HALTON HILLS HYDRO INC.

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HALTON HILLS HYDRO INC.

ONTARIO ENERGY BOARD

IN THE MATTER OF the Ontario Energy Board Act, 1998, being Schedule B to the Energy Competition Act, 1998, S.O. 1998, c.15;

AND IN THE MATTER OF an Application by Halton Hills Hydro Inc. to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of May 1, 2008.

APPLICATION

The Applicant is Halton Hills Hydro Inc. (HHHI). Halton Hills Hydro Inc. is an Ontario corporation with its office in the Town of Halton Hills. Halton Hills Hydro Inc. carries on the business of distributing electricity within the town/city of Halton Hills.

Halton Hills Hydro Inc. hereby applies to the Ontario Energy Board (the "OEB") pursuant to section 78 of the Ontario Energy Board Act, 1998 for approval of its proposed distribution rates and other charges, effective May 1, 2008.

Except where specifically identified in the Application, Halton Hills Hydro Inc. followed Chapter 2 of the Filing Requirements for Transmission and Distribution Applications dated November 14, 2006 (the "Filing Requirements") in order to prepare this application.

The Schedule of Rates and Charges proposed in this Application is identified in Exhibit 1; Tab 2; Schedule 1, attached to this Summary.

Halton Hills Hydro Inc. requests that the OEB make its Rate Order effective May 1, 2008 in accordance with the Filing Requirements.

Halton Hills Hydro Inc. submits the proposed distribution rates contained in this Application are just and reasonable on the following grounds:

(i) the proposed rates for the distribution of electricity have been prepared in accordance with the Filing Requirements;

(ii) the proposed adjusted rates are necessary to meet Halton Hills Hydro Inc.'s Market Based Rate of Return and PILs requirements;

(iii) there are no impacts to any of the customer classes or consumption level subgroups that are so significant as to warrant the deferral of any adjustments being requested by Halton Hills Hydro Inc.

HALTON HILLS HYDRO INC.

Halton Hills Hydro Inc. applies for an Order or Orders approving the proposed distribution rates and other charges set out in this Application to be effective May 1, 2008. Halton Hills Hydro Inc. submits these rates and charges are just and reasonable pursuant to section 78 of the Ontario Energy Board Act, 1998 being Schedule B to the Energy Competition Act, 1998, S.O. 1998, c.15,

The address of service for Halton Hills Hydro Inc. is: 43 Alice St., Acton, ON, L7J 2A9

DATED at Halton Hills, Ontario, 15th day of August, 2007.

Daniel F. Guatto, P.Eng.
President
Halton Hills Hydro Inc.

Arthur A. Skidmore, CMA
Corporate Vice-President &
Chief Financial Officer
Halton Hills Hydro Inc.

HALTON HILLS HYDRO INC.

DISTRIBUTOR LICENCE

Electricity Distribution Licence
ED-2002-0552
Halton Hills Hydro Inc.

Valid Until
November 16, 2023

Mark C. Garner
Secretary
Ontario Energy Board
Date of Issuance: November 17, 2003

Ontario Energy Board
P.O. Box 2319
2300 Yonge Street
26th. Floor
Toronto, ON M4P 1E4
Commission de l’Énergie de l’Ontario
C.P. 2319
2300, rue Yonge
26e étage
Toronto ON M4P 1E4

Please refer to www.oebdocs.oeb.gov.on.ca/pdf/12MFX-0.pdf - 2005-06-22 for complete text version of licence.

HALTON HILLS HYDRO INC.

CONTACT INFORMATION

Arthur A. Skidmore, CMA Corporate Vice-President & Chief Financial Officer	Direct line: 519-853-3700 ext 225 Direct Fax: 519-853-5592 E-mail: askidmore@haltonhillshydro.com
Daniel F. Guatto, P.Eng. President	Direct line: 519-853-3700 ext 201 Direct Fax: 519-853-5592 E-mail: guatto@haltonhillshydro.com

HALTON HILLS HYDRO INC

SPECIFIC APPROVALS REQUESTED

Halton Hills Hydro Inc. requests the following specific approvals:

- Approval to charge rates effective May 1, 2008 to recover a revenue requirement of $10,446,283.

- Approval of our Specific Services charges listed in Exhibit 1, Tab 2, schedule 1 page 6 and page 7.

- Approval of Halton Hills Hydro Inc.'s proposed change in capital structure involving the decrease of Halton Hills Hydro Inc.'s deemed common equity component from 50% to 48% (Exhibit 6), consistent with the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors dated December 20, 2006.

- Approval to continue and recover the following deferral/variance accounts after May 1, 2008 (Exhibit 5). Please note Halton Hills Hydro Inc. has made no request to establish any new deferral/variance accounts.
  - 1505 Un-recovered Plant and Regulatory Study Costs
  - 1508 Other Regulatory Assets
  - 1510 Preliminary Survey and Investigation Charges
  - 1515 Emission Allowance Inventory
  - 1516 Emission Allowances Withheld
  - 1518 Retail Cost Variance Account – Retail
  - 1520 Power Purchase Variance Account
  - 1525 Miscellaneous Deferred Debits – including Rebate Cheques
  - 1530 Deferred Losses from Disposition of Utility Plant
  - 1540 Unamortized Loss on Re-acquired Debt
  - 1545 Development Charge Deposits/Receivables
  - 1548 Retail Cost Variance Account – STR
  - 1550 LV Variance Account
  - 1555 Smart Meter Capital Variance Account
  - 1556 Smart Meters OM&A Variance Account
  - 1560 Deferred Development Cost
  - 1562 Deferred Payments in Lieu of Taxes
  - 1563 PILS Contra Account
  - 1565 CDM Expenditure and Recoveries
  - 1566 CDM Contra Account
  - 1570 Qualifying Transition Costs
  - 1571 Pre-Market Opening Energy Variances Total
  - 1572 Extra-Ordinary Event Losses
  - 1574 Deferred Rate Impact Amounts
  - 1580 RSVA-Wholesale Market Service Charge
  - 1582 RSVA-One-time Wholesale Market Service
  - 1584 RSVA-Retail Transmission Network Charge
  - 1586 RSVA-Retail Transmission Connection Charge
  - 1588 RSVA-Power
  - 1590 Recovery of Regulatory Asset Balances
  - 1592 Deferred PILs Account
  - 2425 Other Deferred Credits

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- Approval of the proposed lost factor in Exhibit 4, Tab 2, Schedule 9.

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DRAFT ISSUES LIST

1. Smart Metering

In the rate application, Halton Hills Hydro Inc. has not included any costs related to Smart Metering. In decision EB-2007-0536 dated April 12, 2007, Halton Hills Hydro Inc. applied for $1.18 to embark on its Smart Metering Investment Plan filed with the Ontario Energy Board December 15, 2006. However, the Ontario Energy Board only approved $0.26 due to Regulation 153/07. At the present time, it is unclear how Smart Metering costs will be recovered and therefore we request to be included in any provincial mandate of Smart Metering Costs recovery.

HALTON HILLS HYDRO INC.

PROCEDURAL ORDERS/MOTIONS/NOTICES

There are no current procedural orders, motions or notices at this time.

HALTON HILLS HYDRO INC.

ACCOUNTING ORDERS REQUESTED

Halton Hills Hydro Inc. does not request any accounting orders at the time of submission.

HALTON HILLS HYDRO INC.

NON-COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS

Halton Hills Hydro Inc. follows the categories and accounting guidelines as stated in the Uniform System of Accounts.

HALTON HILLS HYDRO INC.

MAP OF DISTRIBUTION SYSTEM

Distribution System Maps are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix A.

The Distribution System Maps are listed as follows:

1. 4160v (Acton)
2. 4160v (Georgetown)
3. 8320v (Rural)
4. 27600v (Overhead)
5. 27600v (Underground)
6. 44000v (System)

HALTON HILLS HYDRO INC.

LIST OF NEIGHBOURING UTILITIES AND DISTRIBUTOR DESCRIPTION

LIST OF ADJACENT DISTRIBUTORS

HYDRO ONE BRAMPTON 175 Sandalwood Pkwy W Brampton, ON L7A 1E8	Direct line: 905-840-6300 Direct Fax: 905-840-1915 Website: www.hydroonebrampton.com
MILTON HYDRO DISTRIBUTION INC. 55 Thompson Rd S Milton, ON L9T 6P7	Direct line: 905-878-3483 Direct Fax: 905-876-2044 Website: www.miltonhydro.com
ENERSOURCE HYDRO MISSISSAUGA 3240 Mavis Rd Mississauga, ON L5C 3K1	Direct line: 905-273-9050 Direct Fax: 905-566-2737 Website: www.enersource.com
HYDRO ONE NETWORKS INC. 483 Bay St Toronto, ON M5G 2P5	Direct line: 416-345-5000 Direct Fax: Website: www.HydroOne.com

DISTRIBUTOR DESCRIPTION

COMMUNITY SERVED:	Town of Halton Hills
TOTAL SERVICE AREA	281 sq km
RURAL SERVICE AREA	256 sq km
DISTRIBUTION TYPE	Directly connected and embedded with Hydro One Networks
SERVICE AREA POPULATION	55,300
MUNICIPAL POPULATION	55,300
BOUNDARIES	West: Regional Road 25 North: Highway 24 East: Winston Churchill Blvd South: Steeles Avenue Halton Hills Hydro operates within the municipal boundaries of the Town of Halton Hills.

HALTON HILLS HYDRO INC.

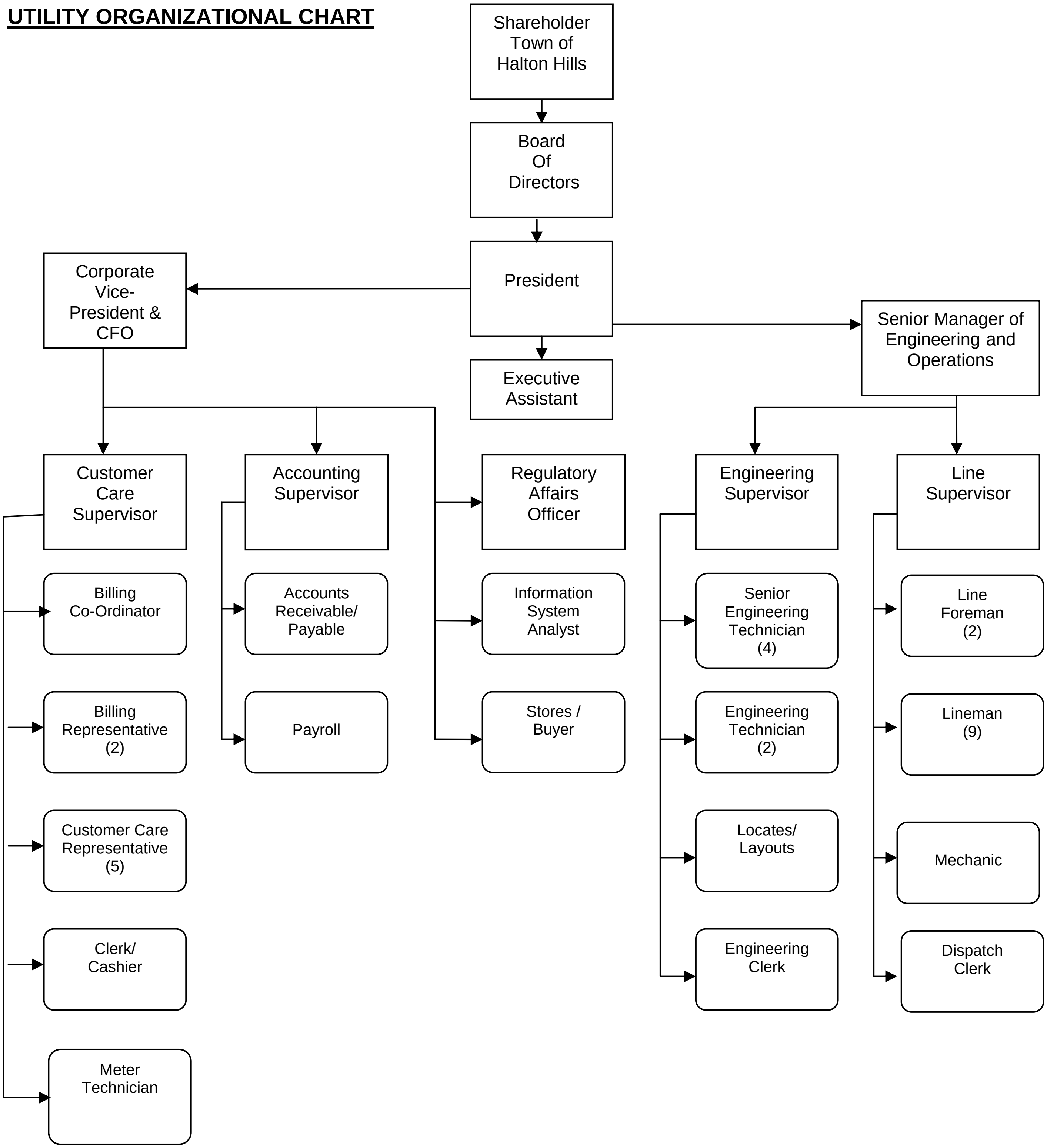
EXPLANATION OF HOST AND EMBEDDED UTILITIES

Halton Hills Hydro Inc. does not host any utilities within its service area.

Halton Hills Hydro Inc. does not have any embedded utilities within its service area.

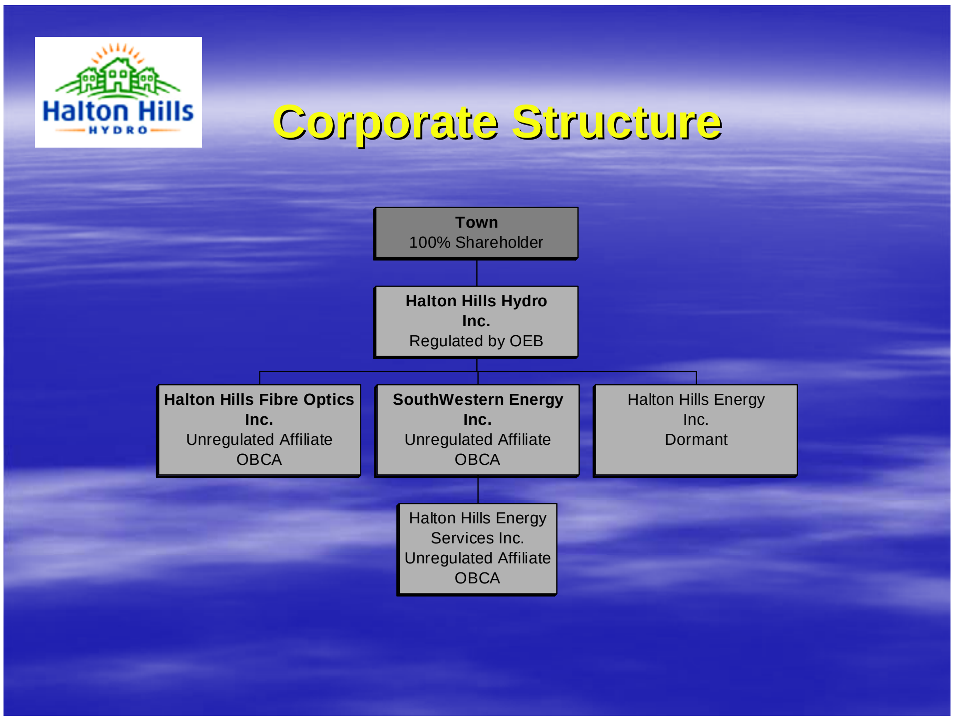
HALTON HILLS HYDRO INC.

UTILITY ORGANIZATIONAL CHART



HALTON HILLS HYDRO INC.

CORPORATE ENTITIES RELATIONSHIP CHART



Halton Hills Hydro Inc.

Halton Hills Hydro Inc. is a wholly-owned corporation of The Town of Halton Hills, and was incorporated April 13, 1999 under the laws of the Province of Ontario. The principal activity of the Company is to provide electrical power distribution throughout the Town of Halton Hills.

Halton Hills Fibre Optics Inc.

Halton Hills Fibre Optics Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on October 27, 1999 under the laws of the Province of Ontario. The principal activity of the Company is to provide high-speed data communications primarily within, but not limited to the boundaries of the municipality of the Town of Halton Hills.

SouthWestern Energy Inc.

SouthWestern Energy Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on October 27, 1999 under the laws of the Province of Ontario. The principal activities of the Company are to provide hot water tank and sentinel light rentals, water meter reading and billing services for residents in the municipality of the Town of Halton Hills, as well as energy and related services.

HALTON HILLS HYDRO INC.

Halton Hills Energy Inc.
Halton Hills Energy Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on April 13, 1999 under the laws of the Province of Ontario. The principal activity of the Company is the marketing of energy. Currently, there is no activity in the Company.

Halton Hills Energy Services Inc.
Halton Hills Energy Services Inc. is a wholly-owned subsidiary of SouthWestern Energy Inc. and was incorporated on June 11, 2002 under the laws of the Province of Ontario. The principal activities of the Company are to provide hot water tank and sentinel light rentals, as well as water meter reading and billing services for residents in the municipality of the Town of Halton Hills.

Board of Directors

Halton Hills Hydro	Halton Hills Fibre Optics	Halton Hills Energy Services Inc., Southwestern Energy Inc. & Halton Hills Energy Inc. (dormant)
Mr. B. Boyce (Chair)	Mr. B. Boyce (Chair)	Mr. R. Arbuckle (Chair)
Mr. R. Bonnette (Mayor)	Mr. D. Guatto	Mr. D. Guatto
Mr. D. Perlin (CAO)	Mr. R. Poth	Mr. R. Miller
Mr. D. Guatto		
Mr. D. Allison		
Mr. G. Groves		
Mr. J. Samuelson		

Halton Hills Hydro Inc. has entered into service agreements with affiliates that are updated on a annual basis.

HALTON HILLS HYDRO INC.

PLANNED CHANGES IN CORPORATE AND OPERATIONAL STRUCTURE

Halton Hills Hydro Inc. does not have any current changes planned for Corporate and Operational Structure.

HALTON HILLS HYDRO INC.

STATUS REPORT ON BOARD DIRECTIVES

Halton Hills Hydro Inc. has no Board Directives at this time.

HALTON HILLS HYDRO INC.

CONDITIONS OF SERVICE

Halton Hills Hydro Inc. filed the Conditions of Service dated February 2007 with Market Operations on June 15, 2007 in response to a Compliance Bulletin. The file was submitted in Word and pdf formats as requested.

HALTON HILLS HYDRO INC.

CHANGES IN CONDITIONS OF SERVICE

Halton Hills Hydro Inc. is planning to review and make changes to the deposit policy stated in the current Conditions of Service - February 2007, by the end of 2007. When complete, new Conditions of Service will be developed in accordance with the Distribution System Code.

HALTON HILLS HYDRO INC.

LIST OF WITNESSES

To be provided if oral hearing occurs

HALTON HILLS HYDRO INC.

SUMMARY OF THE APPLICATION

PURPOSE AND NEED

Halton Hills Hydro Inc. self-nominated for 2008 rate rebasing. We have calculated a Revenue requirement of $10,446,283 and our present rates will produce a revenue deficiency of $1,549,973 in distribution revenue for the 2008 Test Year. Halton Hills Hydro Inc. therefore seeks the Ontario Energy Board's approval to revise its rates applicable to its distribution of electricity. The issues to be reviewed in this case, as Halton Hills Hydro Inc. sees them, are discussed below.

Through this Application, Halton Hills Hydro Inc. seeks:

- To recover:
  - Revenue Deficiency arising from changes in OM&A, Amortization, Rate of Return, and PILS
  - Deferral and Variance Account balances

- To change:
  - Distribution Loss Factor

- To reflect:
  - Just and reasonable Distribution Rates that have been modeled in accordance with the Ontario Energy Board Filing Requirements for Distribution Rate Applications

Halton Hills Hydro Inc. has been assisted in this rate application by Elenchus Research Associates who provided the model used in the determination of just and reasonable 2008 Distribution Rates and by Ogilvy Renault who has reviewed our application. Halton Hills Hydro Inc. is a growing LDC with increasing numbers of customers and consumption. The information used in this Application is Halton Hills Hydro Inc.'s forecasted results for its 2008 test year. With the rates presently in effect, Halton Hills Hydro Inc. estimates that its revenue for 2008 would not be sufficient to provide a reasonable return. Halton Hills Hydro Inc. is also presenting the actual, historical information for fiscal year 2006, forecast information for the fiscal bridge year 2007, and forecast information for the 2008 test year.

TIMING

The financial information supporting the 2008 test year for this Application will be Halton Hills Hydro Inc.'s fiscal year beginning January 1, 2008 and ending December 31, 2008 (the "2008 Test Year"). However, this information will be used to set rates effective May 1, 2008. The test year revenue requirement is that forecasted by Halton Hills Hydro Inc. as needed to enable the earning of a reasonable return for fiscal year 2008. For the required revenues to match and appropriately offset the expected costs of service for the test year, revised rates reflecting the Board's decision must be effective for volumes consumed on and after May 1, 2008.

HALTON HILLS HYDRO INC.

CUSTOMER IMPACT

Halton Hills Hydro's proposed rates will not have unacceptable impacts on the total distribution portion of the customer's bill and therefore Halton Hills Hydro Inc. is not proposing any rate mitigation measures.

Residential

Charge Description	units	2007	2008	Proposed % change
Service Charge	Monthly	$11.35	$ 12.88	13.5%
Distribution Volumetric Rate	kWh	$ 0.0115	$ 0.0142	23.5%
Regulatory Asset Recovery	kWh	$ 0.0042	n/a	n/a
Deferral and Variance Account Dispositions	kWh	n/a	$ 0.0010	n/a
Retail Transmission-Network Service Rate	kWh	$ 0.0057	$ 0.0057	0%
Retail Transmission-Line and Transformer Connection Service Rate	kWh	$ 0.0050	$ 0.0050	0%
Wholesale Market Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Rural Rate Protection Charge	kWh	$ 0.0010	$ 0.0010	0%
Standard Supply Service-Administration Charge (if applicable)	Monthly	$ 0.25	$ 0.25	0%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer service charge by $1.53 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 4.52% to bring the Revenue to Cost ratio to 93.46%.

The total impact on a Residential customer with 1000kWhs is an increase of 1.8% as shown in Appendix F.

Residential-Time of Use

Charge Description	units	2007	2008	Proposed % change
Service Charge	Monthly	$10.64	$ 9.56	(10.2)%
Distribution Volumetric Rate	kWh	$ 0.0125	$ 0.0124	(0.8)%
Regulatory Asset Recovery	kWh	$ 0.0042	n/a	n/a
Deferral and Variance Account Dispositions	kWh	n/a	$ 0.0000	n/a
Retail Transmission-Network Service Rate	kWh	$ 0.0057	$ 0.0057	0%
Retail Transmission-Line and Transformer Connection Service Rate	kWh	$ 0.0050	$ 0.0050	0%
Wholesale Market Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Rural Rate Protection Charge	kWh	$ 0.0010	$ 0.0010	0%
Standard Supply Service-Administration Charge (if applicable)	Monthly	$ 0.25	$ 0.25	0%

Currently there are only two customers in this class.

The total impact on a Residential Time of Use customer with 3000kWhs is a decrease of 3.7% as shown in Appendix F.

HALTON HILLS HYDRO INC.

General Service less than 50kW

Charge Description	units	2007	2008	Proposed % change
Service Charge	Monthly	$24.74	$ 28.13	13.7%
Distribution Volumetric Rate	kWh	$ 0.0100	$ 0.0128	28.0%
Regulatory Asset Recovery	kWh	$ 0.0038	n/a	n/a
Deferral and Variance Account Dispositions	kWh	n/a	$ 0.0009	n/a
Retail Transmission-Network Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Retail Transmission-Line and Transformer Connection Service Rate	kWh	$ 0.0045	$ 0.0045	0%
Wholesale Market Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Rural Rate Protection Charge	kWh	$ 0.0010	$ 0.0010	0%
Standard Supply Service-Administration Charge (if applicable)	Monthly	$ 0.25	$ 0.25	0%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by $3.39 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.96% to bring the Revenue to Cost ratio to 96.50%.

The total bill impact on a General Service less than 50kW customer with 2000kWhs is an increase of 2.3% as shown in Appendix F.

General Service 50 to 999kW

Charge Description	units	2007	2008	Proposed % change
Service Charge	Monthly	$93.67	$ 80.77	(13.8)%
Distribution Volumetric Rate	kW	$ 4.6208	$ 4.4350	(4.00)%
Regulatory Asset Recovery	kW	$ 0.4894	n/a	n/a
Deferral and Variance Account Dispositions	kW	n/a	$ 0.2596	n/a
Retail Transmission-Network Service Rate	kW	$ 2.1218	$ 2.1218	0%
Retail Transmission-Line and Transformer Connection Service Rate	kW	$ 1.7882	$ 1.7882	0%
Wholesale Market Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Rural Rate Protection Charge	kWh	$ 0.0010	$ 0.0010	0%
Standard Supply Service-Administration Charge (if applicable)	Monthly	$ 0.25	$ 0.25	0%

In order to decrease the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to decrease the monthly customer charge by $12.90 in the 2008 test year. The impact of these changes is a decrease in the allocation of revenue by 4.00% to bring the Revenue to Cost ratio to 149.18%.

The total bill impact on a General Service 50 to 999kW customer with 100kW demand and 50,000kWhs is a decrease of 0.2% as shown in detail in Appendix F.

HALTON HILLS HYDRO INC.

General Service 1,000 to 4,999kW

Charge Description	units	2007	2008	Proposed % change
Service Charge	Monthly	$207.22	$185.71	(10.4)%
Distribution Volumetric Rate	kW	$ 4.2999	$ 4.5649	6.2%
Regulatory Asset Recovery	kW	$ 1.2870	n/a	n/a
Deferral and Variance Account Dispositions	kW	n/a	$ 0.2869	n/a
Retail Transmission-Network Service Rate	kW	$ 2.2535	$ 2.2535	0%
Retail Transmission-Line and Transformer Connection Service Rate	kW	$ 1.9603	$ 1.9603	0%
Wholesale Market Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Rural Rate Protection Charge	kWh	$ 0.0010	$ 0.0010	0%
Standard Supply Service-Administration Charge (if applicable)	Monthly	$ 0.25	$ 0.25	0%

In order to decrease the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to decrease the monthly customer charge by $21.51 in the 2008 test year. The impact of these changes is a decrease in the allocation of revenue by 1.96% to bring the Revenue to Cost ratio to 119.30%.

The total impact on a General Service 1,000 to 4,999kW customer with 3500kW demand and 500,000kWhs is a decrease of 5.5% as shown in Appendix F.

Un-metered Scattered Load

Charge Description	units	2007	2008	Proposed % change
Service Charge (per connection)	Monthly	$12.23	$ 12.63	3.3%
Distribution Volumetric Rate	kWh	$ 0.0100	$ 0.0114	14.0%
Regulatory Asset Recovery	kWh	$ 0.0019	n/a	n/a
Deferral and Variance Account Dispositions	kWh	n/a	$ 0.0008	n/a
Retail Transmission-Network Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Retail Transmission-Line and Transformer Connection Service Rate	kWh	$ 0.0045	$ 0.0045	0%
Wholesale Market Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Rural Rate Protection Charge	kWh	$ 0.0010	$ 0.0010	0%
Standard Supply Service-Administration Charge (if applicable)	Monthly	$ 0.25	$ 0.25	0%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by $0.40 in the 2008 test year. The impact of these changes is no change to the allocation of revenue to maintain the Revenue to Cost ratio to 100.00%.

The total impact on an Un-metered Scattered Load customer with 200kWhs is an increase of 2.1% as shown in Appendix F.

HALTON HILLS HYDRO INC.

Sentinel Lighting

Charge Description	units	2007	2008	Proposed % change
Service Charge (per connection)	Monthly	$ 1.18	$ 1.88	59.3%
Distribution Volumetric Rate	kW	$ 4.9844	$ 8.2545	65.6%
Regulatory Asset Recovery	kW	$ 2.5490	n/a	n/a
Deferral and Variance Account Dispositions	kW	n/a	$ 0.1576	n/a
Retail Transmission-Network Service Rate	kW	$ 1.6083	$ 1.6083	0%
Retail Transmission-Line and Transformer Connection Service Rate	kW	$ 1.4113	$ 1.4113	0%
Wholesale Market Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Rural Rate Protection Charge	kWh	$ 0.0010	$ 0.0010	0%
Standard Supply Service-Administration Charge (if applicable)	Monthly	$ 0.25	$ 0.25	0%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by $0.70 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.03% to bring the Revenue to Cost ratio to 50.00%

The total impact on a Sentinel Lighting customer with 0.75kW demand and 25kWhs is an increase of 11.4% as shown in Appendix F.

Street Lighting

Charge Description	units	2007	2008	Proposed % change
Service Charge (per connection)	Monthly	$ 0.52	$ 1.01	94.2%
Distribution Volumetric Rate	kW	$ 3.4451	$ 6.9720	102.3%
Regulatory Asset Recovery	kW	$ 1.3403	n/a	n/a
Deferral and Variance Account Dispositions	kW	n/a	$ 0.3430	n/a
Retail Transmission-Network Service Rate	kW	$ 1.6002	$ 1.6002	0%
Retail Transmission-Line and Transformer Connection Service Rate	kW	$ 1.3824	$ 1.3824	0%
Wholesale Market Service Rate	kWh	$ 0.0052	$ 0.0052	0%
Rural Rate Protection Charge	kWh	$ 0.0010	$ 0.0010	0%
Standard Supply Service-Administration Charge (if applicable)	Monthly	$ 0.25	$ 0.25	0%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by $.49 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.46% to bring the Revenue to Cost ratio to 20.70%

The impact on the Street Light customer with 620kW demand and 300,000kWhs is an increase of 10.1% as shown in Appendix F.

HALTON HILLS HYDRO INC.

Specific Service Charges

Halton Hills Hydro Inc. proposes no change to the Specific Service Charges previously approved effective May 1, 2007. These charges are listed below.

Customer Administration		
Arrears certificate	$	15.00
Statement of account	$	15.00
Pulling post dated cheques	$	15.00
Duplicate invoices for previous billing	$	15.00
Request for other billing information	$	15.00
Easement letter	$	15.00
Income tax letter	$	15.00
Notification charge	$	15.00
Account history	$	15.00
Credit reference/credit check (plus credit agency costs)	$	15.00
Returned cheque (plus bank charges)	$	15.00
Charge to certify cheque	$	15.00
Legal letter charge	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Special meter reads	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	$	30.00
Collection of account charge – no disconnection – after regular hours	$	165.00
Disconnect/Reconnect at meter – during regular hours	$	65.00
Disconnect/Reconnect at meter – after regular hours	$	185.00
Disconnect/Reconnect at pole – during regular hours	$	185.00
Disconnect/Reconnect at pole – after regular hours	$	415.00
Install/Remove load control device – during regular hours	$	65.00
Install/Remove load control device – after regular hours	$	185.00
Service call – customer owned equipment	$	30.00
Service call – after regular hours	$	165.00
Interval Meter Charge	$	20.00
Temporary service install & remove – overhead – no transformer	$	500.00
Temporary service install & remove – underground – no transformer	$	300.00
Temporary service install & remove – overhead – with transformer	$	1000.00
Specific Charge for Access to the Power Poles ($/pole/year)	$	22.35
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	$/kW	(0.50)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Loss Factors

	2007 TLF	2008 TLF	Proposed % Change
Total Loss Factor-Secondary Metered Customer <5,000 kW	1.0368	1.0499	35.6%
Total Loss Factor-Primary Metered Customer <5,000 kW	1.0265	1.0395	49.1%

Changes to the Total Loss Factor are detailed in Exhibit 4, Tab 2, Schedule 9.

HALTON HILLS HYDRO INC.

MAJOR ISSUES

There are a number of issues that, although they may not all be defined as major, are anticipated to be examined in this case. These issues are listed below.

Capital Structure

Halton Hills Hydro Inc. is requesting a change in its deemed capital structure. Specifically, Halton Hills Hydro Inc. is requesting a decrease in the deemed equity ratio from 50% to 47% consistent with the 3 year phase-in of Halton Hills Hydro Inc.'s capital structure from 50% to 40% equity as outlined in the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006.

Return on Equity

Halton Hills Hydro Inc. has assumed a return on equity of 8.93% consistent with the methodology outlined in Appendix B of the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006.

Capital Expenditures

Halton Hills Hydro Inc. continues to expand and reinforce its distribution system in order to meet the demand of new and existing customers in its service territory. This increase in demand comes both from currently un-serviced areas as well as existing areas needing upgrades.

Operating and Maintenance Costs

Operating and maintenance costs have been updated to reflect the impact of inflation and expected changes in costs.

HALTON HILLS HYDRO INC.

BUDGET DIRECTIVES

Halton Hills Hydro Inc. compiles budget information for the three major components of the budgeting process: revenue forecasts, operating and maintenance expense forecast and capital budgets. This budget information is compiled for both the bridge and test years.

Revenue Forecast

The energy sales and revenue forecast model was updated to reflect more recent information. This model was then used to prepare the revenues sales, throughput volume and revenue forecast at existing rates for fiscal 2007 and 2008. The forecast is found in Exhibit 3, Tab 2 and considers such factors as new customer additions and load profiles for all classes of customers.

Operating and Maintenance Expense Forecast

The operating and maintenance expenses for fiscal 2007 bridge year and the 2008 test year have been forecast using a zero based methodology and is strongly influenced by prior year experience. Each item is reviewed account by account for each of the forecast years.

Capital Budget

All other capital expenditures are budgeted on a line by line basis based on need and forecasted customer growth.

HALTON HILLS HYDRO INC.

CHANGES IN METHODOLOGY

The following is a summary of changes in the methodology requested by Halton Hills Hydro Inc. in the current proceeding.

a) Capital Structure
Halton Hills Hydro Inc. has no current request to change the methodology addressing Capital Structure. There is the potential for future changes, however, the changes have not been investigated at this time.

b) Return on Equity
Halton Hills Hydro Inc. has no current request to change the methodology addressing Return on Equity. There is the potential for future changes, however, the changes have not been investigated at this time.

c) Interest Rate Applicable to Deferral/Variance Accounts
Halton Hills Hydro Inc. has no current request to change the methodology relating to the Interest Rate Applicable to Deferral/Variance Accounts.

e) Cost Allocation & Fully Allocated Costing Study
Halton Hills Hydro Inc. has no current request to change the methodology addressing Cost Allocation and the Fully Allocated Costing Study. There is the potential for future changes, however, the changes have not been investigated at this time.

HALTON HILLS HYDRO INC.

NUMERICAL DETAILS OF CAUSES OF DEFICIENCY 2008 TEST YEAR AND CALCULATION OF REVENUE REQUIREMENT

	2008 Test forecast at 2007 Existing Rates ($)	Comments
Revenue		
Distribution Revenue	9,672,375	Exhibit 3, Tab 1, Schedule 2
Other Operating Revenue (Net)	960,000	Exhibit 3, Tab 1, Schedule 2
Total Revenue	10,632,375	
Costs and Expenses		
Distribution Costs		
Operation & Maintenance	5,093,000	
Depreciation & Amortization	2,190,723	
Property & Capital Taxes	195,000	
Interest	1,266,740	
Total Costs and Expenses	8,745,463	
Utility Income Before Income Taxes	2,114,493	
Income Taxes	836,500	
Utility Income	$1,277,993	

Utility Proposed Rate Base	37,954,174	
Required Return@7.451%	2,827,966	Exhibit 6, Tab 1, Schedule 4, Page 3

Required Return	2,827,966
Utility Income	1,277,993
Revenue Deficiency	1,549,973

HALTON HILLS HYDRO INC.

CALCULATION OF REVENUE REQUIREMENT

	2006 EDR	2008 Test
OM&A	$4,625,879	$5,288,000
Amortization	1,846,338	2,190,723
Return	2,252,485	2,827,966
PILS	938,649	1,242,594
Revenue Offset	(974,580)	(1,103,000)
Revenue Requirement	$8,688,771	$10,446,283

HALTON HILLS HYDRO INC.

CAUSES OF REVENUE DEFICIENCY

The increase in Halton Hills Hydro Inc.'s distribution expenses including depreciation expense in the 2008 Test Year as compared to 2006 EDR is $1,006,506. This is a result of normal operating expenses plus inflation plus additional amortization related to the Capital program at Halton Hills Hydro Inc.

The change in Halton Hills Hydro Inc.'s return on capital in the 2008 Test Year as compared to 2006 EDR is $575,481. This indicates that Halton Hills Hydro Inc. was not earning its regulated return based on 2006 EDR (which is based on 2004 actual).

The change in Halton Hills Hydro Inc.'s PILs in the 2008 Test Year as compared to 2006 EDR is $303,945. This change is relative to the estimated amount to be collected based on decreased tax rates and increased revenue.

HALTON HILLS HYDRO INC.

AUDITED FINANCIAL STATEMENTS AT DECEMBER 31, 2006

Audited Financial Statements at December 31 2006 are in pdf format and are hyperlinked for electronic submission. A printed copy is located in Appendix B.

HALTON HILLS HYDRO INC.

PRO FORMA FINANCIAL STATEMENTS AT DECEMBER 31, 2007

Pro forma financial statements at December 31, 2007 are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix B.

HALTON HILLS HYDRO INC.

PRO FORMA FINANCIAL STATEMENTS AT DECEMBER 31, 2008

Pro forma financial statements at December 31, 2008 are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix B.

HALTON HILL HYDRO INC.

RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND FINANCIAL RESULTS FILED

RECONCILIATION BETWEEN 2006 AUDITED FINANCIAL STATEMENTS AND FINANCIAL RESULTS FILED

FS classification	OEB account #	Difference	Rationale
Inventory	1330 - Inventory	630,689	Regulatory accounting mandates transformers in inventory be classified to capital account 1850
Regulatory assets	1586 - RSVA connection	314,735	Regulatory accounting requires HONI regulatory assets to be accounted for as per OEB rate order
Regulatory assets	1562 - Deferred PILS	(152,368)	Regulatory account for deferred PILS
Regulatory assets	1592 - 2006 PILS & taxes	132,908	Regulatory account for 2006 PILS & taxes variance
Capital assets	1850 - Line transformers	(630,689)	Regulatory accounting mandates transformers in inventory be classified to capital account 1850
Power costs	4750 - low voltage charges	409,163	Low voltage charges reclassified from other expenses
Recovery of regulatory assets	4080 - distribution services revenue	1,471,724	Recovery of regulatory assets offset against receipts
Items impacting net income:			
Service revenue	4080 - distribution services revenue	206,368	Deferred charge funds reclassification - CDM
Service revenue	4080 - distribution services revenue	(72,750)	Deferred charge funds reclassification - smart meters
Service revenue	4080 - distribution services revenue	38,953	Retailer revenue - cost offset reclassification
Operating expenses	Various	32,606	Cumulative minor regulatory expense reclassifications
Net income difference		248,199	

HALTON HILLS HYDRO INC.

PROPOSED ACCOUNTING TREATMENT

Halton Hills Hydro Inc. intends to construct a new Municipal 230kV to 27.6kV Transformer Station.

This project is consistent with the recommendations of the GTA West Supply Study published February 16th, 2006, in which Enersource Hydro Mississauga, Halton Hills Hydro Inc., Hydro One Brampton, Hydro One Networks Inc. - Distribution, Hydro One Networks Inc. - Transmission and Milton Hydro Distribution Inc. participated. The study identifies the transmission constrained area on the west side of the GTA near Trafalgar Control Centre, of which, Halton Hills is a part.

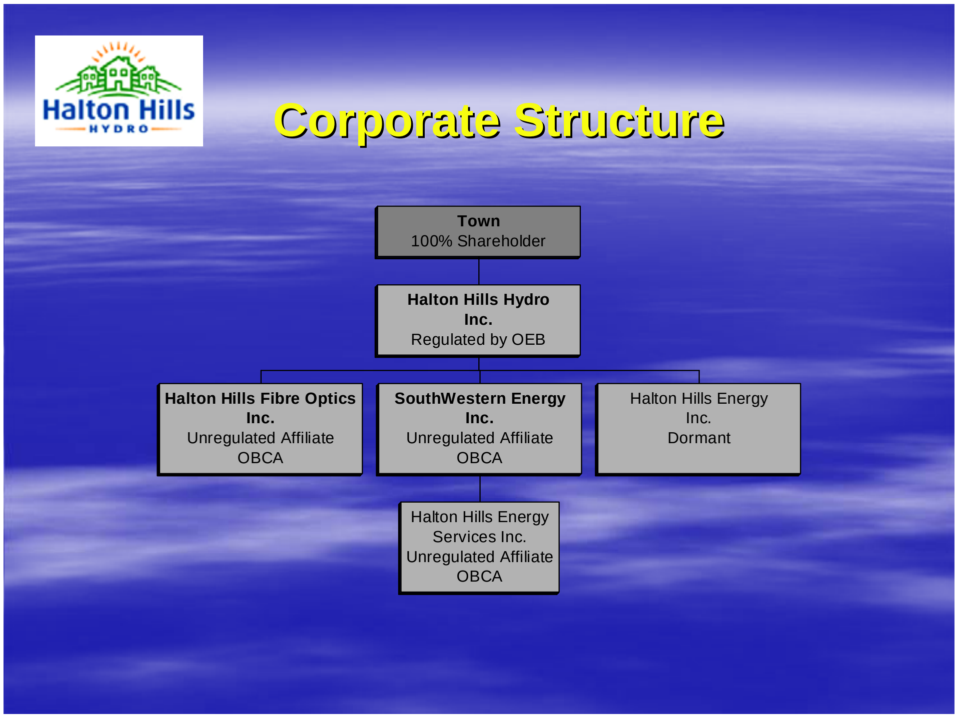
Halton Hills Hydro Inc. continues to see significant prestige industrial growth along Steeles Avenue between James Snow Parkway and Trafalgar Road which is rapidly diminishing the available capacity on two recently acquired 27.6kV feeders from Hydro One's Halton TS in Milton. The proposed new TS would be north of Hwy 401 on Steeles Avenue in Halton Hills, precisely where the prestige industrial load is developing.

Halton Hills Hydro Inc. forecasts the need for the proposed TS to be in service by 2010 or 2011 (latest), at which time the peak loading on existing distribution facilities will exceed their design ratings resulting in possible supply interruptions.

We will account for these costs in Construction In Process. Once the project is complete and commissioned, these costs will be capitalized and depreciated over the appropriate term.

HALTON HILLS HYDRO INC.

INFORMATION ON PARENT AND SUBSIDIARIES



Halton Hills Fibre Optics Inc.

Halton Hills Fibre Optics Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on October 27, 1999 under the laws of the Province of Ontario. The principal activity of the Company is to provide high-speed data communications primarily within, but not limited to the boundaries of the municipality the Town of Halton Hills.

SouthWestern Energy Inc.

SouthWestern Energy Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on October 27, 1999 under the laws of the Province of Ontario. The principal activities of the Company are to provide hot water tank and sentinel light rentals, water meter reading and billing services for residents in the municipality of Halton Hills, as well as energy and related services.

Halton Hills Energy Inc.

Halton Hills Energy Inc. is a wholly-owned subsidiary of Halton Hills Hydro Inc. and was incorporated on April 13, 1999 under the laws of the Province of Ontario. The principal activity of the Company is the marketing of energy. Currently, there is no activity in the Company.

Halton Hills Energy Services Inc.

Halton Hills Energy Services Inc. is a wholly-owned subsidiary of SouthWestern Energy Inc. and was incorporated on June 11, 2002 under the laws of the Province of Ontario. The principal activities of the Company are to provide hot water tank and sentinel light rentals, as well as water meter reading and billing services for residents in the municipality of Halton Hills.

HALTON HILLS HYDRO INC.

HALTON HILLS HYDRO INC.

RATE BASE OVERVIEW

A projection of Halton Hills Hydro Inc.'s rate base is provided for both the Bridge Year (2007) and the Test Year (2008). Historical data pertaining to rate base is also presented for 2006 Board Approved and 2006 Actual.

Halton Hills Hydro Inc.'s forecast rate base for the test year is $37,954,174. 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. Details for Halton Hills Hydro Inc.'s working capital allowance is provided in Appendix C.

Fixed Asset Continuity Schedules for Historical Board Approved, Historical Actual, Bridge and Test years are provided at Appendix C.

Gross Asset – Property, Plant and Equipment and Accumulated Depreciation

The bridge and test year's gross asset balance reflects the capital expenditure programs forecast for each year respectively. These programs are described in detail in Halton Hills Hydro Inc.'s written evidence at Exhibits 2, Tab 3, Schedule 1 and 2.

Capital Budget

The Capital Budget for both the bridge year and test year is included in Exhibit 2, Tab 3, Schedule 1. This provides all the relevant information pertaining to the Capital Program at Halton Hills Hydro Inc. The review for capital projects in excess of 1% of the net fixed assets are in Exhibit 2, Tab 3, Schedule 2.

Allowance for Working Capital

The calculation of working capital is included in Appendix C.

HALTON HILLS HYDRO INC.

RATE BASE SUMMARY TABLE

	2006 Board Approved ($)	2006 Actual ($)	Variance from 2006 Board Approved ($)	2006 Actual ($)	2007 Bridge ($)	Variance from 2006 Actual ($)	2007 Bridge ($)	2008 Test ($)	Variance from 2007 Bridge ($)
Gross Asset									
Asset Values at Cost	30,289,407	35,907,562	5,618,155	35,907,562	39,756,408	3,848,846	39,756,408	44,246,521	4,490,113
Accumulated Depreciation									
Depreciation	(6,045,069)	(9,717,688)	(3,672,619)	(9,717,688)	(11,240,001)	(1,522,313)	(11,240,001)	(12,761,547)	(1,521,546)
Net Fixed Asset	24,244,338	26,189,874	1,945,536	26,189,874	28,516,408	2,326,534	28,516,408	31,484,974	2,968,567
Allowance for Working Capital	5,296,452	6,018,522	722,070	6,018,522	6,206,625	188,103	6,206,625	6,469,200	262,575
Utility Rate Base	29,540,791	32,208,396	2,667,605	32,208,396	34,723,033	2,514,637	34,723,033	37,954,174	3,231,141

HALTON HILLS HYDRO INC.

VARIANCE ANALYSIS ON RATE BASE SUMMARY TABLE

A summary of utility rate base is presented in Exhibit 2, Tab 1, Schedule 2

2008 Test Year

As shown in the above noted exhibit, the total rate base in the 2008 test year is forecast to be $37,954,174. Net fixed assets accounts for $31,484,974 of this total or 82.95%. The allowance for working capital totals $6,469,200 or 7.05%.

Comparison to 2007 Bridge Year

The total rate base is expected to be $3,231,141 or 9.31% higher in the 2008 test year than in the 2007 bridge year. The increase is comprised of $2,968,567 in net capital additions and $262,575 in working capital allowance. This increase is the result of the Capital Plans of Halton Hills Hydro Inc. detailed in Exhibit 2, Tab 3, Schedule 1 of this application.

2007 Bridge Year

Comparison to 2006 Actual

The total rate base is expected to be $2,514,637 or 7.81% higher in the 2007 Bridge year than the 2006 Actual. The increase is comprised of $2,326,534 in net capital additions and $188,103 in working capital allowance. This increase is the result of the Capital Plans of Halton Hills Hydro Inc. detailed in Exhibit 2, Tab 3, Schedule 1 of this application.

2006 Actual

Comparison to 2006 Board Approved

The total rate base was $2,667,605 or 9.03% higher in 2006 actual than in the 2006 Board approved rate base. The increase is comprised of $1,945,536 in net capital additions and $722,070 in working capital allowance. This increase is the result of the 2006 Capital Expenditures of Halton Hills Hydro Inc. and the $722,070 or 13.63% deficiency in working capital allowance.

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY STATEMENTS

Fixed Asset Continuity Statements are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

HALTON HILLS HYDRO INC.

GROSS ASSET TABLES

Gross Asset Tables are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

HALTON HILLS HYDRO INC.

MATERIALITY ANALYSIS ON GROSS ASSETS

The calculation of the Materiality Threshold on gross assets is shown in the following table:

Materiality Threshold = 1% of net fixed assets

Fixed assets balance:	2006 actual	2007 bridge	2008 test
Gross cost	37,542,800	41,970,016	46,523,026
Accumulated amortization	(10,674,816)	(11,805,185)	(13,717,909)
Net fixed assets	26,867,984	30,164,831	32,805,117
1% of net fixed assets	268,680	301,648	328,051

Halton Hills Hydro Inc. has selected the lowest materiality threshold of $268,680 to allow for the most detailed review of gross asset changes.

Materiality Analysis on Gross Assets Tables are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

HALTON HILLS HYDRO INC.

ACCUMULATED DEPRECIATION TABLES

Accumulated Depreciation Tables are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

HALTON HILLS HYDRO INC.

MATERIALITY ANALYSIS ON ACCUMULATED DEPRECIATION

The calculation of the Materiality Threshold on accumulated depreciation is shown in the following table:

Materiality Threshold = 1% of net fixed assets

Fixed assets balance:	2006 actual	2007 bridge	2008 test
Gross cost	37,542,800	41,970,016	46,523,026
Accumulated amortization	(10,674,816)	(11,805,185)	(13,717,909)
Net fixed assets	26,867,984	30,164,831	32,805,117
1% of net fixed assets	268,680	301,648	328,051

Halton Hills Hydro Inc. has selected the lowest materiality threshold of $268,680 to allow for the most detailed review of accumulated depreciation changes.

Materiality Analysis of Accumulated Depreciation Tables are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

HALTON HILLS HYDRO INC.

CAPITAL BUDGET BY PROJECT

2006 Actual

Project Description	Account	Service Year	Spend Year	Amount	Reference
Projects in service:					
Building upgrade	1808	Hist	Hist	29,799	
Distribution station upgrade	1820	Hist	Hist	130,415	
OH upgrade	1830	Hist	Hist	672,455	A
OH upgrade	1835	Hist	Hist	443,199	B
UG upgrade	1840	Hist	Hist	37,892	
UG upgrade	1845	Hist	Hist	148,340	
Tx upgrade	1850	Hist	Hist	319,504	C
Service upgrade	1855	Hist	Hist	548,053	D
Metering upgrade	1860	Hist	Hist	270,787	E
Office furniture upgrade	1915	Hist	Hist	50,915	
Computer equipment upgrade	1920	Hist	Hist	149,217	
Computer software upgrade	1925	Hist	Hist	204,394	
Truck replacements	1930	Hist	Hist	52,428	
Stores equipment upgrade	1935	Hist	Hist	2,144	
Tool replacements	1940	Hist	Hist	50,897	
Load control equipment upgrade	1970	Hist	Hist	612,620	F
System supervisory equipment upgrade	1980	Hist	Hist	97,487	
Contributed capital	1995	Hist	Hist	-543,189	G
Construction in progress:					
Distribution station upgrade	1820	Bridge	Hist	673,208	H
Computer software upgrade	1825	Bridge	Hist	20,000	
Subdivision builds	1845	Future	Hist	29,362	
Truck replacements	1930	Bridge	Hist	73,940	
				4,073,867	

Highlights represent OEB account additions in excess of materiality.
Highlighted accounts are referenced by letters and reference letters are used in Materiality Analysis of Capital Budget Exhibit 2, Tab 3, Schedule 2.

HALTON HILLS HYDRO INC.

2007 Bridge

Project Description	Account	Service Year	Spend Year	Amount
Projects in service:				
OH upgrade	1830	Bridge	Bridge	1,248,000
Tx upgrade	1850	Bridge	Bridge	575,500
UG upgrade	1845	Bridge	Bridge	334,500
OH upgrade	1835	Bridge	Bridge	332,000
Service upgrade	1855	Bridge	Bridge	138,930
UG upgrade	1840	Bridge	Bridge	73,000
				2,701,930
Distribution station upgrade	1820	Bridge	Bridge	1,020,396
Contributed capital	1995	Bridge	Bridge	-427,135
				3,295,191
Metering upgrade	1860	Bridge	Bridge	592,000
Truck replacements	1930	Bridge	Bridge	230,000
Load control equipment upgrade	1970	Bridge	Bridge	169,520
Computer equipment upgrade	1920	Bridge	Bridge	141,200
Computer software upgrade	1925	Bridge	Bridge	101,800
Tool replacements	1940	Bridge	Bridge	57,000
Office furniture upgrade	1915	Bridge	Bridge	27,500
System supervisory equipment upgrade	1980	Bridge	Bridge	27,500
Construction in progress:				
New transformer station	1815	Future	Bridge	200,000
				4,841,711

Highlights represent OEB account additions in excess of materiality.

HALTON HILLS HYDRO INC.

2007 Bridge-detail

PROJECTS	PROJECT COST	SUBTOTALS	RECOVERABLES	NET PROJECT COST	Ref.
HYDRO & CUSTOMER DIRECTED PROJECTS					
WINSTON CHURCHILL - 5SDRS TO STEELES	1,060,481		250,000	810,481	A
EXPANSION REFUNDS	195,000			195,000	
POLELINE UPGRADE - 27TH SDRD - TRAFALGAR TO 8TH LINE	168,780		-	168,780	
WINSTON CHURCHILL - STEELES TO 407	127,140		-	127,140	
POLE CHANGEOUT PROGRAM	118,960		-	118,960	
ACTON REAR YARD POLE REPLACEMENT PROGRAM	118,540		-	118,540	
GEORGETOWN DOWNTOWN REAR YARD UPGRADE	107,668		-	107,668	
STEELES AVE. & WINSTON CHURCHILL INTERSECTION REBUILD	80,610		32,805	47,805	
27 SDRD REBUILD - TERRA COTTA - ROAD REBUILD	68,980		34,490	34,490	
PCB TRANSFORMER CHANGEOUT PROGRAM	65,480		-	65,480	
PROJECTS <50,000 EACH	590,291		109,840	480,451	
		2,701,930			
SUBSTATION CAPITAL					
GLEN WILLIAMS SUB. - NEW TX INSTALL	398,348		-	398,348	B
NEW TRAFALGAR RD STATION - TOWN YARD	283,000		-	283,000	C
NEW SUBSTATION - DUBLIN LINE	100,000		-	100,000	
RIVER SUB. - TX UPGRADE	86,776		-	86,776	
PROJECTS <50,000 EACH	152,272		-	152,272	
		1,020,396			
	3,722,326	3,722,326	427,135	3,295,191	

HALTON HILLS HYDRO INC.

METERING UPGRADE	527,000	527,000			527,000	D
					-	
CONSTRUCTION IN PROGRESS						
NEW TS. - STEELES AVE. - HORNBY & TRAFALGAR RD. AREA	200,000	200,000		-	200,000	
	4,449,326	4,449,326	427,135		4,022,191	

Highlights represent OEB account additions in excess of materiality.
Highlighted accounts are referenced by letters and reference letters are used in Materiality Analysis of Capital Budget Exhibit 2, Tab 3, Schedule 2.

HALTON HILLS HYDRO INC.

2008 Test

Project Description	Account	Service Year	Spend Year	Amount
Projects in service:				
OH upgrade	1830	Test	Test	1,320,000
Tx upgrade	1850	Test	Test	590,000
OH upgrade	1835	Test	Test	337,000
UG upgrade	1845	Test	Test	337,000
Service upgrade	1855	Test	Test	140,500
UG upgrade	1840	Test	Test	84,000
				2,808,500
Distribution station upgrade	1820	Test	Test	1,313,240
Land acquisition	1805	Future	Test	300,000
Contributed capital	1995	Test	Test	-700,330
				3,721,410
Computer equipment upgrade	1920	Test	Test	337,000
Building upgrade	1808	Test	Test	285,000
Truck replacements	1930	Test	Test	280,000
System supervisory equipment upgrade	1980	Test	Test	152,800
Metering upgrade	1860	Test	Test	139,400
Computer software upgrade	1925	Test	Test	83,700
Office furniture upgrade	1915	Test	Test	82,000
Tool replacements	1940	Test	Test	49,700
Construction in progress:				
New transformer station	1815	Future	Test	700,000
				9,552,420

Highlights represent OEB account additions in excess of materiality.

HALTON HILLS HYDRO INC.

2008 Test-detail

PROJECTS	PROJECT COST	SUB-TOTALS	RECOVERABLES	NET PROJECT COST	REF
HYDRO & CUSTOMER DIRECTED PROJECTS					
EXPANSION REFUNDS	750,000			750,000	A
WINSTON CHURCHILL - 5SDRD TO STEELES	652,400		540,660	111,740	B
27 SDRD - 8TH LINE TO 32 SDRD - NEW 3 PHASE CIRCUIT	165,809		-	165,809	
POLE CHANGEOUT PROGRAM	123,820		-	123,820	
ACTON REAR YARD POLE REPLACEMENT PROGRAM	123,040		-	123,040	
8TH LINE - 27TH SDRD TO BALLINAFAD MS - 3 PHASE 8 KV CIRCUIT INSTALL	85,000		-	85,000	
27 SDRD REBUILD - TERRA COTTA - ROAD REBUILD - TOWN	70,500		34,490	36,010	
PCB TRANSFORMER CHANGEOUT PROGRAM	66,560		-	66,560	
LIGHTNING ARRESTOR ON 44 KV FEEDERS	57,736		-	57,736	
STEELES AVE. & WINSTON CHURCHILL INTERSECTION REBUILD	53,400		45,180	8,220	
8TH LINE - 27TH SDRD TO GLEN WILLIAMS MS - 3 PHASE FEEDER TIE	50,480		-	50,480	
PROJECTS <50,000 EACH	609,755		80,000	529,755	
		2,808,500			
SUBSTATION CAPITAL					
CROSS STREET SUBSTATION - NEW SWITCHGEAR	541,520		-	541,520	C
RIVER SUBSTATION - NEW TRANSFORMER	528,100		-	528,100	D
BALLINAFAD SUB - REPLACE KYLE RECLOSURES WITH VIPERS	145,520		-	145,520	
MOUNTAINVIEW SUB. - NEW 44 KV UNDERGROUND CABLE	98,100		-	98,100	
		1,313,240			

HALTON HILLS HYDRO INC.

PROPERTY PURCHASES						
NEW SUBSTATION - DUBLIN LANE - PROPERTY PURCHASE	100,000			-	100,000	
NEW SUBSTATION - 10TH LINE AND MAYFIELD RD. - PROPERTY PURCHASE	100,000			-	100,000	
NEW TRAFALGAR RD STATION - TOWN YARD	100,000			-	100,000	
		300,000				
	4,421,740	4,421,740	700,330		3,721,410	
COMPUTER EQUIPMENT UPGRADE						
AS400	120,000					E
MAILING MACHINE	60,000					
PROJECTS <50,000 EACH	157,000	337,000			337,000	
BUILDING UPGRADE	285,000	285,000			285,000	F
TRUCK REPLACEMENTS						
SINGLE BUCKET TRUCK	250,000					
PROJECTS <50,000 EACH	30,000	280,000				
CONSTRUCTION IN PROGRESS						
NEW TS. - STEELES AVE. - HORNBY & TRAFALGAR RD. AREA	700,000	700,000		-	700,000	G
	6,023,740	6,023,740	700,330		5,323,410	

Highlights represent OEB account additions in excess of materiality.
Highlighted accounts are referenced by letters and reference letters are used in Materiality Analysis of Capital Budget Exhibit 2, Tab 3, Schedule 2.

HALTON HILLS HYDRO INC.

MATERIALITY ANALYSIS ON CAPITAL BUDGETS

The calculation of the Materiality Threshold on capital budgets is shown in the following table:

Materiality Threshold = 1% of net fixed assets

Fixed assets balance:	2006 actual	2007 bridge	2008 test
Gross cost	37,542,800	41,970,016	46,523,026
Accumulated amortization	(10,674,816)	(11,805,185)	(13,717,909)
Net fixed assets	26,867,984	30,164,831	32,805,117
1% of net fixed assets	268,680	301,648	328,051

Halton Hills Hydro Inc. has selected the lowest materiality threshold of $268,680 to allow for the most detailed review of capital budgets.

The following list represents projects where the materiality threshold of 1% of the total net fixed assets is exceeded. Where the materiality threshold is not exceeded, significant larger projects are discussed.

2006 Actual

A - 1830

No single projects contained within OH upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of poles, towers, fixtures used for supporting overhead distribution conductors and service wires, as follows:

Project	Cost
1. Pole replacements Various locations - as determined through pole testing	32,682
2. Pole replacements Hwy 7 & Trafalgar Rd - as determined through pole testing	76,303
3. Pole line rebuild Prince St	54,747
4. Pole line relocation Eastern Ave	31,884
5. Pole Line rebuild Bower St	20,172
6. Pole Line rebuild 10th Line	58,461
7. Pole replacements Longfield Rd	65,103
	339,352

HALTON HILLS HYDRO INC.

B - 1835

No single projects contained within OH upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of overhead conductors and devices used for distribution purposes, as follows:

Project	Cost
1. Pole line relocation	
Steeles Ave & Brigdon Gate	56,455
2. Industrial subdivision build	
First Halton Business Park - Steeles Ave & 5th Line	46,891
3. Pole line rebuild	
Prince St	19,853
4. Pole line relocation	
Eastern Ave	37,370
5. Pole Line rebuild	
Bower St	17,752
	178,321

C - 1850

No single projects contained within TX upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of overhead and underground distribution line transformers and pole type and underground voltage regulators, as follows:

Project	Cost
1. Voltage conversion	
Steeles Ave - James Snow & Winston Churchill Blvd	172,545
2. Voltage regulator installation	
Silvercreek feeder - Hwy 25 & 25 Sideroad	40,707
	213,252

D - 1855

No single projects contained within service upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of overhead and underground conductors leading from a point where wires leave the last pole of the overhead system or the transformers or manhole, or the top of the pole of the distribution line, to the point of connection with the customer's electrical panel, as follows:

Project	Cost
1. Residential subdivision	
Halton Hills Village Homes, Phase 4, Stage 3	26,479
2. Residential subdivision	
Halton Hills South Property, Phase 2 - Mountainview & 10th Sideroad	21,318
3. Residential subdivision	
Cachet Estates	22,576
4. Voltage conversion	
Steeles Ave - James Snow & Winston Churchill Blvd	32,174
5. Transformer upgrade	
10676 Trafalgar Rd	12,287

HALTON HILLS HYDRO INC.

6. Pole line installation	
5th Sideroad	42,319
7. Transformer installation	
Pt Lot 11, Concession 10	14,624
	171,777

E - 1860

No single projects contained within metering upgrades during 2006 were in excess of materiality.

Larger projects undertaken during the year included the cost installed of meters for use in measuring the electricity delivered to its users, as follows:

Project	Cost
1. Residential metering installations	
Various locations	86,587
2. General service metering installations	
Various locations	39,464
3. Subdivision metering installations	
Various locations	31,526
	157,577

F - 1970

One single project comprises the bulk of load control equipment installed during 2006, as follows:

Project	Cost
Load shifting	508,777

Please refer to conservation & demand management discussion for further information, Halton Hills Hydro 2006 Conservation and Demand Management Report RP-2004-0203/EB-2005-0374 filed with the OEB March 30, 2007.

G - 1995

No single projects contained within contributed capital during 2006 were in excess of materiality.

Larger contributions received during the year include amounts relating to contributions or or property from governments or government agencies, corporations, individuals and others received in aid of construction or for acquisition of fixed assets, as follows:

Project	Contribution
1. Commercial plaza service upgrade	
Mountainview & Argyll	30,440
2. Service installation	
9328 15th Sideroad	17,177
3. Service installation	
15771A River Dr	15,072
4. Residential subdivision	
Cachet Estates	46,109
5. Residential subdivision	
Halton Hills South Property, Phase 2 - Mountainview & 10th Sideroad	22,023

HALTON HILLS HYDRO INC.

6. Industrial subdivision build	
First Halton Business Park - Steeles Ave & 5th Line	65,892
7. Residential subdivision	
Halton Hills Village Homes, Phase 4, Stage 3	31,731
8. Pole line relocation	
Main St - Maple Ave to 15th Sideroad	50,020
	278,464

H - 1820

Two major projects comprise the bulk of subdivision work-in-process at the close of 2006, as follows:

Project	WIP cost
1. Substation transformer upgrade	
Glen Williams substation	192,419
2. Substation switchgear upgrade	
River St substation	469,453
	661,872

As the substation switchgear upgrade project is in excess of materiality, the project details are as follows:

Need - upgrade of substation switchgear

Scope - to provide reliable electricity services to affected customers

Start date of build - February 2006

In service date - December 2006

HALTON HILLS HYDRO INC.

2007 Bridge

A - WINSTON CHURCHILL - 5SDRD TO STEELES

Need - joint use overhead distribution line with Hydro One Brampton
Scope - to service existing load transfer customers and to have infrastructure in place to support future load growth
Start date of build - September 2007
In service date - December 2007

B - GLEN WILLIAMS SUBSTATION

Need - new 10 MVA transformer installation to replace existing 5 MVA transformer
Scope - to provide reliable electricity services to affected customers
Start date of build - May 2007
In service date - December 2007

C - NEW TRAFALGAR RD STATION - TOWN YARD

Need - construction of substation to accommodate new commercial and residential load growth
Scope - to provide reliable electricity services to affected customers
Start date of build - January 2007
In service date - September 2007

D - METERING UPGRADE

Need - implementation of smart meters per smart metering investment plan
Scope - to comply with provincial legislation
Start date of build - N/A
In service date - N/A

HALTON HILLS HYDRO INC.

2008 Test

A - EXPANSION REFUNDS
Need - to comply with OEB code
Scope - to refund based on economic evaluation model
Start date - ongoing
Completion - December 2008

B - WINSTON CHURCHILL - 5SDRD TO STEELES
Need - joint use overhead distribution line with Hydro One Brampton
Scope - to service existing load transfer customers and to have infrastructure in place to support future load growth
Start date of build - January 2008
In service date - July 2008

C - CROSS STREET SUBSTATION UPGRADE
Need - new switchgear installation requirement
Scope - to provide reliable electricity services to affected customers
Start date of build - January 2008
In service date - October 2008

D - AS400
Need - new computer network operating system requirement
Scope - to update technology
Start date of build - March 2008
In service date - June 2008

F - BUILDING UPGRADE
Need - replacement of operations facility roof
Scope - building upgrade
Start date of build - June 2008
In service date - September 2008

G - CONSTRUCTION IN PROGRESS
Need - start-up of construction phase for new transformer station as required to support load growth in commercial subdivision
Scope - planning, designing & implementation of 125 MW transformer station
Start date of build - January 2007
In service date - December 2010

HALTON HILLS HYDRO INC.

SYSTEM EXPANSIONS

2008 Test Year

The following represents a description of system expansions by project, as included in our capital budget:

A - CONSTRUCTION IN PROGRESS

Need	start-up of construction phase for new transformer station as required to support load growth in commercial subdivision
Scope	planning, designing & implementation of 125 MW transformer station
Start date of build	January 2007
In service date	December 2010
2008 cost	$700,000

2007 Bridge Year

The following represents a description of system expansions by project, as included in our capital budget:

A - NEW TRAFALGAR RD STATION

Need	construction of substation to accommodate new commercial and residential load growth
Scope	to provide reliable electricity services to affected customers
Start date of build	January 2007
In service date	September 2007
2007 cost	$283,000

B - CONSTRUCTION IN PROGRESS

Need	start-up of construction phase for new transformer station as required to support load growth in commercial subdivision
Scope	planning, designing & implementation of 125 MW transformer station
Start date of build	January 2007
In service date	December 2010
2007 cost	$200,000

2006 Actual

No material system expansions took place during 2006 actual.

HALTON HILLS HYDRO INC.

CAPITALIZATION POLICY

Halton Hills Hydro Inc. adopts the following practice for capitalization project construction costs. All "outside" labour staff report their time on timesheets. Using this methodology allows for more accurate reporting between operating and capital expenses. We build an annual labour rate that includes all benefits and administration. Labour hours multiplied by labour rate is the amount that is capitalized per project. Materials capitalization is actual material costs plus burden. Contract labour capitalization is actual costs plus burden.

All other capital expenditures are capitalized based on invoice cost.

HALTON HILLS HYDRO INC.

WORKING CAPITAL ALLOWANCE CALCULATION BY ACCOUNT

The Working Capital Allowance Calculation by Account Table is in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix C.

HALTON HILLS HYDRO INC.

HALTON HILLS HYDRO INC.

OVERVIEW OF OPERATING REVENUE

This exhibit provides the details on Halton Hills Hydro Inc.'s operating revenue for Historical, Historical Board Approved, Bridge and Test years. This exhibit also provides a detailed variance analysis by rate class of the operating revenue components.

Distribution revenues have been calculated using the most recently approved rates. In particular, delivery rates are based on the EB-2007-0536 Tariff of Rates and Charges, dated April 12, 2007.

Throughput Revenue

Information related to Halton Hills Hydro Inc.'s throughput revenue include details of forecasting methodology, volume and customer counts forecast tables. Detailed variance analysis on the forecast information is also provided.

Other Revenue

Other revenues include revenues such as Late Payment Charges, Miscellaneous Service Revenues and Retail Services Revenues. A summary of these other revenues is presented in Exhibit 3, Tab 3, Schedule 1

Revenue Sharing

Halton Hills Hydro Inc. does not engage in revenue sharing.

HALTON HILLS HYDRO INC.

SUMMARY OF OPERATING REVENUE TABLE

	2006 Board Approved ($)	2006 Actual ($)	Variance from 2006 Board Approved ($)	2007 Bridge ($)	2008 Test ($)	Variance from 2007 Actual ($)
Distribution Revenues						
Residential	4,478,394	4,872,319	393,925	4,962,367	5,113,275	150,900
Residential Time of Use	898	943	45	1,149	1,155	6
General Service Less than 50 kW	892,592	984,105	91,513	1,020,617	1,057,879	37,262
General Service 50 to 999 kW	2,433,490	2,243,309	190,181	2,252,838	2,300,170	47,332
General Service 1000 to 4,999 kW	1,133,652	1,136,982	3,330	1,345,609	1,388,608	42,999
Un-metered Scattered Load	29,897	29,754	52,856	30,048	30,149	101
Sentinel Lighting	6,478	6,348	128	6,522	6,522	0
Street Lighting	48,017	50,218	2,199	53,224	53,606	382
	9,023,508	9,323,876		9,672,375	9,951,365	
Other Distribution Revenue						
Late Payment Charges	125,845	223,565	97,720	242,000	226,000	(16,000)
Specific Service Charges	358,064	434,657	76,593	470,000	375,000	95,000
Other Distribution Revenue		862,544	862,544	248,000	502,000	254,000
	483,909	1,520,766		960,000	1,103,000	
	9,507,417	10,844,642		10,632,375	11,054,365	

HALTON HILLS HYDRO INC.

VARIANCE ANALYSIS ON OPERATING REVENUE TABLE

Halton Hills Hydro Inc.'s distribution revenue has been calculated using the most recently approved rates. In particular, delivery rates are based on the EB-2007-0536 Tariff of Rate and Charges dated April 12, 2007. Distribution revenue does not include commodity related revenue.

A summary of operating revenues is presented in Exhibit 3, Tab 1, Schedule 2, which based on the forecasted data provided in Exhibit 3, Tab 2, Schedules 2 and 3.

2008 Test Year

Halton Hills Hydro Inc. operating revenue is forecast to be $11,054,365 in Fiscal 2008, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals $9,951,365 or 90% of total revenues. The remaining revenue of $1,103,000 or 10% is from other operating revenue.

2007 Bridge Year

Halton Hills Hydro Inc. operating revenue is forecast to be $10,632,375 in Fiscal 2007, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals $9,672,375 or 91% of total revenues. The remaining revenue of $960,000 or 9% is from other operating revenue.

2006 Actual

Halton Hills Hydro Inc. operating revenue was $10,844,642 in Fiscal 2006, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals $9,323,876 or 86% of total revenues. The remaining revenue of $1,520,766 or 14% is from other operating revenue.

2006 Board Approved

Halton Hills Hydro Inc. operating revenue was $9,507,417 in Fiscal 2006, as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totals $9,023,508 or 95% of total revenues. The remaining revenue of $483,909 or 5% is from other operating revenue.

HALTON HILLS HYDRO INC.

FORECASTING METHODOLOGY

This exhibit discusses the methodology used to determine Halton Hills Hydro Inc.'s customer and load forecast. A projection for the number of customers in each customer class is provided for both the Bridge Year (2007) and the Test Year (2008). Historical data for the annual number of customers in each rate class is available for 2004 through to 2006. As a result of the limited amount of data available, time series techniques that are often used to help estimate forecast values cannot be used. Rather, Halton Hills Hydro Inc. has used a simple trend growth in customer connections, by class, to forecast Bridge and Test Year customer numbers. Given the growth and trends in customer numbers in Halton Hills Hydro Inc.'s service territory over the past five years, the resulting customer forecast is likely not materially different than what would result from using more sophisticated time series techniques. In recent history, there has been very little year-to-year variation in customer growth by class. Historical and forecast customer numbers, by class, are displayed in the next section.

As required by the OEB Filing Requirements for Transmission and Distribution Applications, we are providing normalized historical and forecast (Bridge Year and Test Year) throughput data. Weather normalization (where required) is based on normalized average use per customer ("NAC") calculated from the weather-normalized throughput of the utility from 2004. This weather-normalized throughput was generated by Hydro One using their weather normalization model for the Cost Allocation process previously undertaken by the Board. However, upon review, Halton Hills Hydro Inc. concluded the weather normalized data provided skewed results that did not present a realistic forward scenario. For this reason we have developed our own Load Forecast based on actual consumption data.

HALTON HILLS HYDRO INC.

Customer Forecast

Table 1 below presents historical and forecast customer numbers, by class, for Halton Hills Hydro Inc.

	2004	2005	2006	2007	2008
Residential	17,006	17,682	18,201	18,335	18,900
Per cent chg		*4.00%*	*2.9%*	*.7%*	*3.1%*
Residential Time of Use	2	2	2	2	2
Per cent chg		*0*	*0*	*0*	*0*
General Service Less than 50 kW	1,154	1,533	1,482	1,550	1,600
Per cent chg		*32.8%*	*(3.4)%*	*4.6%*	*3.2%*
General Service 50 kW to 999 kW	153	172	178	179	180
Per cent chg		*12.4%*	*3.49%*	*0.6%*	*0.6%*
General Service 1,000 kW to 4,999 kW	10	10	12	12	12
Per cent chg		*0*	*20%*	*0*	*0*
Un-metered Scattered Load	141	137	136	136	136
Per cent chg		*(2.8%)*	*0*	*0*	*0*
Sentinel Lighting	121	177	178	179	179
Per cent chg		*46.2%*	*0.5%*	*0.5%*	*0*
Street Lighting	3,944	4,144	4,289	4,444	4,450
Per cent chg		*5.1%*	*3.5%*	*3.5%*	*1.4%*

Annual percentage change is presented for all customer classes listed in the table above. For the Residential class we have used available water allotments as the appropriate measure of future residential growth. In Halton Hills, there is limited residential growth until additional water resources are provided by the Region of Halton. The General Service 50 – 999 kW and General Service 1,000 – 4,999 kW customer classes growth is estimated using prospective customer inquiries. We estimate no growth in Sentinel Lighting and Un-metered Scattered Load customer classes. The Street Lighting growth is projected based on the residential customer growth plus additional commercial subdivisions.

HALTON HILLS HYDRO INC.

VOLUME FORECAST TABLES

Load Forecast

As previously mentioned, Halton Hills Hydro Inc. has not used weather sensitive load in the calculation of the Load Forecast. Instead we have created our own Load forecast based on actual customer consumption. We have provided both load forecasts.

Normalized Forecast-Wholesale

	Residential	General Service less than 50 kW	General Service 50 to 999 kW	General Service 1,000 to 4,999 kW	Un-metered Scattered Load	Street Lighting	Sentinel Lighting	Total
2004 Normalized Consumption	204,663,794	57,905,967	80,509,486	123,666,357	951,100	2,558,657	362,210	470,617,571
2004 # of Cutomers	17006	1154	153	10	141	3944	173	
Normalized consumption/customer	12,035	50,178	526,206	12,366,636	6,745	649	2,993	
2005 # of customer	17682	1533	172	10	137	4144	177	
2005 Normalized consumption	212,799,318	63,497,744	96,836,585	123,666,357	979,705	2,636,269	370,585	500,786,563
2006 # of customer	18201	1482	178	12	136	4289	178	
2006 Normalized consumption	219,045,379	61,497,744	96,836,585	123,666,357	979,705	2,636,269	372,679	533,118,653

If you compare the normalized results to actual results from a wholesale perspective, you get a normalized number in 2006 that is 8.1% higher than actual kWhs purchased. With the trend continuing into 2008 the consumption used to calculate Halton Hills Hydro Inc.'s volumetric charges would be grossly overstated, therefore causing an under stated and under collected volumetric charge.

HALTON HILLS HYDRO INC.

Halton Hills Hydro Inc.'s Volume Forecast

		Historical Board Approved	Historical Actual	Bridge Year Forecast	Test Year Forecast
Year		**2006**	**2006**	**2007**	**2008**
Customer Class					
Residential	#	17,006	18,201	18,335	18,900
	kWh	188,015,331	208,116,543	214,360,040	220,790,841
Residential Time of Use	#	2	2	2	2
	kWh	58,679	55,028	71,500	72,000
General Service Less than 50 KW	#	1,154	1,482	1,550	1,600
	kWh	54,999,273	54,412,911	56,045,299	58,287,111
General Service 50 to 999 kW	#	153	178	179	180
	kWh	111,923,177	120,056,489	123,658,184	126,131,349
	kW	489,420	442,181	444,000	454,000
General Service 1,000 to 4,999 kW	#	10	12	12	12
	kWh	95,926,614	87,641,451	90,270,695	94,784,230
	kW	257,863	257,481	306,000	316,000
Un-metered Scattered Load	#	141	136	136	136
	kWh	920,340	979,473	1,008,857	1,018,946
Sentinel Lights	#	121	178	179	179
	kWh	343,839	313,546	322,952	323,275
	kW	956	768	800	800
Street Lighting	#	3944	4289	4444	4450
	kWh	2,495,616	2,535,532	2,611,598	2,689,946
	kW	6794	6808	7400	7500

General Service 50 to 999 kW, General Service 1,000 to 4,999 kW, Sentinel Lighting and Street Lighting are billed on demand amounts and require an estimate of billed kW for the forecast. Billed kW is estimated based on an Engineering estimation of load growth (not customer growth). Therefore, Halton Hills Hydro Inc. has used the load and customer forecasted numbers in the following table.

HALTON HILLS HYDRO INC.

HALTON HILLS HYDRO INC.

VARIANCE ANALYSIS ON VOLUME FORECAST TABLE

The purpose of the evidence contained in Exhibit 3, Tab 2, Schedule 2 is to provide the Board with a review of Halton Hills Hydro Inc.'s historical, bridge and test year's consumption and revenue. Test year revenues have been calculated using the approved EB-2007-0536 Tariff of Rates and Charges dated April 12, 2007.

Residential
We have projected a load growth in kWh of 6.1% from 2006 actual to 2008 test

Residential Time Of Use
We have projected a load growth in kWh of 30.8% from 2006 actual to 2008 test

General Service Less Than 50 kW
We have projected a load growth in kWh of 7.1% from 2006 actual to 2008 test

General Service 50 to 999 kW
We have projected a load growth in kW of 2.7% from 2006 actual to 2008 test

General Service 1,000 to 4,999 kW
We have projected a load growth in kW of 22.7% from 2006 actual to 2008 test

Un-metered Scattered Load
We have projected a load growth in kWh of 4.0% from 2006 actual to 2008 test

Street Lighting
We have projected a load growth in kW of 10.2% from 2006 actual to 2008 test

Sentinel Lighting
We have projected a load growth in kW of 4.1% from 2006 actual to 2008 test

HALTON HILLS HYDRO INC.

CUSTOMER COUNT FORECAST TABLE

Halton Hills Hydro Inc.'s Customer Forecast

	Historical Board Approved	Historical Actual	Bridge Year Forecast	Test Year Forecast
Year	**2006**	**2006**	**2007**	**2008**
Customer Class				
Residential	17,006	18,201	18,335	18,900
Residential Time of Use	2	2	2	2
General Service Less than 50 KW	1,154	1,482	1,550	1,600
General Service 50 to 999 kW	153	178	179	180
General Service 1,000 to 4,999 kW	10	12	12	12
Un-metered Scattered Load	141	136	136	136
Sentinel Lights	121	178	179	179
Street Lighting	3,944	4,289	4,444	4,450

HALTON HILLS HYDRO INC.

VARIANCE ANALYSIS ON CUSTOMER COUNT FORECAST TABLE

The purpose of the evidence contained in Exhibit 3, Tab 2, Schedule 4, is to provide the Board with a review of Halton Hills Hydro Inc.'s actual and forecasted customers.

Residential :
We have projected a customer growth of 3.8% from 2006 actual to 2008 test.

General Service Less than 50 kW
We have projected a customer growth of 8.0% from 2006 actual to 2008 test.

General Service 50 to 999 kW
We have projected a customer growth of 1.1% from 2006 actual to 2008 test.

General Service 1,000 to 4,999 kW
We have projected a customer growth of 0% from 2006 actual to 2008 test.

Un-metered Scattered Load
We have projected a customer growth of 0% from 2006 actual to 2008 test.

Street Lighting
We have projected a customer growth of 3.8% from 2006 actual to 2008 test.

Sentinel Lighting
We have projected a customer growth of 0.5% from 2006 actual to 2008 test.

HALTON HILLS HYDRO INC.

OTHER DISTRIBUTION REVENUE

	2006 Board Approved ($)	2006 Actual ($)	Variance from 2006 Board Approved ($)	2007 Bridge ($)	2008 Test ($)	Variance from 2007 Actual ($)
Other Distribution Revenue						
Retail Services Revenues		37,102	37,102	30,000	30,000	0
Service Transaction Requests (STR) Revenues		1,850	1,850	2,000	2,000	0
Electric Services Incidental to Energy Sales						
Transmission Charges Revenue						
Transmission Services Revenue						
Interdepartmental Rents						
Rent from Electric Property		140,157	140,157	80,000	80,000	0
Other Utility Operating Income	358,064	434,657	76,593	470,000	375,000	95,000
Other Electric Revenues		211,748	211,748			
Late Payment Charges	125,845	223,565	97,720	242,000	226,000	(16,000)
Sales of Water and Water Power						
Miscellaneous Service Revenues		199,593	199,593	41,000	60,000	19,000
Provision for Rate Refunds						
Interest		272,094	272,094	95,000	330,000	235,000
TOTAL	**$483,909**	**$1,520,767**	**$1,036,858**	**$960,000**	**$1,103,000**	**$143,000**

HALTON HILLS HYDRO INC.

MATERIALITY ANALYSIS ON OTHER DISTRIBUTION REVENUE

The materiality threshold of 1% based on 2006 Board Approved rate base equals (1% x $7,926,009) or $79,260. The following represents Revenue accounts that exceed the materiality threshold.

Revenue Account	2007 Bridge	2008 Test	Variance from 2007 Actual
Other Utility Operating Income	$470,000	$375,000	$95,000

Explanation: 2007 includes proceeds on disposal of vehicle of $45,000 and Inter-company revenue is expected to decrease by $50,000 in 2008

Revenue Account	2007 Bridge	2008 Test	Variance from 2007 Actual
Interest	$95,000	$330,000	$235,000

Explanation: In our 2008 Test year we will have an additional debt of $7,200,000 earning interest.

HALTON HILLS HYDRO INC.

RATE OF RETURN ON OTHER DISTRIBUTION ACTIVITIES

In this application, Halton Hills Hydro Inc. has applied for the same Specific Service Charges schedule previously approved in the 2007 Tariffs of Rates and Charges (EB-2007-0536). The Specific Service Charges schedule follows the OEB recommended charges and as such Halton Hills Hydro Inc. has no further information related to the rate of return on non-core delivery activities.

HALTON HILLS HYDRO INC.

DISTRIBUTION REVENUE DATA

2006 Board Approved

	Customers (Year-End)	Consumption (kWh / KW)	Distribution Revenues ($)	Unit Revenues $/kWh
Residential	17,006	188,015,331 **kWh**	4,478,394	0.02381930
Residential Time of Use	2	58,679 **kWh**	989	0.01685441
General Service less than 50 kW	1,154	54,999,273 **kWh**	892,592	0.01622916
General Service 50 to 999 kW	153	489,420 **kW**	2,433,490	4.97219157
General Service 1,000 to 4,999 kW	10	257,863 **kW**	1,133,652	4.39633449
Un-metered Scattered Load	141	920,340 **kWh**	29,897	0.03248473
Sentinel Lighting	121	956 **kW**	6,478	6.77615063
Street Lighting	3944	6,794 **kW**	48,017	7.06755961
TOTAL	22,531	244,748,656	9,023,508	0.03686847

2006 Actual

	Customers (Year-End)	Consumption (kWh / KW)	Distribution Revenues ($)	Unit Revenues $/kWh
Residential	18,201	208,116,543	4,872,319	0.02341149
Residential Time of Use	2	55,028	943	0.01713673
General Service less than 50 kW	1,482	54,412,911	984,105	0.01808587
General Service 50 to 999 kW	178	442,181	2,243,309	5.07328221
General Service 1,000 to 4,999 kW	12	257,481	1,136,982	4.41578990
Un-metered Scattered Load	136	979,473	29,754	0.03037756
Sentinel Lighting	178	768	6,348	8.26562500
Street Lighting	4,289	6,808	50,218	7.37632197
TOTAL	24,478	264,271,193	9,323,976	0.03528185

2007 Bridge

	Customers (Year-End)	Consumption (kWh / KW)	Distribution Revenues ($)	Unit Revenues $/kWh
Residential	18,335	214,360,040	4,962,367	0.02314968
Residential Time of Use	2	71,500	1,149	0.01606993
General Service less than 50 kW	1,550	56,045,299	1,020,617	0.01821057
General Service 50 to 999 kW	179	444,000	2,252,838	5.07395946
General Service 1,000 to 4,999 kW	12	306,000	1,345,609	4.39741503
Un-metered Scattered Load	136	1,008,857	30,048	0.02978420
Sentinel Lighting	179	800	6,522	8.15250000
Street Lighting	4,444	7,400	53,224	7.19243243
TOTAL	24,837	272,243,896	9,672,375	0.03552834

HALTON HILLS HYDRO INC.

2008 Test

	Customers (Year-End)	Consumption (kWh / KW)	Distribution Revenues ($)	Unit Revenues $/kWh
Residential	18,900	220,790,841	5,113,275	0.02315891
Residential Time of Use	2	72,000	1,155	0.01604167
General Service less than 50 kW	1,600	52,287,111	1,057,879	0.02023212
General Service 50 to 999 kW	180	454,000	2,300,170	5.06645374
General Service 1,000 to 4,999 kW	12	316,000	1,388,608	4.39432911
Un-metered Scattered Load	136	1,018,946	30,149	0.02958842
Sentinel Lighting	179	800	6,522	8.15250000
Street Lighting	4,450	7,500	53,606	7.14746667
TOTAL	25,459	274,947,198	9,951,365	0.03619373

HALTON HILLS HYDRO INC.

DESCRIPTION OF REVENUE SHARING

Halton Hills Hydro Inc. does not engage in revenue sharing.

HALTON HILLS HYDRO INC.

HALTON HILLS HYDRO INC.

OVERVIEW OF OPERATING COSTS

Operating Costs
The operating costs presented in this exhibit represent the annual expenditures required to sustain Halton Hills Hydro Inc.'s Distribution Operations.

OM&A Costs
The OM&A costs in this exhibit represents Halton Hills Hydro Inc.'s integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives; to comply with the Distribution System Code, environmental requirements and Government direction; and to maintain distribution business service quality and reliability at targeted performance levels. These are the costs to provide service to customers connected to Halton Hills Hydro Inc.'s distribution system and to meet the service levels stipulated in the Standard Supply Service Code and the Retail Settlement Code.

The proposed OM&A cost expenditures for the 2008 test year result from a rigorous business planning and work prioritization process that reflects risk-based decision making to ensure that the most appropriate, cost effective solutions are put in place.

OM&A expenditures totaled $37,717,923 in 2006 Board Approved, $42,788,079 in 2006 Actual and are forecast to be $44,707,869 in 2007 and $46,188,223 in 2008.

Shared Services, Corporate Cost Allocation, Purchase of Services, Employee Description
This section includes discussion on shared services and corporate cost allocation with affiliates. In addition, Halton Hills Hydro Inc. has provided information on the types of services purchased externally and an analysis of staffing levels.

Loss Adjustment Factor
Halton Hills Hydro Inc. has proposed a Loss Adjustment Factor of 4.99%.

Income Tax, Large Corporation Tax and Ontario Capital Taxes

This information consists of detailed calculations of income taxes, and indemnity payments to the Province.

The Income Taxes, Large Corporation Taxes and Ontario Capital Taxes expenditures totaled $627,557 in 2006 Board Approved, $775,562 in 2006 Actual and are forecast to be $1,158,772 in 2007 and $836,469 in 2008.

HALTON HILLS HYDRO INC.

SUMMARY OF OPERATING COSTS TABLE

Operating Costs-Summary

	2006 Board Approved ($)	2006 Actual ($)	2007 Bridge ($)	2008 Test ($)
Operation	495,401	700,553	715,000	784,000
Maintenance	562,172	694,552	741,000	821,000
Billing & Collecting	873,784	908,849	923,000	1,039,000
Community Relations	88,690	2,245	2,000	2,000
Administrative and General Expenses	2,594,596	2,088,759	2,170,000	2,447,000
Amortization Expenses	1,846,338	1,930,209	2,129,369	2,190,723
Taxes other than income taxes	71,132	189,020	190,000	195,000
Cost of Power	30,683,803	35,539,505	36,636,500	37,840,000
Other Operating Costs	-	2,901	20,000	33,000
LCT, OCT & Income Taxes	502,007	731,486	1,181,000	836,500
Total Operating Costs	37,717,923	42,788,079	44,707,869	46,188,223

HALTON HILLS HYDRO INC.

OM&A DETAILED COSTS TABLE

OM&A Detailed Costs Table is in pdf format and is hyperlinked for electronic submission. A printed copy is located in Appendix D.

HALTON HILLS HYDRO INC.

MATERIALITY ANALYSIS ON OM&A COSTS

The following list represents distribution expenses where the variance is greater or equal to 1% of the total distribution expenses before PILS.

Determination of Materiality Threshold for OM&A Costs

Distribution Expenses	2006 Actual	2007 Bridge	2008 Test
OM&A	4,583,978	4,741,000	5,288,000
Amortization	1,930,209	2,129,369	2,190,723
Distribution Expenses before PILS	6,514,187	6,870,369	7,478,723
1% of Distribution Expenses before PILS	65,142	68,704	74,787

Halton Hills Hydro Inc. has selected the lowest level of materiality for the most effective review of costs.

Materiality discussion on OM&A Detailed Costs Table is in pdf format and is hyperlinked for electronic submission. A printed copy is located in Appendix D.

HALTON HILLS HYDRO INC.

SHARED SERVICES

A summary of shared services for actual fiscal 2006, along with the projections for the 2007 bridge year and 2008 test year are shown in the following tables. The cost allocation of these services is described in Exhibit 4, Tab 2, Schedule 4.

Shared Services:

Halton Hills Hydro provides the following services to its affiliates:

1.) Billing Services
2.) Collecting Services
3.) Customer Services
4.) Payment Services
5.) Distribution Poles
6.) Office space
7.) Use of Office Equipment
8.) Administration
9.) Warehouse Services

Halton Hills Hydro derives the following revenue from providing the services listed above are:

	2006 Actual	2007 Bridge	2008 Test
Intercompany Revenue	$388,484	$411,483	$362,000

The decrease in 2008 Test is a result of an Affiliate's discontinuance of a line of business.

HALTON HILLS HYDRO INC.

CORPORATE COST ALLOCATION

Halton Hills Hydro operates under a Services Agreement that is updated on a yearly basis for the provision of any services performed for an affiliate.

SERVICES:

Water Billing: The allocation of costs in for water billing includes:

Type of Cost	Allocator
Salaries and Benefits	Estimated time
Supplies – bills, envelopes, postage	% of water meters to total meters
Meter Reading	Actual # of reads
Occupancy	Sq footage of space
Office equipment	Estimate of usage

Hot Water Tank Rentals: The allocation of costs for water heater rentals includes:

Type of Cost	Allocator
Salaries and Benefits	Estimated time
Supplies – bills, envelopes, postage	% of bills
Occupancy	Sq footage of space
Office equipment	Estimate of usage

Fibre Optics Services: The allocation of costs for Fibre Optics Services:

Type of Cost	Allocator
Salaries and Benefits	Estimated time
Occupancy	Sq footage of space
Office equipment	Estimate of usage
Poles	# of poles

HALTON HILLS HYDRO INC.

PURCHASE OF SERVICES

	2006 Actual	2007 Bridge	2008 Test
Quality Tree Tree trimming tendering approach	115,074	80,000	110,000
Wajax Vehicles cost approach	14,636	20,000	20,000
Canadian Electric Services Transformer Maintenance & Equipment cost approach	5,022	5,000	5,000
Super Sucker Hydro Vac Overhead Line Maintenance & Installation cost approach	25,538	30,000	25,000
Jescan Underground Line Maintenance & Installation cost approach	60,385	65,000	65,000
Best Safety & Practice Safety Consultant cost approach	19,477	20,000	20,000
Power Systems Technical Service Substation Maintenance cost approach	73,131	52,500	50,000
AESI ESA Consulting -quotation	35,456	35,000	35,000
Pole Care International Pole testing -quotation	Nil	20,000	20,000
MDMA Meter Reading tendering	139,001	132,300	147,400

HALTON HILLS HYDRO INC.

	2006 Actual	2007 Bridge	2008 Test
MRS Company Programming cost approach	76,188	50,500	60,000
Rodan Energy & Metering Wholesale Meter Maintenance & Installation quotations	140,828	25,200	25,200
Deloitte & Touche Audit Fees tendering	35,000	38,500	40,000
Adrian Phillips Legal Fees cost approach	35,726	39,000	42,000
Man Maid Service Building Cleaning Services -tendering	20,220	20,500	20,500
Halton Recycling Waster Disposal quotation	1,898	2,000	2,000
Honeywell Building Maintenance cost approach	26,947	27,000	27,500
Snowjak's Snow Removal Snow Removal cost approach	15,030	18,000	18,000
R.C. Whitney & Associates Labour Relations Services cost approach	12,590	3,500	3,500
MEARIE – Dion Durrell Actuarial Fees cost approach	5,914	3,000	3,000

HALTON HILLS HYDRO INC.

EMPLOYEE DESCRIPTION

Number of employees (Full-time equivalents (FTE's):

	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test
Management	9	9	10	10
Unionized	34	34	35	36

Compensation (Total Salary and Wages ($)):

	2006 Board Approved	Average	2006 Actual	Average	2007 Bridge	Average	2008 Test	Average
Management	903,051	100,339	1,015,579	112,842	1,188,848	118,885	1,146,259	124,626
Unionized	2,217,075	67,184	2,551,952	75,057	2,557,429	73,069	2,746,390	76,289

Compensation (Total Benefits ($)):

	2006 Board Approved	Average	2006 Actual	Average	2007 Bridge	Average	2008 Test	Average
Management	133,693	14,855	180,740	20,082	200,438	20,044	210,860	21,086
Unionized	385,597	11,685	448,331	13,186	513,345	14,667	562,635	15,629

Compensation (Total Incentives ($)):

	2006 Board Approved	Average	2006 Actual	Average	2007 Bridge	Average	2008 Test	Average
Management	0	0	61,665	6,852	68,100	6,810	70,923	7,092
Unionized	0	0	0	0	0	0	0	0

Total of Costs charged to O&M ($):

	2006 Actual	Average	2007 Bridge	Average	2008 Test	Average
TOTAL	2,877,724	166,526	2,883,838	166,278	3,222,369	178,435

Status of pension funding

Halton Hills Hydro Inc. and its employees contribute to the Ontario Municipal Employee's Retirement System (OMERS), a defined benefit pension plan for employees. As Halton Hills Hydro Inc. is only liable for the contributions, defined contribution plan accounting is used by Halton Hills Hydro Inc. Halton Hills Hydro Inc.'s contribution for employee's current service for the year ended December 31, 2006 was $206,651.

HALTON HILLS HYDRO INC.

DEPRECIATION AND AMORTIZATION

Depreciation and Amortization Tables are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix D.

HALTON HILLS HYDRO INC.

LOSS ADJUSTMENT FACTOR CALCULATION

		2004	2005	2006	Total
A	“Wholesale" kWh (IESO)	468,337,202	495,175,531	493,166,270	1,456,679,003
B	Wholesale kWh for Large Use customer(s) (IESO)	0	0	0	0
C	Net "Wholesale" kWh (A)-(B)	468,337,202	495,175,531	493,166,270	1,456,679,003
D	Retail kWh (Distributor)	445,615,670	465,644,681	476,142,756	1,387,403,107
E	Retail kWh for Large Use Customer(s) (1% loss)	0	0	0	0
F	Net "Retail" kWh (D)-(E)	445,615,670	465,644,681	476,142,756	1,387,403,107
G	Loss Factor [(C)/(F)]	1.0509	1.0637	1.0357	1.049932
H	Distribution Loss Adjustment Factor				

Total Utility Loss Adjustment Factor

	LAF
Total Loss Factor	
Secondary Metered Customer	
Total Loss Factor - Secondary Metered Customer < 5,000kW	1.0499
Total Loss Factor - Secondary Metered Customer > 5,000kW	N/A
Primary Metered Customer	
Total Loss Factor - Primary Metered Customer < 5,000kW	1.0395
Total Loss Factor - Primary Metered Customer > 5,000kW	N/A

HALTON HILLS HYDRO INC.

MATERIALITY ANALYSIS ON DISTRIBUTION LOSSES

Halton Hills Hydro is proposing to increase the distribution loss factor from 3.68% to 4.99%.

HALTON HILLS HYDRO INC.

INCOME TAX, LARGE CORPORATON TAX AND ONTARIO CAPITAL TAX TABLE

Income & Capital Taxes

Line Item	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test
Income taxes	554,169	694,197	1,093,353	771,049
Capital taxes	73,388	81,365	65,419	65,419
Total income & capital taxes	**627,557**	**775,562**	**1,158,772**	**836,469**

Income Taxes

Line Item	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test
Income before PILs/Taxes	**1,329,336**	**1,895,292**	**2,763,680**	**1,581,790**
Additions:				
Amortization of tangible assets per financial statements	1,846,338	1,917,005	2,129,369	2,190,723
Amortization of intangible assets	-	13,204	-	-
Non-deductible meals and entertainment expense	-	6,119	6,500	6,500
Reserves from financial statements- balance at end of year	79,361	67,736	546,550	546,550
Interest on taxes	-	33,000	-	-
SR&ED recapture	-	27,781	-	-
Actual interest expense	-	-	997,951	1,266,740
Total Additions	**1,925,699**	**2,064,845**	**3,680,370**	**4,010,513**
Deductions:				
Gain on disposal of asset per financial statements	-	774	46,000	-
Capital cost allowance from Schedule 8	1,454,275	1,902,072	1,558,890	1,633,039
Cumulative eligible capital deduction from Schedule 10	66,618	61,955	57,618	53,585
Reserves from financial statements - balance at beginning of year	44,963	71,821	546,550	546,550

HALTON HILLS HYDRO INC.

Interest capitalized for accounting deducted for tax	-	-	25,049	36,260
Book income of joint venture or partnership	-	1,597	-	-
Excess interest	154,934			
Deemed interest expense			1,149,942	1,087,945
Total Deductions	**1,720,790**	**2,038,219**	**3,384,049**	**3,357,378**
Net income for tax purposes	**1,534,245**	**1,921,918**	**3,060,001**	**2,234,926**
Charitable donations	-	-	33,000	-
TAXABLE INCOME	**1,534,245**	**1,921,918**	**3,027,001**	**2,234,926**
CORPORATE INCOME TAX RATE	36.12%	36.12%	36.12%	34.50%
INCOME TAXES	554,169	694,197	1,093,353	771,049

HALTON HILLS HYDRO INC.

Capital Taxes

Line Item	2006 Board Approved		2006 Actual		2007 Bridge		2008 Test	
	ONTARIO	FEDERAL	ONTARIO	FEDERAL	ONTARIO	FEDERAL	ONTARIO	FEDERAL
Total Rate Base	34,462,629	32,569,480	37,121,698	36,821,447	37,954,174	37,954,174	37,954,174	37,954,174
Exemption	(10,000,000)	(50,000,000)	(10,000,000)	(50,000,000)	(15,000,000)	(50,000,000)	(15,000,000)	(50,000,000)
Deemed Taxable Capital	24,462,629	(17,430,520)	27,121,698	(13,178,553)	22,954,174	(12,045,826)	22,954,174	(12,045,826)
Rate	0.300%	0.000%	0.300%	0.000%	0.285%	0.000%	0.285%	0.000%
Gross Tax Payable	73,388	0	81,365	0	65,419	0	65,419	0
Surtax	0	0	0	0	0	0	0	0
Net Tax Payable	**73,388**	**0**	**81,365**	**0**	**65,419**	**0**	**65,419**	**0**

NOTE: RATE BASE IS USED AS A PROXY FOR TAXABLE CAPITAL IN DETERMINATION OF CAPITAL TAXES FOR BRIDGE & TEST YEARS
RATIONALE: SIMPLE PROCESS TO CALCULATE, GENERATES VALUE WITHIN REASON OF ACTUAL TAXABLE CAPITAL

HALTON HILLS HYDRO INC.

INTEREST EXPENSE

The following table represents the Interest Expense for Halton Hills Hydro Inc.

Line Item	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test
Actual interest expense	1,170,943	1,478,097	997,951	1,266,740
Capitalized interest	-	-	25,049	36,260
Actual interest	1,170,943	1,478,097	1,023,000	1,303,000
Interest forecast adjustments	54,845	-	-	-
Total interest	1,225,788	1,478,097	1,023,000	1,303,000
Deemed interest:	1,070,854	1,157,350	1,149,942	1,087,945
Excess interest	154,934	320,747	(126,942)	215,055

HALTON HILLS HYDRO INC.

CAPITAL COST ALLOWANCE (CCA)

Capital Cost Allowance are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix D.

HALTON HILLS HYDRO INC.

HALTON HILLS HYDRO INC.

EXISTING DEFERRAL AND VARIANCE ACCOUNTS

Halton Hills Hydro Inc. current has the following existing Deferral and Variance Accounts:

- 1505 Un-recovered Plant and Regulatory Study Costs
- 1508 Other Regulatory Assets
- 1510 Preliminary Survey and Investigation Charges
- 1515 Emission Allowance Inventory
- 1516 Emission Allowances Withheld
- 1518 Retail Cost Variance Account – Retail
- 1520 Power Purchase Variance Account
- 1525 Miscellaneous Deferred Debits – including Rebate Cheques
- 1530 Deferred Losses from Disposition of Utility Plant
- 1540 Unamortized Loss on Re-acquired Debt
- 1545 Development Charge Deposits/Receivables
- 1548 Retail Cost Variance Account – STR
- 1550 LV Variance Account
- 1555 Smart Meter Capital Variance Account
- 1556 Smart Meters OM&A Variance Account
- 1560 Deferred Development Cost
- 1562 Deferred Payments in Lieu of Taxes
- 1563 PILS Contra Account
- 1565 CMD Expenditure and Recoveries
- 1566 CDM Contra Account
- 1570 Qualifying Transition Costs
- 1571 Pre-Market Opening Energy Variances Total
- 1572 Extra-Ordinary Event Losses
- 1574 Deferred Rate Impact Amounts
- 1580 RSVA-Wholesale Market Service Charge
- 1582 RSVA-One-time Wholesale Market Service
- 1584 RSVA-Retail Transmission Network Charge
- 1586 RSVA-Retail Transmission Connection Charge
- 1588 RSVA-Power
- 1590 Recovery of Regulatory Asset Balances
- 1592 Deferred PILs Account
- 2425 Other Deferred Credits

HALTON HILLS HYDRO INC.

CALCULATION OF BALANCES BY ACCOUNT

	Opening December 31, 2006 Balances	Carrying Costs	Accruals	Ending April 30, 2008 Balances
Commodity accounts are classified as follows:				
1588 Retail Settlement Variance Account - Power	$1,011,418	$51,029	$551,553	$1,614,000
1588 RSVA Power - Sub-account Global Adjustments				
Non-commodity accounts are classified in two categories as follows:				
Wholesale and Retail Market Variance Accounts				
1518 Retail Cost Variance Account - Retail	$11,582	$709		$12,291
1548 Retail Cost Variance Account - STR	($2,962)	($181)		($3,143)
1580 Retail Settlement Variance Account - Wholesale Market Service Charges	$239,054	$8,052		$247,106
1582 Retail Settlement Variance Account - One-time Wholesale Market Service	$51,737	$2,402		$54,139
1584 Retail Settlement Variance Account - Retail Transmission Network Charges	$17,586	($5,960)		$11,626
1586 Retail Settlement Variance Account - Retail Transmission Connection Charges	($546,413)	($37,827)		($584,240)
Utility Deferral Accounts				
1508 Other Regulatory Assets	$231,182	$12,723		$243,905
1525 Miscellaneous Deferred Debits	$79,181	$3,503		$82,684
1550 LV Variance	$19,874	$1,290		$21,164
1562 Deferred Payments in Lieu of Taxes	($152,368)	($8,481)		($160,849)
1570 Qualifying Transition Costs (closed December 31, 2002)	($65,042)	($8,622)		($73,664)
1571 Pre-Market Opening Energy Variances (closed April 30, 2002)	($19,008)	($6,305)		($25,313)
Total	$875,821	$12,330	$551,553	$1,439,704

HALTON HILLS HYDRO INC.

Halton Hills Hydro calculated the 2006 ending balance as the actual balance at December 31, 2006 less the OEB approved Regulatory Asset recovery until May 1st 2008. We then added carrying costs to the balance and added a forecast of RSVA power variance for both the Bridge and Test years.

HALTON HILLS HYDRO INC.

METHOD OF RECOVERY

We propose to dispose of the balance of $1,439,704 over the three year period May 1, 2008 to April 30, 2010 at an annual amount of $479,901.33 using the following calculation:

	Ending April 30, 2008 Balances	Allocation Basis	Residential ($)	General Service less than 50kW ($)	General Service 50 to 999 kW ($)	General Service 1,000 to 4,999 kW ($)
1588 Retail Settlement Variance Account - Power	$1,614,000	kWh	706,919	186,621	403,843	303,476
1518 Retail Cost Variance Account - Retail	$12,291	# of Customers	11,055	936	105	7
1548 Retail Cost Variance Account - STR	($3,143)	# of Customers	(2,828)	(239)	(27)	(2)
1580 Retail Settlement Variance Account - Wholesale Market Service Charges	$247,106	kWh	108,230	28,572	61,829	46,463
1582 Retail Settlement Variance Account - One-time Wholesale Market Service	$54,139	kWh	23,712	6,260	13,546	10,180
1584 Retail Settlement Variance Account - Retail Transmission Network Charges	$11,626	kWh	5,092	1,344	2,909	2,186
1586 Retail Settlement Variance Account - Retail Transmission Connection Charges	($584,240)	kWh	(255,892)	(67,554)	(146,184)	(109,853)
1508 Other Regulatory Assets	$243,905	kWh	106,828	28,202	61,028	45,861
1525 Miscellaneous Deferred Debits	$82,684	Rebate chqs	82,684			
1550 LV Variance	$21,164	kWh	9,270	2,447	5,295	3,979
1562 Deferred Payments in Lieu of Taxes	($160,849)	kWh	(70,450)	(18,598)	(40,246)	(30,244)
1570 Qualifying Transition Costs (closed December 31, 2002)	($73,664)	# of Customers	(66,266)	(5,610)	(631)	(42)
1571 Pre-Market Opening Energy Variances (closed April 30, 2002)	($25,313)	Kwh for NON TOU customers	(13,758)	(3,632)	(7,860)	-
Total	$1,439,704		644,597	158,749	353,607	272,011
/Year Recovery	$479,901		214,866	$52,916	117,869	90,670
Test Year Consumption			220,790,841 kWh	58,287,111 kWh	454,000 kW	316,000 kW
2008 Rate Riders			**$0.0010**	**$0.0009**	**$0.2596**	**$0.2869**

HALTON HILLS HYDRO INC.

	Ending April 30, 2008 Balances	Allocation Basis	Un-metered Scattered Load ($)	Sentinel Lighting ($)	Street Lighting ($)	Residential Time of Use ($)
1588 Retail Settlement Variance Account - Power	$1,614,000	kWh	3,262	1,035	8,613	231
1518 Retail Cost Variance Account - Retail	$12,291	# of Customers	80	105	1	1
1548 Retail Cost Variance Account - STR	($3,143)	# of Customers	(20)	(27)	-	-
1580 Retail Settlement Variance Account - Wholesale Market Service Charges	$247,106	kWh	499	158	1,319	35
1582 Retail Settlement Variance Account - One-time Wholesale Market Service	$54,139	kWh	109	35	289	8
1584 Retail Settlement Variance Account - Retail Transmission Network Charges	$11,626	kWh	23	7	62	2
1586 Retail Settlement Variance Account - Retail Transmission Connection Charges	($584,240)	kWh	(1,181)	(375)	(3,118)	(83)
1508 Other Regulatory Assets	$243,905	kWh	493	156	1,302	35
1525 Miscellaneous Deferred Debits	$82,684	Rebate chqs	-	-	-	-
1550 LV Variance	$21,164	kWh	43	14	113	3
1562 Deferred Payments in Lieu of Taxes	($160,849)	kWh	(325)	(103)	858	(23)
1570 Qualifying Transition Costs (closed December 31, 2002)	($73,664)	# of Customers	(477)	(628)	(4)	(7)
1571 Pre-Market Opening Energy Variances (closed April 30, 2002)	($25,313)	Kwh for NON TOU customers	(63)	-	-	-
Total	$1,439,704		2,443	378	7,718	201
/Year Recovery	$479,901		814	126	2,573	67
Test Year Consumption			1,018,946 kWh	800 kW	7,500 kW	72,000 kWh
2008 Rate Riders			**$0.0008**	**$0.1576**	**$0.3430**	**-**

HALTON HILLS HYDRO INC.

HALTON HILLS HYDRO INC.

OVERVIEW

The purpose of this evidence is to summarize the method and cost of financing Halton Hills Hydro Inc.'s capital requirements for the 2008 test years.

Capital Structure

Halton Hills Hydro Inc. has a deemed capital structure of 50% debt, 50% equity, as approved by the Ontario Energy Board in RP-2005-0020, and an approved return on equity of 9.00%, as specified in the Board's Decision EB-2005-0374, dated April 12, 2006. Halton Hills Hydro Inc. is requesting Board approval of a deemed capital structure 53% debt, 47% equity.

This change in capital structure complies with the Ontario Energy Board's Report on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors dated December 20, 2006. The OEB report indicates that Distributors will be required phase-in a 60% debt and 40% capital structure that must be completed by 2010.

Return on Equity

Halton Hills Hydro Inc. is requesting an 8.93% return on equity for 2008 rates.

Cost of Debt

Exhibit 6, Tab 1, Schedule 3 provides the detailed calculation of Halton Hills Hydro Inc.'s forecasted long-term debt cost of 6.14% for 2008.

HALTON HILLS HYDRO INC.

CAPITAL STRUCTURE

2006 Board Approved

Elements		Dollars ($)	Ratio (%)	Cost Rate (%)	Return (%)
Long-term debt-Municipal		16,141,970	49.20	6.25	
Deposits		500,000	1.50	Prime-2%	
Common equity		16,161,063	49.30		9.00
Total		32,803,033			

2007 Bridge

Elements		Dollars ($)	Ratio (%)	Cost Rate (%)	Return (%)
Long-term debt-Municipal		16,141,970	42.55	6.25	
Deposits		500,000	1.32	Prime-2%	
Common equity		21,297,057	56.13		9.00
Total		37,939,027			

2008 Test

Elements		Dollars ($)	Ratio (%)	Cost Rate (%)	Return (%)
Long-term debt-Municipal		16,141,970	35.06	6.25	
Long-term debt-Financial Institution		7,200,000	15.64	5.78	
Deposits		500,000	1.09	Prime-2%	
Common equity		22,201,336	48.21		8.93
Total		46,043,308			

Halton Hills Hydro Inc. intends to acquire a loan for an additional $7.2 Million to move the actual capital structure closer to the “deemed” amount of 53% Debt and 47% Equity Capital Structure. The loan amount has already been negotiated by Halton Hills Hydro with its financial institution at a rate of 5.78%, effective May 1, 2008, pending approval of this application. This additional debt will be required as Halton Hills Hydro continues with the construction of a new Transformer Station as outlined in Exhibit 1, Tab 3, Schedule 4 of this application.

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COST OF DEBT

	2006 Board Approved				2006 Actual				2007 Bridge				2008 Test		
	Principal ($)	Carrying Costs ($)	Calculated Cost Rate (%)		Principal ($)	Carrying Costs ($)	Calculated Cost Rate (%)		Principal ($)	Carrying Costs ($)	Calculated Cost Rate (%)		Principal ($)	Carrying Costs ($)	Calculated Cost Rate (%)
Long-Term Debt															
Town of Halton Hills	16,141,970	0	6.25		16,141,970	0	6.25		16,141,970	0	6.25		16,141,970	0	6.25
TD Bank Deposits	500,000	0	Prime-2%		371,888	0	Prime-2%		371,888	0	Prime-2%		7,200,000	0	5.78
Total	**16,641,970**				**16,513,858**				**16,513,858**				**23,341,970**		
Short-Term Debt															
Deposits	0	0	0		250,000	0	Prime-2%		250,000	0	Prime-2%		250,000	0	Prime-2%
Total	**0**				**250,000**				**250,000**				**250,000**		

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RETURN ON EQUITY

The calculations used to determine the return on equity and the debt are taken from the "Report to the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors" issued December 20, 2006.

Excerpt from the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors Appendix A and Appendix B

Method to Update the Deemed Long-term Debt Rate

The Board will use the Long Canada Bond Forecast plus an average spread with "A/BBB" rated corporate bond yields to determine the updated deemed debt rate.

The following approach is consistent with the ROE method. As per the approach adopted in the 2006 EDRH, the ROE and the long-term debt rates are based on the same risk-free rate forecast. Therefore, they differ only through the risk premiums that reflect their distinct natures and for which lenders/investors seek commensurate returns. This approach simplifies the calculations and aims to make it easier to understand the numbers. Specifically, the Long Canada Bond Forecast (*LCBFt*) used will be the same as that used for updating the ROE. The average spread between "A/BBB" rated corporate bond yields and 30-year (long) Government of Canada Bond yields will be calculated as the average spread over the weeks of the month corresponding to the Consensus Forecasts.

The deemed Long-Term Debt Rate (*LTDRt*) will be calculated as follows:

$$LTDR_t = LCBF_t + \frac{\sum_w (CorpBonds_{w,t} - {}_{30}CB_{w,t})}{n}$$

Where:

- ***CorpBonds*** $_{w,t}$ is the average long-term corporate bond yield from Scotia Capital Inc. for week *w* of period *t* [Series V121761];

- $_{30}CB_{w,t}$ is the 30-year (long) Government of Canada bond yield for week *w* of period *t* [Series V121791]; and

- ***n*** is the number of weeks in the month for which data are reported.

Halton Hills Hydro Inc.'s application uses 6.14% as the Long Term Debt rate.

> *"The Board has determined that for embedded debt the rate approved in prior Board decisions shall be maintained for the life of each active instrument, unless a new rate is negotiated, in which case it will be treated as new debt"*
>
> -Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors

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Method to Update ROE - ROE Update for any Period
Using March 1999 as the starting calculation and substituting for the initial ROE and Long Canada Bond Forecast approved by the Board in the Decision RP-1998-0001 the following is the adjustment formula for calculating the ROE at time *t*:

$$ROE_t = 9.35\% \quad + 0.75 \times (LCBF_t - 5.50\%)$$

The ROE must be set in advance of the approved rates. The final ROE will be factored into rates using the Long Canada Bond Forecast based on *Consensus Forecasts* (as detailed below) and Bank of Canada data three months in advance of the effective date for the rate change. Therefore, for May 1 rate changes, the ROE will be based on January data – effectively *Consensus Forecasts* published during that month and Bank of Canada data for all business days during the month of January. The necessary data is available within the first or second business days after the end of the month and thus poses no delay for determining rates.

Long Canada Bond Forecast for any Period

For any period *t* the Long Canada Bond Forecast *LCBFt* can be expressed as:

$$LCBF_t = \left[\frac{{}_{10}CBF_{3,t} + {}_{10}CBF_{12,t}}{2} \right] + \frac{\sum_i ({}_{30}CB_{i,t} - {}_{10}CB_{i,t})}{I_t}$$

Where:

$_{10}\mathbf{CB}_{3,T}$ is the 3-month forecast of the 10-year Government of Canada bond yield as published in *Consensus Forecasts* at time *t*;

$_{10}\mathbf{CB}_{12,t}$ is the 12-month forecast of the 10-year Government of Canada bond yield as published in *Consensus Forecasts* at time *t*;

$_{30}\mathbf{CB}_{i,t}$ is the actual rate for the 30-year Government of Canada bond yield at the close of day *i* (as published by the Bank of Canada) [Series V39056] during the month (this is the previous month data, the same as used for updating the ROE for natural gas distribution) corresponding to time *t*;

$_{10}\mathbf{CB}_{i,t}$ is the actual rate for the 10-year Government of Canada bond yield at the close of day *i* (as published by the Bank of Canada) [Series V39055] during the month corresponding to time *t*; and

It is the number of business days for which published 10- and 30- Government of Canada bond yields are published during the month corresponding to time *t*.

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Return on Equity Calculation

Government of Canada Bond Yields	Rate
3-month forecast of the 10-year bond yield	4.80%
12-month forecast of the 10-year bond yield	4.90%
Average actual prior month 30-year bond yield	4.20%
Average actual prior month 10-year bond yield	4.11%
Long Canada Bond Forecast	4.94%
Return on Equity	**8.93%**

WEIGHTED AVERAGE COST OF CAPITAL

	Deemed Portion	Effective Rate	Average Cost of Capital
Cost of Debt	53.33%	6.14%	3.274%
Return on Equity	46.77%	8.93%	4.177%
Weighted Average Cost of Capital			7.451%

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DETERMINATION OF NET UTILITY INCOME AND CALCULATION OF REVENUE DEFICIENCY

	2008 Test Existing Rates ($)	Comments
Revenue		
Distribution Revenue	9,672,375	Exhibit 3, Tab 1, Schedule 2
Other Operating Revenue (Net)	960,000	Exhibit 3, Tab 1, Schedule 2
Total Revenue	10,632,375	
Costs and Expenses		
Distribution Costs		
Operation & Maintenance	5,093,000	
Depreciation & Amortization	2,190,723	
Property & Capital Taxes	195,000	
Interest	1,266,740	
Total Costs and Expenses	8,745,463	
Utility Income Before Income Taxes	2,114,493	
Income Taxes	836,500	
Utility Income	$1,277,993	

Utility Proposed Rate Base	37,954,174	
Required Return@7.451%	2,827,966	Exhibit 6, Tab 1, Schedule 4, Page 3

Required Return	2,827,966
Utility Income	1,277,993
Revenue Deficiency	1,549,973

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COST ALLOCATION OVERVIEW

MANAGER'S SUMMARY FOR COST ALLOCATION INFORMATIONAL FILING JANUARY 15, 2007

COST ALLOCATION FILE NO: EB-2007-0001 EDR 2006 FILE NO: EB-2005-0374

1. Introduction

On September 29, 2006 the Ontario Energy Board (the "OEB") issued the Board Directions on Cost Allocation Methodology for Electricity Distributors ("the Directions"). On November 15, 2006 the OEB also issued the Cost Allocation Information Filing Guidelines for Electricity Distributors ("the Guidelines"), the Cost Allocation Model ("the Model") and User Instruction (the Instructions") for the Model. Halton Hills Hydro has prepared this information filing consistent with our understanding of the Directions, the Guidelines, the Model and the Instructions.

The main purpose of this cost allocation filing is to provide information on Halton Hills Hydro's current rate classifications that are over or under contributing revenue based on the assumptions of the Model.

In the mid 1980's, Ontario Hydro, the regulator at the time, completed the last cost allocation study that reflected the distribution function but this was an integrated cost study. An integrated study reviewed the full costs of providing electricity to customers which included energy, transmission and distribution. Distribution represented only around 15% of the total costs reviewed. The results of this study assisted Ontario Hydro in developing the Rate Setting Guidelines that were used by Municipal Electric Utilities to develop the bundled rates.

Under the Energy Competition Act, 1998, the electricity industry in Ontario was separated into Generation, Transmission and Distribution companies. Along with this separation the rates also needed to be unbundled to reflect the structure of the new companies. The unbundling of distribution from generation and transmission was completed in 2001 using the Electricity Distribution Rate Handbook Rate and the Rate Unbundling and Design Model (i.e. the RUD model). The Rate Handbook and RUD model provided a method to unbundled distribution rates from the other rates by rate classification but it did not determine whether the unbundled rates collected the cost of providing service to the rate classification. The current cost allocation process is the first time a cost allocation study has been conducted in Ontario that focuses completely on distribution to determine whether or not the distribution rates are collecting the cost of providing service to the rate classifications.

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Halton Hills Hydro is in the 2nd tranche of filers, due by January 15, 2007. This filing comprises a Run 1, Run 2, Appendix 1.1 (with Addendum), and system schematics. Run 1 reflects the rate classifications as they were prior to May 1, 2006. Prior to May 1, the Unmetered Scattered Load ("USL") customers were included in the General Service < 50 kW rate classification. Run 2 has the USL customers pulled out of the General Service < 50 kW class to form a class of their own which is consistent with the current rate classifications used by Halton Hills Hydro.

In order to prepare this cost allocation filing, Halton Hills Hydro used the services of Hydro One to prepare load data profiles by rate classification. Individually, Halton Hills Hydro conducted a residential appliance saturation survey. The results of this survey were used by Hydro One to prepare the load data profiles for Halton Hills Hydro.

The cost/financial data used in the Model is consistent with the cost data that supports the current approved distribution rates for Halton Hills Hydro. Based on the Guidelines, Halton Hills Hydro assets were broken out into primary and secondary distribution functions. The breakout of assets, capital contributions, depreciation, accumulated depreciation, customer data and load data by primary, line transformer and secondary categories were developed from the best data available from Halton Hills Hydro customer and financial information systems.

2. Summary of Results

2.1 Revenue to Cost Ratios

The results of a cost allocation are typically presented in the form of revenue to cost ratios. The ratio is shown by rate classifications and is the percentage of distribution revenue collected by rate classification compared to the costs allocated to the classification. The percentage shows the rate classifications that are either over or under contributing. A percentage of less than 100% means the rate classification is under collecting the costs assigned to the classification and a percentage of greater than 100% indicates the rate classification is over collecting the costs assigned to the classification.

The following outlines the revenue to cost ratios for the Run 2. The results for Run 1 are similar. In Run 1, the USL rate classification is combined with the General Service < 50 kW rate classification. As a result, the cost to revenue ratio in Run 1 for General Service < 50 kW customers is 82.54% and there is no ratio for USL.

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Rate Classification	Revenue to Cost Ratio	($Under Contributing)/ $Over Contributing
Residential	88.37%	($651,707)
General Service <50 kW	81.87%	($205,219)
General Service 50 to 999 kW	156.93%	$656,747
General Service 1,000 to 4,999 kW	164.17%	$565,294
Street Lights	15.14%	($356,116)
Sentinel Lights	36.74%	($10,937)
USL	106.77%	$1,939
Total		

Since the unbundled distribution rates have never been based on costs it is expected the Residential class would be the rate class being under contributing based on the method used to previously design the bundled rates for customers of a Municipal Electric Utility (“MEU”). Prior to the passing of Bill 35 by the Ontario Government on October 30, 1998, an MEU was regulated by Ontario Hydro. In order to assist an MEU with setting the retail rates for their customers, Ontario Hydro provided the MEU Rate Setting Guidelines. These guidelines provided guidance to an MEU on how to develop the bundled retail rates for their customers. However, the guidelines allowed the utility to charge a kWh rate for General Service customers that was higher than the Residential customers. This could be one of the reasons that the Residential class is under-contributing.

With regard to Street Lights and Sentinel Lights, it is assumed in the cost allocation study that a street light or sentinel light connection is equivalent to a customer. This appeared to be reasonable because in the case of other rate classifications each connection is essentially a customer. This means the customer costs allocated to street lights and sentinel lights are based on 3,944 and 121 connections, respectively which are the biggest drivers causing the results for these two classes.

The question is: should streetlights, in particular, be allocated costs based on the number of individual streetlight connections or on the number of customers (streetlight owners)? There are arguments for both sides. On one hand, it could be argued that it should be connections because it would be consistent with the other rate classifications. On the other hand, it could be justified that a streetlight is like any other appliance or outside light on a home. It just happens to be outside on the street. In this case, a streetlight would be incremental load much like a stove or refrigerator and it would attract very little customer costs if any at all. The only customer costs it might attract would be the cost of sending a bill to the customer. Halton Hills Hydro understands that low revenue to cost ratio for street lights has occurred with other distributors as well. In Halton Hills Hydro’s view, this is a provincial issue that needs to be discussed with the

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OEB and other market participants. As a result, changes should not be made to streetlight or sentinel light pricing until this issue has been resolved.
Regarding the USL results, these results are also expected as there are most likely cost associated with meter capital and meter reading in the current rates that should be removed since these customers are not metered.

2.2 Monthly Fixed Charge Comparison

The Model produces customer unit costs per month for each rate classification. To assist with reviewing the range of current fixed monthly service charges, the Model generates three scenarios of reasonable cost-based customer unit costs for each rate classification. These unit costs determined by the Model are compared to the current approved monthly service charge.

Scenario 1: Avoided Costs

With a strict “avoided cost” approach, only meter related costs, billing and collection costs are included. This approach has the advantage of focusing on the immediate costs of an additional customer. But no administration or general overhead are applied.

Scenario 2: Directly Related Customer Costs

The directly related customer costs are those cost included in the avoided cost version but an allocation for administration and general overhead is included.

Scenario 3: Minimum System Approach

The minimum system approach assumes that a minimum-size distribution system can be built to serve the minimum load requirements of the customer. For the purposes of this filing the minimum load requirement is assumed to be 400 watts per customer. The minimum system method involves determining the minimum size pole, conductor, cable, transformer, and service that is currently installed by the distributor. Once determined for each plant account, the minimum size distribution system is classified as customer-related costs and then used to define the monthly unit customer cost.

There are various approaches to define the minimum system. Moreover, judgment is required to address various implementation details with this methodology. The OEB cost allocation project did not seek to develop a common minimum system methodology for use by the Ontario electricity distribution sector. Instead, the results of numerous past Ontario minimum system studies were examined and approved for use in the Model.

The minimum system results are applied to the following accounts:
- Line Transformers (Account 1850)
- “Distribution” which includes poles and conductors, and is defined as Accounts 1830 -1845

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- Related O&M accounts.

The density of the distributor (i.e. customers/route kilometer of line) is the major factor that determines the percentage of the above costs which are included in the customer costs. The density of Halton Hills Hydro has 40 customers/km. This means Halton Hills Hydro is classified as a medium distributor. As a result, 40% of Halton Hills Hydro's distribution costs (i.e. lines and poles) and 40% of Halton Hills Hydro's line transformers are defined to be customer related cost. In Halton Hills Hydro's view of the three scenarios the Minimum System approach appears to be the most reasonable approach to determine the customer unit cost/month as it better reflects the fixed cost of providing service to a customer.

The following outlines the monthly fixed cost comparison.

Rate Classification	Approved Fixed Charge	Minimum System Fixed Charge	Directly Related Fixed Charge	Avoided Cost Fixed Charge
Residential	$ 11.59	$ 13.83	$ 6.75	$ 3.40
General Service <50 kW	$ 24.86	$ 20.56	$ 12.29	$ 5.13
General Service 50 to 999 kW	$ 93.18	$ 106.55	$ 99.65	$ 52.12
General Service 1,000 to 4,999 kW	$ 205.71	$ 213.94	$ 198.82	$ 103.57
Street Lights	$ 0.52	$ 8.73	$ 0.06	$ 0.01
Sentinel Lights	$ 1.17	$ 7.72	$ 0.48	$ 0.19
USL	$ 12.12	$ 11.10	$ 4.55	$ 1.95

Assuming the Minimum System Fixed Charge is the most reasonable scenario, Halton Hills Hydro submits is would be reasonable to adopt the Charges under Minimum System in any future cost allocation or rate applications.

3.0 Conclusion

In accordance with the Directions, Halton Hills Hydro expects the OEB will give due consideration to the results of these filings when deciding upon specific cost allocation matters in future rate hearings. Halton Hills Hydro understands that after reviewing the results of the cost allocation filings from all distributors, and considering the overall regulatory context including results from the forthcoming distribution rate design consultations, the OEB will decide upon the priorities for, and timing of, any adjustments to future cost allocations, rate classifications or rate design. Halton Hills Hydro also understands the information in this filing will be made public.

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PROPOSED CHANGES

In reviewing the results produced by the Cost Allocation Model, Halton Hills Hydro Inc. proposes the following Monthly Fixed Charges.

PROPOSED MONTHLY SERVICE CHARGE

Rate Classification	Approved Fixed Charge	Proposed Fixed Charge
Residential	$ 11.59	$ 12.88
Residential Time of Use	n/a	$ 9.56
General Service <50 kW	$ 24.86	$ 28.13
General Service 50 to 999 kW	$ 93.18	$ 80.77
General Service 1,000 to 4,999 kW	$ 205.17	$ 185.71
Street Lights	$ 0.52	$ 1.01
Sentinel Lights	$ 1.17	$ 1.88
Un-metered Scattered Load	$ 12.12	$ 12.63

Halton Hills Hydro Inc. proposes the fixed charges listed above to keep the existing fixed variable split intact and to start the process of moving to 100% revenue to expense ratio.

Transformer Ownership Allowance

Currently, Halton Hills Hydro Inc. provides a transformer ownership allowance to those customers that own their transformation facilities. Halton Hills Hydro Inc.'s present transformer ownership allowance is $0.50 per kW. The amount of the allowance has not been reviewed on a generic basis in recent years. The filings will be used by the OEB to review this allowance from a cost based perspective.

The present allowance is intended to reflect the costs to a distributor of providing step down transformation facilities to the customer's utilization voltage level. Since it is assumed that the distributor provides electricity at utilization voltage, the cost of this transformation is captured in and recovered through the distribution rates. Therefore, when a customer provides the step down transformation from primary to secondary, it should receive a credit of these costs already included in the distribution rates.

In Halton Hills Hydro Inc.'s case, the Model is suggesting the transformer ownership allowance from a cost based perspective should be $0.50 per kW. In Halton Hills Hydro Inc.'s view, this amount appears to be reasonable but suggest the OEB review this issue on a provincial basis before the current the transformer ownership allowance is adjusted.

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OVERVIEW

On May 31, 2004, the Minister of Energy granted approval to all electricity distributors in Ontario to apply to the Board for adjustments to their 2005 electricity distribution rates that would enable them to recover the third tranche of their incremental market adjusted revenue requirements (MARR). The Minister's approval was conditional on a commitment to reinvest an equivalent amount in Conservation and Demand Management ("CDM") initiatives. The CDM plans of Halton Hills Hydro Inc. were approved by the Ontario Energy Board ("OEB") in December 2004 with a Final Order issued in February 2005.

Halton Hills Hydro Inc.'s CDM efforts have been successful, but as a result, with decreases in kWh consumption and kW demand, Halton Hills Hydro Inc. has experienced distribution revenue losses. The OEB has authorized distributors to apply for Lost Revenue Adjustment Mechanism ("LRAM") and Shared Savings Mechanism ("SSM") adjustments. The authorization to apply for LRAM and SSM adjustments for 2005 and 2006 is derived from the OEB's December 2004 decision on the Pollution Probe motion in file RP-2004-0203, and the OEB's May 2005 Report on the 2006 Electricity Distribution Rate Handbook (the "Report", Board File No. RP-2004-0188).

At page 107 of the Report, the Board addressed LRAM recoveries, stating:

> "In its December 2004 Decision RP-2004-0203, the board concluded that an LRAM was appropriate and that it should apply to 3rd tranche expenditures. The Board indicated, at that time, that the LRAM formula would be established as part of the 2006 proceeding.
>
> The Board continues to believe that an LRAM is appropriate and concludes that it will be retrospective, not prospective. At this time, greater accuracy will be achieved if the LRAM is calculated after-the-fact, based on actual results.
>
> Accordingly, a distributor will be expected to calculate the energy savings by customer class and to value those energy savings by the board-approved distribution charge appropriate to that class. The resulting amount may be claimed in a subsequent rate year as compensation for lost revenue".

With respect to SSM, at page 110 of its Report, the Board wrote:

> "The Board, in its RP-2004-0203 Decision, found that a distributor shareholder incentive was an appropriate way to encourage distributors to pursue CDM programs. The Board continues to be of this view. Distributors should be rewarded with 5 percent of the net savings established by the TRC test. The Board recognizes that it will be essential to establish certain inputs and to define avoided costs. Accordingly, the Board's Conservation Manual will address these

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> matters. This will allow parties to screen CDM programs and calculate the relevant incentives."

At page 111 of the Report, the Board wrote:

> "The SSM will apply to TRC benefits achieved by 3rd tranche expenditures as well as any incremental expenditures that are approved in 2006. However, as in the case of the Board's Decision with respect to 2005, the incentive will not apply to utility-side activities. Because the SSM will be retrospective, no claims for a shareholder incentive should be made in the 2006 rate applications.
>
> There has been considerable discussion in this proceeding as to whether CDM expenditures on the utility side should be differentiated from customer-side expenditures. The Board recognizes that conservation programs should have a balance between the two. It is important to recall however, the Board's earlier finding that the SSM incentive does not apply to utility-side investments. The Board previously ruled with respect to the 2005 SSM that the inclusion of capitalised assets into rate base provides sufficient incentives. The Board continues to hold that view."

In accordance with the Report, Halton Hills Hydro Inc.'s LRAM & SSM request includes only customer-side activities. Halton Hills Hydro Inc. has calculated energy savings by customer class and valued those savings by the Board-approved distribution charge appropriate to each class, as required by the Report. The request is:

> "Inputs and assumptions of the TRC Test have to be clearly stated in the pre-filed evidence. Applicants may use the standard inputs for TRC calculation which are contained in the Board's Conservation Manual (available late June 2005). Where an applicant wishes to use other inputs, the applicant must provide supporting evidence, an explanation of its choice and, for comparison, the TRC Test results using the inputs contained in the Conservation Manual."

On September 8, 2005 the Board issued its Conservation Manual, under the name of the Total Resource Cost Guide (the "TRC Guide"). The TRC Guide set out a OEB-approved methodology and associated parameters for the financial evaluation of CDM programs. The TRC Guide was revised October 2, 2006 to reflect the OEB's Decision in the EB-2005-0523 proceeding concerning the attribution of benefits between utilities and non-rate-regulated third parties. On November 14, 2006, the OEB issued a document titled "Filing Requirements for Transmission and Distribution Applications" (the "Filing Requirements"). The Filing Requirements contain provisions relating to applications for LRAM and SSM. Halton Hills Hydro Inc. submits that it has relied on and complied with the OEB's TRC Guide, the Filing Requirements guidelines and OEB direction in preparing this application for the years 2008 to 2011. This request is also consistent with the OEB's Decision in EB-2007-0096 – the application by Toronto Hydro-Electric System Limited for approval of its LRAM and SSM adjustments for 2005 and 2006.

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SUMMARY OF REQUEST

Halton Hills Hydro Inc. seeks approval for the recovery of 2005 and 2006 LRAM and SSM amounts as part of this rate application. Recovery is to be based on a volumetric rate rider commencing May 1, 2008. Halton Hills Hydro Inc. is proposing a one year recovery period effective until April 30, 2009.

The LRAM calculations are based on the kWh or kW load reduction for each of the years 2005 and 2006, multiplied by the applicable variable distribution rate by rate class. The LRAM, in the amount of $8,721 is a before tax amount as the basis for calculations is variable distribution rates derived from revenue requirement which includes a provision for PILs.

The SSM calculations are prepared in accordance with the SSM Guidelines and the TRC Guide which provide for an after tax amount of $21,453. The SSM amount included for recovery in this rate application is calculated by grossing up the after tax amount of $21,453 by the marginal tax rate of 36.12% to calculate a pre-tax amount for recovery of $33,583. This is consistent with the Board’s Decision in EB-2007-0096.

The total LRAM and SSM for recovery is $42,304. The LRAM and SSM amounts and corresponding rate riders are shown in the following table. Halton Hills Hydro Inc. proposes a single rate rider for recovery of the total LRAM and SSM.

LRAM and SSM Total Amounts and Rate Riders by Class

Rate Class	Amounts (2005 + 2006)		Billing Units (2006)		Rate Riders		
	LRAM	SSM			LRAM	SSM	Total
	$	$			$/kWh	$/kWh	$/kWh
Residential	$ 1,292	$ 8,299	208,116,543	kWh	0.00000	.00004	.00004
General Service less than 50 kW	$ 7,429	$ 25,285	54,412,911	kWh	0.00014	.00046	.00060
Total	**$ 8,721**	**$ 33,583**					

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LOST REVENUE ADJUSTMENT MECHANISM (LRAM)

The purpose of an LRAM adjustment is to account for the variance between forecasted volumes used to set class rates and actual volumes resulting from CDM programs. The LRAM recovery has been calculated as the approved savings per measure multiplied by the number of measures implemented for the particular programs targeted at each rate class.

The Halton Hills Hydro Inc. budgeted load forecasts for revenue requirement calculations for the years 2005 and 2006 were not adjusted for CDM programs. As such, the LRAM value is larger than it would have been had previous load forecasts and distribution rates incorporated estimates as to the impact of CDM programs on distribution revenue.

In accordance with the Board’s Decision in EB-2007-0096, Halton Hills Hydro Inc. has not reduced the calculated load reduction for free ridership. Halton Hills Hydro Inc. understands that this approach may change once load forecasts incorporate CDM.

The following table illustrates the CDM Load Impacts by program and class for both 2005 and 2006.

CDM Load Impacts by Program and Class

Rate Classification	Water Heater Load Control	Lighting	Capacitor Installation	Equipment Replacement
Residential	114,330 kWh			
General Service Less than 50 kW		70,199 kWh	142,600 kWh	421,943 kWh

The reduction in distribution revenue is calculated on the forgone volumes resulting from CDM activities by class and at the variable distribution rate applicable to that class and year. As the variable distribution rate decreased on May 1, 2006, Halton Hills Hydro Inc. elected to use the lower distribution rate for the entire twelve month period, in favour of customer impacts.

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SHARED SAVINGS MECHANISM (SSM)

SSM amounts are calculated based on the results of a cost effectiveness test known as the total resource cost ("TRC") test which is defined as a test that "*measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both the participant's and the LDC's costs.*"

In measuring the effectiveness of a program, the TRC test examines the benefits of a program. This benefit is typically the avoided resource costs such as electricity and program costs which include both the LDC's costs and the participant's costs, over the life of the program. The stream of future net benefits are net present valued (NPV) to a single number and must be greater than zero to be cost effective.

The TRC tests also provides for free ridership such that a program with a high degree of free ridership is therefore less cost effective for the LDC to pursue as the program costs will exceed the program benefits.

The amount of the shareholder's SSM incentive is based on 5% of the NPV of the net benefits. When the net benefits are zero or less, there is no eligible SSM for the program.

Halton Hills Hydro Inc. has calculated SSM amounts in accordance with the methodology set out in the TRC Guide. In accordance with the Guidelines for applying for SSM incentive, Halton Hills Hydro Inc. is only making application for customer focused initiatives that reduce the demand for electricity.

Certain CDM programs were jointly sponsored with other regulated energy distributors and in these cases Halton Hills Hydro Inc. apportioned the savings in accordance with the TRC Guide and the Board's EB-2005-0523 Decision.

Certain CDM programs resulted in NPV of net costs as opposed to net savings. In these cases Halton Hills Hydro Inc. has reduced its total SSM claim by the NPV of the costs.

Halton Hills Hydro Inc. has calculated the SSM recovery as 5% of the NPV of the Net Benefits (less the NPV of the Net Costs), for each program, in accordance with the TRC Guide. The total after tax SSM calculated in this application amounts to $21,454. Halton Hills Hydro Inc. is filing for recovery of the pre-tax amount of SSM in the amount of $33,583 in this application, in accordance with the Board's Decision in EB-2007-0096.

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The following table summarizes the SSM calculations by program and customer class.

SSM (TRC) Amounts by Program and Class

Rate Classification	Water Heater Load Control	Lighting	Capacitor Installation	Equipment Replacement
Residential	$ 106,027			
General Service Less than 50 kW		$ 9,914	$ 48,609	$ 274,436

As with the LRAM adjustment, Halton Hills Hydro Inc. proposes that the pre-tax SSM amount arising from CDM activities in each rate class be allocated to that class, and that the SSM be recovered through a variable distribution rate rider applicable to that class. Also consistent with the LRAM rate rider, Halton Hills Hydro Inc. proposed to implement the variable distribution rate rider over three years to mitigate potential customer impacts

Halton Hills Hydro Inc. would also propose that the LRAM and SSM rate riders be combined into, and recovered through a single distribution rate rider and be implemented effective May 1, 2008 for a period of three years ending April 30, 2011.

HALTON HILLS HYDRO INC.

BILL IMPACTS

LRAM and SSM Total Amounts and Rate Riders by Class

Rate Class	Amounts (2005 + 2006)		Billing Units (2006)		Rate Riders		
	LRAM	SSM			LRAM	SSM	Total
	$	$			$/unit (kWh or kW)	$/unit (kWh or kW)	$/unit (kWh or kW)
Residential	$ 1,292	$ 8,299	208,116,543	kWh	0.00000	.00004	.00004
General Service less than 50 kW	$ 7,429	$ 25,285	54,412,911	kWh	0.00014	.00046	.00060
Total	**$ 8,721**	**$ 33,583**					

As shown by this table the bill impact to the affected Rate classes is minimal as a result of LRAM and SSM.

HALTON HILLS HYDRO INC.

HALTON HILLS HYDRO INC.

RATE DESIGN OVERVIEW

This exhibit presents an overview of the process to allocate Halton Hills Hydro Inc.'s related revenue requirement costs for the forecasted 2008 test year to the respective rate classes. This exhibit documents, by rate class, the proposed changes in distribution for the 2008 test year.

The total revenue requirement of $10,446,283 for 2008 test year was calculated in Exhibit 1, Tab 2, Schedule 4 and needs to be allocated to the respective customer classes for consideration in respect to rate design. The method of allocating these costs to the customer classes uses various steps to apportion the costs amongst all LDC customer classes.

The following steps are followed to derive the revenues collected from fixed and variable rates under the proposed 2008 rates.

Step 1 – Based on information in the cost allocation section revenues are allocated to each rate class to reflect the proposed movement in revenue cost ratios

Step 2 – Based on the proposed monthly service charge, also outlined in the cost allocation section, the fixed revenues for each rate class is determined.

Step 3 – The amount in step 2 is subtracted from the amount in Step 1 and divided by the 2008 forecasted energy sales by class to determine the volumetric charge by customer class.

HALTON HILLS HYDRO INC.

RATE MITIGATION

Halton Hills Hydro does not propose any Rate Mitigation in this application. The total bill impacts to the various customer classes are relatively low and in fact, some customer classes are seeing a decrease in their bill.

HALTON HILLS HYDRO INC.

EXISTING RATE CLASSES

Residential
This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. The customer will be supplied at one service entrance only.

Residential –Time of Use
This classification applies to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separate metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. The customer will be supplied at one service entrance only.

General Service less than 50 kW
This classification applies to a non residential account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW.

General Service 50 to 999 kW
This classification applies to all non-residential customers with an average peak demand equal to or greater than 50 kW over the past twelve months, or is forecast to be equal to or greater than 50 kW, but less than 1,000 kW. For a new customer without prior billing history, the peak demand will be based on 90% of the proposed capacity or installed transformer.

General Service 1,000 to 4,999 kW
This classification applies to all non-residential customers with an average peak demand equal to or greater than 1,000 kW over the past twelve months, or is forecast to be equal to or greater than 1,000 kW, but less than 5,000 kW. For a new customer without prior billing history, the peak demand will be based on 90% of the installed transformer.

HALTON HILLS HYDRO INC.

Un-metered Scattered Load
This classification applies to an account taking electricity at 750 volts or less whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is un-metered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, pedestrian X-Walk signals/beacons, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the un-metered load or periodic monitoring of actual consumption.

Sentinel Lighting
This classification refers to accounts that are an un-metered lighting load supplied to a sentinel light.

Street Lighting
All services supplied to street lighting equipment owned by or operated for the Municipality, the Region or the Province of Ontario shall be classified as Street Lighting Service. Street Lighting plant, facilities, or equipment owned by the customer are subject to the Electrical Safety Authority (ESA) requirements and Halton Hills Hydro specifications.

HALTON HILLS HYDRO INC.

EXISTING RATE SCHEDULE – Effective May 1, 2007

Residential

Service Charge	$	11.35
Distribution Volumetric Rate	$/kWh	0.0115
Regulatory Asset Recovery	$/kWh	0.0042
Retail Transmission Rate – Network Service Rate	$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0050
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Residential-Time of Use

Service Charge	$	10.64
Distribution Volumetric Rate	$/kWh	0.0125
Regulatory Asset Recovery	$/kWh	0.0042
Retail Transmission Rate – Network Service Rate	$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0050
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

General Service less than 50 kW

Service Charge	$	24.74
Distribution Volumetric Rate	$/kWh	0.0100
Regulatory Asset Recovery	$/kWh	0.0038
Retail Transmission Rate – Network Service Rate	$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0045
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

General Service 50 to 999 kW

Service Charge	$	93.67
Distribution Volumetric Rate	$/kW	4.6208
Regulatory Asset Recovery	$/kW	0.4894
Retail Transmission Rate – Network Service Rate	$/kW	2.1218
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.7882
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

General Service 1,000 to 4,999 kW

Service Charge	$	207.22
Distribution Volumetric Rate	$/kW	4.2999
Regulatory Asset Recovery	$/kW	1.2870
Retail Transmission Rate – Network Service Rate – Interval metered	$/kW	2.2535
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	$/kW	1.9603
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

HALTON HILLS HYDRO INC.

Un-metered Scattered Load

Service Charge (per connection)	$	12.23
Distribution Volumetric Rate	$/kWh	0.0100
Regulatory Asset Recovery	$/kWh	0.0019
Retail Transmission Rate – Network Service Rate	$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0045
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Sentinel Lighting

Service Charge (per connection)	$	1.18
Distribution Volumetric Rate	$/kW	4.9844
Regulatory Asset Recovery	$/kW	2.5490
Retail Transmission Rate – Network Service Rate	$/kW	1.6083
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4113
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Street Lighting

Service Charge (per connection)	$	0.52
Distribution Volumetric Rate	$/kW	3.4451
Regulatory Asset Recovery	$/kW	1.3403
Retail Transmission Rate – Network Service Rate	$/kW	1.6002
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.3824
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

HALTON HILLS HYDRO INC.

PROPOSED RATE CLASSES IF DIFFERENT THAN EXISTING

Halton Hills Hydro does not request any changes to existing rate classes.

HALTON HILLS HYDRO INC.

PROPOSED RATE SCHEDULE – Effective May 1, 2008

Residential

Service Charge	$	12.88
Distribution Volumetric Rate	$/kWh	0.0142
Recovery of Deferral and Variance Account Dispositions	$/kWh	0.0010
Retail Transmission Rate – Network Service Rate	$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0050
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Residential-Time of Use

Service Charge	$	9.56
Distribution Volumetric Rate	$/kWh	0.0124
Recovery of Deferral and Variance Account Dispositions	$/kWh	0.0000
Retail Transmission Rate – Network Service Rate	$/kWh	0.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0050
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

General Service less than 50 kW

Service Charge	$	28.13
Distribution Volumetric Rate	$/kWh	0.0128
Recovery of Deferral and Variance Account Dispositions	$/kWh	0.0009
Retail Transmission Rate – Network Service Rate	$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0045
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

General Service 50 to 999 kW

Service Charge	$	80.77
Distribution Volumetric Rate	$/kW	4.4350
Recovery of Deferral and Variance Account Dispositions	$/kW	0.2596
Retail Transmission Rate – Network Service Rate	$/kW	2.1218
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.7882
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

General Service 1,000 to 4,999 kW

Service Charge	$	185.71
Distribution Volumetric Rate	$/kW	4.5649
Recovery of Deferral and Variance Account Dispositions	$/kW	0.2869
Retail Transmission Rate – Network Service Rate – Interval metered	$/kW	2.2535
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	$/kW	1.9603
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

HALTON HILLS HYDRO INC.

Un-metered Scattered Load

Service Charge (per connection)	$	12.63
Distribution Volumetric Rate	$/kWh	0.0114
Recovery of Deferral and Variance Account Dispositions	$/kWh	0.0008
Retail Transmission Rate – Network Service Rate	$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0045
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Sentinel Lighting

Service Charge (per connection)	$	1.88
Distribution Volumetric Rate	$/kW	8.2545
Recovery of Deferral and Variance Account Dispositions	$/kW	0.1576
Retail Transmission Rate – Network Service Rate	$/kW	1.6083
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4113
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Street Lighting

Service Charge (per connection)	$	1.01
Distribution Volumetric Rate	$/kW	6.9720
Recovery of Deferral and Variance Account Dispositions	$/kW	0.3430
Retail Transmission Rate – Network Service Rate	$/kW	1.6002
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.3824
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0010
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

HALTON HILLS HYDRO INC.

SUMMARY OF PROPOSED RATE SCHEDULE

The following is a summary of the proposed changes to Halton Hills Hydro Inc.'s rates for the 2008 test year. Halton Hills Hydro Inc. is forecasting a distribution related delivery deficiency for the 2008 test year of $1,549,973 as shown in Exhibit 7, Tab 1, Schedule 1.

The impact on each rate class is described below.

Residential
The proposed changes to Residential rates are summarized below.

	2007 Board Approved	2008 Proposed	% change
Service Charge	$ 11.35	$ 12.88	13.5%
Distribution Volumetric Rate	$ 0.0115	$ 0.0142	23.5%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer service charge by $1.53 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 4.52% to bring the Revenue to Cost ratio to 93.46%.

The total impact on a Residential customer with 1000kWhs is an increase of 1.8% as shown in Appendix F.

Residential Time of Use
The proposed changes to Residential Time of Use rates are summarized below.

	2007 Board Approved	2008 Proposed	% change
Service Charge	$10.64	$ 9.56	(10.2)%
Distribution Volumetric Rate	$ 0.0125	$ 0.0124	(0.8)%

Currently there are only two customers in this class.

The total impact on a Residential Time of Use customer with 3000kWhs is a decrease of 3.7% as shown in Appendix F.

HALTON HILLS HYDRO INC.

General Service less than 50 kW

The proposed changes to General Service less than 50 kW rates are summarized below.

	2007 Board Approved	2008 Proposed	% change
Service Charge	$24.74	$ 28.13	13.7%
Distribution Volumetric Rate	$ 0.0100	$ 0.0128	28.0%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by $3.39 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.96% to bring the Revenue to Cost ratio to 96.50%.

The total bill impact on a General Service less than 50kW customer with 2000kWhs is an increase of 2.3% as shown in Appendix F.

General Service 50 to 999 kW

The proposed changes to General Service 50 to 999 kW rates are summarized below.

	2007 Board Approved	2008 Proposed	% change
Service Charge	$93.67	$ 80.77	(13.8)%
Distribution Volumetric Rate	$ 4.6208	$ 4.4350	(4.00)%

In order to decrease the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to decrease the monthly customer charge by $12.90 in the 2008 test year. The impact of these changes is a decrease in the allocation of revenue by 4.00% to bring the Revenue to Cost ratio to 149.18%.

The total bill impact on a General Service 50 to 999kW customer with 100kW demand and 50,000kWhs is a decrease of 0.2% as shown in detail in Appendix F.

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HALTON HILLS HYDRO INC.

General Service 1,000 to 4,999 kW

The proposed changes to General Service 1,000 to 4,999 kW rates are summarized below.

	2007 Board Approved	2008 Proposed	% change
Service Charge	$207.22	$185.71	(10.4)%
Distribution Volumetric Rate	$ 4.2999	$ 4.5649	6.2%

In order to decrease the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to decrease the monthly customer charge by $21.51 in the 2008 test year. The impact of these changes is a decrease in the allocation of revenue by 1.96% to bring the Revenue to Cost ratio to 119.30%.

The total impact on a General Service 1,000 to 4,999kW customer with 3500kW demand and 500,000kWhs is a decrease of 5.5% as shown in Appendix F.

Un-metered Scattered Load

The proposed changes to Un-metered Scattered Load rates are summarized below.

	2007 Board Approved	2008 Proposed	% change
Service Charge	$12.23	$ 12.63	3.3%
Distribution Volumetric Rate	$ 0.0100	$ 0.0114	14.0%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by $0.40 in the 2008 test year. The impact of these changes is no change to the allocation of revenue to maintain the Revenue to Cost ratio to 100.00%.

The total impact on an Un-metered Scattered Load customer with 200kWhs is an increase of 2.1% as shown in Appendix F.

HALTON HILLS HYDRO INC.

Sentinel Lighting
The proposed changes to Sentinel Lighting rates are summarized below.

	2007 Board Approved	2008 Proposed	% change
Service Charge	$ 1.18	$ 1.88	59.3%
Distribution Volumetric Rate	$ 4.9844	$ 8.2545	65.6%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by $0.70 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.03% to bring the Revenue to Cost ratio to 50.00%

The total impact on a Sentinel Lighting customer with 0.75kW demand and 25kWhs is an increase of 11.4% as shown in Appendix F.

Street Lighting
The proposed changes to Street Lighting rates are summarized below.

	2007 Board Approved	2008 Proposed	% change
Service Charge	$ 0.52	$ 1.01	94.2%
Distribution Volumetric Rate	$ 3.4451	$ 6.9720	102.3%

In order to increase the fixed cost recovery through the monthly fixed charge, Halton Hills Hydro Inc. is proposing to increase the monthly customer charge by $.49 in the 2008 test year. The impact of these changes is an increase in the allocation of revenue by 0.46% to bring the Revenue to Cost ratio to 20.70%

The impact on the Street Light customer with 620kW demand and 300,000kWhs is an increase of 10.1% as shown in Appendix F.

HALTON HILLS HYDRO INC.

Summary of Volumetric Calculations

	Residential ($/kWh)	Residential Time Of Use ($/kWh)	General Service Less than 50 kW ($/kWh)	General Service 50 to 999 kW ($/kW)	General Service 1,000 to 4,999 kW ($/kW)	Un-metered Scattered Load ($ /kWh)	Sentinel Lighting ($/kW)	Street Lighting ($/kW)
Revenue Requirement	.0130	.0112	.0114	3.9846	3.8535	.0103	7.9261	6.6477
Transformer Allowance				.0253	.2532			
Low Voltage Charges	.0012	.0012	.0010	.4251	.4582	.0011	.3284	.3243
LRAM /SSM			.0004					
Proposed Volumetric Charge	.0142	.0124	.0128	4.4350	4.5649	.0114	8.2545	6.9720

HALTON HILLS HYDRO INC.

SUMMARY OF PROPOSED 2008 TEST REVENUE

Rate Class	Number of Customers Or Connections	Volume (kWh or kW)	Proposed Fixed Charge ($)	Proposed Volumetric Charge ($)	Proposed Revenue at Proposed Rates ($)
Residential	18,900	220,790,841 kWh	12.88	0.0142	6,066,295
Residential Time of Use	2	72,000 kWh	9.56	0.0124	1,122
General Service Less than 50kW	1,600	58,287,111kWh	28.13	0.0128	1,288,536
General Service 50 to 999 kW	180	454,000 kW	80.77	4.4350	2,187,968
General Service 1,000 to 4,999kW	12	316,000 kW	185.71	4.5649	1,469,242
Un-metered Scattered Load	136	1,018,946 kWh	12.63	0.0114	32,212
Sentinel Lighting	179	800 kW	1.88	8.2545	10,642
Street Lighting	4,450	7,500 kW	1.01	6.9720	106,223
TOTAL					11,162,240

The Summary of 2008 Test Revenues above includes an allocation for Low Voltage charges, LRAM and SSM.

HALTON HILLS HYDRO INC.

RATE IMPACTS

This schedule presents the results of the assessment of customer total bill impacts by level of consumption by customer and per rate class.

Impacts are derived using the applicable May 1, 2007 rates and the proposed 2008 distribution rates, (including Rate Rider for the Recovery of Deferral and Variance Account Dispositions) and maintaining the 2006 Retail Transmission Service Rates at existing 2006 levels.

The total bill impacts are calculated for the average customer per Residential rate class and for General Service classes at certain levels of consumption. The rates are assessed on the basis of moving to the proposed distribution rates derived in Exhibit 10, Tab 1, Schedule 6, including the Rate Rider for the Recovery of Deferral and Variance Accounts. The total bill impacts are premised on the distribution rates arising from the new revenue requirements. All other non-distribution charges, except RTSR charges, are kept unchanged.

The bill impact excludes Commodity prices.

Rate Impacts for all rate classes are in pdf format and are hyperlinked for electronic submission. Printed copies are located in Appendix F.

HALTON HILLS HYDRO INC.

PROPOSED CHANGES TO TERMS AND CONDITIONS OF SERVICES

Please refer back to Exhibit 1, Tab 1, Schedule 18 for proposed changes to terms and conditions of service.

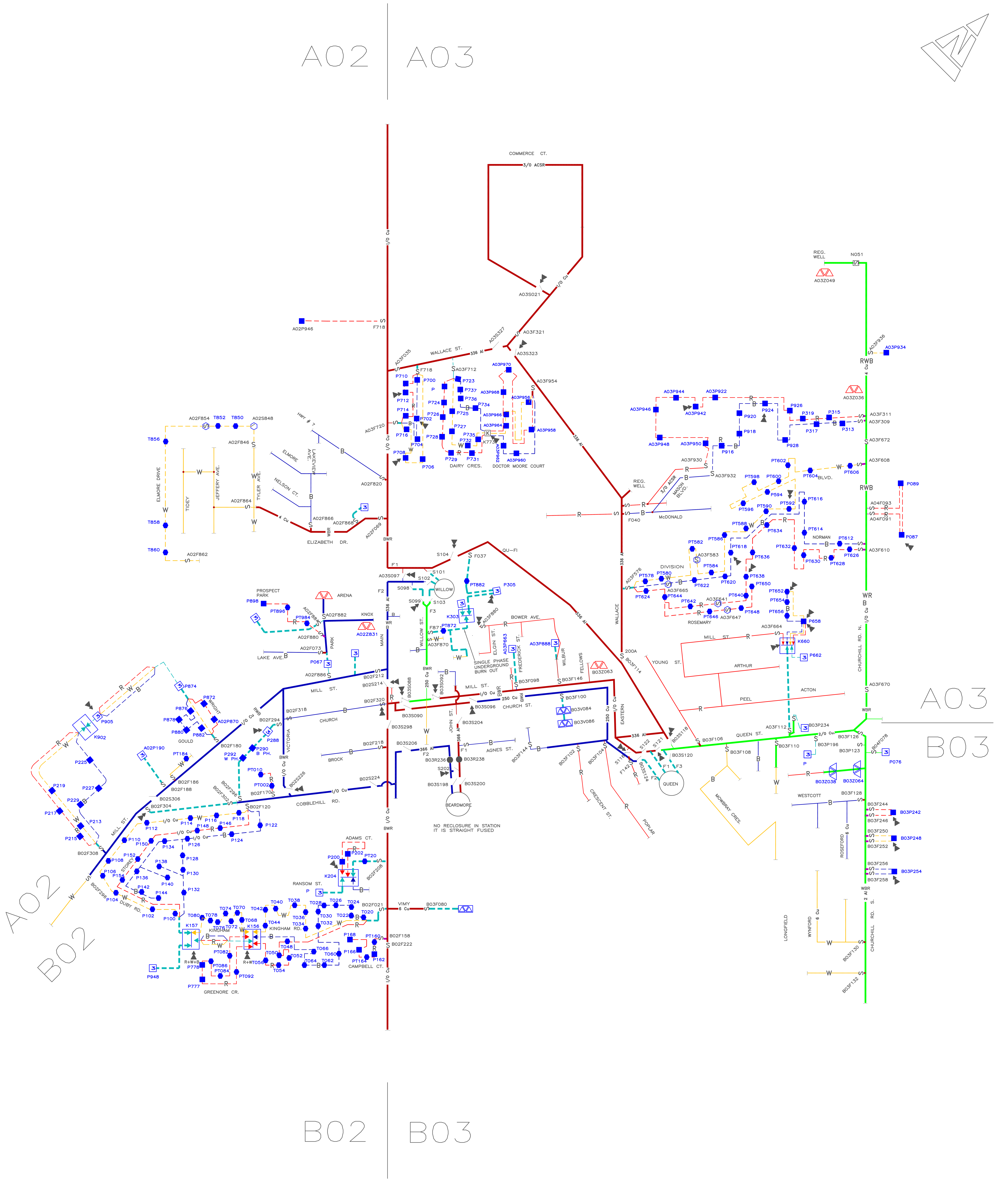
APPENDIX A

Distribution System Maps

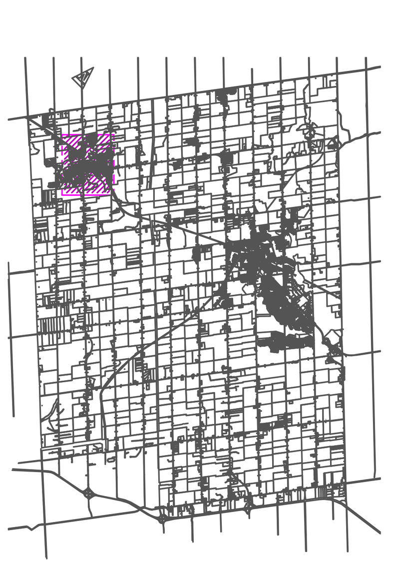
APPENDIX A

DISTRIBUTION SYSTEM MAPS

1. 4160v (Acton)
2. 4160v (Georgetown)
3. 8320v (Rural)
4. 27600v (Overhead)
5. 27600v (Underground)
6. 44000v (System)



KEY MAP	LEGEND	NOTES



LEGEND

- F 1 O/H FEEDER
- F 2 O/H FEEDER
- F 3 O/H FEEDER
- 3 PHASE U/G CABLE
- OVERHEAD BLUE PHASE
- OVERHEAD RED PHASE
- OVERHEAD WHITE PHASE
- UNDERGROUND BLUE PHASE
- UNDERGROUND RED PHASE
- UNDERGROUND WHITE PHASE
- S SWITCH
- OPEN POINT
- K BAR UNIT
- 1 PHASE PADMOUNT TRANSFORMER
- 3 PHASE PADMOUNT TRANSFORMER
- 3 PHASE VAULT
- 3 PHASE TX. BANK
- POLE MOUNT TRANSFORMER
- DEAD END
- SOLID BLADE SWITCH
- LOAD INTERRUPT SWITCH
- SUB STATION
- RECLOSURES

NOTES

REVISION	MADE BY	DATE
	M. MAROSCHAK	99-02-17
	F. LEMUT	00-02-15
	D. FIORITA	00-06-09
NEW BORDER AND LINETYPES	F. LEMUT	01-06-21
NEW COLOUR SCHEME	F. LEMUT	01-07-27
TRANSFORMER UPDATE	F. LEMUT	02-01-17
TRANSFORMER UPDATE	F. LEMUT	03-04-01
NEW SERVICE (B03P234)	C. HALE	03-09-12
COMMENT ADDED (SINGLE PHASE U/G BURN OUT)	C. HALE	03-09-22
ADDED CONDUCTOR SIZE FROM BEARDMORE SUBSTATION	C. HALE	04-06-18
PHASE CHANGE ON MOWBRAY PI.	C. HALE	04-09-16
"APPROVED BY" REVISED	C. HALE	05-07-12
RECLOSURES ADDED (BEARDMORE S.S.)	C. HALE	05-07-26
SUBDIVISION ADDITIONS	C. HALE	05-08-08
MAP ERRORS (KINGHAM RD.)	C. HALE	05-10-05
MAP ERRORS (KINGHAM RD.)	C. HALE	05-11-01
MAP ERRORS (QUEEN F1/ F2)	C. HALE	06-03-07
LONGFIELD ROAD	C. HALE	06-12-11

ACTON URBAN AREA
4.16 kV DISTRIBUTION SCHEMATIC

HALTON HILLS HYDRO Inc.
43 ALICE STREET, ACTON, ONTARIO L7J 2A9
(905) 453-2222 FAX# (519) 853-5168

DESIGNED BY:	M. MAROSCHAK	H.H.H. FILE: U:\ ENGINEERING OPERATIONS\ 6. SPECS & DOCUMENTS\ 01. HHH DRAFTING SPECS\ SYSTEM MAPS UNDER WORK\ 04.16kV ACTON\	H.H.H. DWG. NO.
DRAWN BY:	F. LEMUT		
APPROVED BY:	M. MAROSCHAK		
SIGNATURE:		DATE: DATE OF ISSUE: 00-06-09	DWG. NO.
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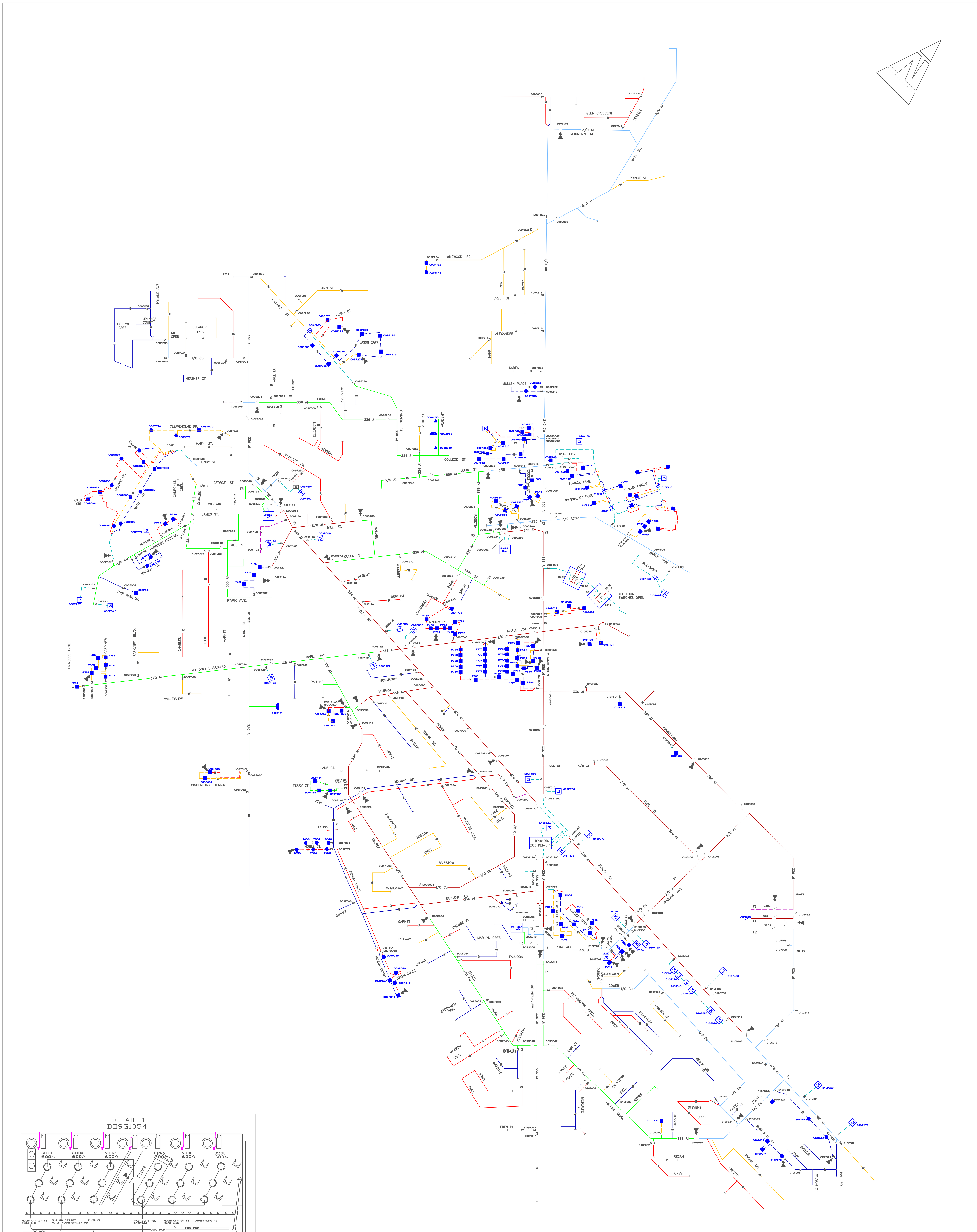
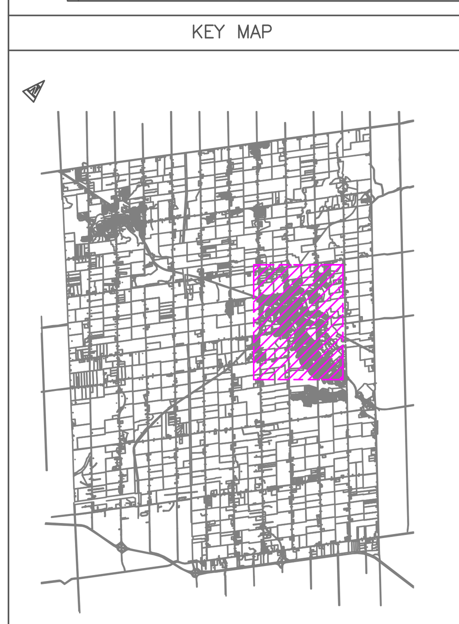


KEY MAP



LEGEND

- F 1 O/H FEEDER
- F 2 O/H FEEDER
- F 3 O/H FEEDER
- 3 PHASE U/G CABLE
- OVERHEAD BLUE PHASE
- OVERHEAD RED PHASE
- OVERHEAD WHITE PHASE
- UNDERGROUND BLUE PHASE
- UNDERGROUND RED PHASE
- UNDERGROUND WHITE PHASE
- SUB STATION
- K BAR UNIT
- 1 PHASE PADMOUNT TRANSFORMER
- 3 PHASE PADMOUNT TRANSFORMER
- 3 PHASE VAULT
- POLE MOUNT TRANSFORMER
- DEAD END
- OPEN POINT
- FUSED CUT-OUT SWITCH
- SOLID BLADE SWITCH
- LOAD INTERRUPT SWITCH
- MID SPAN OPENER

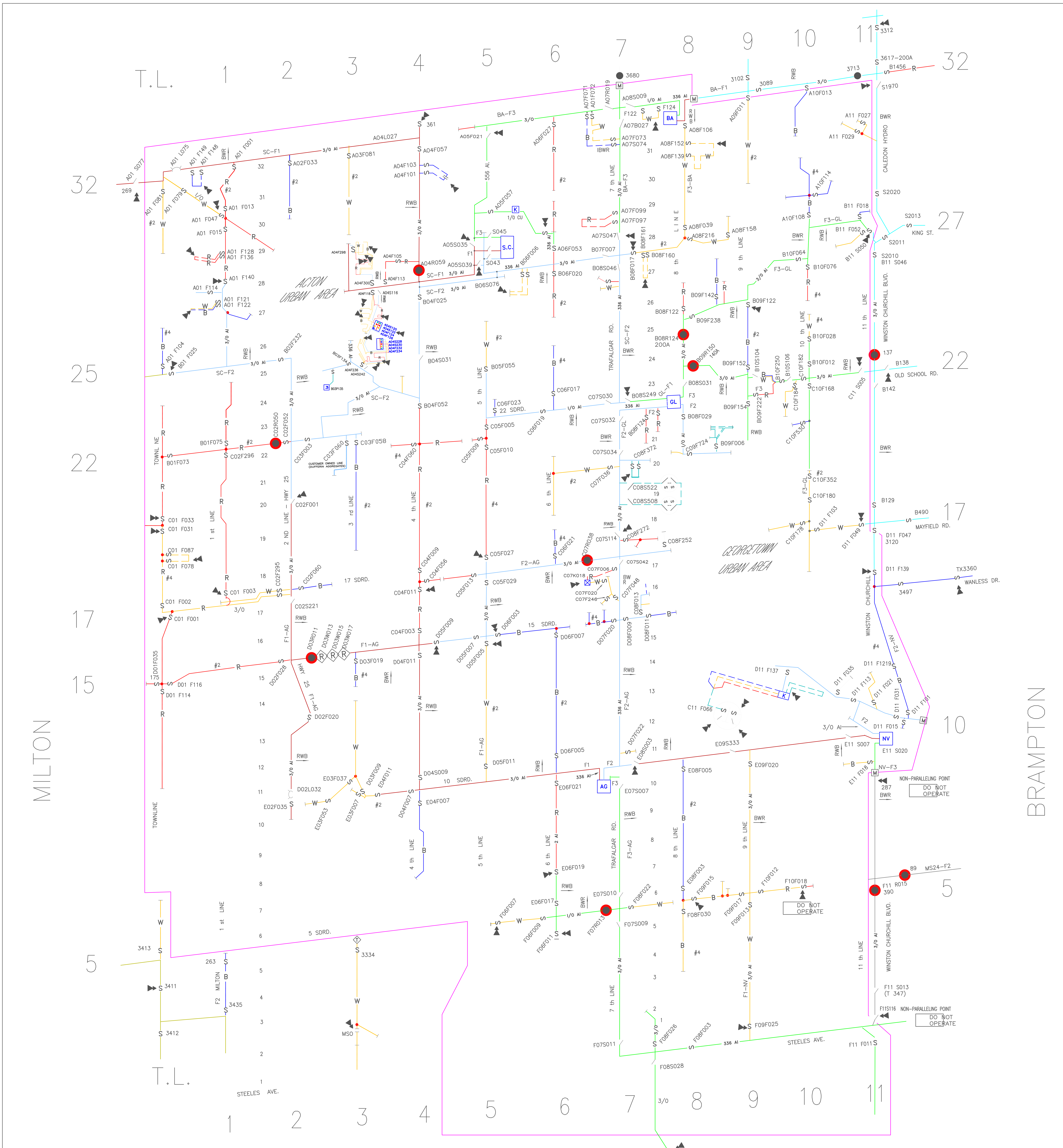
NOTES

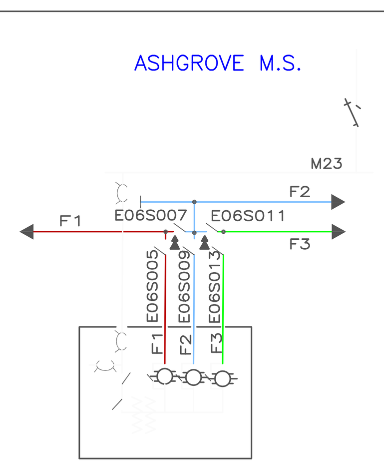
REVISION	MADE BY	DATE
	M. MAROSCHAK	99-03-22
	F. LEMUT	00-02-04
	D. FIORITA	00-07-17
NEW BORDER AND LINETYPES	F. LEMUT	01-06-13
NEW COLOUR SCHEME	F. LEMUT	01-07-27
NEW FEEDER (C09S040)	F. LEMUT	01-09-19
TX. UPDATE	F. LEMUT	01-12-12
PHASE CHANGE	F. LEMUT	02-02-28
SWITCHGEAR UPDATE (C10V109)	F. LEMUT	02-12-17
PADMOUNT TRANSFORMER UPDATE (P748 LOCATED ON McCLURE CRES.)	C. HALE	03-05-21
ADDITION OF TERRY COURT	C. HALE	03-07-17
OPEN POINT CHANGE – 78 RIVER DRIVE (OPEN BETWEEN P940 TO 941)	C. HALE	04-02-25
ADDITION OF VICTORIA STATION SUBD.	C. HALE	04-03-11
ADDITION OF MEADOWGLEN SUBD.	C. HALE	04-10-25
ADDED TIE SWITCH (RIVER M.S.)	C. HALE	04-11-02
ADDED SWITCHGEAR (D09G1054)	C. HALE	05-03-11
SWITCH REVISIONS	C. HALE	05-05-04
OPEN POINT CHANGE (JASON CT.)	C. HALE	05-05-06
"APPROVED BY" REVISED	C. HALE	05-07-12
PHASING/ SWITCH UPDATES	C. HALE	05-07-18
PHASE/ SWITCH UPDATES	C. HALE	05-08-26
NEW SERVICE (GEULPT ST. @ DELREX) & JOHN ST.	C. HALE	06-01-11
PHASE CHANGES, D09F021R	C. HALE	06-03-13
ADDED UPLANDS COURT, BLUE PHASE	C. HALE	06-05-17

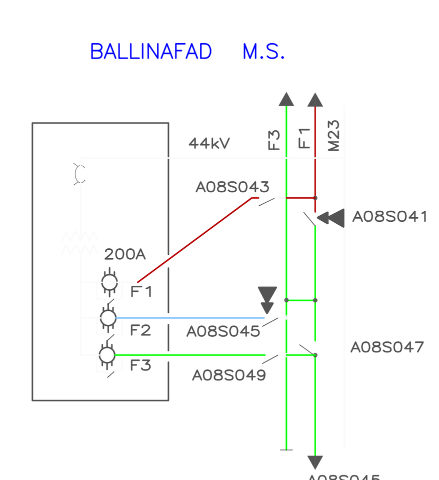
4.16 K.V. SCHEMATIC OF GEORGETOWN URBAN AREA

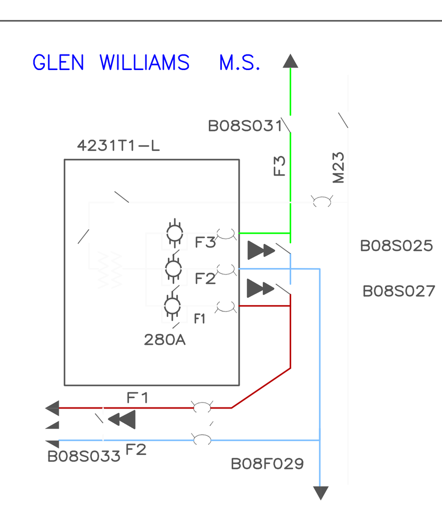
HALTON HILLS HYDRO Inc.
43 ALICE STREET, ACTON, ONTARIO L7J 2A9
(905) 453-2222 FAX# (519) 853-5168

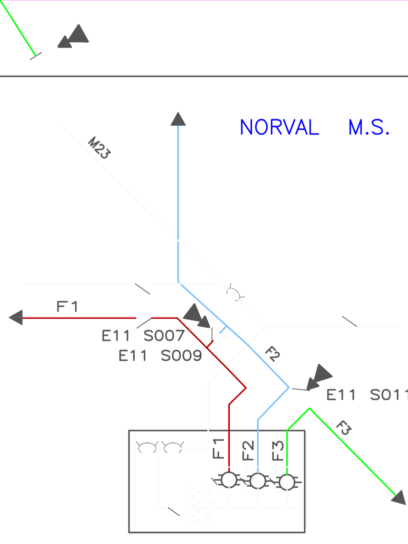
DESIGNED BY:	M.MAROSCHAK	H.H.H. FILE: U:\ ENGINEERING OPERATIONS\ 6. SPECS & DOCUMENTS\ 01. HHH DRAFTING SPECS\ SYSTEM MAPS UNDER WORK\ 04.16kV GEORGETOWN\	H.H.H. DWG. NO.
DRAWN BY:	F. LEMUT		
APPROVED BY:	M.MAROSCHAK		
SIGNATURE:		DATE: 99-03-01	DWG. NO.
SCALE:	N.T.S.		

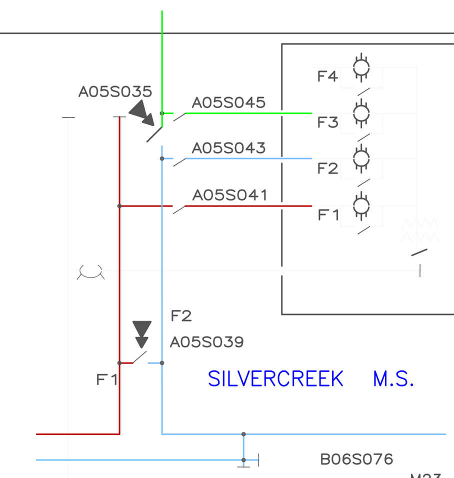




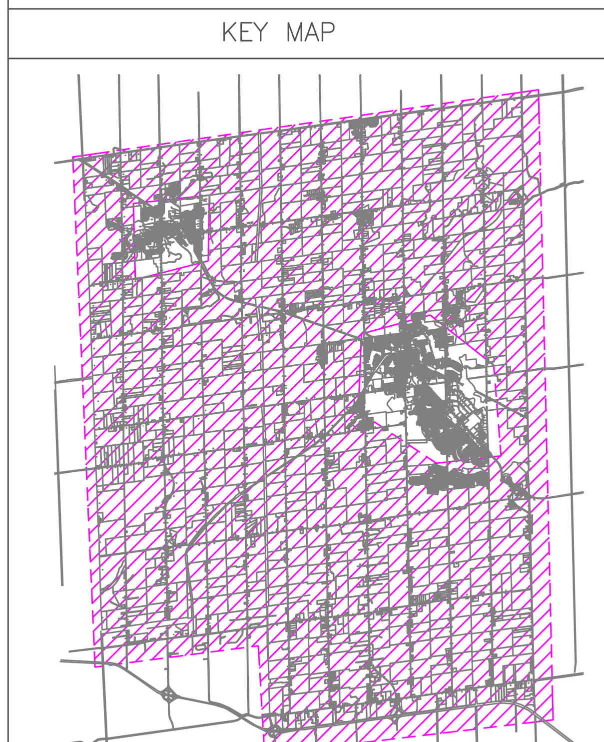








KEY MAP



LEGEND

- BRAMPTON FEEDERS
- CALEDON FEEDERS
- MILTON FEEDERS
- F1 FEEDER
- F2 FEEDER
- F3 FEEDER
- 3 PHASE UNDERGROUND
- UNDERGROUND RED PHASE
- UNDERGROUND BLUE PHASE
- UNDERGROUND WHITE PHASE
- OVERHEAD RED PHASE
- OVERHEAD BLUE PHASE
- OVERHEAD WHITE PHASE
- FUSED SWITCH
- SOLID BLADE SWITCH
- MID SPAN OPENER
- DEAD END
- LINE CAPACITORS
- 16,000 TO 4800 V. STEP DOWN TRANS.
- SWITCH GEAR
- METER UNIT
- RECLOSURES
- REGULATORS
- OPEN POINT
- SUBSTATION

NOTES

REVISION	MADE BY	DATE
MAJOR REVISIONS	M. MAROSCHAK	99-03-12
CHANGING COLOURS	F. LEMUT	01-01-23
NEW BORDER AND LINETYPES	F. LEMUT	01-07-25
NEW COLOUR SCHEMES	F. LEMUT	01-07-27
UPDATED PHASE COLOURS	F. LEMUT	01-09-24
REVISION OF PHASES	F. LEMUT	01-10-26
FEEDER COLOURS	F. LEMUT	02-03-13
SUBDIVISION UPDATES	F. LEMUT	02-03-18
SUBDIVISION UPDATES	F. LEMUT	02-03-25
SWITCH UPDATES	F. LEMUT	02-06-10
SWITCH UPDATES	F. LEMUT	03-05-12
SWITCH UPDATES	C.HALE	03-12-18
REVISION OF PHASES	C.HALE	03-12-23
REVISIONS TO SWITCHES	C.HALE	04-02-04
ADDED ACTON E. PH. 1 & HONEYFIELD SUBD.	C.HALE	04-02-16
REVISIONS TO SWITCHES	C.HALE	04-03-05
ADDED OPEN POINTS	C.HALE	04-06-24
MOVED OPEN POINT	M. WRIGHT	04-08-04
ADDED ACTON E. PH. 2 & 8.32kV TO CHURCHILL RD.	C. HALE	04-08-10
LINE REMOVED, HWY 25	C. HALE	04-09-16
PHASE CHANGES (E11F018)	C. HALE	04-10-18
REMOVED LINE (ST. HELENA RD.)	C. HALE	04-11-09
SWITCH UPDATES	C. HALE	05-03-07
SWITCH UPDATES/ FEEDER CHANGES	C. HALE	05-07-12
LINE EXTENSION, 10TH LINE	C. HALE	05-07-20
REVISIONS	C. HALE	05-07-26
REVISIONS	C. HALE	05-11-23
PHASING REVISIONS – 17 SDRD	C. HALE	06-05-05
NEW LINE, PRIVATE, 3RD LINE	C. HALE	06-05-24
SWITCH UPDATE, D04S009	C. HALE	06-09-29
PHASING CHANGE B TO W, C07F036	C. HALE	06-11-08

8.32 KV RURAL SCHEMATIC

HALTON HILLS HYDRO Inc.

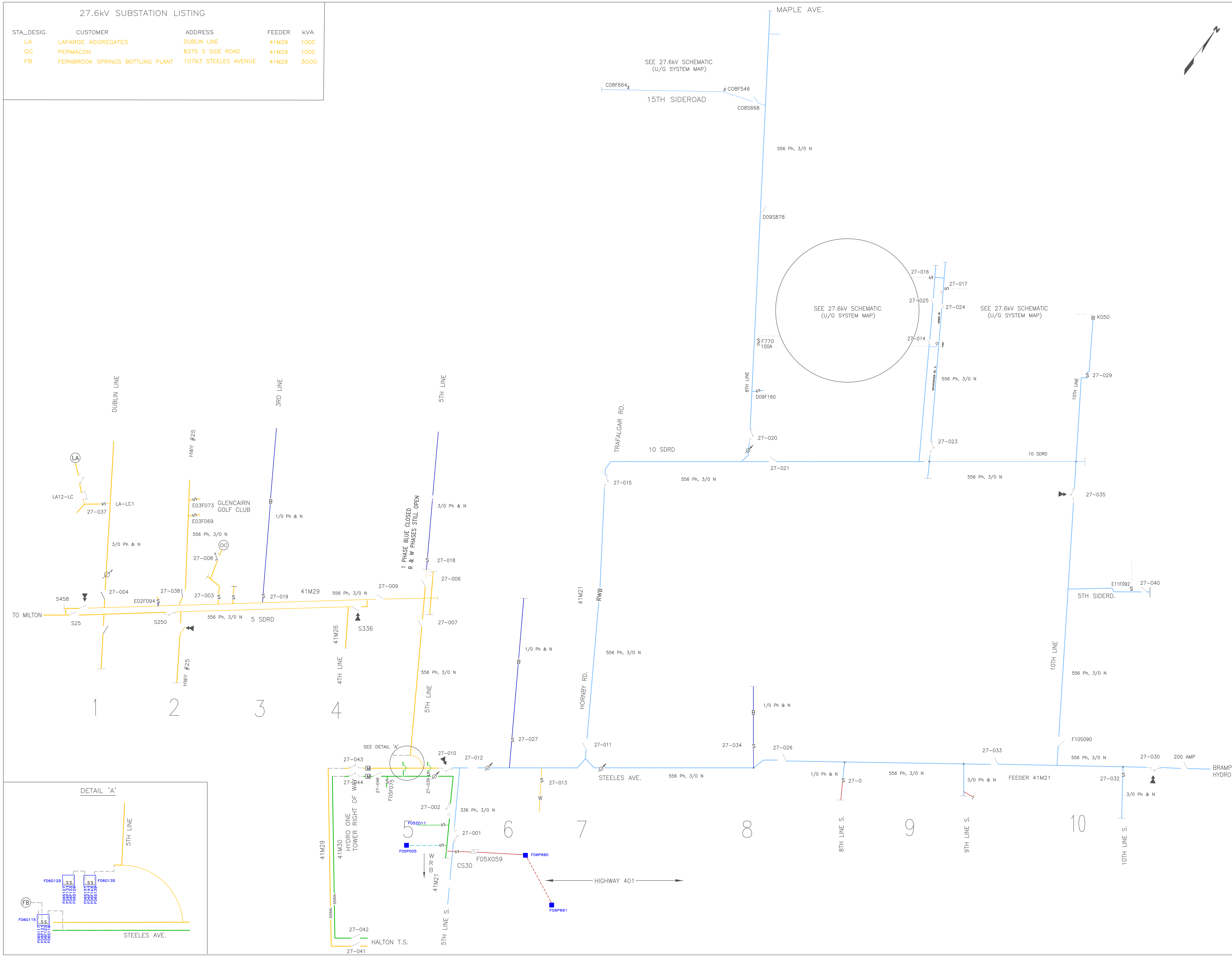
43 ALICE STREET, ACTON, ONTARIO L7J 2A9

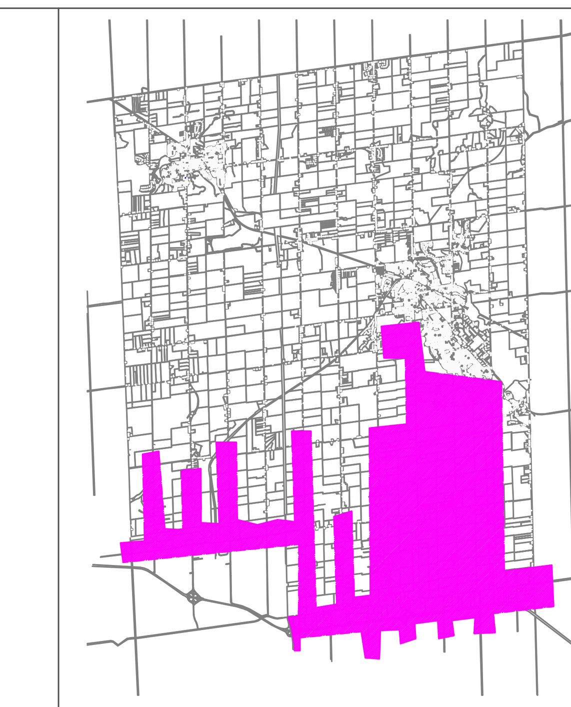
(905) 453-2222 FAX# (519) 853-5168

DESIGNED BY:	M.MAROSCHAK	H.H.H. FILE: U:\ ENGINEERING OPERATIONS\ 6. SPECS & DOCUMENTS\ 01. HHH DRAFTING SPECS\ SYSTEM MAPS UNDER WORK\ 8.32kV HALTON\	H.H.H. DWG. NO.
DRAWN BY:	F. LEMUT		
APPROVED BY:	M.MAROSCHAK		
SIGNATURE:		DATE: 99-03-01	DWG. NO.
SCALE:	N.T.S.		

27.6kV SUBSTATION LISTING

STA_DESIG.	CUSTOMER	ADDRESS	FEEDER	kVA
LA	LAFARGE AGGREGATES	DUBLIN LINE	41M29	1000
OC	PERMACON	8375 5 SIDE ROAD	41M29	1000
FB	FERNBROOK SPRINGS BOTTLING PLANT	10793 STEELES AVENUE	41M29	3000





KEY MAP

LEGEND

- OVERHEAD TRANSFORMER
- LOAD BREAK SWITCH
- FUSED CUT OUT SWITCH
- SOLID BLADE SWITCH
- OPEN POINT
- MID SPAN OPENER
- K-BAR
- METERING POINT
- FAULT INDICATOR
- 3 PHASE OVERHEAD CONDUCTOR
- 1 PHASE BLUE OVERHEAD CONDUCTOR
- 1 PHASE RED OVERHEAD CONDUCTOR
- 1 PHASE WHITE OVERHEAD CONDUCTOR
- 3 PHASE UNDERGROUND CABLE 500 CU
- 3 PH.ASE U/G CABLE 1000MCM CU
- 1 PHASE BLUE UNDERGROUND CABLE
- 1 PHASE RED UNDERGROUND CABLE
- 1 PHASE WHITE UNDERGROUND CABLE

NOTES

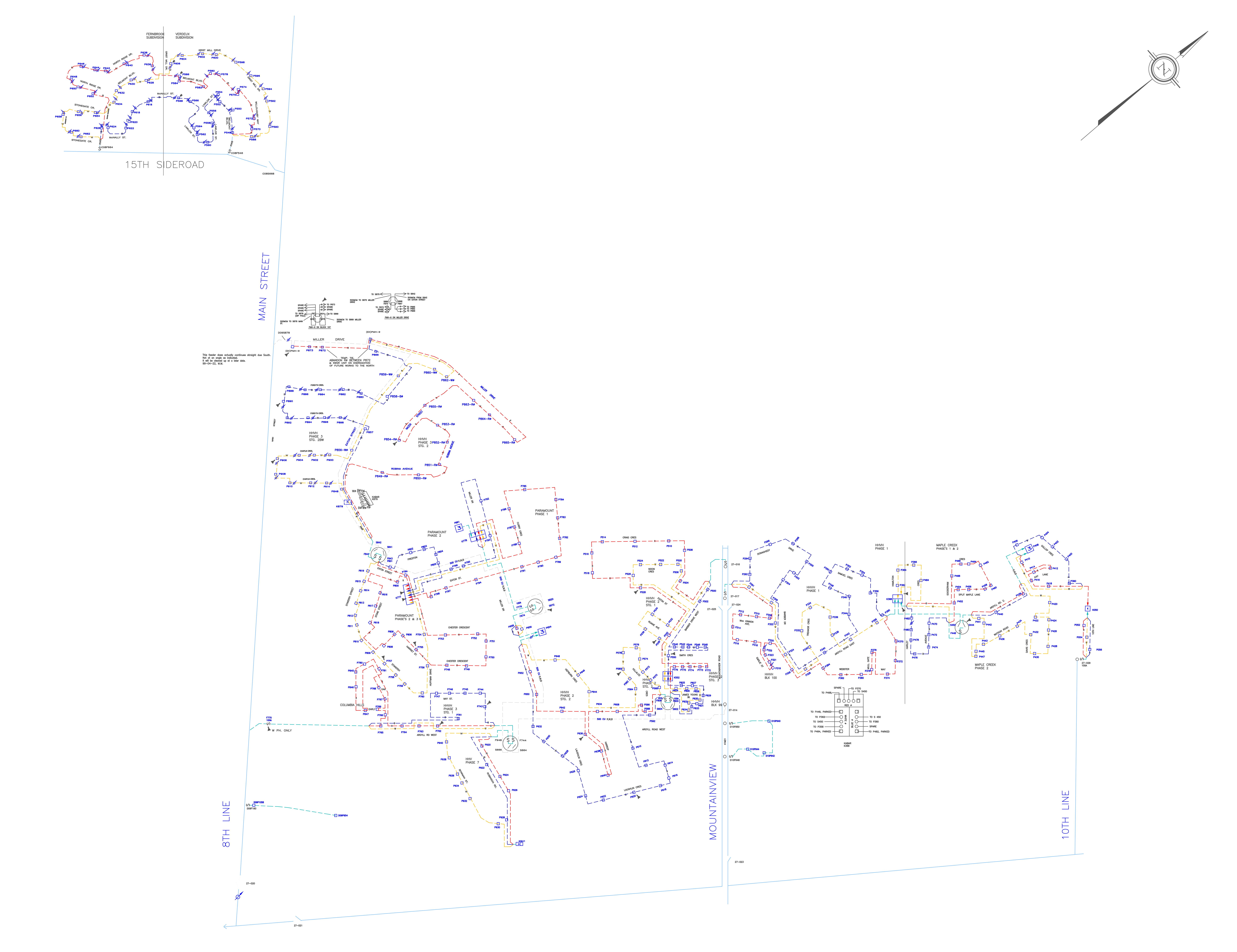
REVISION	DATE	MADE BY	CHECKED BY
	99/03/24	M. MAROSCHAK	
	99/04/20	M. MAROSCHAK	
	00-03-11	F. LEMUT	
	01-02-19	F. LEMUT	
	01-03-26	F. LEMUT	
NEW LAYERS	01-05-28	F. LEMUT	
NEW COLOUR SCHEME	01-07-30	F. LEMUT	
NEW BORDER	01-11-21	F. LEMUT	
NEW LINE EXTENSION	02-06-10	F. LEMUT	
subdivision exclusion	03-02-10	F. LEMUT	
SWITCH UPDATES	03-03-04	F. LEMUT	
NEW LINE EXTENSION (HWY #25)	04-10-14	C. HALE	
SWITCH UPDATES	05-01-07	C.HALE	
SWITCH UPDATES	05-01-25	C.HALE	
"APPROVED BY" REVISED	05-07-12	C.HALE	
UPDATED COND. SIZES	05-07-22	M. WRIGHT	
ADDED Tx.'S @ 401 WEIGH SCALE STATIONS	06-01-12	C.HALE	
LINE EXTENSION (5 SDRD)/ SWITCH UPDATES	06-02-14	C.HALE	
NEW SERVICE (E11F092)	06-05-24	C.HALE	
ADDED 41M29 & 41M30	06-06-15	C.HALE	

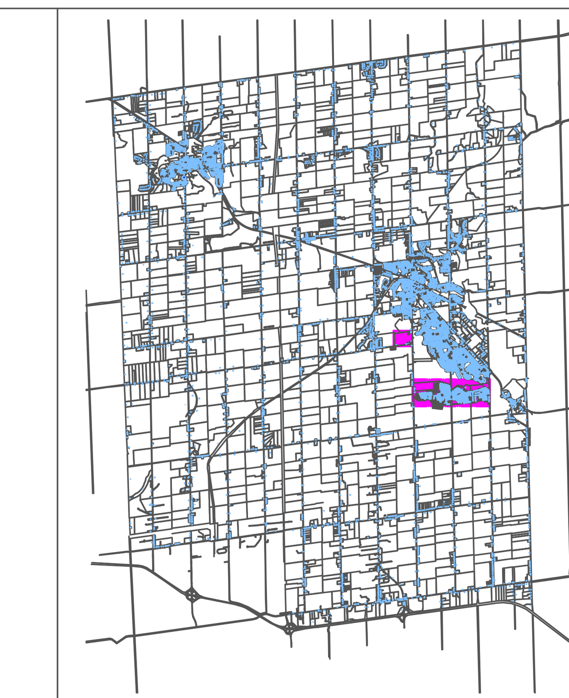
REVISIONS

HALTON HILLS HYDRO Inc.
43 ALICE STREET, ACTON, ONTARIO L7J 2A9
(905) 453-2222 FAX# (519) 853-5168

27.6kV SCHEMATIC HALTON REGION

DESIGNED BY:	M. MAROSCHAK	H.H.H. FILE: U:\ ENGINEERING OPERATIONS\ 6. SPECS & DOCUMENTS\ 01. HHH DRAFTING SPECS\ SYSTEM MAPS UNDER WORK\ 27.6kV\ FULL VIEW\ A0	H.H.H. DWG. NO.
DRAWN BY:	F. LEMUT		
APPROVED BY:	M. MAROSCHAK		
SIGNATURE:		DATE: 99-03-01	DWG. NO.
SCALE:	N.T.S.		





KEY MAP

LEGEND

OVERHEAD 3 PHASE
OVERHEAD 1 PHASE
UNDERGROUND 500 MCM CU
UNDERGROUND 3 PHASE
UNDERGROUND 1 PHASE
R OVERHEAD RED PHASE
B OVERHEAD BLUE PHASE
W OVERHEAD WHITE PHASE
R UNDERGROUND RED PHASE
B UNDERGROUND BLUE PHASE
W UNDERGROUND WHITE PHASE
PADMOUNT TRANSFORMER
K K-BAR UNIT
LOAD BREAK SWITCH
S FUSED CUTOUT SWITCH
FAULT LINE INDICATOR
OPEN POINT

NOTES

REVISION	DATE	MADE BY	CHECKED BY
	99/03/24	M. MAROSCHAK	
	99/04/20	M. MAROSCHAK	
	00-03-11	F. LEMUT	
	01-02-19	F. LEMUT	
	01-03-26	F. LEMUT	
	01-05-28	F. LEMUT	
	01-07-30	F. LEMUT	
CHECK WHOLE SYSTEM	03-01-21	F. LEMUT	
"APPROVED BY" REVISED	05-07-12	C. HALE	
ADDED SUBD. NAMES TO MAP	05-11-01	C. HALE	
ADDITIONS TO MAP	06-12-18	C. HALE	

REVISIONS

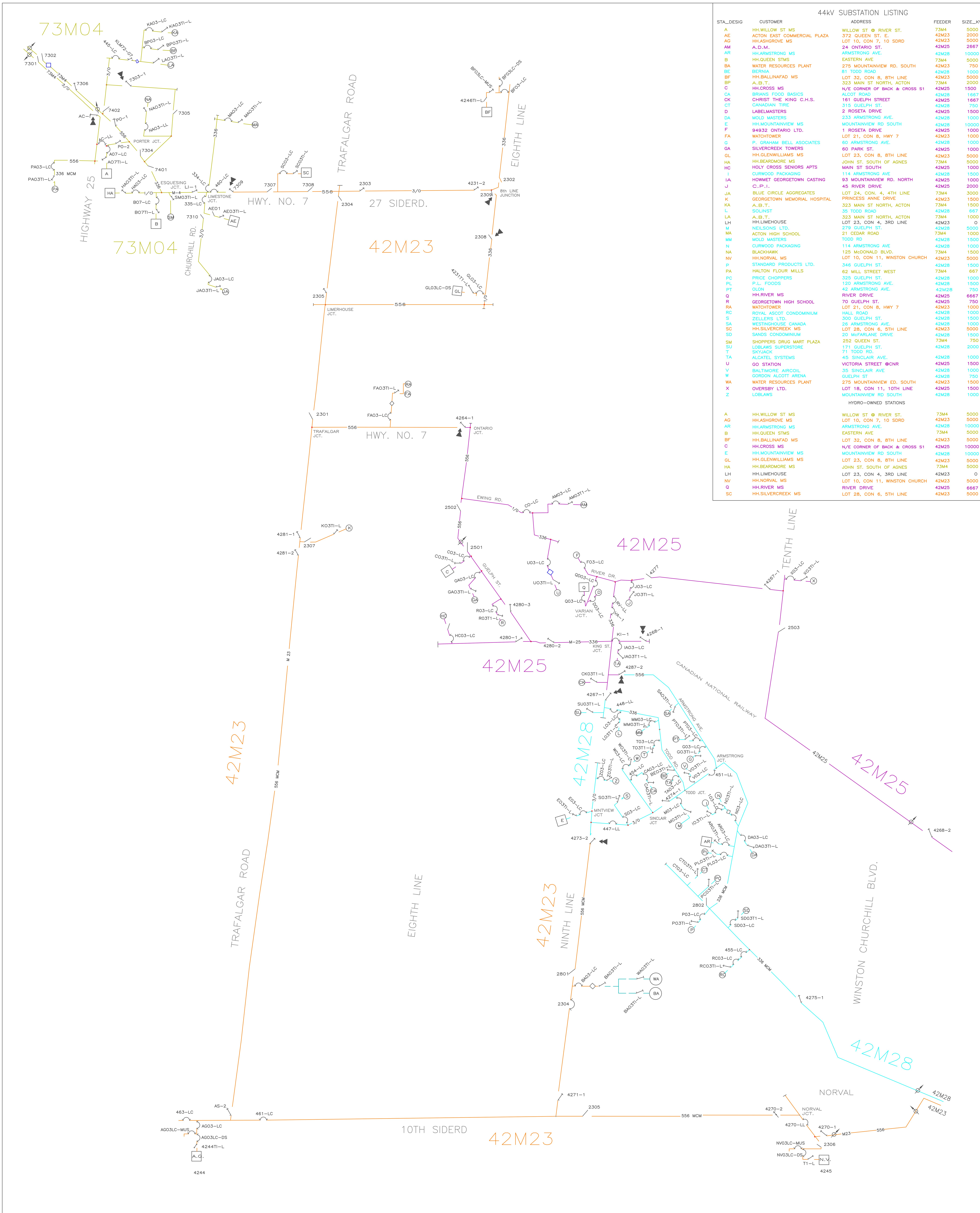
HALTON HILLS HYDRO Inc.

43 ALICE STREET, ACTON, ONTARIO L7J 2A9

(905) 453-2222 FAX# (519) 853-5168

27.6kV SCHEMATIC

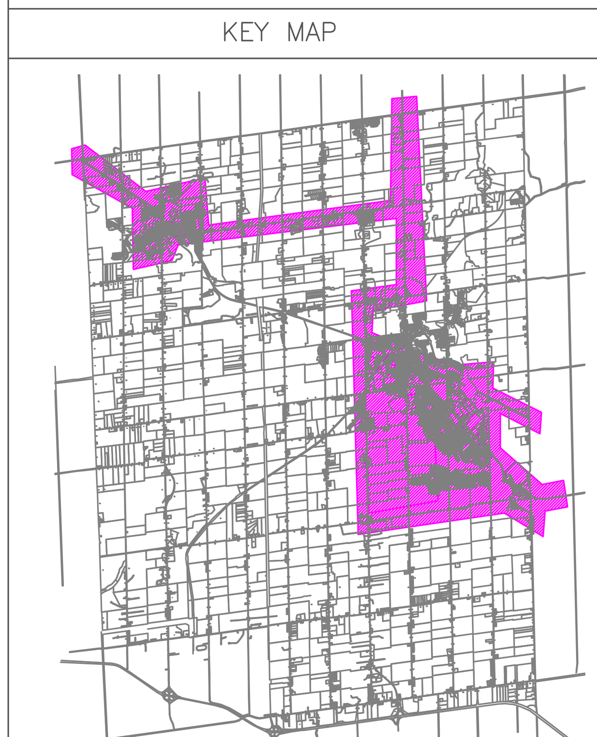
DESIGNED BY:	M. MAROSCHAK	H.H.H. FILE: U:\ ENGINEERING OPERATIONS\ 6. SPECS & DOCUMENTS\ 01. HHH DRAFTING SPECS\ SYSTEM MAPS UNDER WORK\ 27.6kV\ SUBDIVISIONS\ GEO SOUTH\	H.H.H. DWG. NO.
DRAWN BY:	F. LEMUT		
APPROVED BY:	M. MAROSCHAK		
SIGNATURE:		DATE: 99-03-01	DWG. NO.
SCALE:	N.T.S.		



44kV SUBSTATION LISTING

STA_DESIG	CUSTOMER	ADDRESS	FEEDER	SIZE_KVA
A	HH.WILLOW ST MS	WILLOW ST @ RIVER ST.	73M4	5000
AE	ACTON EAST COMMERCIAL PLAZA	372 QUEEN ST. E.	42M23	2000
AG	HH.ASHGROVE MS	LOT 10, CON 7, 10 SDRD	42M23	5000
AM	A.D.M.	24 ONTARIO ST.	42M25	2667
AR	HH.ARMSTRONG MS	ARMSTRONG AVE.	42M28	10000
B	HH.QUEEN STMS	EASTERN AVE	73M4	5000
BA	WATER RESOURCES PLANT	275 MOUNTAINVIEW RD. SOUTH	42M23	750
BE	BERNIA	81 TODD ROAD	42M28	1000
BF	HH.BALLINAFAD MS	LOT 32, CON 8, 8TH LINE	42M23	5000
BP	A.B.T.	323 MAIN ST NORTH, ACTON	73M4	2000
C	HH.CROSS MS	N/E CORNER OF BACK & CROSS S1	42M25	1500
CA	BRIANS FOOD BASICS	ALCOT ROAD	42M28	1667
CK	CHRIST THE KING C.H.S.	161 GUELPH STREET	42M25	1667
CT	CANADIAN TIRE	315 GUELPH ST.	42M28	750
D	LABELMASTERS	2 ROSETA DRIVE	42M25	1500
DA	MOLD MASTERS	233 ARMSTRONG AVE.	42M28	1000
E	HH.MOUNTAINVIEW MS	MOUNTAINVIEW RD SOUTH	42M28	10000
F	94932 ONTARIO LTD.	1 ROSETA DRIVE	42M25	1000
FA	WATCHTOWER	LOT 21, CON 8, HWY 7	42M23	1000
G	P. GRAHAM BELL ASOCIATES	60 ARMSTRONG AVE.	42M28	1000
GA	SILVERCREEK TOWERS	60 PARK ST.	42M25	1000
GL	HH.GLENWILLIAMS MS	LOT 23, CON 8, 8TH LINE	42M23	5000
HA	HH.BEARDMORE MS	JOHN ST. SOUTH OF AGNES	73M4	5000
HC	HOLY CROSS SENIORS APTS	MAIN ST SOUTH	42M25	1000
I	CURWOOD PACKAGING	114 ARMSTRONG AVE	42M28	1500
IA	HOWMET GEORGETOWN CASTING	93 MOUNTAINVIEW RD. NORTH	42M25	1000
J	C.P.I.	45 RIVER DRIVE	42M25	2000
JA	BLUE CIRCLE AGGREGATES	LOT 24, CON. 4, 4TH LINE	73M4	3000
K	GEORGETOWN MEMORIAL HOSPITAL	PRINCESS ANNE DRIVE	42M23	1500
KA	A.B.T.	323 MAIN ST NORTH, ACTON	73M4	1500
L	SOLINST	35 TODD ROAD	42M28	667
LA	A.B.T.	323 MAIN ST NORTH, ACTON	73M4	1000
LH	HH.LIMEHOUSE	LOT 23, CON 4, 3RD LINE	42M23	0
M	NEILSONS LTD.	279 GUELPH ST.	42M28	5000
MA	ACTON HIGH SCHOOL	21 CEDAR ROAD	73M4	1000
MM	MOLD MASTERS	TODD RD	42M28	1500
N	CURWOOD PACKAGING	114 ARMSTRONG AVE	42M28	1000
NA	BLACKHAWK	125 McDONALD BLVD.	73M4	1500
NV	HH.NORVAL MS	LOT 10, CON 11, WINSTON CHURCH	42M23	5000
P	STANDARD PRODUCTS LTD.	346 GUELPH ST.	42M28	1500
PA	HALTON FLOUR MILLS	62 MILL STREET WEST	73M4	667
PC	PRICE CHOPPERS	325 GUELPH ST.	42M28	1000
PL	P.L. FOODS	120 ARMSTRONG AVE.	42M28	1500
PT	OLON	42 ARMSTRONG AVE.	42M28	750
Q	HH.RIVER MS	RIVER DRIVE	42M25	6667
R	GEORGETOWN HIGH SCHOOL	70 GUELPH ST.	42M25	750
RA	WATCHTOWER	LOT 21, CON 8, HWY 7	42M23	1000
RC	ROYAL ASCOT CONDOMINIUM	HALL ROAD	42M28	1000
S	ZELLERS LTD.	300 GUELPH ST.	42M28	1500
SA	WESTINGHOUSE CANADA	26 ARMSTRONG AVE.	42M28	1000
SC	HH.SILVERCREEK MS	LOT 28, CON 6, 5TH LINE	42M23	5000
SD	SANDS CONDOMINIUM	20 McFARLANE DRIVE	42M28	1500
SM	SHOPPERS DRUG MART PLAZA	252 QUEEN ST.	73M4	750
SU	LOBLAWS SUPERSTORE	171 GUELPH ST.	42M28	2000
T	SKYJACK	71 TODD RD.		
TA	ALCATEL SYSTEMS	45 SINCLAIR AVE.	42M28	1000
U	GO STATION	VICTORIA STREET @CNR	42M25	1500
V	BALTIMORE AIRCOIL	35 SINCLAIR AVE	42M28	1000
W	GORDON ALCOTT ARENA	GUELPH ST	42M28	750
WA	WATER RESOURCES PLANT	275 MOUNTAINVIEW ED. SOUTH	42M23	1500
X	OVERSBY LTD.	LOT 18, CON 11, 10TH LINE	42M25	1500
Z	LOBLAWS	MOUNTAINVIEW RD SOUTH	42M28	1000
		HYDRO—OWNED STATIONS		
A	HH.WILLOW ST MS	WILLOW ST @ RIVER ST.	73M4	5000
AG	HH.ASHGROVE MS	LOT 10, CON 7, 10 SDRD	42M23	5000
AR	HH.ARMSTRONG MS	ARMSTRONG AVE.	42M28	10000
B	HH.QUEEN STMS	EASTERN AVE	73M4	5000
BF	HH.BALLINAFAD MS	LOT 32, CON 8, 8TH LINE	42M23	5000
C	HH.CROSS MS	N/E CORNER OF BACK & CROSS S1	42M25	10000
E	HH.MOUNTAINVIEW MS	MOUNTAINVIEW RD SOUTH	42M28	10000
GL	HH.GLENWILLIAMS MS	LOT 23, CON 8, 8TH LINE	42M23	5000
HA	HH.BEARDMORE MS	JOHN ST. SOUTH OF AGNES	73M4	5000
LH	HH.LIMEHOUSE	LOT 23, CON 4, 3RD LINE	42M23	0
NV	HH.NORVAL MS	LOT 10, CON 11, WINSTON CHURCH	42M23	5000
Q	HH.RIVER MS	RIVER DRIVE	42M25	6667
SC	HH.SILVERCREEK MS	LOT 28, CON 6, 5TH LINE	42M23	5000

KEY MAP



LEGEND

- 42M23 FEEDER
- 42M25 FEEDER
- 42M28 FEEDER
- 73M04 FEEDER
- 1 PHASE U/G CABLE
- 3 PHASE U/G CABLE
- FAULT LINE INDICATOR
- OPEN POINT
- DEAD END
- SOLID BLADE SWITCH
- LOAD INTERRUPT SWITCH
- MID SPAN OPENER
- GANG OPERATED AIR BREAK
- BA SUB STATION (CUSTOMER OWNED)
- A.G. SUB STATION (HYDRO—OWNED)

NOTES

REVISION	MADE BY	DATE
	M. MAROSCHAK	99—02—01
	F. LEMUT	01—01—10
NEW BORDER & LINETYPES	F. LEMUT	01—07—24
NEW COLOUR SCHEME	F. LEMUT	01—07—31
OPEN POINT CHANGES	F. LEMUT	01—08—01
NEW SWITCHES	F. LEMUT	01—11—30
NEW SWITCHES	F. LEMUT	02—02—28
NEW OPEN POINT	F. LEMUT	02—04—25
NAME CHANGE (HOWMET)	F. LEMUT	03—04—28
NEW SUBSTATION	C. HALE	04—10—14
NEW/ REMOVED SWITCHES	C. HALE	04—10—18
ADDED FCI AT CROSS S.S.	C. HALE	04—12—24
NEW SUBSTATION	C. HALE	05—01—05
"APPROVED BY" REVISED	C. HALE	05—07—12
NEW SUBSTATION	C. HALE	06—01—11
REMOVE/ NEW SWITCH (2309)	C. HALE	06—02—07
NEW OPEN POINT	C. HALE	06—02—20
SERVICE CHANGE (SA)	C. HALE	06—09—29

44 KV SCHEMATIC

HALTON HILLS HYDRO Inc.

43 ALICE STREET, ACTON, ONTARIO L7J 2A9

(905) 453—2222 FAX# (519) 853—5168

DESIGNED BY:	M.MAROSCHAK	H.H.H. FILE: U:\ ENGINEERING OPERATIONS\ 6. SPECS & DOCUMENTS\ 01. HHH DRAFTING SPECS\ SYSTEM MAPS UNDER WORK\ 44kV\	H.H.H. DWG. NO.
DRAWN BY:	F. LEMUT		
APPROVED BY:	M.MAROSCHAK		
SIGNATURE:		DATE: 99—03—01	DWG. NO.
SCALE:	N.T.S.		

APPENDIX B

Financial Statements

APPENDIX B

Financial Statements

1. Audited Financial Statements at December 31, 2006 (from Exhibit 1, Tab 3, Schedule 1)
2. Pro Forma Financial Statements at December 31, 2007 (from Exhibit 1, Tab 3, Schedule 2)
3. Pro Forma Financial Statements at December 31, 2008 (from Exhibit 1, Tab 3, Schedule 2)

Non-Consolidated Financial Statements of

HALTON HILLS HYDRO INC.

December 31, 2006

Deloitte.

Deloitte & Touche LLP
4210 King Street East
Kitchener ON N2P 2G5
Canada

Tel: (519) 650-7600
Fax: (519) 650-7601
www.deloitte.ca

Auditors' Report

To the Directors of
Halton Hills Hydro Inc.

We have audited the non-consolidated balance sheet of Halton Hills Hydro Inc. as at December 31, 2006 and the non-consolidated statements of income and retained earnings and of cash flows for the year then ended. These financial statements have been prepared on a non-consolidated basis for income tax purposes. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these non-consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with the basis of accounting disclosed in Note 3 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the Directors of Halton Hills Hydro Inc. and the provincial income tax authorities, for income tax purposes. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

March 29, 2007

TABLE OF CONTENTS

HALTON HILLS HYDRO INC.
Non-Consolidated Statement of Income and Retained Earnings
Year Ended December 31, 2006

	2006	2005
REVENUE		
Service revenue (Note 16)	**$ 45,619,622**	$ 45,731,875
Other income	**1,514,435**	1,116,930
	47,134,057	46,848,805
OPERATING EXPENSES		
Power costs	**35,130,342**	36,847,936
Salaries and benefits	**3,636,852**	3,489,322
Material costs	**2,690,912**	1,514,086
Contract services	**2,102,678**	2,704,632
Property costs	**521,663**	517,652
Other expenses	**855,429**	753,768
Communication costs	**268,081**	260,991
Capital taxes	**101,683**	68,445
Allocated to capital	**(5,012,989)**	(4,702,453)
	40,294,651	41,454,379
INCOME BEFORE THE UNDERNOTED	**6,839,406**	5,394,426
RECOVERY OF REGULATORY ASSETS	**1,471,724**	1,004,331
AMORTIZATION	**1,930,209**	1,884,106
INTEREST EXPENSE	**1,542,001**	1,188,834
	4,943,934	4,077,271
INCOME BEFORE INCOME TAXES	**1,895,472**	1,317,155
PROVISION FOR INCOME TAXES (Note 17)		
Current	**729,981**	646,313
NET INCOME	**1,165,491**	670,842
RETAINED EARNINGS, BEGINNING OF THE YEAR	**3,065,624**	2,394,782
RETAINED EARNINGS, END OF THE YEAR	**$ 4,231,115**	$ 3,065,624

HALTON HILLS HYDRO INC.
Non-Consolidated Balance Sheet
December 31, 2006

	2006	2005
ASSETS		
CURRENT		
Cash and cash equivalents	**$ 1,600,010**	$ 2,085,729
Accounts receivable (Note 4)	**3,402,683**	3,389,257
Unbilled revenue	**5,677,289**	5,519,301
Inventory	**1,087,028**	995,697
Due from related companies (Note 5)	**1,341,153**	1,334,080
Prepaid expenses and deposits	**248,551**	286,144
	13,356,714	13,610,208
NOTES RECEIVABLE (Note 6)	**865,551**	865,551
REGULATORY ASSETS (Note 7)	**3,046,254**	4,468,443
LONG-TERM INVESTMENTS (Note 8)	**906,370**	904,773
CAPITAL ASSETS (Note 9)	**26,948,895**	24,809,367
GOODWILL	**352,881**	352,881
DEFERRED CHARGES	**47,787**	79,645
	$ 45,524,452	$ 45,090,868
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 10)	**$ 7,588,026**	$ 8,228,664
Deferred revenue (Note 11)	**322,890**	456,507
Current portion of consumer deposits	**250,000**	250,000
	8,160,916	8,935,171
NOTE PAYABLE TO PARENT (Note 12)	**16,141,970**	16,141,970
CONSUMER DEPOSITS	**371,888**	339,440
EMPLOYEE FUTURE BENEFITS (Note 13)	**456,900**	447,000
	25,131,674	25,863,581
CONTINGENT LIABILITIES (Note 14)		
SHAREHOLDER'S EQUITY		
Capital stock (Note 15)	**16,161,663**	16,161,663
Retained earnings	**4,231,115**	3,065,624
	20,392,778	19,227,287
	$ 45,524,452	$ 45,090,868

APPROVED BY THE BOARD

Susan Royce .... **Director**

J.A. Watson .... **Director**

HALTON HILLS HYDRO INC.
Non-Consolidated Statement of Cash Flows
Year Ended December 31, 2006

	2006	2005
OPERATING ACTIVITIES		
Cash from operations		
Net income	**$ 1,165,491**	$ 670,842
Items not affecting cash:		
Amortization	**1,930,209**	1,884,106
Gain on disposal of capital assets	**(774)**	(25,444)
Difference between employee future benefits expense and amount funded	**9,900**	12,500
Equity in loss (income) of limited partnership	**(1,597)**	1,297
	3,103,229	2,543,301
Change in regulatory assets	**1,422,189**	(498,847)
Changes in non-cash working capital (Note 18)	**(1,602,598)**	473,213
	2,922,820	2,517,667
FINANCING ACTIVITY		
Net consumer deposits received (repaid)	**32,448**	(355,417)
INVESTING ACTIVITIES		
Purchase of capital assets	**(3,477,748)**	(3,140,292)
Proceeds on disposal of capital assets	**4,903**	25,610
Deferred charges	**31,858**	(79,645)
	(3,440,987)	(3,194,327)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(485,719)**	(1,032,077)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	**2,085,729**	3,117,806
CASH AND CASH EQUIVALENTS, END OF YEAR	**$ 1,600,010**	$ 2,085,729
SUPPLEMENTAL DISCLOSURE		
Payments for interest	**$ 1,493,457**	$ 1,286,905
Net payments for income tax	**$ 636,269**	$ 826,758

1. NATURE OF OPERATIONS

Halton Hills Hydro Inc., the 'Company', is a wholly-owned corporation of the Town of Halton Hills, and was incorporated on April 13, 1999 under the laws of the Province of Ontario.

The principal activity of the Company is to provide electric power distribution throughout the municipality of Halton Hills.

2. REGULATION

Regulator

The Ontario Energy Board (OEB) has regulatory oversight of the electricity industry in the Province of Ontario. The Ontario Energy Board Act, 1998, the Electricity Act, 1998, the Electricity Restructuring Act, 2004 and a number of other provincial statutes set out the OEB's mandate and authority. The OEB prescribes and enforces licence requirements and conditions towards the following objectives as set out in the Electricity Restructuring Act, 2004:

- To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service; and
- To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

The OEB's authority and responsibilities include the ability to approve and set rates for the transmission and distribution of electricity, to provide rate protection for various electricity consumers, and to ensure electricity distribution companies fulfill their customer service obligations.

Rate approval process

Rate applications are generally due on an annual basis, with the 2007 rate application due no later than January 26, 2007. The Company, OEB licence number ED-2002-0552, has complied with the filing deadline for the 2007 rate application. Rate adjustments for 2007 will be approved by and come into effect May 1, 2007. The OEB decision in regards to 2007 rates is expected in April 2007.

The rate application process includes oral or written public hearings whereby those who may be affected by the OEB's ruling have the opportunity to express their views.

The OEB Electricity Distribution Rate Handbook contains policies, guidelines and procedures used by Ontario electricity distributors in preparing applications for the 2006 distribution rates.

The OEB has traditionally regulated distribution rates based upon cost-of-service methodology. In 2007, however, the OEB has adopted an incentive rate setting mechanism (IRM) for electricity distributors. Incentive regulation is intended to provide distributors with the opportunity to increase returns to shareholders through the implementation of efficiency initiatives. These efficiencies are also intended to benefit ratepayers by reducing costs.

2. REGULATION (continued)

Type of regulation

The OEB initiated a process to update approved 2006 rates based on the "Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors". The objective of the 2nd generation IRM is to provide regulatory certainty to distributors as rate-related studies are carried out. The 2nd generation IRM will be in place for a maximum of three years. Distributor rates will not be rebased prior to implementing the incentive rate adjustment effective May 1, 2007. The OEB will rebase rates for distributors over three years, beginning in 2008. The Company has applied for a 2008 rebasing from the OEB.

The OEB has retained a price cap form of adjustment mechanism for the IRM. The price cap adjustment will be applied to distribution rates, uniformly across all customer classes and to both the monthly service charge and volumetric rate, including taxes. The adjustment is net of the smart meter funding, large corporation tax allowance, incremental 2006 CDM funding, regulatory assets rate rider and specific service charges. The OEB will use the Canada Gross Domestic Product Implicit Price Index for final domestic demand as the price cap escalator. For 2007, the price cap has been set at 1.92%

Offsetting the price cap, is a productivity differential. The OEB has determined that electricity distributors will be subject to a 1% productivity differential for the duration of the 2nd Generation IRM.

Thus, for 2007, with the price cap set at 1.92% and annual productivity gain of 1%, an increase in rates of 0.92% is anticipated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared on a non-consolidated basis for income tax purposes and reflect the following significant accounting policies as set forth in the Accounting Procedures Handbook issued by the Ontario Energy Board (OEB) under the authority of the Ontario Energy Board Act, 1998. These financial statements materially differ from Canadian generally accepted accounting principles (GAAP) because they are non-consolidated. Consolidated financial statements have been presented to the shareholder.

Regulation

The following accounting policies under the regulated environment differ from GAAP for companies operating in an unregulated environment:

Contributions in aid of construction

Contributions in aid of construction consist of third party contributions toward the cost of constructing Company assets. Amortization of contributed capital is on a straight-line basis over 25 years. Capital contributions for the year of $543,189 (2005 - $1,043,632) have been charged as an offset to capital assets.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Regulatory assets

Regulatory assets represent future revenues associated with costs incurred in the current or prior periods, which are expected to be recovered from customers in future periods through the rate setting process.

Regulatory assets result from the provincially approved rate of the OEB and represent differences between costs incurred and those collected through rates. Regulatory assets on the balance sheet at year-end relate primarily to retail settlement variance accounts, pre-market opening cost of power variances and transition costs. Transition costs consist primarily of qualifying capital and related costs incurred in the preparation of market opening. Regulatory assets will be recognized for rate-setting and financial statement purposes only to the extent allowed by the regulator.

The regulatory assets are recovered through incremental amounts charged to consumers as approved by the OEB and included in service revenue. The related reduction of the regulatory assets is disclosed separately on the Statement of Income.

The Ontario Energy Board Amendments Act (Electricity Pricing), 2003, in conjunction with Bill 4, allows for recovery of regulatory assets. The 2006 rate decision included approval to recover regulatory asset balances to December 31, 2004 based on a variable charge over a two-year period beginning with the rate change on May 1, 2006. Transition costs recoveries were approved after a write-down of 10% of the total balance recoverable as at May 1, 2006 (including interest) which was charged to income during the year.

Payment in lieu of income taxes

Under the Electricity Act, 1998, the Company is required to make payments-in-lieu of corporate income taxes (PILs) to the Ontario Electricity Financial Corporation (OEFC). These payments are recorded in accordance with the rules for computing income taxes, taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) and modified by the Electricity Act, 1998, and related regulations.

The Company, regulated by the OEB, provides for PILs using the taxes payable method.

Under the taxes payable method, no provision is made for future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying values for accounting purposes. Future income taxes are expected to be reflected in future rates, and, accordingly, are not recognized in the financial information.

Future PILs disclosures are included in Note 17.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred revenue

Deferred revenue consists of deferred Conservation and Demand Management (CDM) revenues and deferred Smart Metering revenues.

Deferred CDM revenues consist of the net amount of the final one-third market-based revenue requirement adjustment, and incremental CDM funding approved through the 2006 rate setting process, in excess of funds expended on CDM activities. The 2005 rates included the final one-third adjustment, as approved by the OEB in March 2005, to bring the Company to its market-based rate of return. The rate adjustment is subject to a financial commitment by the Company to invest an amount equivalent to the final one-third increase, $715,000 in CDM activities over the next three years. The 2006 rates include incremental operating and capital CDM funds totalling $179,669.

Deferred Smart Metering revenues consist of funding to begin the transition of the Company's legacy metering assets to smart meters. The basis for the installation of 800,000 smart meters in Ontario by the end of 2007 and all homes and businesses by the end of 2010 is outlaid in the Energy Conservation Responsibility Act, 2006. These meters will have the capacity to measure and report usage over certain periods, be read remotely and provide customers with access to information about their consumption. The 2006 rates of the Company included $136,800 to begin smart meter deployment.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include unbilled revenue. Actual results could differ from those estimates.

Revenue recognition

Service revenue is recorded on the basis of regular meter readings and estimated power usage since the last meter reading date to the year-end. The related cost of power is recorded on the basis of power used.

Other revenues, which include pole attachment rentals, customer requested services and other miscellaneous revenues, are recognized as the service activity is performed.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances with banks, and investments in money market instruments, with maturities of 90 days or less at acquisition. Investing and financing activities that do not require the use of cash or cash equivalents are excluded from the Statement of Cash Flows and disclosed separately.

Inventory

Inventory is valued at the lower of average cost and net realizable value.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-term investments

Long-term investments in subsidiary companies are recorded at cost.

The Company follows the equity method of accounting for its investment in a limited partnership. Under this method, the investment is initially recorded at cost and is adjusted for the Company's proportionate share of any post-acquisition earnings, losses and distributions.

Capital assets

Capital assets are recorded at cost. Amortization is provided on a straight-line basis over the useful service life as follows:

Distribution system	25 years
Plant	25 - 60 years
Fleet	5 - 8 years
Other equipment	10 - 15 years
Computer equipment and software	1 - 5 years
General office	10 years
Stores equipment	10 years

Capital assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when their carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

Deferred charges

Deferred charges consist of expenditures that provide future benefit. These charges are amortized on a straight-line basis over 3 years.

Goodwill

Goodwill is recorded at amortized cost as at December 31, 2001. The carrying value of goodwill is tested against the fair values of the entities which generated the goodwill on an annual basis. If the carrying amount exceeds fair value, an impairment loss is recognized in the statement of income in an amount equal to the excess. Management has reviewed the fair values of the entities and has determined that no impairment of goodwill exists

Employee future benefits

The Company provides its current and retired employees with life insurance and medical benefits beyond those provided by government-sponsored plans. The cost of these benefits is expensed as earned through employment service.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Asset retirement obligations

The Company recognizes the liability for an asset retirement that results from acquisition, construction, development or normal operations. The liability for an asset retirement is initially recorded at its fair value in the year in which it is incurred and when a reasonable estimate of fair value can be made. The corresponding cost is capitalized as part of the related asset and is amortized over the asset's useful life. In subsequent years, the liability is adjusted for changes resulting from the passage of time and revisions to either the timing or the amount of the original estimate of the undiscounted cash flows. The accretion of the liability to its fair value as a result of the passage of time is charged to earnings.

4. ACCOUNTS RECEIVABLE

	2006	2005
Electric service revenue	**$ 3,052,241**	$ 2,371,474
Miscellaneous	**394,414**	907,762
Town of Halton Hills	**45,578**	213,558
	3,492,233	3,492,794
Less allowance for doubtful accounts	**(89,550)**	(103,537)
	$ 3,402,683	$ 3,389,257

The accounts receivable from the Town of Halton Hills arose in the normal course of operations and is due under normal terms of trade.

Miscellaneous accounts receivable includes $18,514 (2005 - $24,342) due from related companies. These receivables arose in the normal course of operations and are due under normal terms of trade.

5. DUE FROM RELATED COMPANIES

The Company performs billing and collecting services, capital asset maintenance, finance functions, as well as certain engineering and information system services for related companies.

Amounts due from related companies at December 31st for transactions in the normal course of operations are as follows:

	2006	2005
Halton Hills Fibre Optics Inc.	**$ 891,957**	$ 1,017,204
Southwestern Energy Inc.	**305,685**	27,830
Halton Hills Energy Services Inc.	**135,935**	283,550
Halton Hills Energy Inc.	**7,576**	5,496
	$ 1,341,153	$ 1,334,080

5. DUE FROM RELATED COMPANIES (continued)

Repayments of advances to Halton Hills Fibre Optics Inc. for capital initiatives amounted to $250,000 during the year (2005 - $100,000 advanced). The net amount advanced for capital initiatives of $350,000 (2005 - $600,000) is unsecured, bears interest at the prime rate less ½ % and has no specific repayment terms.

Other than the above, these receivables are unsecured and have no specific interest or repayment terms.

Administrative services provided by the Company to related companies during the year are as follows:

	2006	2005
Halton Hills Fibre Optics Inc.	$ 79,476	$ 63,480
SouthWestern Energy Inc.	308,008	271,506
	$ 387,484	$ 334,986

6. NOTES RECEIVABLE

The Company holds the following notes receivable:

	2006	2005
Halton Hills Energy Services Inc., unsecured, non-interest bearing, no fixed terms of repayment, due December 31, 2010	$ 171,853	$ 171,853
Halton Hills Fibre Optics Inc., unsecured, bears interest at prime less 1%, no fixed repayment terms for principal, due December 31, 2010	693,698	693,698
	$ 865,551	$ 865,551

7. REGULATORY ASSETS

Regulatory assets are as follows:

	2006	2005
Pre-market opening energy variance	$ 323,328	$ 337,166
Retail settlement variance	2,150,514	3,737,662
Retail cost variance	165,841	11,949
Transition costs	406,571	381,666
	$ 3,046,254	$ 4,468,443

7. REGULATORY ASSETS (continued)

Management expects that regulatory assets attained during 2005 and 2006 will be recovered through future rate increases. If in a future decision, the regulator determines that the existing regulatory treatment is no longer applicable, the regulatory assets would be charged to operations.

In the absence of rate regulation, GAAP would require that the actual purchased power costs (including any variances arising from electricity commodity, retail transmission and wholesale market costs), as well as transition costs, be recognized as an expense when incurred.

In the absence of rate regulation, power costs for the year would have been lower (higher) by $1,581,331 (2005 - $(202,466)) and interest income would have been lower by $159,142 (2005 - $296,381). The net effect, in the absence of rate regulation, is a pre-tax increase (decrease) in net income of $1,422,189 (2005 - $(498,847)).

8. LONG-TERM INVESTMENTS

The Company holds the following investments, all of which are wholly-owned, except for the investment in EnerConnect Inc., a limited partnership investment, of which 46,389 units (1.5865% share of partnership) are held:

	2006	2005
Halton Hills Energy Inc.	**$ 1**	$ 1
SouthWestern Energy Inc.	**171,853**	171,853
Halton Hills Fibre Optics Inc.	**693,698**	693,698
EnerConnect Inc.	**40,818**	39,221
	$ 906,370	$ 904,773

The investment in EnerConnect includes the proportionate share of the company's income (loss) for the year of $1,597 (2005 - $(1,297)).

9. CAPITAL ASSETS

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Distribution system	**$ 27,382,836**	**$ 6,444,355**	**$ 20,938,481**	$19,694,821
Plant	**8,793,468**	**1,883,420**	**6,910,048**	6,377,933
Fleet	**1,507,255**	**1,003,043**	**504,212**	521,345
Other equipment	**2,066,430**	**518,743**	**1,547,687**	907,691
Computer equipment and software	**1,462,107**	**1,059,459**	**402,648**	260,240
General office	**310,200**	**159,524**	**150,676**	136,300
Stores equipment	**53,151**	**33,237**	**19,914**	23,146
Contributed capital	**(3,872,520)**	**(347,749)**	**(3,524,771)**	(3,112,109)
	$ 37,702,927	**$ 10,754,032**	**$ 26,948,895**	$24,809,367

During the year, the Company recorded capital asset additions of $4,073,866 (2005 - $2,671,398), of which $724,605 (2005 - $128,487) were recorded in accounts payable at year-end.

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities includes an amount of $Nil (2005 - $1,124,680) due to low volume and designated customers arising from the Ontario Price Credit (OPC) rebate program. The rebate funds were received by the Company from the Ontario Electricity Financial Corporation (OEFC) through the Independent Electricity System Operator. The OPC rebate represents the OEFC surplus between fixed and wholesale electricity commodity prices during the period April 1, 2004 and March 31, 2005.

Accounts payable and accrued liabilities also includes $1,081 (2005 - $5,778) due to related companies. These payables arose in the normal course of operations and are due under normal terms of trade.

11. DEFERRED REVENUE

During the year, the Company collected $330,990 (2005 - $595,833), for a total of $926,823 to date of revenue related to the final one-third market-based rate of return adjustment, 2006 CDM and 2006 Smart Meter funding. Also, during the year, the Company expended $464,607 (2005 - $139,326), for a total of $603,933 to date towards CDM and Smart Metering activities. The net balance of revenues over expenditures to date totals $322,890 (2005 - $456,507).

In the absence of rate regulation, service revenue for the year would have been higher by $322,890 (2005 - $456,507), resulting in a pre-tax increase in net income of $322,890 (2005 - $456,507).

12. NOTE PAYABLE

The note payable is due to the Town of Halton Hills, bears interest at a prescribed rate set annually by the Town and is due December 31, 2010. For 2006, the prescribed interest was set at 9.16%. In 2007, the prescribed rate of interest is 8.93%. There are no fixed terms for the repayment of principal.

13. EMPLOYEE FUTURE BENEFITS

The Company pays certain medical and life insurance benefits on behalf of its retired employees. The Company recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability at December 31, 2006 of $456,900 (2005 - $447,000) and the expense for the year then ended was determined by actuarial valuation using a discount rate of 5.0%.

Information regarding the defined benefit plan of the Company is as follows:

	2006	2005
Accrued benefit liability at January 1	**$ 447,000**	$ 434,500
Expense for the year ended December 31	**25,735**	29,220
Benefits paid during the year	**(15,835)**	(16,720)
Projected accrued benefit obligation at December 31 determined by actuarial valuation using a 5.0% discount rate	**$ 456,900**	$ 447,000

The main actuarial assumptions utilized for the valuation are as follows:

General Inflation – future general inflation levels, as measured by the changes in the Consumer Price Index (CPI), were assumed at 2.0% in 2006 and thereafter.

Discount (Interest) Rate – the obligation as at December 31, 2006 of the present value of future liabilities and the expense for the year then ended were determined using a discount rate of 5.0%. This corresponds to the assumed CPI rate plus an assumed real rate of return of 3.0%.

Salary levels – future general salary and wage levels were assumed to increase at the CPI rate plus productivity, merit and promotion gains of 1.3% per annum.

Medical costs – medical costs were assumed to increase at the CPI rate plus 8% in 2006. Thereafter, medical costs are assumed to decline by 1% per annum from the 2006 rate.

Dental costs – dental costs were assumed to increase at the CPI rate plus 3.0%.

14. CONTINGENT LIABILITIES

A class action claiming $500 million in restitutionary payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against the former Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario which have charged Late Payment charges on overdue utility bills at any time after April 1, 1981.

The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code.

The Company collected total late payment interest of $1,786,238 from January 1995 to December 2006. No determination of the portion of these payments which may have constituted interest at impermissible rates has been made.

The Electricity Distributors Association is undertaking the defence of this class action. At this time it is not possible to quantify the effect, if any, on the financial statements of the Company.

15. CAPITAL STOCK

	2006	2005
Authorized		
Unlimited number of preference shares		
Unlimited number of common shares		
Issued and fully paid		
1,152 common shares	**$ 16,161,663**	$ 16,161,663

16. SERVICE REVENUE

Service revenue consists of:

	2006	2005
Cost of power	**$ 35,130,342**	$ 36,847,936
Distribution	**10,489,280**	8,883,939
	$ 45,619,622	$ 45,731,875

17. PROVISION FOR TAXES

For the year ended December 31, 2006, the provision for PILs was $715,000 (2005 - $596,000). Actual expense for the year amounted to $729,981 (2005 - $646,313)

Future income taxes are not included in the tax provision for the company. If future income taxes were included, a future income tax asset of $715,000 (2005 - $1,045,000) and a future income tax cost (benefit) of $330,000 (2005 - $(185,000)) would have been recorded.

18. CHANGES IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital consists of the following:

	2006	2005
Accounts receivable	**$ (13,426)**	$ (219,865)
Unbilled revenue	**(157,988)**	(1,104,815)
Inventory	**(91,331)**	(108,735)
Prepaid expenses and deposits	**37,593**	(39,880)
Accounts payable and accrued liabilities	**(1,236,756)**	1,725,227
Due from related companies	**(7,073)**	(235,226)
Deferred revenue	**(133,617)**	456,507
	$ (1,602,598)	$ 473,213

19. COMMITMENTS

The Company has minimum annual lease commitments for office equipment and software support in the following approximate amounts:

2007	**$ 4,900**

There are no further commitments after 2007.

20. CREDIT FACILITIES

a) Credit limit:

The Company has available credit from a financial institution in the amount of $3,500,000 (2005 - $3,327,426). Credit is available to the Company in the form of prime based loans, bankers' acceptances, letters of credit or stand-by letters of guarantee. Interest on prime based loans is at prime less 0.55%. At year-end, only the letter of credit per b) below is outstanding. Security in the form of a first charge over the Company's assets and undertakings and an assignment of liability / fire insurance has been provided.

20. CREDIT FACILITIES (continued)

b) Security on Electricity purchases

As of May 2002, in order for the Company to obtain the electricity it requires to distribute to its customers, the Company is required to provide security to the Independent Electricity System Operator based on its estimated usage. The security obtained was a letter of credit issued in the amount of $1,952,426 (2005 - $1,952,426) from a financial institution.

c) Covenants

The above credit facilities require an interest coverage ratio of not less than 2.0 to 1, and a total interest bearing debt to capitalization ration ratio not greater than 0.55 to 1. As at December 31, 2006, the Company is in compliance with these covenants.

21. PENSION AGREEMENT

The Company and its employees contribute to the Ontario Municipal Employee's Retirement System (OMERS), a defined benefit pension plan for the employees of Ontario municipalities. As the Company is only liable for the contributions, defined contribution plan accounting is used by the Company. The Company's contribution for employees' current service for the year ended December 31, 2006 was $206,651 (2005 - $170,947).

22. FINANCIAL INSTRUMENTS

Financial risk

Financial risk is the risk to the company's earnings that arises from fluctuations in interest rates, foreign exchange rates and the degree of volatility of these rates. The Company does not use derivative instruments to reduce its exposure to interest and foreign exchange risk as management does not consider financial risk to be material.

Credit risk

The Company is exposed to credit risk from its customers, however, the concentration of this risk is minimized due to the large number of diverse customers.

Fair value

The fair value of cash, and cash equivalents, accounts receivable, unbilled revenue, notes receivable, due from related parties, accounts payable and accrued liabilities and deferred revenue was equal to the book value given the short-term nature of these items. As there is no secondary market for consumer deposits, the calculation of a fair value with appropriate reliability is impractical.

It is not practicable within the constraint of cost to determine the fair value of the note payable to parent with sufficient reliability.

HALTON HILLS HYDRO INC.

2007 Pro Forma Balance Sheet

Group Description	Account Description	Total
1050-Current Assets	1005-Cash	2,200,000
	1070-Current Investments	0
	1100-Customer Accounts Receivable	3,100,000
	1102-Accounts Receivable - Services	35,000
	1104-Accounts Receivable - Recoverable Work	150,000
	1110-Other Accounts Receivable	97,787
	1120-Accrued Utility Revenues	5,730,000
	1130-Accumulated Provision for Uncollectible Accounts--Credit	-110,000
	1140-Interest and Dividends Receivable	7,000
	1180-Prepayments	220,000
	1200-Accounts Receivable from Associated Companies	1,100,000
1050-Current Assets Total		12,529,787
1100-Inventory	1330-Plant Materials and Operating Supplies	500,000
1100-Inventory Total		500,000
1150-Non-Current Assets	1405-Long Term Investments in Non-Associated Companies	41,000
	1460-Other Non-Current Assets	360,000
	1490-Investment in Subsidiary Companies	1,731,000
1150-Non-Current Assets Total		2,132,000
1200-Other Assets and Deferred Charges	1508-Other Regulatory Assets	240,821
	1518-RCVARetail	12,532
	1525-Miscellaneous Deferred Debits	57,428
	1548-RCVASTR	-10,624
	1550-LV Variance Account	43,000
	1555-Smart Meters Capital Variance Account	-162,000
	1562-Deferred Payments in Lieu of Taxes	-152,000
	1565-Conservation and Demand Management Expenditures and Recoveries	0
	1566-CDM Contra Account	0
	1570-Qualifying Transition Costs	-429,138
	1571-Pre-market Opening Energy Variance	-362,336
	1580-RSVAWMS	-15,156
	1582-RSVAONE-TIME	-14,229
	1584-RSVANW	-683,005
	1586-RSVACN	-1,778,436

HALTON HILLS HYDRO INC.

2007 Pro Forma Balance Sheet

Group Description	Account Description	Total
	1588-RSVAPOWER	-937,301
	1590-Recovery of Regulatory Asset Balances	6,188,657
	1592-2006 PILs/Taxes Variance	150,000
1200-Other Assets and Deferred Charges Total		2,148,213
1300-Intangible Plant	1606-Organization	89
	1610-Miscellaneous Intangible Plant	336,911
1300-Intangible Plant Total		337,000
1450-Distribution Plant	1805-Land	354,871
	1806-Land Rights	4,738
	1808-Buildings and Fixtures	2,840,621
	1820-Distribution Station Equipment - Normally Primary below 50 kV	3,758,775
	1830-Poles, Towers and Fixtures	14,477,914
	1835-Overhead Conductors and Devices	3,851,573
	1840-Underground Conduit	845,105
	1845-Underground Conductors and Devices	3,881,831
	1850-Line Transformers	6,676,544
	1855-Services	1,615,144
	1860-Meters	2,673,193
1450-Distribution Plant Total		40,980,309
1500-General Plant	1905-Land	0
	1906-Land Rights	0
	1908-Buildings and Fixtures	0
	1910-Leasehold Improvements	0
	1915-Office Furniture and Equipment	267,257
	1920-Computer Equipment - Hardware	411,410
	1925-Computer Software	772,197
	1930-Transportation Equipment	1,579,952
	1935-Stores Equipment	45,152
	1940-Tools, Shop and Garage Equipment	380,729
	1945-Measurement and Testing Equipment	0
	1955-Communication Equipment	0
	1960-Miscellaneous Equipment	0
	1970-Load Management Controls - Customer Premises	859,156

HALTON HILLS HYDRO INC.

2007 Pro Forma Balance Sheet

Group Description	Account Description	Total
	1975-Load Management Controls - Utility Premises	0
	1980-System Supervisory Equipment	636,598
	1985-Sentinel Lighting Rental Units	0
	1995-Contributions and Grants - Credit	-4,299,655
1500-General Plant Total		652,796
1550-Other Capital Assets	2005-Property Under Capital Leases	0
	2055-Construction Work in Progress--Electric	210,359
1550-Other Capital Assets Total		210,359
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-11,798,361
	2120-Accumulated Amortization of Electric Utility Plant - Intangibles	-92,864
1600-Accumulated Amortization Total		-11,891,225
1650-Current Liabilities	2205-Accounts Payable	-5,328,105
	2208-Customer Credit Balances	-1,000,000
	2210-Current Portion of Customer Deposits	-250,000
	2250-Debt Retirement Charges(DRC) Payable	-250,000
	2292-Payroll Deductions / Expenses Payable	-120,000
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	-150,000
1650-Current Liabilities Total		-7,098,105
1700-Non-Current Liabilities	2306-Employee Future Benefits	-471,000
	2335-Long Term Customer Deposits	-385,000
	2425-Other Deferred Credits	-100,000
1700-Non-Current Liabilities Total		-956,000
1800-Long-Term Debt	2525-Term Bank Loans - Long Term Portion	0
	2550-Advances from Associated Companies	-16,141,969
1800-Long-Term Debt Total		-16,141,969
1850-Shareholders' Equity	3005-Common Shares Issued	-16,161,663
	3045-Unappropriated Retained Earnings	-5,658,822
	3046-Balance Transferred From Income	-1,582,680
1850-Shareholders' Equity Total		-23,403,165
Grand Total		-0

APPENDIX B

HALTON HILLS HYDRO INC.

2007 Pro Forma Income Statement

Group Description	Account Description	Total
3000-Sales of Electricity	4006-Residential Energy Sales	-13,258,000
	4010-Commercial Energy Sales	-3,371,000
	4015-Industrial Energy Sales	-6,628,000
	4025-Street Lighting Energy Sales	-177,000
	4030-Sentinel Lighting Energy Sales	-18,000
	4035-General Energy Sales	-3,080,000
	4050-Revenue Adjustment	-57,000
	4055-Energy Sales for Resale	-1,923,000
	4062-Billed WMS	-2,563,000
	4066-Billed NW	-2,717,000
	4068-Billed CN	-2,265,000
	4075-Billed-LV	-636,500
3000-Sales of Electricity Total		-36,693,500
3050-Revenues From Services - Distirbution	4080-Distribution Services Revenue	-9,635,000
	4082-Retail Services Revenues	-30,000
	4084-Service Transaction Requests (STR) Revenues	-2,000
	4090-Electric Services Incidental to Energy Sales	0
3050-Revenues From Services - Distirbution Total		-9,667,000
3100-Other Operating Revenues	4210-Rent from Electric Property	-80,000
	4220-Other Electric Revenues	0
	4225-Late Payment Charges	-242,000
	4235-Miscellaneous Service Revenues	-41,000
3100-Other Operating Revenues Total		-363,000
3150-Other Income & Deductions	4325-Revenues from Merchandise, Jobbing, Etc.	0
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.	0
	4355-Gain on Disposition of Utility and Other Property	-46,000
	4375-Revenues from Non-Utility Operations	-881,000
	4380-Expenses of Non-Utility Operations	470,000
	4385-Non-Utility Rental Income	-13,000
3150-Other Income & Deductions Total		-470,000
3200-Investment Income	4405-Interest and Dividend Income	-95,000
	4415-Equity in Earnings of Subsidiary Companies	0
3200-Investment Income Total		-95,000
3350-Power Supply Expenses	4705-Power Purchased	28,455,000
	4708-Charges-WMS	2,563,000
	4714-Charges-NW	2,717,000
	4716-Charges-CN	2,265,000
	4750-Charges-LV	636,500

APPENDIX B

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HALTON HILLS HYDRO INC.

2007 Pro Forma Income Statement

Group Description	Account Description	Total
3350-Power Supply Expenses Total		36,636,500
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	213,000
	5012-Station Buildings and Fixtures Expense	1,000
	5016-Distribution Station Equipment - Operation Labour	25,000
	5017-Distribution Station Equipment - Operation Supplies and Expenses	4,000
	5020-Overhead Distribution Lines and Feeders - Operation Labour	90,000
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	5,000
	5050-Underground Subtransmission Feeders - Operation	141,000
	5055-Underground Distribution Transformers - Operation	69,000
	5065-Meter Expense	91,000
	5070-Customer Premises - Operation Labour	58,000
	5075-Customer Premises - Materials and Expenses	1,000
	5085-Miscellaneous Distribution Expense	17,000
3500-Distribution Expenses - Operation Total		715,000
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	132,000
	5114-Maintenance of Distribution Station Equipment	141,000
	5120-Maintenance of Poles, Towers and Fixtures	47,000
	5125-Maintenance of Overhead Conductors and Devices	125,000
	5130-Maintenance of Overhead Services	74,000
	5135-Overhead Distribution Lines and Feeders - Right of Way	88,000
	5145-Maintenance of Underground Conduit	10,000
	5150-Maintenance of Underground Conductors and Devices	35,000
	5155-Maintenance of Underground Services	42,000
	5160-Maintenance of Line Transformers	43,000
	5165-Maintenance of Street Lighting and Signal Systems	0
	5175-Maintenance of Meters	4,000
	5186-Water Heater Rentals - Materials and Expenses	0
	5195-Maintenance of Other Installations on Customer Premises	0
3550-Distribution Expenses - Maintenance Total		741,000
3650-Billing and Collecting	5305-Supervision	81,000
	5310-Meter Reading Expense	131,000
	5315-Customer Billing	349,000
	5320-Collecting	306,000
	5325-Collecting- Cash Over and Short	0
	5330-Collection Charges	1,000
	5335-Bad Debt Expense	55,000
3650-Billing and Collecting Total		923,000
3700-Community Relations	5415-Energy Conservation	0

HALTON HILLS HYDRO INC.

2007 Pro Forma Income Statement

Group Description	Account Description	Total
	5425-Miscellaneous Customer Service and Informational Expenses	0
	5515-Advertising Expense	2,000
3700-Community Relations Total		2,000
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	503,000
	5610-Management Salaries and Expenses	237,000
	5615-General Administrative Salaries and Expenses	503,000
	5620-Office Supplies and Expenses	62,000
	5630-Outside Services Employed	92,000
	5635-Property Insurance	49,000
	5640-Injuries and Damages	46,000
	5645-Employee Pensions and Benefits	19,000
	5655-Regulatory Expenses	87,000
	5660-General Advertising Expenses	8,000
	5665-Miscellaneous General Expenses	74,000
	5675-Maintenance of General Plant	490,000
3800-Administrative and General Expenses Total		2,170,000
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	2,129,369
	5710-Amortization of Limited Term Electric Plant	0
	5715-Amortization of Intangibles and Other Electric Plant	0
3850-Amortization Expense Total		2,129,369

APPENDIX B

HALTON HILLS HYDRO INC.

2007 Pro Forma Income Statement

Group Description	Account Description	Total
3900-Interest Expense	6005-Interest on Long Term Debt	0
	6030-Interest on Debt to Associated Companies	1,009,000
	6035-Other Interest Expense	14,000
	6042-Allowance For Other Funds Used During Construction	-25,049
3900-Interest Expense Total		997,951
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	190,000
3950-Taxes Other Than Income Taxes Total		190,000
4000-Income Taxes	6110-Income Taxes	1,181,000
4000-Income Taxes Total		1,181,000
4100-Extraordinary & Other Items	6205-Donations	20,000
4100-Extraordinary & Other Items Total		20,000
Grand Total		-1,582,680

HALTON HILLS HYDRO INC.

2007 Pro Forma Balance Sheet

Group Description	Account Description	Total
1050-Current Assets	1005-Cash	2,200,000
	1070-Current Investments	0
	1100-Customer Accounts Receivable	3,100,000
	1102-Accounts Receivable - Services	35,000
	1104-Accounts Receivable - Recoverable Work	150,000
	1110-Other Accounts Receivable	97,787
	1120-Accrued Utility Revenues	5,730,000
	1130-Accumulated Provision for Uncollectible Accounts--Credit	-110,000
	1140-Interest and Dividends Receivable	7,000
	1180-Prepayments	220,000
	1200-Accounts Receivable from Associated Companies	1,100,000
1050-Current Assets Total		12,529,787
1100-Inventory	1330-Plant Materials and Operating Supplies	500,000
1100-Inventory Total		500,000
1150-Non-Current Assets	1405-Long Term Investments in Non-Associated Companies	41,000
	1460-Other Non-Current Assets	360,000
	1490-Investment in Subsidiary Companies	1,731,000
1150-Non-Current Assets Total		2,132,000
1200-Other Assets and Deferred Charges	1508-Other Regulatory Assets	240,821
	1518-RCVARetail	12,532
	1525-Miscellaneous Deferred Debits	57,428
	1548-RCVASTR	-10,624
	1550-LV Variance Account	43,000
	1555-Smart Meters Capital Variance Account	-162,000
	1562-Deferred Payments in Lieu of Taxes	-152,000
	1565-Conservation and Demand Management Expenditures and Recoveries	0
	1566-CDM Contra Account	0
	1570-Qualifying Transition Costs	-429,138
	1571-Pre-market Opening Energy Variance	-362,336
	1580-RSVAWMS	-15,156
	1582-RSVAONE-TIME	-14,229
	1584-RSVANW	-683,005
	1586-RSVACN	-1,778,436
	1588-RSVAPOWER	-937,301
	1590-Recovery of Regulatory Asset Balances	6,188,657
	1592-2006 PILs/Taxes Variance	150,000
1200-Other Assets and Deferred Charges Total		2,148,213
1300-Intangible Plant	1606-Organization	89

HALTON HILLS HYDRO INC.

2007 Pro Forma Balance Sheet

Group Description	Account Description	Total
	1610-Miscellaneous Intangible Plant	336,911
1300-Intangible Plant Total		337,000
1450-Distribution Plant	1805-Land	354,871
	1806-Land Rights	4,738
	1808-Buildings and Fixtures	2,840,621
	1820-Distribution Station Equipment - Normally Primary below 50 kV	3,758,775
	1830-Poles, Towers and Fixtures	14,477,914
	1835-Overhead Conductors and Devices	3,851,573
	1840-Underground Conduit	845,105
	1845-Underground Conductors and Devices	3,881,831
	1850-Line Transformers	6,676,544
	1855-Services	1,615,144
	1860-Meters	2,673,193
1450-Distribution Plant Total		40,980,309
1500-General Plant	1905-Land	0
	1906-Land Rights	0
	1908-Buildings and Fixtures	0
	1910-Leasehold Improvements	0
	1915-Office Furniture and Equipment	267,257
	1920-Computer Equipment - Hardware	411,410
	1925-Computer Software	772,197
	1930-Transportation Equipment	1,579,952
	1935-Stores Equipment	45,152
	1940-Tools, Shop and Garage Equipment	380,729
	1945-Measurement and Testing Equipment	0
	1955-Communication Equipment	0
	1960-Miscellaneous Equipment	0
	1970-Load Management Controls - Customer Premises	859,156
	1975-Load Management Controls - Utility Premises	0
	1980-System Supervisory Equipment	636,598
	1985-Sentinel Lighting Rental Units	0
	1995-Contributions and Grants - Credit	-4,299,655
1500-General Plant Total		652,796
1550-Other Capital Assets	2005-Property Under Capital Leases	0
	2055-Construction Work in Progress--Electric	210,359
1550-Other Capital Assets Total		210,359
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-11,798,361
	2120-Accumulated Amortization of Electric Utility Plant - Intangibles	-92,864

HALTON HILLS HYDRO INC.

2007 Pro Forma Balance Sheet

Group Description	Account Description	Total
1600-Accumulated Amortization Total		-11,891,225
1650-Current Liabilities	2205-Accounts Payable	-5,328,105
	2208-Customer Credit Balances	-1,000,000
	2210-Current Portion of Customer Deposits	-250,000
	2250-Debt Retirement Charges(DRC) Payable	-250,000
	2292-Payroll Deductions / Expenses Payable	-120,000
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	-150,000
1650-Current Liabilities Total		-7,098,105
1700-Non-Current Liabilities	2306-Employee Future Benefits	-471,000
	2335-Long Term Customer Deposits	-385,000
	2425-Other Deferred Credits	-100,000
1700-Non-Current Liabilities Total		-956,000
1800-Long-Term Debt	2525-Term Bank Loans - Long Term Portion	0
	2550-Advances from Associated Companies	-16,141,969
1800-Long-Term Debt Total		-16,141,969
1850-Shareholders' Equity	3005-Common Shares Issued	-16,161,663
	3045-Unappropriated Retained Earnings	-5,658,822
	3046-Balance Transferred From Income	-1,582,680
1850-Shareholders' Equity Total		-23,403,165
Grand Total		-0

APPENDIX B

HALTON HILLS HYDRO INC.

2008 Pro Forma Income Statement

Group Description	Account Description	Total
3000-Sales of Electricity	4006-Residential Energy Sales	-13,692,000
	4010-Commercial Energy Sales	-3,482,000
	4015-Industrial Energy Sales	-6,845,000
	4025-Street Lighting Energy Sales	-183,000
	4030-Sentinel Lighting Energy Sales	-19,000
	4035-General Energy Sales	-3,181,000
	4050-Revenue Adjustment	-70,000
	4055-Energy Sales for Resale	-1,986,000
	4062-Billed WMS	-2,647,000
	4066-Billed NW	-2,806,000
	4068-Billed CN	-2,339,000
	4075-Billed-LV	-660,000
3000-Sales of Electricity Total		-37,910,000
3050-Revenues From Services - Distirbution	4080-Distribution Services Revenue	-11,152,000
	4082-Retail Services Revenues	-30,000
	4084-Service Transaction Requests (STR) Revenues	-2,000
	4090-Electric Services Incidental to Energy Sales	0
3050-Revenues From Services - Distirbution Total		-11,184,000
3100-Other Operating Revenues	4210-Rent from Electric Property	-80,000
	4220-Other Electric Revenues	0
	4225-Late Payment Charges	-226,000
	4235-Miscellaneous Service Revenues	-60,000
3100-Other Operating Revenues Total		-366,000
3150-Other Income & Deductions	4325-Revenues from Merchandise, Jobbing, Etc.	0
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.	0
	4355-Gain on Disposition of Utility and Other Property	0
	4375-Revenues from Non-Utility Operations	-362,000
	4380-Expenses of Non-Utility Operations	0
	4385-Non-Utility Rental Income	-13,000
3150-Other Income & Deductions Total		-375,000

HALTON HILLS HYDRO INC.

3200-Investment Income	4405-Interest and Dividend Income	-330,000
	4415-Equity in Earnings of Subsidiary Companies	0
3200-Investment Income Total		-330,000
3350-Power Supply Expenses	4705-Power Purchased	29,388,000
	4708-Charges-WMS	2,647,000
	4714-Charges-NW	2,806,000
	4716-Charges-CN	2,339,000
	4750-Charges-LV	660,000
3350-Power Supply Expenses Total		37,840,000
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	218,000
	5012-Station Buildings and Fixtures Expense	1,000
	5016-Distribution Station Equipment - Operation Labour	28,000
	5017-Distribution Station Equipment - Operation Supplies and Expenses	4,000
	5020-Overhead Distribution Lines and Feeders - Operation Labour	100,000
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	5,000
	5050-Underground Subtransmission Feeders - Operation	159,000
	5055-Underground Distribution Transformers - Operation	71,000
	5065-Meter Expense	115,000
	5070-Customer Premises - Operation Labour	65,000
	5075-Customer Premises - Materials and Expenses	1,000
	5085-Miscellaneous Distribution Expense	17,000
3500-Distribution Expenses - Operation Total		784,000
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	132,000
	5114-Maintenance of Distribution Station Equipment	159,000
	5120-Maintenance of Poles, Towers and Fixtures	53,000
	5125-Maintenance of Overhead Conductors and Devices	149,000
	5130-Maintenance of Overhead Services	82,000
	5135-Overhead Distribution Lines and Feeders - Right of Way	99,000
	5145-Maintenance of Underground Conduit	11,000
	5150-Maintenance of Underground Conductors and Devices	39,000
	5155-Maintenance of Underground Services	45,000
	5160-Maintenance of Line Transformers	48,000
	5165-Maintenance of Street Lighting and Signal Systems	0
	5175-Maintenance of Meters	4,000
	5186-Water Heater Rentals - Materials and Expenses	0
	5195-Maintenance of Other Installations on Customer Premises	0
3550-Distribution Expenses - Maintenance Total		821,000
3650-Billing and Collecting	5305-Supervision	81,000
	5310-Meter Reading Expense	147,000
	5315-Customer Billing	383,000
	5320-Collecting	362,000

HALTON HILLS HYDRO INC.

	5325-Collecting- Cash Over and Short	0
	5330-Collection Charges	1,000
	5335-Bad Debt Expense	65,000
3650-Billing and Collecting Total		1,039,000
3700-Community Relations	5415-Energy Conservation	0
	5425-Miscellaneous Customer Service and Informational Expenses	0
	5515-Advertising Expense	2,000
3700-Community Relations Total		2,000
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	522,000
	5610-Management Salaries and Expenses	390,000
	5615-General Administrative Salaries and Expenses	604,000
	5620-Office Supplies and Expenses	52,000
	5630-Outside Services Employed	103,000
	5635-Property Insurance	51,000
	5640-Injuries and Damages	63,000
	5645-Employee Pensions and Benefits	21,000
	5655-Regulatory Expenses	68,000
	5660-General Advertising Expenses	2,000
	5665-Miscellaneous General Expenses	75,000
	5675-Maintenance of General Plant	496,000
3800-Administrative and General Expenses Total		2,447,000
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	2,190,723
	5710-Amortization of Limited Term Electric Plant	0
	5715-Amortization of Intangibles and Other Electric Plant	0
3850-Amortization Expense Total		2,190,723
3900-Interest Expense	6005-Interest on Long Term Debt	279,000
	6030-Interest on Debt to Associated Companies	1,009,000
	6035-Other Interest Expense	15,000
	6042-Allowance For Other Funds Used During Construction	-36,260
3900-Interest Expense Total		1,266,740

HALTON HILLS HYDRO INC.

3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	195,000
3950-Taxes Other Than Income Taxes Total		195,000
4000-Income Taxes	6110-Income Taxes	836,500
4000-Income Taxes Total		836,500
4100-Extraordinary & Other Items	6205-Donations	33,000
4100-Extraordinary & Other Items Total		33,000
Grand Total		-2,710,037

APPENDIX B

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HALTON HILLS HYDRO INC.

2008 Pro Forma Balance Sheet

Group Description	Account Description	Total
1050-Current Assets	1005-Cash	9,435,000
	1070-Current Investments	0
	1100-Customer Accounts Receivable	3,976,000
	1102-Accounts Receivable - Services	35,000
	1104-Accounts Receivable - Recoverable Work	150,000
	1110-Other Accounts Receivable	97,787
	1120-Accrued Utility Revenues	5,800,000
	1130-Accumulated Provision for Uncollectible Accounts--Credit	-125,000
	1140-Interest and Dividends Receivable	22,000
	1180-Prepayments	220,000
	1200-Accounts Receivable from Associated Companies	1,100,000
1050-Current Assets Total		20,710,787
1100-Inventory	1330-Plant Materials and Operating Supplies	500,000
1100-Inventory Total		500,000
1150-Non-Current Assets	1405-Long Term Investments in Non-Associated Companies	41,000
	1460-Other Non-Current Assets	360,000
	1490-Investment in Subsidiary Companies	1,731,000
1150-Non-Current Assets Total		2,132,000

HALTON HILLS HYDRO INC.

1200-Other Assets and Deferred Charges	1508-Other Regulatory Assets	251,821
	1518-RCVARetail	12,532
	1525-Miscellaneous Deferred Debits	57,428
	1548-RCVASTR	-10,624
	1550-LV Variance Account	44,000
	1555-Smart Meters Capital Variance Account	-187,000
	1562-Deferred Payments in Lieu of Taxes	-152,000
	1565-Conservation and Demand Management Expenditures and Recoveries	0
	1566-CDM Contra Account	0
	1570-Qualifying Transition Costs	-431,138
	1571-Pre-market Opening Energy Variance	-363,336
	1580-RSVAWMS	-7,156
	1582-RSVAONE-TIME	-12,229
	1584-RSVANW	-682,005
	1586-RSVACN	-1,801,436
	1588-RSVAPOWER	-875,301
	1590-Recovery of Regulatory Asset Balances	5,463,657
	1592-2006 PILs/Taxes Variance	150,000
1200-Other Assets and Deferred Charges Total		1,457,213
1300-Intangible Plant	1606-Organization	89
	1610-Miscellaneous Intangible Plant	336,911
1300-Intangible Plant Total		337,000
1450-Distribution Plant	1805-Land	354,871
	1806-Land Rights	4,738
	1808-Buildings and Fixtures	3,125,621
	1820-Distribution Station Equipment - Normally Primary below 50 kV	5,071,015
	1830-Poles, Towers and Fixtures	15,797,914
	1835-Overhead Conductors and Devices	4,188,573
	1840-Underground Conduit	929,105
	1845-Underground Conductors and Devices	4,218,831
	1850-Line Transformers	7,266,544
	1855-Services	1,755,644
	1860-Meters	2,812,593
1450-Distribution Plant Total		45,525,449

HALTON HILLS HYDRO INC.

1500-General Plant	1905-Land	0
	1906-Land Rights	0
	1908-Buildings and Fixtures	0
	1910-Leasehold Improvements	0
	1915-Office Furniture and Equipment	333,757
	1920-Computer Equipment - Hardware	666,910
	1925-Computer Software	855,897
	1930-Transportation Equipment	1,724,952
	1935-Stores Equipment	44,652
	1940-Tools, Shop and Garage Equipment	385,929
	1945-Measurement and Testing Equipment	0
	1955-Communication Equipment	0
	1960-Miscellaneous Equipment	0
	1970-Load Management Controls - Customer Premises	859,156
	1975-Load Management Controls - Utility Premises	0
	1980-System Supervisory Equipment	789,398
	1985-Sentinel Lighting Rental Units	0
	1995-Contributions and Grants - Credit	-4,999,985
1500-General Plant Total		660,666
1550-Other Capital Assets	2005-Property Under Capital Leases	0
	2055-Construction Work in Progress--Electric	1,246,619
1550-Other Capital Assets Total		1,246,619
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-13,711,085
	2120-Accumulated Amortization of Electric Utility Plant - Intangibles	-92,864
1600-Accumulated Amortization Total		-13,803,949
1650-Current Liabilities	2205-Accounts Payable	-6,598,247
	2208-Customer Credit Balances	-1,000,000
	2210-Current Portion of Customer Deposits	-250,000
	2250-Debt Retirement Charges(DRC) Payable	-250,000
	2292-Payroll Deductions / Expenses Payable	-120,000
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	-150,000
1650-Current Liabilities Total		-8,368,247
1700-Non-Current Liabilities	2306-Employee Future Benefits	-457,000
	2335-Long Term Customer Deposits	-385,000
	2425-Other Deferred Credits	-100,000
1700-Non-Current Liabilities Total		-942,000

HALTON HILLS HYDRO INC.

1800-Long-Term Debt	2525-Term Bank Loans - Long Term Portion	-7,200,000
	2550-Advances from Associated Companies	-16,142,000
1800-Long-Term Debt Total		-23,342,000
1850-Shareholders' Equity	3005-Common Shares Issued	-16,162,000
	3045-Unappropriated Retained Earnings	-7,241,501
	3046-Balance Transferred From Income	-2,710,037
1850-Shareholders' Equity Total		-26,113,538
Grand Total		0

APPENDIX C

Exhibit 2 – Rate Base – Supporting Documents

APPENDIX C

1. Fixed Asset Continuity Schedule (from Exhibit 2, Tab 2, Schedule 1)
2. Gross Assets Table (from Exhibit 2, Tab 2, Schedule 2)
3. Materiality Analysis on Gross Assets Table (Exhibit 2, Tab 2, Schedule 3)
4. Accumulated Depreciation Table (from Exhibit 2, Tab 2, Schedule 4)
5. Materiality Analysis on Accumulated Depreciation Table (Exhibit 2, Tab 2, Schedule 5)
6. Working Capital Allowance Table (from Exhibit 2, Tab 4, Schedule 1)

HALTON HILLS HYDRO INC.

ACCUMULATED DEPRECIATION TABLE

ACCOUNT: **1805-Land**

		2006 APPROVED	2006 ACTUAL	BRIDGE YEAR	TEST YEAR	VARIANCES		
		Accumulated Amortization	Accumulated Amortization	Accumulated Amortization	Accumulated Amortization	2006 ACTUAL FROM BOARD APPROVED	2007 BRIDGE FROM 2006 ACTUAL	2008 TEST FROM 2007 BRIDGE
Opening Balance		**0**	**0**	**0**	**0**			
Additions								
Depreciation	0.0%	0	0	0	0			
Retirements & Sales		0	0	0	0			
Other (specify)	ARO							
Closing Balance		**0**	**0**	**0**	**0**	0	0	0
Average Balance		0	0	0	0			
Change in Year		0	0	0	0			

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HALTON HILLS HYDRO INC.

2006 Actual Working Capital Allowance		2006 Actual	15%	Allowance for Working Capital
Distribution Expenses - Operation	5005-Operation Supervision and Engineering	208,732		
	5012-Station Buildings and Fixtures Expense	700		
	5016-Distribution Station Equipment - Operation Labour	25,243		
	5017-Distribution Station Equipment - Operation Supplies and Expenses	4,311		
	5020-Overhead Distribution Lines and Feeders - Operation Labour	89,737		
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	4,635		
	5055-Underground Distribution Transformers - Operation	68,798		
	5065-Meter Expense	81,741		
	5070-Customer Premises - Operation Labour	58,077		
	5075-Customer Premises - Materials and Expenses	1,086		
	5085-Miscellaneous Distribution Expense	16,906		
	5050-Underground Subtransmission Feeders - Operation	140,587		
Distribution Expenses - Operation Total		700,553	15%	105,083
Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	132,414		
	5114-Maintenance of Distribution Station Equipment	101,361		
	5120-Maintenance of Poles, Towers and Fixtures	46,911		
	5125-Maintenance of Overhead Conductors and Devices	112,026		
	5130-Maintenance of Overhead Services	73,565		
	5135-Overhead Distribution Lines and Feeders - Right of Way	88,276		
	5145-Maintenance of Underground Conduit	9,820		
	5150-Maintenance of Underground Conductors and Devices	35,277		
	5155-Maintenance of Underground Services	43,117		
	5160-Maintenance of Line Transformers	47,482		
	5175-Maintenance of Meters	4,303		
	5165-Maintenance of Street Lighting and Signal Systems	0		
	5186-Water Heater Rentals - Materials and Expenses	0		
	5195-Maintenance of Other Installations on Customer Premises	0		
Distribution Expenses - Maintenance Total		694,552	15%	104,183
Billing and Collecting	5305-Supervision	81,276		
	5310-Meter Reading Expense	136,677		
	5315-Customer Billing	338,442		
	5320-Collecting	309,341		
	5330-Collection Charges	1,009		
	5335-Bad Debt Expense	42,000		

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HALTON HILLS HYDRO INC.

2006 Actual Working Capital Allowance		2006 Actual	15%	Allowance for Working Capital
	5325-Collecting- Cash Over and Short	104		
Billing and Collecting Total		908,849	15%	136,327
Community Relations	5425-Miscellaneous Customer Service and Informational Expenses	29		
	5515-Advertising Expense	2,216		
	5415-Energy Conservation	0		
Community Relations Total		2,245	15%	337
Administrative and General Expenses	5605-Executive Salaries and Expenses	492,390		
	5615-General Administrative Salaries and Expenses	499,181		
	5630-Outside Services Employed	115,923		
	5635-Property Insurance	43,192		
	5655-Regulatory Expenses	66,168		
	5665-Miscellaneous General Expenses	70,972		
	5675-Maintenance of General Plant	481,999		
	5610-Management Salaries and Expenses	206,716		
	5620-Office Supplies and Expenses	40,833		
	5640-Injuries and Damages	37,596		
	5645-Employee Pensions and Benefits	25,736		
	5660-General Advertising Expenses	8,053		
Administrative and General Expenses Total		2,088,759	15%	313,314
Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	189,020		
Taxes Other Than Income Taxes Total		189,020	15%	28,353
Power Supply Expenses	4705-Power Purchased	27,767,404		
	4708-Charges-WMS	2,501,240		
	4714-Charges-NW	2,651,515		
	4716-Charges-CN	2,210,183		
	4750-Charges-LV	409,163		
Power Supply Expenses Total		35,539,505	15%	5,330,926
Working capital allowance total		**40,123,483**	15%	**6,018,522**

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1940-Tools, Shop and Garage Equipment

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**361,332**	**-182,247**	**179,085**	**412,229**	**-213,689**	**198,540**	**380,729**	**-164,837**	**215,892**
Additions		50,897		50,897	57,000		57,000	49,700		49,700
Depreciation	10.0%		-31,442	-31,442		-39,648	-39,648		-38,333	-38,333
Retirements & Sales				0	-88,500	88,500	0	-44,500	44,500	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**412,229**	**-213,689**	**198,540**	**380,729**	**-164,837**	**215,892**	**385,929**	**-158,670**	**227,259**
Average Balance		386,781	-197,968	188,813	396,479	-189,263	207,216	383,329	-161,753	221,576
Change in Year		50,897	-31,442	-31,442	-31,500	48,852	17,352	5,200	6,167	11,367

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HALTON HILLS HYDRO INC.

GROSS ASSETS TABLE

ACCOUNT: **1805-Land**

		2006 APPROVED	2006 ACTUAL	BRIDGE YEAR	TEST YEAR	VARIANCES		
		Gross Cost	Gross Cost	Gross Cost	Gross Cost	2006 ACTUAL FROM BOARD APPROVED	2007 BRIDGE FROM 2006 ACTUAL	2008 TEST FROM 2007 BRIDGE
Opening Balance		**354,871**	**354,871**	**354,871**	**354,871**			
Additions		0	0	0	0			
Depreciation	*0.0%*							
Retirements & Sales		0	0	0	0			
Other (specify)	*ARO*							
Closing Balance		**354,871**	**354,871**	**354,871**	**354,871**	0	0	0
Average Balance		*354,871*	*354,871*	*354,871*	*354,871*			
Change in Year		*0*	*0*	*0*	*0*			

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HALTON HILLS HYDRO INC.

ACCUMULATED DEPRECIATION TABLE

ACCOUNT: 1930-Transportation Equipment

		2006 APPROVED	2006 ACTUAL	BRIDGE YEAR	TEST YEAR	VARIANCES		
		Accumulated Amortization	Accumulated Amortization	Accumulated Amortization	Accumulated Amortization	2006 ACTUAL FROM BOARD APPROVED	2007 BRIDGE FROM 2006 ACTUAL	2008 TEST FROM 2007 BRIDGE
Opening Balance		**-650,256**	**-859,542**	**-1,003,043**	**-1,068,038**			
Additions								
Depreciation	*15.0%*		-143,501	-225,995	-247,868			
Retirements & Sales				161,000	135,000			
Other (specify)	*ARO*							
Closing Balance		**-650,256**	**-1,003,043**	**-1,068,038**	**-1,180,906**	-352,787	-64,995	-112,868
Average Balance		*-650,256*	*-931,293*	*-1,035,541*	*-1,124,472*	A		
Change in Year		*0*	*-143,501*	*-64,995*	*-112,868*			

Reference	Variance analysis
A	- gross assets added in excess of 2006 approved = 116,000 results in 46,400 amort'n diff (2 years 2005, 2006) - remainder = 306,400, or approx 153,200 annual amort'n expense, reasonable based on actual capital account gross balance

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HALTON HILLS HYDRO INC.

MATERIALITY OF GROSS ASSETS TABLE

Materiality Threshhold = 1% of net fixed assets

Fixed assets balance:	2006 actual	2007 bridge	2008 test
Gross cost	37,542,800	41,970,016	46,523,026
Accumulated amortization	(10,674,816)	(11,805,185)	(13,717,909)
Net fixed assets	26,867,984	30,164,831	32,805,117
1% of net fixed assets	268,680	301,648	328,051

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1805-Land

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**354,871**	**0**	**354,871**	**354,871**	**0**	**354,871**	**354,871**	**0**	**354,871**
Additions		0		0	0		0	0		0
Depreciation	0.0%		0	0		0	0		0	0
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**354,871**	**0**	**354,871**	**354,871**	**0**	**354,871**	**354,871**	**0**	**354,871**
Average Balance		*354,871*	*0*	*354,871*	*354,871*	*0*	*354,871*	*354,871*	*0*	*354,871*
Change in Year		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1806-Land Rights

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**4,738**	**0**	**4,738**	**4,738**	**0**	**4,738**	**4,738**	**0**	**4,738**
Additions		0		0	0		0	0		0
Depreciation	*0.0%*		0	0		0	0		0	0
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	*ARO*			0			0			0
				0			0			0
				0			0			0
Closing Balance		**4,738**	**0**	**4,738**	**4,738**	**0**	**4,738**	**4,738**	**0**	**4,738**
Average Balance		*4,738*	*0*	*4,738*	*4,738*	*0*	*4,738*	*4,738*	*0*	*4,738*
Change in Year		*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1808-Buildings and Fixtures

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR	
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	**2,810,822**	**-229,802**	**2,581,020**	**2,840,621**	**-342,582**	**2,498,039**	**2,840,621**	**-456,207**	**2,384,414**
Additions	29,799		29,799	0		0	285,000		285,000
Depreciation 4.0%		-112,780	-112,780		-113,625	-113,625		-119,325	-119,325
Retirements & Sales	0	0	0	0	0	0	0	0	0
Other (specify) ARO			0			0			0
			0			0			0
			0			0			0
Closing Balance	**2,840,621**	**-342,582**	**2,498,039**	**2,840,621**	**-456,207**	**2,384,414**	**3,125,621**	**-575,532**	**2,550,089**
Average Balance	2,825,722	-286,192	2,539,530	2,840,621	-399,394	2,441,227	2,983,121	-515,869	2,467,252
Change in Year	29,799	-112,780	-112,780	0	-113,625	-113,625	285,000	-119,325	165,675

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **Land & Buildings total**

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		3,170,431	-229,802	2,940,629	3,200,230	-342,582	2,857,648	3,200,230	-456,207	2,744,023
Additions		29,799		29,799	0		0	285,000		285,000
Depreciation	0.0%		-112,780	-112,780		-113,625	-113,625		-119,325	-119,325
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		3,200,230	-342,582	2,857,648	3,200,230	-456,207	2,744,023	3,485,230	-575,532	2,909,698
Average Balance		3,185,331	-286,192	2,899,139	3,200,230	-399,394	2,800,836	3,342,730	-515,869	2,826,861
Change in Year		29,799	-112,780	-112,780	0	-113,625	-113,625	285,000	-119,325	-119,325

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **1820-Distribution Station Equipment - Normally Primary below 50 kV**

	2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	**2,052,096**	**-429,335**	**1,622,761**	**2,182,511**	**-540,612**	**1,641,899**	**3,758,775**	**-508,438**	**3,250,338**
Additions	130,415		130,415	1,727,264		1,727,264	1,313,240		1,313,240
Depreciation 4.0%		-111,277	-111,277		-118,826	-118,826		-176,596	-176,596
Retirements & Sales			0	-151,000	151,000	0	-1,000	1,000	0
Other (specify) ARO			0			0			0
			0			0			0
			0			0			0
Closing Balance	**2,182,511**	**-540,612**	**1,641,899**	**3,758,775**	**-508,438**	**3,250,338**	**5,071,015**	**-684,034**	**4,386,982**
Average Balance	*2,117,304*	*-484,974*	*1,632,330*	*2,970,643*	*-524,525*	*2,446,118*	*4,414,895*	*-596,236*	*3,818,660*
Change in Year	*130,415*	*-111,277*	*-111,277*	*1,576,264*	*32,174*	*1,608,439*	*1,312,240*	*-175,596*	*1,136,644*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1830-Poles, Towers and Fixtures

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**12,557,459**	**-2,876,367**	**9,681,092**	**13,229,914**	**-3,448,937**	**9,780,977**	**14,477,914**	**-4,003,094**	**10,474,820**
Additions		672,455		672,455	1,248,000		1,248,000	1,320,000		1,320,000
Depreciation	4.0%		-572,570	-572,570		-554,157	-554,157		-605,517	-605,517
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**13,229,914**	**-3,448,937**	**9,780,977**	**14,477,914**	**-4,003,094**	**10,474,820**	**15,797,914**	**-4,608,610**	**11,189,304**
Average Balance		*12,893,687*	*-3,162,652*	*9,731,035*	*13,853,914*	*-3,726,015*	*10,127,899*	*15,137,914*	*-4,305,852*	*10,832,062*
Change in Year		*672,455*	*-572,570*	*-572,570*	*1,248,000*	*-554,157*	*693,843*	*1,320,000*	*-605,517*	*714,483*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1835-Overhead Conductors and Devices

	BRIDGE YEAR			BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	**3,076,374**	**-677,070**	**2,399,304**	**3,519,573**	**-821,585**	**2,697,988**	**3,851,573**	**-969,008**	**2,882,565**
Additions	443,199		443,199	332,000		332,000	337,000		337,000
Depreciation 4.0%		-144,515	-144,515		-147,423	-147,423		-160,803	-160,803
Retirements & Sales	0	0	0	0	0	0	0	0	0
Other (specify) ARO			0			0			0
			0			0			0
			0			0			0
Closing Balance	**3,519,573**	**-821,585**	**2,697,988**	**3,851,573**	**-969,008**	**2,882,565**	**4,188,573**	**-1,129,811**	**3,058,762**
Average Balance	*3,297,974*	*-749,328*	*2,548,646*	*3,685,573*	*-895,296*	*2,790,277*	*4,020,073*	*-1,049,409*	*2,970,664*
Change in Year	*443,199*	*-144,515*	*-144,515*	*332,000*	*-147,423*	*184,577*	*337,000*	*-160,803*	*176,197*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1840-Underground Conduit

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**734,213**	**-135,449**	**598,764**	**772,105**	**-168,534**	**603,571**	**845,105**	**-200,878**	**644,227**
Additions		37,892		37,892	73,000		73,000	84,000		84,000
Depreciation	*4.0%*		-33,085	-33,085		-32,344	-32,344		-35,484	-35,484
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	*ARO*			0			0			0
				0			0			0
				0			0			0
Closing Balance		**772,105**	**-168,534**	**603,571**	**845,105**	**-200,878**	**644,227**	**929,105**	**-236,362**	**692,743**
Average Balance		*753,159*	*-151,992*	*601,168*	*808,605*	*-184,706*	*623,899*	*887,105*	*-218,620*	*668,485*
Change in Year		*37,892*	*-33,085*	*-33,085*	*73,000*	*-32,344*	*40,656*	*84,000*	*-35,484*	*48,516*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1845-Underground Conductors and Devices

	2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	3,398,991	-843,478	2,555,513	3,547,331	-984,905	2,562,426	3,881,831	-1,133,488	2,748,343
Additions	148,340		148,340	334,500		334,500	337,000		337,000
Depreciation 4.0%		-141,427	-141,427		-148,583	-148,583		-162,013	-162,013
Retirements & Sales	0	0	0	0	0	0	0	0	0
Other (specify) ARO			0			0			0
			0			0			0
			0			0			0
Closing Balance	3,547,331	-984,905	2,562,426	3,881,831	-1,133,488	2,748,343	4,218,831	-1,295,501	2,923,330
Average Balance	3,473,161	-914,192	2,558,970	3,714,581	-1,059,197	2,655,384	4,050,331	-1,214,495	2,835,836
Change in Year	148,340	-141,427	-141,427	334,500	-148,583	185,917	337,000	-162,013	174,987

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **Poles & Wires totals**

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**19,767,037**	**-4,532,364**	**15,234,673**	**21,068,923**	**-5,423,961**	**15,644,962**	**23,056,423**	**-6,306,468**	**16,749,955**
Additions		1,301,886		1,301,886	1,987,500		1,987,500	2,078,000		2,078,000
Depreciation	*0.0%*		-891,597	-891,597		-882,507	-882,507		-963,817	-963,817
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	*ARO*			0			0			0
				0			0			0
				0			0			0
Closing Balance		**21,068,923**	**-5,423,961**	**15,644,962**	**23,056,423**	**-6,306,468**	**16,749,955**	**25,134,423**	**-7,270,285**	**17,864,138**
Average Balance		*20,417,980*	*-4,978,163*	*15,439,818*	*22,062,673*	*-5,865,214*	*16,197,459*	*24,095,423*	*-6,788,376*	*17,307,047*
Change in Year		*1,301,886*	*-891,597*	*-891,597*	*1,987,500*	*-882,507*	*-882,507*	*2,078,000*	*-963,817*	*-963,817*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **1850-Line Transformers**

	2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	**5,781,540**	**-1,301,530**	**4,480,010**	**6,101,044**	**-1,557,860**	**4,543,184**	**6,676,544**	**-1,813,412**	**4,863,132**
Additions	319,504		319,504	575,500		575,500	590,000		590,000
Depreciation 4.0%		-256,330	-256,330		-255,552	-255,552		-278,862	-278,862
Retirements & Sales	0	0	0	0	0	0	0	0	0
Other (specify) ARO			0			0			0
			0			0			0
			0			0			0
Closing Balance	**6,101,044**	**-1,557,860**	**4,543,184**	**6,676,544**	**-1,813,412**	**4,863,132**	**7,266,544**	**-2,092,274**	**5,174,270**
Average Balance	5,941,292	-1,429,695	4,511,597	6,388,794	-1,685,636	4,703,158	6,971,544	-1,952,843	5,018,701
Change in Year	319,504	-256,330	-256,330	575,500	-255,552	319,948	590,000	-278,862	311,138

Notes:
2006 ACTUAL INCLUDES TRANSFORMERS IN INVENTORY $630,688 - RECLASSIFIED PER OEB ACCOUNTING
(THEREFORE DIFF THAN 2006 LEADSHEET CAPITAL ASSET CONTINUITY)
INSTALLED TX ONLY IN CAPITAL PER GAAP
ADDS HERE IN INVENTORY FOR BRIDGE & TEST COULD OFFSET ANY IMPACT OF REDUCING COST IN SOFTWARE ACCOUNT

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1855-Services

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**928,161**	**-15,121**	**913,040**	**1,476,214**	**-76,764**	**1,399,450**	**1,615,144**	**-138,591**	**1,476,553**
Additions		548,053		548,053	138,930		138,930	140,500		140,500
Depreciation	4.0%		-61,643	-61,643		-61,827	-61,827		-67,416	-67,416
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**1,476,214**	**-76,764**	**1,399,450**	**1,615,144**	**-138,591**	**1,476,553**	**1,755,644**	**-206,007**	**1,549,637**
Average Balance		*1,202,188*	*-45,943*	*1,156,245*	*1,545,679*	*-107,678*	*1,438,001*	*1,685,394*	*-172,299*	*1,513,095*
Change in Year		*548,053*	*-61,643*	*-61,643*	*138,930*	*-61,827*	*77,103*	*140,500*	*-67,416*	*73,084*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1860-Meters

	2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	**1,810,406**	**-292,382**	**1,518,024**	**2,081,193**	**-385,996**	**1,695,197**	**2,673,193**	**-481,084**	**2,192,109**
Additions	270,787		270,787	592,000		592,000	139,400		139,400
Depreciation 4.0%		-93,614	-93,614		-95,088	-95,088		-109,716	-109,716
Retirements & Sales	0	0	0	0	0	0	0	0	0
Other (specify) ARO			0			0			0
			0			0			0
			0			0			0
Closing Balance	**2,081,193**	**-385,996**	**1,695,197**	**2,673,193**	**-481,084**	**2,192,109**	**2,812,593**	**-590,799**	**2,221,794**
Average Balance	*1,945,800*	*-339,189*	*1,606,611*	*2,377,193*	*-433,540*	*1,943,653*	*2,742,893*	*-535,942*	*2,206,951*
Change in Year	*270,787*	*-93,614*	*-93,614*	*592,000*	*-95,088*	*496,912*	*139,400*	*-109,716*	*29,684*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **Services & meters totals**

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**2,738,567**	**-307,503**	**2,431,064**	**3,557,407**	**-462,760**	**3,094,647**	**4,288,337**	**-619,675**	**3,668,662**
Additions		818,840		818,840	730,930		730,930	279,900		279,900
Depreciation	*0.0%*		-155,257	-155,257		-156,915	-156,915		-177,131	-177,131
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	*ARO*			0			0			0
				0			0			0
				0			0			0
Closing Balance		**3,557,407**	**-462,760**	**3,094,647**	**4,288,337**	**-619,675**	**3,668,662**	**4,568,237**	**-796,806**	**3,771,431**
Average Balance		*3,147,987*	*-385,132*	*2,762,856*	*3,922,872*	*-541,217*	*3,381,655*	*4,428,287*	*-708,241*	*3,720,046*
Change in Year		*818,840*	*-155,257*	*-155,257*	*730,930*	*-156,915*	*-156,915*	*279,900*	*-177,131*	*-177,131*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1920-Computer Equipment - Hardware

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**622,493**	**-407,695**	**214,798**	**771,710**	**-499,909**	**271,801**	**411,410**	**-116,721**	**294,689**
Additions		149,217		149,217	141,200		141,200	337,000		337,000
Depreciation	20.0%		-92,214	-92,214		-118,312	-118,312		-107,832	-107,832
Retirements & Sales				0	-501,500	501,500	0	-81,500	81,500	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**771,710**	**-499,909**	**271,801**	**411,410**	**-116,721**	**294,689**	**666,910**	**-143,053**	**523,857**
Average Balance		*697,102*	*-453,802*	*243,300*	*591,560*	*-308,315*	*283,245*	*539,160*	*-129,887*	*409,273*
Change in Year		*149,217*	*-92,214*	*-92,214*	*-360,300*	*383,188*	*22,888*	*255,500*	*-26,332*	*229,168*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1925-Computer Software

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR	
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	**466,003**	**-420,561**	**45,442**	**670,397**	**-559,550**	**110,847**	**772,197**	**-772,197**	**0**
Additions	204,394		204,394	101,800		101,800	83,700		83,700
Depreciation 100.0%		-138,989	-138,989		-212,647	-212,647		-83,700	-83,700
Retirements & Sales	0	0	0	0	0	0	0	0	0
Other (specify) ARO			0			0			0
			0			0			0
			0			0			0
Closing Balance	**670,397**	**-559,550**	**110,847**	**772,197**	**-772,197**	**0**	**855,897**	**-855,897**	**0**
Average Balance	*568,200*	*-490,056*	*78,145*	*721,297*	*-665,874*	*55,424*	*814,047*	*-814,047*	*0*
Change in Year	*204,394*	*-138,989*	*-138,989*	*101,800*	*-212,647*	*-110,847*	*83,700*	*-83,700*	*0*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **IT assets totals**

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**1,088,496**	**-828,256**	**260,240**	**1,442,107**	**-1,059,459**	**382,648**	**1,183,607**	**-888,918**	**294,689**
Additions		353,611		353,611	243,000		243,000	420,700		420,700
Depreciation	0.0%		-231,203	-231,203		-330,959	-330,959		-191,532	-191,532
Retirements & Sales		0	0	0	-501,500	501,500	0	-81,500	81,500	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**1,442,107**	**-1,059,459**	**382,648**	**1,183,607**	**-888,918**	**294,689**	**1,522,807**	**-998,950**	**523,857**
Average Balance		*1,265,302*	*-943,858*	*321,444*	*1,312,857*	*-974,189*	*338,669*	*1,353,207*	*-943,934*	*409,273*
Change in Year		*353,611*	*-231,203*	*-231,203*	*-258,500*	*170,541*	*-330,959*	*339,200*	*-110,032*	*-191,532*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1915-Office Furniture and Equipment

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**284,724**	**-133,598**	**151,126**	**328,757**	**-166,967**	**161,790**	**267,257**	**-122,668**	**144,589**
Additions		50,915		50,915	27,500		27,500	82,000		82,000
Depreciation	15.0%		-36,121	-36,121		-44,701	-44,701		-45,076	-45,076
Retirements & Sales		-6,882	2,752	0	-89,000	89,000	0	-15,500	15,500	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**328,757**	**-166,967**	**161,790**	**267,257**	**-122,668**	**144,589**	**333,757**	**-152,244**	**181,513**
Average Balance		*306,741*	*-150,283*	*156,458*	*298,007*	*-144,818*	*153,189*	*300,507*	*-137,456*	*163,051*
Change in Year		*44,033*	*-33,369*	*-36,121*	*-61,500*	*44,299*	*-17,201*	*66,500*	*-29,576*	*36,924*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1930-Transportation Equipment

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**1,380,887**	**-859,542**	**521,345**	**1,433,315**	**-1,003,043**	**430,272**	**1,579,952**	**-1,068,038**	**511,914**
Additions		52,428		52,428	307,637		307,637	280,000		280,000
Depreciation	15.0%		-143,501	-143,501		-225,995	-225,995		-247,868	-247,868
Retirements & Sales				0	-161,000	161,000	0	-135,000	135,000	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**1,433,315**	**-1,003,043**	**430,272**	**1,579,952**	**-1,068,038**	**511,914**	**1,724,952**	**-1,180,906**	**544,046**
Average Balance		*1,407,101*	*-931,293*	*475,809*	*1,506,634*	*-1,035,541*	*471,093*	*1,652,452*	*-1,124,472*	*527,980*
Change in Year		*52,428*	*-143,501*	*-143,501*	*146,637*	*-64,995*	*81,642*	*145,000*	*-112,868*	*32,132*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1935-Stores Equipment

	2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance	51,007	-27,861	23,146	53,152	-33,237	19,915	45,152	-30,152	15,000
Additions	2,145		2,145	0		0	0		0
Depreciation 10.0%		-5,376	-5,376		-4,915	-4,915		-4,490	-4,490
Retirements & Sales			0	-8,000	8,000	0	-500	500	0
Other (specify) ARO			0			0			0
			0			0			0
			0			0			0
Closing Balance	53,152	-33,237	19,915	45,152	-30,152	15,000	44,652	-34,142	10,510
Average Balance	52,080	-30,549	21,531	49,152	-31,695	17,457	44,902	-32,147	12,755
Change in Year	2,145	-5,376	-5,376	-8,000	3,085	-4,915	-500	-3,990	-4,490

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1940-Tools, Shop and Garage Equipment

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**361,332**	**-182,247**	**179,085**	**412,229**	**-213,689**	**198,540**	**380,729**	**-164,837**	**215,892**
Additions		50,897		50,897	57,000		57,000	49,700		49,700
Depreciation	*10.0%*		-31,442	-31,442		-39,648	-39,648		-38,333	-38,333
Retirements & Sales				0	-88,500	88,500	0	-44,500	44,500	0
Other (specify)	*ARO*			0			0			0
				0			0			0
				0			0			0
Closing Balance		**412,229**	**-213,689**	**198,540**	**380,729**	**-164,837**	**215,892**	**385,929**	**-158,670**	**227,259**
Average Balance		*386,781*	*-197,968*	*188,813*	*396,479*	*-189,263*	*207,216*	*383,329*	*-161,753*	*221,576*
Change in Year		*50,897*	*-31,442*	*-31,442*	*-31,500*	*48,852*	*17,352*	*5,200*	*6,167*	*11,367*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **Equipment totals**

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**2,077,950**	**-1,203,248**	**874,702**	**2,227,453**	**-1,416,936**	**810,517**	**2,273,090**	**-1,385,695**	**887,395**
Additions		156,385		156,385	392,137		392,137	411,700		411,700
Depreciation	0.0%		-216,440	-216,440		-315,259	-315,259		-335,767	-335,767
Retirements & Sales		-6,882	2,752	-4,130	-346,500	346,500	0	-195,500	195,500	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**2,227,453**	**-1,416,936**	**810,517**	**2,273,090**	**-1,385,695**	**887,395**	**2,489,290**	**-1,525,962**	**963,328**
Average Balance		2,152,702	-1,310,092	842,610	2,250,272	-1,401,316	848,956	2,381,190	-1,455,829	925,361
Change in Year		149,503	-213,688	-216,440	45,637	31,241	-315,259	216,200	-140,267	-335,767

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1970-Load Management Controls - Customer Premises

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**77,016**	**-5,987**	**71,029**	**689,636**	**-39,862**	**649,774**	**859,156**	**-117,302**	**741,854**
Additions		612,620		612,620	169,520		169,520	0		0
Depreciation	*10.0%*		-33,875	-33,875		-77,440	-77,440		-85,916	-85,916
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	*ARO*			0			0			0
				0			0			0
				0			0			0
Closing Balance		**689,636**	**-39,862**	**649,774**	**859,156**	**-117,302**	**741,854**	**859,156**	**-203,217**	**655,939**
Average Balance		*383,326*	*-22,925*	*360,402*	*774,396*	*-78,582*	*695,814*	*859,156*	*-160,259*	*698,897*
Change in Year		*612,620*	*-33,875*	*-33,875*	*169,520*	*-77,440*	*92,080*	*0*	*-85,916*	*-85,916*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1980-System Supervisory Equipment

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		511,611	-132,933	378,678	609,098	-171,709	437,389	636,598	-213,440	423,158
Additions		97,487		97,487	27,500		27,500	152,800		152,800
Depreciation	6.7%		-38,776	-38,776		-41,731	-41,731		-47,771	-47,771
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		609,098	-171,709	437,389	636,598	-213,440	423,158	789,398	-261,211	528,187
Average Balance		*560,355*	*-152,321*	*408,034*	*622,848*	*-192,574*	*430,274*	*712,998*	*-237,325*	*475,673*
Change in Year		*97,487*	*-38,776*	*-38,776*	*27,500*	*-41,731*	*-14,231*	*152,800*	*-47,771*	*105,029*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1995-Contributions and Grants - Credit

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**-3,329,331**	**217,222**	**-3,112,109**	**-3,872,520**	**347,749**	**-3,524,771**	**-4,299,655**	**511,193**	**-3,788,463**
Additions		-543,189		-543,189	-427,135		-427,135	-700,330		-700,330
Depreciation	*4.0%*		130,527	130,527		163,444	163,444		185,993	185,993
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	*ARO*			0			0			0
				0			0			0
				0			0			0
Closing Balance		**-3,872,520**	**347,749**	**-3,524,771**	**-4,299,655**	**511,193**	**-3,788,463**	**-4,999,985**	**697,185**	**-4,302,800**
Average Balance		*-3,600,926*	*282,486*	*-3,318,440*	*-4,086,088*	*429,471*	*-3,656,617*	*-4,649,820*	*604,189*	*-4,045,631*
Change in Year		*-543,189*	*130,527*	*130,527*	*-427,135*	*163,444*	*-263,692*	*-700,330*	*185,993*	*-514,337*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: 1610-Miscellaneous Intangible Plant

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		336,911	-6,824	330,087	336,911	-6,824	330,087	336,911	-6,824	330,087
Additions		0		0	0		0	0		0
Depreciation	0.0%		0	0		0	0		0	0
Retirements & Sales		0	0	0	0	0	0	0	0	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		336,911	-6,824	330,087	336,911	-6,824	330,087	336,911	-6,824	330,087
Average Balance		336,911	-6,824	330,087	336,911	-6,824	330,087	336,911	-6,824	330,087
Change in Year		0	0	0	0	0	0	0	0	0

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **Other distribution assets total**

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**-2,403,793**	**71,478**	**-2,332,315**	**-2,236,875**	**129,354**	**-2,107,521**	**-2,466,990**	**173,627**	**-2,293,363**
Additions		166,918		166,918	-230,115		-230,115	-547,530		-547,530
Depreciation	0.0%		57,876	57,876		44,273	44,273		52,306	52,306
Retirements & Sales				0			0			0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**-2,236,875**	**129,354**	**-2,107,521**	**-2,466,990**	**173,627**	**-2,293,363**	**-3,014,520**	**225,933**	**-2,788,587**
Average Balance		*-2,320,334*	*100,416*	*-2,219,918*	*-2,351,933*	*151,491*	*-2,200,442*	*-2,740,755*	*199,780*	*-2,540,975*
Change in Year		*166,918*	*57,876*	*57,876*	*-230,115*	*44,273*	*44,273*	*-547,530*	*52,306*	*52,306*

HALTON HILLS HYDRO INC.

FIXED ASSET CONTINUITY SCHEDULE

ACCOUNT: **Overall totals**

		2006 ACTUAL			BRIDGE YEAR			TEST YEAR		
		Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value	Gross Cost	Accumulated Amortization	Net Book Value
Opening Balance		**34,272,324**	**-8,760,560**	**25,511,764**	**37,542,800**	**-10,674,816**	**26,867,984**	**41,970,016**	**-11,805,185**	**30,164,831**
Additions		3,277,358		3,277,358	5,426,216		5,426,216	4,831,010		4,831,010
Depreciation	0.0%		-1,917,008	-1,917,008		-2,129,369	-2,129,369		-2,190,723	-2,190,723
Retirements & Sales		-6,882	2,752	-4,130	-999,000	999,000	0	-278,000	278,000	0
Other (specify)	ARO			0			0			0
				0			0			0
				0			0			0
Closing Balance		**37,542,800**	**-10,674,816**	**26,867,984**	**41,970,016**	**-11,805,185**	**30,164,831**	**46,523,026**	**-13,717,909**	**32,805,118**
Average Balance		*35,907,562*	*-9,717,688*	*26,189,874*	*39,756,408*	*-11,240,001*	*28,516,408*	*44,246,521*	*-12,761,547*	*31,484,974*
Change in Year		*3,270,476*	*-1,914,256*	*-1,917,008*	*4,427,216*	*-1,130,369*	*-2,129,369*	*4,553,010*	*-1,912,723*	*-2,190,723*

APPENDIX D

Operating Costs

APPENDIX D

Operating Costs

1. OM&A Detailed Costs Table (from Exhibit 4, Tab 2, Schedule 1)
2. Materiality Analysis on OM&A Costs (from Exhibit 4, Tab 2, Schedule 2)
3. Depreciation and Amortization (from Exhibit 4, Tab 2, Schedule 7)
4. Capital Cost Allowance (CCA) (from Exhibit 4, Tab 3, Schedule 3)

HALTON HILLS HYDRO INC.

CAPITAL COST ALLOWANCE (CCA)

Class	Class Description	UCC Test Year Opening Balance	Test Year - Tier 1, Tier 2 Additions	Test Year - Tier 1, Tier 2 Disposals	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	24,336,734	801,675	0	25,138,409	400,838	24,737,572	4%	989,503	24,148,906
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
8	General Office/Stores Equip	602,457	0	0	602,457	0	602,457	20%	120,491	481,966
10	Computer Hardware/ Vehicles	844,619	0	0	844,619	0	844,619	30%	253,386	591,233
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	60,985	0	0	60,985	0	60,985	100%	60,985	0
13 1	Leasehold Improvement # 1	0	0	0	0	0	0	5	0	0
13 2	Leasehold Improvement # 2	0	0	0	0	0	0	4	0	0
13 3	Leasehold Improvement # 3	0	0	0	0	0	0	3	0	0
13 4	Leasehold Improvement # 4	0	0	0	0	0	0	4	0	0
14	Franchise	0	0	0	0	N/A	0	7	0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Software acq'd post Mar 22/04	41,920	0	0	41,920	0	41,920	45%	18,864	23,056
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	36,819	0	0	36,819	0	36,819	30%	11,046	25,773
			0	0	0	0	0		0	0
			0	0	0	0	0		0	0
		0			0	0	0		0	0
		0			0	0	0		0	0
	TOTAL	25,923,534	801,675	0	26,725,209	400,838	26,324,372		1,454,275	25,270,934

HALTON HILLS HYDRO INC.

ANNUAL DEPRECIATION TABLE

ACCOUNT: Other distribution assets total

		2006 APPROVED	2006 ACTUAL	BRIDGE YEAR	TEST YEAR
		Annual Depreciation	Annual Depreciation	Annual Depreciation	Annual Depreciation
Opening Balance		**55,750**	**71,478**	**129,354**	**173,627**
Additions		0	0	0	0
Depreciation	various	-34,759	57,876	44,273	52,306
Retirements & Sales					
Other (specify)	ARO				
Reclass 1995 allocated		0			
Closing Balance		**20,991**	**129,354**	**173,627**	**225,933**
Average Balance		38,371	100,416	151,491	199,780
Change in Year		-34,759	57,876	44,273	52,306

HALTON HILLS HYDRO INC.

MATERIALITY ANALYSIS ON OM&A COSTS

2008 Test from 2007 Bridge

A. 5610 - Management salaries & expenses:
- variance over 2007 bridge year resulting from the following:

Settlement analyst hire - full year salary & benefits variance		56,000
Staff training - MBA designation		45,000
Regulatory affairs officer - full year salary & benefits variance		30,000
Annual management salary increase		10,000
Disaster recovery contract renewal		8,500
Other miscellaneous		3,500
	Total	153,000

B. 5615 - General administrative salaries & expenses:
- variance over 2007 bridge year resulting from the following:

Engineering technologist hire - full year salary & benefits		73,800
Annual general administrative salary increase		7,500
Annual benefit cost increase		6,500
New Scada maintenance contract		7,500
Other miscellaneous		5,700
	Total	101,000

C. Power supply expenses - 4705, 4708, 4714, 4716
- costs examined in aggregate as all fluctuate according to power used
- total increase of these accounts budgeted for 2008 = $1,180,000, or 3.28% increase over 2007 projected
- increase conservative based on expected load growth and power costs increases

D. 6110 - Income taxes:
- 2008 test year taxable income approximately $440,000 above 2007 bridge
- variance results due to 2008 test year income taxes assessed on regulatory results; 2007 test year taxable income based on projected actual results
- income taxes at 34.50% on $440,000 = approx $151,800
- variance reasonable compared to total calculated difference

HALTON HILLS HYDRO INC.

2007 Bridge from 2006 Actual

A. 5705 - Amortization expense - property, plant & equipment:
- estimated amortization assuming projects and assets added evenly throughout the year for 2007 bridge equals approximately $177,000
- therefore, increased amortization reasonable

B. Power supply expenses - 4705, 4708, 4714, 4716
- costs examined in aggregate as all fluctuate according to power used
- total increase of these accounts budgeted for 2007 = $869,658, or 2.48% increase over 2006 actual
- increase conservative based on expected load growth and power cost increases

C. 4750 - LV charges:
- low voltage charges initiated May 2006, thus 8 months expense for low voltage during prior year
- $613,744 is annual low voltage charges, when prorated to 12 months, therefore account balance reasonable

D. 6110 - Income taxes:
- 2007 projected taxable income approximately $700,000 above 2006 actual
- income taxes at 36.12% on $700,000 = approx $253,000
- variance reasonable compared to total calculated difference

HALTON HILLS HYDRO INC.

2006 Actual from Board Approved

A. 5415 - Energy conservation:
- 2006 Board Approved costs provided a Tier I adjustment for CDM expenditures totaling $88,690
- CDM expenditures totaling $78,974 were booked into account 5615
- For appropriate comparison to 2006 Board Approved, these costs should be reclassified to account 5415

  **As a result of the reclassification, the net variance in the account is $9,716 below materiality.

B. 5615 - General administrative salary & expenses:
- reclassification of CDM expenditures of $78,974 included in 5615 reduces the account balance to $420,207
- resulting variance is $29,387, below materiality

C. 5665 - Miscellaneous general expenses:
- 2006 Board Approved costs provided a Tier I adjustment for low voltage expenditures totaling $613,744
- these cost should be reclassified to power supply expense account #4750
- resulting account balance is $57,560 and variance $13,412, below materiality

D. 5705 - Amortization expense - property, plant & equipment:
- 2006 actual net book value of assets amounts to $26,867,984, compared to 2006 approved of $24,864,338
- net book value increase of $2,006,646 primarily relates to distribution assets amortized over 25 year term
- amortization of approx $80,000 resulting from change in net book value, thus $83,871 increase in amortization reasonable

E. Power supply expenses - 4705, 4708, 4714, 4716
- costs examined in aggregate as all fluctuate according to power used
- total increase of these accounts for 2006 actual = $4,446,539, or 14.5% increase over 2006 Board approved
- significant factors contributing to increase are: elimination of fixed price cost of power, increase in retail price plan and load growth

F. 4750 - LV charges:
- reclassification of low voltage charges of $613,744 in account #5665 to account #4750
- variance as a result of reclassification = $204,581
- low voltage charges initiated May 2006, thus 8 months expense for low voltage during the year
- $613,744 for annual low voltage charges, when prorated to 8 months equivalent to actual expense, therefore account balance reasonable

HALTON HILLS HYDRO INC.

G. 6105 - Taxes other than income taxes:
- capital taxes of $100,178 included in 6105 for 2006 actual
- capital taxes of $89,445 reclassified in 2006 Board approved from account #6105 to 6110
- reclassification results in account variance less than materiality, thus balance reasonable

H. 6110 - Income taxes:
- 2006 Board approved based on 2004 taxable income
- 2004 taxable income approximately $400,000 below 2006 actual
- income taxes at 36.12% on $400,000 = approx $144,500
- under-accrual of income taxes from 2005 booked in 2006 of $64,000
- variance reasonable compared to total calculated difference of $208,500 arising from taxable income difference and tax under-accrual amounts

HALTON HILLS HYDRO INC.

	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test	VARIANCES 2006 ACTUAL FROM BOARD APPROVED	REFERENCE	2007 BRIDGE FROM 2006 ACTUAL	REFERENCE	2008 TEST FROM 2007 BRIDGE	REFERENCE
Distribution Expenses - Operation										
5005-Operation Supervision and Engineering	161,630	208,732	213,000	218,000	47,102		4,268		5,000	
5012-Station Buildings and Fixtures Expense	2,329	700	1,000	1,000	(1,629)		300		-	
5016-Distribution Station Equipment - Operation Labour	15,961	25,243	25,000	28,000	9,282		(243)		3,000	
5017-Distribution Station Equipment - Operation Supplies and Expenses	5,858	4,311	4,000	4,000	(1,547)		(311)		-	
5020-Overhead Distribution Lines and Feeders - Operation Labour	58,678	89,737	90,000	100,000	31,059		263		10,000	
5045-Underground Distribution Lines & Feeders - Operation Supplies &	9,916	4,635	5,000	5,000	(5,281)		365		-	
5055-Underground Distribution Transformers - Operation	44,987	68,798	61,000	69,000	23,811		(7,798)		8,000	
5065-Meter Expense	87,804	81,741	69,000	71,000	(6,063)		(12,741)		2,000	
5070-Customer Premises - Operation Labour	11,268	58,077	91,000	115,000	46,809		32,923		24,000	
5075-Customer Premises - Materials and Expenses	409	1,086	58,000	65,000	677		56,914		7,000	
5085-Miscellaneous Distribution Expense	4,634	16,906	1,000	1,000	12,272		(15,906)		-	
5050-Underground Subtransmission Feeders - Operation	91,927	140,587	97,000	107,000	48,660		(43,587)		10,000	
Distribution Expenses - Operation Total	**495,401**	**700,553**	**715,000**	**784,000**	**205,152**		**14,447**		**69,000**	
Distribution Expenses - Maintenance										
5105-Maintenance Supervision and Engineering	102,165	132,414	132,000	132,000	30,249		(414)		-	
5114-Maintenance of Distribution Station Equipment	109,960	101,361	141,000	159,000	(8,599)		39,639		18,000	
5120-Maintenance of Poles, Towers and Fixtures	42,329	46,911	47,000	53,000	4,582		89		6,000	
5125-Maintenance of Overhead Conductors and Devices	98,769	112,026	125,000	149,000	13,257		12,974		24,000	
5130-Maintenance of Overhead Services	56,758	73,565	74,000	82,000	16,807		435		8,000	
5135-Overhead Distribution Lines and Feeders - Right of Way	68,110	88,276	88,000	99,000	20,166		(276)		11,000	
5145-Maintenance of Underground Conduit	5,547	9,820	10,000	11,000	4,273		180		1,000	
5150-Maintenance of Underground Conductors and Devices	16,062	35,277	35,000	39,000	19,215		(277)		4,000	
5155-Maintenance of Underground Services	19,631	43,117	42,000	45,000	23,486		(1,117)		3,000	
5160-Maintenance of Line Transformers	36,627	47,482	43,000	48,000	10,855		(4,482)		5,000	
5175-Maintenance of Meters	4,621	4,303	0	0	(318)		(4,303)		-	
5165-Maintenance of Street Lighting and Signal Systems	1,593	0	4,000	4,000	(1,593)		4,000		-	
Distribution Expenses - Maintenance Total	**562,172**	**694,552**	**741,000**	**821,000**	**132,380**		**46,448**		**80,000**	
Billing and Collecting										
5305-Supervision	67,783	81,276	81,000	81,000	13,493		(276)		-	
5310-Meter Reading Expense	124,505	136,677	131,000	147,000	12,172		(5,677)		16,000	
5315-Customer Billing	368,547	338,442	349,000	383,000	(30,105)		10,558		34,000	
5320-Collecting	274,356	309,341	306,000	362,000	34,985		(3,341)		56,000	
5330-Collection Charges	0	1,009	0	0	1,009		(1,009)		-	
5335-Bad Debt Expense	38,593	42,000	1,000	1,000	3,407		(41,000)		-	
5325-Collecting- Cash Over and Short	0	104	55,000	65,000	104		54,896		10,000	
Billing and Collecting Total	**873,784**	**908,849**	**923,000**	**1,039,000**	**35,065**		**14,151**		**116,000**	
Community Relations										
5425-Miscellaneous Customer Service and Informational Expenses	0	29	0	0	29		(29)		-	
5515-Advertising Expense	0	2,216	0	0	2,216		(2,216)		-	
5415-Energy Conservation	88,690	0	2,000	2,000	(88,690)	A	2,000		-	
Community Relations Total	**88,690**	**2,245**	**2,000**	**2,000**	**(86,445)**		**(245)**		**-**	
Administrative and General Expenses										
5605-Executive Salaries and Expenses	492,621	492,390	503,000	522,000	(231)		10,610		19,000	
5610-Management Salaries and Expenses	203,955	206,716	237,000	390,000	2,761		30,284		153,000	A
5615-General Administrative Salaries and Expenses	390,820	499,181	503,000	604,000	108,361	B	3,819		101,000	B
5620-Office Supplies and Expenses	47,147	40,833	62,000	52,000	(6,314)		21,167		(10,000)	
5630-Outside Services Employed	156,855	115,923	92,000	103,000	(40,932)		(23,923)		11,000	
5635-Property Insurance	32,680	43,192	49,000	51,000	10,512		5,808		2,000	
5640-Injuries and Damages	40,764	37,596	46,000	63,000	(3,168)		8,404		17,000	
5645-Employee Pensions and Benefits	61,918	25,736	19,000	21,000	(36,182)		(6,736)		2,000	
5655-Regulatory Expenses	74,628	66,168	87,000	68,000	(8,460)		20,832		(19,000)	
5660-General Advertising Expenses	1,557	8,053	8,000	2,000	6,496		(53)		(6,000)	
5665-Miscellaneous General Expenses	671,304	70,972	74,000	75,000	(600,332)	C	3,028		1,000	
5675-Maintenance of General Plant	420,347	481,999	490,000	496,000	61,652		8,001		6,000	
Administrative and General Expenses Total	**2,594,596**	**2,088,759**	**2,170,000**	**2,447,000**	**(505,837)**		**81,241**		**277,000**	

HALTON HILLS HYDRO INC.

	2006 Board Approved	2006 Actual	2007 Bridge	2008 Test	VARIANCES: 2006 ACTUAL FROM BOARD APPROVED	REFERENCE	2007 BRIDGE FROM 2006 ACTUAL	REFERENCE	2008 TEST FROM 2007 BRIDGE	REFERENCE
Amortization Expense										
5705-Amortization Expense - Property, Plant, and Equipment	1,833,134	1,917,005	2,116,165	2,177,519	83,871	D	199,160	A	61,354	
5715-Amortization of Intangibles and Other Electric Plant	13,204	13,204	13,204	13,204	-		-		-	
Amortization Expense Total	**1,846,338**	**1,930,209**	**2,129,369**	**2,190,723**	**83,871**		**199,160**		**61,354**	
Power Supply Expenses										
4705-Power Purchased	23,050,889	27,767,404	28,455,000	29,388,000	4,716,515	E	687,596	B	933,000	C
4708-Charges-WMS	2,878,234	2,501,240	2,563,000	2,647,000	(376,994)	E	61,760	B	84,000	C
4714-Charges-NW	2,539,613	2,651,515	2,717,000	2,806,000	111,902	E	65,485	B	89,000	C
4716-Charges-CN	2,215,067	2,210,183	2,265,000	2,339,000	(4,884)	E	54,817	B	74,000	C
4750-Charges-LV	0	409,163	636,500	660,000	409,163	F	227,337	C	23,500	
Power Supply Expenses Total	**30,683,803**	**35,539,505**	**36,636,500**	**37,840,000**	**4,855,702**		**1,096,995**		**1,203,500**	
Taxes Other Than Income Taxes										
6105-Taxes Other Than Income Taxes	71,132	189,020	190,000	195,000	117,888	G	980		5,000	
Taxes Other Than Income Taxes Total	**71,132**	**189,020**	**190,000**	**195,000**	**117,888**		**980**		**5,000**	
Extraordinary & Other Items										
6205-Donations	0	2,901	20,000	33,000	2,901		17,099		13,000	
Extraordinary & Other Items Total	**0**	**2,901**	**20,000**	**33,000**	**2,901**		**17,099**		**13,000**	
Income Taxes										
6110-Income Taxes	502,007	731,486	980,000	836,500	229,479	H	248,514	D	(143,500)	D
Income Taxes Total	**502,007**	**731,486**	**1,181,000**	**836,500**	**229,479**		**449,514**		**(344,500)**	
Total Operating Costs	**37,717,923**	**42,788,079**	**44,707,869**	**46,188,223**	**5,070,156**		**1,919,790**		**1,480,354**	

APPENDIX E

Consensus Forecasts - Survey Date July 9, 2007

CONSENSUS FORECASTS

A Digest of International Economic Forecasts

% GDP $ CPI £ PPI € LIBOR ¥ RPI % GDP

Survey Date
July 9, 2007

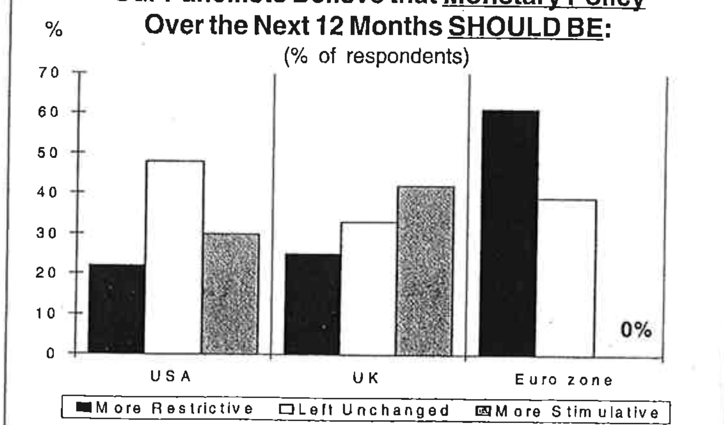
Every month, Consensus Economics surveys over 240 prominent financial and economic forecasters for their estimates of a range of variables including future growth, inflation, interest rates and exchange rates. More than 20 countries are covered and the reference data, together with analysis and polls on topical issues, is rushed to subscribers by express mail and e-mail.

Contents

Survey Highlights

- In **Japan** (page 6), forecasts for GDP growth this year have been upgraded, underpinned by improved capital expenditure expectations and supportive global demand. Meanwhile, despite core consumer price inflation stagnating, the Bank of Japan appears ready to raise interest rates soon.
- In the **United Kingdom** (page 12), 2007 GDP growth forecasts have been raised this month following a stream of upbeat data. The Bank of England also increased interest rates to 5.75% in a bid to quell inflationary pressures.
- In response to strong activity, high capacity utilisation and accelerating wage growth, interest rates in **Norway** (page 21) and **Sweden** (page 23) have also been hiked. GDP growth forecasts for both countries remain robust.
- This month's special survey is an **Evaluation of Economic Policy** by our panellists. Current fiscal and monetary policies are assessed, as are views on the likely and recommended direction of policy over the next year (pages 3 and 28). Panellists also reveal the most favourable and unfavourable factors influencing their forecasts (page 29).

Our Panellists Believe that Monetary Policy Over the Next 12 Months SHOULD BE:
(% of respondents)



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Editor: Claire V. M. Hubbard

	Average % Change on Previous Calendar Year																		Annual Total	
	Gross Domestic Product		Personal Expendi-ture		Machinery & Equip-ment Investment		Pre - Tax Corporate Profits		Industrial Production		Consumer Prices		Industrial Product Prices		Average Hourly Earnings		Housing Starts (thousand units)	
	Produit Intérieur Brut		*Dépenses de Consommation des Ménages*		*Investissement Productif*		*Bénéfices des Sociétés avant impôts*		*Production Industrielle*		*Prix à la Consommation*		*Prix des Produits Industriels*		*Rémunération Horaire Moyenne*		*Construcion de Logements mises en chantier, milliers*	
Economic Forecasters	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**	**2008**
JP Morgan	2.6	2.6	3.6	2.5	1.8	5.8	6.1	3.0	1.2	2.6	2.6	2.6	3.3	2.6	3.6	3.8	215	200
Royal Bank of Canada	2.6	3.0	3.7	2.8	2.1	7.2	3.9	4.2	na	na	2.4	2.2	na	na	na	na	208	190
Caisse de Depot	2.5	2.8	3.3	3.3	6.0	7.0	na	na	na	na	2.1	2.1	na	na	na	na	215	192
Conf Board of Canada	2.5	3.2	3.8	3.2	3.6	8.7	9.8	7.3	na	na	2.4	2.1	3.0	1.5	na	na	212	196
Desjardins	2.5	3.0	3.9	3.7	1.4	3.5	5.7	4.9	na	na	2.3	2.9	4.8	3.6	na	na	212	195
Informetrica	2.5	2.9	3.3	2.9	5.7	6.3	4.9	5.5	0.3	1.8	2.3	2.0	4.0	1.9	2.7	3.1	189	190
National Bank Financial	2.5	2.8	3.5	2.7	1.9	7.0	5.1	-4.1	na	na	2.3	1.8	na	na	na	na	212	196
Toronto Dominion Bank	2.5	2.5	3.7	2.9	2.1	7.2	6.3	3.5	-1.0	2.0	2.6	2.2	na	na	na	na	214	193
BMO Capital Markets	2.4	2.8	3.6	2.8	2.0	6.4	5.8	4.2	-0.1	1.5	2.5	2.6	3.8	3.0	3.7	3.8	210	190
Economap	2.4	2.8	3.5	2.7	2.5	5.0	5.0	3.5	-0.2	1.6	2.4	2.3	3.0	2.5	3.0	2.8	205	185
Global Insight	2.4	2.9	3.6	3.1	3.1	5.4	1.7	5.0	0.3	2.3	2.3	2.1	1.7	-1.8	3.1	2.7	212	204
Merrill Lynch Canada	2.4	2.2	4.2	3.5	na	na	na	na	na	na	2.3	1.9	na	na	na	na	213	193
Scotia Economics	2.4	2.5	3.7	2.7	1.5	5.5	5.0	3.5	na	na	2.4	2.3	na	na	na	na	208	195
CIBC World Markets	2.3	2.6	3.7	2.8	1.6	6.1	8.0	6.0	na	na	2.4	2.3	na	na	na	na	215	198
EDC Economics	2.3	2.8	3.6	3.2	5.2	5.9	3.6	4.3	-0.3	2.6	2.5	2.2	na	na	3.3	2.3	209	189
Consensus (Mean)	2.5	2.8	3.6	3.0	2.9	6.2	5.5	3.9	0.0	2.1	2.4	2.2	3.4	1.9	3.2	3.1	210	194
Last Month's Mean	2.5	2.8	3.5	2.9	3.6	6.1	4.9	3.3	0.2	2.1	2.2	2.2	2.9	2.3	3.0	3.0	208	193
3 Months Ago	2.4	2.9	3.3	2.9	5.1	6.0	2.3	3.6	-0.1	2.0	1.9	2.1	2.1	2.0	2.6	2.9	205	192
High	2.6	3.2	4.2	3.7	6.0	8.7	9.8	7.3	1.2	2.6	2.6	2.9	4.8	3.6	3.7	3.8	215	204
Low	2.3	2.2	3.3	2.5	1.4	3.5	1.7	-4.1	-1.0	1.5	2.1	1.8	1.7	-1.8	2.7	2.3	189	185
Standard Deviation	0.1	0.2	0.2	0.3	1.6	1.2	2.0	2.7	0.7	0.5	0.1	0.3	1.0	1.8	0.4	0.6	7	5
Comparison Forecasts																		
IMF (Apr. '07)	2.4	2.9	3.3	2.8							1.7	2.0						
OECD (May '07)	2.5	3.0	3.0	2.7							2.0	2.1						

Government and Background Data

Prime Minister - Mr. Stephen Harper (Conservative). **Government -** The Conservatives lead a minority government, with 124 out of 308 seats in parliament (155 seats are needed for a clear majority). **Next Election -** By 2011 (general election). **Nominal GDP -** C$1,371bn (2005). **Population -** 32.3mn (mid-year, 2005). **C$/$ Exchange Rate -** 1.212 (average, 2005).

Quarterly Consensus Forecasts

Historical Data and Forecasts (bold italics) From Survey of ***June 11, 2007***

	2006 Q3	2006 Q4	2007 Q1	2007 Q2	2007 Q3	2007 Q4	2008 Q1	2008 Q2	2008 Q3	2008 Q4
Gross Domestic Product	2.4	1.9	2.0	***2.4***	***2.8***	***3.0***	***2.8***	***2.8***	***2.7***	***2.8***
Personal Expenditure	4.5	4.5	4.1	***3.7***	***3.3***	***3.2***	***3.0***	***2.9***	***2.9***	***2.9***
Consumer Prices	1.6	1.3	1.9	***2.1***	***2.4***	***2.9***	***2.5***	***2.2***	***2.2***	***2.2***

Percentage Change (year-on-year).

Historical Data

** % change on previous year*	2003	2004	2005	2006
Gross Domestic Product*	1.9	3.1	3.1	2.8
Personal Expenditure*	3.0	3.4	3.8	4.2
Machinery & Eqpt Investment*	7.7	9.3	10.8	7.4
Pre - Tax Corporate Profits*	6.9	17.1	11.9	5.0
Industrial Production*	0.2	1.8	1.0	-0.5
Consumer Prices*	2.8	1.8	2.2	2.0
Industrial Product Prices*	-1.4	3.2	1.5	2.3
Average Hourly Earnings*	1.9	2.7	3.2	2.7
Housing Starts, '000 units	218	233	225	227
Unemployment Rate, %	7.6	7.2	6.8	6.3
Current Account, C$ bn	14.7	29.1	27.9	23.6
Federal Govt Budget Balance, fiscal years, C$ bn	9.1	1.5	13.2	7.7 *e*
3 mth Trsy Bill, % (end yr)	2.6	2.5	3.4	4.2
10 Yr Govt Bond, % (end yr)	4.8	4.3	4.0	4.1

e = consensus estimate based on latest survey

Year Average		Annual Total		Fiscal Years (Apr-Mar)		Rates on Survey Date 4.5%		4.7%	
Unemploy - ment Rate (%)		Current Account (C$ bn)		Federal Govt Budget Balance (C$ bn)		3 month Treasury Bill Rate (%)		10 Year Government Bond Yield (%)	
Taux de Chômage (%)		*Balance Courante (C$ md)*		*Balance Budgétaire (C$ md)*		*Rendement sur les Bons du Trésor de 3 mois %*		*Rendement des Obligations d'État de 10 ans %*	
2007	2008	2007	2008	FY 07-08	FY 08-09	End Oct'07	End Jul'08	End Oct'07	End Jul'08
6.0	6.3	36.3	45.3	3.0	3.0	4.8	5.2	4.9	5.1
6.2	6.3	19.4	16.8	na	na	5.1	5.3	5.2	5.4
6.3	6.4	20.0	20.0	5.0	3.0	4.5	4.2	4.6	4.7
6.1	6.0	35.9	38.5	14.9	13.1	4.4	4.3	4.6	4.9
6.1	5.8	29.9	24.6	5.0	6.0	4.8	4.8	4.8	5.2
6.1	6.0	18.0	24.0	5.0	6.0	4.6	4.8	4.6	4.7
6.1	6.1	21.0	17.0	4.0	4.0	4.6	4.6	4.8	4.9
6.2	6.3	28.6	22.8	3.3	3.0	4.7	4.7	4.5	4.6
6.2	6.3	26.0	18.0	5.0	5.0	4.8	4.8	4.9	5.4
6.2	6.4	25.0	19.0	6.0	5.0	4.8	4.8	4.7	5.2
6.2	6.3	28.3	30.6	na	na	4.4	4.5	4.5	4.8
6.1	6.2	27.2	18.7	na	na	4.8	4.5	5.1	4.7
6.1	6.2	25.0	14.0	3.3	3.0	4.6	4.6	4.9	5.1
6.1	6.2	30.0	30.0	3.0	3.0	4.5	4.4	4.8	4.7
6.5	6.4	22.7	23.5	na	na	4.5	4.5	4.7	5.0
6.2	6.2	26.2	24.2	5.2	4.9	4.6	4.7	4.8	4.9
6.2	6.2	23.7	21.5	4.5	4.3				
6.2	6.3	17.6	16.5	4.1	3.9				
6.5	6.4	36.3	45.3	14.9	13.1	5.1	5.3	5.2	5.4
6.0	5.8	18.0	14.0	3.0	3.0	4.4	4.2	4.5	4.6
0.1	0.2	5.5	8.7	3.4	3.0	0.2	0.3	0.2	0.3
6.2	6.2								
6.1	6.0								

Bank of Canada Raises Target Rate to 4.5% (After Survey)

Economic growth began the second quarter on a muted note with the recovery stagnating in April, due partly to Easter falling in that month. Activity was reined in by a sharp 5.2% (m-o-m) contraction in motor vehicle output and, as a result, manufacturing as a whole fell by 0.3%. Industrial production was unchanged in m-o-m terms, however, and managed to offset declines in manufacturing and mining with a 2.5% surge in utilities output. There is some good news on the horizon for industry, though. In spite of April's 0.6% (m-o-m) fall in factory shipments, new orders during the same month grew by 0.8%, which could bode well for industrial output over the near-term. In addition, forward-looking US indicators of industrial activity (which are linked to many Canadian sectors, especially manufacturing and car production) showed some firmness in June. Forecasts for industrial production, though, have dipped this month, with our panel now predicting zero growth in industry for this year. Worries over downside risks to the outlook have been further fuelled by uncertainty over the US economic outlook as a whole. Moreover, the C$ continues to appreciate sharply, contributing to faltering terms of trade with the US. This, coupled with falling commodity prices, is hitting export-oriented business. On the domestic demand side, a booming property market, along with robust jobs data showing an increase in payrolls of 35,000 in June, bodes well for consumer activity. Indeed, personal expenditure forecasts have edged up this month. However, April's 0.5% (m-o-m) advance in retail trade – compared with a 1.4% surge during the previous month – was propelled mainly by new car sales. Excluding autos and gasoline, sales actually fell, which could hint at waning underlying momentum.

As had been widely expected, the Bank of Canada raised its target interest rate to 4.5% on July 10 (the day after our survey date). The bank also telegraphed the likelihood of further rate hikes to come. Indeed, core inflation surpassed headline price increases in April, hitting 2.5% (y-o-y) before easing to 2.2% in May. Inflationary pressures stemming from tight capacity constraints, rising unit labour costs and core food prices remain a cause for concern, and consumer price expectations for 2007 have been upgraded again this month.

Direction of Trade – 2006

Major Export Markets (% of Total)		Major Import Suppliers (% of Total)	
United States	82.3	United States	55.7
United Kingdom	2.2	China	8.4
Japan	2.1	Mexico	3.9
Asia (ex. Japan)	*4.4*	*Asia (ex. Japan)*	*14.0*
Latin America	*2.2*	*Latin America*	*7.1*
Middle East	*0.7*	*Africa*	*2.1*

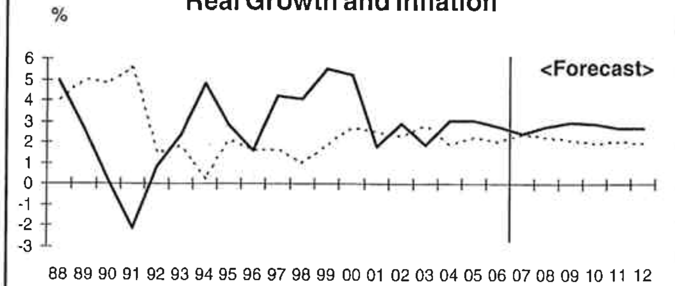
Likelihood of a Bank of Canada Interest Rate Change

Our panel's estimated average probability of a change in the **overnight lending rate (4.50% on July 10) at or before the next key policy meeting on September 5, 2007** is:

INCREASE		NO CHANGE		DECREASE		
74.0	+	25.8	+	0.3	=	100 %

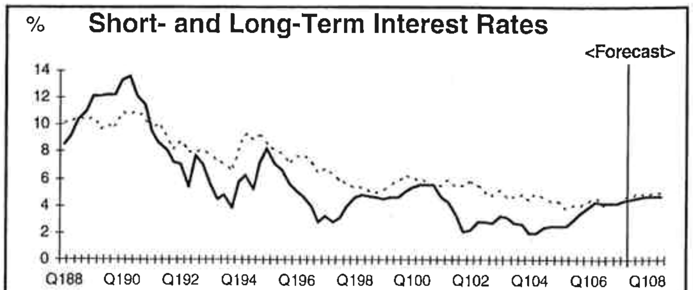
Most likely rate change mentioned: +0.25 %

Real Growth and Inflation



Real GDP (% chg yoy) Consumer Prices (% chg yoy)

Short- and Long-Term Interest Rates



3 Mth Treasury Bill Rate — 10 Yr Govt Bond Yield

APPENDIX F

Rate Impacts

APPENDIX F

RATE IMPACTS

Page	Customer Rate Class	kWh	kW
1	Residential	100	
2	Residential	500	
3	Residential	1,000	
4	Residential	2,000	
5	Residential	5,000	
6	Residential	10,000	
7	Residential	20,000	
8	General Service less than 50kW	500	
9	General Service less than 50kW	1,000	
10	General Service less than 50kW	2,000	
11	General Service less than 50kW	5,000	
12	General Service less than 50kW	10,000	
13	General Service less than 50kW	15,000	
14	General Service 50 to 999kW	5,0000	50
15	General Service 50 to 999kW	15,000	50
16	General Service 50 to 999kW	15,000	100
17	General Service 50 to 999kW	50,000	100
18	General Service 50 to 999kW	50,000	500
19	General Service 1,000 to 4,999kW	50,000	1,000
20	General Service 1,000 to 4,999kW	150,000	1,000
21	General Service 1,000 to 4,999kW	500,000	1,000
22	General Service 1,000 to 4,999kW	50,000	3,500
23	General Service 1,000 to 4,999kW	150,000	3,500
24	General Service 1,000 to 4,999kW	500,00	3,500
25	General Service 1,000 to 4,999kW	1,000,000	3,500
26	Streetlight	160,000	620
27	Streetlight	300,000	620
28	Sentinel	25	0.75
29	Sentinel	50	0.75
30	Un-metered Scattered Load	200	
31	Residential TOU	3,000	
32	Residential TOU	15,000	

HALTON HILLS HYDRO INC.

Residential
100 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				11.35			12.88	1.53	13.5%	6.7%
Distribution	kWh	100	0.01150	1.15	100	0.01420	1.42	0.27	23.5%	1.2%
Sub-Total				**12.50**			**14.30**	**1.80**	**14.4%**	**7.9%**
Regulatory Asset Recovery	kWh	100	0.00420	0.42	100	0.00100	0.10	(0.32)	-76.2%	-1.4%
Retail Transmission - Network	kWh	104	0.00570	0.59	105	0.00570	0.60	0.01	1.3%	0.0%
Retail Transmission - Line and Transformation Connection	kWh	104	0.00500	0.52	105	0.00500	0.52	0.01	1.3%	0.0%
Wholesale Market Service	kWh	104	0.00520	0.54	105	0.00520	0.55	0.01	1.3%	0.0%
Rural Rate Protection Charge	kWh	104	0.00100	0.10	105	0.00100	0.10	0.00	1.3%	0.0%
Debt Retirement Charge	kWh	100	0.00700	0.70	100	0.00700	0.70	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	104	0.05704	5.91	105	0.05704	5.99	0.08	1.3%	0.3%
Total Bill				**21.29**			**22.86**	**1.58**	**7.4%**	**6.9%**

APPENDIX F

HALTON HILLS HYDRO INC.

Residential
500 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				11.35			12.88	1.53	13.5%	2.4%
Distribution	kWh	500	0.01150	5.75	500	0.01420	7.10	1.35	23.5%	2.1%
Sub-Total				**17.10**			**19.98**	**2.88**	**16.8%**	**4.6%**
Regulatory Asset Recovery	kWh	500	0.00420	2.10	500	0.00100	0.50	(1.60)	-76.2%	-2.5%
Retail Transmission - Network	kWh	518	0.00570	2.95	525	0.00570	2.99	0.04	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	518	0.00500	2.59	525	0.00500	2.62	0.03	1.3%	0.1%
Wholesale Market Service	kWh	518	0.00520	2.70	525	0.00520	2.73	0.03	1.3%	0.1%
Rural Rate Protection Charge	kWh	518	0.00100	0.52	525	0.00100	0.52	0.01	1.3%	0.0%
Debt Retirement Charge	kWh	500	0.00700	3.50	500	0.00700	3.50	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	518	0.05704	29.57	525	0.05704	29.95	0.38	1.3%	0.6%
Total Bill				**61.03**			**62.80**	**1.77**	**2.9%**	**2.8%**

HALTON HILLS HYDRO INC.

Residential
1,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				11.35			12.88	1.53	13.5%	1.4%
Distribution	kWh	1,000	0.01150	11.50	1,000	0.01420	14.20	2.70	23.5%	2.4%
Sub-Total				**22.85**			**27.08**	**4.23**	**18.5%**	**3.8%**
Regulatory Asset Recovery	kWh	1,000	0.00420	4.20	1,000	0.00100	1.00	(3.20)	-76.2%	-2.8%
Retail Transmission - Network	kWh	1,037	0.00570	5.91	1,050	0.00570	5.98	0.08	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	1,037	0.00500	5.18	1,050	0.00500	5.25	0.07	1.3%	0.1%
Wholesale Market Service	kWh	1,037	0.00520	5.39	1,050	0.00520	5.46	0.07	1.3%	0.1%
Rural Rate Protection Charge	kWh	1,037	0.00100	1.04	1,050	0.00100	1.05	0.01	1.3%	0.0%
Debt Retirement Charge	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,037	0.05704	59.14	1,050	0.05704	59.89	0.75	1.3%	0.7%
Total Bill				**110.71**			**112.72**	**2.01**	**1.8%**	**1.8%**

HALTON HILLS HYDRO INC.

Residential
2,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				11.35			12.88	1.53	13.5%	0.7%
Distribution	kWh	2,000	0.01150	23.00	2,000	0.01420	28.40	5.40	23.5%	2.5%
Sub-Total				**34.35**			**41.28**	**6.93**	**20.2%**	**3.3%**
Regulatory Asset Recovery	kWh	2,000	0.00420	8.40	2,000	0.00100	2.00	(6.40)	-76.2%	-3.0%
Retail Transmission - Network	kWh	2,074	0.00570	11.82	2,100	0.00570	11.97	0.15	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	2,074	0.00500	10.37	2,100	0.00500	10.50	0.13	1.3%	0.1%
Wholesale Market Service	kWh	2,074	0.00520	10.78	2,100	0.00520	10.92	0.14	1.3%	0.1%
Rural Rate Protection Charge	kWh	2,074	0.00100	2.07	2,100	0.00100	2.10	0.03	1.3%	0.0%
Debt Retirement Charge	kWh	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	2,074	0.05704	118.28	2,100	0.05704	119.78	1.50	1.3%	0.7%
Total Bill				**210.07**			**212.55**	**2.48**	**1.2%**	**1.2%**

HALTON HILLS HYDRO INC.

Residential
5,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				11.35			12.88	1.53	13.5%	0.3%
Distribution	kWh	5,000	0.01150	57.50	5,000	0.01420	71.00	13.50	23.5%	2.6%
Sub-Total				**68.85**			**83.88**	**15.03**	**21.8%**	**2.9%**
Regulatory Asset Recovery	kWh	5,000	0.00420	21.00	5,000	0.00100	5.00	(16.00)	-76.2%	-3.1%
Retail Transmission - Network	kWh	5,184	0.00570	29.55	5,250	0.00570	29.92	0.38	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	5,184	0.00500	25.92	5,250	0.00500	26.25	0.33	1.3%	0.1%
Wholesale Market Service	kWh	5,184	0.00520	26.96	5,250	0.00520	27.30	0.34	1.3%	0.1%
Rural Rate Protection Charge	kWh	5,184	0.00100	5.18	5,250	0.00100	5.25	0.07	1.3%	0.0%
Debt Retirement Charge	kWh	5,000	0.00700	35.00	5,000	0.00700	35.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	5,184	0.05704	295.70	5,250	0.05704	299.46	3.76	1.3%	0.7%
Total Bill				**508.15**			**512.06**	**3.91**	**0.8%**	**0.8%**

HALTON HILLS HYDRO INC.

Residential
10,000 kWh Consumption

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge				11.35			12.88	1.53	13.5%	0.2%
Distribution	kWh	10,000	0.01150	115.00	10,000	0.01420	142.00	27.00	23.5%	2.7%
Sub-Total				**126.35**			**154.88**	**28.53**	**22.6%**	**2.8%**
Regulatory Asset Recovery	kWh	10,000	0.00420	42.00	10,000	0.00100	10.00	(32.00)	-76.2%	-3.2%
Retail Transmission - Network	kWh	10,368	0.00570	59.10	10,500	0.00570	59.85	0.75	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	10,368	0.00500	51.84	10,500	0.00500	52.50	0.66	1.3%	0.1%
Wholesale Market Service	kWh	10,368	0.00520	53.91	10,500	0.00520	54.60	0.69	1.3%	0.1%
Rural Rate Protection Charge	kWh	10,368	0.00100	10.37	10,500	0.00100	10.50	0.13	1.3%	0.0%
Debt Retirement Charge	kWh	10,000	0.00700	70.00	10,000	0.00700	70.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	10,368	0.05704	591.39	10,500	0.05704	598.91	7.52	1.3%	0.7%
Total Bill				**1,004.96**			**1,011.24**	**6.28**	**0.6%**	**0.6%**

APPENDIX F

HALTON HILLS HYDRO INC.

Residential
20,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				11.35			12.88	1.53	13.5%	0.1%
Distribution	kWh	20,000	0.01150	230.00	20,000	0.01420	284.00	54.00	23.5%	2.7%
Sub-Total				**241.35**			**296.88**	**55.53**	**23.0%**	**2.8%**
Regulatory Asset Recovery	kWh	20,000	0.00420	84.00	20,000	0.00100	20.00	(64.00)	-76.2%	-3.2%
Retail Transmission - Network	kWh	20,736	0.00570	118.20	21,000	0.00570	119.70	1.50	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	20,736	0.00500	103.68	21,000	0.00500	105.00	1.32	1.3%	0.1%
Wholesale Market Service	kWh	20,736	0.00520	107.83	21,000	0.00520	109.20	1.37	1.3%	0.1%
Rural Rate Protection Charge	kWh	20,736	0.00100	20.74	21,000	0.00100	21.00	0.26	1.3%	0.0%
Debt Retirement Charge	kWh	20,000	0.00700	140.00	20,000	0.00700	140.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	20,736	0.05704	1,182.78	21,000	0.05704	1,197.83	15.05	1.3%	0.7%
Total Bill				**1,998.57**			**2,009.61**	**11.04**	**0.6%**	**0.5%**

APPENDIX F

HALTON HILLS HYDRO INC.

GS<50kW
500 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				24.74			28.13	3.39	13.7%	2.7%
Distribution	kWh	500	0.01000	5.00	500	0.01280	6.40	1.40	28.0%	1.1%
Sub-Total				**29.74**			**34.53**	**4.79**	**16.1%**	**3.8%**
Regulatory Asset Recovery	kWh	500	0.00380	1.90	500	0.00090	0.45	(1.45)	-76.3%	-1.2%
Retail Transmission - Network	kWh	518	0.00520	2.70	525	0.00520	2.73	0.03	1.3%	0.0%
Retail Transmission - Line and Transformation Connection	kWh	518	0.00450	2.33	525	0.00450	2.36	0.03	1.3%	0.0%
Wholesale Market Service	kWh	518	0.00520	2.70	525	0.00520	2.73	0.03	1.3%	0.0%
Rural Rate Protection Charge	kWh	518	0.00100	0.52	525	0.00100	0.52	0.01	1.3%	0.0%
Debt Retirement Charge	kWh	518	0.00700	3.63	525	0.00700	3.67	0.05	1.3%	0.0%
Cost of Power Commodity	kWh	518	0.05704	29.57	525	0.05704	29.95	0.38	1.3%	0.3%
Total Bill				**73.08**			**76.95**	**3.87**	**5.3%**	**3.1%**

HALTON HILLS HYDRO INC.

GS<50kW
1,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				24.74			28.13	3.39	13.7%	2.7%
Distribution	kWh	1,000	0.01000	10.00	1,000	0.01280	12.80	2.80	28.0%	2.2%
Sub-Total				**34.74**			**40.93**	**6.19**	**17.8%**	**4.9%**
Regulatory Asset Recovery	kWh	1,000	0.00380	3.80	1,000	0.00090	0.90	(2.90)	-76.3%	-2.3%
Retail Transmission - Network	kWh	1,037	0.00520	5.39	1,050	0.00520	5.46	0.07	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	1,037	0.00450	4.67	1,050	0.00450	4.72	0.06	1.3%	0.0%
Wholesale Market Service	kWh	1,037	0.00520	5.39	1,050	0.00520	5.46	0.07	1.3%	0.1%
Rural Rate Protection Charge	kWh	1,037	0.00100	1.04	1,050	0.00100	1.05	0.01	1.3%	0.0%
Debt Retirement Charge	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,037	0.05704	59.14	1,050	0.05704	59.89	0.75	1.3%	0.6%
Total Bill				**121.16**			**125.42**	**4.25**	**3.5%**	**3.4%**

HALTON HILLS HYDRO INC.

GS<50kW
2,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				24.74			28.13	3.39	13.7%	1.5%
Distribution	kWh	2,000	0.01000	20.00	2,000	0.01280	25.60	5.60	28.0%	2.5%
Sub-Total				**44.74**			**53.73**	**8.99**	**20.1%**	**4.0%**
Regulatory Asset Recovery	kWh	2,000	0.00380	7.60	2,000	0.00090	1.80	(5.80)	-76.3%	-2.6%
Retail Transmission - Network	kWh	2,074	0.00520	10.78	2,100	0.00520	10.92	0.14	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	2,074	0.00450	9.33	2,100	0.00450	9.45	0.12	1.3%	0.1%
Wholesale Market Service	kWh	2,074	0.00520	10.78	2,100	0.00520	10.92	0.14	1.3%	0.1%
Rural Rate Protection Charge	kWh	2,074	0.00100	2.07	2,100	0.00100	2.10	0.03	1.3%	0.0%
Debt Retirement Charge	kWh	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	2,074	0.05704	118.28	2,100	0.05704	119.78	1.50	1.3%	0.7%
Total Bill				**217.59**			**222.70**	**5.11**	**2.4%**	**2.3%**

HALTON HILLS HYDRO INC.

GS<50kW
5,000 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				24.74			28.13	3.39	13.7%	0.7%
Distribution	kWh	5,000	0.01000	50.00	5,000	0.01280	64.00	14.00	28.0%	2.7%
Sub-Total				**74.74**			**92.13**	**17.39**	**23.3%**	**3.4%**
Regulatory Asset Recovery	kWh	5,000	0.00380	19.00	5,000	0.00090	4.50	(14.50)	-76.3%	-2.8%
Retail Transmission - Network	kWh	5,184	0.00520	26.96	5,250	0.00520	27.30	0.34	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	5,184	0.00450	23.33	5,250	0.00450	23.62	0.30	1.3%	0.1%
Wholesale Market Service	kWh	5,184	0.00520	26.96	5,250	0.00520	27.30	0.34	1.3%	0.1%
Rural Rate Protection Charge	kWh	5,184	0.00100	5.18	5,250	0.00100	5.25	0.07	1.3%	0.0%
Debt Retirement Charge	kWh	5,000	0.00700	35.00	5,000	0.00700	35.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	5,184	0.05704	295.70	5,250	0.05704	299.46	3.76	1.3%	0.7%
Total Bill				**506.86**			**514.56**	**7.70**	**1.5%**	**1.5%**

HALTON HILLS HYDRO INC.

GS<50kW
10,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				24.74			28.13	3.39	13.7%	0.3%
Distribution	kWh	10,000	0.01000	100.00	10,000	0.01280	128.00	28.00	28.0%	2.8%
Sub-Total				**124.74**			**156.13**	**31.39**	**25.2%**	**3.1%**
Regulatory Asset Recovery	kWh	10,000	0.00380	38.00	10,000	0.00090	9.00	(29.00)	-76.3%	-2.9%
Retail Transmission - Network	kWh	10,368	0.00520	53.91	10,500	0.00520	54.60	0.69	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	10,368	0.00450	46.66	10,500	0.00450	47.25	0.59	1.3%	0.1%
Wholesale Market Service	kWh	10,368	0.00520	53.91	10,500	0.00520	54.60	0.69	1.3%	0.1%
Rural Rate Protection Charge	kWh	10,368	0.00100	10.37	10,500	0.00100	10.50	0.13	1.3%	0.0%
Debt Retirement Charge	kWh	10,000	0.00700	70.00	10,000	0.00700	70.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	10,368	0.05704	591.39	10,500	0.05704	598.91	7.52	1.3%	0.8%
Total Bill				**988.98**			**1,000.99**	**12.01**	**1.2%**	**1.2%**

HALTON HILLS HYDRO INC.

GS<50kW
15,000 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				24.74			28.13	3.39	13.7%	0.2%
Distribution	kWh	15,000	0.01000	150.00	15,000	0.01280	192.00	42.00	28.0%	2.8%
Sub-Total				**174.74**			**220.13**	**45.39**	**26.0%**	**3.1%**
Regulatory Asset Recovery	kWh	15,000	0.00380	57.00	15,000	0.00090	13.50	(43.50)	-76.3%	-2.9%
Retail Transmission - Network	kWh	15,552	0.00520	80.87	15,750	0.00520	81.90	1.03	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	15,552	0.00450	69.98	15,750	0.00450	70.87	0.89	1.3%	0.1%
Wholesale Market Service	kWh	15,552	0.00520	80.87	15,750	0.00520	81.90	1.03	1.3%	0.1%
Rural Rate Protection Charge	kWh	15,552	0.00100	15.55	15,750	0.00100	15.75	0.20	1.3%	0.0%
Debt Retirement Charge	kWh	15,000	0.00700	105.00	15,000	0.00700	105.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	15,552	0.05704	887.09	15,750	0.05704	898.37	11.29	1.3%	0.8%
Total Bill				**1,471.10**			**1,487.42**	**16.32**	**1.1%**	**1.1%**

HALTON HILLS HYDRO INC.

GS 50-999 kW

50 kW Consumption
5,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				93.67			80.77	(12.90)	-13.8%	-1.5%
Distribution	kW	50	4.62080	231.04	50	4.43500	221.75	(9.29)	-4.0%	-1.0%
Sub-Total				**324.71**			**302.52**	**(22.19)**	**-6.8%**	**-2.5%**
Regulatory Asset Recovery	kW	50	0.48940	24.47	50	0.25960	12.98	(11.49)	-47.0%	-1.3%
Retail Transmission - Network	kW	52	2.12180	109.99	52	2.12180	111.39	1.40	1.3%	0.2%
Retail Transmission - Line and Transformation Connection	kW	52	1.78820	92.70	52	1.78820	93.88	1.18	1.3%	0.1%
Wholesale Market Service	kWh	5,184	0.00520	26.96	5,250	0.00520	27.30	0.34	1.3%	0.0%
Rural Rate Protection Charge	kWh	5,184	0.00100	5.18	5,250	0.00100	5.25	0.07	1.3%	0.0%
Debt Retirement Charge	kWh	5,000	0.00700	35.00	5,000	0.00700	35.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	5,184	0.05704	295.70	5,250	0.05704	299.46	3.76	1.3%	0.4%
Total Bill				**914.71**			**887.78**	**(26.93)**	**-2.9%**	**-3.0%**

HALTON HILLS HYDRO INC.

GS 50-999 kW

50 kW Consumption
15,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				93.67			80.77	(12.90)	-13.8%	-0.8%
Distribution	kW	50	4.62080	231.04	50	4.43500	221.75	(9.29)	-4.0%	-0.6%
Sub-Total				**324.71**			**302.52**	**(22.19)**	**-6.8%**	**-1.4%**
Regulatory Asset Recovery	kW	50	0.48940	24.47	50	0.25960	12.98	(11.49)	-47.0%	-0.7%
Retail Transmission - Network	kW	52	2.12180	109.99	52	2.12180	111.39	1.40	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kW	52	1.78820	92.70	52	1.78820	93.88	1.18	1.3%	0.1%
Wholesale Market Service	kWh	15,552	0.00520	80.87	15,750	0.00520	81.90	1.03	1.3%	0.1%
Rural Rate Protection Charge	kWh	15,552	0.00100	15.55	15,750	0.00100	15.75	0.20	1.3%	0.0%
Debt Retirement Charge	kWh	15,000	0.00700	105.00	15,000	0.00700	105.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	15,552	0.05704	887.09	15,750	0.05704	898.37	11.29	1.3%	0.7%
Total Bill				**1,640.38**			**1,621.79**	**(18.59)**	**-1.1%**	**-1.1%**

HALTON HILLS HYDRO INC.

GS 50-999 kW
100 kW Consumption
15,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				93.67			80.77	(12.90)	-13.8%	-0.6%
Distribution	kW	100	4.62080	462.08	100	4.43500	443.50	(18.58)	-4.0%	-0.9%
Sub-Total				**555.75**			**524.27**	**(31.48)**	**-5.7%**	**-1.5%**
Regulatory Asset Recovery	kW	100	0.48940	48.94	100	0.25960	25.96	(22.98)	-47.0%	-1.1%
Retail Transmission - Network	kW	104	2.12180	219.99	105	2.12180	222.79	2.80	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kW	104	1.78820	185.40	105	1.78820	187.76	2.36	1.3%	0.1%
Wholesale Market Service	kWh	15,552	0.00520	80.87	15,750	0.00520	81.90	1.03	1.3%	0.0%
Rural Rate Protection Charge	kWh	15,552	0.00100	15.55	15,750	0.00100	15.75	0.20	1.3%	0.0%
Debt Retirement Charge	kWh	15,000	0.00700	105.00	15,000	0.00700	105.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	15,552	0.05704	887.09	15,750	0.05704	898.37	11.29	1.3%	0.5%
Total Bill				**2,098.59**			**2,061.80**	**(36.79)**	**-1.8%**	**-1.8%**

HALTON HILLS HYDRO INC.

GS 50-999 kW
100 kW Consumption
50,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				93.67			80.77	(12.90)	-13.8%	-0.3%
Distribution	kW	100	4.62080	462.08	100	4.43500	443.50	(18.58)	-4.0%	-0.4%
Sub-Total				**555.75**			**524.27**	**(31.48)**	**-5.7%**	**-0.7%**
Regulatory Asset Recovery	kW	100	0.48940	48.94	100	0.25960	25.96	(22.98)	-47.0%	-0.5%
Retail Transmission - Network	kW	104	2.12180	219.99	105	2.12180	222.79	2.80	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kW	104	1.78820	185.40	105	1.78820	187.76	2.36	1.3%	0.1%
Wholesale Market Service	kWh	51,840	0.00520	269.57	52,500	0.00520	273.00	3.43	1.3%	0.1%
Rural Rate Protection Charge	kWh	51,840	0.00100	51.84	52,500	0.00100	52.50	0.66	1.3%	0.0%
Debt Retirement Charge	kWh	50,000	0.00700	350.00	50,000	0.00700	350.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	51,840	0.05704	2,956.95	52,500	0.05704	2,994.57	37.62	1.3%	0.8%
Total Bill				**4,638.44**			**4,630.84**	**(7.60)**	**-0.2%**	**-0.2%**

HALTON HILLS HYDRO INC.

GS 50-999 kW
500 kW Consumption
50,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				93.67			80.77	(12.90)	-13.8%	-0.2%
Distribution	kW	500	4.62080	2,310.40	500	4.43500	2,217.50	(92.90)	-4.0%	-1.1%
Sub-Total				**2,404.07**			**2,298.27**	**(105.80)**	**-4.4%**	**-1.3%**
Regulatory Asset Recovery	kW	500	0.48940	244.70	500	0.25960	129.80	(114.90)	-47.0%	-1.4%
Retail Transmission - Network	kW	518	2.12180	1,099.94	525	2.12180	1,113.93	13.99	1.3%	0.2%
Retail Transmission - Line and Transformation Connection	kW	518	1.78820	927.00	525	1.78820	938.80	11.79	1.3%	0.1%
Wholesale Market Service	kWh	51,840	0.00520	269.57	52,500	0.00520	273.00	3.43	1.3%	0.0%
Rural Rate Protection Charge	kWh	51,840	0.00100	51.84	52,500	0.00100	52.50	0.66	1.3%	0.0%
Debt Retirement Charge	kWh	50,000	0.00700	350.00	50,000	0.00700	350.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	51,840	0.05704	2,956.95	52,500	0.05704	2,994.57	37.62	1.3%	0.5%
Total Bill				**8,304.08**			**8,150.87**	**(153.21)**	**-1.8%**	**-1.9%**

HALTON HILLS HYDRO INC.

GS 1000-4999
1,000 kW Consumption
50,000 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				207.22			185.71	(21.51)	-10.4%	-0.2%
Distribution	kW	1,000	4.29990	4,299.90	1,000	4.56490	4,564.90	265.00	6.2%	2.0%
Sub-Total				**4,507.12**			**4,750.61**	**243.49**	**5.4%**	**1.9%**
Regulatory Asset Recovery	kW	1,000	1.28700	1,287.00	1,000	0.28690	286.90	(1,000.10)	-77.7%	-7.6%
Retail Transmission - Network	kW	1,037	2.25350	2,336.43	1,050	2.25350	2,366.15	29.72	1.3%	0.2%
Retail Transmission - Line and Transformation Connection	kW	1,037	1.96030	2,032.44	1,050	1.96030	2,058.30	25.86	1.3%	0.2%
Wholesale Market Service	kWh	51,840	0.00520	269.57	52,500	0.00520	273.00	3.43	1.3%	0.0%
Rural Rate Protection Charge	kWh	51,840	0.00100	51.84	52,500	0.00100	52.50	0.66	1.3%	0.0%
Debt Retirement Charge	kWh	50,000	0.00700	350.00	50,000	0.00700	350.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	51,840	0.05704	2,956.95	52,500	0.05704	2,994.57	37.62	1.3%	0.3%
Total Bill				**13,791.35**			**13,132.03**	**(659.32)**	**-4.8%**	**-5.0%**

HALTON HILLS HYDRO INC.

GS 1000-4999
1,000 kW Consumption
150,000 kWh Consumption

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge				207.22			185.71	(21.51)	-10.4%	-0.1%
Distribution	kW	1,000	4.29990	4,299.90	1,000	4.56490	4,564.90	265.00	6.2%	1.3%
Sub-Total				**4,507.12**			**4,750.61**	**243.49**	**5.4%**	**1.2%**
Regulatory Asset Recovery	kW	1,000	1.28700	1,287.00	1,000	0.28690	286.90	(1,000.10)	-77.7%	-4.9%
Retail Transmission - Network	kW	1,037	2.25350	2,336.43	1,050	2.25350	2,366.15	29.72	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kW	1,037	1.96030	2,032.44	1,050	1.96030	2,058.30	25.86	1.3%	0.1%
Wholesale Market Service	kWh	155,520	0.00520	808.70	157,499	0.00520	818.99	10.29	1.3%	0.1%
Rural Rate Protection Charge	kWh	155,520	0.00100	155.52	157,499	0.00100	157.50	1.98	1.3%	0.0%
Debt Retirement Charge	kWh	150,000	0.00700	1,050.00	150,000	0.00700	1,050.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	155,520	0.05704	8,870.86	157,499	0.05704	8,983.71	112.85	1.3%	0.6%
Total Bill				**21,048.07**			**20,472.16**	**(575.91)**	**-2.7%**	**-2.8%**

APPENDIX F

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HALTON HILLS HYDRO INC.

GS 1000-4999
1,000 kW Consumption
500,000 kWh Consumption

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge				207.22			185.71	(21.51)	-10.4%	0.0%
Distribution	kW	1,000	4.29990	4,299.90	1,000	4.56490	4,564.90	265.00	6.2%	0.6%
Sub-Total				**4,507.12**			**4,750.61**	**243.49**	**5.4%**	**0.5%**
Regulatory Asset Recovery	kW	1,000	1.28700	1,287.00	1,000	0.28690	286.90	(1,000.10)	-77.7%	-2.2%
Retail Transmission - Network	kW	1,037	2.25350	2,336.43	1,050	2.25350	2,366.15	29.72	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kW	1,037	1.96030	2,032.44	1,050	1.96030	2,058.30	25.86	1.3%	0.1%
Wholesale Market Service	kWh	518,400	0.00520	2,695.68	524,995	0.00520	2,729.97	34.29	1.3%	0.1%
Rural Rate Protection Charge	kWh	518,400	0.00100	518.40	524,995	0.00100	525.00	6.60	1.3%	0.0%
Debt Retirement Charge	kWh	500,000	0.00700	3,500.00	500,000	0.00700	3,500.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	518,400	0.05704	29,569.54	524,995	0.05704	29,945.71	376.18	1.3%	0.8%
Total Bill				**46,446.60**			**46,162.64**	**(283.96)**	**-0.6%**	**-0.6%**

HALTON HILLS HYDRO INC.

GS 1000-4999
3,500 kW Consumption
50,000 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				207.22			185.71	(21.51)	-10.4%	-0.1%
Distribution	kW	3,500	4.29990	15,049.65	3,500	4.56490	15,977.15	927.50	6.2%	2.6%
Sub-Total				**15,256.87**			**16,162.86**	**905.99**	**5.9%**	**2.5%**
Regulatory Asset Recovery	kW	3,500	1.28700	4,504.50	3,500	0.28690	1,004.15	(3,500.35)	-77.7%	-9.6%
Retail Transmission - Network	kW	3,629	2.25350	8,177.50	3,675	2.25350	8,281.53	104.03	1.3%	0.3%
Retail Transmission - Line and Transformation Connection	kW	3,629	1.96030	7,113.54	3,675	1.96030	7,204.03	90.50	1.3%	0.2%
Wholesale Market Service	kWh	51,840	0.00520	269.57	52,500	0.00520	273.00	3.43	1.3%	0.0%
Rural Rate Protection Charge	kWh	51,840	0.00100	51.84	52,500	0.00100	52.50	0.66	1.3%	0.0%
Debt Retirement Charge	kWh	50,000	0.00700	350.00	50,000	0.00700	350.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	51,840	0.05704	2,956.95	52,500	0.05704	2,994.57	37.62	1.3%	0.1%
Total Bill				**38,680.77**			**36,322.65**	**(2,358.12)**	**-6.1%**	**-6.5%**

HALTON HILLS HYDRO INC.

GS 1000-4999
3,500 kW Consumption
150,000 kWh Consumption

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge				207.22			185.71	(21.51)	-10.4%	-0.1%
Distribution	kW	3,500	4.29990	15,049.65	3,500	4.56490	15,977.15	927.50	6.2%	2.6%
Sub-Total				**15,256.87**			**16,162.86**	**905.99**	**5.9%**	**2.5%**
Regulatory Asset Recovery	kW	3,500	1.28700	4,504.50	3,500	0.28690	1,004.15	(3,500.35)	-77.7%	-9.6%
Retail Transmission - Network	kW	3,629	2.25350	8,177.50	3,675	2.25350	8,281.53	104.03	1.3%	0.3%
Retail Transmission - Line and Transformation Connection	kW	3,629	1.96030	7,113.54	3,675	1.96030	7,204.03	90.50	1.3%	0.2%
Wholesale Market Service	kWh	155,520	0.00520	808.70	157,499	0.00520	818.99	10.29	1.3%	0.0%
Rural Rate Protection Charge	kWh	155,520	0.00100	155.52	157,499	0.00100	157.50	1.98	1.3%	0.0%
Debt Retirement Charge	kWh	150,000	0.00700	1,050.00	150,000	0.00700	1,050.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	155,520	0.05704	8,870.86	157,499	0.05704	8,983.71	112.85	1.3%	0.3%
Total Bill				**45,937.49**			**43,662.78**	**(2,274.71)**	**-5.0%**	**-6.3%**

HALTON HILLS HYDRO INC.

GS 1000-4999
3,500 kW Consumption
500,000 kWh Consumption

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge				207.22			185.71	(21.51)	-10.4%	-0.1%
Distribution	kW	3,500	4.29990	15,049.65	3,500	4.56490	15,977.15	927.50	6.2%	2.6%
Sub-Total				**15,256.87**			**16,162.86**	**905.99**	**5.9%**	**2.5%**
Regulatory Asset Recovery	kW	3,500	1.28700	4,504.50	3,500	0.28690	1,004.15	(3,500.35)	-77.7%	-9.6%
Retail Transmission - Network	kW	3,629	2.25350	8,177.50	3,675	2.25350	8,281.53	104.03	1.3%	0.3%
Retail Transmission - Line and Transformation Connection	kW	3,629	1.96030	7,113.54	3,675	1.96030	7,204.03	90.50	1.3%	0.2%
Wholesale Market Service	kWh	518,400	0.00520	2,695.68	524,995	0.00520	2,729.97	34.29	1.3%	0.1%
Rural Rate Protection Charge	kWh	518,400	0.00100	518.40	524,995	0.00100	525.00	6.60	1.3%	0.0%
Debt Retirement Charge	kWh	500,000	0.00700	3,500.00	500,000	0.00700	3,500.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	518,400	0.05704	29,569.54	524,995	0.05704	29,945.71	376.18	1.3%	1.0%
Total Bill				**71,336.02**			**69,353.26**	**(1,982.76)**	**-2.8%**	**-5.5%**

HALTON HILLS HYDRO INC.

GS 1000-4999
3,500 kW Consumption
1,000,000 kWh Consumption

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge				207.22			185.71	(21.51)	-10.4%	-0.1%
Distribution	kW	3,500	4.29990	15,049.65	3,500	4.56490	15,977.15	927.50	6.2%	2.6%
Sub-Total				**15,256.87**			**16,162.86**	**905.99**	**5.9%**	**2.5%**
Regulatory Asset Recovery	kW	3,500	1.28700	4,504.50	3,500	0.28690	1,004.15	(3,500.35)	-77.7%	-9.6%
Retail Transmission - Network	kW	3,629	2.25350	8,177.50	3,675	2.25350	8,281.53	104.03	1.3%	0.3%
Retail Transmission - Line and Transformation Connection	kW	3,629	1.96030	7,113.54	3,675	1.96030	7,204.03	90.50	1.3%	0.2%
Wholesale Market Service	kWh	1,036,800	0.00520	5,391.36	1,049,990	0.00520	5,459.95	68.59	1.3%	0.2%
Rural Rate Protection Charge	kWh	1,036,800	0.00100	1,036.80	1,049,990	0.00100	1,049.99	13.19	1.3%	0.0%
Debt Retirement Charge	kWh	1,000,000	0.00700	7,000.00	1,000,000	0.00700	7,000.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	1,036,800	0.05704	59,139.07	1,049,990	0.05704	59,891.43	752.36	1.3%	2.1%
Total Bill				**107,619.64**			**106,053.95**	**(1,565.69)**	**-1.5%**	**-4.3%**

HALTON HILLS HYDRO INC.

Street Light
620 kW Consumption
160,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				0.52			1.01	0.49	94.2%	0.0%
Distribution	kW	620	3.44510	2,135.96	620	6.97200	4,322.64	2,186.68	102.4%	12.0%
Sub-Total				**2,136.48**			**4,323.65**	**2,187.17**	**102.4%**	**12.0%**
Regulatory Asset Recovery	kW	620	1.34030	830.99	620	0.34300	212.66	(618.33)	-74.4%	-3.4%
Retail Transmission - Network	kW	643	1.60020	1,028.63	651	1.60020	1,041.72	13.09	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kW	643	1.38240	888.63	651	1.38240	899.93	11.30	1.3%	0.1%
Wholesale Market Service	kWh	165,888	0.00520	862.62	167,998	0.00520	873.59	10.97	1.3%	0.1%
Rural Rate Protection Charge	kWh	165,888	0.00100	165.89	167,998	0.00100	168.00	2.11	1.3%	0.0%
Debt Retirement Charge	kWh	160,000	0.00700	1,120.00	160,000	0.00700	1,120.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	165,888	0.05704	9,462.25	167,998	0.05704	9,582.63	120.38	1.3%	0.7%
Total Bill				**16,495.49**			**18,222.18**	**1,726.69**	**10.5%**	**9.5%**

HALTON HILLS HYDRO INC.

Street Light
620 kW Consumption
300,000 kWh Consumption

	Metric	2007 BILL Volume	2007 BILL Rate $	2007 BILL Charge $	2008 BILL Volume	2008 BILL Rate $	2008 BILL Charge $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge				0.52			1.01	0.49	94.2%	0.0%
Distribution	kW	620	3.44510	2,135.96	620	6.97200	4,322.64	2,186.68	102.4%	12.0%
Sub-Total				**2,136.48**			**4,323.65**	**2,187.17**	**102.4%**	**12.0%**
Regulatory Asset Recovery	kW	620	1.34030	830.99	620	0.34300	212.66	(618.33)	-74.4%	-3.4%
Retail Transmission - Network	kW	643	1.60020	1,028.63	651	1.60020	1,041.72	13.09	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kW	643	1.38240	888.63	651	1.38240	899.93	11.30	1.3%	0.1%
Wholesale Market Service	kWh	311,040	0.00520	1,617.41	314,997	0.00520	1,637.98	20.58	1.3%	0.1%
Rural Rate Protection Charge	kWh	311,040	0.00100	311.04	314,997	0.00100	315.00	3.96	1.3%	0.0%
Debt Retirement Charge	kWh	300,000	0.00700	2,100.00	300,000	0.00700	2,100.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	311,040	0.05704	17,741.72	314,997	0.05704	17,967.43	225.71	1.3%	1.2%
Total Bill				**26,654.90**			**28,498.37**	**1,843.47**	**6.9%**	**10.1%**

HALTON HILLS HYDRO INC.

Sentinel
0.75 kW Consumption
25 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				1.18			1.88	0.70	59.3%	5.6%
Distribution	kW	1	4.98440	3.74	1	8.25450	6.19	2.45	65.6%	19.8%
Sub-Total				**4.92**			**8.07**	**3.15**	**64.1%**	**25.4%**
Regulatory Asset Recovery	kW	1	2.54900	1.91	1	0.15760	0.12	(1.79)	-93.8%	-14.5%
Retail Transmission - Network	kW	1	1.60830	1.25	1	1.60830	1.27	0.02	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kW	1	1.41130	1.10	1	1.41130	1.11	0.01	1.3%	0.1%
Wholesale Market Service	kWh	26	0.00520	0.13	26	0.00520	0.14	0.00	1.3%	0.0%
Rural Rate Protection Charge	kWh	26	0.00100	0.03	26	0.00100	0.03	0.00	1.3%	0.0%
Debt Retirement Charge	kWh	25	0.00700	0.18	25	0.00700	0.18	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	26	0.05704	1.48	26	0.05704	1.50	0.02	1.3%	0.2%
Total Bill				**10.99**			**12.40**	**1.41**	**12.8%**	**11.4%**

HALTON HILLS HYDRO INC.

Sentinel
0.75 kW Consumption
50 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				1.18			1.88	0.70	59.3%	4.9%
Distribution	kW	1	4.98440	3.74	1	8.25450	6.19	2.45	65.6%	17.2%
Sub-Total				**4.92**			**8.07**	**3.15**	**64.1%**	**22.1%**
Regulatory Asset Recovery	kW	1	2.54900	1.91	1	0.15760	0.12	(1.79)	-93.8%	-12.6%
Retail Transmission - Network	kW	1	1.60830	1.25	1	1.60830	1.27	0.02	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kW	1	1.41130	1.10	1	1.41130	1.11	0.01	1.3%	0.1%
Wholesale Market Service	kWh	52	0.00520	0.27	52	0.00520	0.27	0.00	1.3%	0.0%
Rural Rate Protection Charge	kWh	52	0.00100	0.05	52	0.00100	0.05	0.00	1.3%	0.0%
Debt Retirement Charge	kWh	50	0.00700	0.35	50	0.00700	0.35	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	52	0.05704	2.96	52	0.05704	2.99	0.04	1.3%	0.3%
Total Bill				**12.81**			**14.24**	**1.43**	**11.2%**	**10.0%**

HALTON HILLS HYDRO INC.

Unmetered Scattered Load
200 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				12.23			12.63	0.40	3.3%	1.3%
Distribution	kWh	200	0.01000	2.00	200	0.01140	2.28	0.28	14.0%	0.9%
Sub-Total				**14.23**			**14.91**	**0.68**	**4.8%**	**2.1%**
Regulatory Asset Recovery	kWh	200	0.00190	0.38	200	0.00080	0.16	(0.22)	-57.9%	-0.7%
Retail Transmission - Network	kWh	207	0.00520	1.08	210	0.00520	1.09	0.01	1.3%	0.0%
Retail Transmission - Line and Transformation Connection	kWh	207	0.00450	0.93	210	0.00450	0.94	0.01	1.3%	0.0%
Wholesale Market Service	kWh	207	0.00520	1.08	210	0.00520	1.09	0.01	1.3%	0.0%
Rural Rate Protection Charge	kWh	207	0.00100	0.21	210	0.00100	0.21	0.00	1.3%	0.0%
Debt Retirement Charge	kWh	200	0.00700	1.40	200	0.00700	1.40	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	207	0.05704	11.83	210	0.05704	11.98	0.15	1.3%	0.5%
Total Bill				**31.13**			**31.79**	**0.65**	**2.1%**	**2.1%**

HALTON HILLS HYDRO INC.

Residential TOU
3,000 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				10.64			9.56	(1.08)	-10.2%	-0.4%
Distribution	kWh	3,000	0.01250	37.50	3,000	0.01240	37.20	(0.30)	-0.8%	-0.1%
Sub-Total				**48.14**			**46.76**	**(1.38)**	**-2.9%**	**-0.5%**
Regulatory Asset Recovery	kWh	3,000	0.00420	12.60	3,000	0.00000	0.00	(12.60)	-100.0%	-4.2%
Retail Transmission - Network	kWh	3,110	0.00570	17.73	3,150	0.00570	17.95	0.23	1.3%	0.1%
Retail Transmission - Line and Transformation Connection	kWh	3,110	0.00500	15.55	3,150	0.00500	15.75	0.20	1.3%	0.1%
Wholesale Market Service	kWh	3,110	0.00520	16.17	3,150	0.00520	16.38	0.21	1.3%	0.1%
Rural Rate Protection Charge	kWh	3,110	0.00100	3.11	3,150	0.00100	3.15	0.04	1.3%	0.0%
Debt Retirement Charge	kWh	3,000	0.00700	21.00	3,000	0.00700	21.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	3,110	0.05704	177.42	3,150	0.05704	179.67	2.26	1.3%	0.8%
Total Bill				**311.72**			**300.67**	**(11.05)**	**-3.5%**	**-3.7%**

HALTON HILLS HYDRO INC.

Residential TOU
15,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate $	Charge $	Volume	Rate $	Charge $	Change $	Change %	% of Total Bill
Monthly Service Charge				10.64			9.56	(1.08)	-10.2%	-0.4%
Distribution	kWh	15,000	0.01250	187.50	15,000	0.01240	186.00	(1.50)	-0.8%	-0.5%
Sub-Total				**198.14**			**195.56**	**(2.58)**	**-1.3%**	**-0.9%**
Regulatory Asset Recovery	kWh	15,000	0.00420	63.00	15,000	0.00000	0.00	(63.00)	-100.0%	-21.0%
Retail Transmission - Network	kWh	15,552	0.00570	88.65	15,750	0.00570	89.77	1.13	1.3%	0.4%
Retail Transmission - Line and Transformation Connection	kWh	15,552	0.00500	77.76	15,750	0.00500	78.75	0.99	1.3%	0.3%
Wholesale Market Service	kWh	15,552	0.00520	80.87	15,750	0.00520	81.90	1.03	1.3%	0.3%
Rural Rate Protection Charge	kWh	15,552	0.00100	15.55	15,750	0.00100	15.75	0.20	1.3%	0.1%
Debt Retirement Charge	kWh	15,000	0.00700	105.00	15,000	0.00700	105.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	15,552	0.05704	887.09	15,750	0.05704	898.37	11.29	1.3%	3.8%
Total Bill				**1,516.05**			**1,465.10**	**(50.95)**	**-3.4%**	**-16.9%**