

Hearst Power Distribution Company Limited
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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 Board Staff'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

(705)372-2815

**Hearst Power Distribution Company Limited
2010 Electricity Distribution Rates
EB-2009-0266**

Board Staff Preliminary Interrogatories

Note: If in responding to any of these interrogatories, Hearst Power makes reference to its pre-filed evidence, please quote the page number(s) in Hearst Power's *electronic* filing.

General

1) Filing Consistent Information

It would appear that certain data have been variously stated in the application such that it is unclear which values the Applicant is relying on and what the appropriate resultant rates should be.

If in addressing these interrogatories and those of VECC any data is found to be inconsistently filed and this affects the rates requested, please file one complete consistent set of models, worksheets, data, etc. covering all key aspects of the application, in a manner that reflects Board current policies, guidelines, etc.

[Hearst Response:](#)

Please note that Elenchus has been hired 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_RMPils.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.

Exhibit 2: Rate Base

2) Rate Base Overview

Ref: Exhibit 2/1/1/p1

In Exhibit 2/1/1/p1 the rate base forecast for 2010 is shown as \$2,355,582. In Exhibit 5/1/2/p3 the rate base forecast for 2010 is shown as \$2,453,870.

Please rationalize and state the value the Applicant is relying on.

Hearst Response:

The revised forecasted 2010 rate base is in the amount of \$2,944,609. The Summary of Rate Base can be found at Appendix BS-A. The amount reconciles with the Revenue Requirement Work Form (“RRWF”) presented at Appendix BS-B

3) Rate Base Summary Table

Ref: Exhibit 2/1/2/p1

Board staff is unable to replicate the Average Book Values in Table 2.1.2.

Beginning with the continuity table, please show the calculations for the 2009 and 2010 Average Book Values.

Hearst Response:

The revised forecasted Average Book Value for 2010 is in the amount of \$1,289,084.

See table below for excerpt from Summary of Rate Base.

		2010
Net Fixed Assets in Service:		
Opening Balance	1,234,595	
Closing Balance	1,343,572	
Average Balance		1,289,084

The Net Capital Asset Balance can be found at Appendix BS-C. The amount also reconciles with the Revenue Requirement Work Form (“RRWF”) presented at Appendix BS-B

4) Variance Analysis on Rate Base Summary Table

Ref: Exhibit 2/1/3/p2

References are made to the effect on the rate base for 2009 and 2010 caused by adding Smart Meters. However, the requirements outlined in the Board's recent Guideline on Smart Meters do not appear to be adhered to.

Please confirm that the addition of the Smart Meters to the rate base is consistent with the Board's Guideline G-2008-0002, Smart Meter Funding and Cost Recovery, October 22, 2008, or recalculate as required.

Hearst Response:

Hearst relied on the following excerpt from the Board's Guideline G-2008-0002, Smart Meter Funding and Cost Recovery, October 22, 2008 when applying for the recovery of the smart meter costs.

"The information 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.

The Board also expects that only two applications will need to be made for the recovery of smart meter costs. The first is when the distributor achieves at least 50% penetration of smart meters within its service area. The second is when the distributor installs 100% of the meters"

Hearst determined that since 100% of its smart meters would be installed by end of 2010, it was eligible to recover its costs through its Rate Base and regular OM&A expenses.

5) Capital Budget By Project

Ref: Exhibit 2/5/1

The Applicant explains that capital projects are added in 2009 and 2010 in support of its Smart Meter program and in support of other programs/projects.

Please list separately the 2009 and 2010 capital expenditures which support (a) the Smart Meter program and (b) other programs/projects.

Hearst Response:

	Projections As filed				Actuals	
	2009	2010			2009	2010
Capital (Material+Labour)	\$ 437,190.00			Flexnet Collector	\$ 156,858.00	
Materials (meters) / Labour		\$ 100,234.00		Materials (meters)	\$ 231,704.00	\$ 68,034.00
Labour		\$ 14,662.00		Labour (Olameter)	\$ 22,789.00	\$ 14,662.00
				Labour (Hearst Power)	\$ 12,412.00	
Total	\$ 437,190.00	\$ 114,896.00		Total	\$ 423,763.00	\$ 82,696.00

6) Capital Expenditures

Ref: Exhibit 2/5/1/p1

On page 1, it states: "In the 2009, Additions/Adjustments column of the 'Assets with Depreciation' tab, the total capital spending was \$462,867." However, the continuity statement filed under Exhibit 2/2/1/p5, shows the total additions for 2009 is \$469,061.09.

Please explain the difference between these two 2009 capital addition amounts and state the amount that the Applicant will rely on.

Hearst Response:

The revised Continuity Statement is presented at Appendix BS-D. The total amount of additions for 2009 is in the amounts of \$469,062. The difference between the \$469,062 and the \$462,867 is the additions to account 1860 – Meters in the amount of \$6,195.

7) Accumulated Amortization

Ref: Exhibit 2/3/1

In Table 2.3.1 the Applicant shows the accumulated amortization for the 2006 to 2010 period. Please confirm that the Applicant has followed the Board's guidance regarding the half-year depreciation rule in all aspects of the preparation of this application, or, if not, please provide an explanation for not doing so.

Hearst Response:

The half year rule was not applied consistently throughout historical years. Hearst has recalculated the depreciation as directed in the minimum filing requirements. Updated tables presenting Accumulated Depreciation, Depreciation Expense and Net Book Value are presented in Appendix BS-E/BS-F/BS-C respectively.

Exhibit 3: Loads, Customers – Throughput Revenue

8) Summary of Operating Revenue

Ref: Exhibit 3/1/2-3

In Table 3.1.2 the Applicant shows the 2009 Operating Revenue to be \$951,727 whereas in Exhibit 3/1/3/p1 the value is quoted as \$918,095.

By utilizing the proposed rates and the proposed load forecast, please reconcile the two values of the Operating Revenue (together with the Revenue Requirement), and state the Operating Revenue amounts for 2009 and 2010 that the Applicant is relying on.

Hearst Response:

With the transfer of information from the previous model to Elenchus 'RateMaker model, the information presented in both the schedules (3.1.2) and (3.1.3) is obsolete. The schedule entitled "Summary of operating revenue" has been replaced by Reconciliation of Rates with Revenue as presented below.

	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

9) Customer Count and Normalized Volume Forecast

Ref: Exhibit 3/2/2-3

In Tables 3.2.2 and 3.2.3 the Applicant shows its customer count and volume forecasts by customer class.

Please confirm that the Applicant is requesting a 2010 customer/connection count forecast (Table 3.2.2) of 2,768 customers/connections (i.e. approximately zero percent change from the 2009 value) and a 2010 volume forecast (Table 3.2.3) of 86,167,555 kWh (i.e. approximately 10.2% increase from the 2009 value).

Hearst Response:

The application states the following;

“In the case of the intermediates class, one customer has eliminated one of its two processes. The load has been reduced by about ½ for this customer. The forecast revenue does not include the load and associated revenue reduction and therefore overstates the expected 2010 revenue and return to Hearst Power. It is hoped that the eliminated process will be replaced with an alternate process but failure to materialize by June 2011 will require the customer to be reclassified as a “General Service > 50 kW” customer rather than an “Intermediate” customer.”

Both the customer and Hearst are hopeful that this particular customer will resume its normal operation and that the class load will return to a normalized load. It is for this reason that the load was somewhat overstated in 2010.

Exhibit 4: Operating Costs

10) OM&A Expenses

Ref: Exhibit 4/2/1, Exhibit 4/2/2, Exhibit 4/3/1 and Exhibit 4/3/2

In the quoted exhibits the Applicant appears to provide 2006-2010 OM&A values that do not match. For example; the 2010 OM&A Expenses are shown in Exhibit 4/2/1 as \$867,878, in Exhibit 4/2/2 as \$817,752, in Exhibit 4/3/1 as \$1,022,204 (or \$876,545?) and in Exhibit 4/3/2 as \$876,545.

Please rationalize the OM&A values shown in the four exhibits, clarify if the Applicant intends the term “OM&A Expenses” to have the same meaning throughout, and re-file the exhibits as necessary so they contain consistent data on which the Applicant is relying.

Hearst Response:

Updated tables of (1) Summary of OM&A, (2) Details of OM&A, (3) Variance of OM&A are presented in Appendix BS-G / BS-H / BS-I respectively.

11) PILs

Ref: Exhibit 1/2/4

In the Revenue Requirement Work Form the amount related to “Adjustment required to arrive at taxable utility income” appears to be missing. Also, three different “Net Income Before Taxes” amounts have been located: \$65,956 (page 477); \$92,810 (RRWF); \$377,428 (Exhibit 4/7/1/ p1).

Please provide the value of the apparently missing adjustment and the value of the “Net Income Before Taxes” amount that the Applicant will rely on, and utilize these values in completing the PILs calculations.

[Hearst Response:](#)

A revised PILs model (“Hearst_RMPils.xls”) is being filed in conjunction with these responses.

The 2010 PILs can be reconciled with The Revenue Requirement Work Form (“RRWF”)

presented at Appendix BS-B

Exhibit 5: Cost of Capital and Rate of Return

12) Promissory Note

Ref: Exhibit 5/1/3

In Exhibit 5/1/3 the Applicant provides a copy of the *\$1.8 million* promissory held by the Town of Hearst. In the Notes to Financial Statements, December 31, 2008, footnote #13, entries are made for 2008 and 2009 showing a *\$1.7 million* demand loan payable.

Please explain the apparent discrepancy.

Hearst Response:

Of the \$1.8 million promissory note, \$100,000 was a loan issued to the affiliate. The loan to Hearst Power is in fact in the amount of \$1.7 million.

Exhibit 6: Calculation of Revenue Deficiency or Surplus

13) Revenue Deficiency Calculation

Ref: Exhibit 6/1/1/p2

On lines 15 to 19 in the “At Proposed Rates” column of Table 6.1.1.1 the Applicant provides various financial data.

Please reconcile the data noted above with the financial data shown on lines 1 to 7 in the “Cost Rate” column in Exhibit 5/1/2/p3.

[Hearst Response:](#)

Please find a revised “Revenue Deficiency Calculation” at Appendix BS-J

Exhibit 7: Cost Allocation

Preamble:

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. Another factor that contributed to the revisions to the Cost Allocation Study is the increase in the proposed Revenue Requirement. Revised revenue to cost ratios are presented in the Cost Allocation Report (BS-H) and revised electronic copies of the multiple "runs" are being file in conjunction to these responses.

14) Cost Allocation Model

Ref: Exhibit 7/1/1/Appendix A Please provide all the cost allocation models in live Excel format as stated in the above reference.

Hearst Response:

Revised electronic copies of the multiple "runs" are being file in conjunction to these responses.

15) Cost Allocation Model

Ref: Exhibit 7/1/2/pp5-6

On pages 5 & 6, the Applicant provided Sheet O1 of the Cost Allocation model showing the total revenue of \$1,184,786.

Please confirm whether the above stated Sheet O1 excludes the revenues and costs associated with transformer ownership allowance.

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 BS-K).

Please confirm whether the “Distribution Revenue” is calculated based on the proposed distribution rates and the forecast of billing quantities in the test year.

Hearst Response:

Please note that “Distribution Revenue” from the April Filing is obsolete and forecasted fixed and variable billing determinant by class are presented below.

2010 PROJECTED DISTRIBUTION REVENUE AT PROPOSED RATES								
Customer Class Name	Fixed Rate	Customers (Connections)	Fixed Charge Revenue	Variable Rate	per	Volume	Variable Charge Revenue	TOTAL
Residential	\$9.0000	2,322	250,776	\$0.0203	kWh	27,043,280	549,535	800,311
GS<50kW	\$20.5000	391	96,186	\$0.0114	kWh	12,897,126	146,384	242,570
GS>50kW	\$72.0000	38	32,832	\$2.7882	kW	63,373	176,697	209,529
Intermediate Users	\$320.0000	3	11,520	\$1.0789	kW	114,518	123,558	135,078
Sentinel Lights	\$5.0000	12	720	\$21.9649	kW	87	1,911	2,631
Street Lights	\$0.5000	2	12	\$31.8589	kW	2,531	80,635	80,647
Gross Revenue (before Transformer Allowances)			392,046				1,078,720	1,470,766
Transformer Allowances				(\$0.6000)	kW	89,216	-53,530	-53,530
Total Revenue			392,046				1,025,190	1,417,236

If the answer to (b) is negative, please recalculate the revenue to cost ratios based on the steps mentioned in (b) and file the model in live Excel format.

Hearst Response:

Revised electronic copies of the multiple “runs” are being file in conjunction to these responses.

16) Cost Allocation Model

Ref: Exhibit 7/1/1/pp5-6

On pages 5 & 6, Hearst Power provided Sheet O1 of the Cost Allocation model with the total revenue of \$1,184,786.

Please provide an alternative calculation using the most recently approved distribution rates and the forecast of billing quantities in the test year, prorated upwards or downwards (as applicable) to match the 2010 proposed revenue requirement, and file the model in live Excel format.

Hearst Response:

Please note that that the results from the Cost Allocation Study presented in the April 28, 2010 filing are obsolete. Revised electronic copies of the 3 runs of the Cost Allocation models are being filed in conjunction to these responses. The variance with the Proposed Revenue Requirement and the Revenue Requirement in the Cost Allocation Models is due to the direct allocation of \$30,250 in the 2006 Cost Allocation informational filing. Please see excel versions of the models for further details as well as the Cost Allocation Report (Appendix BS-K).

17) Cost Allocation Model

Ref: Exhibit 7/1/1/pp7-8

On pages 7 & 8, Hearst provided Sheet O1 of the Cost Allocation model titled "Cost Allocation Model – Proposed Rates, Transformer Ownership Allowance Removed". In the model, the total revenue is \$1,219,272.

Please explain whether the model excludes the transformer ownership allowance from both revenues and costs sides.

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 BS-K).

If the Transformer Ownership Allowance is removed from revenues, please explain why the total revenue would increase to \$1,219,272 as compared to the Sheet O1 of the model on listed pages 5 & 6.

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.

Please explain what the model listed on pages 7 & 8 is demonstrating in terms of the revenue to cost ratios.

Hearst Response:

Please note that revised revenue to cost ratios can be found in the Cost Allocation report at Appendix BS-K.

18) Test Year Revenue Impacts

Ref: Exhibit 7/1/1/p4

In Table 7.1.1.5, staff calculates that the total of the “Test Year Revenue Assuming Proposed Revenue to Cost Ratios (\$)” is \$1,065,855. However under Exhibit 8/1/1/ p2/Table 8.1.1.1, the total allocated revenue is \$1,171,603.

Please explain the difference between these two total amounts, the amounts in each customer class and confirm the amount the Applicant will rely on.

Hearst Response:

Please note that that the results presented at 7.1.1.5 are obsolete. Please find below tables presented the revised proposed Revenue Requirement, Revenue Requirement Allocation as well as the proposed Revenue to Cost Ratios. (A full description of the revised rate design reasoning is presented as part of the responses to VECC’s #25 g))

Derivation of Proposed Revenue Requirement

F1 Distribution Revenue Requirement					
		2010 Projection	Non- recurring items (Total)	2010 Normalized	Comment
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	
PIs (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	

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			

⁸ Base Revenue Requirement (per first table above), plus Miscellaneous Revenues (per sheet F3)

⁹ from sheet F3

Exhibit 8: Rate Design
19) Rate Design Overview

Ref: Exhibit 8/1/1/p1

On page 1, it states: "Hearst Power has determined its total 2010 service revenue requirement to be \$1,184,796. The total revenue offset, as set out in Exhibit 3, in the amount of \$118,930 (excluding SSS) reduces Hearst Power's total service requirements to a base revenue requirement of \$1,065,866, which is used to determine the proposed distribution rates."

Please confirm whether the base revenue requirement has excluded the low voltage charges, Transformer ownership allowances, and standard supply charges.

Hearst Response:

Please find below the revised proposed Revenue Requirement. 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)..

Derivation of Proposed Revenue Requirement

F1 Distribution Revenue Requirement					
		2010 Projection	Non- recurring items (Total)	2010 Normalized	Comment
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	

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)

Please confirm whether the proposed rates stated in Table 8.1.1.3 have also excluded the low voltage charges, Transformer ownership allowances, and standard supply charges.

Hearst Response:

As can be seen from the table below, the Base Revenue Requirement is net of Transformer ownership allowance and low voltage charges. Revenues from SSS charges are treated as an offset and have been deducted from the Base Revenue Requirement.

	Total Base	Transformer	Low Voltage	Gross Base
Customer Class Name	Revenue Requirement	Allowance Recovery⁴	Revenue Required⁵	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

Please note that that the results presented at 7.1.1.5 are obsolete. Please see response to question 19 for further details

If the answer to (b) is negative, please provide a set of proposed 2010 monthly rates and charges that excludes the low voltage charges, Transformer ownership allowances, and standard supply charges and provide reconciliation that the proposed rates are equal to the base revenue requirement of \$1,065,866.

Hearst Response:

See response to previous question.

Under Exhibit 8/1/5/p1/Table 8.1.5.2, the total distribution revenue is \$1,058,101. Please reconcile the difference with the 2010 proposed base revenue requirement and confirm the value the Applicant will rely on.

Hearst Response:

The Proposed Revenue Requirement is in the amount of \$1,361,827. Derivation of the Revenue Requirement can be found as part of the responses to questions 18 and 19.

20)
2010 Revenue Reconciliation

Ref: Exhibit 8/1/5/p1

In Table 8.1.5.2 the Applicant purports to show a reconciliation of expected revenue and revenue requirement. However, the reconciliation is not evident.

Using the proposed load forecast and proposed rates, please provide detailed calculations showing the reconciliation of the 2010 expected revenue and revenue requirement.

Hearst Response:

Please note that that the results presented at 8.1.5.2 are obsolete and that revised Reconciliation of Rates with Revenue is presented below.

	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

Appendices

SECTION	APPENDIX	REF#	DESCRIPTION	
RateBase	Appendix	BS-A	2	Summary of RateBase
RateBase	Appendix	BS-B	2/3	Revenue Requirement Work Form
RateBase	Appendix	BS-C	3/7	Net Capital Asset
RateBase	Appendix	BS-D	6	Continuity Statment
RateBase	Appendix	BS-E	7	Accumulated Depreciation
RateBase	Appendix	BS-F	7	Depreciation Expense
Operating Cost	Appendix	BS-G	10	Summary of OM&A
Operating Cost	Appendix	BS-H	10	Details of OM&A
Operating Cost	Appendix	BS-I	10	Variances in OM&A
Cost of Capital	Appendix	BS-J	13	Revenue Deficiency or surplus
Cost Allocation	Appendix	BS-K	15/16/17	Cost Allocation Report
Summary of Changes	Appendix	I		Summary of Changes to RateBase
	Appendix	II		Summary of Changes to the Revenue Requirement

Appendix BS-A
Summary of RateBase

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

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

September 15, 2010

D1 Rate Base Summary

Enter the Working Capital Allowance factor

Working Capital Allowance

	<u>2010</u>
<u>Eligible Distribution Expenses:</u> (1)	
3500-Distribution Expenses - Operation	106,940
3550-Distribution Expenses - Maintenance	284,565
3650-Billing and Collecting	230,079
3700-Community Relations	5,000
3800-Administrative and General Expenses	308,815
3950-Taxes Other Than Income Taxes	
Total Eligible Distribution Expenses	935,399
3350-Power Supply Expenses (2)	10,101,435
Total Expenses for Working Capital	11,036,834
Working Capital Allowance	15.0%
	1,655,525

(1) From sheet B4
(2) From sheet C2

<u>TOTAL RATE BASE</u>		<u>2010</u>
<u>Net Fixed Assets in Service:</u> (3)		
Opening Balance	1,234,595	
Closing Balance	<u>1,343,572</u>	
Average Balance		1,289,084
Working Capital Allowance		1,655,525
TOTAL RATE BASE		2,944,609

(3) From Sheet B3

Appendix BS-B

Revenue Requirement Work Form



REVENUE REQUIREMENT WORK FORM

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

Ontario

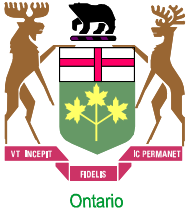
Data Input (1)

	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

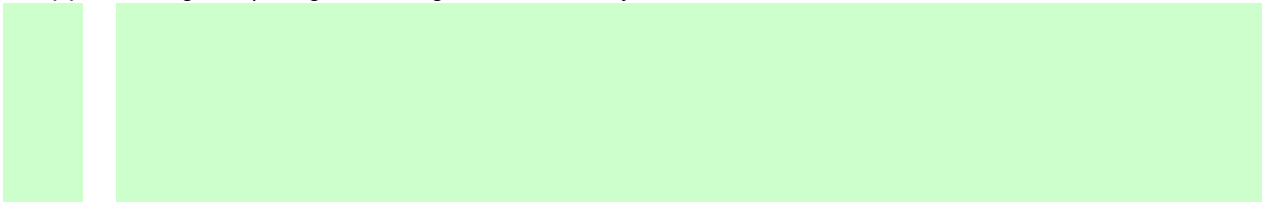
Name of LDC: Hearst Power Distribution Company Limited
 File Number: EB-2009-0266
 Rate Year: 2010

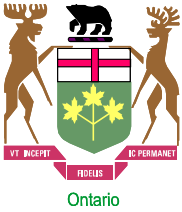
				Rate Base		
Line No.	Particulars		Application	Adjustments	Per Board Decision	
1	Gross Fixed Assets (average)	(3)	\$4,371,248	\$ -	\$4,371,248	
2	Accumulated Depreciation (average)	(3)	(\$3,082,164)	\$ -	(\$3,082,164)	
3	Net Fixed Assets (average)	(3)	\$1,289,084	\$ -	\$1,289,084	
4	Allowance for Working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

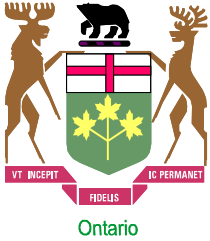
Rate Year: 2010

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



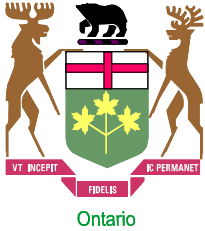
REVENUE REQUIREMENT WORK FORM

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	\$162,410	\$162,410
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$26,072	\$26,072
5	Capital taxes	\$ -	\$ -
6	Total taxes	\$26,072	\$26,072
7	Gross-up of Income Taxes	\$4,966	\$4,966
8	Grossed-up Income Taxes	\$31,038	\$31,038
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$31,038	\$31,038
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 (%)	16.00%	16.00%

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

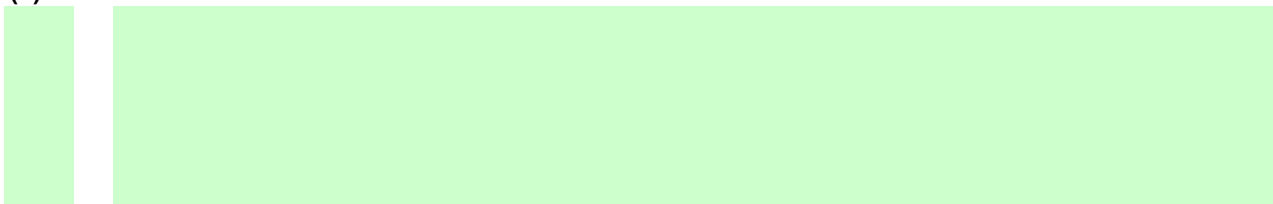
Name of LDC: Hearst Power Distribution Company Limited
 File Number: EB-2009-0266
 Rate Year: 2010

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	\$1,430,733	\$1,430,733
9	Distribution revenue	\$1,361,827	\$1,361,827
10	Other revenue	\$68,907	\$68,907
11	Total revenue	\$1,430,734	\$1,430,734
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$1 (1)	\$1 (1)

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			
		Current	Per Draft Rate Order	Change		Current	Per Draft Rate Order	Change	
				\$	%			\$	%
Residential	800 kWh/month			\$ -				\$ -	
GS < 50kW	2000 kWh/month			\$ -				\$ -	

Notes:

Appendix BS-C
Net Capital Asset

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:
September 15, 2010

B3 Net Capital Asset Balances

Review projected capital asset account bal

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:
September 15, 2010

B3 Net Capital Asset Balances

Amounts from sheets B1 and B2

Review projected capital asset account bal

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 BS-D
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 BS-E
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 projects

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 projects*

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 projects*

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 projects*

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 BS-F
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	2004	2004	2004	2004	2004	2004.00	2005
		Opening Balance (a)	Less Fully Depreciated (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + 0.5 x (d)	Years (f)	Depreciation Expense (g) = (e) / (f)	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			
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	2006	2006	2006	2006	2006	2006
		Opening Balance (a)	Less Fully Depreciated (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + 0.5 x (d)	Years (f)	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		
	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 tri

4.6.1.1 - Depreciation Expense

Account	Description	2006 EDR	2007	2007	2007	2007	2007	2007	2007	2007
			Opening Balance (a)	Less Fully Depreciated (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + 0.5 x (d)	Years (f)	Depreciation Expense (g) = (e) / (f)	
Transmission Plant										
1815	1815 - Transformer Station Equipment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	
	Sub-Total	0.00	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	0.00		
1810	1810 - Leasehold Improvements		0.00	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	0.00		
1825	1825 - Storage Battery Equipment		0.00	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
		0.00								
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			
	Sub-Total	25518.55	364,886.71	134,494.13	230,392.58	2,238.84	231,512.00	50.00		9260.48
				0.00						
	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	2008	2008	2008	2008	2008	2008
		Opening Balance (a)	Less Fully Depreciated (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + 0.5 x (d)	Years (f)	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	2009	2009	2009	2009	2009	2009
		Opening Balance (a)	Less Fully Depreciated (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + 0.5 x (d)	Years (f)	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 F
However, since their closing balance costs in the tria

4.6.1.1 - Depreciation Expense

Account	Description	2010	2010	2010	2010	2010	2010	2010
		Opening Balance (a)	Less Fully Depreciated (b)	Net for Depreciation (c) = (a) - (b)	Additions (d)	Total for Depreciation (e) = (c) + 0.5 x (d)	Years (f)	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 F
However, since their closing balance costs in the tri

Appendix BS-G
Summary of OM&A

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						
<i>Eligible Distribution Expenses:</i>						
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 BS-H
Details of OM&A

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

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

September 15, 2010

B4 OM&A Expenses*Enter projected expenses for Operations, Maintenance and Administration*

Account Grouping	Account Description	2008 Actual	2009 Projection	2010 Projection
3500-Distribution Expenses - Operation	5020-Overhead Distribution Lines and Feeders - Operation Labour	5,036	3,821	5,000
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	43,305	61,252	48,480
	5035-Overhead Distribution Transformers- Operation	174	210	210
	5040-Underground Distribution Lines and Feeders - Operation Labour	168	200	200
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	472	1,000	1,000
	5055-Underground Distribution Transformers - Operation	41	100	100
	5065-Meter Expense	432	4,500	5,000
	5085-Miscellaneous Distribution Expense	18,046	35,000	36,200
	5095-Overhead Distribution Lines and Feeders - Rental Paid	6,623		
	5096-Other Rent	3,150	9,950	10,750
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	75,836	30,000	30,000
	5120-Maintenance of Poles, Towers and Fixtures	47,147	48,490	60,190
	5125-Maintenance of Overhead Conductors and Devices	65,650	71,175	89,475
	5130-Maintenance of Overhead Services	5,085	5,500	6,100
	5135-Overhead Distribution Lines and Feeders - Right of Way	41	300	50
	5145-Maintenance of Underground Conduit	1,019	1,200	2,000

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

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

September 15, 2010

B4 OM&A Expenses*Enter projected expenses for Operations, Maintenance and Administration*

Account Grouping	Account Description	2008 Actual	2009 Projection	2010 Projection
	5150-Maintenance of Underground Conductors and Devices	1,793	2,800	2,000
	5155-Maintenance of Underground Services	10,875	11,000	11,000
	5160-Maintenance of Line Transformers	68,748	65,000	68,750
	5175-Maintenance of Meters	6,136	4,830	15,000
3650-Billing and Collecting	5310-Meter Reading Expense	38,157	33,000	85,079
	5315-Customer Billing	85,500	94,000	95,000
	5320-Collecting	17,886	17,400	20,000
	5330-Collection Charges	4,388	3,000	5,000
	5335-Bad Debt Expense	17,931	11,000	15,000
	5340-Miscellaneous Customer Accounts Expenses	10,250	10,410	10,000
3700-Community Relations	5515-Advertising Expense	2,619	4,500	5,000
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	9,762	11,800	12,000
	5615-General Administrative Salaries and Expenses	71,686	76,400	78,000
	5620-Office Supplies and Expenses	1,871	2,500	2,500
	5630-Outside Services Employed	33,205	141,269	76,516
	5635-Property Insurance	523	550	566
	5640-Injuries and Damages	8,281	13,490	9,000
	5645-Employee Pensions and Benefits		89,519	90,500

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

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

September 15, 2010

B4 OM&A Expenses

Enter projected expenses for Operations, Maintenance and Administration

Account Grouping	Account Description	2008 Actual	2009 Projection	2010 Projection
	5655-Regulatory Expenses	9,706	5,989	7,095
	5665-Miscellaneous General Expenses	13,490	15,050	22,000
	5670-Rent	8,604	8,750	8,838
	5680-Electrical Safety Authority Fees	2,161	1,892	1,800
TOTAL		695,799	896,847	935,399

Appendix BS-I
Variances in OM&A

Variances in OM&A

Account Grouping	Account Description	2010 @ existing rates	2009 Projection	Var \$	Var %
3500-Distribution Expenses - Operation	5012-Station Buildings and Fixtures Expense				
	5017-Distribution Station Equipment - Operation Supplies and Expenses				
	5020-Overhead Distribution Lines and Feeders - Operation Labour	5,000	3,821	1,179	30.9%
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	48,480	61,252	-12,772	(20.9%)
	5035-Overhead Distribution Transformers- Operation	210	210		
	5040-Underground Distribution Lines and Feeders - Operation Labour	200	200		
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	1,000	1,000		
	5055-Underground Distribution Transformers - Operation	100	100		
	5060-Street Lighting and Signal System Expense				
	5065-Meter Expense	5,000	4,500	500	11.1%
	5070-Customer Premises - Operation Labour				
	5085-Miscellaneous Distribution Expense	36,200	35,000	1,200	3.4%
	5095-Overhead Distribution Lines and Feeders - Rental Paid				
	5096-Other Rent	10,750	9,950	800	8.0%
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	30,000	30,000		
	5110-Maintenance of Buildings and Fixtures - Distribution Stations				
	5120-Maintenance of Poles, Towers and Fixtures	60,190	48,490	11,700	24.1%
	5125-Maintenance of Overhead Conductors and Devices	89,475	71,175	18,300	25.7%
	5130-Maintenance of Overhead Services	6,100	5,500	600	10.9%
	5135-Overhead Distribution Lines and Feeders - Right of Way	50	300	-250	(83.3%)
	5145-Maintenance of Underground Conduit	2,000	1,200	800	66.7%
	5150-Maintenance of Underground Conductors and Devices	2,000	2,800	-800	(28.6%)
	5155-Maintenance of Underground Services	11,000	11,000		
	5160-Maintenance of Line Transformers	68,750	65,000	3,750	5.8%
	5172-Sentinel Lights - Materials and Expenses				
5175-Maintenance of Meters	15,000	4,830	10,170	210.6%	

Variations in OM&A

Account Grouping	Account Description	2010 @ existing rates	2009 Projection	Var \$	Var %
3650-Billing and Collecting	5310-Meter Reading Expense	85,079	33,000	52,079	157.8%
	5315-Customer Billing	95,000	94,000	1,000	1.1%
	5320-Collecting	20,000	17,400	2,600	14.9%
	5330-Collection Charges	5,000	3,000	2,000	66.7%
	5335-Bad Debt Expense	15,000	11,000	4,000	36.4%
	5340-Miscellaneous Customer Accounts Expenses	10,000	10,410	-410	(3.9%)
3700-Community Relations	5415-Energy Conservation				
	5515-Advertising Expense	5,000	4,500	500	11.1%
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	12,000	11,800	200	1.7%
	5615-General Administrative Salaries and Expenses	78,000	76,400	1,600	2.1%
	5620-Office Supplies and Expenses	2,500	2,500		
	5630-Outside Services Employed	76,516	141,269	-64,753	(45.8%)
	5635-Property Insurance	566	550	16	2.9%
	5640-Injuries and Damages	9,000	13,490	-4,490	(33.3%)
	5645-Employee Pensions and Benefits	90,500	89,519	981	1.1%
	5655-Regulatory Expenses	7,095	5,989	1,106	18.5%
	5665-Miscellaneous General Expenses	22,000	15,050	6,950	46.2%
	5670-Rent	8,838	8,750	88	1.0%
	5680-Electrical Safety Authority Fees	1,800	1,892	-92	(4.9%)

Variances in OM&A

Account Grouping	Account Description	2009 Projection	2008 Actual	Var \$	Var %
3500-Distribution Expenses - Operation	5012-Station Buildings and Fixtures Expense				
	5017-Distribution Station Equipment - Operation Supplies and Expenses				
	5020-Overhead Distribution Lines and Feeders - Operation Labour	3,821	5,036	-1,215	(24.1%)
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	61,252	43,305	17,947	41.4%
	5035-Overhead Distribution Transformers- Operation	210	174	36	20.5%
	5040-Underground Distribution Lines and Feeders - Operation Labour	200	168	32	19.4%
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	1,000	472	528	111.9%
	5055-Underground Distribution Transformers - Operation	100	41	59	144.7%
	5060-Street Lighting and Signal System Expense				
	5065-Meter Expense	4,500	432	4,068	940.6%
	5070-Customer Premises - Operation Labour				
	5085-Miscellaneous Distribution Expense	35,000	18,046	16,954	93.9%
	5095-Overhead Distribution Lines and Feeders - Rental Paid		6,623	-6,623	(100.0%)
	5096-Other Rent	9,950	3,150	6,800	215.9%
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	30,000	75,836	-45,836	(60.4%)
	5110-Maintenance of Buildings and Fixtures - Distribution Stations				
	5120-Maintenance of Poles, Towers and Fixtures	48,490	47,147	1,343	2.8%
	5125-Maintenance of Overhead Conductors and Devices	71,175	65,650	5,525	8.4%
	5130-Maintenance of Overhead Services	5,500	5,085	415	8.2%
	5135-Overhead Distribution Lines and Feeders - Right of Way	300	41	259	629.4%
	5145-Maintenance of Underground Conduit	1,200	1,019	181	17.7%
	5150-Maintenance of Underground Conductors and Devices	2,800	1,793	1,007	56.2%
	5155-Maintenance of Underground Services	11,000	10,875	125	1.2%
	5160-Maintenance of Line Transformers	65,000	68,748	-3,748	(5.5%)
	5172-Sentinel Lights - Materials and Expenses				
5175-Maintenance of Meters	4,830	6,136	-1,306	(21.3%)	

Variances in OM&A

Account Grouping	Account Description	2009 Projection	2008 Actual	Var \$	Var %
3650-Billing and Collecting	5310-Meter Reading Expense	33,000	38,157	-5,157	(13.5%)
	5315-Customer Billing	94,000	85,500	8,500	9.9%
	5320-Collecting	17,400	17,886	-486	(2.7%)
	5330-Collection Charges	3,000	4,388	-1,388	(31.6%)
	5335-Bad Debt Expense	11,000	17,931	-6,931	(38.7%)
	5340-Miscellaneous Customer Accounts Expenses	10,410	10,250	160	1.6%
3700-Community Relations	5415-Energy Conservation				
	5515-Advertising Expense	4,500	2,619	1,881	71.8%
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	11,800	9,762	2,038	20.9%
	5615-General Administrative Salaries and Expenses	76,400	71,686	4,714	6.6%
	5620-Office Supplies and Expenses	2,500	1,871	629	33.6%
	5630-Outside Services Employed	141,269	33,205	108,065	325.5%
	5635-Property Insurance	550	523	27	5.2%
	5640-Injuries and Damages	13,490	8,281	5,209	62.9%
	5645-Employee Pensions and Benefits	89,519		89,519	
	5655-Regulatory Expenses	5,989	9,706	-3,717	(38.3%)
	5665-Miscellaneous General Expenses	15,050	13,490	1,560	11.6%
	5670-Rent	8,750	8,604	146	1.7%
	5680-Electrical Safety Authority Fees	1,892	2,161	-269	(12.4%)

Variances in OM&A					
Account Grouping	Account Description	2008 Actual	2007 Actual	Var \$	Var %
3500-Distribution Expenses - Operation	5012-Station Buildings and Fixtures Expense				
	5017-Distribution Station Equipment - Operation Supplies and Expenses				
	5020-Overhead Distribution Lines and Feeders - Operation Labour	5,036	7,750	-2,714	(35.0%)
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	43,305	37,815	5,489	14.5%
	5035-Overhead Distribution Transformers-Operation	174		174	
	5040-Underground Distribution Lines and Feeders - Operation Labour	168		168	
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	472	753	-281	(37.3%)
	5055-Underground Distribution Transformers - Operation	41		41	
	5060-Street Lighting and Signal System Expense				
	5065-Meter Expense	432	5,625	-5,192	(92.3%)
	5070-Customer Premises - Operation Labour				
	5085-Miscellaneous Distribution Expense	18,046	21,416	-3,370	(15.7%)
	5095-Overhead Distribution Lines and Feeders - Rental Paid	6,623	4,113	2,510	61.0%
	5096-Other Rent	3,150	450	2,700	600.0%
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	75,836	4,643	71,194	1533.4%
	5110-Maintenance of Buildings and Fixtures - Distribution Stations				
	5120-Maintenance of Poles, Towers and Fixtures	47,147	50,750	-3,603	(7.1%)
	5125-Maintenance of Overhead Conductors and Devices	65,650	66,481	-831	(1.3%)
	5130-Maintenance of Overhead Services	5,085	10,695	-5,610	(52.5%)
	5135-Overhead Distribution Lines and Feeders - Right of Way	41	244	-203	(83.2%)
	5145-Maintenance of Underground Conduit	1,019	713	306	42.9%
	5150-Maintenance of Underground Conductors and Devices	1,793	2,440	-647	(26.5%)
	5155-Maintenance of Underground Services	10,875	10,526	348	3.3%
	5160-Maintenance of Line Transformers	68,748	93,016	-24,268	(26.1%)
	5172-Sentinel Lights - Materials and Expenses		43	-43	(100.0%)
	5175-Maintenance of Meters	6,136	6,350	-213	(3.4%)

Variances in OM&A

Account Grouping	Account Description	2008 Actual	2007 Actual	Var \$	Var %
3650-Billing and Collecting	5310-Meter Reading Expense	38,157	37,582	574	1.5%
	5315-Customer Billing	85,500	94,027	-8,527	(9.1%)
	5320-Collecting	17,886	17,403	483	2.8%
	5330-Collection Charges	4,388	2,889	1,499	51.9%
	5335-Bad Debt Expense	17,931	5,000	12,931	258.6%
	5340-Miscellaneous Customer Accounts Expenses	10,250	10,072	178	1.8%
3700-Community Relations	5415-Energy Conservation				
	5515-Advertising Expense	2,619	3,685	-1,065	(28.9%)
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	9,762	15,352	-5,590	(36.4%)
	5615-General Administrative Salaries and Expenses	71,686	66,926	4,760	7.1%
	5620-Office Supplies and Expenses	1,871	2,294	-422	(18.4%)
	5630-Outside Services Employed	33,205	45,660	-12,455	(27.3%)
	5635-Property Insurance	523	441	82	18.6%
	5640-Injuries and Damages	8,281	8,374	-92	(1.1%)
	5645-Employee Pensions and Benefits				
	5655-Regulatory Expenses	9,706	5,305	4,401	83.0%
	5665-Miscellaneous General Expenses	13,490	15,545	-2,054	(13.2%)
	5670-Rent	8,604	8,427	177	2.1%
	5680-Electrical Safety Authority Fees	2,161	2,680	-519	(19.4%)

Variances in OM&A

Account Grouping	Account Description	2007 Actual	2006 Actual	Var \$	Var %
3500-Distribution Expenses - Operation	5012-Station Buildings and Fixtures Expense				
	5017-Distribution Station Equipment - Operation Supplies and Expenses				
	5020-Overhead Distribution Lines and Feeders - Operation Labour	7,750	3,467	4,283	123.6%
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	37,815	37,627	188	0.5%
	5035-Overhead Distribution Transformers- Operation				
	5040-Underground Distribution Lines and Feeders - Operation Labour				
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	753	953	-200	(21.0%)
	5055-Underground Distribution Transformers - Operation		329	-329	(100.0%)
	5060-Street Lighting and Signal System Expense				
	5065-Meter Expense	5,625	5,279	346	6.6%
	5070-Customer Premises - Operation Labour				
	5085-Miscellaneous Distribution Expense	21,416	13,172	8,244	62.6%
	5095-Overhead Distribution Lines and Feeders - Rental Paid	4,113	4,888	-775	(15.9%)
	5096-Other Rent	450	2,700	-2,250	(83.3%)
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	4,643	4,217	426	10.1%
	5110-Maintenance of Buildings and Fixtures - Distribution Stations		4,009	-4,009	(100.0%)
	5120-Maintenance of Poles, Towers and Fixtures	50,750	47,529	3,221	6.8%
	5125-Maintenance of Overhead Conductors and Devices	66,481	63,200	3,282	5.2%
	5130-Maintenance of Overhead Services	10,695	10,811	-116	(1.1%)
	5135-Overhead Distribution Lines and Feeders - Right of Way	244		244	
	5145-Maintenance of Underground Conduit	713	2,100	-1,386	(66.0%)
	5150-Maintenance of Underground Conductors and Devices	2,440	1,327	1,113	83.9%
	5155-Maintenance of Underground Services	10,526	13,168	-2,642	(20.1%)
	5160-Maintenance of Line Transformers	93,016	92,689	327	0.4%
	5172-Sentinel Lights - Materials and Expenses	43		43	
5175-Maintenance of Meters	6,350	3,470	2,879	83.0%	

Variances in OM&A

Account Grouping	Account Description	2007 Actual	2006 Actual	Var \$	Var %
3650-Billing and Collecting	5310-Meter Reading Expense	37,582	32,166	5,417	16.8%
	5315-Customer Billing	94,027	83,090	10,937	13.2%
	5320-Collecting	17,403	17,014	389	2.3%
	5330-Collection Charges	2,889	5,596	-2,706	(48.4%)
	5335-Bad Debt Expense	5,000		5,000	
	5340-Miscellaneous Customer Accounts Expenses	10,072	9,867	205	2.1%
3700-Community Relations	5415-Energy Conservation				
	5515-Advertising Expense	3,685	4,029	-344	(8.5%)
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	15,352	8,557	6,795	79.4%
	5615-General Administrative Salaries and Expenses	66,926	58,593	8,334	14.2%
	5620-Office Supplies and Expenses	2,294	1,772	522	29.5%
	5630-Outside Services Employed	45,660	71,222	-25,563	(35.9%)
	5635-Property Insurance	441	418	22	5.4%
	5640-Injuries and Damages	8,374	6,673	1,700	25.5%
	5645-Employee Pensions and Benefits				
	5655-Regulatory Expenses	5,305	4,270	1,035	24.2%
	5665-Miscellaneous General Expenses	15,545	16,553	-1,009	(6.1%)
	5670-Rent	8,427	8,335	92	1.1%
	5680-Electrical Safety Authority Fees	2,680	2,371	309	13.0%

Variances in OM&A

Account Grouping	Account Description	2006 Actual	2006 EDR Approved	Var \$	Var %
3500-Distribution Expenses - Operation	5012-Station Buildings and Fixtures Expense		18,299	-18,299	(100.0%)
	5017-Distribution Station Equipment - Operation Supplies and Expenses		18	-18	(100.0%)
	5020-Overhead Distribution Lines and Feeders - Operation Labour	3,467	1,168	2,299	196.8%
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	37,627	34,757	2,870	8.3%
	5035-Overhead Distribution Transformers-Operation		97	-97	(100.0%)
	5040-Underground Distribution Lines and Feeders - Operation Labour				
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	953	3,888	-2,935	(75.5%)
	5055-Underground Distribution Transformers - Operation	329		329	
	5060-Street Lighting and Signal System Expense		600	-600	(100.0%)
	5065-Meter Expense	5,279	4,943	336	6.8%
	5070-Customer Premises - Operation Labour		757	-757	(100.0%)
	5085-Miscellaneous Distribution Expense	13,172	6,400	6,772	105.8%
	5095-Overhead Distribution Lines and Feeders - Rental Paid	4,888	4,295	593	13.8%
	5096-Other Rent	2,700		2,700	
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	4,217	2,905	1,312	45.2%
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	4,009	2,870	1,139	39.7%
	5120-Maintenance of Poles, Towers and Fixtures	47,529	17,261	30,268	175.4%
	5125-Maintenance of Overhead Conductors and Devices	63,200	50,221	12,979	25.8%
	5130-Maintenance of Overhead Services	10,811	26,461	-15,650	(59.1%)
	5135-Overhead Distribution Lines and Feeders - Right of Way		195	-195	(100.0%)
	5145-Maintenance of Underground Conduit	2,100	53	2,047	3861.8%
	5150-Maintenance of Underground Conductors and Devices	1,327	818	509	62.2%
	5155-Maintenance of Underground Services	13,168	8,387	4,781	57.0%
	5160-Maintenance of Line Transformers	92,689	90,647	2,042	2.3%
	5172-Sentinel Lights - Materials and Expenses				
5175-Maintenance of Meters	3,470	4,444	-974	(21.9%)	

Variances in OM&A

Account Grouping	Account Description	2006 Actual	2006 EDR Approved	Var \$	Var %
3650-Billing and Collecting	5310-Meter Reading Expense	32,166	24,996	7,170	28.7%
	5315-Customer Billing	83,090	65,511	17,579	26.8%
	5320-Collecting	17,014	15,487	1,527	9.9%
	5330-Collection Charges	5,596	1,487	4,109	276.3%
	5335-Bad Debt Expense		6,170	-6,170	(100.0%)
	5340-Miscellaneous Customer Accounts Expenses	9,867	9,352	515	5.5%
3700-Community Relations	5415-Energy Conservation		30,250	-30,250	(100.0%)
	5515-Advertising Expense	4,029	290	3,739	1289.3%
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	8,557	8,314	243	2.9%
	5615-General Administrative Salaries and Expenses	58,593	60,021	-1,428	(2.4%)
	5620-Office Supplies and Expenses	1,772	2,129	-357	(16.8%)
	5630-Outside Services Employed	71,222	42,654	28,568	67.0%
	5635-Property Insurance	418	888	-470	(52.9%)
	5640-Injuries and Damages	6,673	11,421	-4,748	(41.6%)
	5645-Employee Pensions and Benefits		50,226	-50,226	(100.0%)
	5655-Regulatory Expenses	4,270	6,878	-2,608	(37.9%)
	5665-Miscellaneous General Expenses	16,553	14,499	2,054	14.2%
	5670-Rent	8,335	8,012	323	4.0%
	5680-Electrical Safety Authority Fees	2,371		2,371	

Appendix BS-J
Revenue Deficiency or 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	<i>(see below)</i>	-219,588	-231,743	12,155	5.2%
Utility Rate Base	<i>from sheet G6</i>	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	<i>from sheet D3</i>	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	<i>from sheet D3</i>	11.80%	7.25%	4.55%	62.8%
Deemed Cost of Debt	<i>from sheet D3</i>	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	<i>from sheets E1 & E2 (except PILS / Income Taxes)</i>				
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	<i>from sheet E4</i>		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 BS-K
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 1 INTRODUCTION

2 Hearst Power Distribution Company Limited (“Hearst”) has prepared its 2010 EDR
3 Application as a cost of service rate application based on a forward test year. The
4 relevant filing requirements for this Application are set out in Chapter 2 of the May 27,
5 2009 update to the document entitled *Ontario Energy Board, Filing Requirements for*
6 *Transmission and Distribution Applications* (“Filing Requirements”).

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

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

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

14 The Filing Requirements also state that:

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

18 Hearst asked Elenchus Research Associated (Elenchus)² to assist it by preparing an
19 appropriate cost allocation study for its 2010 cost of service rate application. In
20 addressing this issue, Elenchus was guided by the Filing Requirements and the
21 November 28, 2007 *Report of the Board, Application of Cost Allocation for Electricity*
22 *Distributors* (EB-2007-0667) (“CA Application Report”) which “sets out the Board’s
23 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

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

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

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

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

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

1 **1.2 HEARST'S 2006 COST ALLOCATION INFORMATION FILING**

2 Hearst filed its 2006 Cost Allocation Information Filing ("CAIF") on August 22, 2007,
3 using 2004 financial information. Hearst's 2006 CAIF relied on the Board's 2006 Cost
4 Allocation Model ("CA Model") and was prepared in accordance with the September 29,
5 2006 Board report entitled *Cost Allocation: Board Directions on Cost Allocation*
6 *Methodology for Electricity Distributors* ("the Directions"), the subsequent (November
7 15, 2006) *Cost Allocation Informational Filing Guidelines for Electricity Distributors* ("the
8 Guidelines"), and the *Cost Allocation Review: User Instruction for the Cost Allocation*
9 *Model for Electricity Distributors* ("the Instructions").

10 **1.3 STRUCTURE OF THE REPORT**

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

1 **2 OVERVIEW OF THE HEARST 2010 CA STUDY**

2 **2.1 MODELS RUNS INCLUDED IN THE HEARST COST ALLOCATION STUDY**

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

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

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

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

22 **2.2 LOAD AND CUSTOMER INFORMATION**

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

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

- 3 • **Annual Loads (kW and kWh, as appropriate) and customer counts:** The
4 2010 load forecast and customer counts by class being used by Hearst in its
5 application were also used for the 2010 CA models. Hearst's load forecast was
6 prepared by Elenchus.
- 7 • **Hourly load profile:** The hourly load profiles prepared by Hydro One for the
8 2006 CAIF were used for all classes except the Intermediate class. There were
9 significant load reductions among the intermediate customers between 2004 and
10 2009, and there is an expectation that load in 2010 would be increased back to
11 2008 levels. Therefore, 2008 would be representative of 2010. Updating of the
12 hourly load profiles for this class was necessary because of the significant
13 change in demand among a small number of customers. Furthermore, actual
14 2008 hourly load data, which is believed to be representative of 2010 is available
15 for all customers in this class (all customers have interval meters). The hourly
16 load data does not require weather adjustment, making it a straightforward task
17 to determine the updated hourly load shape of these classes in a manner that is
18 consistent with the Hydro One methodology.

19 The hourly load profiles provided by Hydro One for all of the remaining classes for the
20 2006 model were considered to be appropriate for use in the 2010 models for the
21 following reasons.

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

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

22 **2.3 COST INFORMATION**

23 As noted earlier, Elenchus' preferred methodology for preparing 2010 cost allocation
24 models is to use the prospective 2010 test year as the basis for the CA Study, assuming
25 appropriate expense and asset information is available for the 2010 test year. In the
26 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.

1 **3 HEARST COST ALLOCATION STUDY METHODOLOGY**

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

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

8 **3.1 2010 HEARST CA MODEL**

9 **3.1.1 HOURLY LOAD PROFILE (HONI FILE)**

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

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

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

1 **3.1.2 DEMAND ALLOCATORS (HONI FILE)**

2 The demand allocators used in the HPL-2010 CA model were derived using the same
3 methodology as Hydro One used for the 2006 file; however, they were re-determined
4 using the forecast 2010 hourly load profiles resulting from the preceding step. Using the
5 2010 hourly load profiles by class, the 12 monthly coincident and non-coincident peaks
6 for the rate classes were determined on the Hourly Load Shape by Rate Class
7 worksheet. The allocators were then derived as follows.

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

20 **3.1.3 2010 DEMAND DATA (HPL-2010 MODEL)**

21 The demand allocators derived in the updated Hydro One file as described in the
22 preceding section were input at the appropriate cells at sheet I8 Demand Data of the
23 2010 Hearst CA Model. However, the Primary, Line Transformer, and Secondary
24 1NCP, 4NCP and 12NCP values (rows 56-58, 62-64, 68-70) are not equal to the full
25 class NCP values since not all customers use these facilities. The Primary, Line
26 Transformer, and Secondary 1NCP, 4NCP, and 12NCP values were therefore
27 determined from the full load data NCP values using the ratio of values in the 2006 CA
28 Model.

1 **3.1.4 2010 CUSTOMER DATA (HPL-2010 MODEL)**

2 The 30 year weather normalized kWh by rate class which was an input from the Hydro
3 One file at Sheet I6 Customer Data row 27 in the 2006 CA model was replaced with the
4 2010 load forecast in the 2010 CA Model.

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

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

10 **3.1.5 2010 REVENUE TO COST RATIOS**

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

1 **4 SUMMARY OF REVENUE TO COST RATIOS**

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

4 **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	

5
6 Note that the total revenue to cost ratio for HPL-2010 is less than 100% because it
7 represents the revenue to cost ratios for 2010 at current rates. At proposed rate the
8 total revenue to cost ratio would be 100%. In addition, Hearst’s proposed rates for 2010
9 will alter the relative revenue to cost ratios of the classes.

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

12 Table 8 presents the revenue responsibility (i.e., allocation of the total revenue
13 requirement to the rate classes) in each of the models. This revenue responsibility is
14 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 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.

Particulars	Rate Base			
	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.