30,826		-3,083	19,363
1935-Stores Equipment					
Gross Assets	1,855				1,855
Accumulated Amortization	-2,318			-185	-2,504
Net Book Value	-464			-185	-649

Capital Continuity Statment

	2006 Balance	2007 Changes			2007 Balance
		Additions	Ret./Other	Amortization	
1940-Tools, Shop and Garage Equipment					
Gross Assets	90,920	3,029			93,949
Accumulated Amortization	-80,993			-2,689	-83,682
Net Book Value	9,927	3,029		-2,689	10,267
1955-Communication Equipment					
Gross Assets	3,546				3,546
Accumulated Amortization	-532			-355	-887
Net Book Value	3,014			-355	2,660
TOTAL					
Gross Assets	3,838,017	51,780	0		3,889,798
Accumulated Amortization	-2,884,874			-94,819	-2,979,693
Net Book Value	953,144	51,780	0	-94,819	910,104

Capital Continuity Statment

	2007 Balance	2008 Changes			2008 Balance
		Additions	Ret./Other	Amortization	
1830-Poles, Towers and Fixtures					
Gross Assets	28,003	2,625			30,628
Accumulated Amortization	-3,134			-1,173	-4,307
Net Book Value	24,869	2,625		-1,173	26,321
1835-Overhead Conductors and Devices					
Gross Assets	1,569,727	9,898			1,579,625
Accumulated Amortization	-1,161,601			-37,780	-1,199,382
Net Book Value	408,126	9,898		-37,780	380,243
1840-Underground Conduit					
Gross Assets	5,158	715			5,873
Accumulated Amortization	-580			-221	-801
Net Book Value	4,578	715		-221	5,072
1845-Underground Conductors and Devices					
Gross Assets	420,217	3,173	-0		423,390
Accumulated Amortization	-331,262			-14,099	-345,361
Net Book Value	88,955	3,173	-0	-14,099	78,029
1850-Line Transformers					
Gross Assets	538,186	4,386	0		542,572
Accumulated Amortization	-443,829			-9,642	-453,470
Net Book Value	94,357	4,386	0	-9,642	89,101
1855-Services					
Gross Assets	9,562	204	-0		9,766
Accumulated Amortization	-1,080			-387	-1,466
Net Book Value	8,482	204	-0	-387	8,300
1860-Meters					
Gross Assets	357,564	1,058	0		358,622
Accumulated Amortization	-253,343			-8,944	-262,287
Net Book Value	104,221	1,058	0	-8,944	96,335
1905-Land					
Gross Assets	7,600				7,600

Capital Continuity Statment

	2007 Balance	2008 Changes			2008 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization					
Net Book Value	7,600				7,600
1906-Land Rights					
Gross Assets	4,232				4,232
Accumulated Amortization	-2,832			-423	-3,255
Net Book Value	1,400			-423	977
1908-Buildings and Fixtures					
Gross Assets	201,570				201,570
Accumulated Amortization	-74,089			-4,031	-78,120
Net Book Value	127,481			-4,031	123,450
1915-Office Furniture and Equipment					
Gross Assets	42,163				42,163
Accumulated Amortization	-27,556			-2,874	-30,430
Net Book Value	14,607			-2,874	11,733
1920-Computer Equipment - Hardware					
Gross Assets	79,522	14,157			93,678
Accumulated Amortization	-81,229			-1,860	-83,089
Net Book Value	-1,707	14,157		-1,860	10,590
1925-Computer Software					
Gross Assets	54,982	60,975	0		115,957
Accumulated Amortization	-59,487			-7,160	-66,647
Net Book Value	-4,505	60,975	0	-7,160	49,310
1930-Transportation Equipment					
Gross Assets	471,963	14,472			486,435
Accumulated Amortization	-452,600			-7,612	-460,212
Net Book Value	19,363	14,472		-7,612	26,223
1935-Stores Equipment					
Gross Assets	1,855				1,855
Accumulated Amortization	-2,504			-185	-2,689
Net Book Value	-649			-185	-835

Capital Continuity Statment

	2007 Balance	2008 Changes			2008 Balance
		Additions	Ret./Other	Amortization	
1940-Tools, Shop and Garage Equipment					
Gross Assets	93,949	2,822			96,771
Accumulated Amortization	-83,682			-1,681	-85,363
Net Book Value	10,267	2,822		-1,681	11,408
1955-Communication Equipment					
Gross Assets	3,546				3,546
Accumulated Amortization	-887			-354	-1,241
Net Book Value	2,660			-354	2,306
TOTAL					
Gross Assets	3,889,798	114,484	0		4,004,282
Accumulated Amortization	-2,979,693			-98,426	-3,078,119
Net Book Value	910,104	114,484	0	-98,426	926,163

Capital Continuity Statment

	2008 Balance	2009 Changes			2009 Balance
		Additions	Ret./Other	Amortization	
1830-Poles, Towers and Fixtures					
Gross Assets	30,628	1,969			32,597
Accumulated Amortization	-4,307			-1,265	-5,571
Net Book Value	26,321	1,969		-1,265	27,026
1835-Overhead Conductors and Devices					
Gross Assets	1,579,625	2,355			1,581,980
Accumulated Amortization	-1,199,382			-37,463	-1,236,845
Net Book Value	380,243	2,355		-37,463	345,135
1840-Underground Conduit					
Gross Assets	5,873				5,873
Accumulated Amortization	-801			-235	-1,036
Net Book Value	5,072			-235	4,837
1845-Underground Conductors and Devices					
Gross Assets	423,390				423,390
Accumulated Amortization	-345,361			-14,162	-359,523
Net Book Value	78,029			-14,162	63,867
1850-Line Transformers					
Gross Assets	542,572	2,378			544,950
Accumulated Amortization	-453,470			-9,777	-463,247
Net Book Value	89,101	2,378		-9,777	81,702
1855-Services					
Gross Assets	9,766				9,766
Accumulated Amortization	-1,466			-391	-1,857
Net Book Value	8,300			-391	7,909
1860-Meters					
Gross Assets	358,622	443,384	-226,442		575,564
Accumulated Amortization	-262,287		181,161	-18,166	-99,291
Net Book Value	96,335	443,384	-45,281	-18,166	476,272
1905-Land					
Gross Assets	7,600				7,600

Capital Continuity Statment

	2008 Balance	2009 Changes			2009 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization					
Net Book Value	7,600				7,600
1906-Land Rights					
Gross Assets	4,232				4,232
Accumulated Amortization	-3,255			-423	-3,678
Net Book Value	977			-423	554
1908-Buildings and Fixtures					
Gross Assets	201,570	13,009			214,579
Accumulated Amortization	-78,120			-4,161	-82,282
Net Book Value	123,450	13,009		-4,161	132,297
1915-Office Furniture and Equipment					
Gross Assets	42,163	5,965			48,128
Accumulated Amortization	-30,430			-3,172	-33,602
Net Book Value	11,733	5,965		-3,172	14,526
1920-Computer Equipment - Hardware					
Gross Assets	93,678				93,678
Accumulated Amortization	-83,089			-3,276	-86,365
Net Book Value	10,590			-3,276	7,314
1925-Computer Software					
Gross Assets	115,957				115,957
Accumulated Amortization	-66,647			-12,195	-78,842
Net Book Value	49,310			-12,195	37,115
1930-Transportation Equipment					
Gross Assets	486,435				486,435
Accumulated Amortization	-460,212			-9,060	-469,272
Net Book Value	26,223			-9,060	17,163
1935-Stores Equipment					
Gross Assets	1,855				1,855
Accumulated Amortization	-2,689			-185	-2,875
Net Book Value	-835			-185	-1,020

Capital Continuity Statment

	2008 Balance	2009 Changes			2009 Balance
		Additions	Ret./Other	Amortization	
1940-Tools, Shop and Garage Equipment					
Gross Assets	96,771				96,771
Accumulated Amortization	-85,363			-1,396	-86,759
Net Book Value	11,408			-1,396	10,012
1955-Communication Equipment					
Gross Assets	3,546				3,546
Accumulated Amortization	-1,241			-354	-1,595
Net Book Value	2,306			-354	1,952
TOTAL					
Gross Assets	4,004,282	469,060	-226,442		4,246,900
Accumulated Amortization	-3,078,119		181,161	-115,681	-3,012,639
Net Book Value	926,163	469,060	-45,281	-115,681	1,234,261

Capital Continuity Statment

	2009 Balance	2010 Changes			2010 Balance
		Additions	Ret./Other	Amortization	
1830-Poles, Towers and Fixtures					
Gross Assets	32,597	10,000			42,597
Accumulated Amortization	-5,571			1,504	-4,067
Net Book Value	27,026	10,000		1,504	38,530
1835-Overhead Conductors and Devices					
Gross Assets	1,581,980	18,500			1,600,480
Accumulated Amortization	-1,236,845			36,118	-1,200,727
Net Book Value	345,135	18,500		36,118	399,752
1840-Underground Conduit					
Gross Assets	5,873				5,873
Accumulated Amortization	-1,036			235	-801
Net Book Value	4,837			235	5,072
1845-Underground Conductors and Devices					
Gross Assets	423,390	13,300			436,690
Accumulated Amortization	-359,523			14,428	-345,095
Net Book Value	63,867	13,300		14,428	91,595
1850-Line Transformers					
Gross Assets	544,950	16,500			561,450
Accumulated Amortization	-463,247			10,155	-453,093
Net Book Value	81,702	16,500		10,155	108,357
1855-Services					
Gross Assets	9,766	1,000			10,766
Accumulated Amortization	-1,857			411	-1,446
Net Book Value	7,909	1,000		411	9,320
1860-Meters					
Gross Assets	575,564				575,564
Accumulated Amortization	-99,291			36,569	-62,723
Net Book Value	476,272			36,569	512,841
1905-Land					
Gross Assets	7,600	114,896			122,496

Capital Continuity Statment

	2009 Balance	2010 Changes			2010 Balance
		Additions	Ret./Other	Amortization	
Accumulated Amortization					
Net Book Value	7,600	114,896			122,496
1906-Land Rights					
Gross Assets	4,232				4,232
Accumulated Amortization	-3,678			180	-3,498
Net Book Value	554			180	734
1908-Buildings and Fixtures					
Gross Assets	214,579				214,579
Accumulated Amortization	-82,282			4,292	-77,990
Net Book Value	132,297			4,292	136,589
1915-Office Furniture and Equipment					
Gross Assets	48,128	25,000			73,128
Accumulated Amortization	-33,602			4,720	-28,881
Net Book Value	14,526	25,000		4,720	44,246
1920-Computer Equipment - Hardware					
Gross Assets	93,678	10,000			103,678
Accumulated Amortization	-86,365			4,067	-82,298
Net Book Value	7,314	10,000		4,067	21,381
1925-Computer Software					
Gross Assets	115,957	25,000			140,957
Accumulated Amortization	-78,842			14,695	-64,147
Net Book Value	37,115	25,000		14,695	76,810
1930-Transportation Equipment					
Gross Assets	486,435	12,500			498,935
Accumulated Amortization	-469,272			10,310	-458,962
Net Book Value	17,163	12,500		10,310	39,973
1935-Stores Equipment					
Gross Assets	1,855				1,855
Accumulated Amortization	-2,875			185	-2,689
Net Book Value	-1,020			185	-835

Capital Continuity Statment

	2009 Balance	2010 Changes			2010 Balance
		Additions	Ret./Other	Amortization	
1940-Tools, Shop and Garage Equipment					
Gross Assets	96,771	2,000			98,771
Accumulated Amortization	-86,759			1,496	-85,263
Net Book Value	10,012	2,000		1,496	13,508
1955-Communication Equipment					
Gross Assets	3,546				3,546
Accumulated Amortization	-1,595			355	-1,240
Net Book Value	1,952			355	2,306
TOTAL					
Gross Assets	4,246,900	248,696			4,495,596
Accumulated Amortization	-3,012,639			139,718	-2,872,921
Net Book Value	1,234,261	248,696		139,718	1,622,675

Appendix G

Pass-Through Charges

C2 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Electricity (Commodity)	Customer Class Name	Revenue USA #	Expense USA #	2009	rate (\$/kWh):	\$0.06666	2010	rate (\$/kWh):	\$0.06666
				Volume		Amount	Volume		Amount
kWh	Residential	4006	4705	28,079,907		1,871,807	28,419,783		1,894,463
kWh	GS-50kW	4006	4705	12,869,209		857,861	13,553,590		903,482
kWh	GS-50kW	4035	4705	19,049,019		1,269,808	23,771,877		1,584,633
kWh	Intermediate Users	4035	4705	21,134,016		1,408,794	55,387,669		3,692,142
kWh	Sentinel Lights	4006	4705	28,045		1,870	33,324		2,221
kWh	Street Lights	4025	4705	1,052,508		70,160	953,974		63,592
TOTAL				82,212,705		5,480,299	122,120,217		8,140,534
Transmission - Network	Customer Class Name	Revenue USA #	Expense USA #	2009		Amount	2010		Amount
				Volume	Rate		Volume	Rate	Amount
kWh	Residential	4066	4714	28,079,907	\$0.0044	123,552	28,419,783	\$0.0051	144,941
kWh	GS-50kW	4066	4714	12,869,209	\$0.0040	51,477	13,553,590	\$0.0047	63,702
kW	GS-50kW	4066	4714	50,671	\$1.6512	83,668	63,373	\$1.9321	122,443
kW	Intermediate Users	4066	4714	65,898	\$1.8467	121,694	114,518	\$2.1609	247,462
kW	Sentinel Lights	4066	4714	77	\$1.2516	96	87	\$1.4645	127
kW	Street Lights	4066	4714	3,073	\$1.2452	3,826	2,531	\$1.4571	3,688
TOTAL				41,068,835		384,313	42,153,882		582,363
Transmission - Connection	Customer Class Name	Revenue USA #	Expense USA #	2009		Amount	2010		Amount
				Volume	Rate		Volume	Rate	Amount
kWh	Residential	4068	4716	28,079,907	\$0.0050	140,400	28,419,783	\$0.0045	127,889
kWh	GS-50kW	4068	4716	12,869,209	\$0.0045	57,911	13,553,590	\$0.0041	55,570
kW	GS-50kW	4068	4716	50,671	\$1.7837	90,382	63,373	\$1.6142	102,297
kW	Intermediate Users	4068	4716	65,898	\$2.1038	138,636	114,518	\$1.9038	218,019
kW	Sentinel Lights	4068	4716	77	\$1.4077	108	87	\$1.2739	111
kW	Street Lights	4068	4716	3,073	\$1.3790	4,238	2,531	\$1.2479	3,158
TOTAL				41,068,835		431,675	42,153,882		507,044
Wholesale Market Service	Customer Class Name	Revenue USA #	Expense USA #	2009	rate (\$/kWh):	\$0.00520	2010	rate (\$/kWh):	\$0.00520
				Volume		Amount	Volume		Amount
kWh	Residential	4062	4708	28,079,907		146,016	28,419,783		147,783
kWh	GS-50kW	4062	4708	12,869,209		66,920	13,553,590		70,479
kWh	GS-50kW	4062	4708	19,049,019		99,055	23,771,877		123,614
kWh	Intermediate Users	4062	4708	21,134,016		109,897	55,387,669		288,016
kWh	Sentinel Lights	4062	4708	28,045		146	33,324		173
kWh	Street Lights	4062	4708	1,052,508		5,473	953,974		4,961
TOTAL				82,212,705		427,506	122,120,217		635,025
Rural Rate Protection	Customer Class Name	Revenue USA #	Expense USA #	2009	rate (\$/kWh):	\$0.00130	2010	rate (\$/kWh):	\$0.00130
				Volume		Amount	Volume		Amount
kWh	Residential	4062	4730	28,079,907		36,504	28,419,783		36,946
kWh	GS-50kW	4062	4730	12,869,209		16,730	13,553,590		17,620
kWh	GS-50kW	4062	4730	19,049,019		24,764	23,771,877		30,903
kWh	Intermediate Users	4062	4730	21,134,016		27,474	55,387,669		72,004
kWh	Sentinel Lights	4062	4730	28,045		36	33,324		43
kWh	Street Lights	4062	4730	1,052,508		1,368	953,974		1,240
TOTAL				82,212,705		106,877	122,120,217		158,756
Debt Retirement Charge	Customer Class Name	Revenue USA #	Expense USA #	2009	rate (\$/kWh):	\$0.00610	2010	rate (\$/kWh):	\$0.00610
				Volume		Amount	Volume		Amount
TOTAL									
Low Voltage Charges	Customer Class Name	Revenue USA #	Expense USA #	2009		Amount	2010		Amount
				Volume		Amount	Volume		Amount
TOTAL (Input amount)		4075	4750		76,944	76,944		77,713	77,713
GRAND TOTAL						6,907,614			10,101,435

Appendix H

Capital Additions

Capital Projects

Enter planned capital expenditures and asset retirements

		2004	2005	2006	2007	2008	2009	2010
Gross Capital Asset Account	2006 EDR Approved	Additions	Additions	Additions	Additions	Additions	Additions	Additions
1830-Poles, Towers and Fixtures	13,007	1,602	8,823	3,280	1,291	2,625	1,969	10,000
1835-Overhead Conductors and Devices	1,520,684	2,885	32,507	11,153	2,497	9,898	2,355	18,500
1840-Underground Conduit	3,087	1,976		1,406	773	715		
1845-Underground Conductors and Devices	414,573			3,471		3,173		13,300
1850-Line Transformers	508,705	5,443	9,359	3,555	11,124	4,386	2,378	16,500
1855-Services	5,461		2,464	897	740	204		1,000
1860-Meters	320,900	1,458	702	33,044	1,499	1,058	443,384	
1905-Land	7,600							114,896
1906-Land Rights	2,432	1,800						
1908-Buildings and Fixtures	185,770	15,800					13,009	
1915-Office Furniture and Equipment	30,471	2,897	8,794				5,965	25,000
1920-Computer Equipment - Hardware	77,301		1,044	1,176		14,157		10,000
1925-Computer Software	49,669	5,313				60,975		25,000
1930-Transportation Equipment	441,136				30,826	14,472		12,500
1935-Stores Equipment	1,855							
1940-Tools, Shop and Garage Equipment	83,808	7,112			3,546	2,822		2,000
1955-Communication Equipment	0		3,546					
TOTAL	3,666,459	46,286	67,239	57,982	52,297	114,484	469,060	248,696

Appendix K

Customer Data

<u>CLASS</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>ACTUAL</u> <u>2005</u>	<u>EDR 2006</u> <u>for 2006</u>	<u>ACTUAL</u> <u>2006</u>	<u>ACTUAL 2006</u>	<u>Actual 2007</u>	<u>Actual 2008</u>	<u>ACTUAL TO</u> <u>JUNE 30 2009</u>	<u>BALANCE</u> <u>2009</u>	<u>2009 TOTAL</u>
RESIDENTIAL	2,303	2,326	2,340	2,342	2,340	2,318	2,318	2,316	2,318			2320
kW												
kW.h	27,598,086	26,795,270	27,422,132	26,899,810	27,473,386	25,897,339	25,897,339	27,069,577	26,596,195	16,356,011	10,363,855	26,719,866
kW.h per Customer	11,984	11,520	11,719	11,486	11,741	11,172	11,172	11,688	11,474			11,517
GS <50 kW	392	394	395	396	395	399	399	391	391			391
kW												
kW.h	12,005,267	13,014,192	13,015,614	13,067,330	12,719,994	12,993,046	12,993,046	12,370,240	12,592,670	7,173,007	5,072,886	12,245,893
kW.h per Customer	30,626	33,031	32,951	32,998	32,203	32,564	32,564	31,637	32,206			31,319
GS >50 kW	38	40	39	39	39	41	41	41	41			39
kW	59,974	61,098	61,751	59,893	60,958	55,083	55,083	57,195	56,061	26,277	24,394	50,671
kW.h	21,776,077	20,053,554	22,041,572	20,810,683	21,314,306	19,484,942	19,484,942	21,523,842	20,680,870	9,700,283	8,426,103	18,126,386
kW.h per Customer	573,055	501,339	565,169	533,607	546,521	475,242	475,242	524,972	504,411			464,779
Intermediate Users	3	3	3	3	3	3	3	3	3			3
kW	113,258	99,687	111,175	112,529	108,040	115,268	115,268	109,115	70,701	32,502	33,396	65,898
kW.h	46,713,225	45,026,251	51,166,260	50,416,143	47,635,245	53,977,594	53,977,594	44,939,095	24,123,994	10,687,416	9,422,981	20,110,397
kW.h per Customer	15,571,075	15,008,750	17,055,420	16,805,381	15,878,415	17,992,531	17,992,531	14,979,698	8,041,331			6,703,466
Sent Lights	47	48	48	46	48	46	46	39	38			23
kW	184	181	176	169	182	168	168	151	121	56	21	77
kW.h	63,674	65,621	63,893	60,548	64,848	60,823	60,823	54,603	42,445	14,159	12,528	26,687
kW.h per Customer	1,355	1,367	1,331	1,316	1,351	1,322	1,322	1,400	1,117			1,160
Street lights	889	889	900	903	900	907	907	914	916			915
kW		3,076	3,078	3,038	3,072	3,036	3,036	3,056	3,069	1,536	1,537	3,073
kW.h	1,088,697	1,105,542	1,103,749	1,085,954	1,108,379	1,091,309	1,091,309	1,097,289	1,159,799	539,423	462,107	1,001,530
kW.h per Customer	1,225	1,244	1,226	1,203	1,232	1,203	1,203	1,201	1,266			1,095

Appendix L

Billing VS Total Usage Ratios

STATS AND REVENUES		2004	2005	2006	2007	2008	2009
Residential	No. Customers	28,065	28,184	30,340	25,594	27,914	27,979
	Energy kW.h (Delivered - distribution)						
		28,618,933	27,290,954	25,897,339	27,069,577	26,596,195	23,135,032
	Energy kW.h (Purchased - Wholesale commodity)						
General Service Less Than 50 kW	No. Customers						
		4,721	4,736	5,209	4,379	4,670	4,708
	Energy kW.h (Delivered - distribution)						
		13,223,905	13,067,330	12,993,046	12,370,240	12,592,670	10,682,122
General Service 50 to 2,999 kW	No. Customers						
		488	463	523	450	478	476
	Demand kW	62,369	59,935	55,083	57,195	56,061	45,455
	Energy kW.h (Delivered - distribution)						
General Service 3,000 to 4999 kW	No. Customers						
		488	463	523	450	478	476
	Demand kW	62,369	59,935	55,083	57,195	56,061	45,455
	Energy kW.h (Delivered - distribution)						
Sentinel Lighting	No. Connections						
		576	552	597	469	458	146
	Demand kW	175	169	168	151	132	66
	Energy kW.h (Delivered - distribution)						
Street Lighting	No. Connections						
		10,756	10,821	11,745	10,015	10,988	10,993
	Demand kW	-2	3,036	3,036	3,056	3,069	2,817
	Energy kW.h (Delivered - distribution)						
Billing before losses	(kWh)						
		114,477,154	112,917,026	113,505,053	107,054,646	85,198,798	68,947,991
	(kW)	173,479	175,670	173,555	169,518	129,963	108,068
Power Purchased	(kWh)						
		117,625,717	116,962,701	118,273,801	111,111,959	88,846,118	67,221,510
	(kW)	218,219	217,324	214,431	220,499	176,637	132,592
		2.68%	3.46%	4.03%	3.65%	4.11%	-2.57%
		20.50%	19.17%	19.06%	23.12%	26.42%	18.50%

Appendix M

Hydro One Data

DATA SUMMARY

RUN # 1 and 'RUN # 2		Rate classes		Weather station used for normalization		Test Year										
		1 Residential class		North Bay		2004										
		2 Streetlights														
		3 Sentinelights														
		4 General service >50kW														
		5 General service <50kW														
		6 Intermediate														
Monthly kWh by class (with actual weather)				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1 Residential class				3,754,749	2,727,866	2,358,962	2,166,392	1,905,828	1,593,380	1,599,552	1,593,351	1,582,450	1,991,761	2,384,693	3,732,021	27,391,007
2 Streetlights				125,270	106,373	100,747	79,803	70,356	61,353	67,633	79,021	90,278	108,590	118,405	117,505	1,125,333
3 Sentinelights				7,387	6,273	5,941	4,702	4,146	3,615	3,984	4,635	5,296	6,370	6,940	6,888	66,177
4 General service >50kW				2,491,539	2,194,842	2,278,233	1,950,481	1,803,087	1,722,155	1,595,400	1,645,066	1,716,972	1,816,229	1,813,885	2,206,348	23,234,237
5 General service <50kW				1,526,794	1,223,166	1,211,407	1,017,377	940,608	860,588	869,932	875,492	863,032	995,188	1,110,975	1,578,114	13,072,672
6 Intermediate				4,782,635	4,686,472	4,944,033	4,605,871	4,678,218	4,534,933	3,246,472	4,589,960	4,500,405	4,276,484	4,402,615	3,456,886	52,704,985
Monthly kWh by class (with normalized weather)				Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	TOTAL
1 Residential class				3,409,640	2,823,511	2,467,268	2,113,547	1,833,182	1,583,959	1,604,012	1,582,474	1,692,661	2,084,393	2,483,977	3,574,294	27,252,918
2 Streetlights				125,270	106,373	100,747	79,803	70,356	61,353	67,633	79,021	90,278	108,590	118,405	117,505	1,125,333
3 Sentinelights				7,387	6,273	5,941	4,702	4,146	3,615	3,984	4,635	5,296	6,370	6,940	6,888	66,177
4 General service >50kW				2,366,576	2,229,475	2,317,450	1,931,346	1,762,515	1,710,133	1,601,091	1,631,186	1,817,157	1,849,771	1,849,835	2,149,235	23,215,770
5 General service <50kW				1,414,244	1,254,358	1,246,728	1,000,143	916,270	857,125	871,571	871,494	901,706	1,025,397	1,143,354	1,526,674	13,029,066
6 Intermediate				4,782,635	4,686,472	4,944,033	4,605,871	4,678,218	4,534,933	3,246,472	4,589,960	4,500,405	4,276,484	4,402,615	3,456,886	52,704,985
Residential class information				Equipment saturation												
Electric space heating				32%												
Electric water heating				45%												
Air conditioning				13%												
Baseload				100%												
General service >50kW				2004 kWh (Actual)		2004 kWh (Weather Corrected)										
Weather sensitive load				13,131,547		13,113,080										
Non-weather sensitive load				10,102,690		10,102,690										
TOTAL				23,234,237		23,215,770										
Intermediate				2004 kWh (Actual)		2004 kWh (Weather Corrected)										
Weather sensitive load				0		0										
Non-weather sensitive load				52,704,985		52,704,985										
TOTAL				52,704,985		52,704,985										

Input to CA model

Feed into OEB Cost Allocation Model (version 50) sheet "I6 Customer Data", row 27							
ID		1	2	3	4	5	6
	Total	Residential	GS>50kW	Street Lighting	Sentinel Lighting	GS<50 kW	Intermediate Use
kWh - 30 year weather normalized amount	117,394,249	27,252,918	23,215,770	1,125,333	66,177	13,029,066	52,704,985

Feed into OEB Cost Allocation Model sheet (version 50) "I8 Demand Data", row 40, 45, 50, 55, 61 and 67								
Customer Classes			1	2	3	4	5	6
			Total	Residential	GS>50kW	Street Lighting	Sentinel Lighting	GS<50 kW
CO-INCIDENT PEAK (kW)								
1 CP								
Total Sytem CP	DCP1	20,666	5,602	4,190	88	5	1,996	8,784
4 CP								
Total Sytem CP	DCP4	77,906	20,278	14,950	414	24	7,884	34,357
12 CP								
Total Sytem CP	DCP12	207,861	45,435	39,616	679	40	19,540	102,551
NON CO_INCIDENT PEAK (kW)								
1 NCP								
Classification NCP from Load Data Provider	DNCP1	23,822	7,714	4,243	269	16	2,461	9,120
4 NCP								
Classification NCP from Load Data Provider	DNCP4	88,383	25,897	16,101	1,065	63	9,088	36,170
12 NCP								
Classification NCP from Load Data Provider	DNCP1 2	230,746	57,815	42,285	3,151	185	22,441	104,869

Appendix N

- 1) Other Service Revenue by Charge Type
- 2) Revenue Offsets

Hearst Power Distribution Company Limited (ED-1999-0292)

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

C8 Other Service Revenues*Enter volumes and rates for other distributor services*

Service	USA #	2006 EDR Approved			2006 Actual		
		Volume	Rate	Revenue	Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080		\$0.25		28,707	\$0.25	7,177
Returned Cheque charge (plus bank charges)	4235		\$15.00		21	\$15.00	315
Account set up charge / change of occupancy charge	4235		\$30.00		240	\$30.00	7,200
Special Meter reads	4235		\$30.00			\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found correct)	4235		\$30.00		1	\$30.00	30
Late Payment - per month	4225		1.50%			1.50%	5,734
Collection of account charge -- no disconnection	4225		\$30.00		225	\$30.00	6,750
Disconnect/Reconnect at meter -- during regular hours	4235		\$40.00		21	\$40.00	840
Specific Charge for Access to the Power Poles -- per pole/year	4210		\$22.35			\$22.35	
Retailer Service Agreement -- standard charge	1518				4	\$100.00	400
Retailer Service Agreement -- monthly fixed charge (per retailer)	1518				94	\$20.00	1,880
Retailer Service Agreement -- monthly variable charge (per customer)	1518				1,090	\$0.50	545
Distributor-Consolidated Billing -- monthly charge (per customer)	1518				1,210	\$0.30	363
Service Transaction Request -- request fee (per request)	1548				339	\$0.25	85
Service Transaction Request -- processing fee (per processed request)	1548				217	\$0.50	109
TOTAL							31,427

Hearst Power Distribution Company Limited (ED-

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

C8 Other Service Revenues*Enter volumes and rates for other distributor services*

Service	USA #	2007 Actual			2008 Actual		
		Volume	Rate	Revenue	Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	31,201	\$0.25	7,800	30,941	\$0.25	7,735
Returned Cheque charge (plus bank charges)	4235	26	\$15.00	390	16	\$15.00	240
Account set up charge / change of occupancy charge	4235	352	\$30.00	10,560	268	\$30.00	8,040
Special Meter reads	4235		\$30.00			\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found correct)	4235	1	\$30.00	30	1	\$30.00	30
Late Payment - per month	4225		1.50%	8,615		1.50%	6,714
Collection of account charge -- no disconnection	4225	298	\$30.00	8,940	304	\$30.00	9,120
Disconnect/Reconnect at meter -- during regular hours	4235	70	\$40.00	2,800	64	\$40.00	2,560
Specific Charge for Access to the Power Poles -- per pole/year	4210		\$22.35	26,530		\$22.35	17,744
Retailer Service Agreement -- standard charge	1518		\$100.00		2	\$100.00	200
Retailer Service Agreement -- monthly fixed charge (per retailer)	1518	108	\$20.00	2,160	120	\$20.00	2,400
Retailer Service Agreement -- monthly variable charge (per customer)	1518	2,340	\$0.50	1,170	2,443	\$0.50	1,222
Distributor-Consolidated Billing -- monthly charge (per customer)	1518	2,340	\$0.30	702	2,384	\$0.30	715
Service Transaction Request -- request fee (per request)	1548	188	\$0.25	47	116	\$0.25	29
Service Transaction Request -- processing fee (per processed request)	1548	110	\$0.50	55	62	\$0.50	31
TOTAL				69,799			56,780

Hearst Power Distribution Company Limited (ED-

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

C8 Other Service Revenues*Enter volumes and rates for other distributor services*

Service	USA #	2009 Projection			2010 Projection (existing rates)		
		Volume	Rate	Revenue	Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	30,899	\$0.25	7,725	31,056	\$0.25	7,764
Returned Cheque charge (plus bank charges)	4235	17	\$15.00	255	18	\$15.00	270
Account set up charge / change of occupancy charge	4235	243	\$30.00	7,290	230	\$30.00	6,900
Special Meter reads	4235	1	\$30.00	30		\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found correct)	4235		\$30.00			\$30.00	
Late Payment - per month	4225		1.50%	7,300		1.50%	7,300
Collection of account charge -- no disconnection	4225	302	\$30.00	9,060	194	\$30.00	5,820
Disconnect/Reconnect at meter -- during regular hours	4235	54	\$40.00	2,160	50	\$40.00	2,000
Specific Charge for Access to the Power Poles -- per pole/year	4210		\$22.35	15,619		\$22.35	15,853
Retailer Service Agreement -- standard charge	1518		\$100.00			\$100.00	
Retailer Service Agreement -- monthly fixed charge (per retailer)	1518	127	\$20.00	2,540	168	\$20.00	3,360
Retailer Service Agreement -- monthly variable charge (per customer)	1518	2,197	\$0.50	1,099	2,950	\$0.50	1,475
Distributor-Consolidated Billing -- monthly charge (per customer)	1518	2,283	\$0.30	685	2,937	\$0.30	881
Service Transaction Request -- request fee (per request)	1548	41	\$0.25	10	110	\$0.25	28
Service Transaction Request -- processing fee (per processed request)	1548	34	\$0.50	17	65	\$0.50	33
TOTAL				53,789			51,683

Hearst Power Distribution Company Limited (ED-**2010 EDR Application (EB-2009-0266) version: v2****September 15, 2010****C8 Other Service Revenues**

USA Account #s per sheet Y6

Enter volumes and rates for other distributor services

Service	USA #	2010 Projection (proposed rates)		
		Volume	Rate	Revenue
Standard Supply Service -- Administrative Charge	4080	31,056	\$0.25	7,764
Returned Cheque charge (plus bank charges)	4235	18	\$15.00	270
Account set up charge / change of occupancy charge	4235	230	\$30.00	6,900
Special Meter reads	4235		\$30.00	
Meter dispute charge plus Measurement Canada fees (if meter found correct)	4235		\$30.00	
Late Payment - per month	4225		1.50%	7,300
Collection of account charge -- no disconnection	4225	194	\$30.00	5,820
Disconnect/Reconnect at meter -- during regular hours	4235	50	\$40.00	2,000
Specific Charge for Access to the Power Poles -- per pole/year	4210		\$22.35	15,853
Retailer Service Agreement -- standard charge	1518		\$100.00	
Retailer Service Agreement -- monthly fixed charge (per retailer)	1518	168	\$20.00	3,360
Retailer Service Agreement -- monthly variable charge (per customer)	1518	2,950	\$0.50	1,475
Distributor-Consolidated Billing -- monthly charge (per customer)	1518	2,937	\$0.30	881
Service Transaction Request -- request fee (per request)	1548	110	\$0.25	28
Service Transaction Request -- processing fee (per processed request)	1548	65	\$0.50	33
TOTAL				51,683

Hearst Power Distribution Company Limited (ED-1999-0292)

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

C9 Revenue Offset Projections

Enter other amounts needed to complete projections

Account Grouping	Account Description	2009		
		Service Projection	Other (+ / -)	Total
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	7,725		7,725
	4210-Rent from Electric Property	15,619		15,619
	4225-Late Payment Charges	16,360		16,360
	4235-Miscellaneous Service Revenues	9,735	23,288	33,023
TOTAL		49,439	23,288	72,727

Hearst Power Distribution Company Limited (ED-1999-0

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

C9 Revenue Offset Projections

Enter other amounts needed to complete projections

Account Grouping	Account Description	2010 (existing rates)		
		Service Projection	Other (+ / -)	Total
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	7,764		7,764
	4210-Rent from Electric Property	15,853		15,853
	4225-Late Payment Charges	13,120		13,120
	4235-Miscellaneous Service Revenues	9,170		9,170
TOTAL		45,907		45,907

Hearst Power Distribution Company Limited (ED-1999-0

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

C9 Revenue Offset Projections

Enter other amounts needed to complete projections

Account Grouping	Account Description	2010 (proposed rates)		
		Service Projection	Other (+ / -)	Total
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	7,764		7,764
	4210-Rent from Electric Property	15,853		15,853
	4225-Late Payment Charges	13,120		13,120
	4235-Miscellaneous Service Revenues	9,170	23,000	32,170
TOTAL		45,907	23,000	68,907

Hearst Power Distribution Company Limited (ED-1999-0

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

C9 Revenue Offset Projections

Enter other amounts needed to complete projections

Service Projections from Sheet C8

Account Grouping	Account Description	Offset Input			2010 Offset Amount
		%	or	\$	
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	100%			7,764
	4210-Rent from Electric Property	100%			15,853
	4225-Late Payment Charges	100%			13,120
	4235-Miscellaneous Service Revenues	100%			32,170
TOTAL					68,907

Appendix O

- 1) OM&A Summary Table
- 2) Working Capital Allowance

Summary of OM&A and Derivation of Working Capital Allowance

	2006 EDR Approved	2006 Actual	2007 Actual	2008 Actual	2009 Projection	2010 Projection
Working Capital Allowance <i>(see below)</i>						1,669,178
Expenses for Working Capital						
<u>Eligible Distribution Expenses:</u>						
3500-Distribution Expenses - Operation	75,222	68,413	77,921	77,447	116,033	106,940
3550-Distribution Expenses - Maintenance	204,262	242,519	245,902	282,332	240,295	284,565
3650-Billing and Collecting	123,003	147,733	166,974	174,112	168,810	230,079
3700-Community Relations	30,540	4,029	3,685	2,619	4,500	5,000
3800-Administrative and General Expenses	205,042	178,765	171,002	159,289	367,209	308,815
3950-Taxes Other Than Income Taxes						
Total Eligible Distribution Expenses	638,069	641,459	665,483	695,799	896,847	935,399
3350-Power Supply Expenses	7,511,429	7,956,376	7,757,123	6,249,357	6,981,990	10,192,451
Total Expenses for Working Capital	8,149,498	8,597,835	8,422,606	6,945,156	7,878,837	11,127,850
Working Capital factor						15.0%
Working Capital Allowance						1,669,178

Appendix P

Cost Drivers

Appendix 2-H

OM&A Cost Driver Table

OM&A	2006	2007	2008	Bridge Year	Test Year
Opening Balance	\$638,069	\$628287	\$665483	\$695799	\$896847
Cost Driver #1	5120-Maintenance of Poles Towers and Fixtures \$30,268	5085-Miscellaneous Distribution Expense \$21,416	5105-Maintenance Supervision and Engineering \$71,194	5630-Outside Services Employed \$108,065	5310-Meter Reading Expenses \$52,079
Cost Driver #2	5630-Outside Services Employed \$28,568	5315-Customer Billing \$10,937	5335-Bad Debt Expense \$12,931	5645-Employee Pension and benefits \$82,692	5125-Maintenance of Overhead conductors and devices \$18,300
Cost Driver #3	5315-Customer Billing \$17,579			5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses \$17,947	5120-Maintenance of Poles Towers and Fixtures \$11,700
Closing Balance	\$628287	\$665483	\$695799	\$896847	\$867878

The colored cell represents the amounts exceeding the materiality threshold

Ontario Energy Board

2006 EDR to 2006 Actuals;

Cost Driver #1; Maintenance of Poles Towers and Fixtures \$30,268

Explanation;

This increase can be broken down as such;

Tower rental (starting in 2006). Hearst Power had to retire their tower as it did not confirm to code \$2,700.

Safety Training & supply – in conformance to ESA \$4,600.

ESA – audit (new ESA regulation) \$1,690.

Joined the Utility Standard Forums in order to meet ESA standards \$5,000.

The rest is attributable to wages increase

Cost Driver #2; Outside Services Employed \$28,568

Explanation;

Outside consultants were hired to assist with the Cost Allocation Information filing (regulatory compliance)

Cost Driver #3; Customer Billing \$17,579

Explanation;

These costs relate to upgrade of Harris software. (deregulation requirement) \$4,536

2006 Actual to 2007 Actual;

Cost Driver #1; Miscellaneous Distribution Expense \$21,416

Explanation;

This is due to the reclassification of expenses posted to the wrong account 5012. While doing cost allocation, it was discovered that warehouse expenses were being incorrectly posted to account 5012 Station. Building Expenses instead of 5085.

Cost Driver #2; Customer Billing \$10,937

Explanation;

Increase in CIS annual support fee (Advanced Utility System)

2007 Actual to 2008 Actual;

Cost Driver #1; Maintenance Supervision and Engineering \$71,194

Explanation;

This increase accounts for a Superintendent position

Cost Driver #2; Bad Debt Expense \$12,931

Explanation;

This Increase in bad debts was caused by the downturn in the economy. Hearst was hit particularly hard during this period. Customers went bankrupt i.e. a motel closed leaving a bad debt of \$6,817. A restaurant owner went bankrupt owing \$1,686.

2008 Actual to 2009 Actual;

Cost Driver #1; Outside Services Employed \$108,065

Explanation;

These costs relate to the hiring of external consultants to assist in putting together the rebasing application.

Cost Driver #2; Employee Pension and benefits \$82,692

Explanation;

This is not a cost increase per se but a timing issue. At year end, Hearst reallocates overhead on direct labour distribution. Details of the reallocation is presented below.

Ontario Energy Board

DEC.31, 2009

ALLOCATION OF OVERHEADS

<u>Acct.No.</u>	<u>USoA</u>	<u>Descrip.</u>	<u>Amount</u>	<u>%</u>	
45020.000010	5020	O/H Dist. - Labour - Primary	3971.65	2.124%	1756.48
45020.000020	5020	oOH Dist Lines & Feeders 0- Op. Labour	864.93	0.463%	382.52
45025.000030	5025	OH Dist Lines & Feeders - Safety Train.lab.	3047.15	1.630%	1347.62
45027.000010	5027	91-8 Cheyenne Yellow Pick - U p labour	28.42	0.015%	12.57
45027.000020	5027	99-10 Pick up Truck - Labour	172.93	0.092%	76.48
45027.000030	5027	86-7 Bucket Truck (Boom)labour	56.84	0.030%	25.14
45027.000040	5027	95-9 New Bucket truck - labour	85.26	0.046%	37.71
45027.000060	5027	00-11 New Digger Truck (Auger)-labour	228.94	0.122%	101.25
45055.000010	5055	Meter Expense - Labour	167.73	0.090%	74.18
45065.000010	5065	Meter Expense - Labour	63.15	0.034%	27.93
45085.000010	5085	Misc. Dist. Exp. - Warehouse - Labour	4582.46	2.451%	2026.61
45105.000010	5105	Mtce Supervision & Eng. - Labour	24099.39	12.889%	10658.07
45120.000030	5120	Mtce of Poles...-primary - labour	22759	12.172%	10065.27
45120.000050	5120	Mtce of Poles...-secondary - labour	13755.67	7.357%	6083.51
45125.000030	5125	Mtce of OH cond....-primary - labour	20810.89	11.130%	9203.71
45125.000050	5125	Mtce of OH cond... - secondary - labour	13897.83	7.433%	6146.38
45130.000010	5130	Mtce of OH services - labour	8927.06	4.774%	3948.03
45145.000030	5145	Mtce of UG Conduit - Primary - Labour	328.64	0.176%	145.34
45145.000050	5145	Mtce of UG Conduit - Secondary - labour	157.1	0.084%	69.48
45150.000030	5150	Mtce of UG Conduit - Primary - labour	306.74	0.164%	135.66
45150.000050	5150	Mtce of UG Conduit - Secondary - labour	228.79	0.122%	101.18
45155.000010	5155	Mtce of UG Services - Labour	7451.12	3.985%	3295.29
45160.000010	5160	Mtce of Line Transformers - labour	4839.81	2.588%	2140.43
45175.000010	5175	Mtce of Meters - Labour	2767.15	1.480%	1223.78
45175.000030	5175	Mtce of Meters - Single Phase - Labour	28.92	0.015%	12.79
45310.000010	5310	Meter Reading Expenses - Labour	24925.4	13.331%	11023.37
45315.000010	5315	Customer Billing - Labour	28427.2	15.203%	12572.06
			186,980.17	100.00%	<u>82,692.84</u>
45640.000010	5640	Injuries & Damages - WSIB	3795.09		
45645.000010	5645	Empoyee Pension & Benefits - Sickness	9073.92		
45645.000020	5645	" " " - Stat. Hol.	10878.96		
45645.000030	5645	" " " - Vac W/pay	25283.82		
45645.000040	5645	" " " - OMERS	26404.97		
45645.000060	5645	" " " - EHT	7256.08		
			<u>82692.84</u>		

To allocate 2009 overheads on direct labour distribution

Ontario Energy Board

Cost Driver #3; 5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses \$17,947
Explanation;

2009 Actual to 2010 Actual;

Cost Driver #1; Meter Reading Expenses \$52,079

Explanation;

These cost are associated with the meter reading of smart

Cost Driver #2; Maintenance of Overhead conductors and devices \$18,300

Explanation;

Wages increase as per last union contract

Cost Driver #3; Maintenance of Poles Towers and Fixtures \$11,700

Explanation;

Wages increase as per last union contract

Appendix Q

Revenue Requirement Work Form



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hearst Power Distribution Company Limited

File Number: EB-2009-0266

Rate Year: 2010

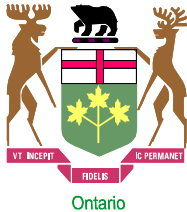
Data Input (1)

	Application	Adjustments	Per Board Decision
1 Rate Base			
Gross Fixed Assets (average)	\$4,371,248	(4)	\$4,371,248
Accumulated Depreciation (average)	(\$3,082,164)	(5)	(\$3,082,164)
Allowance for Working Capital:			
Controllable Expenses	\$935,399		\$935,399
Cost of Power	\$10,101,435		\$10,101,435
Working Capital Rate (%)	15.00%		15.00%
2 Utility Income			
Operating Revenues:			
Distribution Revenue at Current Rates	\$809,622		
Distribution Revenue at Proposed Rates	\$1,361,827		
Other Revenue:			
Specific Service Charges	\$7,764	(6)	
Late Payment Charges	\$13,120	(7)	
Other Distribution Revenue	\$15,853	(8)	
Other Income and Deductions	\$32,170	(9)	
Operating Expenses:			
OM+A Expenses	\$935,399		\$935,399
Depreciation/Amortization	\$139,718		\$139,718
Property taxes	\$ -		\$0
Capital taxes	\$0		
Other expenses			
3 Taxes/PILs			
Taxable Income:			
Adjustments required to arrive at taxable income	\$46,392	(3)	
Utility Income Taxes and Rates:			
Income taxes (not grossed up)	\$26,072		
Income taxes (grossed up)	\$31,038		
Capital Taxes	\$ -		
Federal tax (%)	11.00%		
Provincial tax (%)	5.00%		
Income Tax Credits	\$ -		
4 Capitalization/Cost of Capital			
Capital Structure:			
Long-term debt Capitalization Ratio (%)	56.0%		
Short-term debt Capitalization Ratio (%)	4.0%	(2)	(2)
Common Equity Capitalization Ratio (%)	40.0%		
Preferred Shares Capitalization Ratio (%)			
			Capital Structure must total 100%
Cost of Capital			
Long-term debt Cost Rate (%)	12.50%		
Short-term debt Cost Rate (%)	2.07%		
Common Equity Cost Rate (%)	9.85%		
Preferred Shares Cost Rate (%)			

Notes:

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Specific Service Charges: Account 4235
- (7) Late Payment Charges: Account 4225
- (8) Other Distribution Revenues: Accounts 4082, 4084, 4090, 4205, 4210, 4215, 4220, 4240, 4245
- (9) 4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4360, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4398, 4405, 4408, 4410, 4415



REVENUE REQUIREMENT WORK FORM

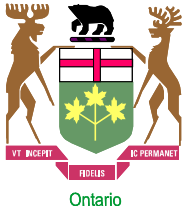
Name of LDC: Hearst Power Distribution Company Limited
 File Number: EB-2009-0266
 Rate Year: 2010

Rate Base					
Line No.	Particulars		Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)		\$4,371,248	\$ -	\$4,371,248
2	Accumulated Depreciation (average) (3)		(\$3,082,164)	\$ -	(\$3,082,164)
3	Net Fixed Assets (average) (3)		\$1,289,084	\$ -	\$1,289,084
4	Allowance for Working Capital (1)		\$1,655,525	\$ -	\$1,655,525
5	Total Rate Base		\$2,944,609	\$ -	\$2,944,609

(1) Allowance for Working Capital - Derivation					
6	Controllable Expenses		\$935,399	\$ -	\$935,399
7	Cost of Power		\$10,101,435	\$ -	\$10,101,435
8	Working Capital Base		\$11,036,834	\$ -	\$11,036,834
9	Working Capital Rate % (2)		15.00%		15.00%
10	Working Capital Allowance		\$1,655,525	\$ -	\$1,655,525

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

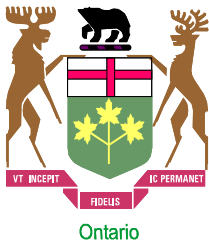
Name of LDC: Hearst Power Distribution Company Limited
 File Number: EB-2009-0266
 Rate Year: 2010

Utility income

Line No.	Particulars	Application	Adjustments	Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$1,361,827	\$ -	\$1,361,827
2	Other Revenue	(1) \$68,907	\$ -	\$68,907
3	Total Operating Revenues	\$1,430,734	\$ -	\$1,430,734
Operating Expenses:				
4	OM+A Expenses	\$935,399	\$ -	\$935,399
5	Depreciation/Amortization	\$139,718	\$ -	\$139,718
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$1,075,117	\$ -	\$1,075,117
10	Deemed Interest Expense	\$208,561	\$ -	\$208,561
11	Total Expenses (lines 4 to 10)	\$1,283,678	\$ -	\$1,283,678
12	Utility income before income taxes	\$147,056	\$ -	\$147,056
13	Income taxes (grossed-up)	\$31,038	\$ -	\$31,038
14	Utility net income	\$116,018	\$ -	\$116,018

Notes

(1)	Other Revenues / Revenue Offsets		
	Specific Service Charges	\$7,764	\$7,764
	Late Payment Charges	\$13,120	\$13,120
	Other Distribution Revenue	\$15,853	\$15,853
	Other Income and Deductions	\$32,170	\$32,170
	Total Revenue Offsets	\$68,907	\$68,907



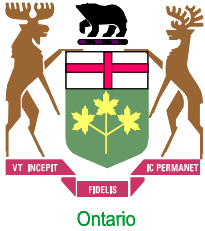
REVENUE REQUIREMENT WORK FORM

Name of LDC: Hearst Power Distribution Company Limited
 File Number: EB-2009-0266
 Rate Year: 2010

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$116,018	\$116,018
2	Adjustments required to arrive at taxable utility income	\$46,392	\$46,392
3	Taxable income	<u>\$162,410</u>	<u>\$162,410</u>
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$26,072	\$26,072
5	Capital taxes	\$ -	\$ -
6	Total taxes	<u>\$26,072</u>	<u>\$26,072</u>
7	Gross-up of Income Taxes	\$4,966	\$4,966
8	Grossed-up Income Taxes	<u>\$31,038</u>	<u>\$31,038</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$31,038</u>	<u>\$31,038</u>
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	11.00%	11.00%
12	Provincial tax (%)	5.00%	5.00%
13	Total tax rate (%)	<u>16.00%</u>	<u>16.00%</u>

Notes



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hearst Power Distribution Company Limited
 File Number: EB-2009-0266
 Rate Year: 2010

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Application					
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$1,648,981	12.50%	\$206,123
2	Short-term Debt	4.00%	\$117,784	2.07%	\$2,438
3	Total Debt	60.00%	\$1,766,765	11.80%	\$208,561
	Equity				
4	Common Equity	40.00%	\$1,177,843	9.85%	\$116,018
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$1,177,843	9.85%	\$116,018
7	Total	100%	\$2,944,609	11.02%	\$324,578
Per Board Decision					
		(%)	(\$)	(%)	
	Debt				
8	Long-term Debt	56.00%	\$1,648,981	12.50%	\$206,123
9	Short-term Debt	4.00%	\$117,784	2.07%	\$2,438
10	Total Debt	60.00%	\$1,766,765	11.80%	\$208,561
	Equity				
11	Common Equity	40.0%	\$1,177,843	9.85%	\$116,018
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	Total Equity	40.0%	\$1,177,843	9.85%	\$116,018
14	Total	100%	\$2,944,609	11.02%	\$324,578

Notes

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



REVENUE REQUIREMENT WORK FORM

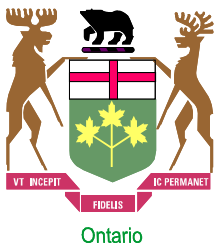
Name of LDC: Hearst Power Distribution Company Limited
 File Number: EB-2009-0266
 Rate Year: 2010

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		\$552,101		\$552,101
2	Distribution Revenue	\$809,622	\$809,726	\$809,622	\$809,726
3	Other Operating Revenue Offsets - net	\$68,907	\$68,907	\$68,907	\$68,907
4	Total Revenue	\$878,529	\$1,430,734	\$878,529	\$1,430,734
5	Operating Expenses	\$1,075,117	\$1,075,117	\$1,075,117	\$1,075,117
6	Deemed Interest Expense	\$208,561	\$208,561	\$208,561	\$208,561
	Total Cost and Expenses	\$1,283,678	\$1,283,678	\$1,283,678	\$1,283,678
7	Utility Income Before Income Taxes	(\$405,148)	\$147,056	(\$405,148)	\$147,056
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$46,392	\$46,392	\$46,392	\$46,392
9	Taxable Income	(\$358,756)	\$193,448	(\$358,756)	\$193,448
10	Income Tax Rate	16.00%	16.00%	16.00%	16.00%
11	Income Tax on Taxable Income	(\$57,401)	\$30,952	(\$57,401)	\$30,952
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$347,747)	\$116,018	(\$347,747)	\$116,018
14	Utility Rate Base	\$2,944,609	\$2,944,609	\$2,944,609	\$2,944,609
	Deemed Equity Portion of Rate Base	\$1,177,843	\$1,177,843	\$1,177,843	\$1,177,843
15	Income/Equity Rate Base (%)	-29.52%	9.85%	-29.52%	9.85%
16	Target Return - Equity on Rate Base	9.85%	9.85%	9.85%	9.85%
	Sufficiency/Deficiency in Return on Equity	-39.37%	0.00%	-39.37%	0.00%
17	Indicated Rate of Return	-4.73%	11.02%	-4.73%	11.02%
18	Requested Rate of Return on Rate Base	11.02%	11.02%	11.02%	11.02%
19	Sufficiency/Deficiency in Rate of Return	-15.75%	0.00%	-15.75%	0.00%
20	Target Return on Equity	\$116,018	\$116,018	\$116,018	\$116,018
21	Revenue Sufficiency/Deficiency	\$463,765	\$1	\$463,765	\$1
22	Gross Revenue Sufficiency/Deficiency	\$552,101 (1)		\$552,101 (1)	

Notes:

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



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hearst Power Distribution Company Limited
 File Number: EB-2009-0266
 Rate Year: 2010

Revenue Requirement			
Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$935,399	\$935,399
2	Amortization/Depreciation	\$139,718	\$139,718
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$ -	\$ -
5	Income Taxes (Grossed up)	\$31,038	\$31,038
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$208,561	\$208,561
	Return on Deemed Equity	\$116,018	\$116,018
8	Distribution Revenue Requirement before Revenues	<u>\$1,430,733</u>	<u>\$1,430,733</u>
9	Distribution revenue	\$1,361,827	\$1,361,827
10	Other revenue	<u>\$68,907</u>	<u>\$68,907</u>
11	Total revenue	<u>\$1,430,734</u>	<u>\$1,430,734</u>
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$1 (1)</u>	<u>\$1 (1)</u>

Notes

(1)

Line 11 - Line 8



REVENUE REQUIREMENT WORK FORM

Name of LDC: Hearst Power Distribution Company Limited

File Number: EB-2009-0266

Rate Year: 2010

Selected Delivery Charge and Bill Impacts Per Draft Rate Order									
Monthly Delivery Charge					Total Bill				
		Per Draft	Change				Per Draft	Change	
Current		Rate Order	\$	%	Current		Rate Order	\$	%
Residential	800 kWh/month		\$ -					\$ -	
GS < 50kW	2000 kWh/month		\$ -					\$ -	

Notes:

Appendix R

Revenue Deficiency/Surplus

Hearst Power Distribution Company Limited (ED-1999-0292)

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

G7 Variance Analysis: Revenue Sufficiency / Deficiency*Review highlighted variances (no input on this sheet)*

		2010 Projection	2009 Projection		Var #	Var %
Utility Income	(see below)	-219,588	-231,743		12,155	5.2%
Utility Rate Base	from sheet G6	2,944,609	1,080,546		1,864,063	172.5%
Indicated Rate of Return		(7.46%)	(21.45%)		13.99%	65.2%
Requested / Approved Rate of Return	from sheet D3	11.02%	11.02%			
Sufficiency / (Deficiency) in Return		(18.48%)	(32.47%)		13.99%	43.1%
Net Revenue Sufficiency / (Deficiency)		-544,166	-350,849		-193,317	(55.1%)
Provision for PILs/Taxes *		-31,038	13,941		-44,979	(322.6%)
Gross Revenue Sufficiency / (Deficiency)		-575,204	-336,909		-238,295	(70.7%)
Deemed Overall Debt Rate	from sheet D3	11.80%	7.25%		4.55%	62.8%
Deemed Cost of Debt	from sheet D3	208,561	39,170		169,391	432.5%
Utility Income less Deemed Cost of Debt		-428,149	-270,913		-157,236	(58.0%)
Return On Deemed Equity		(36.35%)	(62.68%)		26.33%	42.0%
UTILITY INCOME	from sheets E1 & E2 (except PILS / Income Taxes)					
Total Net Revenues		855,529	790,374		65,156	8.2%
OM&A Expenses		935,399	896,847		38,552	4.3%
Depreciation & Amortization		139,718	115,681		24,037	20.8%
Taxes other than PILs / Income Taxes						
Total Costs & Expenses		1,075,117	1,012,528		62,589	6.2%
Utility Income before Income Taxes / PILs		-219,588	-222,154		2,566	1.2%
PILs / Income Taxes	from sheet E4		9,589		-9,589	(100.0%)
Utility Income		-219,588	-231,743		12,155	5.2%

* In 2010: difference between amounts on sheet E4 for 2010 at existing rates vs. 2010 at new revenue requirement;
in 2009: Net Sufficiency / (Deficiency) multiplied by grossed-up effective tax rate on Utility Income.

Appendix S

1) Derivation of Network and Connection Transmission Rates

IESO

TRANS. NETWORKS

TRANS. CONNECTION

line. CONNECTION

MONTH	Volume	ACTUAL RATE	IESO Network Service Charge
Jun-07	7557.00	2.97	22444.29
Jul-07	7246.00	2.97	21520.62
Aug-07	7000.00	2.97	20790
Sep-07	7209.00	2.97	21410.73
Oct-07	6721.00	2.97	19961.37
Nov-07	6571.00	2.97	19515.87
Dec-07	4466.00	2.97	13264.02
Jan-08	4714.00	2.97	14000.58
Feb-08	4373.00	2.97	12987.81
Mar-08	4514.00	2.97	13406.58
Apr-08	3992.00	2.97	11856.24
May-08	3891.00	2.97	11556.27
Jun-08	3754.00	2.97	11149.38
Jul-08	3583.00	2.97	10641.51
Aug-08	3959.00	2.97	11758.23
Sep-08	3796.00	2.97	11274.12
Oct-08	3783.00	2.97	11235.51
Nov-08	4487.00	2.97	13326.39
Dec-08	4338.00	2.97	12883.86
Jan-09	4237.00	2.97	12583.89
Feb-09	4430.00	2.97	13157.1
Mar-09	3786.00	2.97	11244.42
Apr-09	3465.00	2.97	10291.05
May-09	4213.00	2.97	12512.61

116,085 \$ 344,772.45

MONTH	Volume	ACTUAL RATE	IESO Line Connection Service Charge
Jun-07	7850.00	1.71	13423.5
Jul-07	7764.00	1.71	13276.44
Aug-07	7632.00	1.71	13050.72
Sep-07	7721.00	1.71	13202.91
Oct-07	7907.00	1.71	13520.97
Nov-07	7730.00	1.71	13218.3
Dec-07	5254.00	1.71	8984.34
Jan-08	5339.00	1.71	9129.69
Feb-08	5145.00	1.71	8797.95
Mar-08	4907.00	1.71	8390.97
Apr-08	4693.00	1.71	8025.03
May-08	4560.00	1.71	7797.6
Jun-08	4293.00	1.71	7341.03
Jul-08	4095.00	1.71	7002.45
Aug-08	4334.00	1.71	7411.14
Sep-08	4458.00	1.71	7623.18
Oct-08	4451.00	1.71	7611.21
Nov-08	4605.00	1.71	7874.55
Dec-08	5104.00	1.71	8727.84
Jan-09	4985.00	1.71	8524.35
Feb-09	5024.00	1.71	8591.04
Mar-09	4204.00	1.71	7188.84
Apr-09	4077.00	1.71	6971.67
May-09	4391.00	1.71	7508.61

130,523 \$ 223,194.33

MONTH	Volume	ACTUAL RATE	IESO Line Connection Service Charge
Jun-07	7850.00	0.73	5730.5
Jul-07	7764.00	0.73	5667.72
Aug-07	7632.00	0.73	5571.36
Sep-07	7721.00	0.73	5636.33
Oct-07	7907.00	0.73	5772.11
Nov-07	7730.00	0.73	5642.9
Dec-07	5254.00	0.73	3835.42
Jan-08	5339.00	0.73	3897.47
Feb-08	5145.00	0.73	3755.85
Mar-08	4907.00	0.73	3582.11
Apr-08	4693.00	0.73	3425.89
May-08	4560.00	0.73	3328.8
Jun-08	4293.00	0.73	3133.89
Jul-08	4095.00	0.73	2989.35
Aug-08	4334.00	0.73	3163.82
Sep-08	4458.00	0.73	3254.34
Oct-08	4451.00	0.73	3249.23
Nov-08	4605.00	0.73	3361.65
Dec-08	5104.00	0.73	3725.92
Jan-09	4985.00	0.73	3639.05
Feb-09	5024.00	0.73	3667.52
Mar-09	4204.00	0.73	3068.92
Apr-09	4077.00	0.73	2976.21
May-09	4391.00	0.73	3205.43

130,523 \$ 95,281.79

HYDRO ONE

TRANS. NETWORKS

TRANS. CONNECTION

MONTH	Volume	ACTUAL RATE	H1 CURRENT Network Service Charge		MONTH	Volume	ACTUAL RATE	H1 Line Connection Service Charge
Jun-07	9069.00	\$ 2.65	\$ 24,032.85		Jun-07	9069.00	\$ 2.14	19,407.66
Jul-07	8735.00	\$ 2.65	\$ 23,147.75		Jul-07	8735.00	\$ 2.14	18,692.90
Aug-07	8516.00	\$ 2.65	\$ 22,567.40		Aug-07	8516.00	\$ 2.14	18,224.24
Sep-07	8672.00	\$ 2.65	\$ 22,980.80		Sep-07	8672.00	\$ 2.14	18,558.08
Oct-07	9042.00	\$ 2.65	\$ 23,961.30		Oct-07	9352.00	\$ 2.14	20,013.28
Nov-07	12179.00	\$ 2.65	\$ 32,274.35		Nov-07	12179.00	\$ 2.14	26,063.06
Dec-07	12538.00	\$ 2.65	\$ 33,225.70		Dec-07	12538.00	\$ 2.14	26,831.32
Jan-08	12273.00	\$ 2.65	\$ 32,523.45		Jan-08	12273.00	\$ 2.14	26,264.22
Feb-08	11682.00	\$ 2.65	\$ 30,957.30		Feb-08	11878.00	\$ 2.14	25,418.92
Mar-08	10559.00	\$ 2.65	\$ 27,981.35		Mar-08	11061.00	\$ 2.14	23,670.54
Apr-08	9608.00	\$ 2.65	\$ 25,461.20		Apr-08	9608.00	\$ 2.14	20,561.12
May-08	9023.00	\$ 2.65	\$ 23,910.95		May-08	9023.00	\$ 2.14	19,309.22
Jun-08	8326.00	\$ 2.65	\$ 22,063.90		Jun-08	8326.00	\$ 2.14	17,817.64
Jul-08	7806.00	\$ 2.65	\$ 20,685.90		Jul-08	7806.00	\$ 2.14	16,704.84
Aug-08	8735.00	\$ 2.65	\$ 23,147.75		Aug-08	8735.00	\$ 2.14	18,692.90
Sep-08	8248.00	\$ 2.65	\$ 21,857.20		Sep-08	8248.00	\$ 2.14	17,650.72
Oct-08	9337.00	\$ 2.65	\$ 24,743.05		Oct-08	9547.00	\$ 2.14	20,430.58
Nov-08	11364.00	\$ 2.65	\$ 30,114.60		Nov-08	11364.00	\$ 2.14	24,318.96
Dec-08	12741.00	\$ 2.65	\$ 33,763.65		Dec-08	12741.00	\$ 2.14	27,265.74
Jan-09	13073.00	\$ 2.65	\$ 34,643.45		Jan-09	13073.00	\$ 2.14	27,976.22
Feb-09	11637.00	\$ 2.65	\$ 30,838.05		Feb-09	11685.00	\$ 2.14	25,005.90
Mar-09	9017.00	\$ 2.65	\$ 23,895.05		Mar-09	9271.00	\$ 2.14	19,839.94
Apr-09	7662.00	\$ 2.65	\$ 20,304.30		Apr-09	7662.00	\$ 2.14	16,396.68
May-09	8297.00	\$ 2.65	\$ 21,987.05		May-09	8297.00	\$ 2.14	17,755.58
	238,139		\$ 631,068.35			239,659		\$ 512,870.26

BILLED TO Hearst CUSTOMERS

MONTH	total tn BILLED	total tc BILLED
Jun-07	39,417.34	41,046.53
Jul-07	38,824.24	40,059.66
Aug-07	39,364.45	40,856.38
Sep-07	38,407.88	39,404.27
Oct-07	41,691.00	42,640.92
Nov-07	45,181.51	46,353.16
Dec-07	40,192.42	40,971.41
Jan-08	47,445.10	48,486.75
Feb-08	42,849.09	43,958.40
Mar-08	40,648.89	41,980.10
Apr-08	36,125.68	37,227.69
May-08	29,273.83	34,572.83
Jun-08	25,649.13	30,948.50
Jul-08	26,228.73	31,594.31
Aug-08	25,161.08	30,208.49
Sep-08	26,365.69	31,369.97
Oct-08	28,244.05	33,549.11
Nov-08	31,133.91	35,801.27
Dec-08	34,914.76	41,524.95
Jan-09	37,856.25	45,182.37
Feb-09	35,664.38	42,416.91
Mar-09	29,238.97	35,078.73
Apr-09	25,327.20	30,685.89
May-09	28,747.67	32,743.74
	\$ 833,953.25	\$ 918,662.34

Adjustements	Network		Connection	
Supply cost	\$975,841		\$831,346	
Billing Revenues	\$833,953		\$918,662	
Ratio	1.170		0.905	

<u>Current Rates</u>	T.N.		TC	
Residential	\$0.0044		\$0.0050	kWh
GS < 50kW	\$0.0040		\$0.0045	kWh
GS 50 to 4999 kW	\$1.6512		\$1.7837	kWh
Intermediate	\$1.8467		\$2.1038	kWh
Sent Light	\$1.2516		\$1.4077	KW
Street Lights	\$1.2452		\$1.3790	KW

	TN		TC	
Residential	\$ 0.0051		\$ 0.0045	kWh
GS < 50kW	\$ 0.0047		\$ 0.0041	kWh
GS 50 to 4999 kW	\$ 1.9321		\$ 1.6142	kWh
Intermediate	\$ 2.1609		\$ 1.9038	
Sent Light	\$ 1.4645		\$ 1.2739	kWh
Street Lights	\$ 1.4571		\$ 1.2479	KW

Appendix T

Rate Schedule

Schedule of Proposed Rates

		Effective May 1/10
Residential		
Service Charge	\$	9.00
Distribution Volumetric Rate	\$/kWh	0.0196
Low Voltage Service Rate	\$/kWh	0.0007
Deferral Account Rate Rider - effective until April 30, 2014	\$/kWh	(0.0015)
Global Adjustment Rate Rider (non-RPP accounts) - effective until April 30, 2011	\$/kWh	0.0136
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0051
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0045
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
GS<50kW		
Service Charge	\$	20.50
Distribution Volumetric Rate	\$/kWh	0.0107
Low Voltage Service Rate	\$/kWh	0.0007
Deferral Account Rate Rider - effective until April 30, 2014	\$/kWh	(0.0015)
Global Adjustment Rate Rider (non-RPP accounts) - effective until April 30, 2011	\$/kWh	0.0136
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0041
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
GS>50kW		
Service Charge	\$	72.00
Distribution Volumetric Rate	\$/kW	2.5408
Low Voltage Service Rate	\$/kW	0.2474
Deferral Account Rate Rider - effective until April 30, 2014	\$/kW	(0.5541)
Global Adjustment Rate Rider (non-RPP accounts) - effective until April 30, 2011	\$/kWh	0.0136
Retail Transmission Rate – Network Service Rate	\$/kW	1.9321
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.6142
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Schedule of Proposed Rates

		Effective May 1/10
Intermediate Users		
Service Charge	\$	320.00
Distribution Volumetric Rate	\$/kW	0.7871
Low Voltage Service Rate	\$/kW	0.2918
Deferral Account Rate Rider - effective until April 30, 2014	\$/kW	(0.7389)
Global Adjustment Rate Rider (non-RPP accounts) - effective until April 30, 2011	\$/kWh	0.0136
Retail Transmission Rate – Network Service Rate	\$/kW	2.1609
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9038
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
Sentinel Lights		
Service Charge (per connection)	\$	5.00
Distribution Volumetric Rate	\$/kW	21.7697
Low Voltage Service Rate	\$/kW	0.1952
Deferral Account Rate Rider - effective until April 30, 2014	\$/kW	(0.5266)
Global Adjustment Rate Rider (non-RPP accounts) - effective until April 30, 2011	\$/kWh	0.0136
Retail Transmission Rate – Network Service Rate	\$/kW	1.4645
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2739
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25
microFIT Generator Service (effective September 21, 2009)		
Service Charge	\$	5.25
Specific Service Charges		
Arrears Certificate	\$	15.00
	\$	
Returned Cheque charge (plus bank charges)	\$	15.00
Account set up charge / change of occupancy charge	\$	30.00
Late Payment - per month	%	1.50
Disconnect/Reconnect at meter – during regular hours	\$	40.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35
Retailer Service Agreement -- standard charge	\$	100.00
Retailer Service Agreement -- monthly fixed charge (per retailer)	\$	20.00
Retailer Service Agreement -- monthly variable charge (per customer)	\$	0.50
Distributor-Consolidated Billing -- monthly charge (per customer)	\$	0.30
	\$	
Service Transaction Request -- request fee (per request)	\$	0.25
Service Transaction Request -- processing fee (per processed request)	\$	0.50
	\$	

Schedule of Proposed Rates

		Effective May 1/10
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	-0.35
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	
LOSS FACTORS		
Secondary Metered Customer < 5000 kWh		1.0312
Primary Metered Customer < 5000 kWh		1.0312

Appendix U

- 1) Smart Meter Funding Model_All Class
- 2) Smart Meter Funding Model_Residential
- 3) Smart Meter Funding Model_GS < 50
- 4) Smart Meter Funding Model GS > 50

Smart Meter Costs - All Classes

2010 EDR Data Information

Third-party long-term debt	0.0%
Deemed long-term debt	56.0%
Short-term debt	4.0%
Deemed Equity	40.0%
Third-party long-term debt rate	5.87%
Deemed long-term debt rate	5.87%
Short-term debt rate	2.07%
Return on Equity	9.85%

Weighted Average Cost of Capital 7.31%

2010 Tax Rate

Corporate Income Tax Rate	16.00%
Capital Tax Rate	15.000%

Capital Data:

	01-May-08 to 31-Dec-08	01-Jan-09 to 31-Dec-09	01-Jan-10 to 31-Dec-10	
Smart meter including installation	\$	423,763	\$	82,696 <-----
Tools and Equipment (Work force management)	\$	-		<-----
Computer Hardware Costs	\$	-	\$	- <-----
Computer Software	\$	-	\$	- <-----
Total Capital Costs	\$ -	\$ 423,763	\$ 82,696	

LDC Amortization Policy:

Smart Meter Amortization Rate	\$ 15
Tools and Equipment (Work force management)	\$ 10
Computer Hardware Amortization Rate	\$ 5
Computer Software Amortization Rate	\$ 10

Operating Expense Data:

	01-Jan-10 to 31-Dec-10	
Incremental OM&A Expenses	\$ 96,079	<-----
Total Incremental Operating Expense	\$ 96,079	

Smart Meter Revenue Requirement Calculation 2010

Average Asset Values

Net Fixed Assets Smart Meters
 Net Fixed Assets Tools and Equipment
 Net Fixed Assets Computer Hardware
 Net Fixed Assets Computer Software
 Total Net Fixed Assets

31-Dec-10	
\$	435,482
\$	-
\$	-
\$	-
\$	435,482
\$	435,482

Working Capital

Operation Expense
 15 % Working Capital

\$	96,079		
\$	14,412	\$	14,412

Smart Meters included in Rate Base

\$	449,894
----	---------

Return on Rate Base

Third-party long-term debt
 Deemed long-term debt
 Short-term debt
 Deemed Equity

0.0%	\$	-
56.0%	\$	251,940
4.0%	\$	17,996
40.0%	\$	179,957
	\$	449,894

Third-party long-term debt rate
 Deemed long-term debt rate
 Short-term debt rate
 Return on Equity

5.87%	\$	-
5.87%	\$	14,789
2.07%	\$	373
9.85%	\$	17,726

Return on Rate Base

\$	32,887	\$	32,887
----	--------	----	--------

Operating Expenses

Incremental Operating Expenses

\$	96,079
----	--------

Amortization Expenses

Amortization Expenses - Smart Meters
 Amortization Expenses - Tools and equipment
 Amortization Expenses - Computer Hardware
 Amortization Expenses - Computer Software

\$	31,007
\$	-
\$	-
\$	-

Total Amortization Expenses

\$	31,007
----	--------

Revenue Requirement Before PILs

\$	159,974
----	---------

Calculation of Taxable Income

Incremental Operating Expenses
 Depreciation Expenses
 Interest Expense

-\$	96,079
-\$	31,007
-\$	15,161

Taxable Income For PILs

\$	17,726
----	--------

Grossed up PILs

\$	2,523
----	-------

Revenue Requirement Before PILs
 Grossed up PILs

\$	159,974
\$	2,523

Revenue Requirement for Smart Meters

\$	162,496
----	---------

Net Revenue Requirement for 2010

\$	162,496
----	---------

Average customer #

----->

2,733

Rate Adder per month per metered customer

\$4.95

PILs Calculation 2010

31-Dec-10

INCOME TAX

Net Income	\$	17,726
Amortization	\$	31,007
CCA - Class 47 (8%) Smart Meters	-\$	35,853
CCA - Class 8 (20%) Tools and Equipment	\$	-
CCA - Class 45 (45%) Computers		
CCA - Class 12 (100%) Computers Software	\$	-
Change in taxable income	\$	12,880
Tax Rate		16.00%
Income Taxes Payable	\$	2,061

ONTARIO CAPITAL TAX

Smart Meters	\$	461,326
Tools and Equipment	\$	-
Computer Hardware	\$	-
Computer Software	\$	-
Rate Base	\$	461,326
Less: Exemption	\$	-
Deemed Taxable Capital	\$	461,326
Ontario Capital Tax Rate		0.015%
Net Amount (Taxable Capital x Rate)	\$	69

Gross Up

	PILs Payable	Gross Up	Grossed Up PILs
Change in Income Taxes Payable	\$ 2,061	16.00%	\$ 2,453
Change in OCT	\$ 69		\$ 69
PIL's	\$ 2,130		\$ 2,523

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ 423,763
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ 423,763	
Capital Investment Subsequent Years			\$ 82,696
Closing Capital Investment	\$ -	\$ 423,763	\$ 506,459
Opening Accumulated Amortization	\$ -	\$ -	\$ 14,125
Amortization Year 1 (15 Years Straight Line)	\$ -	\$ -	\$ 28,251
Amortization Subsequent Years		\$ 14,125	\$ 2,757
Closing Accumulated Amortization	\$ -	\$ 14,125	\$ 45,133
Opening Net Fixed Assets	\$ -	\$ -	\$ 409,638
Closing Net Fixed Assets	\$ -	\$ 409,638	\$ 461,326
Average Net Fixed Assets	\$ -	\$ 204,819	\$ 435,482

Net Fixed Assets - Tools and Equipment	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (10 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

Net Fixed Assets - Computer Hardware	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

Net Fixed Assets - Computer Software	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

Total Assets

Total Fixed Assets	\$ -	\$ 423,763	\$ 506,459
Total Accumulated Amortization	\$ -	\$ 14,125	\$ 45,133
Closing Net Fixed Assets	\$ -	\$ 409,638	\$ 461,326

For PILs Calculation**UCC - Smart Meters**

CCA Class 47 (8%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ 406,812
Capital Additions	\$ -	\$ 423,763	\$ 82,696
UCC Before Half Year Rule	\$ -	\$ 423,763	\$ 489,508
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 211,882	\$ 41,348
Reduced UCC	\$ -	\$ 211,882	\$ 448,160
CCA Rate Class 47	8%	8%	8%
CCA	\$ -	\$ 16,951	\$ 35,853
Closing UCC	\$ -	\$ 406,812	\$ 453,656

UCC - Tools and Equipment

CCA Class 8 (20%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 8	20%	20%	20%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Equipment

CCA Class 45 (45%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 45	55%	55%	55%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Software

CCA Class 12 (100%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 12	100%	100%	100%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

Smart Meter Costs - Residential

2010 EDR Data Information

Third-party long-term debt	0.0%
Deemed long-term debt	56.0%
Short-term debt	4.0%
Deemed Equity	40.0%
Third-party long-term debt rate	5.87%
Deemed long-term debt rate	5.87%
Short-term debt rate	2.07%
Return on Equity	9.85%

Weighted Average Cost of Capital 7.31%

2010 Tax Rate

Corporate Income Tax Rate	16.00%
Capital Tax Rate	15.000%

Capital Data:

	01-May-08 to 31-Dec-08	01-Jan-09 to 31-Dec-09	01-Jan-10 to 31-Dec-10	
Smart meter including installation	\$	388,431	\$	4,429 <-----
Tools and Equipment (Work force management)	\$	-		<-----
Computer Hardware Costs	\$	-	\$	- <-----
Computer Software	\$	-	\$	- <-----
Total Capital Costs	\$ -	\$ 388,431	\$ 4,429	

LDC Amortization Policy:

Smart Meter Amortization Rate	\$ 15
Tools and Equipment (Work force management)	\$ 10
Computer Hardware Amortization Rate	\$ 5
Computer Software Amortization Rate	\$ 10

Operating Expense Data:

	01-Jan-10 to 31-Dec-10	
Incremental OM&A Expenses	\$ 81,096	<-----
Total Incremental Operating Expense	\$ 81,096	

Smart Meter Revenue Requirement Calculation 2010

Average Asset Values

Net Fixed Assets Smart Meters
 Net Fixed Assets Tools and Equipment
 Net Fixed Assets Computer Hardware
 Net Fixed Assets Computer Software
 Total Net Fixed Assets

31-Dec-10	
\$	364,676
\$	-
\$	-
\$	-
\$	364,676
\$	364,676

Working Capital

Operation Expense
 15 % Working Capital

\$	81,096		
\$	12,164	\$	12,164

Smart Meters included in Rate Base

\$	376,841
----	---------

Return on Rate Base

Third-party long-term debt
 Deemed long-term debt
 Short-term debt
 Deemed Equity

0.0%	\$	-
56.0%	\$	211,031
4.0%	\$	15,074
40.0%	\$	150,736
	\$	376,841

Third-party long-term debt rate
 Deemed long-term debt rate
 Short-term debt rate
 Return on Equity

5.87%	\$	-
5.87%	\$	12,388
2.07%	\$	312
9.85%	\$	14,848

Return on Rate Base

\$	27,547	\$	27,547
----	--------	----	--------

Operating Expenses

Incremental Operating Expenses

\$	81,096
----	--------

Amortization Expenses

Amortization Expenses - Smart Meters
 Amortization Expenses - Tools and equipment
 Amortization Expenses - Computer Hardware
 Amortization Expenses - Computer Software

\$	26,043
\$	-
\$	-
\$	-

Total Amortization Expenses

\$	26,043
----	--------

Revenue Requirement Before PILs

\$	134,686
----	---------

Calculation of Taxable Income

Incremental Operating Expenses
 Depreciation Expenses
 Interest Expense

-\$	81,096
-\$	26,043
-\$	12,700

Taxable Income For PILs

\$	14,848
----	--------

Grossed up PILs

\$	2,126
----	-------

Revenue Requirement Before PILs
 Grossed up PILs

\$	134,686
\$	2,126

Revenue Requirement for Smart Meters

\$	136,812
----	---------

Net Revenue Requirement for 2010

\$	136,812
----	---------

Average customer #

----->	2,322
--------	-------

Rate Adder per month per metered customer

\$4.91

PILs Calculation 2010

31-Dec-10

INCOME TAX

Net Income	\$	14,848
Amortization	\$	26,043
CCA - Class 47 (8%) Smart Meters	-\$	30,009
CCA - Class 8 (20%) Tools and Equipment	\$	-
CCA - Class 45 (45%) Computers		
CCA - Class 12 (100%) Computers Software	\$	-
Change in taxable income	\$	10,882
Tax Rate		16.00%
Income Taxes Payable	\$	1,741

ONTARIO CAPITAL TAX

Smart Meters	\$	353,869
Tools and Equipment	\$	-
Computer Hardware	\$	-
Computer Software	\$	-
Rate Base	\$	353,869
Less: Exemption	\$	-
Deemed Taxable Capital	\$	353,869
Ontario Capital Tax Rate		0.015%
Net Amount (Taxable Capital x Rate)	\$	53

Gross Up

	PILs Payable	Gross Up	Grossed Up PILs
Change in Income Taxes Payable	\$ 1,741	16.00%	\$ 2,073
Change in OCT	\$ 53		\$ 53
PIL's	\$ 1,794		\$ 2,126

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ 388,431
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ 388,431	
Capital Investment Subsequent Years			\$ 4,429
Closing Capital Investment	\$ -	\$ 388,431	\$ 392,860
Opening Accumulated Amortization	\$ -	\$ -	\$ 12,948
Amortization Year 1 (15 Years Straight Line)	\$ -	\$ -	\$ 25,895
Amortization Subsequent Years		\$ 12,948	\$ 148
Closing Accumulated Amortization	\$ -	\$ 12,948	\$ 38,991
Opening Net Fixed Assets	\$ -	\$ -	\$ 375,483
Closing Net Fixed Assets	\$ -	\$ 375,483	\$ 353,869
Average Net Fixed Assets	\$ -	\$ 187,742	\$ 364,676

Net Fixed Assets - Tools and Equipment	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (10 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

Net Fixed Assets - Computer Hardware	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

Net Fixed Assets - Computer Software	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

Total Assets

Total Fixed Assets	\$ -	\$ 388,431	\$ 392,860
Total Accumulated Amortization	\$ -	\$ 12,948	\$ 38,991
Closing Net Fixed Assets	\$ -	\$ 375,483	\$ 353,869

For PILs Calculation

UCC - Smart Meters

CCA Class 47 (8%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ 372,894
Capital Additions	\$ -	\$ 388,431	\$ 4,429
UCC Before Half Year Rule	\$ -	\$ 388,431	\$ 377,323
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 194,216	\$ 2,215
Reduced UCC	\$ -	\$ 194,216	\$ 375,108
CCA Rate Class 47	8%	8%	8%
CCA	\$ -	\$ 15,537	\$ 30,009
Closing UCC	\$ -	\$ 372,894	\$ 347,314

UCC - Tools and Equipment

CCA Class 8 (20%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 8	20%	20%	20%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Equipment

CCA Class 45 (45%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 45	55%	55%	55%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Software

CCA Class 12 (100%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 12	100%	100%	100%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

Smart Meter Costs - Less than 50kW

2010 EDR Data Information

Third-party long-term debt	0.0%
Deemed long-term debt	56.0%
Short-term debt	4.0%
Deemed Equity	40.0%
Third-party long-term debt rate	5.87%
Deemed long-term debt rate	5.87%
Short-term debt rate	2.07%
Return on Equity	9.85%

Weighted Average Cost of Capital 7.31%

2010 Tax Rate

Corporate Income Tax Rate	16.00%
Capital Tax Rate	15.000%

Capital Data:

	01-May-08 to 31-Dec-08	01-Jan-09 to 31-Dec-09	01-Jan-10 to 31-Dec-10	
Smart meter including installation	\$	33,788	\$	14,363 <-----
Tools and Equipment (Work force management)	\$	-		<-----
Computer Hardware Costs	\$	-	\$	- <-----
Computer Software	\$	-	\$	- <-----
Total Capital Costs	\$ -	\$ 33,788	\$	14,363

LDC Amortization Policy:

Smart Meter Amortization Rate	\$ 15
Tools and Equipment (Work force management)	\$ 10
Computer Hardware Amortization Rate	\$ 5
Computer Software Amortization Rate	\$ 10

Operating Expense Data:

	01-Jan-10 to 31-Dec-10	
Incremental OM&A Expenses	\$ 13,655	<-----
Total Incremental Operating Expense	\$ 13,655	

Smart Meter Revenue Requirement Calculation 2010

Average Asset Values

Net Fixed Assets Smart Meters
 Net Fixed Assets Tools and Equipment
 Net Fixed Assets Computer Hardware
 Net Fixed Assets Computer Software
 Total Net Fixed Assets

31-Dec-10	
\$	38,477
\$	-
\$	-
\$	-
\$	38,477

Working Capital

Operation Expense
 15 % Working Capital

\$	13,655	
\$	2,048	\$ 2,048

Smart Meters included in Rate Base

\$	40,526
----	--------

Return on Rate Base

Third-party long-term debt
 Deemed long-term debt
 Short-term debt
 Deemed Equity

0.0%	\$	-
56.0%	\$	22,694
4.0%	\$	1,621
40.0%	\$	16,210
	\$	40,526

Third-party long-term debt rate
 Deemed long-term debt rate
 Short-term debt rate
 Return on Equity

5.87%	\$	-
5.87%	\$	1,332
2.07%	\$	34
9.85%	\$	1,597

Return on Rate Base

\$	2,962	\$ 2,962
----	-------	----------

Operating Expenses

Incremental Operating Expenses

\$	13,655
----	--------

Amortization Expenses

Amortization Expenses - Smart Meters
 Amortization Expenses - Tools and equipment
 Amortization Expenses - Computer Hardware
 Amortization Expenses - Computer Software

\$	2,731
\$	-
\$	-
\$	-

Total Amortization Expenses

\$	2,731
----	-------

Revenue Requirement Before PILs

\$	19,349
----	--------

Calculation of Taxable Income

Incremental Operating Expenses
 Depreciation Expenses
 Interest Expense

-\$	13,655
-\$	2,731
-\$	1,366

Taxable Income For PILs

\$	1,597
----	-------

Grossed up PILs

\$	227
----	-----

Revenue Requirement Before PILs
 Grossed up PILs

\$	19,349
\$	227

Revenue Requirement for Smart Meters

\$	19,576
----	--------

Net Revenue Requirement for 2010

\$	19,576
----	--------

Average customer #

----->	391
--------	-----

Rate Adder per month per metered customer

\$4.17

PILs Calculation 2010

31-Dec-10

INCOME TAX

Net Income	\$	1,597
Amortization	\$	2,731
CCA - Class 47 (8%) Smart Meters	-\$	3,169
CCA - Class 8 (20%) Tools and Equipment	\$	-
CCA - Class 45 (45%) Computers		
CCA - Class 12 (100%) Computers Software	\$	-
Change in taxable income	\$	1,159
Tax Rate		16.00%
Income Taxes Payable	\$	185

ONTARIO CAPITAL TAX

Smart Meters	\$	44,293
Tools and Equipment	\$	-
Computer Hardware	\$	-
Computer Software	\$	-
Rate Base	\$	44,293
Less: Exemption	\$	-
Deemed Taxable Capital	\$	44,293
Ontario Capital Tax Rate		0.015%
Net Amount (Taxable Capital x Rate)	\$	7

Gross Up

	PILs Payable	Gross Up	Grossed Up PILs
Change in Income Taxes Payable	\$ 185	16.00%	\$ 221
Change in OCT	\$ 7		\$ 7
PIL's	\$ 192		\$ 227

Smart Meter Average Net Fixed Assets

	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Net Fixed Assets - Smart Meters			
Opening Capital Investment	\$ -	\$ -	\$ 33,788
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ 33,788	
Capital Investment Subsequent Years			\$ 14,363
Closing Capital Investment	\$ -	\$ 33,788	\$ 48,151
Opening Accumulated Amortization	\$ -	\$ -	\$ 1,126
Amortization Year 1 (15 Years Straight Line)	\$ -	\$ -	\$ 2,253
Amortization Subsequent Years		\$ 1,126	\$ 479
Closing Accumulated Amortization	\$ -	\$ 1,126	\$ 3,858
Opening Net Fixed Assets	\$ -	\$ -	\$ 32,662
Closing Net Fixed Assets	\$ -	\$ 32,662	\$ 44,293
Average Net Fixed Assets	\$ -	\$ 16,331	\$ 38,477
Net Fixed Assets - Tools and Equipment			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (10 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
Net Fixed Assets - Computer Hardware			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
Net Fixed Assets - Computer Software			
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -
Total Assets			
Total Fixed Assets	\$ -	\$ 33,788	\$ 48,151
Total Accumulated Amortization	\$ -	\$ 1,126	\$ 3,858
Closing Net Fixed Assets	\$ -	\$ 32,662	\$ 44,293

For PILs Calculation

UCC - Smart Meters

CCA Class 47 (8%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ 32,436
Capital Additions	\$ -	\$ 33,788	\$ 14,363
UCC Before Half Year Rule	\$ -	\$ 33,788	\$ 46,799
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 16,894	\$ 7,182
Reduced UCC	\$ -	\$ 16,894	\$ 39,618
CCA Rate Class 47	8%	8%	8%
CCA	\$ -	\$ 1,352	\$ 3,169
Closing UCC	\$ -	\$ 32,436	\$ 43,630

UCC - Tools and Equipment

CCA Class 8 (20%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 8	20%	20%	20%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Equipment

CCA Class 45 (45%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 45	55%	55%	55%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Software

CCA Class 12 (100%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 12	100%	100%	100%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

Smart Meter Costs - Greater than 50kW

2010 EDR Data Information

Third-party long-term debt	0.0%
Deemed long-term debt	56.0%
Short-term debt	4.0%
Deemed Equity	40.0%
Third-party long-term debt rate	5.87%
Deemed long-term debt rate	5.87%
Short-term debt rate	2.07%
Return on Equity	9.85%

Weighted Average Cost of Capital 7.31%

2010 Tax Rate

Corporate Income Tax Rate	16.00%
Capital Tax Rate	15.000%

Capital Data:

	01-May-08 to 31-Dec-08	01-Jan-09 to 31-Dec-09	01-Jan-10 to 31-Dec-10	
Smart meter including installation	\$	1,544	\$	63,904 <-----
Tools and Equipment (Work force management)	\$	-		<-----
Computer Hardware Costs	\$	-	\$	- <-----
Computer Software	\$	-	\$	- <-----
Total Capital Costs	\$ -	\$ 1,544	\$ 63,904	

LDC Amortization Policy:

Smart Meter Amortization Rate	\$ 15
Tools and Equipment (Work force management)	\$ 10
Computer Hardware Amortization Rate	\$ 5
Computer Software Amortization Rate	\$ 10

Operating Expense Data:

	01-Jan-10 to 31-Dec-10	
Incremental OM&A Expenses	\$ 1,327	<-----
Total Incremental Operating Expense	\$ 1,327	

Smart Meter Revenue Requirement Calculation 2010

Average Asset Values

Net Fixed Assets Smart Meters
 Net Fixed Assets Tools and Equipment
 Net Fixed Assets Computer Hardware
 Net Fixed Assets Computer Software
 Total Net Fixed Assets

31-Dec-10	
\$	32,328
\$	-
\$	-
\$	-
\$	32,328

Working Capital

Operation Expense
 15 % Working Capital

\$	1,327	
\$	199	\$ 199

Smart Meters included in Rate Base

\$	32,527
----	--------

Return on Rate Base

Third-party long-term debt
 Deemed long-term debt
 Short-term debt
 Deemed Equity

0.0%	\$	-
56.0%	\$	18,215
4.0%	\$	1,301
40.0%	\$	13,011
	\$	32,527

Third-party long-term debt rate
 Deemed long-term debt rate
 Short-term debt rate
 Return on Equity

5.87%	\$	-
5.87%	\$	1,069
2.07%	\$	27
9.85%	\$	1,282

Return on Rate Base

\$	2,378	\$ 2,378
----	-------	----------

Operating Expenses

Incremental Operating Expenses

\$	1,327
----	-------

Amortization Expenses

Amortization Expenses - Smart Meters
 Amortization Expenses - Tools and equipment
 Amortization Expenses - Computer Hardware
 Amortization Expenses - Computer Software

\$	2,233
\$	-
\$	-
\$	-

Total Amortization Expenses

\$	2,233
----	-------

Revenue Requirement Before PILs

\$	5,938
----	-------

Calculation of Taxable Income

Incremental Operating Expenses
 Depreciation Expenses
 Interest Expense

-\$	1,327
-\$	2,233
-\$	1,096

Taxable Income For PILs

\$	1,282
----	-------

Grossed up PILs

\$	169
----	-----

Revenue Requirement Before PILs
 Grossed up PILs

\$	5,938
\$	169

Revenue Requirement for Smart Meters

\$	6,107
----	-------

Net Revenue Requirement for 2010

\$	6,107
----	-------

Average customer #

----->

38

Rate Adder per month per metered customer

\$13.39

PILs Calculation 2010

31-Dec-10

INCOME TAX

Net Income	\$	1,282
Amortization	\$	2,233
CCA - Class 47 (8%) Smart Meters	-\$	2,675
CCA - Class 8 (20%) Tools and Equipment	\$	-
CCA - Class 45 (45%) Computers		
CCA - Class 12 (100%) Computers Software	\$	-
Change in taxable income	\$	840
Tax Rate		16.00%
Income Taxes Payable	\$	134

ONTARIO CAPITAL TAX

Smart Meters	\$	63,163
Tools and Equipment	\$	-
Computer Hardware	\$	-
Computer Software	\$	-
Rate Base	\$	63,163
Less: Exemption	\$	-
Deemed Taxable Capital	\$	63,163
Ontario Capital Tax Rate		0.015%
Net Amount (Taxable Capital x Rate)	\$	9

Gross Up

	PILs Payable	Gross Up	Grossed Up PILs
Change in Income Taxes Payable	\$ 134	16.00%	\$ 160
Change in OCT	\$ 9		\$ 9
PIL's	\$ 144		\$ 169

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ 1,544
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ 1,544	
Capital Investment Subsequent Years			\$ 63,904
Closing Capital Investment	\$ -	\$ 1,544	\$ 65,448
Opening Accumulated Amortization	\$ -	\$ -	\$ 51
Amortization Year 1 (15 Years Straight Line)	\$ -	\$ -	\$ 103
Amortization Subsequent Years		\$ 51	\$ 2,130
Closing Accumulated Amortization	\$ -	\$ 51	\$ 2,285
Opening Net Fixed Assets	\$ -	\$ -	\$ 1,493
Closing Net Fixed Assets	\$ -	\$ 1,493	\$ 63,163
Average Net Fixed Assets	\$ -	\$ 746	\$ 32,328

Net Fixed Assets - Tools and Equipment	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (10 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

Net Fixed Assets - Computer Hardware	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

Net Fixed Assets - Computer Software	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment Year 1	\$ -		
Capital Investment Year 2		\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ -	\$ -
Amortization Year 2 (5 Years Straight Line)		\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

Total Assets			
Total Fixed Assets	\$ -	\$ 1,544	\$ 65,448
Total Accumulated Amortization	\$ -	\$ 51	\$ 2,285
Closing Net Fixed Assets	\$ -	\$ 1,493	\$ 63,163

For PILs Calculation

UCC - Smart Meters

CCA Class 47 (8%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ 1,482
Capital Additions	\$ -	\$ 1,544	\$ 63,904
UCC Before Half Year Rule	\$ -	\$ 1,544	\$ 65,386
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 772	\$ 31,952
Reduced UCC	\$ -	\$ 772	\$ 33,434
CCA Rate Class 47	8%	8%	8%
CCA	\$ -	\$ 62	\$ 2,675
Closing UCC	\$ -	\$ 1,482	\$ 62,711

UCC - Tools and Equipment

CCA Class 8 (20%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 8	20%	20%	20%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Equipment

CCA Class 45 (45%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 45	55%	55%	55%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

UCC - Computer Software

CCA Class 12 (100%)	01-May-08 to 31-Dec-08	31-Dec-09	31-Dec-10
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Hardware	\$ -	\$ -	\$ -
Capital Additions Software	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class 12	100%	100%	100%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

Appendix W

1555 account balances

1556 account balances

Name of LDC:Hearst Power Distribution Company

File Number: EB-2009-0266

Rate Year: 2010

SMART METERS (1555)

INTEREST RATE - ANNUAL

2006 - SMART METERS -1555 - REVENUES WITH INTEREST

	2006												
	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.	Annual Total
starting balance	0	0	0	0	0	0	-697	-701.5	-688.75	-690.5	-693	-689.25	0
Ending balance	0	0	0	0	0	0	-697	-1398.5	-2087.25	-2777.75	-3470.75	-4160	
Interest								-2.72	-5.45	-7.87	-10.83	-13.09	-39.96
Cumulative Interest	0	0	0	0	0	0	0	-2.72	-8.17	-16.04	-26.87	-39.96	
Total	0	0	0	0	0	0	-697	-1401.22	-2092.7	-2785.62	-3481.58	-4199.96	

	2007												
	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.	Annual Total
starting balance	-4160.00	-4852.25	-5544.25	-6232.25	-6913.00	-7606.50	-8300.00	-8995.00	-9689.50	-10376.75	-11072.25	-11761.00	
Ending balance	-692.25	-692	-688	-680.75	-693.5	-693.5	-695	-694.5	-687.25	-695.5	-688.75	-694.5	
Interest	-16.22	-18.92	-19.52	-24.3	-26.08	-29.65	-31.31	-35.07	-37.77	-43.84	-48.34	-49.69	-380.71
Cumulative Interest	-56.18	-75.1	-94.62	-118.92	-145	-174.65	-205.96	-241.03	-278.8	-322.64	-370.98	-420.67	
Total	-4868.47	-5563.17	-6251.77	-6937.30	-7632.58	-8329.65	-9026.31	-9724.57	-10414.52	-11116.09	-11809.34	-12876.17	

	2008												
	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.	Annual Total
starting balance	-12455.50	-13141.75	-13833.00	-14523.75	-15215.25	-15901.50	-16577.75	-17269.75	-17957.50	-18645.75	-19336.25	-20030.00	
Ending balance	-686.25	-691.25	-690.75	-691.5	-686.25	-676.25	-692	-687.75	-688.25	-690.5	-693.75	-683.71	
Interest	-54.37	-57.37	-54.54	-63.4	-51.02	-55.1	-55.59	-49.14	-51.09	-51.34	-55.02	-55.15	-653.13
cumulative interest	-475.04	-532.41	-586.95	-650.35	-701.37	-756.47	-812.06	-861.2	-912.29	-963.63	-1018.65	-1073.8	
Total	-13196.12	-13890.37	-14578.29	-15278.65	-15952.52	-16632.85	-17325.34	-18006.64	-18696.84	-19387.59	-20085.02	-21787.51	

INTEREST Q 1 -2.45%

Q 2 - 1.00 %

Q3 & Q 4 - .55%

	2009												
	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.	Annual Total
starting balance	-20713.71	-21407.68	134983.55	134294.24	133606.88	360076.13	357601.88	361220.96	365533.04	363168.83	372808.85	382227.71	
Smart Meters CAPITAL		157067.81			227163.91		6378.11	7066	391.41	12395.73	12173.13	- 422,636.10	0
Interest on Smart Meter Capital			295.03	326.83	129.1	326.31	315.81	182.46	185.76	179.95	191.74	-2132.99	0
RECOVERIES	-693.97	-676.58	-689.31	-687.36	-694.66	-2474.25	-2759.03	-2753.92	-2755.62	-2755.71	-2754.27	-2750.88	-22445.56

Interest on Recoveries	-58.94	-44.55	-41.51	-47.39	-19.28	-20.52	-22.25	-13.73	-15.01	-15.78	-17.59	-18.27	-334.82
STRANDED METER COST												45081	45081
Interest on Stranded Meters													0
Ending balance before Interest	-21407.68	134983.55	134294.24	133606.88	360076.13	357601.88	361220.96	365533.04	363168.83	372808.85	382227.71	1921.73	
Interest starting balance	-1073.80	-1132.74	-1177.29	-923.77	-644.33	-534.51	-228.72	64.84	233.57	404.32	568.49	742.64	
Interest Total	-58.94	-44.55	253.52	279.44	109.82	305.79	293.56	168.73	170.75	164.17	174.15	-2151.26	-334.82
Cumulative Interest	-1132.74	-1177.29	-923.77	-644.33	-534.51	-228.72	64.84	233.57	404.32	568.49	742.64	-1408.62	
Ending Balance Total	-22540.42	133806.26	133370.47	132962.55	359541.62	357373.16	361285.80	365766.61	363573.15	373377.34	382970.35	513.11	

INTEREST Q 1 -2.45% Q 2 - 1.00 % Q3 & Q 4 - .55%

	2010												
	JAN.	FEB.	MARCH	APRIL	MAY	JUNE	JULY	AUGUST	SEPT.	OCT.	NOV.	DEC.	Annual Total
starting balance	1921.73	-817.16	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	
Smart Meters CAPITAL													0
Interest on Smart Meter Capital													0
RECOVERIES	-2738.89	-2730.42											-5469.31
Interest on Recoveries	-20.16	-19.36											-39.52
STRANDED METER COST													0
Interest on Stranded Meters	21.06	19.02											40.08
Ending balance before Interest	-817.16	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	-3547.58	
Interest starting balance	-1408.62	-1407.72	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	
Interest Total	0.9	-0.34	0	0	0	0	0	0	0	0	0	0	0.56
Cumulative Interest	-1407.72	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	-1408.06	
Ending Balance Total	-2224.88	-4955.64	-4955.64	-4955.64	-4955.64	-4955.64	-4955.64	-4955.64	-4955.64	-4955.64	-4955.64	-4955.64	

-20713.71	-21407.68	134983.55	134294.24	133606.88	360076.13	357601.88	361220.96	365533.04	363168.83	372808.85	382227.71	
	157067.81			227163.91		6378.11	7066	391.41	12395.73	12173.13	14553.87	437189.97
-693.97	-676.58	-689.31	-687.36	-694.66	-2474.25	-2759.03	-2753.92	-2755.62	-2755.71	-2754.27	-2750.88	-22445.56

-21407.68	134983.55	134294.24	133606.88	360076.13	357601.88	361220.96	365533.04	363168.83	372808.85	382227.71	394030.70	
0.00												
-58.94	-44.55	253.52	279.44	109.82	305.79	293.56	168.73	170.75	164.17	174.15	172.78	1989.22
-58.94	-103.49	150.03	429.47	539.29	845.08	1138.64	1307.37	1478.12	1642.29	1816.44	1989.22	11173.52
-21466.62	134880.06	134444.27	134036.35	360615.42	358446.96	362359.60	366840.41	364646.95	374451.14	384044.15	396019.92	

Appendix X

Collins Barrow Smart Meter Report



Gagné Gagnon Bisson Hébert
Chartered Accountants / Comptables Agréés

Société Professionnelle Denis Hébert Inc.
Eric G. Gagnon Professional Corporation
Christiane S. Lapointe C.A.
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T. 705-362-4261
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hearst@collinsbarrow.com

February 25, 2010

Hearst Power Distribution Company Ltd.
P.O. Bag 5000
HEARST, Ontario POL 1N0

ATTENTION: Mrs. Nicole Leduc, Manager

Dear Mrs Leduc,

RE: Hearst Power Distribution Company Limited

We are the auditors of the Hearst Power Distribution Company Limited and in our capacity as auditors have reported as of February 19, 2010 on the Hearst Power Distribution Company Limited financial statements for the year ended December 31, 2009.

Purpose

In response to your request, we understand that you need a confirmation of our work regarding the Smart Meters Variance accounts. We also understand that you need a special report identifying the changes to the financial statements after the ensuing issuance of the Ontario Energy Board (OEB) order approving the smart meters deferral account transfer to operating assets for the purpose of the OEB regulation as part of the rate base.

The changes made following the Board approval only reflect the smart meters capital asset portion.

Generally Accepted Accounting Principles and Auditing Standards

The Hearst Power Distribution Company Limited financial statements for the year ended December 31, 2009 have been prepared in accordance with Canadian generally accepted accounting principles.

The audit of the Hearst Power Distribution Company Limited financial statements for the year ended December 31, 2009 has been conducted in accordance with Canadian generally accepted auditing standards.

... 2

Audit Procedures for smart meters capital and expenses

The following other substantive procedures were performed, to allow us to conclude that the balances presented in the smart meters variance accounts were fairly stated.

- We vouched all expenses greater than 5 % of our materiality to an invoice and assured that it was related to the smart meters. A total of 94.8 % of all smart meters capital and OM&A expenses were verified;
- We recalculated the stranded cost calculated by Energy Cost Management Inc., as provided by Hearst Power Distribution Company Limited and concluded that it was properly recorded;
- We calculated the amortization expense for the current year and agreed to amount reported;
- We recalculated a sample of the carrying charges and concluded that they were properly calculated and reported.

Per our work performed, we concluded that the amounts presented as smart meters variance accounts were fairly stated, in all material respects as at December 31, 2009.

Accounting procedures for the special report

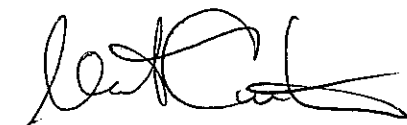
The following changes were made to reflect the capital portion approval of the smart meters investment.

- We transferred the smart meters capital expenses in the amount of \$ 437,190 into the property and equipment account.
- We transferred the accumulated amortization in the amount of \$ 14,427 into the accumulated amortization account from the smart meters capital and recovery account.
- We transferred the carrying charges on the smart meters capital and recovery account in the amount of \$ 2,324 against the carrying charges interest revenue.

All of the reclassifications made to the smart meters capital and recovery account created changes to the audited financial statements which are presented in the attached special report. We also considered the effects of those reclassifications on the income tax return as of December 31, 2009.

Yours very truly,

COLLINS BARROW



Noël Cantin, CA
NC/ajc

Appendix Y

Cost Allocation Report

**Hearst Power Distribution Company Limited
2010 Cost Allocation Study**

**A Report Prepared by
Elenchus Research Associates Inc.**

**On Behalf of
Hearst Power Distribution Company Limited**

August 2009



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1 INTRODUCTION

Hearst Power Distribution Company Limited (“Hearst”) has prepared its 2010 EDR Application as a cost of service rate application based on a forward test year. The relevant filing requirements for this Application are set out in Chapter 2 of the May 27, 2009 update to the document entitled *Ontario Energy Board, Filing Requirements for Transmission and Distribution Applications* (“Filing Requirements”).

Section 2.8 of the Filing Requirements sets out the expectations of the Board with respect to Exhibit 7: Cost Allocation. The Filing Requirements state:

A completed cost allocation study using the Board approved methodology must be filed whether the applicant proposes to use it or not. This filing must

- *reflect future loads and cost and be supported by appropriate explanations;*
- *be corrected for transformer ownership allowance ..., and*
- *be presented in the form of an Excel spreadsheet.*¹

The Filing Requirements also state that:

The Board expects the filings made by the applicant will follow the cost allocation policies reflected in the Board’s report of November 28, 2007, Application of Cost Allocation for Electricity Distributors (EB-2007-0667).

Hearst asked Elenchus Research Associated (Elenchus)² to assist it by preparing an appropriate cost allocation study for its 2010 cost of service rate application. In addressing this issue, Elenchus was guided by the Filing Requirements and the November 28, 2007 *Report of the Board, Application of Cost Allocation for Electricity Distributors* (EB-2007-0667) (“CA Application Report”) which “sets out the Board’s policies in relation to specific cost allocation matters for electricity distributors”.³

¹ *Ontario Energy Board, Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, May 27, 2009, p. 19.*

² John Todd, President of Elenchus Research Associates, was the lead consultant for the development and implementation of the methodology used by Hearst and documented in this report. John Todd’s curriculum vitae is available at www.elenchus.ca.

³ Ontario Energy Board, *Report of the Board, Application of Cost Allocation for Electricity Distributors* (EB-2007-0667), November 28, 2007, page 1.

1 The CA Application Report observes at page 2 that:

2 *The Board is cognizant of factors that currently limit or otherwise affect the ability or*
 3 *desirability of moving immediately to a cost allocation framework that might, from a*
 4 *theoretical perspective, be considered the ideal. These influencing factors include*
 5 *data quality issues and limited modelling experience, and are discussed in greater*
 6 *detail in section 2.3 of this Report.*

7 The “influencing factors” discussed in section 2.3 of the report are:

8 • **Quality of the data:** The Board notes “that accounting and load data can be
 9 improved.” (p. 5)

10 • **Limited modelling experience:** The Board observed that “the cost allocation
 11 model is complex, and the data required for the model was not always readily
 12 available for modelling.” (p. 6)

13 • **Status of current rate classes:** The Board points out that “Any changes in
 14 customer classification or load data could have a significant impact on future cost
 15 allocation studies” (p. 6).

16 • **Managing the movement of rates closer to allocated costs:** The Board notes:

17 *The Board considers it appropriate to avoid premature movement of rates in*
 18 *circumstances where subsequent applications of the model or changes in*
 19 *circumstances could lead to a directionally different movement. Rate*
 20 *instability of this nature is confusing to consumers, frustrates their energy cost*
 21 *planning and undermines their confidence in the rate making process. (p. 6)*

22 In utilizing the Board’s cost allocation model for Hearst’s 2010 cost allocation study,
 23 Elenchus has been cognizant of these “influencing factors” as they apply to Hearst.

24 **1.1 PURPOSE OF THE COST ALLOCATION STUDY**

25 In the context of a cost of service rate application based on a 2010 forward test year,
 26 the primary purpose of the cost allocation study (“CA Study”) is to determine the
 27 proportions of a distributor’s total revenue requirement that are the “responsibility” of
 28 each rate class.

29 In addition, cost allocation studies provide revenue to cost ratios for each customer
 30 class that can be examined to ensure that they generally fall within the Board-specified

ranges (or move toward those ranges where appropriate to mitigate rate impacts) and generally are not moving away from 100%.

Conceptually, the desired results can be achieved in either of two ways.

- **Prospective Year CA Study:** A cost allocation study for the 2010 test year can be based on an allocation of the 2010 test year costs (i.e., the 2010 forecast revenue requirement) to the various customer classes using allocators that are based on the forecast class loads (kW and kWh) by class, customer counts, etc. By definition, this approach will result in a total revenue to cost ratio at proposed rates of 100%. Assuming there is a revenue deficiency for the test year, the total revenue to cost ratio at current rates will be somewhat below 100%.

- **Historic Year CA Study:** As an alternative, an historic year cost allocation study can be prepared that determines the proportion of costs allocated to each class for the most recent historic year. In the case, the CA Study will rely on actual costs, weather adjusted loads, customer counts, etc. that are not affected by forecast errors. Assuming the costs and loads are relatively stable so that the proportionate cost responsibility of each rate class in the historic year is a reasonable proxy for the 2010 test year cost responsibility, the resulting proportionate cost responsibilities can be used to allocate the 2010 revenue requirement to the various classes.

The Hearst CA Study uses the first of these methods in order to ensure compliance with the Board's direction in the Filing Requirements that the CA Study should "reflect future loads and cost". Relying on a Prospective Year CA Study is also appropriate at this time since the Ontario economy has suffered over the past two years and, as a result, many distributors have experienced significant changes in the load profiles of their customer classes. These changes could have a significant impact on the allocation of costs to the classes and the resulting revenue to cost ratios. This approach implicitly assumes that the economic recovery will be slow and, as a result, the relative loads of customer classes are more likely to reflect 2010 loads than 2008 loads during the next IRM cycle.

1.2 HEARST'S 2006 COST ALLOCATION INFORMATION FILING

Hearst filed its 2006 Cost Allocation Information Filing ("CAIF") on August 22, 2007, using 2004 financial information. Hearst's 2006 CAIF relied on the Board's 2006 Cost Allocation Model ("CA Model") and was prepared in accordance with the September 29, 2006 Board report entitled *Cost Allocation: Board Directions on Cost Allocation Methodology for Electricity Distributors* ("the Directions"), the subsequent (November 15, 2006) *Cost Allocation Informational Filing Guidelines for Electricity Distributors* ("the Guidelines"), and the *Cost Allocation Review: User Instruction for the Cost Allocation Model for Electricity Distributors* ("the Instructions").

1.3 STRUCTURE OF THE REPORT

The remainder of this report is divided into three additional sections. Section 2 provides an overview of the Hearst CA Study, explaining each of the model runs (or version of the CA model) included in the study, as well as the load and cost information used for each run. Section 3 explains the methodology used to develop the 2010 Hearst model by documenting each step taken in completing the model. Section 4 summarizes the results of the Hearst CA Study, showing the class revenue requirements and revenue to cost ratios generated by each version of the CA models.

2 OVERVIEW OF THE HEARST 2010 CA STUDY

2.1 MODELS RUNS INCLUDED IN THE HEARST COST ALLOCATION STUDY

Section 2.8.3 of the updated Filing Requirements specifies that “three sets of revenue to cost ratios for each customer class” must be provided based on:

- “the initial cost allocation model” which is the 2006 cost allocation information filing (“CAIF”);
- “the initial cost allocation model revised with the adjusted transformer ownership allowance” which is the 2006 cost allocation information filings, adjusted in accordance with section 2.8.2 of the updated Filing Requirements; and
- “the updated cost allocation model” which is the appropriate 2010 model.

Hence, the cost allocation studies prepared for purposes of all 2010 cost of service filings must include these three separate CA models. As a result, the Hearst Cost Allocation Study (“CA Study”) consists of three versions of the OEB’s cost allocation model. For clarity, the following designations are used.

- **HPL-2006: Hearst 2006 Model:** The Hearst 2006 CAIF. This was created from the model filed in the initial Hearst 2010 submission, by removing the LV adjustment.
- **HPL-2006C: Hearst 2006 Model Corrected:** The 2006 CAIF from above corrected as per section 2.8.2 of the updated Filing Requirements.
- **HPL-2010: Hearst 2010 Model:** The 2006 CAIF with the corrected treatment of the Transformer Ownership Allowance and 2010 loads, costs, and revenues.

2.2 LOAD AND CUSTOMER INFORMATION

The updated Filing Requirements specify that “the updated model must be consistent with the load forecast and costs in the test year ... If updated load profiles are not available, the load profiles of the classes may be the same as those used in the information filing scaled to match the load forecast.” (Section 2.8.1, pp. 19-20)

The Hearst 2010 model has been prepared using the following load and load profile information:

- **Annual Loads (kW and kWh, as appropriate) and customer counts:** The 2010 load forecast and customer counts by class being used by Hearst in its application were also used for the 2010 CA models. Hearst's load forecast was prepared by Elenchus.
- **Hourly load profile:** The hourly load profiles prepared by Hydro One for the 2006 CAIF were used for all classes except the Intermediate class. There were significant load reductions among the intermediate customers between 2004 and 2009, and there is an expectation that load in 2010 would be increased back to 2008 levels. Therefore, 2008 would be representative of 2010. Updating of the hourly load profiles for this class was necessary because of the significant change in demand among a small number of customers. Furthermore, actual 2008 hourly load data, which is believed to be representative of 2010 is available for all customers in this class (all customers have interval meters). The hourly load data does not require weather adjustment, making it a straightforward task to determine the updated hourly load shape of these classes in a manner that is consistent with the Hydro One methodology.

The hourly load profiles provided by Hydro One for all of the remaining classes for the 2006 model were considered to be appropriate for use in the 2010 models for the following reasons.

1. Elenchus explored alternatives for updating the hourly load profiles by rate class comparable to the estimated load profiles that Hydro One prepared for the LDCs for their 2006 CA Models. Hydro One advised that they no longer have the capacity to produce a significant number of LDC-specific hourly load profiles. As far as Elenchus is aware, no other entity has the necessary information and models to produce comparable quality hourly load profiles for Ontario LDCs. It therefore was not practical for distributors to update their hourly load profiles by class except in exceptional circumstances.

2. There would be little point in investing in updated load profiles without also investing in updated saturation surveys for the residential class in each service area. These are expensive and time consuming to undertake as they involve a survey of a statistically significant sample of customers.
3. With the widespread rollout of smart meters and the collection of smart meter data, Ontario distributors will have better hourly load profile by class data than the Hydro One estimates. Unless there is evidence of a significant change in circumstances, investing in new hourly load profile by class estimates would be a questionable use of ratepayer funds when superior hourly load profile information will be available in the next few years at minimal incremental cost.
4. Both time-of-use commodity pricing and changes to the design of distribution rates can be expected to alter the hourly load profiles of the affected classes.
5. The 2006 hourly load profiles were based on 2004 actual loads and updated hourly load profiles would be based on 2008 actual loads. An update of the hourly load profiles after only 4 years (2004 to 2008) can be expected to produce changes in cost responsibility that are small relative to the tolerances that are necessary given the imprecision of the allocated costs based on the 2006 CA Model methodology. (The revenue-to-cost ratio bands set out in the CA Application Report appear to recognize the lack of precision in cost allocation studies at this time.)
6. All Intermediate customers were handled (as above), and there are no Large User customers in the Hearst service area.

2.3 COST INFORMATION

As noted earlier, Elenchus' preferred methodology for preparing 2010 cost allocation models is to use the prospective 2010 test year as the basis for the CA Study, assuming appropriate expense and asset information is available for the 2010 test year. In the case of Hearst, the financial information for the forecast year has been prepared at the

- 1 USoA level consistent with the level of detail embedded in the OEB's cost allocation
- 2 model.⁴

⁴ Some information (i.e., meter counts and some amortization detail) that is used in the Board's CA Model is not explicitly forecasted for the test year. These values were estimated using scaling factors based on prior year ratios. For example, the ratio of meters to customers was assumed to be constant. The portion of the total costs accounted for in this manner was too small for any plausible estimation errors to have a significant impact on the test year revenue to cost ratios.

3 HEARST COST ALLOCATION STUDY METHODOLOGY

This section documents Elenchus' methodology for the Hearst Cost Allocation Study which includes the 2006 models and the 2010 CA Model.

The uncorrected 2006 CAIF model (XX-2006) is an unaltered version of the model that was filed with the Board in 2007. The corrected 2006 Hearst CA Model (HPL-2006C) was corrected using the methodology set out in section 2.8.2 of the Filing Requirements.

3.1 2010 HEARST CA MODEL

3.1.1 HOURLY LOAD PROFILE (HONI FILE)

For the Hearst CAIF, HONI provided data files with three worksheets that were used as input to the 2006 CAIF:

- **Data Summary:** actual and weather normalized monthly kWh by class, disaggregated by weather sensitive and non-weather sensitive load for relevant classes.
- **Hourly Load Shape by Class:** GWh by class for each hour in 2004.
- **Input to Cost Allocation Model:** The 1CP, 4CP, 12CP, 1NCP, 4NCP, 12NCP allocators are derived from the hourly load profiles.

The Hearst hourly load shapes derived by Hydro One for the 2006 CAIF were not updated. However, the demand allocators derived by Hydro One for the 2006 CAIF were revised to reflect changes in the relative loads for the classes from 2004 to 2010. This was done by scaling the hourly load profiles of each class on the Hourly Load Shape by Class worksheet of the HOPNI file to levels consistent with the 2010 load forecast while maintaining the hourly load shapes.

3.1.2 DEMAND ALLOCATORS (HONI FILE)

The demand allocators used in the HPL-2010 CA model were derived using the same methodology as Hydro One used for the 2006 file; however, they were re-determined using the forecast 2010 hourly load profiles resulting from the preceding step. Using the 2010 hourly load profiles by class, the 12 monthly coincident and non-coincident peaks for the rate classes were determined on the Hourly Load Shape by Rate Class worksheet. The allocators were then derived as follows.

- The 1, 4 and 12 NCP values for each class were calculated by selecting the peak in the year (1 NCP), summing the four highest monthly peaks (4 NCP) and summing the 12 monthly peaks for each class (12 NCP), respectively.
- The total 1, 4 and 12 NCP values are the totals of the corresponding class NCP values.
- The 1, 4 and 12 CP values for each class were derived by identifying the hour in each month when the coincident peak occurred and then selecting the peak in the year (1 CP), adding the demands during the four highest coincident peak hours (4 CP) and summing the demand for each class during the 12 monthly coincident peak hours (12 CP), respectively.
- The total 1, 4 and 12 CP values are the totals of the corresponding class CP values, which are the values used to identify the relevant coincident peak hours.

3.1.3 2010 DEMAND DATA (HPL-2010 MODEL)

The demand allocators derived in the updated Hydro One file as described in the preceding section were input at the appropriate cells at sheet I8 Demand Data of the 2010 Hearst CA Model. However, the Primary, Line Transformer, and Secondary 1NCP, 4NCP and 12NCP values (rows 56-58, 62-64, 68-70) are not equal to the full class NCP values since not all customers use these facilities. The Primary, Line Transformer, and Secondary 1NCP, 4NCP, and 12NCP values were therefore determined from the full load data NCP values using the ratio of values in the 2006 CA Model.

3.1.4 2010 CUSTOMER DATA (HPL-2010 MODEL)

The 30 year weather normalized kWh by rate class which was an input from the Hydro One file at Sheet I6 Customer Data row 27 in the 2006 CA model was replaced with the 2010 load forecast in the 2010 CA Model.

In addition, the demand data (kW and kWh) in rows 21, 22, 25, and 56 of Sheet I6 Customer Data were replaced with the forecasted values. Row 23 was scaled by the percentage change in row 22.

The 2010 Distribution Revenue in row 29 was derived using the forecast demand (kW and kWh) and customer counts by rate class and the existing 2009 rates.

3.1.5 2010 REVENUE TO COST RATIOS

Since Hearst is proposing to set rates that recover its full revenue requirement, the total revenue to cost ratio at proposed rates will be 100% in 2010. The 2010 total revenue to cost ratio at current rates is less than 100% by the amount of the required rate increase. The revenue to cost ratios of the classes reflect the costs allocated to the classes based on the OEB CA Model methodology and the revenues that would be generated at current rates given the forecast demand (kW and kWh) and customer counts by rate class for 2010.

4 SUMMARY OF REVENUE TO COST RATIOS

The class revenue-to-cost ratios as determined in the Hearst cost allocation models are shown in Table 7, below.

Table 7: Revenue to Cost Ratios

Customer Class	HPL-2006	HPL-2006C	HPL-2010	HPL-2010 scaled to 100%	Board Target Range
Residential	91.29	100.25	54.76	91.69	85-115
GS < 50 kW	101.32	109.97	57.62	96.49	80-120
GS > 50 kW	242.94	238.22	164.18	274.91	80-180
Intermediate	110.92	28.54	66.39	111.16	80-120
Street Lighting	25.36	28.60	3.28	5.49	70-120
Sentinel Lighting	84.99	95.87	18.05	30.23	70-120
Total	100.00	100.00	59.72	100.00	

Note that the total revenue to cost ratio for HPL-2010 is less than 100% because it represents the revenue to cost ratios for 2010 at current rates. At proposed rate the total revenue to cost ratio would be 100%. In addition, Hearst's proposed rates for 2010 will alter the relative revenue to cost ratios of the classes.

The HPL-2010 ratios (at current rates) reflect the impact of changes in throughput by class as well as changes in costs from 2006 through the 2010 forecast test year.

Table 8 presents the revenue responsibility (i.e., allocation of the total revenue requirement to the rate classes) in each of the models. This revenue responsibility is presented in both dollar and percentage terms.

1

Table 8: Revenue Responsibility by Rate Class

Customer Class	HPL-2006		HPL-2006C		HPL-2010	
	\$	%	\$	%	\$	%
Residential	634,232	58.71	577,527	58.20	885,897	60.64
GS < 50 kW	174,407	16.14	160,691	16.19	254,440	17.42
GS > 50 kW	84,489	7.82	77,245	7.78	108,633	7.44
Intermediate	81,566	7.55	83,228	8.39	87,035	5.96
Street Lighting	102,084	9.45	90,528	9.12	121,023	8.28
Sentinel	3,518	0.33	3,119	0.31	3,958	0.27
Total	1,080,297	100.00	992,338	100.00	1,462,490	100.00

2

Appendix Z

DVA and Global adjustment rate rider

Hearst Power Distribution Company Limited (ED-1999-0292)

2010 EDR Application (EB-2009-0266) version: v2

September 15, 2010

B5 Deferral / Variance Account Balances*Enter principal amounts and changes in account balances*

Deferral / Variance Account	1-Jan-2005 to 31-Dec-2005					
	Open. Principal	Changes	End. Principal	Open. Interest	Changes	End. Interest
1508-Other Regulatory Assets	1,980	18,367	20,347	9	239	248
1550-LV Variance Account						
1555-Smart Meters Capital Variance Account						
1556-Smart Meters OM&A Variance Account						
1565-Conservation and Demand Management Expenditures and Recoveries						
1570-Qualifying Transition Costs	76,186	18,626	94,812		6,874	6,874
1571-Pre-market Opening Energy Variance	6,940	3,289	10,229	3,818	503	4,321
1580-RSVAWMS	42,477	31,727	74,204	125	117	242
1584-RSVANW	-200,313	-75,089	-275,402	-368	-450	-818
1586-RSVACN	-131,279	-50,747	-182,026	-215	-303	-518
1588-RSVAPOWER	-400,185	-287,032	-687,217		-40,889	-40,889
1590-Recovery of Regulatory Asset Balances		181,060	181,060		6,111	6,111
1598-1588 Global Adjustment sub-acct		5,696	5,696		-1,419	-1,419

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B5 Deferral / Variance Account Balances*Enter principal amounts and changes in account balance*

Deferral / Variance Account	1-Jan-2006 to 31-Dec-2006					
	Open. Principal	Changes	End. Principal	Open. Interest	Changes	End. Interest
1508-Other Regulatory Assets	20,347	4,641	24,988	248	710	958
1550-LV Variance Account						
1555-Smart Meters Capital Variance Account		-4,160	-4,160		-40	-40
1556-Smart Meters OM&A Variance Account						
1565-Conservation and Demand Management Expenditures and Recoveries		-13,197	-13,197			
1570-Qualifying Transition Costs	94,812	-75,184	19,628	6,874	3,230	10,104
1571-Pre-market Opening Energy Variance	10,229	-10,759	-530	4,321	-410	3,911
1580-RSVAWMS	74,204	-172,044	-97,840	242	2,050	2,292
1584-RSVANW	-275,402	186,889	-88,513	-818	-6,412	-7,230
1586-RSVACN	-182,026	82,543	-99,483	-518	-4,295	-4,813
1588-RSVAPOWER	-687,217	477,913	-209,304	-40,889	-17,320	-58,209
1590-Recovery of Regulatory Asset Balances	181,060	-396,358	-215,298	6,111	-3,309	2,802
1598-1588 Global Adjustment sub-acct	5,696	50,138	55,834	-1,419	1,705	286

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B5 Deferral / Variance Account Balances*Enter principal amounts and changes in account balance*

Deferral / Variance Account	1-Jan-2007 to 31-Dec-2007					
	Open. Principal	Changes	End. Principal	Open. Interest	Changes	End. Interest
1508-Other Regulatory Assets	24,988		24,988	958	1,181	2,139
1550-LV Variance Account		38,451	38,451		1,354	1,354
1555-Smart Meters Capital Variance Account	-4,160	-8,296	-12,456	-40	-381	-421
1556-Smart Meters OM&A Variance Account		9,788	9,788			
1565-Conservation and Demand Management Expenditures and Recoveries	-13,197	-11,931	-25,128		-832	-832
1570-Qualifying Transition Costs	19,628		19,628	10,104	928	11,032
1571-Pre-market Opening Energy Variance	-530		-530	3,911		3,911
1580-RSVAWMS	-97,840	-78,884	-176,724	2,292	-4,901	-2,609
1584-RSVANW	-88,513	36,193	-52,320	-7,230	-4,079	-11,309
1586-RSVACN	-99,483	-54,175	-153,658	-4,813	-4,919	-9,732
1588-RSVAPOWER	-209,304	-2,959	-212,263	-58,209	-10,284	-68,493
1590-Recovery of Regulatory Asset Balances	-215,298	123,958	-91,340	2,802	-7,931	-5,129
1598-1588 Global Adjustment sub-acct	55,834	13,219	69,053	286	2,682	2,968

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B5 Deferral / Variance Account Balances*Enter principal amounts and changes in account balance*

Deferral / Variance Account	1-Jan-2008 to 31-Dec-2008					
	Open. Principal	Changes	End. Principal	Open. Interest	Changes	End. Interest
1508-Other Regulatory Assets	24,988		24,988	2,139	1,031	3,170
1550-LV Variance Account	38,451	13,903	52,354	1,354	1,685	3,039
1555-Smart Meters Capital Variance Account	-12,456	-8,258	-20,714	-421	-653	-1,074
1556-Smart Meters OM&A Variance Account	9,788	9,538	19,326			
1565-Conservation and Demand Management Expenditures and Recoveries	-25,128	225	-24,903	-832	-1,074	-1,906
1570-Qualifying Transition Costs	19,628		19,628	11,032	812	11,844
1571-Pre-market Opening Energy Variance	-530		-530	3,911		3,911
1580-RSVAWMS	-176,724	-15,932	-192,656	-2,609	-7,292	-9,901
1584-RSVANW	-52,320	-15,600	-67,920	-11,309	-2,496	-13,805
1586-RSVACN	-153,658	-79,056	-232,714	-9,732	-6,626	-16,358
1588-RSVAPOWER	-212,263	71,724	-140,539	-68,493	-7,275	-75,768
1590-Recovery of Regulatory Asset Balances	-91,340	44,735	-46,605	-5,129	-2,451	-7,580
1598-1588 Global Adjustment sub-acct	69,053	-1,481	67,572	2,968	2,705	5,673

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B5 Deferral / Variance Account Balances*Enter principal amounts and changes in account balance**Interest Rate (from sheet Y1) = 0.55%*

Deferral / Variance Account	31-Dec-2008 Balance			1-Jan-09 to 30-Apr-09		
	Principal	Interest	Total	Interest	Other	Balance
1508-Other Regulatory Assets	24,988	3,170	28,158	46		28,204
1550-LV Variance Account	52,354	3,039	55,393	96		55,489
1555-Smart Meters Capital Variance Account	-20,714	-1,074	-21,788	-38		-21,826
1556-Smart Meters OM&A Variance Account	19,326		19,326	35		19,361
1565-Conservation and Demand Management Expenditures and Recoveries	-24,903	-1,906	-26,809	-46		-26,855
1570-Qualifying Transition Costs	19,628	11,844	31,472	36		31,508
1571-Pre-market Opening Energy Variance	-530	3,911	3,381	-1		3,380
1580-RSVAWMS	-192,656	-9,901	-202,557	-353		-202,910
1584-RSVANW	-67,920	-13,805	-81,725	-125		-81,850
1586-RSVACN	-232,714	-16,358	-249,072	-427		-249,499
1588-RSVAPOWER	-140,539	-75,768	-216,307	-258		-216,565
1590-Recovery of Regulatory Asset Balances	-46,605	-7,580	-54,185	-85		-54,270
1598-1588 Global Adjustment sub-acct	67,572	5,673	73,245	124		73,369

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B5 Deferral / Variance Account Balances*Enter principal amounts and changes in account balance*

Deferral / Variance Account	1-May-09 to 31-Dec-09			1-Jan-10 to 30-Apr-10		
	Interest	Other	Balance	Interest	Other	Balance
1508-Other Regulatory Assets	92		28,295	46		28,341
1550-LV Variance Account	192	15,996	71,677	125	3,000	74,802
1555-Smart Meters Capital Variance Account	-76	22,635	733	4	-5,469	-4,732
1556-Smart Meters OM&A Variance Account	71	35,890	55,322	101		55,424
1565-Conservation and Demand Management Expenditures and Recoveries	-91	8,283	-18,663	-30		-18,693
1570-Qualifying Transition Costs	72		31,580	36		31,616
1571-Pre-market Opening Energy Variance	-2		3,378	-1		3,377
1580-RSVAWMS	-706	-60,966	-264,583	-465	-18,120	-283,168
1584-RSVANW	-249	-13,995	-96,094	-150	-2,300	-98,544
1586-RSVACN	-853	-91,357	-341,709	-594	-32,400	-374,703
1588-RSVAPOWER	-515	-33,564	-250,644	-319	-41,700	-292,663
1590-Recovery of Regulatory Asset Balances	-171		-54,441	-85		-54,527
1598-1588 Global Adjustment sub-acct	248	107,293	180,910	321	64,214	245,444

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B5 Deferral / Variance Account Balances*Enter principal amounts and changes in account balance**Interest Rate (from sheet Y1) = 0.55%*

Deferral / Variance Account	31-Dec-08 Balance + Interest to 30-Apr-10			1-May-10 to 31-Dec-10		
	31-Dec-08	Interest	Total	Interest	Other	Balance
1508-Other Regulatory Assets	28,158	183	28,341	92		28,433
1550-LV Variance Account	55,393	413	55,806	262		75,064
1555-Smart Meters Capital Variance Account	-21,788	-110	-21,898	-13		-4,745
1556-Smart Meters OM&A Variance Account	19,326	208	19,534	202		55,626
1565-Conservation and Demand Management Expenditures and Recoveries	-26,809	-167	-26,976	-61		-18,754
1570-Qualifying Transition Costs	31,472	144	31,616	72		31,688
1571-Pre-market Opening Energy Variance	3,381	-4	3,377	-2		3,375
1580-RSVAWMS	-202,557	-1,525	-204,082	-996		-284,164
1584-RSVANW	-81,725	-524	-82,249	-309		-98,853
1586-RSVACN	-249,072	-1,874	-250,946	-1,307		-376,010
1588-RSVAPOWER	-216,307	-1,092	-217,399	-791		-293,454
1590-Recovery of Regulatory Asset Balances	-54,185	-342	-54,527	-171		-54,698
1598-1588 Global Adjustment sub-acct	73,245	692	73,937	877		246,321

C6 Proposed Deferral /Variance Account Balance Recoveries

Deferral / Variance Account	Recover Balance as at?	Additional Interest to 30 Apr/10?	Balance for Recovery ¹	Additional Interest for Recovery	Total Recovery Amount
1508-Other Regulatory Assets	31-Dec-08	YES	28,158	183	28,341
1518-RCVARetail	31-Dec-08	YES			
1525-Miscellaneous Deferred Debits	31-Dec-08	YES			
1548-RCVASTR	31-Dec-08	YES			
1550-LV Variance Account	31-Dec-08	YES	55,393	384	55,777
1555-Smart Meters Capital Variance Account	No Recovery	NO			
1556-Smart Meters OM&A Variance Account	No Recovery	NO			
1562-Deferred Payments in Lieu of Taxes	No Recovery	NO			
1565-Conservation and Demand Management Expenditures and Recoveries	31-Dec-08	YES	-26,809	-183	-26,992
1566-CDM Contra Account	31-Dec-08	YES			
1580-RSVAWMS	31-Dec-08	YES	-202,557	-1,413	-203,970
1582-RSVAONE-TIME	31-Dec-08	YES			
1584-RSVANW	31-Dec-08	YES	-81,725	-498	-82,223
1586-RSVACN	31-Dec-08	YES	-249,072	-1,707	-250,779
1588-RSVAPOWER	31-Dec-08	YES	-216,307	-1,031	-217,338
1590-Recovery of Regulatory Asset Balances	31-Dec-08	YES	-54,185	-342	-54,527
1598-1588 Global Adjustment sub-acct	No Recovery	NO			
Sub-Total for Recovery					-751,709
1590-Recovery of Regulatory Asset Balances (residual)	No Recovery				
Total Recoveries Required					-751,709
Annual Recovery Amounts	# years:	4			-187,927

¹ per sheet B5, except account 1590 (sheet C5)

² Interest Rate = 0.55% per sheet Y1

³ Recorded in USA # per sheet C5

C6 Proposed Deferral /Variance Acc

Deferral / Variance Account	31 Dec/09 Projected Balance	31 Dec/10 Projected Balance	2009 Projected Interest ²	2010 Projected Interest ²
1508-Other Regulatory Assets	28,295	92	-137	-137
1518-RCVARetail				
1525-Miscellaneous Deferred Debits				
1548-RCVASTR				
1550-LV Variance Account	71,677	19,287	-288	-387
1555-Smart Meters Capital Variance Account	733	-4,745	114	9
1556-Smart Meters OM&A Variance Account	55,322	55,626	-106	-304
1562-Deferred Payments in Lieu of Taxes				
1565-Conservation and Demand Management Expenditures and Recoveries	-18,663	8,237	137	91
1566-CDM Contra Account				
1580-RSVAWMS	-264,583	-80,194	1,060	1,461
1582-RSVAONE-TIME				
1584-RSVANW	-96,094	-16,629	374	459
1586-RSVACN	-341,709	-125,232	1,280	1,901
1588-RSVAPOWER	-250,644	-76,117	773	1,110
1590-Recovery of Regulatory Asset Balances	-54,441	-171	256	256
1598-1588 Global Adjustment sub-acct	180,910		-372	-1,197
Sub-Total for Recovery	-689,196	-219,846	3,090	3,264
1590-Recovery of Regulatory Asset Balances (residual)				
Total Recoveries Required				-345
Annual Recovery Amounts	# years:			
Interest Totals: ³			3,090	2,919

¹ per sheet B5, except account 1590 (sheet C5)² Interest Rate = 0.55% per sheet Y1³ Recorded in USA # per sheet C5

Hearst Power Distribution Company Limited (ED-1999-0292)

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C7 Rate Riders*Allocate recoveries of deferral / variance account balances*

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Residential	GS<50kW	GS>50kW	Intermediate Users
1508-Other Regulatory Assets	28,341	Distribution Revenue (existing rates)	13,681	4,208	5,757	2,884
1550-LV Variance Account	55,777	kWh's	12,980	6,190	10,858	25,298
1565-Conservation and Demand Management Expenditures and Recoveries	-26,992					
1570-Qualifying Transition Costs	31,472					
1571-Pre-market Opening Energy Variance	3,381					
1580-RSVAWMS	-203,970	kWh's	-47,468	-22,638	-39,705	-92,511
1584-RSVANW	-82,223	kWh's	-19,135	-9,126	-16,006	-37,292
1586-RSVACN	-250,779	kWh's	-58,361	-27,833	-48,816	-113,741
1588-RSVAPOWER	-217,338	kWh's	-50,579	-24,121	-42,307	-98,574
1590-Recovery of Regulatory Asset Balances	-54,527	kWh's	-12,689	-6,052	-10,614	-24,731
Total Recoveries Required (4 years)	-716,856		-161,570	-79,371	-140,834	-338,666
Annual Recovery Amounts	-187,927		-40,393	-19,843	-35,208	-84,667
Annual Volume			27,043,280	12,897,126	63,373	114,518
Proposed Rate Rider			(\$0.0015)	(\$0.0015)	(\$0.5556)	(\$0.7393)
per			kWh	kWh	kW	kW

¹ per sheet C6

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C7 Rate Riders*Allocate recoveries of deferral / variance account balances*

Deferral / Variance Account	Total Recovery Amount	Allocation Basis	Sentinel Lights	Street Lights
1508-Other Regulatory Assets	28,341	Distribution Revenue (existing rates)	1,719	93
1550-LV Variance Account	55,777	kWh's	15	436
1565-Conservation and Demand Management Expenditures and Recoveries	-26,992			
1570-Qualifying Transition Costs	31,472			
1571-Pre-market Opening Energy Variance	3,381			
1580-RSVAWMS	-203,970	kWh's	-56	-1,593
1584-RSVANW	-82,223	kWh's	-22	-642
1586-RSVACN	-250,779	kWh's	-68	-1,959
1588-RSVAPOWER	-217,338	kWh's	-59	-1,698
1590-Recovery of Regulatory Asset Balances	-54,527	kWh's	-15	-426
Total Recoveries Required (4 years)	-716,856		1,513	-5,789
Annual Recovery Amounts	-187,927		378	-1,447
Annual Volume			31,710	2,531
Proposed Rate Rider			\$0.0119	(\$0.5718)
per			kWh	kW

¹ per sheet C6

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C7 Rate Riders*Allocate recoveries of deferral / variance account balances*

Allocators	Data Source	2010 Projection Total	Residential	GS<50kW	GS>50kW	Intermediate Users
Customers / Connections	C1	2,768	2,322	391	38	3
kWh's	C1	116,205,364	27,043,280	12,897,126	22,620,494	52,704,985
Distribution Revenue (existing rates)	C4	999,712	482,592	148,421	203,061	101,720
Distribution Revenue (proposed rates)	F4	1,363,332	813,931	236,679	166,036	81,739
Transmission Connection Revenue	C2	549,385	127,889	55,570	102,297	218,019
Approved Recoveries	C5					

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C7 Rate Riders

Allocate recoveries of deferral / variance account balances

Allocators	Data Source	2010 Projection Total	Sentinel Lights	Street Lights
Customers / Connections	C1	2,768	12	2
kWh's	C1	116,205,364	31,710	907,769
Distribution Revenue (existing rates)	C4	999,712	60,626	3,292
Distribution Revenue (proposed rates)	F4	1,363,332	36,905	28,042
Transmission Connection Revenue	C2	549,385	42,451	3,158
Approved Recoveries	C5			

Global Adjustment Rate Rider

Per Sheet B5:	Principal	Interest	Total
Balance for Recovery (31-Dec-2009):	174,865	6,045	180,910
Additional Interest to 30-Apr-2010		321	321
Total for Recovery	174,865	6,365	181,230
Years for Recovery			1
Annual Recovery			181,230
Non-RPP, non-MUSH kWh's (2009 Actual)			13,297,896
GA Rate Rider, per kWh *			\$0.0136

* Applies to non-RPP, non-MUSH customers only

Appendix I

Summary of Changes to Rate Base

Summary of Proposed Changes to Rate Base

Please find below a summary of the proposed changes to Hearst's Rate Base. These proposed changes are based on responses to the Preliminary Interrogatories from both VECC and Board Staff.

The Rate Base applied for in the April 28, 2010 submission was described in the application as follows:

Hearst Power's forecasted rate base for the Test Year is \$2,355,582, as set out in the Revenue Requirement Model (RRM). The rate base underlying the Test Year revenue requirement includes a forecast of net fixed assets, plus a working capital allowance. Net fixed assets are gross assets in service minus accumulated depreciation and contributed capital.

Gross Assets – Property, Plant and Equipment and Accumulated Depreciation

The Bridge and Test Year Gross Assets balances reflect the capital expenditure program forecasts for each year. Gross Assets closing balances are \$4,246,901 and \$4,495,597 for the Bridge Year and Test Year respectively. Detailed Gross Assets account information is presented in Exhibit 2, Tab 2, Schedule 2. Accumulated Depreciation closing balances are \$2,971,600 and \$3,115,986 for the Bridge and Test Years respectively. Information regarding Accumulated Depreciation is presented in Exhibit 2, Tab 3, Schedule 1.

Allowance for Working Capital

The allowance for working capital follows the board's current methodology of 15% of predetermined account balances. The allowance for the Test Year totals \$1,060,098. These calculations are detailed in Exhibit 2, Tab 4, Schedule 1.

Capital Budget

The Test Year capital budget is \$248,696. A breakdown of planned capital expenditures for the test year is included in the Fixed Asset Continuity Schedule.

The table below shows the differences in each components of the Rate Base.

		Rate Base			
Particulars		As filed on April 28,2010			As being proposed in responses to Prelim. IRs
Gross Fixed Assets (average)		\$4,352,382			\$4,371,248
Accumulated Depreciation (average)		(\$3,056,898)			(\$3,082,164)
Net Fixed Assets (average)		\$1,295,484			\$1,287,084
Allowance for Working Capital		\$1,060,098			\$1,655,525
Total Rate Base		\$2,355,582			\$2,944,609
Controllable Expenses		\$867,878			\$935,399
Cost of Power		\$6,199,440			\$10,101,435
Working Capital Base		\$7,067,318			\$11,036,834
Working Capital Rate %		15.00%			15.00%
Working Capital Allowance		\$1,060,098			\$1,655,525

Although the Gross Fixed Asset did not change from the original filing, the “average” gross fixed asset changed due to the revision to the depreciation expense. The Accumulated Depreciation changed for the same reason and consequently, so did the Net Fixed Asset.

The most significant change which affected the increase in Rate Base is the derivation of the Working Capital Allowance. The difference in calculation of the Cost of Power (“COP”) resulted in an increase of approximately \$4,000,000. This represents an increase of 36% from the COP originally filed.

In its April 28, 2010 filing, the COP was forecasted based on historical values while RateMaker calculates the COP based on the most up-to-date commodity prices, RTSRs that were revised in accordance with past Board decisions and other components.

Details of the derivation of the COP can be found at the next page.

Appendix II

Summary of Changes to the Revenue Requirement

Summary of Proposed Changes to Revenue Requirement

Please find below a summary of the proposed changes to Hearst's revenue requirement. These proposed changes are based on responses to the Preliminary Interrogatories from both VECC and Board Staff.

The Revenue applied for in the April 28, 2010 submission was described in the application as follows:

“Hearst Power’s requested revenue requirement for 2010 includes the recovery of its costs to provide distribution services, its permitted Return on Equity (“ROE”) and the funds necessary to service its deemed debt/equity ratio of 60%/40%. Through this rate application, Hearst Power seeks the recovery through rates of its proposed 2010 base revenue requirement of \$1,184,786, as set out in the revenue requirement model.” The table below shows both the revenue requirement that was originally applied for and the revised revenue requirement.

The table below shows the differences in each components of the Revenue Requirement.

Particulars		As filed on April 28,2010	As being proposed in responses to Prelim. IRs
OM&A Expenses		\$867,878	\$935,399
Amortization/Depreciation		\$145,659	\$139,718
Property Taxes			
Capital Taxes			
Income Taxes (Grossed up)		\$14,479	\$31,038
Other Expenses			
Return			
Deemed Interest Expense		\$79,383	\$208,561
Return on Deemed Equity		\$92,810	\$116,018
Distribution Revenue Requirement before Revenues		\$1,200,209	\$1,430,733
Distribution revenue		\$1,065,856	\$1,361,827
Other revenue		\$118,930	\$68,907
Total revenue		\$1,184,786	\$1,430,734

- The change to the OM&A relates to Hearst proposing to eliminate the specific rate rider and include the cost of rebasing in its OM&A expenses. \$67,521.25 (or \$270,085/4) was added to USoA 5630 – Outside Services bringing the total OM&A for 2010 from \$867,878 to \$935,399.
- The change in amortization expense was in relation to a small discrepancy in how Hearst calculated the depreciation expense. The use of Appendix 2-M of the minimum filling requirements produced expenses slightly different than those originally filed.
- The use of RMPiIs produced 2010 PILs that differed from the amount than those originally filed. Please note that Hearst’s accountants (“Collins and Barrow”) populated the RMPiIs model.
- The Cost of Capital used in the original filing differed from the rates used in these responses. The most recent rates were used.
- The Revenue Requirement proposed in the April 28,2010 filing was inclusive of Revenue Offset. This omission was rectified in these responses.