

October 28, 2010

Delivered by Courier

Ms. Kirsten Walli  
Board Secretary  
Ontario Energy Board  
2300 Yonge Street, Suite 2700  
Toronto, Ontario  
M4P 1E4

Dear Ms. Walli:

**Re: Woodstock Hydro Services Inc., 2011 Electricity Distribution Rate Application  
License No. ED-2003-0011  
OEB File No. EB-2010-0145**

Please find accompanying this letter two hard copies of Woodstock Hydro Services Inc. Application for its Electricity Distribution Rates and Charges effective May 1, 2011, together with an electronic version of same. This Application has also been filed through the Ontario Energy Board's Regulatory Electronic Submission System (RESS). A copy of the filing confirmation is attached to this correspondence.

Please note that there are items being filed in confidence with respect to costs and vendor information related to smart meters. These are designated as Exhibit 9, Tab 5 Appendix G. The items being filed in confidence include a spreadsheet setting out detailed information with respect to costs related to smart meters, and vendor agreements or contracts pertaining to WHSI's smart meter initiative.

In the OEB's combined proceeding EB-2007-0063 the OEB discussed the issue of confidentiality with respect to pricing information at pages 4 and 5 of its August 28, 2007 Decision.

The OEB determined (at page 5) that:

*"... the competitive positions of the suppliers would be eroded if the prices charged ... were disclosed. The Board accepts this position.", and, that "the Board finds that it is in the public interest that the prices charged to the applicants, including unit prices, installation costs, and the contractual terms, be kept confidential. However, the aggregated per unit installed prices will be part of the Decisions".*

Pursuant to the OEB's Practice Direction on Confidential Filings (the "Practice Direction"), two copies of this confidential item is being filed separately from the Application, in a sealed envelope. They are not to be placed on the public record.

Should you require any further information or clarification, please contact myself, or Ross McMillan, President and CEO at 519-537-7172 ext 230. or via email at [rossmcm@woodstockhydro.com](mailto:rossmcm@woodstockhydro.com)

Respectfully Submitted,



Patricia Eitel CGA  
Manager of Accounting and Regulatory Affairs  
Woodstock Hydro Services Inc.  
519-537-7172 ext 230  
[peitel@woodstockhydro.com](mailto:peitel@woodstockhydro.com)

**WOODSTOCK HYDRO SERVICES INCORPORATED**  
**APPLICATION FOR APPROVAL OF ELECTRICITY DISTRIBUTION RATES**  
**EFFECTIVE MAY 1, 2011**

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**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 Woodstock Hydro  
Services 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,  
2011.

Title of Proceeding: An application by Woodstock Hydro Services Inc. for an  
Order or Orders approving or fixing just and reasonable  
distribution rates and other charges, effective May 1,  
2011.

Applicant's Name: Woodstock Hydro Services Inc.

Applicant's Address for Service: Box 1598  
16 Graham Street  
Woodstock, Ontario N4S 0A8  
Attention Ross McMillan, President and CEO  
Telephone: (519)-537-3488

Applicant's Counsel: Borden Ladner Gervais LLP  
Suite 4100  
40 King Street West  
Toronto ON  
M5H 3Y4  
  
James C. Sidlofsky  
Telephone: (416) 367-6277  
Fax: (416) 361-2751  
E-mail jsidlofsky@blgcanada.com

1  
2 **APPLICATION**

3 **Introduction**

4 The Applicant is Woodstock Hydro Services Inc. (referred to in this Application as the  
5 “Applicant” or “WHSI”). The Applicant is a corporation incorporated pursuant to  
6 the Ontario Business Corporations Act with its head office in the City of  
7 Woodstock. The Applicant carries on the business of distributing electricity  
8 within the City of Woodstock.

9 The Applicant hereby applies to the Ontario Energy Board (the “OEB”) pursuant to  
10 Section 78 of the Ontario Energy Board Act, 1998 (the “OEB Act”) for approval of  
11 its revenue requirement and proposed distribution rates and other charges,  
12 effective May 1, 2011. A list of requested approvals is set out in Exhibit 1, Tab 1,  
13 Schedule 5 of this application.

14 Except where specifically identified in the Application, the Applicant followed Chapter 2  
15 of the OEB’s Filing Requirements for Transmission and Distribution Applications  
16 updated June 28, 2010 (the “Filing Requirements”) in order to prepare this  
17 application.

18 **Proposed Distribution Rates and Other Charges**

19 (a) The Schedule of Rates and Charges proposed in this Application is identified in  
20 Appendix A attached to this application and Exhibit 8, Tab 8, and Schedule 3,  
21 and the material being filed in support of this Application sets out WHSI’s  
22 approach to its distribution rates and charges.

23

1 **Proposed Effective Date of Rate Order**

2 (a) The Applicant requests that the OEB make its Rate Order effective May 1, 2011  
3 in accordance with the Filing Requirements.

4 **The Proposed Distribution Rates and Other Charges are Just and Reasonable**

5 (a) WHSI submits the proposed distribution rates contained in this Application are  
6 just and reasonable on the following grounds:

7 (i) the proposed rates for the distribution of electricity have been prepared  
8 in accordance with the Filing Requirements and reflect traditional rate  
9 making and cost of service principles;

10 (ii) the proposed adjusted rates are necessary to meet the Applicant's  
11 Market Based Rate of Return ("MBRR") and Payments in Lieu of Taxes  
12 ("PILs") requirements;

13 (iii) there are no impacts to any of the customer classes or consumption level  
14 subgroups that are so significant as to warrant the deferral of any  
15 adjustments being requested by the Applicant or the implementation of  
16 any other mitigation measures;

17 (iv) the other service charges proposed by the Applicant are the same as  
18 those previously approved by the OEB with the exception of the  
19 Notification Charge, the Disconnect/Reconnect at Meter – After Regular  
20 Hours Charge, and the Install/Remove Load Control Device – After  
21 Regular Hours Charge;

22 (v) such other grounds as may be set out in the material accompanying this  
23 Application Summary.

1    **Relief Sought**

2           The Applicant applies for an Order or Orders approving the proposed distribution rates  
3                           and other charges set out in Exhibit 1, Tab 1, and Schedule 5, Appendix A to this  
4                           Application as just and reasonable rates and charges pursuant to Section 78 of  
5                           the OEB Act, to be effective May 1, 2011, or as soon as possible thereafter; and

6           The Applicant requests that the existing rates be made interim commencing May 1,  
7                           2011 in the event that there is insufficient time for WHSI to prepare a draft rate  
8                           order and the Board to issue a final Decision and Order in this application for the  
9                           implementation of the proposed rates and charges as of May 1, 2011.

10   **Form of Hearing Requested**

11           The Applicant requests that this Application be disposed of by way of a written hearing.

12    DATED at Woodstock, Ontario, this 28th day of October 2010.

13    **All of which is respectfully submitted,**

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15    **WOODSTOCK HYDRO SERVICES INCORPORATED**

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18    Ross McMillan B.A., C.M.A., F.C.I  
19    President and CE

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**CONTACT INFORMATION:**

**WOODSTOCK HYDRO SERVICES INC:**

16 GRAHAM STREET  
PO BOX 1598  
WOODSTOCK, ONTARIO N4S 0A8

**PRESIDENT and CEO**

Ross McMillan B.A., C.M.A., F.C.I  
Telephone: 519-537-7172 Ext. 230  
Facsimile : 519-537-5081  
Email : [rossmcm@woodstockhydro.com](mailto:rossmcm@woodstockhydro.com)

**MANAGER, ACCOUNTING AND REGULATORY AFFAIRS**

Patricia Eitel CGA  
Telephone : 519-537-7172 Ext. 240  
Facsimile : 519-537-5081  
Email : [peitel@woodstockhydro.com](mailto:peitel@woodstockhydro.com)

1 **SPECIFIC APPROVALS REQUESTED:**

2 In this proceeding, WHSI is requesting the following approvals:

- 3 ➤ Approval to charge rates effective May 1, 2011 to recover a revenue requirement of  
4 \$8,232,474 which includes a revenue deficiency before tax of \$1,756,617 as set out in  
5 Exhibit 1, Tab 2, Schedule 4 and Exhibit 6, Tab 1, Schedule 1. The schedule of proposed  
6 rates to support this revenue requirement is set out in Exhibit 1, Tab 1, Schedule 5  
7 Appendix A and Exhibit 8 Tab 8 Schedule 3;
- 8 ➤ Approval of the Applicant's proposed change in capital structure to decrease the  
9 Applicant's deemed common equity component from 43.3% to 40.0% and increase the  
10 deemed debt component from 56.7% to a combination of 56% long term debt plus 4%  
11 unfunded short term debt, as set out in Exhibit 5, Tab 1, Schedule 2, and consistent with  
12 Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for  
13 Ontario's Electricity Distributors dated December 20, 2006;
- 14 ➤ Approval to remove the current approved Large Use Customer rate class and to sub-  
15 divide the current General Service >50 kW rate class into two separate rate classes,  
16 namely, a General Service >50 – 999 kW rate class, and a General Service > 1000 kW  
17 rate class, as set out in Exhibit 8, Tab 1, Schedule 2.
- 18 ➤ Approval to remove the current approved Embedded Rate Class and Low Voltage  
19 Wheeling Charge rate, as set out in Exhibit 8, Tab 3, Schedule 1;
- 20 ➤ Approval to adjust the current Retail Transmission Service Rate – Network, and the  
21 Retail Transmission Service Rate – Connection for all current and proposed classes as  
22 set out in Exhibit 8, Tab 4, Schedule 1;
- 23 ➤ Approval of the proposed loss factor as set out in Exhibit 8, Tab 5, Schedule 1;

- 1 ➤ Approval of the proposed Lost Revenue Adjustment Mechanism (LRAM) and Shared  
2 Service Mechanism (SSM) rate riders as set out in Exhibit 8, Tab 6, Schedule 1 and  
3 based on the OEB Report EB-2007-0037 – Guidelines for Electricity Distributor  
4 Conservation and Demand Management, issued March 28, 2008. This rate rider is  
5 proposed for a three year recovery period.
- 6 ➤ Approval to continue to charge Retail Wholesale Market and Rural Rate Protection  
7 Charges approved in the OEB Decision and Order in the matter of WHSI's 2010  
8 Distribution Rates (EB-2009-0211) subject to the Guideline Electricity Distribution Retail  
9 Transmission Service (G-2008-0001) issued October 22, 2008, Revision 1.0 issued July  
10 22, 2010, and;
- 11 ➤ Any modifications as a result of the OEB's decision on Hydro One Networks' 2011  
12 Uniform Transmission Rate Adjustment Application (OEB File EB-2008-072) effective July  
13 1, 2010;
- 14 ➤ Approval to continue to charge the Transformer Allowance rate approved in the OEB  
15 Decision and Order in the matter of WHSI's 2010 Distribution Rates (EB-2009-0211);
- 16 ➤ Approval of the proposed changes to certain Specific Service Charges as set out in  
17 Exhibit 8, Tab 7, Schedule 1, namely to charge the OEB standardized rates for the  
18 Notification Charge, Collection of Account – No Disconnection charge, the  
19 Disconnect/Reconnect at Meter – After Hours and During Regular Hours charges, and  
20 the Install/Remove Load Control Device – After Hours charges; to remove the Prepaid  
21 Meter Monthly Service Charge, and to continue the remaining approved Specific  
22 Service Charges in the OEB Decision and Order in the matter of WHSI's 2010  
23 Distribution Rates (EB-2009-0211);

- 1 ➤ Approval to add certain Specific Service Charges to WHSI's Schedule of Rates, as set out  
2 in Exhibit 8, Tab 7, Schedule 1, namely, to add the Statement of Account charge, the  
3 Account History charge and the Special Meter Read charge.
- 4 ➤ Approval to amend to the 2010 Approved Rate Rider for Deferral/Variance Account  
5 Disposition (2010) to exclude the 1588 Power - Global Adjustment sub-account balance,  
6 approval add a separate Non-RPP Customer Rate Rider for the recovery of 1588 Global  
7 Adjustment sub-account balances to December 31, 2008; and approval to maintain the  
8 original 4-year disposition period as approved in the EB-2009-0211 for both rate riders  
9 and the sunset date of April 30, 2014.; as set out in Exhibit 9. Tab 1, Schedule 2.
- 10 ➤ Approval of the proposed Smart Meter Recovery Rate Rider as set out in Exhibit 9, Tab  
11 4, and based on the OEB's Guideline G-2008-00037 – Smart Meter Funding and Cost  
12 Recovery, issued October 2, 2008.
- 13 ➤ Approval to amend the current Smart Meter Rate Adder as set out in Exhibit 9, Tab 4,  
14 and based on the OEB's Guideline G-2008-00037 – Smart Meter Funding and Cost  
15 Recovery, issued October 2, 2008.
- 16 ➤ Approval of Smart Meter capital and operating costs to December 31, 2009, as set out in  
17 Exhibit 9, Tab 4;
- 18 ➤ Approval to dispose of the Deferral and Variance Account Balance for Account 1588  
19 Power – Sub account Global Adjustment as at April 30, 2011 as a separate rate rider,  
20 over a one-year period using the methods of recovery described in Exhibit 9, Tab 3;
- 21 ➤ Approval to dispose of the following Deferral and Variance Account Balances as at April  
22 30, 2011 over a one-year period using the methods of recovery described in Exhibit 9,  
23 Tab 3:

- 1           1508   Other Regulatory Assets - Sub-account OEB Cost Assessments
- 2           1508   Other Regulatory Assets – Sub-account Pension Contributions
- 3           1580   Wholesale Market Service Charges Variance
- 4           1584   Transmission Network Variance
- 5           1586   Transmission Connection Variance
- 6           1588   Power (Excluding Global Adjustment)
- 7           1590   Regulatory Asset Recovery
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- 11   ➤       Approval to establish a deferral account for recovery of late payment penalty litigation
- 12           costs pertaining to the Municipal Electrical Utilities Late Payment Class Action
- 13           proceeding
- 14   ➤       Approval to establish deferral account to record costs for the Ontario Smart Metering
- 15           System Meter Data Management and Repository (MDM/R)
- 16   ➤       Approval to continue the Deferral Account 1508, IFRS Transition Costs
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**APPENDIX A**  
**SCHEDULE OF PROPOSED RATES AND CHARGES**

# Woodstock Hydro Services Inc.

## PROPOSED TARIFF OF RATES AND CHARGES

Effective Date May 1, 2011

### RESIDENTIAL SERVICE CLASSIFICATION

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

### APPLICATION

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

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

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

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

### MONTHLY RATES AND CHARGES

Service Charge	\$	13.74
Smart Meter Adder	\$	0.47
Smart Meter Rate Rider	\$	1.20
Distribution Volumetric Rate	\$/kWh	0.0235
Distribution Volumetric Deferral Account Rate Rider(2010) – effective until April 30, 2014	\$/kWh	(0.0014)
Distribution Volumetric Deferral Account Rate Rider(2011) – effective until April 30, 2012	\$/kWh	0.0008
Non-RPP Global Adjustment Rate Rider (2010)- effective until April 30, 2014	\$/kWh	0.0004
Non-RPP Global Adjustment Rate Rider (2011)- effective until April 30, 2012	\$/kWh	0.0001
LRAM/SSM Rate Rider – effective until April 30, 2014	\$/kWh	0.0010
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0049
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Woodstock Hydro Services Inc.

## PROPOSED TARIFF OF RATES AND CHARGES

Effective Date May 1, 2011

### GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

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

#### APPLICATION

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

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

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

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

#### MONTHLY RATES AND CHARGES

Service Charge	\$	28.42
Smart Meter Adder	\$	0.47
Smart Meter Rate Rider	\$	1.20
Distribution Volumetric Rate	\$/kWh	0.0163
Distribution Volumetric Deferral Account Rate Rider(2010) – effective until April 30, 2014	\$/kWh	(0.0014)
Distribution Volumetric Deferral Account Rate Rider(2011) – effective until April 30, 2012	\$/kWh	0.0002
Non-RPP Global Adjustment Rate Rider (2010)- effective until April 30, 2014	\$/kWh	0.0004
Non-RPP Global Adjustment Rate Rider (2011)- effective until April 30, 2012	\$/kWh	0.0001
LRAM/SSM Rate Rider – effective until April 30, 2014	\$/kWh	0.0003
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0050
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Woodstock Hydro Services Inc.

## PROPOSED TARIFF OF RATES AND CHARGES

Effective Date May 1, 2011

### GENERAL SERVICE 50 to 999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 1,000 kW. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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

#### MONTHLY RATES AND CHARGES

Service Charge	\$	360.69
Smart Meter Adder	\$	0.47
Smart Meter Rate Rider	\$	1.20
Distribution Volumetric Rate	\$/kW	2.1129
Distribution Volumetric Deferral Account Rate Rider(2010) – effective until April 30, 2014	\$/kW	(0.5422)
Distribution Volumetric Deferral Account Rate Rider(2011) – effective until April 30, 2012	\$/kW	(0.0487)
Non-RPP Global Adjustment Rate Rider (2010)- effective until April 30, 2014	\$/kW	0.1471
Non-RPP Global Adjustment Rate Rider (2011)- effective until April 30, 2012	\$/kW	0.0301
LRAM/SSM Rate Rider – effective until April 30, 2014	\$/kW	0.0863
Retail Transmission Rate – Network Service Rate	\$/kW	1.5790
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3255
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Woodstock Hydro Services Inc.

## PROPOSED TARIFF OF RATES AND CHARGES

Effective Date May 1, 2011

### GENERAL SERVICE GREATER THAN 1,000 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than 1,000 kW. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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

#### MONTHLY RATES AND CHARGES

Service Charge	\$	2,335.85
Smart Meter Adder	\$	0.47
Smart Meter Rate Rider	\$	1.20
Distribution Volumetric Rate	\$/kW	1.4400
Distribution Volumetric Deferral Account Rate Rider(2010) – effective until April 30, 2014	\$/kW	(0.6522)
Distribution Volumetric Deferral Account Rate Rider(2011) – effective until April 30, 2012	\$/kW	(0.2040)
Non-RPP Global Adjustment Rate Rider (2010)- effective until April 30, 2014	\$/kW	0.1771
Non-RPP Global Adjustment Rate Rider (2011)- effective until April 30, 2012	\$/kW	0.0499
LRAM/SSM Rate Rider – effective until April 30, 2014	\$/kW	0.0863
Retail Transmission Rate – Network Service Rate	\$/kW	2.7585
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.3156
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Woodstock Hydro Services Inc.

## PROPOSED TARIFF OF RATES AND CHARGES

Effective Date May 1, 2011

### UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

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 unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, 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 unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

#### APPLICATION

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

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

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

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

#### MONTHLY RATES AND CHARGES

Service Charge	\$	13.27
Distribution Volumetric Rate	\$/kWh	0.0152
Distribution Volumetric Deferral Account Rate Rider(2010) – effective until April 30, 2014	\$/kWh	(0.0014)
Distribution Volumetric Deferral Account Rate Rider(2011) – effective until April 30, 2012	\$/kWh	0.0002
Non-RPP Global Adjustment Rate Rider (2010)- effective until April 30, 2014	\$/kWh	0.0004
Non-RPP Global Adjustment Rate Rider (2011)- effective until April 30, 2012	\$/kWh	0.0001
LRAM/SSM Rate Rider – effective until April 30, 2014	\$/kWh	0.0122
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0039
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0033
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Woodstock Hydro Services Inc.

## PROPOSED TARIFF OF RATES AND CHARGES

Effective Date May 1, 2011

### STREET LIGHTING SERVICE CLASSIFICATION

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

#### APPLICATION

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

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

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

#### MONTHLY RATES AND CHARGES

Service Charge (per connection)	\$	2.20
Distribution Volumetric Rate	\$/kW	8.8266
Distribution Volumetric Deferral Account Rate Rider(2010) – effective until April 30, 2014	\$/kW	(0.5227)
Distribution Volumetric Deferral Account Rate Rider(2011) – effective until April 30, 2012	\$/kW	0.1658
Non-RPP Global Adjustment Rate Rider (2010)- effective until April 30, 2014	\$/kW	0.1417
Non-RPP Global Adjustment Rate Rider (2011)- effective until April 30, 2012	\$/kW	0.0416
Retail Transmission Rate – Network Service Rate	\$/kW	1.1496
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9650
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

# Woodstock Hydro Services Inc.

## PROPOSED TARIFF OF RATES AND CHARGES

Effective Date May 1, 2011

### microFIT GENERATOR SERVICE CLASSIFICATION

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

#### APPLICATION

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

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

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

#### MONTHLY RATES AND CHARGES

Service Charge	\$	5.25
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# Woodstock Hydro Services Inc.

## PROPOSED TARIFF OF RATES AND CHARGES

Effective Date May 1, 2011

### SPECIFIC SERVICE CHARGES

#### APPLICATION

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

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

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

#### Customer Administration

Legal letter charge	\$	15.00
Statement of account	\$	15.00
Account history	\$	15.00
Notification Charge	\$	15.00
Returned Cheque charge (plus bank charges)	\$	15.00
Account set up charge / change of occupancy charge (plus credit agency costs if applicable)	\$	30.00

#### Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Install/Remove load control device – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Install/Remove load control device – after regular hours	\$	185.00

#### Other

Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

#### ALLOWANCES

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

# Woodstock Hydro Services Inc.

## PROPOSED TARIFF OF RATES AND CHARGES

Effective Date May 1, 2011

### RETAIL SERVICE CHARGES (if applicable)

#### APPLICATION

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

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

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

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

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

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

#### LOSS FACTORS

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

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0431
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0326
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0044

1 **DRAFT ISSUES LIST:**

2 The Applicant would expect, based on previous regulatory experience and other hearings, that  
3 the following matters pertaining to the 2011 Test Year may constitute issues in this Application:

- 4       ➤ The amount of WHSI's proposed revenue requirement;
- 5       ➤ The reasonableness of the 2011 capital program;
- 6       ➤ The reasonableness of the 2011 operating, maintenance, and administrative budget;
- 7       ➤ The reasonableness of the 2011 weather normalized forecast;
- 8       ➤ The reasonableness of the proposed smart meter rate recovery rider;
- 9       ➤ The reasonableness of the proposed smart meter rate adder;
- 10      ➤ The reasonableness of the proposed lost revenue adjustment mechanism;
- 11      ➤ The reasonableness of the proposed regulatory asset recoveries;
- 12      ➤ The reasonableness of the proposed cost allocation-related adjustments to class-specific  
13      revenue requirements
- 14      ➤ The reasonableness of the proposed rate design, namely the addition and removal of  
15      certain rate classes
- 16      ➤ The reasonableness of the proposed distribution rates

1    **PROCEDURAL ORDERS/MOTIONS/NOTICES:**

2    On March 12, 2007, the OEB issued a Report titled “LDC Screening Methodology to Establish a  
3    Rebasing Schedule for Electricity LDC’s”. The purpose of that Report was “to describe the  
4    criteria to be considered in determining which electricity distributors to engage in proceedings  
5    before the Board for rebasing to establish rates for each of the years 2008, 2009 and 2010” and  
6    to establish the next steps and timelines for filing. Section 3.3 of the Report provided an  
7    opportunity for LDC’s to “self-nominate” to be rebased in a particular year.

8    On January 30, 2008, the OEB issued its Final Selection of Electricity Distributors for Rebasing in  
9    2009 and 2010 (Board File No. EB-2006-0330). WHSI was included on Appendix B – Selection of  
10   Electricity Distributors for Rate Rebasing in 2010.

11   On January 29, 2009, the OEB issued a letter to all electricity distributors extending the number  
12   of years for rebasing to include the 2011 rate year (Board File No. EB-2009-0028). WHSI was  
13   included on Schedule B, Selection of Electricity Distributors for Rate Rebasing in 2011. This  
14   change was confirmed in the OEB’s March 5, 2009 letter whereby WHSI was identified in  
15   Appendix B as an Electricity Distributor scheduled for Rate Rebasing in 2011.

16   On April 20, 2010 the OEB issued a letter to all electricity distributors to address the issue of  
17   filing rate applications through a cost of service proceeding earlier than scheduled. As indicated  
18   on Appendix A, WHSI continues to remain on the list of Electricity Distributors scheduled for  
19   Rate Rebasing in 2011.

20   No further Procedural Orders of directions have been issued by the OEB to the date of filing this  
21   application.

- 1 **ACCOUNTING ORDERS REQUESTED:**
- 2 WHSI is not requesting Accounting Orders in this proceeding.

1 **COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS:**

- 2 WHSI has followed the accounting principles and main categories of accounts as stated in the  
3 OEB's Accounting Procedures Handbook (the "APH") and the Uniform System of Accounts  
4 ("USoA") in the preparation of this Application.

1 **DISTRIBUTION SERVICE TERRITORY AND DISTRIBUTION SYSTEM:**

2

3 Description of Distributor:

4 Community Served: City of Woodstock

5

6 Total Service Area: 29 sq km

7 Rural Service Area: 0 sq km

8 Distribution Type: Electricity Distribution

9 Service area population: 35,000

10 Municipal population: 36,000

11

12

13 WHSI owns and operates the electricity distribution system in its licensed service area within  
14 the City of Woodstock, serving approximately 15,000 Residential, General Service, Street Light,  
15 and Unmetered Scattered Load customers/connections.

16 WHSI's supply for the City of Woodstock is supplied through the Hydro One transmission  
17 system at 115 Kv, stepping down to distribution voltages of 27.6/16 Kv. Electricity is then  
18 distributed through WHSI's service area of 29 square kilometres, over 91 kilometres of  
19 underground cable and 154 kilometres of overhead conductor. WHSI delivers electricity via  
20 both 27.6 kv and 4.16 kv distribution voltages, stepping 27.6 kv down through 7 WHSI owned  
21 distribution stations. Secondary service voltages include 120/240v single phase, 120/208v  
22 network, 347/600 volt, 240 volt three phase and 600 volt delta via 1,618 WHSI owned  
23 transformers and 72 customer owned transformers. WHSI provides transformation equipment  
24 up to 750 kva.

25 WHSI operates the distribution system through a SCADA system, with telemetry and control in  
26 place for 7 Municipal Substations and 5 automated load-break switches. WHSI interfaces with

1 Hydro One Control center in Barrie Ontario through ICCP protocol with monitoring and some  
2 control of the Hydro One owned station equipment.

3

4

5

6

7 A map of WHSI's Distribution Service Territory is attached as Appendix B.

8

9 A schematic diagram of WHSI's 4 KV distribution system is attached as Appendix C.

10

11 A schematic diagram of WHSI's 28 KV distribution system is attached as Appendix D.

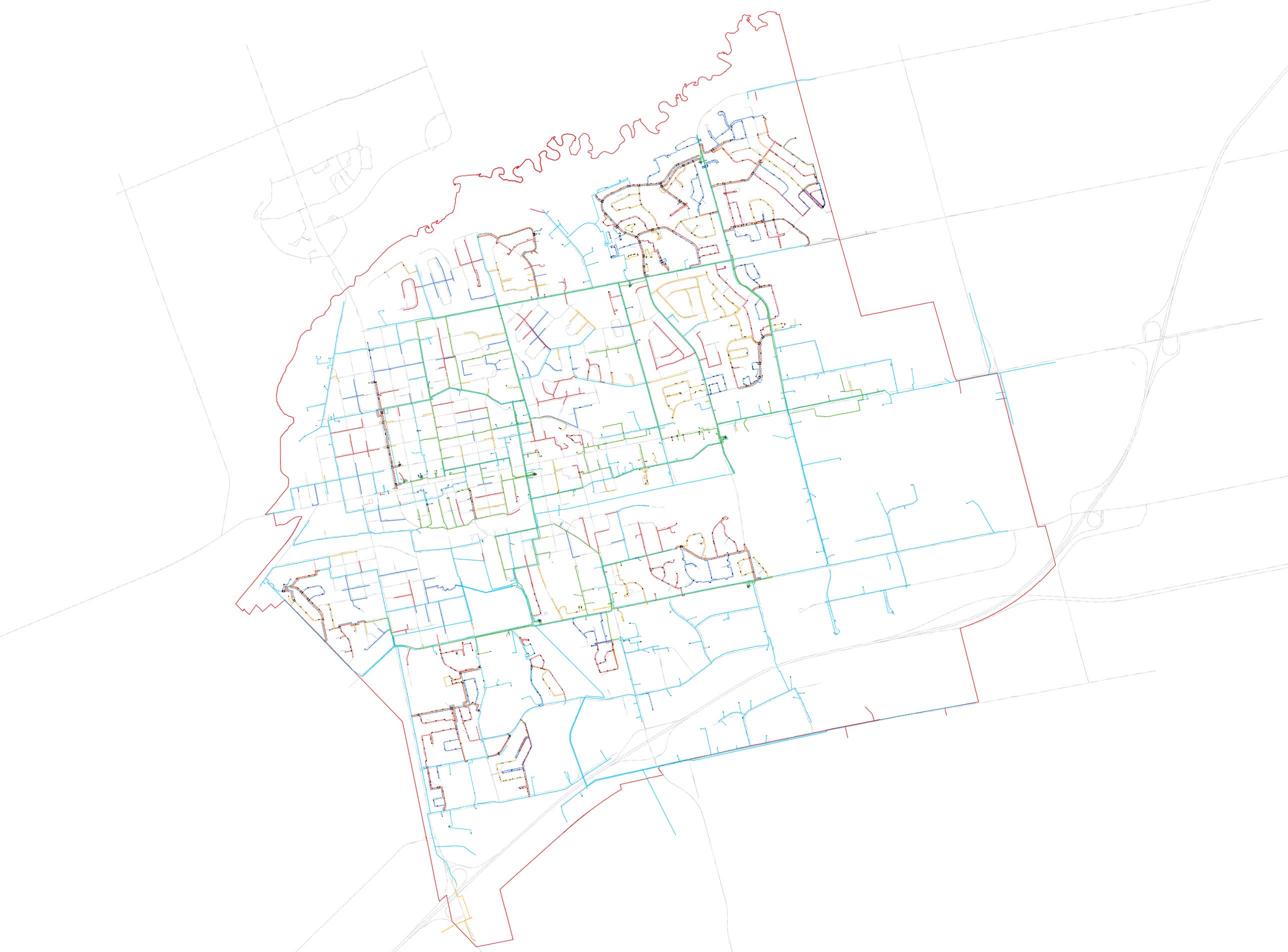
1

**APPENDIX B**

2

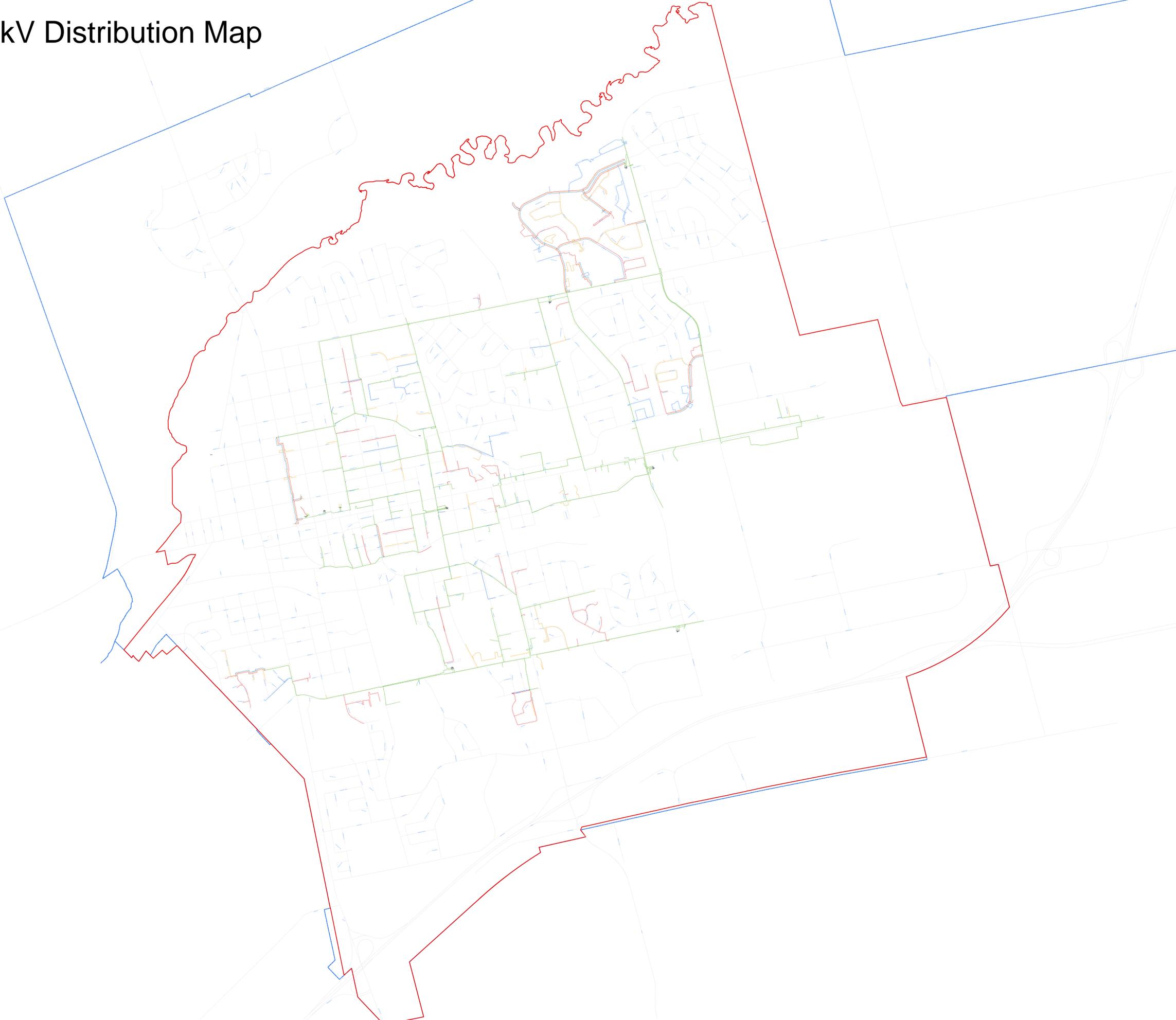
**MAP OF DISTRIBUTION SERVICE TERRITORY**

3



**APPENDIX C**  
**MAP OF 4kV DISTRIBUTION SYSTEM**

# 4kV Distribution Map



**Legend**

**UNDERGROUND\_PRIMARY**

- <all other values>
- B, 16200
- B, 2400
- R, 16200
- R, 2400
- RWB, 27600
- RWB, 4160
- W, 16200
- W, 2400

**OVERHEAD\_PRIMARY**

- <all other values>
- 16200, B
- 16200, R
- 16200, W
- 2400, B
- 2400, R
- 2400, W
- 27600, RWB
- 4160, RWB

⌘ PWR\_TRANSFORMER

⌘ SUBSTATION\_CIRCUIT\_BREAKER

⌘ SUBSTATION\_BUS

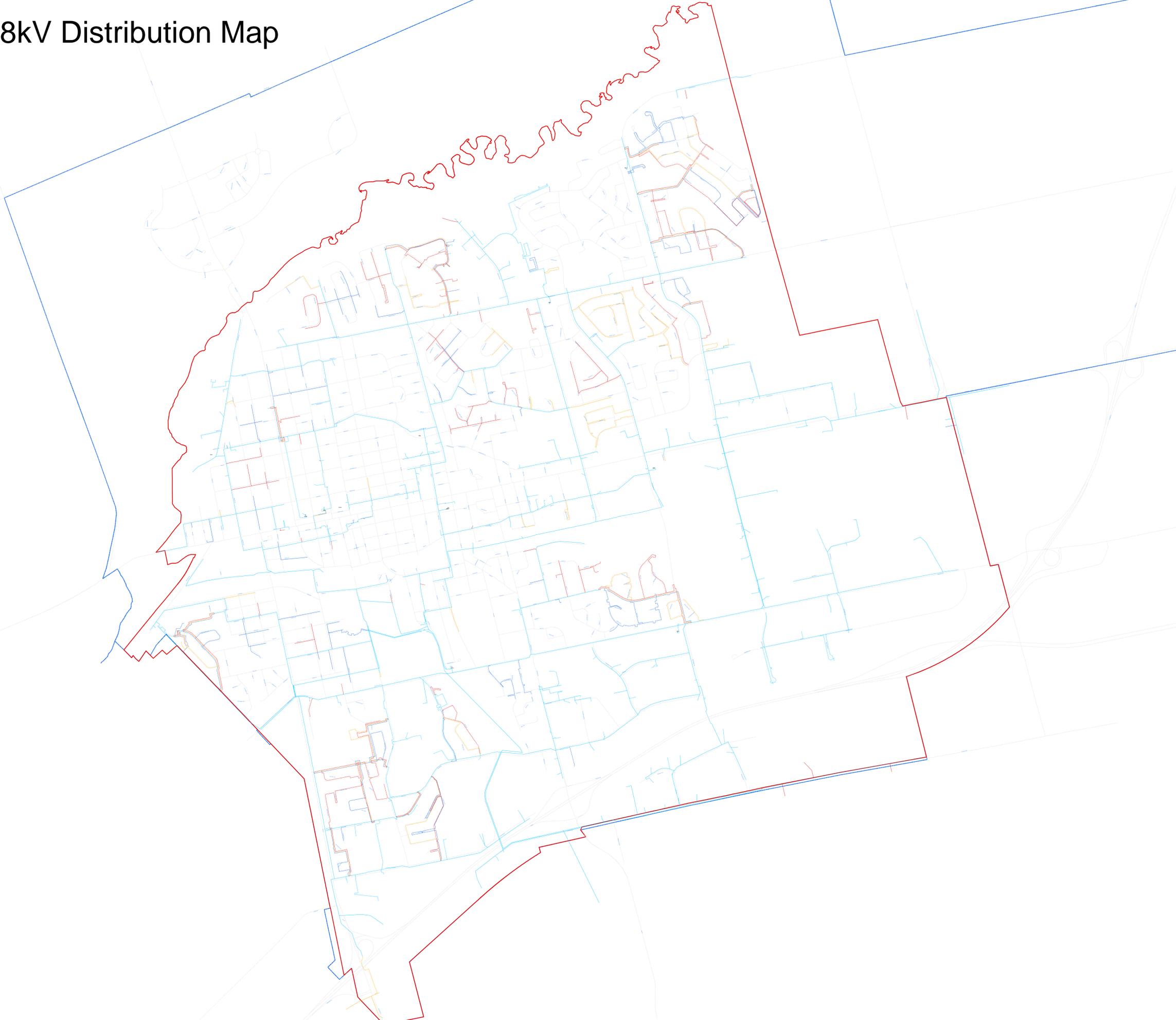
— WH\_SERVICE\_AREA

▬ CITY\_LIMITS



**APPENDIX D**  
**MAP OF 28 kV DISTRIBUTION SYSTEM**

# 28kV Distribution Map



**Legend**

**UNDERGROUND\_PRIMARY**

- <all other values>
- B, 16200
- B, 2400
- R, 16200
- R, 2400
- RWB, 27600
- RWB, 4160
- W, 16200
- W, 2400

**OVERHEAD\_PRIMARY**

- <all other values>
- 16200, B
- 16200, R
- 16200, W
- 2400, B
- 2400, R
- 2400, W
- 27600, RWB
- 4160, RWB

**Other Symbols:**

- k PWR\_TRANSFORMER
- c SUBSTATION\_CIRCUIT\_BREAKER
- SUBSTATION\_BUS
- WH\_SERVICE\_AREA
- - - - - CITY\_LIMITS



- 1 **LIST OF NEIGHBOURING UTILITIES:**
  
- 2 WHSI is bounded by: Hydro One Networks Inc.

1    **EXPLANATION OF HOST AND EMBEDDED UTILITIES:**

2    There are no embedded utilities within WHSI's distribution service territory nor is WHSI a host  
3    utility to other distributors.

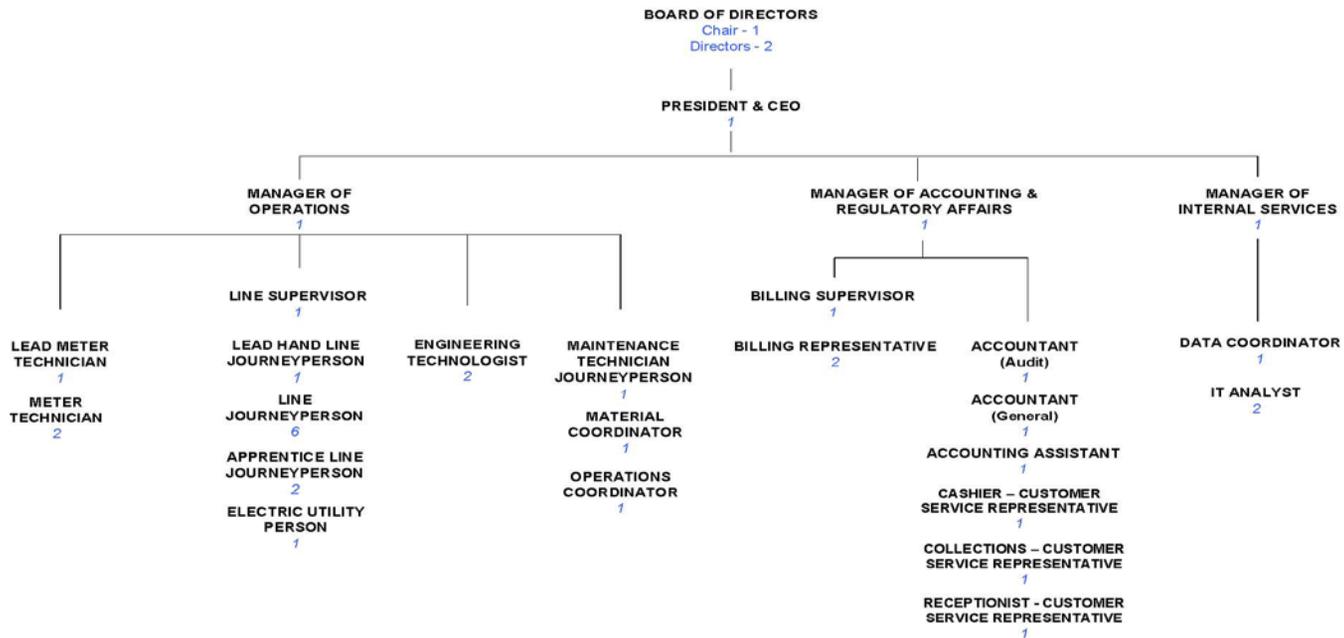
4    Prior to deregulation and the incorporation of the respective LDC's, Woodstock Hydro supplied  
5    power to Ontario Hydro through the Woodstock M6 feeder. At that time, this load attracted  
6    wheeling charges. However Ontario Hydro was not considered embedded. At market opening  
7    and following the IESO registration of metering points, the PME metering unit owned by Hydro  
8    One, registered by IESO was netted out of Woodstock Hydro load through the settlement  
9    process. In 2004, Hydro One was required to de-register the PME as a metering unit and  
10   requested customer account status as a GS>50 account, to be supplied and invoiced by WHSI  
11   pending the rebuild of a Hydro One owned 27 KV circuit to supply the Woodstock East DS.

12

UTILITY ORGANIZATIONAL STRUCTURE

**Woodstock Hydro Services Inc.**

ORGANIZATIONAL CHART

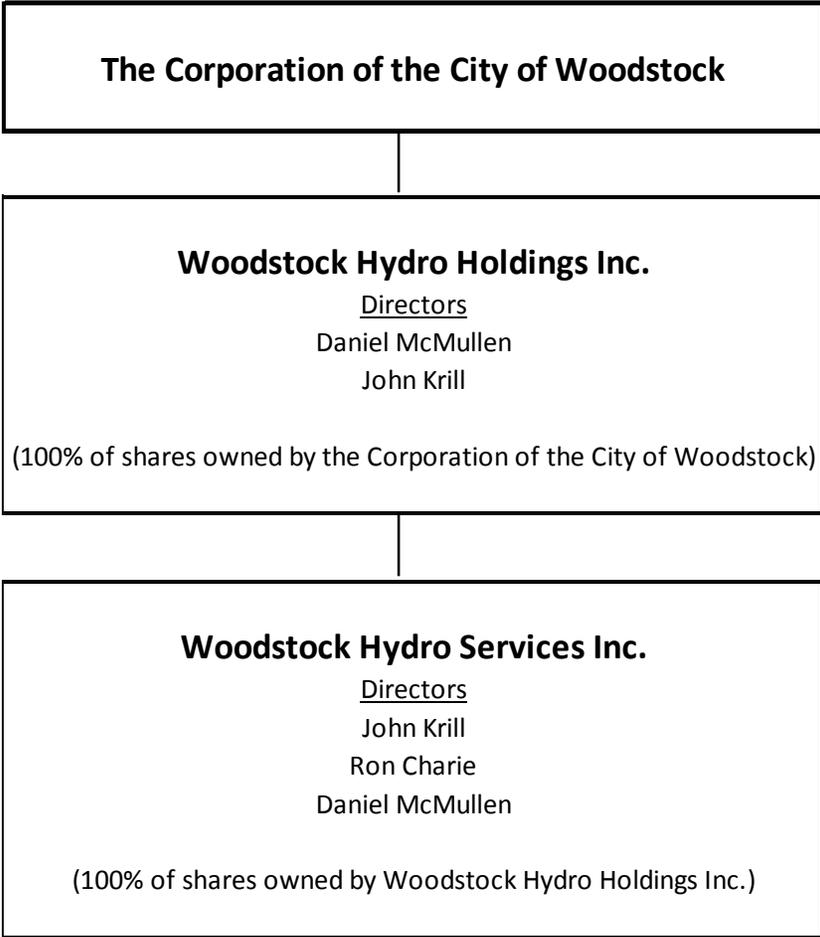


1  
2  
3  
4

1 **CORPORATE ORGANIZATIONAL STRUCTURE:**

2  
3 WHSI is 100% owned by the City of Woodstock. A chart illustrating WHSI's corporate structure  
4 is provided below:

5 **CORPORATE ENTITIES RELATIONSHIP CHART**  
6



7  
8

- 1 **PLANNED CHANGES IN CORPORATE AND OPERATIONAL STRUCTURE:**
- 2 No changes to WHSI's corporate and operational structures are planned at the present time.

1     **STATUS OF BOARD DIRECTIVES FROM PREVIOUS BOARD DECISIONS:**

2     In the Board’s Decision and Order (EB-2009-0211) for WHSI’s 2010 approved distribution rates, the  
3     following two Directives were issued:

4     **HST Directive**

5     *“The Board therefore directs that, beginning July 1, 2010, Woodstock Hydro shall record in a deferral*  
6     *account 1592 (PILS and Tax Variances, Sub-account HST/OVAT Input Tax Credits (ITCs)) the incremental ITC*  
7     *it receives on distribution revenue requirement items that were previously subject to PST and become*  
8     *subject to HST. Tracking of these amounts will continue in the deferral account until the effective date of*  
9     *Woodstock Hydro’s next cost of service rate order. 50% of the confirmed balances in the accounts shall be*  
10    *returnable to the ratepayers.*

11    *The Board may issue more detailed accounting guidance in the future. In that event, the Applicant should*  
12    *make the appropriate accounting entries, if and as applicable.”*

13    **Status:**

14    Woodstock Hydro Services Inc. has established account 1592 (PILS and Tax Variances, Sub-account  
15    HST/OVAT Input Tax Credits (ITCs) to track the incremental ITC it receives on distribution revenue  
16    requirement items that were previously subject to PST and become subject to HST.

17

18    **EDDVAR Directive – Global Adjustment Sub Account**

19    *“The Board directs Woodstock Hydro to further investigate and report to the Board in a proceeding no*  
20    *later than the rebasing proceeding Woodstock Hydro’s projection of the costs that it would incur in order*  
21    *to accommodate the establishment of a separate rate rider to dispose of the global adjustment sub-*  
22    *account “*

23

24

1 **Status:**

2

3 As discussed further in Exhibit 9, WHSI's billing system is now able to support a separate rate rider for  
4 non-RPP customers. WHSI's CIS provider supports several other Ontario LDC's and as a result, the CIS  
5 provider developed a standard solution for all of their Ontario clients to accommodate the LDC  
6 requirements. Consequently, the associated programming costs were included under the provisions of  
7 WHSI's standard maintenance agreement with the CIS provider. Although incremental costs were  
8 incurred internally for labour and miscellaneous expense, they were immaterial.

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1 **PRELIMINARY LIST OF WITNESSES:**

2 While WHSI requests that this Application be disposed of by way of a written hearing, should a  
3 technical conference or an oral hearing be necessary WHSI will provide a list of potential  
4 witnesses as required.

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## **OVERVIEW**

Woodstock Hydro Services Inc. provides the highest quality service to its customers in support of its mission statement and values. WHSI's customers have come to expect reliability in everything the Utility does for them, from keeping the lights on through to customer billing and inquiries. WHSI has long held a community presence, attending community events, promoting conservation initiatives, and pioneering prepaid metering.

Our mission statement outlines the organization's "reason for existence". It describes with one or two sentences the greater purpose the organization is aiming to serve - why it exists.

### **WHSI's Mission Statement**

*"Through partnership with our customers, employees, community and shareholder, we deliver safe and reliable electricity, innovative energy solutions, superior customer service and sound financial performance."*

### **WHSI's Motto**

*Keeping Your Future Bright!*

### **WHSI ISO Registered to ISO 9001-2008 Standard**

WHSI is committed to continuous improvement in its performance and processes and in seeking smart and simple solutions to fulfill its customers needs. Originally registered in 2004 WHSI has made ISO part of its daily operating mindset. Driven from the top down WHSI's management systems are improved continuously. WHSI's quality system has been implemented as a primary mechanism to deliver the concepts enshrined in our mission statement, and to maintain and continually improve the quality of electricity and service to WHSI customers.

WHSI's efforts to meet customers expectations are reflected in the results of the 2008 Customer Survey included as Appendix C of Exhibit 4. The survey results indicated that 93% of WHSI were either Very Satisfied or Satisfied with WHSI.

In October 2004 WHSI passed its inaugural registration audit to the ISO 9001 quality-management standard and continues to be an ISO 9001 registered company today.

In keeping with this vision to pursue health and safety as its top priority, WHSI was recently awarded by the Electrical & Utilities Safety Association ("E&USA") the safety Bronze Award pursuant of ZeroQuest which represents zero injuries and illnesses.

Within its service territory, WHSI has partnered with local agencies and businesses to deliver innovative conservation and demand management programs, and is described in more detail in this application.

WHSI has consistently exceeded the OEB's Service Quality Indicators and, as set out in Table 1-1 below, has targeted to maintain its performance at levels equal to or above the OEB's standards in 2010 and 2011.

**Table 1-1**  
**WHSI's SERVICE QUALITY INDICATORS**  
**AVERAGE PERFORMANCE FOR 2008 & 2009**

Appointments Met - at appointed time			
SQI Standard - 90% of the time			

2008 Actual	2009 Actual	2010 Target	2011 Target
100.00%	100.00%	100.00%	100.00%

Telephone Accessibility - answered in person within 30 seconds			
SQI Standard - 65% of the time			

2008 Actual	2009 Actual	2010 Target	2011 Target
99.90%	92.21%	95.00%	100.00%

Underground Cable Locates - within 5 working days			
SQI Standard - 90% of the time			

2008 Actual	2009 Actual	2010 Target	2011 Target
100.00%	99.00%	100.00%	100.00%

Connection of New Services - within 5 working days			
SQI Standard - 90% of the time			

2008 Actual	2009 Actual	2010 Target	2011 Target
99.60%	100.00%	100.00%	100.00%

Emergency Response - Urban within 60 minutes and Rural within 120 minutes			
SQI Standard - 90% of the time			

2008 Actual	2009 Actual	2010 Target	2011 Target
100.00%	100.00%	100.00%	100.00%

Written responses to Inquiries - within 10 working days			
SQI Standard - 80% of the time			

2008 Actual	2009 Actual	2010 Target	2011 Target
100.00%	100.00%	100.00%	100.00%

## **Purpose and Need**

WHSI is submitting this Application for revised distribution rates effective May 1, 2011, in accordance with Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, dated June 28, 2010. This Cost of Service Application is based on projected customer load, expenditures, revenue and regulatory requirements, and other expectations for the 2011 rate year and beyond.

WHSI's last rebasing rate application was for the 2006 EDR rate year, which was based on the average rate base of 2003 and 2004 capital assets, 2004 historical working capital, customer, and expense data, adjusted for Tier 1 regulatory items. Since 2004, a number of significant changes have transpired in the industry and within WHSI. Increasing investments for infrastructure in response to customer growth, demand, safety, reliability, and replacement, coupled with higher operating costs and the evolution of regulatory and conservation initiatives have stretched WHSI's resources considerably.

Current rates, if left unchanged, will result in a revenue deficiency and actual Return on Equity in 2010 and 2011 far below levels currently approved by the OEB. Two significant investments, \$1.4 million for Smart Metering Initiatives, and \$4.1million for capital contributions towards a new, Hydro One Transmission Station between 2010 and 2011, in particular, will have had a substantial impact on WHSI's rate base for 2011.

WHSI has submitted this Application in order to meet its Corporate Mission and Corporate Goals as outlined below. The proposed distribution rates are required to:

- 1) Maintain current capital investment levels in infrastructure to ensure a safe, reliable distribution system.
- 2) Continue with training programs for staff needed to meet future staffing requirements and prepare for succession planning.

- 3) Manage staffing levels and skills to ensure regulatory compliance, ESA compliance, to provide superior customer service, promote conservation programs, smart meters and time-of-use pricing, renewable energy, smart grid, micfoFIT, FIT, and other initiatives resulting from the Green Energy and Green Economy Act; and, to implement accounting and reporting changes resulting from the adoption of International Financial Reporting Standards.
  
- 4) To provide a reasonable rate of return to the Shareholder.

When forecasted energy and demand levels for 2011 are considered, WHSI estimates that its present rates will produce a deficiency in gross distribution revenue before taxes of \$1,756,617 for the 2011 Test Year. Should this revenue deficiency continue, WHSI will not be able to sustain the current capital investment and lineperson training programs required to ensure a safe and reliable distribution system.

Therefore, WHSI seeks the OEB's approval to revise its electricity distribution rates. The rates proposed to recover its projected revenue requirement and other relief sought are set out in Exhibit 1, Tab 1, Schedule 5, Appendix A and Exhibit 8, Tab 8, Schedule 3 to this Application.

The information presented in this Application is WHSI's forecasted results for its 2011 Test Year. WHSI is also presenting the historical actual information for fiscal 2006, OEB-Approved data for 2006, actual information for fiscal 2007, 2008, 2009, forecast results for the 2010 Bridge Year.

WHSI's requested revenue requirement for 2011 in the amount of \$8,232,474 includes the recovery of its costs to provide distribution services, its permitted Return on Equity ["ROE"] and the funds necessary to service its debt as it transitions to a 60%/40% debt equity ratio in 2011.

## **Return on Equity**

WHSI has assumed a return on equity of 9.85% consistent with the Cost of Capital Parameter Updates for 2010 Cost of Service Applications issued by the OEB on March 8, 2010. WHSI understands the OEB will be finalizing the return on equity for 2011 rates based on January 2011 market interest rate information.

## **Capital Expenditures**

WHSI continues to expand and reinforce its distribution system in order to meet the demand of new and existing customers in its service territory. Expenditures are also being made to meet regulations set out by both the OEB and IESO including load transfers and primary metering points.

## **Timing**

The financial information supporting the Test Year for this Application will be WHSI's fiscal year ending December 31, 2011 (the "2011 Test Year"). However, this information will be used to set rates for the period May 1, 2011 to April 30, 2012.

## **Customer Impact**

In preparing this application, WHSI has considered the impacts on its customers, with a goal of minimizing those impacts. With respect to cost allocation, WHSI notes that for the majority of its customers, the current revenue to cost ratio of each rate class does not fall within the applicable threshold defined by the OEB in the November 28, 2007, Report on Application of Cost Allocation for Electricity Distributors. WHSI has updated the Cost Allocation model for the 2011 forecast year, including two new proposed rate classes, General Service 50kW – 999kW, and General Service >1,000 kW. As a result, adjustments have been made in this Application to bring all but the Street Light class within the allowed ranges of the revenue-to-cost ratios. The Street Light class is being increased by approximately 50% of the difference

between their current levels and the bottom of the OEB's ranges, and WHSI will further adjust the revenue-to-cost ratios in 2011 to bring them to the bottom of the approved ranges. Increased allocation of distribution revenue to cost ratio from these two classes in 2011 will be offset by reductions in distribution revenue to cost ratio from the Residential class. Although this class is currently within the targeted revenue-to-cost ratio, the reductions in 2011 will move the revenue-to-cost ratio closer to 100%.

Customer impacts including the percentage average Total Bill Impact and Average Dollar Impact, which include revised distribution rates [monthly service charge and volumetric rates], revised loss factors, revised retail transmission service rates, a revised smart meter rate adder, and new or revised rate riders for smart meters, Lost Revenue Adjustment Mechanism, regulatory asset rate riders to dispose of the balances in the Deferral and Variance Accounts, and rate riders for non RPP customers to recover the balances in the Global Adjustment Variance account.

Appendix E provides a bill impact analysis for all proposed rate classes.

## **Operating and Maintenance Costs**

Based on the OEB's Comparison of Ontario Electricity Distributors Costs [EB-2006-0268], as updated with 2007 Data issued on June 25, 2010, WHSI's OM&A costs per customer fall the mid range in its "Mid Size Southern Medium-High Undergrounding" cohort. In 2007, the average OM&A cost per customer for the cohort was \$214.00 while WHSI's cost was \$228. Over the 3-year average from 2005 to 2007, WHSI's cost was \$223.00 while the average for the cohort was \$208. Details of the calculations supporting this analysis are included in Table 1-2 to this Schedule.

**Table 1-2**  
**COMPARISON OF WHSI'S**  
**2007 OM&A COSTS TO**  
**"Mid Size Southern Medium-High Undergrounding"**  
**COHORT GROUPING**

**Comparison of Woodstock Hydro Services Inc.**  
**OM&A Costs To "Small Southern Medium-High Undergrounding with Rapid Growth"**  
**Cohort Grouping**

LDC	Average	2007	2006	2005
<b>Mid-Size Southern Medium-High Undergrounding</b>				
E.L.K. Energy Inc.	<b>\$155</b>	\$182	\$171	\$113
Wasaga Distribution Inc.	<b>\$157</b>	\$159	\$159	\$152
Chatham-Kent Hydro Inc.	<b>\$162</b>	\$164	\$161	\$162
Peterborough Distribution Incorporated	<b>\$181</b>	\$192	\$186	\$166
Festival Hydro Inc.	<b>\$182</b>	\$185	\$189	\$171
Welland Hydro-Electric System Corp.	<b>\$183</b>	\$209	\$162	\$178
Kingston Electricity Distribution Limited	<b>\$189</b>	\$182	\$181	\$204
Westario Power Inc.	<b>\$203</b>	\$196	\$205	\$206
COLLUS Power Corp.	<b>\$211</b>	\$225	\$220	\$187
St. Thomas Energy Inc.	<b>\$216</b>	\$214	\$229	\$205
Essex Powerlines Corporation	<b>\$221</b>	\$206	\$222	\$236
<b>Woodstock Hydro Services Inc.</b>	<b>\$223</b>	<b>\$228</b>	<b>\$223</b>	<b>\$218</b>
Niagara Falls Hydro Inc.	<b>\$247</b>	\$255	\$245	\$240
Bluewater Power Distribution Corporation	<b>\$261</b>	\$256	\$270	\$258
Erie Thames Powerlines Corporation	<b>\$329</b>	\$356	\$308	\$324
<b>Group Average</b>	<b>\$208</b>			

**SOURCE:**

Comparison of Ontario Electricity Distributors Costs [EB-2006-0268], updated with 2007 Data issued June 25, 2010.

**APPENDIX E**  
**TOTAL BILL IMPACT – PERCENT & DOLLAR**

**BILL IMPACTS (Monthly Consumptions)**

RESIDENTIAL										
Block 1 kWh	600	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>										
<b>100 kWh</b>										
	Monthly Service Charge			11.10			13.74	2.64	23.78%	44.78%
	Distribution (kWh)	100	0.0190	1.90	100	0.0235	2.35	0.45	23.68%	7.66%
	Smart Meter Adder (per month)			0.00			0.47	0.47		1.53%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	3.91%
	LRAM & SSM Rider (kWh)	100		0.00	100	0.0010	0.10	0.10		0.33%
	Deferral and Variance Account Rider (2010) (kWh)	100	(0.0014)	-0.14	100	(0.0014)	(0.14)	(0.00)	2.14%	(0.47%)
	Deferral and Variance Account Rider (2011) (kWh)	100		0.00	100	0.0008	0.08	0.08		0.27%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	100		0.00	100	0.0004	0.04	0.04		0.13%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	100		0.00	100	0.0001	0.01	0.01		0.03%
	<b>Distribution Sub-Total</b>			<b>14.49</b>			<b>17.85</b>	<b>3.36</b>	<b>23.17%</b>	<b>58.17%</b>
	Retail Transmission (kWh)	104	0.0108	1.13	104	0.0107	1.12	(0.01)	-1.01%	3.64%
	<b>Delivery Sub-Total</b>			<b>15.62</b>			<b>18.96</b>	<b>3.35</b>	<b>21.42%</b>	<b>61.81%</b>
	Other Charges (kWh)	104	0.0135	1.41	104	0.0135	1.41	(0.00)	-0.09%	4.59%
	Cost of Power Commodity Block 1 (kWh)	104	0.0650	6.79	104	0.0650	6.78	(0.01)	-0.09%	22.10%
	Cost of Power Commodity Block 2 (kWh)	0	0.0750	0.00	0	0.0750	0.00	0.00		0.00%
	<b>Commodity &amp; Other</b>			<b>8.20</b>			<b>8.19</b>	<b>-0.01</b>	<b>-0.09%</b>	<b>26.69%</b>
	<b>Total Bill Before Taxes</b>			<b>23.81</b>			<b>27.15</b>	<b>3.34</b>	<b>14.02%</b>	<b>88.50%</b>
	GST/HST		5.00%	1.19		13.00%	3.53	2.34	196.45%	11.50%
	<b>Total Bill</b>			<b>25.00</b>			<b>30.68</b>	<b>5.68</b>	<b>22.71%</b>	<b>100.00%</b>

RESIDENTIAL										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>										
<b>250 kWh</b>										
	Monthly Service Charge			11.10			13.74	2.64	23.78%	27.16%
	Distribution (kWh)	250	0.0190	4.75	250	0.0235	5.88	1.13	23.68%	11.61%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.93%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	2.37%
	LRAM & SSM Rider (kWh)	250		0.00	250	0.0010	0.25	0.25		0.49%
	Deferral and Variance Account Rider (2010) (kWh)	250	(0.0014)	-0.35	250	(0.0014)	(0.36)	(0.01)	2.14%	(0.71%)
	Deferral and Variance Account Rider (2011) (kWh)	250		0.00	250	0.0008	0.21	0.21		0.41%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	250		0.00	250	0.0004	0.10	0.10		0.19%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	250		0.00	250	0.0001	0.02	0.02		0.04%
	<b>Distribution Sub-Total</b>			<b>17.13</b>			<b>21.50</b>	<b>4.37</b>	<b>25.53%</b>	<b>42.51%</b>
	Retail Transmission (kWh)	261	0.0108	2.82	261	0.0107	2.79	(0.03)	-1.01%	5.52%
	<b>Delivery Sub-Total</b>			<b>19.95</b>			<b>24.29</b>	<b>4.34</b>	<b>21.78%</b>	<b>48.03%</b>
	Other Charges (kWh)	261	0.0135	3.52	261	0.0135	3.52	(0.00)	-0.09%	6.96%
	Cost of Power Commodity Block 1 (kWh)	261	0.0650	16.97	261	0.0650	16.95	(0.01)	-0.09%	33.51%
	Cost of Power Commodity Block 2 (kWh)	0	0.0750	0.00	0	0.0750	0.00	0.00		0.00%
	<b>Commodity &amp; Other</b>			<b>20.49</b>			<b>20.47</b>	<b>-0.02</b>	<b>-0.09%</b>	<b>40.47%</b>
	<b>Total Bill Before Taxes</b>			<b>40.44</b>			<b>44.76</b>	<b>4.33</b>	<b>10.70%</b>	<b>88.50%</b>
	GST/HST		5.00%	2.02		13.00%	5.82	3.80	187.82%	11.50%
	<b>Total Bill</b>			<b>42.46</b>			<b>50.58</b>	<b>8.12</b>	<b>19.13%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

RESIDENTIAL										
Consumption	Description	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
500 kWh	Monthly Service Charge			11.10			13.74	2.64	23.78%	16.41%
	Distribution (kWh)	500	0.0190	9.50	500	0.0235	11.75	2.25	23.68%	14.03%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.56%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	1.43%
	LRAM & SSM Rider (kWh)	500		0.00	500	0.0010	0.50	0.50		0.60%
	Deferral and Variance Account Rider (2010) (kWh)	500	(0.0014)	-0.70	500	(0.0014)	(0.72)	(0.02)	2.14%	(0.85%)
	Deferral and Variance Account Rider (2011) (kWh)	500		0.00	500	0.0008	0.41	0.41		0.49%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	500		0.00	500	0.0004	0.19	0.19		0.23%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	500		0.00	500	0.0001	0.04	0.04		0.05%
	<b>Distribution Sub-Total</b>			<b>21.53</b>			<b>27.60</b>	<b>6.07</b>	<b>28.17%</b>	<b>32.95%</b>
	Retail Transmission (kWh)	522	0.0108	5.64	522	0.0107	5.58	(0.06)	-1.01%	6.66%
	<b>Delivery Sub-Total</b>			<b>27.17</b>			<b>33.18</b>	<b>6.01</b>	<b>22.12%</b>	<b>39.61%</b>
	Other Charges (kWh)	522	0.0135	7.05	522	0.0135	7.04	(0.01)	-0.09%	8.41%
	Cost of Power Commodity Block 1 (kWh)	522	0.0650	33.93	522	0.0650	33.90	(0.03)	-0.09%	40.48%
	Cost of Power Commodity Block 2 (kWh)	0	0.0750	0.00	0	0.0750	0.00	0.00		0.00%
	<b>Commodity &amp; Other</b>			<b>40.98</b>			<b>40.94</b>	<b>-0.04</b>	<b>-0.09%</b>	<b>48.88%</b>
	<b>Total Bill Before Taxes</b>			<b>68.14</b>			<b>74.12</b>	<b>5.97</b>	<b>8.77%</b>	<b>88.50%</b>
	GST/HST		5.00%	3.41		13.00%	9.64	6.23	182.79%	11.50%
	<b>Total Bill</b>			<b>71.55</b>			<b>83.75</b>	<b>12.20</b>	<b>17.05%</b>	<b>100.00%</b>

RESIDENTIAL										
Consumption	Description	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
800 kWh	Monthly Service Charge			11.10			13.74	2.64	23.78%	10.89%
	Distribution (kWh)	800	0.0190	15.20	800	0.0235	18.80	3.60	23.68%	14.90%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.37%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.95%
	LRAM & SSM Rider (kWh)	800		0.00	800	0.0010	0.80	0.80		0.63%
	Deferral and Variance Account Rider (2010) (kWh)	800	(0.0014)	-1.12	800	(0.0014)	(1.14)	(0.02)	2.14%	(0.91%)
	Deferral and Variance Account Rider (2011) (kWh)	800		0.00	800	0.0008	0.66	0.66		0.52%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	800		0.00	800	0.0004	0.31	0.31		0.25%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	800		0.00	800	0.0001	0.07	0.07		0.05%
	<b>Distribution Sub-Total</b>			<b>26.81</b>			<b>34.91</b>	<b>8.10</b>	<b>30.20%</b>	<b>27.66%</b>
	Retail Transmission (kWh)	835	0.0108	9.02	834	0.0107	8.93	(0.09)	-1.01%	7.08%
	<b>Delivery Sub-Total</b>			<b>35.83</b>			<b>43.84</b>	<b>8.01</b>	<b>22.35%</b>	<b>34.73%</b>
	Other Charges (kWh)	835	0.0135	11.28	834	0.0135	11.27	(0.01)	-0.09%	8.93%
	Cost of Power Commodity Block 1 (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	30.90%
	Cost of Power Commodity Block 2 (kWh)	235	0.0750	17.64	234	0.0750	17.59	(0.05)	-0.31%	13.93%
	<b>Commodity &amp; Other</b>			<b>67.92</b>			<b>67.85</b>	<b>-0.06</b>	<b>-0.09%</b>	<b>53.76%</b>
	<b>Total Bill Before Taxes</b>			<b>103.75</b>			<b>111.69</b>	<b>7.94</b>	<b>7.66%</b>	<b>88.50%</b>
	GST/HST		5.00%	5.19		13.00%	14.52	9.33	179.91%	11.50%
	<b>Total Bill</b>			<b>108.93</b>			<b>126.21</b>	<b>17.28</b>	<b>15.86%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

RESIDENTIAL											
Consumption		2010 BILL			2011 BILL			IMPACT			
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill	
1,000 kWh	Monthly Service Charge			11.10			13.74	2.64	23.78%	8.86%	
	Distribution (kWh)	1,000	0.0190	19.00	1,000	0.0235	23.50	4.50	23.68%	15.15%	
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.30%	
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.77%	
	LRAM & SSM Rider (kWh)	1,000		0.00	1,000	0.0010	1.00	1.00		0.64%	
	Deferral and Variance Account Rider (2010) (kWh)	1,000	(0.0014)	-1.40	1,000	(0.0014)	(1.43)	(0.03)		2.14%	(0.92%)
	Deferral and Variance Account Rider (2011) (kWh)	1,000		0.00	1,000	0.0008	0.83	0.83			0.53%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	1,000		0.00	1,000	0.0004	0.39	0.39			0.25%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	1,000		0.00	1,000	0.0001	0.09	0.09			0.06%
	<b>Distribution Sub-Total</b>			<b>30.33</b>			<b>39.78</b>	<b>9.45</b>	<b>31.16%</b>	<b>25.65%</b>	
	Retail Transmission (kWh)	1,044	0.0108	11.28	1,043	0.0107	11.16	(0.11)	-1.01%	7.20%	
	<b>Delivery Sub-Total</b>			<b>41.61</b>			<b>50.94</b>	<b>9.34</b>	<b>22.45%</b>	<b>32.85%</b>	
	Other Charges (kWh)	1,044	0.0135	14.09	1,043	0.0135	14.08	(0.01)	-0.09%	9.08%	
	Cost of Power Commodity Block 1 (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	25.14%	
	Cost of Power Commodity Block 2 (kWh)	444	0.0750	33.30	443	0.0750	33.23	(0.07)	-0.20%	21.43%	
	<b>Commodity &amp; Other</b>			<b>86.39</b>			<b>86.31</b>	<b>-0.08</b>	<b>-0.09%</b>	<b>55.65%</b>	
	<b>Total Bill Before Taxes</b>			<b>128.00</b>			<b>137.26</b>	<b>9.26</b>	<b>7.23%</b>	<b>88.50%</b>	
	GST/HST		5.00%	6.40		13.00%	17.84	11.44	178.81%	11.50%	
	<b>Total Bill</b>			<b>134.40</b>			<b>155.10</b>	<b>20.70</b>	<b>15.40%</b>	<b>100.00%</b>	

RESIDENTIAL											
Consumption		2010 BILL			2011 BILL			IMPACT			
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill	
1,500 kWh	Monthly Service Charge			11.10			13.74	2.64	23.78%	6.04%	
	Distribution (kWh)	1,500	0.0190	28.50	1,500	0.0235	35.25	6.75	23.68%	15.51%	
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.21%	
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.53%	
	LRAM & SSM Rider (kWh)	1,500		0.00	1,500	0.0010	1.50	1.50		0.66%	
	Deferral and Variance Account Rider (2010) (kWh)	1,500	(0.0014)	-2.10	1,500	(0.0014)	(2.15)	(0.04)		2.14%	(0.94%)
	Deferral and Variance Account Rider (2011) (kWh)	1,500		0.00	1,500	0.0008	1.24	1.24			0.55%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	1,500		0.00	1,500	0.0004	0.58	0.58			0.26%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	1,500		0.00	1,500	0.0001	0.13	0.13			0.06%
	<b>Distribution Sub-Total</b>			<b>39.13</b>			<b>51.97</b>	<b>12.84</b>	<b>32.81%</b>	<b>22.86%</b>	
	Retail Transmission (kWh)	1,566	0.0108	16.91	1,565	0.0107	16.74	(0.17)	-1.01%	7.36%	
	<b>Delivery Sub-Total</b>			<b>56.04</b>			<b>68.71</b>	<b>12.67</b>	<b>22.60%</b>	<b>30.22%</b>	
	Other Charges (kWh)	1,566	0.0135	21.14	1,565	0.0135	21.12	(0.02)	-0.09%	9.29%	
	Cost of Power Commodity Block 1 (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	17.16%	
	Cost of Power Commodity Block 2 (kWh)	966	0.0750	72.45	965	0.0750	72.35	(0.10)	-0.14%	31.82%	
	<b>Commodity &amp; Other</b>			<b>132.59</b>			<b>132.47</b>	<b>-0.12</b>	<b>-0.09%</b>	<b>58.27%</b>	
	<b>Total Bill Before Taxes</b>			<b>188.63</b>			<b>201.18</b>	<b>12.55</b>	<b>6.65%</b>	<b>88.50%</b>	
	GST/HST		5.00%	9.43		13.00%	26.15	16.72	177.30%	11.50%	
	<b>Total Bill</b>			<b>198.07</b>			<b>227.34</b>	<b>29.27</b>	<b>14.78%</b>	<b>100.00%</b>	

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE < 50 kW										
Block 1 kWh	750	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>										
<b>1,000 kWh</b>										
				21.45			28.42	6.97	32.49%	17.92%
		1,000	0.0123	12.30	1,000	0.0163	16.30	4.00	32.52%	10.28%
				0.00			0.47	0.47		0.30%
				1.63			1.20	(0.43)	-26.38%	0.76%
		1,000		0.00	1,000	0.0003	0.30	0.30		0.19%
		1,000	(0.0014)	-1.40	1,000	(0.0014)	(1.43)	(0.03)	2.14%	(0.90%)
		1,000		0.00	1,000	0.0002	0.22	0.22		0.14%
		1,000		0.00	1,000	0.0004	0.39	0.39		0.25%
		1,000		0.00	1,000	0.0001	0.12	0.12		0.08%
				<b>33.98</b>			<b>45.99</b>	<b>12.01</b>	<b>35.35%</b>	<b>29.00%</b>
		1,044	0.0098	10.23	1,043	0.0091	9.54	(0.69)	-6.78%	6.01%
				<b>44.21</b>			<b>55.53</b>	<b>11.32</b>	<b>25.60%</b>	<b>35.01%</b>
		1,044	0.0135	14.09	1,043	0.0135	14.08	(0.01)	-0.09%	8.88%
		750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	30.74%
		294	0.0750	22.05	293	0.0750	21.98	(0.07)	-0.31%	13.86%
				<b>84.89</b>			<b>84.81</b>	<b>-0.08</b>	<b>-0.09%</b>	<b>53.48%</b>
				<b>129.11</b>			<b>140.34</b>	<b>11.24</b>	<b>8.70%</b>	<b>88.50%</b>
			5.00%	6.46		13.00%	18.24	11.79	182.63%	11.50%
				<b>135.56</b>			<b>158.59</b>	<b>23.03</b>	<b>16.99%</b>	<b>100.00%</b>

GENERAL SERVICE < 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>										
<b>2,000 kWh</b>										
				21.45			28.42	6.97	32.49%	9.74%
		2,000	0.0123	24.60	2,000	0.0163	32.60	8.00	32.52%	11.18%
				0.00			0.47	0.47		0.16%
				1.63			1.20	(0.43)	-26.38%	0.41%
		2,000		0.00	2,000	0.0003	0.60	0.60		0.21%
		2,000	(0.0014)	-2.80	2,000	(0.0014)	(2.86)	(0.06)	2.14%	(0.98%)
		2,000		0.00	2,000	0.0002	0.44	0.44		0.15%
		2,000		0.00	2,000	0.0004	0.78	0.78		0.27%
		2,000		0.00	2,000	0.0001	0.24	0.24		0.08%
				<b>44.88</b>			<b>61.89</b>	<b>17.01</b>	<b>37.90%</b>	<b>21.22%</b>
		2,088	0.0098	20.46	2,086	0.0091	19.07	(1.39)	-6.78%	6.54%
				<b>65.34</b>			<b>80.97</b>	<b>15.62</b>	<b>23.91%</b>	<b>27.76%</b>
		2,088	0.0135	28.19	2,086	0.0135	28.16	(0.02)	-0.09%	9.66%
		750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	16.72%
		1,338	0.0750	100.35	1,336	0.0750	100.22	(0.14)	-0.13%	34.36%
				<b>177.29</b>			<b>177.13</b>	<b>-0.16</b>	<b>-0.09%</b>	<b>60.73%</b>
				<b>242.63</b>			<b>258.09</b>	<b>15.46</b>	<b>6.37%</b>	<b>88.50%</b>
			5.00%	12.13		13.00%	33.55	21.42	176.57%	11.50%
				<b>254.76</b>			<b>291.65</b>	<b>36.88</b>	<b>14.48%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE < 50 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
5,000 kWh	Monthly Service Charge			21.45			28.42	6.97	32.49%	4.11%
	Distribution (kWh)	5,000	0.0123	61.50	5,000	0.0163	81.50	20.00	32.52%	11.80%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.07%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.17%
	LRAM & SSM Rider (kWh)	5,000		0.00	5,000	0.0003	1.50	1.50		0.22%
	Deferral and Variance Account Rider (2010) (kWh)	5,000	(0.0014)	-7.00	5,000	(0.0014)	(7.15)	(0.15)	2.14%	(1.03%)
	Deferral and Variance Account Rider (2011) (kWh)	5,000		0.00	5,000	0.0002	1.11	1.11		0.16%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	5,000		0.00	5,000	0.0004	1.94	1.94		0.28%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	5,000		0.00	5,000	0.0001	0.60	0.60		0.09%
	<b>Distribution Sub-Total</b>			<b>77.58</b>			<b>109.59</b>	<b>32.01</b>	<b>41.26%</b>	<b>15.86%</b>
	Retail Transmission (kWh)	5,220	0.0098	51.16	5,216	0.0091	47.69	(3.47)	-6.78%	6.90%
	<b>Delivery Sub-Total</b>			<b>128.74</b>			<b>157.28</b>	<b>28.54</b>	<b>22.17%</b>	<b>22.77%</b>
	Other Charges (kWh)	5,220	0.0135	70.47	5,216	0.0135	70.41	(0.06)	-0.09%	10.19%
	Cost of Power Commodity Block 1 (kWh)	750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	7.06%
	Cost of Power Commodity Block 2 (kWh)	4,470	0.0750	335.25	4,466	0.0750	334.91	(0.34)	-0.10%	48.48%
	<b>Commodity &amp; Other</b>			<b>454.47</b>			<b>454.07</b>	<b>-0.40</b>	<b>-0.09%</b>	<b>65.73%</b>
	<b>Total Bill Before Taxes</b>			<b>583.21</b>			<b>611.35</b>	<b>28.15</b>	<b>4.83%</b>	<b>88.50%</b>
GST/HST		5.00%	29.16		13.00%	79.48	50.32	172.55%	11.50%	
<b>Total Bill</b>			<b>612.37</b>			<b>690.83</b>	<b>78.46</b>	<b>12.81%</b>	<b>100.00%</b>	

GENERAL SERVICE < 50 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
10,000 kWh	Monthly Service Charge			21.45			28.42	6.97	32.49%	2.10%
	Distribution (kWh)	10,000	0.0123	123.00	10,000	0.0163	163.00	40.00	32.52%	12.02%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.03%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.09%
	LRAM & SSM Rider (kWh)	10,000		0.00	10,000	0.0003	3.00	3.00		0.22%
	Deferral and Variance Account Rider (2010) (kWh)	10,000	(0.0014)	-14.00	10,000	(0.0014)	(14.30)	(0.30)	2.14%	(1.05%)
	Deferral and Variance Account Rider (2011) (kWh)	10,000		0.00	10,000	0.0002	2.22	2.22		0.16%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	10,000		0.00	10,000	0.0004	3.89	3.89		0.29%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	10,000		0.00	10,000	0.0001	1.20	1.20		0.09%
	<b>Distribution Sub-Total</b>			<b>132.08</b>			<b>189.09</b>	<b>57.01</b>	<b>43.17%</b>	<b>13.94%</b>
	Retail Transmission (kWh)	10,440	0.0098	102.31	10,431	0.0091	95.37	(6.94)	-6.78%	7.03%
	<b>Delivery Sub-Total</b>			<b>234.39</b>			<b>284.47</b>	<b>50.08</b>	<b>21.36%</b>	<b>20.98%</b>
	Other Charges (kWh)	10,440	0.0135	140.94	10,431	0.0135	140.82	(0.12)	-0.09%	10.38%
	Cost of Power Commodity Block 1 (kWh)	750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	3.59%
	Cost of Power Commodity Block 2 (kWh)	9,690	0.0750	726.75	9,681	0.0750	726.08	(0.68)	-0.09%	53.54%
	<b>Commodity &amp; Other</b>			<b>916.44</b>			<b>915.64</b>	<b>-0.80</b>	<b>-0.09%</b>	<b>67.52%</b>
	<b>Total Bill Before Taxes</b>			<b>1,150.83</b>			<b>1,200.11</b>	<b>49.28</b>	<b>4.28%</b>	<b>88.50%</b>
GST/HST		5.00%	57.54		13.00%	156.01	98.47	171.13%	11.50%	
<b>Total Bill</b>			<b>1,208.37</b>			<b>1,356.13</b>	<b>147.75</b>	<b>12.23%</b>	<b>100.00%</b>	

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE < 50 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
20,000 kWh	Monthly Service Charge			21.45			28.42	6.97	32.49%	1.06%
	Distribution (kWh)	20,000	0.0123	246.00	20,000	0.0163	326.00	80.00	32.52%	12.13%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.02%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.04%
	LRAM & SSM Rider (kWh)	20,000		0.00	20,000	0.0003	6.00	6.00		0.22%
	Deferral and Variance Account Rider (2010) (kWh)	20,000	(0.0014)	-28.00	20,000	(0.0014)	(28.60)	(0.60)	2.14%	(1.06%)
	Deferral and Variance Account Rider (2011) (kWh)	20,000		0.00	20,000	0.0002	4.44	4.44		0.17%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	20,000		0.00	20,000	0.0004	7.77	7.77		0.29%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	20,000		0.00	20,000	0.0001	2.39	2.39		0.09%
	<b>Distribution Sub-Total</b>			<b>241.08</b>			<b>348.10</b>	<b>107.02</b>	<b>44.39%</b>	<b>12.96%</b>
	Retail Transmission (kWh)	20,880	0.0098	204.62	20,862	0.0091	190.75	(13.87)	-6.78%	7.10%
	<b>Delivery Sub-Total</b>			<b>445.70</b>			<b>538.85</b>	<b>93.14</b>	<b>20.90%</b>	<b>20.06%</b>
	Other Charges (kWh)	20,880	0.0135	281.88	20,862	0.0135	281.64	(0.24)	-0.09%	10.48%
	Cost of Power Commodity Block 1 (kWh)	750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	1.81%
	Cost of Power Commodity Block 2 (kWh)	20,130	0.0750	1,509.75	20,112	0.0750	1,508.40	(1.35)	-0.09%	56.14%
	<b>Commodity &amp; Other</b>			<b>1,840.38</b>			<b>1,838.79</b>	<b>-1.59</b>	<b>-0.09%</b>	<b>68.44%</b>
	<b>Total Bill Before Taxes</b>			<b>2,286.08</b>			<b>2,377.64</b>	<b>91.55</b>	<b>4.00%</b>	<b>88.50%</b>
GST/HST		5.00%	114.30		13.00%	309.09	194.79	170.41%	11.50%	
<b>Total Bill</b>			<b>2,400.39</b>			<b>2,686.73</b>	<b>286.34</b>	<b>11.93%</b>	<b>100.00%</b>	

GENERAL SERVICE 50 kW - 999 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
30,000 kWh 100 kW	Monthly Service Charge			294.82			360.69	65.87	22.34%	10.12%
	Distribution (kW)	100	1.8048	180.48	100	2.1129	211.29	30.81	17.07%	5.93%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.01%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.03%
	LRAM & SSM Rider (kW)	100		0.00	100	0.0863	8.63	8.63		0.24%
	Deferral and Variance Account Rider (2010) (kW)	100	(0.4471)	-44.71	100	(0.5422)	(54.22)	(9.51)	21.27%	(1.52%)
	Deferral and Variance Account Rider (2011) (kW)	100		0.00	100	(0.0487)	(4.87)	(4.87)		(0.14%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	100		0.00	100	0.1471	14.71	14.71		0.41%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	100		0.00	100	0.0301	3.01	3.01		0.08%
	<b>Distribution Sub-Total</b>			<b>432.22</b>			<b>540.91</b>	<b>108.69</b>	<b>25.15%</b>	<b>15.18%</b>
	Retail Transmission (kW)	100	4.2383	423.83	100	2.9046	290.46	(133.37)	(31.47%)	8.15%
	<b>Delivery Sub-Total</b>			<b>856.05</b>			<b>831.37</b>	<b>-24.68</b>	<b>(2.88%)</b>	<b>23.33%</b>
	Other Charges (kWh)	31,320	0.0135	422.82	31,293	0.0135	422.46	(0.36)	(0.09%)	11.85%
	Cost of Power Commodity (kWh)	31,320	0.0607	1,901.75	31,293	0.0607	1,900.11	(1.64)	(0.09%)	53.31%
	<b>Total Bill Before Taxes</b>			<b>3,180.62</b>			<b>3,153.94</b>	<b>-26.68</b>	<b>(0.84%)</b>	<b>88.50%</b>
	GST/HST		5.00%	159.03		13.00%	410.01	250.98	157.82%	11.50%
	<b>Total Bill</b>			<b>3,339.65</b>			<b>3,563.95</b>	<b>224.30</b>	<b>6.72%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

<b>GENERAL SERVICE 50 kW - 999 kW</b>										
	<b>2010 BILL</b>			<b>2011 BILL</b>			<b>IMPACT</b>			
	<b>Volume</b>	<b>RATE \$</b>	<b>CHARGE \$</b>	<b>Volume</b>	<b>RATE \$</b>	<b>CHARGE \$</b>	<b>Change \$</b>	<b>Change %</b>	<b>% of Total Bill</b>	
<b>Consumption</b>	Monthly Service Charge		294.82			360.69	65.87	22.34%	4.35%	
<b>75,000 kWh</b>	Distribution (kW)	250	1.8048	451.20	250	2.1129	528.23	77.02	17.07%	6.37%
<b>250 kW</b>	Smart Meter Adder (per month)		0.00			0.47	0.47		0.01%	
	Smart Meter Rider (per month)		1.63			1.20	(0.43)	(26.38%)	0.01%	
	LRAM & SSM Rider (kW)	250		0.00	250	0.0863	21.58	21.58	0.26%	
	Deferral and Variance Account Rider (2010) (kW)	250	(0.4471)	-111.78	250	(0.5422)	(135.55)	(23.77)	21.27%	(1.63%)
	Deferral and Variance Account Rider (2011) (kW)	250		0.00	250	(0.0487)	(12.18)	(12.18)		(0.15%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	250		0.00	250	0.1471	36.77	36.77		0.44%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	250		0.00	250	0.0301	7.54	7.54		0.09%
	<b>Distribution Sub-Total</b>			<b>635.88</b>			<b>808.75</b>	<b>172.87</b>	<b>27.19%</b>	<b>9.75%</b>
	Retail Transmission (kW)	250	4.2383	1,059.58	250	2.9046	726.14	(333.43)	(31.47%)	8.75%
	<b>Delivery Sub-Total</b>			<b>1,695.45</b>			<b>1,534.89</b>	<b>-160.56</b>	<b>(9.47%)</b>	<b>18.50%</b>
	Other Charges (kWh)	78,300	0.0135	1,057.05	78,233	0.0135	1,056.14	(0.91)	(0.09%)	12.73%
	Cost of Power Commodity (kWh)	78,300	0.0607	4,754.38	78,233	0.0607	4,750.28	(4.10)	(0.09%)	57.26%
	<b>Total Bill Before Taxes</b>			<b>7,506.88</b>			<b>7,341.30</b>	<b>-165.57</b>	<b>(2.21%)</b>	<b>88.50%</b>
	GST/HST		5.00%	375.34		13.00%	954.37	579.03	154.27%	11.50%
	<b>Total Bill</b>			<b>7,882.22</b>			<b>8,295.67</b>	<b>413.45</b>	<b>5.25%</b>	<b>100.00%</b>

<b>GENERAL SERVICE 50 kW - 999 kW</b>										
	<b>2010 BILL</b>			<b>2011 BILL</b>			<b>IMPACT</b>			
	<b>Volume</b>	<b>RATE \$</b>	<b>CHARGE \$</b>	<b>Volume</b>	<b>RATE \$</b>	<b>CHARGE \$</b>	<b>Change \$</b>	<b>Change %</b>	<b>% of Total Bill</b>	
<b>Consumption</b>	Monthly Service Charge		294.82			360.69	65.87	22.34%	1.75%	
<b>200,000 kWh</b>	Distribution (kW)	500	1.8048	902.40	500	2.1129	1,056.45	154.05	17.07%	5.14%
<b>500 kW</b>	Smart Meter Adder (per month)		0.00			0.47	0.47		0.00%	
	Smart Meter Rider (per month)		1.63			1.20	(0.43)	(26.38%)	0.01%	
	LRAM & SSM Rider (kW)	500		0.00	500	0.0863	43.15	43.15	0.21%	
	Deferral and Variance Account Rider (2010) (kW)	500	(0.4471)	-223.55	500	(0.5422)	(271.09)	(47.54)	21.27%	(1.32%)
	Deferral and Variance Account Rider (2011) (kW)	500		0.00	500	(0.0487)	(24.36)	(24.36)		(0.12%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	500		0.00	500	0.1471	73.55	73.55		0.36%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	500		0.00	500	0.0301	15.07	15.07		0.07%
	<b>Distribution Sub-Total</b>			<b>975.30</b>			<b>1,255.13</b>	<b>279.83</b>	<b>28.69%</b>	<b>6.11%</b>
	Retail Transmission (kW)	500	4.2383	2,119.15	500	2.9046	1,452.28	(666.87)	(31.47%)	7.06%
	<b>Delivery Sub-Total</b>			<b>3,094.45</b>			<b>2,707.41</b>	<b>-387.04</b>	<b>(12.51%)</b>	<b>13.17%</b>
	Other Charges (kWh)	208,800	0.0135	2,818.80	208,620	0.0135	2,816.37	(2.43)	(0.09%)	13.70%
	Cost of Power Commodity (kWh)	208,800	0.0607	12,678.34	208,620	0.0607	12,667.41	(10.93)	(0.09%)	61.62%
	<b>Total Bill Before Taxes</b>			<b>18,591.59</b>			<b>18,191.19</b>	<b>-400.40</b>	<b>(2.15%)</b>	<b>88.50%</b>
	GST/HST		5.00%	929.58		13.00%	2,364.85	1,435.28	154.40%	11.50%
	<b>Total Bill</b>			<b>19,521.17</b>			<b>20,556.05</b>	<b>1,034.88</b>	<b>5.30%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE 50 kW - 999 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
300,000 kWh	Monthly Service Charge			294.82			360.69	65.87	22.34%	1.18%
	Distribution (kW)	750	1.8048	1,353.60	750	2.1129	1,584.68	231.08	17.07%	5.17%
750 kW	Smart Meter Adder (per month)			0.00			0.47	0.47		0.00%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.00%
	LRAM & SSM Rider (kW)	750		0.00	750	0.0863	64.73	64.73		0.21%
	Deferral and Variance Account Rider (2010) (kW)	750	(0.4471)	-335.33	750	(0.5422)	(406.64)	(71.31)	21.27%	(1.33%)
	Deferral and Variance Account Rider (2011) (kW)	750		0.00	750	(0.0487)	(36.54)	(36.54)		(0.12%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	750		0.00	750	0.1471	110.32	110.32		0.36%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	750		0.00	750	0.0301	22.61	22.61		0.07%
	<b>Distribution Sub-Total</b>			<b>1,314.73</b>			<b>1,701.52</b>	<b>386.79</b>	<b>29.42%</b>	<b>5.56%</b>
	Retail Transmission (kW)	750	4.2383	3,178.73	750	2.9046	2,178.42	(1,000.30)	(31.47%)	7.11%
	<b>Delivery Sub-Total</b>			<b>4,493.45</b>			<b>3,879.94</b>	<b>-613.51</b>	<b>(13.65%)</b>	<b>12.67%</b>
	Other Charges (kWh)	313,200	0.0135	4,228.20	312,930	0.0135	4,224.56	(3.64)	(0.09%)	13.79%
	Cost of Power Commodity (kWh)	313,200	0.0607	19,017.50	312,930	0.0607	19,001.11	(16.39)	(0.09%)	62.04%
	<b>Total Bill Before Taxes</b>			<b>27,739.15</b>			<b>27,105.61</b>	<b>-633.55</b>	<b>(2.28%)</b>	<b>88.50%</b>
	GST/HST		5.00%	1,386.96		13.00%	3,523.73	2,136.77	154.06%	11.50%
	<b>Total Bill</b>			<b>29,126.11</b>			<b>30,629.34</b>	<b>1,503.22</b>	<b>5.16%</b>	<b>100.00%</b>

GENERAL SERVICE 50 kW - 999 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
400,000 kWh	Monthly Service Charge			294.82			360.69	65.87	22.34%	0.89%
	Distribution (kW)	999	1.8048	1,803.00	999	2.1129	2,110.79	307.79	17.07%	5.19%
999 kW	Smart Meter Adder (per month)			0.00			0.47	0.47		0.00%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.00%
	LRAM & SSM Rider (kW)	999		0.00	999	0.0863	86.21	86.21		0.21%
	Deferral and Variance Account Rider (2010) (kW)	999	(0.4471)	-446.65	999	(0.5422)	(541.64)	(94.98)	21.27%	(1.33%)
	Deferral and Variance Account Rider (2011) (kW)	999		0.00	999	(0.0487)	(48.67)	(48.67)		(0.12%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	999		0.00	999	0.1471	146.95	146.95		0.36%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	999		0.00	999	0.0301	30.11	30.11		0.07%
	<b>Distribution Sub-Total</b>			<b>1,652.79</b>			<b>2,146.12</b>	<b>493.32</b>	<b>29.85%</b>	<b>5.27%</b>
	Retail Transmission (kW)	999	4.2383	4,234.06	999	2.9046	2,901.66	(1,332.40)	(31.47%)	7.13%
	<b>Delivery Sub-Total</b>			<b>5,886.85</b>			<b>5,047.78</b>	<b>-839.07</b>	<b>(14.25%)</b>	<b>12.40%</b>
	Other Charges (kWh)	417,600	0.0135	5,637.60	417,240	0.0135	5,632.74	(4.86)	(0.09%)	13.84%
	Cost of Power Commodity (kWh)	417,600	0.0607	25,356.67	417,240	0.0607	25,334.81	(21.86)	(0.09%)	62.25%
	<b>Total Bill Before Taxes</b>			<b>36,881.13</b>			<b>36,015.33</b>	<b>-865.79</b>	<b>(2.35%)</b>	<b>88.50%</b>
	GST/HST		5.00%	1,844.06		13.00%	4,681.99	2,837.94	153.90%	11.50%
	<b>Total Bill</b>			<b>38,725.18</b>			<b>40,697.33</b>	<b>1,972.14</b>	<b>5.09%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

<b>GENERAL SERVICE &gt;1000 kW</b>									
	<b>2010 BILL</b>			<b>2011 BILL</b>			<b>IMPACT</b>		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>	Monthly Service Charge								
<b>750,000 kWh</b>	Distribution (kW)								
<b>1,500 kW</b>	1,500	1.8048	2,707.20	1,500	1.4400	2,160.00	(547.20)	(20.21%)	2.76%
			0.00			0.47	0.47		0.00%
			1.63			1.20	(0.43)	(26.38%)	0.00%
	1,500		0.00	1,500	0.0863	129.45	129.45		0.17%
	1,500	(0.4471)	-670.65	1,500	(0.6522)	(978.26)	(307.61)	45.87%	(1.25%)
	1,500		0.00	1,500	(0.2040)	(306.07)	(306.07)		(0.39%)
	1,500		0.00	1,500	0.1771	265.62	265.62		0.34%
	1,500		0.00	1,500	0.0499	74.81	74.81		0.10%
	<b>Distribution Sub-Total</b>		<b>2,333.00</b>			<b>3,683.09</b>	<b>1,350.09</b>	<b>57.87%</b>	<b>4.70%</b>
	1,500	4.2383	6,357.45	1,500	5.0741	7,611.18	1,253.73	19.72%	9.71%
	<b>Delivery Sub-Total</b>		<b>8,690.45</b>			<b>11,294.27</b>	<b>2,603.82</b>	<b>29.96%</b>	<b>14.41%</b>
	783,000	0.0135	10,570.50	782,325	0.0135	10,561.39	(9.11)	(0.09%)	13.48%
	783,000	0.0607	47,543.76	782,325	0.0607	47,502.77	(40.99)	(0.09%)	60.61%
	<b>Total Bill Before Taxes</b>		<b>66,804.71</b>			<b>69,358.43</b>	<b>2,553.72</b>	<b>3.82%</b>	<b>88.50%</b>
		5.00%	3,340.24		13.00%	9,016.60	5,676.36	169.94%	11.50%
	<b>Total Bill</b>		<b>70,144.95</b>			<b>78,375.03</b>	<b>8,230.08</b>	<b>11.73%</b>	<b>100.00%</b>

<b>GENERAL SERVICE &gt;1000 kW</b>									
	<b>2010 BILL</b>			<b>2011 BILL</b>			<b>IMPACT</b>		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>	Monthly Service Charge								
<b>1,250,000 kWh</b>	Distribution (kW)								
<b>2,500 kW</b>	2,500	1.8048	4,512.00	2,500	1.4400	3,600.00	(912.00)	(20.21%)	2.79%
			0.00			0.47	0.47		0.00%
			1.63			1.20	(0.43)	(26.38%)	0.00%
	2,500		0.00	2,500	0.0863	215.75	215.75		0.17%
	2,500	(0.4471)	-1,117.75	2,500	(0.6522)	(1,630.43)	(512.68)	45.87%	(1.27%)
	2,500		0.00	2,500	(0.2040)	(510.11)	(510.11)		(0.40%)
	2,500		0.00	2,500	0.1771	442.71	442.71		0.34%
	2,500		0.00	2,500	0.0499	124.69	124.69		0.10%
	<b>Distribution Sub-Total</b>		<b>3,690.70</b>			<b>4,580.13</b>	<b>889.43</b>	<b>24.10%</b>	<b>3.55%</b>
	2,500	4.2383	10,595.75	2,500	5.0741	12,685.31	2,089.56	19.72%	9.84%
	<b>Delivery Sub-Total</b>		<b>14,286.45</b>			<b>17,265.44</b>	<b>2,978.99</b>	<b>20.85%</b>	<b>13.40%</b>
	1,305,000	0.0135	17,617.50	1,303,875	0.0135	17,602.31	(15.19)	(0.09%)	13.66%
	1,305,000	0.0607	79,239.60	1,303,875	0.0607	79,171.29	(68.31)	(0.09%)	61.44%
	<b>Total Bill Before Taxes</b>		<b>111,143.55</b>			<b>114,039.04</b>	<b>2,895.49</b>	<b>2.61%</b>	<b>88.50%</b>
		5.00%	5,557.18		13.00%	14,825.08	9,267.90	166.77%	11.50%
	<b>Total Bill</b>		<b>116,700.73</b>			<b>128,864.11</b>	<b>12,163.39</b>	<b>10.42%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

<b>GENERAL SERVICE &gt;1000 kW</b>										
	<b>2010 BILL</b>			<b>2011 BILL</b>			<b>IMPACT</b>			
	<b>Volume</b>	<b>RATE \$</b>	<b>CHARGE \$</b>	<b>Volume</b>	<b>RATE \$</b>	<b>CHARGE \$</b>	<b>Change \$</b>	<b>Change %</b>	<b>% of Total Bill</b>	
<b>Consumption</b>	Monthly Service Charge		294.82			2,335.85	2,041.03	692.30%	1.16%	
<b>2,000,000 kWh</b>	Distribution (kW)	3,500	1.8048	6,316.80	3,500	1.4400	5,040.00	(1,276.80)	(20.21%)	2.50%
<b>3,500 kW</b>	Smart Meter Adder (per month)		0.00			0.47	0.47		0.00%	
	Smart Meter Rider (per month)		1.63			1.20	(0.43)	(26.38%)	0.00%	
	LRAM & SSM Rider (kW)	3,500		0.00	3,500	0.0863	302.05	302.05		0.15%
	Deferral and Variance Account Rider (2010) (kW)	3,500	(0.4471)	-1,564.85	3,500	(0.6522)	(2,282.60)	(717.75)	45.87%	(1.13%)
	Deferral and Variance Account Rider (2011) (kW)	3,500		0.00	3,500	(0.2040)	(714.16)	(714.16)		(0.35%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	3,500		0.00	3,500	0.1771	619.79	619.79		0.31%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	3,500		0.00	3,500	0.0499	174.56	174.56		0.09%
	<b>Distribution Sub-Total</b>			<b>5,048.40</b>			<b>5,477.17</b>	<b>428.77</b>	<b>8.49%</b>	<b>2.72%</b>
	Retail Transmission (kW)	3,500	4.2383	14,834.05	3,500	5.0741	17,759.43	2,925.38	19.72%	8.83%
	<b>Delivery Sub-Total</b>			<b>19,882.45</b>			<b>23,236.60</b>	<b>3,354.15</b>	<b>16.87%</b>	<b>11.55%</b>
	Other Charges (kWh)	2,088,000	0.0135	28,188.00	2,086,200	0.0135	28,163.70	(24.30)	(0.09%)	14.00%
	Cost of Power Commodity (kWh)	2,088,000	0.0607	126,783.36	2,086,200	0.0607	126,674.06	(109.30)	(0.09%)	62.95%
	<b>Total Bill Before Taxes</b>			<b>174,853.81</b>			<b>178,074.37</b>	<b>3,220.56</b>	<b>1.84%</b>	<b>88.50%</b>
	GST/HST		5.00%	8,742.69		13.00%	23,149.67	14,406.98	164.79%	11.50%
	<b>Total Bill</b>			<b>183,596.50</b>			<b>201,224.04</b>	<b>17,627.54</b>	<b>9.60%</b>	<b>100.00%</b>

<b>GENERAL SERVICE &gt;1000 kW</b>										
	<b>2010 BILL</b>			<b>2011 BILL</b>			<b>IMPACT</b>			
	<b>Volume</b>	<b>RATE \$</b>	<b>CHARGE \$</b>	<b>Volume</b>	<b>RATE \$</b>	<b>CHARGE \$</b>	<b>Change \$</b>	<b>Change %</b>	<b>% of Total Bill</b>	
<b>Consumption</b>	Monthly Service Charge		294.82			2,335.85	2,041.03	692.30%	1.12%	
<b>2,000,000 kWh</b>	Distribution (kW)	4,500	1.8048	8,121.60	4,500	1.4400	6,480.00	(1,641.60)	(20.21%)	3.12%
<b>4,500 kW</b>	Smart Meter Adder (per month)		0.00			0.47	0.47		0.00%	
	Smart Meter Rider (per month)		1.63			1.20	(0.43)	(26.38%)	0.00%	
	LRAM & SSM Rider (kW)	4,500		0.00	4,500	0.0863	388.35	388.35		0.19%
	Deferral and Variance Account Rider (2010) (kW)	4,500	(0.4471)	-2,011.95	4,500	(0.6522)	(2,934.77)	(922.82)	45.87%	(1.41%)
	Deferral and Variance Account Rider (2011) (kW)	4,500		0.00	4,500	(0.2040)	(918.20)	(918.20)		(0.44%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	4,500		0.00	4,500	0.1771	796.87	796.87		0.38%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	4,500		0.00	4,500	0.0499	224.44	224.44		0.11%
	<b>Distribution Sub-Total</b>			<b>6,406.10</b>			<b>6,374.22</b>	<b>-31.88</b>	<b>(0.50%)</b>	<b>3.06%</b>
	Retail Transmission (kW)	4,500	4.2383	19,072.35	4,500	5.0741	22,833.55	3,761.20	19.72%	10.98%
	<b>Delivery Sub-Total</b>			<b>25,478.45</b>			<b>29,207.77</b>	<b>3,729.32</b>	<b>14.64%</b>	<b>14.04%</b>
	Other Charges (kWh)	2,088,000	0.0135	28,188.00	2,086,200	0.0135	28,163.70	(24.30)	(0.09%)	13.54%
	Cost of Power Commodity (kWh)	2,088,000	0.0607	126,783.36	2,086,200	0.0607	126,674.06	(109.30)	(0.09%)	60.91%
	<b>Total Bill Before Taxes</b>			<b>180,449.81</b>			<b>184,045.53</b>	<b>3,595.72</b>	<b>1.99%</b>	<b>88.50%</b>
	GST/HST		5.00%	9,022.49		13.00%	23,925.92	14,903.43	165.18%	11.50%
	<b>Total Bill</b>			<b>189,472.30</b>			<b>207,971.45</b>	<b>18,499.15</b>	<b>9.76%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

Street Lighting										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Billing</b>	Monthly Service Charge	40	0.87	34.80	40	2.20	87.97	53.17	152.78%	10.55%
<b>40 Conn.</b>	Distribution (kW)	10	3.4918	34.92	10	8.8266	88.27	53.35	152.78%	10.59%
<b>7,000 kWh</b>	LRAM & SSM Rider (kW)	10		0.00	10	0.0000	0.00	0.00		0.00%
<b>10 kW</b>	Deferral and Variance Account Rider (2010) (kW)	10	(0.3838)	-3.84	10	(0.5227)	(5.23)	(1.39)	36.17%	(0.63%)
	Deferral and Variance Account Rider (2011) (kW)	10		0.00	10	0.1658	1.66	1.66		0.20%
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	10		0.00	10	0.1417	1.42	1.42		0.17%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	10		0.00	10	0.0416	0.42	0.42		0.05%
	<b>Distribution Sub-Total</b>			<b>65.88</b>			<b>174.50</b>	<b>108.62</b>	<b>164.88%</b>	<b>20.94%</b>
	Retail Transmission (kW)	10	3.1281	31.28	10	2.1145	21.15	(10.14)	(32.40%)	2.54%
	<b>Delivery Sub-Total</b>			<b>97.16</b>			<b>195.64</b>	<b>98.48</b>	<b>101.36%</b>	<b>23.47%</b>
	Other Charges (kWh)	7,308	0.0135	98.66	7,302	0.0135	98.57	(0.09)	(0.09%)	11.83%
	Cost of Power Commodity (kWh)	7,308	0.0607	443.74	7,302	0.0607	443.36	(0.38)	(0.09%)	53.19%
	<b>Total Bill Before Taxes</b>			<b>639.56</b>			<b>737.58</b>	<b>98.02</b>	<b>15.33%</b>	<b>88.50%</b>
GST/HST		5.00%	31.98		13.00%	95.88	63.91	199.85%	11.50%	
<b>Total Bill</b>			<b>671.54</b>			<b>833.46</b>	<b>161.92</b>	<b>24.11%</b>	<b>100.00%</b>	

Street Lighting										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Billing</b>	Monthly Service Charge	4,000	0.87	3,480.00	4,000	2.20	8,796.80	5,316.80	152.78%	17.59%
<b>4,000 Conn.</b>	Distribution (kW)	560	3.4918	1,955.41	560	8.8266	4,942.90	2,987.49	152.78%	9.89%
<b>380,000 kWh</b>	LRAM & SSM Rider (kW)	560		0.00	560	0.0000	0.00	0.00		0.00%
<b>560 kW</b>	Deferral and Variance Account Rider (2010) (kW)	560	(0.3838)	-214.95	560	(0.5227)	(292.69)	(77.74)	36.17%	(0.59%)
	Deferral and Variance Account Rider (2011) (kW)	560		0.00	560	0.1658	92.87	92.87		0.19%
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	560		0.00	560	0.1417	79.35	79.35		0.16%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	560		0.00	560	0.0416	23.31	23.31		0.05%
	<b>Distribution Sub-Total</b>			<b>5,220.46</b>			<b>13,642.53</b>	<b>8,422.07</b>	<b>161.33%</b>	<b>27.29%</b>
	Retail Transmission (kW)	560	3.1281	1,751.74	560	2.1145	1,184.14	(567.59)	(32.40%)	2.37%
	<b>Delivery Sub-Total</b>			<b>6,972.19</b>			<b>14,826.67</b>	<b>7,854.47</b>	<b>112.65%</b>	<b>29.65%</b>
	Other Charges (kWh)	396,720	0.0135	5,355.72	396,378	0.0135	5,351.10	(4.62)	(0.09%)	10.70%
	Cost of Power Commodity (kWh)	396,720	0.0607	24,088.84	396,378	0.0607	24,068.07	(20.77)	(0.09%)	48.14%
	<b>Total Bill Before Taxes</b>			<b>36,416.75</b>			<b>44,245.84</b>	<b>7,829.09</b>	<b>21.50%</b>	<b>88.50%</b>
GST/HST		5.00%	1,820.84		13.00%	5,751.96	3,931.12	215.90%	11.50%	
<b>Total Bill</b>			<b>38,237.59</b>			<b>49,997.80</b>	<b>11,760.21</b>	<b>30.76%</b>	<b>100.00%</b>	

**BILL IMPACTS (Monthly Consumptions)**

Unmetered Scattered										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
250 kWh	Monthly Service Charge			10.73			13.27	2.54	23.70%	28.53%
	Distribution (kWh)	250	0.0123	3.08	250	0.0152	3.80	0.73	23.58%	8.17%
	LRAM & SSM Rider (kWh)	250		0.00	250	0.0122	3.05	3.05		6.56%
	Deferral and Variance Account Rider (2010) (kWh)	250	0.0000	0.00	250	(0.0014)	(0.36)	(0.36)		(0.77%)
	Deferral and Variance Account Rider (2011) (kWh)	250		0.00	250	0.0002	0.06	0.06		0.12%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	250		0.00	250	0.0004	0.10	0.10		0.21%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	250		0.00	250	0.0001	0.03	0.03		0.06%
	<b>Distribution Sub-Total</b>			<b>13.81</b>			<b>19.95</b>	<b>6.14</b>	<b>44.50%</b>	<b>42.88%</b>
	Retail Transmission (kWh)	261	0.0098	2.56	261	0.0072	1.87	(0.69)	-27.07%	4.01%
	<b>Delivery Sub-Total</b>			<b>16.36</b>			<b>21.81</b>	<b>5.45</b>	<b>33.31%</b>	<b>46.89%</b>
	Other Charges (kWh)	261	0.0135	3.52	261	0.0135	3.52	(0.00)	-0.09%	7.57%
	Cost of Power Commodity (kWh)	261	0.0607	15.85	261	0.0607	15.83	(0.01)	-0.09%	34.04%
	<b>Total Bill Before Taxes</b>			<b>35.73</b>			<b>41.17</b>	<b>5.43</b>	<b>15.21%</b>	<b>88.50%</b>
	GST/HST		5.00%	1.79		13.00%	5.35	3.57	199.54%	11.50%
	<b>Total Bill</b>			<b>37.52</b>			<b>46.52</b>	<b>9.00</b>	<b>23.98%</b>	<b>100.00%</b>

Unmetered Scattered										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
500 kWh	Monthly Service Charge			10.73			13.27	2.54	23.70%	17.01%
	Distribution (kWh)	500	0.0123	6.15	500	0.0152	7.60	1.45	23.58%	9.74%
	LRAM & SSM Rider (kWh)	500		0.00	500	0.0122	6.10	6.10		7.82%
	Deferral and Variance Account Rider (2010) (kWh)	500	0.0000	0.00	500	(0.0014)	(0.72)	(0.72)		(0.92%)
	Deferral and Variance Account Rider (2011) (kWh)	500		0.00	500	0.0002	0.11	0.11		0.14%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	500		0.00	500	0.0004	0.19	0.19		0.25%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	500		0.00	500	0.0001	0.06	0.06		0.08%
	<b>Distribution Sub-Total</b>			<b>16.88</b>			<b>26.62</b>	<b>9.74</b>	<b>57.72%</b>	<b>34.11%</b>
	Retail Transmission (kWh)	522	0.0098	5.12	522	0.0072	3.73	(1.38)	-27.07%	4.78%
	<b>Delivery Sub-Total</b>			<b>22.00</b>			<b>30.35</b>	<b>8.36</b>	<b>38.00%</b>	<b>38.89%</b>
	Other Charges (kWh)	522	0.0135	7.05	522	0.0135	7.04	(0.01)	-0.09%	9.02%
	Cost of Power Commodity (kWh)	522	0.0607	31.70	522	0.0607	31.67	(0.03)	-0.09%	40.58%
	<b>Total Bill Before Taxes</b>			<b>60.74</b>			<b>69.06</b>	<b>8.32</b>	<b>13.71%</b>	<b>88.50%</b>
	GST/HST		5.00%	3.04		13.00%	8.98	5.94	195.64%	11.50%
	<b>Total Bill</b>			<b>63.78</b>			<b>78.04</b>	<b>14.27</b>	<b>22.37%</b>	<b>100.00%</b>

1 **BUDGET DIRECTIVES:**

2 WHSI compiles budget information for the three major components of the budgeting process:  
3 revenue forecasts, operating and maintenance expense forecast and capital budget forecast.  
4 This budget information is compiled for both the 2010 Bridge Year and the 2011 Test Year.

5 **Revenue Forecast**

6 WHSI's energy sales and revenue forecast model was updated to reflect more recent  
7 information. This model was then used to prepare the revenues sales and throughput volume  
8 and revenue forecast at existing rates for fiscal 2010 and 2011. The forecast is weather  
9 normalized as outlined in Exhibit 3, Tab 2, and Schedule 1 and considers such factors as new  
10 customer additions, a proposed general service >50-999 kW rate class and a proposed general  
11 service > 1,000 KW rate class, customer class changes, and load profiles for all classes of  
12 customers.

13 **Operating Maintenance and Administration ("OM&A") Expense Forecast**

14 The OM&A expenses for the 2010 Bridge Year and the 2011 Test Year have been based on an  
15 in-depth review of operating priorities and requirements and are determine by a combination  
16 of prior year experience and future requirements. WHSI's Asset Management strategy includes  
17 testing and inspection of assets, which may result in some increase to operating and  
18 maintenance costs. Each item is reviewed in detail for each cost type, (labour, vehicle,  
19 purchases, subcontractors, and service agreements), on an account by account basis for each of  
20 the forecast years. Department managers and supervisors were interviewed to assess their  
21 future requirements, based on available labour hours, resources, and working capital. New  
22 smart meter related expenses, the impact from the transition of nearly 3,000 WHSI customers  
23 from the pay-as-you-go meter program to regular billing schedules, and proposed amendments  
24 to the OEB's customer service guidelines are examples of new cost requirements to consider,  
25 that were not present before.

26

1 **Capital Budget**

2 The capital budget forecast 2010 and 2011 is influenced, among other factors, by WHSI's  
3 capacity to finance capital projects. All proposed capital projects are assessed within the  
4 framework of its capital budget process as outlined in Exhibit 2, Tab 3, and Schedule 1.

1 **CHANGES IN METHODOLOGY:**

2 WHSI is not requesting any changes in methodology in the current proceeding.

3  
4

5 WHSI has prepared this rate application in accordance with CGAAP and current OEB

6 Accounting Procedures in accordance with the Accounting Procedures Handbook.

1 **REVENUE DEFICIENCY:**

2 WHSI's net revenue deficiency is calculated as \$1,338,700 and when grossed up for PILs, the  
3 revenue deficiency is \$1,756,617. WHSI's calculation of its 2011 revenue deficiency is  
4 summarized in Table 1-3 below, and further in Exhibit 1, Tab 2, Schedule 4 and Exhibit 6, Tab 1,  
5 Schedule 1.

6 Appendix K provides the Revenue Requirement Work Form

7 The revenue deficiency is primarily the result of:

- 8 ➤ Increases in OM&A costs including depreciation expense. Operating and maintenance  
9 costs are increasing due to smart meter requirements, customer service amendments,  
10 and a more proactive asset management strategy. WHSI began a lineperson apprentice  
11 program in 2007 in order to ensure qualified linemen are in place for forecasted  
12 retirements in the next five years. These OM&A cost are discussed in further detail in  
13 Exhibit 4.
- 14 ➤ Capital Expenditures from 2006 through to budgeted in 2011 exceeds depreciation  
15 levels resulting in an increased rate base on which the rate of return is calculated. WHSI  
16 is committed to ensuring the reliability of the distribution system and will continue to  
17 invest in capital infrastructure in 2010 and 2011. Changes in the Rate Base are  
18 discussed further in Exhibit 2.
- 19 ➤ Despite a reduction in WHSI's weighted rate to 4.93%, down from 6.756%, the increase  
20 in the deemed debt ratio to 56% long term and 4% short term combined with the higher  
21 rate base upon which the debt is based, increases the debt expense by \$190,703 in the  
22 2011 Test Year.

1 WHSI is committed to meeting its corporate mission and goals of providing safe and reliable  
2 distribution through prudent investments in capital assets and investing in training and  
3 education of staff required to meet the future needs of its customers.

4 **CALCULATION OF REVENUE DEFICIENCY:**

5 **Table 1-3**

1

**Woodstock Hydro Services Inc.  
 Revenue Deficiency Determination**

Description	2010 Bridge Actual	2011 Test Existing Rates	2011 Test - Required Revenue
<b>Revenue</b>			
Revenue Deficiency			1,756,617
Distribution Revenue	6,350,730	6,475,857	6,475,857
Other Operating Revenue (Net)	384,328	483,279	483,279
<b>Total Revenue</b>	<b>6,735,059</b>	<b>6,959,136</b>	<b>8,715,753</b>
<b>Costs and Expenses</b>			
Administrative & General, Billing & Collecting	2,293,602	2,525,930	2,525,930
Operation & Maintenance	1,474,146	1,516,331	1,516,331
Depreciation & Amortization	1,865,397	2,031,382	2,031,382
Property Taxes	123,852	126,946	126,946
Capital Taxes	9,738	0	0
Deemed Interest	744,194	934,897	934,897
<b>Total Costs and Expenses</b>	<b>6,510,928</b>	<b>7,135,485</b>	<b>7,135,485</b>
Less OCT Included Above	0	0	0
<b>Total Costs and Expenses Net of OCT</b>	<b>6,510,928</b>	<b>7,135,485</b>	<b>7,135,485</b>
<b>Utility Income Before Income Taxes</b>	<b>224,131</b>	<b>-176,350</b>	<b>1,580,267</b>
<b>Income Taxes:</b>			
Corporate Income Taxes	37,894	-84,092	333,825
<b>Total Income Taxes</b>	<b>37,894</b>	<b>-84,092</b>	<b>333,825</b>
<b>Utility Net Income</b>	<b>186,236</b>	<b>-92,257</b>	<b>1,246,442</b>
<b>Capital Tax Expense Calculation:</b>			
Total Rate Base	27,984,354	31,635,594	31,635,594
Exemption	15,000,000	15,000,000	15,000,000
Deemed Taxable Capital	<b>12,984,354</b>	<b>16,635,594</b>	<b>16,635,594</b>
Ontario Capital Tax	9,738	0	0
<b>Income Tax Expense Calculation:</b>			
Accounting Income	224,131	-176,350	1,580,267
Tax Adjustments to Accounting Income	-61,568	-177,112	-177,112
<b>Taxable Income</b>	<b>162,563</b>	<b>-353,462</b>	<b>1,403,155</b>
<b>Income Tax Expense</b>	<b>37,894</b>	<b>-84,092</b>	<b>333,825</b>
<b>Tax Rate Reflecting Tax Credits</b>	<b>23.31%</b>	<b>23.79%</b>	<b>23.79%</b>
<b>Actual Return on Rate Base:</b>			
Rate Base	27,984,354	31,635,594	31,635,594
Interest Expense	744,194	934,897	934,897
Net Income	186,236	-92,257	1,246,442
<b>Total Actual Return on Rate Base</b>	<b>930,430</b>	<b>842,640</b>	<b>2,181,339</b>
<b>Actual Return on Rate Base</b>	<b>3.32%</b>	<b>2.66%</b>	<b>6.90%</b>
<b>Required Return on Rate Base:</b>			
Rate Base	27,984,354	31,635,594	31,635,594
<b>Return Rates:</b>			
Return on Debt (Weighted)	4.43%	4.93%	4.93%
Return on Equity	9.85%	9.85%	9.85%
Deemed Interest Expense	744,194	934,897	934,897
Return On Equity	1,102,584	1,246,442	1,246,442
<b>Total Return</b>	<b>1,846,777</b>	<b>2,181,339</b>	<b>2,181,339</b>
<b>Expected Return on Rate Base</b>	<b>6.60%</b>	<b>6.90%</b>	<b>6.90%</b>
<b>Revenue Deficiency After Tax</b>	<b>916,347</b>	<b>1,338,700</b>	<b>0</b>
<b>Revenue Deficiency Before Tax</b>	<b>1,194,883</b>	<b>1,756,617</b>	<b>0</b>

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**FINANCIAL REPORTS SUMMARY**

**WHHI Annual Report**

Woodstock Hydro Holdings Inc (WHHI's) 2009 Annual Report is included as Appendix F to this Exhibit.

**WHSI Audited Financial Statements**

WHSI's audited financial statements from 2006 to 2009 are included as Appendices G, H, I, and J to this Exhibit.

**WHSI Pro-Forma Financial Statements**

WHSI's Pro-Forma Financial Statements for the 2010 Bridge and 2011 Test Years are included as Appendices L and M to this Exhibit

**APPENDIX F**

**WOODSTOCK HYDRO HOLDINGS INC**  
**2009 ANNUAL REPORT**

# Woodstock Hydro Holdings Inc.

## Annual Report

and Consolidated Financial Statements  
for the year ended December 31, 2009



*An ISO 9001:2008 Registered Company*

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**Board of Directors**

Daniel McMullen  
John Krill

On behalf of the Board of Directors, I am pleased to report that 2009 provided a number of positive results and is recognized by the Board as the tremendous efforts by the employees at Woodstock Hydro.

Woodstock Hydro Holdings will declare a dividend for third consecutive year to the Shareholder, The City of Woodstock to cap another year of strong fiscal management and performance.

The City of Woodstock continues to be a leader in energy conservation programs within the Province. Woodstock Hydro continued to promote OPA conservation programs, transferring more than \$300,000 into customer infrastructure improvements. To assist with the promotion and awareness campaign, Woodstock Hydro continues to Chair the Energy Innovation Committee with the local Chamber of Commerce. We were pleased to present a local manufacturer, Arcelor-Mittal with the Chambers Energy Innovation Award – a great way to raise the profile of energy conservation leaders within our community.



**Board of Directors**

John Krill  
Daniel McMullen  
Ron Charie

Among the many gratifying moments of serving on the board of Woodstock Hydro Services Inc. (WHSI) is presenting the annual financial report. Why is it a pleasure to do so? Because it is the culminating moment in the operating year, where all the hard work of WHSI employees is made known; and 2009 is the year where it was never more obvious.

2009 marked a record year of capital investment in electrical distribution infrastructure by WHSI. Over \$3 million was invested in improvements to Woodstock’s electrical system. For example:

- over 100 customer homes were converted to 27.6KV via a rebuild of the ageing 4KV system;
- the overhead distribution system was rebuilt on Bower Hill Road, Beards Lane, Commerce Way and Parkison Road;
- automated switching units were installed on the WHSI grid, allowing protection and rapid system voltage recovery in load sensitive areas; and
- the underground distribution system was rebuilt in Woodstock’s south-west downtown area.

These improvements are an investment in the City of Woodstock, and will ensure long-term reliability for WHSI customers in years to come.

MESSAGE FROM THE CHAIR

# Woodstock Hydro Holdings Inc.



Woodstock Hydro worked closely with customers interested in renewable energy, and in 2009, connected our first microFIT renewable customers. Woodstock Hydro supported the installation, education and public awareness process and look forward to taking a leadership role in future renewable energy expansion projects.

In 2009, Woodstock Hydro Services delivered a record year of capital improvements that will provide the backbone to deliver reliable service to The City of Woodstock for years to come. This focus on reliability continues in 2010 and a look to the future with new conservation programs, the review of alternative energy sources will be part of our efforts in 2010.

The Board congratulates all employees of Woodstock Hydro Services for another year of positive results and contribution to be the reliable provider of electricity to the City of Woodstock.

Dan McMullen  
Chair

MESSAGE FROM THE CHAIR

# Woodstock Hydro Services Inc.



Also throughout 2009, WHSI worked collaboratively with Hydro One to improve transmission grid reliability in and around Woodstock. By the end of 2011, the City of Woodstock will enjoy the long-term benefits of an improved transmission and distribution station upgrade involving a total investment in excess of \$100 million.

And finally in 2009, WHSI successfully implemented the conversion to Smart metering for the majority of our residential and commercial customers. While this program is a mandate of the Province, in the long run, all will enjoy the environmental benefits brought about by conserving energy.

Thank you to all the employees of WHSI and to my fellow board members Dan McMullen and Ron Charie for another excellent year. Enclosed, I present to you the audited 2009 WHSI Financial Statements.

J.P. Krill  
Chair

**Auditors' Report**

We have audited the consolidated balance sheet of WOODSTOCK HYDRO HOLDINGS INC. as at December 31, 2009 and the consolidated statements of operations and retained earnings and cash flows for the year then ended. 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 consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Woodstock, Ontario  
March 30, 2010

**Consolidated Balance Sheet**

December 31	2009	2008
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 2,181,863	\$ 4,298,575
Short-term investments	-	50,437
Accounts receivable	3,513,459	3,379,720
Unbilled revenue	3,606,543	2,977,160
Income taxes receivable	123,093	264,577
Due from related parties (Note 11)	121,192	107,300
Inventories (Note 3)	943,213	911,186
Prepaid expenses	140,727	155,149
	<b>10,630,090</b>	<b>12,144,104</b>
<b>Capital assets (Note 4)</b>	<b>20,611,828</b>	<b>19,622,067</b>
<b>Future income tax asset</b>	<b>2,460,100</b>	<b>2,285,220</b>
<b>Long-term deposit</b>		
- Hydro One TS (Note 5)	169,500	169,500
	<b>\$ 33,871,518</b>	<b>\$ 34,220,891</b>
<b>Liabilities and Shareholder's Equity</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 5,632,578	\$ 5,092,709
Deferred revenue	-	500,622
Accrued payroll and vacation pay	160,549	139,916
Current portion of customer deposits (Note 6)	316,500	327,000
	<b>6,109,627</b>	<b>6,060,247</b>
<b>Sick leave liability</b>	<b>126,052</b>	<b>121,589</b>
<b>Long-term customer deposits (Note 6)</b>	<b>1,027,270</b>	<b>770,065</b>
<b>Regulatory liabilities (Note 7)</b>	<b>231,452</b>	<b>1,277,198</b>
<b>Long-term debt (Note 8)</b>	<b>10,941,862</b>	<b>10,941,862</b>
<b>Accrued benefit obligation (Note 14)</b>	<b>1,118,833</b>	<b>1,087,527</b>
	<b>19,555,096</b>	<b>20,258,488</b>
<b>Shareholder's equity</b>		
Share capital (Note 10)	35,060	35,060
Contributed surplus	11,511,097	11,511,097
Retained earnings	2,770,265	2,416,246
	<b>14,316,422</b>	<b>13,962,403</b>
	<b>\$ 33,871,518</b>	<b>\$ 34,220,891</b>

WOODSTOCK HYDRO HOLDINGS INC.  
**Consolidated Statement of  
Operations and Retained Earnings**

WOODSTOCK HYDRO HOLDINGS INC.  
**Consolidated Statement  
of Cash Flows**

For the year ended December 31	2009	2008
<b>Sale of energy</b>		
Residential	\$ 5,489,319	\$ 5,057,697
General service	6,766,295	10,834,762
Street/Sentinel lighting	2,896	2,951
Retail energy sales	3,424,485	5,823,818
Distribution	6,405,636	6,616,827
Non-competitive charges	5,669,546	5,753,583
	<b>27,758,177</b>	<b>34,089,638</b>
Service revenue adjustment	(93,728)	(52,375)
	<b>27,664,449</b>	<b>34,037,263</b>
<b>Cost of power purchased</b>	<b>21,258,813</b>	<b>27,420,436</b>
<b>Gross margin on service revenue</b>	<b>6,405,636</b>	<b>6,616,827</b>
<b>Other operating revenue</b>	<b>500,172</b>	<b>759,076</b>
	<b>6,905,808</b>	<b>7,375,903</b>
<b>Expenses</b>		
Operating and maintenance	1,592,150	1,512,314
Administration and general	1,856,767	1,876,338
Financial expense	593,878	869,913
Amortization	1,871,315	1,766,770
Write down of investment	-	462
	<b>5,914,110</b>	<b>6,025,797</b>
<b>Income before income taxes</b>	<b>991,698</b>	<b>1,350,106</b>
<b>Income taxes</b>		
Current	587,559	842,408
Future (recovery)	(174,880)	(388,597)
	<b>412,679</b>	<b>453,811</b>
<b>Net income for the year</b>	<b>579,019</b>	<b>896,295</b>
<b>Retained earnings, beginning of year</b>	<b>2,416,246</b>	<b>2,477,584</b>
<b>Dividends paid</b>	<b>(225,000)</b>	<b>(260,886)</b>
<b>Correction of prior period (Note 1)</b>	<b>-</b>	<b>(696,747)</b>
<b>Retained earnings, end of year</b>	<b>\$ 2,770,265</b>	<b>\$ 2,416,246</b>

For the year ended December 31	2009	2008
<b>Cash provided by (used in) Operating activities</b>		
Net income for the year	\$ 579,019	\$ 896,295
Items not involving cash:		
Amortization of capital assets	1,996,673	1,914,661
Future income taxes provision (recovery)	(174,880)	(388,597)
Gain on disposal of capital assets	(3,520)	-
Increase (decrease) in sick leave liability	4,463	(12,730)
Increase in accrued benefit obligation	31,306	-
	<b>2,433,061</b>	<b>2,409,629</b>
Net change in non-cash working capital balances (Note 12)	(593,255)	(523,742)
	<b>1,839,806</b>	<b>1,885,887</b>
<b>Investing activities</b>		
Purchase of capital assets	(2,986,434)	(2,640,675)
Proceeds on sale of capital assets	3,520	-
(Decrease) increase in regulatory assets/liabilities	(1,045,746)	748,302
Increase in long-term deposits	-	(169,500)
	<b>(4,028,660)</b>	<b>(2,061,873)</b>
<b>Financing activities</b>		
Repayment of long-term debt	-	(10,941,862)
Proceeds from long-term debt	-	10,941,862
Dividends paid	(225,000)	(260,886)
Increase in customer deposits	246,705	24,986
	<b>21,705</b>	<b>(235,900)</b>
<b>Decrease in cash and cash equivalents during the year</b>	<b>(2,167,149)</b>	<b>(411,886)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>4,349,012</b>	<b>4,760,898</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 2,181,863</b>	<b>\$ 4,349,012</b>
<b>Represented by</b>		
Cash and bank	\$ 2,181,863	\$ 4,298,575
Short-term investments	-	50,437
	<b>\$ 2,181,863</b>	<b>\$ 4,349,012</b>

**Nature of Business**

The company was incorporated under the laws of Ontario and is licensed by the Ontario Energy Board ("OEB") as an electricity distributor. The principle activity of the company is to operate distribution facilities and distribute electricity to customers within their Licensed Territory as defined in the Distribution License. The company is regulated by the OEB under authority of the Ontario Energy Board Act, 1998.

**Basis of Consolidation**

These financial statements include the financial statements of Woodstock Hydro Holdings Inc. and those of its subsidiary company Woodstock Hydro Services Inc.

**Basis of Accounting**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP), including accounting principles as required by the Ontario Energy Board under authority of Section 57, 70(2) and 78 of the Ontario Energy Board Act, 1998, and policies set forth in the "OEB Accounting Procedures Handbook".

**Financial Instruments**

In accordance with CICA Handbook Section 3855, Financial Instruments, Recognition and Measurement, all financial instruments are classified into one of the following four categories: held-for-trading, held-to-maturity, loans and receivables, or other financial liabilities. All financial instruments, including derivatives, are carried at fair value on the Balance Sheet.

On initial recognition, all financial instruments that meet the definition of a financial asset or financial liability are recorded at fair value, unless fair value cannot be reliably determined. Subsequent measurement depends on the category to which the financial instrument has been classified. The company has elected the following balance sheet classifications with respect to its financial assets and financial liabilities.

Cash is classified as "held-for-trading" and is measured at fair value. Transaction costs are expensed as incurred.

Cash equivalents, comprising of short-term investments, are financial assets classified as "held-to-maturity-investments" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Transaction costs are expensed as incurred.

Accounts receivable are classified as "loans and receivables" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amounts of these instruments approximate their fair value due to their relatively short periods to maturity. Transaction costs are expensed as incurred.

Accounts payable, accrued liabilities, and long-term debt are classified as "other financial liabilities" and are initially measured

at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amount of accounts payable and accrued liability instruments approximate their fair value due to their relatively short periods to maturity. Transaction costs are expensed as incurred. Long-term debt also approximates its fair value.

**Inventories**

Inventories consist of parts, supplies, and materials held for maintenance and are stated at the lower of average cost or net realizable value.

**Capital Assets**

Capital assets are stated at cost less accumulated amortization. Costs may include material, labour, contracted services, overhead, and engineering costs, and are net of related investment tax credits, government grants, and contributions in aid of construction received. Work-in-progress costs may include the same cost discussed above, these assets are not amortized until available for use. Amortization is based on the estimated useful life of the asset and is recorded on the straight-line basis over the following number of years:

Buildings	25 years
Distribution stations	30 years
Distribution systems	25 years
Transformers	25 years
Meters	15 - 25 years
Office equipment	10 years
Rolling stock	5 - 8 years
Stores equipment	10 years
Tools and equipment	10 years
Computer equipment	5 years
Computer software	5 years
Organization expense	40 years

**Payments In Lieu of Corporate Taxes (PILS)**

Under the Electricity Act, 1998, the company is responsible for making payments in lieu of corporate income and capital taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the Income Tax Act (Canada) and the Corporations Tax Act (Ontario), and are modified by regulations made under the Electricity Act, 1998.

The company follows the asset/liability method of accounting for income taxes. Future income tax assets that are likely to be realized and future income tax liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. Any payment in lieu of future tax assets are reassessed each year to determine if a valuation allowance is required. Any effect of the re-measurement or reassessment is recognized in the period of the change. Future tax amounts are measured at enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

**Regulatory assets and liabilities**

Regulatory assets and liabilities arise as a result of the rate setting process by the OEB. Based on OEB regulations, certain costs and variance account balances are recorded as regulatory assets or regulatory liabilities and are reflected in the balance sheet until the OEB determines the manner and timing of their disposition.

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

Regulatory assets and liabilities can arise from differences in amounts billed to customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the company in the wholesale market administered by the Independent Electricity System Operator ("IESO") after May 1, 2002. These amounts have been accumulated pursuant to regulations underlying the Electricity Act, 1998, and deferred in anticipation of their future recovery in electricity distribution service charges. Amounts recorded are subject to review and approval by the OEB.

In the absence of rate regulation, Canadian generally accepted accounting principles would require that the costs be recognized as an expense or capital asset, as applicable, when incurred and the related recovery of these costs in income when received or receivable.

The expected recovery or settlement period, or likelihood of recovery and settlement, is affected by risks and uncertainties relating to the ultimate authority of the OEB in determining the item's treatment for rate-setting purposes. The company believes that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If at some future date the company determines that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be charged to operations in the period the determination is made.

**Accrued Benefit Obligation**

The accrued benefit obligation and current service costs are calculated using the projected benefit method prorated on service and based on assumptions that reflect management's best estimate. The transitional obligation recognized is amortized into expense prospectively over 11 years, which is reflective of the average remaining service period of active employees expected to receive benefits under the plan. Any actuarial gains or losses are amortized into expense using the corridor method.

**Revenue Recognition**

Distribution revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the period. Estimated customer usage from the last meter reading date to the period end (unbilled revenue) is included in revenue.

Distribution and energy related revenues attributable to the supply and delivery of electricity are based on OEB-approved rates and are recognized as electricity is delivered to customers.

Other revenues, which include pole attachment fees, customer demand work, and other miscellaneous revenues are recognized at the time the service is provided.

**Rate Regulating**

The rates of the company's electricity business are subject to regulation by the OEB. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the company has recorded regulatory liabilities which represent amounts for expenses incurred in different periods that would be the case had the company not been regulated. Specific regulatory assets and liabilities are disclosed in Note 7.

As prescribed by regulatory rate order, payment in lieu of taxes are recovered through customer rates based on the taxes payable method. Rates do not include the recovery of payment in lieu of future taxes related to temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes.

**Power Purchases**

The power bill received from the Independent Electricity System Operator (IESO) is recorded in the period to which it refers and not in the period in which it is received.

Costs for power purchased represent the cost of electricity delivered to customers within the company's distribution service territory and consist of the wholesale commodity cost of energy, the IESO wholesale market service charges, and transmission charges levied by the IESO.

**Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future, including changes as a result of future decisions made by the OEB, the Minister of Energy and Infrastructure, or the Minister of Finance.

Accounts receivable is based on expected amounts to be recovered less an appropriate allowance for unrecoverable amounts based on prior experience. Unbilled revenue and regulatory assets are reported based on amounts expected to be recovered.

## 1. Correction of Prior Period

During the year, an actuarial analysis was performed on the company's employee postretirement non-pension benefits as of January 1, 2009. The results of the analysis yielded that a liability related to these benefits existed as of January 1, 2009 (Note 14).

Due to an underestimation of the number of employees eligible for the receipt of these benefits, the company had never recognized a liability for the future cost of the benefits.

Given the expertise required to calculate the liability associated with these benefits, and the many variables that are required to quantify the liability that may have existed in periods prior to the year ended December 31, 2008, determining a liability for prior periods was not practical. As such, an adjustment has been made to the current years retained earnings to reflect the existence of the liability that existed at January 1, 2009.

The effect of the restatement on 2008 is summarized below:

	2008
<b>Assets</b>	
Increase in Future income tax asset	\$ 390,780
<b>Liabilities and Shareholder's Equity</b>	
Increase in Accrued benefit obligation	\$ 1,087,527
Decrease in Retained earnings	\$ (696,747)
	<u>\$ 390,780</u>

## 2. Change in Accounting Policy

### Regulatory (Liabilities) Assets

Effective January 1, 2009, the company adopted amended Canadian Institute of Chartered Accountants (CICA) Handbook Section 1100 - "Generally Accepted Accounting Principles (GAAP)". The amendment to Handbook Section 1100 removes the temporary exemption for rate-regulated entities pertaining to the application of that section to the recognition and measurement of assets and liabilities arising from rate regulation. The company has determined that in accordance with the amendments in Handbook Section 1100 that its assets and liabilities arising from rate-regulated activities qualify for recognition under GAAP. As such, the amendments to this Handbook Section have had no impact on the company's financial statements.

Effective January 1, 2009, the company adopted amended Canadian Institute of Chartered Accountants (CICA) Handbook Section 3465 - "Income Taxes". The amendment to Handbook Section 3465 requires the recognition of future income tax liabilities and assets as well as a separate regulatory asset or liability balance for the amount of future income taxes expected to be included in future tax rates and recovered from or paid to customers. Through a review of the company's rate setting application it was determined by management that the effect of these amendments had no impact on the company's financial statements.

### Financial Instruments

In June 2009, the CICA amended Handbook Section 3862 to include additional disclosure requirements with respect to fair value measurement of financial instruments and to enhance liquidity risk disclosure requirements. Handbook Section 3862 establishes a fair value hierarchy which includes three categories for fair value measurement

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation or other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Company's assumptions about the assumptions market participants would use in pricing the assets or liabilities.

These amendments were adopted by the company, however, there was no impact on the company's financial statements.

**3. Inventories**

	2009	2008
Plant materials	\$ 386,604	\$ 404,341
Smart meters	556,609	506,845
<b>Total</b>	<b>\$ 943,213</b>	<b>\$ 911,186</b>

CICA Handbook Section 3031 – "Inventories", requires the company to retrospectively reclassify all amounts related to future components of its electricity distribution system from inventory to capital assets. Once capitalized, these items are amortized when they become available for use.

Included in inventory are assets that are deemed "stranded". These assets relate to meters that have been replaced by smart meters. The amount carried in the company's inventory is \$111,194 as at December 31, 2009. Disposition of these costs will be determined in future proceedings of the Ontario Energy Board.

**4. Capital Assets**

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,365	\$ -	\$ 39,365	\$ -
Buildings and distribution system	31,117,593	11,907,106	28,696,934	10,321,238
Machinery and equipment	4,565,116	3,303,407	4,137,562	2,943,531
Organization expense	16,365	3,806	16,365	3,390
Work-in-progress	87,708	-	-	-
	<b>\$ 35,826,147</b>	<b>\$ 15,214,319</b>	<b>\$ 32,890,226</b>	<b>\$ 13,268,159</b>
Net book value		<b>\$ 20,611,828</b>		<b>\$ 19,622,067</b>

At December 31, 2009, the net book value of stranded meters related to the deployment of smart meters included in buildings and distribution systems was \$1,263,892 net of accumulated amortization. In the absence of rate-regulation, capital assets would have been reduced by this amount as of December 31, 2009. Disposition of these costs will be determined in future proceedings of the Ontario Energy Board.

**5. Long Term Deposit - Hydro One TS**

A Letter Agreement between the company and Hydro One for construction of a new transformer station was signed on May 29, 2008. In accordance with the Letter Agreement, the company provided a deposit of \$169,500 in July 2008 (\$150,000 plus taxes) that represented 50% of the cancellation cost.

The company anticipates the Connection Cost Recovery Agreement (CCRA) will be signed in 2010 and construction of the new transformer station will begin in the same year. Additional funding for the construction of this station will be required by the company, and the anticipated payment schedule related to the additional contribution is as follows:

- 50% of the contribution at signing, less the current deposit;
- 25% of the contribution at the commencement of construction; and,
- 25% at the completion of the project.

At this time, the expected completion date for the transformer station is the fourth quarter of 2011.

**6. Customer Deposits**

Customer Deposits include amounts collected from customers to guarantee the payment of energy bills. The customer deposit liability includes interest credited to the customer's deposit accounts, with the debit charged to interest expense. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability. Customer deposits also include prudential deposits received from retailers.

Developer deposits collected for maintenance deposits and deposits for recoverable work are also included in Customer Deposits.

**7. Regulatory (Liabilities) Assets**

	2009	2008
Deferred payments in lieu of taxes	\$ 305,298	\$ 302,578
Settlement sales variance	(2,125,997)	(1,735,864)
Smart meters	1,279,867	(127,118)
Other regulatory assets	274,837	249,251
Assets recovered through rates	34,543	33,955
	<u>\$ (231,452)</u>	<u>\$ (1,277,198)</u>

For most of the regulatory assets and liabilities identified the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the OEB in determining the item's treatment for rate-setting purposes. These costs have been deferred in accordance with OEB regulatory requirements. Amounts recorded are subject to review and approval of the OEB.

The regulatory (liability) asset balances of the company are defined as follows:

**Deferred payments in lieu of taxes**

The company has accumulated a PLS variance amount representing differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model. The 2009 OEB prescribed carrying charges were \$2,720 (2008 - \$9,591).

**Settlement sales variance**

In May 1, 2002 the Ontario energy market opened to competition. Since May 1, 2002, the difference between the cost of power based on time-of-use rates and amounts billed to non-time-of-use customers charged at an average rate are recorded in settlement variance accounts as directed by the OEB; variances resulting from energy line-loss are also included. These sales variance accounts ensure that a utility's gross profit is limited to distribution revenue and service charges.

**Smart meter recovery**

Effective May 1, 2006, the OEB has allowed the company to defer revenues, capital expenditures, operating expenditures and amortization relating to smart meters. Accordingly, the company has deferred these items in accordance with criteria set out in the Accounting Procedures Handbook.

In connection with the smart meter initiative, the corporation has incurred capital costs relating to their installation in 2009 of \$1,314,184 (2008 - \$nil) net of amortization. Along with the capital expenditures incurred, the company also incurred operating, maintenance and amortization expenses in 2009

of \$211,457 (2008 - \$nil), and incurred OEB prescribed carrying charges of \$855 (2008 - \$3,706). For the year ended December 31, 2009, the company collected smart meter customer revenues of \$119,512 (2008 - \$47,952) from rate riders.

**Other regulatory assets***OEB Assessment Costs*

In December 2004, Local Distribution Companies (LDC's) were allowed to establish a deferral account to record the annual costs assessed by the OEB. The amounts recorded as deferral costs are the amounts by which the annual OEB assessment costs for the period January 1, 2004 to April 30, 2006, exceed the amounts being recovered through distribution rates. Subsequent to April 30, 2006, the annual assessment costs have been fully expensed by the company. It is anticipated the costs deferred will be reviewed by the OEB for final approval in a future rate application process. In 2009, OEB prescribed carrying charges of \$383 (2008 - \$1,351) for OEB cost assessment interest were recorded.

*Pension Contributions*

In December 2004, an OEB deferral account was established to record OMERS cash pension costs between January 1, 2005 and April 30, 2006 that were not recovered in rates. On May 1, 2006, pension cost contributions to OMERS were incorporated into the distribution rates. In 2009, OEB prescribed carrying charges of \$2,081 (2008 - \$7,341) for pension contribution interest were recorded.

*International Financial Reporting Standards (IFRS) Costs*

In 2009, an OEB deferral account was established to record one-time administrative costs related to the transition to IFRS. In 2009, one-time costs incurred for IFRS transition were \$22,008 (2008 - \$nil).

*Renewable Generation Connection Costs*

In 2009, an OEB deferral account was established to record costs associated with renewable energy costs. The deferral of costs includes those associated with demonstration projects, planning, education and training related to renewable energy development. In 2009, costs incurred for renewable energy education were \$1,114 (2008 - \$nil).

**Assets recovered through rates**

The regulatory assets recovery account (RARA) includes regulatory asset balances the OEB has approved for recovery and recovered over a period ending March 31, 2008. The OEB has indicated that a future proceeding will address settlement of the residual balance in the RARA account. The RARA is credited with recovery amounts and is debited by OEB - prescribed carrying charges. In the absence of rate regulation, these would have been capitalized or expensed under Canadian generally accepted accounting principles.

**8. Long-term Debt**

	2009	2008
4.975% CIBC term bank loan, payable interest only monthly until May 2012, payable \$87,385 principal and interest monthly thereafter until October 2025	<b>\$ 10,941,862</b>	<b>\$ 10,941,862</b>

To mitigate exposure to interest rate risk, the company entered into an International Swaps and Derivatives Association (ISDA), 200 Master Agreement concurrent with the entry into the loan facility. The interest rate swap is used for non-speculative purposes to convert floating rate debt into fixed debt rate bearing interest at 4.975%.

The debt facilities are amortized on the basis of a 15 year amortization schedule following a two-year interest-only period. The long-term debt obligation is unsecured.

The agreement with respect to the CIBC credit facility contains certain covenants regarding leverage, liquidity, restrictions on business activities, restrictions on distributions, change in ownership, mergers, acquisitions or change in line of business, and limitations on additional debt.

Principal repayments for the next four years are as follows:

2010	\$ -
2011	-
2012	328,309
2013	10,613,553
	<b>\$ 10,941,862</b>

The debt facility has a termination date of October 1, 2025, with early termination options available to both CIBC and the company in July of 2013, 2018 and 2023.

Exercising the early termination option would result in either a liability or an asset for the company. This value of the asset of liability is based on an agreed upon amount between the two parties involved, dependent on the market conditions at the time of termination.

**9. Bank Operating Facility**

The company has available an operating credit facility of up to \$3,000,000 from the Canadian Imperial Bank of Commerce at the corporate bank prime rate of interest plus 0.15%. At December 31, 2009, there were no amounts drawn under the facility (2008 – \$nil). The company also has provided the Independent Electricity System Operator with a \$1,960,005 letter of credit. At December 31, 2009, there were no amounts drawn under the facility (2008 – nil).

**10. Share Capital**

The authorized class "A" Special share capital of the company is an unlimited number of nonvoting shares, with a stated value equal to consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

The authorized class "B" Special share capital of the company is an unlimited number of voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

	2009	2008
360 Common shares	<b>\$ 35,060</b>	<b>\$ 35,060</b>

**11. Related Party Transactions**

The City of Woodstock owns all the issued shares of Woodstock Hydro Holdings Inc.

The following table summarizes the company's related party transactions for the year:

	2009	2008
<b>Balance Sheet</b>		
Due from related parties	\$ 121,192	\$ 107,300
<b>Statement of Operations</b>		
Other operating revenue	\$ 194,524	\$ 146,146
Operating and maintenance	\$ 3,478	\$ 9,505
Property taxes	\$ 104,422	\$ 108,933
Financial expense	\$ -	\$ 616,027

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

**12. Net Change in Non-cash Working Capital Balances**

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

	2009	2008
Accounts receivable	\$ (133,739)	\$ (279,552)
Unbilled revenue	(629,383)	(76,898)
Income taxes receivable	141,484	(264,577)
Due from related parties	(13,892)	-
Inventories	(32,027)	(124,469)
Prepaid expenses	14,422	(26,085)
Accounts payable and accrued liabilities	539,869	1,268,359
Income taxes payable	-	(445,738)
Due to related parties	-	(35,000)
Deferred revenue	(500,622)	(115,461)
Accrued payroll and vacation pay	20,633	17,539
Inventory transfer to capital assets	-	(441,860)
	<b>\$ (593,255)</b>	<b>\$ (523,742)</b>
Interest paid	<b>\$ 533,880</b>	<b>\$ 853,961</b>
Income taxes paid	<b>\$ 446,070</b>	<b>\$ 1,543,427</b>

**13. Pension**

The company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

The amount contributed to OMERS for 2009 was \$166,241 (2008 - \$162,841) for current service.

**14. Accrued Benefit Obligation**

The company has a number of unfunded benefit plans providing retirement and postemployment benefits (excluding pension) to most of its employees. The company pays certain dental, medical and life insurance benefits under unfunded defined benefit plans on behalf of its retired employees.

The company measures its accrued benefits obligation for accounting purposes as at December 31 of each year. The latest actuarial valuation was performed as at January 1, 2009.

**Accrued benefit obligation**

	2009	2008
Balance, beginning of year	\$ 1,087,527	\$ -
Current service cost	21,820	-
Interest on benefits	64,899	-
Benefits paid	(55,413)	-
Correction of prior period error (Note 1)	-	1,087,527
Balance, end of year	<b>\$ 1,118,833</b>	<b>\$ 1,087,527</b>

Since 2009 is the first year an actuarial analysis has been completed on the accrued benefit obligation, comparative information is unavailable.

The assumptions used in the measurement of the benefit obligations are shown in the following table:

	2009
Discount rate	5.00 %
Withdrawal rate	2.00 %
Rate of compensation increase	3.30 %
Health care cost trend rate	9.00 %

For December 31, 2009, health costs are assumed to be 9.00%, these costs are assumed to decrease by 0.67% annually until 2015, where they are assumed to remain at 5.00% thereafter.

**15. Subsequent Event**

Subsequent to year end, the company received an advance from Ontario Infrastructure Projects Corporation ("OIPC") in the amount of \$1,696,744. This advance relates to a financing agreement between the OIPC and the company for the implementation of smart meters.

Under the agreement, the company has requested and been approved for financing up to \$3,000,000. This financing agreement contains similar covenants to those of its long-term debt and operating bank facility as noted in Notes 8 and 9, respectively, along with the requirement of maintaining a minimum current ratio of 1.1:1.

The advances bear interest at the OIPC's floating rate plus a spread assigned to the company's sector based on delivery costs and risks, and is payable to the OIPC at the beginning of every month in interest only payments.

Once the installation of the smart meters has been completed, any advances made to the company will be rolled into debentures with separate interest and repayment terms.

## 16. Contingency

An action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to Section 347 of the Criminal Code. This action is at a preliminary stage. Pleadings have closed and examinations for discovery have been conducted. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of a similar proceeding brought against Enbridge Gas Distribution Inc. (formally known as Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Enbridge Gas case rejecting all of the defences which had been raised by Enbridge Gas, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement

of the damages payable by Enbridge and that settlement was approved by the Ontario Superior Court.

In 2007, Enbridge filed an application to the Ontario Energy Board ("OEB") to recover the Court-approved amount and related amounts from ratepayers. On February 4, 2008 the OEB approved the recovery of the said amounts from ratepayers over a five year period.

After the release by the Supreme Court of Canada of its 2004 decision in the Enbridge Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. The parties are in settlement discussions but no settlement has been reached. At this time, it is not possible to quantify the effect, if any, on the financial statements.

Woodstock Hydro Services Inc. collected total late penalties of \$827,148 from and after 1994 until January 1, 2002. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made. Woodstock Hydro changed its late payment from 5% to 1.5% effective January 1, 2002.

## 17. Financial Instruments Risk Factors

### Recognition and Measurement

The company's carrying value of financial instruments consist of the following:

	Designated held-for-trading	Loans and receivables	Other financial liabilities
Cash and bank	\$ 2,181,863	\$ -	\$ -
Accounts receivable, net of allowance	-	3,513,459	-
Accounts payable and accrued liabilities	-	-	(5,632,578)
Accrued payroll and vacation pay	-	-	(160,549)
Sick leave liability	-	-	(126,052)
Long term debt	-	-	(10,941,862)
Accrued benefit obligation	-	-	(1,118,833)
	\$ 2,181,863	\$ 3,513,459	\$ (17,979,874)

The following is a discussion of risks and related mitigation strategies that have been identified by the company for financial instruments. This list is not exhaustive of all risks, nor will the mitigation strategies eliminate all risks listed.

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and commodity prices, will affect the Company's cash flows of the value of its holdings of financial instruments. The objective of market risk management is to minimize the impact that market risks have on the company's cash flows.

The company does not have commodity risk and has limited exposure to changes in foreign currency exchange rates.

The company's revenue requirement is recovered through distribution rates and charges and other income, which includes interest income. Currently, the difference in interest revenue reduction and the actual interest income earned by the company is immaterial.

Changes in interest rates do not have a significant impact on cash payments that are required on the Company's debt obligations. Exposure to changes in interest rates are mitigated through the use of an Interest Rate Swap (IRS) for the company's long-term debt.

**Credit risk**

Credit risk is the risk that of a financial loss to the company if a customer or counterparty fails to discharge its obligation to the company. The company's maximum exposure to credit risk is equal to the carrying value of its financial assets. Credit risk can be prevalent in customers that are similarly affected by economic or other conditions. Concentrations of consumption by class or individual customer may also impact risk due to varying energy consumption patterns and allowable security deposit requirements associated with each class.

The company's objective is to maximize credit collection and minimize bad debt expense. Credit risk is managed by monitoring and limiting exposure to credit risk, subject to OEB guidelines, on an ongoing basis.

Risk is mitigated by regulation which provides for certain customers to provide security deposits for a prescribed period of time. Customers may be required to post security to receive electricity or other services.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts based on the financial condition of the counter-parties and by applying a percentage based amount to total accounts receivable, based on past experience. The amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the income statement.

Credit risk associated with accounts receivable is as follows:

	<b>2009</b>
Total accounts receivable	\$ 3,548,459
Less: Allowance for doubtful accounts	(35,000)
	<u>\$ 3,513,459</u>
Of which:	
Outstanding for not more than 30 days	\$ 3,282,543
Outstanding for more than 30 days but not more than 60 days	114,586
Outstanding for more than 60 days not more than 90 days	39,102
Outstanding for more than 90 days	112,228
Less: Allowance for doubtful accounts	(35,000)
	<u>\$ 3,513,459</u>

As of December 31, 2009, the company is not exposed to a significant concentration of credit risk within any customer class or individual customer.

**Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. Short-term liquidity is provided through cash and cash equivalents on hand, funds from operations, as well as an established \$3,000,000 operating credit facility (Note 9). The company believes that future cash flow from operating activities, available capacity on its existing revolving credit facility and access to additional liquidity through excess debt capacity will be adequate to meet its financial obligations.

	<b>Due within 1 year</b>	<b>Due between 1 and 5 years</b>	<b>Due after 5 years</b>
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	\$ 5,632,578	\$ -	\$ -
Accrued payroll and vacation pay	160,549	-	-
Accrued sick leave	-	126,052	-
Long-term debt	-	10,941,862	-
Accrued benefit obligation	-	-	1,118,833
	<u>\$ 5,793,127</u>	<u>\$ 11,067,914</u>	<u>\$ 1,118,833</u>

The timing of the accrued sick leave payable is unknown, and would be dependent on when the eligible employees would request to take the time, or retire. It has been reflected as due between 1 and 5 years.

**18. Public Liability Insurance**

The company is a member of the Electricity Distributors Association Reciprocal Insurance Exchange which is a pooling of the public liability insurance risks of many of the municipal utilities in Ontario. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they are members on a pro-rata basis based on the total of their respective service revenues.

It is anticipated that, should such an assessment occur, it would be funded over a period of up to five years. As at December 31, 2009, no assessments have been made.

**19. Capital Disclosures**

The company's objectives when managing its capital are to:

- maintain a financial position that supports the company's operations and growth strategies;
- provide an adequate return to its shareholder;
- comply with covenants related to its credit facilities; and
- align its capital structure for regulated activities with debt to equity structure recommended by the OEB, which is 60% debt and 40% equity by 2010.

The company defines capital as shareholder's equity. As of December 31, 2009, shareholder's equity amounted to \$14,316,422 (2008 - \$13,962,403).

The company has externally imposed capital requirements in the form of credit facility agreements that contain various financial and non-financial covenants (Note 8). The financial covenants associated with the company's credit facility are as follows:

- (i) maximum debt to capitalization ratio of 65% at any time; and
- (ii) minimum cash flow debt service ratio of 1.5 at any time.

As at December 31, 2009, the company was in compliance with all of the above financial covenants.

**20. Economic Dependence**

The company purchases substantially all of its power from the Independent Electricity System Operator. A minimal amount of electricity is purchased from Hydro One for long-term load transfers.

**21. New Accounting Pronouncements**

Section 1506, Accounting Changes requires disclosures of when an entity has not applied a new primary source of GAAP that has been issued but is not yet effective.

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the company, are as follows:

**International Financial Reporting Standards**

On February 13, 2008, the CICA pronounced that publicly accountable enterprises will adopt International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), for fiscal years beginning on or after January 1, 2011. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, some differences in accounting policies exist.

At this time, the impact on the company's financial statements is not reasonably determinable or estimable. The company is currently developing an implementation plan for the adoption of IFRS and has updated its information system to be compatible with IFRS requirement. The OEB has also begun an IFRS consultation to determine the nature of any changes that should be made in regulatory reporting requirements in response to IFRS. The company will closely monitor the OEB consultation as well as any International Accounting Standards Board initiatives with the potential to impact rate regulated accounting under IFRS.

**22. Comparative Financial Statements**

The comparative financial statement amounts have been reclassified to conform to the current year's presentation.





**Woodstock Hydro Services Inc.**

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## **APPENDIX G**

### **WOODSTOCK HYDRO SERVICES INC 2006 AUDITED FINANCIAL STATEMENTS**



**BDO Dunwoody LLP**  
Chartered Accountants  
and Advisors

P.O. Box 757  
94 Graham Street  
Woodstock Ontario Canada N4S 8A2  
Telephone: (519) 539-2081  
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[www.bdo.ca](http://www.bdo.ca)

## **WOODSTOCK HYDRO SERVICES INC.**

**Financial Statements**  
**For the year ended December 31, 2006**



**BDO Dunwoody LLP**  
Chartered Accountants  
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**WOODSTOCK HYDRO SERVICES INC.**  
**Financial Statements**  
For the year ended December 31, 2006

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## Auditors' Report

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**To the Shareholder of  
WOODSTOCK HYDRO SERVICES INC.**

We have audited the balance sheet of WOODSTOCK HYDRO SERVICES INC. as at December 31, 2006 and the statements of operations and retained earnings and cash flows for the year then ended. 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 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 the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

Chartered Accountants  
Licensed Public Accountants

Woodstock, Ontario  
April 3, 2007

**WOODSTOCK HYDRO SERVICES INC.**  
**Balance Sheet**

December 31	2006	2005
<b>Assets</b>		
<b>Current</b>		
Cash and bank	\$ 2,645,368	\$ 3,659,048
Short-term investments	50,409	50,374
Accounts receivable	3,506,999	2,127,569
Unbilled revenue	2,683,549	3,748,928
Income taxes receivable	116,869	-
Due from related parties (Note 5)	11,806	13,735
Inventories	1,589,210	1,332,775
Prepaid expenses	102,789	100,429
	<u>10,706,999</u>	<u>11,032,858</u>
<b>Capital assets (Note 1)</b>	<b>17,318,295</b>	<b>17,014,136</b>
<b>Regulatory assets (Note 2)</b>	<b>445,324</b>	<b>845,110</b>
<b>Future income tax asset</b>	<b>999,912</b>	<b>751,470</b>
	<u>\$ 29,470,530</u>	<u>\$ 29,643,574</u>

**Liabilities and Shareholder's Equity**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 4,197,377	\$ 4,573,044
Income taxes payable	-	352,000
Due to related parties (Note 5)	12,296	12,462
Deferred revenue	330,913	309,735
Accrued payroll and vacation pay	113,113	95,955
Current portion of customer deposits	219,000	114,000
	<u>4,872,699</u>	<u>5,457,196</u>
<b>Sick leave liability</b>	<b>130,353</b>	<b>170,703</b>
<b>Long-term customer deposits</b>	<b>527,416</b>	<b>555,909</b>
<b>Long-term debt (Note 3)</b>	<b>10,941,862</b>	<b>10,941,862</b>
	<u>16,472,330</u>	<u>17,125,670</u>
<b>Shareholder's equity</b>		
Share capital (Note 4)	10,941,862	10,941,862
Retained earnings	2,056,338	1,576,042
	<u>12,998,200</u>	<u>12,517,904</u>
	<u>\$ 29,470,530</u>	<u>\$ 29,643,574</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**WOODSTOCK HYDRO SERVICES INC.**  
**Statement of Operations and Retained Earnings**

<b>For the year ended December 31</b>	<b>2006</b>	<b>2005</b>
<b>Sale of energy</b>		
Residential	\$ 5,001,673	\$ 4,791,728
General service	12,338,873	15,638,496
Street/Sentinel lighting	159,450	144,222
Retail energy sales	5,430,654	5,817,877
Distribution	6,151,919	5,401,489
Non-competitive charges	6,208,387	6,833,115
	<u>35,290,956</u>	<u>38,626,927</u>
Service revenue adjustment	-	(723,434)
	<u>35,290,956</u>	<u>37,903,493</u>
<b>Cost of power purchased</b>	<u>29,139,037</u>	<u>32,617,914</u>
<b>Gross margin on service revenue</b>	<u>6,151,919</u>	<u>5,285,579</u>
<b>Other operating revenue</b>	<u>886,599</u>	<u>895,185</u>
	<u>7,038,518</u>	<u>6,180,764</u>
<b>Expenses</b>		
Operating and maintenance	1,220,950	1,112,207
Administration and general	2,229,330	2,032,920
Financial expense	810,133	796,108
Amortization	1,581,823	1,513,230
Writedown of regulatory asset (Note 10)	296,694	-
	<u>6,138,930</u>	<u>5,454,465</u>
<b>Income before income taxes</b>	<u>899,588</u>	<u>726,299</u>
<b>Income taxes</b>		
Current	632,734	749,573
Future (recovery)	(248,442)	(474,034)
	<u>384,292</u>	<u>275,539</u>
<b>Net income for the year</b>	<u>515,296</u>	<u>450,760</u>
<b>Retained earnings, beginning of year</b>	<u>1,576,042</u>	<u>1,165,282</u>
<b>Dividends paid</b>	<u>(35,000)</u>	<u>(40,000)</u>
<b>Retained earnings, end of year</b>	<u>\$ 2,056,338</u>	<u>\$ 1,576,042</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**WOODSTOCK HYDRO SERVICES INC.**  
**Statement of Cash Flows**

**For the year ended December 31** **2006** **2005**

**Cash provided by (used in)**

**Operating activities**

Net income for the year	\$ 515,296	\$ 450,760
Items not involving cash:		
Amortization of capital assets	1,792,991	1,685,597
Future income taxes recovery	(248,442)	(474,034)
Gain on disposal of capital assets	(35,621)	-
(Decrease) increase in sick leave liability	(40,350)	9,141
	1,983,874	1,671,464
Net change in non-cash working capital balances (Note 6)	(1,377,283)	1,305,970
	606,591	2,977,434

**Investing activities**

Purchase of capital assets	(2,097,150)	(1,307,334)
Proceeds on sale of capital assets	35,621	-
Decrease in regulatory assets	399,786	205,978
	(1,661,743)	(1,101,356)

**Financing activities**

Dividends paid	(35,000)	(40,000)
Increase (decrease) in customer deposits	76,507	(143,736)
	41,507	(183,736)

**(Decrease) increase in cash and cash equivalents during the year**

(1,013,645) 1,692,342

**Cash and cash equivalents, beginning of year**

3,709,422 2,017,080

**Cash and cash equivalents, end of year**

\$ 2,695,777 \$ 3,709,422

**Represented by**

Cash and bank	\$ 2,645,368	\$ 3,659,048
Short-term investments	50,409	50,374
	\$ 2,695,777	\$ 3,709,422

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## WOODSTOCK HYDRO SERVICES INC. Summary of Significant Accounting Policies

**December 31, 2006**

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<b>Nature of Business</b>	<p>The company is incorporated under the laws of Ontario and is engaged in the operation of distribution of electricity.</p> <p>The accounting policies of the company are in accordance with Canadian generally accepted accounting principles as prescribed by the Ontario Energy Board (OEB).</p>						
<b>Financial Instruments</b>	<p>The Company utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying amounts approximate fair values.</p>						
<b>Short-Term Investments</b>	<p>Short-term investments are stated at the lower of cost and market value.</p>						
<b>Inventories</b>	<p>Inventories are valued at average cost.</p>						
<b>Capital Assets</b>	<p>Capital assets are stated at cost less accumulated amortization. Amortization is recorded on the straight-line basis over the estimated useful life of the individual assets at the following annual rates:</p> <table><tr><td>Buildings and distribution system</td><td style="text-align: right;">3% to 7%</td></tr><tr><td>Machinery and equipment</td><td style="text-align: right;">10% to 20%</td></tr><tr><td>Organization expense</td><td style="text-align: right;">2.5%</td></tr></table>	Buildings and distribution system	3% to 7%	Machinery and equipment	10% to 20%	Organization expense	2.5%
Buildings and distribution system	3% to 7%						
Machinery and equipment	10% to 20%						
Organization expense	2.5%						
<b>Revenue Recognition</b>	<p>Service revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the period. Estimated customer usage from the last meter reading date to the period end (unbilled revenue) is included in revenue.</p> <p>Distribution revenues attributable to the delivery of electricity are based on OEB-approved distribution rates and are recognized as electricity is delivered to customers.</p>						

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2006**

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#### **Rate Regulating**

The rates of the company's electricity business are subject to regulation by the OEB. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the company has recorded regulatory liabilities which represent amounts for expenses incurred in different periods than would be the case had the company been unregulated. Specific regulatory assets and liabilities are disclosed in Note 2.

The company continually assesses the likelihood of recovery of each of its regulatory assets and continues to believe that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If, at some future date, the company judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

#### **Power Purchases**

The power bill received from the Independent Electricity System Operator is recorded in the period to which it refers and not in the period in which it is received.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2006**

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#### **Payments In Lieu of Corporate Taxes**

Under the Electricity Act, 1998, the company is responsible for making payments in lieu of corporate income and capital taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the Income Tax Act (Canada) and the Corporations Tax Act (Ontario), and are modified by regulations made under the Electricity Act, 1998.

The company follows the asset/liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. As well, future income tax assets that are likely to be realized and future income tax liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities.

Future tax amounts are measured at enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2006**

**1. Capital Assets**

	2006		2005	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,365	\$ -	\$ 39,365	\$ -
Buildings and distribution system	23,583,517	7,569,800	22,136,244	6,180,666
Machinery and equipment	3,397,514	2,146,108	2,813,951	1,808,981
Organization expense	16,365	2,558	16,365	2,142
	<u>\$ 27,036,761</u>	<u>\$ 9,718,466</u>	<u>\$ 25,005,925</u>	<u>\$ 7,991,789</u>
Net book value		<u>\$ 17,318,295</u>		<u>\$ 17,014,136</u>

**2. Regulatory Assets**

	2006	2005
Deferred payments in lieu of taxes	\$ 374,498	\$ 272,049
Extraordinary event losses	-	296,694
Miscellaneous deferred asset	-	44,400
Pre-market opening energy variances	-	470,724
Qualifying transition costs	-	330,747
Settlement sales variance	(403,648)	(233,327)
Smart meter recovery	(27,131)	-
Other regulatory asset	230,253	191,260
Assets recovered through rates	271,352	(527,437)
	<u>\$ 445,324</u>	<u>\$ 845,110</u>

These costs have been deferred in accordance with OEB regulatory requirements. Amounts recorded are subject to review and approval by the OEB.

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**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2006**

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**3. Long-term Debt**

	<b>2006</b>	<b>2005</b>
Promissory note payable to the City of Woodstock - 6.756%, interest only payable monthly.	<b>\$ 10,941,862</b>	<b>\$ 10,941,862</b>

The note is payable on the giving of written demand, provided that the stipulated date for payment must be at least twelve months after the date of giving such written demand for payment. As at December 31, 2006, there has been no demand given.

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**4. Share Capital**

The authorized class "A" Special share capital of the company is an unlimited number of non-voting shares, with a stated value equal to consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

The authorized class "B" Special share capital of the company is an unlimited number of voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

	<b>2006</b>	<b>2005</b>
360 Common shares	<b>\$ 10,941,862</b>	<b>\$ 10,941,862</b>

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**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2006**

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**5. Related Party Transactions**

The following entities are related to Woodstock Hydro Services Inc.:

- Woodstock Hydro Holdings Inc. - parent company
- Woodstock Info Energy Inc. - controlled by the same parent company
- City of Woodstock - owner of Woodstock Hydro Holdings Inc.

The following table summarizes the company's related party transactions for the year:

	Woodstock Hydro Holdings Inc.	Woodstock Info Energy Inc.	City of Woodstock	Total
<b>Balance Sheet</b>				
Due from related parties	\$ 1,182	\$ 10,625	\$ 27,035	\$ 38,842
Due to related parties	\$ -	\$ 12,296	\$ -	\$ 12,296
Long-term debt	\$ -	\$ -	\$ 10,941,862	\$ 10,941,862
Dividends paid	\$ 35,000	\$ -	\$ -	\$ 35,000
<b>Statement of Operations</b>				
Other operating revenue	\$ -	\$ 10,679	\$ -	\$ 10,679
Operating and maintenance	\$ -	\$ -	\$ 68,466	\$ 68,466
Administration and general	\$ -	\$ 47,133	\$ 106,817	\$ 153,950
Financial expense	\$ -	\$ -	\$ 739,230	\$ 739,230

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

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**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2006**

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**6. Net Change in Non-cash Working Capital Balances**

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

	<u>2006</u>	<u>2005</u>
Accounts receivable	\$ (1,379,430)	\$ 1,146,337
Unbilled revenue	1,065,379	(965,308)
Income taxes receivable	(116,869)	337,190
Due from related parties	1,929	1,335
Inventories	(256,435)	(225,158)
Prepaid expenses	(2,360)	(9,698)
Accounts payable and accrued liabilities	(375,667)	622,276
Income taxes payable	(352,000)	352,000
Due to related parties	(166)	(10,883)
Deferred revenue	21,178	55,333
Accrued payroll and vacation pay	17,158	2,546
	<u>\$ (1,377,283)</u>	<u>\$ 1,305,970</u>
Interest paid	<u>\$ 810,133</u>	<u>\$ 796,108</u>
Income taxes paid	<u>\$ 1,101,603</u>	<u>\$ 60,383</u>

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**7. Pension**

The company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

The amount contributed to OMERS for 2006 was \$140,736 (2005 - \$137,532) for current service.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Notes to Financial Statements**

**December 31, 2006**

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#### **8. Contingency**

An action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to Section 347 of the Criminal Code. Pleadings have closed in this action. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of similar proceedings brought against Enbridge Gas (formerly known as Consumer Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas case rejecting all of the defences which had been raised by Consumers Gas, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. Presently, a mediation process is underway to attempt to resolve the issue of the damages payable by Enbridge Gas.

After the release by the Supreme Court of Canada of its 2004 decision in the Consumers Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Consumer Gas.

The Electricity Distributors Association is undertaking the defence of this class action.

Woodstock Hydro Services Inc. collected total late penalties of \$827,148 from and after 1994 until January 1, 2002. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made. Woodstock Hydro changed its late payment from 5% to 1.5% effective January 1, 2002.

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#### **9. Bank Operating Facility**

The utility has available an operating credit facility of up to \$3,000,000 from the Canadian Imperial Bank of Commerce at prime rate. In addition, the utility has provided the Independent Electricity System Operator with a \$2,706,004 letter of credit. These credit facilities are secured by a general security agreement covering all personal property owned by the utility.

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**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2006**

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**10. Write down of Regulatory Asset**

The company makes annual rate applications to the Ontario Energy Board (OEB) to recover its regulatory assets. During the year, the OEB denied the company's rate application with respect to the Extraordinary Event Loss asset, therefore, the company wrote off this asset in the current year.

## **APPENDIX H**

### **WOODSTOCK HYDRO SERVICES INC 2007 AUDITED FINANCIAL STATEMENTS**

**WOODSTOCK HYDRO SERVICES INC.**

**Financial Statements**  
**For the year ended December 31, 2007**

**WOODSTOCK HYDRO SERVICES INC.**  
**Financial Statements**  
**For the year ended December 31, 2007**

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## Auditors' Report

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**To the Shareholder of  
WOODSTOCK HYDRO SERVICES INC.**

We have audited the balance sheet of WOODSTOCK HYDRO SERVICES INC. as at December 31, 2007 and the statements of operations and retained earnings and cash flows for the year then ended. 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 financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2007 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

Chartered Accountants, Licensed Public Accountants

Woodstock, Ontario  
April 2, 2008

## WOODSTOCK HYDRO SERVICES INC. Balance Sheet

**December 31** 2007 2006

### Assets

#### Current

Cash and bank	\$ 4,652,014	\$ 2,645,368
Short-term investments	50,452	50,409
Accounts receivable	3,207,349	3,506,999
Unbilled revenue	2,900,262	2,683,549
Income taxes receivable	-	116,869
Due from related parties (Note 5)	189	11,806
Inventories	1,322,647	1,589,210
Prepaid expenses	129,064	102,789
	12,261,977	10,706,999
<b>Capital assets (Note 1)</b>	17,931,062	17,318,295
<b>Regulatory assets (Note 2)</b>	-	445,324
<b>Future income tax asset</b>	1,505,844	999,912
	\$ 31,698,883	\$ 29,470,530

### Liabilities and Shareholder's Equity

#### Current

Accounts payable and accrued liabilities	\$ 3,945,312	\$ 4,197,377
Income taxes payable	445,682	-
Due to related parties	-	12,296
Deferred revenue	616,083	330,913
Accrued payroll and vacation pay	122,377	113,113
Current portion of customer deposits	259,000	219,000
	5,388,454	4,872,699
<b>Sick leave liability</b>	134,319	130,353
<b>Long-term customer deposits</b>	691,632	527,416
<b>Regulatory liabilities (Note 2)</b>	528,896	-
<b>Long-term debt (Note 3)</b>	10,941,862	10,941,862
	17,685,163	16,472,330
<b>Shareholder's equity</b>		
Share capital (Note 4)	10,941,862	10,941,862
Retained earnings	3,071,858	2,056,338
	14,013,720	12,998,200
	\$ 31,698,883	\$ 29,470,530

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**WOODSTOCK HYDRO SERVICES INC.**  
**Statement of Operations and Retained Earnings**

<b>For the year ended December 31</b>	<b>2007</b>	<b>2006</b>
<b>Sale of energy</b>		
Residential	\$ 5,044,066	\$ 5,001,673
General service	11,298,744	12,338,873
Street/Sentinel lighting	47,057	159,450
Retail energy sales	5,673,371	5,430,654
Distribution	6,475,336	6,151,919
Non-competitive charges	6,045,524	6,208,387
	<b>34,584,098</b>	<b>35,290,956</b>
Service revenue adjustment	<b>(91,348)</b>	<b>-</b>
	<b>34,492,750</b>	<b>35,290,956</b>
<b>Cost of power purchased</b>	<b>28,017,413</b>	<b>29,139,037</b>
<b>Gross margin on service revenue</b>	<b>6,475,337</b>	<b>6,151,919</b>
<b>Other operating revenue</b>	<b>1,015,832</b>	<b>886,599</b>
	<b>7,491,169</b>	<b>7,038,518</b>
<b>Expenses</b>		
Operating and maintenance	1,335,751	1,220,950
Administration and general	2,059,262	2,229,330
Financial expense	804,987	810,133
Amortization	1,673,186	1,581,823
Writedown of regulatory asset	-	296,694
	<b>5,873,186</b>	<b>6,138,930</b>
<b>Income before income taxes</b>	<b>1,617,983</b>	<b>899,588</b>
<b>Income taxes</b>		
Current	1,078,394	632,734
Future (recovery)	<b>(505,931)</b>	<b>(248,442)</b>
	<b>572,463</b>	<b>384,292</b>
<b>Net income for the year</b>	<b>1,045,520</b>	<b>515,296</b>
<b>Retained earnings, beginning of year</b>	<b>2,056,338</b>	<b>1,576,042</b>
<b>Dividends paid</b>	<b>(30,000)</b>	<b>(35,000)</b>
<b>Retained earnings, end of year</b>	<b>\$ 3,071,858</b>	<b>\$ 2,056,338</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**WOODSTOCK HYDRO SERVICES INC.**  
**Statement of Cash Flows**

**For the year ended December 31**

**2007**

**2006**

**Cash provided by (used in)**

**Operating activities**

Net income for the year	\$ 1,045,520	\$ 515,296
Items not involving cash:		
Amortization of capital assets	1,900,848	1,792,991
Future income taxes recovery	(505,931)	(248,442)
Gain on disposal of capital assets	(15,300)	(35,621)
Increase (decrease) in sick leave liability	3,966	(40,350)
	<u>2,429,103</u>	<u>1,983,874</u>

Net change in non-cash working capital balances (Note 6)	<u>927,466</u>	<u>(1,377,283)</u>
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	<u>3,356,569</u>	<u>606,591</u>
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**Investing activities**

Purchase of capital assets	(2,513,615)	(2,097,150)
Proceeds on sale of capital assets	15,300	35,621
Decrease in regulatory assets	974,220	399,786
	<u>(1,524,095)</u>	<u>(1,661,743)</u>

**Financing activities**

Dividends paid	(30,000)	(35,000)
Increase in customer deposits	204,215	76,507
	<u>174,215</u>	<u>41,507</u>

**Increase (decrease) in cash and cash equivalents during the year**

	<u>2,006,689</u>	<u>(1,013,645)</u>
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**Cash and cash equivalents, beginning of year**

	<u>2,695,777</u>	<u>3,709,422</u>
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**Cash and cash equivalents, end of year**

	<u>\$ 4,702,466</u>	<u>\$ 2,695,777</u>
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**Represented by**

Cash and bank	\$ 4,652,014	\$ 2,645,368
Short-term investments	50,452	50,409
	<u>\$ 4,702,466</u>	<u>\$ 2,695,777</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## WOODSTOCK HYDRO SERVICES INC. Summary of Significant Accounting Policies

December 31, 2007

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**Nature of Business** The company is incorporated under the laws of Ontario and is engaged in the operation of distribution of electricity.

The accounting policies of the company are in accordance with Canadian generally accepted accounting principles as prescribed by the Ontario Energy Board (OEB).

**Financial Instruments** The company utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments and the carrying values approximate fair values. All transactions related to financial instruments are recorded on a settlement date basis.

The company classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. The company's accounting policy for each category is as follows:

**Held-for-trading** This category is comprised of cash and cash equivalents. They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

**Loans and receivables** These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand. They arise principally through the provision of goods and services to customers. Transaction costs related to loans and receivables are expensed as incurred.

**Other financial liabilities** Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprises trade payables, and other monetary liabilities. Transaction costs related to other financial liabilities are expensed as incurred.

**Inventories** Inventories are valued at average cost.

**Capital Assets** Capital assets are stated at cost less accumulated amortization. Amortization is recorded on the straight-line basis over the estimated useful life of the individual assets at the following annual rates:

Buildings and distribution system	3% to 7%
Machinery and equipment	10% to 20%
Organization expense	2.5%

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2007**

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#### **Revenue Recognition**

Service revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the period. Estimated customer usage from the last meter reading date to the period end (unbilled revenue) is included in revenue.

Distribution revenues attributable to the delivery of electricity are based on OEB-approved distribution rates and are recognized as electricity is delivered to customers.

#### **Rate Regulating**

The rates of the company's electricity business are subject to regulation by the OEB. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the company has recorded regulatory liabilities which represent amounts for expenses incurred in different periods than would be the case had the company been unregulated. Specific regulatory assets and liabilities are disclosed in Note 2.

The company continually assesses the likelihood of recovery of each of its regulatory assets and continues to believe that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If, at some future date, the company judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

#### **Power Purchases**

The power bill received from the Independent Electricity System Operator is recorded in the period to which it refers and not in the period in which it is received.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2007**

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#### **Payments In Lieu of Corporate Taxes**

Under the Electricity Act, 1998, the company is responsible for making payments in lieu of corporate income and capital taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the Income Tax Act (Canada) and the Corporations Tax Act (Ontario), and are modified by regulations made under the Electricity Act, 1998.

The company follows the asset/liability method of accounting for income taxes. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. As well, future income tax assets that are likely to be realized and future income tax liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities.

Future tax amounts are measured at enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

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**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2007**

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**1. Capital Assets**

	2007		2006	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,365	\$ -	\$ 39,365	\$ -
Buildings and distribution system	25,625,491	9,049,166	23,583,517	7,569,800
Machinery and equipment	3,823,988	2,522,007	3,397,514	2,146,108
Organization expense	16,365	2,974	16,365	2,558
	<u>\$ 29,505,209</u>	<u>\$ 11,574,147</u>	<u>\$ 27,036,761</u>	<u>\$ 9,718,466</u>
Net book value		<u>\$ 17,931,062</u>		<u>\$ 17,318,295</u>

**2. Regulatory (Liabilities) Assets**

	2007	2006
Deferred payments in lieu of taxes	\$ 292,987	\$ 374,498
Settlement sales variance	(1,092,631)	(403,648)
Smart meter recovery	(75,460)	(27,131)
Other regulatory asset	240,560	230,253
Assets recovered through rates	105,648	271,352
	<u>\$ (528,896)</u>	<u>\$ 445,324</u>

These costs have been deferred in accordance with OEB regulatory requirements. Amounts recorded are subject to review and approval by the OEB.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2007**

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### 3. Long-term Debt

	<u>2007</u>	<u>2006</u>
Promissory note payable to the City of Woodstock - 6.756%, interest only payable monthly.	<u>\$ 10,941,862</u>	<u>\$ 10,941,862</u>

The note is payable on the giving of written demand, provided that the stipulated date for payment must be at least twelve months after the date of giving such written demand for payment. As at December 31, 2007, there has been no demand given.

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### 4. Share Capital

The authorized class "A" Special share capital of the company is an unlimited number of non-voting shares, with a stated value equal to consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

The authorized class "B" Special share capital of the company is an unlimited number of voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

	<u>2007</u>	<u>2006</u>
360 Common shares	<u>\$ 10,941,862</u>	<u>\$ 10,941,862</u>

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2007**

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### 5. Related Party Transactions

The following entities are related to Woodstock Hydro Services Inc.:

- Woodstock Hydro Holdings Inc. - parent company
- Woodstock Info Energy Inc. - controlled by the same parent company
- City of Woodstock - owner of Woodstock Hydro Holdings Inc.

The following table summarizes the company's related party transactions for the year:

	Woodstock Hydro Holdings Inc.	Woodstock Info Energy Inc.	City of Woodstock	Total
<b>Balance Sheet</b>				
Due from related parties	\$ 189	\$ -	\$ 72,792	\$ 72,981
Capital assets	\$ -	\$ -	\$ 7,327	\$ 7,327
Long-term debt	\$ -	\$ -	\$ 10,941,862	\$ 10,941,862
Dividends paid	\$ 30,000	\$ -	\$ -	\$ 30,000
<b>Statement of Operations</b>				
Other operating revenue	\$ -	\$ 946	\$ 206,523	\$ 207,469
Operating and maintenance	\$ -	\$ -	\$ 70,670	\$ 70,670
Administration and general	\$ -	\$ 1,151	\$ 107,640	\$ 108,791
Financial expense	\$ -	\$ -	\$ 739,230	\$ 739,230

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

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**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2007**

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**6. Net Change in Non-cash Working Capital Balances**

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

	<u>2007</u>	<u>2006</u>
Accounts receivable	\$ 299,650	\$ (1,379,430)
Unbilled revenue	(216,713)	1,065,379
Income taxes receivable	116,869	(116,869)
Due from related parties	11,617	1,929
Inventories	266,563	(256,435)
Prepaid expenses	(26,275)	(2,360)
Accounts payable and accrued liabilities	(252,065)	(375,667)
Income taxes payable	445,682	(352,000)
Due to related parties	(12,296)	(166)
Deferred revenue	285,170	21,178
Accrued payroll and vacation pay	9,264	17,158
	<u>\$ 927,466</u>	<u>\$ (1,377,283)</u>
Interest paid	<u>\$ 804,987</u>	<u>\$ 810,133</u>
Income taxes paid	<u>\$ 515,843</u>	<u>\$ 1,101,603</u>

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**7. Pension**

The company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

The amount contributed to OMERS for 2007 was \$146,541 (2006 - \$140,736) for current service.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

December 31, 2007

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### 8. Contingency

An action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to Section 347 of the Criminal Code. Pleadings have closed in this action. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of similar proceedings brought against Enbridge Gas (formerly known as Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas case rejecting all of the defences which had been raised by Consumers Gas, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. Presently, a mediation process is underway to attempt to resolve the issue of the damages payable by Enbridge Gas.

In 2007, Enbridge filed an application to the Ontario Energy Board ("OEB") to recover the Court-approved amount and related amounts from ratepayers. On February 4, 2008 the OEB approved the recovery of the said amounts from ratepayers over a five year period.

After the release by the Supreme Court of Canada of its 2004 decision in the Consumers Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Consumers Gas.

The Electricity Distributors Association is undertaking the defence of this class action.

Woodstock Hydro Services Inc. collected total late penalties of \$827,148 from and after 1994 until January 1, 2002. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made. Woodstock Hydro changed its late payment from 5% to 1.5% effective January 1, 2002.

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### 9. Bank Operating Facility

The utility has available an operating credit facility of up to \$3,000,000 from the Canadian Imperial Bank of Commerce at prime rate. In addition, the utility has provided the Independent Electricity System Operator with a \$1,960,005 letter of credit. These credit facilities are secured by a general security agreement covering all personal property owned by the utility.

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# WOODSTOCK HYDRO SERVICES INC.

## Notes to Financial Statements

December 31, 2007

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### 10. New Accounting Pronouncements

Section 1506, Accounting Changes requires disclosures of when an entity has not applied a new primary source of GAAP that has been issued but is not yet effective.

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the company, are as follows:

#### **General standards on financial statement presentation**

CICA Handbook Section 1400, General Standards on Financial Statement Presentation, has been amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The changes are effective for interim and annual financial statements beginning on or after January 1, 2008. The company does not expect the adoption of these changes to have a material impact on its financial statements.

#### **International financial reporting standards**

The CICA plans to converge Canadian GAAP with International Financial Reporting Standards ("IFRS") over a transition period expected to end in 2011. The impact of the transition to IFRS on the company's financial statements has yet to be determined.

#### **Capital disclosures**

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entity's objectives, policies and processes for managing capital, quantitative data about what the entity regards as capital and whether the entity has complied with any capital requirements and, if it has not complied, the consequences of such non-compliance. This standard is effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The company is currently assessing the impact of the new standard.

#### **Financial instruments**

CICA Handbook Section 3862, Financial Instruments - Disclosure, increases the disclosures currently required to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, including disclosures about fair value. CICA Handbook Section 3863, Financial Instruments - Presentation, replaces the existing requirements on the presentation of financial instruments, which have been carried forward unchanged. These standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2007. The company is currently evaluating the impact of the adoption of these changes on the disclosure and presentation within its financial statements.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

December 31, 2007

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### 10. New Accounting Pronouncements (continued)

#### **Inventories**

The CICA has issued Section 3031, Inventories, which provides guidance on determining cost as well as other recognition, measurement, disclosure and presentation issues related to inventories. The standard includes guidance on the treatment of excess capacities, inventory valuation and write-downs and additional elements to be considered in measuring inventory costs. The new standard is effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The company is currently assessing the impact of the new standard.

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### 11. Economic dependence

The company purchases substantially all of its power from the Independent Electricity System Operator. A minimal amount of electricity is purchased from Hydro One for long term load transfers.

## **APPENDIX I**

# **WOODSTOCK HYDRO SERVICES INC 2008 AUDITED FINANCIAL STATEMENTS**

**WOODSTOCK HYDRO SERVICES INC.**

**Financial Statements**  
**For the year ended December 31, 2008**

**WOODSTOCK HYDRO SERVICES INC.**  
**Financial Statements**  
For the year ended December 31, 2008

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## Auditors' Report

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**To the Shareholder of  
WOODSTOCK HYDRO SERVICES INC.**

We have audited the balance sheet of WOODSTOCK HYDRO SERVICES INC. as at December 31, 2008 and the statements of operations and retained earnings and cash flows for the year then ended. 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 financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2008 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Dunwoody LLP*

Chartered Accountants, Licensed Public Accountants

Woodstock, Ontario  
April 1, 2009

## WOODSTOCK HYDRO SERVICES INC. Balance Sheet

**December 31** **2008** **2007**

### Assets

#### Current

Cash and bank	\$ 4,261,357	\$ 4,652,014
Short-term investments	50,437	50,452
Accounts receivable	3,487,016	3,207,349
Unbilled revenue	2,977,160	2,900,262
Income taxes receivable	264,558	-
Due from related parties (Note 10)	25	189
Inventories (Note 2)	911,186	786,717
Prepaid expenses	155,149	129,064

**12,106,888** **11,726,047**

<b>Capital assets (Note 3)</b>	<b>19,622,067</b>	<b>18,466,992</b>
<b>Future income tax asset</b>	<b>1,894,440</b>	<b>1,505,844</b>
<b>Long-term deposit - Hydro One TS (Note 4)</b>	<b>169,500</b>	<b>-</b>

**\$ 33,792,895** **\$ 31,698,883**

### Liabilities and Shareholder's Equity

#### Current

Accounts payable and accrued liabilities	\$ 5,214,033	\$ 3,945,312
Income taxes payable	-	445,682
Deferred revenue	500,622	616,083
Accrued payroll and vacation pay	139,916	122,377
Current portion of customer deposits (Note 5)	327,000	259,000

**6,181,571** **5,388,454**

<b>Sick leave liability</b>	<b>121,589</b>	<b>134,319</b>
<b>Long-term customer deposits (Note 5)</b>	<b>648,618</b>	<b>691,632</b>
<b>Regulatory liabilities (Note 6)</b>	<b>1,277,198</b>	<b>528,896</b>
<b>Long-term debt (Note 7)</b>	<b>10,941,862</b>	<b>10,941,862</b>

**19,170,838** **17,685,163**

#### Shareholder's equity

Share capital (Note 9)	10,941,862	10,941,862
Retained earnings	3,680,195	3,071,858

**14,622,057** **14,013,720**

**\$ 33,792,895** **\$ 31,698,883**

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## WOODSTOCK HYDRO SERVICES INC. Statement of Operations and Retained Earnings

For the year ended December 31	2008	2007
<b>Sale of energy</b>		
Residential	\$ 5,057,697	\$ 5,044,066
General service	10,834,762	11,298,744
Street/Sentinel lighting	2,951	47,057
Retail energy sales	5,823,818	5,673,371
Distribution	6,616,827	6,475,336
Non-competitive charges	5,753,583	6,045,524
	<b>34,089,638</b>	<b>34,584,098</b>
Service revenue adjustment	(52,375)	(91,348)
	<b>34,037,263</b>	<b>34,492,750</b>
<b>Cost of power purchased</b>	<b>27,420,436</b>	<b>28,017,413</b>
<b>Gross margin on service revenue</b>	<b>6,616,827</b>	<b>6,475,337</b>
<b>Other operating revenue</b>	<b>744,671</b>	<b>1,015,832</b>
	<b>7,361,498</b>	<b>7,491,169</b>
<b>Expenses</b>		
Operating and maintenance	1,512,315	1,335,751
Administration and general	1,876,338	2,059,262
Financial expense	853,961	804,987
Amortization	1,766,770	1,673,186
	<b>6,009,384</b>	<b>5,873,186</b>
<b>Income before income taxes</b>	<b>1,352,114</b>	<b>1,617,983</b>
<b>Income taxes</b>		
Current	842,374	1,078,394
Future (recovery)	(388,597)	(505,931)
	<b>453,777</b>	<b>572,463</b>
<b>Net income for the year</b>	<b>898,337</b>	<b>1,045,520</b>
<b>Retained earnings, beginning of year</b>	<b>3,071,858</b>	<b>2,056,338</b>
<b>Dividends paid</b>	<b>(290,000)</b>	<b>(30,000)</b>
<b>Retained earnings, end of year</b>	<b>\$ 3,680,195</b>	<b>\$ 3,071,858</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## WOODSTOCK HYDRO SERVICES INC. Statement of Cash Flows

**For the year ended December 31** 2008 2007

**Cash provided by (used in)**

**Operating activities**

Net income for the year	\$ 898,337	\$ 1,045,520
Items not involving cash:		
Amortization of capital assets	1,914,661	1,900,848
Future income taxes recovery	(388,597)	(505,931)
Gain on disposal of capital assets	-	(15,300)
(Decrease) increase in sick leave liability	(12,730)	3,966
	2,411,671	2,429,103
Net change in non-cash working capital balances (Note 11)	(488,256)	927,466

**1,923,415** **3,356,569**

**Investing activities**

Purchase of capital assets	(2,627,875)	(2,513,615)
Proceeds on sale of capital assets	-	15,300
Increase in regulatory liabilities	748,302	974,220
Increase in long-term deposits	(169,500)	-
	(2,049,073)	(1,524,095)

**Financing activities**

Repayment of long-term debt	(10,941,862)	-
Proceeds from long-term debt	10,941,862	-
Dividends paid	(290,000)	(30,000)
Increase in customer deposits	24,986	204,215
	(265,014)	174,215

**(Decrease) increase in cash and cash equivalents during the year**

**(390,672)** **2,006,689**

**Cash and cash equivalents, beginning of year**

**4,702,466** **2,695,777**

**Cash and cash equivalents, end of year**

**\$ 4,311,794** **\$ 4,702,466**

**Represented by**

Cash and bank	\$ 4,261,357	\$ 4,652,014
Short-term investments	50,437	50,452
	<b>\$ 4,311,794</b>	<b>\$ 4,702,466</b>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2008**

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#### **Nature of Business**

The company was incorporated under the laws of Ontario and is licensed by the Ontario Energy Board ("OEB") as an electricity distributor. The principle activity of the company is to operate distribution facilities and distribute electricity to customers within their Licensed Territory as defined in the Distribution License. The company is regulated by the OEB under authority of the Ontario Energy Board Act, 1998.

#### **Basis of Accounting**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP), including accounting principles as required by the Ontario Energy Board under authority of Section 57, 70(2) and 78 of the Ontario Energy Board Act, 1998, and policies set forth in the "OEB Accounting Procedures Handbook".

#### **Financial Instruments**

In accordance with CICA Handbook Section 3855, Financial Instruments, Recognition and Measurement, all financial instruments are classified into one of the following four categories: held-for-trading, held-to-maturity, loans and receivables, or other financial liabilities. All financial instruments, including derivatives, are carried at fair value on the Balance Sheet.

On initial recognition, all financial instruments that meet the definition of a financial asset or financial liability are recorded at fair value, unless fair value cannot be reliably determined. Subsequent measurement depends on the category to which the financial instrument has been classified. The company has elected the following balance sheet classifications with respect to its financial assets and financial liabilities.

Cash is classified as "held-for-trading" and is measured at fair value. Transaction costs are expensed as incurred.

Cash equivalents, comprising of short-term investments, are financial assets classified as "held-to-maturity-investments" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Transaction costs are expensed as incurred.

Accounts receivable are classified as "loans and receivables" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amounts of these instruments approximate their fair value due to their relatively short periods to maturity. Transaction costs are expensed as incurred.

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## WOODSTOCK HYDRO SERVICES INC. Summary of Significant Accounting Policies

**December 31, 2008**

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Accounts payable, accrued liabilities, and long-term debt are classified as "other financial liabilities" and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amount of accounts payable and accrued liability instruments approximate their fair value due to their relatively short periods to maturity. Transaction costs are expensed as incurred. Long-term debt also approximates their fair value, since terms and conditions are comparable to market conditions.

### **Inventories**

Inventories consist of parts, supplies, and materials held for maintenance and are stated at the lower of average cost or net realizable value.

### **Capital Assets**

Capital assets are stated at cost less accumulated amortization. Costs may include material, labour, contracted services, overhead, and engineering costs, and are net of related investment tax credits, government grants, and contributions in aid of construction received. Amortization is based on the estimated useful life of the asset and is recorded on the straight-line basis over the following number of years:

Buildings	25 years
Distribution stations	30 years
Distribution systems	25 years
Transformers	25 years
Meters	15 - 25 years
Office equipment	10 years
Rolling stock	5 - 8 years
Stores equipment	10 years
Tools and equipment	10 years
Computer equipment	5 years
Computer software	5 years
Organization expense	40 years

### **Payments In Lieu of Corporate Taxes (PILS)**

Under the Electricity Act, 1998, the company is responsible for making payments in lieu of corporate income and capital taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the Income Tax Act (Canada) and the Corporations Tax Act (Ontario), and are modified by regulations made under the Electricity Act, 1998.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2008**

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The company follows the asset/liability method of accounting for income taxes. Future income tax assets that are likely to be realized and future income tax liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. Any payment in lieu of future tax assets are reassessed each year to determine if a valuation allowance is required. Any effect of the re-measurement or reassessment is recognized in the period of the change. Future tax amounts are measured at enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

#### **Regulatory assets and liabilities**

Regulatory assets and liabilities arise as a result of the rate setting process by the OEB. Based on OEB regulations, certain costs and variance account balances are recorded as regulatory assets or regulatory liabilities and are reflected in the balance sheet until the OEB determines the manner and timing of their disposition.

Regulatory assets represent future revenues associated with certain costs, incurred in current or prior periods, that are expected to be recovered through the rate setting process. Regulatory assets and liabilities can arise from differences in amounts billed to customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the company in the wholesale market administered by the Independent Electricity System Operator ("IESO") after May 1, 2002. These amounts have been accumulated pursuant to regulations underlying the Electricity Act, 1998, and deferred in anticipation of their future recovery in electricity distribution service charges. Amounts recorded are subject to review and approval by the OEB.

In the absence of rate regulation, Canadian generally accepted accounting principles would require that the costs be recognized as an expense or capital asset, as applicable, when incurred and the related recovery of these costs in income when received or receivable.

The expected recovery or settlement period, or likelihood of recovery and settlement, is affected by risks and uncertainties relating to the ultimate authority of the OEB in determining the item's treatment for rate-setting purposes. The company believes that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If at some future date the company determines that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be charged to operations in the period the determination is made.

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# WOODSTOCK HYDRO SERVICES INC.

## Summary of Significant Accounting Policies

December 31, 2008

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### Revenue Recognition

Distribution revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the period. Estimated customer usage from the last meter reading date to the period end (unbilled revenue) is included in revenue.

Distribution and energy related revenues attributable to the supply and delivery of electricity are based on OEB-approved rates and are recognized as electricity is delivered to customers. Other revenues, which include pole attachment fees, customer demand work, and other miscellaneous revenues are recognized at the time the service is provided.

### Rate Regulating

The rates of the company's electricity business are subject to regulation by the OEB. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the company has recorded regulatory liabilities which represent amounts for expenses incurred in different periods that would be the case had the company not been regulated. Specific regulatory assets and liabilities are disclosed in Note 6.

As prescribed by regulatory rate order, payment in lieu of taxes are recovered through customer rates based on the taxes payable method. Rates do not include the recovery of payment in lieu of future taxes related to temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes.

### Power Purchases

The power bill received from the Independent Electricity System Operator (IESO) is recorded in the period to which it refers and not in the period in which it is received.

Costs for power purchased represent the cost of electricity delivered to customers within the company's distribution service territory and consist of the wholesale commodity cost of energy, the IESO wholesale market service charges, and transmission charges levied by the IESO.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2008**

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#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future, including changes as a result of future decisions made by the OEB, the Minister of Energy and Infrastructure, or the Minister of Finance.

Accounts receivable is based on expected amounts to be recovered less an appropriate allowance for unrecoverable amounts based on prior experience. Unbilled revenue and regulatory assets are reported based on amounts expected to be recovered.

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# WOODSTOCK HYDRO SERVICES INC.

## Notes to Financial Statements

**December 31, 2008**

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### 1. Change in Accounting Policy

#### **Inventory**

Effective January 1, 2008, the company adopted CICA Handbook Section 3031, Inventories, which provides increased guidance on determining cost, including allocation of overheads, and requires inventories to be measured at the lower of cost and net realizable value. More restrictive guidance on the cost methodologies and on the classification of spare and replacement parts as inventory are also included. Additional disclosure requirements prescribed include those relating to the accounting policies adopted in measuring inventories, the carrying amount of inventories, the amount of inventories recognized as an expense during the period, the amount of write downs during the period, and the amount of any reversal of write downs that is recognized as a reduction of expenses.

In accordance with the new requirements, the company has retrospectively reclassified all major future components of capital assets from inventory to capital assets. Once capitalized these items are not amortized until they are put into service.

As a result of the adoption of CICA Handbook Section 3031 – “Inventories”, \$977,791 (2007 - \$535,930) was reclassified out of inventories and into capital assets.

#### **Financial Instruments**

Effective January 1, 2008, the Company adopted Canadian Institute of Chartered Accountants (“CICA”) Handbook Section 3862, Financial Instruments - Disclosures and Handbook Section 3863, Financial Instruments - Presentation. Section 3862 requires increased disclosure of the risks associated with financial instruments such as credit, liquidity, and market risks, and the techniques used to identify, monitor and manage those risks. The disclosures did not have a financial impact on the company.

Section 3863 carries forward unchanged the presentation requirements of Section 3861 adopted in the previous year. These disclosures are presented below (Note 14).

#### **Capital Disclosures**

CICA Handbook Section 1535, Capital Disclosures, requires disclosure of an entities objectives, policies and processes for managing capital, quantitative data about that the entity manages as capital, whether during the period the entity complied with any externally imposed capital requirements and, if the company has not complied, the consequences of such non-compliance. These disclosures are presented in Note 16. This new standard did not have a financial impact on the company.

## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

### 2. Inventories

	2008	2007
Plant materials	\$ 404,341	\$ 455,908
Meters	506,845	330,809
Total	\$ 911,186	\$ 786,717

As a result of the adoption of CICA Handbook Section 3031 – "Inventories", \$977,791 (2007 - \$535,930) was reclassified out of inventories and into capital assets (electrical distribution assets).

Included in inventory are assets that are deemed "stranded". These assets are going to be replaced by smart meters in 2009 and 2010. The net recoverable value of these assets is estimated to be 10% of their cost. The amount carried in the company records is \$363,621 as at December 31, 2008. For the year ended December 31, 2008, the company recognized operating and maintenance expenses of \$70,495 (2007 - \$67,085) related to inventory used in the servicing of electrical distribution assets.

### 3. Capital Assets

	2008		2007	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,365	\$ -	\$ 39,365	\$ -
Buildings and distribution system	27,719,143	10,321,238	25,625,491	9,049,166
Electrical distribution assets	977,791	-	535,930	-
Machinery and equipment	4,137,562	2,943,531	3,823,988	2,522,007
Organization expense	16,365	3,390	16,365	2,974
	\$ 32,890,226		\$ 30,041,139	
	\$ 13,268,159		\$ 11,574,147	
Net book value	\$ 19,622,067		\$ 18,466,992	

The assets identified above as electrical distribution assets are not being amortized.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

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### 4. Long Term Deposit - Hydro One TS

A Letter Agreement between the company and Hydro One for construction of a new transformer station was signed on May 29, 2008. In accordance with the Letter Agreement, the company provided a deposit of \$169,500 in July 2008 (\$150,000 plus GST and PST) that represented 50% of the cancellation cost.

The company anticipates the Connection Cost Recovery Agreement (CCRA) will be signed in 2009, provided the land acquisition has been finalized and Hydro One can provide a final cost estimate. At this time, the expected in-service date for the transformer station will be in the third quarter of 2011.

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### 5. Customer Deposits

Customer Deposits include amounts collected from customers to guarantee the payment of energy bills. The customer deposit liability includes interest credited to the customer's deposit accounts, with the debit charged to interest expense. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability. Customer deposits also include prudential deposits received from retailers.

Developer deposits collected for maintenance deposits and deposits for recoverable work are also included in Customer Deposits.

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### 6. Regulatory (Liabilities) Assets

	<u>2008</u>	<u>2007</u>
Deferred payments in lieu of taxes	\$ 302,578	\$ 292,987
Settlement sales variance	(1,735,864)	(1,092,631)
Smart meter recovery	(127,118)	(75,460)
Other regulatory assets	249,251	240,560
Assets recovered through rates	33,955	105,648
	<u>\$ (1,277,198)</u>	<u>\$ (528,896)</u>

For most of the regulatory assets and liabilities identified the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the OEB in determining the item's treatment for rate-setting purposes. These costs have been deferred in accordance with OEB regulatory requirements. Amounts recorded are subject to review and approval of the OEB.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

December 31, 2008

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### 6. Regulatory (Liabilities) Assets (continued)

The regulatory assets and (liabilities) balance of the company are defined as follows:

#### **Deferred payments in lieu of taxes**

The company has accumulated a PILS variance amount representing differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model. The 2008 OEB prescribed carrying charges were \$9,591 (2007 - \$11,374).

#### **Settlement sales variance**

In May 1, 2002 the Ontario energy market opened to competition. Since May 1, 2002, the difference between the cost of power based on time-of-use rates and amounts billed to non-time-of-use customers charged at an average rate are recorded in settlement variance accounts as directed by the OEB; variances resulting from energy line-loss are also included. These sales variance accounts ensure that a utility's gross profit is limited to distribution revenue and service charges.

#### **Smart meter recovery**

Effective May 1, 2006, the OEB has allowed the company to defer revenues, capital expenditures, operating expenditures and amortization relating to smart meters. Accordingly, the company has deferred these items in accordance with criteria set out in the Accounting Procedures Handbook. In 2008, the company collected smart meter customer revenues of \$47,952 (2007 - \$46,037) from rate riders, and OEB prescribed carrying charges of \$3,706 (2007 - \$2,607) and there have been no expenditures.

#### **Other regulatory assets**

i) OEB Assessment Costs - In December 2004, Local Distribution Companies (LDC's) were allowed to establish a deferral account to record the annual costs assessed by the OEB. The amounts recorded as deferral costs are the amounts by which the annual OEB assessment costs for the period January 1, 2004 to April 30, 2006, exceed the amounts being recovered through distribution rates. Subsequent to April 30, 2006, the annual assessment costs have been fully expensed by the company. It is anticipated the costs deferred will be reviewed by the OEB for final approval in a future rate application process. OEB prescribed carrying charges of \$1,351 (2007 - \$1,602) for OEB cost assessment interest.

ii) Pension Contributions - In December 2004, an OEB deferral account was established to record OMERS cash pension costs between January 1, 2005 and April 30, 2006 that were not recovered in rates. On May 1, 2006, pension cost contributions to OMERS were incorporated into the distribution rates. In 2008, OEB prescribed carrying charges of \$7,341 (2007 - \$8,705) for pension contribution interest.

#### **Assets recovered through rates**

The regulatory assets recovery account (RARA) includes regulatory asset balances the OEB has approved for recovery and recovered over a period ending March 31, 2008. The OEB has indicated that a future proceeding will address settlement of the residual balance in the RARA account.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

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### 6. Regulatory (Liabilities) Assets (continued)

The RARA is credited with recovery amounts and is debited by OEB - prescribed carrying charges. In the absence of rate regulation, these would have been capitalized or expensed under Canadian generally accepted accounting principles.

#### Conservation and demand initiatives

In May 2004, the Minister of Energy granted approval to all distributors to apply to the OEB for an increase in their 2005 distribution rates, conditional on a commitment by the company to spend an equivalent amount on conservation and demand management initiatives. The company has received funds from the OPA and have used these funds for a variety of conservation initiatives including system optimization improvements, power factor audits, customer education programs and renewable energy demonstrations.

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### 7. Long-term Debt

	2008	2007
Promissory note payable to the City of Woodstock - 6.756%, interest only payable monthly	\$ -	10,941,862
4.975% CIBC term bank loan, payable interest only monthly until November 2010, payable \$86,385 principal and interest monthly thereafter until October 2025	<u>10,941,862</u>	-
	<u>\$ 10,941,862</u>	<u>\$ 10,941,862</u>

To mitigate exposure to interest rate risk, the company entered into an International Swaps and Derivatives Association (ISDA), 200 Master Agreement concurrent with the entry into the loan facility. The interest rate swap is used for non-speculative purposes to convert floating rate debt into fixed debt rate bearing interest at 4.975%.

The debt facilities are amortized on the basis of a 15 year amortization schedule following a two-year interest-only period, which, if requested by the company, may be extended upon CIBC approval, for an additional year. The long-term debt obligation is unsecured.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

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### 7. Long-term Debt (continued)

The agreement with respect to the CIBC credit facility contains certain covenants regarding leverage, liquidity, restrictions on business activities, restrictions on distributions, change in ownership, mergers, acquisitions or change in line of business, and limitations on additional debt.

Principal repayments for the next five years are as follows:

2009	\$	-
2010		82,214
2011		507,830
2012		533,678
2013		<u>9,818,140</u>
		<u>\$ 10,941,862</u>

The debt facility has a termination date of October 1, 2025, with an optional exit strategy at 5, 10, and 15 years.

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### 8. Bank Operating Facility

The company has available an operating credit facility of up to \$3,000,000 from the Canadian Imperial Bank of Commerce at the corporate bank prime rate of interest. At December 31, 2008, there were no amounts drawn under the facility (2007 – nil).

The company also has provided the Independent Electricity System Operator with a \$1,960,005 letter of credit. At December 31, 2008, there were no amounts drawn under the facility (2007 – nil).

As of October 1, 2008, the credit facility agreement was amended so that all credits outstanding rank pari-passu to any other unsecured obligations of the company.

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### 9. Share Capital

The authorized class "A" Special share capital of the company is an unlimited number of non-voting shares, with a stated value equal to consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

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### 9. Share Capital (continued)

The authorized class "B" Special share capital of the company is an unlimited number of voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

	2008	2007
360 Common shares	<b>\$ 10,941,862</b>	\$ 10,941,862

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### 10. Related Party Transactions

The following entities are related to Woodstock Hydro Services Inc.:

- Woodstock Hydro Holdings Inc. - parent company
- City of Woodstock - owner of Woodstock Hydro Holdings Inc.

The following table summarizes the company's related party transactions for the year:

	Woodstock Hydro Holdings Inc.	City of Woodstock	Total
<b>Balance Sheet</b>			
Due from related parties	\$ 25	\$ 107,300	\$ 107,325
Dividends paid	\$ 290,000	\$ -	\$ 290,000
<b>Statement of Operations</b>			
Other operating revenue	\$ -	\$ 146,146	\$ 146,146
Operating and maintenance	\$ -	\$ 9,505	\$ 9,505
Property taxes	\$ -	\$ 108,933	\$ 108,933
Financial expense	\$ -	\$ 616,027	\$ 616,027
<b>Other Transactions</b>			
Repayment of debt	\$ -	\$ 10,941,862	\$ 10,941,862

## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

### 10. Related Party Transactions (continued)

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

### 11. Net Change in Non-cash Working Capital Balances

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

	2008	2007
Accounts receivable	\$ (279,667)	\$ 299,650
Unbilled revenue	(76,898)	(216,713)
Income taxes receivable	(264,558)	116,869
Due from related parties	164	11,617
Inventories	(124,469)	802,493
Prepaid expenses	(26,085)	(26,275)
Accounts payable and accrued liabilities	1,268,721	(252,065)
Income taxes payable	(445,682)	445,682
Due to related parties	-	(12,296)
Deferred revenue	(115,461)	285,170
Accrued payroll and vacation pay	17,539	9,264
Inventory transfer to capital assets	(441,860)	(535,930)
	<b>\$ (488,256)</b>	<b>\$ 927,466</b>
Interest paid	<b>\$ 853,961</b>	<b>\$ 804,987</b>
Income taxes paid	<b>\$ 1,543,335</b>	<b>\$ 515,483</b>

### 12. Pension

The company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

The amount contributed to OMERS for 2008 was \$162,841 (2007 - \$146,541) for current service.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

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### 13. Contingency

An action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to Section 347 of the Criminal Code. This action is at a preliminary stage. Pleadings have closed and examinations for discovery have been conducted. The action has not yet been certified as a class action, however, as the parties were awaiting the outcome of the Enbridge Gas (formally known as Consumers Gas) class action.

It is anticipated that the first action will now proceed for determination in light of the reasons of the Supreme Court in the Enbridge class action.

On April 22, 2004, the Supreme Court of Canada released a decision in the Enbridge Gas case rejecting all of the defences which had been raised by Enbridge Gas, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages.

In 2007, Enbridge filed an application to the Ontario Energy Board ("OEB") to recover the Court-approved amount and related amounts from ratepayers. On February 4, 2008 the OEB approved the recovery of the said amounts from ratepayers over a five year period. The Plaintiff in the class action lawsuit has made a petition to the Lieutenant Governor in Council ("Cabinet") under subsection 34(1) of the Ontario Energy Board Act, 1009, c.15, Schedule B., for an order that the matter be submitted back to the OEB for reconsideration. A decision by Cabinet on the petition is pending.

After the release by the Supreme Court of Canada of its 2004 decision in the Enbridge Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. To date, no formal steps have been taken to move the action forward. The electric utilities intend to respond to the action if and when it proceeds on the basis that the LDCs' situation may be distinguishable from that of Enbridge Gas.

The Electricity Distributors Association is undertaking the defence of this class action.

Woodstock Hydro Services Inc. collected total late penalties of \$827,148 from and after 1994 until January 1, 2002. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made. Woodstock Hydro changed its late payment from 5% to 1.5% effective January 1, 2002.

## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

### 14. Financial Instruments Risk Factors

#### Recognition and Measurement

The company's carrying value of financial instruments consist of the following:

	Designated held-for- trading	Held-to- maturity	Loans and receivables	Other financial liabilities
Cash and bank	\$ 4,261,357	\$ -	\$ -	\$ -
Short-term investments	-	50,437	-	-
Accounts receivable, net of allowance	-	-	3,487,016	-
Accounts payable and accrued liabilities	-	-	-	(5,214,033)
Accrued payroll and vacation pay	-	-	-	(139,616)
Sick leave liability	-	-	-	(121,589)
Long-term debt	-	-	-	(10,941,862)
	<u>\$ 4,261,357</u>	<u>\$ 50,437</u>	<u>\$ 3,487,016</u>	<u>\$ (16,417,100)</u>

The following is a discussion of risks and related mitigation strategies that have been identified by the company for financial instruments. This list is not exhaustive of all risks, nor will the mitigation strategies eliminate all risks listed.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and commodity prices, will affect the Company's cash flows or the value of its holdings of financial instruments. The objective of market risk management is to minimize the impact that market risks have on the company's cash flows.

The company does not have commodity risk and has limited exposure to changes in foreign currency exchange rates.

The company's revenue requirement is recovered through distribution rates and charges and other income, which includes interest income. Currently, the difference in interest revenue reduction and the actual interest income earned by the company is immaterial.

Changes in interest rates do not have a significant impact on cash payments that are required on the Company's debt obligations. Exposure to changes in interest rates are mitigated through the use of an Interest Rate Swap (IRS) for the company's long-term debt.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

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### 14. Financial Instruments Risk Factors (continued)

#### Credit risk

Credit risk is the risk that of a financial loss to the company if a customer or counterparty fails to discharge its obligation to the company. The company's maximum exposure to credit risk is equal to the carrying value of its financial assets. Credit risk can be prevalent in customers that are similarly affected by economic or other conditions. Concentrations of consumption by class or individual customer may also impact risk due to varying energy consumption patterns and allowable security deposit requirements associated with each class.

The company's objective is to maximize credit collection and minimize bad debt expense. Credit risk is managed by monitoring and limiting exposure to credit risk, subject to OEB guidelines, on an ongoing basis.

Risk is mitigated by regulation which provides for certain customers to provide security deposits for a prescribed period of time. Customers may be required to post security to receive electricity or other services.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts based on the financial condition of the counter-parties and by applying a percentage based amount to total accounts receivable, based on past experience. The amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the income statement.

Credit risk associated with accounts receivable is as follows:

	<u>2008</u>
Total accounts receivable	\$ 3,522,935
Less: Allowance for doubtful accounts	<u>(35,919)</u>
	<u>\$ 3,487,016</u>
Of which:	
Outstanding for not more than 30 days	\$ 3,429,011
Outstanding for more than 30 days but not more than 60 days	22,491
Outstanding for more than 60 days not not more than 90 days	30,895
Outstanding for more than 90 days	40,538
Less: Allowance for doubtful accounts	<u>(35,919)</u>
	<u>\$ 3,487,016</u>

As of December 31, 2008, the company is not exposed to a significant concentration of credit risk within any customer class or individual customer.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2008**

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### 14. Financial Instruments Risk Factors (continued)

#### Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. Short-term liquidity is provided through cash and cash equivalents on hand, funds from operations, as well as an established \$3,000,000 operating credit facility (note 8). The company believes that future cash flow from operating activities, available capacity on its existing revolving credit facility and access to additional liquidity through excess debt capacity will be adequate to meet its financial obligations.

	Due within 1 year	Due between 1 and 5 years	Due after 5 years
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	\$ 5,214,033	\$ -	\$ -
Accrued payroll and vacation pay	139,916	-	-
Accrued sick leave	-	121,589	-
Long-term debt	-	10,941,862	-
	\$ 5,353,949	\$ 11,063,451	\$ -

The timing of the accrued sick leave payable is unknown, and would be dependent on when the eligible employees would request to take the time, or retire. It has been reflected as due between 1 and 5 years.

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### 15. Public Liability Insurance

The company is a member of the Electricity Distributors Association Reciprocal Insurance Exchange which is a pooling of the public liability insurance risks of many of the municipal utilities in Ontario. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they are members on a pro-rata basis based on the total of their respective service revenues.

It is anticipated that, should such an assessment occur, it would be funded over a period of up to five years. As at December 31, 2008, no assessments have been made.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

December 31, 2008

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### 16. Capital Disclosures

The company's objectives when managing its capital are to:

- maintain a financial position that supports the company's operations and growth strategies
- provide an adequate return to its shareholder
- comply with covenants related to its credit facilities
- align its capital structure for regulated activities with debt to equity structure recommended by the OEB, which is 60% debt and 40% equity by 2010.

The company defines capital as shareholder's equity. As of December 31, 2008, shareholder's equity amounted to \$14,622,057 (2007 - \$14,013,720).

The company has externally imposed capital requirements in the form of credit facility agreements that contain various covenants (Note 7). The company's credit facility limits the debt to capitalization ratio to 65%.

As at December 31, 2008, the debt to capitalization ratio was 42.8%. The company's credit facility also limits the Cash Flow Debt Service ratio to no less than 1.5. As at December 31, 2008, the cash flow debt service ratio was 2.12.

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### 17. Economic Dependence

The company purchases substantially all of its power from the Independent Electricity System Operator. A minimal amount of electricity is purchased from Hydro One for long-term load transfers.

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# WOODSTOCK HYDRO SERVICES INC.

## Notes to Financial Statements

December 31, 2008

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### 18. New Accounting Pronouncements

Section 1506, Accounting Changes requires disclosures of when an entity has not applied a new primary source of GAAP that has been issued but is not yet effective.

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the company, are as follows:

#### **International Financial Reporting Standards**

On February 13, 2008, the CICA pronounced that publicly accountable enterprises will adopt International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), for fiscal years beginning on or after January 1, 2011. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, some differences in accounting policies exist.

At this time, the impact on the company's financial statements is not reasonably determinable or estimable. The company is currently developing an implementation plan for the adoption of IFRS. The OEB has also begun an IFRS consultation to determine the nature of any changes that should be made in regulatory reporting requirements in response to IFRS. The company will closely monitor the OEB consultation as well as any International Accounting Standards Board initiatives with the potential to impact rate regulated accounting under IFRS.

#### **Rate Regulated Entities**

During 2007, the Accounting Standards Board ["AcSB"] issued an exposure draft proposing to remove all specific references to rate regulated accounting from the CICA Handbook. In August 2007, the AcSB decided to remove a temporary exemption in the CICA Handbook Section 1100 "Generally Accepted Accounting Principles", which retain existing references to rate regulated accounting in the CICA Handbook, amend CICA Handbook Section 3465 "Income Taxes" to require the recognition of future income tax liabilities and assets as well as a corresponding regulatory asset or liability, and retain existing requirements to disclose the effects of rate regulation per AcG-19. The new rules will apply prospectively to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009.

#### **Goodwill and Intangible Assets and Other Standards**

Section 3064 incorporates guidance to clarify the recognition of intangible assets and address and recognition and measurement of internally developed intangible assets. The new standards are effective for interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. The company is currently assessing the impact of the new standards.

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# WOODSTOCK HYDRO SERVICES INC.

## Notes to Financial Statements

December 31, 2008

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### 18. New Accounting Pronouncements (continued)

#### Financial Statement Concepts

CICA Handbook Section 1000, Financial Statement Concepts has been amended to focus on the capitalization of costs that truly meet the definition of an asset and de-emphasizes the matching principle.

The revised requirements are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008. The company is currently evaluating the impact of the adoption of this change on the disclosure within its financial statements.

#### Generally Accepted Accounting Principles

Section 1100 was amended to remove the temporary exemption relating to its application to the recognition and measurement of assets and liabilities arising from rate regulation and a disclosure requirement related to this exemption. The GAAP hierarchy set out in Section 1100 will now apply equally to rate-regulated enterprises and all other entities. The new standards are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The company is currently assessing the impact of the new standards.

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### 19. Comparative Financial Statements

The comparative financial statement amounts have been reclassified to conform to the current year's presentation.

**APPENDIX J**

**WOODSTOCK HYDRO SERVICES INC**  
**2009 AUDITED FINANCIAL STATEMENTS**

**WOODSTOCK HYDRO SERVICES INC.**

**Financial Statements**  
**For the year ended December 31, 2009**

**WOODSTOCK HYDRO SERVICES INC.**  
**Financial Statements**  
**For the year ended December 31, 2009**

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94 Graham Street  
Woodstock ON N4S 6J7 Canada

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## Auditors' Report

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**To the Shareholder of  
WOODSTOCK HYDRO SERVICES INC.**

We have audited the balance sheet of WOODSTOCK HYDRO SERVICES INC. as at December 31, 2009 and the statements of operations and retained earnings and cash flows for the year then ended. 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 financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2009 and the results of its operations and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Woodstock, Ontario  
March 30, 2010

## WOODSTOCK HYDRO SERVICES INC. Balance Sheet

**December 31** **2009** **2008**

### Assets

#### Current

Cash and bank	\$ 2,157,301	\$ 4,261,357
Short-term investments	-	50,437
Accounts receivable	3,513,440	3,379,716
Unbilled revenue	3,606,543	2,977,160
Income taxes receivable	123,073	264,558
Due from related parties (Note 11)	121,214	107,325
Inventories (Note 3)	943,213	911,186
Prepaid expenses	140,729	155,149
	10,605,513	12,106,888

Capital assets (Note 4)	20,611,828	19,622,067
Future income tax asset	2,460,100	2,285,220
Long-term deposit - Hydro One TS (Note 5)	169,500	169,500

**\$ 33,846,941** **\$ 34,183,675**

### Liabilities and Shareholder's Equity

#### Current

Accounts payable and accrued liabilities	\$ 5,632,435	\$ 5,092,586
Deferred revenue	-	500,622
Accrued payroll and vacation pay	160,549	139,916
Current portion of customer deposits (Note 6)	316,500	327,000
	6,109,484	6,060,124

Sick leave liability	126,052	121,589
Long-term customer deposits (Note 6)	1,027,270	770,065
Regulatory liabilities (Note 7)	231,452	1,277,198
Long-term debt (Note 8)	10,941,862	10,941,862
Accrued benefit obligation (Note 14)	1,118,833	1,087,527
	19,554,953	20,258,365

#### Shareholder's equity

Share capital (Note 10)	10,941,862	10,941,862
Retained earnings	3,350,126	2,983,448
	14,291,988	13,925,310

**\$ 33,846,941** **\$ 34,183,675**

**WOODSTOCK HYDRO SERVICES INC.**  
**Statement of Operations and Retained Earnings**

<b>For the year ended December 31</b>	<b>2009</b>	<b>2008</b>
<b>Sale of energy</b>		
Residential	\$ 5,489,319	\$ 5,057,697
General service	6,766,295	10,834,762
Street/Sentinel lighting	2,896	2,951
Retail energy sales	3,424,485	5,823,818
Distribution	6,405,636	6,616,827
Non-competitive charges	5,669,546	5,753,583
	<u>27,758,177</u>	<u>34,089,638</u>
Service revenue adjustment	(93,728)	(52,375)
	<u>27,664,449</u>	<u>34,037,263</u>
<b>Cost of power purchased</b>	<u>21,258,813</u>	<u>27,420,436</u>
<b>Gross margin on service revenue</b>	<u>6,405,636</u>	<u>6,616,827</u>
<b>Other operating revenue</b>	<u>499,987</u>	<u>744,671</u>
	<u>6,905,623</u>	<u>7,361,498</u>
<b>Expenses</b>		
Operating and maintenance	1,592,150	1,512,315
Administration and general	1,856,767	1,876,338
Financial expense	581,034	853,961
Amortization	1,871,315	1,766,770
	<u>5,901,266</u>	<u>6,009,384</u>
<b>Income before income taxes</b>	<u>1,004,357</u>	<u>1,352,114</u>
<b>Income taxes</b>		
Current	587,559	842,374
Future (recovery)	(174,880)	(388,597)
	<u>412,679</u>	<u>453,777</u>
<b>Net income for the year</b>	<u>591,678</u>	<u>898,337</u>
<b>Retained earnings, beginning of year</b>	<u>2,983,448</u>	<u>3,071,858</u>
<b>Dividends paid</b>	<u>(225,000)</u>	<u>(290,000)</u>
<b>Correction of prior period (Note 1)</b>	<u>-</u>	<u>(696,747)</u>
<b>Retained earnings, end of year</b>	<u>\$ 3,350,126</u>	<u>\$ 2,983,448</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## WOODSTOCK HYDRO SERVICES INC. Statement of Cash Flows

For the year ended December 31

2009

2008

**Cash provided by (used in)**

**Operating activities**

Net income for the year	\$ 591,678	\$ 898,337
Items not involving cash:		
Amortization of capital assets	1,996,673	1,914,661
Future income taxes recovery	(174,880)	(388,597)
Gain on disposal of capital assets	(3,520)	-
Increase (decrease) in sick leave liability	4,463	(12,730)
Increase in accrued benefit obligation	31,306	-
	<u>2,445,720</u>	<u>2,411,671</u>
 Net change in non-cash working capital balances (Note 12)	 <u>(593,258)</u>	 <u>(488,256)</u>
	<u>1,852,462</u>	<u>1,923,415</u>

**Investing activities**

Purchase of capital assets	(2,986,434)	(2,627,875)
Proceeds on sale of capital assets	3,520	-
(Decrease) increase in regulatory assets/liabilities	(1,045,746)	748,302
Increase in long-term deposits	-	(169,500)
	<u>(4,028,660)</u>	<u>(2,049,073)</u>

**Financing activities**

Repayment of long-term debt	-	(10,941,862)
Proceeds from long-term debt	-	10,941,862
Dividends paid	(225,000)	(290,000)
Increase in customer deposits	246,705	24,986
	<u>21,705</u>	<u>(265,014)</u>

**Decrease in cash and cash equivalents  
during the year**

**(2,154,493) (390,672)**

**Cash and cash equivalents, beginning of year**

**4,311,794 4,702,466**

**Cash and cash equivalents, end of year**

**\$ 2,157,301 \$ 4,311,794**

**Represented by**

Cash and bank	\$ 2,157,301	\$ 4,261,357
Short-term investments	-	50,437
	<u>\$ 2,157,301</u>	<u>\$ 4,311,794</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

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# **WOODSTOCK HYDRO SERVICES INC.**

## **Summary of Significant Accounting Policies**

**December 31, 2009**

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### **Nature of Business**

The company was incorporated under the laws of Ontario and is licensed by the Ontario Energy Board ("OEB") as an electricity distributor. The principle activity of the company is to operate distribution facilities and distribute electricity to customers within their Licensed Territory as defined in the Distribution License. The company is regulated by the OEB under authority of the Ontario Energy Board Act, 1998.

### **Basis of Accounting**

These financial statements are prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP), including accounting principles as required by the Ontario Energy Board under authority of Section 57, 70(2) and 78 of the Ontario Energy Board Act, 1998, and policies set forth in the "OEB Accounting Procedures Handbook".

### **Financial Instruments**

In accordance with CICA Handbook Section 3855, Financial Instruments, Recognition and Measurement, all financial instruments are classified into one of the following four categories: held-for-trading, held-to-maturity, loans and receivables, or other financial liabilities. All financial instruments, including derivatives, are carried at fair value on the Balance Sheet.

On initial recognition, all financial instruments that meet the definition of a financial asset or financial liability are recorded at fair value, unless fair value cannot be reliably determined. Subsequent measurement depends on the category to which the financial instrument has been classified. The company has elected the following balance sheet classifications with respect to its financial assets and financial liabilities.

Cash is classified as "held-for-trading" and is measured at fair value. Transaction costs are expensed as incurred.

Cash equivalents, comprising of short-term investments, are financial assets classified as "held-to-maturity-investments" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Transaction costs are expensed as incurred.

Accounts receivable are classified as "loans and receivables" and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amounts of these instruments approximate their fair value due to their relatively short periods to maturity. Transaction costs are expensed as incurred.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2009**

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Accounts payable, accrued liabilities, and long-term debt are classified as "other financial liabilities" and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method. The carrying amount of accounts payable and accrued liability instruments approximate their fair value due to their relatively short periods to maturity. Transaction costs are expensed as incurred. Long-term debt also approximates its fair value.

#### **Inventories**

Inventories consist of parts, supplies, and materials held for maintenance and are stated at the lower of average cost or net realizable value.

#### **Capital Assets**

Capital assets are stated at cost less accumulated amortization. Costs may include material, labour, contracted services, overhead, and engineering costs, and are net of related investment tax credits, government grants, and contributions in aid of construction received. Work-in-progress costs may include the same cost discussed above, these assets are not amortized until available for use. Amortization is based on the estimated useful life of the asset and is recorded on the straight-line basis over the following number of years:

Buildings	25 years
Distribution stations	30 years
Distribution systems	25 years
Transformers	25 years
Meters	15 - 25 years
Office equipment	10 years
Rolling stock	5 - 8 years
Stores equipment	10 years
Tools and equipment	10 years
Computer equipment	5 years
Computer software	5 years
Organization expense	40 years

#### **Payments In Lieu of Corporate Taxes (PILS)**

Under the Electricity Act, 1998, the company is responsible for making payments in lieu of corporate income and capital taxes to the Ontario Electricity Financial Corporation (OEFC). These payments are calculated in accordance with the Income Tax Act (Canada) and the Corporations Tax Act (Ontario), and are modified by regulations made under the Electricity Act, 1998.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2009**

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The company follows the asset/liability method of accounting for income taxes. Future income tax assets that are likely to be realized and future income tax liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities. Any payment in lieu of future tax assets are reassessed each year to determine if a valuation allowance is required. Any effect of the re-measurement or reassessment is recognized in the period of the change. Future tax amounts are measured at enacted tax rates expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled.

#### **Regulatory assets and liabilities**

Regulatory assets and liabilities arise as a result of the rate setting process by the OEB. Based on OEB regulations, certain costs and variance account balances are recorded as regulatory assets or regulatory liabilities and are reflected in the balance sheet until the OEB determines the manner and timing of their disposition.

Regulatory assets represent future revenues associated with certain costs, incurred in current or prior periods, that are expected to be recovered through the rate setting process. Regulatory assets and liabilities can arise from differences in amounts billed to customers (based on regulated rates) and the corresponding cost of non-competitive electricity service incurred by the company in the wholesale market administered by the Independent Electricity System Operator ("IESO") after May 1, 2002. These amounts have been accumulated pursuant to regulations underlying the Electricity Act, 1998, and deferred in anticipation of their future recovery in electricity distribution service charges. Amounts recorded are subject to review and approval by the OEB.

In the absence of rate regulation, Canadian generally accepted accounting principles would require that the costs be recognized as an expense or capital asset, as applicable, when incurred and the related recovery of these costs in income when received or receivable.

The expected recovery or settlement period, or likelihood of recovery and settlement, is affected by risks and uncertainties relating to the ultimate authority of the OEB in determining the item's treatment for rate-setting purposes. The company believes that it is probable that the OEB will factor its regulatory assets and liabilities into the setting of future rates. If at some future date the company determines that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be charged to operations in the period the determination is made.

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# WOODSTOCK HYDRO SERVICES INC.

## Summary of Significant Accounting Policies

**December 31, 2009**

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### **Accrued Benefit Obligation**

The accrued benefit obligation and current service costs are calculated using the projected benefit method prorated on service and based on assumptions that reflect management's best estimate. The transitional obligation recognized is amortized into expense prospectively over 11 years, which is reflective of the average remaining service period of active employees expected to receive benefits under the plan. Any actuarial gains or losses are amortized into expense using the corridor method.

### **Revenue Recognition**

Distribution revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading date to the end of the period. Estimated customer usage from the last meter reading date to the period end (unbilled revenue) is included in revenue.

Distribution and energy related revenues attributable to the supply and delivery of electricity are based on OEB-approved rates and are recognized as electricity is delivered to customers. Other revenues, which include pole attachment fees, customer demand work, and other miscellaneous revenues are recognized at the time the service is provided.

### **Rate Regulating**

The rates of the company's electricity business are subject to regulation by the OEB. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. In addition, the company has recorded regulatory liabilities which represent amounts for expenses incurred in different periods that would be the case had the company not been regulated. Specific regulatory assets and liabilities are disclosed in Note 7.

As prescribed by regulatory rate order, payment in lieu of taxes are recovered through customer rates based on the taxes payable method. Rates do not include the recovery of payment in lieu of future taxes related to temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes.

### **Power Purchases**

The power bill received from the Independent Electricity System Operator (IESO) is recorded in the period to which it refers and not in the period in which it is received.

Costs for power purchased represent the cost of electricity delivered to customers within the company's distribution service territory and consist of the wholesale commodity cost of energy, the IESO wholesale market service charges, and transmission charges levied by the IESO.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Summary of Significant Accounting Policies**

**December 31, 2009**

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#### **Use of Estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future, including changes as a result of future decisions made by the OEB, the Minister of Energy and Infrastructure, or the Minister of Finance.

Accounts receivable is based on expected amounts to be recovered less an appropriate allowance for unrecoverable amounts based on prior experience. Unbilled revenue and regulatory assets are reported based on amounts expected to be recovered.

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# WOODSTOCK HYDRO SERVICES INC.

## Notes to Financial Statements

**December 31, 2009**

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### 1. Correction of Prior Period

During the year, an actuarial analysis was performed on the company's employee post-retirement non-pension benefits as of January 1, 2009. The results of the analysis yielded that a liability related to these benefits existed as of January 1, 2009 (Note 14).

Due to an underestimation of the number of employees eligible for the receipt of these benefits, the company had never recognized a liability for the future cost of the benefits. Given the expertise required to calculate the liability associated with these benefits, and the many variables that are required to quantify the liability that may have existed in periods prior to the year ended December 31, 2008, determining a liability for prior periods was not practical. As such, an adjustment has been made to the current years retained earnings to reflect the existence of the liability that existed at January 1, 2009.

The effect of the restatement on 2008 is summarized below:

	<u>2008</u>
<b>Assets</b>	
Increase in Future income tax asset	\$ <u>390,780</u>
<b>Liabilities and Shareholder's Equity</b>	
Increase in Accrued benefit obligation	\$ 1,087,527
Decrease in Retained earnings	<u>\$ (696,747)</u>
	<u>\$ 390,780</u>

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### 2. Change in Accounting Policy

#### Regulatory (Liabilities) Assets

Effective January 1, 2009, the company adopted amended Canadian Institute of Chartered Accountants (CICA) Handbook Section 1100 - "Generally Accepted Accounting Principles (GAAP)". The amendment to Handbook Section 1100 removes the temporary exemption for rate-regulated entities pertaining to the application of that section to the recognition and measurement of assets and liabilities arising from rate regulation. The company has determined that in accordance with the amendments in Handbook Section 1100 that its assets and liabilities arising from rate-regulated activities qualify for recognition under GAAP. As such, the amendments to this Handbook Section have had no impact on the company's financial statements.

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# WOODSTOCK HYDRO SERVICES INC.

## Notes to Financial Statements

**December 31, 2009**

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### **2. Change in Accounting Policy (continued)**

Effective January 1, 2009, the company adopted amended Canadian Institute of Chartered Accountants (CICA) Handbook Section 3465 - "Income Taxes". The amendment to Handbook Section 3465 requires the recognition of future income tax liabilities and assets as well as a separate regulatory asset or liability balance for the amount of future income taxes expected to be included in future tax rates and recovered from or paid to customers. Through a review of the company's rate setting application it was determined by management that the effect of these amendments had no impact on the company's financial statements.

#### **Financial Instruments**

In June 2009, the CICA amended Handbook Section 3862 to include additional disclosure requirements with respect to fair value measurement of financial instruments and to enhance liquidity risk disclosure requirements. Handbook Section 3862 establishes a fair value hierarchy which includes three categories for fair value measurement

Level 1: Fair value is based on unadjusted quoted prices for identical assets or liabilities in an active market.

Level 2: Fair value is based on quoted prices for similar assets or liabilities in active markets, valuation that is based on significant observable inputs or inputs that are derived principally for or corroborated with observable market data through correlation or other means.

Level 3: Fair value is based on valuation techniques that require one or more significant unobservable inputs or the use of broker quotes. These unobservable inputs reflect the Company's assumptions about the assumptions market participants would use in pricing the assets or liabilities.

These amendments were adopted by the company, however, there was no impact on the company's financial statements.

## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2009**

### 3. Inventories

	2009	2008
Plant materials	\$ 386,604	\$ 404,341
Smart meters	556,609	506,845
Total	\$ 943,213	\$ 911,186

CICA Handbook Section 3031 – "Inventories", requires the company to retrospectively reclassify all amounts related to future components of its electricity distribution system from inventory to capital assets. Once capitalized, these items are amortized when they become available for use.

Included in inventory are assets that are deemed "stranded". These assets relate to meters that have been replaced by smart meters. The amount carried in the company's inventory is \$111,194 as at December 31, 2009. Disposition of these costs will be determined in future proceedings of the Ontario Energy Board.

### 4. Capital Assets

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Land	\$ 39,365	\$ -	\$ 39,365	\$ -
Buildings and distribution system	31,117,593	11,907,106	28,696,934	10,321,238
Machinery and equipment	4,565,116	3,303,407	4,137,562	2,943,531
Organization expense	16,365	3,806	16,365	3,390
Work-in-progress	87,708	-	-	-
	\$ 35,826,147	\$ 15,214,319	\$ 32,890,226	\$ 13,268,159
Net book value	\$ 20,611,828		\$ 19,622,067	

At December 31, 2009, the net book value of stranded meters related to the deployment of smart meters included in buildings and distribution systems was \$1,263,892 net of accumulated amortization. In the absence of rate-regulation, capital assets would have been reduced by this amount as of December 31, 2009. Disposition of these costs will be determined in future proceedings of the Ontario Energy Board

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Notes to Financial Statements**

**December 31, 2009**

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#### **5. Long Term Deposit - Hydro One TS**

A Letter Agreement between the company and Hydro One for construction of a new transformer station was signed on May 29, 2008. In accordance with the Letter Agreement, the company provided a deposit of \$169,500 in July 2008 (\$150,000 plus taxes) that represented 50% of the cancellation cost.

The company anticipates the Connection Cost Recovery Agreement (CCRA) will be signed in 2010 and construction of the new transformer station will begin in the same year. Additional funding for the construction of this station will be required by the company, and the anticipated payment schedule related to the additional contribution is as follows:

50% of the contribution at signing, less the current deposit  
25% of the contribution at the commencement of construction; and,  
25% at the completion of the project

At this time, the expected completion date for the transformer station is the fourth quarter of 2011.

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#### **6. Customer Deposits**

Customer Deposits include amounts collected from customers to guarantee the payment of energy bills. The customer deposit liability includes interest credited to the customer's deposit accounts, with the debit charged to interest expense. Deposits expected to be refunded to customers within the next fiscal year are classified as a current liability. Customer deposits also include prudential deposits received from retailers.

Developer deposits collected for maintenance deposits and deposits for recoverable work are also included in Customer Deposits.

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**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2009**

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**7. Regulatory (Liabilities) Assets**

	2009	2008
Deferred payments in lieu of taxes	\$ 305,298	\$ 302,578
Settlement sales variance	(2,125,997)	(1,735,864)
Smart meters	1,279,867	(127,118)
Other regulatory assets	274,837	249,251
Assets recovered through rates	34,543	33,955
	<b>\$ (231,452)</b>	<b>\$ (1,277,198)</b>

For most of the regulatory assets and liabilities identified the expected recovery or settlement period, or likelihood of recovery or settlement, is affected by risks and uncertainties relating to the ultimate authority of the OEB in determining the item's treatment for rate-setting purposes. These costs have been deferred in accordance with OEB regulatory requirements. Amounts recorded are subject to review and approval of the OEB.

The regulatory (liability) asset balances of the company are defined as follows:

**Deferred payments in lieu of taxes**

The company has accumulated a PILS variance amount representing differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model. The 2009 OEB prescribed carrying charges were \$2,720 (2008 - \$9,591).

**Settlement sales variance**

In May 1, 2002 the Ontario energy market opened to competition. Since May 1, 2002, the difference between the cost of power based on time-of-use rates and amounts billed to non-time-of-use customers charged at an average rate are recorded in settlement variance accounts as directed by the OEB; variances resulting from energy line-loss are also included. These sales variance accounts ensure that a utility's gross profit is limited to distribution revenue and service charges.

**Smart meter recovery**

Effective May 1, 2006, the OEB has allowed the company to defer revenues, capital expenditures, operating expenditures and amortization relating to smart meters. Accordingly, the company has deferred these items in accordance with criteria set out in the Accounting Procedures Handbook.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2009**

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### **7. Regulatory (Liabilities) Assets (continued)**

In connection with the smart meter initiative, the corporation has incurred capital costs relating to their installation in 2009 of \$1,314,184 (2008 - \$nil) net of amortization. Along with the capital expenditures incurred, the company also incurred operating, maintenance and amortization expenses in 2009 of \$211,457 (2008 - \$nil), and incurred OEB prescribed carrying charges of \$855 (2008 - \$3,706).

For the year ended December 31, 2009, the company collected smart meter customer revenues of \$119,512 (2008 - \$47,952) from rate riders.

#### **Other regulatory assets**

##### *OEB Assessment Costs*

In December 2004, Local Distribution Companies (LDC's) were allowed to establish a deferral account to record the annual costs assessed by the OEB. The amounts recorded as deferral costs are the amounts by which the annual OEB assessment costs for the period January 1, 2004 to April 30, 2006, exceed the amounts being recovered through distribution rates. Subsequent to April 30, 2006, the annual assessment costs have been fully expensed by the company. It is anticipated the costs deferred will be reviewed by the OEB for final approval in a future rate application process. In 2009, OEB prescribed carrying charges of \$383 (2008 - \$1,351) for OEB cost assessment interest were recorded.

##### *Pension Contributions*

In December 2004, an OEB deferral account was established to record OMERS cash pension costs between January 1, 2005 and April 30, 2006 that were not recovered in rates. On May 1, 2006, pension cost contributions to OMERS were incorporated into the distribution rates. In 2009, OEB prescribed carrying charges of \$2,081 (2008 - \$7,341) for pension contribution interest were recorded.

##### *International Financial Reporting Standards (IFRS) Costs*

In 2009, an OEB deferral account was established to record one-time administrative costs related to the transition to IFRS. In 2009, one-time costs incurred for IFRS transition were \$22,008 (2008 - \$nil).

##### *Renewable Generation Connection Costs*

In 2009, an OEB deferral account was established to record costs associated with renewable energy costs. The deferral of costs includes those associated with demonstration projects, planning, education and training related to renewable energy development. In 2009, costs incurred for renewable energy education were \$1,114 (2008 - \$nil).

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2009**

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### 7. Regulatory (Liabilities) Assets (continued)

#### Assets recovered through rates

The regulatory assets recovery account (RARA) includes regulatory asset balances the OEB has approved for recovery and recovered over a period ending March 31, 2008. The OEB has indicated that a future proceeding will address settlement of the residual balance in the RARA account.

The RARA is credited with recovery amounts and is debited by OEB - prescribed carrying charges. In the absence of rate regulation, these would have been capitalized or expensed under Canadian generally accepted accounting principles.

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### 8. Long-term Debt

	<u>2009</u>	<u>2008</u>
4.975% CIBC term bank loan, payable interest only monthly until May 2012, payable \$87,385 principal and interest monthly thereafter until October 2025	<u>\$ 10,941,862</u>	<u>\$ 10,941,862</u>

To mitigate exposure to interest rate risk, the company entered into an International Swaps and Derivatives Association (ISDA), 200 Master Agreement concurrent with the entry into the loan facility. The interest rate swap is used for non-speculative purposes to convert floating rate debt into fixed debt rate bearing interest at 4.975%.

The debt facilities are amortized on the basis of a 15 year amortization schedule following a two-year interest-only period. The long-term debt obligation is unsecured.

The agreement with respect to the CIBC credit facility contains certain covenants regarding leverage, liquidity, restrictions on business activities, restrictions on distributions, change in ownership, mergers, acquisitions or change in line of business, and limitations on additional debt.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2009**

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### 8. Long-term Debt (continued)

Principal repayments for the next four years are as follows:

2010	\$	-
2011		-
2012		328,309
2013		10,613,553
		<hr/>
	\$	10,941,862
		<hr/>

The debt facility has a termination date of October 1, 2025, with early termination options available to both CIBC and the company in July of 2013, 2018 and 2023.

Exercising the early termination option would result in either a liability or an asset for the company. This value of the asset or liability is based on an agreed upon amount between the two parties involved, dependent on the market conditions at the time of termination.

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### 9. Bank Operating Facility

The company has available an operating credit facility of up to \$3,000,000 from the Canadian Imperial Bank of Commerce at the corporate bank prime rate of interest plus 0.15%. At December 31, 2009, there were no amounts drawn under the facility (2008 – \$nil).

The company also has provided the Independent Electricity System Operator with a \$1,960,005 letter of credit. At December 31, 2009, there were no amounts drawn under the facility (2008 – nil).

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### 10. Share Capital

The authorized class "A" Special share capital of the company is an unlimited number of non-voting shares, with a stated value equal to consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

The authorized class "B" Special share capital of the company is an unlimited number of voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at \$100 per share and entitled to a non-cumulative annual dividend to be determined each year by the directors based on the redemption amount.

The authorized common share capital of the company is an unlimited number of shares.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2009**

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### 10. Share Capital (continued)

The issued share capital is as follows:

	2009	2008
360 Common shares	<b>\$ 10,941,862</b>	<b>\$ 10,941,862</b>

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### 11. Related Party Transactions

The following entities are related to Woodstock Hydro Services Inc.:

- Woodstock Hydro Holdings Inc. - parent company
- City of Woodstock - owner of Woodstock Hydro Holdings Inc.

The following table summarizes the company's related party transactions for the year:

	Woodstock Hydro Holdings Inc.	City of Woodstock	Total
<b>Balance Sheet</b>			
Due from related parties	\$ 22	\$ 121,192	\$ 121,214
Dividends paid	\$ 225,000	\$ -	\$ 225,000
<b>Statement of Operations</b>			
Other operating revenue	\$ -	\$ 194,524	\$ 194,524
Operating and maintenance	\$ -	\$ 3,478	\$ 3,478
Property taxes	\$ -	\$ 104,422	\$ 104,422

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

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**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2009**

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**12. Net Change in Non-cash Working Capital Balances**

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

	<u>2009</u>	<u>2008</u>
Accounts receivable	\$ (133,724)	\$ (279,667)
Unbilled revenue	(629,383)	(76,898)
Income taxes receivable	141,485	(264,558)
Due from related parties	(13,889)	164
Inventories	(32,027)	(124,469)
Prepaid expenses	14,420	(26,085)
Accounts payable and accrued liabilities	539,849	1,268,721
Income taxes payable	-	(445,682)
Deferred revenue	(500,622)	(115,461)
Accrued payroll and vacation pay	20,633	17,539
Inventory transfer to capital assets	-	(441,860)
	<u>\$ (593,258)</u>	<u>\$ (488,256)</u>
Interest paid	<u>\$ 533,880</u>	<u>\$ 853,961</u>
Income taxes paid	<u>\$ 446,070</u>	<u>\$ 1,543,335</u>

---

**13. Pension**

The company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees, based on the length of service and rates of pay.

The amount contributed to OMERS for 2009 was \$166,241 (2008 - \$162,841) for current service.

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**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2009**

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**14. Accrued Benefit Obligation**

The company has a number of unfunded benefit plans providing retirement and post-employment benefits (excluding pension) to most of its employees. The company pays certain dental, medical and life insurance benefits under unfunded defined benefit plans on behalf of its retired employees.

The company measures its accrued benefits obligation for accounting purposes as at December 31 of each year. The latest actuarial valuation was performed as at January 1, 2009.

	<b>2009</b>	<b>2008</b>
<b>Accrued benefit obligation</b>		
Balance, beginning of year	\$ 1,087,527	\$ -
Current service cost	21,820	-
Interest on benefits	64,899	-
Benefits paid	(55,413)	-
Correction of prior period error (Note 1)	-	1,087,527
	<b>\$ 1,118,833</b>	<b>\$ 1,087,527</b>
Balance, end of year	<b>\$ 1,118,833</b>	<b>\$ 1,087,527</b>

Since 2009 is the first year an actuarial analysis has been completed on the accrued benefit obligation, comparative information is unavailable.

The assumptions used in the measurement of the benefit obligations are shown in the following table:

	<b>2009</b>
Discount rate	<b>5.00 %</b>
Withdrawal rate	<b>2.00 %</b>
Rate of compensation increase	<b>3.30 %</b>
Health care cost trend rate	<b>9.00 %</b>

For December 31, 2009, health costs are assumed to be 9.00%, these costs are assumed to decrease by 0.67% annually until 2015, where they are assumed to remain at 5.00% thereafter.

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## **WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements**

**December 31, 2009**

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### **15. Subsequent Event**

Subsequent to year end, the company received an advance from Ontario Infrastructure Projects Corporation ("OIPC") in the amount of \$1,696,744. This advance relates to a financing agreement between the OIPC and the company for the implementation of smart meters.

Under the agreement, the company has requested and been approved for financing up to \$3,000,000. This financing agreement contains similar covenants to those of its long-term debt and operating bank facility as noted in Notes 8 and 9, respectively, along with the requirement of maintaining a minimum current ratio of 1.1:1.

The advances bear interest at the OIPC's floating rate plus a spread assigned to the company's sector based on delivery costs and risks, and is payable to the OIPC at the beginning of every month in interest only payments.

Once the installation of the smart meters has been completed, any advances made to the company will be rolled into debentures with separate interest and repayment terms.

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### **16. Contingency**

An action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks \$500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities ("LDCs") who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to Section 347 of the Criminal Code. This action is at a preliminary stage. Pleadings have closed and examinations for discovery have been conducted. The action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of a similar proceeding brought against Enbridge Gas Distribution Inc. (formally known as Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Enbridge Gas case rejecting all of the defences which had been raised by Enbridge Gas, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim in 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court of Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement of the damages payable by Enbridge and that settlement was approved by the Ontario Superior Court.

In 2007, Enbridge filed an application to the Ontario Energy Board ("OEB") to recover the Court-approved amount and related amounts from ratepayers. On February 4, 2008 the OEB approved the recovery of the said amounts from ratepayers over a five year period.

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## WOODSTOCK HYDRO SERVICES INC. Notes to Financial Statements

**December 31, 2009**

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### 16. Contingency (continued)

After the release by the Supreme Court of Canada of its 2004 decision in the Enbridge Gas case, the plaintiffs in the LDC late payment penalties class action indicated their intention to proceed with their litigation against the LDCs. The parties are in settlement discussions but no settlement has been reached. At this time, it is not possible to quantify the effect, if any, on the financial statements.

Woodstock Hydro Services Inc. collected total late penalties of \$827,148 from and after 1994 until January 1, 2002. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made. Woodstock Hydro changed its late payment from 5% to 1.5% effective January 1, 2002.

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### 17. Financial Instruments Risk Factors

#### Recognition and Measurement

The company's carrying value of financial instruments consist of the following:

	Designated held-for- trading	Loans and receivables	Other financial liabilities
Cash and bank	\$ 2,157,301	\$ -	\$ -
Accounts receivable, net of allowance	-	3,513,440	-
Accounts payable and accrued liabilities	-	-	(5,632,435)
Accrued payroll and vacation pay	-	-	(160,549)
Sick leave liability	-	-	(126,052)
Long-term debt	-	-	(10,941,862)
Accrued benefit obligation	-	-	(1,118,833)
	<u>\$ 2,157,301</u>	<u>\$ 3,513,440</u>	<u>\$ (17,979,731)</u>

The following is a discussion of risks and related mitigation strategies that have been identified by the company for financial instruments. This list is not exhaustive of all risks, nor will the mitigation strategies eliminate all risks listed.

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# WOODSTOCK HYDRO SERVICES INC.

## Notes to Financial Statements

**December 31, 2009**

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### 17. Financial Instruments Risk Factors (continued)

#### **Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and commodity prices, will affect the Company's cash flows or the value of its holdings of financial instruments. The objective of market risk management is to minimize the impact that market risks have on the company's cash flows.

The company does not have commodity risk and has limited exposure to changes in foreign currency exchange rates.

The company's revenue requirement is recovered through distribution rates and charges and other income, which includes interest income. Currently, the difference in interest revenue reduction and the actual interest income earned by the company is immaterial.

Changes in interest rates do not have a significant impact on cash payments that are required on the Company's debt obligations. Exposure to changes in interest rates are mitigated through the use of an Interest Rate Swap (IRS) for the company's long-term debt.

#### **Credit risk**

Credit risk is the risk that of a financial loss to the company if a customer or counterparty fails to discharge its obligation to the company. The company's maximum exposure to credit risk is equal to the carrying value of its financial assets. Credit risk can be prevalent in customers that are similarly affected by economic or other conditions. Concentrations of consumption by class or individual customer may also impact risk due to varying energy consumption patterns and allowable security deposit requirements associated with each class.

The company's objective is to maximize credit collection and minimize bad debt expense. Credit risk is managed by monitoring and limiting exposure to credit risk, subject to OEB guidelines, on an ongoing basis.

Risk is mitigated by regulation which provides for certain customers to provide security deposits for a prescribed period of time. Customers may be required to post security to receive electricity or other services.

The carrying amount of accounts receivable is reduced through the use of an allowance for doubtful accounts based on the financial condition of the counter-parties and by applying a percentage based amount to total accounts receivable, based on past experience. The amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the income statement.

**WOODSTOCK HYDRO SERVICES INC.**  
**Notes to Financial Statements**

**December 31, 2009**

**17. Financial Instruments Risk Factors (continued)**

Credit risk associated with accounts receivable is as follows:

	<b>2009</b>
Total accounts receivable	\$ 3,548,440
Less: Allowance for doubtful accounts	(35,000)
	<b>\$ 3,513,440</b>
Of which:	
Outstanding for not more than 30 days	\$ 3,282,524
Outstanding for more than 30 days but not more than 60 days	114,586
Outstanding for more than 60 days not not more than 90 days	39,102
Outstanding for more than 90 days	112,228
Less: Allowance for doubtful accounts	(35,000)
	<b>\$ 3,513,440</b>

As of December 31, 2009, the company is not exposed to a significant concentration of credit risk within any customer class or individual customer.

**Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they become due. Short-term liquidity is provided through cash and cash equivalents on hand, funds from operations, as well as an established \$3,000,000 operating credit facility (Note 9). The company believes that future cash flow from operating activities, available capacity on its existing revolving credit facility and access to additional liquidity through excess debt capacity will be adequate to meet its financial obligations.

	<b>Due within 1 year</b>	<b>Due between 1 and 5 years</b>	<b>Due after 5 years</b>
<b>Financial liabilities</b>			
Accounts payable and accrued liabilities	\$ 5,632,435	\$ -	\$ -
Accrued payroll and vacation pay	160,549	-	-
Accrued sick leave	-	126,052	-
Long-term debt	-	10,941,862	-
Accrued benefit obligation	-	-	1,118,833
	<b>\$ 5,792,984</b>	<b>\$ 11,067,914</b>	<b>\$ 1,118,833</b>

The timing of the accrued sick leave payable is unknown, and would be dependent on when the eligible employees would request to take the time, or retire. It has been reflected as due between 1 and 5 years.

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# WOODSTOCK HYDRO SERVICES INC.

## Notes to Financial Statements

**December 31, 2009**

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### 18. Public Liability Insurance

The company is a member of the Electricity Distributors Association Reciprocal Insurance Exchange which is a pooling of the public liability insurance risks of many of the municipal utilities in Ontario. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they are members on a pro-rata basis based on the total of their respective service revenues.

It is anticipated that, should such an assessment occur, it would be funded over a period of up to five years. As at December 31, 2009, no assessments have been made.

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### 19. Capital Disclosures

The company's objectives when managing its capital are to:

- maintain a financial position that supports the company's operations and growth strategies;
- provide an adequate return to its shareholder;
- comply with covenants related to its credit facilities; and
- align its capital structure for regulated activities with debt to equity structure recommended by the OEB, which is 60% debt and 40% equity by 2010.

The company defines capital as shareholder's equity. As of December 31, 2009, shareholder's equity amounted to \$14,291,988 (2008 - \$13,925,310).

The company has externally imposed capital requirements in the form of credit facility agreements that contain various financial and non-financial covenants (Note 8). The financial covenants associated with the company's credit facility are as follows:

- (i) maximum debt to capitalization ratio of 65% at any time; and
- (ii) minimum cash flow debt service ratio of 1.5 at any time.

As at December 31, 2009, the company was in compliance with all of the above financial covenants.

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### 20. Economic Dependence

The company purchases substantially all of its power from the Independent Electricity System Operator. A minimal amount of electricity is purchased from Hydro One for long-term load transfers.

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## **WOODSTOCK HYDRO SERVICES INC.**

### **Notes to Financial Statements**

**December 31, 2009**

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#### **21. New Accounting Pronouncements**

Section 1506, Accounting Changes requires disclosures of when an entity has not applied a new primary source of GAAP that has been issued but is not yet effective.

Recent accounting pronouncements that have been issued but are not yet effective, and have a potential implication for the company, are as follows:

##### **International Financial Reporting Standards**

On February 13, 2008, the CICA pronounced that publicly accountable enterprises will adopt International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), for fiscal years beginning on or after January 1, 2011. IFRS will require increased financial statement disclosure. Although IFRS uses a conceptual framework similar to Canadian GAAP, some differences in accounting policies exist.

At this time, the impact on the company's financial statements is not reasonably determinable or estimable. The company is currently developing an implementation plan for the adoption of IFRS and has updated its information system to be compatible with IFRS requirement. The OEB has also begun an IFRS consultation to determine the nature of any changes that should be made in regulatory reporting requirements in response to IFRS. The company will closely monitor the OEB consultation as well as any International Accounting Standards Board initiatives with the potential to impact rate regulated accounting under IFRS.

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#### **22. Comparative Financial Statements**

The comparative financial statement amounts have been reclassified to conform to the current year's presentation.

## **APPENDIX K**

### **REVENUE REQUIREMENT WORKFORM**



## REVENUE REQUIREMENT WORK FORM

Name of LDC: Woodstock Hydro Services Inc (1)  
File Number: EB-2010-0145  
Rate Year: 2011 Version: 2.11

### Table of Content

<u>Sheet</u>	<u>Name</u>
A	<a href="#">Data Input Sheet</a>
1	<a href="#">Rate Base</a>
2	<a href="#">Utility Income</a>
3	<a href="#">Taxes/PILS</a>
4	<a href="#">Capitalization/Cost of Capital</a>
5	<a href="#">Revenue Sufficiency/Deficiency</a>
6	<a href="#">Revenue Requirement</a>
7A	<a href="#">Bill Impacts -Residential</a>
7B	<a href="#">Bill Impacts - GS &lt; 50 kW</a>

#### Notes:

- (1) Pale green cells represent inputs
- (2) Pale yellow cells represent drop=down lists
- (3) **Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.**
- (4) **Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel format.**

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**REVENUE REQUIREMENT WORK FORM**

Version: 2.11

Name of LDC: Woodstock Hydro Services Inc  
 File Number: EB-2010-0145  
 Rate Year: 2011

		Data Input				(1)	
		Initial Application			(7)	Per Board Decision	
<b>1</b>	<b>Rate Base</b>						
	Gross Fixed Assets (average)	\$44,579,910			\$ 44,579,910		\$44,579,910
	Accumulated Depreciation (average)	(\$18,157,810) (5)			-\$ 18,157,810		(\$18,157,810)
	<b>Allowance for Working Capital:</b>						
	Controllable Expenses	\$4,169,207			\$ 4,169,207		\$4,169,207
	Cost of Power	\$30,587,421			\$ 30,587,421		\$30,587,421
	Working Capital Rate (%)	15.00%			15.00%		15.00%
<b>2</b>	<b>Utility Income</b>						
	<b>Operating Revenues:</b>						
	Distribution Revenue at Current Rates	\$6,475,857					
	Distribution Revenue at Proposed Rates	\$8,232,474					
	<b>Other Revenue:</b>						
	Specific Service Charges	\$234,290					
	Late Payment Charges	\$54,254					
	Other Distribution Revenue	\$105,850					
	Other Income and Deductions	\$88,885					
	<b>Operating Expenses:</b>						
	OM+A Expenses	\$4,042,261			\$ 4,042,261		\$4,042,261
	Depreciation/Amortization	\$2,031,382			\$ 2,031,382		\$2,031,382
	Property taxes	\$126,946			\$ 126,946		\$126,946
	Capital taxes	\$0					
	Other expenses	\$ -			0		\$0
<b>3</b>	<b>Taxes/PILs</b>						
	<b>Taxable Income:</b>						
	Adjustments required to arrive at taxable income	(\$177,112) (3)					
	<b>Utility Income Taxes and Rates:</b>						
	Income taxes (not grossed up)	\$254,405					
	Income taxes (grossed up)	\$333,825					
	Capital Taxes	\$ - (6)					(6)
	Federal tax (%)	16.50%					
	Provincial tax (%)	7.29%					
	Income Tax Credits						
<b>4</b>	<b>Capitalization/Cost of Capital</b>						
	<b>Capital Structure:</b>						
	Long-term debt Capitalization Ratio (%)	56.0%					
	Short-term debt Capitalization Ratio (%)	4.0% (2)			(2)		(2)
	Common Equity Capitalization Ratio (%)	40.0%					
	Preferred Shares Capitalization Ratio (%)	0.0%					
		100.0%					
	<b>Cost of Capital</b>						
	Long-term debt Cost Rate (%)	5.13%					
	Short-term debt Cost Rate (%)	2.07%					
	Common Equity Cost Rate (%)	9.85%					
	Preferred Shares Cost Rate (%)	0.00%					

**Notes:**

Data inputs are required on on this Sheet A. Data Input Sheet, and on Sheets 7A and 7B, for Bill Impacts. Data on this input sheet complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the data. Notes should be put on the applicable pages to

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Not applicable as of July 1, 2010
- (7) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.



## REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Woodstock Hydro Services Inc  
 File Number: EB-2010-0145  
 Rate Year: 2011

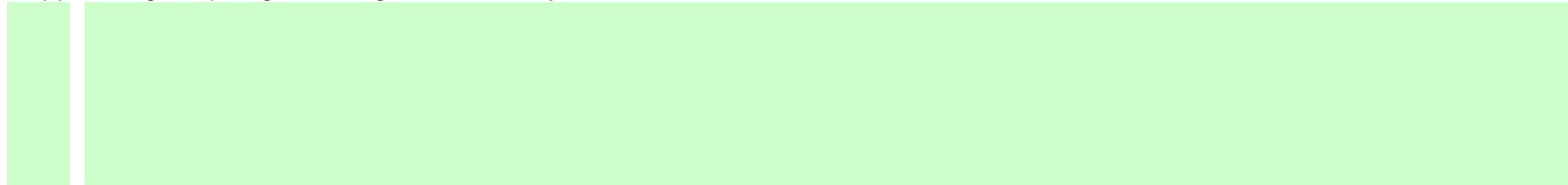
### Rate Base

Line No.	Particulars	Initial Application					Per Board Decision	
1	Gross Fixed Assets (average) (3)	\$44,579,910		\$ -		\$44,579,910		\$44,579,910
2	Accumulated Depreciation (average) (3)	(\$18,157,810)		\$ -		(\$18,157,810)		(\$18,157,810)
3	Net Fixed Assets (average) (3)	\$26,422,100		\$ -		\$26,422,100		\$26,422,100
4	Allowance for Working Capital (1)	\$5,213,494		\$ -		\$5,213,494		\$5,213,494
5	<b>Total Rate Base</b>	<b>\$31,635,594</b>		<b>\$ -</b>		<b>\$31,635,594</b>		<b>\$31,635,594</b>

(1) Allowance for Working Capital - Derivation								
6	Controllable Expenses	\$4,169,207		\$ -		\$4,169,207		\$4,169,207
7	Cost of Power	\$30,587,421		\$ -		\$30,587,421		\$30,587,421
8	Working Capital Base	\$34,756,628		\$ -		\$34,756,628		\$34,756,628
9	Working Capital Rate % (2)	15.00%		0.00%		15.00%		15.00%
10	Working Capital Allowance	\$5,213,494		\$ -		\$5,213,494		\$5,213,494

**Notes**

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
- (3) Average of opening and closing balances for the year.





## REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Woodstock Hydro Services Inc  
 File Number: EB-2010-0145  
 Rate Year: 2011

Utility income						
Line No.	Particulars	Initial Application				Per Board Decision
<b>Operating Revenues:</b>						
1	Distribution Revenue (at Proposed Rates)	\$8,232,474	(\$8,232,474)	\$ -	\$ -	\$ -
2	Other Revenue	(1) \$483,279	(\$483,279)	\$ -	\$ -	\$ -
3	<b>Total Operating Revenues</b>	<b>\$8,715,753</b>	<b>(\$8,715,753)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Operating Expenses:</b>						
4	OM+A Expenses	\$4,042,261	\$ -	\$4,042,261	\$ -	\$4,042,261
5	Depreciation/Amortization	\$2,031,382	\$ -	\$2,031,382	\$ -	\$2,031,382
6	Property taxes	\$126,946	\$ -	\$126,946	\$ -	\$126,946
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	<b>Subtotal (lines 4 to 8)</b>	<b>\$6,200,589</b>	<b>\$ -</b>	<b>\$6,200,589</b>	<b>\$ -</b>	<b>\$6,200,589</b>
10	Deemed Interest Expense	\$934,897	(\$934,897)	\$ -	\$ -	\$ -
11	<b>Total Expenses (lines 9 to 10)</b>	<b>\$7,135,485</b>	<b>(\$934,897)</b>	<b>\$6,200,589</b>	<b>\$ -</b>	<b>\$6,200,589</b>
12	<b>Utility income before income taxes</b>	<b>\$1,580,267</b>	<b>(\$7,780,856)</b>	<b>(\$6,200,589)</b>	<b>\$ -</b>	<b>(\$6,200,589)</b>
13	Income taxes (grossed-up)	\$333,825	\$ -	\$333,825	\$ -	\$333,825
14	<b>Utility net income</b>	<b>\$1,246,442</b>	<b>(\$7,780,856)</b>	<b>(\$6,534,414)</b>	<b>\$ -</b>	<b>(\$6,534,414)</b>

**Notes**

(1)	<b>Other Revenues / Revenue Offsets</b>					
	Specific Service Charges	\$234,290		\$ -		\$ -
	Late Payment Charges	\$54,254		\$ -		\$ -
	Other Distribution Revenue	\$105,850		\$ -		\$ -
	Other Income and Deductions	\$88,885		\$ -		\$ -
	<b>Total Revenue Offsets</b>	<b>\$483,279</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



## REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Woodstock Hydro Services Inc  
 File Number: EB-2010-0145  
 Rate Year: 2011

### Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income before taxes	\$1,246,442	\$ -
2	Adjustments required to arrive at taxable utility income	(\$177,112)	(\$177,112)
3	Taxable income	<u>\$1,069,330</u>	<u>\$ -</u>
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$254,405	\$254,405
5	Capital taxes	\$ - (1)	\$ - (1)
6	Total taxes	<u>\$254,405</u>	<u>\$254,405</u>
7	Gross-up of Income Taxes	<u>\$79,420</u>	<u>\$79,420</u>
8	Grossed-up Income Taxes	<u>\$333,825</u>	<u>\$333,825</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$333,825</u>	<u>\$333,825</u>
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	16.50%	16.50%
12	Provincial tax (%)	7.29%	7.29%
13	Total tax rate (%)	<u>23.79%</u>	<u>23.79%</u>

**Notes**

(1) Capital Taxes not applicable after July 1, 2010 (i.e. for 2011 and later test years)





## REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

### Capitalization/Cost of Capital

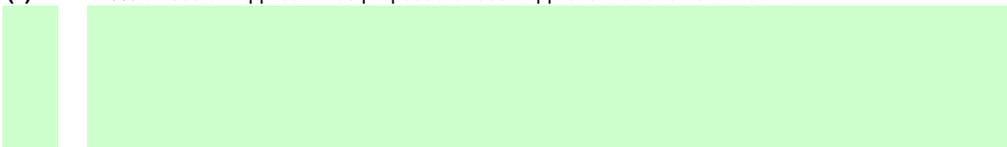
Line No.	Particulars	Capitalization Ratio	Cost Rate	Return
<b>Initial Application</b>				
		(%)	(\$)	(%)
				(\$)
<b>Debt</b>				
1	Long-term Debt	56.00%	\$17,715,933	5.13%
2	Short-term Debt	4.00%	\$1,265,424	2.07%
3	<b>Total Debt</b>	<b>60.00%</b>	<b>\$18,981,357</b>	<b>4.93%</b>
<b>Equity</b>				
4	Common Equity	40.00%	\$12,654,238	9.85%
5	Preferred Shares	0.00%	\$ -	0.00%
6	<b>Total Equity</b>	<b>40.00%</b>	<b>\$12,654,238</b>	<b>9.85%</b>
7	<b>Total</b>	<b>100.00%</b>	<b>\$31,635,594</b>	<b>6.90%</b>

		(%)	(\$)	(%)	(\$)
<b>Debt</b>					
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	<b>Total Debt</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
<b>Equity</b>					
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<b>Total Equity</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
7	<b>Total</b>	<b>0.00%</b>	<b>\$31,635,594</b>	<b>0.00%</b>	<b>\$ -</b>

<b>Per Board Decision</b>					
		(%)	(\$)	(%)	(\$)
<b>Debt</b>					
8	Long-term Debt	0.00%	\$ -	5.13%	\$ -
9	Short-term Debt	0.00%	\$ -	2.07%	\$ -
10	<b>Total Debt</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
<b>Equity</b>					
11	Common Equity	0.00%	\$ -	9.85%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	<b>Total Equity</b>	<b>0.00%</b>	<b>\$ -</b>	<b>0.00%</b>	<b>\$ -</b>
14	<b>Total</b>	<b>0.00%</b>	<b>\$31,635,594</b>	<b>0.00%</b>	<b>\$ -</b>

**Notes**

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





**REVENUE REQUIREMENT WORK FORM**  
 Name of LDC: Woodstock Hydro Services Inc  
 File Number: EB-2010-0145  
 Rate Year: 2011

Version: 2.11

Revenue Sufficiency/Deficiency							
Line No.	Particulars	Initial Application		Per Board Decision		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$1,756,617		(\$330,560)		\$6,200,589
2	Distribution Revenue	\$6,475,857	\$6,475,857	\$6,475,857	\$8,563,033	\$ -	(\$6,200,589)
3	Other Operating Revenue Offsets - net	\$483,279	\$483,279	\$ -	\$ -	\$ -	\$ -
4	<b>Total Revenue</b>	<u>\$6,959,136</u>	<u>\$8,715,753</u>	<u>\$6,475,857</u>	<u>\$8,232,474</u>	<u>\$ -</u>	<u>\$ -</u>
5	Operating Expenses	\$6,200,589	\$6,200,589	\$6,200,589	\$6,200,589	\$6,200,589	\$6,200,589
6	Deemed Interest Expense	\$934,897	\$934,897	\$ -	\$ -	\$ -	\$ -
	<b>Total Cost and Expenses</b>	<u>\$7,135,485</u>	<u>\$7,135,485</u>	<u>\$6,200,589</u>	<u>\$6,200,589</u>	<u>\$6,200,589</u>	<u>\$6,200,589</u>
7	<b>Utility Income Before Income Taxes</b>	(\$176,350)	\$1,580,267	\$275,268	\$2,031,885	(\$6,200,589)	(\$6,200,589)
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$177,112)	(\$177,112)	(\$177,112)	(\$177,112)	\$ -	\$ -
9	<b>Taxable Income</b>	(\$353,462)	\$1,403,155	\$98,156	\$1,854,773	(\$6,200,589)	(\$6,200,589)
10	Income Tax Rate	23.79%	23.79%	23.79%	23.79%	23.79%	23.79%
11	<b>Income Tax on Taxable Income</b>	(\$84,092)	\$333,825	\$23,352	\$441,269	(\$1,475,184)	(\$1,475,184)
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	<b>Utility Net Income</b>	(\$92,257)	\$1,246,442	\$251,916	(\$6,534,414)	(\$4,725,405)	(\$6,534,414)
14	<b>Utility Rate Base</b>	\$31,635,594	\$31,635,594	\$31,635,594	\$31,635,594	\$31,635,594	\$31,635,594
	Deemed Equity Portion of Rate Base	\$12,654,238	\$12,654,238	\$ -	\$ -	\$ -	\$ -
15	Income/Equity Rate Base (%)	-0.73%	9.85%	0.00%	0.00%	0.00%	0.00%
16	Target Return - Equity on Rate Base	9.85%	9.85%	0.00%	0.00%	0.00%	0.00%
17	Sufficiency/Deficiency in Return on Equity	-10.58%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Indicated Rate of Return	2.66%	6.90%	0.80%	0.00%	-14.94%	0.00%
19	Requested Rate of Return on Rate Base	6.90%	6.90%	0.00%	0.00%	0.00%	0.00%
20	Sufficiency/Deficiency in Rate of Return	-4.23%	0.00%	0.80%	0.00%	-14.94%	0.00%
21	Target Return on Equity	\$1,246,442	\$1,246,442	\$ -	\$ -	\$ -	\$ -
22	Revenue Deficiency/(Sufficiency)	\$1,338,700	(\$0)	(\$251,916)	\$ -	\$4,725,405	\$ -
23	<b>Gross Revenue Deficiency/(Sufficiency)</b>	\$1,756,617 (1)		(\$330,560) (1)		\$6,200,589 (1)	

**Notes:**

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



## REVENUE REQUIREMENT WORK FORM

Version: 2.11

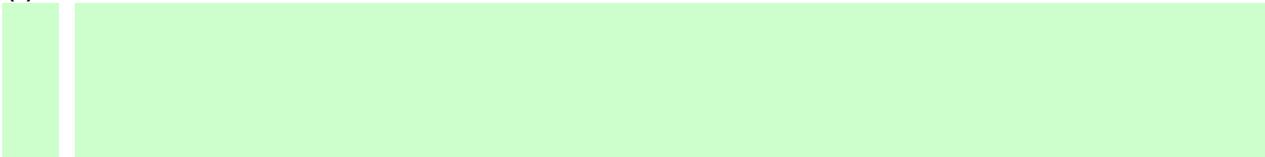
Name of LDC: Woodstock Hydro Services Inc  
 File Number: EB-2010-0145  
 Rate Year: 2011

### Revenue Requirement

Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$4,042,261		\$4,042,261	
2	Amortization/Depreciation	\$2,031,382		\$2,031,382	
3	Property Taxes	\$126,946		\$126,946	
4	Capital Taxes	\$ -		\$ -	
5	Income Taxes (Grossed up)	\$333,825		\$333,825	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$934,897		\$ -	
	Return on Deemed Equity	\$1,246,442		\$ -	
8	Distribution Revenue Requirement before Revenues	\$8,715,753		\$6,534,414	
9	Distribution revenue	\$8,232,474		\$ -	
10	Other revenue	\$483,279		\$ -	
11	<b>Total revenue</b>	\$8,715,753		\$ -	
12	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	(\$0)	(1)	(\$6,534,414)	(1)

**Notes**

(1) Line 11 - Line 8





## REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

### Residential

Consumption 800 kWh

	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1	Monthly Service Charge	\$ 11.1000	1	\$ 11.10	\$ 13.7400	1	\$ 13.74	\$ 2.64	23.78%
2	Smart Meter Rate Adder	\$ 1.6300	1	\$ 1.63	\$ 0.4700	1	\$ 0.47	-\$ 1.16	-71.17%
3	Service Charge Rate Adder(s)		1	\$ -		1	\$ -	\$ -	
4	Service Charge Rate Rider(s)		1	\$ -		1	\$ -	\$ -	
5	Distribution Volumetric Rate	\$ 0.0190	800	\$ 15.20	\$ 0.0235	800	\$ 18.80	\$ 3.60	23.68%
6	Low Voltage Rate Adder		800	\$ -		800	\$ -	\$ -	
7	Volumetric Rate Adder(s)		800	\$ -		800	\$ -	\$ -	
8	Volumetric Rate Rider(s)		800	\$ -		800	\$ -	\$ -	
9	Smart Meter Disposition Rider		800	\$ -		800	\$ -	\$ -	
10	LRAM & SSM Rate Rider		800	\$ -	\$ 0.0010	800	\$ 0.80	\$ 0.80	
11	Deferral/Variance Account Disposition Rate Rider	-\$ 0.0014	800	-\$ 1.12	-\$ 0.0014	800	-\$ 1.12	\$ -	0.00%
12	Smart Meter Disposition Rider			\$ -	\$ 1.2000	1	\$ 1.20	\$ 1.20	
13	Deferral/Variance Account Disposition Rate Rider 2011			\$ -	\$ 0.0008	800	\$ 0.64	\$ 0.64	
14	Non-RPP Rate Rider 2010			\$ -	\$ 0.0004	800	\$ 0.32	\$ 0.32	
15	Non-RPP Rate Rider 2011			\$ -	\$ 0.0001	800	\$ 0.08	\$ 0.08	
16	<b>Sub-Total A - Distribution</b>			<b>\$ 26.81</b>			<b>\$ 34.93</b>	<b>\$ 8.12</b>	<b>30.29%</b>
17	RTSR - Network	\$ 0.0061	835.2	\$ 5.09	\$ 0.0058	834.48	\$ 4.84	-\$ 0.25	-5.00%
18	RTSR - Line and Transformation Connection	\$ 0.0047	835.2	\$ 3.93	\$ 0.0049	834.48	\$ 4.09	\$ 0.16	4.17%
19	<b>Sub-Total B - Delivery (including Sub-Total A)</b>			<b>\$ 35.83</b>			<b>\$ 43.86</b>	<b>\$ 8.03</b>	<b>22.41%</b>
20	Wholesale Market Service Charge (WMSC)	\$ 0.0052	835.2	\$ 4.34	\$ 0.0052	834.48	\$ 4.34	-\$ 0.00	-0.09%
21	Rural and Remote Rate Protection (RRRP)	\$ 0.0013	835.2	\$ 1.09	\$ 0.0013	834.48	\$ 1.08	-\$ 0.00	-0.09%
22	Special Purpose Charge	\$ 0.0003730	835.2	\$ 0.31	\$ 0.0003730	834.48	\$ 0.31	-\$ 0.00	-0.09%
23	Standard Supply Service Charge	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24	Debt Retirement Charge (DRC)	\$ 0.0070	835.2	\$ 5.85	\$ 0.0070	834.48	\$ 5.84	-\$ 0.01	-0.09%
25	Energy		835.2	\$ -		834.48	\$ -	\$ -	
26	Block 1 (RPP Summer)	\$ 0.0650	600	\$ 39.00	\$ 0.0650	600	\$ 39.00	\$ -	0.00%
27	Block 2 (RPP Summer)	\$ 0.0750	235.2	\$ 17.64	\$ 0.0750	234.48	\$ 17.59	-\$ 0.05	-0.31%
28	<b>Total Bill (before Taxes)</b>			<b>\$ 104.31</b>			<b>\$ 112.27</b>	<b>\$ 7.96</b>	<b>7.64%</b>
29	HST			\$ 5.22			\$ 14.60	\$ 9.38	179.85%
30	<b>Total Bill (including Sub-total B)</b>			<b>\$ 109.52</b>			<b>\$ 126.87</b>	<b>\$ 17.35</b>	<b>15.84%</b>
31	Loss Factor (%)	Note 1		4.40%			4.31%		

**Notes:**

**Note 1:** Enter existing and proposed total loss factor (Secondary Metered Customer < 5,000 kW) as a percentage.



**REVENUE REQUIREMENT WORK FORM**

Name of LDC: Woodstock Hydro Services Inc  
 File Number: EB-2010-0145  
 Rate Year: 2011

Version: 2.11

**General Service < 50 kW**

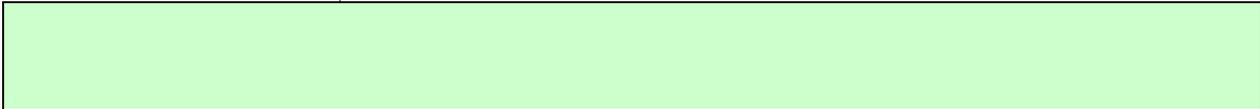
Consumption **2000** kWh

	Charge Unit	Current Board-Approved			Proposed			Impact		
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change	
1	Monthly Service Charge	monthly	\$ 21.4500	1	\$ 21.45	\$ 28.4200	1	\$ 28.42	\$ 6.97	32.49%
2	Smart Meter Rate Adder	monthly	\$ 1.6300	1	\$ 1.63	\$ 0.4700	1	\$ 0.47	-\$ 1.16	-71.17%
3	Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4	Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5	Distribution Volumetric Rate	per kWh	\$ 0.0123	2000	\$ 24.60	\$ 0.0163	2000	\$ 32.60	\$ 8.00	32.52%
6	Low Voltage Rate Adder			2000	\$ -		2000	\$ -	\$ -	
7	Volumetric Rate Adder(s)			2000	\$ -		2000	\$ -	\$ -	
8	Volumetric Rate Rider(s)			2000	\$ -		2000	\$ -	\$ -	
9	Smart Meter Disposition Rider	monthly		2000	\$ -		2000	\$ -	\$ -	
10	LRAM & SSM Rider	per kWh		2000	\$ -	\$ 0.0003	2000	\$ 0.60	\$ 0.60	
11	Deferral/Variance Account Disposition Rate Rider	per kWh	-\$ 0.0014	2000	-\$ 2.80	-\$ 0.0014	2000	-\$ 2.80	\$ -	0.00%
12	Smart Meter Disposition Rider	monthly			\$ -	\$ 1.2000	1	\$ 1.20	\$ 1.20	
13	Deferral/Variance Account Disposition Rate Rider 2011	per kWh			\$ -	\$ 0.0002	2000	\$ 0.40	\$ 0.40	
14	Non-RPP Rate Rider 2010	per kWh			\$ -	\$ 0.0004	2000	\$ 0.80	\$ 0.80	
15	Non-RPP Rate Rider 2011	per kWh			\$ -	0.0000	2000	\$ 0.04	\$ 0.04	
16	<b>Sub-Total A - Distribution</b>				<b>\$ 44.88</b>			<b>\$ 61.73</b>	<b>\$ 16.85</b>	<b>37.55%</b>
17	RTSR - Network	per kWh	\$ 0.0055	2088	\$ 11.48	\$ 0.0049	2086.2	\$ 10.22	-\$ 1.26	-10.99%
18	RTSR - Line and Transformation Connection	per kWh	\$ 0.0043	2088	\$ 8.98	\$ 0.0042	2086.2	\$ 8.76	-\$ 0.22	-2.41%
19	<b>Sub-Total B - Delivery (including Sub-Total A)</b>				<b>\$ 65.34</b>			<b>\$ 80.72</b>	<b>\$ 15.37</b>	<b>23.53%</b>
20	Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	2088	\$ 10.86	\$ 0.0052	2086.2	\$ 10.85	-\$ 0.01	-0.09%
21	Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	2088	\$ 2.71	\$ 0.0013	2086.2	\$ 2.71	-\$ 0.00	-0.09%
22	Special Purpose Charge	per kWh	\$ 0.0003730	2088	\$ 0.78	\$ 0.0003730	2086.2	\$ 0.78	-\$ 0.00	-0.09%
23	Standard Supply Service Charge	monthly	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24	Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	2088	\$ 14.62	\$ 0.0070	2086.2	\$ 14.60	-\$ 0.01	-0.09%
25	Energy	per kWh		2088	\$ -		2086.2	\$ -	\$ -	
26			\$ 0.0650	750	\$ 48.75	\$ 0.0650	750	\$ 48.75	\$ -	0.00%
27			\$ 0.0750	1338	\$ 100.35	\$ 0.0750	1336.2	\$ 100.22	-\$ 0.14	-0.13%
28	<b>Total Bill (before Taxes)</b>				<b>\$ 243.66</b>			<b>\$ 258.87</b>	<b>\$ 15.21</b>	<b>6.24%</b>
29	HST		5%		\$ 12.18	13%		\$ 33.65	\$ 21.47	176.23%
30	<b>Total Bill (including Sub-total B)</b>				<b>\$ 255.84</b>			<b>\$ 292.53</b>	<b>\$ 36.69</b>	<b>14.34%</b>

31 Loss Factor Note 1 4.40% 4.31%

**Notes:**

Note 1: See Note 1 from Sheet 1A. Bill Impacts - Residential



## **APPENDIX L**

### **WOODSTOCK HYDRO SERVICES INC 2010 PRO FORMA FINANCIAL STATEMENTS**

**WOODSTOCK HYDRO SERVICES INC  
2010 PRO FORMA FINANCIAL STATEMENTS**

**2010 BALANCE SHEET**

Account Description	Total
<b>1050-Current Assets</b>	
1005-Cash	3,401,823
1010-Cash Advances and Working Funds	600
1020-Interest Special Deposits	0
1030-Dividend Special Deposits	0
1040-Other Special Deposits	0
1060-Term Deposits	0
1070-Current Investments	0
1100-Customer Accounts Receivable	3,213,994
1102-Accounts Receivable - Services	40,326
1104-Accounts Receivable - Recoverable Work	219,328
1105-Accounts Receivable - Merchandise, Jobbing, etc.	0
1110-Other Accounts Receivable	100,344
1120-Accrued Utility Revenues	3,606,543
1130-Accumulated Provision for Uncollectable Accounts -- Credit	(45,000)
1140-Interest and Dividends Receivable	0
1150-Rents Receivable	5,565
1170-Notes Receivable	0
1180-Prepayments	140,731
1190-Miscellaneous Current and Accrued Assets	0
1200-Accounts Receivable from Associated Companies	121,214
1210-Notes Receivable from Associated Companies	0
<b>1050-Current Assets Total</b>	<b>10,805,468</b>
<b>1100-Inventory</b>	
1305-Fuel Stock	0
1330-Plant Materials and Operating Supplies	558,644
1340-Merchandise	0
1350-Other Material and Supplies	0
<b>1100-Inventory Total</b>	<b>558,644</b>
<b>1150-Non-Current Assets</b>	
1405-Long Term Investments in Non-Associated Companies	0
1408-Long Term Receivable - Street Lighting Transfer	0
1410-Other Special or Collateral Funds	0
1415-Sinking Funds	0
1425-Unamortized Debt Expense	0
1445-Unamortized Discount on Long-Term Debt--Debit	0
1455-Unamortized Deferred Foreign Currency Translation Gains and Losses	0
1460-Other Non-Current Assets	0
1465-O.M.E.R.S. Past Service Costs	0
1470-Past Service Costs - Employee Future Benefits	0
1475-Past Service Costs -Other Pension Plans	0
1480-Portfolio Investments - Associated Companies	0
1485-Investment In Subsidiary Companies - Significant Influence	0
1490-Investment in Subsidiary Companies	0
<b>1150-Non-Current Assets Total</b>	<b>0</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2010 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>1200-Other Assets and Deferred Charges</b>	
1505-Unrecovered Plant and Regulatory Study Costs	0
1508-Other Regulatory Assets	334,658
1510-Preliminary Survey and Investigation Charges	0
1515-Emission Allowance Inventory	0
1516-Emission Allowance Withheld	0
1518-RCVA Retail	0
1521- Special Purpose Charge Assessment	64,496
1522- Late Payment Settlement Recovery?	0
1525-Miscellaneous Deferred Debits	0
1530-Deferred Losses from Disposition of Utility Plant	0
1531-Renewable Connection Capital	0
1532-Renewable Connection OM&A	15,468
1534-Smart Grid Capital	0
1535-Smart Grid OM&A	38,998
1540-Deferred Losses from Disposition of Utility Plant	0
1545-Development Charge Deposits/ Receivables	0
1548-RCVA - Service Transaction Request (STR)	0
1550-LV Charges - Variance	0
1555-Smart Meters Recovery	1,651,915
1556-Smart Meters OM & A	292,123
1562-Deferred PILs	307,298
1563-Deferred PILs - Contra	0
1565-C & DM Costs	0
1566-C & DM Costs Contra	0
1570-Qualifying Transition Costs	0
1571-Pre Market CofP Variance	0
1572-Extraordinary Event Losses	0
1574-Deferred Rate Impact Amounts	(1,278,650)
1580-RSVA - Wholesale Market Services	142,021
1582-RSVA - One-Time	(390,427)
1584-RSVA - Network Charges	(42,538)
1586-RSVA - Connection Charges	(556,402)
1588-RSVA - Commodity (Power)	34,543
1590-Recovery of Regulatory Assets (25% of 2002 bal.)	0
1592-PILs and Tax Variance for 2006 & Subsequent Years	0
1595-Disposition and Recovery of Regulatory Balances	0
<b>1200-Other Assets and Deferred Charges Total</b>	<b>613,501</b>

<b>1450-Distribution Plant</b>	
1805-Land	21,836
1806-Land Rights	0
1808-Buildings and Fixtures	190,774
1810-Leasehold Improvements	0
1815-Transformer Station Equipment - Normally Primary above 50 kV	0
1820-Distribution Station Equipment - Normally Primary below 50 kV	647,560
1825-Storage Battery Equipment	0
1830-Poles, Towers and Fixtures	8,098,922
1835-Overhead Conductors and Devices	3,778,126
1840-Underground Conduit	4,125,341
1845-Underground Conductors and Devices	5,019,501
1850-Line Transformers	7,351,088
1855-Services	2,616,951
1860-Meters	4,422,227
1865-Other Installations on Customer's Premises	0
<b>1450-Distribution Plant Total</b>	<b>36,272,325</b>

**WOODSTOCK HYDRO SERVICES INC  
2010 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>1500-General Plant</b>	
1905-Land	17,530
1906-Land Rights	0
1908-Buildings and Fixtures	983,723
1910-Leasehold Improvements	0
1915-Office Furniture and Equipment	240,941
1920-Computer Equipment - Hardware	1,149,475
1925-Computer Software	1,294,868
1930-Transportation Equipment	1,355,849
1935-Stores Equipment	76,839
1940-Tools, Shop and Garage Equipment	270,236
1945-Measurement and Testing Equipment	121,963
1950-Power Operated Equipment	0
1955-Communication Equipment	29,759
1960-Miscellaneous Equipment	1,905
1970-Load Management Controls - Customer Premises	0
1975-Load Management Controls - Utility Premises	0
1980-System Supervisory Equipment	336,973
1985-Sentinel Lighting Rentals	0
1990-Other Tangible Property	0
1995-Contributions and Grants	(3,848,276)
1996-Contributions - Commerce Way TS	2,500,000
<b>1500-General Plant Total</b>	<b>4,531,785</b>
<b>1550-Other Capital Assets</b>	
2005-Property Under Capital Leases	0
2010-Electric Plant Purchased or Sold	0
2020-Experimental Electric Plant Unclassified	0
2030-Electric Plant and Equipment Leased to Others	0
2040-Electric Plant Held for Future Use	0
2050-Completed Construction Not Classified--Electric	0
2055-Construction Work in Progress--Electric	0
2060-Electric Plant Acquisition Adjustment	0
2065-Other Electric Plant Adjustment	0
2070-Other Utility Plant	0
2075-Non-Utility Property Owned or Under Capital Lease	0
<b>1550-Other Capital Assets Total</b>	<b>0</b>
<b>1600-Accumulated Amortization</b>	
2105-Accumulated Amortization of Electric Utility Plant - Property, Plant and Equipment	(17,169,245)
2120-Accumulated Amortization of Electric Utility Plant - Intangibles	0
2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	0
2160-Accumulated Amortization of Other Utility Plant	0
2180-Accumulated Amortization of Non-Utility Property	0
<b>1600-Accumulated Amortization Total</b>	<b>(17,169,245)</b>
<b>Total Assets</b>	<b>35,612,477</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2010 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>1650-Current Liabilities</b>	
2205-Accounts Payable	1,761,550
2208-Customer Credit Balances	0
2210-Current Portion of Customer Deposits	316,459
2215-Dividends Declared	0
2220-Miscellaneous Current and Accrued Liabilities	1,217,623
2225-Notes and Loans Payable	0
2240-Accounts Payable to Associated Companies	0
2242-Notes Payable to Associated Companies	0
2250-Debt Retirement Charges (DRC) Payable	13,295
2252-Transmission Charges Payable	0
2254-Electric Safety Authority Fees Payable	0
2256-Independent Market Operator Fees and Penalties Payable	2,762,517
2260-Current Portion of Long Term Debt	0
2262-Ontario Hydro Debt - Current Portion	0
2264-Pensions and Employee Benefits - Current Portion	0
2268-Accrued Interest on Long Term Debt	0
2270-Matured Long Term Debt	0
2272-Matured Interest on Long Term Debt	0
2285-Obligations Under Capital Leases--Current	0
2290-Commodity Taxes	31,116
2292-Payroll Deductions / Expenses Payable	37,999
2294-Accrual for Taxes, "Payments in Lieu" of Taxes, Etc.	(123,073)
2296-Future Income Taxes - Current	0
<b>1650-Current Liabilities Total</b>	<b>6,017,486</b>

<b>1700-Non-Current Liabilities</b>	
2305-Accumulated Provision for Injuries and Damages	0
2306-Employee Future Benefits	1,018,833
2308-Other Pensions - Past Service Liability	0
2310-Vested Sick Leave Liability	100,052
2315-Accumulated Provision for Rate Refunds	0
2320-Other Miscellaneous Non-Current Liabilities	0
2325-Obligations Under Capital Lease--Non-Current	0
2330-Devolpment Charge Fund	0
2335-Long Term Customer Deposits	1,027,311
2340-Collateral Funds Liability	0
2345-Unamortized Premium on Long Term Debt	0
2348-O.M.E.R.S. - Past Service Liability - Long Term Portion	0
2350-Future Income Tax - Non-Current	(2,460,100)
2405-Other Regulatory Liabilities	0
2410-Deferred Gains From Disposition of Utility Plant	0
2415-Unamortized Gain on Reacquired Debt	0
2425-Other Deferred Credits	0
2435-Accrued Rate-Payer Benefit	0
<b>1700-Non-Current Liabilities Total</b>	<b>(313,904)</b>

**WOODSTOCK HYDRO SERVICES INC  
2010 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>1800-Long-Term Debt</b>	
2505-Debentures Outstanding - Long Term Portion	1,800,000
2510-Debenture Advances	0
2515-Required Bonds	0
2520-Other Long Term Debt	13,441,862
2525-Term Bank Loans - Long Term Portion	0
2530-Ontario Hydro Debt Outstanding - Long Term Portion	0
2550-Advances from Associated Companies	0
<b>1800-Long-Term Debt Total</b>	<b>15,241,862</b>
<b>1850-Shareholders' Equity</b>	
3005-Common Shares Issued	10,941,862
3008-Preference Shares Issued	0
3010-Contributed Surplus	0
3020-Donations Received	0
3022-Devolpment Charges Transferred to Equity	0
3026-Capital Stock Held in Treasury	0
3030-Miscellaneous Paid-In Capital	0
3035-Installments Received on Capital Stock	0
3040-Appropriated Retained Earnings	0
3045-Unappropriated Retained Earnings	3,562,569
3046-Balance Transferred From Income	162,602
3047-Appropriations of Retained Earnings - Current Period	0
3048-Dividends Payable-Preference Shares	0
3049-Dividends Payable-Common Shares	0
3055-Adjustment to Retained Earnings	0
3065-Unappropriated Undistributed Subsidiary Earnings	0
<b>1850-Shareholders' Equity Total</b>	<b>14,667,033</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>35,612,477</b>
<b>Balance Sheet Total</b>	<b>0</b>

**WOODSTOCK HYDRO SERVICES INC  
2010 PRO FORMA FINANCIAL STATEMENTS**

**2010 STATEMENT OF INCOME AND RETAINED EARNINGS**

Account Description	Total
<b>3000-Sales of Electricity</b>	
4006-Residential Energy Sales	(7,881,095)
4010-Commercial Energy Sales	0
4015-Industrial Energy Sales	0
4020-Energy Sales to Large Users	0
4025-Street Lighting Energy Sales	(172,263)
4030-Sentinel Energy Sales	0
4035-General Energy Sales	(16,243,379)
4040-Other Energy Sales to Public Authorities	0
4045-Energy Sales to Railroads and Railways	0
4050-Revenue Adjustment	0
4055-Energy Sales for Resale	0
4060-Interdepartmental Energy Sales	0
4062-WMS	(2,380,059)
4064-Billed WMS-One Time	0
4066-NS	(2,260,186)
4068-CS	(1,769,920)
4075-LV Charges	0
<b>3000-Sales of Electricity Total</b>	<b>(30,706,903)</b>
<b>3050-Revenues From Services - Distirbution</b>	
4080-Distribution Services Revenue	(6,324,330)
4082-RS Rev	(25,400)
4084-Serv Tx Requests	(1,000)
4090-Electric Services Incidental to Energy Sales	0
<b>3050-Revenues From Services - Distirbution Total</b>	<b>(6,350,730)</b>
<b>3100-Other Operating Revenues</b>	
4205-Interdepartmental Rents	0
4210-Rent from Electric Property	(40,885)
4215-Other Utility Operating Income	0
4220-Other Electric Revenues	0
4225-Late Payment Charges	(50,235)
4230-Sales of Water and Water Power	0
4235-Miscellaneous Service Revenues	(148,875)
4240-Provision for Rate Refunds	0
4245-Government Assistance Directly Credited to Income	0
<b>3100-Other Operating Revenues Total</b>	<b>(239,995)</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2010 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>3150-Other Income &amp; Deductions</b>	
4305-Regulatory Debits	0
4310-Regulatory Credits	0
4315-Revenues from Electric Plant Leased to Others	0
4320-Expenses of Electric Plant Leased to Others	0
4324-Special Purpose Charge Recovery - Billed	0
4325-Revenues from Merchandise, Jobbing, Etc.	0
4330-Costs and Expenses of Merchandising, Jobbing, Etc	0
4335-Profits and Losses from Financial Instrument Hedges	0
4340-Profits and Losses from Financial Instrument Investments	0
4345-Gains from Disposition of Future Use Utility Plant	0
4350-Losses from Disposition of Future Use Utility Plant	0
4355-Gain on Disposition of Utility and Other Property	(1,000)
4360-Loss on Disposition of Utility and Other Property	0
4365-Gains from Disposition of Allowances for Emission	0
4370-Losses from Disposition of Allowances for Emission	0
4375-Revenues from Non-Utility Operations	(793,005)
4380-Expenses of Non-Utility Operations	717,978
4385-Expenses of Non-Utility Operations	0
4390-Miscellaneous Non-Operating Income	(25,350)
4395-Rate-Payer Benefit Including Interest	0
4398-Foreign Exchange Gains and Losses, Including Amortization	0
<b>3150-Other Income &amp; Deductions Total</b>	<b>(101,377)</b>
<b>3200-Investment Income</b>	
4405-Interest and Dividend Income	(42,956)
4415-Equity in Earnings of Subsidiary Companies	0
<b>3200-Investment Income Total</b>	<b>(42,956)</b>
<b>3350-Power Supply Expenses</b>	
4705-Power Purchased	24,296,737
4708-WMS	2,380,059
4710-Cost of Power Adjustments	0
4712-0	0
4714-NW	2,260,186
4715-System Control and Load Dispatching	0
4716-NCN	1,769,920
4720-Other Expenses	0
4725-Competition Transition Expense	0
4730-Rural Rate Assistance Expense	0
4750-LV Charges	0
<b>3350-Power Supply Expenses Total</b>	<b>30,706,903</b>

**WOODSTOCK HYDRO SERVICES INC  
2010 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>3500-Distribution Expenses - Operation</b>	
5005-Operation Supervision and Engineering	205,500
5010-Load Dispatching	40,500
5012-Station Buildings and Fixtures Expense	36,300
5014-Transformer Station Equipment - Operation Labour	0
5015-Transformer Station Equipment - Operation Supplies and Expenses	0
5016-Distribution Station Equipment - Operation Labour	45,000
5017-Distribution Station Equipment - Operation Supplies and Expenses	12,611
5020-Overhead Distribution Lines and Feeders - Operation Labour	36,000
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	3,600
5030-Overhead Subtransmission Feeders - Operation	0
5035-Overhead Distribution Transformers - Operation	3,300
5040-Underground Distribution Lines and Feeders - Operation Labour	22,000
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	17,120
5050-Underground Subtransmission Feeders - Operation	0
5055-Underground Distribution Transformers - Operation	0
5060-Street Lighting and Signal System Expense	0
5065-Meter Expense	160,000
5070-Customer Premises - Operation Labour	70,000
5075-Customer Premises - Materials and Expenses	6,000
5085-Miscellaneous Distribution Expense	168,548
5090-Underground Distribution Lines and Feeders - Rental Paid	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	3,775
5096-Other Rent	0
<b>3500-Distribution Expenses - Operation Total</b>	<b>830,254</b>

**WOODSTOCK HYDRO SERVICES INC  
2010 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>3550-Distribution Expenses - Maintenance</b>	
5105-Maintenance Supervision and Engineering	78,200
5110-Maintenance of Structures	0
5112-Maintenance of Transformer Station Equipment	0
5114-Maint Dist Stn Equip	10,000
5120-Maintenance of Poles, Towers and Fixtures	85,692
5125-Maintenance of Overhead Conductors and Devices	94,000
5130-Maintenance of Overhead Services	72,000
5135-Overhead Distribution Lines and Feeders - Right of Way	106,700
5145-Maintenance of Underground Conduit	6,300
5150-Maintenance of Underground Conductors and Devices	39,000
5155-Maintenance of Underground Services	70,000
5160-Maintenance of Line Transformers	82,000
5165-Maintenance of Street Lighting and Signal Systems	0
5170-Sentinel Lights - Labour	0
5172-Sentinel Lights - Materials and Expenses	0
5175-Maintenance of Meters	0
5178-Customer Installations Expenses - Leased Property	0
5195-Maintenance of Other Installations on Customer Premises	0
<b>3550-Distribution Expenses - Maintenance Total</b>	<b>643,892</b>
<b>3650-Billing and Collecting</b>	
5305-Supervision	50,434
5310-Meter Reading Expense	132,248
5315-Customer Billing	219,245
5320-Collecting	117,055
5325-Collecting - Cash Over and Short	100
5330-Collection Charges	(4,000)
5335-Bad Debt Expense	45,000
5340-Miscellaneous Customer Accounts Expenses	2,200
<b>3650-Billing and Collecting Total</b>	<b>562,282</b>
<b>3700-Community Relations</b>	
5405-Supervision	3,250
5410-Community Relations - Sundry	17,750
5415-Energy Conservation	5,300
5420-Community Safety Program	10,000
5425-Miscellaneous Customer Service and Informational Expenses	0
<b>3700-Community Relations Total</b>	<b>36,300</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2010 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>3800-Administrative and General Expenses</b>	
5605-Executive Salaries and Expenses	182,478
5610-Management Salaries and Expenses	261,655
5615-General Administrative Salaries and Expenses	500,000
5620-Office Supplies and Expenses	82,305
5625-Administrative Expense Transferred-Credit	(52,105)
5630-Outside Services Employed	134,437
5635-Property Insurance	30,695
5640-Injuries and Damages	67,000
5645-Employee Pensions and Benefits	18,150
5650-Franchise Requirements	0
5655-Regulatory Expenses	55,000
5660-General Advertising Expenses	5,500
5665-Miscellaneous Expenses	147,380
5670-Rent	0
5675-Maintenance of General Plant	255,175
5680-Electrical Safety Authority Fees	7,350
5681- Special Purpose Charge Expense	0
5685-Independent Market Operator Fees and Penalties	0
5695-OM&A Contra Account	0
<b>3800-Administrative and General Expenses Total</b>	<b>1,695,020</b>
<b>3850-Amortization Expense</b>	
5705-Amortization Expense - Property, Plant and Equipment	1,865,397
5710-Amortization of Limited Term Electric Plant	0
5715-Amortization of Intangibles and Other Electric Plant	0
5720-Amortization of Electric Plant Acquisition Adjustments	0
5725-Miscellaneous Amortization	0
5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0
5735-Amortization of Deferred Development Costs	0
5740-Amortization of Deferred Charges	0
<b>3850-Amortization Expense Total</b>	<b>1,865,397</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2010 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>3900-Interest Expense</b>	
6005-Interest on Long Term Debt	623,752
6010-Amortization of Debt Discount and Expense	0
6015-Amortization of Premium on Debt-Credit	0
6020-Amortization of Loss on Reacquired Debt	0
6025-Amortization of Gain on Reacquired Debt-Credit	0
6030-Interest on Debt to Associated Companies	0
6035-Other Interest Expense	78,226
6040-Allowance for Borrowed Funds Used During Construction-Credit	0
6042-Allowance for Other Funds Used During Construction	0
6045-Interest Expense on Capital Lease Obligations	0
<b>3900-Interest Expense Total</b>	<b>701,978</b>
<b>3950-Taxes Other Than Income Taxes</b>	
6105-Taxes Other Than Income Taxes	123,852
<b>3950-Taxes Other Than Income Taxes Total</b>	<b>123,852</b>
<b>4000-Income Taxes</b>	
6110-Income Taxes	112,982
6115-Provision for Future Income Taxes	0
<b>4000-Income Taxes Total</b>	<b>112,982</b>
<b>4100-Extraordinary &amp; Other Items</b>	
6205-Donations	500
6210-Life Insurance	0
6215-Penalties	0
6225-Other Deductions	0
<b>4100-Extraordinary &amp; Other Items Total</b>	<b>500</b>
<b>Net Income - (Gain)/Loss</b>	<b>(162,602)</b>

## **APPENDIX M**

# **WOODSTOCK HYDRO SERVICES INC 2011 PRO FORMA FINANCIAL STATEMENTS**

**WOODSTOCK HYDRO SERVICES INC  
2011 PRO FORMA FINANCIAL STATEMENTS**

**2010 BALANCE SHEET**

Account Description	Total
<b>1050-Current Assets</b>	
1005-Cash	1,849,837
1010-Cash Advances and Working Funds	600
1020-Interest Special Deposits	0
1030-Dividend Special Deposits	0
1040-Other Special Deposits	0
1060-Term Deposits	0
1070-Current Investments	0
1100-Customer Accounts Receivable	3,213,994
1102-Accounts Receivable - Services	40,326
1104-Accounts Receivable - Recoverable Work	219,328
1105-Accounts Receivable - Merchandise, Jobbing, etc.	0
1110-Other Accounts Receivable	100,344
1120-Accrued Utility Revenues	3,606,543
1130-Accumulated Provision for Uncollectable Accounts -- Credit	(50,000)
1140-Interest and Dividends Receivable	0
1150-Rents Receivable	5,565
1170-Notes Receivable	0
1180-Prepayments	140,731
1190-Miscellaneous Current and Accrued Assets	0
1200-Accounts Receivable from Associated Companies	121,214
1210-Notes Receivable from Associated Companies	0
<b>1050-Current Assets Total</b>	<b>9,248,482</b>
<b>1100-Inventory</b>	
1305-Fuel Stock	0
1330-Plant Materials and Operating Supplies	558,644
1340-Merchandise	0
1350-Other Material and Supplies	0
<b>1100-Inventory Total</b>	<b>558,644</b>
<b>1150-Non-Current Assets</b>	
1405-Long Term Investments in Non-Associated Companies	0
1408-Long Term Receivable - Street Lighting Transfer	0
1410-Other Special or Collateral Funds	0
1415-Sinking Funds	0
1425-Unamortized Debt Expense	0
1445-Unamortized Discount on Long-Term Debt--Debit	0
1455-Unamortized Deferred Foreign Currency Translation Gains and Losses	0
1460-Other Non-Current Assets	0
1465-O.M.E.R.S. Past Service Costs	0
1470-Past Service Costs - Employee Future Benefits	0
1475-Past Service Costs -Other Pension Plans	0
1480-Portfolio Investments - Associated Companies	0
1485-Investment In Subsidiary Companies - Significant Influence	0
1490-Investment in Subsidiary Companies	0
<b>1150-Non-Current Assets Total</b>	<b>0</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2011 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>1200-Other Assets and Deferred Charges</b>	
1505-Unrecovered Plant and Regulatory Study Costs	0
1508-Other Regulatory Assets	337,317
1510-Preliminary Survey and Investigation Charges	0
1515-Emission Allowance Inventory	0
1516-Emission Allowance Withheld	0
1518-RCVA Retail	0
1521- Special Purpose Charge Assessment	20,448
1522- Late Payment Settlement Recovery?	0
1525-Miscellaneous Deferred Debits	0
1530-Deferred Losses from Disposition of Utility Plant	0
1531-Renewable Connection Capital	0
1532-Renewable Connection OM&A	49,241
1534-Smart Grid Capital	0
1535-Smart Grid OM&A	45,003
1540-Deferred Losses from Disposition of Utility Plant	0
1545-Development Charge Deposits/ Receivables	0
1548-RCVA - Service Transaction Request (STR)	0
1550-LV Charges - Variance	0
1555-Smart Meters Recovery	633,048
1556-Smart Meters OM & A	232,584
1562-Deferred PILs	307,298
1563-Deferred PILs - Contra	0
1565-C & DM Costs	0
1566-C & DM Costs Contra	0
1570-Qualifying Transition Costs	0
1571-Pre Market CofP Variance	0
1572-Extraordinary Event Losses	0
1574-Deferred Rate Impact Amounts	(1,278,650)
1580-RSVA - Wholesale Market Services	142,021
1582-RSVA - One-Time	(390,427)
1584-RSVA - Network Charges	(42,538)
1586-RSVA - Connection Charges	(556,402)
1588-RSVA - Commodity (Power)	34,543
1590-Recovery of Regulatory Assets (25% of 2002 bal.)	0
1592-PILs and Tax Variance for 2006 & Subsequent Years	0
1595-Disposition and Recovery of Regulatory Balances	0
<b>1200-Other Assets and Deferred Charges Total</b>	<b>(466,515)</b>

<b>1450-Distribution Plant</b>	
1805-Land	21,836
1806-Land Rights	0
1808-Buildings and Fixtures	190,774
1810-Leasehold Improvements	0
1815-Transformer Station Equipment - Normally Primary above 50 kV	0
1820-Distribution Station Equipment - Normally Primary below 50 kV	647,560
1825-Storage Battery Equipment	0
1830-Poles, Towers and Fixtures	8,701,849
1835-Overhead Conductors and Devices	4,307,891
1840-Underground Conduit	4,597,854
1845-Underground Conductors and Devices	5,392,776
1850-Line Transformers	7,858,815
1855-Services	2,816,764
1860-Meters	5,933,997
1865-Other Installations on Customer's Premises	0
<b>1450-Distribution Plant Total</b>	<b>40,470,116</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2011 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>1500-General Plant</b>	
1905-Land	17,530
1906-Land Rights	0
1908-Buildings and Fixtures	1,073,723
1910-Leasehold Improvements	0
1915-Office Furniture and Equipment	265,941
1920-Computer Equipment - Hardware	1,300,173
1925-Computer Software	1,402,123
1930-Transportation Equipment	1,626,888
1935-Stores Equipment	116,839
1940-Tools, Shop and Garage Equipment	290,236
1945-Measurement and Testing Equipment	131,963
1950-Power Operated Equipment	0
1955-Communication Equipment	49,759
1960-Miscellaneous Equipment	1,905
1970-Load Management Controls - Customer Premises	0
1975-Load Management Controls - Utility Premises	0
1980-System Supervisory Equipment	356,973
1985-Sentinel Lighting Rentals	0
1990-Other Tangible Property	0
1995-Contributions and Grants	(4,291,188)
1996-Contributions - Commerce Way TS	4,100,000
<b>1500-General Plant Total</b>	<b>6,442,863</b>
<b>1550-Other Capital Assets</b>	
2005-Property Under Capital Leases	0
2010-Electric Plant Purchased or Sold	0
2020-Experimental Electric Plant Unclassified	0
2030-Electric Plant and Equipment Leased to Others	0
2040-Electric Plant Held for Future Use	0
2050-Completed Construction Not Classified--Electric	0
2055-Construction Work in Progress--Electric	0
2060-Electric Plant Acquisition Adjustment	0
2065-Other Electric Plant Adjustment	0
2070-Other Utility Plant	0
2075-Non-Utility Property Owned or Under Capital Lease	0
<b>1550-Other Capital Assets Total</b>	<b>0</b>
<b>1600-Accumulated Amortization</b>	
2105-Accumulated Amortization of Electric Utility Plant - Property, Plant and Equipment	(19,146,375)
2120-Accumulated Amortization of Electric Utility Plant - Intangibles	0
2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	0
2160-Accumulated Amortization of Other Utility Plant	0
2180-Accumulated Amortization of Non-Utility Property	0
<b>1600-Accumulated Amortization Total</b>	<b>(19,146,375)</b>
<b>Total Assets</b>	<b>37,107,215</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2011 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>1650-Current Liabilities</b>	
2205-Accounts Payable	1,761,550
2208-Customer Credit Balances	0
2210-Current Portion of Customer Deposits	316,459
2215-Dividends Declared	0
2220-Miscellaneous Current and Accrued Liabilities	1,217,623
2225-Notes and Loans Payable	0
2240-Accounts Payable to Associated Companies	0
2242-Notes Payable to Associated Companies	0
2250-Debt Retirement Charges (DRC) Payable	13,295
2252-Transmission Charges Payable	0
2254-Electric Safety Authority Fees Payable	0
2256-Independent Market Operator Fees and Penalties Payable	2,762,517
2260-Current Portion of Long Term Debt	0
2262-Ontario Hydro Debt - Current Portion	0
2264-Pensions and Employee Benefits - Current Portion	0
2268-Accrued Interest on Long Term Debt	0
2270-Matured Long Term Debt	0
2272-Matured Interest on Long Term Debt	0
2285-Obligations Under Capital Leases--Current	0
2290-Commodity Taxes	31,116
2292-Payroll Deductions / Expenses Payable	37,999
2294-Accrual for Taxes, "Payments in Lieu" of Taxes, Etc.	(123,073)
2296-Future Income Taxes - Current	0
<b>1650-Current Liabilities Total</b>	<b>6,017,486</b>

<b>1700-Non-Current Liabilities</b>	
2305-Accumulated Provision for Injuries and Damages	0
2306-Employee Future Benefits	1,018,833
2308-Other Pensions - Past Service Liability	0
2310-Vested Sick Leave Liability	100,052
2315-Accumulated Provision for Rate Refunds	0
2320-Other Miscellaneous Non-Current Liabilities	0
2325-Obligations Under Capital Lease--Non-Current	0
2330-Devolpment Charge Fund	0
2335-Long Term Customer Deposits	1,027,311
2340-Collateral Funds Liability	0
2345-Unamortized Premium on Long Term Debt	0
2348-O.M.E.R.S. - Past Service Liability - Long Term Portion	0
2350-Future Income Tax - Non-Current	(2,460,100)
2405-Other Regulatory Liabilities	0
2410-Deferred Gains From Disposition of Utility Plant	0
2415-Unamortized Gain on Reacquired Debt	0
2425-Other Deferred Credits	0
2435-Accrued Rate-Payer Benefit	0
<b>1700-Non-Current Liabilities Total</b>	<b>(313,904)</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2011 PRO FORMA FINANCIAL STATEMENTS**

Account Description	Total
<b>1800-Long-Term Debt</b>	
2505-Debentures Outstanding - Long Term Portion	1,800,000
2510-Debenture Advances	0
2515-Required Bonds	0
2520-Other Long Term Debt	15,041,862
2525-Term Bank Loans - Long Term Portion	0
2530-Ontario Hydro Debt Outstanding - Long Term Portion	0
2550-Advances from Associated Companies	0
<b>1800-Long-Term Debt Total</b>	<b>16,841,862</b>
<b>1850-Shareholders' Equity</b>	
3005-Common Shares Issued	10,941,862
3008-Preference Shares Issued	0
3010-Contributed Surplus	0
3020-Donations Received	0
3022-Devolpment Charges Transferred to Equity	0
3026-Capital Stock Held in Treasury	0
3030-Miscellaneous Paid-In Capital	0
3035-Installments Received on Capital Stock	0
3040-Appropriated Retained Earnings	0
3045-Unappropriated Retained Earnings	3,683,736
3046-Balance Transferred From Income	(63,827)
3047-Appropriations of Retained Earnings - Current Period	0
3048-Dividends Payable-Preference Shares	0
3049-Dividends Payable-Common Shares	0
3055-Adjustment to Retained Earnings	0
3065-Unappropriated Undistributed Subsidiary Earnings	0
<b>1850-Shareholders' Equity Total</b>	<b>14,561,771</b>
<b>Total Liabilities &amp; Shareholder's Equity</b>	<b>37,107,215</b>
<b>Balance Sheet Total</b>	<b>0</b>

**WOODSTOCK HYDRO SERVICES INC  
2011 PRO FORMA STATEMENTS**

**2010 STATEMENT OF INCOME AND RETAINED EARNINGS**

Account Description	Total
<b>3000-Sales of Electricity</b>	
4006-Residential Energy Sales	(8,404,029)
4010-Commercial Energy Sales	0
4015-Industrial Energy Sales	0
4020-Energy Sales to Large Users	0
4025-Street Lighting Energy Sales	(171,508)
4030-Sentinel Energy Sales	0
4035-General Energy Sales	(15,970,331)
4040-Other Energy Sales to Public Authorities	0
4045-Energy Sales to Railroads and Railways	0
4050-Revenue Adjustment	0
4055-Energy Sales for Resale	0
4060-Interdepartmental Energy Sales	0
4062-WMS	(2,404,463)
4064-Billed WMS-One Time	0
4066-NS	(2,024,605)
4068-CS	(1,744,674)
4075-LV Charges	0
<b>3000-Sales of Electricity Total</b>	<b>(30,719,610)</b>
<b>3050-Revenues From Services - Distirbution</b>	
4080-Distribution Services Revenue	(6,514,422)
4082-RS Rev	(25,400)
4084-Serv Tx Requests	(1,000)
4090-Electric Services Incidental to Energy Sales	0
<b>3050-Revenues From Services - Distirbution Total</b>	<b>(6,540,822)</b>
<b>3100-Other Operating Revenues</b>	
4205-Interdepartmental Rents	0
4210-Rent from Electric Property	(40,885)
4215-Other Utility Operating Income	0
4220-Other Electric Revenues	0
4225-Late Payment Charges	(54,254)
4230-Sales of Water and Water Power	0
4235-Miscellaneous Service Revenues	(234,290)
4240-Provision for Rate Refunds	0
4245-Government Assistance Directly Credited to Income	0
<b>3100-Other Operating Revenues Total</b>	<b>(329,429)</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2011 PRO FORMA STATEMENTS**

Account Description	Total
<b>3150-Other Income &amp; Deductions</b>	
4305-Regulatory Debits	0
4310-Regulatory Credits	0
4315-Revenues from Electric Plant Leased to Others	0
4320-Expenses of Electric Plant Leased to Others	0
4324-Special Purpose Charge Recovery - Billed	0
4325-Revenues from Merchandise, Jobbing, Etc.	0
4330-Costs and Expenses of Merchandising, Jobbing, Etc	0
4335-Profits and Losses from Financial Instrument Hedges	0
4340-Profits and Losses from Financial Instrument Investments	0
4345-Gains from Disposition of Future Use Utility Plant	0
4350-Losses from Disposition of Future Use Utility Plant	0
4355-Gain on Disposition of Utility and Other Property	(1,000)
4360-Loss on Disposition of Utility and Other Property	0
4365-Gains from Disposition of Allowances for Emission	0
4370-Losses from Disposition of Allowances for Emission	0
4375-Revenues from Non-Utility Operations	(829,344)
4380-Expenses of Non-Utility Operations	770,512
4385-Expenses of Non-Utility Operations	0
4390-Miscellaneous Non-Operating Income	(15,350)
4395-Rate-Payer Benefit Including Interest	0
4398-Foreign Exchange Gains and Losses, Including Amortization	0
<b>3150-Other Income &amp; Deductions Total</b>	<b>(75,182)</b>
<b>3200-Investment Income</b>	
4405-Interest and Dividend Income	(45,700)
4415-Equity in Earnings of Subsidiary Companies	0
<b>3200-Investment Income Total</b>	<b>(45,700)</b>
<b>3350-Power Supply Expenses</b>	
4705-Power Purchased	24,545,868
4708-WMS	2,404,463
4710-Cost of Power Adjustments	0
4712-0	0
4714-NW	1,977,276
4715-System Control and Load Dispatching	0
4716-NCN	1,659,815
4720-Other Expenses	0
4725-Competition Transition Expense	0
4730-Rural Rate Assistance Expense	0
4750-LV Charges	0
<b>3350-Power Supply Expenses Total</b>	<b>30,587,421</b>

**WOODSTOCK HYDRO SERVICES INC  
2011 PRO FORMA STATEMENTS**

Account Description	Total
<b>3500-Distribution Expenses - Operation</b>	
5005-Operation Supervision and Engineering	107,021
5010-Load Dispatching	51,816
5012-Station Buildings and Fixtures Expense	52,934
5014-Transformer Station Equipment - Operation Labour	0
5015-Transformer Station Equipment - Operation Supplies and Expenses	0
5016-Distribution Station Equipment - Operation Labour	33,292
5017-Distribution Station Equipment - Operation Supplies and Expenses	14,500
5020-Overhead Distribution Lines and Feeders - Operation Labour	43,275
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	5,500
5030-Overhead Subtransmission Feeders - Operation	0
5035-Overhead Distribution Transformers - Operation	3,234
5040-Underground Distribution Lines and Feeders - Operation Labour	34,167
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	23,500
5050-Underground Subtransmission Feeders - Operation	0
5055-Underground Distribution Transformers - Operation	0
5060-Street Lighting and Signal System Expense	0
5065-Meter Expense	146,160
5070-Customer Premises - Operation Labour	63,885
5075-Customer Premises - Materials and Expenses	8,000
5085-Miscellaneous Distribution Expense	194,651
5090-Underground Distribution Lines and Feeders - Rental Paid	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	3,625
5096-Other Rent	0
<b>3500-Distribution Expenses - Operation Total</b>	<b>785,560</b>

**WOODSTOCK HYDRO SERVICES INC  
2011 PRO FORMA STATEMENTS**

Account Description	Total
<b>3550-Distribution Expenses - Maintenance</b>	
5105-Maintenance Supervision and Engineering	84,438
5110-Maintenance of Structures	20,061
5112-Maintenance of Transformer Station Equipment	0
5114-Maint Dist Stn Equip	5,000
5120-Maintenance of Poles, Towers and Fixtures	91,987
5125-Maintenance of Overhead Conductors and Devices	116,877
5130-Maintenance of Overhead Services	73,273
5135-Overhead Distribution Lines and Feeders - Right of Way	111,935
5145-Maintenance of Underground Conduit	12,535
5150-Maintenance of Underground Conductors and Devices	51,073
5155-Maintenance of Underground Services	64,648
5160-Maintenance of Line Transformers	98,945
5165-Maintenance of Street Lighting and Signal Systems	0
5170-Sentinel Lights - Labour	0
5172-Sentinel Lights - Materials and Expenses	0
5175-Maintenance of Meters	0
5178-Customer Installations Expenses - Leased Property	0
5195-Maintenance of Other Installations on Customer Premises	0
<b>3550-Distribution Expenses - Maintenance Total</b>	<b>730,771</b>
<b>3650-Billing and Collecting</b>	
5305-Supervision	54,748
5310-Meter Reading Expense	151,927
5315-Customer Billing	301,335
5320-Collecting	116,362
5325-Collecting - Cash Over and Short	100
5330-Collection Charges	(5,000)
5335-Bad Debt Expense	53,460
5340-Miscellaneous Customer Accounts Expenses	2,200
<b>3650-Billing and Collecting Total</b>	<b>675,133</b>
<b>3700-Community Relations</b>	
5405-Supervision	3,825
5410-Community Relations - Sundry	21,235
5415-Energy Conservation	8,170
5420-Community Safety Program	9,153
5425-Miscellaneous Customer Service and Informational Expenses	0
<b>3700-Community Relations Total</b>	<b>42,382</b>

**WOODSTOCK HYDRO SERVICES INC  
2011 PRO FORMA STATEMENTS**

Account Description	Total
<b>3800-Administrative and General Expenses</b>	
5605-Executive Salaries and Expenses	195,903
5610-Management Salaries and Expenses	282,822
5615-General Administrative Salaries and Expenses	524,085
5620-Office Supplies and Expenses	81,254
5625-Administrative Expense Transferred-Credit	(54,628)
5630-Outside Services Employed	126,500
5635-Property Insurance	32,000
5640-Injuries and Damages	72,555
5645-Employee Pensions and Benefits	18,150
5650-Franchise Requirements	0
5655-Regulatory Expenses	100,000
5660-General Advertising Expenses	5,500
5665-Miscellaneous Expenses	139,554
5670-Rent	0
5675-Maintenance of General Plant	277,221
5680-Electrical Safety Authority Fees	7,500
5681- Special Purpose Charge Expense	0
5685-Independent Market Operator Fees and Penalties	0
5695-OM&A Contra Account	0
<b>3800-Administrative and General Expenses Total</b>	<b>1,808,415</b>
<b>3850-Amortization Expense</b>	
5705-Amortization Expense - Property, Plant and Equipment	2,031,382
5710-Amortization of Limited Term Electric Plant	0
5715-Amortization of Intangibles and Other Electric Plant	0
5720-Amortization of Electric Plant Acquisition Adjustments	0
5725-Miscellaneous Amortization	0
5730-Amortization of Unrecovered Plant and Regulatory Study Costs	0
5735-Amortization of Deferred Development Costs	0
5740-Amortization of Deferred Charges	0
<b>3850-Amortization Expense Total</b>	<b>2,031,382</b>

**WOODSTOCK HYDRO SERVICES INC**  
**2011 PRO FORMA STATEMENTS**

Account Description	Total
<b>3900-Interest Expense</b>	
6005-Interest on Long Term Debt	934,897
6010-Amortization of Debt Discount and Expense	0
6015-Amortization of Premium on Debt-Credit	0
6020-Amortization of Loss on Reacquired Debt	0
6025-Amortization of Gain on Reacquired Debt-Credit	0
6030-Interest on Debt to Associated Companies	0
6035-Other Interest Expense	26,114
6040-Allowance for Borrowed Funds Used During Construction-Credit	0
6042-Allowance for Other Funds Used During Construction	0
6045-Interest Expense on Capital Lease Obligations	0
<b>3900-Interest Expense Total</b>	<b>961,011</b>
<b>3950-Taxes Other Than Income Taxes</b>	
6105-Taxes Other Than Income Taxes	126,946
<b>3950-Taxes Other Than Income Taxes Total</b>	<b>126,946</b>
<b>4000-Income Taxes</b>	
6110-Income Taxes	25,049
6115-Provision for Future Income Taxes	0
<b>4000-Income Taxes Total</b>	<b>25,049</b>
<b>4100-Extraordinary &amp; Other Items</b>	
6205-Donations	500
6210-Life Insurance	0
6215-Penalties	0
6225-Other Deductions	0
<b>4100-Extraordinary &amp; Other Items Total</b>	<b>500</b>
<b>Net Income - (Gain)/Loss</b>	<b>63,827</b>

1

2 **RECONCILIATION BETWEEN PRO FORMA STATEMENTS AND REVENUE DEFICIENCY STATEMENTS**

3 WHSI advises that the 2009 Audited Financial Statements vary only slightly from the regulatory financial  
4 results filed in this Application, and therefore a reconciliation between the financial statements and  
5 financial results filed has not been provided.

6

7 Any differences between the audited financial statements and the regulatory financial statements have  
8 been reconciled on the Revenue Requirement Work Form excel spreadsheets

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
<b>2 – Rate Base</b>				
	1			<b>Overview</b>
	1	1		Rate Base Overview
	1	2		Rate Base Variance Analysis
	2			<b>Gross Assets – Property, Plant and Equipment Accumulated Depreciation</b>
	2	1		Fixed Assets Continuity Statements
	2	2		Gross Assets Table
	2	3		Variance Analysis on Gross Assets
	2	4		Accumulated Depreciation Table
	2	5		Variance Analysis on Accumulated Depreciation
	2	6	A	Decision & Order HONI TS
	3			<b>Capital Budget</b>
	3	1		Overall Budget Process
	3	2		Asset Management Summary
			B1	Construction Verification Program
			B2	Distribution System Equipment Control
			B3	Live Line Equipment/Power Test Equipment
			B4	Project Planning and Approval
			B5	Facilities Replacement Schedule
			B6	IT Hardware Procurement and Support
			C	Pole Testing
			D	Woodstock Padmount Inspection Report 2010
			E	Infrared Testing

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
2	3	3		Long Term Capital Forecast
	3	4		Capitalization Policy
	3	5		Service Quality & Reliability Performance
	4			<b>Allowance for Working Capital</b>
	4	1		Overview and Calculation by Account
	4	1	F	Cost of Power Calculation

1 **OVERVIEW**

2 **The WHSI Distribution System:**

3 WHSI owns and operates the electricity distribution system in its licensed service area within  
4 the City of Woodstock, serving approximately 15,000 Residential, General Service, Street Light,  
5 and Unmetered Scattered Load customers/connections.

6 WHSI's supply for the City of Woodstock is provided through the Hydro One transmission  
7 system at 115 KV stepping down to distribution voltages of 27.6/16 Kv. Electricity is then  
8 distributed through WHSI's service area of 29 square kilometres, over 91 kilometres of  
9 underground cable and 154 kilometres of overhead conductor. WHSI delivers electricity via  
10 both 27.6 kv and 4.16 kv distribution voltages, stepping 27.6 kv down through seven WHSI  
11 owned distribution stations. Secondary service voltages include 120/240v single phase,  
12 120/208v network, 347/600 volt, 240 volt three phase and 600 volt delta via 1,618 WHSI owned  
13 transformers and 72 customer owned transformers. WHSI provides transformation equipment  
14 up to 750 kVA.

15 WHSI operates the distribution system through a SCADA system, with telemetry and control in  
16 place for seven Municipal Substations and five automated load-break switches. WHSI interfaces  
17 with Hydro One Control Center in Barrie, Ontario through ICCP protocol with monitoring and  
18 some control of the Hydro One owned station equipment.

19 WHSI owns and maintains approximately 15,000 meters installed on its customers' premises for  
20 the purpose of measuring consumption of electricity for billing purposes. Meters vary in type  
21 by customer and include meters capable of measuring kWh consumption, kW and kVA demand  
22 as well as hourly interval data. As part of the Province of Ontario's smart meter initiative, WHSI  
23 expects to complete all smart meter installations within it's service territory by December 31,  
24 2010.

1 **Rate Base:**

2 The rate base used for the purpose of calculating the revenue requirement in this Application  
 3 was determined in accordance with guidelines set out in Chapter 2 of the Filing Requirements  
 4 for Transmission and Distribution Applications, issued on June 28, 2010. The rate base follows  
 5 the definition used in the 2006 EDR Handbook as an average of the balances at the beginning  
 6 and the end of the 2011 Test Year, plus a working capital allowance, which is 15% of the sum of  
 7 the cost of power and controllable expenses.

8 The net fixed assets include distribution assets associated with the delivery of electricity for  
 9 distribution purposes. Smart meter capital costs up to Dec 31 2009 are included in the 2010  
 10 Bridge Year addition amounts so that the full cost of these assets are captured for the 2011 Test  
 11 Year average net book value calculation. The WHSI rate base calculation excludes non-  
 12 distribution assets. Controllable expenses include operations and maintenance, billing and  
 13 collecting, community relations, administration and general expenses.

14 WHSI has provided its rate base calculations for the years 2006 Board Approved, 2006 Actual,  
 15 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year and 2011 Test Year in Table 2-1 below.  
 16 WHSI has calculated its 2011 Test Year rate base to be \$31,635,594. This represents an increase  
 17 of 44.71% over the 2006 OEB Approved Rate Base and an average annual increase of 7.86%.

18 **Table 2-1**  
 19 **Summary of Rate Base**

20

Description	2006 OEB Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge Year	2011 Test Year
Gross Fixed Assets	22,793,343	26,866,890	29,268,197	32,873,861	35,722,074	42,246,842	46,912,980
Accumulated Depreciation	5,487,012	9,562,401	11,350,525	13,264,770	15,210,513	17,169,245	19,146,375
Net Book Value	17,306,331	17,304,488	17,917,672	19,609,091	20,511,561	25,077,597	27,766,604
Average Net Book Value	17,306,331	17,152,200	17,611,080	18,763,381	20,060,326	22,794,579	26,422,100
Working Capital	30,370,752	32,588,742	31,411,925	30,808,539	24,707,230	34,598,502	34,756,628
Working Capital Allowance	4,555,613	4,888,311	4,711,789	4,621,281	3,706,084	5,189,775	5,213,494
Rate Base	21,861,943	22,040,511	22,322,869	23,384,662	23,766,410	27,984,354	31,635,595
Rate Base Variance		0.8%	1.3%	4.8%	1.6%	17.7%	13.0%

1 WHSI has provided a summary of its calculations of the cost of power and controllable expenses  
 2 used to determine working capital for the years 2006 Board Approved, 2006 Actual, 2007  
 3 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year and 2011 Test Year in Table 2-2, below. The  
 4 2011 Test Year Working Capital amount of \$34,756,628 represents an increase 0.5% over the  
 5 2010 Bridge Year amount and 14.4% over the 2006 OEB Approved Working Capital amount.

6

7

8

**Table 2-2**  
**Summary of Working Capital Calculation**

Description	2006 OEB Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge Year	2011 Test Year
Cost of Power	27,340,162	29,139,037	28,017,413	27,420,436	21,258,813	30,706,903	30,587,421
Operations	574,159	624,785	685,178	787,716	719,297	830,254	785,560
Maintenance	375,770	489,302	472,477	532,855	630,310	643,892	730,771
Billing & Collecting	633,461	676,329	672,465	567,613	548,428	562,282	675,133
Community	8,207	286,411	128,950	40,209	24,088	36,300	42,382
Administration & General Expense	1,313,737	1,246,687	1,310,603	1,334,041	1,403,517	1,695,020	1,808,415
Taxes Other than Income Taxes	125,256	126,191	124,838	125,668	122,776	123,852	126,946
<b>Working Capital</b>	<b>\$30,370,752</b>	<b>\$32,588,742</b>	<b>\$31,411,925</b>	<b>\$30,808,539</b>	<b>\$24,707,230</b>	<b>\$34,598,502</b>	<b>\$34,756,628</b>
<b>Working Capital Variance</b>		7.3%	-3.6%	-1.9%	-19.8%	40.0%	0.5%
<b>2006 EDR - 2011 Test Year Variance</b>							14.4%

9

10

11

1 **RATE BASE VARIANCE ANALYSIS:**

2 The following Table 2-3 sets out WHSI's rate base and working capital calculations for 2006  
3 Board Approved and Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year and 2011  
4 Test Year, and the following variances:

- 5 • 2006 Actual against 2006 Board Approved;
- 6 • 2007 Actual against 2006 Actual;
- 7 • 2008 Actual against 2007 Actual;
- 8 • 2009 Actual against 2008 Actual;
- 9 • 2010 Bridge Year against 2009 Actual; and
- 10 • 2011 Test Year against 2010 Bridge Year.

11 WHSI notes that the 2006 OEB Approved rate base was determined through the 2006 EDR  
12 process and is based on the 2004 year end rate base adjusted for Tier 1 Adjustments.  
13 Accordingly, the variance between 2006 Actual and 2006 OEB Approved spans a two-year  
14 period.

15 The 2011 Revenue Requirement for WHSI is \$ 8,232,474 therefore WHSI has calculated the  
16 materiality threshold on its rate base to be \$50,000 for 2011 in accordance with the Filing  
17 Requirements (distributors with a distribution revenue requirement of less than or equal to \$10  
18 million).

19 WHSI offers the following comments in respect of the relevant variances identified in Table 2-3  
20 following.

21 WHSI also explains projects under the materiality threshold where relevant.

Table 2-3

Summary of Rate Base Variances

Description	2006 OEB Approved	2006 Actual	Variance from 2006 OEB	2007 Actual	Variance from 2006 Actual	2008 Actual	Variance from 2007 Actual	2009 Actual	Variance from 2008 Actual	2010 Bridge Year	Variance from 2009 Actual	2011 Test Year	Variance from 2010 Bridge Year
Gross Fixed Assets	22,793,343	26,866,890	4,073,547	29,268,197	2,401,307	32,873,861	3,605,664	35,722,074	2,848,213	42,246,842	6,524,768	46,912,980	4,666,138
Accumulated Depreciation	5,487,012	9,562,401	(4,075,389)	11,350,525	(1,788,124)	13,264,770	(1,914,245)	15,210,513	(1,945,743)	17,169,245	(1,958,732)	19,146,375	(1,977,130)
Net Book Value	17,306,331	17,304,488	(1,842)	17,917,672	613,184	19,609,091	1,691,419	20,511,561	902,469	25,077,597	4,566,036	27,766,604	2,689,008
Average Net Book Value	17,306,331	17,152,200	(154,131)	17,611,080	458,880	18,763,381	1,152,301	20,060,326	1,296,944	22,794,579	2,734,253	26,422,100	3,627,522
Working Capital	30,370,752	32,588,742	2,217,990	31,411,925	(1,176,817)	30,808,539	(603,386)	24,707,230	(6,101,309)	34,598,502	9,891,273	34,756,628	158,126
Working Capital Allowance	4,555,613	4,888,311	332,698	4,711,789	(176,523)	4,621,281	(90,508)	3,706,084	(915,196)	5,189,775	1,483,691	5,213,494	23,719
Rate Base	21,861,943	22,040,511	178,568	22,322,869	282,357	23,384,662	1,061,794	23,766,410	381,748	27,984,354	4,217,944	31,635,594	3,651,241

1 **2006 Actual vs. 2006 Board Approved:**

2 The rate base of \$22,040,511 for 2006 Actual was higher than the 2006 Board Approved by  
3 \$178,568 or 0.8%. The difference reflects the fact that the 2006 Board Approved amounts were  
4 calculated as the average of the 2003 and 2004 actual amounts.

5 The variance between the 2006 Actual and the 2006 Board Approved included the difference  
6 between the 2004 actual and the 2006 Board Approved amounts as well as the 2005 normal  
7 investments.

8

9 **2007 Actual vs. 2006 Actual:**

10 The rate base of \$22,322,869 for 2007 Actual increased over 2006 Actual by \$282,357 or 1.3%.  
11 This increase due in part to a change in average net assets of \$458,880 for capital expenditures.

12 The working capital allowance decreased by \$(176,523) or 3.6% from 2006. A decrease in both  
13 the cost of power and OM&A account expense account for this change.

14

15 **2008 Actual vs. 2007 Actual:**

16 The rate base of \$23,384,662 for 2008 Actual increased over 2007 Actual by \$1,061,794. This  
17 increase is primarily due to a change in average net assets of \$1,152,301 for capital  
18 expenditures. Detailed project information can be found in Exhibit 2, Tab 2, Schedule 3.

19 The 2008 working capital allowance decreased moderately by \$(90,508 ) or -1.9% from 2007  
20 levels. A decrease in both the cost of power and OM&A account expense account for this  
21 change.

22

1 **2009 Actual vs. 2008 Actual:**

2 The rate base of \$23,766,410 for 2009 Actual increased over 2008 Actual by \$381,748, or 1.6%.  
3 This increase is due, in part from a change in average net assets of \$1,296,944 for capital  
4 expenditures. Detailed project information can be found in Exhibit 2, Tab 2, Schedule 3.

5 The working capital allowance decreased by \$(915,196) or -19.8 % from 2009. This variance is  
6 primarily due to the lower than typical cost of power supply expenses incurred in 2009 as  
7 discussed above.

8 **2010 Bridge Year vs. 2009 Actual:**

9 The total rate base for the 2010 Bridge Year is expected to be \$27,984,354, which represents an  
10 increase of \$4,217,944 or 17.7% over the 2009 Actual year. This change results in part from an  
11 increase in average net assets of \$2,734,253, which due to . The items of significant impact on  
12 the the addition of smart meter capital costs to the rate base in 2010 for \$1,442,731 and a  
13 capital contribution of \$2,500,000 in 2010 for the Commerce Way Transmission Station owned  
14 by Hydro-One. Detailed project information can be found in Exhibit 2, Tab 2, Schedule 3.

15 The working capital allowance increased by \$1,483,691 or 40% from 2009. This variance can be  
16 attributed to the 44.4% increase in 2010 forecast power supply expenses over 2009. A  
17 combination of market pricing, mild weather conditions, conservation efforts and economic  
18 challenges drove down consumption in 2009, resulting in WHSI's lowest power supply expenses  
19 since market opening. When comparing the lower than average costs of 2009 to a more  
20 normalized forecast and higher pricing, the outcome is an atypical gap in the variance. When  
21 compared to the 2008 power supply expenses, the 2010 Forecast power supply expenses are  
22 12% higher, which is a more reasonable reflection of pricing adjustments and a normalized load  
23 forecast. A detailed calculation of the working capital allowance for the 2010 Bridge Year can be  
24 found at Exhibit 2, Tab 4, Schedule 1.

1    **2011 Test Year:**

2    As shown in Table 2-3 above, the total rate base in the 2011 test year is forecast to be  
3    \$31,635,594 Average net fixed assets account for \$ 26,422,100 of this total. The allowance for  
4    working capital totals \$5,213,494 and has been calculated as 15% of the sum of the cost of  
5    power and controllable expenses

6    **2011 Test Year vs. 2010 Bridge Year:**

7    The total rate base of \$31,635,594 is expected to be \$3,651,241 or 13% higher in the 2011 Test  
8    Year than in the 2010 Bridge Year rate base of \$27,984,354. This increase is shown in Table 2-3  
9    above and is attributable primarily to an increase in average net fixed assets of \$3,627,522. The  
10   items of significant impact on the average net fixed assets are the addition of smart meter  
11   capital costs to the rate base in 2010 for \$1,442,731 and capital contributions of \$2,500,000 in  
12   2010 and \$1,600,000 in 2011 for the Commerce Way Transmission Station owned by Hydro-  
13   One. The increase in fixed assets along with the required detailed information for projects is  
14   discussed in detail by capital project in Exhibit 2, Tab 2, Schedule 3.

15   The working capital allowance increased by \$23,719 or 0.5% from the 2010 Bridge Year. A  
16   detailed calculation of the working capital allowance for the 2011 Test Year can be found at  
17   Exhibit 2, Tab 4, Schedule 1.

1 **FIXED ASSET CONTINUITY STATEMENTS**

2 WHSI's Fixed Asset Continuity Statements for the 2005 to 2009 Actual, 2010 Bridge, and 2011  
3 Test Years are presenting in the next few Tables of this Exhibit.

4 Amortization for the 2005 to 2009 Actual years reflect the actual amounts recognized and  
5 amortized using the straight line method over the useful life of each pooled asset. A full years  
6 amortization on new additions was recognized for the actual amounts between 2005 and 2009.

7 For the purposes of this rate application, asset additions in the 2010 Bridge and 2011 Test Years  
8 were amortized using the half year rule, in accordance with Filing Requirements to maintain  
9 consistency in the recognition of the average of the beginning and ending asset balances to  
10 calculate the rate base.

11

12

13

Table 2-4

2005 Fixed Asset Continuity Schedule

CCA Class	OEB	Description	Depreciation Rate	Cost			Accumulated Depreciation					
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land		21,836			21,836				0	21,836
1/47	1808	Buildings	25 & 60	181,937	8,837		190,774	29,431	7,581		37,013	153,761
1/47	1820	Substation Equipment	30	519,894	44,567		564,461	135,316	30,526		165,842	398,619
1/47	1830	Poles, Towers & Fixtures	25	5,363,311	197,067		5,560,378	1,195,546	302,813		1,498,359	4,062,019
1/47	1835	OH Conductors & Devices	25	2,961,885	40,984		3,002,868	582,323	152,900		735,223	2,267,645
1/47	1840	UG Conduit	25	1,949,204	282,907		2,232,110	423,922	125,286		549,208	1,682,903
1/47	1845	UG Conductors & Devices	25	3,036,833	198,528		3,235,362	755,827	201,414		957,241	2,278,121
1/47	1850	Line Transformers	25	3,239,563	280,750		3,520,313	585,851	176,830		762,681	2,757,631
1/47	1855	Services (OH & UG)	25	755,944	241,821		997,765	64,766	39,967		104,733	893,032
1/47	1860	Meters	15 & 25	3,343,293	104,370		3,447,663	1,017,914	270,662		1,288,576	2,159,087
N/A	1905	Land		17,530			17,530				0	17,530
1/47	1908	Buildings & Fixtures	25 & 60	427,143	7,767		434,910	64,492	17,297		81,790	353,120
8	1915	Office Furniture & Equip	10	131,354	9,069		140,423	71,495	13,215		84,710	55,713
10/45/46/52	1920	Computer - Hardware	5	511,629	86,600		598,229	278,765	103,761		382,526	215,702
12/52	1925	Computer Software	5	602,774	88,646		691,420	434,111	84,690		518,801	172,620
10	1930	Transportation Equipment	5 & 8	1,045,280			1,045,280	499,206	123,637		622,843	422,438
8	1935	Stores Equipment	10	23,354			23,354	13,170	2,775		15,945	7,409
8	1940	Tools, Shop & Garage Equip	10	178,540	5,573		184,112	88,727	18,409		107,136	76,976
8	1945	Measure & Testing	10	75,163			75,163	47,362	9,538		56,900	18,262
8	1955	Communications Eq	10	5,576	243		5,819	1,445	584		2,029	3,790
8	1960	Graphics Equipment	10	485			485	220	53		273	212
1/47	1980	System Superv Equip	15	49,665			49,665	14,576	3,242		17,818	31,846
1/47	1995	Contributions & Grants	25	-812,515	-336,349		-1,148,864	-52,549	-45,955		-98,504	-1,050,360
		Total		23,629,677	1,261,379	0	24,891,055	6,251,916	1,639,226	0	7,891,143	16,999,913

Less: Fully Allocated Depreciation

10	1930	Transportation	Transportation	123,637
8	1935	Stores Equipment	Stores Equipment	2,775
			Net Depreciation	1,512,814

Table 2-5

2006 Fixed Asset Continuity Schedule

CCA Class	OEB	Description	2006 Depreciation Rate	Cost			Accumulated Depreciation				Net Book Value	
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance
N/A	1805	Land		21,836			21,836				0	21,836
1/47	1808	Buildings	25 & 60	190,774			190,774	37,013	7,581		44,594	146,180
1/47	1820	Substation Equipment	30	564,461	1,709		566,170	165,842	30,583		196,425	369,745
1/47	1830	Poles, Towers & Fixtures	25	5,560,378	535,874		6,096,252	1,498,359	321,652		1,820,010	4,276,241
1/47	1835	OH Conductors & Devices	25	3,002,868	141,454		3,144,322	735,223	157,507		892,731	2,251,592
1/47	1840	UG Conduit	25	2,232,110	191,417		2,423,527	549,208	132,943		682,150	1,741,377
1/47	1845	UG Conductors & Devices	25	3,235,362	72,746		3,308,108	957,241	204,324		1,161,565	2,146,542
1/47	1850	Line Transformers	25	3,520,313	353,245		3,873,558	762,681	190,960		953,641	2,919,917
1/47	1855	Services (OH & UG)	25	997,765	157,473		1,155,238	104,733	46,266		150,999	1,004,239
1/47	1860	Meters	15 & 25	3,447,663	150,990		3,598,653	1,288,577	279,477		1,568,054	2,030,599
N/A	1905	Land		17,530			17,530				0	17,530
1/47	1908	Buildings & Fixtures	25 & 60	434,910	13,573		448,483	81,790	17,840		99,630	348,853
8	1915	Office Furniture & Equip	10	140,423	25,692		166,115	84,710	12,797		97,507	68,608
10/45/46/52	1920	Computer - Hardware	5	598,229	91,261		689,490	382,526	110,008		492,534	196,955
12/52	1925	Computer Software	5	691,420	102,021		793,441	518,801	87,829		606,630	186,811
10	1930	Transportation Equipment	5 & 8	1,045,280	280,746	66,313	1,259,713	622,843	151,608	66,313	708,137	551,576
8	1935	Stores Equipment	10	23,354	19,721		43,075	15,945	4,557		20,502	22,573
8	1940	Tools, Shop & Garage Equip	10	184,112	3,482		187,594	107,136	17,572		124,708	62,886
8	1945	Measurement & Testing Equip	10	75,163	0		75,163	56,900	6,485		63,385	11,777
8	1955	Communications Equip	10	5,819	7,284		13,103	2,029	1,312		3,341	9,761
8	1960	Graphics Equipment	10	485	0		485	273	53		326	159
1/47	1980	System Supervisor Equipment	15	49,665	119,671		169,335	17,818	11,220		29,038	140,297
1/47	1995	Contributions & Grants	25	-1,148,864	-226,210		-1,375,074	-98,504	-55,003		-153,507	-1,221,567
		Total		24,891,055	2,042,148	66,313	26,866,890	7,891,143	1,737,572	66,313	9,562,401	17,304,488

Less: Fully Allocated Depreciation

10	Transportation	Transportation	151,608
8	Stores Equipment	Stores Equipment	4,557
		Net Depreciation	1,581,407

**Table 2-6 : 2007 Fixed Asset Continuity Schedule**

CCA Class	OEB	2007 Description	Depreciation Rate	Cost			Accumulated Depreciation					
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land		21,836			21,836	0			0	21,836
1/47	1808	Buildings	25 & 60	190,774	0		190,774	44,594	7,581		52,175	138,599
1/47	1820	Substation Equipment	30	566,170	0		566,170	196,425	30,583		227,009	339,162
1/47	1830	Poles, Towers & Fixtures	25	6,096,252	228,581		6,324,833	1,820,010	328,183		2,148,193	4,176,640
1/47	1835	OH Conductors & Devices	25	3,144,322	54,782		3,199,104	892,731	158,641		1,051,372	2,147,732
1/47	1840	UG Conduit	25	2,423,527	370,615		2,794,142	682,150	147,768		829,918	1,964,224
1/47	1845	UG Conductors & Devices	25	3,308,108	258,273		3,566,380	1,161,565	214,655		1,376,221	2,190,160
1/47	1850	Line Transformers	25	3,873,558	619,197		4,492,755	953,641	215,728		1,169,369	3,323,387
1/47	1855	Services (OH & UG)	25	1,155,238	347,435		1,502,672	150,999	60,163		211,162	1,291,510
1/47	1860	Meters	15 & 25	3,598,653	346,296		3,944,949	1,568,054	296,099		1,864,153	2,080,796
N/A	1905	Land		17,530			17,530	0			0	17,530
1/47	1908	Buildings & Fixtures	25 & 60	448,483	53,091		501,573	99,630	19,964		119,594	381,979
8	1915	Office Furniture & Equipment	10	166,115	8,955		175,070	97,507	12,636		110,143	64,928
10/45/46/52	1920	Computer - Hardware	5	689,490	106,422		795,911	492,534	108,355		600,889	195,022
12/52	1925	Computer Software	5	793,441	167,372		960,814	606,630	100,494		707,124	253,690
10	1930	Transportation Equipment	5 & 8	1,259,713	81,115	39,748	1,301,080	708,137	150,809	39,748	819,198	481,882
8	1935	Stores Equipment	10	43,075			43,075	20,502	4,292		24,794	18,281
8	1940	Tools, Shop & Garage Equipment	10	187,594	9,700		197,295	124,708	15,579		140,287	57,008
8	1945	Measurement & Testing Equipment	10	75,163	0		75,163	63,385	4,693		68,078	7,084
8	1955	Communications Equipment	10	13,103	757		13,860	3,341	1,388		4,729	9,130
8	1960	Graphics Equipment	10	485	0		485	326	53		379	106
1/47	1980	System Supervisor Equipment	15	169,335	91,900		261,235	29,038	17,347		46,385	214,850
1/47	1996	Hydro One TS Contribution	25	0			0	0			0	0
1/47	1995	Contributions & Grants	25	-1,375,074	-303,436		-1,678,510	-153,507	-67,141		-220,648	-1,457,862
								0				
		<b>Total</b>		<b>26,866,890</b>	<b>2,441,055</b>	<b>39,748</b>	<b>29,268,197</b>	<b>9,562,401</b>	<b>1,827,872</b>	<b>39,748</b>	<b>11,350,525</b>	<b>17,917,672</b>

Less: Fully Allocated Depreciation

10	Transportation	Transportation	150,809
8	Stores Equipment	Stores Equipment	4,292
		<b>Net Depreciation</b>	<b>1,672,770</b>

**Table 2-7: 2008 Fixed Asset Continuity Schedule**

CCA Class	OEB	2008		Cost				Accumulated Depreciation				
		Description	Depreciation Rate	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land		21,836			21,836	0			0	21,836
1/47	1808	Buildings	25 & 60	190,774	0		190,774	52,175	7,581		59,756	131,018
1/47	1820	Substation Equipment	30	566,170	56,488		622,658	227,009	32,466		259,475	363,183
1/47	1830	Poles, Towers & Fixtures	25	6,324,833	368,973		6,693,806	2,148,193	339,373		2,487,567	4,206,239
1/47	1835	OH Conductors & Devices	25	3,199,104	196,086		3,395,190	1,051,372	165,922		1,217,294	2,177,896
1/47	1840	UG Conduit	25	2,794,142	569,820		3,363,961	829,918	170,477		1,000,395	2,363,567
1/47	1845	UG Conductors & Devices	25	3,566,380	808,364		4,374,744	1,376,221	246,821		1,623,042	2,751,702
1/47	1850	Line Transformers	25	4,492,755	2,046,397		6,539,153	1,169,369	260,651		1,430,019	5,109,133
1/47	1855	Services (OH & UG)	25	1,502,672	521,367		2,024,039	211,162	81,018		292,180	1,731,859
1/47	1860	Meters	15 & 25	3,944,949	36,254		3,981,203	1,864,153	296,879		2,161,033	1,820,171
N/A	1905	Land		17,530			17,530	0			0	17,530
1/47	1908	Buildings & Fixtures	25 & 60	501,573	181,380		682,953	119,594	27,219		146,814	536,139
8	1915	Office Furniture & Equipment	10	175,070	13,090		188,160	110,143	13,049		123,192	64,969
10/45/46/52	1920	Computer - Hardware	5	795,911	62,598		858,510	600,889	89,866		690,755	167,755
12/52	1925	Computer Software	5	960,814	168,644		1,129,458	707,124	128,457		835,581	293,877
10	1930	Transportation Equipment	5 & 8	1,301,080			1,301,080	819,198	143,599		962,797	338,283
8	1935	Stores Equipment	10	43,075	0		43,075	24,794	4,292		29,086	13,989
8	1940	Tools, Shop & Garage Equipment	10	197,295	33,602		230,897	140,287	17,494		157,781	73,116
8	1945	Measurement & Testing Equipment	10	75,163	25,923		101,085	68,078	5,029		73,108	27,978
8	1955	Communications Equipment	10	13,860	9,074		22,934	4,729	2,295		7,024	15,909
8	1960	Graphics Equipment	10	485	0		485	379	53		432	53
1/47	1980	System Supervisor Equipment	15	261,235	642		261,877	46,385	17,390		63,775	198,102
1/47	1996	Hydro One T/S Contribution	25	0			0	0			0	0
1/47	1995	Contributions & Grants	25	-1,678,510	-1,493,038		-3,171,548	-220,648	-135,688		-356,336	-2,815,212
		<b>Total</b>		<b>29,268,197</b>	<b>3,605,664</b>	<b>0</b>	<b>32,873,861</b>	<b>11,350,525</b>	<b>1,914,245</b>	<b>0</b>	<b>13,264,770</b>	<b>19,609,091</b>

Less: Fully Allocated Depreciation

10	Transportation	Transportation	143,599
8	Stores Equipment	Stores Equipment	4,292
		<b>Net Depreciation</b>	<b>1,766,354</b>

**Table 2-8: 2009 Fixed Asset Continuity Schedule**

CCA Class	OEB	2009		Cost				Accumulated Depreciation				
		Description	Depreciation Rate	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land		21,836			21,836	0			0	21,836
1/47	1808	Buildings	25 & 60	190,774	0		190,774	59,756	7,581		67,337	123,437
1/47	1820	Substation Equipment	30	622,658	0		622,658	259,475	32,466		291,941	330,717
1/47	1830	Poles, Towers & Fixtures	25	6,693,806	1,009,511		7,703,317	2,487,567	378,396		2,865,963	4,837,354
1/47	1835	OH Conductors & Devices	25	3,395,190	132,732		3,527,922	1,217,294	169,800		1,387,094	2,140,828
1/47	1840	UG Conduit	25	3,363,961	205,097		3,569,058	1,000,395	169,843		1,170,238	2,398,821
1/47	1845	UG Conductors & Devices	25	4,374,744	287,267		4,662,011	1,623,042	240,520		1,863,562	2,798,449
1/47	1850	Line Transformers	25	6,539,153	236,918		6,776,071	1,430,019	307,061		1,737,080	5,038,990
1/47	1855	Services (OH & UG)	25	2,024,039	269,381		2,293,421	292,180	91,793		383,974	1,909,447
1/47	1860	Meters	15 & 25	3,981,203	299,179		4,280,382	2,161,033	288,826		2,449,859	1,830,523
N/A	1905	Land		17,530			17,530	0			0	17,530
1/47	1908	Buildings & Fixtures	25 & 60	682,953	221,770		904,723	146,814	36,090		182,904	721,819
8	1915	Office Furniture & Equipment	10	188,160	18,231		206,391	123,192	14,242		137,434	68,957
10/45/46/52	1920	Computer - Hardware	5	858,510	150,966		1,009,475	690,755	99,570		790,325	219,151
12/52	1925	Computer Software	5	1,129,458	89,577		1,219,036	835,581	123,254		958,835	260,201
10	1930	Transportation Equipment	5 & 8	1,301,080	105,283	50,514	1,355,849	962,797	122,456	50,514	1,034,739	321,110
8	1935	Stores Equipment	10	43,075	8,764		51,839	29,086	2,902		31,988	19,851
8	1940	Tools, Shop & Garage Equipment	10	230,897	14,339		245,236	157,781	17,677		175,458	69,778
8	1945	Measurement & Testing Equipment	10	101,085	10,878		111,963	73,108	5,051		78,159	33,804
8	1955	Communications Equipment	10	22,934	4,936		27,869	7,024	2,789		9,813	18,056
8	1960	Graphics Equipment	10	485	0		485	432	53		485	0
1/47	1980	System Supervisor Equipment	15	261,877	75,095		336,973	63,775	22,396		86,172	250,801
1/47	1996	Hydro One S/S Contribution	25	0			0	0			0	0
1/47	1995	Contributions & Grants	25	-3,171,548	-241,196		-3,412,745	-356,336	-136,510		-492,846	-2,919,899
94	2055	Work in Process		0	87,708		87,708					87,708
		<b>Total</b>		<b>32,873,860</b>	<b>2,986,435</b>	<b>50,514</b>	<b>35,809,781</b>	<b>13,264,770</b>	<b>1,996,257</b>	<b>50,514</b>	<b>15,210,513</b>	<b>20,599,268</b>

Less: Fully Allocated Depreciation

10		Transportation	Transportation	122,456
8		Stores Equipment	Stores Equipment	2,902
			<b>Net Depreciation</b>	<b>1,870,899</b>

**Table 2-9: 2010 Fixed Asset Continuity Schedule**

CCA Class	OEB	2010		Cost				Accumulated Depreciation				Net Book Value
		Description	Depreciation Rate	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
N/A	1805	Land		21,836			21,836	0			0	21,836
1/47	1808	Buildings	25 & 60	190,774	0		190,774	67,337	7,581		74,919	115,855
1/47	1820	Substation Equipment	30	622,658	24,902		647,560	291,941	32,881		324,823	322,737
1/47	1830	Poles, Towers & Fixtures	25	7,703,317	395,605		8,098,922	2,865,963	382,666		3,248,629	4,850,293
1/47	1835	OH Conductors & Devices	25	3,527,922	250,203		3,778,126	1,387,094	173,330		1,560,423	2,217,702
1/47	1840	UG Conduit	25	3,569,058	556,283		4,125,341	1,170,238	160,508		1,330,746	2,794,595
1/47	1845	UG Conductors & Devices	25	4,662,011	357,489		5,019,501	1,863,562	206,480		2,070,042	2,949,458
1/47	1850	Line Transformers	25	6,776,071	575,018		7,351,088	1,737,080	310,665		2,047,745	5,303,343
1/47	1855	Services (OH & UG)	25	2,293,421	323,530		2,616,951	383,974	98,264		482,237	2,134,714
1/47	1860	Meters	15 & 25	4,280,382	141,845		4,422,227	2,449,859	236,315		2,686,174	1,736,054
1/47	1861	Smart Meters	15	0	1,384,779		1,384,779	0	46,159		46,159	1,338,620
N/A	1905	Land		17,530			17,530	0			0	17,530
1/47	1908	Buildings & Fixtures	25 & 60	904,723	79,000		983,723	182,904	37,670		220,574	763,149
8	1915	Office Furniture & Equipment	10	206,391	34,550		240,941	137,434	14,797		152,231	88,710
10/45/46/52	1920	Computer - Hardware	5	1,009,475	150,697		1,160,173	790,325	97,321		887,646	272,527
12/52	1925	Computer Software	5	1,219,036	123,087		1,342,123	958,835	117,833		1,076,668	265,455
10	1930	Transportation Equipment	5 & 8	1,355,849			1,355,849	1,034,739	89,194		1,123,933	231,916
8	1935	Stores Equipment	10	51,839	25,000		76,839	31,988	4,141		36,130	40,709
8	1940	Tools, Shop & Garage Equipment	10	245,236	25,000		270,236	175,458	16,661		192,118	78,117
8	1945	Measurement & Testing Equipment	10	111,963	10,000		121,963	78,159	5,353		83,512	38,451
8	1955	Communications Equipment	10	27,869	1,890		29,759	9,813	2,859		12,672	17,087
8	1960	Graphics Equipment	10	485	1,420		1,905	485	71		556	1,349
1/47	1980	System Supervisor Equipment	15	336,973	0		336,973	86,172	22,396		108,568	228,405
1/47	1996	Hydro One T/S Contribution	25	0	2,500,000		2,500,000	0	50,000		50,000	2,450,000
1/47	1995	Contributions & Grants	25	-3,412,745	-435,531		-3,848,275	-492,846	-154,414		-647,260	-3,201,015
94	2055	Work in Process		87,708		87,708	0	0			0	0
		<b>Total</b>		<b>35,809,781</b>	<b>6,524,768</b>	<b>87,708</b>	<b>42,246,841</b>	<b>15,210,513</b>	<b>1,958,732</b>	<b>0</b>	<b>17,169,245</b>	<b>25,077,596</b>

Less: Fully Allocated Depreciation

10	Transportation	89,194
8	Stores Equipment	4,141
	<b>Net Depreciation</b>	<b>1,865,397</b>

**Table 2-10:**

**Reconciliation of 2010 Fixed Asset Continuity Schedule to Forecast Capex in 2010 Bridge Year**

Reconciliation of FA Continuity to 2010 Bridge year Capital Expenditures	
Total Additions per Continuity Schedule	6,524,768
Less: GL 1860 smart meters	(1,384,779)
Less: GL 1920 smart meter hw	(10,697)
Less: GL 1925 smart meter sw	(47,255)
<b>2010 Bridge Year Capital Expenditures Forecast</b>	<b>5,082,037</b>
Smart Meter assets are included in the 2010 FA continuity schedule so the model calculates a full year depreciation in 2011. 1/2 year rule used for 2010 schedule	
SM Assets -Net Capex in account 1555 to Dec 31 2009	

**Table 2-11: 2011 Fixed Asset Continuity Schedule**

CCA Class	OEB	Description	2011 Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
N/A	1805	Land		21,836			21,836	0			0	21,836
1/47	1808	Buildings	25 & 60	190,774	0		190,774	74,919	7,581		82,500	108,274
1/47	1820	Substation Equipment	30	647,560	0		647,560	324,823	33,296		358,119	289,441
1/47	1830	Poles, Towers & Fixtures	25	8,098,922	602,927		8,701,849	3,248,629	396,693		3,645,323	5,056,526
1/47	1835	OH Conductors & Devices	25	3,778,126	529,765		4,307,891	1,560,423	186,523		1,746,947	2,560,944
1/47	1840	UG Conduit	25	4,125,341	472,513		4,597,854	1,330,746	177,699		1,508,444	3,089,410
1/47	1845	UG Conductors & Devices	25	5,019,501	373,275		5,392,776	2,070,042	214,280		2,284,323	3,108,453
1/47	1850	Line Transformers	25	7,351,088	507,727		7,858,815	2,047,745	327,719		2,375,464	5,483,351
1/47	1855	Services (OH & UG)	25	2,616,951	199,814		2,816,764	482,237	108,731		590,968	2,225,796
1/47	1860	Meters	15 & 25	4,422,227	126,991		4,549,218	2,686,174	196,501		2,882,675	1,666,544
1/47	1861	Smart Meters	15	1,384,779			1,384,779	46,159	92,319		138,478	1,246,301
N/A	1905	Land		17,530			17,530	0			0	17,530
1/47	1908	Buildings & Fixtures	25 & 60	983,723	90,000		1,073,723	220,574	41,050		261,624	812,099
8	1915	Office Furniture & Equipment	10	240,941	25,000		265,941	152,231	15,912		168,143	97,799
10	1920	Computer - Hardware	5	1,160,173	140,000		1,300,173	887,646	108,134		995,780	304,393
12	1925	Computer Software	5	1,342,123	60,000		1,402,123	1,076,668	115,734		1,192,402	209,720
10	1930	Transportation Equipment	5 & 8	1,355,849	450,000	178,962	1,626,888	1,123,933	117,319	178,962	1,062,291	564,597
8	1935	Stores Equipment	10	76,839	40,000		116,839	36,130	7,391		43,521	73,318
8	1940	Tools, Shop & Garage Equipment	10	270,236	20,000		290,236	192,118	15,948		208,066	82,169
8	1945	Measurement & Testing Equipment	10	121,963	10,000		131,963	83,512	6,355		89,867	42,096
8	1955	Communications Equipment	10	29,759	20,000		49,759	12,672	3,684		16,355	33,404
8	1960	Graphics Equipment	10	1,905	0		1,905	556	142		698	1,207
1/47	1980	System Supervisor Equipment	15	336,973	20,000		356,973	108,568	23,063		131,631	225,342
1/47	1996	Hydro One T/S Contribution	25	2,500,000	1,600,000		4,100,000	50,000	132,000		182,000	3,918,000
1/47	1995	Contributions & Grants	25	-3,848,275	-442,913		-4,291,188	-647,260	-171,983		-819,243	-3,471,945
		Work in Process		0			0	0			0	0
		<b>Total</b>		<b>42,246,841</b>	<b>4,845,100</b>	<b>178,962</b>	<b>46,912,979</b>	<b>17,169,245</b>	<b>2,156,092</b>	<b>178,962</b>	<b>19,146,375</b>	<b>27,766,604</b>
Less: Fully Allocated Depreciation												
10		Transportation						Transportation			117,319	
8		Stores Equipment						Stores Equipment			7,391	
											Net Depreciation	2,031,382

**Table 2-12:**

**Reconciliation of 2011 Fixed Asset Continuity Schedule to 2011 Test Year Additions to GL Accounts**

Reconciliation of FA Continuity to 2010 Bridge year Capital Expenditures	
Total Additions per Continuity Schedule	4,845,100
Less: GL 1860 smart meters	1,384,779
Less: GL 1920 smart meter hw	10,697
Less: GL 1925 smart meter sw	47,255
<b>2010 Bridge Year Capital Expenditures Forecast</b>	<b>5,082,037</b>
Smart Meter assets are included in the 2010 FA continuity schedule so the model calculates a full year depreciation in 2011. 1/2 year rule used for 2010 schedule	
SM Assets -Net Capex in acct 1555 to Dec 31 2009 -added to asset GL accounts in 2011 Test	

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Table 2-13: Gross Assets (part a)

Description	2006 Board Approved	Variance 2006 Board		Variance 2007		Variance 2008		Variance 2009		Variance 2010 Bridge		Variance 2011 Test	
		2006 Actual	Approved to 2006 Actual	2007 Actual	2007 to 2006 Actual	2008 Actual	2008 to 2007 Actual	2009 Actual	2009 to 2008 Actual	Bridge Year 2010	to 2009 Actual	Test Year 2011	to 2010 Bridge
<b>Land &amp; Buildings</b>													
1805 Land	21,836	21,836	0	21,836	0	21,836	0	21,836	0	21,836	0	21,836	0
1808 Buildings	181,937	190,774	8,837	190,774	0	190,774	0	190,774	0	190,774	0	190,774	0
1905 Land	17,530	17,530	0	17,530	0	17,530	0	17,530	0	17,530	0	17,530	0
	221,302	230,139	8,837	230,139	0	230,139	0	230,139	0	230,139	0	230,139	0
<b>Distribution Station Equipment</b>													
1820 Substation Equipment	521,895	566,170	44,275	566,170	0	622,658	56,488	622,658	0	647,560	24,902	647,560	0
	521,895	566,170	44,275	566,170	0	622,658	56,488	622,658	0	647,560	24,902	647,560	0
<b>Poles &amp; Wires</b>													
1830 Poles, Towers & Fixtures	5,279,586	6,096,252	816,665	6,324,833	228,581	6,693,806	368,973	7,703,317	1,009,511	8,098,922	395,605	8,701,849	602,927
1835 OH Conductors & Devices	2,882,718	3,144,322	261,604	3,199,104	54,782	3,395,190	196,086	3,527,922	132,732	3,778,126	250,203	4,307,891	529,765
1840 UG Conduit	1,886,327	2,423,527	537,200	2,794,142	370,615	3,363,961	569,820	3,569,058	205,097	4,125,341	556,283	4,597,854	472,513
1845 UG Conductors & Devices	2,952,999	3,308,108	355,109	3,566,380	258,273	4,374,744	808,364	4,662,011	287,267	5,019,501	357,489	5,392,776	373,275
	13,001,631	14,972,208	1,970,578	15,884,459	912,250	17,827,701	1,943,243	19,462,309	1,634,607	21,021,889	1,559,580	23,000,370	1,978,481
<b>Line Transformers</b>													
1850 Line Transformers	3,025,559	3,873,558	847,999	4,492,755	619,197	6,539,153	2,046,397	6,776,071	236,918	7,351,088	575,018	7,858,815	507,727
	3,025,559	3,873,558	847,999	4,492,755	619,197	6,539,153	2,046,397	6,776,071	236,918	7,351,088	575,018	7,858,815	507,727
<b>Services and Meters</b>													
1855 Services (OH & UG)	616,419	1,155,238	538,819	1,502,672	347,435	2,024,039	521,367	2,293,421	269,381	2,616,951	323,530	2,816,764	199,814
1860 Meters	3,214,266	3,598,653	384,387	3,944,949	346,296	3,981,203	36,254	4,280,382	299,179	4,422,227	141,845	4,549,218	126,991
1861 Smart Meters	0	0	0	0	0	0	0	0	0	1,384,779	1,384,779	1,384,779	0
	3,830,685	4,753,891	923,206	5,447,621	693,730	6,005,243	557,621	6,573,802	568,560	8,423,957	1,850,155	8,750,762	326,805

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Table 2-13: Gross Assets (part b)

Description	2006			Variance		2007		Variance		2008		Variance		2009		Variance		2010		Variance		
	Board Approved	2006 Actual	2006 Board Approved to 2006 Actual	2007 Actual	2007 to 2006 Actual	2008 Actual	2008 to 2007 Actual	2009 Actual	2009 to 2008 Actual	2009 Actual	2009 to 2008 Actual	Bridge Year 2010	2010 Bridge to 2009 Actual	Test Year 2011	2011 Bridge to 2010 Bridge							
<b>General Plant</b>																						
1908 Buildings & Fixtures	412,966	448,483	35,516	501,573	53,091	682,953	181,380	904,723	221,770	983,723	79,000	1,073,723	90,000									
	412,966	448,483	35,516	501,573	53,091	682,953	181,380	904,723	221,770	983,723	79,000	1,073,723	90,000									
<b>IT Assets</b>																						
1920 Computer - Hardware	460,406	689,490	229,083	795,911	106,422	858,510	62,598	1,009,475	150,966	1,160,173	150,697	1,300,173	140,000									
1925 Computer Software	544,976	793,441	248,465	960,814	167,372	1,129,458	168,644	1,219,036	89,577	1,342,123	123,087	1,402,123	60,000									
	1,005,382	1,482,931	477,548	1,756,725	273,794	1,987,968	231,243	2,228,511	240,543	2,502,295	273,784	2,702,295	200,000									
<b>Equipment</b>																						
1915 Office Furniture & Equip.	116,123	166,115	49,992	175,070	8,955	188,160	13,090	206,391	18,231	240,941	34,550	265,941	25,000									
1930 Transportation	947,660	1,259,713	312,053	1,301,080	41,367	1,301,080	0	1,355,849	54,769	1,355,849	0	1,626,888	271,038									
1935 Stores	23,354	43,075	19,721	43,075	0	43,075	0	51,839	8,764	76,839	25,000	116,839	40,000									
1940 Tools, Shop & Garage	175,061	187,594	12,533	197,295	9,700	230,897	33,602	245,236	14,339	270,236	25,000	290,236	20,000									
1945 Measurement & Testing	72,851	75,163	2,312	75,163	0	101,085	25,923	111,963	10,878	121,963	10,000	131,963	10,000									
1955 Communications	4,248	13,103	8,855	13,860	757	22,934	9,074	27,869	4,936	29,759	1,890	49,759	20,000									
1960 Miscellaneous	485	485	0	485	0	485	0	485	0	1,905	1,420	1,905	0									
1980 System Supervisory	49,665	169,335	119,671	261,235	91,900	261,877	642	336,973	75,095	336,973	0	356,973	20,000									
	1,389,446	1,914,583	525,137	2,067,263	152,680	2,149,594	82,331	2,336,605	187,011	2,434,465	97,860	2,840,503	406,038									
<b>Other Distribution Assets</b>																						
1996 Hydro One S/S Contribution	0	0	0	0	0	0	0	0	0	2,500,000	2,500,000	4,100,000	1,600,000									
1995 Contributions & Grants	(615,802)	(1,375,074)	(759,272)	(1,678,510)	(303,436)	(3,171,548)	(1,493,038)	(3,412,744)	(241,196)	(3,848,275)	(435,531)	(4,291,188)	(442,913)									
2055 Construction WIP	0	0	0	0	0	0	0	87,708	87,708	0	(87,708)	0	0									
	(615,802)	(1,375,074)	(759,272)	(1,678,510)	(303,436)	(3,171,548)	(1,493,038)	(3,325,036)	(153,488)	(1,348,275)	1,976,761	(191,188)	1,157,087									
<b>Gross Asset Total</b>	<b>22,793,065</b>	<b>26,866,890</b>	<b>4,073,825</b>	<b>29,268,197</b>	<b>2,401,307</b>	<b>32,873,861</b>	<b>3,605,664</b>	<b>35,809,782</b>	<b>2,935,921</b>	<b>42,246,842</b>	<b>6,437,060</b>	<b>46,912,980</b>	<b>4,666,138</b>									

Note: 2006 Board Approved amount for gross asset total is \$22,793,343, including CDM assets (Account 1565) of \$278. CDM assets are not included in the 2011 Test Year rate base calculation; accordingly, Account 1565 is omitted from this table

1 **GROSS ASSETS VARIANCE ANALYSIS:**

2 **Overview**

3 WHSI's 2011 Test Year revenue requirement is \$8,232,474. In accordance with Chapter 2 of the  
4 Filing Requirements for Transmission and Distribution Applications (June 28, 2010), the  
5 materiality threshold for distributors with a distribution revenue requirement less than or equal  
6 to \$10 million is \$50,000. For the purposes of this analysis, WHSI will also explain variances that  
7 are below the \$50,000 threshold where relevant.

8

9 Table 2-13 below provides a summary of Gross Distribution Assets additions and variances for  
10 the 2005 to 2009 Actual, 2006 Approved, 2010 Bridge Year and 2011 Test Year Amounts.

11 Following this summary table are the detailed variance analysis and tables for the 2005 Actual,  
12 2006 Actual, 2006 Approved, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge, and 2011 Test  
13 Year capital expenditures.

14 **Capital Expenditures 2005 and 2006:**

15 The 2006 Board Approved amounts for each account were calculated as the average of the  
16 2003 and 2004 actual amounts in accordance with the 2006 rate model. As such the amount  
17 for the 2006 Actual includes the difference between the 2004 actual and the 2006 Board  
18 Approved amounts as well as 2005 and 2006 annual investments. The capital expenditures for  
19 2005 amount to \$1,261,379 and 2006 amount to 1,975,384. The total capital expenditures for  
20 2005 and 2006 were \$3,236,763. The difference between the 2006 EDR approved gross assets  
21 of \$22,793,065 and actual 2006 ending balance was \$4,073,825, and amounted to a net  
22 variance of \$837,062.

23

1 **2005 Capital Projects**

2 Table 2-14 summarizes the 2005 capital expenditures by project and account number. Projects  
3 that are near or exceed the materiality threshold of \$50,000 are described in more detail  
4 following this table.

1

Table 2-14

2

2005 Capital Expenditures By Project and Account

Project Description	Total Project	Buildings & Fixtures - Substations 1808	Distn Stn Equip Primary <50kW 1820	Poles, Towers & Fixtures 1830	OH Conductors & Devices 1835	UG Conduit 1840	UG Conductors & Devices 1845	Transformers 1850	Services 1855	Meters 1860	Buildings & Fixtures 1908	Office Furniture & Equipment 1915	Computer HW 1920	Computer SW 1925	Tools, Shop & Garage Equip 1940	Communication Equip 1955	Contributed Capital 1995
Projects Above Materiality																	
Subdivisions & New Services	260,310					100,078	86,125	182,872	227,584								-336,349
Equipment Replacements	206,116			33,500	40,984	36,679	51,252	43,702									
M7 & M10 TS Feeder Replacements	181,425			7,877		128,559	44,989										
Danger Pole Replacements	103,721			103,721													
Leinster Gladstone Conversion	102,166					17,591	16,162	54,176	14,237								
Computer software	88,646												88,646				
Computer hardware	86,600											86,600					
Meter replacements	73,270									73,270							
Projects Below Materiality																	
Wdstk TS B & Y Bus Metering	44,567		44,567														
Prepaid Meter Installations	31,100									31,100							
Poles on North Park Crescent	10,070			10,070													
Poles on Commerce Way	9,996			9,996													
Poles on Dundas	9,130			9,130													
Desks & chairs	9,069											9,069					
MS6 & MS3B refurbishments	8,837	8,837															
Poles on Parkinson	8,490			8,490													
Office renovations	7,767										7,767						
Miscellaneous equipment	5,815														5,572	243	
Poles on Wilson & College	5,782			5,782													
Poles on Grosvenor & Altador	5,371			5,371													
Poles on Huron	3,130			3,130													
<b>Total</b>	<b>\$1,261,378</b>	<b>\$8,837</b>	<b>\$44,567</b>	<b>\$197,067</b>	<b>\$40,984</b>	<b>\$282,906</b>	<b>\$198,528</b>	<b>\$280,750</b>	<b>\$241,821</b>	<b>\$104,370</b>	<b>\$7,767</b>	<b>\$9,069</b>	<b>\$86,600</b>	<b>\$88,646</b>	<b>\$5,572</b>	<b>\$243</b>	<b>-\$336,349</b>

3

1 **2005 Capital Projects:**

2 **Subdivisions and New Services: \$260,310**

3

4 *Driver: Customer Demand/Growth*

5

6 The net subdivision capital additions were attributable to the following residential  
7 developments within the WHSI service area

- 8 • Bridlewood Acres
- 9 • Potterswoods Phase 2
- 10 • Southwood Estates
- 11 • Anderson Condos
- 12 • Herons Landing
- 13 • Forrestway Trail
- 14 • Trillium Woods
- 15 • CanRobert
- 16 • Southwood Estates Phase 2
- 17 • Lansdowne Meadow Phase 7
- 18 • Lansdowne Subdivision Phase 2A

19 In 2005, WHSI also added or upgraded 12 commercial services.

20 **Equipment Replacements: \$206,116**

21 *Driver : Replacement /Reliability*

22

23 Transformers and other equipment requiring replacement due to unexpected equipment  
24 failures or damage accounted for \$206,116. On an individual incident basis, these projects fell  
25 below the \$50,000 threshold and the consolidated amount has provided for information  
26 purposes.

1 **M7 & M10 Feeder Replacements at Woodstock TS: \$181,425**

2

3 *Driver : Replacement /Reliability*

4

5 Increased loading at Woodstock TS initiated this investment to ensure adequate supply and  
6 voltage quality was maintained at under-rated feeder locations. The Woodstock Hydro M7 and  
7 M10 feeder conductors running from the load side of the feeder breaker and terminating at  
8 Woodstock Hydro supply points were identified as undersized. Existing conductor sizes at the  
9 time limited load currents to less than half of the available supply, limiting the amount of load  
10 available for transfer to these two critical feeders. In addition, the existing conductor was  
11 nearing end of life. Both feeders were replaced with 1000 MCM aluminum underground  
12 conductor effectively taking the feeder breaker potential to full capacity. This work was  
13 completed in cooperation with Hydro One Networks.

14

15 **Danger Pole Replacements: \$103,721**

16 *Driver : Replacement /Reliability*

17

18 Pole integrity testing began in 2005. Following this pole asset testing project, several poles  
19 were identified as requirement replacement as soon as possible. These poles were replaced  
20 outside of an area-wide rebuilding process. Ongoing pole replacements are budgeted on a  
21 going forward basis, however the investment will typically follow asset replacement or voltage  
22 conversion initiatives.

23

24 **Leinster Gladstone Conversion: \$102,166**

25

26 *Driver : Replacement /Reliability*

27

1 Aging and failing primary conductor was replaced in this part of Woodstock. As part of the  
2 replacement process, voltage conversion and some transformer replacement was completed  
3 taking the distribution voltages to 27 Kv from the older 4 Kv system.  
4

5 **Computer Software: \$88,646**

6 *Driver : Replacement /Regulatory*  
7

8 Computer software upgrades for billing and settlement systems (\$39,711), corporate software  
9 (\$39,374), and finance software (\$9,561) were added in 2005 to accommodate changing  
10 regulatory requirements and system security improvements.

11 **Computer Hardware: \$86,600**

12 *Driver : Replacement /Reliability*  
13

14 WHSI replaced 10 workstations and 2 printers (\$24,748), billing and meter reading equipment  
15 (\$21,207) and server equipment (\$40,645) in 2005 as part of WHSI's IT asset management and  
16 replacement program. Server equipment upgrades were necessary build an IT platform that  
17 would ensure system reliability and security.

18 **Meter Replacements and Additions: \$73,270**

19  
20 *Driver : Growth/Replacement*  
21

22 Regular and interval meter replacements due to re-verifications and new commercial services  
23 account for \$73,270 in 2005. On an individual basis, these additions fell below the \$50,000  
24 threshold and the consolidated amount has provided for information purposes.

1  
2  
3  
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7  
8  
9  
10  
11

**Woodstock TS B & Y Bus Metering: \$44,567**

*Driver: Replacement/Reliability*

Much of the existing station metering across the Province was ‘grandfathered’ as acceptable for IESO Market opening requirements. To ensure instrumentation and metering equipment at the wholesale metering points met minimum standards, IESO required utilities such as Hydro One and Woodstock Hydro to upgrade their metering equipment. These charges relate to improvements in Woodstock TS wholesale metering equipment to ensure compliance with the IESO could be maintained.

Table 2-15

2006 Capital Expenditures By Project and Account

Project Description	Total Project	Distn Stn Equip Pr <50kW 1820	Poles, Towers & Fixtures 1830	OH Conductors & Devices 1835	UG Conduit 1840	UG Conductors & Devices 1845	Transformers 1850	Services 1855	Meters 1860	Buildings & Fixtures 1908	Office Furniture & 1915	Computer HW 1920	Computer SW 1925	Transportation Equip 1930	Stores Equip 1935	Tools, Shop & Garage Equip 1940	Communication Equip 1955	SCADA Equip 1980	Contributed Capital 1995
Projects Above Materiality																			
Conversion 4 KV to 27 KV Overhead	367,552		186,899	62,964			75,777	41,912											
RBD Truck	280,746													280,746					
RBD Trade in & Truck 22 sold	-66,313													-66,313					
Subdivisions and New Services	211,358		42,202	11,203	94,071	52,968	121,563	115,561											-226,210
Danger Pole Replacements	168,052		168,052																
Cartier UG Conversion 4 KV to 27 KV Phase 1	166,711				97,108	11,387	58,216												
Dual redundant SCADA system	119,671																	119,671	
Prepaid Meter Installations	104,071								104,071										
27 KV Extend Lansdowne Ave - part of LTLT Elimination	95,931		69,834	17,238			8,860												
27 KV Rebuild Water and Centre Streets	63,920		35,116	26,357			2,447												
New 27 KV Commerce Way Business Park Ph 1	57,025		33,333	23,692															
LAN/Server/Peripherals	54,613											54,613							
Projects Below Materiality																			
Interval Metering	43,934								43,934										
Canada Stampings	36,845						35,242		1,603										
Workstation and printer replacements	36,648											36,648							
Trans Arctic- Pattullo	33,932		439		238	8,392	23,481		1,383										
Office productivity/corporate software	27,750												27,750						
Bysham- Industrial Park	27,660						27,660												
Desks & filing cabinets	25,692										25,692								
LAN/Infrastructure software	21,150												21,150						
Billing software upgrades	20,900												20,900						
Used Fork Lift	19,721														19,721				
Finance software upgrades	17,801												17,801						
Engineering software upgrades	14,420												14,420						
Office renovations	13,573									13,573									
Telephone upgrades	7,284																7,284		
Misc tools & equipment	3,482															3,482			
Substation	1,709	1,709																	
<b>Total</b>	<b>\$1,975,834</b>	<b>\$1,709</b>	<b>\$535,874</b>	<b>\$141,454</b>	<b>\$191,417</b>	<b>\$72,747</b>	<b>\$353,245</b>	<b>\$157,473</b>	<b>\$150,990</b>	<b>\$13,573</b>	<b>\$25,692</b>	<b>\$91,261</b>	<b>\$102,021</b>	<b>\$214,433</b>	<b>\$19,721</b>	<b>\$3,482</b>	<b>\$7,284</b>	<b>\$119,671</b>	<b>-\$226,210</b>

1 **2006 Capital Projects:**

2

3 **Overhead 4 KV to 27 Kv Conversion: \$367,552**

4

5 *Driver: Replacement/Reliability*

6 Conversion of aging overhead primary and secondary distribution to the 27 Kv system. Pole  
7 testing and age of plant required replacement of wood pole, conductor and transformer assets.

8

9 **2007 International Radial Boom Derrick (RBD) Truck: \$280,746 (no trade in)**

10

11 *Driver: Replacement/Growth*

12 The 1993 International RDB Truck purchased in 1994 exceeded it's useful life and was replaced  
13 with a 2007 International Digger Derrick Truck to accommodate demand related growth and  
14 system conversions.

15

16 **Vehicle Disposals: (\$66,313)**

17

18 *Driver: Replacement*

19 In 2006, a fully depreciated 1996 Ford Aerostar Van was retired from the fleet and the gross  
20 purchase price of \$9,645 removed from account 1930 Transportation Equipment, and account  
21 2105 Accumulated Amortization. The vehicle was not replaced. A fully depreciated 1993 RDB  
22 was also disposed and the gross purchase price of \$56,668 was removed from account 1930  
23 and account 2105.

24

25

1 **Subdivisions and New Services: \$211,358**

2

3 *Driver: Customer Demand/Growth*

4

5 The net capital additions for \$211,358 were attributable to the following residential  
6 developments within the WHSI service area

7 • Bridlewood Acres

8 • Potterswoods Phase 2

9 • Southwood Estates

10 • Anderson Condos

11 • Herons Landing

12 • Forrestway Trail

13 • Trillium Woods

14 • CanRobert

15 • Southwood Estates Phase 2

16 • Lansdowne Phases 1, 2A, 5,6,7 and 8

17

18 In 2006, 82 new services were connected among 12 various developments and 30 commercial  
19 upgrades or new services were added.

20

21 **Danger Pole Replacements: \$168,052**

22 *Driver: Replacement/Reliability*

23 Pole integrity testing continued into 2006 and several poles were identified as requiring  
24 replacement as soon as possible. These poles were replaced outside of an area-wide rebuilding  
25 process. Ongoing pole replacements are budgeted on a going forward basis, however the  
26 investment will typically follow asset replacement or voltage conversion initiatives.

27

1 **Cartier 4 KV to 27 Kv Conversion Phase 1: \$166,711**

2

3 *Driver: Replacement/Reliability*

4 A 4 Kv underground conductor and related transformation equipment was converted to 27 Kv.  
5 The underground primary and secondary conductor was reaching end of life and was beginning  
6 to experience burn-off, particularly with the secondary service conductor.

7

8 **System Supervisory Equipment: \$119,671**

9

10 *Driver: Replacement/Reliability*

11 WHSI upgraded to a dual-redundant Supervisory Control and Data Acquisition System (SCADA)  
12 to ensure against hardware failure. The SCADA system is used to monitor WHSIs' 4KV  
13 substations, Hydro One feeders, automate switching with field switchgear, and to track the  
14 time and location of outages.

15

16 **Prepaid Meter Installations: \$104,071**

17

18 *Driver: Customer Demand*

19 Customer demand for pay-as-you-go meter technology continued into 2006, resulting in  
20 additional prepaid meter installations of \$104,071. At this time, WHSI was well underway in  
21 their search to find a proven prepaid meter technology that would comply with the smart  
22 meter minimum functionality requirements, at a reasonable cost. WHSI made it's final  
23 purchase of pay-as-you go meters in 2005 which was recognized in account 1330, Inventory.  
24 The cost of these meters were added to the Meter asset account 1860 upon their installation  
25 in the field.

26

1 **Lansdowne Avenue 27 Kv Extension: \$95,931**

2

3 *Driver: Replacement/Reliability*

4 As part of the Long Term Load elimination strategy, a 27kV line was extended east along  
5 Lansdowne Avenue toward the Hydro One demarcation point.

6

7 **27 Kv Rebuild of Water and Center Street – Downtown Conversion: \$63,920**

8

9 *Driver: Replacement/Reliability*

10 Much of the downtown core had aging 4 Kv infrastructure and pole testing results supported  
11 the need to replace existing wood pole assets. This project included the conversion of 4 Kv to  
12 that of 27 Kv and formed the beginning of the greater downtown replacement project in years  
13 to follow.

14

15 **New 27 Kv Distribution in Commerce Way Business Park Phase 1 : \$57,025**

16

17 *Driver: Customer Demand/Growth*

18 Phase one of this project included costs for the expansion of the distribution system into a  
19 new business park located in South-east Woodstock.

20

21 **Computer Hardware LAN/Server/Peripherals: \$54,613**

22

23 *Driver: Replacement/Reliability*

24 Two Disaster Recovery (DR) backup servers were purchased as part of the first-generation  
25 approach to Disaster Recovery for \$34,265. One server was sized to be capable of supporting

1 the entire organization with up to 10 virtual servers on one physical server, operating out of our  
2 specified DR site, in a full-scale emergency scenario. A second (smaller) server was purchased  
3 for on-site business continuity and testing. Other peripheral purchases include a backup tape  
4 changer (\$8,366), SPAM appliance (\$5,860), server room console equipment (\$4,708), and UPS  
5 devices (\$1,417).

6

7 **Interval Metering: \$49,934**

8

9 *Driver: Regulatory/Replacement*

10 Consumer awareness and education was the primary focus for many WHSI conservation  
11 programs during the three year third tranche conservation period. From experience, we  
12 recognize the value of Interval load data, particularly for those businesses who have access to  
13 their facility power use via the Internet. In many cases, commercial and industrial customers  
14 struggle to recognize the major contributing loads within their plant. What equipment  
15 consumes the most power; what is the coincidental peak of various pieces of equipment; is it  
16 necessary for this equipment to operate together during times of peak demand, and so forth.

17

18 The only means a customer has of identifying load characteristics within their facility is to have  
19 access to hourly Interval data. As such, WHSI invested \$49,934 to replace standard mechanical  
20 metering for those customers with a demand >100 kw. This initiative contributed significantly  
21 toward demand and energy awareness and will continue to support the Provinces desire to  
22 build conservation awareness strategies and required skill-sets among this customer group.

23

24

Table 2-16

2007 Capital Expenditures by Project and Account

Project Description	Total Project	Poles, Towers & Fixtures 1830	OH Conductors & Devices 1835	UG Conduit 1840	UG Conductors & Devices 1845	Trans-formers 1850	Services 1855	Meters 1860	Buildings & Fixtures 1908	Office Furniture & Equip 1915	Computer HW 1920	Computer SW 1925	Transportation Equip 1930	Tools, Shop & Garage Equip 1940	Communication Equip 1955	SCADA Equip 1980	Contributed Capital 1995
<b>Projects Above Materiality</b>																	
Nesbitt Vanier Underground 4 KV to 27 KV Conversion	474,411			169,810	52,575	87,440	164,586										
Cartier Underground Conversion 4 KV to 27 KV Phase 2	186,805			15,968	32,498	138,339											
New Commercial Services	183,818	47,335	19,123	4,920	6,158	84,833	17,890	3,560									
Equipment Replacements	143,109	19,532	0	30,014	11,977	60,863	20,723	0									
New CIS/Billing System Software	134,252											134,252					
Interval meter replacements	129,295							129,295									
Rex 1 Meters (Smart)	103,308							103,308									
Downtown Conversion Phase 1	101,493			64,321	21,443	14,146		1,583									
Upgraded Scada system	91,900															91,900	
Subdivisions and New Residential Services	85,368			65,035	58,677	125,750	132,488	6,853									-303,436
Cargo Van & crew cab pick up	81,115												81,115				
Disposal of 1996 GMC Cube Van & 1995 GMC Step Van	-39,748												-39,748				
Danger Pole Replacements	80,749	80,749															
Prepaid Meter installations	79,905							79,905									
New 27 KV Commerce Way Business Park Phase 2	75,140	6,633	6,507	7,314	54,686												
Heating & cooling automation & server room	53,091								53,091								
<b>Projects Below Materiality</b>																	
Woodstock Chrysler Dealership	46,851	584	799	4,141	15,660	25,667											
St Michaels School Conversion	45,407	14,409	1,597	9,090	4,599	14,554		1,157									
Beards Lane Rebuild	45,106	8,714	10,104			23,396		2,892									
Maple Automotive	42,895	13,293	3,982			25,293		327									
Workstation and printer replacements	36,400										36,400						
Bysham Park Industrial Park Pole Line Extension	34,512	28,542	5,970														
PreCon Flex Wall	31,331	3,869	6,700			18,917	372	1,474									
CIS Servers (2) and Console)	29,600										29,600						
Delta to Wye Conversions	27,317						11,375	15,942									
LAN/Server replacements	25,172										25,172						
Engineering software	20,245											20,245					
Backup devices for office and disaster recovery site	15,250										15,250						
LAN/Infrastructure software	12,875											12,875					
Tools and equipment	10,457													9,700	757		
Bill stuffing machine, chairs & blinds	8,955									8,955							
Automated Switching	4,922	4,922															
<b>Total</b>	<b>\$2,401,307</b>	<b>\$228,581</b>	<b>\$54,782</b>	<b>\$370,615</b>	<b>\$258,273</b>	<b>\$619,197</b>	<b>\$347,435</b>	<b>\$346,296</b>	<b>\$53,091</b>	<b>\$8,955</b>	<b>\$106,422</b>	<b>\$167,372</b>	<b>\$41,367</b>	<b>\$9,700</b>	<b>\$757</b>	<b>\$91,900</b>	<b>-\$303,436</b>

1

2

3

1 **2007 Capital Projects:**

2

3 **Nesbitt-Vanier 4 Kv to 27 Kv Underground Conversion: \$474,411**

4 *Driver: Replacement/Reliability*

5 Aging underground 4 Kv in the Nesbitt-Vanier area, along with safety concerns at the  
6 meterbase initiated this conversion. All primary, secondary and transformer equipment was  
7 replaced.

8

9 **Cartier 4 KV to 27 Kv Conversion Phase 2: \$186,805**

10 *Driver: Replacement/Reliability*

11 The second and final phase of this 27 Kv underground conversion was completed in 2007.

12

13 **New Commercial Services: \$183,818**

14 *Driver : Customer Demand/Growth*

15 In 2007, WHSI added 39 commercial services and at an average cost of \$4,713 each. On an  
16 individual basis, these additions fell below the \$50,000 threshold and the consolidated amount  
17 has provided for information purposes.

18

19

1 **Equipment Replacements: \$143,109**

2 *Driver : Replacement/Reliability*

3  
4 Transformers and other equipment requiring replacement due to unexpected equipment  
5 failures or damage accounted for \$143,109. On an individual incident basis, these projects fell  
6 below the \$50,000 threshold and the consolidated amount has provided for information  
7 purposes.

8

9 **New CIS/Billing System: \$134,252**

10 *Driver: Replacement/Reliability*

11 In 2007 WHSI began the process of setup and conversion to a new CIS/Billing system. The 2007  
12 software implementation costs for the Harris Northstar CIS / Billing system were \$134,252 and  
13 included the purchase and setup of the Windows Enterprise Server operating system software,  
14 the SQL server database software, CIS configuration, data conversion, custom report writing  
15 and other one-time software design charges.

16 **Interval Meters: \$129,295**

17

18 *Driver: Regulatory*

19 WHSI continued its third tranche conservation program to replace standard mechanical  
20 metering to interval meters for customers with a demand >100 kW to give customers the tools  
21 to monitor and improve their power factor and to create an effective demand side  
22 management and conservation program.

23

24

1 **REX 1 Meter Exchange: \$103,308**

2 *Driver: Regulatory*

3 As was the case with many LDC's during the Smart metering design process, WHSI encountered  
4 several batches of aging single phase meters that required replacement. In total, 1100  
5 mechanical type meters were identified for replacement and WHSI was directed by  
6 Measurement Canada to complete this change in advance of Smart meter implementation. A  
7 cost analysis was completed that compared the ultimate loss of replacing meters like-for-like  
8 (ie. Mechanical with mechanical). Had this option been selected, the full cost of metering and  
9 labour would have been invested and ultimately lost during Smart meter conversions.

10 As a means of hedging the loss, WHSI opted to replace the mechanical type failed units with  
11 Elster REX 1 Smart meters. The labour and equipment costs associated with converting these  
12 meters was charged to OM&A expense, and the cost of the meters were charged to meter  
13 capital. Although a decision had not yet been finalized, ELSTER was a front runner among LDC'  
14 in the smart meter initiative.

15 The investment proved to be sound, as WHSI finalized a contract with Elster and the 1,100  
16 replacement meters are now functioning as part of the WHSI Smart metering network.

17 **Downtown Conversion Phase 1: \$101,493**

18 *Driver: Replacement/Reliability*

19 Phase one of the conversion to 27kW in the Woodstock Downtown area began in order to  
20 relieve load from existing 4 Kv Municipal Substation number 6, and replace aging overhead and  
21 underground conductor.

22 **SCADA System: \$91,900**

23 *Driver: Replacement/Reliability*

1 WHSI added an ICCP upgrade and wireless communication equipment for the automated  
2 switches to the dual-redundant (SCADA) system. ICCP was required to allow access to Barrie  
3 OGC for remote hold-off, and the communication equipment enabled remote control and  
4 monitoring of 3 viper switches.

5

6 **Subdivisions and New Services: \$85,368**

7

8 *Driver: Customer Demand/Growth*

9

10 The net subdivision capital additions for \$85,368 were attributable to the following residential  
11 developments within the WHSI service area

- 12 • Forrestway Trail
- 13 • Southwood Estates Phase 2, 4
- 14 • Trillium Woods Phase 1,2
- 15 • Tiffany Homes Phase 1
- 16 • Lansdowne Phases 2, 9, 10
- 17 • Lansdowne Meadows

18

19 In 2007, 129 new services were connected among 11 various developments.

20 **Cargo Van & Crew Cab Pick Up: \$81,115**

21 *Driver: Replacement/Reliability*

22 A 1996 GMC cube van used primarily for substation maintenance and plant locating services  
23 and had exceeded its useful life. This vehicle was replaced with a smaller, 2007 GMC Savanna  
24 van, which continues to serve the same purpose.

1 A 1995 GMC Step Van used exclusively by WHSI line crews, primarily for underground work, had  
2 exceeded it's useful life. This vehicle was replaced with a 2007 GMC Sierra 1 Ton, crew cab  
3 chassis and is now used for both overhead and underground work activities while providing a  
4 means of transporting crews.

5

6 **Vehicle Disposals: (\$39,748)**

7 *Driver: Replacement*

8 In 2007, a fully depreciated 1996 GMC Cube Van and a 1995 GMC Step Van were retired from  
9 the fleet and the total purchase price of \$39,748 removed from account 1930 Transportation  
10 Equipment, and account 2105 Accumulated Amortization.

11

12 **Danger Pole Replacements: \$80,749**

13 *Driver: Replacement/Reliability*

14 Pole integrity testing was completed in 2005 and 2006 and several poles were identified as  
15 requiring replacement as soon as possible. These poles were replaced outside of an area-wide  
16 rebuilding process. Ongoing pole replacements are budgeted on a go- forward basis, however  
17 the investment will typically follow asset replacement or voltage conversion initiatives.

18

19 **Prepaid Meters: \$79,905**

20 *Driver: Customer Demand*

1 Replacement of existing prepaid meters and requests for new prepaid meters continued into  
2 2007. WHSI had made it's final purchase of prepaid meters in 2005 which were recorded in  
3 account 1330, Inventory and then recognized in account 1860 Meters, upon installation.

4

5

6

7 **27 Kv Distribution Expansion in Commerce Way Business Park Phase 2: \$75,140**

8 *Driver: Customer Demand/Growth*

9 Further expansion was required into this business park development to keep pace with growth  
10 within the City of Woodstock. The installation for this conversion is an overhead 27 Kv.

11

12 **Server Room Heating & Cooling Automation \$53,091**

13 *Driver – Replacement/Reliability*

14 Building renovations to accommodate an automated heating and cooling system in the upper  
15 and lower server rooms were completed at a cost of \$53,091. These renovations were  
16 necessary to create a climate controlled environment and eliminate the risk of equipment  
17 failure due to high room temperatures.

1

Table 2-17

2

2008 Capital Expenditures by Project and Account Number

Project Description	Total Project	Station Equip	Poles,	OH	UG	UG	Transformers	Services	Meters	Buildings	Office	Compute	Computer	Stores	Tools, Shop	Communi-	SCADA	Contributed
		Primary	Towers &	Conductors	Conduit	Conductors					& Fixtures				Furniture	r HW	Equip	
		1820	1830	1835	1840	1845	1850	1855	1860	1908	1915	1920	1925	1935	1940	1955	1980	1995
Projects Above Materiality																		
Inventory Adjustment - assets in inventory	977,791		54,462				923,329											
Subdivisions and New Residential Services	516,339		767	457	344,066	305,622	625,633	456,567	20,136									-1,236,908
New Commercial Services	248,194		21,873	6,705	13,911	337,770	104,942	7,501	11,622									-256,130
Beards Lane Rebuild	233,359		67,163	62,350	18,541	38,398	46,480		429									
Brock Street Rebuild and Conversion Phase 1	231,120		15,110	5,015	90,845	9,550	109,878	722										
Equipment Replacements	210,151		44,234	30,034	15,349	39,412	59,991	17,062	4,068									
Danger pole replacements	140,199		102,091	24,697		2,748	6,369	4,295										
Dundas & Wilson rebuild	136,484		12,923	3,481	50,968	33,055	33,541	2,518										
Billing System software	124,697												124,697					
Downtown Conversion Phase 2	116,490		-1,072	672	30,255	19,977	55,649	11,010										
Graham Street Voltage Conversion	112,567		8,806	2,021		19,957	66,591	15,192										
Seagrave Chandaria	106,496		42,617	60,653		1,218	619	1,388										
Part of Garage Roof	97,000									97,000								
Interior Building Renovations	84,380									84,380								
MS3B Refurbishment	56,488	56,488																
Projects Below Materiality																		
Misc shop & garage tools	33,602													33,602				
Workstations & Printers	27,996											27,996						
Measurement equipment	25,923														25,923			
Nesbitt/Vanier Conversion	25,033				5,887	658	13,375	5,113										
LAN/Infrastructure software	21,032												21,032					
Engineering software	20,228												20,228					
LAN/Servers/Peripherals	19,653											19,653						
Projectors and other devices	15,592											14,950					642	
Desks & blinds	13,090										13,090							
Telephone equipment	9,074															9,074		
Finance software	2,687												2,687					
<b>Total Gross Assets</b>	<b>3,605,664</b>	<b>56,488</b>	<b>368,973</b>	<b>196,086</b>	<b>569,820</b>	<b>808,364</b>	<b>2,046,397</b>	<b>521,367</b>	<b>36,254</b>	<b>181,380</b>	<b>13,090</b>	<b>62,598</b>	<b>168,644</b>	<b>33,602</b>	<b>25,923</b>	<b>9,074</b>	<b>642</b>	<b>-1,493,038</b>
Accounting Adjustment - to reallocate contributed capital amortization to account 2105	-220,648																	-220,648
<b>Reconciliation to Trial Balance</b>	<b>3,385,016</b>	<b>56,488</b>	<b>368,973</b>	<b>196,086</b>	<b>569,820</b>	<b>808,364</b>	<b>2,046,397</b>	<b>521,367</b>	<b>36,254</b>	<b>181,380</b>	<b>13,090</b>	<b>62,598</b>	<b>168,644</b>	<b>33,602</b>	<b>25,923</b>	<b>9,074</b>	<b>642</b>	<b>-1,713,686</b>

3

1    **2008 Capital Projects:**

2    In addition to summarizing the 2008 capital projects, Table 2-17 above reconciles the actual  
3    projects to the trial balance. Prior to 2008, accumulated amortization for account 1995,  
4    Contributed Capital, was recognized in a sub-account of account 1995. Although the net  
5    Contributed Capital amount was correct, the net book value was reported in account 1995 and  
6    reflected in the trial balance, instead of reflecting the gross amount of this contra asset  
7    account. Similarly, account 2105, Accumulated Amortization, did not capture the contra-  
8    amount for Contributed Capital Amortization. In 2008, an accounting adjustment was made to  
9    reallocate the accumulated amortization on contributed capital from sub account 1995 to  
10   Contra Sub- Account 2105, Accumulated Amortization. This adjustment resulted in a credit of  
11   \$220,648 to account 1995, and a debit to sub-account 2105 for the same amount.

12   The Total Gross Assets on Table 2-17 reconciles to the amount in the Gross Distribution Asset  
13   Table 2-13.

14

15    **Inventory Adjustment: \$977,791**

16

17    Prior to 2008, WHSI's accounting practice was to allocate all material purchases to account  
18    1330, Inventories, until such time it was put into service. In 2008, WHSI amended their  
19    accounting practice to allocate pole and transformer material to asset account 1830, Poles,  
20    Towers, and Fixtures, and to account 1850, Transformers, in accordance with CICA Handbook  
21    section 3031 – "Inventories" and the OEB Accounting Procedures Handbook.

22

23

24

25

1 **Subdivisions and New Services: \$516,339**

2

3 *Driver: Customer Demand/Growth*

4

5 The net subdivision capital additions for \$516,339 were attributable to the following residential  
6 developments within the WHSI service area

- 7 • Anderson St. Condo's
- 8 • Forrestway Trail
- 9 • Southwood Estates Phase 2, 4
- 10 • Trillium Woods Phase 1,2
- 11 • Tiffany Homes Phase 1, 2
- 12 • Lansdowne Phases 2, 9, 10
- 13 • Lansdowne Meadows

14

15 In 2008, 182 new services were connected among the 12 developments noted above.

16 **New Commercial Services: \$248,194**

17 *Driver : Customer Demand/Growth*

18 In 2008, WHSI added 19 new commercial services that ranging in cost between per connection.  
19 On an individual basis, these additions fell below the \$50,000 threshold and the consolidated  
20 amount has been provided for information purposes. In 2008, WHSI recognized the portion of  
21 customer contributions for commercial service connections as an offset against account 1995,  
22 Contributed Capital. Prior to 2008, new commercial services were recorded on a net basis  
23 directly into the asset accounts.

24

25

1 **Beards Lane Rebuild: \$233,359**

2

3 *Driver : Growth/Reliability*

4

5 Beards Lane is a heavily industrialized section of Woodstock and located conveniently to supply  
6 the new Toyota Automotive plant. Several new tier two suppliers located in the WHSI service  
7 area to supply Toyota, putting the aging 27 Kv overhead system under stress. An entire re-build  
8 to two-circuit 27 Kv was started this year that included transformer conversions. City approval  
9 required the distribution plant be re-constructed in the same right-of-way as the existing  
10 system.

11

12 **Brock Street Rebuild and Conversion Phase 1: \$231,120**

13

14 *Driver : Replacement/Reliability*

15

16 The Brock street rebuild contributes to both the Graham street and downtown rebuild projects  
17 by eliminating back-alley 4 Kv and supplying an underground loop feed to downtown business  
18 locations. Several of these businesses also experienced voltage issues during times of peak  
19 summer demand, and were essentially at end of life.

20

21

22 **Equipment Replacements: \$210,151**

23 *Driver : Replacement/Reliability*

24

25 Transformers and other equipment requiring replacement due to unexpected equipment  
26 failures or damage accounted for \$210,151. On an individual incident basis, these projects fell

1 below the \$50,000 threshold and the consolidated amount has provided for information  
2 purposes.

3

4 **Danger Pole Replacements: \$140,199**

5

6 *Driver : Replacement/Reliability*

7

8 Following a pole asset testing project, several poles were identified as requirement  
9 replacement as soon as possible. These poles were replaced outside of an area-wide rebuilding  
10 process. Ongoing pole replacements are budgeted on a going forward basis, however the  
11 investment will typically follow asset replacement or voltage conversion initiatives.

12

13 **Dundas & Wilson Alley Rebuild: \$136,484**

14

15 *Driver : Replacement/Reliability*

16

17 This replacement and expansion project of 4Kv overhead to 27 Kv underground was initiated by  
18 a customer connection request. Aging 4 Kv assets including pole line and transformer  
19 equipment was replaced and expanded to connect a new customer connection. Customer  
20 connection costs are over and above this capital replacement cost.

21

22

23 **Billing Software: \$124,697**

24

25 *Driver : Replacement/Reliability*

26

1 On April 1, 2008 WHSI went live with their new Customer Information System. WHSI had  
2 purchased additional modules which were offered at special incentive pricing that provided  
3 functionality unavailable in the previous billing system, including electronic document  
4 management, meter management, demand side management, and customer self-serve  
5 functionalities.

6

7 **Downtown Voltage Conversion – Phase 2: \$116,490**

8

9 *Driver : Replacement/Reliability*

10

11 Much of downtown Woodstock was supplied by aging 4 Kv distribution. With recent  
12 development in the downtown area, power quality issues arise during times of summer peak  
13 loading. Voltage conversion and transformer replacement to that of 27 Kv will ensure demand  
14 and power quality requirements are maintained.

15

16

17 **Graham Street Voltage Conversion: \$112,567**

18

19 *Driver : Replacement/Reliability*

20

21 In order to create a loop feed for the 27 Kv system supplying downtown Woodstock, conversion  
22 of overhead to underground 27 Kv was initiated. This project completes an underground  
23 conversion that was started several years ago with the intent of bringing 27 Kv south from  
24 Devonshire Avenue.

25

26

27

28

1 **Seagrave-Chandaria Extension Phase 1: \$106,496**

2

3 *Driver : Growth/Reliability*

4

5 The City of Woodstock completed the extension of Seagrave Street, making way for WHSI to  
6 complete a 27 Kv loop through the industrial park to improve system redundancy and  
7 reliability.

8

9 **Roof Replacement: \$97,000**

10

11 *Driver: Replacement*

12

13 WHSI's corporate headquarters at 16 Graham Street, Woodstock, houses the office, garage, and  
14 the main warehouse. The office building was constructed in 1961, and the garage and main  
15 warehouse were completed shortly thereafter. Since that time, the roof had undergone regular  
16 maintenance to patch and repair certain areas, but the time had come to replace the original  
17 roof. In 2008, WHSI completed the first phase and replaced the roof in the garage and main  
18 warehouse area. The main office building roof was planned to commence and be completed in  
19 2009.

20

21 **Interior Renovations: \$84,380**

22

23 *Driver: Replacement*

24

25 The linemen's main washroom, shower and lunch area required a complete overall to replace  
26 aging fixtures, tiles, and plumbing. This was completed in 2008 at a cost of \$52,400.

27

28

1 The results of testing conducted in 2007 revealed the presence of asbestos in WHSI's office  
2 building, which was subsequently removed. Removal costs were charged to account 5675,  
3 General Maintenance expense. Following this process, work was required to restore ceilings  
4 and other structural areas affected by the removal process. This was completed at a cost of  
5 \$31,975

6  
7  
8  
9 **MS3B – 4 Kv Substation Refurbishing Project: \$56,488**

10  
11 *Driver: Replacement/Reliability*

12  
13 In 2008, WHSI suffered the catastrophic loss of Municipal Substation number 5. During a 4 Kv to  
14 27 Kv line fault, the main switching unit was damaged beyond repair and was subsequently  
15 removed from service. Following a careful review of options available, the most cost effective  
16 and timely means of replacing this 4 KV transformation asset proved to be the re-furbishing of  
17 an unused 4 KV station located in the downtown core.

18  
19 WHSI annually invests in the replacement of 4 KV assets through conversion to the more  
20 efficient 27 KV system. Typically these conversions are planned, systematic and require  
21 coordination to ensure adequate redundancy remains available during and after the  
22 conversion. In the case of the MS 5 failure, a significant amount of 4 KV plant required  
23 continued support to ensure adequate redundancy and voltage quality. Eliminate the station  
24 entirely and we would potentially suffer voltage drop issues in the downtown core; convert to  
25 27 KV and planned, necessary capital work would suffer. The decision was made to invest in  
26 MS3B as a short term measure and voltage conversion will continue in this area to ultimately  
27 eliminate 4 KV requirements.

28



1 **2009 Capital Projects:**

2 **Beards Lane Rebuild: \$570,690**

3

4 *Driver: Growth/Replacement/Reliability*

5

6 This activity completes the Beards Lane 27 Kv overhead, twin circuit rebuild in the Beards land  
7 industrial area. New connection capacity exceeding 15 MW has been installed during 2008 and  
8 2009. This project was required In order to be prepared for the eventual doubling of Toyota  
9 supplier demands and new industrial customer connections, while upgrading end-of-life pole-  
10 line assets in the area.

11

12 **Cedar Slopes Phase 1 Residential Rebuild and Conversion: \$468,196**

13

14 *Driver: Replacement/Reliability*

15

16 Located in south central Woodstock, this subdivision is one of the oldest remaining 4 Kv  
17 underground installations. Primary, secondary and transformation equipment were all replaced  
18 and connected to the 27 Kv system. This involved primary pole replacement for supply and the  
19 removal of all 4 Kv existing plant. A total of 100 single and duplex type homes were converted,  
20 with an additional 68 homes prepared for the second phase of primary and transformer only  
21 equipment replacement.

22

23 **Universal Rd-Commerce Way Extension: \$215,611**

24

25 *Driver: Customer Demand/Growth/Reliability*

26

1 This extension was required for a number of reasons, including the replacement of overhead  
2 primary (existing under the 115 KV transmission lines) to that of underground, preparing a  
3 connection to the new Commerce Way TS, and supporting the Beards Lane project by  
4 completing a loop feed supply from an alternate feeder position. This plant was new 27 Kv  
5 overhead with 1000 MCM underground road crossing supply.

6  
7 **Brock Street Rebuild and Conversion Phase 2: \$180,594**

8  
9 *Driver: Replacement/Reliability*

10  
11 This section of the downtown core was completed and included new underground 27 Kv  
12 primary, switchgear and transformer replacements.

13  
14 **Automated Switching and Restoration: \$163,749**

15  
16 *Driver: Customer Demand/Growth*

17  
18 The majority of industrial activity within Woodstock supports the Just-In-Time and Dispatching  
19 supplier requirements of the automotive sector. In order to continually improve our SAIDI  
20 (Outage Duration performance) and meet the needs of manufacturing customers, WHSI  
21 continues to expand on the implementation of an automated restoration program. Four  
22 automated Load Break switching units were installed in 2009 and this program will continue to  
23 be developed once the new Commerce Way TS station is energized by 2012.

24  
25  
26  
27  
28

1 **Office Roof Replacement: \$140,825**

2 *Driver: Replacement*

3 WHSI's corporate headquarters at 16 Graham Street, Woodstock, houses the office, garage, and  
4 the main warehouse. Further to the 2008 additions, the second phase of the roof replacement  
5 for main office building area was completed in 2009.

6

7 **Inventory Adjustment: \$129,660**

8

9 A year end physical inventory count resulted in the re-allocation of meter capital that was  
10 previously included in account 1330, Inventories. The total amount of this reallocation was  
11 \$129,660

12 **Interval Meters: \$122,767**

13

14 *Driver: Replacement*

15

16 WHSI purchased a quantity of interval meters and wireless antennas to support the interval  
17 meter installation and replacement.

18

19 **Subdivisions and New Services: \$110,097**

20

21 *Driver: Customer Demand/Growth*

22

23 The net subdivision capital additions for \$ 110,097 were attributable to the following  
24 residential developments within the WHSI service area

- 1 • Southwood Estates Phase 2, 4
- 2 • Trillium Woods Phase 1,2
- 3 • Tiffany Homes Phase 1, 2
- 4 • Lansdowne Phases 2, 9, 10,11
- 5 • Lansdowne Meadows
- 6 • Woodstock Towers

7  
8 In 2009, 228 new services were connected among the 12 developments noted above. Of  
9 these 228 new services, 118 are attributable to Woodstock Towers, a 119 unit apartment  
10 building .

11  
12 **Vehicle Replacement : \$105,283**

13 *Driver: Replacement*

14 A 2000 GMC mini van used exclusively for locating purposes had surpassed its useful life, and in  
15 recent years incurred increasing maintenance and repair costs. Additionally, a 1994 Chevy  
16 pickup, a 1995 GMC van, and a 1999 Mazda pickup, had reached the end of their useful lives.

17 A tender to replace these vehicles was issued with a multi-purpose application in mind. In the  
18 past, trucks ranged in size from small to full size, to passenger van, with the result of each  
19 having a specific purpose and dedicated user. To streamline and broaden vehicle usage, one  
20 2009 Chevy Express Cargo Van was purchased to replace the locating vehicle, along with three  
21 2009 Chevy full size, extended cab pick-up trucks. As such, all three vehicles will handle the  
22 same payload and can be used interchangeably, while providing a means of use for those who  
23 need to attend out-of-town business related meetings.

24

1 The savings derived by this approach include a reduction in chargeable mileage (personal use of  
2 vehicles for out-of-town meetings reduced), greater availability to fleet inventory and the  
3 avoidance of a dedicated 'people mover' type vehicle.

4

5 **Vehicle Disposals: (\$50,514)**

6 *Driver: Replacement*

7 In 2009, fully depreciated vehicles consisting of a 1995 GMC Van, 1994 Chevy Pickup, 1999  
8 Mazda Pickup, and 2000 GMC Van were retired from the fleet and the total purchase price of  
9 \$50,514 removed from account 1930 Transportation Equipment, and account 2105  
10 Accumulated Amortization.

11

12 **Danger Pole Replacements: \$94,290**

13 *Driver: Replacement/Reliability*

14 WHSI continued it's ongoing replacement of pole assets noted as being in poor condition  
15 during the previous pole testing period.

16 **LAN/Server Hardware: \$ 87,737**

17 *Driver: Replacement/Reliability*

18 WHSI initiated a multi-year virtualization project in 2009 as described further in Tab 3 of this  
19 Exhibit, and included the 2009 purchase of a Storage Area Network (SAN) and switches, a  
20 server class UPS, an enterprise physical server and an IT administration server, at a total cost  
21 of \$80,837. A new SPAM filter appliance, ADSL Modem and ISP Router were also purchased for  
22 \$6,900 to ensure corporate security and efficiency.

23

1 **SCADA System Upgrades: \$75,095**

2 *Driver : Replacement/Reliability*

3 Additions to the SCADA system provided the communication and hardware backbone to  
4 facilitate the 900 Mhz wireless network with the new G&W Viper automated switches. This  
5 includes radio equipment and DNP protocol to allow communication with PLC controllers and  
6 the IED, for design and control capability to create links between remote switches and the  
7 front-end SCADA system.

8 **Rooftop Generator Installation: \$68,275**

9 *Driver: Reliability*

10 As part of WHSI's broader efforts in Emergency Preparedness and Disaster Recovery planning,  
11 a natural-gas powered rooftop-generator was installed on WHSI's office building at 15 Graham  
12 Street. This device was sized to ensure that mission-critical operations could continue in the  
13 event of a long-term electricity outage and to enable WHSI to provide emergency services to  
14 WHSI customers. The generator provides electricity for emergency and task lighting, and  
15 electrical service to the operations control room, IT / server room, main office, and telephone  
16 systems.

17  
18 **Seagrave-Chandaria Extension Phase 2: \$66,449**

19 *Driver: Growth/Reliability*

20 The City of Woodstock completed the extension of Seagrave Street, making way for WHSI to  
21 complete a 27 Kv loop through the industrial park to provided added redundancy to the service  
22 area.

23

1 **Workstation and Printer Replacements, Additions: \$63,229**

2 *Driver : Replacement*

3 A total of 10 workstations, 4 tablets, and 2 printers were purchased in 2009 as part of WHSI's  
4 IT asset management and replacement program. The tablet devices were purchased to support  
5 the use of technology applications in the field for meter and line department staff.

6 **Finance Software: \$49,666**

7 *Driver: Replacement*

8 WHSI purchased a new version of Microsoft Dynamics, its current financial information system,  
9 in order to accommodate future IFRS requirements and to facilitate current and future  
10 integrations with other information systems including the CIS Billing, Work Estimate, and GIS  
11 systems. The move to the newer licensing model provided upgrades not available in the  
12 current version that would also improve internal business processes, reporting and account  
13 reconciliation within existing Microsoft Dynamics financial modules.

14 **Contributed capital adjustment (\$59,883)**

15  
16 An adjustment of (\$59,883) was recorded in 2009 to recognize the portion of contributed  
17 capital for three commercial new commercial services that were added in 2008.

18  
19  
20 In 2008, the net amount of \$248,194 for new commercial services did not recognize these  
21 capital contributions, as the amounts were included in account 2210, Current Portion of  
22  
23  
24 Customer Deposits as a deposit.

25  
26  
27

28 **Construction Work in Progress: \$87,708**

29

30 *Driver: Customer Demand*

31

1  
2 Bower Hill Distribution Re-Build:

3  
4 The Bower Hill project was initiated by the need to temporarily supply north and south  
5 Woodstock during the Transmission re-enforcement project, now underway by Hydro One  
6 Networks. Due to supply constraints from the East (Burlington TS) and the removal of the 115  
7 Kv system from London during transmission tower replacement, WHSI and Hydro One  
8 constructed a double-circuit supply along Bower Hill and extending along Karn Avenue. These  
9 circuits terminated at the temporary Woodstock MUS 115/27 KV substation. Prior to the  
10 conversion Bower Hill was 4kv and is now supplied by 28 kv. The existing Woodstock TS will  
11 eventually be de-commissioned and closed and a new station constructed on the same  
12 property as the Karn Road TS. During planning stages, WHSI and Hydro One agreed that the  
13 long-term advantage of rebuilding Bower Hill with the capacity for three feeders is the ability to  
14 source up to three feeders back into the City. The total estimated cost of this project is  
15 \$405,000 and funded through a capital contribution by Hydro One Networks. The net project  
16 cost to December 31, 2009 was \$125,052, or gross costs of \$ 391,542 less interim payments of  
17 \$266,490. This project is expected to be complete in 2010.

18  
19 Woodstock General Hospital:

20 As part of their power redundancy strategy for the new Woodstock General Hospital, a request  
21 for dual 27.6 KV supply feeders was made to WHSI. The existing infrastructure included one  
22 only, 27.6 feeder supply and a second point of supply required a significant underground  
23 expansion. The total estimated cost of this project is \$505,000 and funded through a capital  
24 contribution by Woodstock General Hospital. The net project cost to December 31, 2009 was  
25 \$46,997, or gross costs of \$ 421,854 less interim payments of \$374,857. This project was  
26 completed in September 2010.

27  
28 Other:

1 The total credit offset of \$84,341 represents the net amount over-contributed for four smaller  
2 projects that were still in progress as of December 31, 2009:

3 Capital job # 278 (\$6,395)

4 Capital job # 288 (\$9,646)

5 Capital job # 308 (\$30,499)

6 Capital job # 322 (\$37,465)

1 **Table 2-19: 2010 Bridge Year Capital Expenditures**

Project Description	Total Project	Distn Stn Equip Pr <50kW 1820	Poles, Towers & Fixtures 1830	OH Con-ductors & Devices 1835	UG Conduit 1840	UG Con-ductors & Devices 1845	Trans-formers 1850	Services 1855	Meters 1860	Buildings & Fixtures 1908	Office Furn & Equip 1915	Computer HW 1920	Computer SW 1925	Stores Equip 1935	Tools, Shop & Garage Equip 1940	Measure-ment & Testing Equip 1945	Communi-cation Equip 1955	Misc Equip 1960	Contributed Capital 1995	Hydro One TS-Contribut ed Capital 1996	CWIP 1995
Hydro One Substation - Capital Contribution	2,500,000																			2,500,000	
Karn Pavey, Bee Conversion	591,390		16,003	15,254	177,135	117,762	136,189	87,745	41,302												
Subdivisions and New Services	373,896		10,441	13,922	313,234	149,656	208,823	113,350												-435,531	
Lansdowne MS Extension	194,990		99,389	57,508	2,525	1,763	24,352	9,452													
Danger Pole Replacements	187,616		89,270	49,135	6,927	763	26,881	14,641													
MS11 & 4KV - Substation Elimination	157,656	24,902	24,881	22,006	7,427	6,051	33,254	23,281	15,854												
Workstations, servers & printers	140,000											140,000									
Norwich @ Parkinson Extension	111,343		39,254	19,454	5,802	1,825	14,352	30,656													
Cedar Slopes Conversion Phase 2	110,901				13,254	31,827	58,718	7,102													
Equipment Replacements	100,000		14,000	14,000	14,000	14,000	28,000	9,336	6,664												
Long Term Load Transfer Elimination on Dundas St	84,486		36,006	31,868	2,525	861	6,814	3,387	3,025												
Office Building Renovations	79,000									79,000											
Billing, LAN & Misc Software	75,832												75,832								
GS>50 Meter Retrofits	75,000								75,000												
Woodstock General Hospital - Athlone Ave	67,864		39,281	15,654	6,827	3,051		3,051													
Nova Scotia 4 to 28 KV Conversion	39,815				561	1,725	35,003	2,525													
Devonshire Extension	35,474		25,254	10,220																	
Office Furniture & Equipment	34,550										34,550										
Underground Vault Lid Betterment	33,849				3,214	25,254	2,631	2,751													
Pole / Duct Clean up	25,064		1,825	1,183	2,851	2,951		16,254													
Racking & Measuring Tools	25,000													25,000							
Shop and Garage Tools	25,000														25,000						
Dranetz Equipment	10,000															10,000					
Telephone Equipment	1,890																1,890				
Lunchroom Appliances	1,420																	1,420			
CWIP	-87,708																				-87,708
<b>Total 2010 Capital Expenditures</b>	<b>\$4,994,329</b>	<b>\$24,902</b>	<b>\$395,605</b>	<b>\$250,203</b>	<b>\$556,283</b>	<b>\$357,489</b>	<b>\$575,018</b>	<b>\$323,530</b>	<b>\$141,845</b>	<b>\$79,000</b>	<b>\$34,550</b>	<b>\$140,000</b>	<b>\$75,832</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$10,000</b>	<b>\$1,890</b>	<b>\$1,420</b>	<b>-\$435,531</b>	<b>\$2,500,000</b>	<b>-\$87,708</b>
*Smart Meter Capital - added to 2010 FA Schedule	1,442,731								\$1,384,779			\$10,697	\$47,255								
<b>Total Capital per FA Continuity Schedule</b>	<b>\$6,437,060</b>	<b>\$24,902</b>	<b>\$395,605</b>	<b>\$250,203</b>	<b>\$556,283</b>	<b>\$357,489</b>	<b>\$575,018</b>	<b>\$323,530</b>	<b>\$1,526,624</b>	<b>\$79,000</b>	<b>\$34,550</b>	<b>\$150,698</b>	<b>\$123,087</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$10,000</b>	<b>\$1,890</b>	<b>\$1,420</b>	<b>-\$435,531</b>	<b>\$2,500,000</b>	<b>-\$87,708</b>

1 **2010 Capital Projects**

2

3 **Capital Contribution for Commerce Way TS : \$2,500,000**

4

5 *Driver: Reliability/Growth*

6 In 2007, Hydro One Networks Inc. (HONI) and WHSI began discussions surrounding joint  
7 concerns over current and future reliability and capacity issues, and the construction of a new  
8 transformer station to resolve these concerns.

9

10 A Letter Agreement between WHSI and HONI regarding a new Transformer Station for WHSI  
11 and HONI was signed in May 2008, and a deposit of \$169,500 (\$150,000 plus 8%PST and 5%  
12 GST) provided to HONI by WHSI.

13

14 **The Project Scope**

- 15
- 16 • Hydro One will design, construct, own and operate a new 50/83 MVA, 115/27.6 kV DESN to be located on Commerce Way in the eastern part of the city of Woodstock
  - 17 • New double circuit 115 kV line from Woodstock TS to the tapping point for Commerce Way TS
  - 18 to be built on the existing B8W right-of-way.
  - 19
  - 20 • Ready for Service Date: December 31, 2011

21

22 HONI conducted an economic evaluation in February, 2009 based on load forecast and  
23 projected transmission and station construction costs. The economic evaluation results  
24 determined that a capital contribution requirement of \$4.1 Million, plus taxes, was to be  
25 provided to HONI by WHSI.

26

1 In May 2009, HONI and WHSI completed a Capital Cost Recovery Agreement (CCRA) to  
2 construct a new 27.6 Kv substation, to be known as the "Commerce Way TS".

3

4 In the November 6, 2009 OEB Decision and Order for EB-2009-0079, HONI received OEB  
5 approval to begin construction of the new Commerce Way TS, located in south-east  
6 Woodstock, with a planned commissioning date of December 2011. A detailed description of  
7 the project is attached as Appendix A or can be view at:

8 [http://www.rds.oeb.gov.on.ca/webdrawer/webdrawer.dll/webdrawer/rec/158424/view/dec\\_o](http://www.rds.oeb.gov.on.ca/webdrawer/webdrawer.dll/webdrawer/rec/158424/view/dec_order_Honi_Woodstock_20091106.pdf.PDF)  
9 [rder\\_Honi\\_Woodstock\\_20091106.pdf.PDF](http://www.rds.oeb.gov.on.ca/webdrawer/webdrawer.dll/webdrawer/rec/158424/view/dec_order_Honi_Woodstock_20091106.pdf.PDF)

10

11 HONI and WHSI agreed to payment terms for the Total Capital Contribution of \$4.1Million plus  
12 taxes in the following stages:

13

- 14 • \$2.5M (plus taxes) on signing the CCRA (Connection Cost Recovery Agreement)
- 15 • 50% of the balance of \$1.6M (plus taxes) payable when actual work starts on the TS (a  
16 shovel is put in the ground)
- 17 • 50% of the balance of \$1.6M (plus taxes) payable when the TS is ready to be put in  
18 service

19

20

21 **Home Subdivision 4 KV Conversion Phase 1 (Karn, Pavey, Bee Conversion): \$591,390**

22

23 *Driver: Replacement/Reliability*

24

25 This subdivision is the oldest remaining development on 4 KV underground distribution in  
26 WHSI's service area. Approximately 120 residential lots and several commercial buildings will be  
27 converted in this first phase utilizing directional boring for both primary and secondary  
28 conductors. In addition, WHSI typically replaces meter base equipment during construction.

1 Older meter base equipment becomes brittle and unpredictable when replacing meters, and  
2 often poses a safety threat to WHSI staff and contractor employees.

3

4 **Subdivisions and New Services: \$373,896**

5

6 *Driver: Customer Demand/Growth*

7

8 The forecast costs for new subdivision developments have been determined using WHSI  
9 economic evaluation model in accordance with the requirements of the OEB Distribution  
10 System Code. The model encompasses WHSI's forecasted capital and expenses, the Developers  
11 preliminary costs and forecast connection horizon, and current distribution and tax rates to  
12 determine a net present value, deposit requirement, and relative contributions required by the  
13 developer and by WHSI. Detailed information on WHSI's procedure for economic evaluations is  
14 available in Tab 3 of this exhibit.

15

16 Through discussions with area developers, customers, and municipal representatives, WHSI has  
17 forecast 236 new residential services, and 17 additions or upgrades to commercial services in  
18 2010. Forecast subdivision and residential additions are attributable to the following  
19 residential developments within the WHSI service area

- 20 • Southwood Estates Phase 4, 5
- 21 • Trillium Woods Phase 1,2,3
- 22 • Tiffany Homes Phase 1, 2
- 23 • Lansdowne Phases 10,11
- 24 • Woodstock Towers
- 25 • Boot Hill
- 26 • Woodstock Apartments
- 27 • Others

1 **Landsdowne M3 Extension: \$194,990**

2

3 *Driver: Regulatory*

4

5 This extension was required to eliminate LTLT customer connections located at the north-  
6 eastern end of the City and to supply power to a new County of Oxford waste pumping station.  
7 This project includes 22 composite type poles and required wet location and flood proof  
8 engineering studies.

9

10 **Pole Replacement: \$187,616**

11

12 *Driver: Replacement/Reliability*

13

14 WHSI maintains over 4200 primarily wood poles of varying ages and sizes. Pole integrity testing  
15 was completed in 2005/2006 and a second three-year inspection and testing process began in  
16 2010. Based on the initial testing in 2005, WHSI anticipates further pole replacement activity  
17 will be necessary. The older north section of the City in particular will require an aggressive pole  
18 replacement program which will include the conversion of 4 KV distribution to that of 27 KV.

19

20 **4 kv Substation MS 11 and 4 kv Asset Removal: \$157,656**

21

22 *Driver: Replacement*

23

24 Enabled ultimately by the conversion of Home Subdivision (noted above) and the Parkinson 4  
25 kv conversion, WHSI plans to eliminate its 4 kv station MS11 late in 2010 or early 2011. This  
26 station is 10 percent loaded and is nearing end of life.

27

1 **Workstations, Servers and Printers: \$140,000**

2

3 *Driver: Replacement/Reliability*

4

5 As part of WHSI's IT asset management strategy, 11 workstations and 1 tablet and are planned  
6 for replacement in 2010 for the amount of \$30,090.

7

8 A second SAN is budgeted for 2010 in the amount of \$59,100, in addition to three enterprise  
9 physical servers for \$29,370 as part of WHSI's virtualization strategy. A number of legacy  
10 servers will be coming off warranty in 2010 and be converted through a "physical to virtual"  
11 process.

12

13 In support of a corporate-wide document management initiative, the purchase of 2  
14 Scanner/Printer/Photocopiers and 1 workstation printer for \$ 12,140 will replace aging  
15 photocopier/scanners and printers in two central locations as well as a ten-year old colour  
16 printer.

17

18 **Norwich at Parkinson Extension: \$111,343**

19

20 *Driver: Replacement/Reliability*

21

22 A four pole extension, secondary service conductor transfer and backyard 4 kv removal are  
23 necessary to complete an earlier 4 kv underground subdivision conversion. In addition, this  
24 extension will complete a 27 KV overhead circuit and connect a loop to a second 27 KV supply  
25 located to the north.

26

27 **Cedar Slopes Conversion Phase 2 Completion: \$110,901**

28

1 *Driver: Replacement/Reliability*

2

3 This phase completes the conversion of the Cedar Slopes subdivision from 4 kv to 27 kv. This  
4 section required the replacement of primary duct and conductor and transformer equipment.  
5 Conversion of the final phase triggers the need (in part) of the Norwich/Parkinson extension  
6 project. Aging 4 kv overhead equipment is at end of life, is located in a backyard setting and will  
7 soon pose a safety risk.

8

9 **Equipment Replacements: \$100,000**

10

11 *Driver: Replacement/Reliability*

12

13 Each year, WHSI identifies equipment that has reached end of life. Examples include LDC owned  
14 transformation equipment or primary/secondary conductors that warrant replacement rather  
15 than repair. This provision for unexpected equipment failure provides the latitude to invest in  
16 the long term replacement of assets as opposed to maintenance of plant that is at end of life.

17

18 **LTLT Elim-Dundas: \$84,486**

19

20 *Driver: Regulatory*

21

22 To meet the OEB requirement of Long Term Load Transfer account elimination, WHSI has one  
23 remaining section of the City which continues to be supplied by Hydro One source power.  
24 Located in the central east section of the City, we plan to begin the process of joint use and  
25 infrastructure installation to ensure the 2012 deadline is met.

26

27

1 **Office Building Renovations : \$79,000**

2 *Driver: Replacement*

3

4 Refurbishments to WHSI' office building continue in 2010 with the ceiling tile replacement and  
5 renovations in the meter shop (\$20,000) required after the asbestos removal in 2008 ,  
6 replacement of the 2<sup>nd</sup> storey original windows with energy efficient windows (\$30,000),  
7 lunchroom renovations(\$7,000), and final costs for the roof top generator installed in 2009  
8 (\$7,000). Lastly, the air-conditioner/compressor failed during the summer heatwave in 2010,  
9 requiring complete replacement at a cost of (\$15,000).

10

11 **Billing, LAN, Miscellaneous Software: \$75,832**

12 *Driver: Replacement, Regulatory*

13 Anticipated billing and telephone call recording software costs of \$21,700 are forecast in order  
14 to meet new and proposed regulatory requirements, including customer service amendments.

15 LAN/Infrastructure upgrades include Network monitoring software, exchange mail, VMWare  
16 and Windows Enterprise Server Operation System, and Backup Exec server upgrades at a total  
17 cost of \$32,900.

18 Customizations for Dynamics GP in conjunction with the rollout of GP 10 are planned including  
19 web-based timesheet entry programs, report-writing and data import programs, which will  
20 improve efficiency, productivity, and the ability to interface with other operating programs.

21 Other software, including an ESRI import module to support ongoing transfer of ESRI data into  
22 the modeling software, are also planned for 2010. The total cost for these miscellaneous  
23 software items is forecast to be \$21,232.

1 **GS>50 Meter Retrofits \$ 75,000**

2

3 *Driver: Replacement*

4

5 Continuation of Meter Retrofits for the GS>50 rate class continues into 2010.

6

7

8 **Hospital Expansion: \$67,864**

9

10 *Driver: Customer Demand/Growth*

11

12 To accommodate a redundant 27 KV feeder request made in 2009, WHSI began construction of  
13 a dual feed, 600 amp supply for the new facility planned in the south section of the City. The  
14 majority of this project was supported through developer capital contribution, however final  
15 connection to the north feeders will be supported by WHSI, including final 1000 MCM  
16 conductor and overhead switching equipment.

17

18

19 **Nova Scotia 4 kv to 27 kv Conversion: \$39,815**

20

21 *Driver: Replacement/Reliability*

22

23 The hospital expansion project helped facilitate the conversion of a small 4 KV development to  
24 that of 27 KV. Existing conductors are rated for 27 KV and this project is simply the replacement  
25 of transformation equipment and switchgear. This conversion will help facilitate the elimination  
26 of 4 KV substation MS10 in future years.

27

28 **Devonshire Extension: \$35,474**

29

30 *Driver: Replacement/Reliability*

1 WHSI service territory on Devonshire east lies about three pole spans beyond the last pole. To  
2 avoid adding new LTLT connections, we need to complete our distribution system to our  
3 licensed demarcation point. This project will also allow connection and a new open point to the  
4 Hydro One M4 feeder.

5

6 **U/G Vault Lid Replacement: \$33,849**

7

8 *Driver: Replacement/Reliability*

9

10 Primary and secondary conductor running through or terminating at junction boxes located in  
11 public walkways or drives attract damage from plowing equipment and other motorized traffic.  
12 To ensure public safety is maintained, WHSI is investing in the replacement and repair of these  
13 vaults over the next several years.

14

15

16 **Pole/Duct Improvements: \$25,064**

17

18 *Driver: Replacement/Reliability*

19

20 Annual pole inspections typically reveal pole guarding and conduit damage that may lead to  
21 public and worker safety risk. Crews annually inspect and replace protective pole mounted  
22 equipment to ensure we keep pace with random and accidental damage resulting from collision  
23 or vandalism.

24

25

26

27

28

1  
2

**Table 2-20: 2011 Test Year Capital Expenditures**

3 Project Description	Total Project	Poles, Towers & Fixtures	OH Conductors & Devices	UG Conduit	UG Conductors & Devices	Transformers	Services	Meters	Buildings & Fixtures	Office Furn & Equip	Computer HW	Computer SW	Transportation Equip	Stores Equip	Tools, Shop & Garage Equip	Measurement & Testing Equip	Communication Equip	SCADA	Contributed Capital	Hydro One TS-Contributed Capital	
		1830	1835	1840	1845	1850	1855	1860	1908	1915	1920	1925	1930	1935	1940	1945	1955	1980	1995	1996	
Hydro One Substation - Capital Contribution	1,600,000																			1,600,000	
2009 Smart Meter Capital (add to rate base 2011)	1,442,731							1,384,779			10,697	47,255									
Parkinson Rd OH 28KV rebuild Baird to Hwy 4	666,153	349,780	142,868	7,845	71,312	63,824	22,168	8,356													
Double bucket truck	450,000												450,000								
Karn Pavey, Bee Conversion Phase 2	434,853	16,690	15,112	125,668	113,780	137,692	18,000	7,911													
Subdivisions and New Services	380,233	10,618	14,157	318,544	152,193	212,362	115,272												-442,913		
Commerce Way TS Wholesale Metering	325,426		228,892					96,534													
Commerce Way Universal to County Rd 34	233,787	136,672	80,114	3,578	3,978	7,134	2,311														
Danger Pole Replacements	170,730	75,892	44,224	7,656	756	27,668	14,534														
Peripherals, servers, printers, workstations	140,000										140,000										
Equipment Replacements	100,459	11,464	3,222	3,222	3,222	56,445	8,694	14,190													
Fencing, windows, building security	90,000								90,000												
Billing, engineering, LAN & Misc Software	60,000											60,000									
Forklift	40,000													40,000							
UG Vault Lid Refurbishment	33,615			3,178	25,112	2,602	2,722														
Ergonomic and other office equipment	25,000									25,000											
Pole / Duct Refurbishments	24,844	1,811	1,176	2,822	2,922		16,112														
Misc shop & garage tools & equipment	20,000														20,000						
Telephone modular replacement	20,000																20,000				
2 SCADA radio units	20,000																	20,000			
Transformer dissipation tester	10,000															10,000					
Vehicle Disposal	-178,962												-178,962								
<b>Total 2010 Capital Expenditures</b>	<b>\$6,108,869</b>	<b>\$602,927</b>	<b>\$529,765</b>	<b>\$472,513</b>	<b>\$373,275</b>	<b>\$507,727</b>	<b>\$199,814</b>	<b>\$1,511,770</b>	<b>\$90,000</b>	<b>\$25,000</b>	<b>\$150,697</b>	<b>\$107,255</b>	<b>\$271,038</b>	<b>\$40,000</b>	<b>\$20,000</b>	<b>\$10,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>-\$442,913</b>	<b>\$1,600,000</b>
*Smart Meter Capital - added to 2010 FA Schedule	-1,442,731							(1,384,779)			(10,697)	(47,255)									
<b>Total Capital per FA Continuity Schedule</b>	<b>\$4,666,138</b>	<b>\$602,927</b>	<b>\$529,765</b>	<b>\$472,513</b>	<b>\$373,275</b>	<b>\$507,727</b>	<b>\$199,814</b>	<b>\$126,991</b>	<b>\$90,000</b>	<b>\$25,000</b>	<b>\$140,000</b>	<b>\$60,000</b>	<b>\$271,038</b>	<b>\$40,000</b>	<b>\$20,000</b>	<b>\$10,000</b>	<b>\$20,000</b>	<b>\$20,000</b>	<b>-\$442,913</b>	<b>\$1,600,000</b>	

1 **2011 Capital Projects**

2

3 **Capital Contribution for Commerce Way TS : \$1,600,000**

4

5 *Driver: Reliability/Growth*

6 In accordance with the payment terms agreed to in the Capital Cost Recovery Agreement  
7 between HONI and WHSI, WHSI will pay the last two installments of the total capital  
8 contribution to HONI in 2011, namely,

9

- 10 • 50% of the balance of \$1.6M (plus taxes) payable when actual work starts on the TS (a  
11 shovel is put in the ground)
- 12 • 50% of the balance of \$1.6M (plus taxes) payable when the TS is ready to be put in  
13 service

14 The expectations are that the first installment of \$1.6 million would be paid in May 2011, and  
15 the final installment of \$1.6 million would be paid in December 2011.

16

17 **2009 Smart Meter Capital: \$1,442,731**

18

19 *Driver: Regulatory*

20

21 As discussed further in Exhibit 9, WHSI is proposing to transfer all smart meter capital as of  
22 December 31, 2009 into the regular asset accounts. This amount includes \$1,384,779 for  
23 installed smart meters to be allocated to account 1860, Meters, smart meter computer  
24 hardware for \$10,697, to be allocated to account 1920, Computer Hardware, and smart meter  
25 software for \$47,255, to be allocated to account 1925, Computer Software.

26

1 **County Road 4 Extension: \$666,153**

2 *Driver: Reliability/Growth*

3 WHSI does not own distribution infrastructure along County road 4 between Parkinson Road  
4 and Dundas Street (highway 2). Hydro One and WHSI are presently in the process of  
5 constructing the new 115/27 kv Commerce Way Transmission Station in 2011. To facilitate  
6 connection to this new station and complete loop supply between the Woodstock M3, M6 and  
7 the new Commerce TS feeders, this section of distribution plant is necessary. In addition, this  
8 section of line will help eliminate LTLT customers located on the north section of county road 4  
9 and will support the Dundas LTLT elimination project.

10

11 **Transportation Equipment \$450,000**

12 *Driver: Replacement*

13

14 A 1997 International Bucket Truck , fitted with a 2001 International Bucker Aerial Device is at  
15 the end of it's useful life. Increasing repair costs has created the need to replace this vehicle  
16 with an 85' Double Bucket truck. This is a replacement of an existing truck which will provide  
17 additional functionality and increased efficiency. No incremental additions to the vehicle fleet  
18 will result from this purchase.

19

20 **Vehicle Disposal: (\$178,692)**

21 *Driver: Replacement*

22 The gross cost and accumulated depreciation of \$178,692 for the fully depreciated 1997  
23 International Bucket Truck and 2001 International Bucker Aerial Device will be removed from  
24 account 1930 Transportation Equipment, and account 2105 Accumulated Amortization in 2011.  
25 This entry will coincide with the date the vehicle is taken out of service in 2011, either by trade-  
26 in or sale of the vehicle.

1 **Home Subdivision 4 KV Conversion Phase 2 (Karn, Pavey, Bee Conversion): \$434,853**

2 *Driver: Replacement/Reliability*

3 Primary voltage conversion of approximately 130 residential and several commercial buildings.  
4 This final phase will involve primary conductor/duct and transformer changes and includes the  
5 removal and restoration of underground transformer equipment.

6

7 **Subdivisions and New Services: \$380,233**

8 *Driver: Customer Demand/Growth*

9

10 The forecast costs for new subdivision developments have been determined using WHSI  
11 economic evaluation model in accordance with the requirements of the OEB Distribution  
12 System Code. Detailed information on WHSI's procedure for economic evaluations is available  
13 in Tab 3 of this exhibit.

14

15 Through discussions with area developers, customers, and municipal representatives, WHSI has  
16 forecast 240 new residential services, and 24 additions or upgrades to commercial services in  
17 2011. Forecast subdivision and residential additions are attributable to the following  
18 residential developments within the WHSI service area

19 • Southwood Estates Phase 4, 5

20 • Trillium Woods Phase 1,2,3

21 • Tiffany Homes Phase 1, 2

22 • Lansdowne Phases 10,11

23 • Boot Hill

24 • Woodstock Apartments

25 • Earth Park Condo's

26 • Others

27

1 **Commerce Way TS Wholesale Metering: \$325,426**

2 *Driver: Reliability/Growth*

3 IESO wholesale metering and physical egress from the new Commerce Way TS is not part of the  
4 Commerce Way TS scope with Hydro One Networks. As noted within the CCRA document,  
5 Woodstock Hydro is responsible for primary metering equipment, registration, calibration and  
6 physical duct and conductor installation from the load side of the breaker to the LDC  
7 connection point.

8

9 Final metering equipment is yet to be determined, however Woodstock Hydro is committed to  
10 four feeder points from the new station. We hope to install at least three connection points  
11 initially to supply service and back feed to the existing Woodstock TS station.

12

13

14 **Commerce Way Universal to County Rd 4: \$233,787**

15 *Driver: Reliability/Growth*

16 The new Commerce Way TS is located in the Commerce Way development park (located in  
17 south-east Woodstock). Planned industrial and large commercial development is underway,  
18 however distribution plant does not exist on Commerce Way beyond Universal Drive. This  
19 extension will complete the 27 KV overhead line and eventually carry a new circuit from  
20 Commerce Way TS by late 2011.

21

22 **Pole Replacement: \$170,730**

23 *Driver: Replacement/Reliability*

24

25 Woodstock Hydro maintains over 4200 primarily wood poles of varying ages and sizes. Pole  
26 integrity testing was completed in 2005/2006 and a second three year inspection and testing

1 process began in 2010. Based on the initial testing in 2005, we anticipate further pole  
2 replacement activity will be necessary. The older north section of the City in particular will  
3 require an aggressive pole replacement program which will include the conversion of 4 KV  
4 distribution to that of 27 KV.

5

6 **Workstations, Servers and Printers: \$140,000**

7 *Driver: Replacement/Reliability*

8

9 As part of WHSI's IT asset management strategy, 16 workstations and 1 tablet and are planned  
10 for purchase or replacement in 2011 for the amount of \$50,500.

11

12 Replacement and purchase of LAN/Server equipment includes the replacement of SCADA  
13 servers, switches, and firewall appliance. New purchases for a wireless network hub and tape  
14 devices area also budgeted in the amount of \$67,500

15

16 Printers and other peripheral devices are budgeted for purchase or replacement in the  
17 amount of \$22,000 for 2011.

18

19 **Equipment Replacements: \$100,459**

20 *Driver: Replacement/Reliability/Customer Demand*

21

22 Each year, WHSI identifies equipment that has reached end of life. Examples include LDC owned  
23 transformation equipment or primary/secondary conductors that warrant replacement rather  
24 than repair. This account is invaluable during times of unexpected equipment failure and  
25 provides the latitude to invest in the long term replacement of assets as opposed to  
26 maintenance of plant that is at end of life.

27

1 **Building Improvements: \$90,000**

2 *Driver: Replacement*

3

4 Parking lot security was identified as an increasing problem after one employee was robbed at  
5 knifepoint during regular hours and several incidents of unauthorized trespassing and parking  
6 after hours resulted in damage to WHSI vehicles and property. Installation of parking lot  
7 security fencing, monitoring equipment, and controlled accessibility will address the identified  
8 security risks.

9

10 Renovations to the main office area will provide greater access in accordance with The  
11 Accessibility for Ontarians with Disabilities Act, 2005 and the Accessibility Standards for  
12 Customer Service, Ontario Regulation 429/07. Planned changes include remodeling the front  
13 counter area to multiple height levels to accommodate customers requiring seating level  
14 height, and the installation of automatic, wheelchair accessible door openers.

15

16

17 **Computer Software: \$60,000**

18 *Driver: Replacement/Reliability*

19

20 WHSI has made significant investments in software technology resulting in lower forecasted  
21 needs for incremental software purchase in the coming years. Budgeted purchases or upgrades  
22 include LAN/Infrastructure \$30,000. Office Productivity software and customizations for  
23 Finance, Billing, and Engineering software have been budgeted for \$30,000 for 2011.

24

25 **Stores Equipment: \$40,000**

26 *Driver : Replacement*

27

1 The 2009 consolidation of 2 offsite storage facilities down to one offsite facility has increased  
2 the need to provide safe, reliable motorized equipment to handle large inventory items. WHSI  
3 has included \$40,000 in the 2011 Test Year capital to replace the 1997 Hyster lift-truck  
4 currently in service.

5

6 **U/G Vault Lid Replacement: \$33,615**

7 *Driver : Replacement/Reliability*

8

9

10 Primary and secondary conductor running through or terminating at junction boxes located in  
11 public walkways or drives attract damage from plowing equipment and other motorized traffic.  
12 To ensure public safety is maintained, WHSI is investing in the replacement and repair of these  
13 vaults over the next several years.

14

15 **Other Equipment: \$30,000**

16

17 *Driver : Replacement*

18

19 WHSI has budgeted \$20,000 to purchase tools, shop and garage equipment and \$10,000 for a  
20 transformer dissipation tester.

21

22 **Office Furniture and Equipment \$25,000**

23 *Driver: Replacement*

24

25 A budget of \$25,000 has been established to purchase ergonomic equipment, workstations,  
26 chairs, and storage cabinets in 2011.

27

28

29

1 **Pole/Duct Improvements: \$24,844**

2 *Driver : Replacement/Reliability*

3

4 Annual pole inspections typically reveal pole guarding and conduit damage that may lead to  
5 public and worker safety risk. Crews annually inspect and replace protective pole mounted  
6 equipment to ensure we keep pace with random and accidental damage resulting from collision  
7 or vandalism.

8

9

10 **Communication Equipment: \$20,000**

11 *Driver: Replacement/Regulatory*

12

13 WHSI's current telephone system is more than ten years old, no longer covered by warranty,  
14 and has reached the end of its useful life. A new telephone system in 2011 will provide a dual  
15 purpose, and that is to ensure reliability of the primary communication system and to  
16 continue to fulfill regulatory requirements for SQI reporting and accommodate recording of  
17 telephone confirmations as per the OEB customer service amendments.

18

19 **SCADA: \$20,000**

20 *Driver : Replacement*

21

22 WHSI has budgeted \$20,000 to purchase 2 SCADA radio units in 2010.

23

24

25

26

27

1  
 2  
 Table 2-21 - Reconciliation and Variance Analysis on Accumulated Amortization

Description	2006 Board Approved	2005 Actuals	2006 Actuals	Variance 2006 Actuals to 2005	Variance 2006 Board Approved to 2006 Actuals	2007 Actuals	Variance 2007 to 2006 Actuals	2008 Actuals	Variance 2008 to 2007 Actuals	2009 Actuals	Variance 2009 to 2008 Actuals	Bridge Year 2010	Variance 2010 Bridge Year to 2009 Actuals	Test Year 2011	Variance 2011 Test to 2010 Bridge
<b>Land &amp; Buildings</b>															
1805 Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1808 Buildings	25,817	37,013	44,594	7,581	18,777	52,175	7,581	59,756	7,581	67,337	7,581	74,919	7,581	82,500	7,581
1810 Leasehold Improvements		0	0	0	0	0	0	0	0	0	0	0	0	0	0
1905 Land	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
1906 Land Rights		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	25,817	37,013	44,594	7,581	18,777	52,175	7,581	59,756	7,581	67,337	7,581	74,919	7,581	82,500	7,581
<b>Distribution Station Equipment</b>															
1815 Transformer Station Equipment >50 kV		0	0	0	0	0	0	0	0	0	0	0	0	0	0
1820 Substation Equipment	119,125	165,842	196,425	30,583	77,300	227,009	30,583	259,475	32,466	291,941	32,466	324,823	32,881	358,119	33,296
1825 Storage Battery Equipment		0	0	0	0	0	0	0	0	0	0	0	0	0	0
	119,125	165,842	196,425	30,583	77,300	227,009	30,583	259,475	32,466	291,941	32,466	324,823	32,881	358,119	33,296
<b>Poles &amp; Wires</b>															
1830 Poles, Towers & Fixtures	1,046,264	1,498,359	1,820,010	321,652	773,746	2,148,193	328,183	2,487,567	339,373	2,865,963	378,396	3,248,629	382,666	3,645,323	396,693
1835 OH Conductors & Devices	505,957	735,223	892,731	157,507	386,774	1,051,372	158,641	1,217,294	165,922	1,387,094	169,800	1,560,423	173,330	1,746,947	186,523
1840 UG Conduit	366,937	549,208	682,150	132,943	315,213	829,918	147,768	1,000,395	170,477	1,170,238	169,843	1,330,746	160,508	1,508,444	177,699
1845 UG Conductors & Devices	659,090	957,241	1,161,565	204,324	502,475	1,376,221	214,655	1,623,042	246,821	1,863,562	240,520	2,070,042	206,480	2,284,323	214,280
	2,578,248	3,740,031	4,556,457	816,426	1,978,209	5,405,704	849,247	6,328,297	922,593	7,286,857	958,559	8,209,841	922,984	9,185,037	975,196
<b>Line Transformers</b>															
1850 Line Transformers	503,051	762,681	953,641	190,960	450,589	1,169,369	215,728	1,430,019	260,651	1,737,080	307,061	2,047,745	310,665	2,375,464	327,719
	503,051	762,681	953,641	190,960	450,589	1,169,369	215,728	1,430,019	260,651	1,737,080	307,061	2,047,745	310,665	2,375,464	327,719
<b>Services and Meters</b>															
1855 Services (OH & UG)	49,619	104,733	150,999	46,266	101,380	211,162	60,163	292,180	81,018	383,974	91,793	482,237	98,264	590,968	108,731
1860 Meters	884,720	1,288,576	1,568,054	279,477	683,334	1,864,153	296,099	2,161,033	296,879	2,449,859	288,826	2,732,333	282,474	3,021,152	288,820
	934,339	1,393,310	1,719,053	325,743	784,714	2,075,316	356,262	2,453,213	377,897	2,833,832	380,619	3,214,570	380,738	3,612,121	397,550

1 **Table 2-21 - Reconciliation and Variance Analysis on Accumulated Amortization**

Description	2006 Board Approved	2005 Actuals	2006 Actuals	Variance 2006 Actuals to 2005	Variance Board Approved to 2006 Actuals	2007 Actuals	Variance 2007 to 2006 Actuals	2008 Actuals	Variance 2008 to 2007 Actuals	2009 Actuals	Variance 2009 to 2008 Actuals	Bridge Year 2010	Variance 2010 Bridge Year to 2009 Actuals	Test Year 2011	Variance 2011 Test to 2010 Bridge
<b>General Plant</b>															
1908 Buildings & Fixtures	55,999	81,790	99,630	17,840	43,631	119,594	19,964	146,814	27,219	182,904	36,090	220,574	37,670	261,624	41,050
	55,999	81,790	99,630	17,840	43,631	119,594	19,964	146,814	27,219	182,904	36,090	220,574	37,670	261,624	41,050
<b>IT Assets</b>															
1920 Computer - Hardware	234,064	382,526	492,534	110,008	258,470	600,889	108,355	690,755	89,866	790,325	99,570	887,646	97,321	995,780	108,134
1925 Computer Software	389,213	518,801	606,630	87,829	217,417	707,124	100,494	835,581	128,457	958,835	123,254	1,076,668	117,833	1,192,402	115,734
	623,277	901,327	1,099,164	197,837	475,887	1,308,013	208,849	1,526,336	218,323	1,749,160	222,824	1,964,314	215,154	2,188,182	223,869
<b>Equipment</b>															
1915 Office Furniture & Equipment 10yr	62,095	84,710	97,507	12,797	35,412	110,143	12,636	123,192	13,049	137,434	14,242	152,231	14,797	168,143	15,912
1930 Transportation Equipment	437,202	622,843	708,137	85,294	270,935	819,198	111,061	962,797	143,599	1,034,739	71,942	1,123,933	89,194	1,062,291	-61,643
1935 Stores Equipment	11,737	15,945	20,502	4,557	8,765	24,794	4,292	29,086	4,292	31,988	2,902	36,130	4,141	43,521	7,391
1940 Tools, Shop & Garage Equipment	77,650	107,136	124,708	17,572	47,058	140,287	15,579	157,781	17,494	175,458	17,677	192,118	16,661	208,066	15,948
1945 Measurement & Testing Equipment	42,274	56,900	63,385	6,485	21,111	68,078	4,693	73,108	5,029	78,159	5,051	83,512	5,353	89,867	6,355
1955 Communications Equipment 10 YRS	1,165	2,029	3,341	1,312	2,176	4,729	1,388	7,024	2,295	9,813	2,789	12,672	2,859	16,355	3,684
1960 Graphics Equipment	194	273	326	53	133	379	53	432	53	485	53	556	71	698	142
1980 System Supervisor Equipment	12,955	17,818	29,038	11,220	16,083	46,385	17,347	63,775	17,390	86,172	22,396	108,568	22,396	131,631	23,063
	645,273	907,654	1,046,945	139,290	401,672	1,213,994	167,049	1,417,195	203,201	1,554,248	137,052	1,709,720	155,473	1,720,572	10,852
<b>Other Distribution Assets</b>															
1996 Hydro One S/S Contribution		0	0	0	0	0	0	0	0	0	0	50,000	50,000	182,000	132,000
1995 Contributions & Grants		-98,504	-153,507	-55,003	-153,507	-220,648	-67,141	-356,336	-135,688	-492,846	-136,510	-647,260	-154,414	-819,243	-171,983
	0	-98,504	-153,507	-55,003	-153,507	-220,648	-67,141	-356,336	-135,688	-492,846	-136,510	-597,260	-104,414	-637,243	-39,983
<b>Total Accumulated Amortization per FA continuity statements</b>	<b>\$5,485,129</b>	<b>\$7,891,143</b>	<b>\$9,562,401</b>	<b>\$1,671,259</b>	<b>\$4,077,272</b>	<b>\$11,350,525</b>	<b>\$1,788,124</b>	<b>\$13,264,770</b>	<b>\$1,914,245</b>	<b>\$15,210,513</b>	<b>\$1,945,743</b>	<b>\$17,169,245</b>	<b>\$1,958,732</b>	<b>\$19,146,375</b>	<b>\$1,977,130</b>
<b>Allocate Expense to Overhead</b>															
Transportation Equipment Expense	-\$437,202	-\$622,843	-\$708,137	-\$85,294	-\$270,935	-\$819,198	-\$111,061	-\$962,797	-\$143,599	-\$1,034,739	-\$71,942	-\$1,123,933	-\$89,194	-\$1,062,291	\$61,643
Stores Equipment Expense	-11,737	-15,945	-20,502	-4,557	-8,765	-24,794	-4,292	-29,086	-4,292	-31,988	-2,902	-36,130	-4,141	-43,521	-7,391
<b>Net Depreciation Expense per Fixed Asset Continuity Schedules</b>	<b>\$5,036,190</b>	<b>\$7,252,355</b>	<b>\$8,833,763</b>	<b>\$1,581,407</b>	<b>\$3,797,572</b>	<b>\$10,506,533</b>	<b>\$1,672,770</b>	<b>\$12,272,886</b>	<b>\$1,766,354</b>	<b>\$14,143,785</b>	<b>\$1,870,899</b>	<b>\$16,009,182</b>	<b>\$1,865,397</b>	<b>\$18,040,564</b>	<b>\$2,031,382</b>
<b>Add: Non-Distribution</b>															
1606 Organization Expense	1,726	2,142	2,558	416	832	2,974	416	3,390	416	3,806	416	4,222	416	4,638	416
Expense 2005, 2006					\$3,798,404										
<b>Net Depreciation Expense per audited/pro-forma financial statements</b>	<b>\$5,037,916</b>	<b>\$7,254,497</b>	<b>\$8,836,321</b>	<b>\$1,581,823</b>		<b>\$10,509,507</b>	<b>\$1,673,186</b>	<b>\$12,276,277</b>	<b>\$1,766,770</b>	<b>\$14,147,591</b>	<b>\$1,871,315</b>	<b>\$16,013,404</b>	<b>\$1,865,813</b>	<b>\$18,045,202</b>	<b>\$2,031,798</b>

2

1 **ACCUMULATED DEPRECIATION**

2

3 **Reconciliation of Depreciation Expense and Accumulated Amortization:**

4

5 WHSI allocates depreciation expense for assets in account 1930, Transportation Equipment to  
6 vehicle burdens, which is allocated to various capital, expense, and recoverable accounts based  
7 on the number of vehicle hours spent on each particular job. Vehicle hours are allocated  
8 through timesheet entry at an hourly rate.

9

10 WHSI allocates depreciation expense for assets in account 1935, Stores Equipment, to stores  
11 overhead, which is allocated on a percentage basis to materials in inventory. An overhead rate  
12 of 20% is added to the material cost, which is allocated to capital, expense, or recoverable  
13 accounts as it is issued out of inventory.

14 Table 2-21 below reconciles the depreciation expense and accumulated amortization.

15

16 **Variance Analysis on Accumulated Amortization:**

17

18 Changes in accumulated depreciation are directly affected by changes in fixed assets due to  
19 additions, the removal of fully depreciated assets from the grouped asset classes, and the  
20 disposition of identifiable assets. The 2006 Board Approved closing balance for accumulated  
21 depreciation is based on WHSI's 2004 year end account balances, plus Tier 1 capital  
22 adjustments approved in WHSI's 2006 EDR Application. As such, the variance between 2006  
23 Board Approved and 2006 Actual represents the culmination of 2005 and 2005 changes in  
24 depreciation. The variance between the 2006 Actual and 2005 Actual depreciation changes  
25 have also been included in Table 2-21 for information purposes.

1 From 2005 Actual to the 2011 Test Year, Table 2-21 below provides the change in accumulated  
2 depreciation from year to year. The change in accumulated depreciation is a result of capital  
3 expenditures over a six year period. For the purposes of this rate application, depreciation  
4 expense has been calculated using the half-year rule for asset additions in 2010 Bridge and  
5 2011 Test Years. Since a detailed analysis of capital expenditures has been provided in this  
6 Exhibit, no further explanation of the changes in accumulated depreciation accounts is  
7 required.

1

2

3

**APPENDIX A**

4

**DECISION AND ORDER HONI TS**



**EB-2009-0079**

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

**AND IN THE MATTER OF** an application by Hydro One  
Networks Inc. for an Order granting leave to construct new  
transmission line facilities in the County of Oxford including  
the City of Woodstock and Norwich Township.

**BEFORE:** Gordon Kaiser  
Vice Chair & Presiding Member

Paul Vlahos  
Member

Ken Quesnelle  
Member

## **DECISION AND ORDER**

### **1. Application**

Hydro One Networks Inc. (“Hydro One” or the “applicant”) filed an application on May 31, 2009 with the Ontario Energy Board (the “Board”) pursuant to Section 92 of the *Ontario Energy Board Act, 1998* for an order granting leave to construct transmission line facilities in the County of Oxford and specifically in the City of Woodstock and in Norwich Township. The proposed transmission line facilities involved rebuilding approximately 4 km of a single-circuit 115 kV transmission line on an existing right-of-way (“ROW”) with a double circuit 230 kV line. Hydro One also proposed to construct a new transformer station (“Commerce Way TS”) at the request of the local LDCs, to which the rebuilt line will connect. Hydro One asserts

that this transformer station is not subject to section 92 approval, but that information about this station was included to provide additional context to the application.

The Board assigned File No. EB-2009-0079 to the application.

There were no intervenors in the proceeding.

The Board proceeded by way of a written hearing as this was requested by the applicant and there were no requests for an oral hearing.

## **2. Background and Project Overview**

Hydro One's evidence is that the proposed work to be carried out and the line facilities to be constructed, owned, and operated by Hydro One are as follows:

- approximately 4 km of 230 kV double circuit line would be constructed to replace the existing B8W single circuit 115kV line on the existing ROW between Woodstock TS and the proposed Commerce Way TS;
- this rebuilt line would be connected to a new double circuit line, K7/K12, at Woodstock TS (approved under EB-2007-0027 and scheduled to be in-service in December 2011) ;
- approximately 0.1.km of double circuit line would be constructed from the B8W ROW to the location of the new Commerce Way TS; and
- approximately 4 km of the existing 115 kV single circuit line B8W from Woodstock TS to Commerce Way TS would be removed.

Hydro One indicates that the new line would initially operate at 115 kV. Hydro One also states that the new transformer station, Commerce Way TS, is being built at the request of the local LDCs (Hydro One Distribution and Woodstock Hydro) and it is proposed that this station be constructed, owned, and operated by Hydro One.

The Woodstock East line upgrade project and the installation of the new Commerce Way TS would be the third of three projects to upgrade capacity and reliability in the Woodstock Area. Previously the Board has approved:

- the new Toyota Transformer Station connection [a line connection from the former B8W transmission line to Woodstock Toyota TS under EB-2006-0352]
- the Woodstock Area Transmission Reinforcement [a general area reinforcement including the rebuilding of a 230 kV line from Ingersoll TS, various transmission rearrangements and the new Karn TS under EB-2007-0027]

### **3. Evidence and Submissions on Need and Alternatives**

#### **3.1. Project Type and Classification**

Hydro One states that area load forecasts indicate that the demand on the B8W line will be 145 MW when Commerce Way TS and Toyota Woodstock TS are fully loaded and therefore the line as it currently exists cannot accommodate the projected load requirements without some type of uprating initiative as its present rating is only 105 MW. In addition, Hydro One states that the existing single circuit B8W line is nearing its end of life and the line towers can not accommodate the replacement of the existing conductors with larger or higher-rated conductors or accommodate an additional circuit placement due to the lack of tower structural strength. Hydro One further contends that new connection facilities (Commerce Way TS and the associated rebuilt transmission connection) are required immediately to relieve the current overloading situation at Woodstock TS and to meet the increased load at that location. Since rebuilding the existing line is being carried out to meet future load requirements and to replace an ageing facility, Hydro One submits that this aspect of the need is non-discretionary. For the development aspect (the upgrade to a double circuit 230 kV line), Hydro One states that this need is discretionary as this work could be done at a later date. Hydro One proposes to do the work now, however, in order to take advantage of construction synergies with the current project.

In response to Board staff IR 2, Hydro One stated that according to its latest forecasts, line loading on B8W would not exceed 105 MW until 2025 and the loading was not projected to reach 145 MW until 2040. Hydro One also stated in its response to Board staff IR 3 that the B8W transmission line had been installed in 1910, refurbished in 1994 and also had the transmission tower load reduced in 1994 by the removal of one of the two circuits from the line.

Hydro One submits that while a single circuit 115 kV line with larger conductors could supply the customers' expected future load, it is proposing that a double-circuit 230 kV configuration be constructed in order to meet future reliability guidelines and address anticipated future system enhancements in the area. Compared to the costs of rebuilding the line in a like for like manner, Hydro One asserts there is only a minor additional cost to upgrade this facility to double circuit 230 kV standards and it makes economic sense to do the work now while other construction work is being carried out.

Therefore, although Hydro One states there is a discretionary reliability component to this project, Hydro One asserts that the project is primarily driven by the non-discretionary needs of meeting additional customer load requirements and dealing with the potential end of life of an existing asset.

### **3.2. Relevant Hydro One/IESO Transmission Operating Guidelines**

The pre-filed evidence indicates that Hydro One's preferred solution when rebuilding the line is to provide a double circuit supply to Commerce Way TS. Hydro One states that adding a second circuit is based on the IESO's four hour Load Restoration Criteria (contained in IESO's Ontario Resource Transmission Assessment Criteria), which specifies that loads greater than 150 MW should be restorable within an approximate four hour time limit following a contingency. Typically, this means the line should be restorable through switching to a readily accessible second circuit. Given that Hydro One states that B8W is projected (over the planning cycle) to be close to the 150 MW threshold of the Load Restoration Criteria, Hydro One contends that it is appropriate to install a second circuit at this time when construction at this location is already taking place.

As previously noted, Hydro One's response to Board staff IR 2 confirmed that according to its latest forecasts, B8W line loading was not projected to reach 145 MW until 2040.

In its reply submission, Hydro One references the IESO's eight hour Load Restoration Criteria for loads less than 150 MW and indicates that a double circuit is also required for load delivery of this amount as without it the eight hour restoration time would be violated. Hydro One submits this would be the case as there are no other high voltage transmission lines in the area to provide an alternate supply for a

B8W outage and in addition, Hydro One submits that the Woodstock area distribution system lacks back-up capability to assist with restoration efforts in the event of a local high voltage line failure.

### **3.3. Transformer Station**

Woodstock Hydro and Hydro One Distribution are requesting that Hydro One Networks build a new transformer station to meet their forecast demand. The proposed station (“Commerce Way TS”) would be located near the anticipated load center and within close proximity of the existing 115 kV line (B8W) corridor. In order to supply this station, Hydro One asserts that an upgrade to the transmission line capacity is required.

Hydro One states in its pre- filed evidence that the proposed transformer station (Commerce Way TS) is not subject to section 92 approval. Board staff, however in its submission indicates that the Act states that transformer stations are included in the definition of an electricity transmission line and that the Act further states that no person shall construct, expand or reinforce a transmission line without first obtaining from the Board an order granting leave.

### **3.4. Capacity Requirements for the Proposed Facilities**

The pre-filed evidence indicates that the existing Woodstock TS is over-loaded and the summer peak demand has exceeded its summer capacity of 82.9 MW for the past few years. Woodstock Hydro and Hydro One Distribution, in a combined load forecast, projected load growth over the summer capacity rating at Woodstock TS of 40 MW by 2012 and 60 MW by 2016. Hydro One asserts that the forecast load growth can not be met through distributed generation in the Woodstock Area or through conservation and demand management initiatives and so a supply type initiative is required.

As previously noted, Hydro One also asserts that existing transmission line B8W will require upgrading over the forecasted planning period and the estimated power delivery requirement will approach 150 MW over this period.

### **3.5. Alternatives Considered and the Preferred Alternative**

Hydro One states that the “Do Nothing” alternative was discarded as the loads at the existing facilities have exceeded the capacity of these facilities and the transmitter has an obligation under the Transmission System Code to provide new capacity when requested to do so by customers. Hydro One further states that the alternative of supplying new loads from the Brant TS/Burlington TS end (to the east of the Woodstock load center) of the existing B8W 115 kV transmission line was also discarded because of insufficient capacity in this section of the line. Hydro One also indicated that the cost of upgrading that section of line would be seven or eight times higher than the applied for upgrade as an upgrade to the Brant TS/Burlington TS end is much longer than the applied for upgrade section (30 km vs. 4 km).

Accordingly, Hydro One states the preferred alternative is to upgrade the existing 4 km section of line B8W and install additional transformation capacity close to the load center anticipated by Woodstock Hydro and Hydro One Distribution.

## **4. Evidence and Submissions on Impacts**

### **4.1 Project Economics and Cost Justification**

#### ***A) General***

Hydro One stated in the pre-filled evidence that the estimated cost for the construction and installation of the proposed 4 km double circuit, 230 kV overhead transmission line in question is \$14.89 M.

Although the cost of this facility is projected to be greater than some recent Hydro One transmission projects (e.g. Hurontario Project; EB-2006-0013) in the GTA, Hydro One stated in its response to Board staff IR 4 that there are valid reasons for this cost differential. Hydro One indicated these cost differences have to do with different transmission line span lengths, different tower and foundation designs and different construction traffic management requirements for the two locations.

The proposed reinforcement facilities in Woodstock comprise both line and transformation assets. Hydro One proposes to include the new 230 kV double circuit transmission line from Woodstock TS to Commerce Way TS in the Line Connection

Pool for rate making purposes. Hydro One states that the line assets include provisions that would require pool funding since the design of the new line is over-and-above the customer requested facilities to meet system reliability and future load growth needs as well as the requirement to rebuild an existing end-of-life circuit. The costs associated with the transformation assets that are not offset by the capital contributions of Woodstock Hydro and Hydro One distribution will be included in the transformation pool.

Hydro One states that a Discounted Cash Flow (DCF) calculation has been completed for each pool consistent with the economic evaluation requirements of the Transmission System Code to determine whether a capital contribution is required. For the Line Connection Pool, no capital contribution is required for the main portion of the transmission line, but a contribution is required for the tap portion from the main ROW to the proposed transformer station. For the Transformation Connection Pool, Hydro One states that the TS estimated cost is \$29.9 M and it is proposed that the pool fund \$17.3 M of this cost. This would result in, capital contributions totalling \$12.6 million being required from the local LDCs.

## **B) Cost Responsibility**

### *Line Connection Pool and Network Pool*

In determining the capital contribution regarding the line connection assets, Hydro One states that it has assigned costs to customers for cost responsibility purposes of \$0.7 million. This amount covers the cost of constructing a line tap from the B8W ROW to the new station location. Hydro One indicates that the remaining \$14.2 million of line connection costs covers the cost of rebuilding the existing end-of-life line to 230 kV standards and installing a second 230 kV circuit from Woodstock TS to the tap location for Commerce Way TS. Additionally, \$6.4 million in telecommunications work is included in the project (which is primarily network pool-related), Hydro One has indicated that \$5.8 million has been identified to upgrade telecommunication for the transmission system reliability needs (i.e., the 230 kV upgrade).

Hydro One indicates that the costs related to the replacement of the existing line and upgrade to 230 kV standards have been assigned to the pool for cost responsibility

purposes and excluded from the project economic analysis, in accordance with the exceptions provided in Sections 6.3.6<sup>1</sup> and 6.7.2<sup>2</sup> of the Transmission System Code.

## **4.2 System Impact Assessment and Customer Impact Assessment Approvals**

### *System Impact Assessment*

Under the Market Rules any party planning to construct a new or modified connection to the IESO-controlled grid must request an IESO System Impact Assessment (“SIA”) of these facilities. The IESO assessment addresses the impact of the proposed facilities on system operating voltage, system operating flexibility, and on the ability of other connections to deliver or withdraw power supply from the IESO-controlled grid. The IESO has completed an SIA for this project (Final Draft Report; IESO\_REP 0491) and this document was filed with the pre-filed evidence. The SIA report states that the proposed transmission facilities will improve the voltage profile and increase supply capability in the Woodstock Area, and will not adversely impact the reliability of the IESO-controlled grid. The SIA also called for Hydro One and the local LDCs to work collaboratively on a reactive load compensation initiative, for Hydro One to provide certain information on its equipment and for Hydro One to confirm it can carry out certain control actions if required.

### *Customer Impact Assessment*

A Customer Impact Analysis (“CIA”) is also required and Hydro One filed a CIA as part of its response to Board staff IR 12. Hydro One’s CIA confirmed that the proposed Commerce West TS can be incorporated on to the IESO administered grid without any negative impacts on the IESO grid or on the transmission customers connected to the IESO system in Woodstock and the surrounding area.

In response to Board staff IR 12, Hydro One has committed to carrying out all of the recommendations made in both the SIA and CIA reports.

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Transmission System Code; clause 6.3.6: A transmitter shall develop and maintain plans to meet load growth and maintain the reliability and integrity of its transmission system. The transmitter shall not require a customer to make a capital contribution for a connection facility that was otherwise planned by the transmitter, except for advancement costs.

Transmission System Code; clause 6.7.2: Where a transmitter’s connection facility is retired, the transmitter shall not recover a capital contribution from a customer to replace that connection facility.

### **4.3 Community and Agency Consultations**

Hydro One stated that it has sought and received input on the proposed project from a broad range of government agencies. Hydro One indicated that the initial step in its consultation process involved a presentation to the City of Woodstock Council on February 7, 2008. Because part of the study area falls within the Township of Norwich, Hydro One advised that in early 2008 it also met with Norwich's Mayor and Chief Administrative Officer and with the Chief Administrative Officer from the County of Oxford. Hydro One also identified and provided project information to several interest groups in the region.

Hydro One used various methods to notify the local community and stakeholders about the project and held two Public Information Centres (PICs) as part of the Class EA process. Hydro One stated that it used local area newspaper ads to advise individuals of the upcoming public information centres. In addition to these ads, Hydro One stated that notification for both PICs consisted of approximately 400 personally-addressed notices to property owners within the study area for the new transformer station, and to property owners within 120 m of the transmission line that would be upgraded. In addition, approximately 4,200 copies of the newspaper advertisement were delivered via Canada Post unaddressed AdMail to all owners/occupants of residential, farm and commercial premises within 500 m of the existing transmission line Hydro One proposes to upgrade.

### **4.4 Land and Property Matters**

The Commerce Way project's proposed transmission facilities will include a new double circuit 230 kV overhead transmission line located within the existing 115 kV transmission line corridor. Hydro One advises that the existing corridor running from the Woodstock TS easterly to the proposed Commerce Way TS site, a distance of approximately 4 kilometers, is a combination of:

- provincially owned property segments held under title to the Ministry of Public Infrastructure and Renewal, and managed by the Ontario Realty Corporation;
- municipal properties managed by the City of Woodstock, Parks and Recreation, and the Economic & Development Committee;

- easement rights on private properties; and
- municipal road corridors.

Hydro One states that the existing transmission line corridor crosses approximately 45 privately owned properties and one municipal park property managed by City of Woodstock Parks & Recreation. The corridor also crosses a total of 12 city streets that provide access to residential neighborhoods, numerous commercial and industrial sites and the City of Woodstock Commerce Way Business Park. Hydro One states that the proposed transmission line facilities will be partially accommodated by land rights Hydro One has presently secured along the existing corridor. These rights consist of an Occupation Agreement with the City of Woodstock Parks and Recreation Department, easement rights Hydro One possesses on all of the provincially-owned corridor lands, as well as its existing permanent easements rights on private property. Hydro One asserts that additional permanent easement rights will be required to widen a limited number of sections along the existing 66 feet wide corridor to allow for additional clearances where new larger angle towers will replace the existing angle towers.

Hydro One plans to use its existing land rights along the corridor from the existing Woodstock TS to the proposed Commerce Way TS. In all cases where new land rights are required, Hydro One states it will attempt to secure the rights through negotiated agreements with affected landowners. Where a negotiated agreement is not possible within a reasonable time frame, Hydro One indicates it will seek approval to expropriate the required land rights in accordance with the requirements of Section 99 of the *OEB Act*, immediately after a Board approval is received. Hydro One has also submitted in its pre-filed evidence the form of easement agreement it proposes to utilize.

#### **4.5 Environmental Issues**

The proposed Commerce Way transmission reinforcement facilities fall within the definition of the projects covered by the *Class Environmental Assessment for Minor Transmission Facilities* ("Class EA"), which is approved by the Ontario Ministry of Environment ("MOE") under the Ontario Environmental Assessment ("EA") Act. The Class EA process for this project includes preparing a Draft Environmental Study Report and Hydro One has prepared such a report.

As noted within, a PIC was held in Woodstock on February 21, 2008, where the public had the opportunity to learn about the project and meet the project team. A second PIC was held on February 5, 2009, to present the details of the proposed undertaking, including details of the new transmission line and the location of Commerce Way TS.

Hydro One stated in the pre-filed evidence that in accordance with the Class EA process, it made its draft Environmental Study Report available for a 30-day public review and comment period from March 12 to April 13, 2009. Hydro One stated that at the conclusion of the public review and comment period, no comments from members of the public were received, nor were there any requests to elevate the Class EA to an Individual EA. Hydro One indicated that three comments were received from government agencies and these were incorporated into the final Environmental Study Report.

#### **4.6 First Nations and Aboriginal Matters**

Hydro One stated that it consulted with the Ontario Ministry of Aboriginal Affairs, and Indian and Northern Affairs Canada, and has provided information on this project to the following First Nations:

- Chippewas of the Thames First Nation;
- Oneida Nation of the Thames;
- Munsee-Delaware Nation;
- Mississaugas of the New Credit First Nation;
- Chippewas of Kettle and Stoney Point;
- Walpole Island First Nation; and
- Six Nations of the Grand River.

Hydro One provided extensive documentation through Board staff IR 11 regarding how it determined the Aboriginal Peoples' who had an interest in or were affected by the proceeding, its correspondence history with all groups or communities along with copies of correspondence sent to these groups/communities. Hydro One also stated in Board staff IR 11 that no group that was contacted expressed any objection to the project in question. Hydro One further asserted that it was committed to the engagement of all these groups/communities throughout the entire extent of this project.

## 5. BOARD FINDINGS

Section 96(2) of the OEB Act provides that for an application under section 92 of the Act, the Board shall only consider the interests of consumers with respect to prices and reliability and quality of electricity service when determining if a proposed project is in the public interest.

In the context of this application the Board considers an approval of the transmission assets to carry with it the implication of necessitating the associated transformation assets. Without the transformation assets the transmission assets could not serve the purpose which forms the basis upon which the leave to construct application is predicated. The evidence supporting the need for the transmission facilities has the concomitant function of supporting the transformation station that renders the transmission facility useful. For these reasons, specific to this application, the Board considers its approval to be inclusive of both the transmission and transformation assets as a common project.

The main issues for the Board in consideration of the application are as follows:

- Is the project needed and is it the best alternative?
- What impact will the project have on transmission rates?
- What impact will the project have on reliability and quality of supply?
- Have the land-use matters been addressed?
- If the project is approved, what are the conditions of approval?

### 5.1 Is the project needed and is it the best alternative?

The Board accepts the updated forecast of the loading for transmission line B8W and the overall forecasts for the Woodstock area facilities. The Board also acknowledges the Hydro One assertion that all available CDM and DR have been incorporated into the forecasts.

The Board accepts that transmission line B8W requires replacement due to ageing. Although the line may be within its thermal rating for some time, the Board acknowledges the applicant's reasoning to further enhance the line rating at this time when associated work is being performed. The Board also finds that it is reasonable for Hydro One to upgrade circuit B8W, a single circuit 115 kV transmission line to a

double circuit 230 kV facility at this time. The incremental cost to upgrade now compares favourably against the cost to do so at a later date when viewed in the context of the probability of the upgrade being required within the expected life span of the facilities.

## **5.2 What impact will the project have on transmission rates?**

Hydro One states that it has carried out an analysis of the transmission rate impact on the basis of Hydro One's transmission revenue requirement for the year 2008, and the most recently approved Ontario Transmission Rate Schedules. Hydro One states that the network pool revenue requirement would be unaffected by the new reinforcement facilities, based on the criteria used to allocate transmission costs to the three pools as approved by the Board in its EB-2006-0501 decision.

Based on the Line Connection Pool incremental cash flows associated with the cost of the line facilities, Hydro One contends that there will be only a minor change in the Line Connection pool revenue requirement once the project's impacts are reflected in the transmission rate base at the projected in-service date in December of 2011. Hydro One states that when the impact caused by the proposed project is reflected into the calculations for the relevant transmission pools, the impact on a typical residential customer's bill is projected to be about 0.01 % and the Board accepts this evidence.

## **5.3 What impact will the project have on reliability of supply?**

The Board accepts the conclusion in the SIA and CIA reports that the project will not have any negative affects on the IESO grid or on adjacent transmission customers, will improve the voltage profile in the area and also improve the area supply reliability and redundancy.

## **5.4 Have the land-use matters been addressed?**

The Board notes that a significant part of the project will be located on public land and that agreements are being negotiated with the municipalities for the construction of these facilities. Where private land is involved, the Applicant has secured or is in the process of securing the necessary land rights and has filed in evidence a form of easement agreement that is acceptable to the Board.

## 5.5 What are the conditions of approval?

The Board approves the project, as described in the Application of Hydro One subject to the conditions of approval appended to this Decision and Order, which are in keeping with the Board's practice for establishing certain general conditions for projects of this type.

### Conclusion

Based on these findings the Board has determined that the construction of the proposed facilities is in the public interest and that an Order granting leave to construct should be made.

### IT IS ORDERED THAT:

1. Hydro One Networks Inc. is granted leave, pursuant to section 92, to construct approximately 4.0 kilometres double-circuit 230 kV transmission facilities on an existing right-of-way in Oxford County and the associated transformation and connecting assets described in its application as Commerce Way TS subject to the Conditions of Approval attached as Appendix A to this Order.
2. Hydro One Networks Inc. shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

**DATED** at Toronto, November 6, 2009

**ONTARIO ENERGY BOARD**

*Original Signed By*

Kirsten Walli  
Board Secretary

**Appendix “A”**

**To Decision and Order**

**EB-2009-0079**

**November 6, 2009**

**CONDITIONS OF APPROVAL**

## **Hydro One Networks Inc. – Woodstock East Transmission Line Reinforcement Project**

### **1 General Requirements**

- 1.1 Hydro One Networks Inc (“Hydro One”) shall construct the facilities and restore the land in accordance with its application and evidence, except as modified by this Order and these Conditions of Approval.
- 1.2 Unless otherwise ordered by the Board, authorization for Leave to Construct shall terminate December 31, 2011, unless construction has commenced prior to then.
- 1.3 Except as modified by this Order, Hydro One shall implement all the recommendations of the Environmental Study Report filed in the pre filed evidence, and all the recommendations identified in the System Impact and the Customer Impact Assessments which were prepared for this project.
- 1.4 Hydro One shall advise the Board's designated representative of any proposed material change in the project, including but not limited to changes in: the proposed route; construction techniques; construction schedule; restoration procedures; or any other impacts of construction. Hydro One shall not make such change without prior approval of the Board or its designated representative. In the event of an emergency, the Board shall be informed immediately after the fact.
- 1.5 Hydro One shall obtain all necessary approvals, permits, licences, certificates and easement rights required to construct, operate and maintain the proposed project and shall provide copies of all such written approvals, permits, licences and certificates upon the Board's request.

### **2 Project and Communications Requirements**

- 2.1 The Board's designated representative for the purpose of these Conditions of Approval shall be the Manager, Electricity Facilities and Infrastructure Applications.
- 2.2 Hydro One shall designate a person as project engineer and shall provide the name of the individual to the Board's designated representative. The project engineer will be responsible for the fulfilment of the Conditions of Approval on the construction site. Hydro One shall provide a copy of the Order and Conditions of Approval to the project engineer, within ten (10) days of the Board's Order being issued.
- 2.3 Hydro One shall give the Board's designated representative ten (10) days written notice, in advance of the commencement of the construction.

- 2.4 Hydro One shall furnish the Board's designated representative with all reasonable assistance for ascertaining whether the work is being or has been performed in accordance with the Board's Order.
- 2.5 Hydro One shall develop, as soon as possible and prior to the start of construction, a detailed construction plan. The detailed construction plan shall cover all activities and associated outages and also include proposed outage management plans. These plans should be discussed with affected transmission customers before being finalized. Upon completion of the detailed plans, Hydro One shall provide five (5) copies to the Board's designated representative.
- 2.6 Hydro One shall furnish the Board's designated representative with five (5) copies of written confirmation of the completion of construction. This written confirmation shall be provided within one (1) month of the completion of construction.

### **3 Monitoring and Reporting Requirements**

- 3.1 Both during and after construction, Hydro One shall monitor the impacts of construction, and shall file four (4) copies of both an interim and a final monitoring report with the Board. The interim monitoring report shall be filed within six months of the in-service date, and the final monitoring report shall be filed within eighteen months of the in-service date. Hydro One shall attach to the final monitoring report a log of all complaints related to construction that have been received. The log shall record the times of all complaints received, the substance of each complaint, the actions taken in response, and the reasons underlying such actions.
- 3.2 The monitoring report shall confirm Hydro One's adherence to Condition 1.1 and shall include a description of the impacts noted during construction and the actions taken or to be taken to prevent or mitigate the long-term effects of the impacts of construction. This report shall describe any outstanding concerns identified during construction and the condition of any rehabilitated land and the effectiveness of any mitigation measures undertaken. The results of the monitoring programs and analysis shall be included and recommendations made as appropriate. Any deficiency in compliance with any of the Conditions of Approval shall be explained.
- 3.3 Within fifteen (15) months of the in-service date, Hydro One shall file with the Board a written Post Construction Financial Report. The Report shall indicate the actual capital costs of the project and shall explain all significant variances from the estimates filed with the Board.

#### **4 Other Approvals**

- 4.1 Hydro One shall obtain all other approvals, permits, licences, and certificates required to construct, operate and maintain the proposed project, shall provide a list thereof, and shall provide copies of all such written approvals, permits, licences, and certificates upon the Board's request.

## **OVERALL BUDGET PROCESS**

On an annual basis, WHSI management prepares a capital and operating budget in the last quarter of the fiscal year preceding the budget year. A five-year capital plan is also included as part of the budget process to enable long term planning for capital requirements. Operating expenses are based on a combination of historical costs and projects planned and required for regulatory purposes for the upcoming fiscal year. WHSI's Asset Management program helps assess the need for preventative maintenance and capital planning.

WHSI Procedure 1220 below describes the budgeting responsibilities and approval process for WHSI:

***Procedure: 1220***  
***Revised: November 16, 2009***  
***Reference: President***

### ***SUBJECT: BUDGETING RESPONSIBILITIES AND APPROVAL PROCESS***

#### ***Purpose:***

*Outlined in this procedure are the manager's roles in managing operating and capital budgets.*

#### ***Role of Managers***

- 1. Managers of Departments are responsible for submitting annual operating and capital budgets to the Manager of Accounting & Regulatory Affairs for consolidation.*
- 2. On a monthly basis, managers update their budget projections as well as check budget reports for proper allocations and costing.*
- 3. The President must approve all changes to the budget.*

#### ***Role of Manger of Accounting & Regulatory Affairs:***

- 1. The Manager of Accounting & Regulatory Affairs is responsible for consolidating annual operating and capital budgets for all operating departments for subsequent review by the Management Team and approval by the President. Specific detail is required in the following areas:*

- a) Capital projects,*
- b) Training requirements,*

- c) Equipment and vehicle requirements,*
- d) Personnel requirements,*
- e) Safety requirements.*

*2. The Manager of Accounting & Regulatory Affairs consolidates all budgeting requirements in addition to providing the following budgeting requirements on an annual basis;*

- a) Operating and capital requirements for administration (including billing and collecting),*
- b) Revenue estimates,*
- c) Loading estimates and charges for administration and outside groups.*

*3. The Manger of Accounting & Regulatory Affairs will prepare the draft annual budgets for approval in a format that presents the current year's budget along with the projected year, and the estimated next year's budget.*

*4. On a monthly basis the Manager of Accounting & Regulatory Affairs reviews the revisions to the budget with the Management Team and addresses any identified discrepancies in allocations and costing that require adjustment.*

*5. All Managers must obtain approval from the President for the following:*

- a) Additional funds above budgeted amounts,*
- b) Addition or deletion of capital projects,*
- c) Equipment or vehicle requirement changes,*
- d) Movement of funds between capital and operating budgets,*
- e) Reallocation between capital projects and items,*
- f) Changes to training requirements.*

The Budget Package includes a comprehensive analysis of the current year's budget and forecast amounts and of the forecast and proposed budget amounts for the budget fiscal period, the 5 year capital plan, and pro-forma financial statements for the current and budget year. Budget and forecast amounts refer to capital and regulatory expenditures, expenses, revenues, financial ratios and covenant updates, cash-flow and financing requirements. Prior

to the following fiscal year, the Budget is presented to the WHSI Board of Directors for review and approval.

A Management Finance meeting is held on a monthly basis to review and compare year to date costs with budgeted amounts. Extraordinary, unforeseen changes to the budget that cannot be mitigated through regular operations and have a material impact on the budget are brought forward to the Board of Directors for re-approval.

#### **CAPITAL BUDGET:**

WHSI's capital budget is prepared on the basis of key drivers, priority, timing, and financial restrictions. The primary key drivers to capital budget planning include

- **Customer Demand**

These are projects that WHSI undertakes to meet its customer service obligations in accordance with the OEB's Distribution System Code (the "DSC") and WHSI's Conditions of Service. Activities include connecting new customers and building new subdivisions. Capital contributions toward the cost of these projects are collected by WHSI in accordance with the DSC and the provisions of its Conditions of Service. WHSI uses the economic evaluation methodology from the DSC to determine the level of capital contribution for each project and those levels are injected into the annual capital budget.

- **Growth:**

Load growth due to new customer connections and increased demand from existing customers over time creates a need for capacity improvements and expansions on the WHSI system. Projects include new or upgraded feeders, transformers or voltage conversion projects,

substations or transformer stations. Expansions may include new residential subdivisions and extensions of existing infrastructure to accommodate new business industrial parks.

- **Renewal/Replacement:**

Renewal/Replacement projects are completed when assets reach their end of useful life and must be replaced in order to ensure the safety and reliability of WHSI's distribution system or general assets, and to mitigate unexpected repair costs and equipment failure. As part of WHSI's asset management strategy, regularly scheduled inspections of its plant and predictive testing on certain assets, help to assess whether replacement is warranted.

Unplanned equipment replacements due to breakdown, damage, or escalations in priority due to inspection and testing activities, are a common component of an LDC and are expected to occur. Through the budget process, WHSI makes an allowance for these activities based on historical experience.

Other capital projects involve complete asset replacement or upgrades within a geographic area, and could be a multi-year or multi-phase program. The probability and impact of asset failure are considered at peak load to determine the risk the failure creates. In these cases, projects are developed to add switching devices or create a backup feeder supply to reduce the risk to typical restoration times.

In addition to asset inspection and testing, WHSI's reliability performance as measured by SAIDI, SAIFI and CAIDI indices are used to assess whether new capital investment is required. The effect of asset replacement or maintenance programs can be measured in part, by the Service Quality Indices which are submitted to the OEB each year by WHSI. The Asset Management Report provided in Exhibit 2, Tab 3, Schedule 4 supports the capital and maintenance programs needed to maintain and enhance the reliability of WHSI's distribution system.

Renewal and replacement are also primary drivers for investment in general plant, including transportation equipment and information technology systems. Reliable, safe, and secure equipment is paramount to WHSI's ability to meet customer service demands whether they are in the field, in the office, on the telephone, or online.

- **Regulatory Requirements:**

These projects are system capital investments, which are being driven by regulatory requirements and may include directives from the OEB, the IESO, the Ministry of Energy, the Ontario Power Authority, or the Ministry of Environment. Smart meters and investments to support Green Energy initiatives including microFIT, FIT, renewable connection, and smart grid infrastructure are examples of capital investments driven by regulatory requirements. In 2010 and 2011 WHSI has also placed into this category those projects relating to the elimination of long-term load transfers pursuant to the DSC.

### **Contributed Capital**

WHSI collects Contributions in Aid of Construction (Contributed Capital) in accordance with the provisions in the OEB Distribution System Code and WHSI's Conditions of Service, as filed with the Board in 2008.

Collection and recognition of Contributed Capital is considered to be a source of working capital which reduces the overall cash required for capital expenditures. Contributed capital amounts recognized through the economic evaluation process for subdivision developments are largely driven from the developers own costs. WHSI's forecasts for contributed capital for the 2010 Bridge, 2011 Test, and long term forecasts for 2012 through to 2015 are based on the historical costs of subdivision developments in the WHSI area, and expected future developments.

### Economic Evaluation Process

WHSI uses the economic evaluation model developed and used by the CHEC group to determine the capital contribution amount and security deposit required by the developer.

An preliminary economic evaluation based on estimated costs and forecast revenues is performed using the following:

- WHSI's current approved distribution rates exclusive of rate riders or rate adders, average annual kWh consumption for the proposed development
- WHSI's 3-year average OM&A cost per customer based on the most recent OEB's Comparison of Ontario Electricity Distributors Costs (EB-2006-0268) PEG Report ,
- Current income tax and CCA rates
- Forecast of connections over the 5-year connection horizon

Under the alternative bid option WHSI requires the customer to provide an expansion deposit for up to 100% of the present value of the forecasted revenues. WHSI requires the customer to ensure that the contestable work is done in accordance with the distributor's design and technical standards and specifications; and the developer is billed for all inspection costs as part of the system commissioning activity prior to connecting the constructed facilities to the existing distribution system. The preliminary planning, design and engineering specifications required for expansion and connection to the distribution system are uncontestable.

When the expansion facilities are completed to WHSI standards, energized and WHSI has received an engineers certified final cost statement for developer costs, a final economic evaluation is conducted.

The final costs and any changes to the distribution rates, OM&A costs, income tax and CCA rates, and timing of connections over the 5 year connection horizon, are updated for the final economic evaluation.

When the developer transfers the expansion facilities, WHSI pays the developer a transfer price. If there is a shortfall between the present value of the projected costs and revenues, WHSI collects this shortfall in the form of a capital contribution from the developer. The difference between the transfer price and the shortfall is the amount of capital contribution that WHSI funds to the developer.

Any difference between the security required from the developer at the preliminary economic evaluation stage, and the final cost stage is adjusted at this point.

An annual review is conducted each year over the five-year connection horizon, to reduce the security held by WHSI based on the number of connections made to date. Under the alternative bid option, ten percent of the expansion deposit is held for two years after the last connection, or the end of the five year connection horizon (whichever occurs first) as warranty for any repairs or work that may be required.

#### Calculation of Contributed Capital for 2010 Bridge, 2011 Test, and 2012 – 2015 Forecast Years

On an annual basis, WHSI determines the average cost information per lot for subdivisions based on the most recent historical cost information determined through the economic evaluation process. As shown in Table 2-22 below, the total available lots for subdivisions form the calculation to determine the unit cost for total developer costs and WHSI costs. This cost per lot is then used to calculate forecast values for subdivisions and capital contributions based on the estimated number of new connections for each forecast year.

This methodology also assists in determining cash flow requirements as part of the annual budget process.

**Capital Contribution – Forecast Methodology**

**Table 2-22**

Active Subdivisions - 2009 Economic Evaluation (EE) Summary	Number of Lots in Subdivisions	Developer Costs (excl. streetlighting)	WHSI Inspection Fees Pd by Developer	Total Developer Costs	WHSI Costs (Basic Connection)	TOTAL Costs	Net Due To Developer Upon Energization per EE	Developers Net Contribution	WHSI Total Contribution	% Developer share	% WHSI share
2009 Total Subdivision Costs	677	\$ 1,840,391	\$ 156,405	\$ 1,996,796	\$ 325,162	\$ 2,321,958	\$ 747,413	\$ 1,249,383	\$ 1,072,575		
Average Cost Per Lot		\$ 2,718	\$ 231	\$ 2,949	\$ 480	\$ 3,430	\$ 1,104	\$ 1,845	\$ 1,584	53.8%	46.2%
<b>Forecast Connections X Average Cost Per Lot:</b>											
Forecasted Subdivisions	Forecast Connections	Developer Costs (excl. streetlighting)	WHSI Inspection Fees Pd by Developer	Total Developer Costs	WHSI Costs (Basic Connection)	TOTAL Costs	Net Due To Developer Upon Energization per EE	Developers Net Contribution	WHSI Total Contribution	% Developer share	% WHSI share
Future Developments 2010	236	\$ 641,554	\$ 54,522	\$ 696,077	\$ 113,350	\$ 809,427	\$ 260,546	\$ 435,531	\$ 373,896	53.8%	46.2%
Future Developments 2011	240	\$ 652,428	\$ 55,446	\$ 707,875	\$ 115,272	\$ 823,146	\$ 264,962	\$ 442,913	\$ 380,233	53.8%	46.2%
Future Developments 2012	218	\$ 592,622	\$ 50,364	\$ 642,986	\$ 104,705	\$ 747,691	\$ 240,674	\$ 402,312	\$ 345,379	53.8%	46.2%
Future Developments 2013	200	\$ 543,690	\$ 46,205	\$ 589,895	\$ 96,060	\$ 685,955	\$ 220,801	\$ 369,094	\$ 316,861	53.8%	46.2%
Future Developments 2014	200	\$ 543,690	\$ 46,205	\$ 589,895	\$ 96,060	\$ 685,955	\$ 220,801	\$ 369,094	\$ 316,861	53.8%	46.2%
Future Developments 2015	200	\$ 543,690	\$ 46,205	\$ 589,895	\$ 96,060	\$ 685,955	\$ 220,801	\$ 369,094	\$ 316,861	53.8%	46.2%

## ASSET MANAGEMENT SUMMARY

### Summary

WHSI has established several policies and procedures which describe the various aspects of Asset Management Planning and activities and are attached in the following Appendices:

Appendix B1- 9110:Construction Verification Program

This policy provides guidance for, and documentation of WHSI's adherence to its distribution design criteria.

Appendix B2 - 9111: Distribution System Equipment Control

This procedure outlines the manner in which all WHSI equipment associated with the distribution system will be selected, purchased, documented, reviewed, approved, and as necessary, discontinued.

Appendix B3 – 9116 Live Line Equipment/Power Test Equipment

This document lists critical equipment and the frequency schedule for testing for each item.

Appendix B4 - 1230: Project Planning and Approval

This policy establishes the guidelines for project planning and approval.

Appendix B5 -1240: Facilities Replacement Schedule

This guideline is used to streamline planning and budgeting processes and to receive optimum value on equipment and apparatus facilities.

Appendix B6 - 5010: IT Hardware Procurement and Support:

This guideline establishes procedures for the procurement, deployment and maintenance/support of workstation and enterprise-wide hardware.

While WHSI does not have a formal asset management plan, it believes that the policies and procedures noted above encompasses the principles and requirements to ensure a prudent process for asset management. WHSI intends to consolidate these policies together, and build upon these principles to develop a more formalized Asset Management Plan document .

### **Asset Condition Studies**

As an ISO 9001 Registered Company, WHSI strives to continually meet and exceed the minimum inspection requirements in accordance with Appendix C of the OEB's Distribution System Code. An integral part of WHSI's Asset Management Plan is to conduct regular distribution equipment inspections, which are a primary driver for the identification of capital rebuild and replacement strategies, and also serves to identify weak points in our system that will require maintenance and repair activities.

Annual inspection of padmount switchgear, transformers and pole equipment are conducted, with results uploaded to our GIS mapping system. From there, visual and statistical analysis is completed to identify trends that will support further maintenance, or initiate planning for capital replacement of the asset. The results of WHSI's pole testing conducted in 2010 is attached as Appendix C. A summary of the padmount switchgear and transformer inspections conducted is attached as Appendix D.

Thermal imaging is conducted on an annual basis throughout the City, primarily on overhead lines and equipment to identify poor or failing connections or overload conditions. Appendix E provides the results of infrared testing conducted in 2010.

## **Information Technology Asset Management Strategy**

Today, more than ever, a safe, reliable and secure information technology infrastructure is fundamental to ensuring WHSI's business operations. Enterprise applications or systems that once were considered optional and that therefore could be "down" for days or even weeks in a crisis situation are today deemed mission-critical, with corresponding service-level-agreement expectations measured in hours or minutes. Commitments to the IESO (for MDM/R integration and market operations), to retailers and to the outside world at large (Exchange mail) necessitate robust internet connectivity with built-in failover to backup services. Security systems and protocols must be sufficiently robust to address stringent privacy expectations and the potential for sophisticated, damaging external attacks. Data loss is not an option in a regulatory environment that emphasizes record-keeping and documentation, and the volume and complexity of data generated on an annual basis continues to increase exponentially.

### **Information Technology -**

#### ***Computer Hardware***

Woodstock Hydro computer hardware assets are organized into the following categories:

- Servers and LAN (local area network) devices
- Workstations
- Printers and Peripherals

#### ***Servers and LAN Devices***

WHSI has established a structured server replacement schedule. Our server environment has demonstrated consistently high “up-time” performance levels, with corporate-wide outage duration consistently less than ten hours per year. Servers are replaced every five (5) years.

WHSI is in the final stages of a multi-year transition to a virtualized environment. As part of this transition, the server acquisition strategy has fundamentally changed along with storage methodologies. In 2009, a SAN (Storage Area Network) was purchased, with a second unit purchased in mid 2010. The first SAN unit will be deployed in Q3 2010 to WHSI’s disaster-recovery (DR) location facilitating the IT best practices of having common technologies at primary and DR sites. A SAN provides for energy efficiency, ease of maintenance, troubleshooting and operation, strong performance, streamlined backup and recovery, built-in and hardware redundancy.

Before embarking upon the transition to virtual servers in conjunction with a storage area network, a detailed cost-benefit analysis was performed. It was determined that the cost of maintaining individual servers, each with their own operating system, processing, memory and hard disk capacity, for each enterprise was more costly than building “super servers” connected to a SAN, where each physical server houses up to four virtual servers. Further, virtualization is easier to administer, provides enhanced business continuity, opportunities for creating short-term test system environments in preparation for major system upgrades, etc.

WHSI has a robust, 1GB internal network supported by HP switches. Switches do not tend to “wear out” in the same fashion as other IT hardware, so they are budgeted for replacement upon obsolescence (e.g. change in standard network speeds) or upon hardware failure. Redundancy is in place to ensure business is not interrupted due to network hardware failure.

WHSI utilizes an anti-SPAM network appliance as part of its network infrastructure, and has implemented redundant ISP services to maximize the SLA with respect to connectivity with the outside world.

Continuous uptime in WHSI main server room is available through the 2009 installation of a 10KVA UPS. This server-room class, user-friendly UPS solution integrates with WHSI's backup generator and handles frequency variations and other power fluctuations that can occur during generator operation. This device was implemented in support of a broader internal initiative designed to ensure that all critical operations supporting customer-service delivery would remain operational even during lengthy power outages. The UPS in the server room in conjunction with the installation of the backup generator ensures that the network along with the GIS, CIS, Exchange mail and other mission-critical applications will remain operational even if "regular" electricity cannot be available for days or weeks. This allows WHSI to use its own site as an emergency-response centre.

#### *Workstations / Personal Computers*

The personal computer asset management plan is such that all personal computers are utilized fully for at least five years. There is an established, structured replacement schedule for individual knowledge workers that is based on the type of personal computer in use. Hardware requirements for individual workstations are typically based on published vendor requirements. Standard desktop devices (for regular and stationary users) are used by one or more workers as a primary workstations for four (4) years. Higher-end workstations for "intense" users (e.g. Engineering) as well as all laptops and tablets are used as a primary workstation for three (3) years. Next-business-day warranty support is purchased with these replacement in mind. Once the primary use of a personal computer is complete, the hardware is re-deployed for the balance of its useful life for such activities as training, testing, temporary hardware

requirements (emergency PC replacement, temporary staffing, special projects, field devices, and general inquiry access for employees or customers).

### *Printers and Peripherals*

WHSI has standardized the use of centralized multi-purpose photocopier/print/fax/scanning devices strategically positioned within the organization to optimize efficiency and productivity. Additionally, as required high-volume knowledge workers are provided with networked printers in their personal work area. The Engineering department uses a plotter for large-scale maps and diagrams. Every effort is made to control printing costs both from the perspectives of both upfront cost and ongoing consumables. Further, the corporation is committed to reducing paper output and to an electronic records management system, supported by the use of Adobe Acrobat for internally-generated documents and the availability of scanners to convert forms and other external documents to an electronic record.

### *Software*

Whenever possible, WHSI has adopted a software-for-life licensing approach to software acquisition and maintenance. Within this model, once the initial software purchase has been made, software firms typically charge an annual maintenance fee in the 15% to 20% of the SLP (system list price) range, which provides the WHSI with access to all upgrades, updates, patches and in some cases, prescribed or unlimited technical support. Software maintenance fees are recorded in Account 5675 – Miscellaneous Expenses, while initial and/or material incremental software purchases are recorded in Account 1925 – Computer Software.

### *VMWare Server Virtualization Software*

WHSI is in the final stages of transitioning to a virtual infrastructure environment using VMWare software, with an aim of improving performance, manageability, efficiency and system availability, at a lower capital and operating overall cost. VMWare software, installed in conjunction with a Windows Server Enterprise operating system, allows for up to 4 “virtual” servers to be installed on one physical machine. While additional resources are required for that physical machine in terms of RAM and processing capability, the overall cost is significantly less than purchasing four standalone servers which was the historical best practices methodology for IT (“one application per server”). A virtual environment is more energy efficient, and also allows for higher availability from a business continuity perspective – if there is a hardware issue with one of the physical devices, the servers on that machine can be moved to an alternate machine within minutes – historically this would have resulted in major enterprise systems being “down” for at least a day if not much longer. A virtualized environment is also much more efficient from a troubleshooting and support perspective, allowing our existing 2 full-time IT resources to participate in more projects and provide value-added services to the user community.

WHSI also utilizes the following software applications:

- Server Operating System and Client Access Licenses (Microsoft) and Database Software and Client Access Licenses (Microsoft SQL Server)
- Workstation Operating System (Microsoft Windows 7 / XP)
- Email Server and Individual Client Access Licenses (Microsoft Exchange) and Blackberry Express –Microsoft Office Professional
- Adobe Acrobat
- Security / IT Utility Software
- Symantec BackupExec
- Ipswitch What’s Up Gold Network Management
- Numara Track-It IT Asset Management Software
- Worktech Service Manager and Work Manager
- Microsoft Dynamics GP (Great Plains)
- ESRI ArcGIS
- AutoCAD

- DESS Modeling
- Survalent SCADA (Supervisory Control and Data Acquisition)
- Elster EnergyAxis
- Harris Northstar Customer Information System (CIS)
- Harris mCare
- Harris eCare / eBilling
- Harris / Cognos Report Writer
- SPI EBT Hub Connector and Account Viewer
- Cleo VLTrader AS2
- RSI Telecost

**APPENDIX B-1**

**9110- CONSTRUCTION VERIFICATION PROGRAM**

## CONSTRUCTION VERIFICATION PROGRAM

Woodstock Hydro Services Inc.

Ontario Regulation 22/04



Prepared by: Jay Heaman  
Manager of Operations

Approved by: Ross McMillan  
President

Date: April 27, 2006

Revisions: March 7, 2007  
October 24, 2007  
January 6, 2009  
November 16, 2009 – new Staff Manual naming convention only  
June 16, 2010



Policy No.:	<u>9110</u>
Revised:	<u>June 16, 2010</u>
Reference:	<u>Manager of Operations</u>

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM

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## Statement of Purpose

Woodstock Hydro Services Inc. has a commitment to public safety. This commitment is stated in its safety policy, which is re-committed on an annual basis by the Board of Directors and signed by the Chair of the Board and the President.

The policy embodies the value Woodstock Hydro places on public safety. The inherent public exposure to electrical distribution systems requires extensive risk mitigation initiatives to reduce, as much as possible, the possibility of public contact with energized apparatus.

Risk mitigation measures include but are not limited to public education, signage, and most importantly, distribution system design.

The purpose of this Construction Verification (CV) Program is to provide the guidance for, and necessary documentation of, Woodstock Hydro's adherence to its distribution design criteria in making modifications and/or additions to the distribution system. The design criteria is contained in Woodstock Hydro's policy and procedures related to system design that will ensure that the requirements of Section 8.0 of Regulation 22/04 are met prior to putting any new construction or repairs of the distribution system into use. It is also to ensure that construction follows plans, work instructions, standard designs or legacy construction, and that only approved equipment is used. Where legacy construction deviates from the plan or standard design approval is required from a P. Eng or reconstruct to the plan or standard design.

The CV Program is designed to ensure that modifications and additions to the distribution system are inspected to ascertain whether any modification and/or addition to the distribution system is done in accordance to the design applies to new construction, modifications and repairs to the distribution system and, a record of inspection and certificate is required prior to placing the distribution system into service.

The design includes a material list of approved equipment. The inspection shall include the verification that only approved equipment included in the design was used in the modification and/or addition. The approved equipment criteria are contained in a separate policy and procedure.

An employee's effectiveness in conducting an inspection is dependant on their relevant competency level. This CV program contains a list of Woodstock Hydro's employee positions that are deemed to be competent for the purpose of conducting the inspection of distribution system modifications and/or additions. (Appendix A)

The CV program also includes the form of documentation of inspection and certification of the safe condition of the system is to be compiled for audit purposes.

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

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### **Work in Progress**

Putting a system into use means after completion of the work or portion of the work to construct, repair or modify an electrical installation forming part of the electrical distribution system, it is placed back into full service or is made available for service.

For the new construction the system is available for service when the construction reaches a stage where it can be used to distribute power.

**Live line work** example – the lines remain energized while performing the work. For projects that require parts of the line to become energized in stages, a partial inspection will be filled out.

**No Undue Hazard for** the purpose of construction verification of an electrical installation where indicated in this Guideline means that:

- Metal parts that are not intended to be energized and that are accessible to unauthorized persons are adequately grounded,
- Live parts are adequately insulated or barriered,
- The installation meets the minimum CSA clearances from buildings, signs and ground or barriers are installed to project,
- The structure has adequate strength  
*Where adequate means in accordance with Good Utility Practice*

For our partial inspection process, a series of records of inspection and partial certificates coupled with a final certificate at the completion of the project.

### **Competent Persons for the Purpose of the CV Program**

Competent persons for the purpose of this CV program are those persons deemed to be qualified by Woodstock Hydro to inspect and approve construction of Woodstock Hydro's distribution system. They are deemed competent because of knowledge, training, experience and certification associated with the task of the specific plans, work instructions or applications of standard designs utilized by Woodstock Hydro to construct its distribution system. Knowledge includes familiarity with section 113 of the Electricity Act 1998 and the regulations made under it and with the Occupational Health and Safety Act and the regulations made under it pertaining to the work.

The regulation allows three options for inspections of construction

- by a professional engineer, or
- by a competent person, or
- by ESA, at the request of Woodstock Hydro.

Woodstock Hydro will use only **COMPETENT PERSONS** for performing the inspections of construction.

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

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## Process for Completing Inspection

Modifications and/or additions to the distribution system are initiated in various ways. Proactive initiatives such as system rebuilds and additions are planned in advance and are tracked utilizing a work order system that forms part of the project management system. (Appendix B)

Service connection requests and response to outages are dealt with in a reactive manner and activities are documented on either a service connection form or a trouble call form. (Appendix C)

All activities that would cause a modification and/or addition to the distribution system are documented by either a work order, service connection form or a trouble call response form. Where work orders related to modifications and/or additions to the distribution system have associated design drawings, the drawing form part of the record of construction for the purpose of this CV program.

The employees deemed to be competent in conducting the work described above are also deemed to be competent in completing inspections for the purpose of this CV program.

At the completion of any work, or the removal of public work protection from energized apparatus during a work in process, an inspection shall be conducted of the portion of the system involved in the work. The inspection will determine if the alteration conforms to the design using approved materials.

The employee conducting the inspection will document that the inspection was completed on one of the three aforementioned forms. Documentation of any variance from design shall be placed on the same form used to document completion of the inspection. The competent person will be in attendance while work is being performed, perform the work or visit the construction site as necessary and prepare a record of inspection and a certificate.

### **Record of inspection**

- identify the work and equipment inspected
- include work order number
- be completed for the requirements noted on the record of inspection form.

In the case of an inspection determining a variance from design, a nonconformance report (NCR) is created. The NCR must be closed prior to issuance of a certificate.

## Certificates

A certificate will be issued by a competent person upon completion of an inspection of a modification and/or an addition to the distribution system that has determined adherence to the design. A certificate will not be signed where open NCR's exist.

The record of certification will be on the same document as the record of inspection. The record of inspection is contained in the documentation of activity referenced in Appendix C. The certification asserts that the inspection has been completed and that no undue hazard exists, or for planned work that the construction is consistent with approved Plan, Standard Designs, Work Instructions or Legacy Construction and that approved equipment has been used.

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

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Upon completion of the project a certificate will be issued which should include

- identification of the construction inspected
- confirmation that the construction is in accordance with the plan, work instructions Standard design, or legacy construction including the use approved equipment.
- the name and signature of the competent person completing the Certificate and
- date of certification

### Record Retention

Records of inspection and certification including design drawings shall be retained in Woodstock Hydro's records management system under the heading of Construction Verification Program for a period not less than three years from date created.

Since the Work order sheet contains the record of inspection, and these are used for all work at Woodstock Hydro, sampling is not required.

For new subdivision development, whereby only approved contractors are installing the system under the contract to the developer, work is not performed by Woodstock Hydro personal. An inspector will perform his inspections as the project dictates, and record this on his daily work order.

Since Work Order sheets contain the record of inspection, and these are used, sampling is not required. Where multiple locations on the same work order are done on the same day, all locations are to be noted on the work order sheet, and will be signed as inspected and certified.

### Resolving Non-Compliance

If the competent Person determines non-compliance the Certificate shall not be signed and the issue shall be brought to the attention of the Distribution Manager or someone with the authority to act on their behalf. NCR reports will be dealt with in the following ways:

- For substitution of one standard design with a different standard design:
  - Competent or qualified person ensures that new standard is properly applied and meets the design requirements;
  - Refers back to person or department who did the design for review and approval or
  - Reconstruct to comply.
- For construction that deviates from a plan or Standard Design:
  - Approval required from a P.Eng or
  - Reconstruct to the plan or standard Design.
- When safety standards of the regulation are not met:
  - Approval by a P.Eng. of deviation or
  - Reconstruct to the original approved design.

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

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### **Third Party Work**

Third party falls into two classifications

- Communication equipment
- distribution construction such as new lines, signs and decorations not part of the distribution system.

### **Woodstock Hydro will ensure that:**

- Woodstock Hydro inspects the site using competent personal to ensure that any attachments were only made to the distribution lines that were granted permission.
- the construction is in compliance to it's Standard design approved plan
- any variation from the design is to be noted for resolution by the owner of the record of inspection

### All in Order

Once the inspection record has been prepared and all non-compliances have been rectified Woodstock Hydro can prepare and issue a *Certificate*. The *Certificate* ensures that there are non negative impacts on the *distribution system* by the third party installation. This does not require the approval of the third party's equipment and materials by Woodstock Hydro. In these installations, it is likely that the construction will be placed into service by the third party prior to a *Certificate* being issued. Where construction by a third party forms part of the Distribution System, approval of the third parties equipment and material is required.

### Not in Order

When Woodstock Hydro determines during the course of its operation that a third party attachment does not comply to its Standard Designs or approved plan, Woodstock Hydro is to advise the third party of the non-compliances and may pursue additional remedial solutions through its attachment agreements. Where the third party does not rectify the non-compliance within a reasonable time, Woodstock Hydro may notify an appropriate regulator or ESA, who in turn may carry out its own investigation.

### **Training**

Training of the CV Program and Ontario Reg. 22/04, shall be provided to all persons deemed competent to administer in Woodstock Hydro's CV program. Training shall take place before the person(s) undertake any activities associated with this CV Program.

The records of training provided to each competent person shall be kept and maintained in the employee's Personnel File.

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

## Appendix A Competent Personnel

The positions noted below are deemed competent by virtue of their knowledge, experience, training and certifications.

In addition to the qualifications listed, the positions shall have the additional minimum training noted, including applicable refresher courses, and also be trained with Woodstock Hydro compliance to Regulation 22/04 as stated in Appendix D.

### Additional Minimum Training

- WHIMIS
- CPR
- E&USA Courses as required
- First Aid
- Electrical Safety Awareness

### New Construction

These positions, deemed competent, are able to inspect and approve these types of work.

POSITION	QUALIFICATIONS	ADDITIONAL SPECIFIC KNOWLEDGE REQUIREMENT
Line Supervisor	<ul style="list-style-type: none"> <li>• MEA Journeyman Lineman Trade Certificate;</li> <li>• Operator</li> </ul>	Section 113 Electricity Act, O.H.S.A. all relevant regulations
Manager of Operations	<ul style="list-style-type: none"> <li>• Electrical Engineering Technician Certificate</li> <li>• Master Electrician</li> <li>• Operator</li> </ul>	Section 113 Electricity Act, O.H.S.A. all relevant regulations
Lead Hands	<ul style="list-style-type: none"> <li>• MEA Journeyman Lineman Trade Certificate;</li> </ul>	Section 113 Electricity Act, O.H.S.A. all relevant regulations
Journeymen Linemen	<ul style="list-style-type: none"> <li>• MEA Journeyman Lineman Trade Certificate;</li> </ul>	Section 113 Electricity Act, O.H.S.A. all relevant regulations
Contract Linemen	<ul style="list-style-type: none"> <li>• MEA Journeyman Lineman Trade Certificate;</li> </ul>	Section 113 Electricity Act, O.H.S.A. all relevant regulations
Meter Manager	<ul style="list-style-type: none"> <li>• MEA Journeyman Meter Trade Certificate;</li> </ul>	Section 113 Electricity Act, O.H.S.A. all relevant regulations
Meter Technician	<ul style="list-style-type: none"> <li>• MEA Journeyman Meterman Trade Certificate</li> </ul>	Section 113 Electricity Act, O.H.S.A. all relevant regulations
Engineering Technician	<ul style="list-style-type: none"> <li>• OACETT</li> </ul>	Section 113 Electricity Act, O.H.S.A. all relevant regulations

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

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## Appendix A Competent Personnel

### OTHER WORK

These positions, deemed competent, are able (Y) or not able (N) to inspect and approve these types of work.

<b>POSITION</b>	<b>EMERGENCY (Y/N)</b>	<b>LIKE-FOR-LIKE (Y/N)</b>	<b>LEGACY CONSTRUCTION (Y/N)</b>
Line Supervisor	Y	Y	Y
Manager of Operations	Y	Y	Y
Lead Hands	Y	Y	Y
Journeyman Linemen	Y	Y	Y
Contract Linemen	Y	Y	Y
Meter Manager	Y	Y	Y
Meter Technician	Y	Y	Y
Engineering Technician	Y	Y	Y

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

## Appendix B

### Project Management System

Job Number	Project #	Project Name	GL (Divisions)	Description
1002.5640003.2001	A00045	I&D - Mgr Ops	05640-003-02-00	Injuries and Damages
1002.5640003.2004	A00045	I&D - Arc Flash	05640-003-02-00	Injuries and Damages
1002.5640003.2010	A00045	Injuries & Damages - Misc	05640-003-02-00	Injuries and Damages
1003.5405000.3001	A00050	Comm. Relations Supervision	05405-000-03-00	Community Relations
1003.5410000.3000	A00050	Comm Relations Sundry Control	05410-000-03-00	Community Relations
1003.5415000.3001	A00050	Energy Conservation	05415-000-03-00	Community Relations
1003.5420000.3001	A00050	Community Safety Program	05420-000-03-00	Community Relations
1003.5425000.3001	A00050	Misc Cust Serv & Info	05425-000-03-00	Community Relations
1003.1565000.0404	A00051	Program Admin - GRRP	01565-000-00-01	CDM OPA Funded
1003.1565000.0604	A00051	Program Admin - Peaksaver	01565-000-00-01	CDM OPA Funded
1003.1565000.0704	A00051	Program Admin- ERIP	01565-000-00-01	CDM OPA Funded
1003.1565000.0804	A00051	Program Admin- Direct Install	01565-000-00-01	CDM OPA Funded
1003.5680000.3001	A00110	ESA Fees	05680-000-03-00	ESA Fees
1003.5685000.3001	A00110	IESO Fees & Penalties	05685-000-03-00	ESA Fees
1007.1110000.0000	B00003	Billable jobs to shlder- ctrl	01104-002-00-00	Billable Jobs to Shareholder
1000.1830000.0000	C00001	Poles Towers & Fixtures Contrl	01830-000-00-00	Distribution Capital
1000.1835000.0000	C00001	OH Conductor & Devices	01835-000-00-00	Distribution Capital
1000.1840000.0000	C00001	Underground Conduit - Control	01840-000-00-00	Distribution Capital
1000.1845000.0000	C00001	UG Conductors & Devices-Control	01845-000-00-00	Distribution Capital
1000.1850000.0000	C00001	Line Transformers OH - Control	01850-000-00-00	Distribution Capital
1000.1851000.0000	C00001	Line Transformers UG - Control	01851-000-00-00	Distribution Capital
1000.1855000.0000	C00001	Services OH-Control	01855-000-00-00	Distribution Capital
1000.1856000.0000	C00001	Services UG-Control	01856-000-00-00	Distribution Capital
1000.1865000.0000	C00003	Capital Contingency - Control	01865-000-00-00	Capital Contingency
1000.1935000.0000	C00010	Stores Equip - Control	01935-000-00-00	Stores Equipment
1000.1940000.0000	C00011	Tools, Shop, Garage Eq - Contr	01940-000-00-00	Tools, Shop & Garage Equip
1000.1950000.0000	C00013	Power Operated Equip Control	01950-000-00-00	Power Operated Equipment
1000.1960000.0000	C00015	Miscellaneous Equipment	01960-000-00-00	Misc Equipment
1000.1970000.0000	C00016	Load Mgmt Cntrls - Control	01970-000-00-00	Load Mgmt Controls
1000.1975000.0000	C00016	Ld Mgmt Cnts -Util Prem Cntr	01975-000-00-00	Load Mgmt Controls

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

1000.1980000.0000	C00017	Sys Supervisory Equip - Cntrl	01980-000-00-00	System Supervisory Equip
1000.1898000.0000	C00018	Engineering Labour Control	01898-000-00-00	Sup&Eng Cap Labour
1000.1899000.0000	C00018	Supervision Labour Control	01899-000-00-00	Sup&Eng Cap Labour
1005.5005000.5000	M00001	Op Supv'n & Eng Control	05005-000-05-00	Supervision and Engineering
1005.5105000.5000	M00001	Mnt Sup'n & Eng Bud Cntrl Job#	05105-000-05-00	Supervision and Engineering
1007.5005000.7000	M00001	Ops Lne Sup&Eng Control	05005-000-07-00	Supervision and Engineering
1007.5095000.7001	M00001	OH Lines Rental Paid	05095-000-07-00	Supervision and Engineering
1007.5105000.7000	M00001	Mnt Sup & Eng Control	05105-000-07-00	Supervision and Engineering
1006.9030000.6000	M00006	Stores Ops Exp- Control	09030-000-06-01	Stores operations
1006.9030001.0001	M00006	Stores - Losses + Adjustments	09030-001-06-01	Stores operations
1006.9030001.0002	M00006	Price adj on rec'd items	09030-001-06-01	Stores operations
1005.9060000.5000	M00010	Eng Veh Mt&Rep Bud Cntrl Job#	09060-000-05-00	Vehicle expense
1006.9060000.6000	M00010	Strs Veh Mt&Rep Bud Control	09060-000-06-00	Vehicle expense
1007.9060000.7000	M00010	Line Veh Mnt&Repair - Control	09060-000-07-00	Vehicle expense
1007.5125000.7045	M00045	AB/LB Maintenance	05125-000-07-00	AB/LB maintenance
1005.5085000.5100	M00050	Misc Dist Exp - Control	05085-000-05-00	Misc Distribution Exp
1005.5085000.5110	M00050	USF Designs,Kits,Inventory	05085-000-05-00	Misc Distribution Exp
1005.5085000.5112	M00050	GIS and Mapping	05085-000-05-00	Misc Distribution Exp
1005.5085000.5113	M00050	Updating Map Books	05085-000-05-00	Misc Distribution Exp
1005.5085000.5114	M00050	Transformer Database	05085-000-05-00	Misc Distribution Exp
1005.5085000.5116	M00050	Engineering - Clerical	05085-000-05-00	Misc Distribution Exp
1005.5085000.5119	M00050	ISO - Engineering	05085-000-05-00	Misc Distribution Exp
1005.5085000.5120	M00050	Operations Timesheets	05085-000-05-00	Misc Distribution Exp
1005.5085000.5121	M00050	Jobs, Projects - Admin	05085-000-05-00	Misc Distribution Exp
1005.5085000.5122	M00050	Vehicle / Fleet Admin	05085-000-05-00	Misc Distribution Exp
1005.5085000.5123	M00050	Outage Reporting	05085-000-05-00	Misc Distribution Exp
1005.5085000.5124	M00050	Financial Reports	05085-000-05-00	Misc Distribution Exp
1005.5085000.5125	M00050	ESA / ISO	05085-000-05-00	Misc Distribution Exp
1005.5085000.5126	M00050	Line Dept Clerical	05085-000-05-00	Misc Distribution Exp
1005.5085000.5127	M00050	Meter Dept Clerical	05085-000-05-00	Misc Distribution Exp
1007.5085000.7000	M00050	Misc Dist Exp -Lines -Control	05085-000-07-00	Misc Distribution Exp
1007.5010000.7000	M00051	Load Dispatching- Control	05010-000-07-00	Load Dispatching
1007.5020000.7000	M00052	OH Lines&Feeders - Control	05020-000-07-00	OH Distribution
1007.5120000.7000	M00052	Mnt Poles,Towers,fixt- Control	05120-000-07-00	OH Distribution
1007.5125000.7000	M00052	Mnt OH Conductors- Control	05125-000-07-00	OH Distribution
1007.5135000.7000	M00052	OH Mnt ROW - Control	05135-000-07-00	OH Distribution
1007.5035000.7000	M00053	OH Transformors - Control	05035-000-07-00	OH Transformers
1007.5040000.7000	M00054	UG Lines&Feeders - Control	05040-000-07-00	UG Distribution

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

1007.5145000.7000	M00054	Mnt UG Conduit - Control	05145-000-07-00	UG Distribution
1007.5150000.7000	M00054	Mnt UG Conductors -Control	05150-000-07-00	UG Distribution
1007.5150000.7001	M00054	Mnt UG Conductors/Devices -Reg	05150-000-07-00	UG Distribution
1007.5055000.7000	M00055	UG Transformers - Control	05055-000-07-00	UG Transformers
1007.5161000.7000	M00055	Mnt UG Transformers -Control	05160-002-07-00	UG Transformers
1007.5070000.7000	M00056	Cust Premises - Control	05070-000-07-00	Customer Premises
1007.5130000.7000	M00058	Mnt OH Services Bud Cntrl Job#	05130-000-07-00	OH Services
1007.5155000.7000	M00059	Mnt UG Services - Control	05155-000-07-00	UG Services
1007.5160000.7000	M00060	Mnt OH Transformers- Control	05160-001-07-00	Stn Bldgs & Fixtures
1000.1531702.1001	MF0001	RC Cap - MicroFIT 54 Winnett	01531-702-01-01	MicroFit - Tabor - 54 Winnett St
1000.1532702.1001	MF0001	RC OM&A MicroFIT 54 Winnett	01532-702-01-01	MicroFit - Tabor - 54 Winnett St
1000.1555702.1001	MF0001	SMC MicroFIT - 54 Winnett	01555-702-00-01	MicroFit - Tabor - 54 Winnett St
1000.1555702.1003	MF0001	SMC MicroFIT-73CanRobt	01555-702-00-01	MicroFit - Tabor - 54 Winnett St
1000.1556702.1001	MF0001	SM OM&A MicroFIT 54 Winnett	01556-702-00-01	MicroFit - Tabor - 54 Winnett St
1000.1556702.1003	MF0001	SM OM&A MicroFIT 73 CanRobert	01556-702-00-01	MicroFit - Tabor - 54 Winnett St
1000.1531702.1002	MF0002	RC Cap - MicroFIT 827 Pavey	01531-702-01-01	MicroFit - 827 Pavey St
1000.1532702.1002	MF0002	RC OM&A MicroFIT 827 Pavey	01532-702-01-01	MicroFit - 827 Pavey St
1000.1531702.1003	MF0003	RC Cap - MicroFIT 73 Canrobert	01531-702-01-01	MicroFit - 73 Canrobert St
1000.1532702.1003	MF0003	RC OM&A MicroFIT 73 Canrobert	01532-702-01-01	MicroFit - 73 Canrobert St
1000.1531702.1004	MF0004	RC Cap - MicroFIT 501Hummingbd	01531-702-01-01	MicroFit - 501 Hummingbird Cr.
1000.1532702.1004	MF0004	RC OM&A MicroFIT 501Hummingbrd	01532-702-01-01	MicroFit - 501 Hummingbird Cr.
1000.1565000.0201	R00003	OPA Community Initiative Fund	01565-000-00-01	CDM TGRR
1000.1565000.0401	R00003	TGRR - Customer Service	01565-000-00-01	CDM TGRR
1000.1565000.0403	R00003	TGRR - Data Collection	01565-000-00-01	CDM TGRR
1000.1565000.0404	R00003	TGRR - Program Admin	01565-000-00-01	CDM TGRR
1000.1565000.0405	R00003	TGRR - Marketing / Promo	01565-000-00-01	CDM TGRR
1000.1565000.0601	R00005	Peaksaver Customer Service	01565-000-00-01	CDM Peaksaver
1000.1565000.0602	R00005	Peaksaver IT Billing System	01565-000-00-01	CDM Peaksaver
1000.1565000.0603	R00005	Peaksaver Data Collection	01565-000-00-01	CDM Peaksaver
1000.1565000.0604	R00005	Peaksaver Program Admin	01565-000-00-01	CDM Peaksaver
1000.1565000.0605	R00005	Peaksaver Marketing / Promo	01565-000-00-01	CDM Peaksaver
1000.1565000.0607	R00005	Peaksaver Incentive Rebate	01565-000-00-01	CDM Peaksaver
1000.1565000.0701	R00006	Business - Customer Service	01565-000-00-01	CDM ERIP
1000.1565000.0702	R00006	Business - IT / Billing System	01565-000-00-01	CDM ERIP
1000.1565000.0703	R00006	Business - Data Collection	01565-000-00-01	CDM ERIP
1000.1565000.0704	R00006	Business - Program Admin	01565-000-00-01	CDM ERIP
1000.1565000.0705	R00006	Business - Marketing / Promo	01565-000-00-01	CDM ERIP
1000.1565000.0707	R00006	Business - Incentives Paid	01565-000-00-01	CDM ERIP

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

1000.1565000.0801	R00007	Direct Install- Cust Service	01565-000-00-01	Direct Install-Power Savings Blitz
1000.1565000.0802	R00007	Direct Install-IT Bill System	01565-000-00-01	Direct Install-Power Savings Blitz
1000.1565000.0803	R00007	DirectInstall-Data Colection	01565-000-00-01	Direct Install-Power Savings Blitz
1000.1565000.0804	R00007	Direct Install-Program Admin	01565-000-00-01	Direct Install-Power Savings Blitz
1000.1565000.0805	R00007	Direct Install-Marketing Promo	01565-000-00-01	Direct Install-Power Savings Blitz
1000.1565000.0807	R00007	Direct Install-Incentive Paid	01565-000-00-01	Direct Install-Power Savings Blitz
1000.1531001.0000	R00702	Renew. Connection Cap-Recovery	01531-001-01-01	Renewable Connection
1000.1531002.0000	R00702	RCC- Carrying Charges	01531-002-01-01	Renewable Connection
1000.1531702.0000	R00702	Renew. Connection Cap- Control	01531-702-01-01	Renewable Connection
1000.1531702.0001	R00702	RC Cap-FIT pgm auto settlement	01531-702-01-01	Renewable Connection
1000.1531702.0002	R00702	RC Cap -2-way electrical flows	01531-702-01-01	Renewable Connection
1000.1531702.0003	R00702	RC Cap- Elec. protection Equip	01531-702-01-01	Renewable Connection
1000.1531702.0004	R00702	RC Cap-Voltage Regulatin Equip	01531-702-01-01	Renewable Connection
1000.1531702.0005	R00702	RC Cap- protection agst island	01531-702-01-01	Renewable Connection
1000.1532001.0000	R00702	RC OM&A Recovery	01532-001-01-01	Renewable Connection
1000.1532002.0000	R00702	RC OM&A Carrying Charges	01532-002-01-01	Renewable Connection
1000.1532702.0000	R00702	RC OM&A- Control	01532-702-01-01	Renewable Connection
1000.1534001.0000	R00703	Smart Grid Capital - Recovery	01534-001-01-01	Smart Grid
1000.1534002.0000	R00703	SGC- Carrying charges	01534-002-01-01	Smart Grid
1000.1534703.0000	R00703	Smart Grid Capital - Control	01534-703-01-01	Smart Grid
1000.1535001.0000	R00703	Smar Grid OM&A - Recovery	01535-001-01-01	Smart Grid
1000.1535002.0000	R00703	SG OM&A- Carrying Charges	01535-002-01-01	Smart Grid
1000.1535703.0000	R00703	Smart Grid OM&A - Control	01535-703-01-01	Smart Grid
1000.1110000.0002	S00001	Street Lights	01110-000-00-00	Shareholder Receivables
1000.1110000.0048	S00048	Mun 048 Cedar Slopes st light	01110-000-00-00	Cedar Slopes Streetlighting Rebuild
1000.1110000.0049	S00049	Mun 049 Street light pilot	01110-000-00-00	Streetlight Pilot Project

Category	Project Grouping	Eg GL#	Eg Description
General & Admin	A00000's	5620	billing,collecting, admin
Billable	B00000's	1104	eg. Recoverable work other than for the City. eg pole hit by car
Capital	C00000's	1835	capital *
Operation & Maint	M00000's	5125	lines, metering, engineering,
Regulatory	R00000's	1565	eg. Conservation, smart meter rollout, etc
Shareholder	S00000's	1110	eg. Streetlight, traffic lights, water locates, etc
IFRS	X00000's	5315	eg. Major projects of a limited duration)

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

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Specific capital project numbers (examples only: Beards Lane, Shoppers Drug Mart) etc will begin at # C00102.

<b>Category</b>	<b>Job Number Grouping (last 4 numbers in job #)</b>
Capital Assets	0 - 1999
IT	2000's
Admin	3000's
Billing	4000's
Engineering	5000's
Stores	6000's
Lines	7000's
Meters	8000's
Non-Utility	9000's

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

**2010 Capital Project #'s**

C00177	Danger Pole Replacements	
C00277	Woodstock General Hospital (Athlone Ave) Main Service	
C00280	Trillium Woods Pumping Station - Lansdowne Ave	
C00290	Lansdowne Ave M3 Extension	
C00291	Cedar Slopes/Southside Subdivision Rebuild & Conversion	
C00292		Finkle & Alberta Condos
C00293	Econolodge	
C00302	Pole/Duct Cleanup	
C00303		UG Vault Lid Maint
C00305	LTLT Elimination - Dundas	
C00308	Woodstock Apartments	
C00322	College Ave Secondary School	
C00326	Home Subdivision Rebuild	
C00327	Fanshawe College	
C00328	MS11 & 4kv asset removal	
C00329	Norwich at Parkinson Ext	
C00332	Bell Canada – WIC	
C00334	311 Dundas St-42 Unit Housing Complex	
C00335	Ecole Ste-Marguerite-Boureoyo	
C00338	Devonshire Ext	
C00341	Southwood Arena Extension	
C00343	285 Brant St	
C00345	Infill Lot Servicing - 151 Norwich Ave	
C00346	Woodstock Art Gallery - 449 Dundas St	
C00348	McDonald's Restaurant - 980 Dundas St	

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

**Appendix C****Forms**

<b>FORM NUMBER</b>	<b>FORM TITLE</b>
N/A	Work Order (created in Worktech)
Lform22	Tailboard
Lform07	Outage Report
Lform04	Electrical Service Connection
Rform11	Nonconforming_Corrective Action_Preventative Action Form
Lform24	Daily Inspection
Lform25	Record of Inspection Checklist and Certificate of Approval
Lform26	WO Closing & Record of Inspection and Certificate

SUBJECT: CONSTRUCTION VERIFICATION PROGRAM Cont'd...

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## Training

All qualified and competent persons shall receive the following training in Woodstock Hydro CV Program:

<b>WHEN</b>	<b>WHAT</b>
Initiation:	With initial (approved by ESA) issue
Annual:	First Outside Safety Meeting of each year - review
Upon Revisions	To cover what has changed
Upon completion of internal process review	To review any resultant changes
Upon completion of external audit	To review any resultant changes

**NOTE 1:** All qualified and competent persons shall receive training in all other aspects of Woodstock Hydro Regulation 22/04 Compliance Manual, such as Incident Reporting, Proximity to Distribution Lines etc.

**NOTE 2:** A comprehensive list of training received by all employees will be kept in each individual's employee file, and a master listing kept by the Manager of Internal Services.

**APPENDIX B – 2**

**9111 – DISTRIBUTION SYSTEM EQUIPMENT CONTROL**



Procedure:	9111
Revised:	November 16, 2009
Reference:	Manager of Operations

## SUBJECT: DISTRIBUTION SYSTEM EQUIPMENT CONTROL

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### Purpose

The purpose of this procedure is to outline the manner in which all Woodstock Hydro Services Inc. (WHSI) equipment associated with the distribution system will be selected, purchased, documented, reviewed, approved and as necessary, discontinued.

### Definitions

#### 1. Electrical Installation

Means the installation, repair, replacement, alteration or extension of any wiring, electrical or non-electrical equipment that forms part of a distribution system (including all structures and equipment associated with the delivery of electricity).

#### 2. Equipment

Equipment means any apparatus, device or material used in electrical installations.

##### a. Major Equipment

- i. Transformers
- ii. Conductors
- iii. Load Break Switches
- iv. Reclosing Switches
- v. Poles
- vi. Switchgear
- vii. Insulators
- viii. Protective Devices and Lightning Arrestors
- ix. Station Breakers

b. Non-Major Equipment – all other equipment used in electrical installations not referenced in the list above.

#### 3. Experimental Equipment

Non-major equipment that has been cleared for usage in the distribution system but has not yet met the criteria for approval.

#### 4. Approved Equipment

Equipment that meets Rule 2-024 of the Electrical Safety Code (ESA) that has been approved in accordance with WHSI approval procedures as outlined below.

SUBJECT: DISTRIBUTION SYSTEM EQUIPMENT CONTROL Cont'd...

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#### **5. Competent Persons**

For the purpose of identification of distribution equipment suitable to be returned to inventory, competent persons are those persons deemed to be qualified by Woodstock Hydro to inspect and approve equipment and parts to be returned to inventory from Woodstock Hydro's distribution system. They are deemed competent because of knowledge, training, experience and certification associated with specific plans, work instructions or applications of standard designs utilized by Woodstock Hydro to construct its distribution system. Knowledge includes familiarity with section 113 of the Electricity Act 1998 and the regulations made under it . This definition of competent persons is tied to that of a competent person in the Construction Verification policy.

#### **6. Approval Committee**

The approval committee is that group of individuals specified below and deemed competent to approve the new equipment and parts based on knowledge, training, certification and job function. The approval committee consists of Eng Tech, Lineman/Operator, Operations Manager, Meter Manager, Stock-keeper/Buyer, Line Supervisor, and accountant/auditor.

### **Equipment Documentation - Procedure**

1. WHSI is a member of the Utility Standards Forum (USF). The USF group maintains an in-depth listing of equipment typically used in electrical installations, and also of designs typically used in electrical installations (designs are simply pre-assembled kits of equipment).
2. WHSI maintains an inventory system within Dynamics and Worktech that lists all distribution system equipment as defined above. Within the Worktech system, WHSI maintains a cross-reference between the USF equipment number and the WHSI equipment number. Further, WHSI maintains approved designs representing assemblies/kits of USF/WHSI equipment.
3. Equipment categories for major and non-major equipment will be maintained for each Inventory item in Dynamics under the class ID section and transferred to Worktech for reporting and record-keeping purposes.
4. New equipment will show an approval date on the purchasing specification material/equipment data sheet. After the 2 year field probationary period has elapsed the equipment will again be reviewed by the approval committee, and the data sheet will be updated if the equipment is approved at that point.
5. Each approved inventory item will show specifications on the purchasing specification material/equipment data sheet. The sheet will be maintained showing approval date for new items. Latest revision date and file path where the electronic copies of the specifications are kept will be noted on the specification sheet.

**Equipment Approval and Purchasing Procedures – See LFlow06, LFlow07 AND Lflow08**

**APPENDIX B – 3**

**LIVE LINE EQUIPMENT / POWER TEST EQUIPMENT**



Procedure:	9116
Revised:	November 16, 2009
Reference:	Manager of Operations

## SUBJECT: LIVE LINE EQUIPMENT/POWER TEST EQUIPMENT

---

### **Purpose:**

To ensure the integrity and safe operating condition of critical equipment, regular testing of each piece must be conducted. All critical equipment will be tested through an equipment testing schedule, as determined through Procedure #1240.

### **Live Line Equipment (ref Procedure Rflow09)**

#### Item

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#### **(tested every six months)**

- Rubber Hose
- Blankets
- Hoods
- Truck Jumpers

#### **(tested yearly)**

- Web Hoists
- Grounds
- Gripalls
- Hot sticks
- Trucks dielectric mechanical structure
- Trailers – structure mechanical only
- Truck grounds
- Floating grounds
- Stringing trailer

### **Power Test Equipment (tested yearly)**

#### Item

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- Potential testers
- Phase indicators

**APPENDIX B – 4**

**1230- PROJECT PLANNING AND APPROVAL**



Procedure:	<u>1230</u>
Revised:	<u>November 16, 2009</u>
Reference:	<u>President</u>

## SUBJECT: PROJECT PLANNING AND APPROVAL

---

### **Purpose:**

The purpose of this policy is to establish guidelines for project planning and approval. Project planning shall be done on an annual basis and form part of the budgeting process.

Managers of Departments shall plan projects based on the needs of the utility as they pertain to their departments' responsibilities.

Once budget approval has been received, the President shall co-ordinate the resources of the various departments involved through specific project meetings and the regular department business meetings.

Depending on the size and nature of a particular project, the President may appoint a Project Leader who will be responsible for setting up lines of communication between and among the personnel involved, and also co-ordinating their initiatives and progress.

Consideration shall be given to the following when planning and scheduling projects:

1. Will the result of the project satisfy the utility's Mission Statement objectives?
2. Should the utility's employees perform the projects labour content, or be contracted out?
3. Can all departments involved accommodate the project schedule?
4. Does the project form a single phase of a larger plan such as an electrical distribution main feeder replacement? If so, it should be identified as such and cross-referenced to the Facilities Replacement Schedule

**APPENDIX B – 5**

**1240 – FACILITIES REPLACEMENT SCHEDULE**



Procedure:	<u>1240</u>
Revised:	<u>November 16, 2009</u>
Reference:	<u>President</u>

## SUBJECT: FACILITIES REPLACEMENT SCHEDULE

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### **Purpose:**

The purpose of this guideline is to streamline planning and budgeting processes, and to obtain optimum value on equipment and apparatus facilities, Replacement Schedules should be developed where practical.

### **Points to consider**

- The degree to which the item is critical to the utility's operation or personal safety
- The ability to make an accurate estimate of the item's expected life span
- The degree of direct relationship between the age of the item and yearly maintenance costs or availability of parts
- The severity of the negative effects to the utility's operations if the item fails

A Facility Replacement Schedule can either specify a particular item and year to be replaced, much like the Vehicle Replacement Schedule, or can state a number of items per year to be replaced based on the expected life span of the item and how many are in service.

Because of its importance to several operational departments, the Vehicle Replacement Schedule is included with this Policy/Procedure. Other lists, which concern a single operational department, can be kept as a department standard operating procedure.

**APPENDIX B – 6**

**5010 – IT HARDWARE PROCUREMENT AND SUPPORT**



Policy No.:	5010
Revised:	November 16, 2009
Reference:	Manager of Internal Services

## SUBJECT: IT HARDWARE PROCUREMENT AND SUPPORT

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### **Purpose**

The purpose of this guideline is to establish procedures for the procurement, deployment and maintenance/support of workstation and enterprise-wide hardware in order to ensure a stable information infrastructure for the corporation.

Authorized use of workstations and enterprise hardware shall be only those activities that are consistent with the company's mission statement.

### **Hardware - Definition**

This policy is intended to cover the usage of all devices which are used to support Woodstock Hydro's information processing requirements, including but not limited to the following devices:

- Servers, Racks, Switches, Tape Backup Devices, Modems
- Personal Computers (including laptops and tablets), RAM, Hard Drives (internal/external)
- Monitors, Docking Stations
- Keyboards and Mice
- UPSs (uninterrupted power supply)
- Cellular Telephones, PDAs, Wireless Devices
- Printers
- Scanners, Photocopiers
- Cabling and any other devices or peripherals associated with IT (information technology)

### **Server Room(s)**

The server rooms are to be considered restricted areas, in order to protect the security of the corporation's data. Employees shall ensure that only approved personnel are provided access to any server room, or to corporate hardware.

**SUBJECT: HARDWARE PROCUREMENT AND SUPPORT Cont'd...**

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***Individual Use of Computer Equipment***

The utility's computer hardware systems and related software programs have been provided for the sole purpose of facilitating the work of the Corporation in fulfilling its mandate to provide electricity to its customers in an efficient and cost effective manner.

1. **Computer Equipment** – Individuals assigned a desktop, laptop, tablet, printer, cellular phone or other information technology shall seek to ensure that the equipment is not damaged through their negligence and that it is only used for corporate matters. Users shall take action to ensure that the hardware in their work area or assigned directly to them is not damaged or destroyed. Users shall keep food and drink at a safe distance (at least 30 cm) from all hardware. Users should take actions to minimize exposure of any dirt, dust, liquids or other environmental hazards to all hardware. Hardware shall not be left or placed in a location where it could be damaged accidentally.
2. **Portable Devices** – All portable devices (laptops, tablets, etc.) shall be stored in an identified, secure location within the corporation at the end of the business day. Portable hardware shall always be stored in a locked and hidden location (e.g. car trunk).
3. **Printers** – Users shall contact an IT Analyst when experiencing mechanical difficulties with peripheral devices such as printers. These devices shall only be maintained by a trained repair person.
4. **Software Installation / Attachments** – Software shall only be installed on workstations by IT Analysts. Employees shall not, under any circumstances, install trial versions, upgrades, updates, add-ons, or any other software. Users shall not attach any additional hardware or peripherals without prior consultation with Internal Services. Software installation requests, peripheral connection requests, etc. shall be routed to IT via IT Help Desk.
5. **Installation and Ergonomics** – Users shall not change the configuration or composition of their hardware without prior consultation with an IT Analyst. Users may consult an IT Analyst at any time to maximize the ergonomics of their configuration and setup – including screen resolution, monitor adjustment, keyboard tray, keyboard and mouse options, dual monitor, etc.
6. **Issue Resolution** - All hardware performance issues will be immediately reported to the IT Help Desk, including a detailed description of the issue(s) being experienced. Users shall not attempt to resolve hardware issues independently.

**SUBJECT: HARDWARE PROCUREMENT AND SUPPORT Cont'd...**

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**Purchasing / Replacement**

1. **Hardware Profile** - The Internal Services Department, in consultation with each departmental manager and with incumbents (if required), will create and maintain a hardware profile for each job classification. No hardware shall be purchased and/or installed without prior consultation with Internal Services.

Each hardware profile will include:

- a. hardware requirements (RAM, hard drive size, etc.)
- b. workstation type (e.g. laptop vs. desktop), monitor size and number of monitors required
- c. dedicated or assigned printer location

Factors which may be considered include:

- a. the proposed suite of software and inherent multitasking for the job classification
- b. portability requirements (e.g. field work, work from home, disaster planning)
- c. confidentiality requirements
- d. cost and efficiency

2. **Supplier Selection** - Hardware supplier selection shall be decided by the Internal Services team, with appropriate consultation with other departments.
3. **Budget Process** - Future / upcoming hardware requirements shall be reviewed annually in the context of the annual budget. Mid-year, unplanned hardware purchases will occur on an exception basis.
4. **Hardware Assignments** - Individuals users shall not assume that their current hardware installation shall remain assigned to them for the duration of the anticipated replacement frequency. Refurbished / redeployed installations may be required as job classification requirements change or if maintenance/repairs are required.
5. **Scheduling Replacements** - Individual users will assist the Internal Services team seeking to schedule hardware replacements. The Internal Services team will make reasonable efforts to minimize disruption when performing hardware exchanges.

**SUBJECT: HARDWARE PROCUREMENT AND SUPPORT Cont'd...**

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**6. Replacement Matrix**

The standard life expectancy and replacement frequency is:

<b>Device</b>	<b>Life Expectancy</b>	<b>Replacement Frequency</b>
Servers, Switches, Tape Backup Devices,	6 years	4 years
Racks, Telephones	10+ years	As needs dictate
Modems	10+ years	As needs dictate
UPSs, Keyboards, Mice, Cabling, Cellular Phones, PDAs etc.	5+ years	As needs dictate
Printers, Scanners, Photocopiers	8+ years	As needs dictate
Desktop Workstations and Peripherals (Monitors, etc.)	5 years	4 years
Laptops and Tablets	4 years	3 years

**APPENDIX C**

**POLE TESTING**



**ONTARIO POLE  
INSPECTION SERVICES  
INC.**

**WOODSTOCK  
MAY 10, 2010  
REPORT**

INSPECTED BY

DATE OF INSPECTION

COMMISSION

ONTARIO POLE INSPECTION SERVICES INC.

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# WOODSTOCK HYDRO WOOD POLE INSPECTION 2010 REPORT ON FINDINGS

## 1. SCOPE

From June 15 2010 to Sept 17 2010, 1617 poles were tested in the Woodstock Hydro system using traditional sound and bore techniques to determine pole strength, pole damage, insect damage and fungal deterioration.

A recommendation was made during the inspection for corrective action based upon pole condition. This report will explain why these recommendations were made as well as give background information related to understanding the data collected. A recommendation of future pole inspection approach will also be presented.

## 2. METHODOLOGY

Ontario Pole Inspection Services used traditional sound and bore techniques during the testing of the 1617 Woodstock Hydro poles.

Traditional sound and bore techniques include but are not limited to:

**Visual Pole Inspection** – A complete visual inspection of the pole was performed from the ground line to the upper roof to detect any safety hazards or visible damage to the exterior of the pole. Any visual abnormalities were documented and retained for overall pole assessment. A check was made for:

- Safety hazards such as: broken insulators, broken ground wires, loose or broken guy wires, loose hardware, floaters, etc.
- Weaknesses such as: external decay, lightning damage, fire damage, mechanical damage, insect evidence, etc.

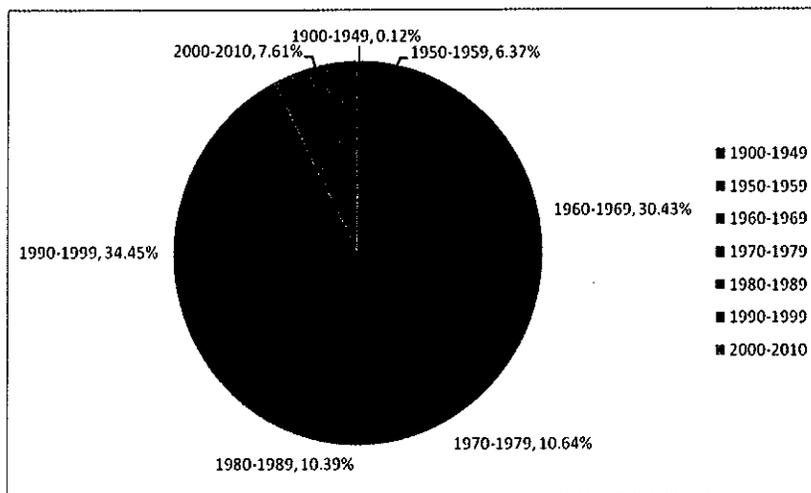
**Sounding Inspection** – Sounding was done to the pole on at least three quadrants with a hammer from the ground line to approximately 8' high, in order to detect weaknesses, both externally and internally. It is possible for a trained tester, by listening and feeling, to detect the presence of hollow heart, shell separation, external decay, etc. The Hammers produce a sound and feel that allows the tester to differentiate between good wood and varying degrees of pole degradation. Proficiency is gained through extensive pole testing experience.

**Boring Inspection** – the pole was excavated on one side using a shovel and taking an approximately 6-12 inch deep and 6 inch wide divot. A ½" drill bit was drilled into the pole between 6 to 10 inches at a 45 degree angle and wood condition was assessed by judging relative drill resistance and visual inspection of wood shavings. If there were signs of external decay below ground line then further, excavation was undertaken to assess the severity of the damage. Poles of vintage newer than 1989 were sounded and only bored if the inspector deemed it necessary. Poles older than 1990 were not bored.

### 3. POLE CONDITION REPORT AND DISCUSSION

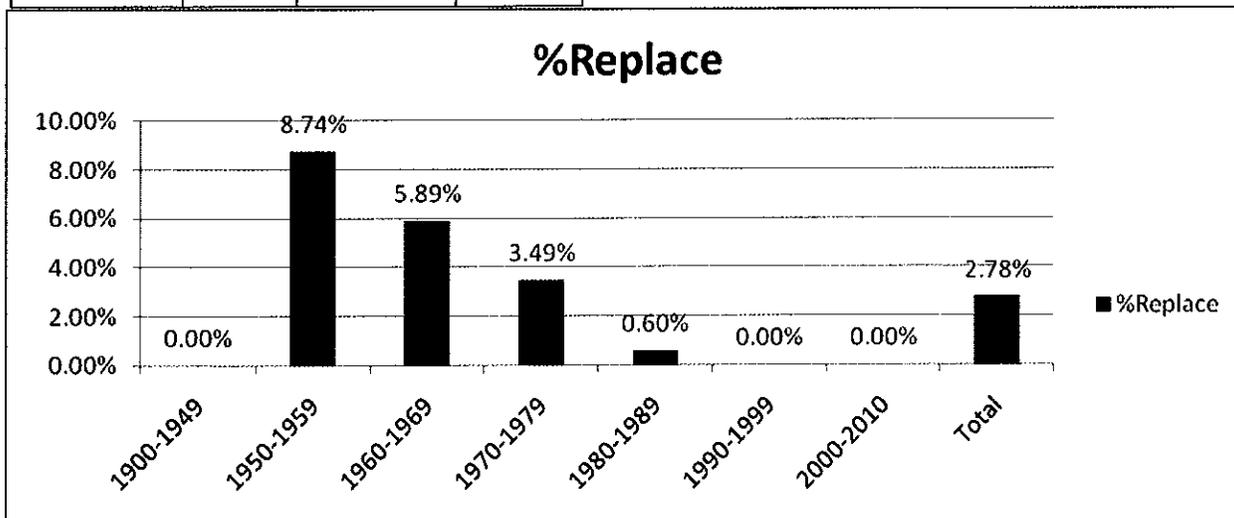
**Table 1  
Pole Age Distribution**

DECADE	# OF POLES	% OF POLES
1900-1949	2	0.12%
1950-1959	103	6.37%
1960-1969	492	30.43%
1970-1979	172	10.64%
1980-1989	168	10.39%
1990-1999	557	34.45%
2000-2010	123	7.61%
Total	1617	100.00%



DECADE	# OF POLES	# of Replace	% Replace
1900-1949	2	0	0.00%
1950-1959	103	9	8.74%
1960-1969	492	29	5.89%
1970-1979	172	6	3.49%
1980-1989	168	1	0.60%
1990-1999	557	0	0.00%
2000-2010	123	0	0.00%
Total	1617	45	2.78%

**REPLACE REPORT** **Table 2**



### 3.1 Report on Internal Decay

Table 3 below shows the internal decay that was found based on the age of pole. In total, 155 poles were found with detectable internal decay. This represents 9.54% of the poles inspected. Poles newer in vintage than 1989 were not bored, if we exclude these poles to include only poles from the years 1900 – 1989 we get an average of **16.5%** of poles with detectable internal decay. Internal decay is caused by the basidiomycetes fungi family which can germinate directly on the heartwood which has been exposed by seasonal checking.

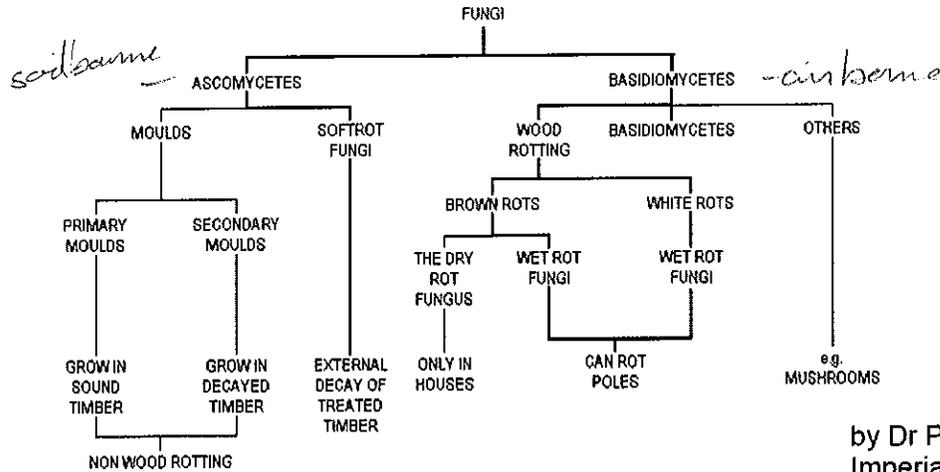
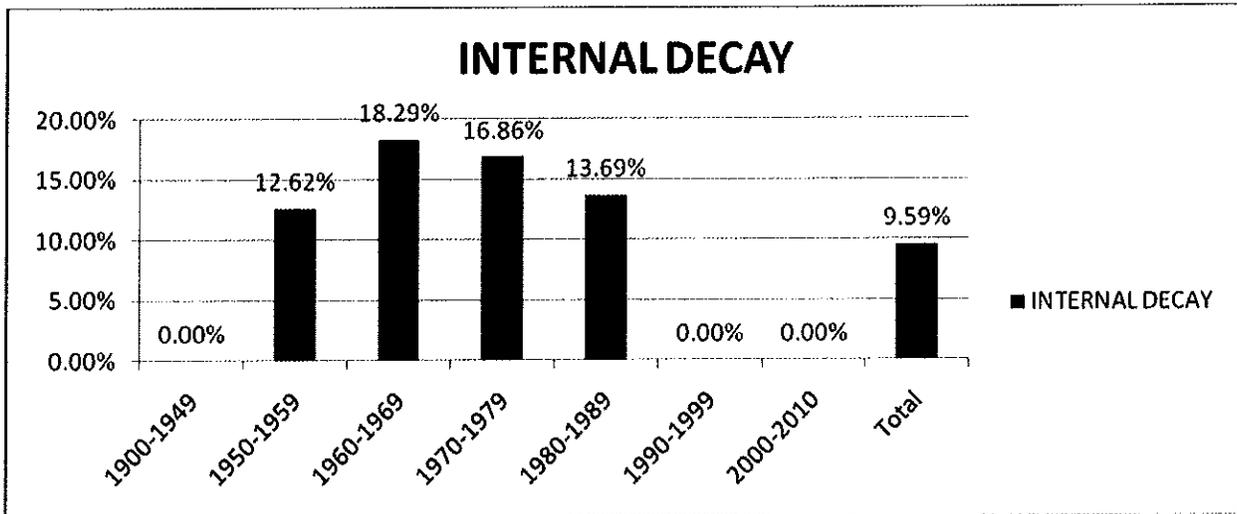


Fig. 1  
Family tree of some fungi  
involved in wood decay

by Dr P I Morris  
Imperial College London  
and  
B Calver  
Eastern Electricity Board

**Table 3**  
**Summary of Internal Decay**

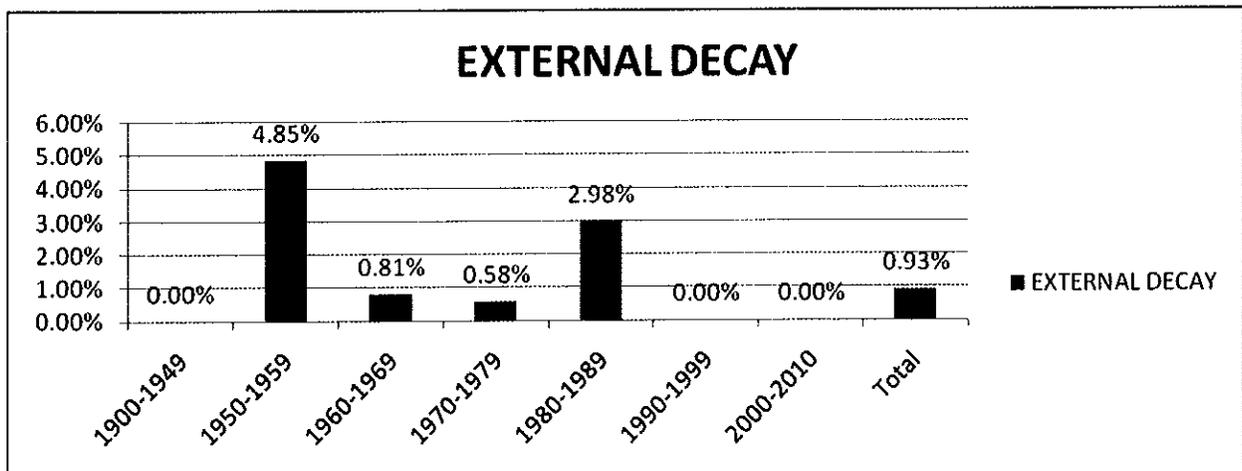
DECADE	# OF POLES	# with Internal Decay	% Internal Decay
1900-1949	2	0	0.00%
1950-1959	103	13	12.62%
1960-1969	492	90	18.29%
1970-1979	172	29	16.86%
1980-1989	168	23	13.69%
1990-1999	557	0	0.00%
2000-2010	123	0	0.00%
Total	1617	155	9.59%



**Table 4**  
**Summary of External Decay**

DECADE	# OF POLES	# with External Decay	% External Decay
1900-1949	2	0	0.00%
1950-1959	103	5	4.85%
1960-1969	492	4	0.81%
1970-1979	172	1	0.58%
1980-1989	168	5	2.98%
1990-1999	557	0	0.00%
2000-2010	123	0	0.00%
Total	1617	15	0.93%

*- grade change ?*



It has been scientifically proven that utility poles also have non-detectable decay that gives rise to wood fiber strength loss and obvious further decay. Decay at the microscopic level can be found by viewing cell wall fiber loss under a microscope. Detectable internal decay is anything from an abnormal wood color to full grown voids, this is decay that can be seen.

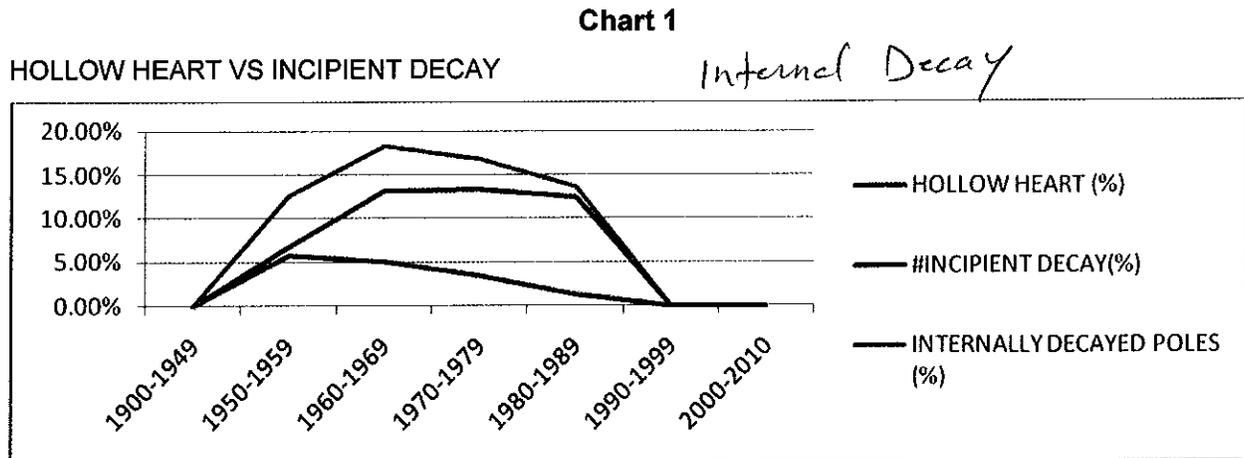


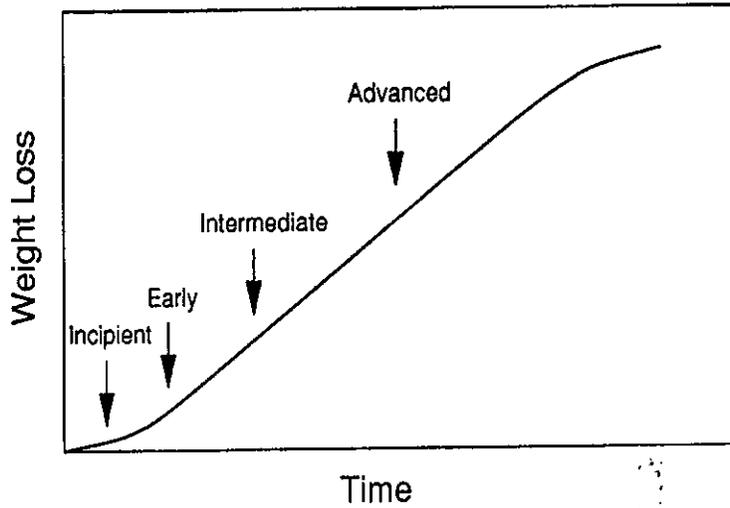
Chart 1 above shows that while the number of poles with voids increases over time (age) the amount of poles with detectable incipient decay remains relatively the same. Detectable incipient decay is incipient decay in its late stages. All poles are susceptible to air born fungi as soon as the heartwood is exposed by checking and cracking. Once the right conditions exist for these fungi to germinate (heat, water, food source, and oxygen) the decay process starts. This is why the detectable incipient decay remained relatively constant regardless of the age of the pole. The start of the decay process is based on favorable conditions therefore decay of the heartwood is dependent upon the poles location and where the pole happened to check open exposing untreated wood. Older poles have a higher advanced stage decay (Hollow Heart) because over time these poles are more likely to have conditions for fungi germination.

Therefore, the poles with detectable incipient decay are more likely to develop voids in the near future. For this reason these poles were treated with Post Guard which will arrest the decay and provide a protective barrier to re-infestation of fungi for up to 12 years. Of course, many of the poles inspected undoubtedly already have early decay (also referred to as incipient decay in CEA standards) that is not detectable unless core samples are pulled and cultured in a lab. For this reason, many utilities adopt more proactive approaches to remedial wood preservation.

It is expected that when the poles are tested in 10 years on the next cycle detectable incipient decay will be found in at least the same percentage of poles (many wood experts argue it will be higher given wood quality in 1970s was not as good as wood qualities in 1950s and 60s due to quicker tree harvesting). Not only will we have a new decade of poles that would be equivalent to the 60's vintage poles now, we will also have incipient decay in poles that were not detected on this cycle. This is a good reason to internally treat all poles as visited which would stop the decay process from starting. Many North American utilities take this approach.

**Figure 1**

### Wood Pole Weight Loss Due to Decay Curve

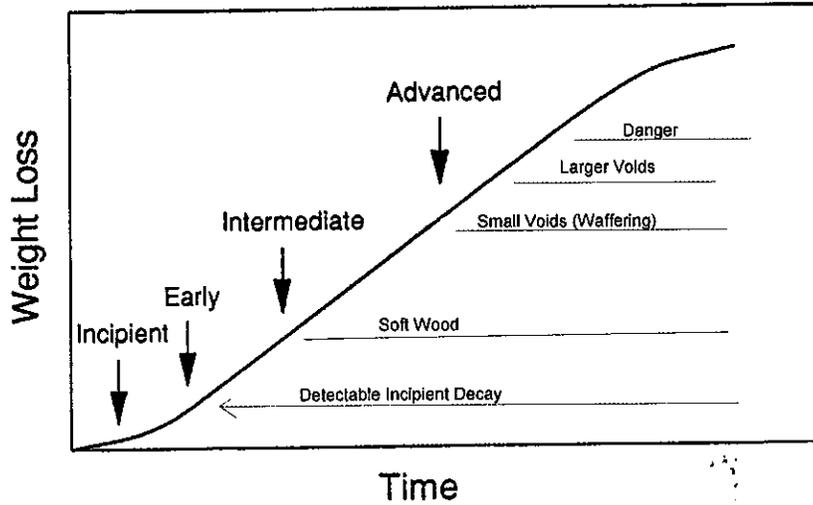


Source: Jeffrey J. Morrell and Robert A. Zabel in "Wood Microbiology Decay and Its Prevention" ET. all 1992.

Figure 2 below attempts to put the Morrell and Zabel decay relationship into practical terms of field inspection.

**Figure 2**

### Relative Stages of Internal Decay and Wood Weight Loss



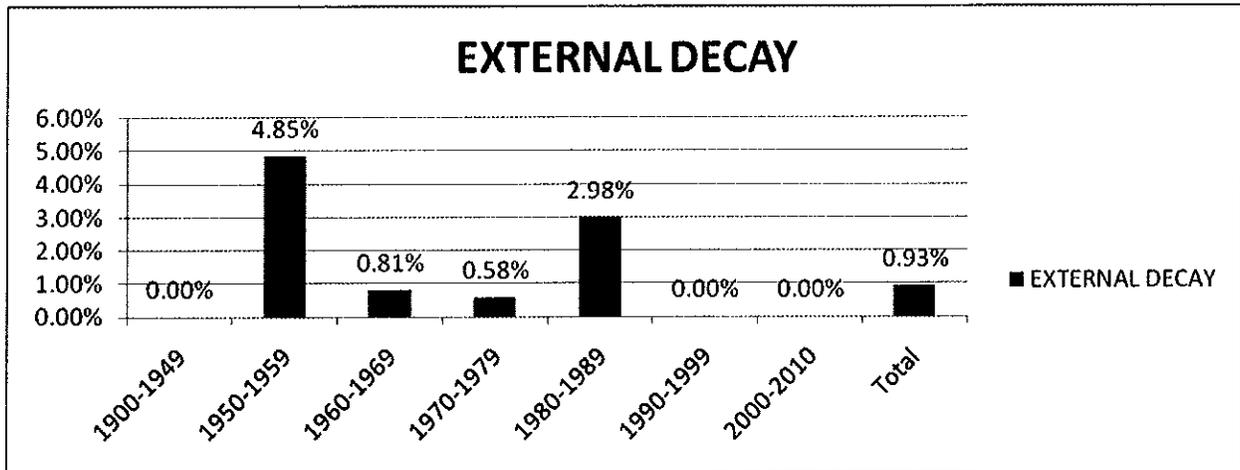
### 3.2 Report on External Decay

Table 4 below summarizes the below ground line external damage found during inspection.

**Table 4**

#### Summary of External Decay

DECADE	# OF POLES	# with External Decay	% External Decay
1900-1949	2	0	0.00%
1950-1959	103	5	4.85%
1960-1969	492	4	0.81%
1970-1979	172	1	0.58%
1980-1989	168	5	2.98%
1990-1999	557	0	0.00%
2000-2010	123	0	0.00%
Total	1617	15	0.93%



There is a significant incidence of external decay in older poles (in-service before 1960). There is an increase in finding external decay in the 1980's decade, this may be due to grade changes above the original treatment line or poles being set deeper than manufacturer specifications. This situation should be monitored closely as the program continues.

\* percentages given are based on age for example there was .58% external decay rate on all poles tested with stamp date between 1970 and 1979. Decay below ground line is commonly called butt-rot.

Some poles had external and internal decay or roof rot so a combination of factors could be active on any given pole. The decay organisms are soil born rather than air born and like the air born fungi are always present however moisture and the fertility of the soil in proximity to the

pole also plays a factor. Pole deterioration of this type is dependant on load rate of original chemical needed to fend off fungal attack.

**FL/CU- Full Length Copper Arsenate has a known problem with external decay and therefore it is recommended that all poles of this type that are serviceable should be treated with a copper ground line bandage (Cobra Wrap) to extend service life.**

### **3.3 Replacement Poles**

Damage to poles inspected was determined by a procedure of sounding, boring, probing, and measuring the dimensions of the damage. A pole was recommended for replacement if its strength loss from the original strength of the pole was more than 33% (NESC requirement for reinforcement or replacing of a utility pole). If the pole was found to have more than 50% strength loss then the pole was recorded as a pole in need of immediate replacement, if the inspector made a decision that the pole was in an unsafe condition then Woodstock Hydro personnel were notified immediately.

DCalc software from EDM Technologies was used to determine remaining pole strength.

### **3.4 Preservative Treatment of Decaying Poles**

Poles were treated internally during the inspection process based on condition found as follows:

- Poles with shell rot – that remain in service - were treated with a ground-line bandage (Cobra Wrap) to control/arrest external decay.
- Poles with incipient internal decay were treated with Cobra Rods.
- Poles with Hollow Heart – that will remain in service – were treated with, Cobra Rod, and Timbor Professional to arrest decay and stop growth of the void by means of an internal flood to a load rate of 6kg/M3. This also protects the heartwood for up to 10 years.

Many utilities treat poles to arrest decay in poles that are experiencing fungal attack. There is scientific proof that pole useful life can be extended for many years. There are papers in circulation where utilities, such as NYSEG, estimate 90 years of service life on a full-length treated pole and 60 years on a butt treated pole. Useful life extension with pole preservation can lead to substantial financial savings to the utility.

## **4. RECOMMENDATIONS**

1. Woodstock Hydro should consider adding a term to its data to track poles with grade changes. If the ground line is raised then the amount of preservative to fend off fungal decay greatly decreases.
2. Based on the relatively low rate of decay found on the 2010 pole inspection program Woodstock Hydro is justified in proceeding with a treat based on condition approach.

Notes:

**APPENDIX D**

**WOODSTOCK PADMOUNT INSPECTION REPORT 2010**



UTILITY SCANNING SOLUTIONS LTD.

459 HWY #8, STONEY CREEK, ON L8G 5G7

PHONE: 905-516-0112

dave@utilityscanning.ca

Woodstock Hydro  
PO Box 1598, 16 Graham St.,  
Woodstock, ON N4S 0A8

Attn: Jay Heaman

Dear Jay;

We have completed the first phase of plant inspection for your padmount transformers in Woodstock.

A total of 336 underground distribution units were inspected including padmounted and submersible transformers and switchgear. There were 46 undue hazards reported from heated connectors and elbows to unintentional openings in doors. Any hazard that was high priority was called in and taken care of by Woodstock Hydro operations in a very timely fashion. I believe there were three or four of those including a no lock, burnt secondary and bad elbow.

Utility Scanning Solutions performs these inspections all across Southern Ontario for several LDC's and on first go round Woodstock fared very well. Most pads were very well looked after with proper signage, labeling, accessibility and appearance.

A database form was populated for each location along with a before, internal and after digital image captured. We will also be returning if there is enough interest from private transformer and switchgear owners in Woodstock to perform an inspection for them as well this year.

Plant inspection is a very integral part of the safety and maintenance of a high voltage distribution system and we thank you again for letting us serve you. We look forward to our continued partnership.

Yours truly,

Dave Arbic

**APPENDIX E**

**INFARED TESTING**



**Infrared Inspection**  
**- Electrical Distribution System -**

---

**Woodstock Hydro**

*Date:*

September 21st-23rd, 2010

**Report Completed By:**  
**Boldstar Infrared Services Inc.**  
 453 Crerar Avenue  
 Oshawa ON L1H 2W6  
 Tel: 905-579-9264, 1-888-847-0517  
 Fax: 905-579-4678  
[www.boldstarinfrared.com](http://www.boldstarinfrared.com)



Certification Stamp

## Infrared Report Summary

**Purpose:** Infrared inspection to identify thermal anomaly conditions on electrical distribution equipment that suggest an unwanted condition exists and repairs are required.

**Method:** Complete infrared inspection of selected Woodstock Hydro distribution system equipment. Save infrared images of all noted anomaly conditions. Compile a report detailing findings.

**Conditions:** Equipment operating under normal daytime loading conditions.

**Inspection Equipment:** FLIR model PM695 thermal imaging systems, serial # 15210467.

## Observations

Note: Boldstar Infrared Services Inc. is in no way responsible for any expenses resulting in actions or repair of reported anomalies. This report is not a warranty or guarantee of any equipment condition or reliability.

Numerous anomaly thermal patterns were noted during the infrared scanning. All noted conditions are detailed in this report.

All anomalies classified as follows:

**HIGH Priority:** Component temperature over 50 C rise over ambient.

Plan and execute repairs as soon as possible, within the next few days. Do not ignore.

**MEDIUM Priority:** Component temperature 25 to 50 C rise over ambient.

Plan and execute repairs at the next opportunity, within the next few weeks. Do not ignore.

**LOW Priority:** Component temperature below 25 C rise over ambient.

Plan and execute repairs at the next convenient opportunity. Do not ignore.

**No Problems Noted (N/A):** No anomalies noted. Condition good.

All reported condition should be investigated further as soon as possible to verify the reported condition. Use all safety procedures. Electrical hazards exist.

# CONTENTS OF REPORT

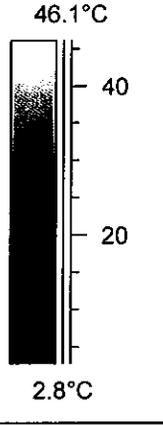
Priority: *H= High M= Medium L= Low N/A= Not Applicable*

<b>Equipment</b>	<b>Condition</b>	<b>Max. Temp.</b>	<b>Priority</b>	<b>Page</b>
Pole W02399	Heating connection	72.8°C	High	4
115 Feed-In Lines	Heating connections	39.8°C	Medium	5
Pole W01606	Heating connection	57.2°C	Medium	6
M4 Station 10N3-B	Heating connection	47.6°C	Medium	7
Pole W02920	Heating line clamp	53.7°C	Medium	8
Pole W00666	Heating connection	43.1°C	Medium	9
Pole W04258	Heating connection	46.5°C	Medium	10
Woodside TS - M4 First pole east of the bus	Heating connection	43.6°C	Medium	11
Pole W01824	Heating connections	31.7°C	Low	12
Pole W01363	Heating component	30.1°C	Low	13
Pole W02273	Heating connection	32.4°C	Low	14
Pole W02269	Heating connection	28.9°C	Low	15
M4 Station 10SC 1-Y	Heating switch	31.9°C	Low	16
M4 Station 10SC 1-Y	Heating switch	27.8°C	Low	17
Pole W00468	Heating connection	32.4°C	Low	18
MS9 Station	Heating switch	37.9°C	Low	19
Pole W02077	Heating arrestors	31.1°C	Low	20
Pole W03627	Heating switch	24.8°C	Low	21
Pole W03627	Heating connections	39.1°C	Low	22
Station MS-3B	Heating switches	45.6°C	Low	23
Pole LB38	Heating connection	42.4°C	Low	24
Pole 3176	Heating connection	22.8°C	Low	25
Pole W01416	Heating arrestor	26.9°C	Low	26
Pole W02103	Disconnected arrestor	-	Low	27

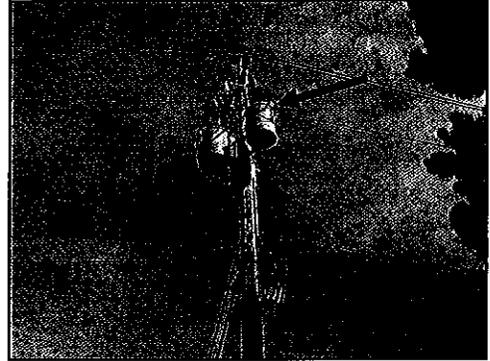
<b>Identification:</b>	<b>DATE</b>
<b>Pole W02399</b>	<b>21/09/2010</b>

**Description: Transformer**

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 59.74 °C  
(over ambient)

IR information	Value
Date of creation	21/09/2010
Time of creation	11:08:01 AM
Object parameter	Value
Ambient temperature	13.0°C
Label	Value
AR01 : max	72.8°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of a 3-phase transformer bank.  
 Located on pole W02399 at the John Knox Christian School on Juliana Dr.  
 Heating noted at the indicated secondary connection.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

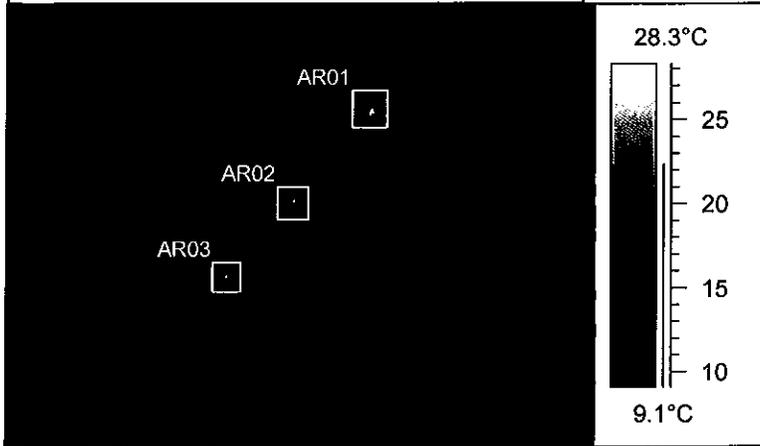
**PRIORITY:** High      Medium      Low

**ANOMALY:** Heating connection

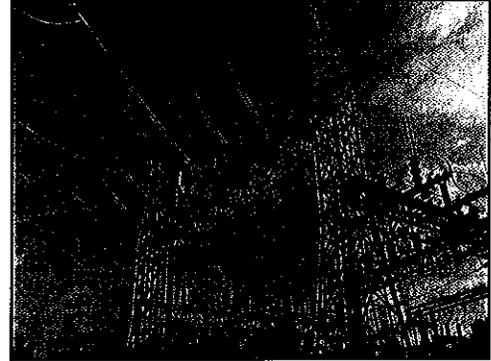
<b>Identification:</b>	<b>DATE</b>
<b>115 Feed-In Lines</b>	<b>21/09/2010</b>

**Description:** Insulators

## INFRARED IMAGE



## PHOTO



Temperature rise: 26.73 °C  
(over ambient)

IR information	Value
Date of creation	21/09/2010
Time of creation	8:25:19 AM
Object parameter	Value
Ambient temperature	13.0°C
Label	Value
AR01 : max	39.8°C
AR02 : max	24.4°C
AR03 : max	26.2°C

### Status:

Repaired Date:

Notes:

## INFORMATION:

Infrared image of the 115 feed-in lines substation structure.  
 Located at the Woodstock TS M-4 station.  
 Heating noted at the tops of the indicated insulators.  
 At arrows in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

**PRIORITY:**

High

Medium

Low

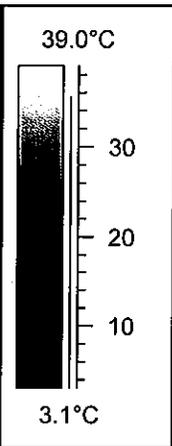
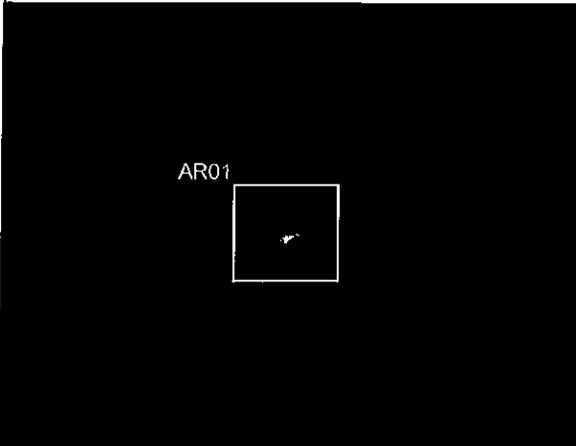
**ANOMALY:**

Heating connections

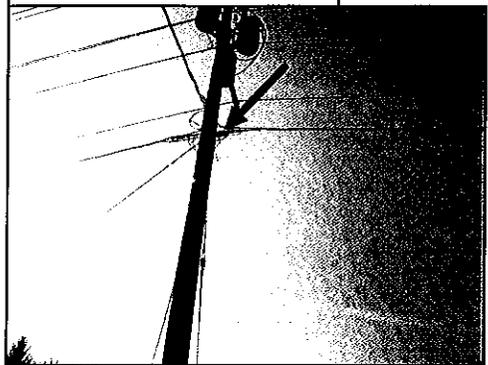
<b>Identification:</b>	<b>DATE</b>
<b>Pole W01606</b>	<b>21/09/2010</b>

**Description:** Secondary connection

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 44.22 °C  
(over ambient)

IR information	Value
Date of creation	21/09/2010
Time of creation	10:25:58 AM
Object parameter	Value
Ambient temperature	13.0°C
Label	Value
AR01 : max	57.2°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of a secondary connection.  
 Located on pole W01606 at 566 Henry St.  
 Heating noted at the indicated secondary connection.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

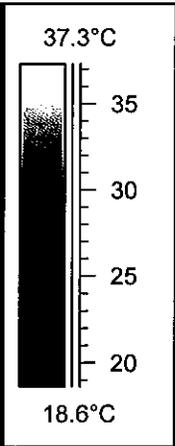
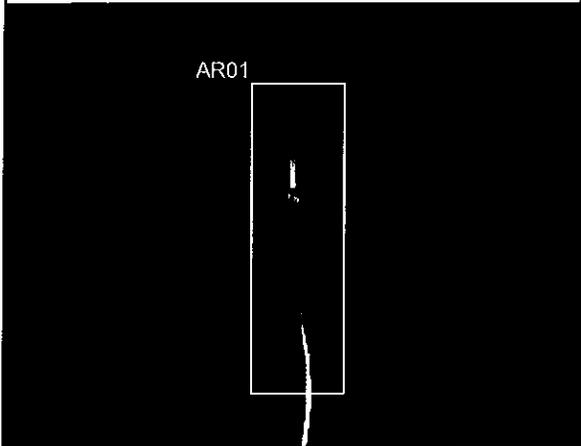
**PRIORITY:** High  Medium  Low

**ANOMALY:** Heating connection

<b>Identification:</b>	<b>DATE</b>
<b>M4 Station 10N3-B</b>	<b>22/09/2010</b>

**Description:** Red Phase Jaw

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 28.53 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	9:47:06 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	47.6°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of the red phase switch.  
 Located at the M4 station on 10N3-B.  
 Heating noted at the top of the switch and bottom cable.  
 At arrows in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

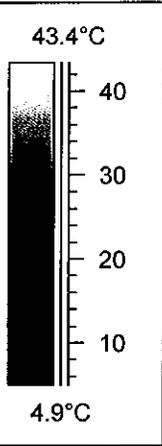
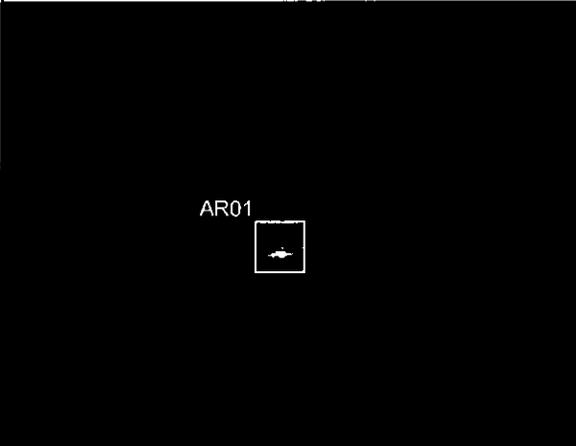
**PRIORITY:** High  Medium  Low

**ANOMALY:** Heating connection

<b>Identification:</b>	<b>DATE</b>
<b>Pole W02920</b>	<b>21/09/2010</b>

**Description:** Line Clamp

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 40.70 °C  
(over ambient)

IR information	Value
Date of creation	21/09/2010
Time of creation	12:50:22 PM
Object parameter	Value
Ambient temperature	13.0°C
Label	Value
AR01 : max	53.7°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of a line clamp.  
 Located on pole W02920.  
 Heating noted at the middle phase line clamp.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

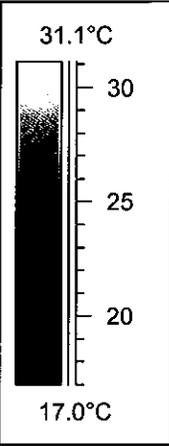
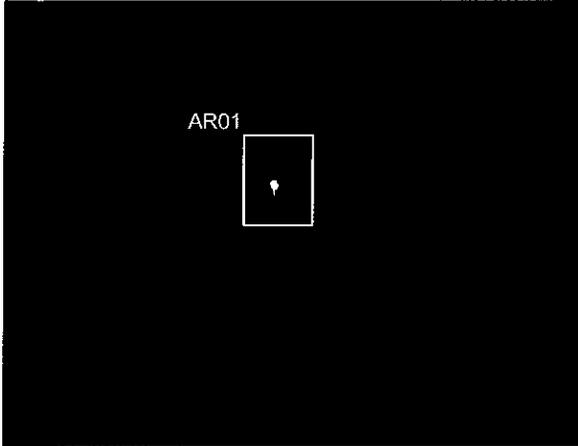
**PRIORITY:** High Medium Low

**ANOMALY:** Heating line clamp

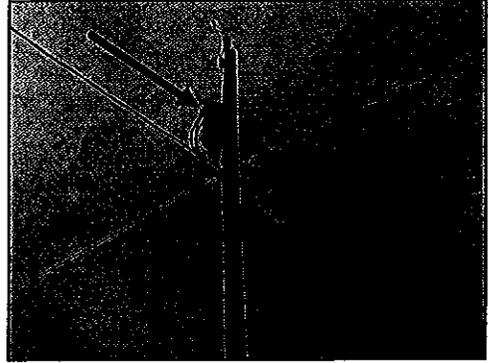
<b>Identification:</b>	<b>DATE</b>
<b>Pole W00666</b>	<b>22/09/2010</b>

**Description: Transformer**

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 24.08 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	1:39:33 PM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	43.1°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of a transformer.  
 Located on pole W00666 at 543 Highland Dr.  
 Heating noted at the X1 connection.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

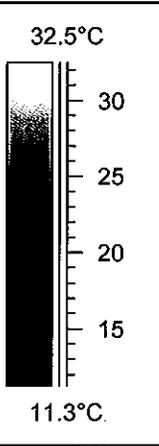
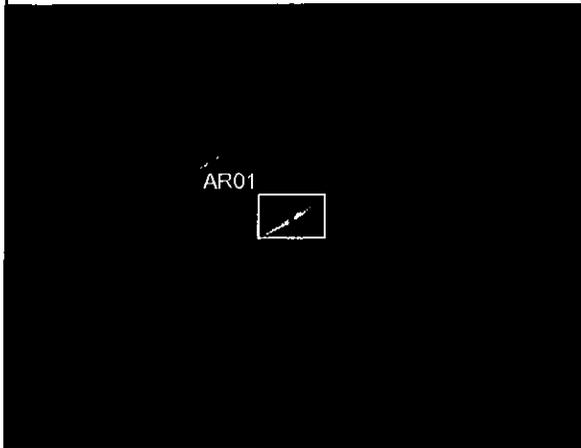
**PRIORITY:**                      High                      **Medium**                      Low

**ANOMALY:** Heating connection

<b>Identification:</b>	<b>DATE</b>
<b>Pole W04258</b>	<b>22/09/2010</b>

**Description: Switch**

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 27.51 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	2:32:32 PM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	46.5°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of a switch.  
 Located on pole W04258 at 1147 Dundas St. East.  
 Heating noted at the roadside switch.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

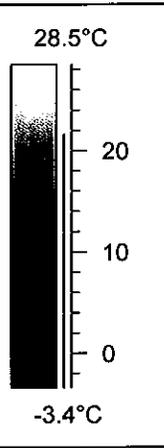
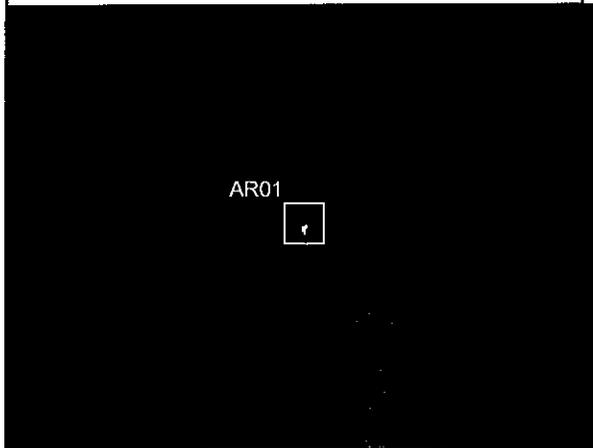
**PRIORITY:** High Medium Low

**ANOMALY:** Heating connection

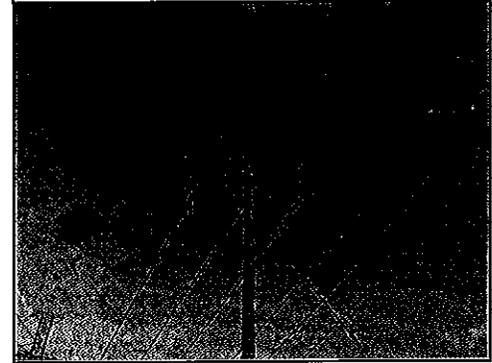
<b>Identification:</b>	<b>DATE</b>
Woodside TS - M4 First pole east of the bus	21/09/2010

**Description:** Middle phase connection

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 30.59 °C  
(over ambient)

IR information	Value
Date of creation	21/09/2010
Time of creation	8:19:20 AM
Object parameter	Value
Ambient temperature	13.0°C
Label	Value
AR01 : max	43.6°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of a direction change pole with jumpers.  
 Located at Woodstock TS M-4 on the first pole east of the bus.  
 Heating noted at the indicated middle phase ampact connection.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

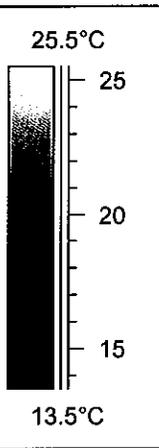
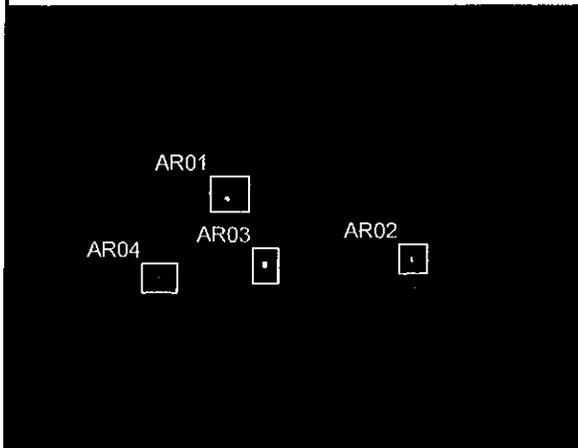
**PRIORITY:** High  Medium  Low

**ANOMALY:** Heating connection

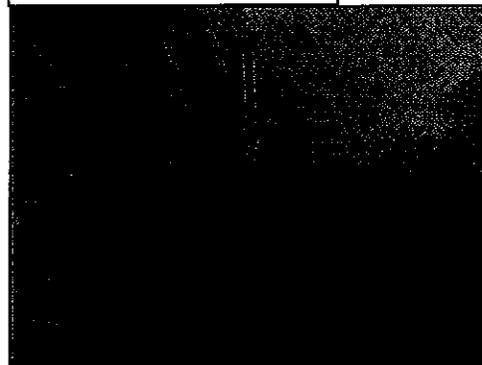
<b>Identification:</b>	<b>DATE</b>
<b>Pole W01824</b>	<b>22/09/2010</b>

**Description:** Line Clamp

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 12.71 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	8:41:54 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	31.7°C
AR02 : max	33.4°C
AR03 : max	32.8°C
AR04 : max	23.0°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of pole W01824.  
 Located on Athlone St.  
 Heating noted at the top line clamp and at the indicated secondary connections.  
 At arrows in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

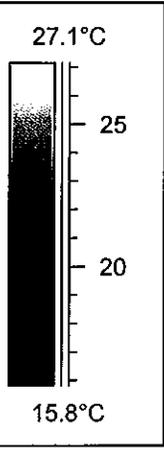
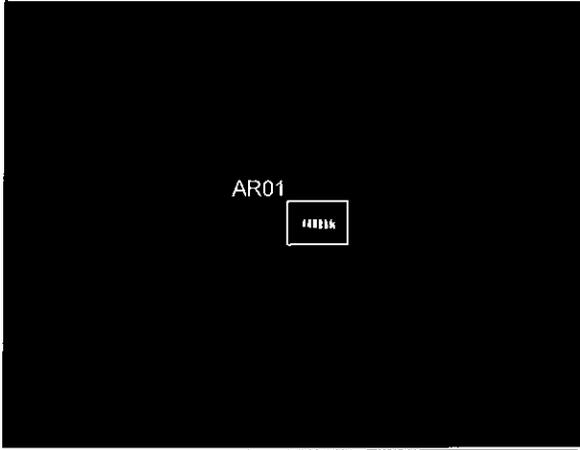
**PRIORITY:**                      High                      Medium                      Low

**ANOMALY:** Heating connections

<b>Identification:</b>	<b>DATE</b>
<b>Pole W01363</b>	<b>22/09/2010</b>

**Description: Arrestor**

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 11.06 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	8:56:54 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	30.1°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of a lightning arrester.  
 Located on pole W01363 at the corner of Stonegate Dr. and Ferguson St.  
 Heating noted at the arrester.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

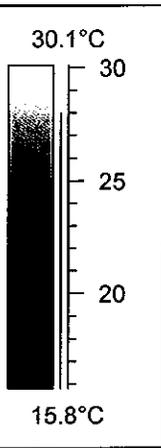
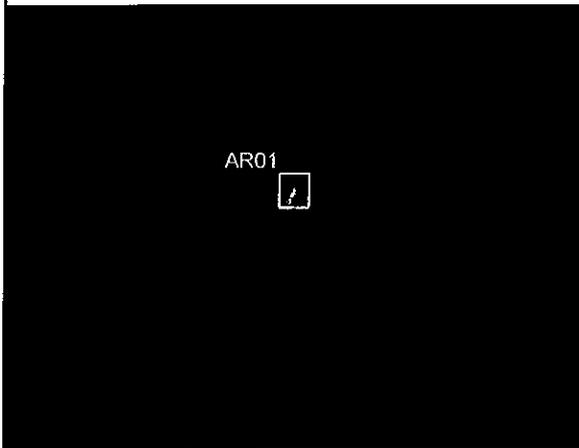
**PRIORITY:**                      **High**                      **Medium**                      **Low**

**ANOMALY:** Heating component

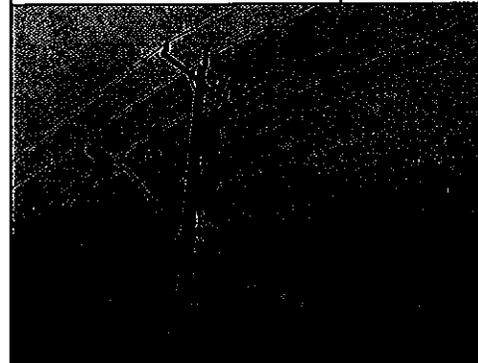
<b>Identification:</b>	<b>DATE</b>
<b>Pole W02273</b>	<b>22/09/2010</b>

**Description: Transformer**

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 13.42 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	9:06:06 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	32.4°C

**Status:**

---

Repaired Date:

---

Notes:

**INFORMATION:**

Infrared image of a transformer.  
 Located on pole W02273 at 817 Parkinson Rd.  
 Heating noted at the X1 connection.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

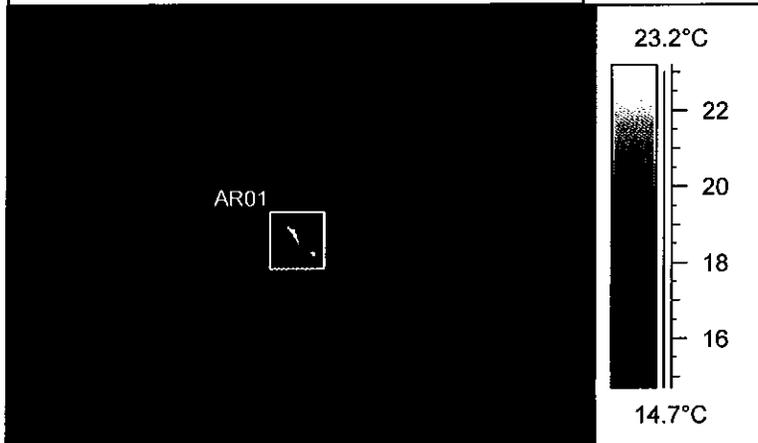
**PRIORITY:**                      High                      Medium                      **Low**

**ANOMALY:** Heating connection

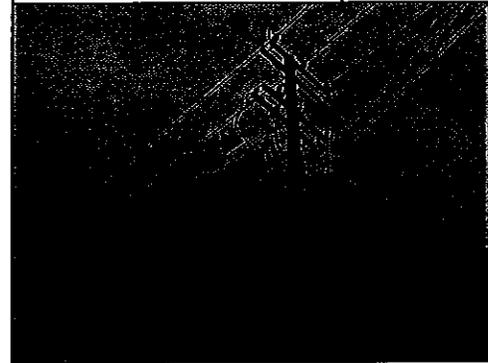
<b>Identification:</b>	<b>DATE</b>
<b>Pole W02269</b>	<b>22/09/2010</b>

**Description:**     **Stress Cone**

## INFRARED IMAGE



## PHOTO



Temperature rise:     9.88 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	9:08:29 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	28.9°C

### Status:

Repaired Date:

Notes:

## INFORMATION:

Infrared image of a stress cone termination.

Located on pole W02269 at the Mac's store at Parkinson Rd. and Norwich Ave.

Heating noted at the field side stress cone connection.

At arrow in photo.

See IR information chart above for maximum temperature inside area box (AR01).

**PRIORITY:**

**High**

**Medium**

**Low**

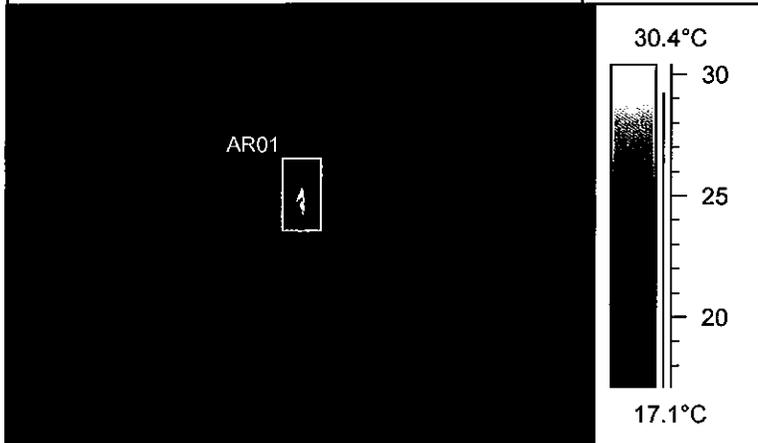
**ANOMALY:**

Heating connection

<b>Identification:</b>	<b>DATE</b>
<b>M4 Station 10SC 1-Y</b>	<b>22/09/2010</b>

**Description:** White Phase Jaw

## INFRARED IMAGE



## PHOTO



Temperature rise: 12.85 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	9:43:32 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	31.9°C

### Status:

Repaired Date:

Notes:

## INFORMATION:

Infrared image of the white phase switch jaw.  
Located at the M4 station on 10SC 1-Y.  
Heating noted at the top of the indicated switch.  
At arrow in photo.  
See IR information chart above for maximum temperature inside area box (AR01).

**PRIORITY:**

High

Medium

Low

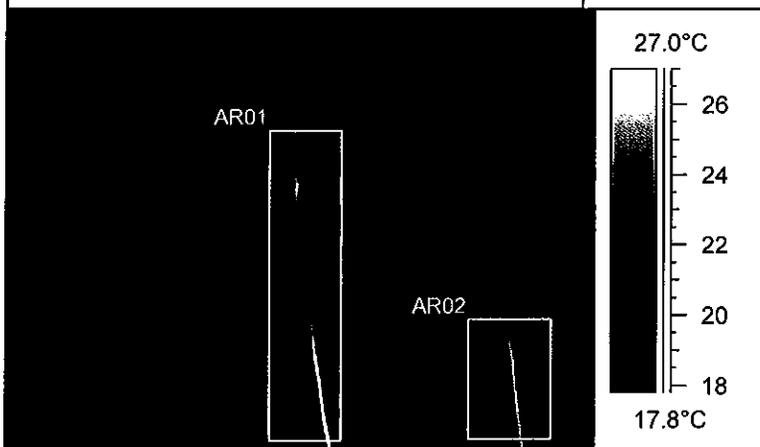
**ANOMALY:**

Heating switch

<b>Identification:</b>	<b>DATE</b>
<b>M4 Station 10SC 1-Y</b>	<b>22/09/2010</b>

**Description:** Blue Phase Jaw

## INFRARED IMAGE



## PHOTO



Temperature rise: 8.77 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	9:44:44 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	27.8°C
AR02 : max	25.7°C

### Status:

Repaired Date:

Notes:

## INFORMATION:

Infrared image of the blue phase switch.  
 Located at the M4 station on 10SC 1-Y.  
 Heating noted at the top of the indicated switch and cables.  
 At arrows in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

**PRIORITY:**

**High**

**Medium**

**Low**

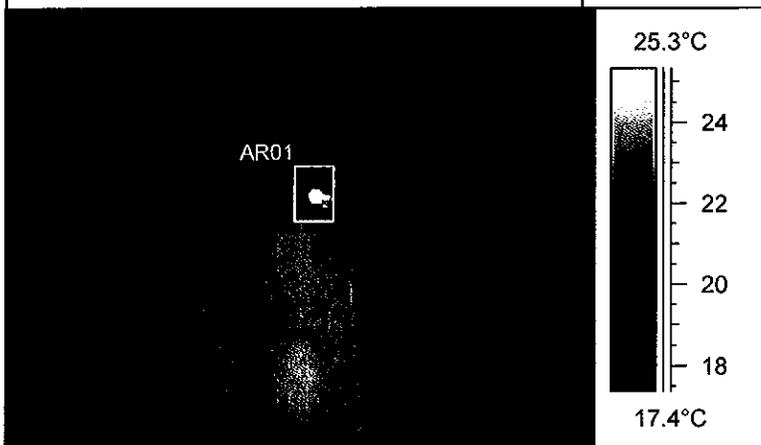
**ANOMALY:**

Heating switch

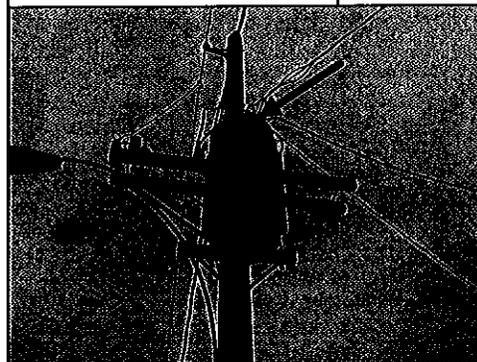
<b>Identification:</b>	<b>DATE</b>
<b>Pole W00468</b>	<b>22/09/2010</b>

**Description: Transformer**

## INFRARED IMAGE



## PHOTO



Temperature rise: 13.38 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	10:45:34 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	32.4°C

### Status:

Repaired Date:

Notes:

## INFORMATION:

Infrared image of a transformer.  
 Located on pole W00468 at 290 Wellington St. North.  
 Heating noted at the X3 connection.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

**PRIORITY:**

High

Medium

Low

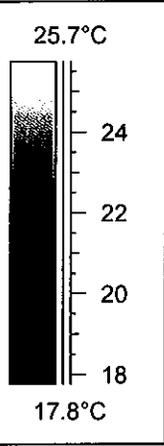
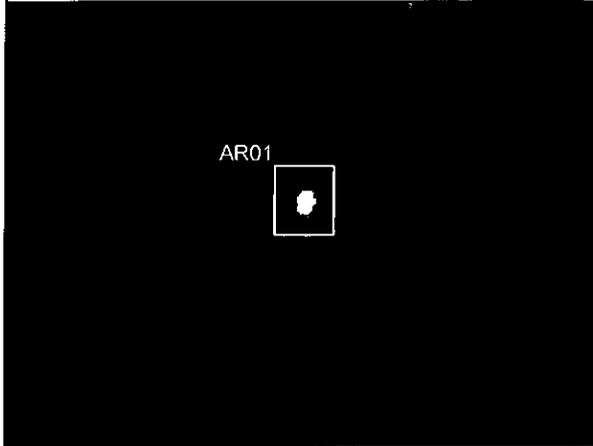
**ANOMALY:**

Heating connection

<b>Identification:</b>	<b>DATE</b>
<b>MS9 Station</b>	<b>22/09/2010</b>

**Description:** Switch

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 18.89 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	10:58:50 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	37.9°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of a substation switch.  
 Located at MS9 station.  
 Heating noted at the top of the indicated switch connection.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

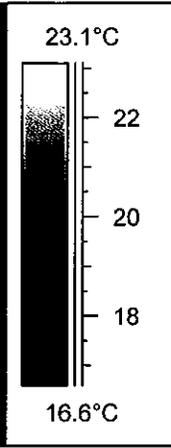
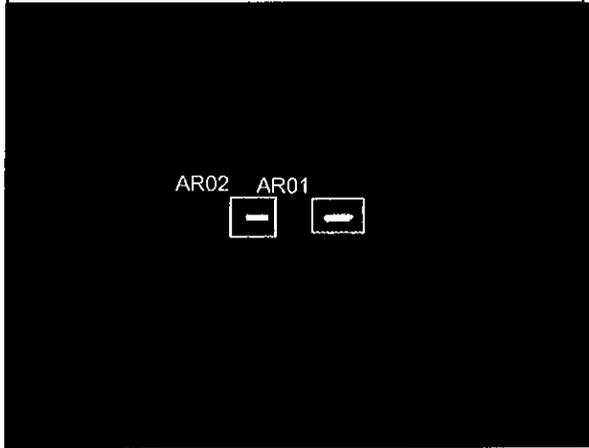
**PRIORITY:** High Medium **Low**

**ANOMALY:** Heating switch

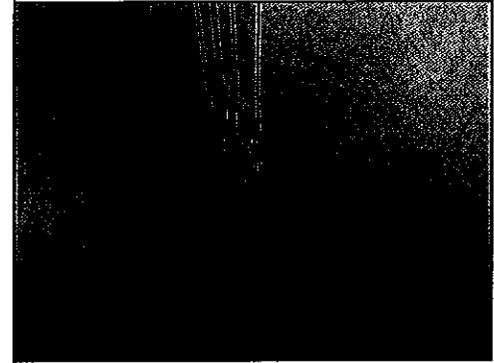
<b>Identification:</b>	<b>DATE</b>
<b>Pole W02077</b>	<b>22/09/2010</b>

**Description:** Arrestors

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 12.09 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	12:28:36 PM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	31.1°C
AR02 : max	26.1°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of some arrestors.  
 Located on pole W02077 at 3 Bysham Park Drive.  
 Heating noted at the roadside and fieldside arrestors.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

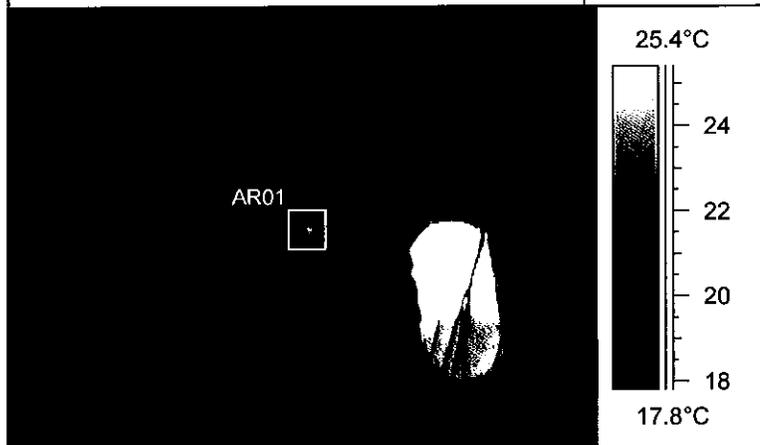
**PRIORITY:** High Medium **Low**

**ANOMALY:** Heating arrestors

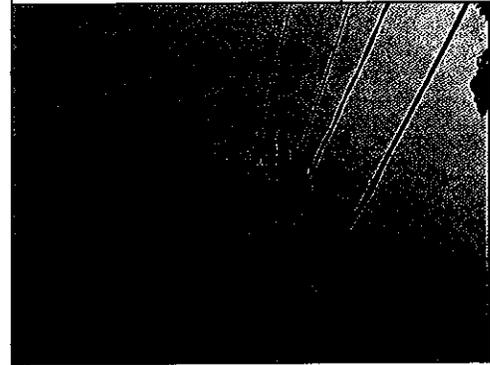
<b>Identification:</b>	<b>DATE</b>
<b>Pole W03627</b>	<b>22/09/2010</b>

**Description:**     **Switch**

### INFRARED IMAGE



### PHOTO



Temperature rise:     5.80 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	1:14:39 PM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	24.8°C

#### Status:

Repaired Date:

Notes:

### INFORMATION:

Infrared image of a switch.  
 Located on pole W03627 at 776 Rathbourne St.  
 Heating noted at the top of the switch.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

**PRIORITY:**

**High**

**Medium**

**Low**

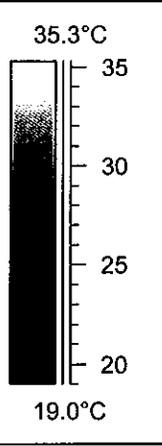
**ANOMALY:**

Heating switch

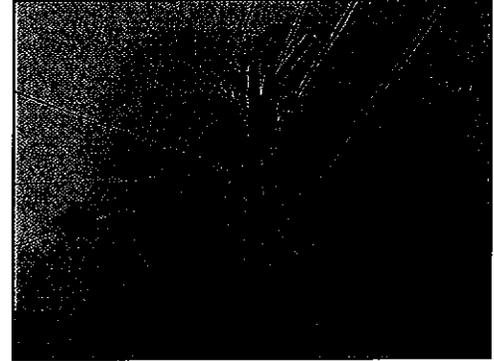
<b>Identification:</b>	<b>DATE</b>
<b>Pole W03627</b>	<b>22/09/2010</b>

**Description: Transformer**

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 20.08 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	1:18:02 PM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	39.1°C
AR02 : max	35.0°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of the transformer.  
 Located on pole W03627 at 776 Rathbourne St.  
 Heating noted at the X1 and X3 connections.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

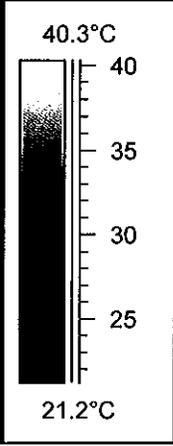
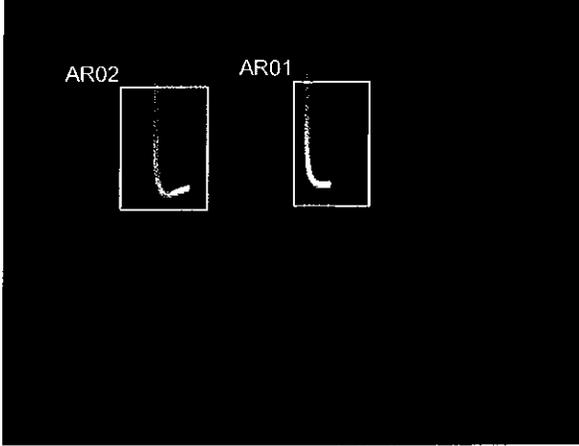
**PRIORITY:**                      **High**                      **Medium**                      **Low**

**ANOMALY:** Heating connections

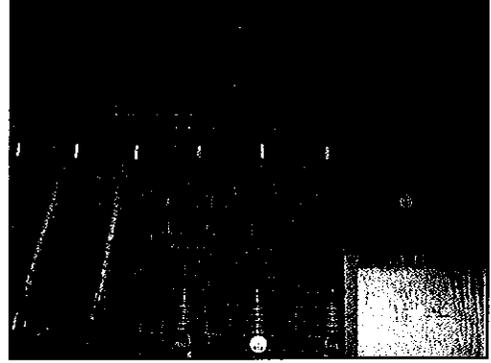
<b>Identification:</b>	<b>DATE</b>
<b>Station MS-3B</b>	<b>23/09/2010</b>

**Description: Switches**

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 22.62 °C  
(over ambient)

IR information	Value
Date of creation	23/09/2010
Time of creation	12:40:29 PM
Object parameter	Value
Ambient temperature	23.0°C
Label	Value
AR01 : max	45.6°C
AR02 : max	42.1°C

<b>Status:</b>
Repaired Date:
Notes:

**INFORMATION:**

Infrared image of some indoor substation switches.  
 Located in the MS-3B station.  
 Heating noted at the blue and white phase top connections.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

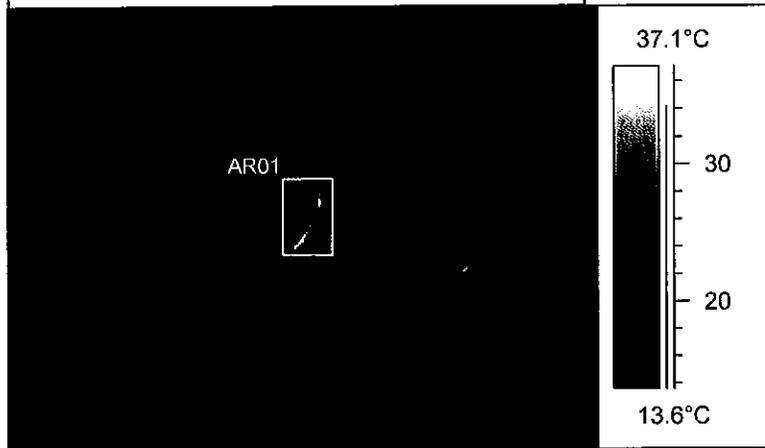
**PRIORITY:**                      **High**                      **Medium**                      **Low**

**ANOMALY:** Heating switches

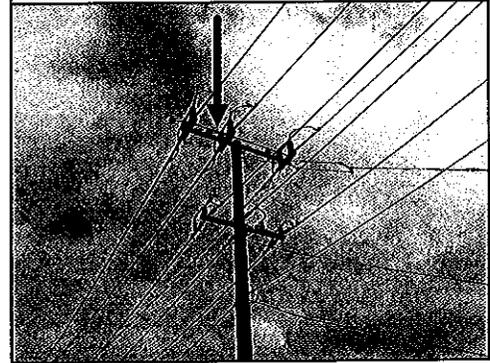
<b>Identification:</b>	<b>DATE</b>
<b>Pole LB38</b>	<b>22/09/2010</b>

**Description: Switch**

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 23.38 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	2:39:59 PM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	42.4°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of a switch.  
 Located on pole LB 38 at Barney Printing Ltd. on Dundas St. East.  
 Heating noted at the middle phase switch.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

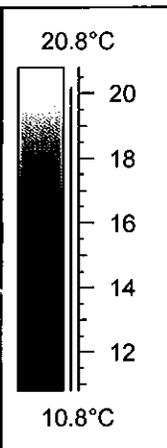
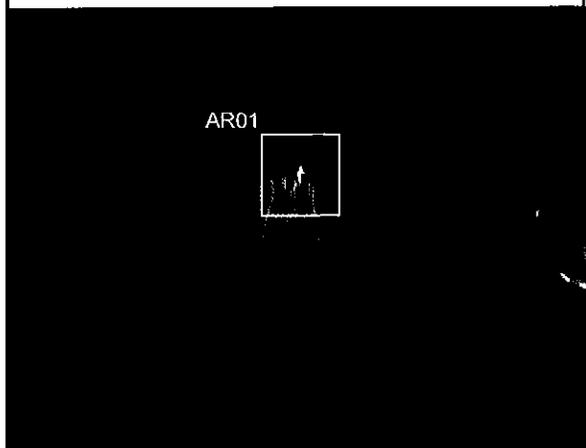
**PRIORITY:**                      High                      Medium                      **Low**

**ANOMALY:** Heating connection

<b>Identification:</b>	<b>DATE</b>
<b>Pole 3176</b>	<b>21/09/2010</b>

**Description: Transformer**

**INFRARED IMAGE**



**PHOTO**



Temperature rise: 9.77 °C  
(over ambient)

IR information	Value
Date of creation	21/09/2010
Time of creation	9:01:42 AM
Object parameter	Value
Ambient temperature	13.0°C
Label	Value
AR01 : max	22.8°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of the transformer.  
 Located on pole 3176 at 565077 Bower Hill.  
 Heating noted at the X3 field side connection.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

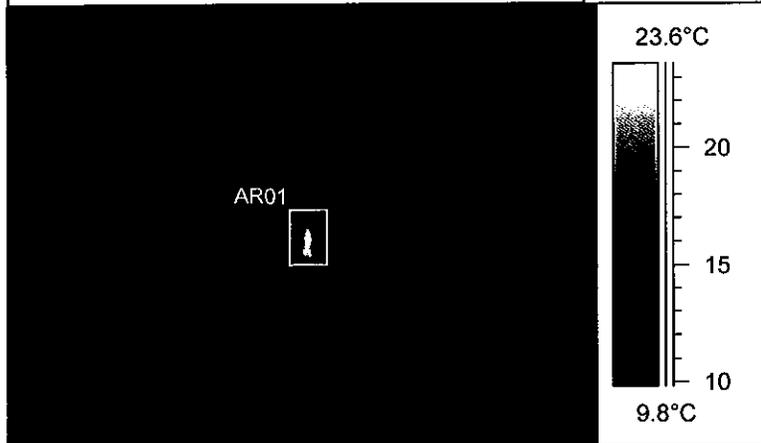
**PRIORITY:**                      High                      Medium                      **Low**

**ANOMALY:** Heating connection

<b>Identification:</b>	<b>DATE</b>
<b>Pole W01416</b>	<b>22/09/2010</b>

**Description:** Arrestor

### INFRARED IMAGE



### PHOTO



Temperature rise: 7.88 °C  
(over ambient)

IR information	Value
Date of creation	22/09/2010
Time of creation	8:34:23 AM
Object parameter	Value
Ambient temperature	19.0°C
Label	Value
AR01 : max	26.9°C

#### Status:

Repaired Date:

Notes:

### INFORMATION:

Infrared image of an arrestor.  
 Located on pole W01416 at the corner of Stonegate Dr. and Athlone St.  
 Heating noted at the arrestor.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

**PRIORITY:**

High

Medium

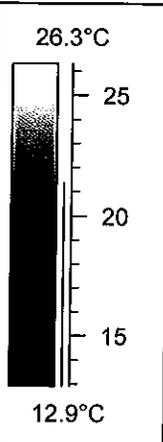
Low

**ANOMALY:** Heating arrestor

<b>Identification:</b>	<b>DATE</b>
<b>Pole W02103</b>	<b>22/09/2010</b>

**Description: Arrestor**

**INFRARED IMAGE**



**PHOTO**



IR information	Value
Date of creation	22/09/2010
Time of creation	11:15:24 AM
Object parameter	Value
Ambient temperature	19.0°C

**Status:**

Repaired Date:

Notes:

**INFORMATION:**

Infrared image of the top arrestor.  
 Located on pole W02103.  
No thermal anomaly noted. The top arrestor wire is disconnected.  
 At arrow in photo.  
 See IR information chart above for maximum temperature inside area box (AR01).

**PRIORITY:**                      **High**                      **Medium**                      **Low**

**ANOMALY:**      Disconnected arrestor

## Long Term Capital Forecast

As part of the capital budget process, WHSI prepares a five year capital expenditure plan. This plan is reviewed and revised on an annual basis as part of the yearly budget process in response to changing conditions, priorities, and financial parameters.

WHSI's assets are divided into two main categories – distribution plant, which includes assets such as substation buildings and equipment, wires, overhead and underground electricity distribution infrastructure, transformers, and meters; and general plant which includes assets such as office building, SCADA equipment, transportation equipment, computer hardware and software, general tools and office furniture and equipment. A detailed list of distribution and general plant categories can be found in the Gross Assets Table at Exhibit 2, Tab 2, Schedule 2.

Table 2-23 below summarizes actual and forecast capital expenditures for distribution and general categories from 2006 to 2015 which provides a snapshot of WHSI's capital investment activities of the past and projections for the future. Variances for the years 2006 to the 2011 Test Year have been addressed earlier in this exhibit, and the long term capital forecast for 2012 through to 2015 will be briefly discussed in this section.

Table 2-23

### Historical and Long Term Forecast Capital Expenditures by Category

Category	2006	2007	2008	2009	2010 Bridge	2011 Test	2012 Forecast	2013 Forecast	2014 Forecast	2015 Forecast
Distribution	\$ 1,378,698	\$ 1,921,742	\$ 2,890,063	\$ 2,286,597	\$ 4,601,636	\$ 5,354,879	\$ 2,178,356	\$ 2,311,127	\$ 2,291,186	\$ 2,328,916
General	\$ 597,136	\$ 479,565	\$ 494,953	\$ 649,324	\$ 450,645	\$ 885,697	\$ 763,000	\$ 750,000	\$ 390,000	\$ 695,000
Total	\$ 1,975,834	\$ 2,401,307	\$ 3,385,016	\$ 2,935,921	\$ 5,052,281	\$ 6,240,576	\$ 2,941,356	\$ 3,061,127	\$ 2,681,186	\$ 3,023,916

## Distribution Capital – Long Term Forecast

Table 2-24 below summarizes the actual and forecast distribution capital expenditures from 2006 to 2015 by account number. Exclusive of the \$4.1 million Capital Contribution for the Commerce Way TS and \$1.39 million for smart meters added to the rate base, distribution capital expenditures for the 2010 Bridge and 2011 Test years are consistent with historical and forecast capital expenditures as indicated in the table. Smart meter additions have been excluded.

Capital expenditures for the 2011 Test Year and Forecast Years 2012 through to 2015 have been adjusted to include a 3% annual adjustment for labour charges, an 8% reduction on material purchases to reflect HST savings, and a 2% adjustment for third party contractors. Subdivision and new service amounts have been calculated based on the number of projected new connections and the average 2009 cost per lot of all developments within the WHSI area.

Tables 2-25 to 2-28 summarizes WHSI's long term capital plan for distribution and general capital projects between 2012 to 2015 by project description, followed by a brief discussion of some highlighted projects.

Table 2-24

Historical and Long Term Forecast Distribution Capital Expenditures 2006 - 2015

Capital Expenditures by GL		2006	2007	2008	2009	2010 Bridge	2011 Test	2012	2013	2014	2015
Distn Stn Equipt-Primary below 50 kV	1820	\$ 1,709		\$ 56,488	\$ -	\$ 24,902	\$ -	\$ -	\$ -	\$ -	\$ -
OH Poles, Towers, Fixtures	1830	\$ 535,874	\$ 228,581	\$ 368,973	\$ 1,009,511	\$ 395,605	\$ 602,927	\$ 863,503	\$ 875,010	\$ 329,765	\$ 347,374
OH Conductors, Devices	1835	\$ 141,454	\$ 54,782	\$ 196,086	\$ 132,732	\$ 250,203	\$ 529,765	\$ 302,259	\$ 299,191	\$ 177,748	\$ 142,808
UG Conduit	1840	\$ 191,417	\$ 370,615	\$ 569,820	\$ 205,097	\$ 556,283	\$ 472,513	\$ 486,152	\$ 438,710	\$ 671,104	\$ 724,373
UG Conductors, Devices	1845	\$ 72,746	\$ 258,273	\$ 808,364	\$ 287,267	\$ 357,489	\$ 373,275	\$ 195,995	\$ 251,527	\$ 387,629	\$ 375,067
Transformers - Overhead	1850	\$ 88,524	\$ 76,920	\$ 278,695	\$ 43,788	\$ 173,053	\$ 145,827	\$ 111,269	\$ 180,429	\$ 230,399	\$ 161,675
Transformers - Underground	1851	\$ 264,721	\$ 542,277	\$ 1,767,702	\$ 193,129	\$ 401,965	\$ 361,900	\$ 257,746	\$ 226,109	\$ 358,637	\$ 418,009
Services - Overhead	1855	\$ 42,901	\$ 9,899	\$ 13,715	\$ 18,811	\$ 77,792	\$ 31,032	\$ 36,554	\$ 97,318	\$ 119,576	\$ 81,274
Services - Underground	1856	\$ 114,572	\$ 337,535	\$ 507,652	\$ 250,570	\$ 245,738	\$ 168,782	\$ 257,633	\$ 263,042	\$ 316,094	\$ 373,071
Meters	1860	\$ 46,919	\$ 242,384	\$ 61,396	\$ 169,519	\$ 141,845	\$ 126,991	\$ 69,558	\$ 48,884	\$ 69,329	\$ 74,358
Smart Meters	1860						\$ 1,384,779				
PowerStat Meters	1861	\$ 777	\$ 5,419	\$ 22,525	\$ 21,750						
Ampy Meters	1863	\$ 103,294	\$ 109,331	\$ 47,667	\$ 107,910						
Capital Contributions	1995	-\$226,210	-\$303,436	-\$1,713,686	-\$241,196	-\$435,531	-\$442,913	-\$402,312	-\$369,094	-\$369,094	-\$369,094
Capital Contribution for Commerce Way TS	1996					\$ 2,500,000	\$ 1,600,000				
CWIP	2055				\$ 87,708	\$ 87,708					
<b>Total</b>		<b>\$ 1,378,698</b>	<b>\$ 1,921,742</b>	<b>\$ 2,890,063</b>	<b>\$ 2,286,597</b>	<b>\$ 4,601,636</b>	<b>\$ 5,354,879</b>	<b>\$ 2,178,356</b>	<b>\$ 2,311,127</b>	<b>\$ 2,291,186</b>	<b>\$ 2,328,916</b>

		Total Excluding TS & Smart Meters	
2006-2009 average	\$ 2,119,275	\$ 2,101,636	\$ 2,312,148
2006-2015 average excl TS & Smart Meters			\$ 2,200,047

Table 2-25: Long Term Capital Plan - 2012

2012 Project Description	Total Project	Poles, Towers & Fixtures	OH Conductors & Devices	UG Conduit	UG Conductors & Devices	Trans-formers	Services	Meters	Buildings & Fixtures	Office Furniture & Equipment	Computer HW	Computer SW	Transportation Equip	Stores Equip	Tools, Shop & Garage Equip	Measurement & Testing Equip	Communication Equip	SCADA Equip	Contributed Capital	
		1830	1835	1840	1845	1850	1855	1860	1908	1915	1920	1925	1930	1935	1940	1945	1955	1980	1995	
Subdivisions and New Services	345,379	9,645	12,860	289,344	138,242	192,896	104,705													(\$402,312)
Parkinson Road OH 28 kv Baird to Norwich Pole Replacement	862,130	560,613	193,368	7,978	4,489	64,491	22,668	8,523												
U/G Vault Lid Maint	201,387	98,227	51,613	7,823	772	28,168	14,784													
LB Automation	34,165			3,261	25,445	2,669	2,789													
Pole/Duct Upgrades	132,091	125,168	6,923			0	0													
Wellington Grant Altadore Equipment Replacements	25,360	1,845	1,192	2,889	2,989	0	16,445													
Building Renovations, Window Replacement	463,126	57,227	28,613	167,168	17,168	28,613	117,168	47,168												
Transportation Equipment	114,718	10,778	7,689	7,689	6,889	52,178	15,627	13,867												
Computer Hardware and Software	80,000								80,000											
Miscellaneous Tools, Furniture, Equipment	400,000												400,000							
2012 Grand Total	2,941,356	863,503	302,259	486,152	195,995	369,015	294,187	69,558	80,000	23,000	140,000	60,000	400,000	15,000	20,000	5,000	20,000	0	(\$402,312)	

Table 2-26 : Long Term Capital Plan – 2013

2013 Project Description	Total Project	Poles, Towers & Fixtures	OH Conductors & Devices	UG Conduit	UG Conductors & Devices	Trans-formers	Services	Meters	Buildings & Fixtures	Office Furniture & Equipment	Computer HW	Computer SW	Transportation Equip	Stores Equip	Tools, Shop & Garage Equip	Measurement & Testing Equip	Communication Equip	SCADA Equip	Contributed Capital	
		1830	1835	1840	1845	1850	1855	1860	1908	1915	1920	1925	1930	1935	1940	1945	1955	1980	1995	
Subdivisions and New Services	316,861	8,848	11,798	265,453	126,828	176,969	96,060													(\$369,094)
Pole Replacement	204,931	99,947	52,473	7,995	789	28,684	15,042													
U/G Vault Lid Maint	34,732			3,347	25,789	2,738	2,858													
LB Automation	132,779	125,684	7,095			0	0													
Pole/Duct Upgrades	25,894	1,879	1,209	2,958	3,058	0	16,789													
Vansittart MS3 4 KV Conversion	365,025	64,473	31,184	73,368	60,368	45,579	76,158	13,895												
Brant Shentstone 4KV conversion	388,052	101,789	43,789	69,716	23,179	35,074	114,505	0												
Parkinson rebuild Beards to hwy 4	715,089	461,473	143,884	8,116	4,558	65,179	23,184	8,695												
Equipment Replacements	127,765	10,916	7,758	7,758	6,958	52,316	15,765	26,295												
Building Renovations	80,000								80,000											
Transportation Equipment	400,000												400,000							
Computer Hardware and Software	200,000										140,000	60,000								
Miscellaneous Tools, Furniture, Equipment	70,000									15,000				15,000	20,000	15,000	5,000			
2013 Grand Total	\$3,061,127	\$875,010	\$299,191	\$438,710	\$251,527	\$406,537	\$360,361	\$48,884	\$80,000	\$15,000	\$140,000	\$60,000	\$400,000	\$15,000	\$20,000	\$15,000	\$5,000	\$0	(\$369,094)	

Table 2-27: Long Term Capital Plan – 2014

2014 Project Description	Total Project	Poles, Towers & Fixtures	OH Conductors & Devices	UG Conduit	UG Conductors & Devices	Trans-formers	Services	Meters	Buildings & Fixtures	Office Furniture & Equipment	Computer HW	Computer SW	Transportation Equip	Stores Equip	Tools, Shop & Garage Equip	Measurement & Testing Equip	Communication Equip	SCADA Equip	Contributed Capital	
		1830	1835	1840	1845	1850	1855	1860	1908	1915	1920	1925	1930	1935	1940	1945	1955	1980	1995	
Subdivisions and New Services	289,484	8,848	11,798	265,453	126,828	176,969	68,683													(\$369,094)
Pole/Duct Upgrades	26,442	1,914	1,227	3,029	3,129	0	17,143													
U/G Vault Lid Maint	35,316			3,436	26,143	2,809	2,929													
Housers Lane	260,030	92,358	56,215	8,857	9,857	53,143	39,600													
Pearson Knowles Canfield	1,036,881	17,514	16,143	361,358	182,429	231,301	171,479	56,657												
Lyndale	528,255	198,073	84,536	21,143	32,215	72,358	119,930	0	0											0
Equipment Replacements	114,778	11,057	7,829	7,829	7,029	52,457	15,906	12,672												
Building Renovations	75,000								75,000											
Transportation Equipment	35,000												35,000							
Computer Hardware and Software	200,000										140,000	60,000								
Miscellaneous Tools, Furniture, Equipment	80,000									15,000				15,000	20,000	5,000	5,000	20,000		
<b>Grand Total</b>	<b>\$2,681,186</b>	<b>\$329,765</b>	<b>\$177,748</b>	<b>\$671,104</b>	<b>\$387,629</b>	<b>\$589,036</b>	<b>\$435,670</b>	<b>\$69,329</b>	<b>\$75,000</b>	<b>\$15,000</b>	<b>\$140,000</b>	<b>\$60,000</b>	<b>\$35,000</b>	<b>\$15,000</b>	<b>\$20,000</b>	<b>\$5,000</b>	<b>\$5,000</b>	<b>\$20,000</b>	<b>(\$369,094)</b>	

Table 2-28: Long Term Capital Plan – 2015

2015 Project Description	Total Project	Poles, Towers & Fixtures	OH Conductors & Devices	UG Conduit	UG Conductors & Devices	Trans-formers	Services	Meters	Buildings & Fixtures	Office Furniture & Equipment	Computer HW	Computer SW	Transportation Equip	Stores Equip	Tools, Shop & Garage Equip	Measurement & Testing Equip	Communication Equip	SCADA Equip	Contributed Capital	
		1830	1835	1840	1845	1850	1855	1860	1908	1915	1920	1925	1930	1935	1940	1945	1955	1980	1995	
Subdivisions and New Services	316,861	8,848	11,798	265,453	126,828	176,969	96,060													(\$369,094)
LB Automation	134,215	126,761	7,454			0	0													
Pole/Duct Upgrades	27,006	1,951	1,245	3,101	3,201	0	17,507													
Beal Mary Grace Canterbury	430,786	180,805	97,903	3,127	9,654	56,522	82,776	0	0											0
Tobin Place	262,760			82,522	44,761	61,015	69,761	4,701												
Underground subdivision conversions	1,041,672	17,806	16,507	362,268	183,522	232,576	172,189	56,803												
Equipment Replacements	115,616	11,203	7,901	7,901	7,101	52,603	16,052	12,854												
Building Renovations, Window Replacement	75,000								75,000											
Transportation Equipment	350,000												350,000							
Computer Hardware and Software	200,000										140,000	60,000								
Miscellaneous Tools, Furniture, Equipment	70,000									15,000				15,000	20,000	15,000	5,000			
<b>Grand Total</b>	<b>\$3,023,916</b>	<b>\$347,374</b>	<b>\$142,808</b>	<b>\$724,373</b>	<b>\$375,067</b>	<b>\$579,684</b>	<b>\$454,345</b>	<b>\$74,358</b>	<b>\$75,000</b>	<b>\$15,000</b>	<b>\$140,000</b>	<b>\$60,000</b>	<b>\$350,000</b>	<b>\$15,000</b>	<b>\$20,000</b>	<b>\$15,000</b>	<b>\$5,000</b>	<b>\$0</b>	<b>(\$369,094)</b>	

1 **Capital Projects:**

2 **2012:**

3

4 **Subdivisions and New Services: \$345,379**

5 Subdivision development and 218 new residential services are forecast for 2012 based on the  
6 methodology shown in Table 2-25 for economic evaluations.

7

8 **Parkinson Road OH Replacement of 28 kv Bairds Land to Norwich Ave: \$862,130**

9 Parkinson road will ultimately be a main feeder trunk tying Woodstock TS and the new  
10 Commerce Way TS together. In the past several years, we have invested in random pole  
11 replacements based on pole testing results. This pole line is nearing end of life and replacement  
12 will ensure adequate connections between feeders and stations exist once the new station is in  
13 service.

14

15 **Pole Replacement: \$201,387**

16 WHSI maintains over 4200 primarily wood poles of varying ages and sizes. Pole integrity testing  
17 was completed in 2005/2006 and a second three year inspection and testing process began in  
18 2010. Based on the initial testing in 2005, we anticipate further pole replacement activity will  
19 be necessary. The older north section of the City in particular will require an aggressive pole  
20 replacement program which will include the conversion of 4 KV distribution to that of 27 KV.

21

22 **U/G Vault Lid Replacement: \$34,165**

23 Primary and secondary conductor running through or terminating at junction boxes located in  
24 public walkways or drives attract damage from plowing equipment and other motorized traffic.  
25 To ensure public safety is maintained, WHSI is investing in the replacement and repair of these  
26 vaults over the next several years.

27

1 **Load-Break (LB) Automation: \$132,091**

2 In 2009, WHSI installed four G&W automated switching units in the south-east and central  
3 sections of the City to allow for automated restoration of the 27 KV system, and ultimately the  
4 ability to sectionalize and provide auto-reclose features downstream of the Woodstock TS and  
5 Commerce Way breaker protections. We intend to continue improving SAIDI and SAIFI service  
6 quality indexes using this technology as the two stations supply the City of Woodstock together.

7  
8 **Pole/Duct Improvements: \$25,360**

9 Annual pole inspections typically reveal pole guarding and conduit damage that may lead to  
10 public and worker safety risk. Crews annually inspect and replace protective pole mounted  
11 equipment to ensure we keep pace with random and accidental damage resulting from collision  
12 or vandalism.

13  
14 **Wellington Grant Altadore: \$463,126**

15 Located in an older section of north Woodstock, this area includes a mix of backyard and  
16 roadside overhead distribution. A combination of overhead like-for-like and underground  
17 conversion will be completed. This project includes conversion from 4 KV to that of 27 kV.

18  
19 **Equipment Replacements: \$114,718**

20 Each year, WHSI identifies equipment that has reached end of life. Examples include LDC owned  
21 transformation equipment or primary/secondary conductors that warrant replacement rather  
22 than repair. This provision is put in place to allow for times of unexpected equipment failure  
23 and to provide the latitude to invest in the long term replacement of assets as opposed to  
24 maintenance of plant that is at end of life.

25

26

27

28

1 **Building Renovations: \$80,000**

2 Ongoing renovations to WHSI's aging office building are planned including continuation of the  
3 window replacement project, and renovation of the ladies washroom.

4  
5 **Transportation Equipment: \$400,000**

6 The 1999 FRHT MCV-Chassis/Versalift Digger/Derrick is nearing its' end of useful life as  
7 indicated by increasing maintenance and repair costs. WHSI plans to replace this vehicle with a  
8 similar model. The original cost of this vehicle was \$189,581 and has been fully depreciated  
9 since 2008. A trade-in allowance has been excluded until further information is available.

10

11 **Computer Hardware and Software: \$200,000**

12 Planned additions and replacements are in accordance with WHSI's IT asset management  
13 strategy.

14

15 **Miscellaneous Tools, Furniture and Equipment: \$103,000**

16 This forecast is based on a typical year replacement for these assets.

17

18

19 **2013 Capital Projects:**

20

21 **Subdivisions and New Services: \$316,861**

22 Subdivision development and 200 new residential services are forecast for 2013 based on the  
23 methodology shown in table 2-26 for economic evaluations.

24

25 **Pole Replacement: \$204,931**

26

27 WHSI maintains over 4200 primarily wood poles of varying ages and sizes. Pole integrity testing  
28 was completed in 2005/2006 and a second three year inspection and testing process began in

1 2010. Based on the initial testing in 2005, we anticipate further pole replacement activity will  
2 be necessary. The older north section of the City in particular will require an aggressive pole  
3 replacement program which will include the conversion of 4 KV distribution to that of 27 KV.  
4  
5

6 **U/G Vault Lid Replacement: \$34,732**  
7

8 Primary and secondary conductor running through or terminating at junction boxes located in  
9 public walkways or drives attract damage from plowing equipment and other motorized traffic.  
10 To ensure public safety is maintained, WHSI is investing in the replacement and repair of these  
11 vaults over the next several years.  
12

13 **LB Automation: \$132,779**  
14

15 In 2009, WHSI installed four G&W automated switching units in the south-east and central  
16 sections of the City to allow for automated restoration of the 27 KV system, and ultimately the  
17 ability to sectionalize and provide auto-reclose features downstream of the Woodstock TS and  
18 Commerce Way breaker protections. We intend to continue improving SAIDI and SAIFI service  
19 quality indexes using this technology as the two stations supply the City of Woodstock together.  
20

21 **Pole/Duct Improvements: \$25,894**  
22

23 Annual pole inspections typically reveal pole guarding and conduit damage that may lead to  
24 public and worker safety risk. Crews annually inspect and replace protective pole mounted  
25 equipment to ensure we keep pace with random and accidental damage resulting from collision  
26 or vandalism.  
27  
28

1 **Vansittart 4 Kv Conversion: \$365,025**

2

3 There remains a pocket of 4 Kv distribution along VanSittart Avenue, stretching east into the  
4 downtown corridor. We have converted much of the downtown area to 27 kV in recent years  
5 and plan to eliminate a small 4 kV station in the process.

6

7 **Brant/Shenstone 4 kV Conversion: \$388,052**

8

9 This predominantly overhead section is nearing end of life. Our 4 Kv elimination strategy is  
10 now taking us to the older core area of the City and we expect a ramping of activity in this area  
11 as the 4 Kv switching options are steadily reduced.

12

13

14 **Parkinson Rebuild Beards Lane to County Road 4: \$715,089**

15 This project completes the rebuilding process and 4 KV removal along Parkinson Road east of  
16 Norwich Avenue. As noted under the 2012 project of similar description, this corridor will link  
17 the two Transformer stations.

18

19 **Equipment Replacements: \$127,765**

20 Each year, WHSI identifies equipment that has reached end of life. Examples include LDC owned  
21 transformation equipment or primary/secondary conductors that warrant replacement rather  
22 than repair. This provision is put in place to allow for times of unexpected equipment failure  
23 and to provide the latitude to invest in the long term replacement of assets as opposed to  
24 maintenance of plant that is at end of life.

25

26

27

28

1 **Building Renovations: \$80,000**

2 Ongoing renovations to WHSI's office building are planned including installation of gas heaters  
3 in the garage and warehouse area.

4

5 **Transportation Equipment: \$400,000**

6 The 2001 International Cab& Chassis /Aerial Device is nearing its end of useful life and will be  
7 due for replacement in 2013. WHSI plans to replace this vehicle with a similar model. The  
8 original cost of this vehicle was \$266,112 and has been fully depreciated since 2009. A trade-in  
9 allowance has been excluded until further information is available.

10

11 **Computer Hardware and Software: \$200,000**

12 Planned additions and replacements are in accordance with WHSI's IT asset management  
13 strategy.

14

15 **Miscellaneous Tools, Furniture and Equipment: \$70,000**

16 This forecast is based on a typical year replacement for these assets.

17

18 **2014 Capital Projects:**

19

20 **WHSI Standard Capital Projects** continue into 2014 as described in previous variance analysis

21

- 22 • Subdivision and New Services - (200 forecast new connections) \$289,484
- 23 • Pole/Duct Upgrades - \$26,442
- 24 • Underground Vault Lid Maintenance - \$35,316
- 25 • Equipment Replacements - \$114,778
- 26 • General Capital (excluding transportation equipment) - \$ 355,000

27

1 **Conversion Projects** related to the 4KV upgrade to 27 kW throughout the WHSI service area  
2 include

- 3 • Housers Lane - \$260,030
- 4 • Pearson Knowles Canfield - \$1,036,881
- 5 • Lyndale - \$528,255

6

7 **Transportation Equipment: \$35,000**

8 Replacement purchase for a 2004 GMC pickup which was fully depreciated in 2008. The original  
9 purchase price was \$21,249.

10

11

12 **2015 Capital Projects:**

13

14 **WHSI Standard Capital Projects** continue into 2015 as described in previous variance analysis

15

- 16 • Subdivision and New Services - (200 forecast new connections) \$316,861
- 17 • LB Automation - \$134,215
- 18 • Pole/Duct Upgrades - \$27,006
- 19 • Equipment Replacements - \$115,616
- 20 • General Capital (excluding transportation equipment) - \$ 345,000

21

22 **Conversion Projects** related to the 4KV upgrade to 27 kW throughout the WHSI service area  
23 include

- 24 • Beal Mary Grace Canterbury - \$430,786
- 25 • Tobin Place - \$262,760
- 26 • Underground subdivision conversions - \$1,041,672

27

1 **Transportation Equipment: \$350,000**

2

3 Replacement purchase for a 2005 Ford Bucket Cab & Chassis/Aerial Device which will be fully  
4 depreciated in 2011. (Purchased in 2004) The original purchase price was \$171,056.

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## CAPITALIZATION POLICY

WHSI recognizes expenditures as capital or expense in accordance with the Canadian Institute of Chartered Accountants (CICA) Handbook section 3061, and with Article 410 of the OEB Accounting Procedures Handbook.

Capital Assets include property, plant, and equipment held for use in the production or supply of goods and services. Capital Assets may also include intangible costs such as goodwill and organization costs.

### Recognition Criteria

To be recognized as an asset, the item or purpose of the expenditure is that it

- is used on a continuing basis
  - is not intended for sale in the ordinary course of business.
  - has a useful life of more than one year
  - meets the minimum materiality threshold defined for each asset group
- and,
- future benefits must be reasonably assured.

A Betterment may be capitalized if it also meets the above criteria

### Betterment

A Betterment is a cost which enhances the service potential and extends the life of the original capital asset. Examples may include a transformer refurbishment, service upgrade, or replacement of major equipment or structures such as an HVAC system or roof replacement.

### Materiality Threshold

WHSI uses a materiality threshold of \$1,000 for the total project cost related to distribution plant or intangible assets. Distribution plant refers to the following OEB asset accounts

OEB	Description
1805	Land
1806	Land Rights
1808	Buildings and Fixtures
1810	Leasehold Improvements
1815	Transformer Station Equipment - Normally Primary above 50 kV
1820	Distribution Station Equipment - Normally Primary below 50 kV
1825	Storage Battery Equipment
1830	Poles, Towers and Fixtures
1835	Overhead Conductors and Devices
1840	Underground Conduit
1845	Underground Conductors and Devices
1850	Line Transformers
1855	Services
1860	Meters
1865	Other Installations on Customer's Premises

1  
 2 WHSI uses a materiality threshold of \$500 per single item for general plant, which includes the  
 3 following OEB accounts:

OEB	Description
1905	Land
1906	Land Rights
1908	Buildings and Fixtures
1910	Leasehold Improvements
1915	Office Furniture and Equipment
1920	Computer Equipment - Hardware
1925	Computer Software
1930	Transportation Equipment
1935	Stores Equipment
1940	Tools, Shop and Garage Equipment
1945	Measurement and Testing Equipment
1950	Power Operated Equipment
1955	Communication Equipment
1960	Miscellaneous Equipment
1970	Load Management Controls - Customer Premises
1975	Load Management Controls - Utility Premises
1980	System Supervisory Equipment
1985	Sentinel Lighting Rentals
1990	Other Tangible Property
1995	Contributions and Grants
1996	Hydro One TS Contribution

4  
 5 **Identifiable Assets**

6 An identifiable capital asset is one that has a sufficiently high unit costs and is easily  
 7 identifiable for the asset to be individually tracked and recorded. Transportation equipment is an  
 8 example of an identifiable asset.

9 **Grouped Assets**

10 Capital assets may be grouped if, by their nature it would be impractical to identify individual  
 11 units. These assets are managed as a pool for the purposes of amortization. Distribution Plant  
 12 assets are considered grouped assets.

1 **Future Benefits**

2 Charges for items such as preliminary engineering estimates related to a potential job are not  
3 considered a capital unless the job materializes. If no future action is taken on a potential job,  
4 the costs to determine the estimate is expensed.

5

6 **Costs**

7 Fully allocated costs include all expenditures necessary to put a capital asset into service,  
8 including

- 9 - Direct material
- 10 - Direct labour
- 11 - Indirect costs including overheads for labour, material, and vehicles
- 12 - Third party subcontracting costs

13 **Construction Work in Progress (CWIP)**

14 Capital assets under construction at year-end are referred to as construction work-in progress and  
15 disclosed as a component of capital assets. Once the asset is put into service or construction is  
16 substantially complete, the CWIP amounts are recognized as a capital asset and amortized.

17

18 **Spare Transformers, Poles, and Meters**

19 In accordance with CICA Handbook Sections 3031, Inventory and the OEB APH, all major  
20 spare parts and equipment specifically designated as standby for field services is to be capitalized  
21 in PP&E and amortized if the following 5 conditions are met

- 22 - not intended for resale
- 23 - cannot be classified as inventory in accordance with the CICA Handbook
- 24 - has a longer period of future benefit than do inventory items
- 25 - forms an integral part of the original distribution plant by enhancing the system  
26 reliability of the original distribution plant
- 27 - consistency with regulatory treatment

1 WHSI has identified transformers, poles, and meters as “major spare parts” and are recognized  
2 as capital assets.

3  
4 **Allowance for Funds Used During Construction (AFUDC)**

5 In regard to the measurement of the carrying costs of a capital asset under construction and  
6 the capitalization of interest costs, the CICA Handbook notes that the cost of a capital asset  
7 that is acquired, constructed, or developed over time includes carrying costs directly attributable  
8 to the acquisition, construction, or development activity. For a rate-regulated capital asset, the  
9 cost includes the directly attributable allowance for funds used during construction allowed by  
10 the regulator per CICA s.3060.26. The financing charge will be at the rate deemed by the Ontario  
11 Energy Board (“OEB”) for rate setting purposes. WHSI does not capitalize interest costs where  
12 capital assets are financed internally from its working capital.

13  
14 **Amortization**

15 WHSI calculates amortization on a straight-line basis for capital assets available for use over  
16 their estimated service lives as determine by the OEB Accounting Procedures Handbook.  
17 Full amortization is recorded in the year of acquisition for financial statement and GAAP  
18 accounting purposes. WHSI recognizes amortization using the ½ year rule for assets acquired  
19 during a year, for rate setting purposes.

20  
21 **Asset Disposals and Write Downs**

22 The gross costs for readily identifiable assets that are retired or disposed of and their related  
23 accumulated amortization are removed from WHSI’s records. Any differences between the  
24 proceeds, if any , and the unamortized asset amount plus removal costs are recorded as a gain or  
25 loss in the year of disposal.

26 For grouped assets, the assets and accumulated amortization are removed from WHSI’s records  
27 at the end of their estimated average service life, regardless of actual service life.

28  
29

1 **Repairs**

- 2 A repair is a cost incurred to maintain the service potential of an asset, and are expensed to the  
3 operating period.

1 **SERVICE QUALITY AND RELIABILITY PERFORMANCE**

2 WHSI tracks service reliability statistics SAIDI (System Average Interruption Duration Index),  
 3 SAIFI (System Average Interruption Frequency Index) and CAIDI (Customer Average Interruption  
 4 Duration Index). Starting in 2007 SAIDI, SAIFI and CAIDI statistics were tracked to identify  
 5 Hydro One related incidents from other incidents. Prior to 2007, the statistics do not separate  
 6 Hydro One related incidents from all other incidents. The following table 2-29 shows actual  
 7 results for the past four years. As indicated in the chart below, WHSI's 2006, 2007, 2008 and  
 8 2009 reliability performance results are within acceptable levels as defined by the OEB

9 Table 2-29

	2006		2007		2008		2009	
	Excluding Hydro One	Total System	Excluding Hydro One	Total System	Excluding Hydro One	Total System	Excluding Hydro One	Total System
<b>SAIDI</b>	2.36	Did not track	1.56	1.56	1.26	1.26	0.58	1.65
<b>SAIFI</b>	1.45	Did not track	1.8	1.8	1.37	1.37	1.11	1.83
<b>CAIDI</b>	1.63	Did not track	0.87	0.87	0.92	0.92	0.53	0.9

10

11 WHSI is committed to the safety and reliability of its distribution system. As utilities are  
 12 encouraged to improve or maintain their SAIDI, SAIFI and CAIDI indices, WHSI has set targets  
 13 based on the past 3 year history. WHSI targets for 2010 are SAIDI 1.313, SAIFI 1.427 and CAIDI  
 14 0.937. In order to meet these targets WHSI will need to continue making capital investments in  
 15 infrastructure.

16 The following table summarizes the cause of outages from 2007 through 2009. All outages are  
 17 logged at the time of occurrence and root cause is identified and applied to WHSI's workflow  
 18 database. A root cause analysis of each outage further assists WHSI in determining capital and

1 maintenance requirements. An increase in maintenance and capital investment since 2006 is  
 2 now revealing an improvement year over year in power quality and reliability, however WHSI  
 3 remains committed to continually improve reliability statistics and still have room for  
 4 improvement.

5

6 A previous review of WHSI's reliability SQI's during the years 2006 to 2009 indicated that the  
 7 most frequent cause of outages were equipment breakdown, weather related outages  
 8 (including lightning), and animal contacts.

9

Table 2-30

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Cause	2007	Percent	2008	Percent	2009	Percent
Animal	25	12%	15	9%	24	15%
Bird	8	4%	8	5%	8	5%
Corrosion	6	3%	6	3%	10	6%
Customer Equipment	11	5%	5	3%	8	5%
Equipment Breakdown	70	34%	74	43%	49	31%
Foreign Object	-	-	4	2%	1	1%
Human Element	5	2%	6	3%	1	1%
Lightning	7	3%	14	8%	13	8%
Other	6	3%	12	7%	10	6%
Overload	-	-	1	1%	-	-
Fallen Tree	13	6%	4	2%	1	1%
Tree Growth	3	1%	2	1%	1	1%
Unknown	29	14%	10	6%	16	10%
Vehicle	9	4%	6	3%	4	3%
Weather	16	8%	6	3%	10	6%
<b>TOTAL OUTAGES</b>	<b>208</b>	<b>100%</b>	<b>173</b>	<b>100%</b>	<b>156</b>	<b>100%</b>

1 **WORKING CAPITAL CALCULATION:**

2

3 **Overview:**

4 WHSI's working capital allowance is forecast to be \$5,213,494 for 2011 and is based on the 15%  
5 allowance approach referred to at page 11 of the Board's Filing Requirements. A detailed  
6 working capital calculation by OEB account number is in Table 2-31.

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8 **Cost of Power Calculation**

9 **Loss Factor**

10 The 2011 proposed loss factor of 1.0431 was applied to both the 2010 Bridge and 2011 Test  
11 Year kWh quantities. The approved current loss factor is 1.0440.

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13 **Electricity – Commodity**

14 The total forecast kWh's for 2010 and 2011 as calculated in the Load Forecast Model were  
15 allocated between RPP Commodity, and Non-RPP Commodity, based on the historical monthly  
16 kWh's billed between January 2006 and June 2010. Overall, the total average RPP kWh for the  
17 period was 39.5% and 60.5% for total average Non-RPP kWh. Appendix F provides the  
18 historical monthly quantities and resulting average allocation as used in this calculation.

19 The RPP Commodity rate used was \$0.06938 per kWh was derived from the OEB Regulated  
20 Price Plan Price Report May 1, 2010 to April 30, 2011, issued on April 15, 2010. (Page ii and iii  
21 of the Executive Summary)

1 The Non-RPP Commodity rate of \$0.03666 per kWh and Non-RPP – Global Adjustment Rate of  
 2 \$0.02772 per kWh were derived from the OEB Regulated Price Plan Price Report May 1, 2010 to  
 3 April 30, 2011, as issued on April 15, 2010. (Page ii and iii of the Executive Summary). In total,  
 4 the Non-RPP Commodity rate is calculated to be \$0.6438 per kWh.

5 A historical and forecast kWh analysis was conducted to determine the allocations of non-RPP  
 6 and RPP kWh's per rate class for the 2010 Bridge and 2011 Test Years. The GS>50 – 999kW and  
 7 the GS>1,000 kW rate class are forecast at 100% non RPP kWh as a result of the OEB's Changes  
 8 in Eligibility for the Regulated Price Plan (EB-2009-0317), effective November 1, 2009. Although  
 9 a small number of WHSI MUSH customers in these rate classes continue to have self  
 10 designated RPP status due to low volume usage, the materiality impact on total commodity  
 11 price is insignificant for the purposes of this calculation.

12 The following allocations were determined for the 2010 Bridge year load forecast:

13

2010					
Rate Class per Load Forecast	RPP	NON RPP	RPP kWh	NON RPP kWh	TOTAL kWh
Residential	89.8%	10.2%	98,509,228	11,197,344	109,706,572
GS<50kW	89.0%	11.0%	38,743,193	4,788,484	43,531,677
GS>50 - 999 kW	0.0%	100.0%	0	119,837,345	119,837,345
GS>1000	0.0%	100.0%	0	74,810,310	74,810,310
Street Lighting	33.0%	67.0%	825,351	1,675,713	2,501,064
Unmetered Scattered Load	89.8%	10.2%	580,396	65,972	646,368
<b>TOTAL</b>			<b>138,658,168</b>	<b>212,375,168</b>	<b>351,033,336</b>

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17 Based on current and historical trends, WHSI anticipates a slight shift in the number of RPP  
 18 customers to the Non-RPP rate in the 2011 Test Year. Appendix F provides a chart which  
 19 illustrates the trend from January 2006 to June 2010 to a increasing proportion of Total Non-  
 20 RPP kWh for WHSI.

21

2011					
Rate Class per Load Forecast	RPP	NON RPP	RPP kWh	NON RPP kWh	TOTAL kWh
Residential	84.7%	15.3%	99,481,387	17,936,679	117,418,066
GS<50kW	85.0%	15.0%	39,255,046	6,927,361	46,182,407
GS>50 - 999 kW	0.0%	100.0%	0	118,202,396	118,202,396
GS>1000	0.0%	100.0%	0	69,723,917	69,723,917
Street Lighting	33.0%	67.0%	821,732	1,668,366	2,490,098
Unmetered Scattered Load	84.7%	15.3%	521,756	94,074	615,829
<b>TOTAL</b>			<b>140,079,921</b>	<b>214,552,792</b>	<b>354,632,713</b>

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2 To calculate the total cost of the Electricity Commodity for 2010 Bridge and 2011 Test Years, the  
3 forecast non-RPP kWh are multiplied by the sum of the Non-RPP Commodity and Global  
4 Adjustment Rates, and the forecast RPP kWh are multiplied by the RPP Rate as noted above.

5 **Transmission - Network and Connection**

6 The total forecast kWh's for 2010 the 2010 Bridge year and 2011 Test year is calculated in the  
7 Load Forecast Model. The current approved rates were used for the 2010 Bridge year amount,  
8 and WHSI's proposed RTSR rates were used to calculate the 2011 Test Year Transmission  
9 Network and Connection charges

10 **Wholesale Market Service and Rural Rate Assistance**

11 The total forecast kWh's for 2010 the 2010 Bridge year and 2011 Test year is calculated in the  
12 Load Forecast Model. The current approved rates were used for the 2010 Bridge and 2011 Test  
13 years to calculate the Wholesale Market Service and Rural Rate Assistance charges.

14 Table Appendix F provides WHSI's Cost of Power analysis and calculations for the 2010 Bridge  
15 and 2011 Test years.

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Table 2-31

Calculation of Working Capital Allowance

Description	Allowance for Working Capital		Allowance for Working Capital		Allowance for Working Capital		Allowance for Working Capital		Allowance for Working Capital		Allowance for Working Capital	
	2006 Actual	Capital	2007 Actual	Capital	2008 Actual	Capital	2009 Actual	Capital	2010 Bridge	Capital	2011 Test	Capital
Rate Used for Working Capital Allowance		15%		15%		15%		15%		15%		15%
<b>Operation</b>												
5005 - Ops Supvn and Engineering	202,383	30,357	210,348	31,552	207,437	31,116	227,795	34,169	205,500	30,825	107,021	16,053
5010 - Load Dispatching	83,055	12,458	81,567	12,235	38,004	5,701	33,981	5,097	40,500	6,075	51,816	7,772
5012 - Stn Bldgs & Fixture Exp	4,691	704	1,782	267	14,442	2,166	12,540	1,881	36,300	5,445	52,934	7,940
5016 - Dist Stn Equip - Labour	32,250	4,837	25,193	3,779	32,552	4,883	40,138	6,021	45,000	6,750	33,292	4,994
5017 - Dist Stn Equip - Expenses	21,920	3,288	175	26	15,238	2,286	13,568	2,035	12,611	1,892	14,500	2,175
5020 - OH Dist Lines and Feeders - Labour	19,028	2,854	25,502	3,825	29,370	4,405	32,594	4,889	36,000	5,400	43,275	6,491
5025 - OH Dist Lines and Feeders - Expenses	11,385	1,708	2,932	440	5,021	753	7,636	1,145	3,600	540	5,500	825
5035 - OH Dist Transformers	0	0	0	0	1,588	238	3,905	586	3,300	495	3,234	485
5040 - UG Dist Lines and Feeders - Labour	52,995	7,949	64,326	9,649	85,875	12,881	16,231	2,435	22,000	3,300	34,167	5,125
5045 - UG Dist Lines and Feeders	19,973	2,996	10,142	1,521	12,066	1,810	4,498	675	17,120	2,568	23,500	3,525
5055 - UG Dist Transformers	0	0	0	0	0	0	113	17	0	0	0	0
5065 - Meter Ops Exp	154,698	23,205	202,932	30,440	254,110	38,117	108,822	16,323	160,000	24,000	146,160	21,924
5070 - Customer Premises Labour	0	0	0	0	161	24	49,765	7,465	70,000	10,500	63,885	9,583
5075 - Customer Premises Expenses	0	0	0	0	1,150	173	7,212	1,082	6,000	900	8,000	1,200
5085 - Misc Distribution Exp	22,243	3,336	48,369	7,255	87,577	13,137	158,829	23,824	168,548	25,282	194,651	29,198
5095 - OH Distribution Lines & Feeders - Renta	165	25	11,910	1,786	3,124	469	1,670	250	3,775	566	3,625	544
Sub-total	\$624,785	\$93,718	\$685,178	\$102,777	\$787,716	\$118,157	\$719,297	\$107,895	\$830,254	\$124,538	\$785,560	\$117,834
<b>Maintenance</b>												
5105 - Mntce Supv and Engineering	57,053	8,558	65,649	9,847	61,394	9,209	77,868	11,680	78,200	11,730	84,438	12,666
5110 - Mtce of B&F - Dist Stns	0	0	0	0	88	13	4,623	693	0	0	20,061	3,009
5115 - Mntce of Dist Stn Equip	885	133	0	0	36	5	6,462	969	10,000	1,500	5,000	750
5120 - Mntce Poles, Towers & Fixt	22,572	3,386	34,367	5,155	57,269	8,590	54,084	8,113	85,692	12,854	91,987	13,798
5125 - Mntce of OH Conductors	132,919	19,938	109,198	16,380	92,175	13,826	135,774	20,366	94,000	14,100	116,877	17,532
5130 - Mntce of OH Services	73,880	11,082	71,166	10,675	73,024	10,954	61,691	9,254	72,000	10,800	73,273	10,991
5135 - Mtce of OH Dist L&F - Right of Way	57,852	8,678	69,272	10,391	93,659	14,049	111,006	16,651	106,700	16,005	111,935	16,790
5145 - Mntce of UG Conduit	5,272	791	10,916	1,637	4,370	656	9,422	1,413	6,300	945	12,535	1,880
5150 - Mntce of UG Conductors	18,365	2,755	22,219	3,333	37,671	5,651	37,547	5,632	39,000	5,850	51,073	7,661
5155 - Mntce of UG Services	55,992	8,399	37,733	5,660	53,700	8,055	66,608	9,991	70,000	10,500	64,648	9,697
5160 - Mntce of UG Line Transformers	61,756	9,263	51,546	7,732	59,109	8,866	65,225	9,784	82,000	12,300	98,945	14,842
5175 - Mntce of Meters	2,755	413	410	62	361	54	0	0	0	0	0	0
Sub-total	\$489,302	\$73,395	\$472,477	\$70,871	\$532,855	\$79,928	\$630,310	\$94,547	\$643,892	\$96,584	\$730,771	\$109,616

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Description	Allowance for Working Capital											
	2006 Actual	Capital	2007 Actual	Capital	2008 Actual	Capital	2009 Actual	Capital	2010 Bridge	Capital	2011 Test	Capital
Rate Used for Working Capital Allowance		15%		15%		15%		15%		15%		15%
<b>Billing &amp; Collecting</b>												
5305 - Billing and Collecting Supvn	85,612	12,842	87,275	13,091	62,953	9,443	53,995	8,099	50,434	7,565	54,748	8,212
5310 - Meter Reading	123,239	18,486	135,093	20,264	136,266	20,440	113,547	17,032	132,248	19,837	151,927	22,789
5315 - Customer Billing	298,264	44,740	293,553	44,033	250,784	37,618	237,092	35,564	219,245	32,887	301,335	45,200
5320 - Collecting	154,116	23,117	150,677	22,602	92,404	13,861	114,787	17,218	117,055	17,558	116,362	17,454
5325 - Collecting- Cash Over and Short	149	22	180	27	-9	-1	-442	-66	100	15	100	15
5330 - Collection Charges	0	0	0	0	-285	-43	-795	-119	-4,000	-600	-5,000	-750
5335 - Bad Debt Exp	12,801	1,920	3,660	549	23,483	3,522	28,153	4,223	45,000	6,750	53,460	8,019
5340 - Misc Customer Accounts Exps	2,149	322	2,027	304	2,018	303	2,091	314	2,200	330	2,200	330
Sub-total	\$676,329	\$101,449	\$672,465	\$100,870	\$567,613	\$85,142	\$548,428	\$82,264	\$562,282	\$84,342	\$675,133	\$101,270
<b>Community Relations</b>												
5405 - Comm Rel. Supvn	11,944	1,792	11,331	1,700	3,436	515	2,887	433	3,250	488	3,825	574
5410 - Community Relations - Sundry	10,373	1,556	11,793	1,769	13,210	1,982	10,419	1,563	17,750	2,663	21,235	3,185
5415 - Energy Conservation	256,044	38,407	103,184	15,478	23,274	3,491	5,688	853	5,300	795	8,170	1,225
5420 - Community Safety Program	7,388	1,108	2,574	386	289	43	5,093	764	10,000	1,500	9,153	1,373
5425 - Misc Customer Service & Information	662	99	69	10	0	0	0	0	0	0	0	0
Sub-total	\$286,411	\$42,962	\$128,950	\$19,343	\$40,209	\$6,031	\$24,088	\$3,613	\$36,300	\$5,445	\$42,382	\$6,357
<b>Administrative and General Expenses</b>												
5605 - Executive Salaries and Exps	219,129	32,869	150,787	22,618	150,084	22,513	154,821	23,223	182,478	27,372	195,903	29,385
5610 - Mgmt Salaries & Exp	145,530	21,829	151,782	22,767	262,949	39,442	236,833	35,525	261,655	39,248	282,822	42,423
5615 - Gen Admin	366,648	54,997	435,512	65,327	417,264	62,590	435,258	65,289	500,000	75,000	524,085	78,613
5620 - Office Supplies and Exps	74,699	11,205	66,273	9,941	77,954	11,693	74,606	11,191	82,305	12,346	81,254	12,188
5625 - Admin Exp Transferred Credit-	0	0	0	0	-127,754	-19,163	-129,004	-19,351	-52,105	-7,816	-54,628	-8,194
5630 - Outside Services Employed	109,949	16,492	78,369	11,755	124,128	18,619	98,609	14,791	134,437	20,166	126,500	18,975
5635 - Property Insurance	34,625	5,194	32,703	4,905	32,575	4,886	29,471	4,421	30,695	4,604	32,000	4,800
5640 - Injuries and Damages	44,837	6,726	59,342	8,901	62,233	9,335	54,134	8,120	67,000	10,050	72,555	10,883
5645 - Employee Pensions & Benefits	1,081	162	431	65	356	53	31,778	4,767	18,150	2,723	18,150	2,723
5655 - Regulatory Exps	36,141	5,421	48,313	7,247	35,849	5,377	47,037	7,056	55,000	8,250	100,000	15,000
5660 - General Advertising Exps	1,993	299	3,820	573	2,501	375	3,933	590	5,500	825	5,500	825
5665 - Miscellaneous General Exps	102,214	15,332	105,177	15,777	104,158	15,624	123,590	18,539	147,380	22,107	139,554	20,933
5675 - Mntce of General Plant	106,863	16,029	171,228	25,684	183,831	27,575	235,049	35,257	255,175	38,276	277,221	41,583
5680 - Electrical Safety Authority Fees	2,979	447	6,866	1,030	7,913	1,187	7,403	1,110	7,350	1,103	7,500	1,125
Sub-total	\$1,246,687	\$187,003	\$1,310,603	\$196,590	\$1,334,041	\$200,106	\$1,403,517	\$210,528	\$1,695,020	\$254,253	\$1,808,415	\$271,262
<b>Taxes Other than Income Taxes</b>												
6105 OTaxes oTher than Income Taxes	\$126,191	18,929	\$124,838	18,726	\$125,668	18,850	\$122,776	18,416	\$123,852	18,578	\$126,946	19,042
Sub-total	\$126,191	\$18,929	\$124,838	\$18,726	\$125,668	\$18,850	\$122,776	\$18,416	\$123,852	\$18,578	\$126,946	\$19,042
<b>Cost of Power</b>												
4705 - Power Purchased	22,930,650	3,439,597	21,971,889	3,295,783	21,666,853	3,250,028	15,589,268	2,338,390	24,296,737	3,644,511	24,545,868	3,681,880
4708 - Charges - WMS	2,114,180	317,127	2,052,419	307,863	2,312,713	346,907	2,269,892	340,484	2,380,059	357,009	2,404,463	360,669
4714 - Charges - NW	2,248,812	337,322	2,174,881	326,232	1,749,328	262,399	1,770,103	265,515	2,260,186	339,028	1,977,276	296,591
4716 - Charges - CN	1,845,395	276,809	1,818,225	272,734	1,691,541	253,731	1,629,551	244,433	1,769,920	265,488	1,659,815	248,972
Sub-total	\$29,139,037	\$4,370,856	\$28,017,413	\$4,202,612	\$27,420,436	\$4,113,065	\$21,258,813	\$3,188,822	\$30,706,903	\$4,606,035	\$30,587,421	\$4,588,113
<b>WORKING CAPITAL ALLOWANCE TOTAL</b>	<b>\$32,588,742</b>	<b>\$4,888,311</b>	<b>\$31,411,925</b>	<b>\$4,711,789</b>	<b>\$30,808,539</b>	<b>\$4,621,281</b>	<b>\$24,707,230</b>	<b>\$3,706,084</b>	<b>\$34,598,502</b>	<b>\$5,189,775</b>	<b>\$34,756,628</b>	<b>\$5,213,494</b>

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**APPENDIX F**  
**2010 COST OF POWER FORECAST CALCULATION**  
**2011 COST OF POWER FORECAST CALCULATION**  
**HISTORICAL AVERAGE OF MONTHLY RPP AND NON-RPP KWH**

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**APPENDIX F - 2010 COST OF POWER FORECAST CALCULATION**

<u>Electricity - Commodity</u>	Allocator	2010 Forecasted	2010 Loss Factor	2010		
				kWh	Rate	Amount
RPP - Commodity	39.5%	138,658,168	1.0431	144,634,335	0.06938	\$10,034,730
Non-RPP -Commodity	60.5%	212,375,168	1.0431	221,528,538	0.03666	\$8,121,236
Non-RPP -Global Adjustment					0.02772	\$6,140,771
<b>TOTAL</b>	<b>100.0%</b>	<b>351,033,336</b>		<b>366,162,873</b>		<b>\$24,296,737</b>

<u>Electricity - Commodity</u>	2010 Forecasted	2011 Proposed Loss Factor	2010		
			kWh	Average rate	Amount
Residential	109,706,572	1.0431	114,434,925	0.06887	\$7,881,095
GS<50kW	43,531,677	1.0431	45,407,892	0.06883	\$3,125,425
GS>50 - 999 kW	119,837,345	1.0431	125,002,334	0.06438	\$8,047,650
GS>1000	74,810,310	1.0431	78,034,635	0.06438	\$5,023,870
Street Lighting	2,501,064	1.0431	2,608,860	0.06603	\$172,263
Unmetered Scattered Load	646,368	1.0431	674,227	0.06887	\$46,434
<b>TOTAL</b>	<b>351,033,336</b>		<b>366,162,873</b>		<b>\$24,296,737</b>

<u>Transmission - Network</u>	Class per Load Forecast	Volume Metric	2010		
			kWh	Rate	Amount
Residential		kWh	114,434,925	\$0.0061	\$698,053
GS<50kW		kWh	45,407,892	\$0.0055	\$249,743
GS>50 - 999 kW		kW	386,545	\$2.3677	\$915,222
GS>1000		kW	159,848	\$2.3677	\$378,472
Street Lighting		kW	8,576	\$1.7475	\$14,987
Unmetered Scattered Load		kWh	674,227	\$0.0055	\$3,708
<b>TOTAL</b>					<b>\$2,260,186</b>

<u>Transmission - Connection</u>	Class per Load Forecast	Volume Metric	2010		
			kWh	Rate	Amount
Residential		kWh	114,434,925	\$0.0047	\$537,844
GS<50kW		kWh	45,407,892	\$0.0043	\$195,254
GS>50 - 999 kW		kW	386,545	\$1.8706	\$723,071
GS>1000		kW	159,848	\$1.8706	\$299,012
Street Lighting		kW	8,576	\$1.3806	\$11,840
Unmetered Scattered Load		kWh	674,227	\$0.0043	\$2,899
<b>TOTAL</b>					<b>\$1,769,920</b>

<u>Wholesale Market Service</u>	Class per Load Forecast	Volume Metric	2010		
			kWh	Rate	Amount
Residential		kWh	114,434,925	\$0.0052	\$595,062
GS<50kW		kWh	45,407,892	\$0.0052	\$236,121
GS>50 - 999 kW		kW	125,002,334	\$0.0052	\$650,012
GS>1000		kW	78,034,635	\$0.0052	\$405,780
Street Lighting		kW	2,608,860	\$0.0052	\$13,566
Unmetered Scattered Load		kWh	674,227	\$0.0052	\$3,506
<b>TOTAL</b>					<b>\$1,904,047</b>

<u>Rural Rate Assistance</u>	Class per Load Forecast	Volume Metric	2010		
			kWh	Rate	Amount
Residential		kWh	114,434,925	\$0.0013	\$148,765
GS<50kW		kWh	45,407,892	\$0.0013	\$59,030
GS>50 - 999 kW		kW	125,002,334	\$0.0013	\$162,503
GS>1000		kW	78,034,635	\$0.0013	\$101,445
Street Lighting		kW	2,608,860	\$0.0013	\$3,392
Unmetered Scattered Load		kWh	674,227	\$0.0013	\$876
<b>TOTAL</b>					<b>\$476,012</b>

2010	
4705-Power Purchased	\$24,296,737
4708-Charges-WMS	\$2,380,059
4714-Charges-NW	\$2,260,186
4716-Charges-CN	\$1,769,920
4730-Rural Rate Assistance	included in GL 4708
4750-Low Voltage	
<b>TOTAL</b>	<b>30,706,903</b>

1 APPENDIX F – 2011 COST OF POWER FORECAST CALCULATION:

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<i>Electricity - Commodity</i>	Allocator	2011 Forecasted Metered kWhs	2011 Proposed Loss Factor	2011		
				kWh	Rate	Amount
RPP - Commodity	39.5%	140,079,922	1.0431	146,117,366	0.06938	\$10,137,623
Non-RPP -Commodity	60.5%	214,552,791	1.0431	223,800,017	0.03666	\$8,204,509
Non-RPP -Global Adjustment					0.02772	\$6,203,736
<b>TOTAL</b>	<b>100.0%</b>	<b>354,632,713</b>		<b>369,917,383</b>		<b>\$24,545,868</b>

<i>Electricity - Commodity</i>	2011 Forecasted Metered kWhs	2011 Proposed Loss Factor	2011		
			kWh	Average Rate	Amount
Residential	117,418,066	1.0431	122,478,785	0.06862	\$8,404,029
GS<50kW	46,182,407	1.0431	48,172,869	0.06863	\$3,306,104
GS>50 - 999 kW	118,202,396	1.0431	123,296,919	0.06438	\$7,937,856
GS>1000	69,723,917	1.0431	72,729,017	0.06438	\$4,682,294
Street Lighting	2,490,098	1.0431	2,597,421	0.06603	\$171,508
Unmetered Scattered Load	615,829	1.0431	642,372	0.06862	\$44,077
<b>TOTAL</b>	<b>354,632,713</b>		<b>369,917,383</b>		<b>\$24,545,868</b>

<i>Transmission - Network</i>	Class per Load Forecast	Volume Metric	2011		
			kWh	Proposed Rate	Amount
Residential		kWh	122,478,785	\$0.0058	\$712,501
GS<50kW		kWh	48,172,869	\$0.0050	\$239,454
GS>50 - 999 kW		kW	381,271	\$1.5790	\$602,044
GS>1000		kW	148,980	\$2.7585	\$410,962
Street Lighting		kW	8,539	\$1.1496	\$9,816
Unmetered Scattered Load		kWh	642,372	\$0.0039	\$2,498
<b>TOTAL</b>					<b>\$1,977,276</b>

<i>Transmission - Connection</i>	Class per Load Forecast	Volume Metric	2011		
			kWh	Proposed Rate	Amount
Residential		kWh	122,478,785	\$0.0049	\$598,106
GS<50kW		kWh	48,172,869	\$0.0042	\$201,009
GS>50 - 999 kW		kW	381,271	\$1.3255	\$505,383
GS>1000		kW	148,980	\$2.3156	\$344,980
Street Lighting		kW	8,539	\$0.9650	\$8,240
Unmetered Scattered Load		kWh	642,372	\$0.0033	\$2,097
<b>TOTAL</b>					<b>\$1,659,815</b>

<i>Wholesale Market Service</i>	Class per Load Forecast	Volume Metric	2011		
			kWh	Rate	Amount
Residential			122,478,785	\$0.0052	\$636,890
GS<50kW			48,172,869	\$0.0052	\$250,499
GS>50 - 999 kW			123,296,919	\$0.0052	\$641,144
GS>1000			72,729,017	\$0.0052	\$378,191
Street Lighting			2,597,421	\$0.0052	\$13,507
Unmetered Scattered Load			642,372	\$0.0052	\$3,340
<b>TOTAL</b>					<b>\$1,923,570</b>

<i>Rural Rate Assistance</i>	Class per Load Forecast	Volume Metric	2011		
			kWh	Rate	Amount
Residential			122,478,785	\$0.0013	\$159,222
GS<50kW			48,172,869	\$0.0013	\$62,625
GS>50 - 999 kW			123,296,919	\$0.0013	\$160,286
GS>1000			72,729,017	\$0.0013	\$94,548
Street Lighting			2,597,421	\$0.0013	\$3,377
Unmetered Scattered Load			642,372	\$0.0013	\$835
<b>TOTAL</b>					<b>\$480,893</b>

2011	
4705-Power Purchased	\$24,545,868
4708-Charges-WMS	\$2,404,463
4714-Charges-NW	\$1,977,276
4716-Charges-CN	\$1,659,815
4730-Rural Rate Assistance	included in GL 4708
4750-Low Voltage	
<b>TOTAL</b>	<b>30,587,421</b>

1 **APPENDIX F: HISTORICAL AVERAGE OF MONTHLY RPP AND NON-RPP KWH - TABLE**

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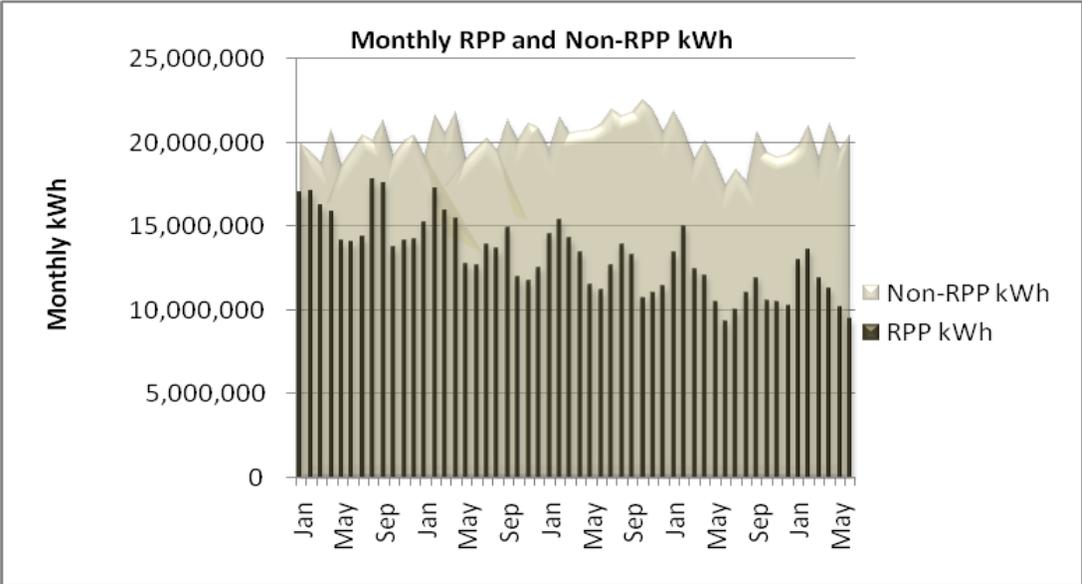
5

Year	Month	RPP kWh	Non-RPP kWh	Total	% of RPP	% of non RPP
2006	Jan	17,018,078	19,980,606	36,998,684	46.0%	54.0%
2006	Feb	17,065,165	19,427,777	36,492,942	46.8%	53.2%
2006	Mar	16,228,525	18,772,696	35,001,221	46.4%	53.6%
2006	Apr	15,861,444	20,763,811	36,625,255	43.3%	56.7%
2006	May	14,126,691	18,625,716	32,752,407	43.1%	56.9%
2006	Jun	14,044,631	19,527,931	33,572,562	41.8%	58.2%
2006	Jul	14,340,143	20,431,554	34,771,697	41.2%	58.8%
2006	Aug	17,750,333	20,095,749	37,846,082	46.9%	53.1%
2006	Sep	17,577,157	21,354,322	38,931,479	45.1%	54.9%
2006	Oct	13,776,266	19,209,802	32,986,068	41.8%	58.2%
2006	Nov	14,139,535	20,079,658	34,219,193	41.3%	58.7%
2006	Dec	14,258,970	20,426,834	34,685,804	41.1%	58.9%
2007	Jan	15,225,337	19,185,069	34,410,406	44.2%	55.8%
2007	Feb	17,266,938	21,652,372	38,919,310	44.4%	55.6%
2007	Mar	15,913,976	20,534,014	36,447,990	43.7%	56.3%
2007	Apr	15,435,902	21,843,598	37,279,500	41.4%	58.6%
2007	May	12,781,470	19,005,020	31,786,490	40.2%	59.8%
2007	Jun	12,658,737	19,643,456	32,302,193	39.2%	60.8%
2007	Jul	13,932,654	20,250,610	34,183,264	40.8%	59.2%
2007	Aug	13,641,536	19,521,544	33,163,080	41.1%	58.9%
2007	Sep	14,925,693	21,374,876	36,300,569	41.1%	58.9%
2007	Oct	11,976,520	20,130,009	32,106,529	37.3%	62.7%
2007	Nov	11,711,104	21,138,612	32,849,716	35.7%	64.3%
2007	Dec	12,544,177	20,832,195	33,376,372	37.6%	62.4%
2008	Jan	14,538,556	19,598,786	34,137,342	42.6%	57.4%
2008	Feb	15,362,915	21,525,495	36,888,410	41.6%	58.4%
2008	Mar	14,298,404	20,536,189	34,834,593	41.0%	59.0%
2008	Apr	13,454,444	20,668,928	34,123,372	39.4%	60.6%
2008	May	11,491,540	20,727,168	32,218,708	35.7%	64.3%
2008	Jun	11,199,687	21,089,741	32,289,428	34.7%	65.3%
2008	Jul	12,663,403	21,980,002	34,643,405	36.6%	63.4%
2008	Aug	13,896,952	21,560,228	35,457,180	39.2%	60.8%
2008	Sep	13,274,620	21,785,551	35,060,171	37.9%	62.1%
2008	Oct	10,743,189	22,529,908	33,273,097	32.3%	67.7%
2008	Nov	11,050,487	21,934,685	32,985,172	33.5%	66.5%
2008	Dec	11,415,487	20,628,392	32,043,879	35.6%	64.4%
2009	Jan	13,414,097	21,869,003	35,283,100	38.0%	62.0%
2009	Feb	15,000,664	20,714,617	35,715,281	42.0%	58.0%
2009	Mar	12,465,744	19,014,751	31,480,495	39.6%	60.4%
2009	Apr	12,078,809	20,104,378	32,183,187	37.5%	62.5%
2009	May	10,536,829	18,962,894	29,499,723	35.7%	64.3%
2009	Jun	9,337,277	17,433,358	26,770,635	34.9%	65.1%
2009	Jul	10,057,346	18,396,445	28,453,791	35.3%	64.7%
2009	Aug	11,041,737	17,649,002	28,690,739	38.5%	61.5%
2009	Sep	11,917,128	20,655,251	32,572,379	36.6%	63.4%
2009	Oct	10,553,341	19,373,778	29,927,119	35.3%	64.7%
2009	Nov	10,493,242	19,104,785	29,598,027	35.5%	64.5%
2009	Dec	10,247,037	19,267,871	29,514,908	34.7%	65.3%
2010	Jan	12,964,477	19,804,225	32,768,702	39.6%	60.4%
2010	Feb	13,574,397	20,997,435	34,571,832	39.3%	60.7%
2010	Mar	11,864,223	19,069,689	30,933,912	38.4%	61.6%
2010	Apr	11307641	21149319	32,456,960	34.8%	65.2%
2010	May	10,179,520	19,559,055	29,738,575	34.2%	65.8%
2010	Jun	9,456,373	20,451,090	29,907,463	31.6%	68.4%
	<b>TOTAL</b>	<b>714,080,548</b>	<b>1,091,949,850</b>	<b>1,806,030,398</b>	<b>39.5%</b>	<b>60.5%</b>

1 APPENDIX F:

2 HISTORICAL AVERAGE OF MONTHLY RPP AND NON-RPP KWH - CHART

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<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
<b>3 – Operating Revenue</b>				
	1			<b>Overview</b>
	1	1		Overview of Operating Revenue
	1	2		Summary of Operating Revenue Table
				<b>Throughput Revenue</b>
	2	1		Weather Normalized Load and Customer/ Connection Forecast
	2	1	A	Monthly Data Used for Regression Analysis
	3			<b>Variance Analysis</b>
	3	1		Variance Analysis on Throughput Revenue
	3	2		Summary of Other Operating Revenue
	3	3		Variance Analysis on Other Operating Revenue
	4	1		Rate of Return on Non-Core Delivery Activities

1    **OVERVIEW OF OPERATING REVENUE:**

2  
3    This Exhibit provides the details of WHSI's operating revenue for 2006 Board Approved,  
4    2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, the 2010 Bridge Year and the 2011 Test  
5    Year. This Exhibit also provides a detailed variance analysis by rate class of the operating  
6    revenue components. Distribution revenue excludes revenue from commodity sales.

7    WHSI is proposing a total Service Revenue Requirement of \$8,715,753 for the 2011 Test Year.  
8    This amount includes a Base Revenue Requirement of \$8,232,474 plus revenue offsets of  
9    \$483,279 to be recovered through Other Distribution Revenue.

10   A summary of all operating revenue is presented below in Table 3-0 and provides a comparison  
11   of total revenues from the 2006 OEB approved year to the 2011 Test Year.

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13   **Throughput Revenue:**

14   Overall load reductions from 2006 to the 2011 forecast amounts can be attributed to two major  
15   factors - seasonal weather conditions, and the success of conservation initiatives undertaken by  
16   WHSI Customers. As illustrated in Table 3-3 of this exhibit, average consumption per customer  
17   has steadily declined in each rate class.

18   Information related to WHSI's throughput revenue includes details such as weather normalized  
19   forecasting methodology, normalized volume based on historical number of customers billed  
20   throughout the year and CDM adjustments and known economic conditions.

21   A detailed variance analysis on the throughput revenue is set out in Exhibit 3, Tab 3 Schedule 1.

22

1 **Other Operating Revenue:**

2 Other revenues include Standard Service Supply (SSS) Administration Charges, Late Payment  
3 Charges, Miscellaneous Service Revenues and Retail Services Revenues. The fall in bank  
4 interest rates had a significant impact on other revenue as interest income declined. The  
5 discontinuation of the WHSI's pay-as-you-go program in 2009 also spelled the elimination of  
6 the prepaid meter monthly service charge revenue.

7 A detailed variance analysis on other revenue is set out in Exhibit 3, Tab 3, and Schedule 2.

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**Table 3-0**

**SUMMARY OF OPERATING REVENUE TABLE**

Summary of Operating Revenue	2006 Board Approved \$	2006 Actual \$	2007 Actual \$	2008 Actual \$	2009 Actual \$	2010 Bridge \$	2011 Test at Current Rates \$	2011 Test at Proposed Rates \$
<b>Distribution Revenue</b>								
Residential	3,777,649	3,526,687	3,731,809	3,832,545	3,851,591	3,888,885	4,067,105	5,064,475
GS<50	853,586	804,753	841,299	852,073	807,274	836,726	869,459	1,105,305
GS>50	1,385,393	1,400,605	1,461,828	1,492,760	1,498,546	1,460,908	0	0
GS 50-999 kW	0	0	0	0	0	0	1,208,481	1,241,965
GS>1000	0	0	0	0	0	0	230,171	604,191
Large User	301,514	269,184	274,149	278,313	86,920	0	0	0
Streetlight	63,639	61,596	66,312	70,061	70,645	74,651	75,431	190,675
Unmetered Scattered Load	8,191	24,241	34,568	28,641	26,087	25,526	24,957	25,611
MicroFIT	0	0	0	0	0	252	252	252
<b>Total</b>	<b>6,389,972</b>	<b>6,087,066</b>	<b>6,409,964</b>	<b>6,554,393</b>	<b>6,341,062</b>	<b>6,286,949</b>	<b>6,475,857</b>	<b>8,232,474</b>
<i>% of Total Revenue</i>	<i>89.3%</i>	<i>86.5%</i>	<i>85.6%</i>	<i>89.0%</i>	<i>91.8%</i>	<i>93.3%</i>	<i>93.1%</i>	<i>94.5%</i>
<b>Other Distribution Revenue</b>								
SSS Administration Revenue	34,046	35,093	36,097	38,313	38,384	37,372	38,565	38,565
Late Payment Charges	30,434	50,783	58,400	46,379	39,646	50,235	54,254	54,254
Specific Service Charges	267,552	64,606	82,394	95,808	123,901	148,875	234,290	234,290
Other Distribution Revenue	325,960	591,769	681,671	304,511	206,165	67,295	67,285	67,285
Other Income & Expenses	109,766	209,202	222,642	322,094	156,465	144,333	88,885	88,885
<b>Total</b>	<b>767,759</b>	<b>951,452</b>	<b>1,081,203</b>	<b>807,105</b>	<b>564,561</b>	<b>448,110</b>	<b>483,279</b>	<b>483,279</b>
<i>% of Total Revenue</i>	<i>10.7%</i>	<i>13.5%</i>	<i>14.4%</i>	<i>11.0%</i>	<i>8.2%</i>	<i>6.7%</i>	<i>6.9%</i>	<i>5.5%</i>
<b>Grand Total</b>	<b>\$7,157,731</b>	<b>\$7,038,518</b>	<b>\$7,491,168</b>	<b>\$7,361,498</b>	<b>\$6,905,623</b>	<b>\$6,735,059</b>	<b>\$6,959,136</b>	<b>\$8,715,753</b>

1 **WEATHER NORMALIZED LOAD AND CUSTOMER/CONNECTION FORECAST**

2 The purpose of this evidence is to present the process used by WHSI to prepare the weather normalized  
3 load and customer/connection forecast used to design the proposed 2011 electricity distribution rates.

4 In summary, WHSI has used the same regression analysis methodology used by a number of distributors in  
5 their 2009 and 2010 cost of service rate applications to determine a prediction model. With regard to the  
6 overall process of load forecasting, WHSI submits that conducting a regression analysis on historical  
7 electricity purchases to produce an equation that will predict purchases is appropriate. WHSI has the data  
8 for the amount of electricity (in kWh) purchased from the IESO for use by WHSI's customers. With a  
9 regression analysis, these purchases can be related to other monthly explanatory variables such as heating  
10 degree days and cooling degree days which occur in the same month. The results of the regression analysis  
11 produce an equation that predicts the purchases based on the explanatory variables. This prediction model  
12 is then used as the basis to forecast the total level of weather normalized purchases for WHSI for the Bridge  
13 Year and the Test Year which is converted to bill kWh by rate class. A detailed explanation of the process is  
14 provided later in this evidence.

15 During proceedings related to the 2009 and 2010 cost of service applications for a number of other  
16 distributors, intervenors expressed concerns with the load forecasting process that was proposed at the  
17 time by those distributors. For the 2009 cost of service applications, intervenors suggested the regression  
18 analysis should be conducted on an individual rate class basis and the regression analysis would be based on  
19 monthly billed kWh by rate class. WHSI submits that conducting a regression analysis which relates the  
20 monthly billed kWh of a class to other monthly variables is problematic. The monthly billed amount does  
21 not reflect the amount consumed in the month. Rather, it reflects the amount billed. The amount billed is  
22 based on billing cycle meter reading schedules whose reading dates vary and typically are not at month end.  
23 The amount billed could include consumption from the prior month or even earlier. Using a regression  
24 analysis to relate rate class billing data to a variable such as heating degree days does not appear to be  
25 reasonable, since the resulting regression model would attempt to relate heating degree days in a month to  
26 the amount billed in the month, not the amount consumed. In WHSI's view, variables such as heating

1 degree days impact the amount consumed and not the amount billed. It is possible to estimate the amount  
2 consumed in a month based on the amount billed, but until smart meters are fully deployed this would only  
3 be an estimate. This would reduce the accuracy of a regression model that is based on monthly billing data.

4 In addition, WHSI understands that a number of 2010 costs of service applicants attempted to conduct the  
5 regression analysis on a rate class basis but were unsuccessful in achieving reasonable results that could be  
6 used in the load forecasting process. Conducting the regression analysis on purchases provides better  
7 results since a higher level of historical data increases the accuracy of the regression analysis.

8 WHSI understands that to a certain degree the process of developing a load forecast for a cost of service  
9 rate application is an evolving science for electricity distributors in the province. During the review of 2010  
10 cost of service applications, Board staff and intervenors expressed concern that the regression analysis  
11 assigned coefficients to some variable that were counter intuitive. For example, the customer variable  
12 would have a negative coefficient assigned to it which meant as the number of customers increased the  
13 energy forecast decreased. 2010 applicants explained that this was related to the recent Conservation and  
14 Demand Management (“CDM”) savings in the utility but in the view of Board staff and intervenors this was  
15 not a sufficient explanation. Further, the regression analysis indicated that some of the variables used in  
16 the load forecasting formula were not statistically significant and should not have been included in the  
17 equation. WHSI has attempted to address these concerns in the load forecast used in this Application.  
18 However, WHSI expects to include additional improvements to the load forecasting methodology in future  
19 cost of service rate applications by: i) taking into consideration data provided by smart meters; and ii)  
20 evaluating how others will conduct load forecasts in future cost of service rate applications. Based on the  
21 OEB’s approval of this methodology in a number of 2009 and 2010 applications, and based on the  
22 discussion that follows, WHSI submits that its load forecasting methodology is reasonable at this time for  
23 the purposes of this Application.

24 The following provides the material to support the weather normalized load forecast used by Woodstock  
25 Hydro in this Application.

Table 3-1: Summary of Load and Customer/Connection Forecast						
Year	Billed (kWh)	Growth (kWh)	Percent Change	Customer/Connection Count	Growth	Percent Change (%)
<b>Billed Energy (kWh) and Customer Count / Connections</b>						
2006 Board Approved	411,951,461			17,805		
2003 Actual	394,337,554			17,731		
2004 Actual	366,274,278	(28,063,276)	(7.1%)	17,830	99	0.6%
2005 Actual	384,983,852	18,709,574	5.1%	18,104	274	1.5%
2006 Actual	389,492,022	4,508,170	1.2%	18,338	234	1.3%
2007 Actual	387,699,428	(1,792,594)	(0.5%)	18,529	191	1.0%
2008 Actual	382,655,720	(5,043,708)	(1.3%)	18,768	239	1.3%
2009 Actual	349,610,288	(33,045,431)	(8.6%)	19,037	269	1.4%
<b>2010 Normalized Bridge</b>	<b>351,033,336</b>	<b>1,423,048</b>	<b>0.4%</b>	<b>19,336</b>	<b>299</b>	<b>1.6%</b>
<b>2011 Normalized Test</b>	<b>354,632,713</b>	<b>3,599,377</b>	<b>1.0%</b>	<b>19,660</b>	<b>324</b>	<b>1.7%</b>

Notes:

2003 to 2009 are weather actual, while 2010 and 2011 are weather normalized. WHSI does not have a process to adjust weather actual data to a weather normal basis. However, based on the process outlined in this Exhibit, a process to forecast energy on a weather normalized basis has been developed and used in this Application.

Total Customers and Connections are on a mid-year basis and streetlight, sentinel lights and unmetered loads are measured as connections.

Actual and forecasted billed amounts and numbers of customers are shown in Table 3-2 and customer usage is shown in Table 3-3, on a rate class basis.

Table 3-2: Billed Energy and Number of Customers / Connections by Rate Class								
Year		Residential	GS < 50	General Service 50 to 999 kW	General Service > 1000 kW	Streetlight	USL	Total
<b>Billed Energy (kWh)</b>								
2006 Board Approved		108,527,558	44,893,162	227,143,673	28,846,226	2,457,218	83,624	411,951,461
2003 Actual		104,796,045	45,251,939	135,803,796	104,971,748	2,579,189	934,836	394,337,554
2004 Actual		101,578,418	42,378,952	111,142,890	107,832,715	2,406,467	934,836	366,274,278
2005 Actual		109,737,296	44,490,414	121,863,236	105,532,694	2,415,902	944,310	384,983,852
2006 Actual		105,973,005	45,219,830	131,910,695	103,078,836	2,424,484	885,172	389,492,022
2007 Actual		106,141,619	45,127,668	127,538,524	105,707,261	2,402,246	782,110	387,699,428
2008 Actual		105,538,582	44,028,996	130,168,257	99,682,543	2,475,527	761,814	382,655,720
2009 Actual		103,575,920	41,432,045	121,151,520	80,267,759	2,512,078	670,966	349,610,288
<b>2010 Normalized Bridge</b>		<b>109,706,572</b>	<b>43,531,677</b>	<b>119,837,345</b>	<b>74,810,310</b>	<b>2,501,064</b>	<b>646,368</b>	<b>351,033,336</b>
<b>2011 Normalized Test</b>		<b>117,418,066</b>	<b>46,182,407</b>	<b>118,202,396</b>	<b>69,723,917</b>	<b>2,490,098</b>	<b>615,829</b>	<b>354,632,713</b>
<b>Number of Customers/Connections</b>								
2006 Board Approved		12,633	1,139	175	1	3,806	51	17,805
2003 Actual		12,450	1,240	165	6	3,718	152	17,731
2004 Actual		12,550	1,193	169	6	3,762	152	17,830
2005 Actual		12,726	1,191	172	6	3,858	153	18,104
2006 Actual		12,871	1,198	177	6	3,929	157	18,338
2007 Actual		12,980	1,209	184	6	3,999	152	18,529
2008 Actual		13,138	1,192	189	7	4,104	140	18,768
2009 Actual		13,335	1,171	192	7	4,197	137	19,037
<b>2010 Normalized Bridge</b>		<b>13,547</b>	<b>1,171</b>	<b>193</b>	<b>7</b>	<b>4,282</b>	<b>137</b>	<b>19,336</b>
<b>2011 Normalized Test</b>		<b>13,785</b>	<b>1,171</b>	<b>193</b>	<b>7</b>	<b>4,369</b>	<b>135</b>	<b>19,660</b>

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Table 3-3: Annual Usage per Customer/Connection by Rate Class						
Year	Residential	GS < 50	General Service 50 to 999 kW	General Service > 1000 kW	Streetlight	USL
<b>Energy Usage per Customer/Connection (kWh per customer/connection)</b>						
2006 Board Approved	8,591	39,415	1,297,964	28,846,226	646	1,640
2003 Actual	8,417	36,508	823,053	17,495,291	694	6,150
2004 Actual	8,094	35,538	659,602	17,972,119	640	6,171
2005 Actual	8,623	37,371	710,573	17,588,782	626	6,192
2006 Actual	8,233	37,746	745,258	17,179,806	617	5,656
2007 Actual	8,177	37,342	693,144	17,617,877	601	5,162
2008 Actual	8,033	36,937	690,548	15,335,776	603	5,461
2009 Actual	7,768	35,382	632,645	11,466,823	599	4,916
<b>2010 Normalized Bridge</b>	<b>8,098</b>	<b>37,191</b>	<b>620,919</b>	<b>10,687,187</b>	<b>584</b>	<b>4,735</b>
<b>2011 Normalized Test</b>	<b>8,518</b>	<b>39,438</b>	<b>612,448</b>	<b>9,960,560</b>	<b>570</b>	<b>4,562</b>
<b>Annual Growth Rate in Usage per Customer/Connection</b>						
2006 Board Approved v 2006 Actual	4.3%	4.4%	74.2%	67.9%	4.6%	(71.0%)
2003 Actual						
2004 Actual	(3.8%)	(2.7%)	(19.9%)	2.7%	(7.8%)	0.3%
2005 Actual	6.5%	5.2%	7.7%	(2.1%)	(2.1%)	0.4%
2006 Actual	(4.5%)	1.0%	4.9%	(2.3%)	(1.5%)	(8.7%)
2007 Actual	(0.7%)	(1.1%)	(7.0%)	2.5%	(2.6%)	(8.7%)
2008 Actual	(1.8%)	(1.1%)	(0.4%)	(13.0%)	0.4%	5.8%
2009 Actual	(3.3%)	(4.2%)	(8.4%)	(25.2%)	(0.8%)	(10.0%)
<b>2010 Normalized Bridge</b>	<b>4.3%</b>	<b>5.1%</b>	<b>(1.9%)</b>	<b>(6.8%)</b>	<b>(2.4%)</b>	<b>(3.7%)</b>
<b>2011 Normalized Test</b>	<b>5.2%</b>	<b>6.0%</b>	<b>(1.4%)</b>	<b>(6.8%)</b>	<b>(2.4%)</b>	<b>(3.7%)</b>

1    **LOAD FORECAST AND METHODOLOGY**

2    WHSI's weather normalized load forecast is developed in a three-step process. First, a total system weather  
3    normalized purchased energy forecast is developed based on a multifactor regression model that  
4    incorporates historical load, weather, calendar related events, economic activity and CDM savings. Second,  
5    the weather normalized purchased energy forecast is adjusted by a historical loss factor to produce a  
6    weather normalized billed energy forecast. Finally, the forecast of billed energy by rate class is developed  
7    based on a forecast of customer numbers and historical usage patterns per customer. For the rate classes  
8    that have weather sensitive load, their forecasted billed energy is adjusted to ensure that the total billed  
9    energy forecast by rate class is equivalent to the total weather normalized billed energy forecast that has  
10   been determined from the regression model. The forecast of customers by rate class is determined using a  
11   geometric mean analysis. For those rate classes that use kW for the distribution volumetric billing  
12   determinant, an adjustment factor is applied to class energy forecast based on the historical relationship  
13   between kW and kWh.

14   A detailed explanation of the load forecasting process follows.

15   **Purchased KWh Load Forecast**

16   An equation to predict total system purchased energy is developed using a multifactor regression model  
17   with the following independent variables: weather (heating and cooling degree days); calendar variables  
18   (days in month, seasonal); economic activity (Ontario's real GDP); and CDM savings. The regression model  
19   uses monthly kWh and monthly values of independent variables from January 2003 to December 2009 to  
20   determine the monthly regression coefficients. This provides 84 monthly data points - this represents a  
21   reasonable data set for use in a regression analysis. Based on the recent global activity surrounding climate  
22   change, historical weather data is showing that there is a warming of the global climate system. In this  
23   regard, WHSI submits that it is appropriate to review the impact of weather since 2003 on the energy usage  
24   and then determine the average weather conditions from January 2003 to December 2009 which would be  
25   applied in the forecasting process to determine a weather normalized forecast. However, in accordance  
26   with the OEB's Filing Requirements, WHSI has also provided a sensitivity analysis showing the impact on the

1 2011 forecast of purchases assuming weather normal conditions are based on a 10-year average and a 20-  
2 year trend of weather data.

3 The multifactor regression model has determined drivers of year-over-year changes in WHSI's load growth;  
4 these include weather, "calendar" factors, economic activity, and CDM savings. These factors are captured  
5 within the multifactor regression model.

6 Weather impacts on load are apparent in both the winter heating season, and in the summer cooling  
7 season. For that reason, both Heating Degree Days (i.e. a measure of coldness in winter) and Cooling Degree  
8 Days (i.e. a measure of summer heat) are modeled.

9 The second main factor determining energy use in the monthly model can be classified as "calendar  
10 factors". For example, the number of days in a particular month will impact energy use. The modeling of  
11 purchased energy uses number of days in the month and a "flag" variable to capture the typically lower  
12 usage in the spring and fall months.

13 In the case of WHSI, the remaining factors that impacts energy use are CDM savings and the Ontario Real  
14 Gross Domestic Product ("GDP") index. The actual results of the OPA CDM programs provided to  
15 Woodstock Hydro's customers since 2006 have been determined and included as a variable in the  
16 regression analysis. In addition, the Ontario Real GDP index has been included to provide a measurement  
17 of the economic activity in the province.

18 The following outlines the prediction model used by WHSI to predict weather normal purchases for 2010  
19 and 2011:

20 Woodstock Hydro's Monthly Predicted kWh Purchases

21 = Heating Degree Days \* 7006  
22 + Cooling Degree Days \* 44,346  
23 + Number of Days in the Month \* (814,988)  
24 + Spring Fall Flag \* (1,127,294)

1                   + CDM Savings \* (2)  
2                   + Ontario Real GDP Index \* 291,753  
3                   + Intercept of (30,859,526)

4 The monthly data used in the regression model and the resulting monthly prediction for the actual and  
5 forecasted years are provided in Appendix A.

6 The sources of data for the various data points are:

- 7           a) Environment Canada website for monthly heating degree day and cooling degree  
8           information. Weather data from the London CS Station was used.
- 9           b) The calendar provided information related to number of days in the month and the  
10           spring/fall flag.
- 11           c) The CDM savings reflect the actual results provided by the OPA to WHSI for OPA programs  
12           initiated by WHSI in 2006 and on.
- 13           d) The 2003 and 2008 Ontario Economic Outlooks from the Ontario Ministry of Finance  
14           provided the Ontario Real GDP index for 2003 to 2006. For 2007 and on, the Ontario Real  
15           GDP index from the 2010 Ontario Budget dated March 25, 2010 was used.

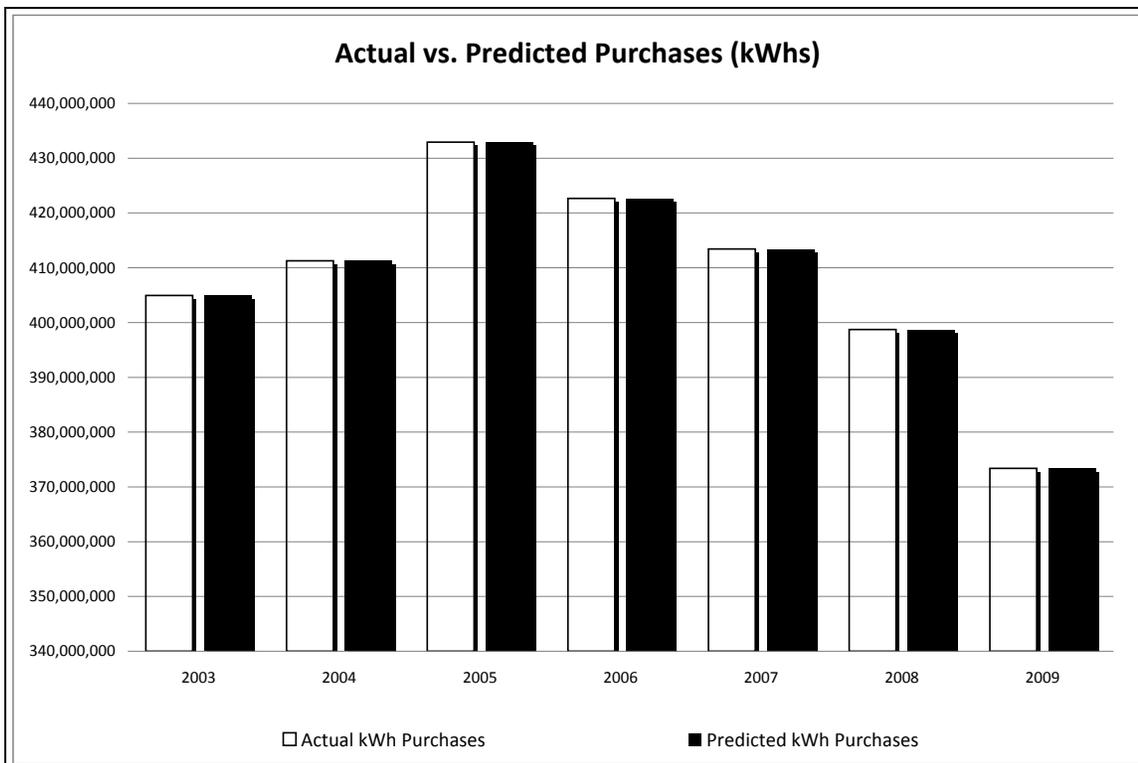
16 The prediction formula has the following statistical results:

17

Table 3-4: Statistical Results	
Statistic	Value
R Square	82.5%
Adjusted R Square	81.1%
F Test	60.5
T-stats by Coefficient	
Intercept	(4.3)
Heating Degree Days	11.4
Cooling Degree Days	8.7
Spring Fall Flag	(3.8)
Number of Days in Month	5.4
OPA CDM Activity	(10.8)
Ontario Real GDP Monthly %	7.1

1

2 WHSI is concerned with the R Square and Adjusted R Square results but attempts to improve this result by  
 3 adding additional variable or focusing the regression analysis on purchases from a smaller group of  
 4 customers did not improve the results. However when the annual results of the above prediction formula  
 5 compared to the actual annual purchases from 2003 to 2009 are reviewed, which are shown in the chart  
 6 below, the resulting prediction equation appears to be reasonable.



7

1 The following table outlines the data that supports the above chart. In addition, the predicted total system  
 2 purchases for WHSI are provided for 2010 and 2011. For 2010 and 2011 the system purchases reflect a  
 3 weather normalized forecast for the full year. In addition, values for 2011 are provided with a 10 year  
 4 average and a 20 year trend assumption for weather normalization.

5

<b>Table 3-5: Total System Purchases Excluding Large Use</b>				
<b>Year</b>		<b>Actual</b>	<b>Predicted</b>	<b>% Difference</b>
<b>Purchased Energy (kWh)</b>				
2003		403,548,778	404,956,278	0.35%
2004		412,043,051	411,268,205	(0.19%)
2005		433,900,601	432,938,896	(0.22%)
2006		421,379,829	422,658,967	0.30%
2007		410,557,201	413,444,079	0.70%
2008		407,267,186	398,738,797	(2.09%)
2009		368,699,493	373,390,916	1.27%
<b>2010 Normalized Bridge</b>			<b>366,162,873</b>	
<b>2011 Normalized Test</b>			<b>369,917,383</b>	
<b>2011 Weather Normal - 10 year average</b>			<b>370,592,268</b>	
<b>2011 Weather Normal - 20 year trend</b>			<b>371,086,470</b>	

6

7 The weather normalized amount for 2011 is determined by using 2011 dependent variables in the  
 8 prediction formula on a monthly basis together with the average monthly heating degree days and cooling  
 9 degree days that occurred from January 2003 to December 2009 (i.e. seven years). The 2011 weather  
 10 normalized 10 year average value represents the average heating degree days and cooling degree days that  
 11 occurred from January 2000 to December 2009. The 2011 weather normalized 20 year trend value reflects  
 12 the trend in monthly heating degree days and cooling degree days that occurred from January 1990 to  
 13 December 2009.

14 The weather normal seven year average has been used as the purchased forecast in this Application for the  
 15 purposes of determining a billed kWh load forecast which is used to design rates. The seven year average  
 16 has been used as this is consistent with the period of time over which the regression analysis was  
 17 conducted

18 With regard to the forecast of the CDM savings variable, WHSI has assumed for 2010 and 2011 that CDM  
 19 savings will be consistent with the expected results for 2009 of 423,250 kWh.

1 **Billed KWh Load Forecast**

2 To determine the total weather normalized energy billed forecast, the total system weather normalized  
 3 purchases forecast is adjusted by a historical loss factor. As outlined in Exhibit 8, Tab 5, Schedule 1, WHSI's  
 4 proposed loss factor is 4.31%. With this average loss factor the total weather normalized billed energy will  
 5 be 351.0 GWh for 2010 (i.e. 366.2/1.0431) and 354.6 GWh for 2011 (i.e. 369.9/1.0431).

6 **Billed KWh Load Forecast and Customer/Connection Forecast by Rate Class**

7 Since the total weather normalized billed energy amount is known, this amount needs to be distributed by  
 8 rate class for rate design purposes taking into consideration the customer/connection forecast and  
 9 expected usage per customer by rate class.

10 The next step in the forecasting process is to determine a customer/connection forecast. The  
 11 customer/connection forecast is based on reviewing historical customer/connection data that is available as  
 12 shown in the following table.

13

Table 3-6: Historical Customer/Connection Data								
Year	Residential	GS < 50	General Service 50 to 999 kW	General Service > 1000 kW	Streetlight	USL	TOTAL	
<b>Number of Customers/Connections</b>								
2003	12,450	1,240	165	6	3,718	152	17,731	
2004	12,550	1,193	169	6	3,762	152	17,830	
2005	12,726	1,191	172	6	3,858	153	18,104	
2006	12,871	1,198	177	6	3,929	157	18,338	
2007	12,980	1,209	184	6	3,999	152	18,529	
2008	13,138	1,192	189	7	4,104	140	18,768	
2009	13,335	1,171	192	7	4,197	137	19,037	

14 From the historical customer/connection data the growth rates in customers/ connections can be  
 15 evaluated. The growth rates are provided in the following table. The geometric mean growth rate in  
 16 number of customers is also provided. The geometric mean approach provides the average growth rate  
 17 from 2003 to 2009.

18

Table 3-7: Growth Rate in Customer/Connections

Year	Residential	GS < 50	General Service 50 to 999 kW	General Service > 1000 kW	Streetlight	USL
<b>Growth Rate in Customers/Connections</b>						
2003						
2004	0.8%	(3.8%)	2.1%	0.0%	1.2%	(0.3%)
2005	1.4%	(0.2%)	1.8%	0.0%	2.5%	0.7%
2006	1.1%	0.6%	3.2%	0.0%	1.9%	2.6%
2007	0.8%	0.9%	4.0%	0.0%	1.8%	(3.2%)
2008	1.2%	(1.4%)	2.4%	8.3%	2.6%	(7.9%)
2009	1.5%	(1.8%)	1.6%	7.7%	2.3%	(2.2%)
<b>Geometric Mean</b>	<b>1.2%</b>	<b>(0.9%)</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.0%</b>	<b>(1.8%)</b>

1

2 The resulting geometric mean was applied to the 2009 customer/connection numbers to determine the  
 3 forecast of customer/connections in 2010 and 2011. However, WHSI believes the forecast for residential  
 4 and GS<50 rate class customers using the geometric mean analysis is understated.

5 As of June 30, 2010, WHSI's residential customer count was 13,533 and forecasted to be 13,665 as at Dec  
 6 31, 2010. An average of the 2009 actual and 2010 forecast has been used for the residential rate class:  
 7  $(13,429 + 13,665)/2 = 13,547$ . WHSI is projecting 240 new residential customers in 2011 based on economic  
 8 evaluation data for active developments within the WHSI service territory. An average of the 2010 and 2011  
 9 forecast customers has been used for the residential rate class:  $(13,665 + 13,905)/2 = 13,785$ .

10 Further, as at June 30 2010, all general service class customer counts remain consistent with 2009 ending  
 11 counts, and have forecasted 0% (GS<50, GS>1000) or minimal growth (+1 GS>50-999 customer in 2010) in  
 12 the 2010 bridge and 2011 test year. WHSI Table 3-8 outlines the forecast of customers by rate class for 2010  
 13 and 2011 using both methodologies.

Table 3-8: Customer/Connection Forecast

Year	Residential	GS < 50	General Service 50 to 999 kW	General Service > 1000 kW	Streetlight	USL	TOTAL
<b>Forecast Number of Customers/Connections Based on Geometric Mean</b>							
2010	13,488	1,160	196	7	4,282	134	19,267
2011	13,643	1,149	201	7	4,369	132	19,501
<b>Forecast Number of Customers/Connections Based on Current and Projected Customer Growth</b>							
2010	13,547	1,171	193	7	4,282	137	19,336
2011	13,785	1,171	193	7	4,369	135	19,660

14

1 The next step in the process is to review the historical customer/connection usage and to reflect this usage  
 2 per customer in the forecast. The following table provides the average annual usage per customer by rate  
 3 class from 2003 to 2009.

4

Table 3-9: Historical Annual Usage per Customer							
Year		Residential	GS < 50	General Service 50 to 999 kW	*General Service > 1000 kW	Streetlight	USL
<b>Annual kWh Usage Per Customer/Connection</b>							
2003		8,417	36,508	823,053	17,495,291	694	6,150
2004		8,094	35,538	659,602	17,972,119	640	6,171
2005		8,623	37,371	710,573	17,588,782	626	6,192
2006		8,233	37,746	745,258	17,179,806	617	5,656
2007		8,177	37,342	693,144	17,617,877	601	5,162
2008		8,033	36,937	690,548	15,335,776	603	5,461
2009		7,768	35,382	632,645	11,466,823	599	4,916

5 As can be seen from the above table usage per customer/connection generally declines after 2005. WHSI  
 6 believes that this decline is partially due to the CDM programs initiated in 2005 and onward.

7 From the historical usage per customer/connection data the growth rate in usage per customer/connection  
 8 can be reviewed. That information is provided in the following table. The geometric mean growth rate has  
 9 also been shown.

10

Table 3-10: Growth Rate in Usage Per Customer/Connection							
Year		Residential	GS < 50	General Service 50 to 999 kW	*General Service > 1000 kW	Streetlight	USL
<b>Growth Rate in Customer/Connection</b>							
2003							
2004		(3.8%)	(2.7%)	(19.9%)	2.7%	(7.8%)	0.3%
2005		6.5%	5.2%	7.7%	(2.1%)	(2.1%)	0.4%
2006		(4.5%)	1.0%	4.9%	(2.3%)	(1.5%)	(8.7%)
2007		(0.7%)	(1.1%)	(7.0%)	2.5%	(2.6%)	(8.7%)
2008		(1.8%)	(1.1%)	(0.4%)	(13.0%)	0.4%	5.8%
2009		(3.3%)	(4.2%)	(8.4%)	(25.2%)	(0.8%)	(10.0%)
<b>Geometric Mean</b>		<b>(1.3%)</b>	<b>(0.5%)</b>	<b>(4.3%)</b>	<b>(6.8%)</b>	<b>(2.4%)</b>	<b>(3.7%)</b>

11 For the forecast of usage per customer/connection the historical geometric mean was applied to the 2009  
 12 usage and the resulting usage forecast is as follows:

Year	Residential	GS < 50	General Service 50 to 999 kW	*General Service > 1000 kW	Streetlight	USL
<b>Forecast Annual kWh Usage per Customers/Connection</b>						
2010	8,098	37,191	620,919	10,687,187	584	4,735
2011	8,518	39,438	612,448	9,960,560	570	4,562

1

2 With the preceding information the non-normalized weather billed energy forecast can be determined by  
 3 applying the forecast numbers of customers/connections from Table 3-8 by the forecast of annual usage per  
 4 customer/connection from Table 3-11. The resulting non-normalized weather billed energy forecast is  
 5 shown in the following table.

Year	Residential	GS < 50	General Service 50 to 999 kW	*General Service > 1000 kW	Streetlight	USL	Total
<b>NON-normalized Weather Billed Energy Forecast (kWh)</b>							
2010 (Not Normalized)	103,826,835	41,198,591	116,861,849	74,810,310	2,501,064	646,368	339,845,016.9
2011 (Not Normalized)	104,245,586	41,001,459	111,847,970	69,723,917	2,490,098	615,829	329,924,858.9

6

7 The non-normalized weather billed energy forecast has been determined but this needs to be adjusted in  
 8 order to be aligned with the total weather normalized billed energy forecast. As previously determined, the  
 9 total weather normalized billed energy forecast is 351.0 GWh for 2010 and 354.6 GWh for 2011.

10 The difference between the non-normalized and normalized forecast adjustments is 11.2 GWh in 2010 (i.e.  
 11 351.0 – 339.8) and 24.7 GWh in 2011 (i.e. 354.6 – 329.9). The difference is assumed to be associated with  
 12 moving the forecast from a non-normalized to a weather normal basis and this amount will be assigned to  
 13 those rate classes that are weather sensitive. Based on the weather normalization work completed by  
 14 Hydro One for WHSI for the cost allocation study, which has been used to support this Application, it was  
 15 determined that the weather sensitivity by rate classes is as follows:

Residential	GS < 50	General Service 50 to 999 kW	*General Service > 1000 kW	Streetlight	USL
<b>Weather Sensitivity</b>					
65%	65%	29%	0%	0%	0%

16

1 For the General Service 50 to 999 kW class the weather sensitivity amount of 29% was provided in the  
 2 weather normalization work completed by Hydro One. For the Residential and General Service < 50 kW  
 3 classes, it is has been previously assumed in 2009 and 2010 cost of service applications that these two  
 4 classes are 100% weather sensitive. Intervenors expressed concern with this assumption and have  
 5 suggested that 100% weather sensitivity is not appropriate. WHSI agrees with this position but also submits  
 6 that the weather sensitivity for the Residential and General Service < 50 kW classes should be higher than  
 7 the General Service 50 to 4,999 kW class. As a result, WHSI has assumed the weather sensitivity for the  
 8 Residential and General Service < 50 kW classes to be mid-way between 100% and 29%, or 65%.

9 The difference between the non-normalized and normalized forecast of 11.2 GWh in 2010 and 24.7 GWh in  
 10 2011 has been assigned on a *pro rata* basis to each rate class based on the above level of weather  
 11 sensitivity. The following table outlines how the weather sensitive rate classes have been adjusted to align  
 12 the non-normalized forecast with the normalized forecast.

Table 3-14: Alignment of Non-normal to Weather Normal Forecast							
Year	Residential	GS < 50	General Service 50 to 999 kW	*General Service > 1000 kW	Streetlight	USL	Total
<b>Non-normalized Weather Billed Energy Forecast (kWh)</b>							
2010 Non-Normalized Bridge	103,826,835	41,198,591	116,861,849	74,810,310	2,501,064	646,368	339,845,017
2011 Non-Normalized Test	104,245,586	41,001,459	111,847,970	69,723,917	2,490,098	615,829	329,924,859
<b>Adjustment for Weather (kWh)</b>							
2010	5,879,737	2,333,086	2,975,496	0	0	0	11,188,319
2011	13,172,481	5,180,948	6,354,426	0	0	0	24,707,854
<b>Weather Normalized Billed Energy Forecast (kWh)</b>							
2010 Normalized Test	109,706,572	43,531,677	119,837,345	74,810,310	2,501,064	646,368	351,033,336
2011 Normalized Test	117,418,066	46,182,407	118,202,396	69,723,917	2,490,098	615,829	354,632,713

13  
14  
15 **Billed KW Load Forecast**

16 There are three rate classes that charge volumetric distribution on per kW basis. These include General  
 17 Service 50 to 999 kW, General Service > 1000 kW and Street lighting. As a result, the energy forecast for  
 18 these classes needs to be converted to a kW basis for rate setting purposes. The forecast of kW for these

1 classes is based on a review of the historical ratio of kW to kWhs and applying the average ratio to the  
 2 forecasted kWh to produce the required kW.

3 The following table outlines the annual demand units by applicable rate class.

4

Year	General Service 50 to 999 kW	*General Service > 1000 kW	Streetlight	TOTAL
<b>Billed Annual kW</b>				
2003	438,621	217,941	7,039	663,601
2004	390,569	215,430	6,650	612,649
2005	422,382	215,614	6,689	644,686
2006	423,183	213,136	6,812	643,131
2007	395,817	215,405	6,914	618,137
2008	392,866	218,775	7,089	618,729
2009	368,221	203,857	7,224	579,301

5 The following table illustrates the historical ratio of kW/kWh as well as the average ratio for 2003 to 2009.

6

Year	General Service 50 to 999 kW	*General Service > 1000 kW	Streetlight
<b>Ratio of kW to kWh</b>			
2003	0.3230%	0.2076%	0.2729%
2004	0.3514%	0.1998%	0.2763%
2005	0.3466%	0.2043%	0.7084%
2006	0.3208%	0.2068%	0.2810%
2007	0.3104%	0.2038%	0.2878%
2008	0.3018%	0.2195%	0.2864%
2009	0.3039%	0.2540%	0.2876%
<b>Average 2003 to 2009</b>	<b>0.3226%</b>	<b>0.2137%</b>	<b>0.3429%</b>

7 The average ratio was applied to the weather normalized billed energy forecast in Table 3-14 to provide the  
 8 forecast of kW by rate class as shown below. The following Table 3-17 outlines the forecast of kW for the  
 9 applicable rate classes.

Year	General Service 50 to 999 kW	*General Service > 1000 kW	Streetlight	Total
<b>Predicted Billed kW</b>				
2009 Normalized Bridge	386,545	159,848	8,576	554,969
2010 Normalized Test	381,271	148,980	8,539	538,790

1

2 Table 3-18 provides a summary of the billing determinants by rate class that are used to develop the  
 3 proposed rates.

	2006 Board Approved	2006	2007	2008	2009	2010 Weather Normalized Bridge	2011 Weather Normalized Test
<b>ACTUAL AND PREDICTED KWH PURCHASES</b>							
Actual kWh Purchases		421,379,829	410,557,201	407,267,186	368,699,493		
Predicted kWh Purchases before CDM adjustment		422,658,967	413,444,079	398,738,797	373,390,916	366,162,873	369,917,383
% Difference of actual and predicted purchases		0.3%	0.7%	(2.1%)	1.3%		
<b>BILLING DETERMINANTS BY CLASS</b>							
<b>Residential</b>							
Customers	12,633	12,871	12,980	13,138	13,335	13,547	13,785
kWh	108,527,558	105,973,005	106,141,619	105,538,582	103,575,920	109,706,572	117,418,066
<b>GS &lt; 50</b>							
Customers	1,139	1,198	1,209	1,192	1,171	1,171	1,171
kWh	44,893,162	45,219,830	45,127,668	44,028,996	41,432,045	43,531,677	46,182,407
<b>General Service 50 to 999 kW</b>							
Customers	175	177	184	189	192	193	193
kWh	227,143,673	131,910,695	127,538,524	130,168,257	121,151,520	119,837,345	118,202,396
kW	551,895	423,183	395,817	392,866	368,221	386,545	381,271
<b>General Service &gt; 1000 kW</b>							
Customers	1	6	6	7	7	7	7
kWh	28,846,226	103,078,836	105,707,261	99,682,543	80,267,759	74,810,310	69,723,917
kW	70,401	213,136	215,405	218,775	203,857	159,848	148,980
<b>Streetlight</b>							
Customers	3,806	3,929	3,999	4,104	4,197	4,282	4,369
kWh	2,457,218	2,424,484	2,402,246	2,475,527	2,512,078	2,501,064	2,490,098
kW	6,637	6,812	6,914	7,089	7,224	8,576	8,539
<b>USL</b>							
Customers	51	157	152	140	137	137	135
kWh	83,624	885,172	782,110	761,814	670,966	646,368	615,829
<b>Total</b>							
Customer/Connections	17,805	18,338	18,529	18,768	19,037	19,336	19,660
kWh	411,951,461	389,492,022	387,699,428	382,655,720	349,610,288	351,033,336	354,632,713
kW from applicable classes	628,933	643,131	618,137	618,729	579,301	554,969	538,790

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Appendix A

	Purchased	Heating	Cooling	Spring Fall	Number of	OPA CDM Activity	Ontario Real	Customer	Predicted Purchases
		Degree Days	Degree Days	Flag	Days in		GDP Monthly %		
Jan-03	37,017,303	824	0	0	31	0	125.66	13,936	36,840,103
Feb-03	33,678,639	713	0	0	28	0	125.81	13,931	33,661,419
Mar-03	34,990,452	596	0	1	31	0	125.95	13,927	34,197,780
Apr-03	32,097,231	371	2	1	30	0	126.10	13,922	31,914,949
May-03	31,610,601	185	0	1	31	0	126.24	13,918	31,403,025
Jun-03	32,441,307	48	34	0	30	0	126.39	13,914	32,312,549
Jul-03	33,944,718	3	75	0	31	0	126.54	13,909	34,677,637
Aug-03	34,152,834	8	94	0	31	0	126.68	13,905	35,569,319
Sep-03	32,024,721	76	16	0	30	0	126.83	13,900	31,823,237
Oct-03	33,294,540	293	1	0	31	0	126.98	13,896	33,523,779
Nov-03	33,498,627	388	0	0	30	0	127.12	13,891	33,397,197
Dec-03	34,797,805	585	0	0	31	0	127.27	13,887	35,635,283
Jan-04	37,609,316	854	0	0	31	0	127.53	13,883	37,593,472
Feb-04	34,240,547	657	0	0	29	0	127.80	13,878	34,664,241
Mar-04	35,378,085	498	0	1	31	0	128.06	13,874	34,128,433
Apr-04	31,708,884	326	0	1	30	0	128.32	13,869	32,183,339
May-04	32,440,167	155	11	1	31	0	128.59	13,865	32,374,159
Jun-04	33,560,716	55	27	0	30	0	128.85	13,861	32,775,745
Jul-04	34,260,108	7	70	0	31	0	129.12	13,856	35,224,526
Aug-04	35,099,601	32	38	0	31	0	129.38	13,852	34,066,370
Sep-04	33,866,709	53	25	0	30	0	129.65	13,847	32,879,221
Oct-04	33,459,472	234	0	0	31	0	129.92	13,843	33,946,202
Nov-04	34,291,998	400	0	0	30	0	130.19	13,838	34,371,519
Dec-04	36,127,448	656	0	0	31	0	130.45	13,834	37,060,978
Jan-05	38,086,669	776	0	0	31	0	130.74	13,848	37,984,142
Feb-05	33,948,283	651	0	0	28	0	131.03	13,862	34,749,662
Mar-05	36,573,955	645	0	1	31	0	131.33	13,875	36,110,969
Apr-05	32,869,336	310	0	1	30	0	131.62	13,889	33,036,366
May-05	32,855,889	199	0	1	31	0	131.91	13,903	33,153,477
Jun-05	38,447,266	11	121	0	30	0	132.20	13,917	37,610,828
Jul-05	37,187,192	2	138	0	31	0	132.50	13,930	39,169,456
Aug-05	38,980,568	5	106	0	31	0	132.79	13,944	37,892,808
Sep-05	36,068,033	31	35	0	30	0	133.09	13,958	34,170,929
Oct-05	35,298,516	228	9	0	31	0	133.38	13,972	35,304,939
Nov-05	36,208,987	393	0	0	30	0	133.68	13,985	35,342,357
Dec-05	37,375,907	702	0	0	31	0	133.98	13,999	38,412,963
Jan-06	37,380,610	555	0	0	31	81,238	134.25	14,015	37,291,527
Feb-06	34,858,034	609	0	0	28	162,476	134.53	14,031	35,141,824
Mar-06	36,853,489	546	0	1	31	243,714	134.81	14,046	35,926,860
Apr-06	32,012,005	286	0	1	30	324,951	135.08	14,062	33,206,307
May-06	33,397,046	152	23	1	31	406,189	135.36	14,078	34,009,913
Jun-06	35,393,613	27	44	0	30	487,427	135.64	14,094	34,311,971
Jul-06	38,211,550	3	134	0	31	568,665	135.92	14,109	38,836,682
Aug-06	37,549,917	5	68	0	31	649,903	136.20	14,125	35,859,812
Sep-06	32,409,216	99	5	0	30	731,141	136.48	14,141	32,809,029
Oct-06	33,859,862	308	1	0	31	812,379	136.76	14,157	34,812,296
Nov-06	34,256,645	383	0	0	30	893,616	137.04	14,172	34,411,554
Dec-06	35,197,842	512	0	0	31	974,854	137.33	14,188	36,041,194
Jan-07	37,602,510	656	0	0	31	1,058,334	137.59	14,199	36,951,332
Feb-07	36,181,471	759	0	0	28	1,141,815	137.85	14,209	35,132,223
Mar-07	36,692,690	527	0	1	31	1,225,295	138.11	14,220	34,730,418
Apr-07	32,150,377	371	0	1	30	1,308,775	138.37	14,231	32,727,124
May-07	31,697,554	132	23	1	31	1,392,255	138.63	14,241	32,777,030
Jun-07	34,232,795	23	70	0	30	1,475,735	138.90	14,252	34,338,402
Jul-07	33,640,750	11	72	0	31	1,559,215	139.16	14,263	35,036,409
Aug-07	35,812,952	12	89	0	31	1,642,695	139.42	14,273	35,718,307
Sep-07	31,962,853	61	35	0	30	1,726,175	139.69	14,284	32,755,593
Oct-07	32,623,250	150	22	0	31	1,809,656	139.95	14,295	33,499,453
Nov-07	33,638,403	469	0	0	30	1,893,136	140.22	14,305	33,869,306
Dec-07	34,321,596	657	0	0	31	1,976,616	140.48	14,316	35,908,482

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	<u>Purchased</u>	<u>Heating Degree Days</u>	<u>Cooling Degree Days</u>	<u>Spring/Fall Flag</u>	<u>Number of Days in Month</u>	<u>OPA CDM Activity</u>	<u>Ontario Real GDP Monthly %</u>	<u>Customer</u>	<u>Predicted Purchases</u>
Jan-08	35,970,167	639	0	0	31	2,011,887	140.43	14,326	35,692,357
Feb-08	34,302,885	693	0	0	29	2,047,158	140.37	14,337	34,347,163
Mar-08	34,743,679	627	0	1	31	2,082,428	140.31	14,347	34,303,070
Apr-08	31,419,322	265	0	1	30	2,117,699	140.25	14,358	30,859,951
May-08	32,204,384	209	2	1	31	2,152,970	140.19	14,368	31,284,354
Jun-08	34,380,455	24	66	0	30	2,188,241	140.13	14,379	33,064,160
Jul-08	35,999,969	4	97	0	31	2,223,512	140.07	14,389	35,005,330
Aug-08	35,356,400	12	53	0	31	2,258,783	140.02	14,399	33,031,864
Sep-08	32,807,025	57	21	0	30	2,294,054	139.96	14,410	31,027,066
Oct-08	32,191,845	287	0	0	31	2,329,325	139.90	14,420	32,415,085
Nov-08	32,580,912	468	0	0	30	2,364,595	139.84	14,431	32,781,660
Dec-08	35,310,143	671	0	0	31	2,399,866	139.78	14,441	34,926,736
Jan-09	34,949,268	850	0	0	31	2,435,137	139.38	14,455	35,987,640
Feb-09	30,659,935	613	0	0	28	2,470,408	138.98	14,469	31,693,092
Mar-09	32,101,565	533	1	1	31	2,505,679	138.58	14,483	32,309,242
Apr-09	28,900,029	307	3	1	30	2,540,950	138.18	14,497	29,817,162
May-09	27,144,412	157	3	1	31	2,576,221	137.78	14,511	29,387,225
Jun-09	28,729,299	50	36	0	30	2,611,491	137.38	14,525	30,196,712
Jul-09	28,970,065	20	29	0	31	2,646,762	136.99	14,539	30,346,243
Aug-09	32,151,362	18	72	0	31	2,682,033	136.59	14,553	32,026,868
Sep-09	29,194,423	71	16	0	30	2,717,304	136.20	14,567	28,914,303
Oct-09	29,570,905	301	0	0	31	2,752,575	135.81	14,581	30,448,193
Nov-09	29,683,922	357	0	0	30	2,787,846	135.42	14,595	29,835,056
Dec-09	36,644,308	637	0	0	31	2,823,117	135.03	14,609	32,429,182
Jan-10		736	0	0	31	2,858,388	135.33	14,661	33,135,587
Feb-10		671	0	0	28	2,893,658	135.63	14,713	30,247,405
Mar-10		567	0	1	31	2,928,929	135.93	14,765	30,863,275
Apr-10		319	1	1	30	2,964,200	136.23	14,817	28,349,376
May-10		170	9	1	31	2,999,471	136.54	14,869	28,493,460
Jun-10		34	57	0	30	3,034,742	136.84	14,921	30,005,761
Jul-10		7	88	0	31	3,070,013	137.14	14,940	32,013,071
Aug-10		13	74	0	31	3,105,284	137.45	14,960	31,475,163
Sep-10		64	22	0	30	3,140,555	137.75	14,980	28,700,869
Oct-10		257	4	0	31	3,175,825	138.06	15,000	30,120,413
Nov-10		408	0	0	30	3,211,096	138.37	15,020	30,181,168
Dec-10		632	0	0	31	3,246,367	138.67	15,040	32,577,323
Jan-11		736	0	0	31	3,281,638	139.04	15,060	33,343,140
Feb-11		671	0	0	28	3,316,909	139.40	15,080	30,473,821
Mar-11		567	0	1	31	3,352,180	139.77	15,099	31,108,639
Apr-11		319	1	1	30	3,387,451	140.14	15,119	28,613,775
May-11		170	9	1	31	3,422,722	140.51	15,139	28,776,979
Jun-11		34	57	0	30	3,457,992	140.88	15,159	30,308,486
Jul-11		7	88	0	31	3,493,263	141.25	15,179	32,335,088
Aug-11		13	74	0	31	3,528,534	141.62	15,199	31,816,560
Sep-11		64	22	0	30	3,563,805	141.99	15,219	29,061,731
Oct-11		257	4	0	31	3,599,076	142.36	15,239	30,500,829
Nov-11		408	0	0	30	3,634,347	142.74	15,258	30,581,225
Dec-11		632	0	0	31	3,669,618	143.11	15,278	32,997,109

1 **OPERATING REVENUE VARIANCE ANALYSIS**

2 **THROUGHPUT REVENUE and OTHER OPERATING REVENUE**

3 **VARIANCE ANALYSIS ON THROUGHPUT REVENUE:**

4 A summary of historical and forecast operating revenues is presented in Exhibit 3, Tab 1, and  
5 Table 3-0. WHSI's distribution revenue has been calculated using its most recently approved  
6 rates. In particular, delivery rates are based on the EB-2009-0211 Decision and Order dated  
7 April 21, 2010 for 2010 information. Throughput revenue does not include commodity-related  
8 revenue.

9 A variance analysis for the other net operating revenue will be provided further in Tab 3  
10 Schedule 2 of this Exhibit.

11 **2006 Board Approved:**

12

13 WHSI's Total 2006 Board Approved operating revenue was forecast to be \$7,157,731.  
14 Throughput revenue of \$6,389,972 represented 89.3% of total operating revenue. Other net  
15 operating revenue accounts for the remaining \$ 767,759.

16

17 **2006 Actual:**

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19 WHSI's operating revenue in fiscal 2006 was \$7,038,518. Throughput revenue was \$6,087,066  
20 or 86.5% of total revenues. Other net operating revenue accounts for the remaining \$951,452.

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1 **Comparison 2006 Actual to 2006 Board Approved – Throughput Revenue:**

2  
 3 Table 3-19

Throughput Revenue	2006 Board		Variance from	
	Approved	2006 Actual	2006 Board	Variance
	\$	\$	\$	%
Residential	3,777,649	3,526,687	(250,962)	-6.6%
GS<50	853,586	804,753	(48,833)	-5.7%
GS>50	1,385,393	1,400,605	15,212	1.1%
Large User	301,514	269,184	(32,330)	-10.7%
Streetlight	63,639	61,596	(2,043)	-3.2%
Unmetered Scattered Load	8,191	24,241	16,050	195.9%
<b>Total Throughput Revenue</b>	<b>6,389,972</b>	<b>6,087,066</b>	<b>(302,906)</b>	<b>-4.7%</b>

4  
 5 Throughput revenue for 2006 was 4.7% or \$302,906 lower than the amounts approved in the  
 6 2006 EDR primarily due to lower kWh usage in the residential, general service <50, and large  
 7 use rate class. The reduction in the Large User rate class is attributable to conservation  
 8 initiatives that were undertaken in the year.

9 Upon review, it was found that the customer count was used to calculate the 2006 EDR  
 10 quantities for the Unmetered Scattered Load (USL) rate class, rather than the number of  
 11 connections, which resulted in a variance of 195.9% or \$16,050. As illustrated by the dollar  
 12 variance of 195.9% in Table 3-19 for 2006, the USL rates were a billed based on the number of  
 13 connections in accordance with the 2006 Approved Schedule of Rates for WHSI . In addition,  
 14 the average monthly kWh of 136.6 included in the 2006 EDR were understated compared to the  
 15 actual monthly amount of 471.3 kWh.

16 The timing difference between the 2006 Actual amounts which are based on the fiscal year of  
 17 January 1 to December 31, 2006, and the 2006 EDR amounts, which are based on the rate year  
 18 of May 1 2006 to April 30 ,2007 also contribute to the variance, since the 2006 rates did not  
 19 come into effect until May 2006.

1 Table 3-20 below compares the 2006 EDR Approved billing quantities to the 2006 Actual  
 2 quantities.

3 Table 3-20

Rate Class	Customers/Connections			kWh		kW		Volumetric Variance	
	2006 EDR	2006 Actual	Variance	2006 EDR	2006 Actual	2006 EDR	2006 Actual		
Residential	12,633	12,871	238	kWh	108,527,558	105,973,005		-2,554,553	
GS < 50	1,139	1,198	59	kWh	44,893,162	45,219,830		326,669	
GS>50	175	182	7	kW			551,895	572,115	20,220
LU	1	1	0	kW			70,401	64,204	-6,197
Streetlight	3,806	3,929	123	kW			6,637	6,812	175
USL	51	157	106	kWh	83,624	885,172			801,548
<b>Total</b>	<b>17,805</b>	<b>18,338</b>	<b>533</b>		<b>153,504,343</b>	<b>152,078,007</b>	<b>628,933</b>	<b>643,131</b>	
				Variance		-1,426,337		14,198	

4  
 5 **2007 Actual:**

6 WHSI's operating revenue in fiscal 2007 was \$7,491,168, as shown in Exhibit 3, Tab 1, Table 3-0.  
 7 Throughput revenue totaled \$6,409,964 or 85.6% of total revenues. Other net operating  
 8 revenue accounts for the remaining revenue of \$1,081,203.

9 **Comparison 2007 Actual to 2006 Actual – Throughput Revenue:**

10 Table 3-21

Throughput Revenue	2006 Actual \$	2007 Actual \$	Variance from	
			2006 Actual \$	Variance %
Residential	3,526,687	3,731,809	205,122	5.8%
GS<50	804,753	841,299	36,546	4.5%
GS>50	1,400,605	1,461,828	61,222	4.4%
Large User	269,184	274,149	4,965	1.8%
Streetlight	61,596	66,312	4,716	7.7%
Unmetered Scattered Load	24,241	34,568	10,327	42.6%
<b>Total Throughput Revenue</b>	<b>6,087,066</b>	<b>6,409,964</b>	<b>322,898</b>	<b>5.3%</b>

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1 The 2007 throughput revenue was \$322,898 or 5.3% higher than the 2006 actual revenue. The  
 2 increased usage from residential customers was offset by reductions in the general service rate  
 3 classes. Despite load reductions for the general service and USL rate classes, revenue  
 4 increased for all rate classes due to timing differences between the fiscal and rate year periods,  
 5 as January 1 2007 to April 30 2007 reflected the full impact of the 2006 EDR rate increase, and  
 6 IRM adjustments between May 1, 2007 and December 31, 2007.

7 Table 3-22 below compares the 2006 Actual billing quantities to the 2007 Actual quantities.

8 Table 3-22

Rate Class	Customers/Connections			kWh		kW		Volumetric Variance	
	2006 Actual	2007 Actual	Variance	2006 Actual	2007 Actual	2006 Actual	2007 Actual		
Residential	12,871	12,980	109	kWh	105,973,005	106,141,619		168,614	
GS < 50	1,198	1,209	11	kWh	45,219,830	45,127,668		-92,162	
GS>50	182	189	7	kW			572,115	552,227	-19,887
LU	1	1	0	kW			64,204	58,995	-5,209
Streetlight	3,929	3,999	70	kW			6,812	6,914	102
USL	157	152	-5	kWh	885,172	782,110			-103,062
<b>Total</b>	<b>18,338</b>	<b>18,529</b>	<b>192</b>		<b>152,078,007</b>	<b>152,051,397</b>	<b>643,131</b>	<b>618,137</b>	
				Variance		<b>-26,610</b>		<b>-24,994</b>	

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11 **2008 Actual:**

12 WHSI's operating revenue for 2008 was \$7,361,498, as shown in Exhibit 3, Tab 1, Table 3-0.  
 13 Throughput revenue was \$6,554,393 or 89.0% of total revenues. Net other operating revenue  
 14 accounts for the remaining revenue of \$807,105 .

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1 **Comparison 2008 Actual to 2007 Actual Throughput Revenue:**

2 Table 3-23

Throughput Revenue	2007 Actual \$	2008 Actual \$	Variance from 2007	
			Actual \$	Variance %
Residential	3,731,809	3,832,545	100,736	2.7%
GS<50	841,299	852,073	10,774	1.3%
GS>50	1,461,828	1,492,760	30,933	2.1%
Large User	274,149	278,313	4,165	1.5%
Streetlight	66,312	70,061	3,749	5.7%
Unmetered Scattered Load	34,568	28,641	(5,927)	-17.1%
<b>Total Throughput Revenue</b>	<b>6,409,964</b>	<b>6,554,393</b>	<b>144,429</b>	<b>2.3%</b>

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9 Throughput revenue in 2008 was 2.3% or \$144,429 higher than in 2007 due to a combination  
10 of relatively moderate residential customer growth and the 2008 IRM rate increase effective  
11 May 1, 2008. The reclassification of some General Service < 50 customers to the General  
12 Service >50 class explains part of the negative variance in the customer count. The remainder of  
13 the GS <50 class decline resulted from economic conditions as some business either closed or  
14 relocated outside of the WHSI service area.

15 Table 3-24 below compares the 2007 Actual billing quantities to the 2008 Actual quantities.

Rate Class	Customers/Connections			kWh		kW		Volumetric Variance	
	2007 Actual	2008 Actual	Variance	2007 Actual	2008 Actual	2007 Actual	2008 Actual		
Residential	12,980	13,138	158	kWh	106,141,619	105,538,582		-603,036	
GS < 50	1,209	1,192	-17	kWh	45,127,668	44,028,996		-1,098,672	
GS>50	189	194	5	kW			552,227	553,276	1,049
LU	1	1	0	kW			58,995	58,364	-631
Streetlight	3,999	4,104	105	kW			6,914	7,089	174
USL	152	140	-12	kWh	782,110	761,814			-20,296
<b>Total</b>	<b>18,529</b>	<b>18,768</b>	<b>239</b>		<b>152,051,397</b>	<b>150,329,392</b>	<b>618,137</b>	<b>618,729</b>	
				Variance		-1,722,005		592	

1 **2009 Actual:**

2 WHSI's operating revenue in fiscal 2009 was \$6,905,623, as shown in Exhibit 3, Tab 1, Table 3-0.  
 3 Throughput revenue totaled \$6,341,062 or 91.8% of total revenues. Other net operating  
 4 revenue accounts for the remaining revenue of \$564,561.

5 **Comparison of 2009 Actual to 2008 Actual Throughput Revenue :**

6 Table 3-25

Throughput Revenue	2008 Actual \$	2009 Actual \$	Variance from 2008	
			Actual \$	Variance %
Residential	3,832,545	3,851,591	19,046	0.5%
GS<50	852,073	807,274	(44,799)	-5.3%
GS>50	1,492,760	1,498,546	5,785	0.4%
Large User	278,313	86,920	(191,393)	-68.8%
Streetlight	70,061	70,645	584	0.8%
Unmetered Scattered Load	28,641	26,087	(2,554)	-8.9%
<b>Total Throughput Revenue</b>	<b>6,554,393</b>	<b>6,341,062</b>	<b>(213,331)</b>	<b>-3.3%</b>

12 Throughput revenue decreased by 3.3% or (\$213,331) in 2008 and is primarily due to the  
 13 reclassification of the Large Use customer to the General Service >50 rate class. Milder seasonal  
 14 conditions also contributed to the decreased volumetric revenue in all customer rate classes  
 15 which were offset by new residential customer additions. The decline in the number of general  
 16 service customers since 2008 continued into 2009 as businesses either closed or relocated  
 17 outside of the WHSI service area.

18 Table 3-26 below compares the 2008 Actual billing quantities to the 2009 Actual quantities.

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Table 3-26

Rate Class	Customers/Connections			kWh		kW		Volumetric Variance	
	2008 Actual	2009 Actual	Variance	2008 Actual	2009 Actual	2008 Actual	2009 Actual		
Residential	13,138	13,335	197	kWh	105,538,582	103,575,920		-1,962,662	
GS < 50	1,192	1,171	-21	kWh	44,028,996	41,432,045		-2,596,951	
GS > 50	194	198	4	kW			553,276	551,354	-1,923
LU	1	0.4	-1	kW			58,364	20,724	-37,640
Streetlight	4,104	4,197	93	kW			7,089	7,224	135
USL	140	137	-3	kWh	761,814	670,966			-90,847
<b>Total</b>	<b>18,768</b>	<b>19,037</b>	<b>269</b>		<b>150,329,392</b>	<b>145,678,931</b>	<b>618,729</b>	<b>579,301</b>	
					Variance	-4,650,460		-39,428	

2

3 **2010 Bridge Year:**

4 WHSI's operating revenue is forecast to be \$6,735,059 as shown in Exhibit 3, Tab 1, Table 3-0.  
 5 Throughput revenue totals \$6,286,949 or 93.3% of total revenues. Other net operating revenue  
 6 accounts for the remaining revenue of \$448,110 .

7 **Comparison 2010 Bridge to 2009 Actual Throughput Revenue:**

8

Table 3-27

9

10

11

Throughput Revenue			Variance from 2009	
	2009 Actual	2010 Bridge	Actual	Variance
	\$	\$	\$	%
Residential	3,851,591	3,888,885	37,294	1.0%
GS<50	807,274	836,726	29,452	3.6%
GS>50	1,498,546	1,460,908	(37,637)	-2.5%
Large User	86,920	0	(86,920)	-100.0%
Streetlight	70,645	74,651	4,006	5.7%
Unmetered Scattered Load	26,087	25,526	(561)	-2.1%
<b>Total Throughput Revenue</b>	<b>6,341,062</b>	<b>6,286,949</b>	<b>(54,113)</b>	<b>-0.9%</b>

12

13

14

15

16 Total throughput operating revenue is forecast to be 0.9% or \$ (\$54,113) lower than the 2009  
 17 amounts. This decrease is due to the fiscal year impact of the Large Use customer  
 18 reclassification and offset by the anticipated return to average seasonal conditions. In 2009,

1 the mild winter and cool summer produced comparatively lower kWh as indicated in Table 3-  
 2 28 below.

3 Table 3-28

Rate Class	Customers/Connections			kWh		kW		Volumetric Variance	
	2009 Actual	2010 Bridge	Variance	2009 Actual	2010 Bridge	2009 Actual	2010 Bridge		
Residential	13,335	13,547	213	kWh	103,575,920	109,706,572		6,130,652	
GS < 50	1,171	1,171	-1	kWh	41,432,045	43,531,677		2,099,632	
GS>50	198	200	2	kW			551,354	546,393	-4,961
LU	0.4	0	-0	kW			20,724	0	-20,724
Streetlight	4,197	4,282	86	kW			7,224	8,576	1,353
USL	137	137	0	kWh	670,966	646,368			-24,598
<b>Total</b>	<b>19,037</b>	<b>19,336</b>	<b>300</b>		<b>145,678,931</b>	<b>153,884,617</b>	<b>579,301</b>	<b>554,969</b>	
				Variance		8,205,686			-24,332

4  
 5 **2011 Test Year:**

6 WHSI's 2011 Test Year operating revenue is forecast to be \$8,715,753 as shown in Exhibit 3,  
 7 Tab 1, Table 3-0. Throughput revenue totals \$8,232,474 or 94.5% of total revenues. Other  
 8 operating revenue (net), accounts for the remaining revenue of \$483,279.

9 **Comparison of 2011 Test Year to 2010 Bridge Year Throughput Revenue:**

10 Table 3-29A

Throughput Revenue	2010 Bridge \$	2011 Test \$	Variance from 2010 Bridge \$	Variance %
Residential	3,888,885	5,064,475	1,175,590	30.2%
GS<50	836,726	1,105,305	268,579	32.1%
GS>50	1,460,908	0	(1,460,908)	
GS 50-999 kW	0	1,241,965	1,241,965	
GS>1000	0	604,191	604,191	
GS Demand Total variance	0	0	0	26.4%
Streetlight	74,651	190,675	116,024	155.4%
Unmetered Scattered Load	25,526	25,611	85	0.3%
<b>Total Throughput Revenue</b>	<b>6,286,949</b>	<b>8,232,474</b>	<b>1,945,525</b>	<b>27.1%</b>

1

2 Total throughput revenue is forecast to be \$ 1,945,525 or 27.1% higher than the 2010 Bridge  
 3 year. This variance is due to increased revenue required as determined through the Revenue  
 4 Deficiency of \$1,756,617. Exhibit 6 provides further details on the revenue deficiency for 2011  
 5 Test year. As a result of this rate application, WHSI expects to increase its rate base by \$9.7  
 6 million or 44.7% over the 2006 EDR rate base as explained in Exhibit 2.

7 Table 3-29B below compares the 2010 Bridge Year billing quantities to the 2011 Test Year billing  
 8 quantities.

9

Table 3-29B

Rate Class	Customers/Connections				kWh		kW		Volumetric Variance
	2010 Bridge	2011 Test	Variance		2010 Bridge	2011 Test	2010 Bridge	2011 Test	
Residential	13,547	13,785	238	kWh	109,706,572	117,418,066			7,711,494
GS < 50	1,171	1,171	1	kWh	43,531,677	46,182,407			2,650,730
GS>50	200	0	-200	kW			525,669	0	-525,669
GS>50-999	0	193	193	kW			0	381,271	381,271
GS>1000	0	7	7	kW			0	148,980	148,980
LU	0	0	0	kW				0	0
Streetlight	4,282	4,369	87	kW			8,576	8,539	-38
USL	137	135	-2	kWh	646,368	615,829			-30,539
<b>Total</b>	<b>19,336</b>	<b>19,660</b>	<b>324</b>		<b>153,884,617</b>	<b>164,216,303</b>	<b>534,245</b>	<b>538,790</b>	
					Variance	10,331,686		4,545	

10

11

12

1    **TRANSFORMER ALLOWANCE**

2  
3

4    WHSI currently provides a Transformer Ownership Allowance Credit    of \$0.60 per kW of  
5    demand per month for all customers who own their own transformer facilities.

6

7    WHSI is proposing to maintain the rate of \$0.60 per kW of demand per month for the 2011 Test

8    Year for eligible customers and is discussed further in Exhibit 8.

1 **OTHER OPERATING REVENUE**

2 **SUMMARY**

3 WHSI's service revenue requirement for the purposes of this application is \$ 8,715,753, and the  
4 base revenue requirement is \$8,232,474. The materiality threshold used to analyze Other  
5 Operating Revenue accounts in accordance with the Filing Requirements is \$50,000 for  
6 distributors with a distribution revenue requirement less than or equal to \$10 million. WHSI  
7 will, however, describe variances that are below the materiality threshold of \$25,000 in order  
8 to provide a meaningful analysis of the activity in the Other Operating Revenue accounts.

9 Table 3-30 below provides a summary of Other Operating Revenue for the 2006 Approved,  
10 2006 to 2009 Actual, 2010 Bridge, and 2011 Test Year Amounts. Total other operating revenues  
11 have been adjusted to remove amounts that are excluded in the distribution revenue offset in  
12 accordance with the Filing Requirements.

13  
14 These items as noted in Table 3-30 below are the net CDM revenue or expense including the  
15 OPA management performance incentive payments, the revenue or expense for non-utility  
16 generation projects, regulatory asset carrying charges, and 50% of the gain on disposition of  
17 assets. A \$500 true-up adjustment for 2010 reflects the difference in the revenue offset  
18 amount calculated by the Revenue Requirement model. The Revenue Requirement model had  
19 included 100% of the projected Gain on Disposition of Utility and Other Property in the  
20 revenue offset calculation. Since this variance is immaterial and in the favour of the rate  
21 payers, an adjustment to the revenue offset calculation for 2010 is not necessary.

22  
23 The Total Other Operating Revenue amount in Table 3-30 reconciles to the amounts shown in  
24 Table 3-0

25

1  
 2  
 3  
 4

Table 3-30

Summary of Other Operating Revenue

Account	Description	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
4235	Specific Service Charges	267,552	64,606	82,394	95,808	123,901	148,875	234,290
4225	Late Payment Charges	30,434	50,783	58,400	46,379	39,646	50,235	54,254
4080	SSS Admin Fees	34,046	35,093	36,097	38,313	38,384	37,382	38,565
4080	Distribution Wheeling Service Revenue	9,764						
4082	Retail Services Revenues	25,241	28,483	27,344	23,482	25,337	25,400	25,400
4084	STR Revenues	141	1,278	1,931	640	854	1,000	1,000
4210	Rent from Electric Property	7,198	270,821	263,482	280,390	179,975	40,885	40,885
4220	Other Electric Revenues	283,616	291,188	388,914	0	0	0	0
4355	Gain on Disposition of Utility & Other Property	12,068	35,621	15,300	40	3,520	1,000	1,000
4375	Revenues from Non-Utility Operations		0	142,733	878,548	952,865	793,005	829,344
4380	Expenses of Non-Utility Operations		0	(143,882)	(733,267)	(856,351)	(717,978)	(770,512)
4385	Non-Utility Rental Income	0	0	0	0	0	0	0
4390	Miscellaneous Non-Operating Income	10,826	8,932	13,145	11,928	29,469	25,350	15,350
4405	Interest and Dividend Income	86,872	164,649	195,346	164,845	26,962	42,956	45,700
	Specific Service Charges	267,552	64,606	82,394	95,808	123,901	148,875	234,290
	Late Payment Charges	30,434	50,783	58,400	46,379	39,646	50,235	54,254
	Other Distribution Revenues	360,006	626,862	717,768	342,824	244,549	104,667	105,850
	Other Income and Expenses	109,766	209,202	222,642	322,094	156,465	144,333	120,882
	<b>Total Other Operating Revenue</b>	<b>767,759</b>	<b>951,452</b>	<b>1,081,203</b>	<b>807,105</b>	<b>564,561</b>	<b>448,110</b>	<b>515,276</b>
	Adjustments to Determine Net Revenue Offset:							
	Less: CDM Revenue	0	0	(131,653)	(466,824)	(534,613)	(361,077)	(376,707)
	Less: CDM Expense	0	0	143,882	368,256	487,655	330,775	346,707
	Less: Revenue from Non-Utility Generation	0	0	0	0	0	0	(8,756)
	Less: Expense from Non-Utility Generation	0	0	0	0	0	17,444	25,959
	Less: Regulatory Asset Carrying Charges	0	(31,873)	(19,288)	(18,282)	(8,137)	(13,542)	(18,700)
	Less: 50% of Gain on Disposition		(17,810)	(7,650)	(20)	(1,760)	(500)	(500)
	Less: Reconciliation to Revenue Requirement Model						500	
	<b>Net Revenue Offset For Distribution Rates</b>	<b>767,759</b>	<b>901,769</b>	<b>1,066,494</b>	<b>690,235</b>	<b>507,706</b>	<b>421,710</b>	<b>483,279</b>
	Annual Variance		134,010	164,725	(376,259)	(182,529)	(85,996)	61,569
	Annual Variance %		17.5%	18.3%	-35.3%	-26.4%	-16.9%	14.6%

5

1 **VARIANCE ANALYSIS ON OTHER OPERATING REVENUE**

2 **2006 Board Approved Comparison to 2006 Actual – Other Operating Revenue:**

3 Table 3-31 below summarizes the variance by account description followed by a discussion on  
 4 those variances over \$25,000.

5 Table 3-31

Account	Description	2006 Board Approved	2006 Actual	\$ Variance	% Variance
4235	Specific Service Charges	267,552	64,606	(202,946)	-75.9%
4225	Late Payment Charges	30,434	50,783	20,348	66.9%
4080	SSS Admin Fees	34,046	35,093	1,047	3.1%
4080	Distribution Wheeling Service Revenue	9,764		(9,764)	-100.0%
4082	Retail Services Revenues	25,241	28,483	3,242	12.8%
4084	STR Revenues	141	1,278	1,137	806.2%
4210	Rent from Electric Property	7,198	270,821	263,623	3662.5%
4220	Other Electric Revenues	283,616	291,188	7,571	2.7%
4355	Gain on Disposition of Utility & Other Property	12,068	35,621	23,553	195.2%
4375	Revenues from Non-Utility Operations		0	0	0.0%
4380	Expenses of Non-Utility Operations		0	0	0.0%
4390	Miscellaneous Non-Operating Income	10,826	8,932	(1,894)	-17.5%
4405	Interest and Dividend Income	86,872	164,649	77,777	89.5%
	Specific Service Charges	267,552	64,606	(202,946)	-75.9%
	Late Payment Charges	30,434	50,783	20,348	66.9%
	Other Distribution Revenues	360,006	626,862	266,856	74.1%
	Other Income and Expenses	109,766	209,202	99,436	90.6%
	<b>Total Other Operating Revenue</b>	<b>767,759</b>	<b>951,452</b>	<b>183,693</b>	<b>23.9%</b>
	Adjustments to Determine Net Revenue Offset:				
	Less: Regulatory Asset Carrying Charges	0	(31,873)	(31,873)	
	Less: 50% of Gain on Disposition		(17,810)	(17,810)	
	<b>Net Revenue Offset For Distribution Rates</b>	<b>767,759</b>	<b>901,769</b>	<b>134,010</b>	<b>17.5%</b>

6

7

8

1 After adjusting for regulatory asset carrying charges and 50% of the gain on disposition, WHSI's  
2 2006 other operating revenue offset of \$901,769 was 17.5% or \$134,010 greater than the  
3 Board Approved amount of \$767,759.

#### 4 Specific Service Charges

5 The 2006 Board Approved Specific Service Charges for \$267,552 included \$205,830 for revenue  
6 from prepaid meter monthly service charges and reflected in account 4220. In 2006, this  
7 revenue had been recognized in account 4210 as Rent from Electric Property and totaled  
8 \$233,372. The 2006 actual prepaid meter service charge revenue was \$27,542 higher than the  
9 2006 Board Approved amount of \$205,830 due to an increase in the number of customers  
10 opting to use a prepaid meter. After this adjustment, the remaining variance between the 2006  
11 Board Approved Specific Service Charges and 2006 actual is a minor increase of \$2,884.

#### 12 Other Distribution Revenues

13 The 2006 approved Distribution Wheeling Service Revenue for \$9,764 was for recovery of one-  
14 time wheeling charges for 2003 to Hydro One Networks. This amount was included in the 2006  
15 EDR model as a revenue offset to the revenue requirement to appropriately calculate the 2006  
16 base revenue requirement. The 2006 Decision and Order (RP-2005-0020, EB-2005-0436) had  
17 allowed for a total one-time recovery of \$15,425, which consisting of \$5,661 for the original  
18 accrual, plus the adjusted accrual of \$9,764. Total accrual amount was included in account  
19 2425, Other Deferred Credits, and account 4080, Distribution revenue, and cleared when billed  
20 to Hydro One Networks in September 2006. As a result the approved incremental revenue  
21 offset amount of \$9,764 was not recognized in account 4080 Distribution Revenue.

22 Rent from Electric Property increased \$263,623 over the 2006 Board Approved amounts due to  
23 the allocation prepaid service charge revenue as noted above for \$233,372 and for increased  
24 pole attachment fee revenue of \$30,251.

1 Other Income and Expenses

2 Interest and dividend income of 164,649 was 89.5% or \$ 77,777 higher than the 2006 Board  
 3 due to higher than expected interest earned on bank accounts and investments.

5 **2007 Actual Comparison to 2006 Actual – Other Operating Revenue:**

6 Table 3-32 below summarizes the variance by account description followed by a discussion on  
 7 those variances over \$25,000.

8 Table 3-32

Account	Description	2006 Actual	2007 Actual	\$ Variance	% Variance
4235	Specific Service Charges	64,606	82,394	17,788	27.5%
4225	Late Payment Charges	50,783	58,400	7,618	15.0%
4080	SSS Admin Fees	35,093	36,097	1,004	2.9%
4080	Distribution Wheeling Service Revenue			0	0.0%
4082	Retail Services Revenues	28,483	27,344	(1,139)	-4.0%
4084	STR Revenues	1,278	1,931	653	51.1%
4210	Rent from Electric Property	270,821	263,482	(7,339)	-2.7%
4220	Other Electric Revenues	291,188	388,914	97,727	33.6%
4355	Gain on Disposition of Utility & Other Property	35,621	15,300	(20,321)	-57.0%
4375	Revenues from Non-Utility Operations	0	142,733	142,733	
4380	Expenses of Non-Utility Operations	0	(143,882)	(143,882)	
4390	Miscellaneous Non-Operating Income	8,932	13,145	4,213	47.2%
4405	Interest and Dividend Income	164,649	195,346	30,697	18.6%
	Specific Service Charges	64,606	82,394	17,788	27.5%
	Late Payment Charges	50,783	58,400	7,618	15.0%
	Other Distribution Revenues	626,862	717,768	90,906	14.5%
	Other Income and Expenses	209,202	222,642	13,440	6.4%
	<b>Total Other Operating Revenue</b>	<b>951,452</b>	<b>1,081,203</b>	<b>129,751</b>	<b>13.6%</b>
	Adjustments to Determine Net Revenue Offset:				
	Less: CDM Revenue	0	(131,653)	(131,653)	
	Less: CDM Expense	0	143,882	143,882	
	Less: Regulatory Asset Carrying Charges	(31,873)	(19,288)	12,585	-39.5%
	Less: 50% of Gain on Disposition	(17,810)	(7,650)	10,160	-57.0%
	<b>Net Revenue Offset For Distribution Rates</b>	<b>901,769</b>	<b>1,066,494</b>	<b>164,725</b>	<b>18.3%</b>

1 After adjusting for CDM revenue and expense, regulatory asset carrying charges, and 50% of  
2 the gain on disposition, WHSI's 2007 other operating revenue offset of \$1,066,494 was 18.3%  
3 or \$164,725 greater than the 2006 revenue offset amount of \$901,769.

4 Other Distribution Revenues

5 Other Electric Revenues increased 33.6% or \$97,727 primarily due to an increase in the  
6 water/sewer billing and collecting service fee charged to the County of Oxford. Fees were  
7 adjusted in 2007 to reflect increases in the cost to provide this service.

8 Other Income and Expenses

9 In 2007 WHSI recognized revenue and expenses resulting from Conservation and Demand  
10 Management activities in account 4375 and 4380. The net expenses of \$1,149 for these  
11 accounts include a return of \$11,079 for the provision of streetlight maintenance services to  
12 the City of Woodstock, less a net expense of \$12,228 for CDM activities.

13 Gross Interest and Dividend income for 2007 was \$30,697 higher than 2006 actual amounts,  
14 however after adjustments for Regulatory Asset Carrying Charges, the variance for revenue  
15 offset purposes was \$43,282 and was attributable an increase in bank account interest revenue.

16

17 **2008 Actual Comparison to 2007 Actual – Other Operating Revenue**

18 Table 3-33 below summarizes the variance by account description followed by a discussion on  
19 those variances over \$25,000.

20

21

1

Table 3-33

Account	Description	2007 Actual	2008 Actual	\$ Variance	% Variance
4235	Specific Service Charges	82,394	95,808	13,414	16.3%
4225	Late Payment Charges	58,400	46,379	(12,021)	-20.6%
4080	SSS Admin Fees	36,097	38,313	2,215	6.1%
4082	Retail Services Revenues	27,344	23,482	(3,862)	-14.1%
4084	STR Revenues	1,931	640	(1,291)	-66.9%
4210	Rent from Electric Property	263,482	280,390	16,908	6.4%
4220	Other Electric Revenues	388,914	0	(388,914)	-100.0%
4355	Gain on Disposition of Utility & Other Property	15,300	40	(15,260)	-99.7%
4375	Revenues from Non-Utility Operations	142,733	878,548	735,815	515.5%
4380	Expenses of Non-Utility Operations	(143,882)	(733,267)	(589,386)	409.6%
4390	Miscellaneous Non-Operating Income	13,145	11,928	(1,217)	-9.3%
4405	Interest and Dividend Income	195,346	164,845	(30,501)	-15.6%
	Specific Service Charges	82,394	95,808	13,414	16.3%
	Late Payment Charges	58,400	46,379	(12,021)	-20.6%
	Other Distribution Revenues	717,768	342,824	(374,944)	-52.2%
	Other Income and Expenses	222,642	322,094	99,452	44.7%
	<b>Total Other Operating Revenue</b>	<b>1,081,203</b>	<b>807,105</b>	<b>(274,098)</b>	<b>-25.4%</b>
	Adjustments to Determine Net Revenue Offset:				
	Less: CDM Revenue	(131,653)	(466,824)	(335,170)	254.6%
	Less: CDM Expense	143,882	368,256	224,374	155.9%
	Less: Regulatory Asset Carrying Charges	(19,288)	(18,282)	1,006	-5.2%
	Less: 50% of Gain on Disposition	(7,650)	(20)	7,630	-99.7%
	<b>Net Revenue Offset For Distribution Rates</b>	<b>1,066,494</b>	<b>690,235</b>	<b>(376,259)</b>	<b>-35.3%</b>

2

3 After adjusting for CDM revenue and expense, regulatory asset carrying charges, and 50% of  
 4 the gain on disposition, WHSI's 2008 other operating revenue offset of \$690,235 was -35.3% or  
 5 \$376,259 lower than the 2007 revenue offset amount of 1,066,494.

6 Other Distribution Revenues

7 Prior to 2008, billing, collecting, customer service, and administration expense attributable to  
 8 provide this water/sewer billing and collecting services were included in the OM&A accounts,

1 with the offsetting revenue being recognized in account 4220 Other Electric Revenues.  
 2 According to the OEB's Accounting Procedures Handbook, Revenues and expenses arising from  
 3 the provision of these services met the definition of a Non-Utility service, and in 2008 WHSI  
 4 amended its accounting procedure to recognize these amounts in accounts 4375 Revenues  
 5 from Non-Utility Operations, and 4380, Expenses of Non Utility Operations. Exhibit 4 provides  
 6 further details on the cost analysis and methodology used for these allocations. This change in  
 7 accounting procedures resulted in a variance of (\$388,914) or 100% in Other Electric Revenues  
 8 between 2007 and 2008.

9 Other Income and Expenses

10 Conversely, 2008 Revenues from Non-Utility Operations increased by \$735,815, or 515.5% over  
 11 the 2007 amount of \$142,733, and 2008 Expenses from Non-Utility Operations increased  
 12 \$589,386 or 409.6% over 2007 amounts. A reconciliation of the net revenue offset variance is  
 13 as follows:

14 Table 3-34

	2007 Actual	2008 Actual	Variance
Revenues from Non-Utility Operations	142,733	878,548	735,815
Less: CDM Revenue	(131,653)	(466,824)	(335,170)
<b>Account 4375 Revenue Offset - Variance</b>	<b>11,079</b>	<b>411,724</b>	<b>400,644</b>
Expenses of Non-Utility Operations	(143,882)	(733,267)	(589,386)
Less: CDM Expense	143,882	368,256	224,374
<b>Account 4380 Expense Offset - Variance</b>	<b>0</b>	<b>(365,011)</b>	<b>(365,011)</b>
<b>Net Revenue Offset Variance</b>	<b>11,079</b>	<b>46,712</b>	<b>35,633</b>
Due to:			
Water/Sewer Billing Fees			401,112
Less: Water/Sewer Billing Expense			(365,011)
Net Revenue			36,100
Other variance			(467)
<b>Net Revenue Offset Variance</b>			<b>35,633</b>

21

1 Gross Interest and Dividend income for 2008 was \$30,501 lower than 2007 actual amounts, and  
 2 after a minor adjustment for Regulatory Asset Carrying Charges, the variance for revenue offset  
 3 purposes was a reduction of \$29,495 over the previous year. This was attributable to declining  
 4 interest rates and resulting lower bank account interest revenue.

5 **2009 Actual Comparison to 2008 Actual – Other Operating Revenue:**

6 Table 3-35 below summarizes the variance by account description followed by a discussion on  
 7 those variances over \$25,000.

8 Table 3-35

Account	Description	2008 Actual	2009 Actual	\$ Variance	% Variance
4235	Specific Service Charges	95,808	123,901	28,093	29.3%
4225	Late Payment Charges	46,379	39,646	(6,734)	-14.5%
4080	SSS Admin Fees	38,313	38,384	71	0.2%
4082	Retail Services Revenues	23,482	25,337	1,854	7.9%
4084	STR Revenues	640	854	215	33.6%
4210	Rent from Electric Property	280,390	179,975	(100,415)	-35.8%
4220	Other Electric Revenues	0	0	0	0.0%
4355	Gain on Disposition of Utility & Other Property	40	3,520	3,480	8700.0%
4375	Revenues from Non-Utility Operations	878,548	952,865	74,317	8.5%
4380	Expenses of Non-Utility Operations	(733,267)	(856,351)	(123,083)	16.8%
4390	Miscellaneous Non-Operating Income	11,928	29,469	17,541	147.1%
4405	Interest and Dividend Income	164,845	26,962	(137,884)	-83.6%
	Specific Service Charges	95,808	123,901	28,093	29.3%
	Late Payment Charges	46,379	39,646	(6,734)	-14.5%
	Other Distribution Revenues	342,824	244,549	(98,275)	-28.7%
	Other Income and Expenses	322,094	156,465	(165,629)	-51.4%
	<b>Total Other Operating Revenue</b>	<b>807,105</b>	<b>564,561</b>	<b>(242,544)</b>	<b>-30.1%</b>
	Adjustments to Determine Net Revenue Offset:				
	Less: CDM Revenue	(466,824)	(534,613)	(67,790)	14.5%
	Less: CDM Expense	368,256	487,655	119,399	32.4%
	Less: Regulatory Asset Carrying Charges	(18,282)	(8,137)	10,145	-55.5%
	Less: 50% of Gain on Disposition	(20)	(1,760)	(1,740)	8700.0%
	<b>Net Revenue Offset For Distribution Rates</b>	<b>690,235</b>	<b>507,706</b>	<b>(182,529)</b>	<b>-26.4%</b>

9

1 After adjusting for CDM revenue and expense, regulatory asset carrying charges, and 50% of  
 2 the gain on disposition, WHSI's 2009 other operating revenue offset of \$507,706 was -26.4% or  
 3 (\$182,529) lower than the 2008 revenue offset amount of \$690,235.

4 Specific Service Charges

5 Specific Service Charge revenue for the delivery of collection notices and account setup fees  
 6 increased in 2009 by \$28,093 or 29.3% in response to a combination of general economic  
 7 conditions and increased demand for final bills in conjunction with the conversion of prepaid  
 8 meters to regular smart meters.

9 Other Distribution Revenues

10 The decrease in Rent from Electric Property of (\$100,415) was due to the phasing out of the  
 11 prepaid meter service charge throughout the year as prepaid meters were removed and smart  
 12 meters were installed.

13 Other Income and Expenses

14 A reconciliation of the net revenue offset variance for Revenues and Expenses from Non-Utility  
 15 Operation results in an immaterial year-over-year net difference.

16 Table 3-36

	2008 Actual	2009 Actual	Variance
Revenues from Non-Utility Operations	878,548	952,865	74,317
Less: CDM Revenue	(466,824)	(534,613)	(67,790)
<b>Account 4375 Revenue Offset - Variance</b>	<b>411,724</b>	<b>418,251</b>	<b>6,528</b>
Expenses of Non-Utility Operations	(733,267)	(856,351)	(123,083)
Less: CDM Expense	368,256	487,655	119,399
<b>Account 4380 Expense Offset - Variance</b>	<b>(365,011)</b>	<b>(368,696)</b>	<b>(3,684)</b>
<b>Net Revenue Offset Variance</b>	<b>46,712</b>	<b>49,556</b>	<b>2,843</b>

1 Gross Interest and Dividend income for 2009 was (\$137,884) or 83.6% lower than 2008  
2 amounts and after an adjustment of + \$10,145 for Regulatory Asset Carrying Charges, the  
3 revenue offset variance amounted to (\$127,739). Declining bank account interest rates, 2009  
4 expenditures of \$ 1.6 million for smart meter installations, the reduced cash inflow due to the  
5 elimination of prepaid hydro purchases and conversion of 25% of WHSI residential customers  
6 from prepaid to accounts receivable status significantly reduced 2009 WHSI's cash balance in  
7 2009 by 50% and subsequent bank account interest revenue earned on those funds.

8 **2010 Bridge Year Comparison to 2009 Actual – Other Operating Revenue:**

9 Table 3-37 below summarizes the variance by account description followed by a discussion on  
10 those variances over \$25,000.

11 Table 3-37

Account	Description	2009 Actual	2010 Bridge	\$ Variance	% Variance
4235	Specific Service Charges	123,901	148,875	24,974	20.2%
4225	Late Payment Charges	39,646	50,235	10,589	26.7%
4080	SSS Admin Fees	38,384	37,382	(1,002)	-2.6%
4082	Retail Services Revenues	25,337	25,400	63	0.3%
4084	STR Revenues	854	1,000	146	17.1%
4210	Rent from Electric Property	179,975	40,885	(139,090)	-77.3%
4355	Gain on Disposition of Utility & Other Property	3,520	1,000	(2,520)	-71.6%
4375	Revenues from Non-Utility Operations	952,865	793,005	(159,860)	-16.8%
4380	Expenses of Non-Utility Operations	(856,351)	(717,978)	138,373	-16.2%
4390	Miscellaneous Non-Operating Income	29,469	25,350	(4,119)	-14.0%
4405	Interest and Dividend Income	26,962	42,956	15,994	59.3%
	Specific Service Charges	123,901	148,875	24,974	20.2%
	Late Payment Charges	39,646	50,235	10,589	26.7%
	Other Distribution Revenues	244,549	104,667	(139,883)	-57.2%
	Other Income and Expenses	156,465	144,333	(12,132)	-7.8%
	<b>Total Other Operating Revenue</b>	<b>564,561</b>	<b>448,110</b>	<b>(116,452)</b>	<b>-20.6%</b>
	Adjustments to Determine Net Revenue Offset:				
	Less: CDM Revenue	(534,613)	(361,077)	173,536	-32.5%
	Less: CDM Expense	487,655	330,775	(156,880)	-32.2%
	Less: Revenue from Non-Utility Generation	0	0	0	
	Less: Expense from Non-Utility Generation	0	17,444	17,444	
	Less: Regulatory Asset Carrying Charges	(8,137)	(13,542)	(5,405)	66.4%
	Less: 50% of Gain on Disposition	(1,760)	(500)	1,260	-71.6%
	Less: Reconciliation to Revenue Requirement Model		500		
	<b>Net Revenue Offset For Distribution Rates</b>	<b>507,706</b>	<b>421,710</b>	<b>(85,996)</b>	<b>-16.9%</b>

1 After adjusting for CDM and Non-Utility Generation revenue and expense, regulatory asset  
 2 carrying charges, and 50% of the gain on disposition, WHSI's 2010 other operating revenue  
 3 offset of \$421,710 is expected to be -16.9% or (\$85,996 lower than the 2009 revenue offset  
 4 amount of \$507,706.

5 Specific Service Charges

6 Specific Service Charge revenue for the delivery of collection notices and account setup fees are  
 7 expected to increase in 2010 by \$24,974 or 20.2% in response to a combination of general  
 8 economic conditions and increased demand for final bills resulting from the 2009 conversion of  
 9 prepaid meters to regular smart meters.

10 Other Distribution Revenues

11 The decrease in Rent from Electric Property of (\$139,090) from 2009 Actual to 2010 Bridge Year  
 12 represents the final impact of the discontinuation the prepaid meter program related prepaid  
 13 monthly service charge. Between May 1 2009 and October 31, 2009, prepaid meters were  
 14 converted to smart meters which gradually reduced the monthly prepaid meter charge to zero  
 15 by November 1, 2009.

16 Other Income and Expenses

17 A reconciliation of the net revenue offset variance for Revenues and Expenses from Non-Utility  
 18 Operation results in an immaterial year-over-year net difference.

19 Table 3-38

	2009 Actual	2010 Bridge	Variance
Revenues from Non-Utility Operations	952,865	793,005	(159,860)
Less: CDM and Non-Utility Generation Revenue	(534,613)	(361,077)	173,536
<b>Account 4375 Revenue Offset - Variance</b>	<b>418,251</b>	<b>431,928</b>	<b>13,677</b>
Expenses of Non-Utility Operations	(856,351)	(717,978)	138,373
Less: CDM and Non-Utility Generation Expense	487,655	348,219	(139,436)
<b>Account 4380 Expense Offset - Variance</b>	<b>(368,696)</b>	<b>(369,759)</b>	<b>(1,063)</b>
<b>Net Revenue Offset Variance</b>	<b>49,556</b>	<b>62,169</b>	<b>12,614</b>

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**2011 Test Year Comparison to 2010 Bridge Year – Other Operating Revenue:**

Table 3-39 below summarizes the variance by account description followed by a discussion on those variances over \$25,000.

Table 3-39

Account	Description	2010 Bridge	2011 Test	\$ Variance	% Variance
4235	Specific Service Charges	148,875	234,290	85,415	57.4%
4225	Late Payment Charges	50,235	54,254	4,019	8.0%
4080	SSS Admin Fees	37,382	38,565	1,184	3.2%
4082	Retail Services Revenues	25,400	25,400	0	0.0%
4084	STR Revenues	1,000	1,000	0	0.0%
4210	Rent from Electric Property	40,885	40,885	0	0.0%
4355	Gain on Disposition of Utility & Other Property	1,000	1,000	0	0.0%
4375	Revenues from Non-Utility Operations	793,005	829,344	36,339	4.6%
4380	Expenses of Non-Utility Operations	(717,978)	(770,512)	(52,535)	7.3%
4390	Miscellaneous Non-Operating Income	25,350	15,350	(10,000)	-39.4%
4405	Interest and Dividend Income	42,956	45,700	2,745	6.4%
	<b>Specific Service Charges</b>	<b>148,875</b>	<b>234,290</b>	<b>85,415</b>	<b>57.4%</b>
	<b>Late Payment Charges</b>	<b>50,235</b>	<b>54,254</b>	<b>4,019</b>	<b>8.0%</b>
	<b>Other Distribution Revenues</b>	<b>104,667</b>	<b>105,850</b>	<b>1,184</b>	<b>1.1%</b>
	<b>Other Income and Expenses</b>	<b>144,333</b>	<b>120,882</b>	<b>(23,451)</b>	<b>-16.2%</b>
	<b>Total Other Operating Revenue</b>	<b>448,110</b>	<b>515,276</b>	<b>67,166</b>	<b>15.0%</b>
	<b>Adjustments to Determine Net Revenue Offset:</b>				
	Less: CDM Revenue	(361,077)	(376,707)	(15,630)	4.3%
	Less: CDM Expense	330,775	346,707	15,932	4.8%
	Less: Revenue from Non-Utility Generation	0	(8,756)	(8,756)	0.0%
	Less: Expense from Non-Utility Generation	17,444	25,959	8,515	48.8%
	Less: Regulatory Asset Carrying Charges	(13,542)	(18,700)	(5,158)	38.1%
	Less: 50% of Gain on Disposition	(500)	(500)	0	0.0%
	Less: Reconciliation to Revenue Requirement Model	500		(500)	
	<b>Net Revenue Offset For Distribution Rates</b>	<b>421,710</b>	<b>483,279</b>	<b>61,569</b>	<b>14.6%</b>

After adjusting for CDM and Non-Utility Generation revenue and expense, regulatory asset carrying charges, and 50% of the gain on disposition, WHSI's 2011 Test Year other operating revenue offset of \$483,279 is expected to be 14.6% or \$61,569 higher than the 2010 Bridge Year revenue offset amount of \$421,710.

1 Specific Service Charges

2 The primary variance between the 2010 Bridge and 2011 Test Year revenue offset is an increase  
3 of \$85,415 or 57.4% and attributable to the proposed adjustments to specific service charges  
4 which are currently below the OEB Standard Specific Service Charge Rates

5 Other Income and Expense

6 Gross revenue and expense from Non-Utility operations are expected to increase due to  
7 additional setup and maintenance costs for WHSI's microFIT Rooftop Solar project. WHSI  
8 anticipates this project, as described in Exhibit 4, will generate annual revenues of \$8,000 –  
9 10,000.

10

1 **SPECIFIC SERVICE CHARGES**

2 As discussed in Exhibit 8, Tab 7, WHSI is proposing to adjust certain specific service charges to  
 3 the OEB Standard rates in order to recover the actual costs incurred for each activity. Table 3-  
 4 40 shows the historical and forecast revenues for each specific service charge attributable to  
 5 account 4235 in addition to the current approved and proposed 2011 Test Year rates. A  
 6 discussion for the proposed changes and additions to specific charges follow Table 3-40.

7 Table 3-40

8 Specific Service Charges Account 4235

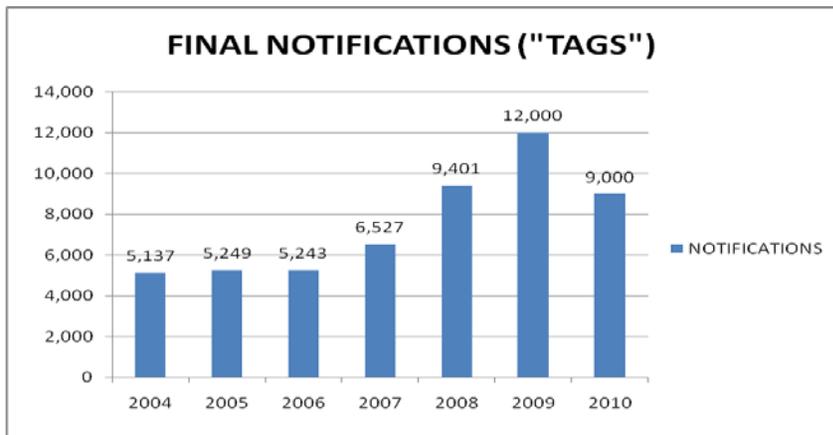
Description	Approved 2006 Rate	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test	Proposed 2011 Rate
Legal letter charge	\$ 15	\$ 2,380	\$ 840	\$ 390	\$ 615	\$ 180	\$ 300	\$ 300	\$ 15
Statement of account	\$ -							\$ 315	\$ 15
Account history	\$ -							\$ 435	\$ 15
Notification charge	\$ 4	\$ 17,659	\$ 20,736	\$ 21,844	\$ 25,632	\$ 37,616	\$ 48,000	\$ 135,000	\$ 15
Returned cheque charge (plus bank charges)	\$ 15	\$ 5,770	\$ 4,365	\$ 4,485	\$ 4,305	\$ 4,635	\$ 4,650	\$ 4,650	\$ 15
Account set up charge/change of occupancy charge (+credit agency costs if applicable)	\$ 30	\$ 12,550	\$ 36,115	\$ 53,010	\$ 59,056	\$ 65,610	\$ 75,000	\$ 75,000	\$ 30
Special meter reads	\$ -								\$ 30
Collection of account charge - no disconnection	\$ 15	\$ 555	\$ 465	\$ 405	\$ 1,380	\$ 2,235	\$ 2,250	\$ 2,250	\$ 30
Disconnect/Reconnect at meter - during regular hours	\$ 30	\$ 1,150	\$ 985	\$ 1,595	\$ 2,785	\$ 8,620	\$ 12,350	\$ 11,515	\$ 65
Install/Remove load control device - during regular hours	\$ 30	\$ 300	\$ 605	\$ 385	\$ 935	\$ 2,750	\$ 3,850	\$ 3,900	\$ 65
Disconnect/Reconnect at meter - after regular hours	\$ 55	\$ 403	\$ 440	\$ 220	\$ 825	\$ 1,430	\$ 1,375	\$ 555	\$ 185
Install/Remove load control device - after regular hours	\$ 55	\$ 83	\$ 55	\$ -	\$ 275	\$ 825	\$ 1,100	\$ 185	\$ 185
Disconnect/Reconnect at pole - during regular hours	\$ -							\$ 185	\$ 185
Disconnect/Reconnect at pole - after regular hours	\$ -							\$ -	\$ 415
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$ 30	\$ 20		\$ 60					\$ 30
<b>Total Specific Service Charges - Account 4235</b>		<b>\$ 40,870</b>	<b>\$ 64,606</b>	<b>\$ 82,394</b>	<b>\$ 95,808</b>	<b>\$ 123,901</b>	<b>\$ 148,875</b>	<b>\$ 234,290</b>	

9

10 Notification Charge

11 The Notification Charge is intended to recover costs to hand deliver final disconnect notices  
 12 (“Tags”). The number of notifications delivered has drastically risen as indicated in the chart

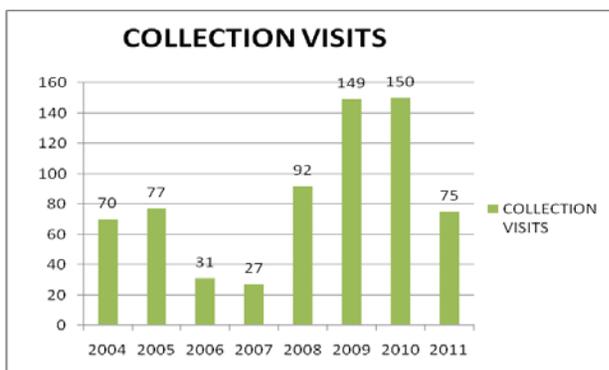
1 below. The \$4 current charge does not cover the field and administrative costs to provide this  
2 service and is illustrated in the cost analysis provided in Exhibit 8. Between 2006 and 2010 the  
3 number of Tags delivered has increased by 229%. WHSI expects to see a decline in the number  
4 of Tags issued should the rate be adjusted to the standard OEB rate of \$15.



5

### 6 Collection of Account Charge

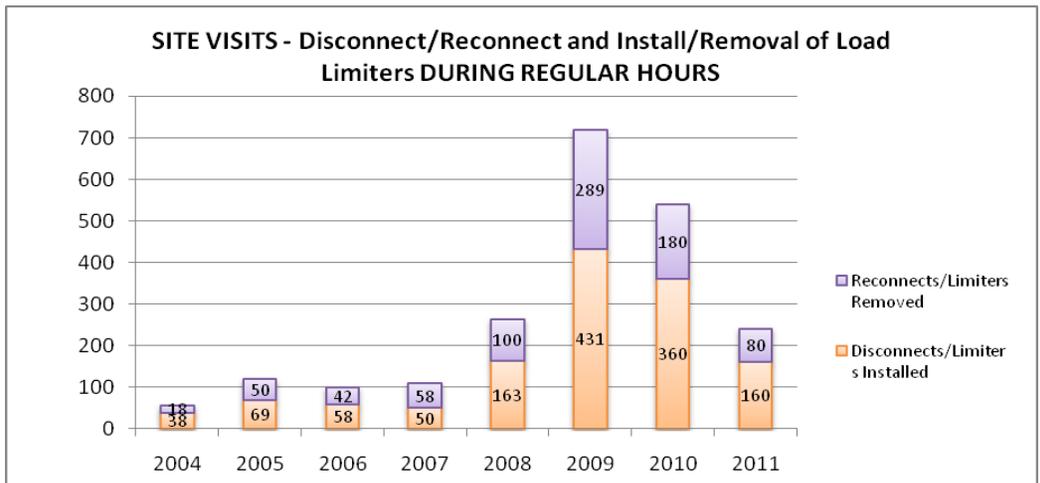
7 The Collection of Account Charge is intended to recover site and administrative costs to collect  
8 outstanding amounts at the service address. A steady increase in these field visits have  
9 occurred since 2008. The chart below provides the number of collection visits where  
10 customers were charged this fee. WHSI expects to see a decline in the number of collections  
11 visits should the rate be adjusted from the current rate of \$15 to the standard OEB rate of \$30.



12

1 Disconnect/Reconnect Meter or Install/Remove Load Limiter at Meter During Regular Hours

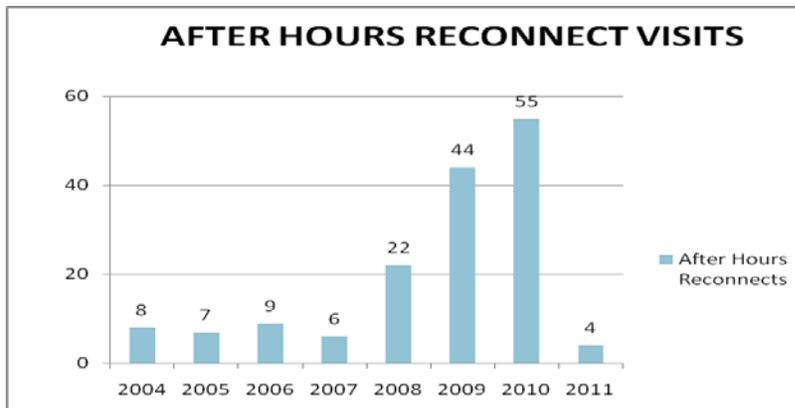
2 The Disconnect/Reconnect Meter and the Install/Remove Load Limiter charges are intended to  
 3 cover site and administrative costs to perform these collection activities during regular hours. A  
 4 significant increase in the number of visits began in 2008 as indicated in the chart below. WHSI  
 5 expects to see a decline in the number of these site visits should the rate be adjusted from the  
 6 current amount of \$30 to the standard OEB rate of \$65.



7

8 Disconnect/Reconnect Meter or Install/Remove Load Limiter After Regular Hours

9 The Disconnect/Reconnect Meter and the Install/Remove Load Limiter charges are intended to  
 10 cover site and administrative costs to perform these collection activities after regular hours. A  
 11 significant increase in the number of visits began in 2008. The chart below provides the  
 12 number of site visits where customers were charged for this fee. WHSI expects to see a sharp  
 13 decline in the number of these site visits should the rate be adjusted from the current rate of  
 14 \$55 to the standard OEB rate of \$185



1

2 **Request for Additional Specific Service Charges**

3 WHSI also proposes to add new rates to recover costs for the following non-routine activities  
4 which are discussed in detail in Exhibit 8.

5 Statement of Account - \$15

6 Account History Charge - \$15

7 Special Meter Reads - \$30

8 Disconnect/Reconnect at Pole During Regular Hours - \$185

9 Disconnect/Reconnect at Pole after Regular Hours - \$415

10 **Request to Maintain Current Rates and Specific Charges**

11

12 WHSI anticipates no material changes to the following Specific Service Charge revenue and  
13 proposes to maintain the current rates for the following:

14 Legal Letter Charge - \$15

15 Return Cheque Charge (plus bank charges) - \$15

16 Account Setup Charge/Change of Occupancy (plus credit agency costs if applicable) - \$30

17 Meter Dispute Charge (plus Measurement Canada Fees if meter found correct) - \$30

1 Access to Power Poles \$/pole/year - \$22.35

2

3 **Request to Remove Specific Service Charge**

4 WHSI proposes to remove the Prepaid Meter – Monthly Service Charge from its Schedule of  
 5 Rates as this option is no longer available.

6

7 **Interest and Dividend Income**

8 Table 3-41 below summarizes the amount and source of interest income from the 2006 Actual  
 9 to 2011 Test Years. Declining interest rates and lower bank account balances account for the  
 10 overall decline in revenues. Variance Account Carrying Charges, while noted in this table, are  
 11 excluded from the revenue offset amount for the purposes of this rate application.

12

Table 3-41

13

Interest and Dividend Income

14

4405- Interest & Dividend Income	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge Year	2011 Test Year
Long term Investment Interest	\$1,360	\$1,493	\$1,595	\$1,113	\$1,057	\$500
Bank account deposit interest	\$131,392	\$173,310	\$144,914	\$15,131	\$25,000	\$25,000
Variance Accounts Carrying Charges	\$31,873	\$19,288	\$18,282	\$8,137	\$13,542	\$18,700
Miscellaneous Other	\$25	\$1,255	\$54	\$2,581	\$2,749	\$1,500
Totals	\$164,649	\$195,346	\$164,845	\$26,962	\$42,348	\$45,700

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1     **RATE OF RETURN ON NON-CORE ACTIVITIES**

2

3     **Streetlight Maintenance and Water Locating Services**

4

5     Since 2006, WHSI has provided streetlight maintenance and water locating services directly to  
6     the City of Woodstock after Woodstock Info Energy Inc., (WIEI) an unregulated subsidiary of  
7     Woodstock Hydro Holdings Inc (WHHI), began the process of winding down its operations. Prior  
8     to 2006, WIEI provided these services to the City of Woodstock. In 2006, WHSI did not include a  
9     rate of return on the services provided to the City of Woodstock, and recovered the actual costs  
10    to provide the services. The actual costs include direct labour, material and vehicles, plus the  
11    applicable overhead burdens for each. Between 2007 and to the end of the 2010 Bridge Year,  
12    WHSI added a markup of 9% on the actual costs. For the 2011 Test Year, a markup of 9.85%  
13    has been assumed. The net return earned on the provision of these services is recorded in  
14    account 4375 as shown in Table 3-42. Exhibit 4, Tab 2 provides additional background  
15    information and future consideration for providing these services.

16

17    **Provision of Water/Sewer Billing and Collecting Services**

18

19    WHSI provides monthly billing and collection services for water and sewer on behalf of the  
20    County of Oxford in accordance with the terms and conditions of a Service Agreement. The  
21    monthly fee per customer, per service type, to be charged by WHSI to the County of Oxford, is  
22    set out in the Agreement and applied over the term of the contract. The fee structure is  
23    designed to recover actual costs plus a return of approximately 9%. In 2007, an amended  
24    agreement was signed and the service fees were updated. A cost analysis was conducted in  
25    2008 and again in 2010 to ensure that the current and proposed fees will recover all associated  
26    costs. Exhibit 4, Tab 2 provides additional background information and future consideration for  
27    providing these services, as well as a summary of the 2010 cost analysis in Exhibit 4, Appendix

1 B. As explained in more detail in Exhibit 4, revenues and expenses to provide water/sewer  
2 billing services have been recorded in account 4375 and 4380 since 2008. Prior to 2008, all  
3 related costs were included in WHSI's OM&A accounts, and the gross revenue was included in  
4 account 4220, Other Electric Revenues.

5  
6 For purposes of the 2011 Test year, we have considered the amount of \$46,035 as forming part  
7 of the revenue offsets to WHSI's Revenue Requirement as shown in table 3-42 below. This  
8 amount includes net revenue for provision of street light maintenance and water/sewer billing  
9 and collecting services.

10  
11 Net revenue from CDM program administration and Generation activities for \$12,797 have  
12 been excluded from the revenue offset amount as shown in table 3-42 below.

13 Table 3-42

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
4375 Revenue from Non-Utility Activity						
Streetlight Maintenance and Water Locate Services *	-	(\$11,079)	(\$10,612)	(\$13,215)	(\$13,000)	(\$7,000)
Water/Sewer Billing & Collecting Services	-	-	(\$401,112)	(\$405,037)	(\$410,106)	(\$436,880)
CDM Activities	-	(\$131,653)	(\$466,824)	(\$534,613)	(\$369,899)	(\$376,707)
Generation Activities	-	-	-	-	-	(\$8,756)
Total Revenue from Non-Utility Activity	-	(\$142,733)	(\$878,548)	(\$952,865)	(\$793,005)	(\$829,344)
4380 Expenses for Non-Utility Activity						
Water/Sewer Billing & Collecting Services	-	-	\$365,011	\$368,696	\$369,759	\$397,845
CDM Activities	-	\$143,882	\$368,256	\$487,655	\$330,775	\$346,707
Generation Activities	-	-	-	-	\$17,444	\$25,959
Total Expense from Non-Utility Activity	-	\$143,882	\$733,267	\$856,351	\$717,978	\$770,512
Net Expense/(Income) from Non-Utility Activity	-	\$1,149	(\$145,280)	(\$96,514)	(\$75,027)	(\$58,832)
<b>Net(Income) included in Revenue Offset</b>	-	<b>(\$11,079)</b>	<b>(\$46,712)</b>	<b>(\$49,556)</b>	<b>(\$53,347)</b>	<b>(\$46,035)</b>
Net Revenue excluded from Revenue Offset	-	\$12,228	(\$98,568)	(\$46,959)	(\$21,680)	(\$12,797)
Net Expense/(Income) from Non-Utility Activity	-	\$1,149	(\$145,280)	(\$96,514)	(\$75,027)	(\$58,832)

14

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
<b>4 – Operating Costs</b>				
	1	1		Overview
	1	2		Managers Summary of Operating Costs
	1	3		OM&A Summary Expense Analysis
	1	4		OM&A Cost Drivers
	1	5		OM&A Budgeting Process
	2	1		Departmental and Corporate OM&A Activities
	2	2		OM&A Detailed Costs Table
	2	3		Variance Analysis on OM&A Costs
	2	4		Employee Compensation, Incentive Plan Expenses, Pension Expense and Post Retirement Benefits
	2	5		Green Energy Plan & CDM
	2	6		Charges to Affiliates
	2	7		Purchase of Products and Services from Non-Affiliates
	3	1		Depreciation, Amortization & Depletion
	3	2		Payment-in-lieu of Income Taxes (PILS)
	3	3		Capital Cost Allowance (CCA)
	3	4		Property Taxes

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
<b>4 – Operating Costs</b>				
	4	1	A	Appendix A- Actuarial Valuation of Post-Retirement Non-Pension Benefits
	4	1	B	Appendix B- WHSI Cost Analysis for Provision of Water/Sewer Billing Fees
	4	1	C	Appendix C- 2008 WHSI Customer Survey and Survey Results
	4	1	D	Appendix D- Collective Agreement – Inside Workers – August 4, 2008 to July 31, 2011
	4	1	E	Appendix E- Collective Agreement – Outside Workers – August 4, 2008 to July 31, 2011
	4	1	F	Appendix F- WHSI – Purchasing Policy
	4	1	G	Appendix G- WHSI 2011 COS Tax Model
	4	1	H	Appendix H- WHSI 2009 Tax Returns

1    **OVERVIEW**

2    This Exhibit provides information on WHSI's OM&A expenses for the 2006 Board Approved,  
3    2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year and the 2011 Test Years,  
4    including analysis and discussion on cost drivers, employee compensation, shared services and  
5    corporate cost allocation, depreciation, taxes, and a general overview of WHSI's Green Energy  
6    and CDM efforts.

1

2 **MANAGERS SUMMARY**

3 **Overview of Operating Costs:**

4 OM&A costs in this Exhibit represent WHSI's integrated set of asset maintenance and customer  
5 activity needs to meet public and employee safety objectives; to comply with the Distribution  
6 System Code, environmental requirements and government direction; and to maintain  
7 distribution business service quality and reliability at targeted performance levels. OM&A costs  
8 also include providing services to customers connected to WHSI's distribution system, and  
9 meeting the requirements of the OEB's Standard Supply Service Code and Retail Settlement  
10 Code.

11 WHSI follows the OEB's Accounting Procedures Handbook (the "APH") in distinguishing work  
12 performed between operations and maintenance. A summary of WHSI's operating costs for  
13 the 2006 Board Approved, 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge  
14 Year and the 2011 Test Year including the determination of the variance amount for analysis, in  
15 accordance with the Filing Requirements, is provided in Table 4-1 below. In accordance with  
16 Chapter 2 (Appendix 2-D) of the Filing Requirements for Transmission and Distribution  
17 Applications, this Exhibit contains information on OM&A Analysis. Accounts within Appendix 2-  
18 D that have no historical or forecast activity by WHSI, have been excluded .

19

20 WHSI is committed to maximizing productivity and reducing risk of injury by initiating safety  
21 and health measures that focus on preventative actions. The commitment to safety and health  
22 is significant, and involves documenting unsafe behaviors, monitoring conformance to  
23 established standards and policies, determining the effectiveness of safety training and  
24 monitoring the resolution of safety recommendations/audits; commitment to continuous  
25 improvement in training; and identifying and correcting root causes for system deficiencies.

1 WHSI has been awarded the Bronze Medal for safety by E&USA in the quest for zero lost time  
2 accidents.

3 In the March 20, 2008 “Benchmarking the Costs of Ontario Power Distributors” report by the  
4 Pacific Economics Group WHSI consistently placed in the mid range of its comparator group  
5 LDC’s. Through continuous improvement and a commitment to ISO 9001, WHSI is taking steps  
6 to safely and reliably continue on its path to greater efficiency while balancing regulatory and  
7 customer requirements.

8 Pursuant to the Boards letter issued on April 23, 2010, costs and recoveries for the Special  
9 Purpose Charge Assessment (SPC) are included in account 1521, Special Purpose Charge  
10 Assessment Variance Account. The OM&A account 5681, Special Purpose Charge Expense, and  
11 revenue account 4324, Special Purpose Charge Recovery are classified as non-distribution  
12 accounts and are excluded from this cost of service application for rate setting purposes.

13 Other than the Regulatory Costs associated with this cost of service application as explained  
14 further in this Exhibit, no other one-time costs have been included.

**Table 4-1**  
**OM&A Summary Expense Analysis**

Description	2006 Board Approved	2006 Actuals	Variance Board Approved- 2006 Actuals	Variance %	2007 Actuals	Variance 2007 to 2006 Actuals	Variance %	2008 Actuals	Variance 2008 to 2007 Actuals	Variance %	2009 Actuals	Variance 2009 to 2008 Actuals	Variance %	Bridge Year 2010	Variance 2010 Bridge Year to 2009 Actuals	Variance %	Test Year 2011	Test Year Bridge Year Variance	Variance %
Operation	574,159	624,785	50,626	8.8%	685,178	60,393	9.7%	787,716	102,538	15.0%	719,297	-68,419	-8.7%	830,254	110,957	15.4%	785,560	-44,694	-5.4%
Maintenance	375,770	489,302	113,532	30.2%	472,477	-16,826	-3.4%	532,855	60,379	12.8%	630,310	97,455	18.3%	643,892	13,582	2.2%	730,771	86,879	13.5%
Billing & Collections	633,461	676,329	42,868	6.8%	672,465	-3,864	-0.6%	567,613	-104,852	-15.6%	548,428	-19,185	-3.4%	562,282	13,854	2.5%	675,133	112,851	20.1%
Community Relations	8,207	286,411	278,204	3389.9%	128,950	-157,460	-55.0%	40,209	-88,741	-68.8%	24,088	-16,121	-40.1%	36,300	12,212	50.7%	42,382	6,082	16.8%
Administrative and General Expenses	1,313,737	1,246,687	-67,050	-5.1%	1,310,603	63,916	5.1%	1,334,041	23,438	1.8%	1,403,517	69,476	5.2%	1,695,020	291,503	20.8%	1,808,415	113,396	6.7%
Taxes Other Than Income Taxes	125,256	126,191	935	0.7%	124,838	-1,353	-1.1%	125,668	830	0.7%	122,776	-2,892	-2.3%	123,852	1,076	0.9%	126,946	3,094	2.5%
<b>Total OM&amp;A Expenses</b>	<b>\$3,030,590</b>	<b>\$3,449,705</b>	<b>\$419,115</b>	<b>13.8%</b>	<b>\$3,394,511</b>	<b>-\$55,193</b>	<b>-1.6%</b>	<b>\$3,388,103</b>	<b>-\$6,408</b>	<b>-0.2%</b>	<b>\$3,448,416</b>	<b>\$60,314</b>	<b>1.8%</b>	<b>\$3,891,600</b>	<b>\$443,183</b>	<b>12.9%</b>	<b>\$4,169,207</b>	<b>\$277,608</b>	<b>7.1%</b>
Percent Change 2011 Test Year versus most Current Actuals (2009)	20.90%																		
Percent Change 2011 Test Year Versus 2006 Approved Rebasng Year	37.57%																		
Average for 2006,2007,2008 & 2009	-0.01%																		
Compound Annual Growth Rate (for ,2006,2007,2008 and 2009)	-0.01%																		

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**OM&A Test Year Levels**

The proposed OM&A cost expenditures for the 2011 Test Year are the result of a business planning and work prioritization process that ensures that the most cost effective, appropriate solutions are put in place. WHSI is proposing recovery of 2011 Test Year OM&A costs, excluding amortization, PILs and Interest totaling \$4,169,207. In light of the fact that the 2006 EDR approved amount was based on 2004 actual amounts, the annual increase is approximately 5.4%. Additional discussion on specific costs are provided further in this Exhibit. Table 4-2 below provides a summary of the overall cost drivers.

**Table 4-2**

**OM&A Cost Drivers**

OM & A Cost Drivers	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
<b>Opening Balance</b>	<b>\$ 3,030,590</b>	<b>\$ 3,449,705</b>	<b>\$ 3,394,511</b>	<b>\$ 3,388,103</b>	<b>\$ 3,448,416</b>	<b>\$ 3,891,600</b>
OEB Reclassification(OMERS)	\$86,119					
Payroll benefits	(\$51,533)	\$19,262	\$45,617	(\$15,048)	\$73,909	\$45,768
Wage Adjustments & Staffing Changes	\$137,883	\$75,811	\$195,596	(\$62,666)	\$175,431	\$140,480
Employee Future Benefits	\$0	\$0	\$0	\$31,306	\$15,000	\$15,000
Danger Pole Replacement Program	\$28,017	\$23,298	(\$33,748)	\$40,307	(\$38,383)	\$3,000
Tree Trimming	\$15,764	\$11,366	\$22,402	\$20,269	(\$6,489)	\$500
Padmount transformer and switchgear inspections					\$15,120	\$1,880
WHSI Substation repairs	\$2,536	(\$3,496)	\$13,248	(\$1,902)	\$13,760	\$0
Other O&M	(\$5,728)	(\$35,550)	\$36,302	(\$9,056)	\$15,425	\$2,806
Low Income Customer Assistance Program	(\$399)	(\$473)	(\$1,123)	\$1,994	\$5,000	\$0
Conservation and Demand Management	\$253,833	(\$152,860)	(\$79,910)	(\$17,586)	(\$388)	\$2,870
Meter Reading	\$4,883	\$5,049	\$5,352	(\$16,842)	\$22,679	(\$38,006)
Smart meter AMI costs						\$101,653
Postage	\$5,000	\$5,000	\$5,000	\$10,000	\$32,750	\$5,950
Bad debt	\$11,142	(\$9,140)	\$19,823	\$4,670	\$16,847	\$8,460
Regulatory Expense	(\$19,624)	\$12,172	(\$12,464)	\$11,189	\$7,963	\$45,000
Software Maintenance	\$36,480	\$31,013	\$20,846	\$34,173	\$5,635	\$33,616
Building Maintenance		\$26,965	(\$2,721)	\$13,721	\$15,910	(\$14,396)
Miscellaneous Expense	\$1,473	\$6,323	(\$1,380)	\$21,233	\$20,490	(\$6,626)
Outside Services		(\$31,580)	\$47,759	(\$25,519)	\$35,828	(\$7,937)
HST impact on OM&A purchases					(\$9,041)	(\$31,670)
**Water Sewer Reallocation			(\$365,297)	(\$3,706)	(\$756)	(\$28,086)
Other Administrative Expense	(\$86,732)	(\$38,353)	\$78,291	\$23,779	\$26,493	(\$2,654)
<b>Closing Balance</b>	<b>\$ 3,449,705</b>	<b>\$ 3,394,511</b>	<b>\$ 3,388,103</b>	<b>\$ 3,448,416</b>	<b>\$ 3,891,600</b>	<b>\$ 4,169,207</b>
Total Year-To-Year Variance	\$ 419,114	\$ (55,193)	\$ (6,408)	\$ 60,314	\$ 443,183	\$ 277,607
Total Year-To-Year Variance %		-1.60%	-0.19%	1.78%	12.85%	7.13%

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**Overall Cost Drivers**

**OEB Reclassification (OMERS)**

In 2005, WHSI's portion of OMERS premiums were charged to Account 1508 in accordance with instructions from the OEB. Commencing May 2006, OMERS premiums were included in the payroll burden and allocated among capital, OM&A, recoverable, and Non-Utility based on employee hours. As there were no OMERS costs recorded in 2005, the variance between 2005 and 2006 would result in a net increase of expenses of \$102,210. Of this amount \$12,995 would have gone to capital, \$2,345 to recoverable, \$751 to Non-Utility, and \$86,119 to OM&A.

**Payroll Benefits**

Payroll benefit costs have increased steadily each year and includes OMERS, health, dental, life and LTD Insurance, and Federal payroll expenses. Fluctuations in OM&A payroll benefit costs result from variances in the number of labour hours charged to OM&A accounts. Analysis on total Payroll benefits and cost trends are discussed further in this Exhibit.

**Wage Adjustments and Staffing Changes**

Wages allocated to OM&A accounts reflect inflationary and progressive wage adjustments in accordance with effective Union agreements and WHSI's Management compensation policy, and is one cause for year-to-year variances as shown in Table 4-2.

The Field Staff group includes Management and Non-Management line, meter and engineering department employees. On average, Field staff account for 60 % of WHSI's Total payroll costs, which is allocated among capital, OM&A, recoverable, and regulatory accounts. Fluctuations in OM&A labour costs occur in response to the type of work Field staff perform during the year.

1 The remaining 40% of WHSI's Total payroll costs include office and administrative employees, who would  
2 charge virtually 100% of their wages to OM&A expense accounts. Fluctuations for this employee group would  
3 be due to wage adjustments, and the number of employees in these roles.

#### 4 5 **Employee Future Benefits**

6  
7 In 2009, an actuarial valuation was conducted on WHSI's Employee Post-Retirement Benefits which includes  
8 annual expenses for post-retirement benefits provided to eligible WHSI employees in accordance with  
9 company policy and as provided in the collective bargaining agreement between WHSI and its union. Prior to  
10 January 1, 2009, the annual expense was not included in WHSI's OM&A costs, and the liability was not  
11 recognized in the financial statements.

12 The annual expense and liability are determined in accordance with Section 3461 of the CICA Handbook and  
13 supported by an actuarial valuation that is completed every three years. An Accrued Benefit Obligation (ABO)  
14 as of January 1, 2009 was determined, and the 2008 financial information was restated in the 2009 audited  
15 statements. A copy of the valuation is included in Tab 4 Appendix A.

16 The results of this valuation included recognition of an expense of \$31,306 in 2009 and estimated expense  
17 adjustment of \$15,000 in 2010, leaving a net change of (\$16,306). For the 2011 Test Year, WHSI has assumed  
18 \$15,000 as expense, leaving a net change of (\$0).

#### 19 20 **Maintenance and Inspection Programs**

##### 21 *Danger Pole Replacement Program*

22 WHSI's Danger Pole Replacement Program ramped up in 2006 with incremental costs of \$28,017. Between  
23 2007 to 2010 Bridge Year, costs vary as areas identified during the asset evaluation are repaired and include  
24 maintenance repairs to poles, towers, and fixtures and the cost to remove and transfer existing wire onto new  
25 poles.

26

1 *Tree Trimming*

2 WHSI has stepped up its tree trimming program to include a multi-year, scheduled maintenance plan to trim  
3 trees in a timely and strategic manner. Tree trimming activities are planned based on need, location, safety,  
4 reliability, and on annual allotted budget amounts for maintenance and inspection programs.

5 From 2006 to 2009, incremental costs increased as WHSI dedicated more funding to tree trimming. In the  
6 2010 Bridge and 2011 Test year, WHSI expects these costs to level stabilize to pre 2009 levels.

7

8 *Padmount Transformer and Switchgear Inspections*

9 Beginning in 2010, WHSI is initiating a 3-year program for padmount transformer and switchgear inspections.  
10 Approximately 1,000 units are scheduled for inspection over the next 3 years.

11

12 **Other O&M**

13 These year over year variances reflect the balance of operating and maintenance activities reported in  
14 accounts 5005 through to 5175. The net variances from 2006 Actual to the 2011 Test Year are \$4,198 and  
15 immaterial.

16 **Low Income Customer Assistance Program**

17 Since 2002 WHSI has provided up to \$5,000 per year to the Salvation Army to assist WHSI customers in  
18 paying their electricity bill. In 2010 the economic challenges faced by some of our customers prompted  
19 WHSI to double their annual contribution to \$10,000.

20 With reference to the OEB's Low Income Energy Assistance Plan, the required contribution of 0.12% WHSI's  
21 base revenue requirement of 8,232,474 would be \$9,879.

22 **Conservation and Demand Management**

23 The Board's Final Order (RP-2004-0203/EB-2004-0502) gave WHSI approval to invest \$419,839, its third  
24 installment of incremental MARR, in WHSI's Conservation and Demand Management Plan as submitted to the  
25 Board. With continued emphasis on education and awareness, WHSI completed the last of our third tranche

1 investment in tandem with the 2008 OPA group of programs. CDM Program information is provided later in  
2 this exhibit.

### 3 **Meter Reading**

4 Regular Meter reading costs include 3<sup>rd</sup> party contract fees for manual meter reading and remote meter  
5 reading for interval customers. Higher meter reading costs of \$22,679 in the 2010 Bridge Year are due to the  
6 removal of 3,000 pay-as-you-go meters in 2009 and now require monthly meter reads. The 2011 Test year  
7 manual meter reading costs will be substantially reduced as WHSI begins transitioning to the Smart Meter  
8 AMI system to read residential and general service customer < 50kW meters .

### 9 **Smart Meter AMI Costs**

10 Ongoing OM&A costs related to smart meters installed December 31, 2009 have been included in the 2011  
11 Test Year for \$101,653 and represents estimated costs for AMI services upon implementation of TOU billing.  
12

### 13 **Postage**

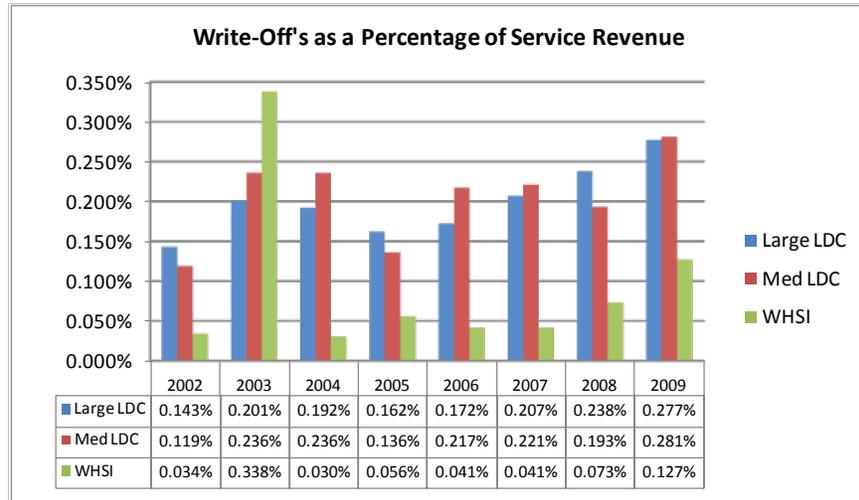
14 Up until 2008, changes to postage expense were primarily due to annual price increases by Canada Post. In  
15 2009, as WHSI's 3,000 pay-as-you-go customers transitioned to a regular monthly bill, postage costs increased.  
16 An increasing number of bills, reminder notices, and other correspondence were also contributing factors in  
17 the higher costs. WHSI expects this trend to continue and, incremental costs of \$32,750 for the 2010 Bridge  
18 year reflects a full year of mailing costs for fully transitioned customers.

### 19 **Bad Debt**

20 Historically, WHSI's bad debt levels have been far below the industry average. WHSI believes this is  
21 largely attributable to the pay-as-you-go meter program. WHSI has experienced an increasing trend in  
22 bad debt expense since 2008, with an incremental expense of \$19,823. Though this is an immaterial,  
23 amount, it is relatively higher than WHSI's historical bad debt levels and is expected to continue into  
24 2011.

25 Local and national economic challenges, the elimination of pay-as-you-go meters, HST, and increasing  
26 electricity prices overall have increased the amount of uncollectable accounts. The following graph

provides a comparison of historical write-offs of WHSI and average large and medium sized LDC's. The bankruptcy of one large customer in 2003 explains the large write-off for 2003.



## Regulatory Expense

The increase in regulatory expense for the 2011 Test Year is due to the costs associated with this rate application. The amount included in the revenue requirement for 2011 is \$47,500 or ¼ of the projected one-time costs of \$190,000. This is offset by a \$2,500 reduction in ongoing regulatory costs. A breakdown of ongoing and one-time regulatory expense is provided further in Table 4-8.

## Software Maintenance

Software Maintenance is one item included in account 5675, Maintenance of General Plant, and pertains to software used on a multi-department or corporate wide basis. Increases in software maintenance fees have traditionally exceeded the inflation rate and is expected to continue:

Actual and Forecast increase in Software Maintenance				
2007	2008	2009	2010 Bridge	2011 Test
58.0%	11.5%	27.2%	5.2%	12.4%

1 **Water/Sewer Cost Reallocation**

2 WHSI provides water billing and collecting service for the County of Oxford. As outlined in Exhibit 3, prior to  
3 2008, billing, collecting, customer service, and administration expense attributable to provide this service  
4 were included in the OM&A accounts. The offsetting revenue was recognized in account 4220 Other Electric  
5 Revenues. Although there was no impact on net income, and the 2006 EDR included the revenue in account  
6 4220 as a revenue offset, this service met the definition of a Non-Utility Service. Therefore, in 2008, WHSI  
7 recognized these amounts in accounts 4375 Revenues from Non-Utility Operations, and 4380, Expenses of  
8 Non Utility Operations.

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13 **Inflation Rates**

14 **Wages and Benefits**

15  
16 WHSI's unionized staff are represented by Local 636 of the International Brotherhood of Electrical Workers  
17 (IBEW). The current collective agreements expire on July 31, 2011. WHSI has assumed a 3% increase on  
18 August 1, 2011 for the purpose of this rate application with wage rates in the model based on 7/12 of the year  
19 at the old rate and 5/12 at the new rate in accordance with the current collective agreement. Woodstock  
20 Hydro has assumed a 3% increase on regular labour adjustments on January 1, 2011 for management  
21 personnel.

22  
23 Adjustments to benefits and payroll costs have been determined based on the historical and projected  
24 experience for each item and are discussed in further detail in Exhibit 4. Employee benefit costs include  
25 OMERS, Health, Dental, Life, and Long Term Disability Insurance. Employer payroll expenses include premiums  
26 for Canada Pension Plan (CPP), Employment Insurance (EI), Employee Health Tax (EHT), and Workplace Safety

1 Insurance Board (WSIB). The gross percentage of all employee benefits and payroll costs are forecast to  
2 increase by 11.6% for 2011 Test Year.

3  
4 **General OM&A**

5 In 2009 the GDP 2009 was 1.3%. For the purposes of this application, OM&A expense have been considered  
6 on an item specific basis. Adjustments recognize general inflation and/ or those based on market demands,  
7 existing service contracts, or historical experience. The impact of HST has also been considered. More detail  
8 is provided further in this Exhibit. WHSI acknowledges that those adjustments pertaining to the GDP-IPI will be  
9 adjusted at the time of the issuance of the Boards rate that will be effective in the 2011 Test Year.

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15 **HST**

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17 According to the Ontario Ministry of Revenue, "energy" is a "specific property or service", as defined under the  
18 federal Excise Tax Act (ETA), and is subject to the Recapture of Input Tax Credits (RITC) restriction. As a  
19 corporation with more than \$10 million in annual sales, WHSI is subject to the requirements of the RITC.

20  
21 Under the RITC, HST on specific energy that is used in the operation of a large business cannot be recovered  
22 through an ITC during the first 5 years of coming into effect, that is, from July 1, 2010 to June 30, 2015. After  
23 June 30, 2015, the ITC will be phased in over 3 years. Commencing July 1, 2010, the impact on WHSI will be an  
24 8% increase to electricity and gas utility bills, as the former PST had not been applicable to these expenses.

25  
26 The Boards Decision and Order for WHSI's May 1, 2010 Rates (EB-2009-0211) directed WHSI to  
27

1 *"...record in deferral account 1592 (Pils and Tax Variances, Sub-account HST/OVAT/Input Tax Credits (ITCS)) the*  
2 *incremental ITC it receives on distribution revenue requirement items that were previously subject to PST and*  
3 *become subject to HST."*

4  
5 Because specific energy was not previously subject to PST and pending further clarification and detailed  
6 accounting guidance from the Board, WHSI is unable to recognize the incremental non-recoverable HST as an  
7 offset to ITCS savings recorded in account 1592. These costs are therefore included in WHSI's revenue  
8 requirement.

9  
10 **Staffing Levels**

11 Despite the multitude of changes in the electricity industry since 2006, WHSI's Full Time Equivalent staff  
12 complement has changed from 33 in 2006 to a forecast of 37 in 2011. These changes are a result of growth,  
13 increased regulatory requirements, and succession planning. WHSI's succession planning strategy was initiated  
14 in 2006 in a structured and controlled fashion, from both a cost / rate impact perspective and also to ensure  
15 that existing supervisory and trades personnel would have sufficient time to mentor and coach their new  
16 colleagues while continuing to complete their own duties. In 2007, for the first time in sixteen years, WHSI  
17 budgeted for and hired two line-journeyman apprentices, one of which was to replace a retirement that  
18 occurred that same year. In September 2010, WHSI hired a third journeyman apprentice.

19  
20

1 **Business Environment Changes**

2 **Discontinuation of WHSI Pay-As- You Go Meter Program**

3 A significant change to WHSI's business environment occurred in 2009 when the Pay-As-You-Go Meter  
4 Program was discontinued. Since its beginning in 1988 this unique offering among Ontario LDC's was well  
5 received by WHSI customers. Customers could purchase prepaid power in any amount from four 24-hour  
6 convenience stores located across the City of Woodstock and from the WHSI office. Electric companies from as  
7 far away as Aruba, Bermuda, Cayman Islands, Seoul Korea, Geneva Switzerland, Alaska, the southern United  
8 States, and several Canadian provinces contacted WHSI to learn more about our Pay-As-You-Go meter  
9 program. Pay-as-you-go meters were proven to be an effective conservation tool, as customers usage was on  
10 average, 15% lower than regular customers. Many prepaid customers knew the cost to run an appliance,  
11 television, or lighting through real-time, in-home display monitors, and felt more "in control" of how they  
12 spent their dollars for electricity. The in-home display monitors would show rate information, present use of  
13 electricity in dollars per hour, the current balance of their prepaid account, the prior day's usage, the prior  
14 month's usage, and the dollar amount of their last purchase.

15 WHSI searched Canadian and International markets for a proven, cost effective, prepaid meter technology  
16 that would both seamlessly integrate with WHSI's existing CIS and meet the minimum functionality  
17 requirements of Ontario smart meters. The difficult decision to discontinue the program was made after  
18 several years of research indicated an acceptable solution was unavailable at the time.

19 Beginning with a public announcement on March 6, 2009, Customers were informed of the decision to  
20 discontinue the program. Through radio and print ads, direct customer mailings, and local notices posted at  
21 the payment centres, WHSI was able to initiate the transition for nearly 3,000 affected customers. Between  
22 May 1, 2009 and October 31, 2009, prepaid metered customers were converted to the standard billing  
23 system. This transition affected 25% of WHSI's residential customers and approximately 30 general service <  
24 50 customers.

1 While meter department, IT, and administrative activities declined, the billing, collecting and customer service  
2 activities increased. Call volumes increased from 21,852 in 2008 to 30,834 in 2009 and continue to remain at  
3 high levels in 2010. The impact of this business change is described in more detail in Exhibits 3 and 4.

#### 4 **Smart Meter Implementation**

5 By December 31, 2009, 78.25% of WHSI's smart meters had been installed. In this application, WHSI is  
6 requesting approval to transfer the OM&A costs related to these smart meters to the OM&A accounts. The  
7 2011 Test year amounts for the software maintenance, meter operations, meter reading expense reflect these  
8 changes. WHSI is currently undergoing training and business process changes to prepare for TOU billing.  
9 Customer education sessions and informational material is part of WHSI's community outreach program.  
10 More detailed information on the smart meter implementation can be found in Exhibit 9.

#### 11 **GEGEA/ MicroFIT/FIT**

12 To date, WHSI has 3 microFIT customers connected to its distribution system, and 23 microFIT applications  
13 and 7 FIT applications submitted to the Ontario Power Authority for the WHSI service area. As WHSI promotes  
14 the new Conservation Culture within the WHSI area, customers are becoming more aware and educated on  
15 renewable energy sources, and the Green Energy and Green Economy Act. Information sessions and open  
16 house programs hosted by WHSI continue to generate much interest within the community. WHSI also is  
17 embarking on a small 10 kW microFIT solar photovoltaic system to be located at the WHSI office. The primary  
18 purpose of this project is to educate and promote public awareness of renewable energy and is discussed  
19 further in this Exhibit.

#### 20 **IFRS**

21 Starting as early as January 1, 2011, Canada will transition from Canadian Generally Accepted Accounting  
22 Principles (CGAAP) to the International Financial Reporting Standards (IFRS). While it is acknowledged that this  
23 transition will be a significant change for all qualifying Canadian entities, certain standards surrounding  
24 regulatory matters will add another complex layer to the transition process for LDC's. At this time, WHSI  
25 intends to defer the transition to IFRS to January 1, 2012. While much remains to be done, WHSI is  
26 progressing towards the IFRS transition, despite current resourcing constraints.

1 In 2009, WHSI participated with London Hydro and Chatham Kent Hydro in a joint Property, Plant, and  
2 Equipment Study, and an Asset Replacement Value Study conducted by Kinetrics Inc. In addition to achieving  
3 cost savings through this joint effort, group discussions provided WHS engineering and finance staff with a  
4 better understanding of asset componentization for property, plant, and equipment.

5 Another working group comprised of Orillia Power, WHSI, Lakeland Hydro (OWL), jointly enlisted the  
6 consulting services of Grant Thornton, LLP through a competitive bid process to further prepare for the IFRS  
7 implementation. Again, this pooling of resources and costs will help mitigate the IFRS transition costs for  
8 each participant. Through the offerings of the OWL group, WHSI staff, management, and the Board of  
9 Directors actively participated in IFRS trainings sessions and presentations in 2009.

10 Corporate-wide engagement of this transition is important to the success of the project, which has been  
11 evidenced in the progress made to date:

- 12 • WHSI upgraded their financial system (Microsoft Dynamics) as of January 1, 2010 to accommodate IFRS  
13 accounting and comparative regulatory and CGAAP reporting. WHSI's general ledger, inventory,  
14 payables, receivables, payroll, and job cost system now actively accommodate transactions at the  
15 asset componentization level. While WHSI continues to follow CGAAP in 2010, the allocation of assets  
16 to the new componentized accounts will allow for a more seamless transition to IFRS accounting.
- 17 • All WHSI staff are becoming accustomed to the added levels of detail involved with asset  
18 componentization for capital jobs, purchasing, estimating, timesheet entry, and job costing.
- 19 • Engineering and Finance departments are collaboratively planning an interface among the GIS system,  
20 the Fixed Asset Module in Microsoft Dynamics, and a work order estimate system, in order to fully  
21 utilize all systems in an IFRS environment. This interface will also benefit WHSI's Asset Management  
22 program by having financial and technical asset information available in one consolidated database.

23 WHSI also continues to work collaboratively with its Auditors to seek advice and guidance on the IFRS  
24 transition and its requirements.

1 Additionally, in 2009 several LDC's in the South Western Ontario Region formed an IFRS working group to  
2 participate in IFRS discussions, and where possible, seek potential opportunities for shared savings. The group  
3 members support this collaborative effort to help promote comparability and consistency among its  
4 comparators and cohorts.

### 5 **Allocation of Water and Sewer Billing & Collecting Fees and Expenses**

6 Prior to 2008, fees collected for the provision of water and sewer billing and collecting services were credited  
7 to account 4220. The related expenses remained in the billing, collecting, and general administration accounts.  
8 In accordance with the APH, income and expenses associated with the provision of water billing and collecting  
9 services are to be allocated to non-utility income and expense accounts 4375 and 4380 respectively.

10 In 2008 WHSI conducted a cost analysis to ascertain the costs to provide this service, and to confirm whether  
11 the billing fees under the existing agreement were recovering these costs. As part of this rate application, an  
12 updated cost analysis was conducted to ensure all historical and forecast expenses to provide this service to  
13 the County of Oxford are recovered through billing fees. A summary of the cost analysis is provided in  
14 Appendix B

### 15 **Change in Labour Burden Determinants**

16 Prior to 2010, one corporate-wide overhead rate was used for all employee burdens. These burdens included  
17 the cost of all employee benefits and payroll taxes including EI, CPP, EHT, WSIB, and group insurances.  
18 Additionally, labour charged to vacation, statutory holidays, sick time, and other approved absences;  
19 meetings, training, and safety were also included, along with safety clothing, small tools and equipment.  
20 Burdens were allocated to capital, OM&A, and recoverable accounts based on the number of productive  
21 labour hours charged to each account.

22 Beginning in 2010, to more precisely allocate certain labour costs to the appropriate cost centres, two labour  
23 burden rates were established. "Inside" staff include Administration, Billing, Collecting, Customer Service, and  
24 Stores department employees. Although WHSI uses activity based costing for timesheet allocation, the nature  
25 of these positions are such that time is typically charged to only one or two core accounts. Activity based  
26 timesheets allocate labour hours to several jobs in order ascertain the cost for each task. A Billing Clerk, for

example, would ultimately charge all of their time to account 5315, however the time may be allocated to “final billing”, “cycle billing” and “EBT processing” jobs, within account 5315.

Rather than charging non-productive hours, meetings, training, and safety to a single burden account that is in turn, allocated over all WHSI accounts, new job numbers were established within the employee’s core account to record non-productive labour, meetings, training, and safety, and more accurately capture the true cost of that particular position and department.

“Outside” staff include Operations, Meter, and Engineering department employees. The nature of the work for these employee are such that the job numbers and account numbers widely vary according to the task at hand. Therefore, unproductive labour, meetings, training, and safety continue to be included in the “Outside” burden rates and are allocated across accounts based on “Outside” staff’s productive labour hours.

Overhead rates are set at the beginning of each year for Inside and Outside class positions and are adjusted to actual at year end. The estimated impact of establishing two separate burden rates are illustrated in Table 4-3 below

Table 4-3 Impact on Payroll Burden Adjustments

Impact	2010 Bridge	2011 Test	Account Range
Increase in OM&A	\$53,075	\$40,122	5005 to 5675
Decrease in Capital	(\$36,928)	(\$29,248)	1820 to 2055
Decrease in Third Party charges	(\$6,934)	(\$6,067)	1104 to 1110
Decrease in Regulatory expense	(\$7,701)	(\$2,586)	1508 to 1556
Decrease in Non-Utility expense	(\$1,513)	(\$2,222)	4380
	(\$0)	\$0	

1 **Materiality Threshold**

2 WHSI's service revenue requirement for the purposes of this application is \$ 8,715,753, and the base revenue  
3 requirement is \$8,232,474. The variance used to determine the OM&A accounts requiring analysis has been  
4 prescribed by the Filing Requirements as \$50,000 (distributors with a distribution revenue requirement of less  
5 than or equal to \$10 million). WHSI will describe variances that are below this materiality threshold in order  
6 to provide a meaningful analysis of the activity in the OM &A accounts.

7

1 **OM&A Budgeting Process Used by WHSI:**

2 An ISO 9001 Registered Company, WHSI is committed to continuous improvement and to ensure policies,  
3 procedures, and internal controls are documented and updated regularly. A series of documents relating to  
4 budget planning, responsibilities, and approvals are adhered to by WHSI and are outlined in Exhibit 2. The  
5 OM&A Budget is one component of the overall budget process that is described in Exhibit 2.

6 As part of the Corporate Budgeting process, WHSI management prepares an annual operating budget in the  
7 last quarter of the fiscal year preceding the budget year. The budget is reviewed and approved by the Board of  
8 Directors prior to the start of the budget year. A Management Finance meeting is held on a monthly basis to  
9 review and compare year to date costs with budgeted amounts. Extraordinary, unforeseen changes to the  
10 budget that cannot be mitigated through regular operations and have a material impact on the budget are  
11 brought forward to the Board of Directors for re-approval.

12 **Operating Work Plans:**

13 Department Managers provide input for the preparation of the departmental budget. The following directives  
14 are provided to each manager:

- 15 • Expenses are determined based on historical, current, forecast, and planned expenses for the budget year,  
16 taking into account existing purchasing agreements and those that are or will be up for review;
- 17 • Variances in spending from prior years must be explained and documented;
- 18 • Succession planning for department staff and any temporary staffing needs are reviewed, justified, and  
19 incorporated into the current year forecast and budget;
- 20 • A labor budget is prepared using projected wage and benefit costs, productive hours, and non-productive  
21 hours. Overtime is based on normalized historical costs, which takes into account any excessive overtime  
22 attributable to one-time events, or the absence of overtime due to mild weather conditions.
- 23 • Account distribution for administrative and customer service positions are based on historical job cost  
24 allocations and special projects planned for the budget year.

- Account distribution for operations positions are based the planned capital and operating work and number of available productive labour hours.
- Where the required man-hours for time sensitive, essential projects exceed the available productive labour hours, an analysis is conducted to determine the prudence of contracting the work to a third party or deferring lower priority work to a future period. Customer demand, financial, safety, and regulatory factors are considered in the analysis.

Table 4-4 shows the OM&A annual OM&A Costs per Customer and FTEE. The number of customers and total OM&A are the year end amounts. The number of FTEE's are the total for the calendar year to coincide with the total OM&A for the year. More information follows in this Exhibit.

Table 4-4

**OM & A Cost per Customer and FTEE**

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Number of Customers	14,374	14,495	14,654	14,844	15,080	15,320
Total OM&A	\$3,449,705	\$3,394,511	\$3,388,103	\$3,448,416	\$3,891,600	\$4,169,207
OM&A Cost per Customer	\$240.00	\$234.18	\$231.21	\$232.31	\$258.06	\$272.14
Number of FTEEs	32.26	35.81	37.96	39.83	38.15	37
Customers / FTEE	446	405	386	373	395	414
<i>% Change from previous year</i>		-9.16%	-4.63%	-3.46%	6.06%	4.75%
<i>% Change 2006 to 2011 Test</i>						-7.07%
OMA cost per FTEE	\$106,934	\$94,792	\$89,255	\$86,578	\$102,008	\$112,681
<i>% Change from previous year</i>		-11.35%	-5.84%	-3.00%	17.82%	10.46%
<i>% Change 2006 to 2011 Test</i>						5.37%

1 **DEPARTMENTAL AND CORPORATE OM&A ACTIVITIES:**

2 **OPERATIONS & MAINTENANCE (Accounts 5005 to 5195)**

3 **Line Department:**

4

5 The majority of pole line and underground capital and maintenance activity is completed in-  
6 house by WHSI line crews. As described further in this Exhibit, WHSI is undergoing a succession  
7 plan to replace upcoming retirements and strongly believe LDC's have a responsibility to ensure  
8 trained and qualified people are available to replace outgoing seasoned trades people.

9

10 Line staff are increasingly becoming an active part of the GIS mapping improvements and  
11 continue to be key 'consultants' by identifying equipment and areas of our distribution plant  
12 that require attention. WHSI benefits from the services of several long-term associates in this  
13 department and believe the continued robustness of the system is due in part, to the  
14 contributions of their intuitive and competent feedback.

15

16 **Preventive Maintenance and Capital Planning:**

17

18 WHSI strives to meet and exceed the minimum inspection requirements as noted in Appendix C  
19 of the OEB's Distribution System Code. Inspection of distribution equipment is a primary driver  
20 for the identification of capital rebuild and replacement strategies, while serving to identify  
21 weak points in our system that will require maintenance and repair activities.

22

23 WHSI's customer responsiveness and system reliability are monitored continually to  
24 ensure that its maintenance strategy is effective. Where maintenance programs have  
25 identified infrastructure requiring capital investment, WHSI may adjust its capital  
26 spending priorities to address those situations.

1 Annual inspection of padmount switchgear, transformers and pole equipment are conducted  
2 and results are uploaded to the GIS mapping system. From there, visual and statistical analysis  
3 is completed to identify trends that will support further maintenance, or initiate planning for  
4 capital replacement of the asset.

5

6 Thermal imaging is conducted on an annual basis throughout the City, primarily on overhead  
7 lines and equipment to identify poor or failing connections or overload conditions.

8

9 **Emergency Maintenance:**

10 An answering service company has been contracted to contact “on call” lineperson and  
11 supervisory staff in the event of service problems outside of normal business hours.

12 **Service Work:**

13 The majority of costs related to this work are for service upgrades requested by  
14 customers, subdivision inspections and assisting pre-approved contractors; the making of  
15 final connections after Electrical Safety Authority (“ESA”) inspection for service upgrades;  
16 and changes of service locations.

17 **Network Control Operations:**

18 A Survalent Supervisory Control and Data Acquisition (SCADA) system continues to be  
19 maintained and a long-term system automation plan is under development. Four automated  
20 load-break switches with reclose capability were installed in 2010 and future plans include the  
21 expansion of this system as we introduce the new Commerce Way TS to the 27 Kv supply  
22 system. This system also allows us to work closely with Hydro One Control Center in Barrie  
23 Ontario, as we monitor breaker status, capacitor switching events and power quality  
24 information from the transmission supply.

1 **Meter Department:**

2 The vast majority of metering service and installation work is completed by WHSI meter  
3 technicians. Once again, WHSI believes it's strength in metering accuracy and customer service  
4 is largely due to the long-term expertise of this department. Decades of pay-as-you-go and  
5 interval metering experience have served to prepare WHSI staff for the complexities of the  
6 smart meter and expanding interval metering regime, microFIT, and other renewable and smart  
7 grid activities. This in-house expertise will ensure our success going forward as we endeavor to  
8 educate and help customers embrace the virtues of a smart metering and intelligent power  
9 network.

10

11 As smart metering, distributed generation and conservation activities evolve and mature, we  
12 envision our meter department will take greater responsibility in the integration of these three  
13 technologies and concepts.

14

15 Revenue Protection is another key activity performed by Metering, by proactively  
16 investigating potential diversion and theft of power.

17

18 **Substation Services:**

19 WHSI maintains a 4 Kv distribution system, although a long-term plan is in place to replace this  
20 aging and outdated technology. Ongoing maintenance is completed through weekly station and  
21 yard inspections and annual breaker and overcurrent relay testing. Although the main 27 Kv  
22 substation is Hydro One owned, WHSI continues to monitor feeder load currents and over-  
23 current protection settings to ensure feeders are adequately protected.

24

25

1 **Power Quality:**

2 To ensure customer voltages and quality of power remain consistent and within IEEE standards,  
3 power quality monitoring at customer sites (normally located at the Point of Common  
4 Connection) are installed by WHSI staff. Supported by the SCADA telemetry and reporting  
5 information, WHSI encourages customers to be aware of their power use habits and to work  
6 together with us to help educate them on solutions that ensure maximum up-time and  
7 productivity. This process is mutually beneficial as the results often assist WHSI in identifying  
8 efficiency gains that can be found on its own distribution system.

9

10 **Engineering Department:**

11 Engineering department staff design new capital work, engage contractors and staff in  
12 maintenance and capital activity, manage and update the GIS mapping system and handle  
13 renewable energy connection activity. System modeling software (DESS) is used to ensure an  
14 understanding of new connection impacts can be developed in real time.

15

16 Smart grid activities including distributed generation, smart metering, GIS mapping and  
17 conservation initiatives often culminate within the engineering and operations departments as  
18 WHSI strives to integrate all aspects of the utility business into the Smart grid strategy.

19

20 **Stores and Materials Management:**

21 Newer regulations enforced by the Electrical Safety Authority place an increasingly important  
22 emphasis on material approvals and maintenance. Material handling and procurement  
23 procedures continue to improve and efficiency of purchasing and 'kitting' for project specific  
24 work is enabling a reduction in inventory levels. Again, recruiting and supporting the right staff  
25 with a mind for continuous improvement is imperative and WHSI continues to see efficiency

1 and productivity gains as this aspect of the business is developed. IFRS developments and  
2 subsequent changes to accounting practices will continue to drive change and improvements  
3 to the practice of handling materials and equipment.

4  
5 Stores department costs are applied as a burden rate to materials, which are in turn  
6 allocated to capital, maintenance, and Third Party receivable accounts, as the direct  
7 material is issued to those specific jobs. A standard overhead percentage is reviewed  
8 annually and applied to all materials issued from inventory.

9 WHSI has two main storage facilities in the City of Woodstock, the main warehouse at 16  
10 Graham Street and a second facility on Nellis Street to house larger inventory items.

11 Stores burdens include labour and expenses for procurement, inventory control and  
12 material handling, site maintenance, building security, small tools and supplies, storage  
13 rental charges, and depreciation on stores equipment. As part of the year-end process,  
14 costs are reconciled to actual at year end.

15 **Fleet Management:**

16 WHSI conducts an annual review of vehicle count and type to ensure the appropriate number  
17 and type of vehicles are available. Vehicles and equipment are not replaced based strictly on an  
18 end-of-life only strategy. Rather, each vehicle and department is expected to defend the need  
19 for their respective charge and assist in the process of right-sizing the fleet to ensure maximum  
20 return of rolling assets.

21  
22 Garage and fleet maintenance is the responsibility of the operations department, who  
23 oversees the maintenance and control of 14 fleet vehicles. Operations staff ensure  
24 inspection and maintenance schedules are complied with, that repairs are promptly  
25 addressed to ensure vehicle reliability, safety and to minimize vehicle down time. Vehicle

1 costs are allocated to operations, maintenance, capital and Third Party receivable  
2 accounts based on number of vehicle hours used

3 A standard hourly rate is set for vehicles based on size and function of the vehicle, and is  
4 charged to the appropriate job through timesheet entry. The vehicle burden costs used to  
5 calculate the hourly rate include repairs, maintenance, inspection, fuel, and vehicle  
6 depreciation expense. Costs are adjusted to actual at year end.

7

#### 8 **CUSTOMER SERVICE (Accounts 5305 to 5340)**

9 The Customer Service group is responsible for the customer care activities for  
10 approximately 15,000 customers in WHSI's service area. These activities include meter  
11 reading, billing, collecting, and customer care.

#### 12 **Meter Reading (5310):**

13 Meter reading services are contracted out to a non-affiliated third party under a service  
14 contract agreement. On average the contractor reads 15,000 electric service meters as  
15 well as approximately 1,000 water meters per month on behalf of the County of Oxford.  
16 Costs related to the water meter reading are recovered through monthly billing service  
17 fees.

18 Daily meter readings for Interval metered customers are downloaded on a daily basis  
19 through MV90 technology/third party and billed to customers monthly.

20 Upon the implementation of Smart Meter TOU billing, meter reading for residential and  
21 general service < 50 customers will be automated through the AMI network.

22

1 **Billing (5305,5315):**

2 WHSI performs monthly billing and issues approximately 160,000 bills annually to  
3 customers for hydro, and for water and sewer services on behalf of the County of Oxford.  
4 On average this includes 3,500 final bills. An annual billing schedule is determined at the  
5 start of each calendar year and is based on the cycle billing and meter reading routes by  
6 geographical locations within the City of Woodstock. General Service >50 customers are  
7 billed at the beginning of each month. The billing functions include the VEE processes;  
8 EBT and retailer settlement functions for 3,700 retailer accounts; account adjustments;  
9 processing meter changes; and other various account related field service orders and  
10 mailing services. WHSI offers customers a number of billing and payment options  
11 including an equal payment plan and a preauthorized payment plan. These functions are  
12 performed by the Billing Supervisor and two Billing Representatives.

13 Costs related to the water and sewer billing are recovered through monthly service fees.

14 In 2009 WHSI discontinued its Pay-As-You-Go meter program, once it was determined that a  
15 proven, cost effective, prepaid meter technology was unavailable. Between May 1, 2009 and  
16 October 31, 2009, prepaid metered customers were transitioned to the standard billing system.  
17 WHSI offered two different prepaid systems, namely, AMPY and PowerStat. While this  
18 conversion eliminated the need to maintain three independent CIS systems, the offsetting  
19 impact was a 25% increase in the number of residential customer bills.

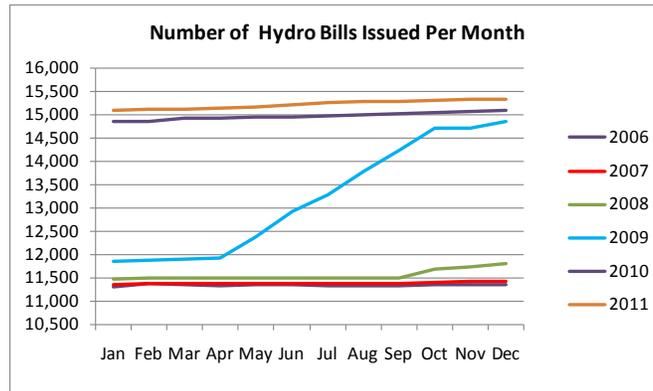
20 Annual growth, combined with the discontinuation of the prepaid meter programs, has had a  
21 significant impact on the number of bills issued. Chart 4-1 below shows the year-over-year  
22 trend in the number of bills issued each month. In May, 2009, as the prepaid customers began  
23 transitioning to the standard hydro account, the number of bills issued increased. Increases in  
24 2010 and 2011 numbers are due to forecasted customer growth.

25

1

Chart 4-1

2



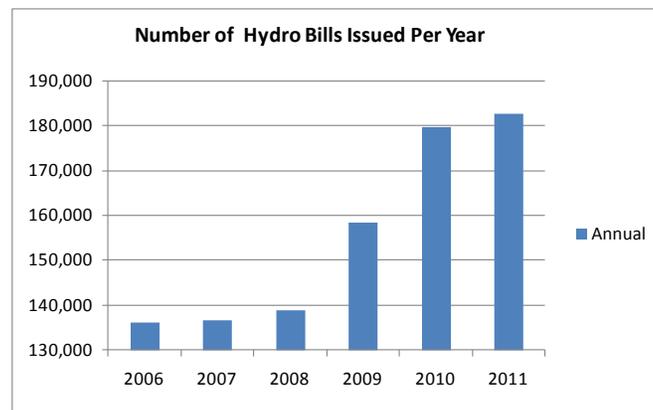
6

7 Chart 4-2 below shows the annual trend in the number of hydro bills issued from 2006 to the  
 8 2011 Test Year. The 2011 Test year information is based on the projected customer growth as  
 9 described in Exhibit 3.

10

Chart 4-2

11



15

16 **Collecting and Customer Service (5320):**

17 Collecting and Customer Service activities include the receipt and processing customer  
 18 payments, following up on past due accounts, administering service disconnects,  
 19 reconnects, and security deposit reviews, customer account maintenance and customer  
 20 care call centre response. Hand delivery of final notices, collections, and field

1 disconnection/reconnection of services are contracted out to a non-affiliated third party  
2 under a service contract agreement. Internal duties are primarily performed by the  
3 Collections CSR, Cashier CSR, and Receptionist CSR, with support provided by the  
4 Accounting Assistant and General Accountant.

5 An increasing trend in the number of final notices, field collections, and disconnects has  
6 developed since 2008. Table 4-5 shows the historical and forecast trend for these  
7 activities. WHSI is forecasting a decline in these activities in 2011 in conjunction with it's  
8 proposal to increase the service charges to the OEB standard rates, which is detailed in  
9 Exhibit 3.

10 Table 4-5

11 Historical and Forecast Collection Activities

12

	2006	2007	2008	2009	2010	2011
Field Collection Visits	31	27	92	149	150	75
Delivery of Final Notices	5,220	5,461	6,408	9,404	12,000	9,000
Disconnects/Reconnects	53	66	124	379	540	240

13

14

15 Credit risk is a concern for WHSI with 2011 bad debt forecast to be \$53,460. Since 2009,  
16 WHSI has experienced increases in bad debt expense. The recent local and national  
17 economic challenges, the elimination of pay-as-you-go meters, the implementation of HST  
18 and increasing electricity charges overall, has increased the amount of uncollectable  
19 accounts.

20

21

22

1

Table 4-6

	2006	2007	2008	2009	2010 Bridge	2011 Test
Residential	\$ 12,392	\$ 11,868	\$ 12,675	\$ 28,311	\$ 35,000	\$ 41,660
General Service	\$ 2,000	\$ 2,339	\$ 12,137	\$ 6,798	\$ 10,000	\$ 11,800
<b>Total Customer Bad Debts</b>	<b>\$ 14,392</b>	<b>\$ 14,207</b>	<b>\$ 24,812</b>	<b>\$ 35,108</b>	<b>\$ 45,000</b>	<b>\$ 53,460</b>
Less: Adjustments*	\$ 1,591	\$ 10,547	\$ 1,329	\$ 6,955	\$ -	\$ -
<b>Account 5335 Bad Debt Expense</b>	<b>\$ 12,801</b>	<b>\$ 3,660</b>	<b>\$ 23,483</b>	<b>\$ 28,153</b>	<b>\$ 45,000</b>	<b>\$ 53,460</b>

2

\*Adjustments: application of stale dated customer refund cheques, water/sewer portions, DRC/GST recoveries

3

To minimize credit losses, WHSI enforces a prudent credit policy within the guidelines of the Distribution System Code. Active overdue accounts are collected by WHSI employees through notices, letters and direct telephone contact. Final bill collections are turned over to a collection agency after internal collection methods are exhausted. Collection activities have increased to the extent that an additional CSR position was added in 2010 to administer the growing workload. Given the recent OEB amendments, and in particular, administration of an Arrears Management Program and proposed amendments to the Low Income Energy Assistance Program, this trend is expected to increase significantly in 2011.

11

**COMMUNITY RELATIONS (Accounts 5405 to 5425)**

12

WHSI's Mission Statement to deliver safe and reliable electricity, innovative energy solutions, superior customer service, and sound financial performance through partnership with its customers, employees, community, and shareholder, was the basis on which to conduct a mail-based customer survey in 2008. Surveys were distributed via customer bills, displays and drop boxes at the offsite prepay locations, as an insert in "What's On Woodstock" a publication provided through the Chamber of Commerce, and through community events such as Sidewalk Days. Developed in-house for less than \$3,000, WHSI customers did not disappoint, and with an 8% response rate, gave WHSI valuable insight into their customers concerns, views, and comments. Compared to 400 responses received in a 2007 survey, the 1,134 responses received for the 2008 survey

21

1 was a notable accomplishment. Ninety-three percent of customers were very satisfied or  
2 satisfied with WHSI. The survey results are included as Appendix C.

3 WHSI is a committed member of the Woodstock Community and takes an active role  
4 promoting and educating the public about electricity safety, energy conservation, smart  
5 meters, and microFIT programs, to name a few. Through participation in community  
6 events such as Sidewalk Days, The Farm Show, Kowapalooza, WinterLights, and  
7 Membership in The Chamber of Commerce and Economic Development Committee, WHSI  
8 practices an interactive, approachable relationship with its Customers and the  
9 community it serves. WHSI also continues to participate with the OPA in administering  
10 programs directed at Energy Conservation.

11 WHSI has an established, cooperative working relationship with social assistance agencies  
12 within the WHSI service area including the Ontario Disability Support Program, Ontario  
13 Works, and the Salvation Army. WHSI encourages customers who are facing difficulties in  
14 paying their electricity bill and/or security deposit to contact these agencies. Through  
15 their own independent screening processes, each agency determines the level of  
16 assistance to be provided. Since 2002 WHSI has provided up to \$5,000 per year to the  
17 Salvation Army to assist WHSI customers in paying their electricity bill, and is recognized  
18 in account 5410, Community Relations, Sundry.

19 The Salvation Army reviews each request on a case by case basis, and advises the utility  
20 in writing of any money it has authorized to be applied to individual customer accounts.  
21 Through their own screening process, the Salvation Army provides either loans or grants  
22 to customers requiring financial assistance. Repaid loan amounts are recycled and  
23 redistributed to other WHSI customers in need, which stretches the donated funds  
24 beyond their initial distribution even further. More recently, WHSI recognizes the  
25 increasing need for customer assistance and has committed to donate up to \$10,000

1 annually in 2010 and beyond, or, an amount as may be required by the upcoming Low  
2 Income Energy Assistance Program amendments.

3 Charitable Donations

4 Other than the amounts provided to the Salvation Army to assist WHSI customers in paying  
5 their electricity bills, WHSI did not include any charitable donations in the OM&A expenses for  
6 the 2006 to 2009 Actual, 2010 Bridge, and 2011 Test Year amounts.

7

8 **ADMINISTRATIVE AND GENERAL EXPENSES (Accounts 5605 to 5685)**

9 Administrative and general expenses include expenses incurred in connection with the general  
10 administration of the utility's operations. Within WHSI, the following functional areas are  
11 considered to be part of general administration and, as such, all expenses incurred within these  
12 functional areas are accounted for as administrative and general expenses:

- 13
- Executive Management (5605);
  - 14 • Management - Finance, Regulatory, Human Resources, and Internal Services (5610);
  - 15 • Non-Management- Finance, Regulatory, Administrative, and Information Technology  
16 Services (5615);

17

18 **Executive Salaries and Expenses:**

19 The President & CEO is responsible for all aspects of the organization. Costs include wages and  
20 burdens, conference, meeting, and seminar registration fees and expenses, professional fees,  
21 corporate relations, and other related expense. Fees and expenses for the WHSI Board of

1 Directors are included in account 5665, in accordance with the OEB Accounting Procedures  
2 Handbook.

3

4 **Management Salaries and Expenses:**

5 Human Resources/ Internal Services

6 This position oversees Human Resources, Payroll, and Information Technology services for  
7 WHSI. Costs include wages and burdens, conference, meeting, and seminar registration fees  
8 and expenses, professional fees, corporate relations, and other related expense.

9 Accounting and Regulatory Affairs

10 This position oversees Finance, Regulatory, Customer Service Billing and Collecting departments  
11 for WHSI. Costs include wages and burdens, conference, meeting, and seminar registration  
12 fees and expenses, professional fees, corporate relations, and other related expense.

13 **Administrative Services:**

14 Internal Services

15 The Internal Services department assists with payroll, data coordination, and information  
16 technology support. Expenses include salary and related costs associated with the Data  
17 Coordinator and two Information Technology Analysts.

18 Finance and Regulatory

19 The Finance department is responsible for the preparation of statutory, Management, and  
20 Board of Directors financial reporting in accordance with CGAAP; all accounting functions, in

1 and treasury functions, risk management, accounting system maintenance, insurance, and  
2 internal control processes.

3 The Finance department is also responsible for regulatory reporting and accounting, and for  
4 ensuring compliance with applicable codes and legislation governing WHSI. Expenses include  
5 salary and related costs associated with the Audit Accountant, General Accountant, Accounting  
6 Assistant, and a proportion of costs associated with the Receptionist CSR, and Cashier CSR, for  
7 general office duties. The Audit Accountant is also the Lead Internal Auditor for the ISO 9001  
8 Quality Management System and assists with the coordination of continuous improvement of  
9 corporate processes, procedures, and internal controls.

10 **Outside Service Employed (5630):**

11 Outside Services Employed include, but are not limited to consulting and professional fees for  
12 the following:

13

14 Information Technology / Technical Support

15 WHSI utilizes outside information resources to augment and support internal resources,  
16 particularly when software and hardware solutions are evolving, being upgraded and/or to  
17 keep abreast of emerging technologies to ensure that we are investing wisely.

18 Audit Services

19 External auditors provide audit and tax services, financial advice on current or emerging  
20 issues, prepare audited financial statements and conduct specific audits including the CIS  
21 conversion or Smart Meter costs as required. WHSI expects these costs to increase as the  
22 added complexity of IFRS is implemented.

23 Regulatory Consulting

1 Regulatory consulting services or general regulatory matters , including analysis and  
2 interpretation of various regulatory issues. Specific consulting services such as CDM are  
3 allocated to the appropriate accounts.

#### 4 Compliance Audits

5 Annual ESA Audits are now mandatory. WHSI uses external auditors to assess business  
6 processes as a method of continuous improvement.

7 ISO Audits are conducted annually to ensure compliance with ISO standards. Recertification  
8 audits take place every three years and involve a complete audit of the ISO system. WHSI's  
9 next recertification audit is scheduled for Q4 2010. In 2009, WHSI worked with a consultant to  
10 evaluate to option to pursue the ISO 18001 Health and Safety certification. This will be  
11 revisited in 2011 to assess whether WHSI will seek to attain ISO 18001 certification and/or  
12 pursue additional Zeroquest levels in 2012.

13

14 Other Outside Services used by WHSI include consulting and professional services for legal,  
15 labour relations, strategic planning , performance management, and Utility Standards Forum  
16 (USF).

#### 17 **Injuries and Damages (5640):**

18 Expenses for liability insurance, WSIB compensation, and fees for proficiency, safety and  
19 accident prevention training for apprenticeship and recertification training are reported in  
20 account 5640. A few examples include overhead and traffic proficiency, WHMIS, First Aid/CPR,  
21 work area protection, EUSA training, and ergonomic assessments. Labour and expenses for  
22 "Outside" operations staff are included in labour burdens. Labour costs for "Inside" staff are  
23 charged to their primary accounts. (5615, 5315, 5320, etc.)

24

25

1 **Employee Post-Retirement Benefits (5645):**

2 Beginning in 2009, expense accruals for Employee Future Benefits were included in this account  
3 as a result of an actuarial valuation as of January 1, 2009. A copy of the valuation is included in  
4 Tab 4 Appendix A. Annual costs to hold onsite flu clinics for WHSI employees are also included  
5 in this account.

6 **Regulatory Expenses (5655):**

7 Regulatory Expenses include those expenses incurred in connection with Decisions and Orders  
8 on Cost Awards for hearings, proceedings, technical sessions, and other matters before the OEB  
9 or other regulatory bodies, including annual assessment fees paid to a regulatory body. Annual  
10 fees assessed by the OEB are included in this expenditure category.

11 **Miscellaneous General Expense (5665):**

12 Directors Fees and expenses, Bank Service Charges, corporate memberships and other  
13 miscellaneous corporate costs are included in this account.

14  
15 **Maintenance of General Plant (5675):**

16  
17 This account includes costs to maintain WHSI's main building at 16 Graham Street, Woodstock,  
18 which houses the office, garage, and main warehouse, as well as corporate hardware and  
19 software maintenance fees.

20  
21 **Electrical Safety Authority Fees (5680):**

22 Expenses under Electrical Safety Authority ("ESA") fees include all annual charges from the ESA.

23

24 Table 4-7 below presents the historical and forecast OM&A costs by account number.

1  
2

O M & A Cost Table – Table 4-7

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved	2007 Actual	Variance from 2006 Actual	2008 Actual	Variance from 2007 Actual	2009 Actual	Variance from 2008 Actual	2010 Bridge	Variance from 2009 Actual	2011 Test	Variance from 2010 Bridge
Operations														
5005	Operation Supervision and Engineering	168,715	202,383	33,668	210,348	7,965	207,437	-2,911	227,795	20,358	205,500	-22,295	107,021	-98,479
5010	Load Dispatching	87,416	83,055	-4,361	81,567	-1,488	38,004	-43,563	33,981	-4,023	40,500	6,519	51,816	11,316
5012	Station Buildings & Fixtures Expense	2,155	4,691	2,536	1,782	-2,909	14,442	12,660	12,540	-1,902	36,300	23,760	52,934	16,634
5016	Distribution Station Equipment - Operation Labour	37,338	32,250	-5,088	25,193	-7,056	32,552	7,358	40,138	7,587	45,000	4,862	33,292	-11,708
5017	Distribution Station Equipment - Operation Supplies & Expenses	6,144	21,920	15,776	175	-21,745	15,238	15,063	13,568	-1,670	12,611	-957	14,500	1,889
5020	Overhead Distribution Lines & Feeders-Operation Labour	6,469	19,028	12,559	25,502	6,474	29,370	3,868	32,594	3,224	36,000	3,406	43,275	7,275
5025	Overhead Distribution Lines & Feeders-Operation Supplies & Expenses	33,192	11,385	-21,807	2,932	-8,452	5,021	2,089	7,636	2,615	3,600	-4,036	5,500	1,900
5035	Overhead Distribution Transformers - Operation		0	0	0	0	1,588	1,588	3,905	2,317	3,300	-605	3,234	-66
5040	Underground Distribution Lines & Feeders- Operation Labour	38,306	52,995	14,689	64,326	11,331	85,875	21,549	16,231	-69,643	22,000	5,769	34,167	12,167
5045	Underground Distribution Lines & Feeders- Operation Supplies & Expenses	39,512	19,973	-19,539	10,142	-9,831	12,066	1,925	4,498	-7,568	17,120	12,622	23,500	6,380
5055	Underground Distribution Transformers-Operation		0	0	0	0	0	0	113	113	0	-113	0	0
5065	Meter Expense	130,325	154,698	24,373	202,932	48,235	254,110	51,178	108,822	-145,288	160,000	51,178	146,160	-13,840
5070	Customer Premises - Operation Labour		0	0	0	0	161	161	49,765	49,603	70,000	20,235	63,885	-6,115
5075	Customer Premises - Materials & Expenses	86	0	-86	0	0	1,150	1,150	7,212	6,062	6,000	-1,212	8,000	2,000
5085	Miscellaneous Distribution Expenses	20,711	22,243	1,532	48,369	26,127	87,577	39,208	158,829	71,251	168,548	9,719	194,651	26,103
5095	Overhead Distribution Lines & Feeders- Rental Paid	3,790	165	-3,625	11,910	11,745	3,124	-8,786	1,670	-1,455	3,775	2,105	3,625	-150
	Sub-Total	\$574,159	\$624,785	\$50,626	\$685,178	\$60,393	\$787,716	\$102,538	\$719,297	-\$68,419	\$830,254	\$110,957	\$785,560	-\$44,694

1

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved	2007 Actual	Variance from 2006 Actual	2008 Actual	Variance from 2007 Actual	2009 Actual	Variance from 2008 Actual	2010 Bridge	Variance from 2009 Actual	2011 Test	Variance from 2010 Bridge
Maintenance														
5105	Maintenance Supervision and Engineering	63,399	57,053	-6,346	65,649	8,596	61,394	-4,255	77,868	16,473	78,200	332	84,438	6,238
5110	Maintenance of Buildings and Fixtures - Distribution Stations	116	0	-116	0	0	88	88	4,623	4,536	0	-4,623	20,061	20,061
5114	Maintenance of Distribution Station Equipment		885	885	0	-885	36	36	6,462	6,426	10,000	3,538	5,000	-5,000
5120	Maintenance of Poles, Towers & Fixtures	10,344	22,572	12,228	34,367	11,794	57,269	22,902	54,084	-3,185	85,692	31,608	91,987	6,295
5125	Maintenance of Overhead Conductors & Devices	49,282	132,919	83,637	109,198	-23,722	92,175	-17,023	135,774	43,599	94,000	-41,774	116,877	22,877
5130	Maintenance of Overhead Services	73,294	73,880	586	71,166	-2,714	73,024	1,858	61,691	-11,333	72,000	10,309	73,273	1,273
5135	Maintenance of Distribution Lines & Feeders- Right of Way	41,011	57,852	16,841	69,272	11,419	93,659	24,387	111,006	17,348	106,700	-4,306	111,935	5,235
5145	Maintenance of Underground Conduit	17,545	5,272	-12,273	10,916	5,645	4,370	-6,546	9,422	5,052	6,300	-3,122	12,535	6,235
5150	Maintenance of Underground Conductors & Devices	17,086	18,365	1,279	22,219	3,854	37,671	15,451	37,547	-124	39,000	1,453	51,073	12,073
5155	Services	53,623	55,992	2,369	37,733	-18,259	53,700	15,967	66,608	12,908	70,000	3,392	64,648	-5,352
5160	Maintenance of Line Transformers	48,183	61,756	13,573	51,546	-10,210	59,109	7,564	65,225	6,115	82,000	16,775	98,945	16,945
5175	Maintenance of Meters	1,887	1,008	-879	401	-607	0	-401	0	0	0	0	0	0
5176	Customer Installation Expenses- Leased Property		1,747	1,747	9	-1,738	361	351	0	-361	0	0	0	0
Maintena Net variance		\$375,770	\$489,302	\$113,532	\$472,477	-\$16,826	\$532,855	\$60,379	\$630,310	\$97,455	\$643,892	\$13,582	\$730,771	\$86,879
Billing & Collecting														
5305	Supervision	77,995	85,612	7,617	87,275	1,663	62,953	-24,323	53,995	-8,958	50,434	-3,561	54,748	4,314
5310	Meter Reading Expense	117,867	123,239	5,372	135,093	11,854	136,266	1,174	113,547	-22,719	132,248	18,701	151,927	19,679
5315	Customer Billing	249,488	298,264	48,776	293,553	-4,711	250,784	-42,769	237,092	-13,692	219,245	-17,847	301,335	82,090
5320	Collecting	184,108	154,116	-29,992	150,677	-3,438	92,404	-58,273	114,787	22,383	117,055	2,268	116,362	-693
5325	Collecting- Cash Over & Short	39	149	110	180	31	-9	-189	-442	-433	100	542	100	0
5330	Collection Charges		0	0	0	0	-285	-285	-795	-509	-4,000	-3,205	-5,000	-1,000
5335	Bad Debt Expense	1,659	12,801	11,142	3,660	-9,140	23,483	19,823	28,153	4,670	45,000	16,847	53,460	8,460
5340	Miscellaneous Customer Account Expenses	2,306	2,149	-157	2,027	-122	2,018	-9	2,091	73	2,200	109	2,200	0
Sub-Total		\$633,462	\$676,329	\$42,867	\$672,465	-\$3,864	\$567,613	-\$104,852	\$548,428	-\$19,185	\$562,282	\$13,854	\$675,133	\$112,851

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved	2007 Actual	Variance from 2006 Actual	2008 Actual	Variance from 2007 Actual	2009 Actual	Variance from 2008 Actual	2010 Bridge	Variance from 2009 Actual	2011 Test	Variance from 2010 Bridge
Community Relations														
5405	Supervision		11,944	11,944	11,331	-613	3,436	-7,895	2,887	-548	3,250	363	3,825	575
5410	Community Relations-Sundry	5,162	10,373	5,211	11,793	1,420	13,210	1,417	10,419	-2,791	17,750	7,331	21,235	3,485
5415	Energy Conservation	2,211	256,044	253,833	103,184	-152,860	23,274	-79,910	5,688	-17,586	5,300	-388	8,170	2,870
5420	Community Safety Program	498	7,388	6,890	2,574	-4,814	289	-2,285	5,093	4,804	10,000	4,907	9,153	-847
5425	Misc Customer Service & Informational Expenses	335	662	327	69	-593	0	-69	0	0	0	0	0	0
Sub-Total		\$8,206	\$286,411	\$278,205	\$128,950	-\$157,460	\$40,209	-\$88,741	\$24,088	-\$16,121	\$36,300	\$12,212	\$42,382	\$6,082
Administrative and General Expenses														
Executive Salaries & Expenses														
5605	Executive Salaries & Expenses	309,331	219,129	-90,202	150,787	-68,342	150,084	-703	154,821	4,736	182,478	27,657	195,903	13,425
Management Salaries & Expenses														
5610	Management Salaries & Expenses	73,992	145,530	71,538	151,782	6,252	262,949	111,168	236,833	-26,117	261,655	24,822	282,822	21,167
General Administrative Salaries & Expenses														
5615	General Administrative Salaries & Expenses	374,009	366,648	-7,361	435,512	68,864	417,264	-18,248	435,258	17,994	500,000	64,742	524,085	24,085
5620	Office Supplies & Expenses	65,319	74,699	9,380	66,273	-8,426	77,954	11,681	74,606	-3,349	82,305	7,699	81,254	-1,051
Administrative Expense Transferred - Credit														
5625	Administrative Expense Transferred - Credit		0	0	0	0	-127,754	-127,754	-129,004	-1,250	-52,105	76,899	-54,628	-2,522
5630	Outside Services Employed	87,596	109,949	22,353	78,369	-31,580	124,128	45,759	98,609	-25,519	134,437	35,828	126,500	-7,937
5635	Property Insurance	34,370	34,625	255	32,703	-1,921	32,575	-128	29,471	-3,104	30,695	1,224	32,000	1,305
5640	Injuries and Damages	52,163	44,837	-7,326	59,342	14,505	62,233	2,892	54,134	-8,099	67,000	12,866	72,555	5,555
Employee Pension and Benefits														
5645	Employee Pension and Benefits	11,096	1,081	-10,015	431	-650	356	-75	31,778	31,422	18,150	-13,628	18,150	0
5655	Regulatory Expenses	55,765	36,141	-19,624	48,313	12,172	35,849	-12,464	47,037	11,189	55,000	7,963	100,000	45,000
General Advertising Expenses														
5660	General Advertising Expenses		1,993	1,993	3,820	1,827	2,501	-1,319	3,933	1,432	5,500	1,567	5,500	0
Miscellaneous General Expenses														
5665	Miscellaneous General Expenses	100,374	102,214	1,840	105,177	2,963	104,158	-1,020	123,590	19,433	147,380	23,790	139,554	-7,826
Maintenance of General Plant														
5675	Maintenance of General Plant	149,722	106,863	-42,859	171,228	64,365	183,831	12,603	235,049	51,218	255,175	20,126	277,221	22,046
Electrical Safety Authority Fees														
5680	Electrical Safety Authority Fees		2,979	2,979	6,866	3,887	7,913	1,047	7,403	-510	7,350	-53	7,500	150
Sub-Total		\$1,313,737	\$1,246,687	-\$67,050	\$1,310,603	\$63,916	\$1,334,041	\$23,438	\$1,403,517	\$69,476	\$1,695,020	\$291,503	\$1,808,415	\$113,396
Taxes Other Than Income Taxes														
Taxes Other Than Income Taxes														
6105	Taxes Other Than Income Taxes	\$125,256	\$126,191	935	\$124,838	-1,353	125,668	830	122,776	-2,892	123,852	1,076	126,946	3,094
		\$125,256	\$126,191	\$935	\$124,838	-\$1,353	\$125,668	\$830	\$122,776	-\$2,892	\$123,852	\$1,076	\$126,946	\$3,094
Total Operating, Maintenance and Administrative Expenses														
		\$3,030,590	\$3,449,705	\$419,115	\$3,394,511	-\$55,193	\$3,388,103	-\$6,408	\$3,448,416	\$60,314	\$3,891,600	\$443,183	\$4,169,207	\$277,608

1 **VARIANCE ANALYSIS ON OM&A COSTS:**

2 WHSI has provided a detailed OM&A cost table covering the periods from 2006 Board  
 3 Approved, 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year and 2011 Test  
 4 Year including the variances year over year in Table 4-7 above. The following information  
 5 describes the primary drivers for variances between comparative years on a main category  
 6 basis. As mentioned above, the variance that triggers the required analysis is \$50,000 according  
 7 to the Filing Requirements (50,000 for distributors with a distribution revenue requirement less  
 8 than or equal to \$10 million). WHSI has explained additional variances where required in order  
 9 to produce a clearer analysis. WHSI has reviewed the variance of each OEB USoA account to  
 10 determine where explanations are necessary.

11 **2006 ACTUAL VERSUS 2006 BOARD APPROVED:**

12 **Total Variance: Operation \$50,626 (Account 5005 to Account 5096)**

13 Primary Drivers:

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved
5005	Operation Supervision and Engineering	168,715	202,383	33,668

16 A new Engineering Technologist was hired mid-year in response to increasing subdivision and  
 17 industrial development. Labour charges associated with general engineering operations  
 18 throughout 2006 account for this increase of \$33,668.

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved
5065	Meter Expense	130,325	154,698	24,373

22 Increased costs of \$24,373 in 2006 were attributable to material for meter repairs and testing.

23

OEB account	Expense Description	2006 Board Approved	2006 Actual	from 2006 Board Approved
Operation	All other variances	\$275,119	\$267,704	-\$7,415

The remaining net variance for 2006 operation expense was (\$7,415).

**Total Variance: Maintenance \$113,532 (Account 5105 to Account 5195)**

Primary Drivers:

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved
5120	Maintenance of Poles, Towers & Fixtures	10,344	22,572	12,228
5125	Maintenance of Overhead Conductors & Devices	49,282	132,919	83,637

An infrared analysis and the moving of overhead conductors and devices as part of the danger pole replacement program increased costs by \$ 95,866

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved
5135	Maintenance of Distribution Lines & Feeders- Right of Way	41,011	57,852	16,841

An increased focus on WHSI's tree trimming program began in 2005 (2005 actual \$54,222) and continued into 2006, varying \$16,841 from the 2006 Board approved amount.

OEB account	Expense Description	2006 Board Approved	2006 Actual	from 2006 Board Approved
Maintenance	All other variances	\$275,133	\$275,958	\$825

The remaining net variance for 2006 maintenance expense was \$825.

1 **Total Variance: Billing & Collecting \$42,867 (Account 5305 to Account 5340)**

2 Primary Drivers:

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved
5305	Supervision	77,995	85,612	7,617
5310	Meter Reading	117,867	123,239	5,372
5315	Customer	249,488	298,264	48,776
5320	Collecting	184,108	154,116	-29,992
Total		629,458	661,230	31,772

3  
 4  
 5  
 6  
 7 Additional net labour costs of \$31,772 were due billing department costs to accommodate  
 8 installation of new Ampy prepaid meters and software, as well as reallocation of administrative  
 9 staff to the billing department during the president transitional plan. (\$61,765). This was offset  
 10 by lower collecting labour costs(\$29,992). As the number of prepaid meters increased,  
 11 collections activities decreased.

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved
5335	Bad Debt	1,659	12,801	11,142

12  
 13  
 14  
 15  
 16 Higher than expected bad debts contributed to the balance of the billing and collecting variance  
 17 by \$11,142

OEB account	Expense Description	2006 Board Approved	2006 Actual	from 2006 Board Approved
Billing & Collecting	All other variances		\$2,345	\$2,298
				-\$47

18  
 19  
 20  
 21  
 22 The remaining net variance for 2006 billing and collecting expense was (\$47)

23

1 **Total Variance: Community Relations \$278,205 (Account 5405 to 5425)**

2 Primary Drivers:

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved
5415	Energy Conservation	2,211	256,044	253,833

5 WHSI is showing increased costs in account 5415 of \$253,833 for CDM educational activities  
 6 that were funded through 3rd tranche distribution revenue.

OEB account	Expense Description	2006 Board Approved	2006 Actual	from 2006 Board Approved
Community Relations	All other variances		\$5,995	\$30,366
				\$24,371

10 The remaining net variance for 2006 community relations expense was \$24,371.

12 **Total Variance: Administrative and General (\$67,050) (Account 5605 to 5685)**

13 Primary Drivers:

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved
5605	Executive Salaries & Expenses	309,331	219,129	-90,202
5610	Management Salaries & Expenses	73,992	145,530	71,538
5615	General Administrative Salaries & Expenses	374,009	366,648	-7,361
	Total	757,332	731,307	-26,025

19 Reallocation of certain labour and expenses among accounts 5605, 5610, and 5615 occurred  
 20 as part of the presidents transition plan. An executive VP's retirement in 2005 was followed  
 21 by the President and CEO's retirement in 2006. In 2006, the President and CEO's position was  
 22 filled internally by the VP Finance on an interim basis and the duties of the VP were reallocated

1 among the rest of the management team. Some duties of the VP Finance were also allocated to  
 2 other employees during the interim basis.

OEB account	Expense Description	2006 Board Approved	2006 Actual	Variance from 2006 Board Approved
5675	Maintenance of General Plant	149,722	106,863	-42,859

7 Building maintenance costs in 2006 were (\$12,000) lower than that of a typical year due to  
 8 fewer building repairs. IT Hardware and Software Maintenance Fees totaling \$22,483 were  
 9 charged to account 1925 Computer Software.

OEB account	Expense Description	2006 Board Approved	2006 Actual	from 2006 Board Approved
Admin&General	All other variances	\$406,683	\$408,517	\$1,834

14 The remaining net variance for 2006 administrative and general expense was \$1,834.

18 **2007 ACTUAL VERSUS 2006 ACTUAL:**

19 **Total Variance: Operations \$60,393 (Account 5005 to Account 5096)**

20 Primary Drivers:

OEB account	Expense Description	2006 Actual	2007 Actual	Variance from 2006 Actual
5065	Meter Expense	154,698	202,932	48,235

24 Labour, equipment, and material meter expenses to replace two failed meter groups (approx  
 25 1,100 meters) include the addition of a new Meter Technician Apprentice. As a part of WHSI's

1 succession planning, this placement resulted from a movement within the company and the  
 2 former position of Residential Energy Advisor was retired.

OEB account	Expense Description	2006 Actual	2007 Actual	Variance from 2006 Actual
5085	Miscellaneous Distribution Expenses	22,243	48,369	26,127

7 A new Engineering Technologist was hired in late December 2006 in response to increasing  
 8 subdivision and industrial development. Labour charges associated with mapping and  
 9 administering various engineering records throughout 2007 account for this increase.

OEB account	Expense Description	2006 Actual	2007 Actual	Variance from 2006 Actual
Operation	All other variances	\$447,845	\$433,877	-\$13,968

13 The remaining net variance for 2007 operations expense was (\$13,968).

15 **Total Variance: Community Relations (\$157,460) (Account 5405 to Account 5425)**

OEB account	Expense Description	2006 Actual	2007 Actual	Variance from 2006 Actual
5415	Energy Conservation	256,044	103,184	-152,860

19 \$133,690 of total above represents decreased spending of third tranche CDM funds

OEB account	Expense Description	2006 Actual	2007 Actual	Variance from 2006 Actual
Community Relations	Net variance	\$30,366	\$25,766	-\$4,600

23 The remaining net variance for 2007 community relations expense was (\$4,600).

1 **Total Variance: Administrative and General \$63,916 (Account 5605 to 5685)**

2 Primary Drivers:

3

OEB account	Expense Description	2006 Actual	2007 Actual	Variance from 2006 Actual
5605	Executive Salaries & Expenses	219,129	150,787	-68,342
5610	Management Salaries & Expenses	145,530	151,782	6,252
5615	General Administrative Salaries &	366,648	435,512	68,864
	Total	731,307	738,081	6,774

6

7 A full year impact of the management transitional plan is reflected in 2007 in accounts 5605  
 8 and 5610. General administrative salaries increased \$68,864 due to the addition of a new  
 9 Accountant - Audit position to assist with regulatory accounting and perform ISO Lead Auditor  
 10 duties. The net impact on labour and related costs were \$6,774.

11

12

OEB account	Expense Description	2006 Actual	2007 Actual	Variance from 2006 Actual
5630	Outside Services Employed	109,949	78,369	-31,580

14

15 Information Technology Technical Support was \$31,580 lower in 2007 due to a deferral of  
 16 training costs for the new CIS to 2008 and fewer support calls for network and website  
 17 troubleshooting services.

18

19

OEB account	Expense Description	2006 Actual	2007 Actual	Variance from 2006 Actual
5675	Maintenance of General Plant	106,863	171,228	64,365

20

21

22 A building asbestos survey conducted in 2006 and unanticipated repairs to WHSI's HVAC and  
 23 roof added \$32,883 to building maintenance costs. Hardware and software maintenance fees  
 24 increased \$31,014 in 2007 or 155% which reflects annual increases plus incremental  
 25 "deregulation support fees" of \$16,200 for a CIS provider.

OEB account	Expense Description	2006 Actual	2007 Actual	Variance from 2006 Actual
Admin & General	Net variance	\$298,569	\$322,925	\$24,357

The remaining net variance for 2007 administrative and general expense was \$24,357

**2008 ACTUAL VERSUS 2007 ACTUAL:**

**Total Variance: Operations \$102,538** (Account 5005 to Account 5096)

Primary Drivers:

OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5017	Distribution Station Equipment - Operation Supplies & Expenses	175	15,238	15,063

An unusually low expense in account 5017 produced a variance of \$15,063 in 2008. The 2007 expense was only \$175 due to a credit of \$16,422 for meter exit rebates received from Hydro One and applied to the account.

OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5065	Meter Expense	202,932	254,110	51,178

Labour, equipment, and material meter expenses were \$51,178 to complete the remaining meters in the two failed meter groups from the prior year (approx 1,100 meters in total).

OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5010	Load Dispatching	81,567	38,004	-43,563
5012	Station Buildings & Fixtures Expense	1,782	14,442	12,660
5016	Distribution Station Equipment - Operation Labour	25,193	32,552	7,358
5020	Overhead Distribution Lines & Feeders-Operation Labour	25,502	29,370	3,868
5035	Overhead Distribution Transformers - Operation	0	1,588	1,588
5085	Miscellaneous Distribution Expenses	48,369	87,577	39,208
Operations	Labour net variance	\$182,413	\$203,533	\$21,120

1 In 2008 WHSI conducted a review of the allocation of labour costs to ensure the duties being  
 2 performed were allocated in accordance with the OEB Accounting Procedures Handbook. As a  
 3 result of this review, account 5010, Load Dispatching decreased by (\$43,563) which was  
 4 reallocated to accounts as shown above.

5 The net remaining variance of \$21,120 in account 5085 was for a co-op student hired as a  
 6 support clerk for operations and engineering departments.

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OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
Operations	Net variance	\$299,657	\$314,835	\$15,177

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10 The remaining net variance for 2008 operations expense was \$15,177

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12 **Total Variance: Maintenance \$60,379 (Account 5105 to Account 5195)**

13 Primary Drivers:

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OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5135	Maintenance of Distribution Lines & Feeders- Right of Way	69,272	93,659	24,387

15 Continuation of WHSI's tree trimming program increased expense by \$24,387.

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OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5145	Maintenance of Underground Conduit	10,916	4,370	-6,546
5150	Maintenance of Underground Conductors &	22,219	37,671	15,451
5155	Maintenance of Underground Services	37,733	53,700	15,967
				24,872

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20 A number of burn-offs occurred in 2008 during the Cedar Slopes 4kV to 27.6 kV conversion and  
 21 repair costs were charged to accounts 5150 and 5155.

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OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
Maintenance	Net variance	\$332,336	\$343,455	\$11,120

The remaining net variance for 2008 maintenance expense was \$11,120

**Total Variance: Billing & Collecting \$(104,852) (Account 5305 to Account 5340)**

Primary Drivers:

As described in the Manager's Summary to this Exhibit, WHSI began allocating expenses attributable to providing water and sewer billing service to the County of Oxford in 2008 to Non-Utility Operations Expense. Allocations were based on a cost analysis conducted in 2008. The gross expenses for each account, and amounts redistributed to account 4380, Expenses of Non-Utility Operations are presented separately with explanations for each variance following:

**5305 Billing Supervision**

	2007	2008	Variance from 2007 Actual
5305 Gross Expenses	\$87,275	\$99,454	\$12,179
<i>Variance before reallocation</i>			13.95%
Transferred to 4380		(\$36,501)	(\$36,501)
Ending balance	\$87,275	\$62,953	(\$24,323)
<i>Variance after reallocation</i>			-27.87%

On April 1, 2008, WHSI went live on their new CIS system. Regular labour adjustments, incremental overtime and expenses related to the billing conversion in 2008 explain the \$12,179 or 13.95% increase in gross expense over 2007. Conversion and setup expense attributable to the water and sewer components were included in the transfer of costs to account 4380.

1 5310 Meter Reading

	2007	2008	Variance from 2007 Actual
Gross 5310 Expenses	\$135,093	\$154,517	\$19,424
<i>variance before reallocation</i>			14.38%
transferred to 4380		(\$18,251)	(\$18,251)
ending balance	\$135,093	\$136,266	\$1,174
<i>variance after reallocation</i>			0.87%

6 Total service fees for MV90 meter reads, contracted meter reading and Itron maintenance  
 7 increased meter reading expense by \$ 23,834 in 2008. This was offset by lower WHSI  
 8 labour charges for meter reading of \$4,410, giving a net increase of \$19,424 over 2007.

9 5315 Billing

	2007	2008	Variance from 2007 Actual
Gross 5315 Expenses	\$293,553	\$360,573	\$67,020
<i>variance before reallocation</i>			22.83%
transferred to 4380		(\$109,789)	(\$109,789)
ending balance	\$293,553	\$250,784	(\$42,769)
<i>variance after reallocation</i>			-14.57%

14 An increase of \$67,020 of 22.83% to gross billing expense is due to regular labour  
 15 adjustments, incremental overtime, and expenses related to the billing conversion in 2008;  
 16 postage, EBT Hub Service Fees, and meter interrogation fees.

18 5320 Collecting

	2007	2008	Variance from 2007 Actual
Gross 5320 Expenses	\$150,677	\$165,406	\$14,729
<i>variance before reallocation</i>			9.78%
4-5320-06		(\$73,002)	(\$73,002)
ending balance	\$150,677	\$92,404	(\$58,273)
<i>variance after reallocation</i>			-38.67%

1 An increase of \$14,729 for gross collecting expense is due to regular labour adjustments,  
 2 and increasing third party collection services and postage.

3

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OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5335	Bad Debt Expense	3,660	23,483	19,823

5

6 Bad debt expense increased by \$19,823, primarily due to the bankruptcy of one GS<50  
 7 customer in excess of \$12,000.

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9

OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
Billing & Collecting	Net variance	\$2,207	\$1,724	-\$483

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12 The remaining net variance for 2008 billing and collecting expense is (\$483).

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14 **Total Variance: Community Relations (\$88,741) (Account 5405 to Account 5425)**

15 Primary Driver:

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OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5415	Energy Conservation	103,184	23,274	-79,910

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18 Of the total variance, \$79,910 represents decreased spending for energy conservation over  
 19 2007 amounts.

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OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
Community Relations	Net variance	\$25,766	\$16,935	-\$8,831

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22 The remaining variance for 2008 community relations was (\$8,831).

1 **Total Variance: Administrative and General \$23,438 (Account 5605 to Account 5685)**

2 Primary Drivers:

OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5605	Executive Salaries & Expenses	150,787	150,084	-703
5610	Management Salaries & Expenses	151,782	262,949	111,168
5615	General Administrative Salaries &	435,512	417,264	-18,248
	Total	738,081	830,297	92,217

6 Total administrative salaries and related expenses increased by \$92,217 in 2008. This was due  
 7 to regular labour adjustments plus the addition of the Manager of Accounting & Regulatory  
 8 Affairs who began with WHSI in Dec 2007 and replaced the VP Finance.

OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5625	Administrative Expense Transferred - Credit	0	-127,754	-127,754

12 As described in the Manager's Summary to this Exhibit, WHSI began re-allocating expenses  
 13 attributable to providing water and sewer billing service to the County of Oxford to Non-Utility  
 14 Operations expense. The allocation for administrative expense was based on a cost analysis  
 15 conducted in 2008 and includes administrative labour, material, and billing specific software  
 16 maintenance. Administrative costs were redistributed to account 4380, Expenses of Non-Utility  
 17 Operations.

OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
5630	Outside Services Employed	78,369	124,128	45,759

22 Training for the new CIS system that was deferred in 2007 was completed in 2008, in addition  
 23 to network/LAN Disaster Recovery Planning and administration support. Incremental audit  
 24 costs related to the CIS conversion were also incurred in 5630.

OEB account	Expense Description	2007 Actual	2008 Actual	Variance from 2007 Actual
Admin & General	Net variance	\$494,153	\$507,370	\$13,217

The remaining variance for 2008 administrative and general expense was \$13,217.

**2009 ACTUAL VERSUS 2008 ACTUAL:**

**Total Variance: Operations (\$68,419) (Account 5005 to Account 5096)**

Primary Drivers:

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
	Underground Distribution Lines & Feeders-			
5040	Operation Labour	85,875	16,231	-69,643
5070	Customer Premises - Operation Labour	161	49,765	49,603
	Net variance	86,036	65,996	-20,040

To more appropriately allocate costs in accordance with the OEB Accounting Procedures Handbook, costs associated with locates initiated by WHSI were allocated to account 5040, and customer initiated locates were allocated to account 5070. Prior to 2009, all locate costs were charged to account 5040. Overall, the net costs to conduct locates was \$20,040 lower in 2009.

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
5065	Meter Expense	254,110	108,822	-145,288

In 2009 WHSI meter staff participated in the installation of smart meters for small commercial and former pay-as-you-go customers. Labour costs were allocated to the smart meter variance account 1555 and account 1556, thus reducing the 2009 "regular" meter expense.

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OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
5085	Miscellaneous Distribution Expenses	87,577	158,829	71,251

In 2009 WHSI added a new Operations Coordinator position in order to perform clerical duties for the operations and engineering departments. Included in the \$71,251 variance are a portion of these costs as well as labour costs for an engineering co-op student.

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
Operations	Net variance	\$359,992	\$385,651	\$25,658

The net remaining variance for 2009 operations expense was \$25,658.

**Total Variance: Maintenance \$97,455 (Account 5105 to Account 5195)**

Primary Drivers:

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
5125	Maintenance of Overhead Conductors & Devices	92,175	135,774	43,599

In 2009 a third party contractor was hired to move conductors on poles as part of the danger pole replacement program which explains the \$43,599 variance.

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
5135	Maintenance of Distribution Lines & Feeders- Right of Way	93,659	111,006	17,348

1 Continuation of WHSI's tree trimming program increased 2009 expense by \$17,348.

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
Maintenance	Net variance	\$347,022	\$383,530	\$36,508

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 3  
 4 The remaining \$36,508 variance in maintenance expense is allocated across several accounts  
 5 as shown in Table 4-7 and is primarily due to regular labour adjustments and allocation of time  
 6 to different maintenance jobs during the year. Variances for each account are less than the  
 7 \$50,000 materiality threshold.

8  
 9 **Total Variance: Billing & Collecting \$(19,185) (Account 5305 to Account 5340)**

10 Primary Drivers:

11 In keeping with the change made in 2008 to redistribute proportionate costs for water and  
 12 sewer billing and collecting services to account 4380, the following describes the variance to  
 13 gross expenses for this cost category

14 **5305 Billing Supervision**

	2008	2009	Variance from 2008 Actual
5305 Gross Expenses	\$99,454	\$90,853	(\$8,601)
<i>Variance before reallocation</i>			-8.65%
Transferred to 4380	(\$36,501)	(\$36,858)	(\$357)
Ending balance	\$62,953	\$53,995	(\$8,958)
<i>Variance after reallocation</i>			-14.23%

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 19 The 2009 Billing Supervision costs were \$8,601 lower than 2008 which included one-time  
 20 overtime expenses for the CIS billing system conversion.

21  
 22 **5310 Meter Reading**

	2008	2009	Variance from 2008 Actual
Gross 5310 Expenses	\$154,517	\$131,976	(\$22,541)
<i>variance before reallocation</i>			-14.59%
Transferred to 4380	(\$18,251)	(\$18,429)	(\$179)
Ending balance	\$136,266	\$113,547	(\$22,719)
<i>variance after reallocation</i>			-16.67%

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In 2009 lower meter reading costs of \$22,541 were due in part to the prepaid meter conversion. Prior to 2008, WHSI would read and reconcile approximately 3,000 pay-as-you-go meters as part of the year end process. As these readings were taken when the pay-as-you go meters were removed, this task was no longer required.

5315 Billing

	2008	2009	Variance from 2008 Actual
Gross 5315 Expenses	\$360,573	\$347,787	(\$12,786)
<i>variance before reallocation</i>		-3.55%	-3.55%
Transferred to 4380	(\$109,789)	(\$110,695)	(\$906)
Ending balance	\$250,784	\$237,092	(\$13,692)
<i>variance after reallocation</i>			-5.46%

Gross billing expense was \$12,786 lower in 2009 compared to 2008 which included the one-time CIS conversion costs overtime costs.

5320 Collecting

	2008	2009	Variance from 2008 Actual
Gross 5320 Expenses	\$165,406	\$188,803	\$23,397
<i>variance before reallocation</i>		14.15%	14.15%
Transferred to 4380	(\$73,002)	(\$74,016)	(\$1,014)
Ending balance	\$92,404	\$114,787	\$22,383
<i>variance after reallocation</i>			24.22%

Gross labour and third party costs increased by \$23,397 due to higher collection activities in 2009.

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
Billing & Collecting	Net variance	\$25,207	\$29,007	\$3,800

The net remaining variance for 2008 billing and collecting expense was \$3,800

**Total Variance: Administrative and General \$69,476 (Account 5605 to Account 5685)**

Primary Drivers:

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
5630	Outside Services Employed	124,128	98,609	-25,519

Year end audit costs were lower compared to 2008 as this included incremental audit costs associated with the CIS billing conversion. WHSI's also cancelled it's membership with the CHEC group and reduced strategic consulting costs which overall reduced outside services costs by (\$25,519)

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
5645	Employee Pension and Benefits	356	31,778	31,422

In 2009 WHSI hired an actuarial service to determine its Accrued Benefit Obligation(ABO) in accordance with The Canadian Institute of Chartered Accountants (CICA) guidelines outlined in Employee Future Benefits, CICA Section 3461. The valuation provided an ABO as of January 1, 2009 and the resulting expense for 2009 was recorded in account 5645. A copy of the valuation is included in Appendix A

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OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
5675	Maintenance of General Plant	183,831	235,049	51,218

Incremental building maintenance costs of \$13,000 for asbestos removal, related repairs, and painting contribute to the \$51,218 cost variance. The remaining variance is due to a 5% increase in annual billing software maintenance fees. Additional modules and reporting solutions purchased in 2008, influenced the CIS system's list value of the overall software investment by \$65,000 and increased total maintenance costs accordingly. Maintenance fees related to software purchases for network security, anti-virus, and firewall upgrades in 2009 also contributed this variance.

OEB account	Expense Description	2008 Actual	2009 Actual	Variance from 2008 Actual
Admin & General	Net variance	\$1,025,726	\$1,038,081	\$12,355

The net remaining 2009 administrative and general expense was \$12,355.

**2010 BRIDGE VERSUS 2009 ACTUAL:**

**Total Variance: Operations \$110,957 (Account 5005 to Account 5096)**

Primary Drivers:

OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5005	Operation Supervision and Engineering	227,795	205,500	-22,295

The retirement of the Meter Supervisor in 2010 has contributed to the (\$22,295) variance over 2009 amounts. As noted further in this Exhibit, this management position was not filled, and a senior Meter Technician was promoted to a lead hand position.

OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5012	Station Buildings & Fixtures Expense	12,540	36,300	23,760

Repairs to the fencing and ground wires at WHSI's MS-6 substation increased costs to account 5012 for in 2010.

OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5040	Underground Distribution Lines & Feeders- Operation Labour	16,231	22,000	5,769
5045	Underground Distribution Lines & Feeders- Operation Supplies & Expenses	4,498	17,120	12,622
Operations	Net variance	\$20,729	\$39,120	\$18,391

Repairs to equipment at WHSI's MS-6 substation resulted in a total variance of \$18,391 for account 5040 and 5045.

OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5065	Meter Expense	108,822	160,000	51,178

The assignment of WHSI meter department staff to the smart meter installation 2009 created lower than normal meter expense in 2009, and a variance of \$5,189 for the 2010 Bridge Year. All smart meters are expected to be installed by December 31, 2010, after which, meter expense in account 5065 will return to near normal levels.

Meter operations expense associated with general service >50 meters continue to be recognized in this account.

OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5070	Customer Premises - Operation Labour	49,765	70,000	20,235
5085	Miscellaneous Distribution Expenses	158,829	168,548	9,719
Operations	Net labour variance - Apprentice	\$208,593	\$238,548	\$29,955

1 Higher labour expense totaling \$29,955 for accounts 5070 and 5085 are expected in 2010 due  
 2 to the partial allocation of costs for the Lineperson Apprentice hired mid-2010.

OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
Operations	Net Variance	\$140,817	\$150,786	\$9,969

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7 The remaining net variance of \$9,969 for 2010 Bridge Year operations expense is \$9,969.

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9 **Total Variance: Maintenance \$13,582** (Account 5105 to Account 5195)

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OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
Maintenance	Net variance	\$630,310	\$643,892	\$13,582

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14 The net variance of \$13,582 maintenance expense is allocated across several accounts as  
 15 shown in Table 4-7 and mainly due to labour adjustments and allocation of time to various  
 16 maintenance activities. Variances for each account are less than the \$50,000 materiality  
 17 threshold.

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19 **Total Variance: Billing & Collecting \$13,854** (Account 5305 to Account 5340)

20 Primary Drivers:

21 In 2010, the County of Oxford began installing water meters for all customers within the City of  
 22 Woodstock. Previously, most residential and small commercial customers were billed a flat  
 23 monthly rate for water and sewer. This conversion is expected to be complete in 2011, upon

1 which all water customers will be billed on a volumetric basis. The additional resources required  
 2 by WHSI for billing, collecting, and customer service to accommodate this change is reflected in  
 3 the amounts transferred to account 4380.

4 5305 Billing Supervision

	2009	2010	Variance from 2009 Actual
5305 Gross Expenses	\$90,853	\$95,865	\$5,012
<i>Variance before reallocation</i>			5.52%
Transferred to 4380	(\$36,858)	(\$45,431)	(\$8,573)
Ending balance	\$53,995	\$50,434	(\$3,561)
<i>Variance after reallocation</i>			-6.59%

10 Gross billing supervision expenses variance of \$5,012 reflects regular labour adjustments and  
 11 incremental costs for attendance for seminars, training, and utility working groups related to  
 12 billing. A higher allocation of costs for water and sewer billing are attributable to increased  
 13 resourcing required to manage newly converted water meter billing activities within the City  
 14 of Woodstock.

	2009	2010	Variance from 2009 Actual
Gross 5310 Expenses	\$131,976	\$140,833	\$8,857
<i>variance before reallocation</i>			6.71%
Transferred to 4380	-\$18,429	-\$8,585	\$9,844
Ending Balance	\$113,547	\$132,248	\$18,701
<i>variance after reallocation</i>			16.47%

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 17 The gross meter reading expense variance of \$8,857 reflects a full year of contracted meter  
 18 reading costs including approximately 3,000 former pay-as-you-go customers. Based on the  
 19 2010 cost analysis, and the intention of the County to take over most water meter reading  
 20 activities, water meter reading related expenses are expected to increase by \$18,701 in  
 21 2010.

1 5315 Billing

	2009	2010	Variance from 2009 Actual
Gross 5315 Expenses	\$347,787	\$377,450	\$29,663
<i>variance before reallocation</i>	-3.55%	8.53%	8.53%
Transferred to 4380	(\$110,695)	(\$158,206)	(\$47,511)
Ending balance	\$237,092	\$219,245	(\$17,847)
<i>variance after reallocation</i>			-7.53%

6

7 The variance of \$29,663 for gross billing expense reflect regular labour adjustments and a  
 8 full year of billing for the former pay-as-you-go customers, which are 25% of WHSI's total  
 9 residential customer base. Related costs including postage, stationary, and printer supplies  
 10 are also projected to increase in the 2010 Bridge Year.

11

12 5320 Collecting

	2009	2010	Variance from 2009 Actual
Gross 5320 Expenses	\$188,803	\$222,487	\$33,683
<i>variance before reallocation</i>	14.15%	17.84%	17.84%
Transferred to 4380	(\$74,016)	(\$105,432)	(\$31,416)
Ending balance	\$114,787	\$117,055	\$2,268
<i>variance after reallocation</i>			1.98%

17 The variance of \$33,683 for gross collecting expenses reflect the addition of a Collections  
 18 CSR in early 2010 and higher third-party collection costs, required to accommodate the  
 19 increasing collection activities.

20 The variance of (\$31,416) for the reallocation of water and sewer billing costs are  
 21 attributable to increased resourcing required to manage newly converted water meter  
 22 billing activities within the City of Woodstock. The former pay-as-you-go program also  
 23 provided prepaid water and sewage, which, until the conversion, did not require additional  
 24 resources for collection related activities.

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OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5335	Bad Debt Expense	28,153	45,000	16,847

Bad debts are expected to increase \$16,847 due to local and national economic conditions, HST, and OEB's recent customer service amendments, some of which come into effect October 2010. WHSI, like many LDC's, has a relatively small, but consistent customer base who are highly transient, and often move after living only one or two months in one location. This group of customers demand the majority of collections related staff and other resources in order to manage collection activity to the best of WHSI's ability.

Despite WHSI's continued strict adherence to OEB guidelines, the amendments and proposed amendments to provide an extended disconnection notice period and payment terms, and the amended use of security deposits to apply against arrears, will increase WHSI's risk of customer default. Extended payment terms, and the application of security deposits to active amounts will substantially increase the risk of default for higher, final bill amounts.

OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
Billing and Collecting	Net variance	\$854	-\$1,700	-\$2,554

The remaining net variance for 2010 billing and collecting expense is (\$2,554).

1 **Total Variance: Administrative and General \$291,503 (Account 5605 to Account 5685)**

2 Primary Drivers:

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OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5605	Executive Salaries & Expenses	154,821	182,478	27,657
5610	Management Salaries & Expenses General Administrative Salaries	236,833	261,655	24,822
5615	& Expenses	435,258	500,000	64,742
	Total			117,222

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As described in the Manager's Summary of this Exhibit, WHSI changed the methodology used to calculate payroll burden rates for certain administrative, or "Inside "staff positions. In addition to labour and payroll expenses, costs for non-productive labour, meetings, conferences, safety, and training are allocated directly to the main department or account for each position. Prior to 2010, non-productive labour, meeting, training, and safety costs for all WHSI employees were included in one single burden rate and applied against all accounts. WHSI believes the 2010 revised methodology is a more reasonable representation of direct costs and allocation across the organization. Although the 2010 costs for these items are consistent over prior years, the methodology for allocation has been changed to more directly distribute the costs to the appropriate department.

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The total variance of \$117,222 for accounts 5605, 5610, and 5615 include this allocation adjustment plus regular labour adjustments. A portion of the amounts in account 5615 are also attributable to the portion of administrative duties performed by a new CSR /Cashier hired in early 2010.

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OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5625	Administrative Expense Transferred - Credit	-129,004	-52,105	76,899

1 The administrative portion of water/sewer billing costs transferred is lower as a result of an  
 2 updated cost analysis conducted in 2010. The pay-as-you-go meter program gave customers  
 3 the ability to prepay for hydro, and flat rate water and sewer charges. Flat rate water and/or  
 4 sewer customers were charged a daily rate for these services through the pay-as-you-go  
 5 program. As discussed earlier in this Exhibit, this program required more administrative  
 6 effort by IT staff to maintain two additional prepaid IT systems and remote workstations for  
 7 the four offsite locations. Finance staff were required to manually reconcile prepay revenues  
 8 by service type, and to receive and confirm transactions from the four offsite locations on a  
 9 daily basis. The removal of this program reduced the administrative costs, and in turn, the  
 10 proportion of those costs attributable to water and sewer billing services.

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OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5630	Outside Services Employed	98,609	134,437	35,828

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15 Information Technology Technical Support for WHSI's Network/LAN include the Physical Service  
 16 to Virtual Server Migration for 2010. This project is part of WHSI's long term plan to increase  
 17 efficiencies and enhance system reliability and security. As information systems evolve,  
 18 increase in complexity, and integrate, not only with other WHSI systems, but with external  
 19 systems, it is more important than ever to ensure a robust, reliable, and secure information  
 20 technology networks.

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OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5665	Miscellaneous General Expenses	123,590	147,380	23,790

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24 A variance of \$23,790 for miscellaneous general expense is attributable to increases in  
 25 membership fees for the Electricity Distributors Association, Utilities Standard Forum, other  
 26 various memberships and corporate expense. Increases in electricity and gas bills utility bills for

1 WHSI's buildings will also increase as the result of the 8% HST implementation that came into  
 2 effect July 1, 2010.

OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
5675	Maintenance of General Plant	235,049	255,175	20,126

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 8 The variance of \$20,126 for the 2009 Bridge year maintenance expense is due to expected  
 9 increases for hardware and software maintenance charges.

OEB account	Expense Description	2009 Actual	2010 Bridge	Variance from 2009 Actual
Admin & General	Net variance	\$248,362	\$266,000	\$17,638

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 12  
 13  
 14 The net remaining variance for 2010 Bridge year administrative and general expense is \$17,638.

15  
 16 **2011 TEST VERSUS 2010 BRIDGE:**

17 **Total Variance: Operations \$(3,194) (Account 5005 to Account 5096)**

18 Primary Drivers:

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5005	Operation Supervision and Engineering	205,500	107,021	-98,479

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 20  
 21  
 22 The retirement of the Meter Supervisor in 2010 has contributed to the (\$98,479) variance with  
 23 the 2011 Test Year expense. This management position will not be filled and former duties will  
 24 be allocated among a Meter Technician Lead Hand and the remaining management team.

25  
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OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5085	Miscellaneous Distribution Expenses	168,548	194,651	26,103

A portion of the variance in the 2011 Test Year Miscellaneous Distribution expense is due to the hire of one additional Engineering Technician in late 2010.

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
Operation	Net variance	\$456,206	\$483,887	\$27,681

The net remaining variance for the 2011 Test Year operations expense is \$27,681. Variances for each account are less than the \$50,000 materiality threshold.

**Total Variance: Maintenance \$86,879 (Account 5105 to Account 5195)**

Primary Drivers:

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5110	Maintenance of Buildings and Fixtures - Distribution Stations	0	20,061	20,061
5114	Maintenance of Distribution Station Equipment	10,000	5,000	-5,000
	Net variance	\$10,000	\$25,061	\$15,061

Planned substation and substation equipment repairs for WHSI MS11 station explain this \$15,061 variance for 2011 Test Year amounts.

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5120	Maintenance of Poles, Towers & Fixtures	85,692	91,987	6,295
5125	Maintenance of Overhead Conductors & Devices	94,000	116,877	22,877
5130	Maintenance of Overhead Services	72,000	73,273	1,273
5135	Maintenance of Distribution Lines & Feeders- Right of Way	106,700	111,935	5,235
	Net variance	\$358,392	\$394,072	\$35,680

1 Planned maintenance programs for overhead plant contribute to the 2011 Test Year variance  
 2 by \$35,680. Planned programs for 2011 include pole testing, insulator washing, switch repairs,  
 3 and tree trimming .  
 4

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5145	Maintenance of Underground Conduit	6,300	12,535	6,235
5150	Maintenance of Underground Conductors & Devices	39,000	51,073	12,073
5155	Maintenance of Underground Services	70,000	64,648	-5,352
	Net variance	\$115,300	\$128,256	\$12,956

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 10 Provisions for underground maintenance expense contribute to the 2011 Test Year variance by  
 11 \$12,956.  
 12

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5160	Maintenance of Line Transformers	82,000	98,945	16,945

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 17 Incremental costs for padmount transformer and switchgear inspections contribute to the  
 18 2011 Test Year variance by \$16,945 .  
 19

20 **Total Variance: Billing & Collecting \$112,851 (Account 5305 to Account 5340)**

21 Primary Drivers:

22 5305 Billing Supervision

	2010	2011	Variance from 2010 Bridge
5305 Gross Expenses	\$95,865	\$103,296	\$7,431
<i>Variance before reallocation</i>			7.75%
Transferred to 4380	(\$45,431)	(\$48,548)	(\$3,117)
Ending balance	\$50,434	\$54,748	\$4,314
<i>Variance after reallocation</i>			8.55%

23  
 24  
 25  
 26

The gross billing supervision expense variance of \$7,431 and water billing related expenses transferred to non-utility expense of (\$3,117) are immaterial.

5310 Meter Reading

	2010	2011	Variance from 2010 Bridge
Gross 5310 Expenses	\$140,833	\$176,860	\$36,026
<i>variance before reallocation</i>			25.58%
Transferred to 4380	(\$8,585)	(\$24,932)	(\$16,347)
Ending balance	\$132,248	\$151,927	\$19,679
<i>variance after reallocation</i>			14.88%

The redeployment of meter department staff to smart meter data verification and troubleshooting activities, and third party AMI fees are offset by lower third party meter reading cost for manual reads. Incremental costs pertain to smart meters installed to December 31, 2009. Water billing related to costs transferred out are increased due to the incremental cost to interrogate commercial water meters, and conduct manual water readings for final bills.

Billing 5315

	2010	2011	Variance from 2010 Bridge
Gross 5315 Expenses	\$377,450	\$467,231	\$89,780
<i>variance before reallocation</i>	8.53%	23.79%	23.79%
Transferred to 4380	(\$158,206)	(\$165,895)	(\$7,690)
Ending balance	\$219,245	\$301,335	\$82,090
<i>variance after reallocation</i>			37.44%

The incremental cost variance between the 2010 Bridge Year and 2011 Test year is primarily due to the recognition of smart metering costs in operating accounts including AMI fees and charges.

1 Collecting 5320

	2010	2011	Variance from 2010 Bridge
Gross 5320 Expenses	\$222,487	\$220,204	(\$2,283)
<i>variance before reallocation</i>	17.84%	-1.03%	-1.03%
Transferred to 4380	(\$105,432)	(\$103,842)	\$1,590
Ending balance	\$117,055	\$116,362	(\$693)
<i>variance after reallocation</i>		-0.59%	-0.59%

7 Variances between the 2010 Bridge and 2011 Test year are immaterial. The breakdown is  
 8 shown to provide detail for water billing related costs transferred to account 4380.

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5335	Bad Debt Expense	45,000	53,460	8,460

14 As discussed in the 2010 variance analysis for bad debt, WHSI anticipates a trend of incremental  
 15 increases in bad debt expense. A forecast incremental increase of \$8,460 over the 2010 Bridge  
 16 Year amounts have been included for the 2011 Test Year.

19 **Total Variance: Administrative and General \$53,396 (Account 5605 to Account 5685)**

20 Primary Cost Drivers:

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5605	Executive Salaries & Expenses	182,478	195,903	13,425
5610	Management Salaries & Expenses	261,655	282,822	21,167
5615	General Administrative Salaries & Expenses	500,000	524,085	24,085
	Total			58,677

1 The total variance of \$58,677 for the administrative salaries and expenses accounts are due to  
 2 forecast labour adjustments and inflationary increases to related expenses .

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5655	Regulatory Expenses	55,000	100,000	45,000

6 The incremental \$45,000 variance in Regulatory costs for the 2011 Test Year includes the  
 7 allocation of ¼ of the total forecast one-time regulatory costs for this rate application for  
 8 \$47,500, offset by a slight reduction in ongoing regulatory costs of (\$2,500). WHSI has  
 9 forecasted total regulatory expense for the for the 2011 rate application to be \$190,000 and  
 10 the costs categories are highlighted below:

Table 4-8 Regulatory Expense

OEB Account 5655 - Regulatory Expenses	Ongoing or One Time Cost	2006 Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge Year	% Change in Bridge Year vs. 2009 Actual	2011 Test Year Forecast	% Change in Test Year vs. Bridge Year	Variance from 2010 Bridge
OEB 2006 EDR Approved		55,765									
OEB Annual Assessment	Ongoing		34,218	46,354	31,837	45,182	50,000	11%	48,500	-3%	-1,500
OEB Section 30 Costs Awarded (OEB initiated)	Ongoing		1,123	1,159	2,805	1,587	3,000	89%	2,000	-33%	-1,000
Consultant Costs for Regulatory Matters	Ongoing				1,207	269	2,000	645%	2,000	0%	0
Other Regulatory Agency Fees or Assessments	Ongoing		800	800							0
Intervenor Costs (regulatory matters)	One-Time								93,000		93,000
Legal Costs (regulatory matters)	One-Time								20,000		20,000
Board Costs - 2011 Rate application	One-Time								10,000		10,000
Audit Cost for Regulatory Matters	One-Time								3,600		3,600
Consultant Costs for Regulatory Matters	One-Time								63,400		63,400
Total Ongoing Costs		55,765	36,141	48,313	35,849	47,037	55,000	17%	52,500	-5%	-2,500
Total One-Time Costs		0	0	0	0	0	0	0	190,000		190,000
<b>Total Annual Regulatory Costs</b>		<b>55,765</b>	<b>36,141</b>	<b>48,313</b>	<b>35,849</b>	<b>47,037</b>	<b>55,000</b>	<b>17%</b>	<b>242,500</b>	<b>341%</b>	<b>187,500</b>
<b>Regulatory Costs Included In Rate</b>											
Ongoing Costs									\$52,500		
1/4 of One-Time Regulatory Costs									\$47,500		
<b>Total Regulatory Costs Included In Rate Application</b>									<b>100,000</b>		

1

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
5675	Maintenance of General Plant	255,175	277,221	22,046

4 Increases to IT hardware and software maintenance fees in the 2011 Test Year are offset  
 5 slightly by the HST savings on material purchases for building maintenance activities.  
 6 Approximately \$27,000 in new software maintenance fees related to AMI Software  
 7 maintenance and MDM/R integration software, including AS2, are the singular drivers behind  
 8 this increase for 2011.

OEB account	Expense Description	2010 Bridge	2011 Test	Variance from 2010 Bridge
Admin & General	Net variance	\$440,712	\$428,385	-\$12,327

11 The net remaining variance for administration and general expense is (\$12,327).

12

13 The Table 4-9 below highlights the variance from the 2006 Actual to the 2011 Test Year and the  
 14 2009 Actual to the 2011 Test year.

15

16 The total variance 2006 Actual to 2011 Test year is \$719,503 which is 20.86% increase over 5  
 17 years or an average of 4.17% per year.

1

Table 4-9

Expense Description		Variance from 2006			Variance from 2009		
		2006 Actual	2011 Test	Actual	2009 Actual	2011 Test	Actual
<b>Operations</b>							
5005	Operation Supervision and Engineering	202,383	107,021	-95,362	227,795	107,021	-120,774
5010	Load Dispatching	83,055	51,816	-31,239	33,981	51,816	17,835
5012	Station Buildings & Fixtures Expense	4,691	52,934	48,243	12,540	52,934	40,394
5016	Distribution Station Equipment - Operation Labour	32,250	33,292	1,042	40,138	33,292	-6,847
5017	Distribution Station Equipment - Operation Supplies & Expenses	21,920	14,500	-7,420	13,568	14,500	932
5020	Overhead Distribution Lines & Feeders-Operation Labour	19,028	43,275	24,247	32,594	43,275	10,680
5025	Overhead Distribution Lines & Feeders-Operation Supplies & Expenses	11,385	5,500	-5,885	7,636	5,500	-2,136
5035	Overhead Distribution Transformers - Operation	0	3,234	3,234	3,905	3,234	-671
5040	Underground Distribution Lines & Feeders- Operation Labour	52,995	34,167	-18,829	16,231	34,167	17,936
5045	Underground Distribution Lines & Feeders- Operation Supplies & Expenses	19,973	23,500	3,527	4,498	23,500	19,002
5055	Underground Distribution Transformers-Operation	0	0	0	113	0	-113
5065	Meter Expense	154,698	146,160	-8,538	108,822	146,160	37,338
5070	Customer Premises - Operation Labour	0	63,885	63,885	49,765	63,885	14,120
5075	Customer Premises - Materials & Expenses	0	8,000	8,000	7,212	8,000	788
5085	Miscellaneous Distribution Expenses	22,243	194,651	172,409	158,829	194,651	35,823
5095	Overhead Distribution Lines & Feeders- Rental Paid	165	3,625	3,460	1,670	3,625	1,955
<b>Sub-Total</b>		<b>\$624,785</b>	<b>\$785,560</b>	<b>\$160,775</b>	<b>\$719,297</b>	<b>\$785,560</b>	<b>\$66,262</b>
<b>Maintenance</b>							
5105	Maintenance Supervision and Engineering	57,053	84,438	27,385	77,868	84,438	6,570
5110	Maintenance of Buildings and Fixtures - Distribution Stations	0	20,061	20,061	4,623	20,061	15,437
5112	Maintenance of Transformer Station Equipment			0			0
5114	Maintenance of Distribution Station Equipment	885	5,000	4,115	6,462	5,000	-1,462
5120	Maintenance of Poles, Towers & Fixtures	22,572	91,987	69,414	54,084	91,987	37,903
5125	Maintenance of Overhead Conductors & Devices	132,919	116,877	-16,042	135,774	116,877	-18,896
5130	Maintenance of Overhead Services	73,880	73,273	-607	61,691	73,273	11,582
5135	Maintenance of Distribution Lines & Feeders- Right of Way	57,852	111,935	54,082	111,006	111,935	928
5145	Maintenance of Underground Conduit	5,272	12,535	7,263	9,422	12,535	3,113
5150	Maintenance of Underground Conductors & Devices	18,365	51,073	32,708	37,547	51,073	13,526
5155	Maintenance of Underground Services	55,992	64,648	8,655	66,608	64,648	-1,960
5160	Maintenance of Line Transformers	61,756	98,945	37,189	65,225	98,945	33,720
5175	Maintenance of Meters	1,008	0	-1,008	0	0	0
5176	Customer Installation Expenses- Leased Property	1,747	0	-1,747	0	0	0
<b>Sub-Total</b>		<b>\$489,302</b>	<b>\$730,771</b>	<b>\$241,469</b>	<b>\$630,310</b>	<b>\$730,771</b>	<b>\$100,461</b>

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Table 4-9 Cont'd

Expense Description	Variance from 2006			Variance from 2009		
	2006 Actual	2011 Test	Actual	2009 Actual	2011 Test	Actual
<b>Billing &amp; Collections</b>						
5305 Supervision	85,612	54,748	-30,864	53,995	54,748	753
5310 Meter Reading Expense	123,239	151,927	28,689	113,547	151,927	38,380
5315 Customer Billing	298,264	301,335	3,071	237,092	301,335	64,243
5320 Collecting	154,116	116,362	-37,754	114,787	116,362	1,575
5325 Collecting- Cash Over & Short	149	100	-49	-442	100	542
5330 Collection Charges	0	-5,000	-5,000	-795	-5,000	-4,205
5335 Bad Debt Expense	12,801	53,460	40,659	28,153	53,460	25,307
5340 Miscellaneous Customer Account Expenses	2,149	2,200	51	2,091	2,200	109
<b>Sub-Total</b>	<b>\$676,329</b>	<b>\$675,133</b>	<b>-\$1,196</b>	<b>\$548,428</b>	<b>\$675,133</b>	<b>\$126,704</b>
<b>Community Relations</b>						
5405 Supervision	11,944	3,825	-8,119	2,887	3,825	938
5410 Community Relations-Sundry	10,373	21,235	10,862	10,419	21,235	10,815
5415 Energy Conservation	256,044	8,170	-247,874	5,688	8,170	2,482
5420 Community Safety Program	7,388	9,153	1,765	5,093	9,153	4,060
5425 Miscellaneous Customer Service & Informational Expenses	662	0	-662	0	0	0
<b>Sub-Total</b>	<b>\$286,411</b>	<b>\$42,382</b>	<b>-\$244,029</b>	<b>\$24,088</b>	<b>\$42,382</b>	<b>\$18,294</b>
<b>Administrative and General Expenses</b>						
5605 Executive Salaries & Expenses	219,129	195,903	-23,226	154,821	195,903	41,083
5610 Management Salaries & Expenses	145,530	282,822	137,292	236,833	282,822	45,989
5615 General Administrative Salaries & Expenses	366,648	524,085	157,437	435,258	524,085	88,827
5620 Office Supplies & Expenses	74,699	81,254	6,555	74,606	81,254	6,648
5625 Administrative Expense Transferred - Credit	0	-54,628	-54,628	-129,004	-54,628	74,376
5630 Outside Services Employed	109,949	126,500	16,551	98,609	126,500	27,891
5635 Property Insurance	34,625	32,000	-2,625	29,471	32,000	2,529
5640 Injuries and Damages	44,837	72,555	27,717	54,134	72,555	18,421
5645 Employee Pension and Benefits	1,081	18,150	17,069	31,778	18,150	-13,628
5655 Regulatory Expenses	36,141	100,000	63,859	47,037	100,000	52,963
5660 General Advertising Expenses	1,993	5,500	3,507	3,933	5,500	1,567
5665 Miscellaneous General Expenses	102,214	139,554	37,340	123,590	139,554	15,964
5675 Maintenance of General Plant	106,863	277,221	170,358	235,049	277,221	42,172
5680 Electrical Safety Authority Fees	2,979	7,500	4,521	7,403	7,500	97
<b>Sub-Total</b>	<b>\$1,246,687</b>	<b>\$1,808,415</b>	<b>\$561,729</b>	<b>\$1,403,517</b>	<b>\$1,808,415</b>	<b>\$404,898</b>
<b>Taxes Other Than Income Taxes</b>						
6105 Taxes Other Than Income Taxes	\$126,191	\$126,946	755	\$122,776	\$126,946	4,170
<b>Sub-Total</b>	<b>\$126,191</b>	<b>\$126,946</b>	<b>755</b>	<b>\$122,776</b>	<b>\$126,946</b>	<b>4,170</b>
<b>Total Operating, Maintenance and Administrative Expenses</b>	<b>\$3,449,705</b>	<b>\$4,169,207</b>	<b>\$719,503</b>	<b>\$3,448,416</b>	<b>\$4,169,207</b>	<b>\$720,791</b>

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3

1 **EMPLOYEE COMPENSATION**

2

3 **WHSI's Performance System**

4 WHSI believes that it's employees represent our most important asset. Distribution assets and  
5 general plant can be replaced much more easily than our talented workforce. Over the past  
6 several years, we have embarked upon building a culture of engagement, employee satisfaction  
7 and associated long-term retention. It is a culture which requires as its foundation a  
8 commitment to internal responsibility and effective communication, from a core perspective of  
9 health and safety, but more broadly also from the perspectives of delivering each element of  
10 our mission statement – a reliable distribution system, superior customer service, strong  
11 financial performance, innovative solutions and a commitment to continuous improvement of  
12 processes and procedures.

13

14 The performance of all employees is reviewed annually through a structured performance-  
15 management process. Employee attendance and other performance matters are addressed  
16 more frequently as required. A robust recruitment process which includes several stages and  
17 comprehensive analysis of top candidates has been in place for the past few years and has led  
18 to highly satisfactory new hires. Management and the union work collaboratively together and  
19 are equally committed to constructive labour relations.

20

21 **Outside and Inside Union**

22

23 WHSI's unionized staff (outside and inside collective agreements) are represented by Local 636  
24 of the International Brotherhood of Electrical Workers (IBEW). The current collective  
25 agreements expire on July 31, 2011. Contract negotiations will take place in Spring 2011.  
26 Woodstock Hydro has assumed a 3% increase on August 1, 2011 for the purpose of this rate  
27 application with wage rates in the model based on 7/12 of the year at the old rate and 5/12 at  
28 the new rate.

1 A comprehensive pay equity maintenance exercise was completed in 2005 and pay equity is  
2 now maintained as job descriptions are updated. The pay equity maintenance committee is  
3 comprised of unionized and management representatives.

4  
5 Progressions for newly-hired unionized staff are handled in a structured manner, are contingent  
6 upon satisfactory progress and completion of relevant schooling, and are further subject to  
7 approval from the employee's supervisor and the President.

8  
9 **Management**

10  
11 WHSI's approach to management compensation was reviewed and revised in 2005. A  
12 comprehensive internal and external equity evaluation was performed, along with the creation  
13 of revised job descriptions and a management salary grid with equity point ranges and a "full  
14 job rate" for each salary grade. In 2005, existing managers commenced at 90% of full job rate,  
15 even if they were seasoned in the role. All new managers (by virtue of recruitment or  
16 promotion) also start at 90% unless past experience justifies elevation on the progression scale.  
17 The management salary grid has ten tiers. Each job is evaluated according to internal Hay-  
18 group based system which incorporates expectations in the areas of Know-How, Accountability,  
19 Problem-Solving and Working Conditions. Senior management positions are higher in the grid  
20 due to the increased accountability associated with performing officer duties for the  
21 corporation. Progression along the grid is handled in terms of percentages. Human Resources  
22 maintains the status of each incumbent's current and historical placement on the salary grid  
23 (between 90% and 100%).

24  
25 Management is paid a salary based on a minimum number of hours per week. In practice, all  
26 managers work beyond their designated minimum numbers of hours per week. However,  
27 overtime is paid strictly on an emergency / special project basis and predominantly at the  
28 supervisor level. Senior management has not been paid overtime for several years.

1 WHSI is committed to maintaining its talented and committed management team in an  
2 industry that relies on senior talent to stay abreast of a rapidly-changing regulatory and  
3 technical environment. On an annual basis, the management salary grid is evaluated from the  
4 perspective of cost-of-living adjustments that are in keeping with external market conditions,  
5 industry norms and from the perspective of ensuring internal equity with unionized staff. In  
6 order to gain insight to industry norms, WHSI participates in MEARIE's management salary  
7 survey on an annual basis and regularly refers to the results when assessing the continued  
8 competitiveness of full job rate for key positions. WHSI has assumed a regular wage  
9 adjustment of 3% on January 1, 2011 for management personnel for the purpose of this rate  
10 application.

11

#### 12 **Management Performance-Incentive Progression Program**

13

14 The performance-incentive program for the management team (with the exception of the  
15 President) was developed in 2005 and implemented in 2006 in conjunction with the creation of  
16 the salary grid and the initial placement of all incumbents on the grid. The program is intended  
17 to define and measure job performance and behaviours, to reward and recognize exceptional  
18 and strategic results, to further motivate employees towards the achievement of the  
19 organization's mission, motto and strategic plan, to promote leadership and efficiency and  
20 drive increased shareholder value. The program also recognizes that achieving our strategic  
21 plan will be accomplished incrementally over the months and years through "SMART" (specific,  
22 measurable, achievable, realistic, and timely) goals that are linked to the organization, its  
23 departments, individuals and emerging corporate priorities.

24 The program is jointly administered by the President and Human Resources, with the President  
25 making final determination as to successful completion of performance-based goals. A  
26 balanced scorecard approach is used, such that goals may be based on financial performance,

1 customer service, asset management, employee relations, or corporate sustainability or  
2 stewardship.

3 Each calendar year, the management team sets team and individual goals which are  
4 documented in detail. For the balance of the year, team goal progress is discussed at regularly-  
5 scheduled management meetings and individual goal progress is discussed at regularly-  
6 scheduled meetings between individual managers and their superior. In any calendar year, the  
7 maximum that a management employee can progress towards full job rate is two-and-a-half  
8 per cent (2.5%). When WHSI assesses industry equity, the full job rate is the internal reference  
9 for each position. Projections for 2011 indicate that management personnel will place between  
10 94.5% and 98.5% of their full job rates.

11  
12 **President & CEO**

13  
14 The President's salary and benefits are set annually by the WHSI Board of Directors, in keeping  
15 with industry norms and information gathered from MEARIE management salary survey as well  
16 as other sources. The Board and the President also establish corporate targets on an annual  
17 basis, which contributes to and influences negotiated annual salary adjustments.

18  
19 **Bonus Payments**

20 Woodstock Hydro does not pay bonuses to any employees. Since all management personnel  
21 have not reached full job rate, against which industry equity is compared, at this time the  
22 performance-management system is most properly considered as a progression-incentive  
23 system and not a bonus system. For the 2011 Test Year, the total management salary increases  
24 due to progression along the salary grid total approximately \$12,000. This amount is distributed  
25 across OM&A account numbers 5005, 5105, 5305, 5605, and 5610.

26  
27  
28

1 **Employee Compensation and Benefits**

2

3 WHSI has set out the information in Table 4-10 below according to to Section 2.5.4 of the June  
4 28, 2010 Filing Requirements where it states “ Where there are three or fewer employees in  
5 any category, the applicant should aggregate this category with the category to which it is most  
6 closely related. This higher level of aggregation may be continued, if required, to ensure that  
7 no category contains three or fewer FTEs.” WHSI has aggregated the executive, management,  
8 and administrative staff together in the administration category.

9 Compensation and Benefits are listed for two categories – Management and Union. Actual  
10 wages and salaries paid (i.e. all direct/taxable earnings including vacations, corporate holidays,  
11 illness and medical leave, training, meetings, overtime, standby pay, etc. have been included.  
12 Benefits include health and dental premiums, long-term disability premiums, life Insurance  
13 premiums, employer-matched OMERS pension contributions and reimbursements for clothing  
14 and boot allowances. Other burdened expenses (e.g. employer portion of CPP, EI, WSIB and  
15 EHT) are not included in the benefit costs. All employees are included in the cost listing,  
16 including temporary employees and summer students. Remuneration for Board members was  
17 excluded.

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Table 4-10

	2006	2007	2008	2009	2010 Bridge	2011 Test
<b>Number of Employees (FTEs including Part-Time)</b>						
Management	6.67	5.66	6.5	7	6.67	6
Union	25.59	30.15	31.46	32.83	31.48	31
<b>Total</b>	<b>32.26</b>	<b>35.81</b>	<b>37.96</b>	<b>39.83</b>	<b>38.15</b>	<b>37</b>
<b>Number of Part-Time Employees</b>						
Management	0	0	0	0	0	0
Union	8	11	12	9	5	3
<b>Total</b>	<b>8</b>	<b>11</b>	<b>12</b>	<b>9</b>	<b>5</b>	<b>3</b>
<b>Total Salary and Wages</b>						
Management	\$ 558,794	\$ 520,884	\$ 606,506	\$ 651,605	\$ 643,312	\$ 610,732
Union	\$ 1,401,739	\$ 1,601,297	\$ 1,753,179	\$ 1,857,529	\$ 1,862,524	\$ 2,083,727
<b>Total</b>	<b>\$ 1,960,533</b>	<b>\$ 2,122,181</b>	<b>\$ 2,359,685</b>	<b>\$ 2,509,135</b>	<b>\$ 2,505,836</b>	<b>\$ 2,694,458</b>
<b>Current Benefits (OMERS,Health,Dental,Life,LTD)</b>						
Management	\$ 99,336	\$ 95,921	\$ 92,978	\$ 111,238	\$ 130,781	\$ 131,585
Union	\$ 243,690	\$ 277,613	\$ 275,193	\$ 304,025	\$ 412,886	\$ 468,169
<b>Total</b>	<b>\$ 343,026</b>	<b>\$ 373,534</b>	<b>\$ 368,171</b>	<b>\$ 415,263</b>	<b>\$ 543,667</b>	<b>\$ 599,754</b>
<b>Accrued Pension and Post-Retirement Benefits</b>						
Management				\$ 8,386	\$ 3,608	\$ 3,291
Union				\$ 22,920	\$ 11,392	\$ 11,709
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 31,306</b>	<b>\$ 15,000</b>	<b>\$ 15,000</b>
<b>Total Benefits (Current + Accrued)</b>						
Management	\$ 99,336	\$ 95,921	\$ 92,978	\$ 119,624	\$ 134,389	\$ 134,876
Union	\$ 243,690	\$ 277,613	\$ 275,193	\$ 326,945	\$ 424,278	\$ 479,878
<b>Total</b>	<b>\$ 343,026</b>	<b>\$ 373,534</b>	<b>\$ 368,171</b>	<b>\$ 446,569</b>	<b>\$ 558,667</b>	<b>\$ 614,754</b>
<b>Total Compensation (Salary, Wages, &amp; Benefits)</b>						
Management	\$ 658,130	\$ 616,805	\$ 699,484	\$ 771,230	\$ 777,701	\$ 745,608
Union	\$ 1,645,428	\$ 1,878,910	\$ 2,028,372	\$ 2,184,474	\$ 2,286,802	\$ 2,563,605
<b>Total</b>	<b>\$ 2,303,559</b>	<b>\$ 2,495,715</b>	<b>\$ 2,727,856</b>	<b>\$ 2,955,703</b>	<b>\$ 3,064,503</b>	<b>\$ 3,309,212</b>
<b>Compensation - Average Yearly Base Wages</b>						
Management	\$ 83,777	\$ 92,029	\$ 93,309	\$ 93,086	\$ 96,449	\$ 101,789
Union	\$ 54,777	\$ 53,111	\$ 55,727	\$ 56,580	\$ 59,165	\$ 67,217
<b>Total</b>	<b>\$ 60,773</b>	<b>\$ 59,262</b>	<b>\$ 62,162</b>	<b>\$ 62,996</b>	<b>\$ 65,684</b>	<b>\$ 72,823</b>
<b>Compensation - Average Yearly Overtime</b>						
Management	\$ 103	\$ 1,595	\$ 2,686	\$ 296	\$ 300	\$ 350
Union	\$ 2,729	\$ 2,467	\$ 3,626	\$ 2,875	\$ 3,150	\$ 3,332
<b>Total</b>	<b>\$ 2,186</b>	<b>\$ 2,385</b>	<b>\$ 3,465</b>	<b>\$ 2,421</b>	<b>\$ 2,651</b>	<b>\$ 2,849</b>
<b>Compensation - Average Yearly Incentive Pay</b>						
Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Union	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>					
<b>Compensation - Average Yearly Benefits</b>						
Management	\$ 14,893	\$ 16,947	\$ 14,304	\$ 17,089	\$ 20,148	\$ 22,479
Union	\$ 9,523	\$ 9,208	\$ 8,747	\$ 9,959	\$ 13,478	\$ 15,480
<b>Total</b>	<b>\$ 10,633</b>	<b>\$ 10,431</b>	<b>\$ 9,699</b>	<b>\$ 11,212</b>	<b>\$ 14,644</b>	<b>\$ 16,615</b>
<b>Total Compensation</b>	<b>\$ 2,303,559</b>	<b>\$ 2,495,715</b>	<b>\$ 2,727,856</b>	<b>\$ 2,955,703</b>	<b>\$ 3,064,503</b>	<b>\$ 3,309,212</b>
Total Compensation Charged to OM&A	\$ 1,795,198	\$ 1,820,391	\$ 2,042,479	\$ 2,049,593	\$ 2,143,362	\$ 2,513,270
Total Compensation Capitalized	\$ 270,877	\$ 331,864	\$ 452,713	\$ 516,306	\$ 640,899	\$ 580,216
Total Compensation Charged to Third Party	\$ 192,754	\$ 259,650	\$ 166,157	\$ 139,392	\$ 120,336	\$ 120,363
Total Compensation Charged to Regulatory Accounts	\$ 22,365	\$ 22,737	\$ -	\$ 221,422	\$ 133,649	\$ 51,291
Total Compensation to Non Utility	\$ 22,365	\$ 61,073	\$ 66,507	\$ 28,991	\$ 26,258	\$ 44,071
<b>Total</b>	<b>\$ 2,303,559</b>	<b>\$ 2,495,715</b>	<b>\$ 2,727,856</b>	<b>\$ 2,955,703</b>	<b>\$ 3,064,503</b>	<b>\$ 3,309,212</b>
<b>Annual Change</b>		8.3%	9.3%	8.4%	3.7%	8.0%

1 **OMERS Pension Plan**

2

3 WHSI, like all other Ontario LDCs, is required to participate in the OMERS retirement plan.  
 4 WHSI matches employee contributions in keeping with the terms of the plan, and the actual  
 5 rates are set by OMERS in keeping with the regulatory provisions of a defined benefit plan and  
 6 actuarial findings. OMERS premium from January 1, 2006 to April 30, 2006 were deferred to  
 7 account 1508 for recovery at a later date and is recorded as an adjustment.

8

9 The 2009 actual OMERS contribution rates were 6.3% (up to the YPME) and 9.5% (over the  
 10 YPME). The OMERS contribution rates of 6.4% (up to the YPME) and 9.7% (over the YPME)  
 11 were used to forecast the 2010 OMERS premium. In July 2010, the OMERS Sponsors  
 12 Corporation (SC) announced plan changes to support the funded status of the OMERS primary  
 13 plan, including a three-year contribution rate increase for both members and employers  
 14 beginning in 2011. Effective with the first full pay of 2011, contribution rates will increase by  
 15 1% of member's earnings, to 7.4% (up to the YPME) and 10.7% (over the YPME) . This  
 16 announced increase is included in WHSI's calculations for the 2011 Test Year. The following  
 17 Table summarizes the annual OMERS premiums paid by WHSI.

18

19

**Table 4-11  
 Pension Premium Information**

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge Year	2011 Test Year
Premiums Paid	148,147	147,950	162,841	166,241	179,433	213,126
Annual Change		-0.1%	10.1%	2.1%	7.9%	18.8%

20

21 **Employee Benefit Plan**

22

23 WHSI invests in a comprehensive group benefit package covered by Great West Life and offered  
 24 by Comprehensive Benefits and the MEARIE group. Through this plan, employees have

1 comprehensive health, dental, long-term disability and life insurance benefits. Additionally,  
 2 WHSI offers an employee-assistance plan to all employees. Union and management  
 3 representatives equally recognize the value and the associated cost of the comprehensive  
 4 benefit package, and adjustments that have occurred in recent years have been restricted to  
 5 inflationary adjustments for eyeglass payment amounts.

6  
 7 As a member of the group benefit plan, WHSI's site-specific experience is blended with other  
 8 LDC experience for LTD and life insurance premiums. However, for health and dental premiums  
 9 our employee experience profile has a direct impact on premium levels. Across the globe, the  
 10 trend in healthcare costs is double-digit premium increases. In 2010, WHSI's health premiums  
 11 increased 10% and dental premiums 13%. A projected 10% increase in health and dental  
 12 premiums was used for the 2011 test year. A decrease in LTD premiums of 1% was projected  
 13 for 2011 based on recent trends in rates. A projected 5% and 10% increase in regular life and  
 14 retiree life respectively was projected for 2011, again based on WHSI-specific trends over the  
 15 past few years.

16 Table 4-12- Benefits for Active Employees

	2006 EDR	2006	2007	2008	2009	2010 Bridge	2011 Test
*Health, Dental LTD, Life	\$ 208,675	197,073	218,558	199,996	240,254	288,474	326,839
% Change		-5.6%	10.9%	-8.5%	20.1%	20.1%	13.3%

17  
 18  
 19 **Post Retirement Benefits – Premiums**  
 20 WHSI pays certain health, dental, and life insurance benefits on behalf of its retired employees.  
 21 A post-retirement health benefit is available for long-service employees until they reach the age  
 22 of 65. Employees hired prior to August 4, 2008 are eligible for life insurance benefit as a retiree.  
 23 WHSI has provided post-retirement benefits accounting information as required including the  
 24 change in post-retirement expense for 2006 to 2009 Actual, 2010 Bridge, and 2011 Test Year in  
 25 Table 4-13 below.

26

1

Table 4-13

	2006	2007	2008	2009*	2010	2011
	Actual	Actual	Actual	Actuarial Estimate	Bridge Year	Test Year
Premiums Paid	40,746	48,688	50,478	55,413	55,562	67,102
Change in Liability Account				31,306	23,783	20,000
<b>Post-Retirement Benefit Expense</b>	<b>40,746</b>	<b>48,688</b>	<b>50,478</b>	<b>86,719</b>	<b>79,345</b>	<b>87,102</b>

\*2009 Actual: \$54,143

2

3 **Post-Retirement Benefits - Liability:**

4

5 In 2009, an actuarial valuation was conducted on WHSI's Employee Post-Retirement Benefits,  
 6 which includes annual expenses for post-retirement benefits provided to eligible WHSI  
 7 employees in accordance with company policy and as provided in the collective bargaining  
 8 agreement between WHSI and its union. An Accrued Benefit Obligation (ABO) as of January 1,  
 9 2009 was determined, and the 2008 financial information was restated in the 2009 audited  
 10 statements. A copy of the valuation is included in Tab 4 Appendix A.

11 The ABO current service costs are calculated using the projected benefit method prorated on  
 12 service and based on assumptions that reflect management's best estimate. The transitional  
 13 obligation recognized is amortized into expense prospectively over 11 years, which is reflective  
 14 of the average remaining service period of active employees expected to receive benefits under  
 15 the plan. Any actuarial gains or losses are amortized into expense using the corridor method.

16 The annual expense and liability are determined in accordance with Section 3461 of the CICA  
 17 Handbook and supported by an actuarial valuation that is completed every three years.

18 Table 4-14 shows the actual and forecast change in the liability account.

19

Table 4-14

	2006	2007	2008	2009	2010	2011
<b>2306 Future Employee Benefits</b>	Actual	Actual	Actual	Actual	Bridge Year	Test Year
Opening Balance	\$ -	\$ -	\$ -	\$ 1,087,527	\$ 1,118,833	\$ 1,142,616
Change in Liability Account	\$ -	\$ -	\$ 1,087,527	\$ 31,306	\$ 23,783	\$ 20,000
<b>Ending Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,087,527</b>	<b>\$ 1,118,833</b>	<b>\$ 1,142,616</b>	<b>\$ 1,162,616</b>

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**Union Contracts**

July 31, 2006 to July 31, 2008 - The union contract that came into effect on July 31, 2006, increased wages by 3% for all union staff over each of the next two years

August 4, 2008 to July 31, 2011 - The union contract that came into effect on August 4, 2008 increase wages by 3% increase over each of the next three years. A copy of the current contracts are included in Appendix D (Inside Agreement) and Appendix E (Outside Agreement).

**WHSI Board of Directors**

Since 2007, WHSI’s Board of Directors has consisted of one Chair and two Directors. The Chair and one Director also sit on the WHHI Board of Directors. The third WHSI Board Member is an Independent Director. WHSI Chair fees are fully paid by WHSI, and the Directors Stipends for joint WHHI/WHSI Board Members are shared on a 50/50 basis with WHHI. When both a WHHI meeting and a WHSI are held on the same day, the per diem meeting fee for joint WHHI/WHSI Board Members are also shared on a 50/50 basis with WHSI. The Independent Board Member’s Stipend and per diem meeting fee is fully paid by WHSI. Directors fees and expenses are included in account 5665 Miscellaneous General Expense, in accordance with the OEB Accounting Procedures Handbook.

Table 4-15 Directors Fees and Stipends

	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
WHSI Directors Fees and Stipends	\$ 20,400	\$ 17,040	\$ 17,400	\$ 15,600	\$ 15,900	\$ 17,700

1 **Change In Workforce Year Over Year:**

2 Table 4-16 below shows the number of Approved or Actual FTE positions for 2005 Actual to  
 3 2009 Actual, 2010 Bridge Year, and 2011 Test Year. The highlighted cells indicate changes made  
 4 during the year. A detailed explanation of year-to-year changes follows this Table.

5 Table 4-16

Approved or Actual FTEs	2005	2006	2007	2008	2009	2010 Bridge	2011 Test
<b>President</b>	1	1	1	1	1	1	1
VP / Assistant GM	<b>0</b>	0	0	0	0	0	0
Executive Assistant	<b>0</b>	0	0	0	0	0	0
<b>Manager of Engineering / Operations</b>	<b>1</b>	1	1	1	1	1	1
Manager of Customer Service	<b>0</b>	0	0	0	0	0	0
Engineering Technologist	1	<b>2</b>	2	2	2	<b>3</b>	3
Line Supervisor	1	1	1	1	1	1	1
Lead / Powerline Technician / Apprentice	8	8	<b>9</b>	9	9	<b>10</b>	10
Meter Supervisor	1	1	1	1	1	<b>0</b>	0
Lead / Meter Technician / Apprentice	2	2	<b>3</b>	3	3	3	3
Substation Technician	1	1	1	1	1	1	1
Locator	1	1	1	1	1	1	1
Stores / Material Coordinator	1	1	1	1	1	1	1
Operations Coordinator	0	0	0	0	<b>1</b>	1	1
<b>VP Finance/Manager of Accounting and Regulatory Affairs</b>	1	1	1	1	1	1	1
Accountant - General	1	1	1	1	1	1	1
Accountant - Audit	0	0	<b>1</b>	1	1	1	1
AP Clerk / CSR	1	1	1	1	1	1	1
Collections / CSR	0	0	0	0	0	<b>1</b>	1
Receptionist / CSR	1	1	1	1	1	1	1
Residential Energy Advisor	1	1	<b>0</b>	0	0	0	0
Billing Supervisor	1	1	1	1	1	1	1
Billing Representative	2	2	2	2	2	2	2
<b>Manager of Internal Svcs (HR / IT)</b>	<b>1</b>	1	1	1	1	1	1
IT Analyst	2	2	2	2	2	2	2
Payroll / Admin Clerk	1	1	1	1	1	1	1
<b>Total FTEs from Full-Time Workers</b>	<b>30</b>	<b>31</b>	<b>33</b>	<b>33</b>	<b>34</b>	<b>36</b>	<b>36</b>
FTEs from Temporary Part-time Workers	0.7	2.0	2.0	2.0	3.2	1.7	1.0
<b>Total WHSI FTEs</b>	<b>30.7</b>	<b>33.0</b>	<b>35.0</b>	<b>35.0</b>	<b>37.2</b>	<b>37.7</b>	<b>37.0</b>

6

7

8

1 **Changes in Staffing Levels Between 2005 and 2011 and Succession Planning**

2

3 **Senior Management**

4

5 The President's Executive Assistant resigned in early 2005. The Vice-President / Assistant  
6 General Manager resigned from the organization in late 2005. Upon the departure of the VP /  
7 Assistant General Manager, the Manager of Customer Service received a new title and job  
8 description – Manager of Engineering. Today, the incumbent is the Manager of Operations and  
9 Engineering. In that same year, the Manager of Internal Services (responsible for human  
10 resources and information technology) was hired.

11

12 The net impact of these changes was a drop in the approved FTE by 1 (one) . The duties of the  
13 Executive Secretary and the VP / Assistant GM were redistributed across the management team  
14 and the organization more broadly.

15

16 In September 2006, the President and CEO retired and the VP Finance was appointed Interim  
17 President and CEO. A number of the VP Finance duties were temporarily assigned to the rest of  
18 the management team and other employees within the organization.

19

20 In 2007, the Interim President and CEO was permanently appointed to the position and the  
21 Manager of Accounting and Regulatory Affairs was hired to replace the VP Finance in December  
22 2007.

23

24

25

26

27

1   **Engineering**

2  
3   Between 2000 and 2005, WHSI had contracted out the vast majority of GIS (geographic  
4   information system) mapping work and engineering support to Guelph Hydro supported by one  
5   FTE who assisted locally primarily in the creation of estimates for new services. During this  
6   time, growth in Woodstock was very low. From an overall cost perspective, WHSI had the  
7   equivalent of two (2) FTEs.

8  
9   In June 2005, Toyota announced plans to build a new, \$800 million automobile assembly plant  
10   in Woodstock in the city's northeast end, just outside the WHSI service territory. While not a  
11   WHSI customer its arrival has had a significant impact on the LDC, and particularly our  
12   Engineering and Line departments in the form of industrial, commercial and other new service  
13   growth (subdivisions, apartments and other housing).

14  
15   WHSI initiated a plan to re-establish the Engineering Department by moving all activities back  
16   in-house and taking on new activities, commencing with the hire in early 2006 of an additional  
17   Engineering Technologist in response to new customer growth within the area.

18  
19   Over the past 5 years, increasing expectations from the ESA (Electrical Safety Authority)  
20   around design specifications and uniformity of construction, a documented asset management  
21   plan and the evolution of our GIS (geographic information system) into an accurate, layered  
22   reflection of our "as-built" distribution system have contributed to the workload and tasks of  
23   our engineering staff. Most recently, distributed generation connection mandates and other  
24   activities that are the early building blocks for a smart grid (e.g. load balancing, transformer  
25   right-sizing, automated switching, FIT/microFIT, etc.) are significant projects requiring  
26   additional resources for ensuring that we are optimally positioned to meet the needs of our  
27   ratepayers and regulators in the future. To accommodate these new expectations, WHSI will  
28   be hiring a third Engineering Technician/Energy Services Advisor in late 2010.

1    **Accounting and Administration**

2

3    In 2007 WHSI created the non-management position of Accountant (Audit/Regulatory) in  
4    response to increasing regulatory, accounting, and performance management requirements.  
5    This position is also a key contributor to the ISO 9000 management system to coordinate best  
6    practices in internal controls and continuous improvement of corporate processes and  
7    procedures and contributes to conservation and demand management activities. Future  
8    regulatory changes and the transition to IFRS will also be added to the ongoing duties of the  
9    Accounting and administration department staff. WHSI expects to re-assess the long-term  
10   resourcing requirements of this department after 2011 once the full impact of the IFRS  
11   implementation is known.

12

13    **Collections and Customer Service**

14

15   In 2010 a new Collections/Customer Service Representative position was added to  
16   accommodate the sharp increase in customer service, billing, and collections activities. The  
17   discontinuation of the pay-as-you-go meter program in 2009 transitioned 25% of our residential  
18   customers from prepaid to the conventional post-paid electricity. In 2010, WHSI's Billing  
19   department now generates 25% more residential bills on a monthly basis in comparison with  
20   historical volumes as noted earlier in this Exhibit.

21

22   Additional resources were necessary to deal with increased telephone and face-to-face  
23   customer service and collection activities involving the prepaid conversion, the current general  
24   economic climate, regulatory amendments to customer service requirements, the HST  
25   implementation, smart meters and time-of-use billing.

26

1 By adding an FTE to our administration department and reorganizing some billing-related  
2 duties, we were able to maintain the status quo from a resourcing perspective in the Billing  
3 department and only increase the staff complement by one (1) within the administration and  
4 customer service departments. WHSI expects to re-assess the long-term resourcing  
5 requirements of this department after 2011 once the full impact of TOU billing, OEB customer  
6 service amendments, and technological advances are better known.

7

8

## 9 **Operations**

10

11 As was the case for many LDCs, the early years of operations as WHSI (2000-2006) afforded  
12 little financial flexibility with which to entertain a succession planning strategy to address  
13 impending retirements and prepare for the next generation of operations personnel.  
14 However, with the distribution rate increase that came into effect in mid-2006, WHSI was able  
15 to initiate a long-term succession planning strategy.

16

### 17 Operations Coordinator

18

19 The Operations Coordinator position was added in 2009 to perform the operations-focused,  
20 clerical functions typically associated with this conventional role in the LDC sector (i.e.  
21 equipment maintenance record-keeping, job and work order administration, operations  
22 timesheets, ESA logs and records, new service records, locate scheduling, preparing minutes  
23 and financial summaries for operations personnel, and providing customer service from an  
24 operations perspective). These duties, to the extent that they were being adequately  
25 performed before the advent of this role, were being performed by management and other  
26 personnel, and as the workload and expectations continued to increase it was recognized that it  
27 would be more efficient and productive to delegate these tasks to a specific role/individual.

1 Meter Technicians (Meter Department)

2

3 WHSI's Meter Manager retired in Q3 2010. The two (2) most senior Meter Technicians will be  
4 eligible to retire by 2013. In 2007, recognizing that the entire department could disappear  
5 within the next six years, WHSI hired a Meter Technician apprentice. This was accomplished  
6 with little impact on costs or rates, as an internal candidate (the former Residential Energy  
7 Advisor) was transitioned into the position. WHSI did not fill the vacancy created by the  
8 transfer. This individual completed their training and became a journeyman in 2008, at which  
9 point WHSI was employing three (3) Meter Technicians and one (1) Meter Manager. All of  
10 these personnel have been fully utilized over the past several years through assisting with the  
11 smart meter installation and the organized transition away from the former prepaid electricity  
12 program to smart meters. With the retirement of the Meter Manager in Q3 2010, WHSI  
13 promoted one of the Meter Technicians to the role of Lead Meter Technician and does not  
14 intend to replace the Meter Manager, reducing the total number of FTEs in the department  
15 from four (4) to three (3) and reducing the overall size of the management team by one. This  
16 has worked out exceedingly well from a timing perspective, as WHSI is in the final stages of  
17 smart meter deployment. The managerial duties of the Meter Manager have been  
18 redistributed amongst other existing management personnel.

19

20 Woodstock Hydro has revised the job description of the Meter Technician role to include  
21 MDM/R synchronization operations, technical and/or field-based customer service activities  
22 related to smart meters and FIT/microFIT installations, the impending customer transition to  
23 time-of-use pricing, as well as future conservation and demand management activities. The  
24 three Meter Technicians will be very involved in the years ahead with end-to-end  
25 troubleshooting and support of the smart meter infrastructure (meters, gatekeepers, LAN  
26 communications, MDM/R data integration and delivering bill-ready data to the Billing  
27 Department). The Lead Meter Technician will nurture and maintain relationships with key

1 suppliers related to these activities. It is expected that the staff complement of three (3) will  
2 be necessary at least for the time frame covered by this rate application. Any recruitment  
3 activities will be timed to coincide with an announced retirements such that overall staffing  
4 levels remain constant. As we move forward with MDM/R integration and additional meter-  
5 related, smart-grid activities that are made possible by this technology (e.g. theft of power  
6 investigations) and implement both OPA and local conservation programs, these individuals will  
7 have a major role to play in implementing technologies and educating/supporting our  
8 customers.

9  
10  
11 Powerline Technicians (Line Department)  
12

13 In 2005, the staff complement for the Line Department consisted of 1 (one) Line Supervisor and  
14 8 (eight) journeymen. This number is 31% lower (via attrition) than 1999, when the former  
15 Woodstock PUC employed 2 (two) line supervisors and 11 (eleven) journeymen. As WHSI's  
16 succession planning strategy was initiated, we recognized that growth would best happen over  
17 time and in a structured and controlled fashion, from both a cost / rate impact perspective and  
18 also to ensure that existing supervisory and trades personnel would have sufficient time to  
19 mentor and coach their new colleagues while continuing to complete their ongoing duties. In  
20 2007 WHSI budgeted for and hired a line-journeyman apprentice. However, the overall staff  
21 complement of line personnel did not increase until later in 2007 due to an organizational  
22 transfer. The number of apprentices increased to two in 2008, and to three in Q3 2010.

23  
24 Barring significant changes in the size of our service territory, regulatory requirements or other  
25 external factors, the 2011 cost-of-service rate application reflects WHSI's Line Department staff  
26 complement for the next decade - eleven (11) FTEs consisting of one (1) line supervisor and ten  
27 (10) powerline technicians. At this time, three of these personnel are currently apprentices at

1 various stages of progression. Going forward, any recruitment activity will be a consequence  
2 of announced retirements. In 2010 the combined experience of our current complement of  
3 powerline technicians is 192 years (an average of 17 years per employee). With future  
4 recruitment being coincident with retirements, the combined experience will drop 35% by 2018  
5 to 125 years (an average of 11 years per employee). In the next eight years, five of our eight  
6 journeymen will likely retire. The staff complement of eleven (11) personnel for the foreseeable  
7 future was arrived at through consideration of various factors, including:

8  
9 1. *Mix of Capital, Operations and Maintenance Activities* – As described in more detail  
10 elsewhere, WHSI continues to incorporate 4 KV to 27.6 KV capital conversion projects into  
11 its asset-management and long-term capital planning. WHSI carefully assesses each project  
12 when determining whether to contract out some or all of the capital work or assign it to in-  
13 house personnel. Maintaining a higher staff complement of powerline technicians and  
14 performing capital work with in-house personnel provides for increased flexibility for on-call  
15 scheduling and the opportunity for improved response time for complex outage scenarios  
16 where a larger crew is required.

17  
18 2. *System Reliability* – WHSI is committed to meeting the OEB's system reliability targets and  
19 has a mature outage-management and root-cause-analysis procedure in place with respect  
20 to momentary and more complex outages. Further, there are various industrial customers,  
21 several of which supply the nearby Toyota automotive plant, who are large customers and  
22 are very sensitive to outage frequency and duration. Outage response is a complicated and  
23 sometimes time-consuming enterprise within the service territory, due to transmission  
24 upgrade activities that are expected to continue for the next five years, as well as local  
25 ecological realities (animal and crow populations). It is very important for on-call  
26 personnel to have ready access to backup assistance to ensure timely restoration of power.

1 **GREEN ENERGY PLAN OM&A COSTS:**

2 WHSI has not included expenses that relate to the Green Energy Act in this application,  
3 however the following summary on the status of WHSI's Green Energy Plan has been provided  
4 for informational purposes.

5 **WHSI Distributed Generation Project – "Sunny Side Up"**

6  
7 In the early part of 2010, WHSI researched opportunities available through the Ontario Power  
8 Authorities microFIT and/or FIT program offering. The final outcome and recommendation  
9 based on this research was to implement a small 10 Kw microFIT solar photovoltaic system, to  
10 be located at our office facility in Woodstock.

11  
12 We anticipate the total capital cost of this roof-mounted system will be less than \$100K, with  
13 moderate O&M cost requirements through the balance of 2010 and ongoing into 2011.

14 The RFP requirements for this project include a strong public educational awareness aspect.

15  
16 Located on the flat roof surface of our warehouse area, this project will provide exposure from  
17 Riddell Street, a new art gallery located on Dundas Street and a viewing area located in the  
18 metering department of WHSI.

19  
20 WHSI will not be seeking cost recovery for this renewable energy project, however we do  
21 intend to use this installation as a key promotion and training aid for staff and the public.

22  
23  
24  
25

1 **Distributed Generation Awareness/Education (renewable/smart grid accounts)**

2

3 In response to the announcement by the Provincial Government of a renewable energy feed-in  
4 tariff program, Woodstock Hydro hosted public information open house sessions on January 14  
5 and May 19 2010. In this forum, we invited the OPA and several installer/supplier groups to join  
6 us and discuss opportunities available to the public. It was during these sessions we began to  
7 see the value of installing a Utility owned system that could be used for both public and staff  
8 training and awareness.

9

10 To further enhance our educational strategies, WHSI has partnered with the four existing net-  
11 metered photovoltaic customers. In return for assisting these customers with connection and  
12 OPA program registration, these four customer have agreed to build up a 'case study' of a  
13 typical renewable energy residential installation.

14

15 A Smart Grid committee comprised of WHSI staff representing every department has been  
16 formed, with the mandate of integrating Smart metering, mapping, conservation and  
17 renewable distributed generation into a public awareness outreach program to begin in late  
18 2010.

19

20 As noted above, our 10 Kw microFIT installation will be designed to further enhance our public  
21 education and awareness campaigns as we integrate and promote renewable energy,  
22 conservation and smart metering technologies.

23

24

25

1 **Conservation and Demand Management**

2

3 The Board's Final Order (RP-2004-0203/EB-2004-0502) gave WHSI approval to invest \$419,839,  
4 its third installment of incremental MARR, in WHSI's Conservation and Demand Management  
5 Plan as submitted to the Board. With continued emphasis on education and awareness, we  
6 completed the last of our third tranche investment in tandem with the 2008 OPA group of  
7 programs. WHSI's activities to date include the following:

8

9 Launch of Conservation Website

10 As a component of WHSI's website, promotes internal and external CDM activities available to  
11 WHSI customers

12

13 Kill-a-watt Monitors

14 Through a 'library lending' approach this offering provides plug-in energy monitors to  
15 customers at no charge. They continue to serve their purpose by allowing customers the ability  
16 to conduct their own mini-energy audit.

17

18 2007 Customer Survey

19 The 2007 Customer Survey incorporated the appliance survey as it related to the Cost  
20 Allocation Study, and CDM questions.

21

22 GS Customer Load Shape Awareness

23 WHSI provided education and awareness training to customers, introducing them to the  
24 concept of load shape, peak demand and other billing related information. This initiative will  
25 assist customers as they transition to smart and interval metering techniques over the next  
26 several years. Power Factor Correction Activity and Power audits were also part of the General  
27 Service customer education program.

28

1 School Electrical Safety and Conservation Programs

2

3 Educational programs educated elementary students on the importance of electrical safety and  
4 energy conservation. Programs geared to local high school students are being developed and  
5 targeted for 2010, 2011.

6 In 2007 WHSI and “Reduce the Juice” (with the support of Orangeville Hydro) teamed up to  
7 provide a renewable energy demonstration viewed by more than 3,000 school children.

8

9 Woodstock Community Complex Virtual Kiosk

10 In 2007, WHSI, the City of Woodstock and ARISE technologies partnered to commission an array  
11 of Photovoltaic (PV) panels on the Woodstock District Community Complex to educate and  
12 raise awareness of renewable energy resources.

13

14 Community Events

15

16 WHSI participated in a variety of community events including Voluntary Blackout Day, Sidewalk  
17 Days, Kowapalooza, and the Woodstock Fall Fair, to name a few to promote and educate the  
18 public on energy conservation and renewables.

19

20 Partnership and Sponsorship - Local

21 WHSI continues to develop partnerships within the community to promote CDM, including the  
22 local Chamber of Commerce Business and Industry Working Group and the Renewable Energy  
23 Committee. Other events include the Seasonal LED Light Exchange, the WinterLights Award,  
24 Woodstock Hospital Foundation Raffle – Donation of PV Panels and installation fees, and the  
25 Cool Shops program. WHSI has been the recipient of the local Chamber of Commerce’ Energy  
26 Innovation Award for the past three years.

27

28 Partnership and Sponsorship – Other

1 WHSI is recognized by other communities as an innovator and one willing to take on new ideas,  
2 which has helped build relationships with the Association of Municipalities of Ontario (AMO).  
3 WHSI is also a participant in The Canadian Energy Expo.  
4 Through partnership with the IESO and Utilismart, three customer information sessions  
5 provided hands-on training of Interval/Internet meter instruction to approximately 100  
6 attendees.

7

### 8 System Optimization

9 Several recommendations provided through a 2006 system operation report were  
10 implemented in 2007 and 2008 to reduce energy loss reduction. The Power Factor Correction  
11 program enabled 3 customers to reduce peak demand by 900 kVa in 2007 alone.

12

### 13 Next Steps

14 WHSI will strive to ensure that CDM Programming is provided to all customer type(s) through  
15 the implementation of the portfolio of programs provided through the Ontario Power Authority  
16 including appliance retirement/exchange events, rebate programs and instant discounts,  
17 initiatives for new residential construction, demand response programs, and programs directed  
18 to business customers for lighting and equipment replacement. Further review will be made of  
19 OPA or Board-Approved programming to address specific options for lower income groups.  
20 Regardless of changes made to the strategy, the intent will remain to strive for an effective mix  
21 of programming that addresses all customer groups.

22

23 Efficiency gains and cost savings through partnership with other organizations will benefit all  
24 WHSI customers. WHSI will continue to be the voice of conservation in the City of Woodstock,  
25 partner with schools, business groups, and the City of Woodstock to capitalize on the mutual  
26 benefits that conservation will bring to all participants.

1 **CHARGES TO AFFILIATES FOR SERVICES PROVIDED:**

2 **Introduction:**

3 A summary of charges to affiliates for services provided in 2006 Actual, 2007 Actual, 2008  
4 Actual and 2009 Actual together with the projections for the 2010 Bridge Year and 2011 Test  
5 Year are shown in the Table 4-17 after the following discussion on affiliate services:

6  
7 **Woodstock Hydro Holdings Inc (WHHI)**

8  
9 The holding company, Woodstock Hydro Holdings Inc. (WHHI), does not cost the Shareholder a  
10 significant amount of money to maintain. Its independent board meets only as required, and it  
11 operates solely as a representative of the Shareholder in maintaining and upholding the  
12 expectations outlined in the Shareholder Direction, predominantly at the Annual General  
13 Meeting and with respect to significant financial decisions on the part of WHSI.

14  
15 WHSI recovers administrative and insurance costs from WHHI on a cost only basis.  
16 Administrative costs primarily include Directors Fees for WHHI board members, administrative  
17 labour for preparation of payroll and financial statements, and WHHI's share of liability  
18 insurance.

19  
20 Since 2007, WHHI's current Board of Directors has consisted of one WHHI Chair and one WHHI  
21 Director. Both members also sit on the WHSI Board of Directors in addition to one independent  
22 Director. WHHI Chair fees are fully paid by WHHI and the Directors Stipends for joint  
23 WHHI/WHSI Board Members are shared on a 50/50 basis with WHSI. When both a WHHI  
24 meeting and a WHSI are held on the same day, the per diem meeting rate for joint WHHI/WHSI  
25 Board Members are also shared on a 50/50 basis with WHSI. Since 2007, WHHI Directors

1 expenses typically amount to less than \$7,000 per year. Prior to 2007, 3 Directors sat on the  
2 WHHI Board.

3  
4 **Woodstock Info Energy Inc.(WIEI):**

5  
6 Following the 2000 incorporation of Woodstock Hydro Holdings Inc. (WHHI) the retail affiliate  
7 Woodstock Info Energy Inc. (WIEI) was formed for the purpose of managing competitive type  
8 services, such as the sale of Prepay Power Metering equipment, water heater rentals,  
9 streetlight maintenance, and water locates. Woodstock Hydro Services Inc. formed the licensed  
10 distribution arm of the Holding company and managed distribution activities only.

11  
12 Like many LDC's in the Province, WHSI had evolved from a mixed Public Utility business model  
13 that included multiple service offerings, to that of a licensed distributor of electricity only.  
14 During the time of Woodstock Public Utility Commission, the most cost effective model for  
15 locating plant was that of a single person handling all locates for water and electricity.

16  
17 The City of Woodstock had assumed management of the water system plant and repair, and  
18 requested the joint locating model be continued. Water locate services were provided to the  
19 City of Woodstock through WIEI.

20  
21 As the decade progressed and affiliate activity limitations became clearer within the industry,  
22 the City of Woodstock opted to close the affiliate and retain only the Holding (WHHI) and  
23 Distribution (WHSI) companies. The Prepay power business was wound down, leaving only  
24 water locates, streetlight maintenance, and water heater rental activities as ongoing services.  
25 Ultimately, in 2006 the decision was made to wind down the business affairs of Info Energy  
26 altogether.

27

1 In keeping with the guidelines of the Ontario Business Corporations Act, WHHI, with the  
2 authorization of the Shareholder (the City of Woodstock) opted via resolution for a voluntary  
3 dissolution of WIEI. The 2007 activities consisted of legal and financial steps to convert assets  
4 to cash in preparation for dissolution. This included notification for all customers purchasing  
5 the prepaid product line, the sale of the water heater business to Brant County Power and  
6 disposition of all remaining fixed assets. The Articles of Dissolution were processed in mid-  
7 2008 after the final tax return was complete and Notice of Assessment received.

8

9 All financial transactions between Woodstock Hydro Services Inc. and Woodstock Info Energy  
10 Inc. were maintained in strict accordance with the directives of the OEB's Affiliate Relationships  
11 Code (ARC). At no time was there a negative impact on Woodstock Hydro Services Inc. or its  
12 ratepayers due to the existence of Info Energy.

13

14 Water Locates:

15

16 In 2006, only water locates and streetlight maintenance activities were provided through the  
17 Distribution Company (WHSI) to the City of Woodstock.

18

19

20 In 2009, WHSI notified the City of Woodstock it would cease water locate services as of July  
21 2010. Although initially resistive to this announcement, the City of Woodstock understood the  
22 limitations of WHSI services permitted by the Affiliate Relationships Code .

23

24 As of July 1 2010, water locating services shifted from WHSI to an independent third party  
25 contracted directly by the City of Woodstock.

26

27

28 Streetlight Maintenance:

29

1 After WIEI began winding down in 2006, WHSI began to provide streetlight maintenance  
2 services to the **City of Woodstock**. These services are limited to the maintenance of existing  
3 streetlight infrastructure only and do not extend beyond those assets owned by the City of  
4 Woodstock.

5  
6 WHSI continues to monitor the developments of the OEB proceedings and understands the  
7 Electric Safety Authority along with the LDC community are discussing safety vs. licensing issues  
8 related to work on LDC assets. WHSI is an active member of the ESA's Streetlight Safety working  
9 group.

10  
11 WHSI provides these services at the request of the City of Woodstock, and intends to cease  
12 services, if necessary, once resolution of this issue is completed. The City of Woodstock is also  
13 aware of the ongoing discussions at the OEB level and understand services may be discontinued  
14 at any time.

15  
16 Actual costs, including payroll and material burdens, are billed to the City of Woodstock  
17 by WHSI for these two services, in addition to a 9% markup. For the 2011 Test Year, a  
18 mark up of 9.85% has been included in the streetlight maintenance services and included  
19 in account 4375, Revenues from Non-Utility Operations as detailed in Exhibit 3.

20  
21 **County of Oxford – Provision of Water and Sewer Billing Services**

22  
23 WHSI provides water/sewer billing and collecting services for the County of Oxford as both  
24 entities recognize the cost savings and efficiencies from combining these services onto a single  
25 bill. A fee structure for water/sewer customers was designed and agreed upon by WHSI and  
26 the County of Oxford, based on whether the services were flat rate or metered. Prior to 2008,

1 these fees were credited to account 4220, Other Electric Revenues, and the related expenses  
2 remained in the billing, collecting, and general administration accounts. In 2008, WHSI  
3 amended their accounting procedure to recognize this income and expense in the non-utility  
4 income and expense accounts 4375 and 4380 respectively.

5 A review was conducted in 2008 to determine whether the billing fees under the existing  
6 agreement were recovering the related costs. It was found that, after an adjustment to the  
7 billing fees in 2007, WHSI's costs to provide these services were being recovered.

8 Since 2008, two significant changes had occurred. The Pay-As-You-Go meter program were  
9 able to accommodate flat rate water and sewer customers by calculating a per/diem rate and  
10 deducting this from the customer's payment. When this program wrapped up in 2009, certain  
11 administrative costs to support this prepaid program were eliminated, and replaced with new  
12 billing, collecting and customer service costs. The County of Oxford also announced it's  
13 intention to install water meters in all serviced locations within the City of Woodstock and to  
14 begin billing metered rates January 1, 2011. For the purposes of this rate application, an  
15 updated cost analysis was conducted to reflect the known changes to system and resource  
16 requirements to provide this service. At this time, a revised Services Agreement is pending  
17 until a final decision is reached regarding the provision of certain services. WHSI notes that any  
18 incremental costs associated with the provision of water and sewer services will be reflected in  
19 updated billing fees to the County of Oxford. A summary of the 2010 cost analysis is provided  
20 in Appendix B

21

22

23

24

1 **The City of Woodstock**

2 Until October, 2008, the City of Woodstock held a promissory note for \$10,941,862. WHSI paid  
 3 interest at a rate equal to the OEB's regulated return. In October 2008, WHSI monetized the  
 4 debt with a financial institution and no further debt payments were provided to the  
 5 Shareholder.

6 Property Taxes levied by the City of Woodstock to WHSI were not part of an affiliate  
 7 agreement. Hydro rates charged to the City of Woodstock by WHSI are regulated by the OEB  
 8 and not part of an affiliate agreement.

9 Table 4-17

Shared Services Corporate Cost Allocation							
Name of Company		Price for the Service (\$)					
From	To	2006	2007	2008	2009	2010 Bridge	2011 Test
WHSI	City of Woodstock Streetlight Maintenance & *Locates(*until July 2010) Cost + 9% ; 9.85% in 2011	\$106,244	\$130,635	\$141,389	\$160,048	\$158,002	\$109,850
	Cost for Service	\$106,244	\$119,849	\$129,715	\$146,833	\$144,956	\$100,000
	Return on Service	Not charged	\$10,786	\$11,674	\$13,215	\$13,046	\$9,850
WHSI	County of Oxford Water Sewer Billing/Collecting Service Price Agreement	\$280,509	\$387,969	\$401,112	\$405,037	\$410,106	\$436,880
	Fee for Service	See Notes	See Notes	\$365,297	\$369,003	\$369,759	\$397,845
	Return on Service	See Notes	See Notes	\$35,815	\$36,034	\$40,347	\$39,035
WHSI	City of Woodstock Interest on Promissory Note to October 2008	\$739,230	\$739,230	\$616,025	\$0	\$0	\$0
WHSI	Woodstock Hydro Holdings Administrative Services /Share of Insurance Cost	\$10,973	\$7,419	\$2,818	\$1,508	\$1,500	\$1,500
WHSI	Woodstock Info Energy Billing/ Collecting Water Heater Rental Fee for service	\$10,679	\$946	\$0	\$0	\$0	\$0

10

11

1 **Purchase of Products and Services from Non-Affiliates:**

2 Like other distributors, WHSI purchases many services and products from third parties. The  
 3 table below illustrate WHSI's expenditures on purchased products and services in Table 4-18.

4 WHSI's purchasing policy is attached as Appendix F.

5 Table 4-18

6

Vendor Name	Purpose	Method	2008	2009
A.P. HURLEY CONSTRUCTION LTD	General contractor	Quotation	\$102,885	\$0
ANIXTER	Wire	Tender	\$31,904	\$253,311
AESI ACUMEN ENGINEERED SOLUTIONS INTERNATIONAL INC.	Engineering service	Cost approach	\$23,494	\$49,591
BADGER DAYLIGHTING INC.	Hydrovac service	Cost approach	\$22,935	\$49,434
BROOKLIN CONCRETE	Line hardware	Quotation	\$25,219	\$10,289
BDO DUNWOODY - AUDITOR	Auditor	Cost approach		\$27,038
BDO DUNWOODY DYNAMICS	IT service	Cost approach	\$49,760	\$54,910
BUILDERS GROUP	Developer	Cost approach	\$45,905	
COMMERCIAL EQUIPMENT CORP.	Trucks, equipment testing	Cost approach	\$14,602	\$44,958
CANADIAN ELECTRICAL SERVICES	Transformers	Tender	\$906,985	\$131,476
CANADA POWER PRODUCTS	Line hardware	Quotation	\$60,229	\$197,139
DELL COMPUTER CORPORATION	IT Hardware	Quotation	\$43,393	\$31,640
DAVE LIPPERT FUELS (PETRO-CAN)	Vehicle fuel	Cost approach	\$45,015	\$38,668
ESRI CANADA LTD	IT service	Cost approach	\$29,001	\$36,183
ELSTER METERING	Metering	Tender	\$34,286	\$1,251,077
ELECTRICITY DISTRIBUTORS ASSOCIATION	Membership	Cost approach	\$27,519	\$28,334
ENERSPECTRUM GROUP (Burman)	CDM /OPA Program related	Cost approach	\$13,175	\$219,648
FILBITRON SYSTEM GROUP INC	IT service	Cost approach	\$6,182	\$34,048
FIRST GULF INC	Developer	Cost approach	\$47,700	

1

Vendor Name	Purpose	Method	2008	2009
GUELPH UTILITY POLE C/O TH1084C	Line hardware	Tender	\$39,199	\$181,750
HD SUPPLY UTILITIES	Line hardware	Tender	\$216,154	\$442,737
HARRIS COMPUTER SYSTEMS	IT service	Quotation	\$181,602	\$131,941
HYDRO ONE NETWORK SERVICES	CDM OPA Program related	Cost approach	\$282,984	\$118,092
D.L. HANNON INC	Contractor	Tender		\$729,858
JESSTEC INDUSTRIES INC.	Metering	Quotation	\$6,214	\$37,430
JOHN'S JANITORIAL SERVICE	Janitorial	Tender	\$18,690	\$44,856
LAFLECHE ROOFING (1992) LIMITED	Contractor	Tender	\$96,600	\$140,490
TRILLIANT INC	Meter Reading service	Cost approach	\$130,331	\$21,726
MEARIE	Membership	Cost approach	\$39,832	
OXFORD MEDIA GROUP	Media	Quotation	\$23,643	\$36,513
ONTARIO ENERGY BOARD	Regulatory	Cost approach	\$44,709	\$38,302
ONTARIO POWER AUTHORITY	Regulatory	Cost approach		\$50,411
PACHECOS CONTRACTORS LTD.	Contractor	Tender	\$159,704	\$295,785
PROTEK SYSTEMS	IT service	Cost approach	\$9,268	\$110,961
ROUTENBURG & SONS LTD	Contractor	Cost approach	\$29,200	\$46,890
RDS UTILITY SERVICES	Meter Reading service	Tender		\$101,302
SURVALENT TECHNOLOGY CORPORATION	Hub provider	Cost approach	\$1,417	\$54,295
SOUTHWEST POWER CORPORATION	Contractor	Tender	\$17,533	\$55,497
SEARLES MOTOR PRODUCTS LTD	Vehicles	Tender		\$102,602
SOFTCHOICE CORP.	IT service	Quotation	\$39,994	\$34,201
SOMMERS MOTOR GENERATOR SALES LTD	Generator	Quotation		\$54,777
SKILLINGS ELECTRIC	Contractor	Cost approach		\$33,193
TABOR BROS. & SONS LTD	Contract tree trimming	Quotation	\$91,363	\$115,255
TILTRAN SERVICES	Contractor	Cost approach	\$5,707	\$68,702
UTIL-ASSIST	Consulting	Cost approach		\$40,365
UTILISMART CORPORATION	Meter Reading service	Cost approach	\$68,252	\$47,514
WESTBURNE ELECTRICAL INC.	Line hardware	Tender	\$42,078	\$45,662
			\$3,074,662	\$5,638,849

2

1 **DEPRECIATION, AMORTIZATION AND DEPLETION:**

2 WHSI does not have a written Depreciation and Amortization policy at this time, and follows  
3 the OEB's Accounting Procedures Handbook with the exception as noted below. WHSI intends  
4 to develop a written policy upon the implementation of IFRS that complies with IAS 16 and IAS  
5 38 Intangible Assets. Amortization on capital assets is currently calculated as follows:

- 6 • WHSI uses the pooling of assets for all fixed assets with the exception of Computer  
7 Equipment/Software, Automotive Equipment, Furniture & Equipment, Communication  
8 Equipment, and Capital Tools. Amortization is calculated on a straight line basis over the  
9 estimated remaining useful life of the assets at the end of the previous year; plus:
- 10 • Prior to 2010 a full year's amortization was taken on capital additions during the current  
11 year. For this rate application WHSI used the half year rule for calculating depreciation  
12 expense for the 2010 Bridge and 2011 Test Year.
- 13 • Smart Meters currently in the Smart Meter Capital Account 1555 are depreciated on a 15  
14 year, straight line basis. Smart meters that may be transferred to account 1860 in 2011 will  
15 also be depreciated a 15 year, straight line basis.
- 16 • Depreciation rates are in line with rates set out in the Appendix B of the 2006 Electricity  
17 Distribution Rate Handbook with the following exception which was discovered during the  
18 preparation of this application: Account 1908 – Buildings and Fixtures

19 WHSI's main office building was constructed in 1961. Historical records indicate that the  
20 December 31, 1985 net book value of the building was \$352,262 (\$500,950 less \$175,688  
21 accumulated amortization) after 24 years depreciation. Due to a clerical error, a note included  
22 on this document stated "Depreciate to Year 2025" but was misinterpreted as "Depreciate over  
23 25 years". While the main building continues to be amortized over 60 years, all capital  
24 additions since 1986 were subsequently depreciated over 25 years. Further investigation show

1 that these additions were for internal renovations, window, roof, and HVAC equipment  
 2 replacements. As of December 31, 2000, the net book value(NBV) of account 1908 was  
 3 \$348,425 or \$3,837 lower than the December 31, 1985 NBV.

4 Table 4-19 below lists the amount and description of additions since 2001. To 2011, the total  
 5 depreciation expense of \$265,004 includes the depreciation of the original building, based on  
 6 40 years of remaining useful life, plus a 25 year depreciation rate on all additions since 2001.

7 The “Depreciation on Additions @ 60 Years” column shows a full year depreciation on the  
 8 incremental additions, had they been amortized over 60 years. The “Total Depreciation @ 60  
 9 Years” column shows the total annual depreciation expense of additions using the 60 year  
 10 useful life. Between 2000 and 2011, total depreciation expense would have been \$141,872. The  
 11 total variance between 2001 and 2011 is \$123,132.

Table 4-19

Year End	Amount	Description	Depreciation on Additions @ 60 years	Annual Depreciation @ 60 years
Dec 31 2000	\$ 348,425	<b>NBV (*depreciated over 40 years)</b>	<b>\$ 8,711</b>	<b>\$ 8,711</b>
31-Dec-01	\$ 20,496	interior renovations	\$ 342	\$ 9,052
31-Dec-02	\$ 2,113	interior renovations	\$ 35	\$ 9,087
31-Dec-03	\$ 27,756	interior renovations	\$ 463	\$ 9,550
31-Dec-04	\$ 28,354	interior renovations	\$ 473	\$ 10,023
31-Dec-05	\$ 7,767	interior renovations	\$ 129	\$ 10,152
31-Dec-06	\$ 13,573	interior renovations	\$ 226	\$ 10,378
31-Dec-07	\$ 53,091	interior renovations	\$ 885	\$ 11,263
31-Dec-08	\$ 181,380	roof replacement - garage/stores area roof replacement - office area, new	\$ 3,023	\$ 14,286
31-Dec-09	\$ 221,770	generator, garage area renovations	\$ 3,696	\$ 17,982
31-Dec-10	\$ 79,000	window replacements, replace air compressor, meter shop renovations	\$ 1,317	\$ 19,299
31-Dec-11	\$ 90,000	window replacements, stores area renovations	\$ 1,500	\$ 20,799
	\$ 1,073,723	Subtotal		
	\$ 265,004	Less Depreciation 2001 to 2011		\$ 141,872
	\$ 808,719	NBV Dec 31 2011		\$ 931,851
		Variance		\$ 123,132
		Average Annual Variance		\$ 12,313

1

2 In 2009, WHSI , London Hydro, and Chatham Kent Hydro participated in a Joint Useful Life of  
3 Assets Study with Kinetrics to prepare for the transition to IFRS. The study results indicated that  
4 a Building asset can be divided into the following components:

5 Mechanical - The useful life can be in the range of 12 to 30 years, with a typical life of 20 years

6 Civil - The useful life can be in the range of 30 to 100 years, with a typical life of 50-60 years.

7 Electrical – The useful life can be in the range of 12 to 40 years, with a typical life of 20 years

8 Roof – the useful life can be in the range of 15 to 30 years, with a typical life of 20 years

9 Seventy-nine percent of the total additions between 2001 and 2011 have been, or will take  
10 place between 2008 and 2011. Based on the Useful Life Study these assets would have a typical  
11 life of 20 years.

12 WHSI believes that because 79% of the additions occurred or will occur within the next 4 years,  
13 and that; based on the Joint Useful Life Study the additions typical life is only 20 years as  
14 compared to 60 years and that; upon the implementation of IFRS, these assets will be  
15 componentized based on the study results; that it would be prudent continue depreciating  
16 these additions over 25 years until IFRS is fully implemented in 2012.

17 WHSI is therefore seeking approval to continue depreciating the additions between 2001 an  
18 2011 over 25 years, until IFRS is fully implemented.

19 Although WHSI is in the process of establishing asset componentization and typical lives, WHSI  
20 firmly believes that a hybrid approach to rate setting that combines IFRS asset  
21 componentization with current regulatory-CGAAP based methodologies for all other rate  
22 setting purposes, would create an uncertain and unbalanced rate design. Until the regulatory  
23 framework for modified IFRS accounting procedures and rate setting is established, WHSI

1 believes it is prudent to submit the 2011 COS rate application based on current approved  
 2 regulatory accounting and rate setting procedures.

3 Table 4-20 provides the OEB Account, Description and number of Years the assets are  
 4 depreciated

5 Table 4-20

OEB Account	Description of Account	No. of Years
1805	Land	N/A
1806	Land rights	N/A
1808	Buildings and Fixtures	60
1820	Distribution Station Equipment below 50 KV	30
1830	Poles, Towers and Fixtures	25
1835	Overhead Conductors and Devices	25
1840	Underground conduit	25
1845	Underground Conductors and Devices	25
1850	Line Transformers	25
1855	Services	25
1860	Meters	15-25
<b>1908*</b>	<b>Buildings and Fixtures</b>	<b>25 - 60</b>
1915	Office Furniture and Equipment	10
1920	Computer Equipment - Hardware	5
1925	Computer Software	5
1930	Transportation Equipment - 3 tonnes and over	8
1930	Transportation Equipment - under 3 tonnes	5
1935	Stores Equipment	10
1940	Tools, Shop and Garage Equipment	10
1945	Measurement and Testing Equipment	10
1955	Communication Equipment	10
1960	Miscellaneous Equipment	10
1980	System Supervisory Equipment	15
1995	Contributions and Grants-Credit	25

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 7 Details of WHSI's depreciation by account number are provided in the Fixed Asset Continuity  
 8 Schedule in Exhibit 2. WHSI depreciation expense does not match the accumulated  
 9 amortization because WHSI includes depreciation expense for vehicles and stores equipment in  
 10 the calculation of the hourly vehicle rates and in the stores burden. WHSI has provided a

1 reconciliation of depreciation expense to the Fixed Asset Continuity Schedule in Exhibit 2 Tab 2,  
 2 in the Tables below:

3 Table 4-21  
 4 2005 Depreciation Expense

2005								
Acct	Description	Opening Balance	Less Fully Depreciated	Net for depreciation	Additions	Total for Depreciation	Years	Depreciation Expense
1805	Land	21,836		21,836		21,836		
1808	Buildings	181,937	29,431	152,506	8,837	161,343	25-60	7,581
1820	Substation Equipment	519,894	135,316	384,579	44,567	429,146	30	30,526
1830	Poles, Towers & Fixtures	5,363,311	1,195,546	4,167,765	197,067	4,364,832	25	302,813
1835	OH Conductors & Devices	2,961,885	582,323	2,379,562	40,984	2,420,545	25	152,900
1840	UG Conduit	1,949,204	423,922	1,525,282	282,907	1,808,189	25	125,286
1845	UG Conductors & Devices	3,036,833	755,827	2,281,007	198,528	2,479,535	25	201,414
1850	Line Transformers	3,239,563	585,851	2,653,711	280,750	2,934,461	25	176,830
1855	Services (OH & UG)	755,944	64,766	691,178	241,821	932,999	25	39,967
1860	Meters	3,343,293	1,017,914	2,325,379	104,370	2,429,749	25	270,662
1905	Land	17,530		17,530		17,530		
1908	Buildings & Fixtures	427,143	64,492	362,651	7,767	370,418	60	17,297
1915	Office Furniture & Equipment	131,354	71,495	59,860	9,069	68,928	10	13,215
1920	Computer - Hardware	511,629	278,765	232,863	86,600	319,463	5	103,761
1925	Computer Software	602,774	434,111	168,663	88,646	257,310	5	84,690
1930	Transportation Equipment	1,045,280	499,206	546,075	0	546,075		123,637
1935	Stores Equipment	23,354	13,170	10,184	0	10,184	10	2,775
1940	Tools, Shop & Garage Equipment	178,540	88,727	89,813	5,573	95,385	10	18,409
1945	Measurement & Testing Equipment	75,163	47,362	27,800	0	27,800	10	9,538
1955	Communications Equipment	5,576	1,445	4,131	243	4,374	10	584
1960	Graphics Equipment	485	220	265	0	265	10	53
1980	System Supervisory Equipment	49,665	14,576	35,088	0	35,088	15	3,242
1995	Contributions & Grants	-812,515	-52,549	-759,966	-336,349	-1,096,315	25	-45,955
	<b>Total</b>	<b>\$23,629,677</b>	<b>\$6,251,916</b>	<b>\$17,377,760</b>	<b>\$1,261,379</b>	<b>\$18,639,139</b>		<b>\$1,639,226</b>
<b>Less:</b>	<b>Fully Allocated Depreciation</b>							
1930	Transportation Equipment							123,637
1935	Stores Equipment							2,775
	<b>Net depreciation not fully allocated</b>							<b>\$1,512,814</b>
<b>Plus:</b>	<b>Amortization on Organization</b>							<b>\$416</b>
	<b>Total Depreciation Expense</b>							<b>\$1,513,230</b>

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Table 4-22  
 2006 Depreciation Expense

2006								
Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Expense
1805	Land	21,836		21,836		21,836		
1808	Buildings	190,774	37,013	153,761		153,761	25-60	7,581
1820	Substation Equipment	564,461	165,842	398,619	1,709	400,328	30	30,583
1830	Poles, Towers & Fixtures	5,560,378	1,498,359	4,062,019	535,874	4,597,893	25	321,652
1835	OH Conductors & Devices	3,002,868	735,223	2,267,645	141,454	2,409,099	25	157,507
1840	UG Conduit	2,232,110	549,208	1,682,903	191,417	1,874,319	25	132,943
1845	UG Conductors & Devices	3,235,362	957,241	2,278,121	72,746	2,350,867	25	204,324
1850	Line Transformers	3,520,313	762,681	2,757,631	353,245	3,110,877	25	190,960
1855	Services (OH & UG)	997,765	104,733	893,032	157,473	1,050,505	25	46,266
1860	Meters	3,447,663	1,288,577	2,159,087	150,990	2,310,077	25	279,477
1905	Land	17,530		17,530		17,530		
1908	Buildings & Fixtures	434,910	81,790	353,120	13,573	366,693	60	17,840
1915	Office Furniture & Equipment	140,423	84,710	55,713	25,692	81,405	10	12,797
1920	Computer - Hardware	598,229	382,526	215,702	91,261	306,963	5	110,008
1925	Computer Software	691,420	518,801	172,620	102,021	274,641	5	87,829
1930	Transportation Equipment	1,045,280	622,843	422,438	280,746	703,184		151,608
1935	Stores Equipment	23,354	15,945	7,409	19,721	27,130	10	4,557
1940	Tools, Shop & Garage Equipment	184,112	107,136	76,976	3,482	80,458	10	17,572
1945	Measurement & Testing Equipment	75,163	56,900	18,262	0	18,262	10	6,485
1955	Communications Equipment	5,819	2,029	3,790	7,284	11,073	10	1,312
1960	Graphics Equipment	485	273	212	0	212	10	53
1980	System Supervisory Equipment	49,665	17,818	31,846	119,671	151,517	15	11,220
1996	Hydro One TS Contribution			0		0	25	
1995	Contributions & Grants	-1,148,864	-98,504	-1,050,360	-226,210	-1,276,570	25	-55,003
	<b>Total</b>	<b>\$24,891,055</b>	<b>\$7,891,143</b>	<b>\$16,999,913</b>	<b>\$2,042,148</b>	<b>\$19,042,060</b>		<b>\$1,737,572</b>
<b>Less:</b>	<b>Fully Allocated Depreciation</b>							
1930	Transportation Equipment							151,608
1935	Stores Equipment							4,557
	<b>Net depreciation</b>							<b>\$1,581,407</b>
<b>Plus:</b>	<b>Amortization on Organization</b>							<b>\$416</b>
	<b>Total Depreciation Expense</b>							<b>\$1,581,823</b>

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Table 4-23  
 2007 Depreciation Expense

2007								
Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Expense
1805	Land	21,836	0	21,836		21,836		
1808	Buildings	190,774	44,594	146,180	0	146,180	25-60	7,581
1820	Substation Equipment	566,170	196,425	369,745	0	369,745	30	30,583
1830	Poles, Towers & Fixtures	6,096,252	1,820,010	4,276,241	228,581	4,504,822	25	328,183
1835	OH Conductors & Devices	3,144,322	892,731	2,251,592	54,782	2,306,373	25	158,641
1840	UG Conduit	2,423,527	682,150	1,741,377	370,615	2,111,991	25	147,768
1845	UG Conductors & Devices	3,308,108	1,161,565	2,146,542	258,273	2,404,815	25	214,655
1850	Line Transformers	3,873,558	953,641	2,919,917	619,197	3,539,114	25	215,728
1855	Services (OH & UG)	1,155,238	150,999	1,004,239	347,435	1,351,673	25	60,163
1860	Meters	3,598,653	1,568,054	2,030,599	346,296	2,376,895	25	296,099
1905	Land	17,530	0	17,530		17,530		
1908	Buildings & Fixtures	448,483	99,630	348,853	53,091	401,943	60	19,964
1915	Office Furniture & Equipment	166,115	97,507	68,608	8,955	77,564	10	12,636
1920	Computer - Hardware	689,490	492,534	196,955	106,422	303,377	5	108,355
1925	Computer Software	793,441	606,630	186,811	167,372	354,184	5	100,494
1930	Transportation Equipment	1,259,713	708,137	551,576	81,115	632,691		150,809
1935	Stores Equipment	43,075	20,502	22,573		22,573	10	4,292
1940	Tools, Shop & Garage Equipment	187,594	124,708	62,886	9,700	72,587	10	15,579
1945	Measurement & Testing Equipment	75,163	63,385	11,777	0	11,777	10	4,693
1955	Communications Equipment	13,103	3,341	9,761	757	10,518	10	1,388
1960	Graphics Equipment	485	326	159	0	159	10	53
1980	System Supervisory Equipment	169,335	29,038	140,297	91,900	232,197	15	17,347
1996	Hydro One TS Contribution	0	0	0		0	25	
1995	Contributions & Grants	-1,375,074	-153,507	-1,221,567	-303,436	-1,525,003	25	-67,141
	<b>Total</b>	<b>\$26,866,890</b>	<b>\$9,562,401</b>	<b>\$17,304,488</b>	<b>\$2,441,055</b>	<b>\$19,745,543</b>		<b>\$1,827,872</b>
<b>Less:</b>	<b>Fully Allocated Depreciation</b>							
1930	Transportation Equipment							150,809
1935	Stores Equipment							4,292
	<b>Net depreciation</b>							<b>\$1,672,770</b>
<b>Plus:</b>	<b>Amortization on Organization</b>							<b>\$416</b>
	<b>Total Depreciation Expense</b>							<b>\$1,673,186</b>

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Table 4-24  
 2008 Depreciation Expense

2008								
Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Expense
1805	Land	21,836	0	21,836		21,836		
1808	Buildings	190,774	52,175	138,599	0	138,599	25-60	7,581
1820	Substation Equipment	566,170	227,009	339,162	56,488	395,650	30	32,466
1830	Poles, Towers & Fixtures	6,324,833	2,148,193	4,176,640	368,973	4,545,612	25	339,373
1835	OH Conductors & Devices	3,199,104	1,051,372	2,147,732	196,086	2,343,818	25	165,922
1840	UG Conduit	2,794,142	829,918	1,964,224	569,820	2,534,043	25	170,477
1845	UG Conductors & Devices	3,566,380	1,376,221	2,190,160	808,364	2,998,524	25	246,821
1850	Line Transformers	4,492,755	1,169,369	3,323,387	2,046,397	5,369,784	25	260,651
1855	Services (OH & UG)	1,502,672	211,162	1,291,510	521,367	1,812,877	25	81,018
1860	Meters	3,944,949	1,864,153	2,080,796	36,254	2,117,050	25	296,879
1905	Land	17,530	0	17,530		17,530		
1908	Buildings & Fixtures	501,573	119,594	381,979	181,380	563,359	60	27,219
1915	Office Furniture & Equipment	175,070	110,143	64,928	13,090	78,018	10	13,049
1920	Computer - Hardware	795,911	600,889	195,022	62,598	257,621	5	89,866
1925	Computer Software	960,814	707,124	253,690	168,644	422,334	5	128,457
1930	Transportation Equipment	1,301,080	819,198	481,882		481,882		143,599
1935	Stores Equipment	43,075	24,794	18,281	0	18,281	10	4,292
1940	Tools, Shop & Garage Equipment	197,295	140,287	57,008	33,602	90,610	10	17,494
1945	Measurement & Testing Equipment	75,163	68,078	7,084	25,923	33,007	10	5,029
1955	Communications Equipment	13,860	4,729	9,130	9,074	18,204	10	2,295
1960	Graphics Equipment	485	379	106	0	106	10	53
1980	System Supervisor Equipment	261,235	46,385	214,850	642	215,492	15	17,390
1996	Hydro One TS Contribution	0	0	0		0	25	
1995	Contributions & Grants	-1,678,510	-220,648	-1,457,862	-1,493,038	-2,950,900	25	-135,688
	<b>Total</b>	<b>\$29,268,197</b>	<b>\$11,350,525</b>	<b>\$17,917,672</b>	<b>\$3,605,664</b>	<b>\$21,523,336</b>		<b>\$1,914,245</b>
<b>Less:</b>	<b>Fully Allocated Depreciation</b>							
1930	Transportation Equipment							143,599
1935	Stores Equipment							4,292
	<b>Net Depreciation not fully allocated</b>							<b>\$1,766,354</b>
<b>Plus:</b>	<b>Amortization on Organization</b>							<b>\$416</b>
	<b>Total Depreciation Expense</b>							<b>\$1,766,770</b>

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Table 4-25  
 2009 Depreciation Expense

2009								
Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Expense
1805	Land	21,836	0	21,836		21,836		
1808	Buildings	190,774	59,756	131,018	0	131,018	25-60	7,581
1820	Substation Equipment	622,658	259,475	363,183	0	363,183	30	32,466
1830	Poles, Towers & Fixtures	6,693,806	2,487,567	4,206,239	1,009,511	5,215,750	25	378,396
1835	OH Conductors & Devices	3,395,190	1,217,294	2,177,896	132,732	2,310,628	25	169,800
1840	UG Conduit	3,363,961	1,000,395	2,363,567	205,097	2,568,664	25	169,843
1845	UG Conductors & Devices	4,374,744	1,623,042	2,751,702	287,267	3,038,970	25	240,520
1850	Line Transformers	6,539,153	1,430,019	5,109,133	236,918	5,346,051	25	307,061
1855	Services (OH & UG)	2,024,039	292,180	1,731,859	269,381	2,001,240	25	91,793
1860	Meters	3,981,203	2,161,033	1,820,171	299,179	2,119,349	25	288,826
1905	Land	17,530	0	17,530		17,530		
1908	Buildings & Fixtures	682,953	146,814	536,139	221,770	757,910	60	36,090
1915	Office Furniture & Equipment	188,160	123,192	64,969	18,231	83,199	10	14,242
1920	Computer - Hardware	858,510	690,755	167,755	150,966	318,720	5	99,570
1925	Computer Software	1,129,458	835,581	293,877	89,577	383,455	5	123,254
1930	Transportation Equipment	1,301,080	962,797	338,283	105,283	443,566		122,456
1935	Stores Equipment	43,075	29,086	13,989	8,764	22,753	10	2,902
1940	Tools, Shop & Garage Equipment	230,897	157,781	73,116	14,339	87,455	10	17,677
1945	Measurement & Testing Equipment	101,085	73,108	27,978	10,878	38,855	10	5,051
1955	Communications Equipment	22,934	7,024	15,909	4,936	20,845	10	2,789
1960	Graphics Equipment	485	432	53	0	53	10	53
1980	System Supervisor Equipment	261,877	63,775	198,102	75,095	273,197	15	22,396
1996	Hydro One S/S Contribution	0	0	0		0	25	
1995	Contributions & Grants	-3,171,548	-356,336	-2,815,212	-241,196	-3,056,408	25	-136,510
	<b>Total</b>	<b>\$32,873,861</b>	<b>\$13,264,770</b>	<b>\$19,609,091</b>	<b>\$2,898,727</b>	<b>\$22,507,818</b>		<b>\$1,996,257</b>
<b>Less:</b>	<b>Fully Allocated Depreciation</b>							
1930	Transportation Equipment							122,456
1935	Stores Equipment							2,902
	<b>Net Depreciation not fully allocated</b>							<b>\$1,870,899</b>
<b>Plus:</b>	<b>Amortization on Organization</b>							<b>\$416</b>
	<b>Total Depreciation Expense</b>							<b>\$1,871,315</b>

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Table 4-26  
 2010 Bridge Year Depreciation Expense

2010								
Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Expense
1805	Land	21,836	0	21,836		21,836		
1808	Buildings	190,774	67,337	123,437	0	123,437	25-60	7,581
1820	Substation Equipment	622,658	291,941	330,717	24,902	355,619	30	32,881
1830	Poles, Towers & Fixtures	7,703,317	2,865,963	4,837,354	395,605	5,232,959	25	382,666
1835	OH Conductors & Devices	3,527,922	1,387,094	2,140,828	250,203	2,391,032	25	173,330
1840	UG Conduit	3,569,058	1,170,238	2,398,821	556,283	2,955,103	25	160,508
1845	UG Conductors & Devices	4,662,011	1,863,562	2,798,449	357,489	3,155,939	25	206,480
1850	Line Transformers	6,776,071	1,737,080	5,038,990	575,018	5,614,008	25	310,665
1855	Services (OH & UG)	2,293,421	383,974	1,909,447	323,530	2,232,977	25	98,264
1860	Meters	4,280,382	2,449,859	1,830,523	1,526,624	3,357,147	25	282,474
1905	Land	17,530	0	17,530		17,530		
1908	Buildings & Fixtures	904,723	182,904	721,819	79,000	800,819	60	37,670
1915	Office Furniture & Equipment	206,391	137,434	68,957	34,550	103,507	10	14,797
1920	Computer - Hardware	1,009,475	790,325	219,151	150,697	369,848	5	97,321
1925	Computer Software	1,219,036	958,835	260,201	123,087	383,288	5	117,833
1930	Transportation Equipment	1,355,849	1,034,739	321,110		321,110		89,194
1935	Stores Equipment	51,839	31,988	19,851	25,000	44,851	10	4,141
1940	Tools, Shop & Garage Equipment	245,236	175,458	69,778	25,000	94,778	10	16,661
1945	Measurement & Testing Equipment	111,963	78,159	33,804	10,000	43,804	10	5,353
1955	Communications Equipment	27,869	9,813	18,056	1,890	19,946	10	2,859
1960	Graphics Equipment	485	485	0	1,420	1,420	10	71
1980	System Supervisory Equipment	336,973	86,172	250,801	0	250,801	15	22,396
1996	Hydro One TS Contribution	0	0	0	2,500,000	2,500,000	25	50,000
1995	Contributions & Grants	-3,412,744	-492,846	-2,919,898	-435,531	-3,355,429	25	-154,414
	<b>Total</b>	<b>\$35,722,074</b>	<b>\$15,210,513</b>	<b>\$20,511,561</b>	<b>\$6,524,768</b>	<b>\$27,036,329</b>		<b>\$1,958,732</b>
<b>Less:</b>	<b>Fully Allocated Depreciation</b>							
1930	Transportation Equipment							89,194
1935	Stores Equipment							4,141
	<b>Net Depreciation Not fully allocated</b>							<b>\$1,865,397</b>

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Table 4-27  
 2011 Test Year Depreciation Expense

2011								
Account	Description	Opening Balance	Less Fully Depreciated	Net for depreciation	Additions	Total for Depreciation	Years	Depreciation Expense
1805	Land	21,836	0	21,836		21,836		
1808	Buildings	190,774	74,919	115,855	0	115,855	60	7,581
1820	Substation Equipment	647,560	324,823	322,737	0	322,737	30	33,296
1830	Poles, Towers & Fixtures	8,098,922	3,248,629	4,850,293	602,927	5,453,219	25	396,693
1835	OH Conductors & Devices	3,778,126	1,560,423	2,217,702	529,765	2,747,468	25	186,523
1840	UG Conduit	4,125,341	1,330,746	2,794,595	472,513	3,267,108	25	177,699
1845	UG Conductors & Devices	5,019,501	2,070,042	2,949,458	373,275	3,322,734	25	214,280
1850	Line Transformers	7,351,088	2,047,745	5,303,343	507,727	5,811,070	25	327,719
1855	Services (OH & UG)	2,616,951	482,237	2,134,714	199,814	2,334,527	25	108,731
1860	Meters	5,807,006	2,732,333	3,074,673	126,991	3,201,665	15-25	288,820
1905	Land	17,530	0	17,530		17,530		
1908	Buildings & Fixtures	983,723	220,574	763,149	90,000	853,149	60	41,050
1915	Office Furniture & Equipment	240,941	152,231	88,710	25,000	113,710	10	15,912
1920	Computer - Hardware	1,160,173	887,646	272,527	140,000	412,527	5	108,134
1925	Computer Software	1,342,123	1,076,668	265,455	60,000	325,455	5	115,734
1930	Transportation Equipment	1,355,849	1,123,933	231,916	450,000	681,916		117,319
1935	Stores Equipment	76,839	36,130	40,709	40,000	80,709	10	7,391
1940	Tools, Shop & Garage Equipment	270,236	192,118	78,117	20,000	98,117	10	15,948
1945	Measurement & Testing Equipment	121,963	83,512	38,451	10,000	48,451	10	6,355
1955	Communications Equipment	29,759	12,672	17,087	20,000	37,087	10	3,684
1960	Graphics Equipment	1,905	556	1,349	0	1,349	10	142
1980	System Supervisory Equipment	336,973	108,568	228,405	20,000	248,405	15	23,063
1996	Hydro One TS Contribution	2,500,000	50,000	2,450,000	1,600,000	4,050,000	25	132,000
1995	Contributions & Grants	-3,848,275	-647,260	-3,201,015	-442,913	-3,643,928	25	-171,983
		\$0.00	\$0.00	\$0.00		\$0.00		
	<b>Total</b>	<b>\$42,246,842</b>	<b>\$17,169,245</b>	<b>\$25,077,597</b>	<b>\$4,845,100</b>	<b>\$29,922,696</b>		<b>\$2,156,092</b>
<b>Less:</b>	<b>Fully Allocated Depreciation</b>							
1930	Transportation Equipment							117,319
1935	Stores Equipment							7,391
	<b>Net depreciation not fully Allocated</b>							<b>\$2,031,382</b>

4

1 **PAYMENT-IN-LIEU OF INCOME TAXES (PILS)**

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3 WHSI is subject to the payment of PILs under Section 93 of the Electricity Act, 1998, as  
 4 amended. The Applicant does not pay Section 89 proxy taxes, and is exempt from the payment  
 5 of income and capital taxes under the Income Tax Act (Canada) and the Ontario Corporations  
 6 Tax Act. Table 4-28 below provides a summary of 2006 OEB Approved, 2006, 2007,2008 and  
 7 2009 income taxes included in audited statements, 2010 Bridge Year estimate using current  
 8 rates, and 2011 Test Year income taxes based on revised rates. A copy of the 2009 Federal T2  
 9 and Ontario C23 tax return has been provided in Appendix H.

10 Table 4-28 below provides a summary of approved, actual, and forecast PILS.

11

**Table 4-28**

Summary of PILS							
Description	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Income Taxes	561,620	582,716	1,034,267	802,770	561,296	37,894	333,825
Large Corporation Tax	0	0	0	0	0	0	0
Ontario Capital Tax	44,910	50,000	44,306	30,321	27,500	9,738	0
<b>Total Taxes</b>	<b>606,530</b>	<b>632,716</b>	<b>1,078,573</b>	<b>833,091</b>	<b>588,796</b>	<b>47,633</b>	<b>333,825</b>

12

13 **Tax Calculation for 2010 Bridge and 2011 Test Year PILS**

14 WHSI has used the most current available tax rates as provided in table 4-29. On July 1, 2010  
 15 the Ontario Capital Tax was reduced to 0% and the 2010 Ontario Capital Tax Rate was prorated  
 16 for the purposes of the tax calculation. The Federal Large Corporation Tax does not apply to  
 17 WHSI. The 2011 Test Year PILS have been calculated at \$333,825 and is lower than other actual  
 18 years taxes due to tax rate reductions and lower levels of taxable income.

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Table 4-29

Corporate Tax Rates		
Corporate Tax Rates for Tax Year:	2010 Bridge	2011 Test
OCT Exemption	15,000,000	15,000,000
Federal Income Tax	18.00%	16.50%
Ontario Income Tax	13.00%	8.36%*
Combined Income Tax	31.00%	24.86%
Ontario Capital Tax Rate	0.075%	0.000%
Large Corporation Tax Rate	0	0
Large Corporation Tax Exemption	0	0
Ont Small Business Tax Exemption	500,000	500,000

3

\*Effective Ontario Tax Rate (EOTR) after small business deduction  
 $EOTR = [(11.75\% \times \text{regulatory taxable income}) - (500,000 \times 7.5\%)] / [\text{regulatory taxable income}]$

4

WHSI has calculated PILS for the 2010 Bridge and 2011 Test Year using the Board Approved methodology. Apprenticeship Tax Credits in the amount of \$12,500 in the 2010 Bridge Year (2.5 Apprentices) and \$15,000 in 2011 Test Year (3 Apprentices) have been included.

7

Adjustments to accounting income were made to remove accounting amortization, non-deductible meals and entertainment expense, and to add the capital cost allowance (CCA).

9

Table 4-30 summarizes the 2010 Bridge Year Taxes and Table 4-31 summarizes the 2011 Test Year Taxes

10

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Table 4-30

2010 Capital Taxes			2010 PILs Schedule			2010 Total Taxes	
Description	OCT	LCT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	27,984,354	23,384,662	Accounting Income	10' Rev Def	224,131	Total PILs	37,894
Exemption	-15,000,000	0	Tax Adj to Accounting Income	10' Rev Def	(61,568)	Net Capital Tax Payable	9,738
Deemed Taxable Capital	<b>12,984,354</b>	<b>23,384,662</b>	Taxable Income		<b>162,563</b>	PILs including Capital Taxes	<b>47,633</b>
Rate	0.075%	0.000%	Combined Income Tax Rate	PILs Rates	31.000%		
Gross Tax Payable	9,738	0	Total Income Taxes		<b>50,394</b>		
Surtax	0	0	Apprentice Tax Credits		12,500		
<b>Net Capital Tax Payable</b>	<b>9,738</b>	<b>0</b>	<b>Total PILs</b>		<b>37,894</b>		

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Table 4-31

2011 Capital Taxes			2011 PILs Schedule			2011 Total Taxes	
Description	OCT	LCT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	31,635,594	27,984,354	Accounting Income	11' Rev Def	1,580,267	<b>Total PILs</b>	333,825
Exemption	-15,000,000	0	Tax Adj to Accounting Income	11' Rev Def	(177,112)	<b>Net Capital Tax Payable</b>	-
Deemed Taxable Capital	<b>16,635,594</b>	<b>27,984,354</b>	Taxable Income		<b>1,403,155</b>	<b>PILs including Capital Taxes</b>	<b>333,825</b>
Rate	0.000%	0.000%	Combined Income Tax Rate	PILs Rates	24.860%		
Gross Tax Payable	0	0	Total Income Taxes		<b>348,825</b>		
Surtax	0	0	Investment Tax Credits		15,000		
<b>Net Capital Tax Payable</b>	<b>0</b>	<b>0</b>	Apprentice Tax Credits		-		
			Other Tax Credits		-		
			<b>Total PILs</b>		<b>333,825</b>		

2

3 WHSI used the 2011 COS Tax model to calculate the 2010 Bridge and 2011 Test Year taxes,  
 4 using the most recent tax updates. A PDF copy of this model is attached as Appendix G and  
 5 contains the following:

6

- Tax Rates and Exemptions

7

- Tax Reserves for 2009 Actual, 2010 Bridge, and 2011 Test Years

8

- Adjusted Taxable Income for 2009 Actual, 2010 Bridge, and 2011 Test Years

9

- Capital Cost Allowance (CCA) for 2009 Actual, 2010 Bridge, and 2011 Test Years

10

- Cumulative Eligible Capital (CEC) for 2009 Actual, 2010 Bridge, and 2011 Test Years

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- Determination of Taxable Income for 2009 Actual, 2010 Bridge, and 2011 Test Years

12

- Ontario Capital Tax

13

- Summary of PILS, Tax Provision

1 **CAPITAL COST ALLOWANCE**

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3

4 WHSI Capital Cost Allowance continuity schedules for the 2010 Bridge Year (Table 4-32) and the  
5 2011 Test Year (Table4-33) follow:

6

**Table 4-32 CAPITAL COST ALLOWANCE – 2010 and Table 4-33 CAPITAL COST ALLOWANCE – 2011**

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	15,008,590	0	0	15,008,590	79,000	0	15,087,590	39,500	15,048,090	4%	601,924	14,485,666
8	General Office/Stores Equip	226,073	0	0	226,073	97,860	0	323,933	48,930	275,003	20%	55,001	268,933
10	Computer Hardware/ Vehicles	292,778	0	0	292,778	0	0	292,778	0	292,778	30%	87,833	204,945
10.1	Certain Automobiles	0	0	0	0	0	0	0	0	0	30%	0	0
12	Computer Software	67,469	0	0	67,469	123,087	0	190,556	61,544	129,013	100%	129,013	61,544
45	Computers & Systems Hardware acq'd post Mar 22/04	57,743	0	0	57,743	0	0	57,743	0	57,743	45%	25,984	31,759
50	Computers & Systems Hardware acq'd post Mar 19/07	26,848	0	0	26,848	0	0	26,848	0	26,848	55%	14,766	12,082
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	17616	0	0	17,616	0	0	17,616	0	17,616	30%	5,285	12,331
47	Distribution System - post 22-Feb-2005	9,783,563	0	0	9,783,563	6,074,123	0	15,857,686	3,037,062	12,820,625	8%	1,025,650	14,832,036
52	Computers & Systems Hardware acq'd after Jan 27/09 and before Feb 2011	90,351	0	0	90,351	150,697	0	241,048	75,349	165,700	100%	165,700	75,349
94	CWIP	87,708	0	0	87,708	0	87,708	0	0	0	0%	0	0
	<b>SUB-TOTAL - UCC</b>	<b>25,658,739</b>	<b>0</b>	<b>0</b>	<b>25,658,739</b>	<b>6,524,768</b>	<b>87,708</b>	<b>32,095,799</b>	<b>3,262,384</b>	<b>28,833,415</b>		<b>2,111,155</b>	<b>29,984,644</b>

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	14,485,666	0	0	14,485,666	90,000	0	14,575,666	45,000	14,530,666	4%	581,227	13,994,440
8	General Office/Stores Equip	268,933	0	0	268,933	115,000	0	383,933	57,500	326,433	20%	65,287	318,646
10	Computer Hardware/ Vehicles	204,945	0	0	204,945	590,000	0	794,945	295,000	499,945	30%	149,983	644,961
10.1	Certain Automobiles	0	0	0	0	0	0	0	0	0	30%	0	0
12	Computer Software	61,544	0	0	61,544	60,000	0	121,544	30,000	91,544	100%	91,544	30,000
45	Computers & Systems Hardware acq'd post Mar 22/04	31,759	0	0	31,759	0	0	31,759	0	31,759	45%	14,291	17,467
50	Computers & Systems Hardware acq'd post Mar 19/07	12,082	0	0	12,082	0	0	12,082	0	12,082	55%	6,645	5,437
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	12,331	0	0	12,331	0	0	12,331	0	12,331	30%	3,699	8,632
47	Distribution System - post 22-Feb-2005	14,832,036	0	0	14,832,036	3,990,100	0	18,822,136	1,995,050	16,827,086	8%	1,346,167	17,475,969
52	Computers & Systems Hardware acq'd after Jan 27/09 and before Feb 2011	75,349	0	0	75,349	0	0	75,349	0	75,349	100%	75,349	0
94	CWIP	0	0	0	0	0	0	0	0	0	0%	0	0
	<b>SUB-TOTAL - UCC</b>	<b>29,984,644</b>	<b>0</b>	<b>0</b>	<b>29,984,644</b>	<b>4,845,100</b>	<b>0</b>	<b>34,829,744</b>	<b>2,422,550</b>	<b>32,407,194</b>	<b>5</b>	<b>2,334,191</b>	<b>32,495,552</b>

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**Property Taxes**

WHSI owns 14 properties within the City of Woodstock. Property taxes are paid on a per property basis and are considered an uncontrollable expense. For the 2011 Test Year, WHSI has estimated an increase of 2.5%. Taxes were reduced in 2009 due in part, from the decommissioning of a substation and resulting reassessment of that property.

Description	2006 Board	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Property Taxes	125,256	126,191	124,838	125,668	122,776	123,852	126,946
% Change		0.75%	-1.07%	0.66%	-2.30%	0.88%	2.50%

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**APPENDIX A**  
**ACTUARIAL VALUATION OF POST-RETIREMENT**  
**NON-PENSION BENEFITS**

## **WOODSTOCK HYDRO SERVICES INC.**

### **REPORT ON THE ACTUARIAL VALUATION OF POST-RETIREMENT NON-PENSION BENEFITS**

**As At January 1, 2009**

**FINAL—January 19, 2010**

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## EXECUTIVE SUMMARY

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### PURPOSE

MEARIE Actuarial Services and Dion, Durrell + Associates Inc. were engaged by Woodstock Hydro Services Inc. (the “Corporation”) to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2009. The nature of these benefits is defined benefit.

Prior to January 1, 2009, there was no liability for post-retirement non-pension benefits reported on the Corporation’s financial statements.

This report is prepared in accordance with The Canadian Institute of Chartered Accountants (the “CICA”) guidelines outlined in Employee Future Benefits, Section 3461 of the CICA Handbook-Accounting (“CICA Section 3461”).

As per our discussion with the Corporation, we understand that CICA Section 3461 is being implemented for the first time as at January 1, 2009 in respect of post-retirement non-pension benefits. Furthermore, the recommendations under CICA Section 3461 are being applied on a prospective basis, giving rise to a transitional obligation as at January 1, 2009.

The purpose of this valuation is threefold:

- i) to determine the Corporation’s liabilities in respect of post-retirement non-pension benefits at January 1, 2009;
- ii) to determine the benefit expense for fiscal year 2009; and
- iii) to provide all other pertinent information necessary for compliance with CICA Section 3461.

The intended users of this report include the Corporation and their auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

**SUMMARY OF KEY RESULTS**

The key results of this actuarial valuation as at January 1, 2009 are shown below:

	<b>January 1, 2009 (\$000s)</b>
Accrued Benefit Obligation (ABO)	
a) People in receipt of benefits	567
b) Fully eligible actives	157
c) Not fully eligible actives	<u>364</u>
<b>Total ABO</b>	<b>1,088</b>
Current Service Cost: <i>for following 12 months</i>	22
Benefit Expense: <i>for following 12 months</i>	186

The implementation of CICA Section 3461 at January 1, 2009 results in a transitional obligation of \$1,087,527, equal to the ABO at January 1, 2009. Pursuant to CICA Section 3461 and transition on a prospective basis, the transitional obligation will be amortized over 11 years, which is reflective of the average remaining service period of active employees expected to receive benefits under the benefit plan at January 1, 2009.

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## ACTUARIAL CERTIFICATION

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An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by the Corporation as at January 1, 2009, for the purposes described in this report.

In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

1. The data on which the valuation is based is sufficient and reliable;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and are in accordance with accepted actuarial practice for work in Canada;
3. The actuarial methods employed, as outlined in Section C, are appropriate for the purpose and consistent with sound actuarial principles;
4. All known substantive commitments with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations; and
5. The valuation conforms to the standards set out in the Canadian Institute of Chartered Accountants Accounting Handbook Section 3461.

We are not aware of any subsequent events from January 1, 2009 up to the date of this report that would have a significant effect on our valuation.

The latest date on which the next actuarial valuation should be performed is January 1, 2012. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,

**DION, DURRELL + ASSOCIATES INC.**



**Stanley Caravaggio FSA, FCIA**



**Patrick G. Kavanagh**  
Actuarial Analyst

Toronto, Ontario  
January 19, 2010

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**SECTION A—**  
**VALUATION RESULTS**

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Table A - 1 shows the key valuation results for the current valuation.

Table A - 2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown a change to the assumed retirement age from age 59 to 57, and an increase/decrease in the health and dental claims cost trend rates by 1% per annum.

**VALUATION RESULTS**

**Table A.1—Valuation Results  
(in thousands of dollars)**

	<b>January 1, 2009</b>
1. Accrued Benefit Obligation	
a) People in receipt of benefits	567
b) Fully eligible actives	157
c) Not fully eligible actives	<u>364</u>
<b>Total ABO</b>	<b>1,088</b>
2. Benefit Expense	
a) Current Service Cost	22
b) Interest Cost	65
c) Expected Return on Assets	-
d) Amortization of Transitional Obligation	99
e) Amortization of Prior Service Cost	-
f) Amortization of (Gain)/Losses	<u>-</u>
<b>Total Benefit Expense for following 12 months</b>	<b>186</b>
3. Expected Benefit Payments for following 12 months	55

The implementation of CICA Section 3461 at January 1, 2009 on a prospective basis results in a transitional obligation of \$1,087,527. Pursuant to CICA Section 3461, the transitional obligation will be amortized over 11 years, which is reflective of the average remaining service period of active employees expected to receive benefits under the benefit plan at January 1, 2009.

**SENSITIVITY ANALYSIS**
**Table A.2—Sensitivity Analysis  
(in thousands of dollars)**

	January 1, 2009			
	Valuation Results	Retirement Age 57	1% Higher Trend	1% Lower Trend
1. Accrued Benefit Obligation				
a) People in receipt of benefits	567	567	570	564
b) Fully eligible actives	157	187	161	154
c) Not fully eligible actives	<u>364</u>	<u>472</u>	<u>402</u>	<u>329</u>
<b>Total ABO</b>	<b>1,088</b>	<b>1,226</b>	<b>1,133</b>	<b>1,047</b>
2. Current Service Cost <i>for following 12 months</i>	22	28	25	19
3. Interest Cost <i>for following 12 months</i>	65	73	68	62
4. Expected Average Remaining Service Lifetime of the Current Active Employees (years)	11	11	11	11

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**SECTION B—**  
**PLAN PARTICIPANTS**

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Table B – 1 sets out the summary information with respect to the plan participants valued in the report.

**PARTICIPANT DATA**
**Table B.1—Participant Data**

Membership data as at January 1, 2009 was received from the Corporation via e-mail and included information such as name, sex, date of birth, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

We have reviewed the data for consistency and reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of birth prior to date of hire
- Salaries less than \$20,000 per year, or greater than \$250,000 per year
- Ages under 18 or over 100
- Abnormal levels of benefits and/or premiums
- Duplicate records

**Active Employees**

<i>As of January 1</i>		<b>2009</b>					
		<u>Male</u>	<u>Female</u>	<u>Total</u>			
Number of Employees		23	9	32			
Average Length of Service		16.4	8.9	14.3			
<i>As of January 1, 2009</i>					<b>Current Age</b>		
		<u>Active Lives—Not fully eligible</u>			<u>Active Lives—Fully eligible</u>		
		<u>Count</u>			<u>Count</u>		
<u>Age Band</u>		<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Less than 30		3	-	3	-	-	-
30-35		1	2	3	-	-	-
36-40		3	-	3	-	-	-
41-45		4	3	7	-	-	-
46-50		6	2	8	-	-	-
51-55		2	2	4	-	-	-
56-60		-	-	-	4	-	4
61-65		-	-	-	-	-	-
66-70		-	-	-	-	-	-
71-75		-	-	-	-	-	-
Greater than 75		-	-	-	-	-	-
<b>Total</b>		<b>19</b>	<b>9</b>	<b>28</b>	<b>4</b>	<b>-</b>	<b>4</b>

<i>As of January 1, 2009</i>	Average Service					
	Active Lives—Not fully eligible			Active Lives—Fully eligible		
	Service			Service		
	<u>Male</u>	<u>Female</u>	<u>Total</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
<b><u>Age Band</u></b>						
Less than 30	0.94	-	0.94	-	-	-
30-35	1.92	3.83	3.19	-	-	-
36-40	12.64	-	12.64	-	-	-
41-45	15.21	3.81	10.32	-	-	-
46-50	19.24	13.88	17.90	-	-	-
51-55	26.29	16.63	21.46	-	-	-
56-60	-	-	-	26.33	-	26.33
61-65	-	-	-	-	-	-
66-70	-	-	-	-	-	-
71-75	-	-	-	-	-	-
Greater than 75	-	-	-	-	-	-
<b>Total</b>	<b>14.29</b>	<b>8.90</b>	<b>12.56</b>	<b>26.33</b>	<b>-</b>	<b>26.33</b>

**People in Receipt of Benefits (including People on LTD)**

<i>As of January 1</i>	2009		
	<u>Male</u>	<u>Female</u>	<u>Total</u>
Number of Members	19	8	27
<i>As of January 1, 2009</i>	Expected Annual Benefit Payments		
<u>Age Band</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Less than 30	\$ -	\$ -	\$ -
30-35	-	-	-
36-40	-	-	-
41-45	-	-	-
46-50	-	-	-
51-55	5,440	-	5,440
56-60	10,679	87	10,766
61-65	4,617	1,482	6,099
66-70	1,961	1,350	3,311
71-75	5,823	812	6,635
Greater than 75	12,804	2,594	15,398
<b>Total</b>	<b>\$ 41,324</b>	<b>\$ 6,325</b>	<b>\$ 47,649</b>

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**SECTION C—  
SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS**

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**ACTUARIAL METHOD**

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered. To accomplish this, it is necessary to:

- make assumptions as to the discount rates, salary rate increases, mortality and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The ABO and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by CICA Section 3461 when future salary levels or cost escalation affect the amount of the employee's future benefits. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. CICA Section 3461 stipulates that the attribution period commences at the employee's hire date and ends at the earliest age at which the employee could retire and qualify for the post-retirement non-pension benefits valued herein.

For each employee not yet fully eligible for benefits, the ABO is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period. The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

For health and dental benefits, we have used the premium rates charged to retirees as an estimate of the claims to be incurred. The total monthly premium rates, inclusive of premium taxes, used are as follows:

**Effective January 1, 2009 to December 31, 2009**

<b>Retirees</b>	<i>Health Care</i>		<i>Dental Care</i>	
	Single	Family	Single	Family
<b>Class 5</b>	\$ 158.14	\$ 433.89	\$ 50.38	\$ 110.02
<b>Class 7</b>	\$ 160.65	\$ 440.80	\$ 50.38	\$ 110.02

**Effective January 1, 2010 to December 31, 2010**

<b>Retirees</b>	<i>Health Care</i>		<i>Dental Care</i>	
	Single	Family	Single	Family
<b>Class 5</b>	\$ 181.80	\$ 498.91	\$ 56.93	\$ 124.32
<b>Class 7</b>	\$ 184.68	\$ 506.85	\$ 56.93	\$ 124.32

The above premium rates were provided by the Corporation and represent the 100% rates, prior to any cost-sharing provisions.

The ABO at January 1, 2009 is based on membership data and management's best-estimate assumptions at January 1, 2009.

**ACCOUNTING POLICIES**

Pursuant to CICA Section 3461, the transitional obligation is being amortized over the expected average remaining service lifetime of the active members of the group.

**MANAGEMENT'S BEST ESTIMATE ASSUMPTIONS**

The following are management's best estimate economic and demographic assumptions as at January 1, 2009.

**ECONOMIC ASSUMPTIONS**

**Consumer Price Index**

The consumer price index is assumed to be 2.00% per annum.

**Discount Rate**

The rate used to discount future benefits is assumed to be 6.00% per annum. This rate reflects the assumed yield on high quality debt instruments at the valuation date.

**Salary Increase Rate**

The rate used to increase salaries is assumed to be 3.30% per annum. This rate reflects the expected Consumer Price Index adjusted for productivity, merit and promotion.

**Claims Cost Trend Rate**

The rates used to project benefits costs into the future are as follows:

<b>End of Year</b>	<b>Current Valuation</b>	
	<i>Health</i>	<i>Dental</i>
2009*	9.00%	5.00%
2010	8.33%	5.00%

<b>End of Year</b>	<b>Current Valuation</b>	
	<i>Health</i>	<i>Dental</i>
2011	7.67%	5.00%
2012	7.00%	5.00%
2013	6.33%	5.00%
2014	5.67%	5.00%
2015	5.00%	5.00%
2016 and Thereafter	5.00%	5.00%

*\* Actual premium rate information for the period January 1, 2009 to December 31, 2010 was provided by the Corporation and reflected in our valuation.*

## **DEMOGRAPHIC ASSUMPTIONS**

### **Mortality table**

Mortality is assumed to be in accordance with the 1994 Uninsured Pensioner Mortality (UP-94) table, with a projection of mortality improvements to the year 2020 based upon Projection Scale AA. The use of these rates seems reasonable given this is the mortality table to be used in accordance with the Canadian Institute of Actuaries' Standard of Practice for Determining Pension Commuted Values, effective April 1, 2009.

Mortality rates are applied on a sex-distinct basis.

### **Rates of Withdrawal**

Termination of employment prior to age 55 was assumed to be equal to 2.00% per annum.

### **Retirement Age**

All management and union employees are assumed to retire at age 59, or immediately if currently over age 59.

### **Disability**

No provision was made for future disability. It is assumed that individuals currently receiving long-term disability benefits will remain disabled until retirement at age 65.

### **Family/Single Coverage**

It is assumed that the coverage type as at January 1, 2009 will remain the same into retirement.

### **Expenses and Taxes**

We have assumed 10% of benefits are required for the cost of sponsoring the program for life insurance. We have assumed taxes and expenses are included in the premium rates for health and dental benefits.

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## **SECTION D— SUMMARY OF POST-RETIREMENT BENEFITS**

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The following is a summary of the plan provisions that are pertinent to this valuation.

### **GOVERNING DOCUMENTS**

The program is governed by the following Woodstock Hydro Services Inc. plan documents:

- Class 1 – Management Employees, effective January 1, 2009;
- Class 2 – Outside Union Employees, effective August 1, 2008;
- Class 3 – Inside Union Employees, effective August 1, 2008;
- Class 4 – Management Retirees Age 65 and Over, effective January 1, 2008;
- Class 5 – Under 65 Union Retirees and pre-2006 Management Retirees, effective January 1, 2008;
- Class 6 – Survivors of Management Retirees, effective January 1, 2008;
- Class 7 – Post 2006 Management Retirees under Age 65, effective January 1, 2008;
- Class 8 – Active Union Employees over Age 65, effective August 1, 2008.

What follows is only a summary of the post retirement non-pension benefit program. For a complete description, please refer to the above-noted documents.

### **ELIGIBILITY**

#### Union employees who retired prior to July 30, 2006 (Class 5)

All employees are eligible for post-retirement life insurance benefits. In addition, employees age 55 or older with a minimum 20 years of active service are eligible for health and travel benefits.

#### Union employees who retired on or after July 30, 2006 (Class 5)

Employees hired prior to August 1, 2009 are eligible for post-retirement life insurance benefits. In addition, all employees age 55 or older with a minimum 22 years of active service are eligible for health and travel benefits.

#### Management employees (Class 5 and 7)

Employees hired prior to January 1, 2009 are eligible for post-retirement life insurance benefits. In addition, all employees age 55 or older with a minimum 10 years of active service are eligible for health and travel benefits.

### **PARTICIPANT CONTRIBUTIONS**

The Corporation shall pay 100% of the cost of the post-retirement life, health, and travel benefits for the eligible retirees, with the exception of health benefits for union employees who retired prior to July 30, 2006 which are 75% Corporation paid. Also, there is one special circumstance where the Corporation is paying 100% of extended dental benefits.

**PAST SERVICE**

Past service is defined as continuous service prior to joining the plan if the participant was employed by another electrical distribution company/hydro prior to joining the Corporation.

**LENGTH OF SERVICE**

Length of service is defined as continuous service from the date of hire to the valuation date, measured in years and months.

**SUMMARY OF BENEFITS**

**Life Insurance**

All current employees who retire from Woodstock Hydro Services Inc. are entitled to lifetime post-retirement life insurance as per the MEARIE plan, administered by Great West Life, with coverage as follows:

<b>Plan Option</b>	<b>Amount of Coverage</b>	<b>Eligibility</b>
1	Flat \$2,000.	If employee retires with less than 10 years of service in the Plan.
2	50% of final annual earnings reducing by 2.5% of final annual earnings each year thereafter for 10 years, to a final benefit equal to 25.0% of final annual earnings.  Reduction occurs on anniversary date of retirement.	If employee was ever insured under Employee Plan options 2, 3 or 4, <b>or</b> if employee retires with 10 or more years of service in Plan but was never in superseded plan.
3	50% of final annual earnings	If employee was insured under superseded plan and was hired on or after May 1, 1967 and elected coverage under Option 1 only.
4	70% of the final amount insured for under the life plan immediately prior to retirement.	If employee was insured under the superseded plan and was hired before May 1, 1967 and elected coverage under Option 1 only.

**Health, Dental, and Travel Benefits**

Eligible employees are entitled to post-retirement health and travel benefits to age 65.

Dependents of deceased management retirees retiring prior to January 1, 2006 and deceased union retirees are entitled to 2 years of extended health and travel benefit coverage. Dependents of deceased management retirees retiring post January 1, 2006 are entitled to up to 10 years of extended health and travel benefit coverage, or until they remarry or reach age 65.

One employee is entitled to post-retirement dental benefits to age 65 under a special circumstance.

Detailed descriptions of the health, dental, and travel benefits covered under the post-retirement non-pension benefits can be found in the above-noted governing documents.

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**SECTION E**  
**EMPLOYER CERTIFICATION**

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**Post-Retirement Non-Pension Benefit Plan  
of Woodstock Hydro Services Inc.  
Actuarial Valuation as at January 1, 2009**

I hereby confirm as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Woodstock Hydro Services Inc. that, to the best of my knowledge and belief, for the purposes of the valuation:

- i) the assumptions upon which this report is based as summarized in Section C are management best estimate assumptions and are adequate and appropriate for the purposes of this valuation;
- ii) the membership data summarized in Section B is accurate and complete; and
- iii) the summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on January 1, 2009.

**WOODSTOCK HYDRO SERVICES INC.**

January 15/10  
Date

Patti Eitel  
Signature

Patti Eitel  
Name

Treasurer  
Title

January 19, 2010

**BY REGULAR MAIL**

Ms. Patti Eitel CGA  
Manager of Accounting & Regulatory Affairs  
Woodstock Hydro Services Inc.  
16 Graham Street.  
Woodstock, ON N4S 6J6

Dear Ms. Eitel:

**Re: Woodstock Hydro Services Inc. Actuarial Valuation Report  
as at January 1, 2009: Post-Retirement Non-Pension Benefit Plan**

As requested, attached is our actuarial valuation report as at January 1, 2009 for the above-captioned plan. The valuation report provides details of the calculation of the FY 2009 benefit expense of approximately \$186,000 for post-retirement non-pension benefits.

In addition, we have attached accounting worksheets summarizing the calculation of the December 31, 2009 Accrued Benefit Obligation (ABO) and projected Benefit Expense figures for FY 2010.

The December 31, 2009 ABO calculations are based on the same methodology, data, and assumptions as used in our January 1, 2009 valuation report with one exception, namely that a discount rate assumption of 5.0% per annum was used at December 31, 2009 to reflect Woodstock's best estimate assumptions for yields on high quality debt instruments.

In accordance with the initial application of CICA 3461 accounting guidelines, please note the following in regards to our results:

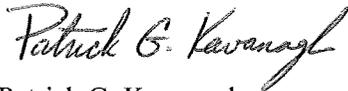
- The transitional obligation of approximately \$1,087,500 is amortized prospectively over 11 years, which is reflective of the average remaining service period of active employees expected to receive benefits under the benefit plan at January 1, 2009; and
- Actuarial gains and losses are amortized using the corridor method described in CICA 3461.088. The method adopted should be applied consistently to both gains and losses.

If you have any questions regarding the valuation report or the attached accounting schedules, please do not hesitate to call.

Yours truly,



Stanley Caravaggio, FSA FCIA  
Consulting Actuary  
[E-mail: [stanleyc@dion-durrell.com](mailto:stanleyc@dion-durrell.com)]  
[Telephone: 416.408.5306]



Patrick G. Kavanagh  
Actuarial Analyst  
[E-mail: [patrickk@dion-durrell.com](mailto:patrickk@dion-durrell.com)]  
[Telephone: 416.408.5327]

SC/PK:jb

Encls.

**Woodstock Hydro Services Inc.**  
**ESTIMATED BENEFIT EXPENSE (CICA 3461)**  
**DRAFT - Full Transitional Obligation recognized at January 1, 2009**

	Calendar Year 2009	Projected Calendar Year 2010
Discount Rate - January 1	6.00%	5.00%
Discount Rate - December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	expected*	expected*

**A. Determination of Benefit Expense**

Current Service Cost	21,820	27,542
Interest on Benefits	64,898	61,702
Expected Interest on Assets	-	-
Past Service Cost/(Gain)	-	-
Transitional Obligation/(Asset)	-	-
Actuarial (Gain)/Loss	-	-
<b>Benefit Expense</b>	<u>86,719</u>	<u>89,244</u>

**B. Reconciliation of Prepaid Benefit Asset (Liability)**

Accrued Benefit Obligation (ABO) as at December 31	1,239,222	1,263,005
Assets as at December 31	-	-
Unfunded ABO	(1,239,222)	(1,263,005)
Unrecognized Loss/(Gain)	120,389	120,389
Unrecognized Transition	-	-
<b>Prepaid Benefit Asset (Liability)</b>	<u>(1,118,833)</u>	<u>(1,142,616)</u>
Prepaid Benefit/(Liability) as at January 1*	(1,087,527)	(1,118,833)
Benefit Income/(Expense)	(86,719)	(89,244)
Contributions/Benefit Payments by the Employer **	55,413	65,461
<b>Prepaid Benefit Asset (Liability)</b>	<u>(1,118,833)</u>	<u>(1,142,616)</u>

\* Initial application of CICA 3461 as at January 1, 2009 results in a Transitional Obligation which Woodstock has chosen to recognize fully on a retrospective basis at that date.

\*\* Based on estimated employer benefit payments for those expected to be eligible for benefits

Projected calendar year 2010 results are provided for informational purposes only. Significant changes in 2010 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

**Woodstock Hydro Services Inc.**  
**ESTIMATED BENEFIT EXPENSE (CICA 3461)**  
**DRAFT - Full Transitional Obligation recognized at January 1, 2009**

	Calendar Year 2009	Projected Calendar Year 2010
Discount Rate - January 1	6.00%	5.00%
Discount Rate - December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	expected*	expected*

**C. Calculation of Component Items**

**Calculation of the Service Cost**

- Current Service Cost	21,820	27,542
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**Interest on Benefits**

- ABO at January 1	1,087,527	1,239,222
- Current Service Cost	21,820	27,542
- Benefit Payments	<u>(27,706)</u>	<u>(32,731)</u>
- Accrued Benefits	1,081,641	1,234,034
- Interest	64,898	61,702

**Expected Interest on Assets**

- Assets at January 1	-	-
- Funding	27,706	32,731
- Benefit Payments	<u>(27,706)</u>	<u>(32,731)</u>
- Expected Assets	-	-
- Interest	-	-

**Expected ABO as at December 31**

- ABO at January 1	1,087,527	1,239,222
- Current Service Cost	21,820	27,542
- Interest on Benefits	64,898	61,702
- Benefit Payments	<u>(55,413)</u>	<u>(65,461)</u>
- Expected ABO at December 31	1,118,833	1,263,005

**Expected Assets as at December 31**

- Assets at January 1	-	-
- Funding	55,413	65,461
- Interest on Assets	-	-
- Benefit Payments	<u>(55,413)</u>	<u>(65,461)</u>
- Expected Assets at December 31	-	-

Projected calendar year 2010 results are provided for informational purposes only. Significant changes in 2010 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

**Woodstock Hydro Services Inc.**  
**ESTIMATED BENEFIT EXPENSE (CICA 3461)**  
**DRAFT - Full Transitional Obligation recognized at January 1, 2009**

	Projected	
	Calendar Year 2009	Calendar Year 2010
Discount Rate - January 1	6.00%	5.00%
Discount Rate - December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	expected*	expected*
 <b><u>D. Actuarial (Gain)/Loss</u></b>		
(Gain)/Loss on ABO as at January 1		
- Prepaid Benefit/(Liability) as at January 1		1,118,833
- Unamortized Transitional Obligation		-
- Unamortized (Gain)/Loss		120,389
- Expected ABO		<u>1,239,222</u>
- Actual ABO		<u>1,239,222</u>
- (Gain)/Loss on ABO		-
 (Gain)/Loss on assets as at January 1		
- Expected assets		-
- Actual assets		-
- (Gain)/Loss on assets		<u>-</u>
 Total (Gain)/Loss as at January 1		120,389
 10% of ABO as at January 1		<u>123,922</u>
Total (Gain)/Loss in excess of 10%		-
 Expected Average Remaining Service Life (years)	11	10
 Minimum Amortization for current year	-	-
 Actual Amortization for current year*	-	-
 (Gain)/Loss on ABO at December 31 due to change in discount rate assumption		
- Expected ABO - December 31	1,118,833	
- Actual ABO - December 31	<u>1,239,222</u>	
- (Gain)/Loss on ABO at December 31	120,389	
 Unamortized (Gain)/Loss	120,389	

\* Based on the application of the corridor method for amortization of actuarial gains and losses as described in CICA 3461 .

Projected calendar year 2010 results are provided for informational purposes only. Significant changes in 2010 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

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**APPENDIX B**  
**WHSI COST ANALYSIS FOR PROVISION OF**  
**WATER / SEWER BILLING FEES**

**WHSI Cost Analysis for Provision of Water/Sewer Billing Fees**  
**Summary of Water/Sewer Fees and Expenses**

Total Costs	2006	2007	2008	2009	2010 Bridge	2011 Test
Billing & Collecting	\$ 242,665	\$ 260,563	\$ 295,346	\$ 293,151	\$ 317,654	\$ 343,218
Administration	\$ 52,856	\$ 63,066	\$ 60,798	\$ 63,194	\$ 52,105	\$ 54,628
<b>Total Cost</b>	<b>\$ 295,521</b>	<b>\$ 323,628</b>	<b>\$ 356,144</b>	<b>\$ 356,346</b>	<b>\$ 369,759</b>	<b>\$ 397,845</b>
Total Fees Collected	\$ (280,509)	\$ (387,969)	\$ (401,112)	\$ (405,037)	\$ (410,106)	\$ (436,880)
Total Water Costs	\$ 295,521	\$ 323,628	\$ 356,144	\$ 356,346	\$ 369,759	\$ 397,845
<b>Net Non-Utility (Income)/Loss</b>	<b>\$ 15,012</b>	<b>\$ (64,340)</b>	<b>\$ (44,967)</b>	<b>\$ (48,691)</b>	<b>\$ (40,347)</b>	<b>\$ (39,035)</b>
<b>Return</b>	<b>-5.35%</b>	<b>16.58%</b>	<b>11.21%</b>	<b>12.02%</b>	<b>9.84%</b>	<b>8.93%</b>



**WHSI Cost Analysis for Provision of Water/Sewer Billing Services**  
**Allocation of Administrative Costs Common to Hydro and Water/Sewer Customer Related Activities**

Description	2006	2007	2008	2009	2010 Bridge*	2011
Administration Direct Labour	358,754	435,639	413,060	428,256	487,000	513,085
General Office Supplies & Expenses	\$75,469.50	66,495	76,860	75,957	82,305	81,254
Billing System Support and Maintenance	\$44,827.08	\$29,849.04	57,297.0	68,778	70,372	67,765
Administrative Expense	479,050	531,983	547,217	572,991	639,677	662,104

Proportion of Administrative Costs Applicable to Water and Sewer Customers						
Labour	14.0%	14.0%	14.0%	14.0%	10.0%	10.0%
Gen Office supplies & expenses	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
HW SW Maint	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

Allocation of Administration Charges to Water						
Labour	\$ 50,225	\$ 60,989	\$ 57,828	\$ 59,956	\$ 48,700	\$ 51,309
Supplies	\$ 1,509	\$ 1,330	\$ 1,537	\$ 1,519	\$ 1,646	\$ 1,625
HW SW Maint	\$ 1,121	\$ 746	\$ 1,432	\$ 1,719	\$ 1,759	\$ 1,694
	<b>\$ 52,856</b>	<b>\$ 63,066</b>	<b>\$ 60,798</b>	<b>\$ 63,194</b>	<b>\$ 52,105</b>	<b>\$ 54,628</b>

<b>% of Administrative Costs Allocated to Water</b>	<b>11.0%</b>	<b>11.9%</b>	<b>11.1%</b>	<b>11.0%</b>	<b>8.1%</b>	<b>8.3%</b>
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\*Administrative labour costs will decrease in 2010 due to the prepaid meter conversion. Prepaid meters accommodated both hydro and water charges which had to be reconciled on a monthly basis. Offsite locations required daily sales reconciliations, reporting, among other related administrative tasks. WHSI IT staff attended on-site visits to resolve software, hardware, or other communication issues.

**WHSI Cost Analysis for Provision of Water/Sewer Billing Services**  
**Reconciliation of Historical Allocations to Updated Cost Analysis and 2010/2011 Forecast**

Total Costs	2008	2009	2010 Bridge	2011 Test
Water related costs transferred to non-utility expense				
Supervision - allocated	\$36,501	\$36,858	\$45,431	\$48,548
Supervision - per cost analysis	\$47,287	\$43,033	\$45,431	\$48,548
GL 5305 Variance under/(over) allocation	\$10,785	\$6,175	\$0	\$0
Meter reading - allocated	\$18,251	\$18,429	\$8,585	\$24,932
Meter reading - per cost analysis	\$14,562	\$10,250	\$8,585	\$24,932
GL 5310 Variance under/(over) allocation	(\$3,688)	(\$8,179)	\$0	\$0
Billing - allocated	\$109,789	\$110,695	\$158,206	\$165,895
Billing - per cost analysis	\$154,245	\$149,542	\$158,206	\$165,895
GL 5315 Variance under/(over) allocation	\$44,456	\$38,848	\$0	\$0
Collecting - allocated	\$73,002	\$74,016	\$105,432	\$103,842
Collecting - per cost analysis	\$79,252	\$90,325	\$105,432	\$103,842
GL 5320 Variance under/(over) allocation	\$6,250	\$16,309	\$0	\$0
Admin - allocated	\$127,754	\$129,004	\$52,105	\$54,628
Admin - per cost analysis	\$60,798	\$63,194	\$52,105	\$54,628
GL 5625 Variance under/(over) allocation	(\$66,956)	(\$65,810)	\$0	\$0
Total Allocated	\$365,297	\$369,003	\$369,759	\$397,845
Total Per Cost Analysis	\$356,144	\$356,346	\$369,759	\$397,845
Total Variance under/(over) allocation	(\$9,153)	(\$12,657)	\$0	\$0
TOTAL FEES RECEIVED	\$401,112	\$405,037	\$410,106	\$436,880
TOTAL COSTS ALLOCATED	\$365,297	\$369,003	\$369,759	\$397,845
Net Non-Utility Income Recognized	\$35,814	\$36,034	\$40,347	\$39,035
Net Non-Utility Income - Per Cost Analysis	\$44,967	\$48,691	\$40,347	\$39,035
Variance	(\$9,153)	(\$12,657)	\$0	\$0

**WHSI Cost Analysis for Provision of Water/Sewer Billing Services**  
**Summary of Data By Cost Type - Accounts 5305, 5310, 5315, 5320**

TYPE F = Fixed V = Variable
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Type	Data	Total	Water Portion	Hydro Portion	% of Water/Sewer
F	Sum of 2006	\$ 375,262	177,896	197,366	47.4%
	Sum of 2007	\$ 396,987	188,701	208,286	47.5%
	Sum of 2008	\$ 463,494	220,374	243,120	47.5%
	Sum of 2009	\$ 422,637	200,239	222,398	47.4%
	Sum of 2010	\$ 443,274	210,070	233,205	47.4%
	Sum of 2011	\$ 496,129	235,241	260,887	47.4%
V	Sum of 2006	\$ 125,468	64,769	64,630	48.5%
	Sum of 2007	\$ 139,521	644,709	71,792	48.5%
	Sum of 2008	\$ 144,975	74,972	74,450	48.6%
	Sum of 2009	\$ 183,477	92,912	94,196	48.7%
	Sum of 2010	\$ 219,628	107,584	115,558	47.4%
	Sum of 2011	\$ 226,168	107,976	119,040	47.4%
Total Sum of 2006		\$ 504,661	242,665	261,996	
Total Sum of 2007		\$ 1,113,488	833,410	280,079	
Total Sum of 2008		\$ 612,916	295,346	317,570	
Total Sum of 2009		\$ 609,745	293,151	316,594	
Total Sum of 2010		\$ 666,416	317,654	348,763	
Total Sum of 2011		\$ 723,145	343,218	379,927	

**Fixed Charges**

Direct Labour, General Supplies, Mailing Machine and Meter Reading Equipment Maintenance

**Variable Charges**

Meter Reading, Stationary, Postage and other Mailing Expense

**Charges Excluded (Not Applicable to Water)**

EBT Hub Services, Interval Meter Reading Costs, Miscellaneous Hydro Specific Charges

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**APPENDIX C  
WHSI 2008 CUSTOMER SURVEY  
AND  
SURVEY RESULTS**



## To Keep your Future Bright, Woodstock Hydro Wants Your Input

Complete the Survey Below for Your Chance to \*WIN one of:

First Prize: A \$500 Credit on Your Woodstock Hydro Bill !

Second Prize: A WHSI Home Energy Conservation Kit (\$200 Value)

\* see other side for draw date and eligibility

Woodstock Hydro is committed to deliver safe, reliable electricity, innovative energy solutions and superior customer service. To help us maintain or improve the level of service to you please take a few moments to complete this survey. The information we receive from you is taken very seriously at Woodstock Hydro. Please tell us what your experience has been.

### Woodstock Hydro Customer Survey 2008

1 Woodstock Hydro provides a reliable, consistent source of electricity

- A Agree
- B Disagree
- C Undecided

2 Woodstock Hydro responds quickly to outages and restores power within a reasonable time frame

- A Agree
- B Disagree
- C Undecided

3 Woodstock Hydro makes electrical safety a top priority

- A Agree
- B Disagree
- C Undecided

4 Woodstock Hydro keeps its Customers well informed

- A Agree
- B Disagree
- C Undecided

5 Woodstock Hydro's employees are well trained and knowledgeable

- A Agree
- B Disagree
- C Undecided
- D I have not dealt with Woodstock Hydro employees

6 Woodstock Hydro is actively involved in the community

- A Agree
- B Disagree
- C Undecided

7 Have you visited Woodstock Hydro's Website?

- A Yes
- B No
- C I didn't know Woodstock Hydro had a website

8 If you answered "Yes" to question 7, how well were you able to navigate through the Website?

- A Easy
- B Average
- C Difficult

Electronic billing (eBilling) services provide Customers with an electronic version of their electricity bill and online access to account information at no charge.

9 Would you take advantage of eBilling if this option was provided?

- A Yes
- B No
- C Undecided

10 How important is Energy Conservation to you?

- A Very important
- B Somewhat important
- C Not important at all
- D Undecided

.. survey continued on back of page...

# Woodstock Hydro Customer Survey 2008

The Ontario Government has mandated to install Smart Meters in every home and business by the end of 2010

11 Do you consider your knowledge of Smart Meters to be

- A Excellent
- B Good
- C I know a little
- D What is a Smart Meter?

12 If Woodstock Hydro were to host a public information session on Smart Meters, would you attend?

- A Yes
- B No
- C Undecided

13 Do you currently have a prepaid meter? (Ampy, PowerStat)

- A Yes
- B No
- C I don't know

14 In light of the Smart Meter mandate, do you think that prepaid meters are

- A Very important
- B Somewhat important
- C Not important at all
- D Undecided

15 If Prepaid Smart Meters were an option, would this be of interest to you?

- A Yes
- B No
- C Undecided

16 Overall, how satisfied are you with Woodstock Hydro?

- A Very satisfied
- B Satisfied
- C Somewhat satisfied
- D Not satisfied

17 At Woodstock Hydro we are Committed to Our Customers. Please provide your comments and suggestions


Thank you for taking the time to complete our survey. Please fill out the Customer Information Section to be eligible for the Draw

Prize Draw Date: October 15 2008

### Draw Eligibility:

- Completed survey must be received by Woodstock Hydro before 4:30pm, Friday, October 10 2008
- You must be an active Hydro Customer at Woodstock Hydro on October 10, 2008
  - Customer Information Section must be completed
- One ballot per eligible Woodstock Hydro Customer Account

### Customer Information Section



Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Woodstock Hydro Account Number: \_\_\_\_\_  
Phone Number: \_\_\_\_\_  
Email address (optional): \_\_\_\_\_

- Mail, fax, or drop off your survey at Woodstock Hydro, 16 Graham Street, Woodstock Ont.
- Ballot boxes are also located at convenience stores that retail prepaid electricity.

Mailing Address: PO Box 1598, Woodstock, Ont, N4S 0A8  
Telephone: (519) 537-3488 Fax: (519) 537-5081 Email: info@woodstockhydro.com



# Woodstock Hydro Customer Survey 2008

## Results

**1 Woodstock Hydro provides a reliable, consistent source of electricity**

96%	A Agree
2%	B Disagree
2%	C Undecided

**2 Woodstock Hydro responds quickly to outages and restores power within a reasonable time frame**

93%	A Agree
1%	B Disagree
6%	C Undecided

**3 Woodstock Hydro makes electrical safety a top priority**

86%	A Agree
0%	B Disagree
14%	C Undecided

**4 Woodstock Hydro keeps its Customers well informed**

81%	A Agree
4%	B Disagree
14%	C Undecided

**5 Woodstock Hydro's employees are well trained and knowledgeable**

51%	A Agree
1%	B Disagree
3%	C Undecided
45%	D I have not dealt with Woodstock Hydro employees

**6 Woodstock Hydro is actively involved in the community**

66%	A Agree
2%	B Disagree
32%	C Undecided

**7 Have you visited Woodstock Hydro's Website?**

15%	A Yes
71%	B No
14%	C I didn't know Woodstock Hydro had a website

**8 If you answered "Yes" to question 7, how well were you able to navigate through the Website?**

43%	A Easy
51%	B Average
7%	C Difficult

**Electronic billing (eBilling) services provide Customers with an electronic version of their electricity bill and online access to account information at no charge.**

9 Would you take advantage of eBilling if this option was provided?

27%	A Yes
49%	B No
23%	C Undecided

10 How important is Energy Conservation to you?

79%	A Very important
19%	B Somewhat important
1%	C Not important at all
1%	D Undecided

The Ontario Government has mandated to install Smart Meters in every home and business by the end of 2010

11 Do you consider your knowledge of Smart Meters to be

9%	A Excellent
18%	B Good
50%	C I know a little
23%	D What is a Smart Meter?

12 If Woodstock Hydro were to host a public information session on Smart Meters, would you attend?

41%	A Yes
21%	B No
38%	C Undecided

13 Do you currently have a prepaid meter?  
(Ampy, PowerStat)

11%	A Yes
84%	B No
4%	C I don't know

14 In light of the Smart Meter mandate, do you think that prepaid meters are

16%	A Very important
25%	B Somewhat important
18%	C Not important at all
40%	D Undecided

15 If Prepaid Smart Meters were an option, would this be of interest to you?

23%	A Yes
42%	B No
34%	C Undecided

16 Overall, how satisfied are you with Woodstock Hydro?

47%	A Very satisfied
46%	B Satisfied
5%	C Somewhat satisfied
2%	D Not satisfied

Total percentages may not add up to 100% due to rounding

1  
2  
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**APPENDIX D  
COLLECTIVE AGREEMENT  
INSIDE WORKERS  
AUGUST 4, 2008 TO JULY 31, 2011**



*An ISO 9001:2000 Registered Company*

## **COLLECTIVE AGREEMENT**

### **BETWEEN**

WOODSTOCK HYDRO SERVICES INC.

and

LOCAL 636 OF THE INTERNATIONAL  
BROTHERHOOD OF ELECTRICAL WORKERS  
A. F. of L., C. I. O., C. L. C.

REPRESENTING THE “**INSIDE WORKERS**”



### TERM

Year 1: August 4, 2008 to August 2, 2009  
Year 2: August 3, 2009 to August 1, 2010  
Year 3: August 2, 2010 to July 31, 2011

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## **ARTICLE 1 - PURPOSE**

- 1.01 A vital responsibility to serve the interests of the community efficiently and continuously is hereby acknowledged by the Employer and its employees.
- 1.02 This Agreement represents a mutual undertaking to uphold that responsibility through the maintenance of harmonious relationships and, therefore, the parties have come to specific agreement as hereinafter provided.
- 1.03 It is agreed that mutually acceptable working conditions will support these relationships, and, therefore, the parties have come to specific agreement as hereinafter provided.

## **ARTICLE 2 - UNION SECURITY**

- 2.01 All employees covered by this agreement who are now members or become members shall maintain such membership. New employees as of the date of hire shall commence the payment of Union dues as per Union Constitution and Bylaws.
- 2.02 The Employer and the Union agree that there will be no intimidation, discrimination, interference, restraint or coercion exercised or practiced by either of them or their representatives or members because of a member of the bargaining unit's membership or non-membership in the Union or because of a member of the bargaining unit's activity or lack of activity in the Union.
- 2.03 The Union further agrees that there will be no solicitation of membership, collection of dues or other Union activities on the premises of the Employer except as specifically permitted by this Agreement or in writing by the Employer.
- 2.04 The Employer agrees that there shall be no discrimination, interference, restriction, or coercion exercised or practiced with respect to any member of the bargaining unit in the matter of hiring, wage rates, training, promotion, transfer, lay off, recall, discipline, classification, discharge or otherwise by reason of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, age, marital status, family status or disability, nor in the exercise of his or her rights under this Agreement.
- 2.05 The Employer and the Union agree that no employee shall be subject to sexual and workplace harassment and agree to take such actions as necessary to assure that this purpose is achieved. The Employer agrees to post a copy of the Shared Values Policy in the workplace, and agrees that the Shared Values policy will not be amended or rescinded without notification to and consultation with the Union.

- 2.06 The Employer agrees to maintain an accurate listing of the name and address of Union employees on the WHSI Intranet.
- 2.07 The Employer agrees to grant to all members of the bargaining unit access to their personnel files during regular working hours and subject to the availability of the Manager of Internal Services or their designate. Such permission shall be arranged through each employee's immediate supervisor.
- 2.08 Should the Employer merge, amalgamate, or combine any of its operations or functions with another Employer, Company or Companies, the Employer agrees to give the Union as much notice as practically possible prior to any intent by the Employer to implement the above.
- 2.09 In the event there is a merger with another Employer, Company or Companies, in which the covered Employees therein are represented by another Union, the representation rights and the Collective Agreement and the status quo of Local 636 IBEW members shall be maintained in respect of those members until a final determination is made under the Labour Relations Act of Ontario or any successor organization as to the proper representation of the combined group.
- 2.10 The Employer agrees to provide ten (10) signed and sealed Collective Agreements to the Union after the final draft has been approved.
- 2.11 This agreement shall be binding upon the parties hereto, their successors, administrators, executors and assigns.

### **ARTICLE 3 - RECOGNITION**

- 3.01 The Employer recognizes the Union as the exclusive bargaining agency for all of the Employer's employees at the City of Woodstock, Ontario, save and except supervisors, persons above the rank of supervisor, and employees covered under an alternate collective agreement between the Union and the Employer.

### **ARTICLE 4 - EMPLOYEE CATEGORIES**

- 4.01 Unless both the Employer and the Union agree, in writing, to an extension of time, probationary employees are those who are hired with the understanding that they will become regular employees, provided that during the probationary period of one-hundred-and-twenty days (120) worked, they exhibit the ability and qualifications required by the Employer.
- 4.02 Temporary employees are those hired to work during a period when additional work of any nature requires temporarily augmented forces, or in the event of an emergency, or to work during vacation periods. If a temporary employee works continuously for a period longer than 120 days

worked that employee shall be considered a regular employee.

Notwithstanding the above, temporary replacement employees are those hired to replace a full-time, permanent employee due to illness or an approved leave of absence. If a temporary replacement worker works continuously for a period exceeding the length of the regular employee's absence plus 60 days worked, that employee shall be considered a regular employee.

Notwithstanding the above, up to two (2) concurrent students may be hired to work during a school vacation period or on a co-operative training basis, such employees to be deemed as temporary for the duration of their employment.

- 4.03 Employees reclassified from "Temporary" to "Probationary" will receive credit in the latter category for service as a temporary employee. Combined work in the two categories will not exceed one-hundred-and-twenty (120) days unless the temporary employee is the successful job posting applicant under the provisions of this Agreement from one job classification to another job classification. Then the probationary period commences with the start of the new position.
- 4.04 Regular employees are those who have worked for the Employer for more than one-hundred-and-twenty (120) days and who have successfully completed the probationary period, a temporary employee who has worked continuously for a period longer than one-hundred-and-twenty (120) days, or an employee who has completed a combined period in accordance with the Section 4.03.
- 4.05 Employees may terminate their employment with the Employer for the purposes of retirement by providing a minimum of one month's written notice to the Employer. Upon the request of the Employee, the notice period may be reduced by the Employer at the Employer's sole discretion, such reduction to be evidenced in writing. Employees may terminate their employment with the Employer at any other time by providing a minimum of two weeks' written notice to the Employer. Upon the request of the Employee, the notice period may be reduced by the Employer at the Employer's sole discretion, such reduction to be evidenced in writing.

## **ARTICLE 5 - MANAGEMENT FUNCTIONS**

- 5.01 The Union recognizes that the management of the operation and the direction of the working forces are fixed exclusively in the Employer, and without restricting the generality of the foregoing, the Union acknowledges that it is the exclusive function of the Employer:
- (a) to maintain order, discipline and efficiency;
  - (b) to hire, retire, discharge, direct, classify, transfer, layoff, recall and suspend or otherwise discipline employees for just cause subject to the right of an employee to submit a complaint or grievance in accordance with the terms of the Grievance Procedure as herein provided;
  - (c) to determine the nature and kind of business conducted by the Employer in all respects in accordance with its commitments and responsibilities, the right to use improved methods, machinery and equipment, and the exclusive control of all operations, building, machinery and tools, the control of the methods and techniques of work, the schedules of work, the number of personnel to be employed, the extension, limitation, curtailment or cessation of operations and to determine all other functions and prerogatives here before vested in and exercised by the Employer which shall remain the sole responsibility of the Employer.
- 5.02 The Employer agrees that these functions will be exercised in a manner not inconsistent with the provisions of this Agreement.

## **ARTICLE 6 - CHECK-OFF**

- 6.01 The Employer agrees to deduct Union Dues on each pay, from the wages of all employees in the Bargaining Unit, except persons regularly employed for not more than ten (10) hours per week, students employed during the school vacation period or on a co-operative training basis, and short-term temporary employees (up to 15 days worked).

Union Dues deduction commences on the date of hire for probationary employees as per Section 47 of the Ontario Labour Relations Act. The Union shall notify the Company in writing of the amount of such dues to be deducted under this section and provide at least sixty (60) days written notice of any changes in the amounts thereof that may be directed from time to time. Union Dues shall not be collected from employees who are in receipt of long-term-disability benefits (LTD), workers' compensation benefits, or leave without pay as per Article 13. Payroll deductions will not include any Union fines. Union Dues will be reported on employee T4 slips for Income Tax purposes.

The Employer also agrees to deduct and remit an amount equivalent to the Union initiation fee from each new employee upon the successful completion of their probationary period. The Unit Chairperson or designate will be notified when a probationary employee is hired. The Unit Chairperson or designate shall provide a photocopy of the Union Application of Membership form to the Employer at the end of the employee's probationary employment.

- 6.02 The company shall forward these deductions to the Union by the fifteenth (15<sup>th</sup>) day of the month following the month in which the dues have been deducted, together with an alphabetical listing of names showing the amount deducted from each employee, and earnings information used to determine this deduction. The total amount of dues deducted to date from each individual employee will be provided on an annual basis.
- 6.03 In consideration of the deduction and forwarding of Union dues by the Employer, the Union agrees to indemnify and save harmless the Employer against any claim or liability arising out of, or resulting from, the collection and forwarding of regular Union dues or Union initiation fees.

### **ARTICLE 7 - GRIEVANCE PROCEDURE**

- 7.01 The Union may appoint a regular employee from among the members of the bargaining unit, two (2) Stewards for the purpose of assisting employees in presenting grievances to the Employer as set forth in this Agreement.
- 7.02 The Union shall keep the Employer notified in writing of the names of the Stewards and the effective date of their appointment.
- 7.03 It is agreed that the Stewards shall continue to perform their regular work in order to maintain efficiency of operations. However, in accordance with this understanding, should it be necessary to assist an employee in presenting a grievance during working hours, Stewards will not leave their work without first obtaining the permission of their immediate supervisor, provided that such permission will not be unreasonably withheld. It is also understood that a Steward shall not enter another Department without first obtaining the permission of the Supervisor of such Department and notifying the Supervisor as to the nature of the grievance and the personnel involved. Prior to returning to work in the Steward's own Department, a Steward will report to the Steward's immediate Supervisor.
- 7.04 For the purpose of the Agreement, a grievance which involves interpretation, application, administration or alleged violation of this Agreement shall be considered to be a fit matter for grievance and shall be dealt with as specified below. The time limits for the processing of grievances shall be observed strictly by the parties except in the case of mutual agreement to alter the time limits. All written notices referred to in this procedure shall include a statement of the following:

- (a) the grievance;
- (b) the part of the Agreement that is alleged to have been violated;
- (c) the redress sought;
- (d) the date.

7.05 Grievances properly arising under this Agreement shall be submitted in the following manner and sequence:

**Step 1 – Departmental**

An employee who has a grievance shall first present same in writing to their immediate supervisor within five (5) working days from the date of the occurrence which has given rise to the grievance. The employee will be accompanied by a Union Steward, at a reasonable time to be fixed by the supervisor. The supervisor may be accompanied, if the supervisor so wishes, by the Manager of Internal Services. The supervisor's written answer, summarizing the nature of the grievance and the supervisor's response, shall be given within five (5) working days of the matter being discussed.

**Step 2 – HR**

If the written response at the departmental level is unsatisfactory, the Steward shall present a written and dated grievance signed by the grievor to the Manager of Internal Services within five (5) working days from the date of the supervisor's written response. The grievor can choose to attend at their discretion. The Manager of Internal Services will render a decision in writing within five (5) working days after discussing this grievance with the Steward and the grievor.

**Step 3 – President**

If the decision of the Manager of Internal Services is not acceptable to the grievor, the grievance may be submitted to the President (or designated representative) within five (5) working days after the decision is delivered under Step 2. A meeting will then be held with the President (or designated representative) within five (5) working days from the date the grievance is submitted under Step 3. The Employer may have such representation as it may desire at the meeting. A Grievance Committee of not more than two members of the bargaining unit and a Business Representative will be present. An International Representative of the Union may be present. The decision of the President / designate will be given in writing within five (5) working days following the date of the meeting.

7.06 Failing settlement under the foregoing procedure of any grievance between the parties arising from the interpretation, application, administration or alleged violation of this Agreement, including any question as to whether a matter is arbitrable, such grievance may be submitted to arbitration as

hereinafter provided in Article No. 8, and if no written request for arbitration is received by either party within ten (10) working days after the decision under Step No. 3 is given, it shall be deemed to have been abandoned or settled.

7.07 A claim by a member of the bargaining unit who has completed the probationary period that the member of the bargaining unit has been unjustly discharged shall be treated as a grievance if a written statement of such grievance is lodged by the employee at Step No. 3 above within three (3) working days after the employee ceases to work for the Employer. Such special grievance may be disposed of under the Grievance Procedure or Arbitration by:

- (a) confirming the Employer's action in dismissing the employee; or
- (b) reinstating the employee with full compensation for time lost; or
- (c) by other arrangement which is just in the opinion of the parties or an Arbitration Board or single Arbitrator, as the case may be, if appointed.

7.08 A grievance arising directly between the Employer and the Union involving the interpretation or alleged violation of this Agreement may be submitted, in writing, and dealt with through the respective representatives of the parties and in the case of a Union grievance, shall commence with Step No.3 under the Grievance Procedure. In the case of the Employer, the matter will be submitted to the Union and failing settlement within six (6) working days thereafter, may be referred to arbitration as hereinafter provided within the period of ten (10) working days following the completion of such six (6) working day period. However it is expressly understood that the provision of this paragraph may not be used to institute a complaint or grievance directly affecting an employee or employees which such employee or employees could themselves institute and the regular grievance procedure shall not be thereby by-passed.

7.09 All letters of discipline or reprimand (including verbal warnings) issued to a member of the bargaining unit shall be removed from the employee's personnel file, whether paper or electronic, up to eighteen (18) months from the date of infraction.

7.10 At a meeting where an employee is to be disciplined, a Union Steward will be present.

7.11 Time allowances provided in Article 7 may be extended by mutual agreement in writing between the parties.

7.12 In the event that grievances are not settled in Step 3 of this grievance procedure, the parties may mutually agree to refer the grievance to the Grievance Mediation process in which case there shall be a 50-50 cost sharing arrangement of the Grievance Mediator.

### **ARTICLE 8 - ARBITRATION**

- 8.01 If a satisfactory settlement has not been reached within twenty (20) working days from the date of this first meeting with the Employer, the grievance may be referred by either party to a sole arbitrator as provided in the next following articles hereof at any time within fifteen (15) working days thereafter, but not later.
- 8.02 Within five (5) working days of the request by either party for a Sole Arbitrator, each party shall notify the other of a list of a maximum of three (3) Sole Arbitrators.
- 8.03 The party receiving the notice shall, within five (5) working days, advise the other party of its acceptance of one of the three (3) Arbitrators or alternatively, supply a list of three (3) other Arbitrators.
- 8.04 At this time both parties will attempt to come to an agreement on selecting a Sole Arbitrator.
- 8.05 In the event that the parties are unable to agree on a Sole Arbitrator within five (5) working days from the receipt of the second list of Arbitrators as may be provided under Article 8.03, the Minister of Labour for Ontario shall be asked to appoint an Arbitrator.
- 8.06 The Sole Arbitrator shall not have any power to alter or change any of the provisions of this Agreement or to substitute any new provisions for any existing provisions nor to give any decision inconsistent with the terms and provisions of this Agreement. The decision of the Sole Arbitrator shall be final and binding upon the parties and upon any employee affected by it.
- 8.07 Each of the parties to this Agreement will bear the expenses of the arbitrator appointed by it, and the parties will jointly bear the expenses.
- 8.08 No person shall be selected as arbitrator who has been directly involved in attempts to negotiate or settle the grievance.
- 8.09 Notwithstanding the above provisions of this Article, it is recognized that either party to this Agreement may request the Minister of Labour for Ontario to refer to a single arbitrator, to be appointed by the Minister, as provided in the Labour Relations Act of Ontario. In the case of a single arbitrator, the contents of this Article shall be read accordingly.
- 8.10 In cases of suspension, discharge or discipline, grievances may be settled by confirming the Employer's decision in discharging or suspending the employee or by reinstating the employee without loss of seniority and reimbursing the employee in full or by any other arrangement, which is just and equitable in the opinion of the Sole Arbitrator.
- 8.11 Time allowances provided in Article 8 may be extended by mutual agreement in writing between the parties.

## **ARTICLE 9 - SENIORITY**

9.01 Seniority shall be defined as the length of continuous service a regular employee has established with the Employer and shall accrue in all cases from the date the regular employee last entered the employ of the Employer.

9.02 An employee will be on probation and will not be placed on the seniority list until after the employee has completed a total of one-hundred-and-twenty (120) days worked with the Employer. Following completion of the employee's probationary period, the employee's name will be placed on the seniority list with seniority entitlement as of the date one-hundred-and-twenty (120) days worked immediately prior thereto.

9.03 The Employer shall maintain a seniority list, a copy of which will be forwarded to the Business Representative of the Union in January of each year. A copy will be posted on the Union bulletin board according to Article 15.01.

9.04 For the purpose of lay-offs caused by work shortage and for the purpose of recalling those to work who have been laid off, as well as in the case of promotions (excluding promotions to positions outside the bargaining unit, which shall not be subject to the provisions of this Agreement), seniority will be applied on the basis as set forth herein and the following factors shall be considered:

- (a) seniority; and
- (b) qualifications, skill and ability to perform the work.

It is agreed that where factors in (b) immediately above are relatively equal, in the opinion of the Employer, seniority as herein defined will govern.

The Employer will notify the Union at least thirty (30) calendar days prior to the effective date of lay-off of designated members of the bargaining unit. Both parties shall meet and discuss alternative methods to avoid lay-offs.

9.05 An employee shall lose seniority and the employee's name removed from the records if the employee:

- (a) resigns voluntarily,
- (b) is discharged, and not subsequently reinstated through the grievance or arbitration procedure,
- (c) is laid off for a period exceeding twelve (12) consecutive calendar months or a period equal to the employee's seniority, whichever is the lesser,
- (d) fails to report for work after a lay-off within five (5) working days of recall notice by registered mail to the last address which the employee has filed with the Employer, unless the employee provides the

Employer, in writing, with evidence of sickness or other unavoidable reasons for not reporting for work within the time limit specified above,

- (e) is absent for three (3) consecutive working days or more unless the employee provides the Employer with evidence of sickness or other unavoidable reasons for not reporting for work,
- (f) fails to report back to work after the expiration of the term of a leave of absence, unless the employee is able to provide the Employer with a satisfactory reason for the failure to report back to work,
- (g) retires.

9.06 An employee shall maintain and accumulate seniority when absent from work for the following reasons:

- (a) during a leave of absence granted by the Employer for periods up to thirty (30) calendar days,
- (b) during a lay-off up to twelve (12) consecutive calendar months or a period equal to the employee's seniority, whichever is the lesser,
- (c) during periods of absence due to non-occupational accident or sickness up to twenty-four (24) consecutive calendar months or a period equal to the employee's seniority, whichever is the lesser,
- (d) during periods of absence resulting from an occupational injury up to the temporary disability coverage extended under the Workplace Safety and Insurance Board Act,
- (e) when an employee is promoted out of the bargaining unit and remains in the employ of the Employer, and is later transferred back to the bargaining unit, the employee shall accumulate to a maximum of one (1) year's seniority in addition to the employee's seniority standing at the time of promotion.
- (f) during absences for pregnancy, adoption and parental leave provided in the Employment Standards Act of Ontario.

9.07 An employee shall maintain seniority without further accumulation at the level attained when absent from work on a personal and unpaid leave of absence in excess of thirty (30) calendar days when granted by written permission of the Employer, not to be in conflict with Article 9.06(f).

9.08 It shall be the duty of employees to notify the Employer promptly of any change in address. If an employee fails to do this, the Employer will not be responsible for failure of a notice to reach such employee.

9.09

- (a) The Employer will post notice of any job vacancy, other than temporary jobs as defined in Section 4.02 above, on the bulletin boards designated by the Employer for a period of five (5) working days before it is filled, it being understood, however, that the Employer may fill such vacancy on a temporary basis pending the selection of the person by the Employer in accordance with the terms of this Section.
- (b) Regular employees may make application for such job vacancies within such period of posting, provided that the Employer shall not be confined to the applicants in filling the vacancies unless they are qualified in respect of qualifications, skill, ability and efficiency for the job concerned in accordance with Section 9.04 hereof.

A temporary employee may make application for any publicly advertised job vacancy, and their qualifications, skill, ability and efficiency will be duly considered. The Employer shall not be confined to the applicant(s) in filling the vacancy.

- (c) An employee who is appointed to a new position through the posting procedure described in this Section shall have a trial period in the new position for up to sixty (60) working days if the progression to full job rate is 24 months or greater or up to thirty (30) working days if the progression to full job rate is less than 24 months.
- (d) If the employee finds the job unsatisfactory, or is unable to meet the job requirements in a manner satisfactory to the Employer, or the job becomes redundant within twelve calendar months, the employee shall be returned to the employee's former position.
- (e) Any other employee who had been promoted or transferred as a consequence of the promotion or transfer referred to above in this Section shall be returned to that employee's former position.
- (f) Any employee going on vacation may pre-apply under the job posting provisions with the Employer indicating their job preference should a vacancy become available during the vacation period.

9.10

In the event any new classification is established within this Agreement, Management shall advise the Union of the approved job evaluation and proposed rate of pay and allow a period of ten (10) working days for the Union to seek clarification on same prior to implementation.

## **ARTICLE 10 - NO STRIKE, NO LOCK-OUT**

- 10.01 There shall be no lockout by the Employer and no strike, slowdown, refusal to perform work, picketing or other interference with the operation of the Employer's business by the employees during the term of the Agreement.

## **ARTICLE 11 - HOURS OF WORK AND OVERTIME**

- 11.01 This Article provides the basis for establishing work schedules and for the calculation and payment of overtime, but shall not be read or construed as a guarantee of hours of work per day or week or a guarantee of days of work per week.
- 11.02 The normal workweek for employees shall be thirty-six-and-a-quarter (36.25) hours per week consisting of five (5) days of seven-and-a-quarter (7.25) hours each. Notwithstanding the above, it is recognized that the normal workweek of the of the Accountant (Audit), Accountant (General), and IT Analyst is forty (40) hours, consisting of five (5) days of eight (8) hours each.
- 11.03 It is mutually acknowledged that from time to time it will be necessary for employees to perform work outside of the normal schedules.
- 11.04 For authorized work performed in excess of all normal daily or weekly hours, and on Holidays, the premium rates will be double the regular hourly rate.

In lieu of payment for overtime worked, members of the bargaining unit may elect to bank overtime worked to be taken as paid time off work up to a limit of the equivalent of five (5) days per calendar year under the following conditions:

- (a) overtime hours banked will be taken off work as premium time; a minimum call out (Section 11.05 immediately below) will be banked as three (3) hours or one-and-a-half (1.5) hours, as appropriate;
- (b) the ability to accumulate banked time for the calendar year commences on January 1 of each year. Each year, members of the bargaining unit must notify the Employer by November 20<sup>th</sup> regarding any banked hours which either have been duly scheduled to be taken before the end of the calendar year or are to be carried forward to the next year (subject to d) below). On the first pay of December, all unallocated banked time will be paid out. Any additional banked time earned after November 20<sup>th</sup> for the current calendar year will be carried forward to the following year;
- (c) the actual days of banked time taken off will be at the discretion of Management as is provided in Article 23 VACATIONS, to permit the efficient operation of the Employer's business;

(d) a maximum of five (5) days of unused banked time can be carried forward to the subsequent year.

11.05 When an employee a) is required to attend to a telephone call at home about a prepaid power problem, and b) is able to solve the problem from their residence, the employee will receive a minimum of one-and-a-half (1.5) hours' pay at the basic hourly rate. If the employee determines without leaving their residence that the prepaid power problem is equipment-related such that a member of the outside bargaining unit is called to solve the problem, there will be no overtime pay for the inside bargaining unit employee involved.

An employee required to leave home / report to work outside of their regular scheduled hours of work will receive a minimum of three (3) hours' pay at the basic hourly rate, except when such work occurs immediately before or following the employee's regular shift.

Successive calls received during the minimum one-and-one-half (1.5) hour call-out period shall be considered as one call for the purpose of this section.

11.06 An employee authorized to work two-and-a-half (2-½) or more continuous hours of unscheduled overtime as an extension at the end of their normal work day will be entitled to a meal allowance of \$12.00. Alternatively, an employee authorized to work for three (3) or more continuous hours of unscheduled overtime will be entitled to a meal allowance of \$12.00. In either case, an employee authorized to work for eight (8) or more continuous hours of unscheduled overtime will be entitled to a second meal allowance of \$12.00. The meal allowance amount will increase to \$12.50 on August 2, 2010.

11.07 The Employer will attempt to ensure, consistent with the operation of its business, that equitable distribution of all authorized overtime will be allocated among qualified employees who normally perform such overtime work.

11.08 For the purposes of calculating length of overtime, overtime commences when the employee leaves their residence and ends when the employee leaves the workplace or work location to return home, rounded to the nearest fifteen-minute interval.

## **ARTICLE 12 - BEREAVEMENT LEAVE**

- 12.01 A regular employee will be allowed up to five (5) consecutive working days' leave of absence with pay at the employee's basic hourly rate in the event of the death of the employee's spouse, child, step-child, mother, father, step-mother, step-father, mother-in-law, father-in-law.
- 12.02 A regular employee will be allowed up to three (3) consecutive working days' leave of absence with pay at the employee's basic hourly rate in the event of the death of the employee's sister or brother.
- 12.03 A regular employee will be allowed one (1) day leave of absence with pay at the employee's basic hourly rate in the event of the death of the employee's grandparent, brother-in-law, sister-in-law, son-in-law, daughter-in-law, grandchildren, stepbrother-in-law, stepsister-in-law, such leave to be contingent upon the employee attending the funeral.
- 12.04 A regular employee will be allowed one half (1/2) day leave without loss of pay for the purpose of attending a funeral in which the employee is participating as a pallbearer.
- 12.05 In circumstances judged unusual by the Employer or for funerals outside Ontario, a regular employee may be granted an extension of Bereavement Leave as outlined in this Article in the form of an unpaid leave of absence.
- 12.06 The Employer will recognize a common-law spouse/partner who is residing with an employee in a common-law relationship one (1) year following notification to the Employer by the employee.
- 12.07 For bereavement incidents covered under 12.01 and 12.02, in circumstances where a spring interment is required, the employee may submit at the time of the bereavement event an election to split their entitlement into two leaves, with a specified number of consecutive days for each, and which will not exceed in total the entitlement provisions.
- In circumstances where a bereavement occurs on a scheduled vacation day or banked day off, that day can be cancelled by the employee for rescheduling at a later date according to the terms of Article 23 (Vacations).

## **ARTICLE 13 - LEAVE OF ABSENCE**

- 13.01 Leaves of absence require the written permission of the Employer, and applications for leave of absence must be submitted in writing one (1) week in advance.
- 13.02 Leave of absences with pay will be granted at the basic hourly rate to employees who are authorized by the Employer to participate in work-related off-site seminars, training sessions, workshops, conferences, conventions and meetings. Employees will be paid to a maximum of the regular number of hours per day for their classification as outlined in Article 11.02.
- 13.03 Unauthorized absence from work will constitute voluntary termination of employment except in cases where the Employer considers the circumstances to be of an emergency nature or beyond the employee's control and the employee has notified the Employer of the circumstances as soon as possible.
- 13.04 Leave of absence without pay to extend vacation time beyond that granted in Article 23 VACATIONS is at the sole discretion of the Employer.
- 13.05 When the Employer grants a leave of absence without pay which extends beyond twenty (20) working days, the employee will reimburse the Employer for 100% of the cost of all benefits as described in Article 24. This excludes absence for which the employee is receiving compensation from the Employment Insurance Sick Leave plan or the Workplace Safety and Insurance Board as a temporarily or totally disabled employee or receiving compensation from the Union while on Union business.

## **ARTICLE 14 - CLASSIFICATION AND WAGES**

- 14.01 The Employer agrees to pay and the Union agrees to accept for the term of this Agreement, the classifications and hourly wage rates as set forth in Schedule I attached hereto.
- 14.02 Employees shall progress from minimum to maximum in their classifications as set out in Schedule I.
- 14.03 In the event that any employee in any classification fails to make satisfactory progress in the opinion of Management, that employee's advancement may be withheld, but be subject to the grievance and arbitration procedure. When progression is withheld, Management shall inform the employee of the reason for withholding progression. Six (6) months after withholding progression, Management will review the employee's progress and general performance, and if found satisfactory, the employee shall be progressed to the next step.

## **ARTICLE 15 - BULLETIN BOARD**

- 15.01 The Employer will arrange for a central bulletin board for all employees governed by this Agreement, in a location as mutually agreed between the parties, which may be used by the Union for posting notices which shall be subject to the approval of the Employer before posting. There shall be no general distribution or posting of any other notices of any kind by the Union upon Employer property other than as herein provided.

## **ARTICLE 16 - HOLIDAYS**

- 16.01 The following corporate holidays shall be recognized and observed on the day defined by the Employer:

New Year's Day, Good Friday, Easter Monday, Victoria Day, Canada Day, Civic Holiday, Labour Day, Thanksgiving Day, the day immediately preceding Christmas Day, Christmas Day, Boxing Day, and the day immediately preceding New Year's Day.

A list of the dates for each of the above holidays for the calendar year will be posted during January of each year on the central bulletin board.

- 16.02 The regular employees of the Employer will be entitled to payment of wages at the basic hourly rate for such holidays provided they have worked on their normal scheduled day of work which immediately precedes and follows such a holiday.

Part-time and temporary employees of the Employer will receive public holiday pay for each recognized holiday in keeping with the approach outlined in the Employment Standards Act, provided they have worked on their normal scheduled day of work immediately preceding and following the holiday.

- 16.03 Any employee who is required to work on such a holiday shall be paid for time worked at the premium rate of double the basic hourly wage.

## **ARTICLE 17 - JURY DUTY**

- 17.01 While required to serve as a jury member, or subpoenaed as a witness, a regular employee will be allowed leave of absence and paid the difference between the employee's pay at the basic hourly rate and compensation for such duty, which shall be verified in writing by the appropriate Court official showing the date(s), time served and amount of payment received on each date.

## **ARTICLE 18 - COMMITTEES**

- 18.01 Upon request the Union shall provide the Employer with a list of members of all committees, to be revised from time to time as changes occur. The Employer shall provide the Union with a list of Supervisors to whom grievances and other relevant matters may be submitted as the occasion may arise.
- 18.02 Members conducting union business during normal working hours for the purpose of attending grievance meetings with the Employer up to and including Step 3, attending Joint Labour Relations Committee meetings, attending coaching or disciplinary meetings, participating in pay equity maintenance processes or discussing labour relations matters with the President and/or Manager of Internal Services shall not suffer any loss of regular pay for these activities. Any other union business conducted during normal working hours where maintenance of regular pay is expected must be pre-approved by the President or Manager of Internal Services if practical. Members conducting union business shall not leave their work without first obtaining the permission of their immediate supervisor, provided that such permission will not be unreasonably withheld.
- 18.03 The Employer will recognize a Negotiating Committee of three (3) members consisting of two (2) employees of the bargaining unit plus the Unit's Chairperson. The Employer agrees to recognize the Local Union Business Manager and/or the Business Manager's representative of the International Brotherhood of Electrical Workers during negotiations.
- 18.04 The parties agree to continue to participate in a Joint Labour Relations Committee comprised of three (3) members of the bargaining units representing the outside bargaining unit, the inside bargaining unit, the unit chairperson and an equal number of representatives from management. It is recognized that the Union's Business Representative may attend.

Such Committee shall meet bi-monthly, or at mutually agreeable dates, to discuss items of mutual interest relating to the workplace, excepting grievances. The agenda will be developed mutually through consultation sufficiently in advance of the meeting to allow appropriate preparation.

## **ARTICLE 19 - SAFETY**

- 19.01 The Employer will arrange for instruction in first aid and/or accident prevention methods and/or other topics according to what the Employer deems necessary.
- 19.02 The Employer and the Union recognize that the Employer has an established safety practice for the purpose of employee/employer participation in maintaining safe working conditions and practices.

## **ARTICLE 20 - CLOTHING AND TOOLS**

- 20.01 The Employer shall issue to each member of the bargaining unit, as is appropriate, and as required in the judgement of the Employer:
- Safety helmets, safety glasses, leather gloves, safety jackets, orange coveralls, and rain wear.
- 20.02 All tools, clothing and equipment must be signed for by employees and any of the tools, clothing or equipment carelessly lost or willfully damaged, must be paid for by the employee. In the event of termination of employment, all tools, clothing and equipment must be returned to the Employer and the value of anything not accounted for will be deducted from the final pay cheque. Each employee shall report in writing to the employee's immediate supervisor any defects in tools, clothing or equipment.
- 20.03 The Employer shall pay up to \$145.00 per two (2) contract years for all employees who are obliged by law to wear safety footwear, on presentation of a receipt showing purchase or repair of approved safety footwear.

## **ARTICLE 21 - REST PERIODS**

- 21.01 Employees will be granted a fifteen (15) minute rest period during each half shift on the work site at a time as specified by the supervisor.

## **ARTICLE 22 - SICK LEAVE AND WORKPLACE SAFETY AND INSURANCE BOARD PAY**

- 22.01 Sick pay credit will accrue to regular employees at the rate of one and one half (1 1/2) days per month of continuous Employer service credit to a maximum of three hundred (300) days. A maximum of eighteen (18) days of sick leave credit will be accumulative per calendar year, but this amount will be reduced by the number of days of sick pay credit used during the calendar year. A regular employee requesting sick leave may be required by the Employer to furnish a doctor's certificate for each occurrence. The cost of the medical note or certificate shall be at the expense of the Employer.
- 22.02 Upon normal retirement at sixty-five (65) years of age, or voluntary termination of employment, or death, after a minimum of thirteen (13) years of continuous Employer service, a regular employee hired prior to August 10, 1985 will receive a cash payment of fifty (50) percent of a maximum of 200 days of unused sick pay credit.
- 22.03 The Employer shall provide a written statement to each employee in January of each year indicating the total amount of sick time accumulated.

22.04 The Employer will provide makeup pay to employees on Workplace Safety and Insurance Board compensation calculated as follows:

The makeup pay will be the difference between the award by the Workplace Safety and Insurance Board and the employee's normal earnings after statutory deductions have been deducted. For the purpose of calculating the makeup pay, employees' earnings will include only regular scheduled hours for a normal week. The makeup pay plus the Workplace Safety and Insurance Board payment will be such as to maintain the employee's normal net pay to within two (2) dollars. The amount of makeup pay converted to hours will be deducted from the employee's sick leave.

22.05 The Employer and the Union shall support rehabilitation and return to work strategies and policies such that employees who have experienced injury or illness are safely able to return to the workplace at the earliest opportunity. In accordance with Ontario Human Rights legislation and Supreme Court of Canada rulings, the Employer and Union shall make every effort, short of undue hardship, to facilitate the most appropriate accommodation when a returning Employee is temporarily or permanently disabled due to their injury or illness. This may be accomplished through job restructuring, reassignment to open positions, or retraining for alternative positions.

### **ARTICLE 23 - VACATIONS**

23.01 For the purposes of this Article, one day is equivalent to eight (8) hours or seven-and-a-quarter (7.25) hours, and one week is equivalent to forty (40) hours or thirty-six-and-a-quarter (36.25) hours, whichever is appropriate.

23.02 An employee who commences employment in the first six months of the current calendar year will be assigned, upon successful completion of their probationary employment period, a vacation entitlement to be taken in the current calendar year of one-and-a-quarter (1.25) days per month worked between January and June to a maximum of seven-and-a-half (7.5) days, it being understood that a part-month's service of two (2) weeks or longer will earn one-half a day's vacation.

An employee who commences employment in the second half of the current calendar year and therefore has less than six months of service from the date of the start of employment to December 31 will not receive any vacation entitlement in the current calendar year and will receive pro-rated vacation entitlements for the upcoming calendar year. The employee will be assigned a vacation entitlement on January 1 of the next year of one-and-a-quarter (1.25) days per month to a maximum of seven-and-a-half (7.5) days vacation with pay for service earned between July 1 and December 31 of the previous year, it being understood that a part-month's service of two (2) weeks or longer will earn one-half a day's vacation. This entitlement may be taken between January 1 and June 30 upon successful completion of the probationary employment period. Additionally, the employee will be assigned

one-and-a-half weeks (7.5 days) vacation with pay for service anticipated to be performed between January 1 and June 30 of the next year, which may be taken between July 1 and December 31 along with any other unused vacation entitlements.

23.03

For all regular employees on January 1, vacation entitlements for the current calendar year become available on January 1 and represent the total of the entitlements earned between July and December of the previous year (based on January 1 seniority), and the vacation entitlements projected to be earned between January and June of the current year (based on July 1 seniority). Additionally, employees whose seniority falls within the transition year ranges on either January 1 or July 1 of the calendar year will receive an additional entitlement based on the number of months within the threshold range during the previous six months.

Therefore, as of January 1, based on the length of service so determined, each employee with six (6) or more months of continuous employment on January 1 will be assigned his or her vacation entitlement for the subsequent calendar year according to the chart below. Vacation entitlement earned in the previous year may be taken between January 1 and June 30; between July 1 and December 31, the employee will take the vacation entitlement earned between January and June plus any unused portion of the entitlement from the first half of the year.

**Employees with a Start Date in Q1/Q2 of the calendar year:**

Seniority At Jan 1	# of Vacation Days in the Current Calendar Year
Greater than 6 months	15 days (3 weeks)
Greater than 9 years	20 days (4 weeks)
Greater than 17 years	25 days (5 weeks)
Greater than 23 years	30 days (6 weeks)
Greater than 7.5 years	15 days (3 weeks) + ½ day for each month in TYQ1/Q2 greater than 8 years
Greater than 8.5 years	7.5 days + ½ day for each month in LYQ3/Q4 greater than 8 years + 10 days
Greater than 15.5 years	20 days (4 weeks) + ½ day for each month in TYQ1/Q2 greater than 16 years
Greater than 16.5 years	10 days + ½ day for each month in LYQ3/Q4 greater than 16 years + 12.5 days
Greater than 21.5 years	25 days (5 weeks) + ½ day for each month in TYQ1/Q2 greater than 22 years
Greater than 22.5 years	12.5 days + ½ day for each month in LYQ3/Q4 greater than 22 years + 15 days

**Employees with a Start Date in Q3/Q4 of the calendar year:**

<b>Seniority At Jan 1</b>	<b># of Vacation Days in the Current Calendar Year</b>
Greater than 1 year	15 days (3 weeks)
Greater than 9 years	20 days (4 weeks)
Greater than 17 years	25 days (5 weeks)
Greater than 23 years	30 days (6 weeks)
Greater than 8 years and Less than 9 years	15 days (3 weeks) + ½ day for each month in LYQ3/Q4 and TYQ1/Q2 greater than 8 years
Greater than 16 years and Less than 17 years	20 days (4 weeks) + ½ day for each month in LYQ3/Q4 and TYQ1/Q2 greater than 16 years
Greater than 22 years and Less than 23 years	25 days (5 weeks) + ½ day for each month in LYQ3/Q4 and TYQ1/Q2 greater than 23 years

TYQ1/Q2 = January to June (first two quarters) of this year  
 LYQ3/Q4 = July to December (last two quarters) of last year

- 23.04 All employees with more than eight (8) years of service but less than nine (9), or more than sixteen (16) years of service but less than seventeen (17), or more than twenty-two (22) years of service but less than twenty-three (23) on December 31, will be assigned on January 1, in addition to the vacation entitlement appropriate to the years of service, one day of vacation for each two (2) months of service over eight (8) years, sixteen (16) years, or twenty-two (22) years of service respectively, it being understood that pro-rated service will not result in less than a half-day of vacation being assigned.
- 23.05 Employees will receive an additional two (2.0) days paid holiday per calendar year, to be scheduled and taken during that year according to the stipulations of Article 23 regarding vacations.
- 23.06 In the event of a paid holiday as set out in Article 16 on HOLIDAYS occurring during an employee's vacation, the employee shall receive payment for the holiday at the basic hourly rate or another day off with pay.
- 23.07 An employee shall not be granted more than two- (2) weeks vacation during the period July 1 to August 31, except with the permission of Management. An employee shall not be granted more than two (2) weeks' vacation at one time except with the express permission of Management.
- 23.08 The efficient operation of the Employer's business will be considered first in arranging vacation. When the requests of two or more employees conflict, and all other attempts to resolve this difficulty have failed, Management will

allocate vacations, giving preference to the employee having the most seniority accumulated while in the service of the Department (Billing, Internal Services, Office) concerned.

Vacations for the period of January 1 through April 30 shall be arranged between the employee and Management before December 1st of the previous year. Vacations for the period May 1 through December 31 shall be arranged between the employee and Management before April 1st each year. Employees will be notified of approval of vacations for each time period by December 8th and April 8th respectively. Vacation requests submitted after December 1 and April 1 respectively will be granted on a first-come, first-served basis.

- 23.09 Except when prearranged with the Employer and subject to the approval of the Employer, all vacation allocated to an employee under the terms of this Article in a particular calendar year must be used in that calendar year.
- 23.10 When an employee leaves the active employ of the Employer, remaining vacation entitlements and/or earned vacation entitlements for future vacation periods will be prorated based on the date employment ceases.

## **ARTICLE 24 - HEALTH AND WELFARE BENEFIT PLANS**

- 24.01 The Employer agrees to pay 100% of the applicable premiums for the Great West Life Supplemental Plan administered by the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE) for all employees under the age of 65. The employee is responsible for the \$10/\$20 deductible / benefit year. Highlights of coverage are as follows;
- (a) Great-West Life Preventative Dental Plan at the current O.D.A. Fee Schedule,
  - (b) Great-West Life Orthodontic Rider with a \$2,000 lifetime maximum per family member with 50%-50% co-insurance,
  - (c) Great-West Life Major Restorative (Caps and Crowns) \$1,000 maximum per calendar year with 50%-50% co-insurance,
  - (d) Great-West Life Vision Care \$310.00 (\$325 effective August 1, 2009) per family member every two (2) years. Laser eye surgery at one times the vision care amount and one eye exam every 24 months,
  - (e) Drugs, medicines or serums that can only be obtained through a written prescription and certain life-supporting, non-prescription drugs that are prescribed through a written prescription. The maximum amount for any covered expense is the price of the lowest cost generic equivalent product that can legally be used to fill the prescription, as listed in the Provincial Drug Benefit Formulary. If

there is no generic equivalent product for the prescribed Drug or medicine, the amount covered is the cost of the prescribed product. Where a prescription contains a written direction from the Physician or dentist that the prescribed Drug or medicine is not to be substituted with another product, the full cost of the prescribed product is covered if it is a covered expense under this benefit.

- (f) Great-West Life Paramedical Coverage, maximum of \$500 per practitioner per year (except where noted together in which case it is a combined maximum) for Chiropractor, Osteopath, Chiropodist, Podiatrist, Naturopath, Physiotherapist / Sports Therapist, Psychologist / Marriage and Family Therapist, Speech Therapist, Masseur, and Acupuncturist,
- (g) Out-of Province Emergency Hospital & Medical Treatment, Referral and Travel Assistance Services Coverage,
- (h) Hearing Aid Coverage \$1,000 maximum per four (4) years per family member,
- (i) Great-West Life Dental and Extended Health Care plans for Overage Dependents (up to age 25 if in college or university),
- (j) Semi-private hospital coverage
- (k) Two (2) year Survivor Benefits for Dental and Extended Health Care plans,
- (l) Employee Assistance Plan (EAP) to be provided at the expense of the Employer,
- (m) Dispensing fee cap of \$10.00,

with respect to regular employees, while such employees remain in the active employ of the Employer. For detailed explanation of coverage, please refer to plan booklet.

For the purposes of this Article, "while employees remain in the active employ of the Employer" means that the Employer agrees to pay benefits under the following circumstances: working, vacation, sick leave, bereavement leave, jury duty, maternity, parental or adoption leave, and leave as provided under Section 9.06 (a), (c), and (d).

For all regular employees aged 65 and over, the benefits listed above will also be provided with the following noted exceptions:

- i. drug claims will be paid by the Ontario Government (ODB) first and then the insurance company
- ii. Out of Province/Country Coverage Plan excluded

24.02 The Employer agrees to pay 100% of the applicable premiums for regular employees under the age of 65 while such employees remain in the active employ of the Employer for a Long Term Disability Insurance Plan through the Municipal Electric Association Reciprocal Insurance Exchange to provide a benefit of 66-2/3 per cent of gross regular pay to a maximum benefit of two thousand five hundred dollars (\$2,500.00) per month effective July 31, 2006 and to a maximum of three thousand dollars (\$3,000.00) per month effective July 30, 2007, with a qualifying period and mandatory transition of 85 working days. The Employer pays 100% of the premiums of the Basic Term Life Insurance as provided by Policy 331133 with Great-West Life and managed by the Municipal Electric Association Reciprocal Insurance Exchange.

For all regular employees aged 65 and over who remain in the active employ of the Employer, the Employer agrees to pay 100% of the applicable premiums for Basic Term Life Insurance, such coverage to be 50% of annual earnings at the time the employee attains age 65, reducing by 2-1/2% of these earnings on the anniversary date of their birthday each year until coverage reaches 25% of annual earnings at age 65, as provided by Policy 331133 with Great-West Life and managed by the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE).

24.03 The Employer may change the carriers of benefit plans at any time following discussion between both parties provided that benefits provided by the new carrier are equal or superior to those provided by the former carrier, and that any such change shall be deemed to form part of the Collective Agreement.

24.04 The Employer and the member of the bargaining unit pay an equal amount of the premiums as specified by the Ontario Municipal Employees Retirement System pension plan (OMERS).

## **ARTICLE 25 - EMPLOYMENT INSURANCE REBATE**

25.01 It is agreed that benefits granted by the Employer satisfy the rebate requirements outlined in the Employment Insurance Act as amended from time to time.

## **ARTICLE 26 - TEMPORARY ASSIGNMENTS**

- 26.01 When a member of the bargaining unit is assigned by the immediate supervisor to perform work in another job classification with a higher rate of pay for a period of one or more days, the Joint Labour Relations Committee will determine a mutually acceptable duration and wage for the assignment using pay equity principles and details of the assignment in question.
- 26.02 When a member of the bargaining unit is assigned to perform work in a classification with a lower rate of pay, such employee shall receive no reduction in wages.

## **ARTICLE 27 - DURATION**

- 27.01 This Agreement shall come into effect as of August 4, 2008, and shall remain in full force and effect until July 31, 2011, and shall continue automatically for further periods of one (1) year each unless terminated or amended by notice in writing from either party within ninety (90) days prior to the termination date in any year.

Following notice of termination or request for amendment and during the negotiations or discussion upon any proposed renewal or revision of this Agreement, the Agreement in the form in which it may be at the commencement of such negotiations shall remain in full force and effect until a satisfactory settlement has been reached, or until conciliation procedures, required by law, have been completed, which ever should occur first.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals this \_\_\_\_\_ day of \_\_\_\_\_ A.D. 2008 at Woodstock, Ontario.

FOR THE EMPLOYER

FOR THE UNION

**Original Signed**

**Original Signed**

\_\_\_\_\_  
Ross McMillan  
President & CEO

\_\_\_\_\_  
Ed Lamb  
Business Representative

\_\_\_\_\_  
Elizabeth Carswell  
Manager of Internal Services

\_\_\_\_\_  
Jeff Barney  
Union Chairperson

\_\_\_\_\_  
Colleen Braun  
Member

## SCHEDULE I - CLASSIFICATIONS AND HOURLY WAGE RATES

Progression Scale	Effective August 4, 2008	Effective August 3, 2009	Effective August 2, 2010
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### **Accountant (Audit), Accountant (General), IT Analyst**

After 24 months	100%	29.94	30.84	31.77
After 18 months	95%	28.44	29.30	30.18
After 12 months	90%	26.95	27.76	28.59
After 6 months	85%	25.45	26.21	27.00
Starting Rate	80%	23.95	24.67	25.42

### **Accounting Assistant, Data Coordinator, Billing Representative**

After 24 months	100%	24.59	25.33	26.09
After 18 months	95%	23.36	24.06	24.79
After 12 months	90%	22.13	22.80	23.48
After 6 months	85%	20.90	21.53	22.18
Starting Rate	80%	19.67	20.26	20.87

### **CSR (Cashier)\*, CSR (Receptionist)\***

After 12 months	100%	21.32	21.96	22.62
After 6 months	92.5%	19.72	20.31	20.92
Starting Rate	85%	18.12	18.67	19.23

*\*Full Job Rate calculated on Proportional Value method - using Line Journeyman, Engineering Technologist, Meter Technician Journeyman and Electric Utility Person as the representative group of male job classifications.*

**LETTER OF UNDERSTANDING – RETIREE BENEFITS**

The Employer agrees to pay 100% of the applicable premiums for the Great-West Life Supplement Plan administered by the Municipal Electrical Association Reciprocal Insurance Exchange (MEARIE) for retirees who retire after July 30, 2006 with 22 years of service. The Employer agrees to continue to pay 75% of the applicable premiums for retirees who retired with 20 years of service prior to July 30, 2006. The retiree is responsible for the \$10.00/\$20.00 deductible / benefit year. Highlights of the coverage:

- (a) Great-West Life Vision Care \$310.00 (and \$325.00 effective August 1, 2009) per family member every two (2) years. Laser eye surgery at one times the vision care amount and one eye exam every 24 months,
- (b) Drugs, medicines or serums (lowest cost generic equivalent product when available, unless otherwise ordered by physician) that can only be obtained through a written prescription and certain life-supporting, non-prescription drugs that are prescribed through a written prescription,
- (c) Great-West Life Paramedical Coverage, maximum of \$500 per practitioner per year (except where noted together in which case it is a combined maximum) for Chiropractor, Osteopath, Chiropodist, Podiatrist, Naturopath, Physiotherapist, Psychologist / Marriage and Family Therapist, Speech Therapist, Masseur, and Acupuncturist,
- (d) Out-of Province Emergency Hospital & Medical Treatment, Referral and Travel Assistance Services Coverage,
- (e) Hearing Aid Coverage \$1,000 maximum per four (4) years per family member,
- (f) Great-West Life Extended Health Care plan for Overage Dependants (up to age 25 if in college or university),
- (g) Semi-private hospital coverage,
- (h) Dispensing fee cap of \$10.00,

for retired employees. Should the employee become deceased prior to age 65, these benefits shall continue to be carried for the employee's spouse for a period of two (2) years, or earlier if they reach the age of 65, remarry, or obtain coverage elsewhere. The above coverage will be effective between the time the employee retires on an OMERS pension and the retired employee reaches the age of 65. For detailed explanation of coverage, please refer to plan booklet.

The Employer agrees to bill the retired employees for their portion of the benefit premiums on a semi-annual basis. Failure to pay invoiced amounts may result in cancellation of coverage without reinstatement privileges.

For all regular employees hired prior to August 4, 2008, the Employer pays 100% of the life insurance premiums of the Life Insurance Plan managed and administered by the MEARIE insured through Great-West Life, Policy 331133.

Date: \_\_\_\_\_

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Ross McMillan, President & CEO

\_\_\_\_\_  
Ed Lamb, Business Representative

## **LETTER OF AGREEMENT - COLA**

The Employer agrees to pay a cost of living allowance on the following terms and using the Index, Ontario CPI (2002 = 100):

As of August 2, 2010, a COLA clause comes into effect and is based on the Consumer Price Index for Ontario (Ont. CPI) published by Statistics Canada. The period from August 2, 2010 to July 31, 2011 will be the period in which inflation will be measured. The July 2010 Ont. CPI published in August 2010 will be used to determine subsequent wage schedule adjustments.

If and when the Ont. CPI increases by 4.00% above the July 2010 CPI base, there will be a 1% general wage increase effective the first full pay period following the publication of the CPI data. In the same manner, if and when the Ont. CPI increases by 5.00% above the July 2010 CPI base, there will be an additional 1% general wage increase effective the first full pay period following the publication of the CPI data. This COLA clause does not provide for more than a 2% wage increase in any circumstance. The COLA clause will not continue in effect past July 31, 2011 except that if the published figure for July 2011 would trigger an adjustment, the wage schedules will be adjusted retroactively to 23.59 hours, July 31, 2011.

Date: \_\_\_\_\_

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Ross McMillan  
President & CEO

\_\_\_\_\_  
Ed Lamb  
Business Representative

**LETTER OF UNDERSTANDING – CONTRACTING OUT**

As negotiated for the Collective Agreement for 2008 – 2011, during the term of this Collective Agreement commencing August 4, 2008, no member of the bargaining unit employed by the Employer on August 4, 2008 will lose his or her employment as a result of the contracting out of bargaining unit work beyond what is the present practice.

Date: \_\_\_\_\_

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Ross McMillan  
President & CEO

\_\_\_\_\_  
Ed Lamb  
Business Representative

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**APPENDIX E  
COLLECTIVE AGREEMENT  
OUTSIDE WORKERS  
AUGUST 4, 2008 TO JULY 31, 2011**



*An ISO 9001:2000 Registered Company*

## **COLLECTIVE AGREEMENT**

### **BETWEEN**

WOODSTOCK HYDRO SERVICES INC.

and

LOCAL 636 OF THE INTERNATIONAL  
BROTHERHOOD OF ELECTRICAL WORKERS  
A. F. of L., C. I. O., C. L. C.

REPRESENTING THE “**OUTSIDE WORKERS**”



### TERM

Year 1: August 4, 2008 to August 2, 2009  
Year 2: August 3, 2009 to August 1, 2010  
Year 3: August 2, 2010 to July 31, 2011

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## **ARTICLE 1 - PURPOSE**

- 1.01 A vital responsibility to serve the interests of the community efficiently and continuously is hereby acknowledged by the Employer and its employees.
- 1.02 This Agreement represents a mutual undertaking to uphold that responsibility through the maintenance of harmonious relationships and, therefore, the parties have come to specific agreement as hereinafter provided.
- 1.03 It is agreed that mutually acceptable working conditions will support these relationships, and, therefore, the parties have come to specific agreement as hereinafter provided.

## **ARTICLE 2 - UNION SECURITY**

- 2.01 All employees covered by this agreement who are now members or become members shall maintain such membership. New employees as of the date of hire shall commence the payment of Union dues as per Union Constitution and Bylaws.
- 2.02 The Employer and the Union agree that there will be no intimidation, discrimination, interference, restraint or coercion exercised or practiced by either of them or their representatives or members because of a member of the bargaining unit's membership or non-membership in the Union or because of a member of the bargaining unit's activity or lack of activity in the Union.
- 2.03 The Union further agrees that there will be no solicitation of membership, collection of dues or other Union activities on the premises of the Employer except as specifically permitted by this Agreement or in writing by the Employer.
- 2.04 The Employer agrees that there shall be no discrimination, interference, restriction, or coercion exercised or practiced with respect to any member of the bargaining unit in the matter of hiring, wage rates, training, promotion, transfer, lay off, recall, discipline, classification, discharge or otherwise by reason of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, age, marital status, family status or disability, nor in the exercise of his or her rights under this Agreement.
- 2.05 The Employer and the Union agree that no employee shall be subject to sexual and workplace harassment and agree to take such actions as necessary to assure that this purpose is achieved. The Employer agrees to post a copy of the Shared Values Policy in the workplace, and agrees that the Shared Values policy will not be amended or rescinded without notification to and consultation with the Union.

- 2.06 The Employer agrees to maintain an accurate listing of the name and address of Union employees on the WHSI Intranet.
- 2.07 The Employer agrees to grant to all members of the bargaining unit access to their personnel files during regular working hours and subject to the availability of the Manager of Internal Services or their designate. Such permission shall be arranged through each employee's immediate supervisor.
- 2.08 Should the Employer merge, amalgamate, or combine any of its operations or functions with another Employer, Company or Companies, the Employer agrees to give the Union as much notice as practically possible prior to any intent by the Employer to implement the above.
- 2.09 In the event there is a merger with another Employer, Company or Companies, in which the covered Employees therein are represented by another Union, the representation rights and the Collective Agreement and the status quo of Local 636 IBEW members shall be maintained in respect of those members until a final determination is made under the Labour Relations Act of Ontario or any successor organization as to the proper representation of the combined group.
- 2.10 The Employer agrees to provide ten (10) signed and sealed Collective Agreements to the Union after the final draft has been approved.
- 2.11 This agreement shall be binding upon the parties hereto, their successors, administrators, executors and assigns.

### **ARTICLE 3 - RECOGNITION**

- 3.01 The Employer recognizes the Union as the exclusive bargaining agency for all of the Employer's employees at the City of Woodstock, Ontario, save and except supervisors, persons above the rank of supervisor, and employees covered under an alternate collective agreement between the Union and the Employer.

### **ARTICLE 4 - EMPLOYEE CATEGORIES**

- 4.01 Unless both the Employer and the Union agree, in writing, to an extension of time, probationary employees are those who are hired with the understanding that they will become regular employees, provided that during the probationary period of one-hundred-and-twenty days (120) worked, they exhibit the ability and qualifications required by the Employer.
- 4.02 Temporary employees are those hired to work during a period when additional work of any nature requires temporarily augmented forces, or in the event of an emergency, or to work during vacation periods. If a temporary employee works continuously for a period longer than 120 days

worked that employee shall be considered a regular employee.

Notwithstanding the above, temporary replacement employees are those hired to replace a full-time, permanent employee due to illness or an approved leave of absence. If a temporary replacement worker works continuously for a period exceeding the length of the regular employee's absence plus 60 days worked, that employee shall be considered a regular employee.

Notwithstanding the above, up to two (2) concurrent students may be hired to work during a school vacation period or on a co-operative training basis, such employees to be deemed as temporary for the duration of their employment.

- 4.03 Employees reclassified from "Temporary" to "Probationary" will receive credit in the latter category for service as a temporary employee. Combined work in the two categories will not exceed one-hundred-and-twenty (120) days unless the temporary employee is the successful job posting applicant under the provisions of this Agreement from one job classification to another job classification. Then the probationary period commences with the start of the new position.
- 4.04 Regular employees are those who have worked for the Employer for more than one-hundred-and-twenty (120) days and who have successfully completed the probationary period, a temporary employee who has worked continuously for a period longer than one-hundred-and-twenty (120) days, or an employee who has completed a combined period in accordance with the Section 4.03.
- 4.05 Employees may terminate their employment with the Employer for the purposes of retirement by providing a minimum of one month's written notice to the Employer. Upon the request of the Employee, the notice period may be reduced by the Employer at the Employer's sole discretion, such reduction to be evidenced in writing. Employees may terminate their employment with the Employer at any other time by providing a minimum of two weeks' written notice to the Employer. Upon the request of the Employee, the notice period may be reduced by the Employer at the Employer's sole discretion, such reduction to be evidenced in writing.

## **ARTICLE 5 - MANAGEMENT FUNCTIONS**

- 5.01 The Union recognizes that the management of the operation and the direction of the working forces are fixed exclusively in the Employer, and without restricting the generality of the foregoing, the Union acknowledges that it is the exclusive function of the Employer:
- (a) to maintain order, discipline and efficiency;
  - (b) to hire, retire, discharge, direct, classify, transfer, layoff, recall and suspend or otherwise discipline employees for just cause subject to the right of an employee to submit a complaint or grievance in accordance with the terms of the Grievance Procedure as herein provided;
  - (c) to determine the nature and kind of business conducted by the Employer in all respects in accordance with its commitments and responsibilities, the right to use improved methods, machinery and equipment, and the exclusive control of all operations, building, machinery and tools, the control of the methods and techniques of work, the schedules of work, the number of personnel to be employed, the extension, limitation, curtailment or cessation of operations and to determine all other functions and prerogatives here before vested in and exercised by the Employer which shall remain the sole responsibility of the Employer.
- 5.02 The Employer agrees that these functions will be exercised in a manner not inconsistent with the provisions of this Agreement.

## **ARTICLE 6 - CHECK-OFF**

- 6.01 The Employer agrees to deduct Union Dues on each pay, from the wages of all employees in the Bargaining Unit, except persons regularly employed for not more than ten (10) hours per week, students employed during the school vacation period or on a co-operative training basis, and short-term temporary employees (up to 15 days worked).

Union Dues deduction commences on the date of hire for probationary employees as per Section 47 of the Ontario Labour Relations Act. The Union shall notify the Company in writing of the amount of such dues to be deducted under this section and provide at least sixty (60) days written notice of any changes in the amounts thereof that may be directed from time to time. Union Dues shall not be collected from employees who are in receipt of long-term-disability benefits (LTD), workers' compensation benefits, or leave without pay as per Article 13. Payroll deductions will not include any Union fines. Union Dues will be reported on employee T4 slips for Income Tax purposes.

The Employer also agrees to deduct and remit an amount equivalent to the Union initiation fee from each new employee upon the successful completion of their probationary period. The Unit Chairperson or designate will be notified when a probationary employee is hired. The Unit Chairperson or designate shall provide a photocopy of the Union Application of Membership form to the Employer at the end of the employee's probationary employment.

- 6.02 The company shall forward these deductions to the Union by the fifteenth (15<sup>th</sup>) day of the month following the month in which the dues have been deducted, together with an alphabetical listing of names showing the amount deducted from each employee, and earnings information used to determine this deduction. The total amount of dues deducted to date from each individual employee will be provided on an annual basis.
- 6.03 In consideration of the deduction and forwarding of Union dues by the Employer, the Union agrees to indemnify and save harmless the Employer against any claim or liability arising out of, or resulting from, the collection and forwarding of regular Union dues or Union initiation fees.

### **ARTICLE 7 - GRIEVANCE PROCEDURE**

- 7.01 The Union may appoint a regular employee from among the members of the bargaining unit, two (2) Stewards for the purpose of assisting employees in presenting grievances to the Employer as set forth in this Agreement.
- 7.02 The Union shall keep the Employer notified in writing of the names of the Stewards and the effective date of their appointment.
- 7.03 It is agreed that the Stewards shall continue to perform their regular work in order to maintain efficiency of operations. However, in accordance with this understanding, should it be necessary to assist an employee in presenting a grievance during working hours, Stewards will not leave their work without first obtaining the permission of their immediate supervisor, provided that such permission will not be unreasonably withheld. It is also understood that a Steward shall not enter another Department without first obtaining the permission of the Supervisor of such Department and notifying the Supervisor as to the nature of the grievance and the personnel involved. Prior to returning to work in the Steward's own Department, a Steward will report to the Steward's immediate Supervisor.
- 7.04 For the purpose of the Agreement, a grievance which involves interpretation, application, administration or alleged violation of this Agreement shall be considered to be a fit matter for grievance and shall be dealt with as specified below. The time limits for the processing of grievances shall be observed strictly by the parties except in the case of mutual agreement to alter the time limits. All written notices referred to in this procedure shall include a statement of the following:

- (a) the grievance;
- (b) the part of the Agreement that is alleged to have been violated;
- (c) the redress sought;
- (d) the date.

7.05 Grievances properly arising under this Agreement shall be submitted in the following manner and sequence:

**Step 1 – Departmental**

An employee who has a grievance shall first present same in writing to their immediate supervisor within five (5) working days from the date of the occurrence which has given rise to the grievance. The employee will be accompanied by a Union Steward, at a reasonable time to be fixed by the supervisor. The supervisor may be accompanied, if the supervisor so wishes, by the Manager of Internal Services. The supervisor's written answer, summarizing the nature of the grievance and the supervisor's response, shall be given within five (5) working days of the matter being discussed.

**Step 2 – HR**

If the written response at the departmental level is unsatisfactory, the Steward shall present a written and dated grievance signed by the grievor to the Manager of Internal Services within five (5) working days from the date of the supervisor's written response. The grievor can choose to attend at their discretion. The Manager of Internal Services will render a decision in writing within five (5) working days after discussing this grievance with the Steward and the grievor.

**Step 3 – President**

If the decision of the Manager of Internal Services is not acceptable to the grievor, the grievance may be submitted to the President (or designated representative) within five (5) working days after the decision is delivered under Step 2. A meeting will then be held with the President (or designated representative) within five (5) working days from the date the grievance is submitted under Step 3. The Employer may have such representation as it may desire at the meeting. A Grievance Committee of not more than two members of the bargaining unit and a Business Representative will be present. An International Representative of the Union may be present. The decision of the President / designate will be given in writing within five (5) working days following the date of the meeting.

7.06 Failing settlement under the foregoing procedure of any grievance between the parties arising from the interpretation, application, administration or alleged violation of this Agreement, including any question as to whether a matter is arbitrable, such grievance may be submitted to arbitration as

hereinafter provided in Article No. 8, and if no written request for arbitration is received by either party within ten (10) working days after the decision under Step No. 3 is given, it shall be deemed to have been abandoned or settled.

7.07 A claim by a member of the bargaining unit who has completed the probationary period that the member of the bargaining unit has been unjustly discharged shall be treated as a grievance if a written statement of such grievance is lodged by the employee at Step No. 3 above within three (3) working days after the employee ceases to work for the Employer. Such special grievance may be disposed of under the Grievance Procedure or Arbitration by:

- (a) confirming the Employer's action in dismissing the employee; or
- (b) reinstating the employee with full compensation for time lost; or
- (c) by other arrangement which is just in the opinion of the parties or an Arbitration Board or single Arbitrator, as the case may be, if appointed.

7.08 A grievance arising directly between the Employer and the Union involving the interpretation or alleged violation of this Agreement may be submitted, in writing, and dealt with through the respective representatives of the parties and in the case of a Union grievance, shall commence with Step No.3 under the Grievance Procedure. In the case of the Employer, the matter will be submitted to the Union and failing settlement within six (6) working days thereafter, may be referred to arbitration as hereinafter provided within the period of ten (10) working days following the completion of such six (6) working day period. However it is expressly understood that the provision of this paragraph may not be used to institute a complaint or grievance directly affecting an employee or employees which such employee or employees could themselves institute and the regular grievance procedure shall not be thereby by-passed.

7.09 All letters of discipline or reprimand (including verbal warnings) issued to a member of the bargaining unit shall be removed from the employee's personnel file, whether paper or electronic, up to eighteen (18) months from the date of infraction.

7.10 At a meeting where an employee is to be disciplined, a Union Steward will be present.

7.11 Time allowances provided in Article 7 may be extended by mutual agreement in writing between the parties.

7.12 In the event that grievances are not settled in Step 3 of this grievance procedure, the parties may mutually agree to refer the grievance to the Grievance Mediation process in which case there shall be a 50-50 cost sharing arrangement of the Grievance Mediator.

### **ARTICLE 8 - ARBITRATION**

- 8.01 If a satisfactory settlement has not been reached within twenty (20) working days from the date of this first meeting with the Employer, the grievance may be referred by either party to a sole arbitrator as provided in the next following articles hereof at any time within fifteen (15) working days thereafter, but not later.
- 8.02 Within five (5) working days of the request by either party for a Sole Arbitrator, each party shall notify the other of a list of a maximum of three (3) Sole Arbitrators.
- 8.03 The party receiving the notice shall, within five (5) working days, advise the other party of its acceptance of one of the three (3) Arbitrators or alternatively, supply a list of three (3) other Arbitrators.
- 8.04 At this time both parties will attempt to come to an agreement on selecting a Sole Arbitrator.
- 8.05 In the event that the parties are unable to agree on a Sole Arbitrator within five (5) working days from the receipt of the second list of Arbitrators as may be provided under Article 8.03, the Minister of Labour for Ontario shall be asked to appoint an Arbitrator.
- 8.06 The Sole Arbitrator shall not have any power to alter or change any of the provisions of this Agreement or to substitute any new provisions for any existing provisions nor to give any decision inconsistent with the terms and provisions of this Agreement. The decision of the Sole Arbitrator shall be final and binding upon the parties and upon any employee affected by it.
- 8.07 Each of the parties to this Agreement will bear the expenses of the arbitrator appointed by it, and the parties will jointly bear the expenses.
- 8.08 No person shall be selected as arbitrator who has been directly involved in attempts to negotiate or settle the grievance.
- 8.09 Notwithstanding the above provisions of this Article, it is recognized that either party to this Agreement may request the Minister of Labour for Ontario to refer to a single arbitrator, to be appointed by the Minister, as provided in the Labour Relations Act of Ontario. In the case of a single arbitrator, the contents of this Article shall be read accordingly.
- 8.10 In cases of suspension, discharge or discipline, grievances may be settled by confirming the Employer's decision in discharging or suspending the employee or by reinstating the employee without loss of seniority and reimbursing the employee in full or by any other arrangement, which is just and equitable in the opinion of the Sole Arbitrator.
- 8.11 Time allowances provided in Article 8 may be extended by mutual agreement in writing between the parties.

## ARTICLE 9 - SENIORITY

9.01 Seniority shall be defined as the length of continuous service a regular employee has established with the Employer and shall accrue in all cases from the date the regular employee last entered the employ of the Employer.

9.02 An employee will be on probation and will not be placed on the appropriate departmental seniority list until after the employee has completed a total of one-hundred-and-twenty (120) days worked with the Employer. Following completion of the employee's probationary period, the employee's name will be placed on the appropriate departmental seniority list with seniority entitlement as of the date one-hundred-and-twenty (120) days worked immediately prior thereto. It is agreed that seniority will be exercised by employees on a departmental basis only. Such Departments for the purpose of seniority as herein provided shall be:

Line Department  
Meter/Substation Department  
Stores Department  
Engineering Department

9.03 The Employer shall maintain a departmental seniority list, a copy of which will be forwarded to the Business Representative of the Union in January of each year. A copy will be posted on the Union bulletin board according to Article 15.01.

9.04 For the purpose of lay-offs caused by work shortage and for the purpose of recalling those to work who have been laid off, as well as in the case of promotions (excluding promotions to positions outside the bargaining unit, which shall not be subject to the provisions of this Agreement), departmental seniority will be applied on the basis as set forth herein and the following factors shall be considered:

- (a) seniority; and
- (b) qualifications, skill and ability to perform the work.

It is agreed that where factors in (b) immediately above are relatively equal, in the opinion of the Employer, seniority as herein defined will govern.

The Employer will notify the Union at least thirty (30) calendar days prior to the effective date of lay-off of designated members of the bargaining unit. Both parties shall meet and discuss alternative methods to avoid lay-offs.

9.05 An employee shall lose seniority and the employee's name removed from the records if the employee:

- (a) resigns voluntarily,

- (b) is discharged, and not subsequently reinstated through the grievance or arbitration procedure,
- (c) is laid off for a period exceeding twelve (12) consecutive calendar months or a period equal to the employee's seniority, whichever is the lesser,
- (d) fails to report for work after a lay-off within five (5) working days of recall notice by registered mail to the last address which the employee has filed with the Employer, unless the employee provides the Employer, in writing, with evidence of sickness or other unavoidable reasons for not reporting for work within the time limit specified above,
- (e) is absent for three (3) consecutive working days or more unless the employee provides the Employer with evidence of sickness or other unavoidable reasons for not reporting for work,
- (f) fails to report back to work after the expiration of the term of a leave of absence, unless the employee is able to provide the Employer with a satisfactory reason for the failure to report back to work,
- (g) retires.

9.06 An employee shall maintain and accumulate seniority when absent from work for the following reasons:

- (a) during a leave of absence granted by the Employer for periods up to thirty (30) calendar days,
- (b) during a lay-off up to twelve (12) consecutive calendar months or a period equal to the employee's seniority, whichever is the lesser,
- (c) during periods of absence due to non-occupational accident or sickness up to twenty-four (24) consecutive calendar months or a period equal to the employee's seniority, whichever is the lesser,
- (d) during periods of absence resulting from an occupational injury up to the temporary disability coverage extended under the Workplace Safety and Insurance Board Act,
- (e) when an employee is promoted out of the bargaining unit and remains in the employ of the Employer, and is later transferred back to the bargaining unit, the employee shall accumulate to a maximum of one (1) year's seniority in addition to the employee's seniority standing at the time of promotion.
- (f) during absences for pregnancy, adoption and parental leave provided in the Employment Standards Act of Ontario.

9.07 An employee shall maintain seniority without further accumulation at the level attained when absent from work on a personal and unpaid leave of absence in excess of thirty (30) calendar days when granted by written permission of the Employer, not to be in conflict with Article 9.06(f).

9.08 It shall be the duty of employees to notify the Employer promptly of any change in address. If an employee fails to do this, the Employer will not be responsible for failure of a notice to reach such employee.

9.09

- (a) The Employer will post notice of any job vacancy, other than temporary jobs as defined in Section 4.02 above, on the bulletin boards designated by the Employer for a period of five (5) working days before it is filled, it being understood, however, that the Employer may fill such vacancy on a temporary basis pending the selection of the person by the Employer in accordance with the terms of this Section.
- (b) Regular employees may make application for such job vacancies within such period of posting, provided that the Employer shall not be confined to the applicants in filling the vacancies unless they are qualified in respect of qualifications, skill, ability and efficiency for the job concerned in accordance with Section 9.04 hereof.

A temporary employee may make application for any publicly advertised job vacancy, and their qualifications, skill, ability and efficiency will be duly considered. The Employer shall not be confined to the applicant(s) in filling the vacancy.

- (c) An employee who is appointed to a new position through the posting procedure described in this Section shall have a trial period in the new position for up to sixty (60) working days if the progression to full job rate is 24 months or greater or up to thirty (30) working days if the progression to full job rate is less than 24 months.
- (d) If the employee finds the job unsatisfactory, or is unable to meet the job requirements in a manner satisfactory to the Employer, the employee shall be returned to the employee's former position.
- (e) Any other employee who had been promoted or transferred as a consequence of the promotion or transfer referred to above in this Section shall be returned to that employee's former position.
- (f) Any employee going on vacation may pre-apply under the job posting provisions with the Employer indicating their job preference should a vacancy become available during the vacation period.

9.10 In the event any new classification is established within this Agreement, Management shall advise the Union of the approved job evaluation and proposed rate of pay and allow a period of ten (10) working days for the Union to seek clarification on same prior to implementation.

## **ARTICLE 10 - NO STRIKE, NO LOCK-OUT**

10.01 There shall be no lockout by the Employer and no strike, slowdown, refusal to perform work, picketing or other interference with the operation of the Employer's business by the employees during the term of the Agreement.

## **ARTICLE 11 - HOURS OF WORK AND OVERTIME**

11.01 This Article provides the basis for establishing work schedules and for the calculation and payment of overtime, but shall not be read or construed as a guarantee of hours of work per day or week or a guarantee of days of work per week.

11.02 The normal workweek of employees shall be forty (40) hours per week consisting of five (5) days of eight (8) hours each from Monday to Friday inclusive. The Employer may establish within the normal eight (8) hour day a twenty minute paid lunch commencing the first Monday of April each year and continuing to and including the last Friday of September each year. The normal workweek of rotating shift employees shall average, on an annual basis, forty (40) hours per week, Monday to Sunday inclusive.

11.03 It is mutually acknowledged that from time to time it will be necessary for employees to perform work outside of the normal schedules.

11.04 For authorized work performed in excess of all normal daily or weekly hours, and on Holidays, the premium rates will be double the regular hourly rate.

In lieu of payment for overtime worked, members of the bargaining unit may elect to bank overtime worked to be taken as paid time off work up to a limit of the equivalent of five (5) days per calendar year under the following conditions:

- (a) overtime hours banked will be taken off work as premium time; a minimum call out (Section 11.05 immediately below) will be banked as three (3) hours;
- (b) the ability to accumulate banked time for the calendar year commences on January 1 of each year. Each year, members of the bargaining unit must notify the Employer by November 20<sup>th</sup> regarding any banked hours which either have been duly scheduled to be taken before the end of the calendar year or are to be carried forward to the next year (subject to d) below). On the first pay of December, all unallocated banked time will be paid out. Any additional banked time earned after November 20<sup>th</sup> for the current calendar year will be carried forward to the following year;
- (c) the actual days of banked time taken off will be at the discretion of Management as is provided in Article 23 VACATIONS, to permit the efficient operation of the Employer's business;

(d) a maximum of five (5) days of unused banked time can be carried forward to the subsequent year.

11.05 An employee required to work outside of their regular scheduled hours of work will receive a minimum of three (3) hours' pay at the basic hourly rate, except when such work occurs immediately before or following the employee's regular shift.

Successive calls received during the minimum one-and-one-half (1.5) hour call-out period shall be considered as one call for the purpose of this section.

11.06 An employee authorized to work two-and-a-half (2-½) or more continuous hours of unscheduled overtime as an extension at the end of their normal work day will be entitled to a meal allowance of \$12.00. Alternatively, an employee authorized to work for three (3) or more continuous hours of unscheduled overtime will be entitled to a meal allowance of \$12.00. In either case, an employee authorized to work for eight (8) or more continuous hours of unscheduled overtime will be entitled to a second meal allowance of \$12.00. The meal allowance amount will increase to \$12.50 on August 2, 2010.

11.07 The Employer will attempt to ensure, consistent with the operation of its business, that equitable distribution of all authorized overtime will be allocated among qualified employees who normally perform such overtime work.

11.08 For the purposes of calculating length of overtime, overtime commences when the employee leaves their residence and ends when the employee leaves the workplace or work location to return home, rounded to the nearest fifteen-minute interval.

## **ARTICLE 12 - BEREAVEMENT LEAVE**

- 12.01 A regular employee will be allowed up to five (5) consecutive working days' leave of absence with pay at the employee's basic hourly rate in the event of the death of the employee's spouse, child, step-child, mother, father, step-mother, step-father, mother-in-law, father-in-law.
- 12.02 A regular employee will be allowed up to three (3) consecutive working days' leave of absence with pay at the employee's basic hourly rate in the event of the death of the employee's sister or brother.
- 12.03 A regular employee will be allowed one (1) day leave of absence with pay at the employee's basic hourly rate in the event of the death of the employee's grandparent, brother-in-law, sister-in-law, son-in-law, daughter-in-law, grandchildren, stepbrother-in-law, stepsister-in-law, such leave to be contingent upon the employee attending the funeral.
- 12.04 A regular employee will be allowed one half (1/2) day leave without loss of pay for the purpose of attending a funeral in which the employee is participating as a pallbearer.
- 12.05 In circumstances judged unusual by the Employer or for funerals outside Ontario, a regular employee may be granted an extension of Bereavement Leave as outlined in this Article in the form of an unpaid leave of absence.
- 12.06 The Employer will recognize a common-law spouse/partner who is residing with an employee in a common-law relationship one (1) year following notification to the Employer by the employee.
- 12.07 For bereavement incidents covered under 12.01 and 12.02, in circumstances where a spring interment is required, the employee may submit at the time of the bereavement event an election to split their entitlement into two leaves, with a specified number of consecutive days for each, and which will not exceed in total the entitlement provisions.
- In circumstances where a bereavement occurs on a scheduled vacation day or banked day off, that day can be cancelled by the employee for rescheduling at a later date according to the terms of Article 23 (Vacations).

## **ARTICLE 13 - LEAVE OF ABSENCE**

- 13.01 Leaves of absence require the written permission of the Employer, and applications for leave of absence must be submitted in writing one (1) week in advance.
- 13.02 Leave of absences with pay will be granted at the basic hourly rate to employees who are authorized by the Employer to participate in work-related off-site seminars, training sessions, workshops, conferences, conventions and meetings. Employees will be paid to a maximum of the regular number of hours per day for their classification as outlined in Article 11.02.
- 13.03 Unauthorized absence from work will constitute voluntary termination of employment except in cases where the Employer considers the circumstances to be of an emergency nature or beyond the employee's control and the employee has notified the Employer of the circumstances as soon as possible.
- 13.04 Leave of absence without pay to extend vacation time beyond that granted in Article 23 VACATIONS is at the sole discretion of the Employer.
- 13.05 When the Employer grants a leave of absence without pay which extends beyond twenty (20) working days, the employee will reimburse the Employer for 100% of the cost of all benefits as described in Article 24. This excludes absence for which the employee is receiving compensation from the Employment Insurance Sick Leave plan or the Workplace Safety and Insurance Board as a temporarily or totally disabled employee or receiving compensation from the Union while on Union business.

## **ARTICLE 14 - CLASSIFICATION AND WAGES**

- 14.01 The Employer agrees to pay and the Union agrees to accept for the term of this Agreement, the classifications and hourly wage rates as set forth in Schedule I attached hereto.
- 14.02 Employees in classifications requiring formal training such as the Lineperson, Meter Technician and Maintenance Technician shall progress from minimum to maximum in their classifications when they have completed the months of service listed in Schedule I, and when they have completed successfully the required courses, whichever occurs last. Notwithstanding the above, employees in classifications listed above in this section who were unable to attend required courses prior to the months of service listed in Schedule 1 because they could not be scheduled by the Employer will be paid their progression retroactively to a time two (2) months past the months of service listed in Schedule 1, once the required courses have been completed successfully. The Employer is committed to enrolling employees in the classifications listed in this section in the required training program in a manner that is in keeping with the efficient operation of the Employer's business.

Employees in all other classifications shall progress from minimum to maximum in their classifications as set out in Schedule I.

14.03 In the event that a Lineperson, Meter Technician or Maintenance Technician hired on or after August 4, 2008 terminates their employment with the Employer to move to another LDC within one year of completing their formal training, prior to termination the employee will fully reimburse the Employer an amount equal to fifty per cent (50%) of all off-site training costs (tuition and expenses) incurred during the past twelve months worked.

14.04 In the event that any employee in any classification fails to make satisfactory progress in the opinion of Management, that employee's advancement may be withheld, but be subject to the grievance and arbitration procedure. When progression is withheld, Management shall inform the employee of the reason for withholding progression. Six (6) months after withholding progression, Management will review the employee's progress and general performance, and if found satisfactory, the employee shall be progressed to the next step.

### **ARTICLE 15 - BULLETIN BOARD**

15.01 The Employer will arrange for a central bulletin board for all employees governed by this Agreement, in a location as mutually agreed between the parties, which may be used by the Union for posting notices which shall be subject to the approval of the Employer before posting. There shall be no general distribution or posting of any other notices of any kind by the Union upon Employer property other than as herein provided.

### **ARTICLE 16 - HOLIDAYS**

16.01 The following corporate holidays shall be recognized and observed on the day defined by the Employer:

New Year's Day, Good Friday, Easter Monday, Victoria Day, Canada Day, Civic Holiday, Labour Day, Thanksgiving Day, the day immediately preceding Christmas Day, Christmas Day, Boxing Day, and the day immediately preceding New Year's Day.

A list of the dates for each of the above holidays for the calendar year will be posted during January of each year on the central bulletin board.

16.02 The regular employees of the Employer will be entitled to payment of wages at the basic hourly rate for such holidays provided they have worked on their normal scheduled day of work which immediately precedes and follows such a holiday.

Part-time and temporary employees of the Employer will receive public

holiday pay for each recognized holiday in keeping with the approach outlined in the Employment Standards Act, provided they have worked on their normal scheduled day of work immediately preceding and following the holiday.

- 16.03 Any employee who is required to work on such a holiday shall be paid for time worked at the premium rate specified in Section 11.04.

### **ARTICLE 17 - JURY DUTY**

- 17.01 While required to serve as a jury member, or subpoenaed as a witness, a regular employee will be allowed leave of absence and paid the difference between the employee's pay at the basic hourly rate and compensation for such duty, which shall be verified in writing by the appropriate Court official showing the date(s), time served and amount of payment received on each date.

### **ARTICLE 18 - COMMITTEES**

- 18.01 Upon request the Union shall provide the Employer with a list of members of all committees, to be revised from time to time as changes occur. The Employer shall provide the Union with a list of Supervisors to whom grievances and other relevant matters may be submitted as the occasion may arise.
- 18.02 Members conducting union business during normal working hours for the purpose of attending grievance meetings with the Employer up to and including Step 3, attending Joint Labour Relations Committee meetings, attending coaching or disciplinary meetings, participating in pay equity maintenance processes or discussing labour relations matters with the President and/or Manager of Internal Services shall not suffer any loss of regular pay for these activities. Any other union business conducted during normal working hours where maintenance of regular pay is expected must be pre-approved by the President or Manager of Internal Services if practical. Members conducting union business shall not leave their work without first obtaining the permission of their immediate supervisor, provided that such permission will not be unreasonably withheld.
- 18.03 The Employer will recognize a Negotiating Committee of four (4) members consisting of three (3) employees of the bargaining unit and the Unit's Chairperson. The Employer agrees to recognize the Local Union Business Manager and/or the Business Manager's representative of the International Brotherhood of Electrical Workers during negotiations.
- 18.04 The parties agree to continue to participate in a Joint Labour Relations Committee comprised of three (3) members of the bargaining units representing the outside bargaining unit, the inside bargaining unit, the unit

chairperson and an equal number of representatives from management. It is recognized that the Union's Business Representative may attend.

Such Committee shall meet bi-monthly, or at mutually agreeable dates, to discuss items of mutual interest relating to the workplace, excepting grievances. The agenda will be developed mutually through consultation sufficiently in advance of the meeting to allow appropriate preparation.

## **ARTICLE 19 - SAFETY**

- 19.01 The Employer shall issue to each member of the bargaining unit a copy of the "Rule Book" published by the Electrical Utilities Safety Association and in all operations the general rule and procedures therein set forth shall be strictly adhered to.
- 19.02 The Employer will arrange for instruction in first aid and/or accident prevention methods and/or other topics judged by the Employer to be in the best interests of the efficient operation of the Employer, for a minimum of twelve (12) hours per year during regular hours of work.
- 19.03 The Employer and the Union recognize that the Employer has an established safety practice for the purpose of employee/employer participation in maintaining safe working conditions and practices.

## **ARTICLE 20 - CLOTHING AND TOOLS**

- 20.01 The Employer shall issue to each member of the bargaining unit, as is appropriate, and as required in the judgement of the Employer:
- Safety helmets, safety vests, summer and winter safety jackets, safety coveralls, flash goggles, rubber gloves, leather gloves, rainwear, rubber boots, three fingered liners for winter, all as required.
- And to linemen: spurs and belts.
- And to inside meter maintenance men: smocks as required, the employee being responsible for laundering and maintenance.
- 20.02 In addition, the Employer will provide the necessary equipment for the covering of live apparatus and all hand tools required to carry out the job on the strict understanding that each employee will make the best use of such equipment for the employee's own safety and the protection of others while on hazardous work. All tools, clothing and equipment must be signed for by employees and any of the tools, clothing or equipment carelessly lost or willfully damaged, must be paid for by the employee. In the event of termination of employment, all tools, clothing and equipment must be returned

to the Employer and the value of anything not accounted for will be deducted from the final pay cheque. Each employee shall report in writing to the employee's immediate supervisor any defects in tools, clothing or equipment.

20.03 The Employer shall pay up to \$170.00 commencing August 4, 2008 and \$175.00 commencing August 2, 2010 per contract year for all employees who are obliged by law to wear safety footwear, on presentation of a receipt showing purchase or repair of approved safety footwear. Employees eligible for this footwear allowance who do not spend all or any of the footwear allowance during one year, may carry over any unused balance into the subsequent year. All carry over balances must be used in the following year.

20.04 The Employer shall pay up to \$200.00 per contract year for the purchase of pants, shirts and other appropriate outer wear work clothing, on presentation of a receipt showing purchase except for those employees receiving Fire Retardant Clothing.

### **ARTICLE 21 - REST PERIODS**

21.01 Employees will be granted a fifteen (15) minute rest period during each half shift on the work site at a time as specified by the supervisor.

### **ARTICLE 22 - SICK LEAVE AND WORKPLACE SAFETY AND INSURANCE BOARD PAY**

22.01 Sick pay credit will accrue to regular employees at the rate of one and one half (1 1/2) days per month of continuous Employer service credit to a maximum of three hundred (300) days. A maximum of eighteen (18) days of sick leave credit will be accumulative per calendar year, but this amount will be reduced by the number of days of sick pay credit used during the calendar year. A regular employee requesting sick leave may be required by the Employer to furnish a doctor's certificate for each occurrence. The cost of the medical note or certificate shall be at the expense of the Employer.

22.02 Upon normal retirement at sixty-five (65) years of age, or voluntary termination of employment, or death, after a minimum of thirteen (13) years of continuous Employer service, a regular employee hired prior to August 10, 1985 will receive a cash payment of fifty (50) percent of a maximum of 200 days of unused sick pay credit.

22.03 The Employer shall provide a written statement to each employee in January of each year indicating the total amount of sick time accumulated.

22.04 The Employer will provide makeup pay to employees on Workplace Safety and Insurance Board compensation calculated as follows:

The makeup pay will be the difference between the award by the Workplace Safety and Insurance Board and the employee's normal earnings after statutory deductions have been deducted. For the purpose of calculating the makeup pay, employees' earnings will include only regular scheduled hours for a normal week. The makeup pay plus the Workplace Safety and Insurance Board payment will be such as to maintain the employee's normal net pay to within two (2) dollars. The amount of makeup pay converted to hours will be deducted from the employee's sick leave.

- 22.05 The Employer and the Union shall support rehabilitation and return to work strategies and policies such that employees who have experienced injury or illness are safely able to return to the workplace at the earliest opportunity. In accordance with Ontario Human Rights legislation and Supreme Court of Canada rulings, the Employer and Union shall make every effort, short of undue hardship, to facilitate the most appropriate accommodation when a returning Employee is temporarily or permanently disabled due to their injury or illness. This may be accomplished through job restructuring, reassignment to open positions, or retraining for alternative positions.

### **ARTICLE 23 - VACATIONS**

- 23.01 For the purposes of this Article, one day is equivalent to eight (8) hours, and one week is equivalent to forty (40) hours.

- 23.02 An employee who commences employment in the first six months of the current calendar year will be assigned, upon successful completion of their probationary employment period, a vacation entitlement to be taken in the current calendar year of one-and-a-quarter (1.25) days per month worked between January and June to a maximum of seven-and-a-half (7.5) days, it being understood that a part-month's service of two (2) weeks or longer will earn one-half a day's vacation.

An employee who commences employment in the second half of the current calendar year and therefore has less than six months of service from the date of the start of employment to December 31 will not receive any vacation entitlement in the current calendar year and will receive pro-rated vacation entitlements for the upcoming calendar year. The employee will be assigned a vacation entitlement on January 1 of the next year of one-and-a-quarter (1.25) days per month to a maximum of seven-and-a-half (7.5) days vacation with pay for service earned between July 1 and December 31 of the previous year, it being understood that a part-month's service of two (2) weeks or longer will earn one-half a day's vacation. This entitlement may be taken between January 1 and June 30 upon successful completion of the probationary employment period. Additionally, the employee will be assigned one-and-a-half weeks (7.5 days) vacation with pay for service anticipated to be performed between January 1 and June 30 of the next year, which may be taken between July 1 and December 31 along with any other unused vacation entitlements.

23.03 For all regular employees on January 1, vacation entitlements for the current calendar year become available on January 1 and represent the total of the entitlements earned between July and December of the previous year (based on January 1 seniority), and the vacation entitlements projected to be earned between January and June of the current year (based on July 1 seniority). Additionally, employees whose seniority falls within the transition year ranges on either January 1 or July 1 of the calendar year will receive an additional entitlement based on the number of months within the threshold range during the previous six months.

Therefore, as of January 1, based on the length of service so determined, each employee with six (6) or more months of continuous employment on January 1 will be assigned his or her vacation entitlement for the subsequent calendar year according to the chart below. Vacation entitlement earned in the previous year may be taken between January 1 and June 30; between July 1 and December 31, the employee will take the vacation entitlement earned between January and June plus any unused portion of the entitlement from the first half of the year.

**Employees with a Start Date in Q1/Q2 of the calendar year:**

Seniority At Jan 1	# of Vacation Days in the Current Calendar Year
Greater than 6 months	15 days (3 weeks)
Greater than 9 years	20 days (4 weeks)
Greater than 17 years	25 days (5 weeks)
Greater than 23 years	30 days (6 weeks)
Greater than 7.5 years	15 days (3 weeks) + ½ day for each month in TYQ1/Q2 greater than 8 years
Greater than 8.5 years	7.5 days + ½ day for each month in LYQ3/Q4 greater than 8 years + 10 days
Greater than 15.5 years	20 days (4 weeks) + ½ day for each month in TYQ1/Q2 greater than 16 years
Greater than 16.5 years	10 days + ½ day for each month in LYQ3/Q4 greater than 16 years + 12.5 days
Greater than 21.5 years	25 days (5 weeks) + ½ day for each month in TYQ1/Q2 greater than 22 years
Greater than 22.5 years	12.5 days + ½ day for each month in LYQ3/Q4 greater than 22 years + 15 days

**Employees with a Start Date in Q3/Q4 of the calendar year:**

<b>Seniority At Jan 1</b>	<b># of Vacation Days in the Current Calendar Year</b>
Greater than 1 year	15 days (3 weeks)
Greater than 9 years	20 days (4 weeks)
Greater than 17 years	25 days (5 weeks)
Greater than 23 years	30 days (6 weeks)
Greater than 8 years and Less than 9 years	15 days (3 weeks) + ½ day for each month in LYQ3/Q4 and TYQ1/Q2 greater than 8 years
Greater than 16 years and Less than 17 years	20 days (4 weeks) + ½ day for each month in LYQ3/Q4 and TYQ1/Q2 greater than 16 years
Greater than 22 years and Less than 23 years	25 days (5 weeks) + ½ day for each month in LYQ3/Q4 and TYQ1/Q2 greater than 23 years

TYQ1/Q2 = January to June (first two quarters) of this year  
 LYQ3/Q4 = July to December (last two quarters) of last year

- 23.04 All employees with more than eight (8) years of service but less than nine (9), or more than sixteen (16) years of service but less than seventeen (17), or more than twenty-two (22) years of service but less than twenty-three (23) on December 31, will be assigned on January 1, in addition to the vacation entitlement appropriate to the years of service, one day of vacation for each two (2) months of service over eight (8) years, sixteen (16) years, or twenty-two (22) years of service respectively, it being understood that pro-rated service will not result in less than a half-day of vacation being assigned.
- 23.05 Employees will receive an additional two (2.0) days paid holiday per calendar year, to be scheduled and taken during that year according to the stipulations of Article 23 regarding vacations.
- 23.06 In the event of a paid holiday as set out in Article 16 on HOLIDAYS occurring during an employee's vacation, the employee shall receive payment for the holiday at the basic hourly rate or another day off with pay.
- 23.07 Upon request, eligible employees will be provided with two- (2) weeks' vacation during July and August subject to Section 23.08. An employee shall not be granted more than two- (2) weeks' vacation during the period June 15th to September 30th except with the permission of Management. Providing Management can make suitable arrangements, the total vacation entitlement may be taken at one time during the period October 1st to June 14th.

23.08 The efficient operation of the Employer's business will be considered first in arranging vacation. When the requests of two or more employees conflict, and all other attempts to resolve this difficulty have failed, Management will allocate vacations, giving preference to the employee having the most seniority accumulated while in the service of the Department concerned.

Vacations for the period of January 1 through April 30 shall be arranged between the employee and Management before December 1st of the previous year. Vacations for the period May 1 through December 31 shall be arranged between the employee and Management before April 1st each year. Employees will be notified of approval of vacations for each time period by December 8th and April 8th respectively. Vacation requests submitted after December 1 and April 1 respectively will be granted on a first-come, first-served basis.

23.09 Except when prearranged with the Employer and subject to the approval of the Employer, all vacation allocated to an employee under the terms of this Article in a particular calendar year must be used in that calendar year.

23.10 When an employee leaves the active employ of the Employer, remaining vacation entitlements and/or earned vacation entitlements for future vacation periods will be prorated based on the date employment ceases.

## **ARTICLE 24 - HEALTH AND WELFARE BENEFIT PLANS**

24.01 The Employer agrees to pay 100% of the applicable premiums for the Great West Life Supplemental Plan administered by the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE) for all employees under the age of 65. The employee is responsible for the \$10/\$20 deductible / benefit year. Highlights of coverage are as follows;

- (a) Great-West Life Preventative Dental Plan at the current O.D.A. Fee Schedule,
- (b) Great-West Life Orthodontic Rider with a \$2,000 lifetime maximum per family member with 50%-50% co-insurance,
- (c) Great-West Life Major Restorative (Caps and Crowns) \$1,000 maximum per calendar year with 50%-50% co-insurance,
- (d) Great-West Life Vision Care \$310.00 (\$325 effective August 1, 2009) per family member every two (2) years. Laser eye surgery at one times the vision care amount and one eye exam every 24 months,
- (e) Drugs, medicines or serums that can only be obtained through a written prescription and certain life-supporting, non-prescription drugs that are prescribed through a written prescription. The maximum

amount for any covered expense is the price of the lowest cost generic equivalent product that can legally be used to fill the prescription, as listed in the Provincial Drug Benefit Formulary. If there is no generic equivalent product for the prescribed Drug or medicine, the amount covered is the cost of the prescribed product. Where a prescription contains a written direction from the Physician or dentist that the prescribed Drug or medicine is not to be substituted with another product, the full cost of the prescribed product is covered if it is a covered expense under this benefit.

- (f) Great-West Life Paramedical Coverage, maximum of \$500 per practitioner per year (except where noted together in which case it is a combined maximum) for Chiropractor, Osteopath, Chiropodist, Podiatrist, Naturopath, Physiotherapist / Sports Therapist, Psychologist / Marriage and Family Therapist, Speech Therapist, Masseur, and Acupuncturist,
- (g) Out-of Province Emergency Hospital & Medical Treatment, Referral and Travel Assistance Services Coverage,
- (h) Hearing Aid Coverage \$1,000 maximum per four (4) years per family member,
- (i) Great-West Life Dental and Extended Health Care plans for Overage Dependents (up to age 25 if in college or university),
- (j) Semi-private hospital coverage
- (k) Two (2) year Survivor Benefits for Dental and Extended Health Care plans,
- (l) Employee Assistance Plan (EAP) to be provided at the expense of the Employer,
- (m) Dispensing fee cap of \$10.00,

with respect to regular employees, while such employees remain in the active employ of the Employer. For detailed explanation of coverage, please refer to plan booklet.

For the purposes of this Article, "while employees remain in the active employ of the Employer" means that the Employer agrees to pay benefits under the following circumstances: working, vacation, sick leave, bereavement leave, jury duty, maternity, parental or adoption leave, and leave as provided under Section 9.06 (a), (c), and (d).

For all regular employees aged 65 and over, the benefits listed above will also be provided with the following noted exceptions:

- i. drug claims will be paid by the Ontario Government (ODB) first and then the insurance company
- ii. Out of Province/Country Coverage Plan excluded

24.02 The Employer agrees to pay 100% of the applicable premiums for regular employees under the age of 65 while such employees remain in the active employ of the Employer for a Long Term Disability Insurance Plan through the Municipal Electric Association Reciprocal Insurance Exchange to provide a benefit of 66-2/3 per cent of gross regular pay to a maximum benefit of two thousand five hundred dollars (\$2,500.00) per month effective July 31, 2006 and to a maximum of three thousand dollars (\$3,000.00) per month effective July 30, 2007, with a qualifying period and mandatory transition of 85 working days. The Employer pays 100% of the premiums of the Basic Term Life Insurance as provided by Policy 331133 with Great-West Life and managed by the Municipal Electric Association Reciprocal Insurance Exchange.

For all regular employees aged 65 and over who remain in the active employ of the Employer, the Employer agrees to pay 100% of the applicable premiums for Basic Term Life Insurance, such coverage to be 50% of annual earnings at the time the employee attains age 65, reducing by 2-1/2% of these earnings on the anniversary date of their birthday each year until coverage reaches 25% of annual earnings at age 65, as provided by Policy 331133 with Great-West Life and managed by the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE).

24.03 The Employer may change the carriers of benefit plans at any time following discussion between both parties provided that benefits provided by the new carrier are equal or superior to those provided by the former carrier, and that any such change shall be deemed to form part of the Collective Agreement.

24.04 The Employer and the member of the bargaining unit pay an equal amount of the premiums as specified by the Ontario Municipal Employees Retirement System pension plan (OMERS).

## **ARTICLE 25 - EMPLOYMENT INSURANCE REBATE**

25.01 It is understood and agreed that benefits granted by the Employer in settlement of negotiations for renewal of this Agreement satisfy the rebate requirements outlined in the Employment Insurance Act as amended from time to time.

## **ARTICLE 26 - STANDBY DUTY**

26.01 All qualified personnel as determined by the Employer will be required to perform standby duty, which will be distributed on an equitable basis among them. The Employer shall maintain an advance schedule of standby duty, which shall be made available to the staff concerned.

As a condition of continual employment, employees on standby duty shall reside and be available for work within a distance of twenty (20) kilometers of the nearest city boundary when doing standby duty.

26.02 The hours of standby duty shall commence at 1600 hours Friday and shall continue until 1600 hours the following Friday. During that period, such personnel on duty must hold themselves ready to proceed immediately to the work location. The weekly allowance for this duty will be 6.0 hours pay per week at the Lineperson Journeyman's current rate. Additionally, employees on standby for all or part of a corporate holiday will receive the equivalent of 1.25 hours pay at the current Lineperson Journeyman's rate per hour. Payment for time worked while on standby shall be as outlined in the overtime provisions of this Agreement.

## **ARTICLE 27 - TEMPORARY SUPERVISION**

27.01 Provided on each assignment four (4) continuous hours' work are so performed, whenever the Employer assigns a journeyman or skilled worker to be in charge of a group consisting of two (2) or more employees, the journeyman or skilled worker so assigned shall be paid a premium of five-and-a-half percent [5.5%] of the Lineperson Journeyman's current rate per hour for such hours so assigned.

## **ARTICLE 28 - INSPECTION DUTIES**

28.01 Whenever the Employer assigns an employee to perform inspection duties on work being carried out by other-than-Employer forces, the employee performing these duties shall be paid a premium of five-and-a-half percent [5.5%] of the Lineperson Journeyman's current rate per hour for such hours so assigned.

## **ARTICLE 29 - INCLEMENT WEATHER**

29.01 When on any day, inclement weather, in the opinion of Management, prevents outside work, such time shall be used to repair tools and equipment, for discussions on safety or other operational matters, or any work as directed by Management.

## ARTICLE 30 - DURATION

30.01 This Agreement shall come into effect as of August 4, 2008, and shall remain in full force and effect until July 31, 2011, and shall continue automatically for further periods of one (1) year each unless terminated or amended by notice in writing from either party within ninety (90) days prior to the termination date in any year.

Following notice of termination or request for amendment and during the negotiations or discussion upon any proposed renewal or revision of this Agreement, the Agreement in the form in which it may be at the commencement of such negotiations shall remain in full force and effect until a satisfactory settlement has been reached, or until conciliation procedures, required by law, have been completed, which ever should occur first.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals this \_\_\_\_\_ day of \_\_\_\_\_ A.D. 2008 at Woodstock, Ontario.

FOR THE EMPLOYER

FOR THE UNION

**Original Signed**

**Original Signed**

\_\_\_\_\_  
Ross McMillan  
President & CEO

\_\_\_\_\_  
Ed Lamb  
Business Representative

\_\_\_\_\_  
Elizabeth Carswell  
Manager of Internal Services

\_\_\_\_\_  
Jeff Barney  
Union Chairperson

\_\_\_\_\_  
Bob Horton  
Member

## SCHEDULE I - CLASSIFICATIONS AND HOURLY WAGE RATES

Progression Scale	Effective August 4, 2008	Effective August 3, 2009	Effective August 2, 2010
<b>LINE DEPARTMENT</b>			
<b>Lineperson - Journeyperson/ Lead Hand</b>			
Fully Qualified	33.91	34.93	35.98

<b>Lineperson - Journeyperson/ Operator</b>				
Fully Qualified <sup>1</sup>	\$1.15 premium <sup>4</sup>	32.89	33.84	34.82
Mid Point <sup>2</sup>	75% of the premium	32.60	33.55	34.53
Starting Rate <sup>3</sup>	50% of the premium	32.32	33.27	34.25

*1 - Independent switching operations + 1,000 hours on-the-job Operations experience*

*2 - Passed Operations coursework + exam*

*3 - Enrolled in Operations program*

*4 - Above Lineperson-Journeyperson*

<b>Lineperson - Journeyperson</b>				
Fully Qualified <sup>1</sup>	100.0%	31.74	32.69	33.67

<b>Lineperson</b>				
After 48 months *	92.0%	29.20	30.07	30.98
After 36 months*	85.0%	26.98	27.79	28.62
After 24 months*	80.0%	25.39	26.15	26.94
After 12 months *	75.0%	23.81	24.52	25.25
After 6 months	70.0%	22.22	22.88	23.57
Starting Rate	67.5%	21.42	22.07	22.73

*1 - Certified with Ministry + 9,000 hours of line work experience*

*\* Pending successful completion of required training course*

<b>STORES DEPARTMENT</b>				
<b>Purchasing / Stores Agent</b>				
After 24 months	100.0%	26.86	27.67	28.50
After 18 months	95.0%	25.52	26.29	27.08
After 12 months	90.0%	24.17	24.90	25.65
After 6 months	85.0%	22.83	23.52	24.23
Starting Rate	80.0%	21.49	22.14	22.80

Progression Scale	Effective August 4, 2008	Effective August 3, 2009	Effective August 2, 2010
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**ENGINEERING DEPARTMENT**

**Engineering Technologist**

After 36 months	100.0%	30.73	31.65	32.60
After 24 months	95.0%	29.19	30.07	30.97
After 12 months	90.0%	27.66	28.49	29.34
After 6 months	85.0%	26.12	26.90	27.71
Starting Rate	80.0%	24.58	25.32	26.08

**METER DEPARTMENT**

**Maintenance Technician - Journeyperson**

Fully Qualified	100.0%	31.74	32.69	33.67
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**Maintenance Technician**

After 48 months *	92.0%	29.20	30.07	30.98
After 36 months *	85.0%	26.98	27.79	28.62
After 24 months *	80.0%	25.39	26.15	26.94
After 12 months *	75.0%	23.81	24.52	25.25
After 6 months*	70.0%	22.22	22.88	23.57
Starting Rate	67.5%	21.42	22.07	22.73

\* Pending successful completion of required training course

**Meter Technician - Journeyperson**

Fully Qualified <sup>1</sup>	100.00%	29.94	30.84	31.77
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**Meter Technician**

After 48 months*	92.0%	27.54	28.37	29.23
After 36 months *	85.0%	25.45	26.21	27.00
After 24 months *	80.0%	23.95	24.67	25.42
After 12 months	75.0%	22.46	23.13	23.83
After 6 months	70.0%	20.96	21.59	22.24
Starting Rate	67.5%	20.21	20.82	21.44

1 - 9,000 hours of metering on-the-job work experience + deemed fully competent by Meter Manager

\* Pending successful completion of required training course

**Electric Utility Person**

After 24 months	100.0%	24.59	25.33	26.09
After 18 months	95.0%	23.36	24.06	24.79
After 12 months	90.0%	22.13	22.80	23.48
After 6 months	85.0%	20.90	21.53	22.18
Starting Rate	80.0%	19.67	20.26	20.87

**LETTER OF UNDERSTANDING – RETIREE BENEFITS**

The Employer agrees to pay 100% of the applicable premiums for the Great-West Life Supplement Plan administered by the Municipal Electrical Association Reciprocal Insurance Exchange (MEARIE) for retirees who retire after July 30, 2006 with 22 years of service. The Employer agrees to continue to pay 75% of the applicable premiums for retirees who retired with 20 years of service prior to July 30, 2006. The retiree is responsible for the \$10.00/\$20.00 deductible / benefit year. Highlights of the coverage:

- (a) Great-West Life Vision Care \$310.00 (and \$325.00 effective August 1, 2009) per family member every two (2) years. Laser eye surgery at one times the vision care amount and one eye exam every 24 months,
- (b) Drugs, medicines or serums (lowest cost generic equivalent product when available, unless otherwise ordered by physician) that can only be obtained through a written prescription and certain life-supporting, non-prescription drugs that are prescribed through a written prescription,
- (c) Great-West Life Paramedical Coverage, maximum of \$500 per practitioner per year (except where noted together in which case it is a combined maximum) for Chiropractor, Osteopath, Chiropodist, Podiatrist, Naturopath, Physiotherapist, Psychologist / Marriage and Family Therapist, Speech Therapist, Masseur, and Acupuncturist,
- (d) Out-of Province Emergency Hospital & Medical Treatment, Referral and Travel Assistance Services Coverage,
- (e) Hearing Aid Coverage \$1,000 maximum per four (4) years per family member,
- (f) Great-West Life Extended Health Care plan for Overage Dependants (up to age 25 if in college or university),
- (g) Semi-private hospital coverage,
- (h) Dispensing fee cap of \$10.00,

for retired employees. Should the employee become deceased prior to age 65, these benefits shall continue to be carried for the employee's spouse for a period of two (2) years, or earlier if they reach the age of 65, remarry, or obtain coverage elsewhere. The above coverage will be effective between the time the employee retires on an OMERS pension and the retired employee reaches the age of 65. For detailed explanation of coverage, please refer to plan booklet.

The Employer agrees to bill the retired employees for their portion of the benefit premiums on a semi-annual basis. Failure to pay invoiced amounts may result in cancellation of coverage without reinstatement privileges.

For all regular employees hired prior to August 4, 2008, the Employer pays 100% of the life insurance premiums of the Life Insurance Plan managed and administered by the MEARIE insured through Great-West Life, Policy 331133.

Date: \_\_\_\_\_

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Ross McMillan, President & CEO

\_\_\_\_\_  
Ed Lamb, Business Representative

## LETTER OF AGREEMENT - COLA

The Employer agrees to pay a cost of living allowance on the following terms and using the Index, Ontario CPI (2002 = 100):

As of August 2, 2010, a COLA clause comes into effect and is based on the Consumer Price Index for Ontario (Ont. CPI) published by Statistics Canada. The period from August 2, 2010 to July 31, 2011 will be the period in which inflation will be measured. The July 2010 Ont. CPI published in August 2010 will be used to determine subsequent wage schedule adjustments.

If and when the Ont. CPI increases by 4.00% above the July 2010 CPI base, there will be a 1% general wage increase effective the first full pay period following the publication of the CPI data. In the same manner, if and when the Ont. CPI increases by 5.00% above the July 2010 CPI base, there will be an additional 1% general wage increase effective the first full pay period following the publication of the CPI data. This COLA clause does not provide for more than a 2% wage increase in any circumstance. The COLA clause will not continue in effect past July 31, 2011 except that if the published figure for July 2011 would trigger an adjustment, the wage schedules will be adjusted retroactively to 23.59 hours, July 31, 2011.

Date: \_\_\_\_\_

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Ross McMillan  
President & CEO

\_\_\_\_\_  
Ed Lamb  
Business Representative

**LETTER OF UNDERSTANDING – CONTRACTING OUT**

As negotiated for the Collective Agreement for 2008 – 2011, during the term of this Collective Agreement commencing August 4, 2008, no member of the bargaining unit employed by the Employer on August 4, 2008 will lose his or her employment as a result of the contracting out of bargaining unit work beyond what is the present practice.

Date: \_\_\_\_\_

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Ross McMillan  
President & CEO

\_\_\_\_\_  
Ed Lamb  
Business Representative

## **LETTER OF UNDERSTANDING – OPERATOR CLASSIFICATION**

As a result of negotiations for the Collective Agreement for 2008 - 2011 the utility is renewing a previous understanding with regard to the Operator classification.

This letter outlines management's intent and interpretation of the Collective Agreement as it pertains to layoff, recall and resignations with regard to the aforementioned classification.

With respect to layoff and recall, the skills acquired through successful completion of the System Operator program will not be considered by management in the event of layoff. It is management's position that the words "qualifications, skill and ability to perform the work" in Section 9.04 [b] do not include any enhanced skills acquired as a result of completing the M.E.A. Operator Training.

With respect to resignations, it is mutually agreed that the Line Journeyperson Operator may not resign specifically from Operator duties.

Date: \_\_\_\_\_

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Ross McMillan  
President & CEO

\_\_\_\_\_  
Ed Lamb  
Business Representative

## **LETTER OF UNDERSTANDING – LEAD HAND CLASSIFICATION**

As a result of negotiations for the Collective Agreement for 2008 -2011 the utility is renewing a previous understanding with regard to the Lead Hand classification.

This letter outlines management's intent and interpretation of the Collective Agreement as it pertains to layoff and recall with regard to the aforementioned classification.

The skills demonstrated or acquired by the individuals who fill the Lead Hand positions will not be considered by Management in the event of a layoff.

It is Management's position that the words "qualifications, skill and ability to perform the work" in Section 9.04 (b) do not include any skills associated with the performance of the duties associated with those of the Lead Hand classification.

Date: \_\_\_\_\_

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Ross McMillan  
President & CEO

\_\_\_\_\_  
Ed Lamb  
Business Representative

## **LETTER OF UNDERSTANDING – TEMPORARY ASSIGNMENTS**

The Employer and the Union hereby agree that when a member of the bargaining unit is requested by management to perform duties that are not part of their current job classification but are essential duties of a job classification with a higher rate of pay, in circumstances where they are qualified to perform the assigned duties by virtue of prior experience or education, such employee will be paid the higher wage associated with the temporarily assigned job classification for the period during which the duties are being performed.

Date: \_\_\_\_\_

FOR THE EMPLOYER

FOR THE UNION

\_\_\_\_\_  
Ross McMillan  
President & CEO

\_\_\_\_\_  
Ed Lamb  
Business Representative

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**APPENDIX F**  
**WHSI PURCHASING POLICY**



Policy No.:	4010
Revised:	November 16, 2009
Reference:	Manager of Accounting & Regulatory

## SUBJECT: PURCHASING POLICY

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### **Purpose:**

Woodstock Hydro Services Inc. will maintain this Purchasing Policy and related Procedure (4011) to ensure that:

1. Purchased products, equipment or services are optimal, and have been selected in accordance with:
  - a. Regulations and Laws
  - b. Specifications and Standards
  - c. Experience and Ability
  - d. Value for dollar, and
  - e. Timely delivery in relation to operational requirements.
2. Internal Controls and business processes are in place and are supported by internal and external audit processes

### **Policy**

1. All purchases will be made with proper authorization.
2. Board approval is required for extraordinary purchases of a product, equipment or service in circumstances where:
  - a. the cost was not budgeted
  - b. the cost exceeds two hundred thousand dollars (\$200,000), and
  - c. the cost cannot be mitigated within the approved budget.



Procedure No.:	<u>4011</u>
Revised:	<u>November 16, 2009</u>
Reference:	<u>Manager of Accounting &amp; Regulatory Affairs</u>

## SUBJECT: PURCHASING PROCEDURE

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### **Purchasing Approaches**

The following approaches are available for selecting a supplier to provide goods/equipment and services:

1. Selection From Multiple Suppliers
  - a. Tender
  - b. Request for Proposal (RFP)
  - c. Request for Quotation (RFQ)
  - d. Co-operative Purchasing
  
2. Single Supplier
  - a. Sole Source
  - b. Supplier of Record

### **Approval Approaches**

The following approaches (in order of preference) may be used to signify approval and authority for a purchase to move forward and for payment to be made:

1. Regular Purchase Order
  
2. Small Purchase Order
  
3. Credit Card
  
4. Approved Invoice
  
5. Petty Cash / Reimbursement of Personal Expenditure

SUBJECT: PURCHASING PROCEDURE Cont'd...

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**Purchasing Approaches****1. Selection from Multiple Suppliers**

A manager must elect to enter into a selection process in the following circumstances:

- when goods, equipment or services that have not been used in the past are required
- when there is a planned change in supplier due to dissatisfaction
- when a period of time has elapsed warranting a review

**a. Tender**

The tender process shall only be used when specifications and requirements are clearly defined, when vendor offerings are equivalent if not identical and when price is the primary deciding factor. Tenders imply that a purchase decision will be made, and the only variable is the winning bidder. Appendix A outlines the business process.

**b. Request for Proposal (RFP)**

A Request for Proposal shall be used whenever specifications and requirements are multi-faceted, when vendor offerings are unique, when negotiations are anticipated and/or when price is not the sole factor in the decision-making process. The organization may choose not to proceed with any supplier in an RFP process. Appendix B outlines the business process..

**c. Request for Quotation (RFQ)**

Typically, an RFQ is used for straightforward and structured purchases whose cost will be less than \$100,000, where scope/requirements can be clearly articulated and easily quoted without room for mis-representation or interpretation (e.g. common part numbers for goods and equipment, standard services provided by outside parties, etc.). The organization may choose not to proceed with any supplier in an RFQ process. The RFP or tender process shall be used instead of the RFQ process when future regulatory oversight is anticipated or when the total cost is expected to exceed one hundred thousand dollars (\$100,000). Appendix C outlines the business process.

**d. Co-operative Purchasing**

Co-operating purchasing will be recommended by the Material Coordinator and/or Accounting Assistant whenever it is believed that the goals established under Purchasing Policy 4010 can be most efficiently met through collective buying. Typically, this will involve straightforward and structured purchases of goods and equipment where there is no room for misinterpretation (e.g. identified part numbers), where consumption patterns are predictable, and where economies of scale provide the opportunity for discounts.

SUBJECT: PURCHASING PROCEDURE Cont'd...

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## 2. **Single Supplier**

A purchase from a single vendor (i.e. no Tender, RFP or RFQ required) may proceed for the following circumstances:

### a. **Sole Source**

A variety of purchase arrangements reflect situations where there is only one supplier who can be selected by virtue of:

- i. **Regulation**
- ii. **Contract** (e.g. OMERS, Great West Life, Other Negotiated Payroll Expenses)
- iii. **Natural Monopoly** (e.g. Union Gas, Woodstock Hydro, IESO, Hydro One, Oxford Review / HeartFM)
- iv. **Association** (ESA, EUSA, EDA/MEARIE, USF)
- v. **Disentanglement Costs** (Elster, Survalent, Bell, Bell Mobility (WAN), Dell (server infrastructure), Harris, ESRI, Microsoft)
- vi. **Long-term contract** (e.g. cellular phones)

### b. **Supplier of Record**

A variety of purchase arrangements reflect long-term business relationships where there is a value-added benefit (e.g. retained knowledge of business procedures or territory) to Woodstock Hydro in the supplier continuing to provide their goods, equipment and/or services. While it is both efficient and supportive of the existing relationship with the supplier to simply continue to use their services or purchase goods/equipment from them, it is also critical to ensure that they are still competitive in the marketplace in terms of cost and other factors.

Examples of Supplier of Record relationships include suppliers of maintenance inventory and major equipment, vehicle maintenance contracts, IT support contracts, temporary staffing agencies, outsourced services (e.g. answering service, meter reading), building maintenance contractors, auditors/legal, engineering firms, infrastructure contractors, etc.

Note: No less than once every two years, and more frequently as determined internally, the Material Coordinator or Accounting Assistant in partnership with the relevant department, will perform a "Supplier of Record Cost/Benefit Analysis" (Form 4011-41) to validate whether the Supplier of Record should retain their status with Woodstock Hydro, or whether other suppliers should be afforded the opportunity to participate in an upcoming project or initiative through an RFQ or other competitive process. Records of this analysis will be maintained by the Material Coordinator / Accounting Assistant for each Supplier of Record.

SUBJECT: PURCHASING PROCEDURE Cont'd...

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## Approval Approaches

Woodstock Hydro Services Inc. will not accept responsibility for any purchases that are not made according to an approved method. The following approaches (in order of preference) may be used to signify approval and authority for a purchase to move forward and for payment to be made:

### 1. Regular Purchase Order

- a. **Purchase Requisition** - Once the purchasing approach is complete and a supplier has been selected, a Purchase Requisition shall be completed and routed to the Material Coordinator / Accounting Assistant in support of the purchase order process (see Appendix D).
- b. **Stock Purchases** – Maintenance Stock replenishments shall be entered as Purchase Orders without requiring the support of a Purchase Requisition.
- c. **Services Purchase Order** – In circumstances where multiple invoices are anticipated for a single item or service, the quantity field will be used for the dollar amount of the purchase order line item, with a unit cost of \$1, such that multiple receipts can be entered against the same line item as services are provided or as progress payments against an item are billed.
- d. **Blanket Purchase Order** – In circumstances where a Supplier of Record will be providing goods or services over a period of time (not to exceed the fiscal year), or for any supplier where the total dollar amount can only be estimated, a blanket purchase order shall be created. The Accounting Assistant will ensure that receipts do not exceed the original purchase order amount, and will work with the approving manager to re-direct expenditures to the appropriate job number as required. The Material Coordinator and Accounting Assistant will review blanket purchase orders and work with the relevant departments to cancel open POs where no additional receipts are anticipated.
- e. **Purchase Order Approval** - Electronic approval is typically handled by the Manager of Accounting & Regulatory Affairs. In her absence, the President, Manager of Operations or Manager of Internal Services will approve POs.
- f. **Communication with Suppliers** – The delivery (mail, fax, email) of an approved Purchase Order to a supplier is Woodstock Hydro's approved approach to confirming an intent to purchase.

SUBJECT: PURCHASING PROCEDURE Cont'd...

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## 2. **Small Purchase Order**

A Small Purchase Order can be used by certain personnel up to a spending threshold of \$500 to facilitate efficiency when making low cost purchases. These preprinted PO's will end with "WH".

- a. The small purchase order is not to be used for items in excess of \$500.00 except in special cases such as:
  - i. Rental of backhoes, trucks, loaders, etc. for ongoing projects such as hydro underground trenching.
  - ii. Purchase of concrete, sand and gravel for construction projects where several loads are required or where emergencies arise.
  - iii. Special purchases of materials, construction or repair projects where a "rush" situation arises.
- b. Small purchase orders are to be filled in by the person requiring the material and shall be signed by the appropriate supervisor. In the absence of the supervisor it may be signed by the employee assigned to the project, but a supervisor's signature must subsequently be obtained. The white copy is given to the supplier, the canary yellow copy is delivered to Accounts Payable and the pink copy is attached to the packing slip and filed.

## 3. **Credit Card**

Signing officers of Woodstock Hydro are authorized to purchase corporate goods and services using a corporate credit card. Receipts shall be forwarded to the Accounting Assistant along with cost distribution information. A single purchase shall not exceed \$5,000.

## 4. **Approved Invoice + Reimbursement Situations**

When the requirement and/or use of the purchase order system is not practical (e.g. emergencies, costs cannot initially be readily defined, and/or cost is not known until the invoice or supporting information has been received), then the invoice may be used for the approval process before being posted for payment in the Accounts Payable system. However, whenever possible it is still preferable to complete the Purchase Order process with the invoice attached, as it ensures consistency, auditability and ease of access to historical information.

Additionally, disbursements are handled directly through the Accounts Payable system for payment of reimbursements (e.g. credit refunds, water/sewer charges, GST, employee payroll remittances, retailer payments, etc.) and shall follow the same approval protocols

SUBJECT: PURCHASING PROCEDURE Cont'd...

before being posted for payment in the Accounts Payable system.

Invoice / Reimbursement Approval is required as follows:

<b>Up to \$5,000</b>	Manager of Accounting & Regulatory Affairs
<b>&gt;\$5,000 and &lt;\$100,000</b>	Manager of Accounting and Regulatory Affairs plus one additional signing officer
<b>&gt;\$100,000 and &lt;\$200,000</b>	Manager of Accounting and Regulatory Affairs plus two additional signing officers

#### 5. **Petty Cash / Reimbursement of Personal Expenditure**

Cash Purchases may be made for small items whose total cost is \$50.00 or less.

If cash is required in advance, employees may request cash using Form 4011-11 – Petty Cash Advance. In all cases, employees seeking reimbursement from petty cash must complete Form 4011-12 – Petty Cash Expense and must also provide a supporting receipt.

SUBJECT: PURCHASING PROCEDURE Cont'd...

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## **Appendix A – Tender Procedure**

### ***Administration Procedure***

1. Tenders will be administered by the Material Coordinator or the Accounting Assistant, with contributions from the department requesting the goods/equipment/services. The tender administrator will ensure that the tender process adheres to federal and provincial legislation as well as internal policy and procedure.
2. The tender document will outline in detail the goods/services/equipment required, and will prescribe the response required.
3. Tender responses will be sealed, and will be due on a specified time and date. All tender documents will be date and time-stamped to record receipt from the Vendor. Tenders will be opened by the tender administrator and the President or their designate.
4. All pricing will be kept confidential.
5. Criteria for selecting the successful vendor may include accuracy against specifications, price/value, and delivery timelines.

### ***Tender Documents***

All tender documents shall contain the following:

1. Instructions to vendors
  - a. Closing date and time
  - b. Location for submission
  - c. Contact information
  - d. Agencies involved (if a co-operative purchase)
2. Specifications  
This area contains details of the items or services required. These should be specific enough to provide all bidders with information so they may bid on the planned equipment or service, while also being general enough to allow for competition. Care should be taken to balance these two.
3. Schedule of items/service(s) and prices  
The bidder shall complete this section and submit with their tender response. Bidders shall supply pricing and a signature to bind the bidder to the terms of the document.

SUBJECT: PURCHASING PROCEDURE Cont'd...

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## **Appendix B – Request for Proposal (RFP) Procedure**

### ***Administration Procedure***

1. RFPS will be administered by the Material Coordinator or the Accounting Assistant, with contributions from the department requesting the goods/equipment/services. The RFP administrator will ensure that the RFP process adheres to internal policy and procedure.
2. An internal document will be prepared in advance of opening RFP responses, outlining the methodology and criteria for weighting RFP responses (price and other factors). Criteria for selecting the successful vendor may include regulations and laws, specifications, functionality, service, standards, price/value, references, timely delivery and ability to meet operational requirements.
3. The RFP document will:
  - a. outline in detail the goods/services/equipment required
  - b. prescribe the response required
  - c. outline in general the approach that will be followed to evaluating and weighting responses
4. RFP responses will be sealed, and will be due on a specified time and date. All RFP documents will be date and time-stamped to record receipt from the Vendor. RFPs will be opened by the RFP administrator and the President or their designate.
5. All pricing will be kept confidential.

### ***RFP Documents***

Bidders for RFP documents shall receive the same information as tender documents, as outlined in Appendix A above.

SUBJECT: PURCHASING PROCEDURE Cont'd...

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### **Appendix C – Request for Quotation (RFQ) Procedure**

1. An RFQ may be administered by any member of the management team, by the Material Coordinator, the Accounting Assistant or by another employee under the direction and supervision of their supervisor. The Material Coordinator / Accounting Assistant will ensure that the process has adhered to legislation and internal policy and procedure prior to issuing a purchase order.
2. Three quotations are required (whenever possible). If it is not possible to obtain three (3) quotations, then the reasons for such must be documented on the purchase requisition.
3. The individual coordinating the RFQ process must document, in advance, the criteria that will be used for selecting the successful supplier. Suitable criteria may include pre-existing relationship with the supplier, quality of product/service, interoperability, regulations and laws, specifications, service levels, standards, price/value, references, timely delivery and ability to meet operational requirements. When all other factors are deemed equal, price shall be the prevailing determinant.
4. For purchases whose total will exceed one thousand dollars, quotations must be provided in writing (e.g. written submission, email, fax, etc.). When verbal quotations are obtained, the individual coordinating the quotation process must clearly document the quotation information received.
5. All details of the quotations received, including pricing, will be kept confidential and in particular will not be discussed with a competitor.
6. All quotations received will be submitted as supporting documentation with the completed requisition to Purchasing.

#### ***RFQ Documents***

Bidders shall receive in advance sufficient supporting documentation to prepare a quality response – namely the deadline for submission, the contact person to whom quotations should be directed, and WHSI's general specifications and requirements.

SUBJECT: PURCHASING PROCEDURE Cont'd...

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### Appendix D – Requisition → Purchase Order Process

1. **Requisition** - Form 4011-01 shall be filled out in full by the Requisitioner and signed by the supervisor whose budget is affected by the expenditure (or their delegate). The Requisition will list the items or services being purchased, the quantity, the unit cost, and the job number to which the cost will be charged. Any exemptions from taxes will be listed. The requisitioner will indicate whether the cost has been budgeted, and will attach supporting information from the purchasing process (tender/RFP/RFQ information, etc.).

The Requisitioner will also indicate whether the supplier needs to receive a copy of the approved purchase order, and if so, in what fashion (email, fax, mail, etc.) and provide all necessary contact information. Form 4011-01 may be completed electronically and saved as desired by individual departments. However, the business process is to print the requisition, have it signed, and submit it to the relevant Buyer (Material Coordinator, Accounting Assistant).

2. **Entry into Accounting System** - Signed requisitions are submitted to the Buyer (Material Coordinator, Accounting Assistant) for entry into the accounting system. As a backup, the Manager of Accounting & Regulatory Affairs or the Manager of Internal Services may enter Purchase Orders. The notes section of the purchase order shall be used to state any requirements forming part of the purchase price. These requirements include, but are not limited to: specifications, readings, training requirements, warranty periods, and shipping details.
3. **Services PO** - In circumstances where a “Services PO” is required for professional services, the requisitioner will clearly mark the requisition as requiring a “Services PO” and the Buyer will enter the PO accordingly, such that individual invoices can draw down on the total amount of the PO line item.
4. **Approval** - Once a PO has been entered into the accounting system, the Buyer will request electronic approval and provide all supporting documentation. Electronic approval is typically handled by the Manager of Accounting & Regulatory Affairs. In their absence, the President, Manager of Operations or Manager of Internal Services is able to approve POs.
5. **Confirmation with Supplier** - Once a PO has been approved, it can be sent to the supplier as confirmation of order / approval or filed for invoice matching as the situation warrants. Where a PO is for stock items, an original PO is kept by the Material Coordinator to assist with receiving. For all other POs, a copy is submitted to the Accounting Assistant for subsequent reconciliation with invoices.
6. **Terms and Conditions** - The Buyer will ensure that any supplier receiving confirmation via email, fax or mail will also receive a copy of WHSI's terms and conditions along with

SUBJECT: PURCHASING PROCEDURE Cont'd...

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the approved PO.

7. **Foreign Country Purchases** - All products ordered from the US must be ordered by the Material Coordinator or Accounting Assistant in order to facilitate proper handling by an import agent.
8. **Adjustments** – When a Purchase Order has been issued, no additional items shall be added to this order. If additional material is required a new purchase order shall be issued. Modifications to an existing PO to accommodate cost adjustments (e.g. commodities, exact-cost-now-known) or unit adjustments will be handled on an as-needed basis.
9. **Document and Record Control**

A PDF copy of each approved PO will be saved to the Purchasing folder on the network and will be named with the PO number and supplier.

The requisition and all supporting information and paperwork will be scanned and saved to the Purchasing folder on the network with the PO number, such that users can view the details surrounding each approved PO.

#### 10. **Open / Closed / Cancelled POs and PO Line Items**

The Material Coordinator and Accounting Assistant will routinely check open POs and open line items on POs to either follow up with the vendor for the product/service or confer with the relevant department with a goal of closing / cancelling the PO/applicable line item.

At the end of each fiscal year, all open POs and open line items on POs will be reviewed and either closed or re-coded to a new job number for the current year.

#### 11. **Material Returns**

Material to be returned to the Supplier shall be documented on Return Form 4011-31.

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**APPENDIX G**  
**WHSI 2011 COS TAX MODEL**



## PILS OR INCOME TAXES WORK FORM

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

Version: 1.0

### Table of Content

<u>Sheet</u>	<u>Name</u>
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C	<a href="#">C. Sch 8 and 10 UCC&amp;CEC Hist</a>
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O	<a href="#">O. Taxable Income Test Year</a>
P	<a href="#">P. OCT</a>
Q	<a href="#">Q. PILs, Tax Provision</a>

#### Notes:

- (1) Pale green cells represent inputs
- (2) **Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.**
- (3) **Completed versions of the PILs or Income Taxes Work Form are required to be filed in working Microsoft Excel format.**

#### **Copyright**

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



**PILS OR INCOME TAXES WORK**

Name of LDC: Woodstock Hydro Services Inc  
 File Number: EB-2010-0145  
 Rate Year: 2011

**Data Input Sheet**

Applicants Rate Base		Rate Re-Basing Amount	
<b>Average Net Fixed Assets</b>			
Gross Fixed Assets - Re-Basing Opening	\$ 42,246,841	A	
Add: CWIP Re-Basing Opening	\$ 0	B	
Re-Basing Capital Additions	\$ 4,845,100	C	
Re-Basing Capital Disposals	-\$ 178,962	D	
Re-Basing Capital Retirements	\$ -	E	
Deduct: CWIP Re-Basing Closing	\$ 0	F	
Gross Fixed Assets - Re-Basing Closing	\$ 46,912,980	G	
Average Gross Fixed Assets	\$ 44,579,910		H = ( A + G ) / 2
Accumulated Depreciation - Re-Basing Opening	\$ 17,169,245	I	
Re-Basing Depreciation Expense	\$ 2,156,092	J	
Re-Basing Disposals	-\$ 178,962	K	
Re-Basing Retirements	\$ -	L	
Accumulated Depreciation - Re-Basing Closing	\$ 19,146,375	M	
Average Accumulated Depreciation	\$ 18,157,810		N = ( I + M ) / 2
<b>Average Net Fixed Assets</b>	<b>\$ 26,422,100</b>		<b>O = H - M</b>
<b>Working Capital Allowance</b>			
Working Capital Allowance Base	\$ 34,756,628	P	
Working Capital Allowance Rate	15.0%	Q	
<b>Working Capital Allowance</b>	<b>\$ 5,213,494</b>		<b>R = P * Q</b>
<b>Rate Base</b>	<b>\$ 31,635,594</b>		<b>S = O + R</b>
<b>Return on Rate Base</b>			
Deemed ShortTerm Debt %	4.00%	T	\$ 1,265,424
Deemed Long Term Debt %	56.00%	U	\$ 17,715,933
Deemed Equity %	40.00%	V	\$ 12,654,238
			W = S * T
			X = S * U
			Y = S * V
Short Term Interest	2.07%	Z	\$ 26,194
Long Term Interest	5.13%	AA	\$ 908,703
<b>Return on Equity (Regulatory Income)</b>	<b>9.85%</b>	AB	<b>\$ 1,246,442</b>
<b>Return on Rate Base</b>	<b>\$ 2,181,339</b>		<b>AF = AC + AD + AE</b>

**Questions that must be answered**

	Historic Yes or No	Bridge Yes or No	Test Year Yes or No
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any Scientific Research and Experimental	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	Yes	Yes	Yes
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? <i>If Yes, please describe what was the tax treatment in the manager's summary.</i>	Yes	Yes	Yes
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No



## PILS OR INCOME TAXES WORK FORM

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

## Tax Rates & Exemptions

### Tax Rates

#### Federal & Provincial As of March 26, 2009

#### Federal income tax

	Effective January 1, 2006	Effective January 1, 2007	Effective January 1, 2008	Effective January 1, 2009	Effective January 1, 2010	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014
1 General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
2 Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
3 Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
4 Surtax (4% of line 3)	1.12%	1.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Rate reduction	29.12%	29.12%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
	-7.00%	-7.00%	-8.50%	-9.00%	-10.00%	-11.50%	-13.00%	-13.00%	-13.00%
	22.12%	22.12%	19.50%	19.00%	18.00%	16.50%	15.00%	15.00%	15.00%

#### Ontario income tax

#### Combined federal and Ontario

#### Federal & Ontario Small Business

Federal small business threshold	400,000	400,000	400,000	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	400,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Federal small business rate	13.12%	13.12%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
Ontario small business rate	5.50%	5.50%	5.50%	5.50%	5.00%	4.50%	4.50%	4.50%	4.50%
Ontario surtax claw-back starts at \$500,000 and eliminates the SBC at \$1,500,000.	4.25%	4.25%	4.25%	4.25%	4.25%				

#### Ontario Capital Tax

Capital deduction	10,000,000	12,500,000	15,000,000	15,000,000	15,000,000				
Capital tax rate	0.300%	0.225%	0.225%	0.225%	0.075%				

OCT will be eliminated on July 1, 2010 but tax will be prorated for the first 6 months in 2010.

#### NOTES:

- Based on the federal government's October 30, 2007 Economic Statement.  
Bill C-28 received Royal Assent on December 14, 2007.
- Ontario Economic Statement of December 13, 2007 became Bill 44 and received Royal Assent on May 14, 2008.  
Capital tax rate changes and small business deduction income thresholds made retroactive to January 1, 2007.
- Federal Budget of January 27, 2009. The federal small business limit was increased from \$400,000 to \$500,000 on January 1, 2009.
- Provincial Budget of March 26, 2009. The provincial corporate tax rate was reduced.



**PILS OR INCOME TAXES WORK FORM**

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

**Schedule 8 and 10 UCC and CEC**

<b>Historic</b>				
<b>Class</b>	<b>Class Description</b>	<b>UCC End of Year Historic per tax returns</b>	<b>Less: Non-Distribution Portion</b>	<b>UCC Test Year Opening Balance</b>
1	Distribution System - post 1987	15,008,590	0	15,008,590
2	Distribution System - pre 1988	0	0	0
8	General Office/Stores Equip	226,073	0	226,073
10	Computer Hardware/ Vehicles	292,778	0	292,778
10.1	Certain Automobiles		0	0
12	Computer Software	67,469	0	67,469
13 <sub>1</sub>	Lease # 1		0	0
13 <sub>2</sub>	Lease # 2		0	0
13 <sub>3</sub>	Lease # 3		0	0
13 <sub>4</sub>	Lease # 4		0	0
14	Franchise		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment		0	0
45	Computers & Systems Software acq'd post Mar 22/04	57,743	0	57,743
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	17,616	0	17,616
47	Distribution System - post February 2005	9,783,563	0	9,783,563
50	Data Network Infrastructure Equipment - post Mar 2007	26,848	0	26,848
52	Computers & Systems Hardware acq'd after Jan 27/09 and before Feb 2011	90,351	0	90,351
94	Construction Work in Progress	87,708	0	87,708
		0	0	0
		0	0	0
		0	0	0
	<b>SUB-TOTAL - UCC</b>	<b>25,658,739</b>	<b>0</b>	<b>25,658,739</b>
CEC	Goodwill	0	0	0
CEC	Land Rights	0	0	0
CEC	FMV Bump-up	0	0	0
CEC	Organization Costs	6,592	0	6,592
		0	0	0
	<b>SUB-TOTAL - CEC</b>	<b>6,592</b>	<b>0</b>	<b>6,592</b>



## PILS OR INCOME TAXES WORK FORM

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

### Schedule 13 Tax Reserves Historical

#### CONTINUITY OF RESERVES

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
<b>Tax Reserves Not Deducted for accounting purposes</b>			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>			
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts	25,201		25,201
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accumulated Sick Leave	126,052		126,052
- Termination Cost			0
- Other Post-Employment Benefits	1,118,833		1,118,833
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
<b>Total</b>	<b>1,270,086</b>	<b>0</b>	<b>1,270,086</b>



## PILS OR INCOME TAXES WORK

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

### Sch 7-1 Loss Carry Forward Historic

#### Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
<b>Non-Capital Loss Carry Forward Deduction</b>			
Actual Historic	0		0
<b>Net Capital Loss Carry Forward Deduction</b>			
Actual Historic	28,760		28,760



**PILS OR INCOME TAXES WORK FORM**

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

**Historic Year Adjusted Taxable Income**

<b>Historic</b>				
	<b>T2S1 line #</b>	<b>Total for Legal Entity</b>	<b>Non-Distribution Eliminations</b>	<b>Historic Wires Only</b>
<b>Income before PILs/Taxes</b>	<b>A</b>	1,004,357	0	1,004,357
<b>Additions:</b>				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	1,996,257	0	1,996,257
Amortization of intangible assets	106	416	416	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120	0	0	0
Non-deductible meals and entertainment expense	121	926	0	926
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves deducted in prior year	125	0	0	0
Reserves from financial statements- balance at end of year	126	1,270,086	0	1,270,086
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
<b>Other Additions</b>				
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Change in settlement sales variance deferred asset & smart meter recovery charges	294	629,863	0	629,863
	295	0	0	0
<b>Total Additions</b>		<b>3,897,548</b>	<b>416</b>	<b>3,897,132</b>
<b>Deductions:</b>				
Gain on disposal of assets per financial statements	401	0	0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	1,797,791	0	1,797,791
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	496	496	0
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves claimed in current year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	1,224,200	0	1,224,200
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
<i>Other deductions: (Please explain in detail the nature of the item)</i>				
Capital tax	390	27,500	0	27,500
Operation costs of qualifying transitional asset	391	151,024	0	151,024
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
	393	0	0	0
	394	0	0	0
<b>Total Deductions</b>		<b>3,201,011</b>	<b>496</b>	<b>3,200,515</b>
<b>Net Income for Tax Purposes</b>		<b>1,700,894</b>	<b>-80</b>	<b>1,700,974</b>
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 4	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
<b>TAXABLE INCOME</b>		<b>1,700,894</b>	<b>-80</b>	<b>1,700,974</b>





**PILS OR INCOME TAXES WORK**

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

**Schedule 10 CEC Bridge Year**

<b>Cumulative Eligible Capital</b>				<u><b>6,592</b></u>
<b><u>Additions</u></b>				
Cost of Eligible Capital Property Acquired during Test Year	0			
Other Adjustments	0			
Subtotal	<u>0</u>	x 3/4 =	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	x 1/2 =	0	
			<u>0</u>	<b>0</b>
Amount transferred on amalgamation or wind-up of subsidiary	0			<b>0</b>
				<u><b>6,592</b></u>
<b><u>Deductions</u></b>				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year	0			
Other Adjustments	0			
Subtotal	<u>0</u>	x 3/4 =	0	<u><b>0</b></u>
<hr/>				
<b>Cumulative Eligible Capital Balance</b>				<b>6,592</b>
<hr/>				
<b>Current Year Deduction</b>		<b>6,592</b>	x 7% =	<b>461</b>
<b>Cumulative Eligible Capital - Closing Balance</b>				<b>6,131</b>



**PILS OR INCOME TAXES WORK  
FORM**

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

**Schedule 13 Tax Reserves Bridge**

CONTINUITY OF RESERVES

Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
<b>Tax Reserves Not Deducted for accounting purposes</b>								
Reserve for doubtful accounts ss. 20(1)(l)	0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	25,201		25,201	5,000		30,201	5,000	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
- Short & Long-term Disability	0		0			0	0	
-Accumulated Sick Leave	126,052		126,052		35,488	90,564	-35,488	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	1,118,833		1,118,833	120,389		1,239,222	120,389	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
<b>Total</b>	<b>1,270,086</b>	<b>0</b>	<b>1,270,086</b>	<b>125,389</b>	<b>35,488</b>	<b>1,359,987</b>	<b>89,901</b>	<b>0</b>



## PILS OR INCOME TAXES WORK FORM

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

### Sch 7-1 Loss Carry Forward Bridge

#### Corporation Loss Continuity and Application

<b>Non-Capital Loss Carry Forward Deduction</b>	<b>Total</b>
Actual Historic	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	0
<b>Amount to be used in Bridge Year</b>	
Balance available for use post Bridge Year	0

<b>Net Capital Loss Carry Forward Deduction</b>	<b>Total</b>
Actual Historic	28,760
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	28,760
<b>Amount to be used in Bridge Year</b>	
Balance available for use post Bridge Year	28,760



## PILS OR INCOME TAXES WORK

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

# Bridge Year Adjusted Taxable Income

<b>Bridge</b>		
	T2S1 line #	Total for Legal Entity
<b>Income before PILs/Taxes</b>	<b>A</b>	224,131
<b>Additions:</b>		
Interest and penalties on taxes	103	0
Amortization of tangible assets	104	1,958,732
Amortization of intangible assets	106	416
Recapture of capital cost allowance from Schedule 8	107	0
Gain on sale of eligible capital property from Schedule 10	108	0
Income or loss for tax purposes- joint ventures or partnerships	109	0
Loss in equity of subsidiaries and affiliates	110	0
Loss on disposal of assets	111	0
Charitable donations	112	0
Taxable Capital Gains	113	0
Political Donations	114	0
Deferred and prepaid expenses	116	0
Scientific research expenditures deducted on financial statements	118	0
Capitalized interest	119	0
Non-deductible club dues and fees	120	0
Non-deductible meals and entertainment expense	121	1,000
Non-deductible automobile expenses	122	0
Non-deductible life insurance premiums	123	0
Non-deductible company pension plans	124	0
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	1,359,987
Soft costs on construction and renovation of buildings	127	0
Book loss on joint ventures or partnerships	205	0
Capital items expensed	206	0
Debt issue expense	208	0
Development expenses claimed in current year	212	0
Financing fees deducted in books	216	0
Gain on settlement of debt	220	0
Non-deductible advertising	226	0
Non-deductible interest	227	0
Non-deductible legal and accounting fees	228	0
Recapture of SR&ED expenditures	231	0
Share issue expense	235	0
Write down of capital property	236	0

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0
<b>Other Additions</b>		
Interest Expensed on Capital Leases	290	0
Realized Income from Deferred Credit Accounts	291	0
Pensions	292	0
Non-deductible penalties	293	0
Change in settlement sales variance deferred asset & smart meter recovery charges & sick leave	294	0
	295	
<b>Total Additions</b>		<b>3,320,135</b>
<b>Deductions:</b>		
Gain on disposal of assets per financial statements	401	0
Dividends not taxable under section 83	402	0
Capital cost allowance from Schedule 8	403	2,111,155
Terminal loss from Schedule 8	404	0
Cumulative eligible capital deduction from Schedule 10	405	461
Allowable business investment loss	406	0
Deferred and prepaid expenses	409	0
Scientific research expenses claimed in year	411	0
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	1,270,086
Contributions to deferred income plans	416	0
Book income of joint venture or partnership	305	0
Equity in income from subsidiary or affiliates	306	0
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Capital tax	390	0
Operation costs of qualifying transitional asset	391	0
Non-taxable imputed interest income on deferral and variance accounts	392	0
	393	0
	394	0
<b>Total Deductions</b>		<b>3,381,703</b>
<b>Net Income for Tax Purposes</b>		<b>162,563</b>
Charitable donations from Schedule 2	311	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0
Non-capital losses of preceding taxation years from Schedule 4	331	0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0
<b>TAXABLE INCOME</b>		<b>162,563</b>





**PILS OR INCOME TAXES WORK**

Name of LDC: Woodstock Hydro Services Inc  
 File Number: EB-2010-0145  
 Rate Year: 2011

**Schedule 10 CEC Test Year**

**Cumulative Eligible Capital**

**6,131**

**Additions**

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0  
0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal 0 6,131

**Deductions**

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0 0

**Cumulative Eligible Capital Balance**

**6,131**

**Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")**

**6,131 x 7% = 429**

**Cumulative Eligible Capital - Closing Balance**

**5,701**



## PILS OR INCOME TAXES WORK FORM

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

### Sch 7-1 Loss Carry Forward Bridge

#### Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
<b>Non-Capital Loss Carry Forward Deduction</b>			
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2010			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
<b>Amount to be used in Test Year</b>	0		0
Balance available for use post Test Year	0	0	0

	Total	Non-Distribution Portion	Utility Balance
<b>Net Capital Loss Carry Forward Deduction</b>			
Actual/Estimated Bridge Year	28,760		28,760
Application of Loss Carry Forward to reduce taxable income in 2010			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	28,760	0	28,760
<b>Amount to be used in Test Year</b>	0		0
Balance available for use post Test Year	28,760	0	28,760



## PILS OR INCOME TAXES WORK FORM

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

### Taxable Income Test Year

	T2 S1 line #	Test Year	Taxable Income
<b>Net Income Before Taxes</b>			1,246,442
<b>Additions:</b>			
Interest and penalties on taxes	103		
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104		2,156,092
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106		416
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		1,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125		
Reserves from financial statements- balance at end of year	126		1,359,987
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
<i>Other Additions: (please explain in detail the nature of the item)</i>			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
Change in settlement sales variance deferred asset & smart meter recovery charges & sick leave	294		
	295		
	296		
	297		
<b>Total Additions</b>			<b>3,517,495</b>
<b>Deductions:</b>			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403		2,334,191
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10 CEC	405		429
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413		
Reserves from financial statements - balance at beginning of year	414		1,359,987
Contributions to deferred income plans	416		

Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
<b>Total Deductions</b>		<b>3,694,607</b>
<b>NET INCOME FOR TAX PURPOSES</b>		<b>1,069,330</b>
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
<b>REGULATORY TAXABLE INCOME</b>		<b>1,069,330</b>



## PILS OR

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

## Ontario Capital Tax

Applicant	Rate Base	OCT Exemption
		15,000,000
Woodstock Hydro Servi	\$ 31,635,594	\$ -
Affiliates (if applicable)		
Woodstock Hydro Hol		\$ -
2		\$ -
3		\$ -
4		\$ -
5		\$ -
<b>Total</b>	\$ 31,635,594	\$ -

### Section A

### Wires Only

#### ONTARIO CAPITAL TAX

Rate Base	\$ 31,635,594
Less: Exemption	\$ -
Deemed Taxable Capital	\$ 31,635,594
Rate in Test Year	0.000%
Net Amount (Taxable Capital x Rate)	\$ -



## PILS OR INCOME TAXES WORK FORM

Name of LDC: Woodstock Hydro Services Inc

File Number: EB-2010-0145

Rate Year: 2011

### PILs, Tax Provision

		Wires Only		
<b>Regulatory Taxable Income</b>		\$ 1,069,330		A
<b>Ontario Income Taxes</b>				
Income tax payable	Ontario income tax	11.75%	B	\$ 125,646 C = A * B
Small business credit	Ontario Small Business Threshold Rate reduction	\$ 500,000 -7.25%	D E	-\$ 36,250 F = D * E
Ontario Income tax				\$ 89,396 J = C + F
<b>Combined Tax Rate and PILs</b>		Effective Ontario Tax Rate	8.36%	K = J / A
		Federal tax rate	16.50%	L
	Combined tax rate			24.86% M = L + L
<b>Total Income Taxes</b>				\$ 265,836 N = A * M
Investment Tax Credits				O
Miscellaneous Tax Credits				\$ 15,000 P
<b>Total Tax Credits</b>				\$ 15,000 Q = O + P
<b>Corporate PILs/Income Tax Provision for Test Year</b>				\$ 250,836 R = N - Q
Corporate PILs/Income Tax Provision Gross Up		75.14%	S = 1 - M	\$ 82,989 T = R / S - N
<b>Income Tax (grossed-up)</b>				\$ 333,825 U = R + T
<b>Ontario Capital Tax (not grossed-up)</b>				\$ - V
<b>Tax Provision for Test Year Rate Recovery</b>				\$ 333,825 W = U + V

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**APPENDIX H  
FEDERAL AND PROVINCIAL  
INCOME TAX RETURNS 2009**

Canada Revenue Agency / Agence du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

055 Do not use this area

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Ontario (for tax years ending before 2009), Quebec, or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

Parts, sections, subsections, and paragraphs mentioned on this return refer to the federal Income Tax Act. This return may contain changes that had not yet become law at the time of printing.

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your tax centre or tax services office. You have to file the return within six months after the end of the corporation's tax year.

For more information see www.cra.gc.ca or Guide T4012, T2 Corporation - Income Tax Guide.

Identification

Business Number (BN) 001 89909 5012 RC0001

Corporation's name 002 WOODSTOCK HYDRO SERVICES INC.

Address of head office Has this address changed since the last time you filed your T2 return? 010 1 Yes [ ] 2 No [X]

(If yes, complete lines 011 to 018.) 011 16 GRAHAM STREET 012

City Province, territory, or state 015 WOODSTOCK 016 ON

Country (other than Canada) Postal code/Zip code 017 CA 018 N4S 7X4

Mailing address (if different from head office address) Has this address changed since the last time you filed your T2 return? 020 1 Yes [ ] 2 No [X]

(If yes, complete lines 021 to 028.) 021 c/o 022 16 GRAHAM STREET 023

City Province, territory, or state 025 WOODSTOCK 026 ON

Country (other than Canada) Postal code/Zip code 027 CA 028 N4S 7X4

Location of books and records Has the location of books and records changed since the last time you filed your T2 return? 030 1 Yes [ ] 2 No [X]

(If yes, complete lines 031 to 038.) 031 16 GRAHAM STREET 032

City Province, territory, or state 035 WOODSTOCK 036 ON

Country (other than Canada) Postal code/Zip code 037 CA 038 N4S 7X4

039

040 Type of corporation at the end of the tax year

- 1 [X] Canadian-controlled private corporation (CCPC) 4 [ ] Corporation controlled by a public corporation
2 [ ] Other private corporation 5 [ ] Other corporation (specify, below)
3 [ ] Public corporation

If the type of corporation changed during the tax year, provide the effective date of the change. 043

YYYY MM DD

To which tax year does this return apply?

Tax year start Tax year-end 060 2009-01-01 061 2009-12-31
YYYY MM DD YYYY MM DD

Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year? 063 1 Yes [ ] 2 No [X]

If yes, provide the date control was acquired 065 YYYY MM DD

Is the date on line 061 a deemed tax year-end in accordance with subsection 249(3.1)? 066 1 Yes [ ] 2 No [X]

Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes [ ] 2 No [X]

Is this the first year of filing after: Incorporation? 070 1 Yes [ ] 2 No [X] Amalgamation? 071 1 Yes [ ] 2 No [X]

If yes, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 1 Yes [ ] 2 No [X]

If yes, complete and attach Schedule 24.

Is this the final tax year before amalgamation? 076 1 Yes [ ] 2 No [X]

Is this the final return up to dissolution? 078 1 Yes [ ] 2 No [X]

If an election was made under section 261, state the functional currency used 079

Is the corporation a resident of Canada?

080 1 Yes [X] 2 No [ ] If no, give the country of residence on line 081 and complete and attach Schedule 97.

081

Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes [ ] 2 No [X]

If yes, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

- 085 1 [ ] Exempt under paragraph 149(1)(e) or (l)
2 [ ] Exempt under paragraph 149(1)(j)
3 [ ] Exempt under paragraph 149(1)(t)
4 [ ] Exempt under other paragraphs of section 149

Do not use this area

091 092 093 094 095 096 100

**Attachments**

**Financial statement information:** Use GIFL schedules 100, 125, and 141.

**Schedules** - Answer the following questions. For each **Yes** response, **attach** to the T2 return the schedule that applies.

	Yes	Schedule
Is the corporation related to any other corporations?	<input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	<input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	<input type="checkbox"/>	49
Does the corporation have any non-resident shareholders?	<input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	<input type="checkbox"/>	11
If you answered <b>yes</b> to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	<input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input checked="" type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	<input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	<input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust?	<input type="checkbox"/>	22
Did the corporation have any foreign affiliates during the year?	<input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ?	<input type="checkbox"/>	29
Has the corporation had any non-arm's length transactions with a non-resident?	<input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	<input type="checkbox"/>	
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	<input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input checked="" type="checkbox"/>	3
Is the corporation claiming any type of losses?	<input checked="" type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	<input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) is the corporation claiming the refundable portion of Part I tax?	<input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property?	<input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
Is the corporation claiming reserves of any kind?	<input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	<input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	<input type="checkbox"/>	20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	<input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits?	<input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	<input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	<input checked="" type="checkbox"/>	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	<input checked="" type="checkbox"/>	
Is the corporation claiming a surtax credit?	<input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	<input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
Is the corporation subject to Part III - Tobacco Manufacturers' surtax?	<input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	<input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund?	<input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund?	<input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	<input type="checkbox"/>	92

Do not submit

**Attachments – continued from page 2**

	Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	<input type="checkbox"/>	T1134-A
Did the corporation have any controlled foreign affiliates?	<input type="checkbox"/>	T1134-B
Did the corporation own specified foreign property in the year with a cost amount over \$100,000?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input checked="" type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	<input checked="" type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	<input type="checkbox"/>	54

**Additional information**

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>
Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Has the major business activity changed since the last return was filed? (enter <b>yes</b> for first-time filers)	281	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's major business activity? (Only complete if <b>yes</b> was entered at line 281)	282		
If the major business activity involves the resale of goods, show whether it is wholesale or retail	283	1 Wholesale <input type="checkbox"/>	2 Retail <input type="checkbox"/>
Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284	HYDRO	285 100.000 %
	286		287 %
	288		289 %
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294		
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>

**Taxable income**

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL	300	1,700,894	A
<b>Deduct:</b> Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction *	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal		1,700,894	B
Subtotal (amount A minus amount B) (if negative, enter "0")		1,700,894	C
<b>Add:</b> Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
<b>Taxable income</b> (amount C plus amount D)	360	1,700,894	
Income exempt under paragraph 149(1)(t)	370		
<b>Taxable income</b> for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		1,700,894	Z

\* This amount is equal to 3 times the Part VI.1 tax payable at line 724.

**Small business deduction**

**Canadian-controlled private corporations (CCPCs) throughout the tax year**

Income from active business carried on in Canada from Schedule 7	400	1,700,894	A
Taxable income from line 360, minus 10/3 of the amount on line 632*, minus 3 times the amount on line 636**, and minus any amount that, because of federal law, is exempt from Part I tax	405	1,700,894	B

**Calculation of the business limit:**

For all CCPCs, calculate the amount at line 4 below.

400,000	x	Number of days in the tax year before 2009	=	.....	1
		Number of days in the tax year		365	
500,000	x	Number of days in the tax year after 2008	=	.....	2
		Number of days in the tax year		365	
<b>Add amounts at lines 1 and 2</b>				<u>500,000</u>	4

Business limit (see notes 1 and 2 below)	410	500,000	C
------------------------------------------	-----	---------	---

- Notes:**
- For CCPCs that are not associated, enter the amount from line 4 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate the amount from line 4 by the number of days in the tax year divided by 365, and enter the result on line 410.
  - For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

**Business limit reduction:**

Amount C	500,000	x	415 ***	62,921	D	=	.....	2,796,489	E
				11,250					
Reduced business limit (amount C minus amount E) (if negative, enter "0")								425	F

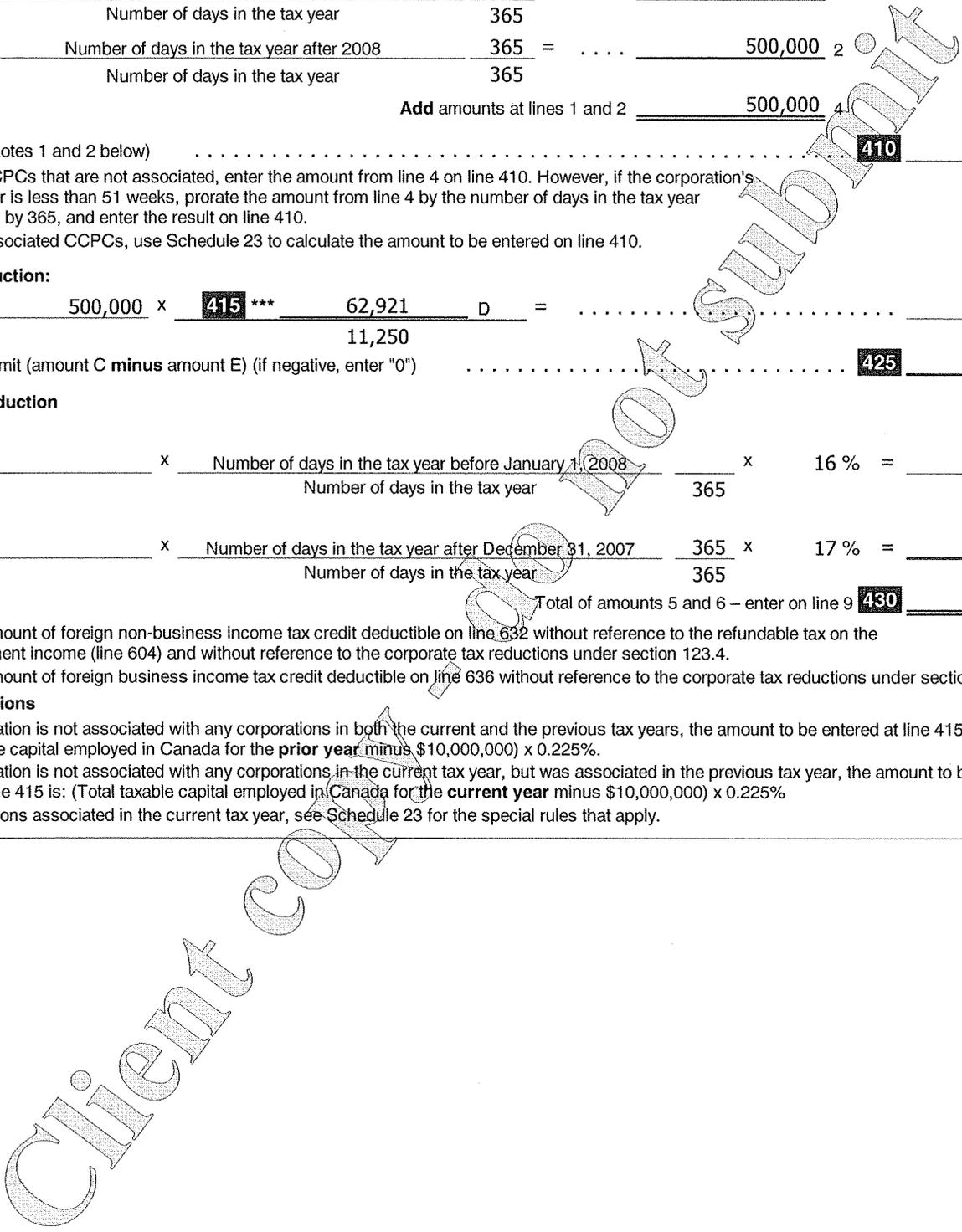
**Small business deduction**

Amount A, B, C, or F whichever is the least	x	Number of days in the tax year before January 1, 2008	x	16 %	=	.....	5	
		Number of days in the tax year		365				
Amount A, B, C, or F whichever is the least	x	Number of days in the tax year after December 31, 2007	x	17 %	=	.....	6	
		Number of days in the tax year		365				
Total of amounts 5 and 6 – enter on line 9							<u>430</u>	G

- \* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.
- \*\* Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporate tax reductions under section 123.4.

**\*\*\* Large corporations**

- If the corporation is not associated with any corporations in both the current and the previous tax years, the amount to be entered at line 415 is: (Total taxable capital employed in Canada for the **prior year** minus \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered at line 415 is: (Total taxable capital employed in Canada for the **current year** minus \$10,000,000) x 0.225%
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.



**General tax reduction for Canadian-controlled private corporations**

**Canadian-controlled private corporations throughout the tax year**

Taxable income from line 360									1,700,894	A
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27										B
Amount QQ from Part 13 of Schedule 27										C
Amount used to calculate the credit union deduction from Schedule 17										D
Amount from line 400, 405, 410, or 425, whichever is the least										E
Aggregate investment income from line 440										F
Total of amounts B to F									1,700,894	G
Amount A minus amount G (if negative, enter "0")										H
Amount H	1,700,894	x	Number of days in the tax year before January 1, 2008		x	7%	=			I
			Number of days in the tax year	365						
Amount H	1,700,894	x	Number of days in the tax year after December 31, 2007, and before January 1, 2009		x	8.5%	=			J
			Number of days in the tax year	365						
Amount H	1,700,894	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010	365	x	9%	=	153,080		K
			Number of days in the tax year	365						
Amount H	1,700,894	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011		x	10%	=			L
			Number of days in the tax year	365						
<b>General tax reduction for Canadian-controlled private corporations – Total of amounts I to L</b>									153,080	M
Enter amount M on line 638.										

**General tax reduction**

**Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.**

Taxable income from page 3 (line 360 or amount Z, whichever applies)										N
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27										O
Amount QQ from Part 13 of Schedule 27										P
Amount used to calculate the credit union deduction from Schedule 17										Q
Total of amounts O to Q										R
Amount N minus amount R (if negative, enter "0")										S
Amount S		x	Number of days in the tax year before January 1, 2008		x	7%	=			T
			Number of days in the tax year	365						
Amount S		x	Number of days in the tax year after December 31, 2007, and before January 1, 2009		x	8.5%	=			U
			Number of days in the tax year	365						
Amount S		x	Number of days in the tax year after December 31, 2008, and before January 1, 2010	365	x	9%	=			V
			Number of days in the tax year	365						
Amount S		x	Number of days in the tax year after December 31, 2009, and before January 1, 2011		x	10%	=			W
			Number of days in the tax year	365						
<b>General tax reduction – Total of amounts T to W</b>										X
Enter amount X on line 639.										

Client

**Refundable portion of Part I tax**

**Canadian-controlled private corporations throughout the tax year**

Aggregate investment income from Schedule 7 ..... **440** x 26 2 / 3 % = ..... A

Foreign non-business income tax credit from line 632 .....

**Deduct:**

Foreign investment income from Schedule 7 ..... **445** x 9 1 / 3 % = ..... B  
(if negative, enter "0")

Amount A minus amount B (if negative, enter "0") ..... C

Taxable income from line 360 ..... **1,700,894**

**Deduct:**

Amount from line 400, 405, 410, or 425, whichever is the least .....

Foreign non-business income tax credit from line 632 ..... x 25 / 9 = .....

Foreign business income tax credit from line 636 ..... x 3 = .....

**1,700,894**  
x 26 2 / 3 % = **453,572** D

Part I tax payable minus investment tax credit refund (line 700 minus line 780) ..... **323,171**

**Deduct:** Corporate surtax from line 600 .....

Net amount ..... **323,171** E

**Refundable portion of Part I tax** – Amount C, D, or E, whichever is the least ..... **450** F

**Refundable dividend tax on hand**

Refundable dividend tax on hand at the end of the previous tax year ..... **460**

**Deduct:** Dividend refund for the previous tax year ..... **465**

**Add the total of:**

Refundable portion of Part I tax from line 450 above .....

Total Part IV tax payable from Schedule 3 .....

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation ..... **480**

**Refundable dividend tax on hand at the end of the tax year** – Amount G plus amount H ..... **485**

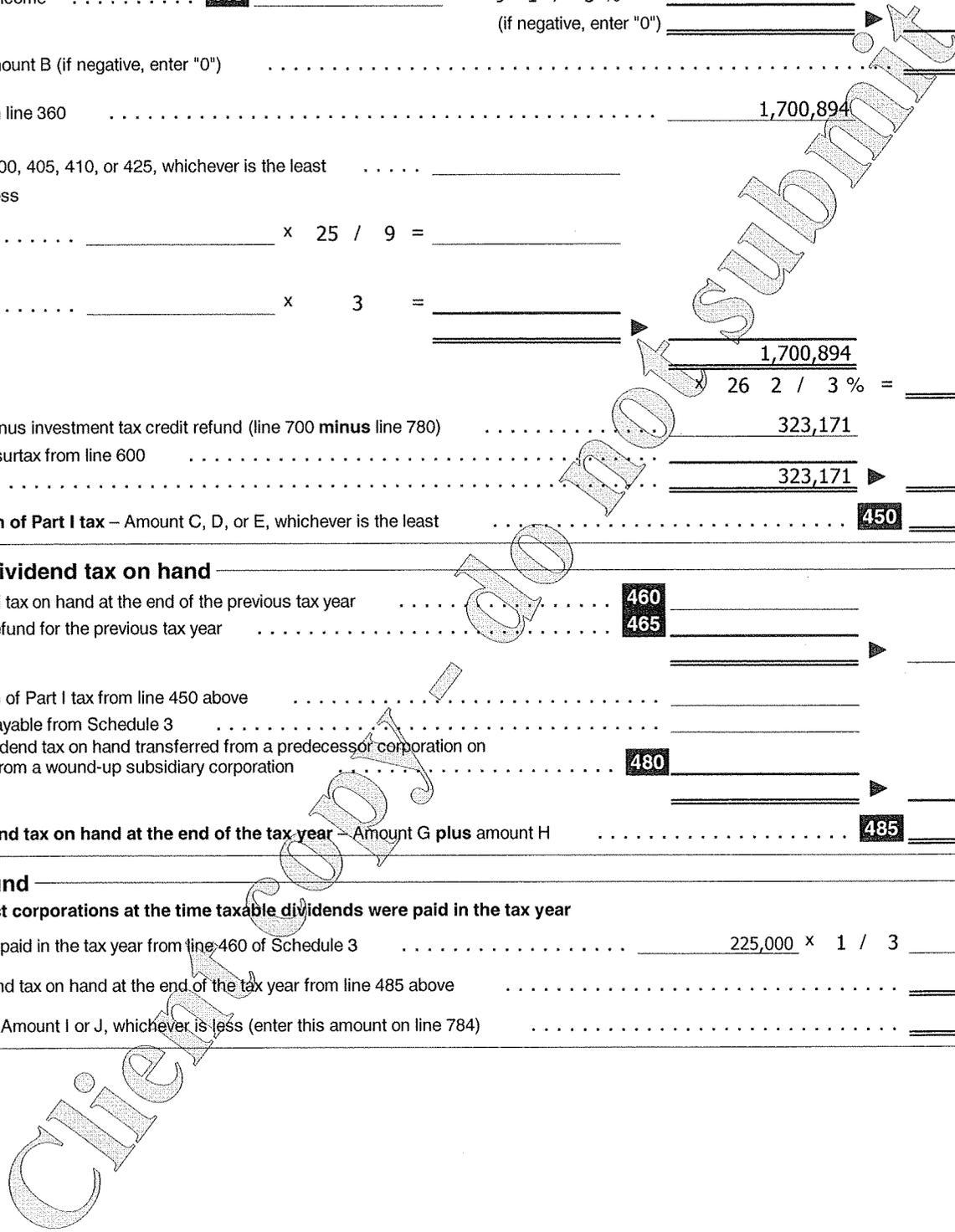
**Dividend refund**

**Private and subject corporations at the time taxable dividends were paid in the tax year**

Taxable dividends paid in the tax year from line 460 of Schedule 3 ..... **225,000** x 1 / 3 ..... **75,000** I

Refundable dividend tax on hand at the end of the tax year from line 485 above ..... J

**Dividend refund** – Amount I or J, whichever is less (enter this amount on line 784) .....



**Part I tax**

**Base amount of Part I tax** – Taxable income (line 360 or amount Z, whichever applies) multiplied by 38.00 % ..... **550** 646,340 A

**Corporate surtax calculation**

Base amount from line A above ..... 646,340 1

**Deduct:**  
 10 % of taxable income (line 360 or amount Z, whichever applies) ..... 170,089 2  
 Investment corporation deduction from line 620 below ..... 3  
 Federal logging tax credit from line 640 below ..... 4  
 Federal qualifying environmental trust tax credit from line 648 below ..... 5

For a mutual fund corporation or an investment corporation throughout the tax year, enter amount a, b, or c below on line 6, whichever is the least:

28.00 % of taxable income from line 360 ..... a  
 28.00 % of taxed capital gains ..... b  
 Part I tax otherwise payable ..... c

(line A plus lines C and D minus line F)  
 Total of lines 2 to 6 ..... 170,089 7

Net amount (line 1 minus line 7) ..... 476,251 8

**Corporate surtax\***

Line 8 476,251 × Number of days in the tax year before January 1, 2008 365 × 4 % = **600** B

\* The corporate surtax is zero effective January 1, 2008.

Recapture of investment tax credit from Schedule 31 ..... **602** C

**Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income**  
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 ..... i  
 Taxable income from line 360 ..... 1,700,894

**Deduct:**  
 Amount from line 400, 405, 410, or 425, whichever is the least .....  
 Net amount ..... 1,700,894 ▶ 1,700,894 ii

**Refundable tax on CCPC's investment income** – 6 2 / 3 % of whichever is less: amount i or ii ..... **604** D

Subtotal (add lines A to D) ..... 646,340 E

**Deduct:**

Small business deduction from line 430 ..... 9  
 Federal tax abatement ..... **608** 170,089  
 Manufacturing and processing profits deduction from Schedule 27 ..... **616**  
 Investment corporation deduction ..... **620**  
 Taxed capital gains **624**  
 Additional deduction – credit unions from Schedule 17 ..... **628**  
 Federal foreign non-business income tax credit from Schedule 21 ..... **632**  
 Federal foreign business income tax credit from Schedule 21 ..... **636**  
 General tax reduction for CCPCs from amount M ..... **638** 153,080  
 General tax reduction from amount X ..... **639**  
 Federal logging tax credit from Schedule 21 ..... **640**  
 Federal political contribution tax credit ..... **644**  
 Federal political contributions **646**  
 Federal qualifying environmental trust tax credit ..... **648**  
 Investment tax credit from Schedule 31 ..... **652**

Subtotal ..... 323,169 ▶ 323,169 F

**Part I tax payable** – Line E minus line F ..... 323,171 G

Enter amount G on line 700.

**Summary of tax and credits**

<b>Federal tax</b>			
Part I tax payable		700	323,171
Part II surtax payable from Schedule 46		708	
Part III.1 tax payable from Schedule 55		710	
Part IV tax payable from Schedule 3		712	
Part IV.1 tax payable from Schedule 43		716	
Part VI tax payable from Schedule 38		720	
Part VI.1 tax payable from Schedule 43		724	
Part XIII.1 tax payable from Schedule 92		727	
Part XIV tax payable from Schedule 20		728	
<b>Total federal tax</b>			<b>323,171</b>

**Add provincial or territorial tax:**

Provincial or territorial jurisdiction . . . **750** ON  
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)  
Net provincial or territorial tax payable (except Ontario [for tax years ending before 2009], Quebec, and Alberta) . . . . . **760** 265,625  
Provincial tax on large corporations (New Brunswick\* and Nova Scotia) . . . . . **765** 265,625

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**Total tax payable** **770** 588,796 **A**

\* The New Brunswick tax on large corporations is eliminated effective January 1, 2009.

**Deduct other credits:**

Investment tax credit refund from Schedule 31 . . . . . **780**  
Dividend refund . . . . . **784**  
Federal capital gains refund from Schedule 18 . . . . . **788**  
Federal qualifying environmental trust tax credit refund . . . . . **792**  
Canadian film or video production tax credit refund (Form T1131) . . . . . **796**  
Film or video production services tax credit refund (Form T1177) . . . . . **797**  
Tax withheld at source . . . . . **800**  
Total payments on which tax has been withheld **801**  
Provincial and territorial capital gains refund from Schedule 18 . . . . . **808**  
Provincial and territorial refundable tax credits from Schedule 5 . . . . . **812**  
Tax instalments paid . . . . . **840** 710,632

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**Total credits** **890** 710,632 **B**

Refund code **894** 1 Overpayment 121,836 Balance (line A minus line B) -121,836

**Direct deposit request**  
To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

Start  Change information

**914** Institution number **918** Account number **910** Branch number

If the result is negative, you have an **overpayment**.  
If the result is positive, you have a **balance unpaid**.  
Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of \$2 or less.

Balance unpaid . . . . .

Enclosed payment **898**

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? **896** 1 Yes  2 No

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

**Certification**

I, **950** EITEL **951** PATTI **954** MANAGER OF ACCOUNTING  
Last name in block letters First name in block letters Position, office, or rank

I am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I further certify that the method of calculating income for this tax year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

**955** 2010-05-18 Date (yyyy/mm/dd) *Patti* Signature of the authorized signing officer of the corporation **956** (519) 537-7172 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below . . . . . **957** 1 Yes  2 No

**958** Name in block letters **959** Telephone number

**Language of correspondence – Langue de correspondance**

Indicate your language of correspondence by entering 1 for English or 2 for French.  
Indiquez votre langue de correspondance en inscrivant 1 pour anglais ou 2 pour français. **990** 1



**NET INCOME (LOSS) FOR INCOME TAX PURPOSES**

**SCHEDULE 1**

Corporation's name <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year end Year Month Day <b>2009-12-31</b>
------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 *Corporation Income Tax Guide*.
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act*.

Amount calculated on line 9999 from Schedule 125			<b>591,678</b>	<b>A</b>
<b>Add:</b>				
Provision for income taxes – current	<b>101</b>	<b>587,559</b>		
Provision for income taxes – deferred	<b>102</b>	<b>-174,880</b>		
Amortization of tangible assets	<b>104</b>	<b>1,996,257</b>		
Amortization of intangible assets	<b>106</b>	<b>416</b>		
Non-deductible meals and entertainment expenses	<b>121</b>	<b>926</b>		
Reserves from financial statements – balance at the end of the year	<b>126</b>	<b>25,201</b>		
		<b>Subtotal of additions</b>	<b>2,435,479</b>	<b>2,435,479</b>
<b>Other additions:</b>				
<b>Miscellaneous other additions:</b>				
<b>604</b> Change in settlement sales variance deferred asset		<b>389,546</b>		
Change in sick leave		<b>35,769</b>		
Smart meter recovery charges		<b>240,317</b>		
		<b>Total</b>	<b>665,632</b>	
		<b>Subtotal of other additions</b>	<b>665,632</b>	<b>665,632</b>
		<b>Total additions</b>	<b>3,101,111</b>	<b>3,101,111</b>
<b>Deduct:</b>				
Capital cost allowance from Schedule 8	<b>403</b>	<b>1,797,791</b>		
Cumulative eligible capital deduction from Schedule 10	<b>405</b>	<b>496</b>		
Reserves from financial statements – balance at the beginning of the year	<b>414</b>	<b>15,084</b>		
		<b>Subtotal of deductions</b>	<b>1,813,371</b>	<b>1,813,371</b>
<b>Other deductions:</b>				
<b>Miscellaneous other deductions:</b>				
<b>700</b> Capital tax	<b>390</b>	<b>27,500</b>		
<b>701</b> Operation costs of qualifying transitional asset	<b>391</b>	<b>151,024</b>		
<b>704</b>				
		<b>Total</b>	<b>394</b>	
		<b>Subtotal of other deductions</b>	<b>178,524</b>	<b>178,524</b>
		<b>Total deductions</b>	<b>1,991,895</b>	<b>1,991,895</b>
<b>Net income (loss) for income tax purposes</b> – enter on line 300 of the T2 return			<b>1,700,894</b>	

\* For reference purposes only

**DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION**

**SCHEDULE 3**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- This schedule is for the use of any corporation to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
  - taxable dividends paid for purposes of a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- A recipient corporation is connected with a payer corporation at any time in a taxation year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the sections about Schedule 3 in the *T2 Corporation Income Tax Guide*.
- "X" under column A if dividend received from a foreign source (connected corporation only).
- "1" under column B if the payer corporation is connected.
- Enter in column F1, the amount of dividends received reported in column 240 that are eligible.
- Under column F2, enter the code that applies to the deductible taxable dividend.

**Part 1 – Dividends received during the taxation year**

**Do not include dividends received from foreign non-affiliates.**

Name of payer corporation (Use only one line per corporation, abbreviating its name if necessary)	Complete if payer corporation is connected				E Non-taxable dividend under section 83
	A	B	C Business Number	D Taxation year end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends were paid YYYY/MM/DD	
		<b>205</b>	<b>210</b>	<b>220</b>	<b>230</b>
1		2			
Total					

**Note:** If your corporation's taxation year end is different than that of the connected payer corporation, your corporation could have received dividends from more than one taxation year of the payer corporation. If so, use a separate line to provide the information for each taxation year of the payer corporation.

F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)	F1 Eligible dividends	F2	If payer corporation is not connected, leave these columns blank.		
			G Total taxable dividends paid by connected payer corporation	H Dividend refund of the connected payer corporation	I Part IV tax before deductions F x 1 / 3 *
<b>240</b>			<b>250</b>	<b>260</b>	<b>270</b>
1					
Total (enter amount of column F on line 320 of the T2 return)					
J					

For dividends received from connected corporations: Part IV tax equals:  $\frac{\text{Column F} \times \text{Column H}}{\text{Column G}}$

\* Life insurers are not subject to Part IV tax on subsection 138(6) dividends.  
Public corporations (other than subject corporations) do not need to calculate Part IV tax.

**Part 2 – Calculation of Part IV tax payable**

Part IV tax before deductions (amount J in Part 1) .....

**Deduct:**  
Part IV.I tax payable on dividends subject to Part IV tax ..... **320**

Subtotal .....

**Deduct:**  
Current-year non-capital loss claimed to reduce Part IV tax ..... **330**  
Non-capital losses from previous years claimed to reduce Part IV tax ..... **335**  
Current-year farm loss claimed to reduce Part IV tax ..... **340**  
Farm losses from previous years claimed to reduce Part IV tax ..... **345**

Total losses applied against Part IV tax ..... x 1/3 =

Part IV tax payable (enter amount on line 712 of the T2 return) ..... **360**

**Part 3 – Taxable dividends paid in the taxation year for purposes of a dividend refund**

A Name of connected recipient corporation	B Business Number	C Taxation year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD	D Taxable dividends paid to connected corporations
<b>400</b>	<b>410</b>	<b>420</b>	<b>430</b>
1 WOODSTOCK HYDRO HOLDINGS INC	86248 6123 RC0001	2009-12-31	225,000
2			

**Note**  
If your corporation's taxation year end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one taxation year of the recipient corporation. If so, use a separate line to provide the information for each taxation year of the recipient corporation.

Total **225,000**

Total taxable dividends paid in the taxation year to other than connected corporations ..... **450**

Total taxable dividends paid in the taxation year for the purposes of a dividend refund (total of column D above plus line 450) ..... **460** 225,000

**Part 4 – Total dividends paid in the taxation year**

Complete this part if the total taxable dividends paid in the taxation year for purposes of a dividend refund (line 460 above) is different from the total dividends paid in the taxation year.

Total taxable dividends paid in the taxation year for the purposes of a dividend refund (from above) ..... 225,000

Other dividends paid in the taxation year (total of 510 to 540) .....

Total dividends paid in the taxation year ..... **500** 225,000

**Deduct:**  
Dividends paid out of capital dividend account ..... **510**  
Capital gains dividends ..... **520**  
Dividends paid on shares described in subsection 129(1.2) ..... **530**  
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year ..... **540**

Subtotal .....

Total taxable dividends paid in the taxation year for purposes of a dividend refund ..... **225,000**

**CORPORATION LOSS CONTINUITY AND APPLICATION**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year-end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- This form is used to determine the continuity and use of available losses; to determine the current-year non-capital loss, farm loss, restricted farm loss, and limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that may be applied in a year; and to request a loss carryback to previous years.
- The corporation can choose whether or not to deduct an available loss from income in a tax year. It can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending (TYE) before that time is deductible in computing taxable income in a TYE after that time and no amount of capital loss incurred in a TYE after that time is deductible in computing taxable income of a TYE before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send it by itself to the tax centre where the return is filed.
- Parts, sections, subsections, paragraphs, and subparagraphs mentioned in this schedule refer to the *Income Tax Act*.

**Part 1 – Non-capital losses**

**Determination of current-year non-capital loss**

Net income (loss) for income tax purposes	1,700,894
<b>Deduct:</b> (increase a loss)	
Net capital losses deducted in the year (enter as a positive amount)	
Taxable dividends deductible under sections 112, 113, or subsection 138(6)	
Amount of Part VI.1 tax deductible	
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)	
<b>Deduct:</b> (increase a loss)	Subtotal (if positive, enter "0")
Section 110.5 and/or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions	
	Subtotal
<b>Add:</b> (decrease a loss)	
Current-year farm loss	
Current-year non-capital loss (if positive, enter "0")	

**Continuity of non-capital losses and request for a carryback**

Non-capital loss at the end of the previous tax year	
<b>Deduct:</b> Non-capital loss expired *	100
Non-capital losses at the beginning of the tax year	102
<b>Add:</b> Non-capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	105
Current-year non-capital loss (from calculation above)	110
<b>Deduct:</b>	
Other adjustments (includes adjustments for an acquisition of control)	150
Section 80 – Adjustments for forgiven amounts	140
Subsection 111(10) – Adjustments for fuel tax rebate	
<b>Deduct:</b>	
Amount applied against taxable income (enter on line 331 of the T2 return)	130
Amount applied against taxable dividends subject to Part IV tax	135
	Subtotal
<b>Deduct – Request to carry back non-capital loss to:</b>	
First previous tax year to reduce taxable income	901
Second previous tax year to reduce taxable income	902
Third previous tax year to reduce taxable income	903
First previous tax year to reduce taxable dividends subject to Part IV tax	911
Second previous tax year to reduce taxable dividends subject to Part IV tax	912
Third previous tax year to reduce taxable dividends subject to Part IV tax	913
Non-capital losses – Closing balance	180

\* A non-capital loss expires as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004, and before 2006; or
- After 20 tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss as follows:

- After 7 tax years if it arose in a tax year ending before March 23, 2004;
- After 10 tax years if it arose in a tax year ending after March 22, 2004.

**Election under paragraph 88(1.1)(f)**

Paragraph 88(1.1)(f) election indicator ..... **190** Yes   
 Loss from a wholly owned subsidiary deemed to be a loss of the parent from its immediately previous tax year.

**Part 2 - Capital losses**

**Continuity of capital losses and request for a carryback**

Capital losses at the end of the previous tax year .....	<b>200</b>		28,760
Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation .....	<b>205</b>		28,760
<b>Deduct:</b>			
Other adjustments (includes adjustments for an acquisition of control) .....	<b>250</b>		
Section 80 - Adjustments for forgiven amounts .....	<b>240</b>		
			Subtotal <b>28,760</b>
<b>Add:</b>			
Current-year capital loss (from the calculation on Schedule 6) .....		<b>210</b>	
Unused non-capital losses that expired in the tax year* .....		A	
Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year** .....		B	
Enter amount from line A or B, whichever is less .....	<b>215</b>		
ABILs expired as non-capital loss: line 215 divided by the inclusion rate*** 75.0000 % .....			<b>220</b>
			Subtotal <b>28,760</b>
<b>Note:</b> If there has been an amalgamation or a wind-up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total at line 220 above.			
<b>Deduct:</b> Amount applied against the current-year capital gain (see Note 1) .....			<b>225</b>
			Subtotal <b>28,760</b>
<b>Deduct - Request to carry back capital loss to (see Note 2):</b>			
	Capital gain (100%)	Amount carried back (100%)	
First previous tax year .....	<b>951</b>		
Second previous tax year .....	<b>952</b>		
Third previous tax year .....	<b>953</b>		
Capital losses - Closing balance .....			<b>280</b> <u>28,760</u>

**Note 1**  
Enter the amount from line 225 multiplied by 50% on line 332 of the T2 return.

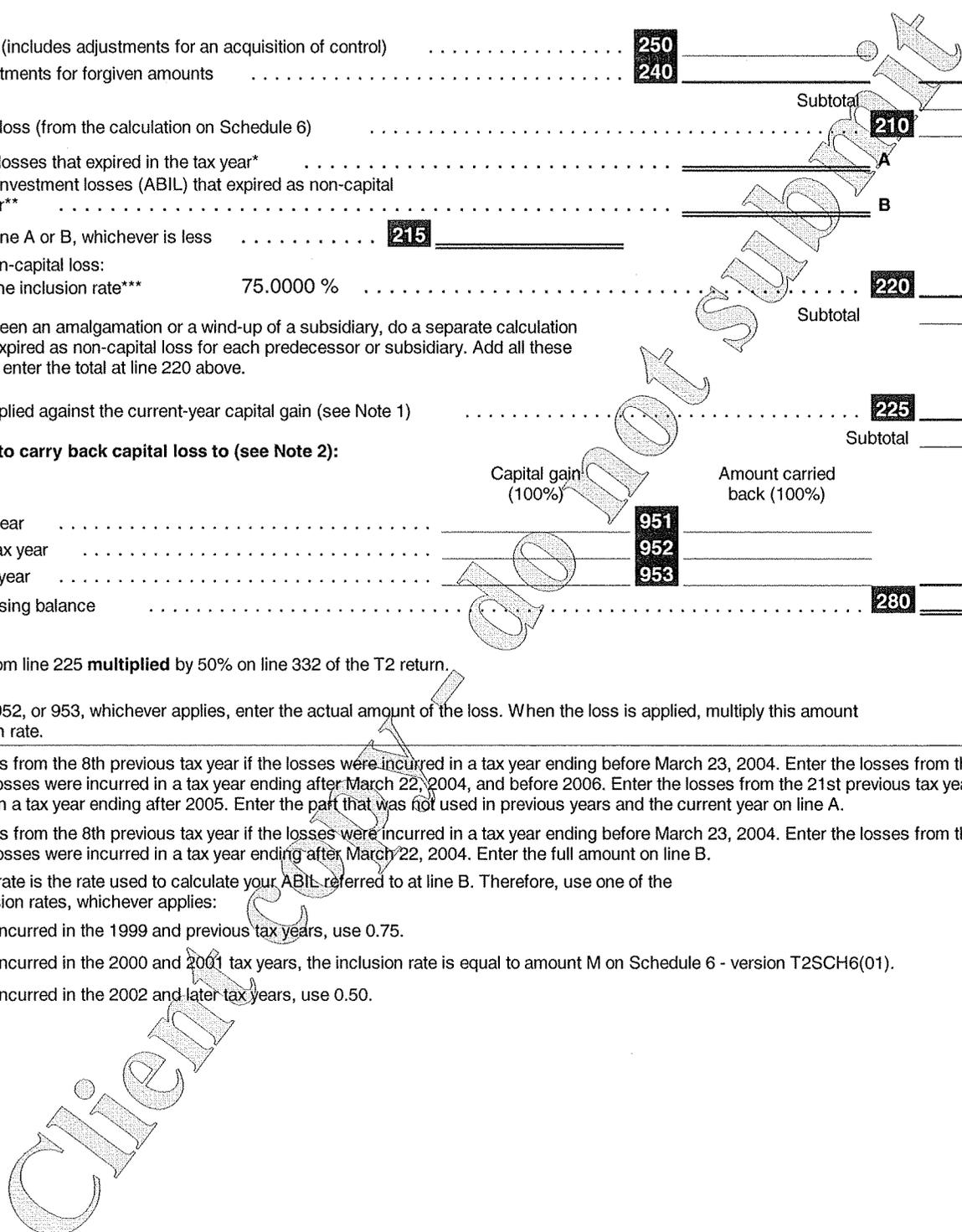
**Note 2**  
On lines 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, multiply this amount by the 50% inclusion rate.

\* Enter the losses from the 8th previous tax year if the losses were incurred in a tax year ending before March 23, 2004. Enter the losses from the 11th previous tax year if the losses were incurred in a tax year ending after March 22, 2004, and before 2006. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line A.

\*\* Enter the losses from the 8th previous tax year if the losses were incurred in a tax year ending before March 23, 2004. Enter the losses from the 11th previous tax year if the losses were incurred in a tax year ending after March 22, 2004. Enter the full amount on line B.

\*\*\* This inclusion rate is the rate used to calculate your ABIL referred to at line B. Therefore, use one of the following inclusion rates, whichever applies:

- For ABILs incurred in the 1999 and previous tax years, use 0.75.
- For ABILs incurred in the 2000 and 2001 tax years, the inclusion rate is equal to amount M on Schedule 6 - version T2SCH6(01).
- For ABILs incurred in the 2002 and later tax years, use 0.50.



**Part 3 – Farm losses**

**Continuity of farm losses and request for a carryback**

Farm losses at the end of the previous tax year		
<b>Deduct:</b> Farm loss expired *	300	
Farm losses at the beginning of the tax year	302	
<b>Add:</b> Farm losses transferred on the amalgamation or the wind-up of a subsidiary corporation	305	
Current-year farm loss	310	
<b>Deduct:</b>		
Other adjustments (includes adjustments for an acquisition of control)	350	
Section 80 – Adjustments for forgiven amounts	340	
Amount applied against taxable income (enter on line 334 of the T2 return)	330	
Amount applied against taxable dividends subject to Part IV tax	335	
		Subtotal
<b>Deduct – Request to carry back farm loss to:</b>		
First previous tax year to reduce taxable income	921	
Second previous tax year to reduce taxable income	922	
Third previous tax year to reduce taxable income	923	
First previous tax year to reduce taxable dividends subject to Part IV tax	931	
Second previous tax year to reduce taxable dividends subject to Part IV tax	932	
Third previous tax year to reduce taxable dividends subject to Part IV tax	933	
Farm losses – Closing balance		<b>380</b>

\* A farm loss expires as follows:  
 • After 10 tax years if it arose in a tax year ending before 2006; or  
 • After 20 tax years if it arose in a tax year ending after 2005.

**Part 4 – Restricted farm losses**

**Current-year restricted farm loss**

Total losses for the year from farming business		<b>485</b>	C
<b>Minus</b> the deductible farm loss:			
\$2,500 plus D or E, whichever is less	\$	<b>2,500</b>	
(Amount C above _____ – \$2,500) divided by 2 =	D		
	\$	<b>6,250</b>	E
			<b>2,500</b> F
Current-year restricted farm loss (amount C minus amount F) (enter this amount on line 410)			

**Continuity of restricted farm losses and request for a carryback**

Restricted farm losses at the end of the previous tax year		
<b>Deduct:</b> Restricted farm loss expired *	400	
Restricted farm losses at the beginning of the tax year	402	
<b>Add:</b> Restricted farm losses transferred on the amalgamation or the wind-up of a subsidiary corporation	405	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410	
<b>Deduct:</b>		
Amount applied against farming income (enter on line 333 of the T2 return)	430	
Section 80 – Adjustments for forgiven amounts	440	
Other adjustments	450	
		Subtotal
<b>Deduct – Request to carry back restricted farm loss to:</b>		
First previous tax year to reduce farming income	941	
Second previous tax year to reduce farming income	942	
Third previous tax year to reduce farming income	943	
Restricted farm losses – Closing balance		<b>480</b>

**Note**  
 The total losses for the year from all farming businesses are calculated without including scientific research expenses.

\* A restricted farm loss expires as follows:  
 • After 10 tax years if it arose in a tax year ending before 2006; or  
 • After 20 tax years if it arose in a tax year ending after 2005.

**Part 5 – Listed personal property losses**

**Continuity of listed personal property loss and request for a carryback**

Listed personal property losses at the end of the previous tax year .....		
<b>Deduct:</b> Listed personal property loss expired after seven tax years .....		<b>500</b>
Listed personal property losses at the beginning of the tax year .....		<b>502</b>
<b>Add:</b> Current-year listed personal property loss (from Schedule 6) .....		<b>510</b>
		Subtotal
<b>Deduct:</b>		
Amount applied against listed personal property gains (enter on line 655 of Schedule 6) .....	<b>530</b>	
Other adjustments .....	<b>550</b>	
		Subtotal
<b>Deduct – Request to carry back listed personal property loss to:</b>		
First previous tax year to reduce listed personal property gains .....	<b>961</b>	
Second previous tax year to reduce listed personal property gains .....	<b>962</b>	
Third previous tax year to reduce listed personal property gains .....	<b>963</b>	
Listed personal property losses – Closing balance .....		<b>580</b>

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**Part 7 – Limited partnership losses**

Current-year limited partnership losses						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 minus column 5  (if negative, enter "0")	Current-year limited partnership losses  (column 3 - 6)
<b>600</b>	<b>602</b>	<b>604</b>	<b>606</b>	<b>608</b>		<b>620</b>

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from prior tax years that may be applied in the current year						
1	2	3	4	5	6	7
Partnership identifier	Fiscal period ending	Limited partnership losses at the end of the previous tax year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 minus column 5  (if negative, enter "0")	Limited partnership losses that may be applied in the year.  (the lesser of columns 3 and 6)
<b>630</b>	<b>632</b>	<b>634</b>	<b>636</b>	<b>638</b>		<b>650</b>

Continuity of limited partnership losses that can be carried forward to future tax years					
Partnership identifier	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred on an amalgamation or the wind-up of a subsidiary	Current-year limited partnership losses  (from column 620)	Limited partnership losses applied  (cannot exceed column 650)	Limited partnership losses closing balance  (662 + 664 + 670 - 675)
<b>660</b>	<b>662</b>	<b>664</b>	<b>670</b>	<b>675</b>	<b>680</b>

Total (enter this amount on line 335 of the T2 return)

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**TAX CALCULATION SUPPLEMENTARY – CORPORATIONS**

Corporation's name <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year-end Year Month Day <b>2009-12-31</b>
------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- Use this schedule if, during the tax year, the corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1); or
  - is claiming provincial or territorial tax credits or rebates (see Part 2).
- Regulations mentioned in this schedule are from the *Income Tax Regulations*.
- For more information, see the *T2 Corporation – Income Tax Guide*.
- Enter the regulation number in field 100 of Part 1.

**Part 1 – Allocation of taxable income**

**100** 402 Corporations not specified Enter the regulation that applies (402 to 413)

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *	B Total salaries and wages paid in jurisdiction	C (B x taxable income**) / G	D Gross revenue	E (D x taxable income**) / H	F Allocation of taxable income (C + E) x 1/2 (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	103		143		
Newfoundland and Labrador offshore	104		144		
Prince Edward Island	105		145		
Nova Scotia	107		147		
Nova Scotia offshore	108		148		
New Brunswick	109		149		
Quebec	111		151		
Ontario	113		153		
Manitoba	115		155		
Saskatchewan	117		157		
Alberta	119		159		
British Columbia	121		161		
Yukon	123		163		
Northwest Territories	125		165		
Nunavut	126		166		
Outside Canada	127		167		
<b>Total</b>	<b>129</b>	<b>G</b>	<b>169</b>	<b>H</b>	

\* "Permanent establishment" is defined in Regulation 400(2).

\*\* Starting in 2009, if the corporation has income or loss from an international banking center; the taxable income is the amount on line 360 or line Z of the T2 return plus the total amount not required to be included, or minus the total amount not allowed to be deducted, in computing the corporation's income under section 33.1 of the federal *Income Tax Act*.

**Notes:**

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see line 760 of the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2 on the following pages.

**Part 2 - Ontario tax payable, tax credits, and rebates**

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
1,700,894			195,625

**Ontario basic income tax** (from Schedule 500) ..... **270** ..... 238,125

**Deduct:** Ontario small business deduction (from schedule 500) ..... **402** ..... 42,500

Subtotal (if negative, enter "0") ..... 195,625 ..... **195,625** A6

**Add:**

Surtax re Ontario small business deduction (from Schedule 500) ..... **272** ..... 42,500

Ontario additional tax re Crown royalties (from Schedule 504) ..... **274** .....

Ontario transitional tax debits (from Schedule 506) ..... **276** .....

Recapture of Ontario research and development tax credit (from Schedule 508) ..... **277** .....

Subtotal ..... 42,500 ..... **42,500** B6

Subtotal (amount A6 plus amount B6) ..... 238,125 ..... **238,125** C6

**Deduct:**

Ontario resource tax credit (from Schedule 504) ..... **404** .....

Ontario tax credit for manufacturing and processing (from Schedule 502) ..... **406** .....

Ontario foreign tax credit (from Schedule 21) ..... **408** .....

Ontario credit union tax reduction (from Schedule 500) ..... **410** .....

Ontario transitional tax credits (from Schedule 506) ..... **414** .....

Ontario political contributions tax credit (from Schedule 525) ..... **415** .....

Subtotal .....            .....  D6

Subtotal (amount C6 minus amount D6) (if negative, enter "0") ..... 238,125 ..... **238,125** E6

Ontario research and development tax credit (from Schedule 508) ..... **416** .....

Ontario corporate income tax payable before Ontario corporate minimum tax credit (amount E6 minus amount on line 416) (if negative, enter "0") ..... 238,125 ..... **238,125** F6

**Deduct:**

Ontario corporate minimum tax credit (from schedule 510) ..... **418** .....

Ontario corporate income tax payable (amount F6 minus amount on line 418) (if negative, enter "0") ..... 238,125 ..... **238,125** G6

**Add:**

Ontario corporate minimum tax (from Schedule 510) ..... **278** .....

Ontario special additional tax on life insurance corporations (from Schedule 512) ..... **280** .....

Ontario capital tax (from Schedule 514 or Schedule 515, whichever applies) ..... **282** ..... 27,500

Subtotal ..... 27,500 ..... **27,500** H6

Total Ontario tax payable before refundable credits (amount G6 plus amount H6) ..... 265,625 ..... **265,625** I6

**Deduct:**

Ontario qualifying environmental trust tax credit ..... **450** .....

Ontario co-operative education tax credit (from Schedule 550) ..... **452** .....

Ontario apprenticeship training tax credit (from Schedule 552) ..... **454** .....

Ontario computer animation and special effects tax credit (from Schedule 554) ..... **456** .....

Ontario film and television tax credit (from Schedule 556) ..... **458** .....

Ontario production services tax credit (from Schedule 558) ..... **460** .....

Ontario interactive digital media tax credit (from Schedule 560) ..... **462** .....

Ontario sound recording tax credit (from Schedule 562) ..... **464** .....

Ontario book publishing tax credit (from Schedule 564) ..... **466** .....

Ontario innovation tax credit (from Schedule 566) ..... **468** .....

Ontario business-research institute tax credit (from Schedule 568) ..... **470** .....

Subtotal .....            .....  J6

**Net Ontario tax payable or refundable credit** (amount I6 minus amount J6) ..... **290** ..... 265,625 ..... **265,625** K6

(if a credit, enter a negative amount) Include this amount on line 255.

**Summary**

Enter the total net tax payable or refundable credits for all provinces and territories at line 255.

**Net provincial and territorial tax payable or refundable credits** ..... **255** 265,625

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.  
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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CAPITAL COST ALLOWANCE (CCA)

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>		Business Number <b>89909 5012 RC0001</b>	Tax year end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	--	---------------------------------------------	-----------------------------------------------------

For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under regulation 1101(5q)?  101 1 Yes  2 No  X

1 Class number (See Note)	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Net adjustments**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate %	9 Recapture of capital cost allowance (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance multiplied by column 8, or a lower amount (line 403 of Schedule 1)****	12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200	201	203	205	207	211	212	213	215	217	220	
1.	15,407,558	221,770		0	110,885	15,518,443	4	0	0	620,738	15,008,590
2.	218,302	57,146		0	28,573	246,875	20	0	0	49,375	226,073
3.	294,661	105,283		3,500	50,892	345,552	30	0	0	103,666	292,778
4.	84,322	134,937		0	67,469	151,790	100	0	0	151,790	67,469
5.	104,988			0		104,988	45	0	0	47,245	57,743
6.	5,900,942	3,599,092	977,791	0	1,799,546	8,678,279	8	0	0	694,262	9,783,563
7.	59,663			0		59,663	55	0	0	32,815	26,848
8.	25,166			0		25,166	30	0	0	7,550	17,616
9.	977,791		-977,791	0			0	0	0		
10.		87,708		0	43,854	43,854	0	0	0		87,708
11.		180,701		0	90,351	90,351	100	0	0	90,350	90,351
52	23,073,393	4,386,637		3,500	2,191,570	25,264,960				1,797,791	25,658,739
<b>Total</b>											

**Note:** Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed.

Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

\* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2). \*\* Include amounts transferred under section 85, or an amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

\*\*\* The net cost of acquisitions is the cost of acquisitions (column 3) plus or minus certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance - General Comments*.

\*\*\*\* If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

**RELATED AND ASSOCIATED CORPORATIONS**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

This schedule is to be completed by a corporation having one or more of the following:

- related corporation(s)
- associated corporations(s)

Name	Country of residence (if other than Canada)	Business Number (Canadian corporation only) (see note 1)	Relationship code (see note 2)	Number of common shares owned	% of common shares owned	Number of preferred shares owned	% of preferred shares owned	Book value of capital stock
<b>100</b>	<b>200</b>	<b>300</b>	<b>400</b>	<b>500</b>	<b>550</b>	<b>600</b>	<b>650</b>	<b>700</b>
1. WOODSTOCK HYDRO HOLDINGS IN		86248 6123 RC0001	1					

Note 1: Enter "NR" if a corporation is not registered.

Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related, but not associated.

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CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation WOODSTOCK HYDRO SERVICES INC.	Business Number 89909 5012 RC0001	Tax year end Year Month Day 2009-12-31
------------------------------------------------------	--------------------------------------	----------------------------------------------

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

<b>Cumulative eligible capital - Balance at the end of the preceding taxation year</b> (if negative, enter "0")	<b>200</b>	7,088	A
<b>Add:</b> Cost of eligible capital property acquired during the taxation year	<b>222</b>		
Other adjustments	<b>226</b>		
Subtotal (line 222 plus line 226)			B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	<b>223</b>		C
amount B minus amount C (if negative, enter "0")			D
Amount transferred on amalgamation or wind-up of subsidiary	<b>224</b>		E
Subtotal (add amounts A, D, and E)	<b>230</b>	7,088	F
<b>Deduct:</b> Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	<b>242</b>		G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	<b>244</b>		H
Other adjustments	<b>246</b>		I
(add amounts G,H, and I)			J
			x 3 / 4 = <b>248</b>
<b>Cumulative eligible capital balance</b> (amount F minus amount J)		7,088	K
(if amount K is negative, enter "0" at line M and proceed to Part 2)			
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	<b>249</b>		
amount K		7,088	
less amount from line 249			
<b>Current year deduction</b>		7,088	
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)			
			x 7.00 % = <b>250</b>
			496 *
			496
			496 L
<b>Cumulative eligible capital - Closing balance</b> (amount K minus amount L) (if negative, enter "0")	<b>300</b>	6,592	M

\* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

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**Part 2 – Amount to be included in income arising from disposition**  
(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount)	.....	_____	N	
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	.....	<b>400</b> _____	1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	.....	<b>401</b> _____	2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	.....	<b>402</b> _____	3	
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	.....	<b>408</b> _____	4	
Line 3 minus line 4 (if negative, enter "0")	.....	_____	5	
Total of lines 1, 2 and 5	.....	_____	6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400	.....	_____	7	
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000	.....	_____	8	
Subtotal (line 7 plus line 8)	.....	<b>409</b> _____	9	
Line 6 minus line 9 (if negative, enter "0")	.....	_____	O	
Line N minus line O (if negative, enter "0")	.....	_____	P	
	Line 5	x 1 / 2 =	_____	Q
Line P minus line Q (if negative, enter "0")	.....	_____	_____	R
	Amount R	x 2 / 3 =	_____	S
Amount N or amount O, whichever is less	.....	_____	_____	T
<b>Amount to be included in income</b> (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	.....	<b>410</b> _____	_____	

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# Continuity of financial statement reserves (not deductible)

## Financial statement reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on amalgamation or wind-up of subsidiary	Add	Deduct	Balance at the end of the year
1 Allowance for Doubtful	15,084		10,117		25,201
2					
Reserves from Part 2 of Schedule 13					
<b>Totals</b>	15,084		10,117		25,201

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.  
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

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**DEFERRED INCOME PLANS**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

Type of plan (see note 1)	Amount of contribution \$ (see note 2)	Registration number (RPP, RSUBP, and DPSP only)	Name of EPSP trust	Address of EPSP trust	T4PS slip(s) filed by: (see note 3) (EPSP only)
100	200	300	400	500	600
1	166,241	612591			

**Note 1:** Enter the applicable code number:  
 1 – RPP  
 2 – RSUBP  
 3 – DPSP  
 4 – EPSP

**Note 2:** You do not need to add to Schedule 1 any payments you made to deferred income plans. To reconcile such payments, calculate the following amount:

Total of all amounts indicated in column 200 of this schedule ..... 166,241 **A**

**Less:**  
 Total of all amounts for deferred income plans deducted in your financial statements ..... 166,241 **B**

Deductible amount for contributions to deferred income plans (amount A minus amount B) (if negative, enter "0") .....                      **C**

**Enter amount C on line 417 of Schedule 1**

**Note 3:** T4PS slip(s) filed by:  
 1 – Trustee  
 2 – Employer

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**AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT**

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

**Column 1:** Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* (ITA) not to be associated for purposes of the small business deduction.

**Column 2:** Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

**Column 3:** Enter the association code that applies to each corporation:

- 1 – Associated for purposes of allocating the business limit (unless code 5 applies)
- 2 – CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
- 3 – Non-CCPC that is a "third corporation" as defined in subsection 256(2)
- 4 – Associated non-CCPC
- 5 – Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"

**Column 4:** Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

**Column 5:** Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

**Column 6:** Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2006	maximum \$300,000
2007	\$300,001 to \$400,000

Calendar year	Acceptable range
2008	maximum \$400,000
2009	\$400,001 to \$500,000

If the calendar year to which this agreement applies is after 2009, ensure that the total at line A does not exceed \$500,000.

**Allocating the business limit**

Date filed (do not use this area) ..... **025** Year Month Day

Enter the calendar year to which the agreement applies ..... **050** Year  
2009

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? ..... **075** 1 Yes  2 No

	1 Names of associated corporations	2 Business Number of associated corporations	3 Association code	4 Business limit for the year (before the allocation) \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	<b>100</b>	<b>200</b>	<b>300</b>		<b>350</b>	<b>400</b>
1	WOODSTOCK HYDRO SERVICES INC.	89909 5012 RC0001	1	500,000	100.0000	500,000
2	WOODSTOCK HYDRO HOLDINGS INC.	86248 6123 RC0001	1	500,000		
	<b>Total</b>				<b>100.0000</b>	<b>500,000</b> <b>A</b>

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**Business limit reduction under subsection 125(5.1) of the ITA**

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group\*\* of corporations in the current tax year, the amount at line 415 of the T2 return is equal to  $0.225\% \times (A - \$10,000,000)$  where, "A" is the total of taxable capital employed in Canada\*\*\* of each corporation in the associated group for its last tax year ending in the preceding calendar year.

\* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if \$500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

\*\* The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

\*\*\* "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.

T2 SCH 23 (09)

Canada

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**SHAREHOLDER INFORMATION**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Provide only one number per shareholder			Percentage common shares	Percentage preferred shares
		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number		
	<b>100</b>	<b>200</b>	<b>300</b>	<b>350</b>	<b>400</b>	<b>500</b>
1	WOODSTOCK HYDRO HOLDINGS INC.	86248 6123 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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GENERAL RATE INCOME POOL (GRIP) CALCULATION

Table with 3 columns: Name of corporation (WOODSTOCK HYDRO SERVICES INC.), Business Number (89909 5012 RC0001), Tax year-end (2009-12-31)

On: 2009-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
• When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your T2 Corporation Income Tax Return. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
• Subsections referred to in this schedule are from the Income Tax Act.
• Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

- 1. Is this the corporation's first taxation year that includes January 1, 2006? [ ] Yes [X] No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 ..... 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? [ ] Yes [ ] No
If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

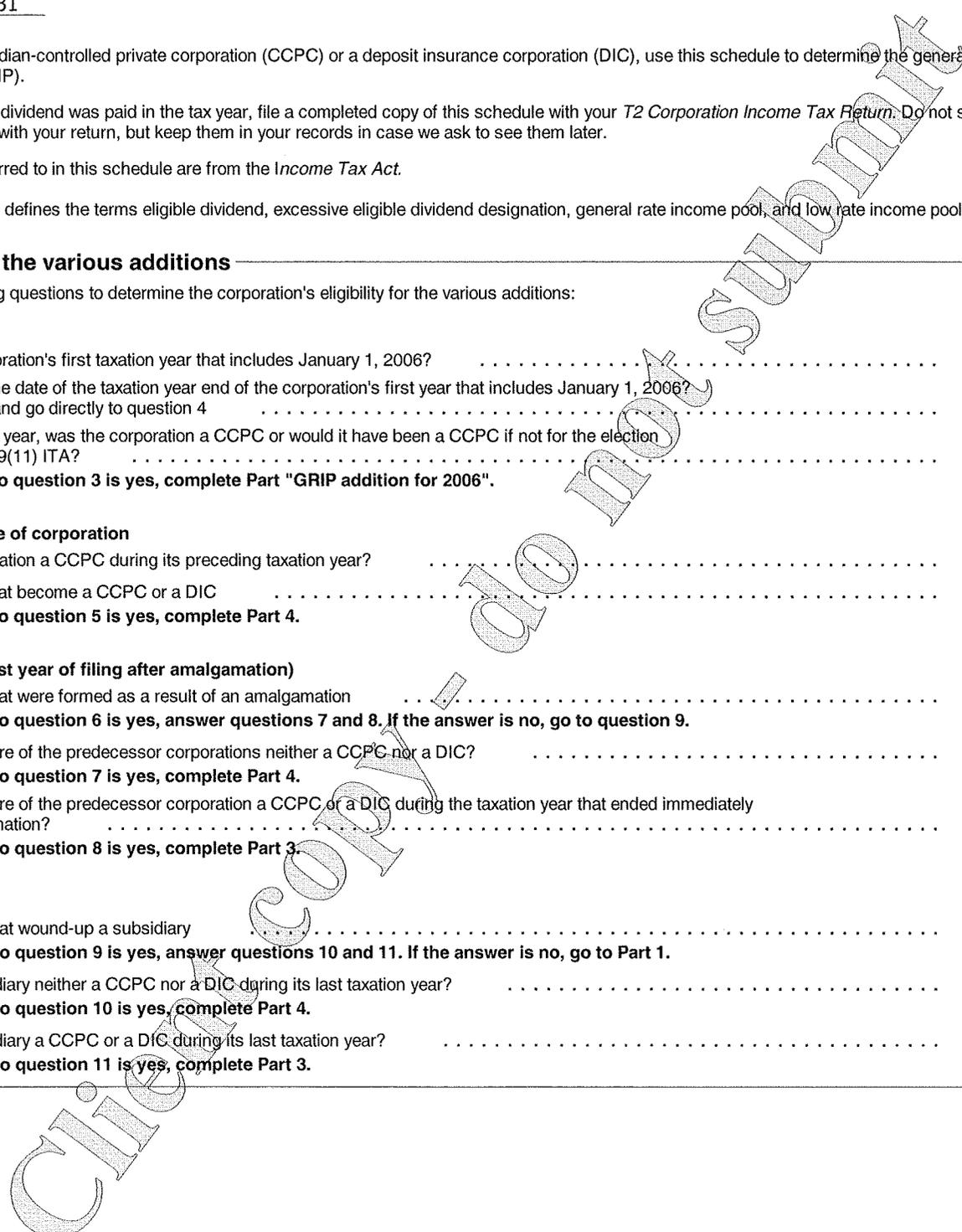
- 4. Was the corporation a CCPC during its preceding taxation year? [X] Yes [ ] No
5. Corporations that become a CCPC or a DIC [ ] Yes [X] No
If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

- 6. Corporations that were formed as a result of an amalgamation [ ] Yes [X] No
If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? [ ] Yes [ ] No
If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? [ ] Yes [ ] No
If the answer to question 8 is yes, complete Part 3.

Winding-up

- 9. Corporations that wound-up a subsidiary [ ] Yes [X] No
If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? [ ] Yes [ ] No
If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? [ ] Yes [ ] No
If the answer to question 11 is yes, complete Part 3.



**Part 1 – Calculation of general rate income pool (GRIP)**

GRIP at the end of the previous tax year .....	<b>100</b>		A
Taxable income for the year (DICs enter "0")* .....	<b>110</b>	1,700,894	B
Income for the credit union deduction* (amount E in Part 3 of Schedule 17) .....	<b>120</b>		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less* .....	<b>130</b>		
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income* .....	<b>140</b>		
Subtotal (add lines 120, 130 and 140) .....			C
Income taxable at the general corporate rate (line B minus line C) (if negative enter "0") .....	<b>150</b>	1,700,894	
After-tax income (line 150 x general rate factor for the tax year ** 0.68 ) .....	<b>190</b>		1,156,608 D
Eligible dividends received in the tax year .....	<b>200</b>		
Dividends deductible under section 113 received in the tax year .....	<b>210</b>		
Subtotal (add lines 200 and 210) .....			E
GRIP addition:			
Becoming a CCPC (line PP from Part 4) .....	<b>220</b>		
Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4) .....	<b>230</b>		
Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4) .....	<b>240</b>		
Subtotal (add lines 220, 230, and 240) .....			290 F
Subtotal (add lines A, D, E, and F) .....		1,156,608	G
Eligible dividends paid in the previous tax year .....	<b>300</b>		
Excessive eligible dividend designations made in the previous tax year .....	<b>310</b>		
<b>Note:</b> If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.			
Subtotal (line 300 minus line 310) .....			H
GRIP before adjustment for specified future tax consequences (line G minus line H) (amount can be negative) .....	<b>490</b>	1,156,608	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2) .....	<b>560</b>		
<b>GRIP at the end of the tax year</b> (line 490 minus line 560) .....	<b>590</b>	1,156,608	

Enter this amount on line 160 on Schedule 55.

\* For lines 110, 120, 130 and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

\*\* The **general rate factor** for a tax year is the total of 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

**Part 2 – GRIP adjustment for specified future tax consequences to previous tax years**

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2008-12-31

Taxable income before specified future tax consequences from the current tax year .....			J1
Enter the following amounts before specified future tax consequences from the current tax year:			
Income for the credit union deduction (amount E in Part 3 of Schedule 17) .....			K1
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less .....			L1
Aggregate investment income (line 440 of the T2 return) .....			M1
Subtotal (add lines K1, L1, and M1) .....			N1
Subtotal (line J1 minus line N1) (if negative, enter "0") .....			O1

**Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)**

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences ..... P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . R1

Aggregate investment income (line 440 of the T2 return) . . . S1

Subtotal (add lines Q1, R1, and S1) ..... T1

Subtotal (line P1 minus line T1) (if negative, enter "0") ..... U1

Subtotal (line O1 minus line U1) (if negative, enter "0") ..... V1

**GRIP adjustment for specified future tax consequences to first previous tax year**

(line V1 multiplied by the general rate factor for the tax year 0.68 ) ..... **500**

**Second previous tax year 2007-12-31**

Taxable income before specified future tax consequences from the current tax year ..... 2,904,299 J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . L2

Aggregate investment income (line 440 of the T2 return) . . . M2

Accelerated tax reduction (line 637 of T2 return) multiplied by 100/7 . . .

Subtotal (add lines K2, L2, and M2) ..... N2

Subtotal (line J2 minus line N2) (if negative, enter "0") ..... 2,904,299 O2

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences ..... P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . R2

Aggregate investment income (line 440 of the T2 return) . . . S2

Accelerated tax reduction (line 637 of T2 return) multiplied by 100/7 . . .

Subtotal (add lines Q2, R2, and S2) ..... T2

Subtotal (line P2 minus line T2) (if negative, enter "0") ..... U2

Subtotal (line O2 minus line U2) (if negative, enter "0") ..... V2

**GRIP adjustment for specified future tax consequences to second previous tax year**

(line V2 multiplied by the general rate factor for the tax year 0.68 ) ..... **520**

**Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)**

Third previous tax year 2006-12-31

Taxable income before specified future tax consequences from the current tax year ..... J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . . . K3  
 Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . . L3  
 Aggregate investment income (line 440 of the T2 return) . . . . . M3  
 Accelerated tax reduction (line 637 of T2 return) multiplied by 100/7 . . . . .  
 Subtotal (add lines K3, L3, and M3) ..... N3  
 Subtotal (line J3 minus line N3) (if negative, enter "0") ..... O3

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences ..... P3

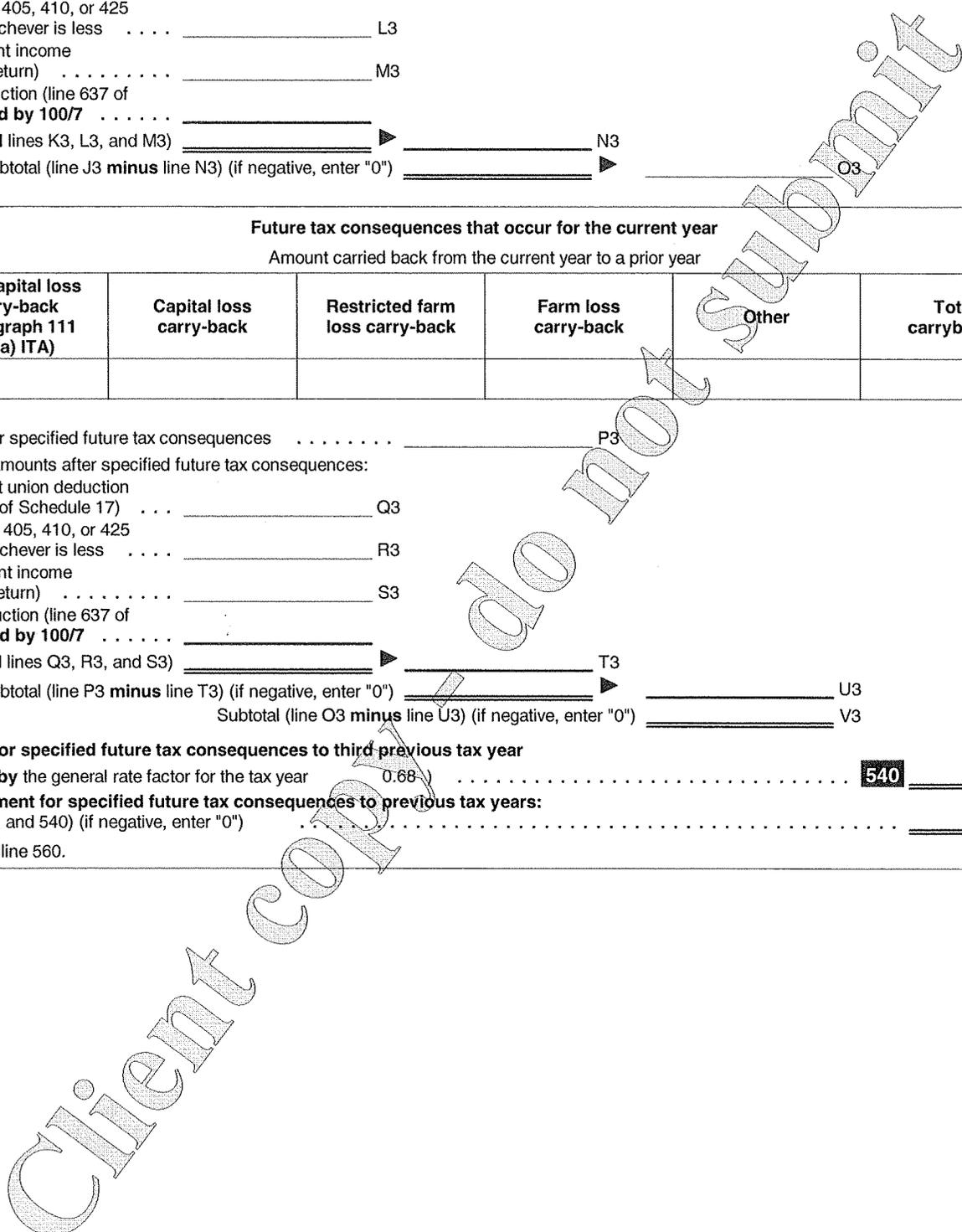
Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . . . Q3  
 Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . . R3  
 Aggregate investment income (line 440 of the T2 return) . . . . . S3  
 Accelerated tax reduction (line 637 of T2 return) multiplied by 100/7 . . . . .  
 Subtotal (add lines Q3, R3, and S3) ..... T3  
 Subtotal (line P3 minus line T3) (if negative, enter "0") ..... U3  
 Subtotal (line O3 minus line U3) (if negative, enter "0") ..... V3

**GRIP adjustment for specified future tax consequences to third previous tax year**  
 (line V3 multiplied by the general rate factor for the tax year 0.68) ..... **540**

**Total GRIP adjustment for specified future tax consequences to previous tax years:**  
 (add lines 500, 520, and 540) (if negative, enter "0") ..... W

Enter amount W on line 560.



**Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up  
(predecessor or subsidiary was a CCPC or DIC in its last tax year)**

**nb. 1** Post amalgamation . . .  Post wind-up . . . . .

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year				AA
Eligible dividends paid by the corporation in its last tax year			BB	
Excessive eligible dividend designations made by the corporation in its last tax year			CC	
	Subtotal (line BB minus line CC)		DD	
<b>GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or DIC in its last tax year)</b>				
(line AA minus line DD)				EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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**Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or DIC in its last tax year), or the corporation is becoming a CCPC**

**nb. 1** Corporation becoming a CCPC  Post amalgamation  Post wind-up

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year ..... FF

The corporation's money on hand immediately before the end of its previous/last tax year ..... GG

Unused and unexpired losses at the end of the corporation's previous/last tax year:

Non-capital losses ..... \_\_\_\_\_

Net capital losses ..... \_\_\_\_\_

Farm losses ..... \_\_\_\_\_

Restricted farm losses ..... \_\_\_\_\_

Limited partnership losses ..... \_\_\_\_\_

Subtotal **▶** ..... HH

Subtotal (add lines FF, GG, and HH) ..... II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year ..... JJ

Paid up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year ..... KK

All the corporation's reserves deducted in its previous/last tax year ..... LL

The corporation's capital dividend account immediately before the end of its previous/last tax year ..... MM

The corporation's low rate income pool immediately before the end of its previous/last tax year ..... NN

Subtotal (add lines JJ, KK, LL, MM, and NN) **▶** ..... OO

**GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or DIC in its last tax year), or the corporation is becoming a CCPC (line II minus line OO) (if negative, enter "0")** ..... PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP lines. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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**Part 5 – General Rate Factor for the Tax Year**

Complete this part to calculate the general rate factor for the tax year. Calculate your results to 4 decimal places.

$$\frac{0.68 \times \text{number of days in the tax year before January 1, 2010}}{\text{number of days in the tax year}} = \frac{365}{365} = 0.6800 \text{ QQ}$$

$$\frac{0.69 \times \text{number of days in the tax year in 2010}}{\text{number of days in the tax year}} = \frac{365}{365} = \text{RR}$$

$$\frac{0.7 \times \text{number of days in the tax year in 2011}}{\text{number of days in the tax year}} = \frac{365}{365} = \text{SS}$$

$$\frac{0.72 \times \text{number of days in the tax year after December 31, 2011}}{\text{number of days in the tax year}} = \frac{365}{365} = \text{TT}$$

**General Rate Factor for the tax year (total of lines QQ to TT)** ..... 0.6800 UU

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**PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year-end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

Do not use this area

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool Calculation (LRIP)*; whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- Parts, subsections, and paragraphs mentioned in this schedule refer to the *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

**Part 1 – Canadian-controlled private corporations and deposit insurance corporations**

Taxable dividends paid in the tax year <b>not included</b> in Schedule 3	_____	
Taxable dividends paid in the tax year <b>included</b> in Schedule 3	225,000	
Total taxable dividends paid in the tax year	<b>100</b> 225,000	
Total eligible dividends paid in the tax year	_____	<b>150</b>
GRIP at the end of the year (line 590 on Schedule 53) (if negative, enter "0")	_____	<b>160</b> 1,156,608
Excessive eligible dividend designation (line 150 minus line 160)	_____	A
<b>Part III.1 tax on excessive eligible dividend designations – CCPC or DIC</b> (line A multiplied by 20%)	x 20%	<b>190</b>
Enter the amount from line 190 at line 710 of the T2 return.		

**Part 2 – Other corporations**

Taxable dividends paid in the tax year <b>not included</b> in Schedule 3	_____	
Taxable dividends paid in the tax year <b>included</b> in Schedule 3	_____	
Total taxable dividends paid in the tax year	<b>200</b> _____	
Total excessive eligible dividend designations in the tax year (line A of Schedule 54)	_____	B
<b>Part III.1 tax on excessive eligible dividend designations – Other corporations</b> (line B multiplied by 20%)	x 20%	<b>290</b>
Enter the amount from line 290 at line 710 of the T2 return.		

**ONTARIO CORPORATION TAX CALCULATION**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year-end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- References to subsections and paragraphs are from the federal *Income Tax Act*.
- This schedule is a worksheet only and does not have to be filed with your *T2 Corporation Income Tax Return*.

**Part 1 – Calculation of Ontario basic income tax**

Ontario taxable income *		<u>1,700,894</u>	A
Ontario basic income tax: amount A multiplied by	14 %	<u>238,125</u>	B

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit, in addition to Ontario basic income tax, or has Ontario corporate minimum tax, Ontario special additional tax on life insurance corporations or Ontario capital tax payable, enter amount B on line 270 of Schedule 5, *Tax Calculation Supplementary - Corporations*. Otherwise, enter it on line 760 on page 8 of the T2 return.

\* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

**Part 2 – Ontario small business deduction (OSBD)**

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)		<u>1,700,894</u>	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)		<u>1,700,894</u>	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	<u>500,000</u> × $\frac{500,000}{500,000}$ =	<u>500,000</u>	3
	line 4 on page 4 of the T2 return		
Enter the least of amounts 1, 2, and 3		<u>500,000</u>	C
Ontario domestic factor:	$\frac{\text{Ontario taxable income}^*}{\text{taxable income earned in all provinces and territories}^{**}}$	$\frac{1,700,894.00}{1,700,894} =$	<u>1.00000</u>
Ontario small business income (amount C multiplied by amount D)		<u>500,000</u>	E
OSBD rate for the year		<u>8.5 %</u>	
Ontario small business deduction (amount E multiplied by OSBD rate for the year)		<u>42,500</u>	F

Enter amount F on line 402 of Schedule 5.

\* Enter amount A from Part 1.  
\*\* Includes the offshore jurisdictions for Nova Scotia, and Newfoundland and Labrador.

**Part 3 – Calculation of surtax re Ontario small business deduction**

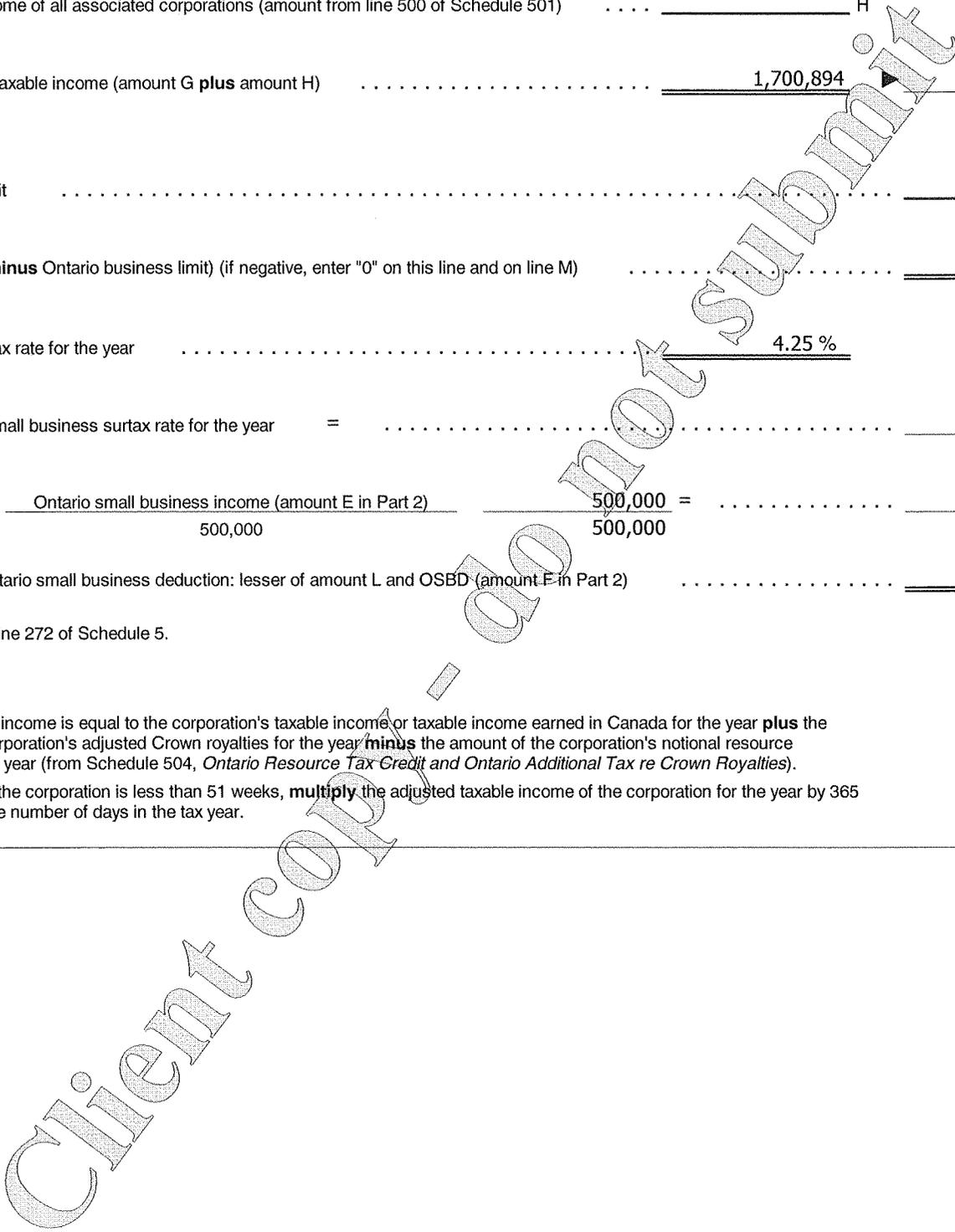
Complete this part if the corporation is claiming the OSBD, and its adjusted taxable income, **plus** the adjusted taxable income of each corporation with which the corporation was associated during its tax year, is greater than \$500,000. If the corporation is a member of an associated group, complete Schedule 501, *Ontario Adjusted Taxable Income of Associated Corporations to Determine Surtax re Ontario Small Business Deduction*.

Adjusted taxable income *	.....	<u>1,700,894</u>	G
Adjusted taxable income of all associated corporations (amount from line 500 of Schedule 501)	.....	.....	H
Aggregate adjusted taxable income (amount G <b>plus</b> amount H)	.....	<u>1,700,894</u>	I
<b>Deduct:</b>			
Ontario business limit	.....	<u>500,000</u>	
Subtotal (amount I <b>minus</b> Ontario business limit) (if negative, enter "0" on this line and on line M)	.....	<u>1,200,894</u>	J
Small business surtax rate for the year	.....	<u>4.25 %</u>	
<b>Multiply:</b> Line J x small business surtax rate for the year	=	.....	K
Amount K	x	$\frac{\text{Ontario small business income (amount E in Part 2)}}{500,000}$	=
		$\frac{500,000}{500,000}$	L
Ontario surtax re Ontario small business deduction: lesser of amount L and OSBD (amount E in Part 2)	.....	<u>42,500</u>	M

Enter amount M on line 272 of Schedule 5.

\* Adjusted taxable income is equal to the corporation's taxable income or taxable income earned in Canada for the year **plus** the amount of the corporation's adjusted Crown royalties for the year **minus** the amount of the corporation's notional resource allowance for the year (from Schedule 504, *Ontario Resource Tax Credit and Ontario Additional Tax re Crown Royalties*).

If the tax year of the corporation is less than 51 weeks, **multiply** the adjusted taxable income of the corporation for the year by 365 and **divide** by the number of days in the tax year.



**Part 4 – Ontario adjusted small business income**

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Amount C in Part 2 .....	500,000	N
Surtax payable (amount M in Part 3) .....	42,500	=
Ontario domestic factor (amount D in Part 2) x 8.5 % .....	0.08500	=
	500,000	O
Ontario adjusted small business income (amount N minus amount O) (if negative, enter "0") .....		P

Enter amount P on line R in Part 5 or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

**Part 5 – Calculation of credit union tax reduction**

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D in Part 3 of Schedule 17 .....		Q
<b>Deduct:</b>		
Ontario adjusted small business income (amount P in Part 4) .....		R
Subtotal (amount Q minus amount R) (if negative, enter "0") .....		S
OSBD rate for the year .....	<u>8.5%</u>	
Amount S multiplied by the OSBD rate for the year .....		T
Ontario domestic factor (amount D in Part 2) .....		<u>1.00000</u>
Ontario credit union tax reduction (amount T multiplied by amount U) .....		V

Enter amount V on line 410 on Schedule 5.

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**ONTARIO ADJUSTED TAXABLE INCOME OF ASSOCIATED CORPORATIONS TO  
DETERMINE SURTAX RE ONTARIO SMALL BUSINESS DEDUCTION**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year-end Year Month Day <b>2009-12-31</b>
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- For use by Canadian-controlled private corporations (CCPCs) to report the adjusted taxable income of all corporations (Canadian and foreign) with which the filing corporation was associated at any time during the tax year.
- Include the adjusted taxable income for the tax year of the associated corporation that ends at or before the date of the filing corporation's tax year-end.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return*.

Names of associated corporations*	Business number of associated corporations**	Tax year-end	Adjusted taxable income *** (if loss, enter "0")
<b>100</b>	<b>200</b>	<b>300</b>	<b>400</b>
1 WOODSTOCK HYDRO HOLDINGS INC.	86248 6123 RC0001	2009-12-31	
<b>Total</b>			<b>500</b>

Enter the total adjusted taxable income from line 500 on line H in Part 3 of Schedule 500, *Ontario Corporation Tax Calculation*.

\* Subsection 256(2) of the federal *Income Tax Act* may deem the filing corporation to be associated with another corporation, because both corporations are associated with a third corporation. If so, do not list the other corporation, nor the third corporation if it is not a CCPC or has elected under subsection 256(2) of the federal Act not to be associated for purposes of section 125 of the federal Act.

\*\* Enter "NR" if a corporation is not registered.

\*\*\* **Rules for adjusted taxable income:**

- If the associated corporation's tax year ends before January 1, 2009, its adjusted taxable income is equal to its taxable income or taxable income earned in Canada reported on line 10 (or line 20 if applicable) on the Ontario *CT23 Corporations Tax and Annual Return*, or the *Ontario Corporations Tax Return CT8*, whichever is applicable.
- If the associated corporation's tax year ends after December 31, 2008, its adjusted taxable income is equal to its taxable income or taxable income earned in Canada **plus** its adjusted Crown royalties **minus** its notional resource allowance for the year.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's adjusted taxable income by 365 and **divide** by the number of days in the associated corporation's tax year.
- If the associated corporation has two or more tax years ending in the filing corporation's tax year, enter the last tax year-end date on line 300 and, for the entry on line 400, **multiply** the sum of the adjusted taxable income for each of those tax years by 365, and **divide** by the total number of days in all of those tax years.

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ONTARIO CORPORATE MINIMUM TAX

Name of corporation WOODSTOCK HYDRO SERVICES INC.	Business Number 89909 5012 RC0001	Tax year-end Year Month Day 2009-12-31
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- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario).
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  - 1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  - 2) a mortgage investment corporation under subsection 130.1(6) of the federal *Act*;
  - 3) a deposit insurance corporation under subsection 137.1(5) of the federal *Act*;
  - 4) a congregation or business agency to which section 143 of the federal *Act* applies;
  - 5) an investment corporation as referred to in subsection 130(3) of the federal *Act*; or
  - 6) a mutual fund corporation under subsection 131(8) of the federal *Act*.
- File this schedule with the *T2 Corporation Income Tax Return*.

**Part 1 – Determination of CMT applicability**

Total assets of the corporation at the end of the tax year *	<b>112</b>	33,846,941
Share of total assets from partnership(s) and joint venture(s) *	<b>114</b>	
Total assets of associated corporations (amount from line 450 on Schedule 511)	<b>116</b>	
Total assets (total of lines 112 to 116)		<u>33,846,941</u>
Total revenue of the corporation for the tax year **	<b>142</b>	28,164,436
Share of total revenue from partnership(s) and joint venture(s) **	<b>144</b>	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	<b>146</b>	
Total revenue (total of lines 142 to 146)		<u>28,164,436</u>

The corporation is subject to CMT if:

- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations exceed \$5,000,000 or the total revenue for the year of the corporation or the associated group of corporations exceeds \$10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations exceed \$50,000,000 or the total revenue for the year of the corporation or the associated group of corporations exceeds \$100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or has SAT payable in the year.

**\* Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Exclude unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s) and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the *Taxation Act, 2007* (Ontario) and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the *Taxation Act, 2007* (Ontario).

**\*\* Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the *Taxation Act, 2007* (Ontario) and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the *Taxation Act, 2007* (Ontario).

**Part 2 – Calculation of adjusted net income/loss for CMT purposes**

Net income/loss per financial statements *	210	591,678
<b>Add (to the extent reflected in income/loss):</b>		
Provision for current income taxes/cost of current income taxes	220	587,559
Provision for deferred income taxes (debits)/cost of future income taxes	222	
Equity losses from corporations	224	
Financial statement loss from partnerships and joint ventures	226	
Dividends paid/payable to shareholders (other than dividends paid by credit unions)	230	225,000
<b>Other additions (see note below):</b>		
Share of adjusted net income of partnerships and joint ventures **	228	
Total patronage dividends received, not already included in net income/loss	232	
281	282	
283	284	
	Subtotal	812,559 A
<b>Deduct (to the extent reflected in income/loss):</b>		
Provision for recovery of current income taxes/benefit of current income taxes	320	
Provision for deferred income taxes (credits)/benefit of future income taxes	322	174,880
Equity income from corporations	324	
Financial statement income from partnerships and joint ventures	326	
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330	
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332	
Gain on donation of listed security or ecological gift	340	
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342	
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344	
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346	
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348	
<b>Other deductions (see note below):</b>		
Share of adjusted net loss of partnerships and joint ventures **	328	
Tax payable on dividends under subsection 191.1(1) of the federal Act multiplied by 3	334	
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336	
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338	
381	382	
383	384	
385	386	
387	388	
389	390	
	Subtotal	174,880 B
Adjusted net income/loss for CMT purposes (line 210 plus amount A minus amount B)	490	1,229,357

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.  
If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

**Note:**  
Under Other additions, enter any realized or unrealized mark-to-market losses and foreign currency losses on assets that are included in income for accounting purposes but not in income for tax purposes, in accordance with *Ontario Regulation 37/09*. Under Other deductions, enter any realized or unrealized mark-to-market gains and foreign currency gains on assets that are included in income for accounting purposes but not in income for tax purposes, in accordance with *Ontario Regulation 37/09*.

\* **Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.
- Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, multiply the net income/loss by the ratio of the Canadian reserve liabilities divided by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

**Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)**

- Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.
- Corporations, other than insurance corporations, should report net income from line 9999 of the GIF1 (Schedule 125) on line 210.
- \*\* The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture was a corporation and the tax year of the partnership or joint venture was its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the *Taxation Act, 2007* (Ontario).
- \*\*\* A joint election will be considered made under subsection 60(1) of the *Taxation Act, 2007* (Ontario) if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.
- \*\*\*\* A joint election will be considered made under subsection 60(2) of the *Taxation Act, 2007* (Ontario) if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.
- \*\*\*\*\* A joint election will be considered made under subsection 61(1) of the *Taxation Act, 2007* (Ontario) if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

**Part 3 – Calculation of CMT payable**

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)	515		1,229,357			
CMT loss available (amount R from Part 7)						
<b>Minus:</b> Adjustment for an acquisition of control *	518					
Adjusted CMT loss available				C		
Net income subject to CMT calculation (if negative, enter "0")	520		1,229,357			
Amount from line 520	1,229,357	$\times \frac{\text{Number of days in the tax year before July 1, 2010}}{\text{Number of days in the tax year}}$	365	$\times 4\% =$	49,174	1
Amount from line 520	1,229,357	$\times \frac{\text{Number of days in the tax year after June 30, 2010}}{\text{Number of days in the tax year}}$	365	$\times 2.7\% =$		2
		Subtotal (amount 1 plus amount 2)			49,174	3
Gross CMT: amount on line 3 above x OAF **					540	49,174
<b>Deduct:</b>						
Foreign tax credit for CMT purposes ***					550	
CMT after foreign tax credit deduction (line 540 minus line 550). (If negative, enter "0")						49,174
<b>Deduct:</b>						
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)						238,125
Net CMT payable (if negative, enter "0")						E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations* and complete Part 4.

- \* Portion of CMT loss available that exceeds the adjusted net income for the tax year from business(es) continued from before the acquisition of control. See subsection 58(3) of the *Taxation Act, 2007* (Ontario).
- \*\*\* Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

**\*\* Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income ****	=			
Taxable income *****				
<b>Ontario allocation factor</b>				1.00000 F

- \*\*\*\* Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were \$1,000.
- \*\*\*\*\* Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

**Part 4 – Calculation of CMT credit carryforward**

CMT credit carryforward at the end of the previous tax year *	.....	G
<b>Deduct:</b>		
CMT credit expired *	600	
CMT credit carryforward at the beginning of the current tax year * (see note below)	.....	620
<b>Add:</b>		
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)	.....	650
CMT credit available for the tax year (amount on line 620 plus amount on line 650)	.....	H
<b>Deduct:</b>		
CMT credit deducted in the current tax year (amount P from Part 5)	.....	I
	Subtotal (amount H minus amount I)	J
<b>Add:</b>		
Net CMT payable (amount E from Part 3)	.....	
SAT payable (amount O from Part 6 of Schedule 512)	.....	
	Subtotal	K
CMT credit carryforward at the end of the tax year (amount J plus amount K)	.....	670

\* For the first harmonized T2 Return filed with a tax year that includes days in 2009:  
 – do not enter an amount on line G or line 600.  
 – for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)* for the last tax year that ended in 2008.  
 For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

**Note:** If you entered an amount on line 620 or line 650, complete Part 6.

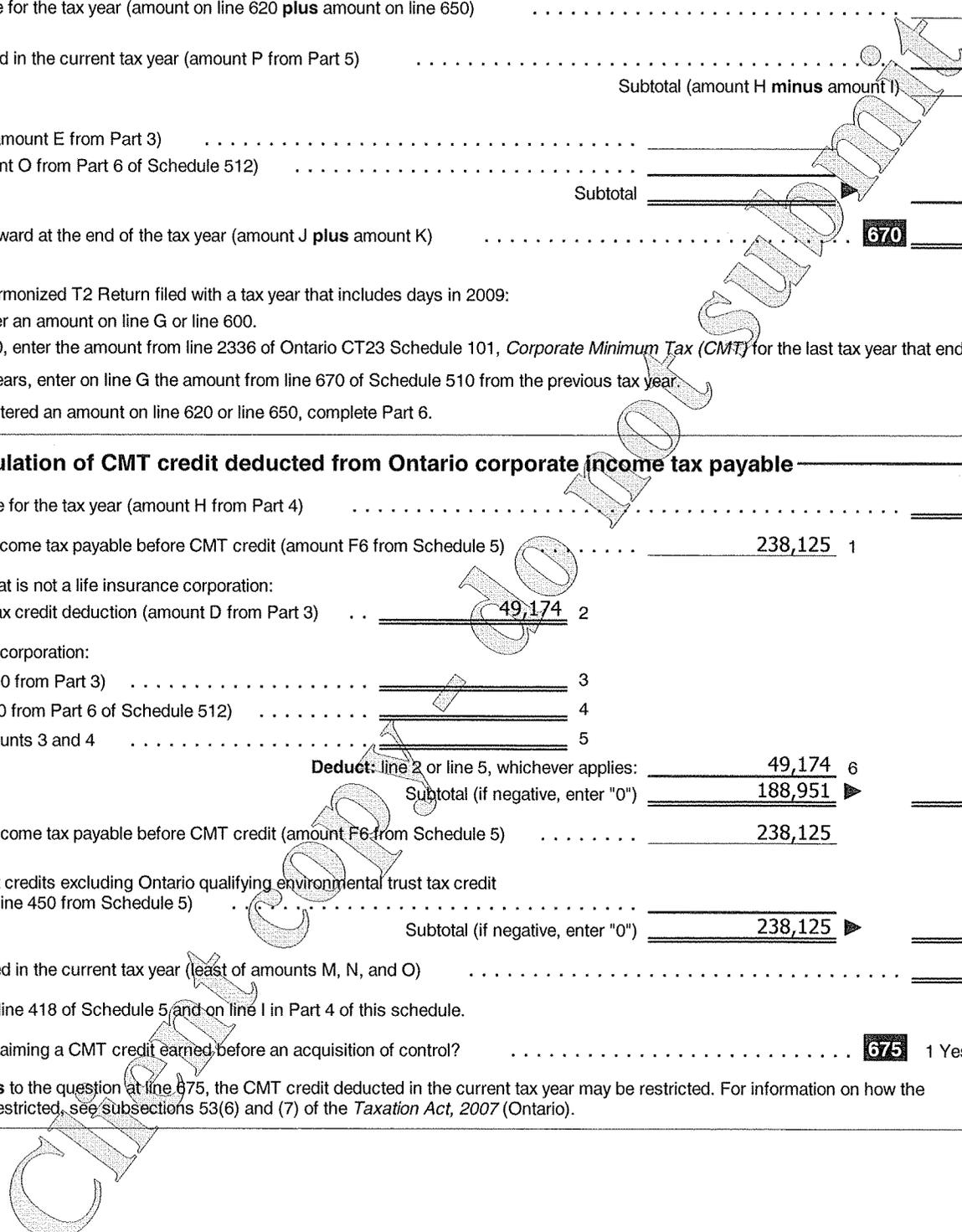
**Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable**

CMT credit available for the tax year (amount H from Part 4)	.....	M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	238,125	1
For a corporation that is not a life insurance corporation:		
CMT after foreign tax credit deduction (amount D from Part 3)	49,174	2
For a life insurance corporation:		
Gross CMT (line 540 from Part 3)	.....	3
Gross SAT (line 460 from Part 6 of Schedule 512)	.....	4
The <b>greater</b> of amounts 3 and 4	.....	5
	<b>Deduct:</b> line 2 or line 5, whichever applies:	49,174
	Subtotal (if negative, enter "0")	188,951
		188,951
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	238,125	
<b>Deduct:</b>		
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 minus line 450 from Schedule 5)	.....	
	Subtotal (if negative, enter "0")	238,125
		238,125
CMT credit deducted in the current tax year (least of amounts M, N, and O)	.....	P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? 675 1 Yes  2 No

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the *Taxation Act, 2007* (Ontario).



**Part 6 – Analysis of CMT credit available for carryforward by year of origin**

Complete this part if you are reporting a CMT credit carryforward at the beginning of the tax year on line 620, or a CMT credit carryforward transferred on an amalgamation or the windup of a subsidiary on line 650. For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

\* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

\*\* Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

**Part 7 – Calculation of CMT loss carryforward**

CMT loss carryforward at the end of the previous tax year \* ..... Q

**Deduct:**

CMT loss expired \* ..... 700

CMT loss carryforward at the beginning of the tax year \* (see note below) ..... 720

**Add:**

CMT loss transferred on an amalgamation under section 87 of the federal Act \*\* (see note below) ..... 750

CMT loss available (line 720 plus line 750) ..... R

**Deduct:**

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) ..... S

Subtotal (if negative, enter "0")

**Add:**

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if negative) (enter as a positive amount) ..... 760

CMT loss carryforward balance at the end of the tax year (amount S plus line 760) ..... 770 T

\* For the first harmonized T2 Return filed with a tax year that includes days in 2009:  
 - do not enter an amount on line Q or line 700.  
 - for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)* for the last tax year that ended in 2008.  
 For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

\*\* Do not transfer a loss on a vertical amalgamation under subsection 87(2.11) of the federal Act or other amalgamation of a parent and its subsidiary.  
**Note:** If you entered an amount on line 720 or line 750, complete Part 8.

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**Part 8 – Analysis of CMT loss available for carryforward by year of origin**

Complete this part if you are reporting a CMT loss carryforward at the beginning of the tax year on line 720 or a CMT loss transferred on an amalgamation on line 750. For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Year of origin	Balance earned in a tax year ending before March 24, 2007 *	Balance earned in a tax year ending after March 23, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

\* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 24, 2007, and has not been deducted.

\*\* Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 23, 2007, and has not been deducted.

\*\*\* The total of these 2 columns must equal the total of the amounts entered on lines 720 and 750.

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**ONTARIO CAPITAL TAX ON OTHER THAN FINANCIAL INSTITUTIONS**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year-end Year Month Day <b>2009-12-31</b>
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- Complete this schedule for a corporation with a permanent establishment in Ontario at any time in the tax year and that is a corporation other than a financial institution. The Ontario capital tax on other than financial institutions is levied under section 64 of the *Taxation Act, 2007* (Ontario).
- To complete this schedule, you have to complete Schedule 33, *Part I.3 Tax on Large Corporations*. File completed copies of both schedules with the *T2 Corporation Income Tax Return* within six months of the end of the tax year.
- A corporation is exempt from Ontario capital tax if it was one of the following:
  - 1) a corporation that is liable to the special additional tax according to section 74 of the *Corporations Tax Act* (Ontario);
  - 2) a credit union;
  - 3) a deposit insurance corporation according to section 137.1 of the federal *Income Tax Act*;
  - 4) a family farm corporation for the year as defined by subsection 64(3) of the *Taxation Act, 2007* (Ontario), other than a corporation for which a determination has been made under subsection 31(2) of the federal Act;
  - 5) a family fishing corporation, as defined by subsection 64(3) of the *Taxation Act, 2007* (Ontario); or
  - 6) a corporation exempt from income tax according to section 149 of the federal Act.

**Part 1 – Taxable capital of a corporation resident in Canada other than a financial institution**

Amount A from Part 1 of Schedule 33	<b>100</b>	29,779,395	
<b>Add:</b>			
Accumulated other comprehensive income at the end of the year	<b>105</b>		
		Subtotal	29,779,395 ▶ 29,779,395 A
<b>Deduct:</b>			
Amount B from Part 1 of Schedule 33	<b>110</b>	2,460,100	
Amount on line 490 from Part 2 of Schedule 33	<b>115</b>	121,214	
		Subtotal	2,581,314 ▶ 2,581,314 B
<b>Taxable capital</b> (amount A minus amount B) (if negative, enter "0")	<b>120</b>		27,198,081

**Part 2 – Capital deduction**

Complete this part only if the corporation is associated.

Are you electing under subsection 83(2) of the *Taxation Act, 2007* (Ontario)? **190** 1 Yes  2 No

If you answered **no** to the question at line 190, complete line 220. If you answered **yes** to the question at line 190, complete line 305 by using Schedule 516, *Capital Deduction Election of Associated Group for the Allocation of Net Deduction*, to calculate the amount to be entered on line 300.

Taxable capital (from line 120) or taxable capital employed in Canada of a corporation that was a non-resident of Canada (from line 790 in Part 4 of Schedule 33) **200** × 15,000,000 \$ = Capital deduction **220**

Taxable capital or taxable capital employed in Canada of every corporation with a permanent establishment in Canada and associated for the last tax year **210**

\* This amount includes the filing corporation's taxable capital or taxable capital employed in Canada. Do not include an amount from a financial institution or corporation that is exempt from capital tax under Division E of the *Taxation Act, 2007* (Ontario) or Part III of the *Corporations Tax Act* (Ontario).

Allocation of net deduction (from line 600 for the filing corporation from Schedule 516) **300** 14,975,700 = Capital deduction **305** 14,975,700

Ontario allocation factor (OAF) (amount I in Part 3) 1.00000

**Part 3 – Ontario capital tax payable**

Taxable capital (enter amount from line 120 in Part 1) or taxable capital employed in Canada of a corporation that was a non-resident of Canada (enter amount from line 790 in Part 4 of Schedule 33), whichever applies ..... **320** 27,198,081

**Deduct:**  
Capital deduction (Enter \$15,000,000 if the corporation is not associated. Otherwise, enter the amount from line 220 or line 305, whichever applies, from Part 2) ..... 14,975,700 B

Net amount (line 320 minus amount B) (if negative, enter "0") ..... **12,222,381** C

Amount C 12,222,381 x  $\frac{\text{Number of days in the tax year before January 1, 2010}}{\text{Number of days in the tax year}}$   $\frac{365}{365}$  x 0.00225 = 27,500 D

Amount C 12,222,381 x  $\frac{\text{Number of days in the tax year after December 31, 2009 and before July 1, 2010}}{\text{Number of days in the tax year}}$   $\frac{365}{365}$  x 0.00150 = \_\_\_\_\_ E

Subtotal (amount D plus amount E) ..... **27,500** F

Amount F 27,500 x OAF (amount on line I) 1.00000 = ..... **27,500** G

Amount G 27,500 x  $\frac{\text{Number of days in the tax year}^*}{365}$   $\frac{365}{365}$  = ..... **27,500** H

**Deduct:**  
Capital tax credit for manufacturers (enter amount J from Part 4) ..... **350**

**Ontario capital tax payable** (amount H minus line 350) (if negative, enter "0") ..... **400** 27,500

Enter amount from line 400 on line 282 of Schedule 5, *Tax Calculation Supplementary - Corporations*.

\* Enter either 365 if there are at least 51 weeks in the tax year, or the number of days in the year, whichever applies.

**Calculation of the Ontario allocation factor (OAF)**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line I.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation and enter the result on line I:

Ontario taxable income \*\* = \_\_\_\_\_  
Taxable income \*\*\* = \_\_\_\_\_

**Ontario allocation factor** ..... **1.00000** I

\*\* Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were \$1,000.

\*\*\* Enter the taxable income amount from line 360 or line Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

**Part 4 – Capital tax credit for manufacturers**

Ontario manufacturing labour cost\* **405** x 100 = ..... **420** %  
Total Ontario labour cost\*\* **410**

If the percentage on line 420 is 20% or less, enter "0" on line J.

If the percentage on line 420 is at least 50%, enter amount H from Part 3 on line J.

If the percentage on line 420 is more than 20% but less than 50%, complete the following calculation and enter the result on line J:

$\frac{(\text{percentage from line 420}) - 20\%}{30\%} \times 27,500$  Amount H from Part 3 = \_\_\_\_\_

**Capital tax credit for manufacturers** ..... **J**

Enter amount J on line 350 in Part 3

\* As defined in subsection 83.1(4) of the *Taxation Act, 2007* (Ontario)  
\*\* As defined in subsection 83.1(5) of the *Taxation Act, 2007* (Ontario)

**CAPITAL DEDUCTION ELECTION OF ASSOCIATED GROUP FOR THE ALLOCATION OF NET DEDUCTION**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year-end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- Complete this schedule to allocate the associated group's net deduction for the capital deduction election under subsection 83(2) of the *Taxation Act, 2007* (Ontario). The associated group includes the filing corporation (see line 190 of Part 2 of Schedule 515, *Ontario Capital Tax on Other than Financial Institutions*).
- If you need more space, attach more schedules.
- File this schedule with the *T2 Corporation Income Tax Return*.

	A Names of eligible corporations in the associated group	B Business Number of associated corporations (enter "NR" if a corporation is not registered)	C Ontario allocation factor (OAF)* (enter as a percentage)	D Total assets**	E Net deduction (\$15 million x line 300) <b>multiplied by</b> line 400 line 700	F Allocation of net deduction ***
	<b>100</b>	<b>200</b>	<b>300</b>	<b>400</b>	<b>500</b>	<b>600</b>
1.	WOODSTOCK HYDRO SERVICES INC.	89909 5012 RC0001	100.000	33,792,895	15,000,000	14,975,700
2.	WOODSTOCK HYDRO HOLDINGS INC.	86248 6123 RC0001				24,300
<b>Total assets of associated group</b> (total of amounts in column D)				<b>700</b> 33,792,895		
<b>Total net deduction</b> (total of amounts in column E)					<b>800</b> 15,000,000	
<b>Total allocated net deduction</b> (total of amounts in column F) (not to exceed amount on line 800)						<b>900</b> 15,000,000

\* OAF from the last tax year ending in the calendar year preceding the calendar year in which the filing corporation's tax year ends.

\*\* Total assets of each corporation in the associated group as recorded in the books and records for the last tax year ending in the calendar year preceding the calendar year in which the filing corporation's tax year ends. If the corporation is not resident in Canada, enter the amount of its total assets situated in Canada.

\*\*\* Enter the amount from this column allocated to the filing corporation on line 300 of Schedule 515.

ONTARIO SPECIALTY TYPES

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year-end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- Use this schedule to identify the specialty type of a corporation carrying on business in the province of Ontario through a permanent establishment if:
  - its tax year includes January 1, 2009;
  - the tax year is the first year after incorporation or an amalgamation; or
  - there is a change to the specialty type.
- If none of the listed specialty types applies, tick box 99 "Other."
- Unless otherwise noted, references to sections, subsections, and clauses are from the *Taxation Act, 2007* (Ontario).

Specialty types

**100** Identify the specialty type that applies to your corporation:

- 01 Family farm corporation – See subsection 64(3).
- 02 Family fishing corporation – See subsection 64(3).
- 03 Mortgage investment corporation – See subsection 130.1(6) of the federal *Income Tax Act*.
- 04 Credit union – See subsection 137(6) of the federal Act.
- 06 Bank – See subsection 248(1) of the federal Act.
- 08 Financial institution prescribed by regulation only – See clause 66(2)(f).
- 09 Registered securities dealer – See subsection 248(1) of the federal Act.
- 10 Farm feeder finance co-operative corporation
- 11 Insurance corporation – See subsection 248(1) of the federal Act.
- 12 Mutual insurance – See subsection 27(2) of the *Taxation Act, 2007* (Ontario) and paragraph 149(1)(m) of the federal Act.
- 13 Specialty mutual insurance
- 14 Mutual fund corporation – See subsection 131(8) of the federal Act.
- 15 Bare trustee corporation
- 16 Professional corporation (incorporated professional only) – See subsection 248(1) of the federal Act.
- 17 Limited liability corporation
- 18 Generator of electrical energy for sale, or producer of steam for use in the generation of electrical energy for sale – See subsection 33(7).
- 19 Hydro successor, municipal electrical utility, or subsidiary of either – See subsection 91.1(1) and section 88 of the *Electricity Act, 1998* (Ontario).
- 20 Producer and seller of steam for uses other than for the generation of electricity – See subsection 33(7).
- 21 Mining corporation
- 22 Non-resident corporation
- 99 Other (if none of the previous descriptions apply)

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**CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS**

Name of corporation <b>WOODSTOCK HYDRO SERVICES INC.</b>	Business Number <b>89909 5012 RC0001</b>	Tax year-end Year Month Day <b>2009-12-31</b>
-------------------------------------------------------------	---------------------------------------------	-----------------------------------------------------

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the *Business Corporations Act* (BCA) or *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the Ontario *Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up to date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit [www.ServiceOntario.ca](http://www.ServiceOntario.ca).
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

**Part 1 – Identification**

<b>100</b> Corporation's name (exactly as shown on the MGS public record) <b>WOODSTOCK HYDRO SERVICES INC.</b>		
Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent <b>Ontario</b>	<b>110</b> Date of incorporation or amalgamation, whichever is the most recent Year Month Day <b>2000-07-17</b>	<b>120</b> Ontario Corporation No. <b>1422849</b>

**Part 2 – Head or registered office address (P.O. box not acceptable)**

<b>200</b> Care of (if applicable)			
<b>210</b> Street number <b>16</b>	<b>220</b> Street name <b>GRAHAM STREET</b>	<b>230</b> Suite number	
<b>240</b> Additional address information			
<b>250</b> Municipality (e.g., city, town) <b>WOODSTOCK</b>	<b>260</b> Province/state <b>ON</b>	<b>270</b> Country <b>CA</b>	<b>280</b> Postal/zip code <b>N4S 7X4</b>

**Part 3 – Change identifier**

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS with respect to names, addresses for service, and the date elected/appointed and date ceased of the directors and five most senior officers, or the corporation's mailing address or language of preference? Obtain a Corporation Profile Report to review the information shown for the corporation on the public record maintained by the MGS. For more information, visit [www.ServiceOntario.ca](http://www.ServiceOntario.ca).

**300**  **1** If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."  
 **2** If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

**Part 4 – Certification**

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

**450** EITEL **451** PATTI  
 Last name First name

**454** \_\_\_\_\_  
 Middle name(s)

**460**  **2** Please enter one of the following numbers in this box for the above-named person: enter **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

Note: Sections 13 and 14 of the Ontario *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Complete the applicable parts to report changes in the information recorded on the MGS public record.

**Part 5 – Mailing address**

<b>500</b>	<input type="checkbox"/> 2	Please enter one of the following numbers in this box:	1 - Show no mailing address on the MGS public record.	
			2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.	
			3 - The corporation's complete mailing address is as follows:	
<b>510</b>	Care of (if applicable)			
<b>520</b>	Street number	<b>530</b> Street name	<b>540</b> Suite number	
<b>550</b>	Additional address information			
<b>560</b>	Municipality (e.g., city, town)	<b>570</b> Province/state	<b>580</b> Country	<b>590</b> Postal/zip code

**Part 6 – Language of preference**

<b>600</b>	<input type="checkbox"/> 1	Indicate your language preference by entering 1 for English or 2 for French. This is the language of preference recorded on the MGS public record for communication with the corporation. This may be different from line 990 on the T2 return.
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<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
<b>5 – Cost of Capital and Rate of Return</b>	1	1		Overview
		2		Capital Structure Deemed & Actual
		3		Table 2 - Cost of Long Term Debt

1 **OVERVIEW:**

2 The purpose of this evidence is to summarize the method and cost of financing capital  
3 requirements for the 2011 Test year.

4 **Capital Structure:**

5 WHSI has a current deemed capital structure of 60% debt with a return of 6.76%, and 40%  
6 equity with a return of 9 % as approved in the 2010 IRM rate decisions in respect to WHSI's  
7 service area (EB-2009-0211).

8 WHSI has prepared this rate application with a deemed capital structure of 56% Long Term  
9 Debt, 4% Short Term Debt, and 40% Equity to comply with the Report of the Board on Cost of  
10 Capital and 2<sup>nd</sup> Generation Incentive Regulation for Ontario Electricity Distributors dated  
11 December 20, 2006 and the Report of the Board on Cost of Capital for Ontario's 7 Regulated  
12 Utilities date December 11, 2009, ("Cost of Capital Report").

13 **Return on Equity:**

14 WHSI is requesting a return on equity ("ROE") for the 2011 Test year of 9.85% in accordance  
15 with the Cost of Capital Parameter Updates for 2010 Cost of Service Applications issued by the  
16 OEB on February 24, 2010. WHSI understands that the OEB will be finalizing the ROE for 2011  
17 rates based on January 2011 market interest rate information. WHSI's use of an ROE of 9.85 %  
18 is without prejudice to any revised ROE that may be adopted by the OEB in early 2011.

19 **Cost of Debt:**

20 **Long Term Debt**

21 WHSI is requesting a return on Long Term Debt for the 2011 Test Year of 5.13% and is based on  
22 a weighted average of WHSI's existing Debt instruments :

23

1        i) Refinancing of Promissory Note \$10,941,862

2        WHSI paid an interest rate of 6.756% for \$10,941,862 on a Promissory Note held by the City of  
3        Woodstock. In 2008 WHSI issued a Request for Proposal to five major financial institutions to  
4        refinance this debt and received four qualifying responses. In October 2008, WHSI entered into  
5        a 4.975%, 15 year, Committed Term Installment/Interest Rate Swap facility with interest only  
6        payments for up to two years. In April 2010, WHSI renegotiated the debt at a rate of 5.15% and  
7        extended the interest-only period to April 2012, with principal and interest payments due  
8        thereafter.

9        ii) Capital Contribution – Commerce Way Hydro One TS \$4,100,000

10       On November 6, 2009 the OEB issued Decision and Order EB-2009-0079 granting leave to  
11       construct the Commerce Way Transformer Station. Exhibit 2 provides additional detail on this  
12       project. A CCRA (Capital Cost Recovery Agreement) between Hydro One Networks Inc. and  
13       WHSI signed in 2010 required WHSI to provide a capital contribution of \$4.1 million. The Parties  
14       agreed to payment of the \$4.1 million capital contribution in 3 installments - \$2.5 million in  
15       2010, and 2 - \$800K installments in 2011. On April 21, 2010, the financing was secured to  
16       mirror the timing of these installments through a 15-year Demand Installment Loan/Interest  
17       Rate Swap facility. WHSI agreed to a rate of 5.59% interest-only payments for 24 months, with  
18       principal and interest payments due thereafter.

19       iii) Smart Meter Implementation

20       WHSI began installing smart meters in 2007 as explained in Exhibit 9 Tab 4, and by December  
21       31, 2009 had installed 78.25% of their smart meters. WHSI entered into a financing agreement  
22       with Infrastructure Ontario in late 2009 to fund up to \$3,000,000 for smart meter capital  
23       expenditures. Between January 15, 2010, and August 3 2010, WHSI received a total of  
24       \$1,800,000 in short-term funding from Infrastructure Ontario. On September 1, 2010, WHSI  
25       converted the \$1,800,000 into a 15 year, fixed term debenture at a rate of 4.21%.

1 Long-term debt cost information for the 2006, 2007, 2008 and 2009 Actual, 2010 Bridge year  
2 and 2011 Test year are also provided in Exhibit 5, Tab 1, Schedule 3.

### 3 **Short Term Debt**

4 WHSI is requesting a return on Short Term Debt for the 2011 Test year of 2.07% in accordance  
5 with the Cost of Capital Parameter Updates for 2010 Cost of Service Applications issued by the  
6 OEB on February 24, 2010. WHSI understands that the OEB will be finalizing the return on short  
7 term debt for 2011 rates based on January 2011 market interest rate information. WHSI's use  
8 of a Return on Short Term Debt of 2.01% is without prejudice to any revised ROE that may be  
9 adopted by the OEB in early 2011.

### 10 **Rate Base and Rate of Return**

11 Exhibit 5, Tab 1, Schedule 2 details WHSI's rate base, deemed debt/equity ratios, deemed rate  
12 of return, actual debt/equity ratios and actual rates of returns for 2006 Board Approved, 2006  
13 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year Forecast, and 2011 Test Year  
14 Forecast.

15 Exhibit 5, Tab 1, Schedule 3 details WHSI's actual and weighted cost of debt for 2006 Board  
16 Approved, 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year Forecast, and  
17 2011 Test Year Forecast.

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**TABLE 1 – DEEMED CAPITAL STRUCTURE**

<b>Deemed Capital Structure for 2006 Board Approved</b>				
<b>Description</b>	<b>\$</b>	<b>% of Rate Base</b>	<b>Rate of Return</b>	<b>Return</b>
Long Term Debt	10,930,972	50.00%	6.76%	738,934
Unfunded Short Term Debt	0			
<b>Total Debt</b>	<b>10,930,972</b>	<b>50.00%</b>		<b>738,934</b>
Common Share Equity	10,930,972	50.00%	9.00%	983,787
<b>Total equity</b>	<b>10,930,972</b>	<b>50.00%</b>		<b>983,787</b>
<b>Total Rate Base</b>	<b>21,861,943</b>	<b>100.00%</b>	<b>7.88%</b>	<b>1,722,721</b>

<b>Deemed Capital Structure for 2006</b>				
<b>Description</b>	<b>\$</b>	<b>% of Rate Base</b>	<b>Rate of Return</b>	<b>Return</b>
Long Term Debt	11,020,256	50.00%	6.76%	744,528
Unfunded Short Term Debt				
<b>Total Debt</b>	<b>11,020,256</b>	<b>50.00%</b>		<b>744,528</b>
Common Share Equity	11,020,256	50.00%	9.00%	991,823
<b>Total equity</b>	<b>11,020,256</b>	<b>50.00%</b>		<b>991,823</b>
<b>Total Rate Base</b>	<b>22,040,512</b>	<b>100.00%</b>	<b>7.88%</b>	<b>1,736,352</b>

<b>Deemed Capital Structure for 2007</b>				
<b>Description</b>	<b>\$</b>	<b>% of Rate Base</b>	<b>Rate of Return</b>	<b>Return</b>
Long Term Debt	11,161,434	50.00%	6.76%	754,067
Unfunded Short Term Debt				
<b>Total Debt</b>	<b>11,161,434</b>	<b>50.00%</b>		<b>754,067</b>
Common Share Equity	11,161,434	50.00%	9.00%	1,004,529
<b>Total equity</b>	<b>11,161,434</b>	<b>50.00%</b>		<b>1,004,529</b>
<b>Total Rate Base</b>	<b>22,322,869</b>	<b>100.00%</b>	<b>7.88%</b>	<b>1,758,596</b>

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Filed: October 28, 2010				
<b>Deemed Capital Structure for 2008</b>				
Description	\$	% of Rate Base	Rate of Return	Return
Long Term Debt	12,464,025	53.30%	6.76%	842,568
Unfunded Short Term Debt				
<b>Total Debt</b>	<b>12,464,025</b>	<b>53.30%</b>		<b>842,568</b>
Common Share Equity	10,920,637	46.70%	9.00%	982,857
<b>Total equity</b>	<b>10,920,637</b>	<b>46.70%</b>		<b>982,857</b>
<b>Total Rate Base</b>	<b>23,384,662</b>	<b>100.00%</b>	<b>7.81%</b>	<b>1,825,425</b>
<b>Deemed Capital Structure for 2009</b>				
Description	\$	% of Rate Base	Rate of Return	Return
Long Term Debt	13,475,554	56.70%	6.76%	910,947
Unfunded Short Term Debt				
<b>Total Debt</b>	<b>13,475,554</b>	<b>56.70%</b>		<b>910,947</b>
Common Share Equity	10,290,855	43.30%	9.00%	926,177
<b>Total equity</b>	<b>10,290,855</b>	<b>43.30%</b>		<b>926,177</b>
<b>Total Rate Base</b>	<b>23,766,410</b>	<b>100.00%</b>	<b>7.73%</b>	<b>1,837,124</b>
<b>Deemed Capital Structure for 2010</b>				
Description	\$	% of Rate Base	Rate of Return	Return
Long Term Debt	16,790,612	60.00%	4.43%	744,194
Unfunded Short Term Debt		0.00%	0.00%	
<b>Total Debt</b>	<b>16,790,612</b>	<b>60.00%</b>		<b>744,194</b>
Common Share Equity	11,193,741	40.00%	9.85%	1,102,584
<b>Total equity</b>	<b>11,193,741</b>	<b>40.00%</b>		<b>1,102,584</b>
<b>Total Rate Base</b>	<b>27,984,354</b>	<b>100.00%</b>	<b>6.60%</b>	<b>1,846,777</b>
<b>Deemed Capital Structure for 2011</b>				
Description	\$	% of Rate Base	Rate of Return	Return
Long Term Debt	17,715,933	56.00%	5.13%	908,703
Unfunded Short Term Debt	1,265,424	4.00%	2.07%	26,194
<b>Total Debt</b>	<b>18,981,357</b>	<b>60.00%</b>		<b>934,897</b>
Common Share Equity	12,654,238	40.00%	9.85%	1,246,442
<b>Total equity</b>	<b>12,654,238</b>	<b>40.00%</b>		<b>1,246,442</b>
<b>Total Rate Base</b>	<b>31,635,594</b>	<b>100.00%</b>	<b>6.90%</b>	<b>2,181,339</b>

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**TABLE 2 – COST OF LONG-TERM DEBT**

Weighted Debt Cost								
Description	Debt Holder	Affiliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Initial debt issue	City of Woodstock	Y		10,941,862	15	6.76%	2006	739,232
Initial debt issue	City of Woodstock	Y		10,941,862	15	6.76%	2007	739,232
Initial debt issue	City of Woodstock (6.75% Jan 1- Sep 30) / CIBC (4.975% Oct 1-Dec 31)	N	Oct 1 2008	10,941,862	15	6.31%	2008	690,514
Initial debt issue	CIBC	N	Oct 1 2008	10,941,862	15	4.98%	2009	544,358
Initial debt issue	CIBC	N	May 1 2010	10,941,862	15	5.09%	2010	557,123
Smart meter financing	Infrastructure Ontario	N	Sept 1 2010	1,800,000	15	4.21%	2010	25,260
HONI TS Cap Cont # 1	CIBC	N	May 1 2010	2,500,000	15	5.59%	2010	93,167
Initial debt issue	CIBC	N	May 1 2010	10,941,862	15	5.15%	2011	563,506
Smart meter financing	Infrastructure Ontario	N	Sept 1 2010	1,800,000	15	4.21%	2011	75,780
HONI TS Cap Cont # 1	CIBC	N	May 1 2010	2,500,000	15	5.59%	2011	139,750
HONI TS Cap Cont # 2	CIBC	N	May 1 2011	800,000	15	5.59%	2011	29,813
HONI TS Cap Cont # 3	CIBC	N	Dec 1 2011	800,000	15	5.59%	2011	3,727
<b>2006 Total Long Term Debt</b>				<b>10,941,862</b>	<b>Total Interest Cost for 2006</b>			<b>739,232</b>
							<b>Weighted Debt Cost Rate for 2006</b>	<b>6.76%</b>
<b>2007 Total Long Term Debt</b>				<b>10,941,862</b>	<b>Total Interest Cost for 2007</b>			<b>739,232</b>
							<b>Weighted Debt Cost Rate for 2007</b>	<b>6.76%</b>
<b>2008 Total Long Term Debt</b>				<b>10,941,862</b>	<b>Total Interest Cost for 2008</b>			<b>690,514</b>
							<b>Weighted Debt Cost Rate for 2008</b>	<b>6.31%</b>
<b>2009 Total Long Term Debt</b>				<b>10,941,862</b>	<b>Total Interest Cost for 2009</b>			<b>544,358</b>
							<b>Weighted Debt Cost Rate for 2009</b>	<b>4.98%</b>
<b>2010 Total Long Term Debt</b>				<b>15,241,862</b>	<b>Total Interest Cost for 2010</b>			<b>675,550</b>
							<b>Weighted Debt Cost Rate for 2010</b>	<b>4.43%</b>
<b>2011 Total Long Term Debt (Weighted)*</b>				<b>15,841,862</b>	<b>Total Interest Cost for 2011</b>			<b>812,576</b>
							<b>Weighted Debt Cost Rate for 2011</b>	<b>5.13%</b>

\*Actual Debt as at Dec 31, 2011 will be \$16,841,862

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<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
<b>6 – Calculation of Revenue Deficiency or Surplus</b>	1	1		Revenue Deficiency - Overview
		2		Cost Drivers for Revenue Deficiency

1 **REVENUE DEFICIENCY - OVERVIEW:**

2 WHSI's net revenue deficiency is \$1,338,700 and when grossed up for PILs WHSI's revenue deficiency is  
3 \$1,756,617. This deficiency is calculated as the difference between the 2011 Test Year Revenue  
4 Requirement of \$8,715,753 and the Forecast 2011 Test Year Revenue Requirement at WHSI's 2010  
5 approved distribution rates of \$6,959,136.

6 **Revenue Requirement:**

7 WHSI's Revenue Requirement consists of the following:

- 8 - Administrative & General, Billing & Collecting Expense
- 9 - Operation & Maintenance Expense
- 10 - Depreciation Expense
- 11 - Property Taxes
- 12 - PILS'
- 13 - Deemed Interest & Return on Equity

14

15 WHSI's revenue requirement is primarily received through electricity distribution rates and  
16 offset by revenue from OEB-approved specific service charges, late payment charges, interest,  
17 and other operating income.

18

19 Table 6-1 on the following page provides the revenue deficiency calculations for the 2011 Test  
20 Year at Existing 2010 OEB-approved rates and the 2011 Test Year Revenue Requirement.  
21 Included in this table for the 2011 Test Year, is the(Net) Utility Income, Utility Return on Equity  
22 Rate Base, Target Return on Equity Rate Base, Revenue Deficiency, and Grossed Up Revenue  
23 Deficiency.

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**Table 6-1**  
**Calculation of Revenue Deficiency or Surplus**

	2011 Test Existing Rates	2011 Test Proposed Rates
<b>Revenue</b>		
Suff/ Def From Below.		1,756,617
Distribution Revenue	6,475,857	6,475,857
Other Operating Revenue (Net)	483,279	483,279
<b>Total Revenue</b>	<b>6,959,136</b>	<b>8,715,753</b>
<b>Distribution Costs</b>		
Operation, Maintenance, and Administration	4,042,261	4,042,261
Depreciation & Amortization	2,031,382	2,031,382
Property & Capital Taxes	126,946	126,946
Interest- Deemed Interest	934,897	934,897
<b>Total Costs and Expenses</b>	<b>7,135,485</b>	<b>7,135,485</b>
Utility Income Before Income Taxes	(176,350)	1,580,267
Net Adjustments per 2009 Pils	(177,112)	(177,112)
<b>Taxable Income</b>	<b>(353,462)</b>	<b>1,403,155</b>
Tax Rate	0	0
<b>Income Tax</b>	<b>(84,092)</b>	<b>333,825</b>
<b>Utility Income</b>	<b>(92,257)</b>	<b>1,246,442</b>
<b>Rate Base</b>	<b>31,635,594</b>	<b>31,635,594</b>
<b>Equity</b>	40.00%	40.00%
<b>Equity Component Rate Base</b>	12,654,238	12,654,238
Income / Equity Rate Base %	-0.73%	9.85%
<b>Target Return -Equity on Rate Base</b>	9.85%	9.85%
Return- Equity on Rate Base	1,246,442	1,246,442
Revenue Deficiency	1,338,700	
Revenue Deficiency (Gross-up)	1,756,617	

1 Table 6-2 provides the net income and actual return on rate base for the 2006 approved, 2006  
 2 to 2009 actual, and 2010 Bridge and 2011 Test year forecasts. The 2006 to 2009 actual financial  
 3 information excludes non-distribution activities. Detailed calculations for the 2011 Test Year  
 4 rate base are provided in Table 6-6.

5 Table 6-2 Financial Summary

Description	2006 Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test Year at Existing Rates	2011 Test Year Proposed
<b>Revenue</b>								
Distribution Revenue	6,389,972	6,151,919	6,475,336	6,616,827	6,405,636	6,350,730	6,475,857	8,232,474
Other Operating Revenue (Net)	767,759	886,599	1,015,832	744,671	499,987	384,328	483,279	483,279
<b>Total Revenue</b>	<b>7,157,731</b>	<b>7,038,518</b>	<b>7,491,168</b>	<b>7,361,498</b>	<b>6,905,623</b>	<b>6,735,059</b>	<b>6,959,136</b>	<b>8,715,753</b>
<b>Costs and Expenses</b>								
Administrative & General, Billing & Collecting	1,955,406	2,210,001	2,112,518	1,942,413	1,976,533	2,351,102	2,525,930	2,525,930
Operation & Maintenance	949,929	1,114,087	1,157,655	1,320,571	1,349,608	1,416,646	1,516,331	1,516,331
Depreciation & Amortization	1,480,767	1,581,407	1,672,770	1,766,354	1,870,899	1,865,397	2,031,382	2,031,382
Property Taxes	125,256	126,191	124,838	125,668	122,776	123,852	126,946	126,946
Capital Taxes	0	0	0	0	0	9,738	0	0
Interest	738,496	810,133	804,987	853,961	581,034	744,194	934,897	934,897
<b>Total Costs and Expenses</b>	<b>5,249,853</b>	<b>5,841,820</b>	<b>5,872,769</b>	<b>6,008,967</b>	<b>5,900,850</b>	<b>6,510,928</b>	<b>7,135,485</b>	<b>7,135,485</b>
<b>Utility Income Before Income Taxes</b>	<b>1,907,878</b>	<b>1,196,698</b>	<b>1,618,399</b>	<b>1,352,530</b>	<b>1,004,773</b>	<b>224,131</b>	<b>(176,350)</b>	<b>1,580,267</b>
<b>Corporate Income Taxes</b>	<b>924,090</b>	<b>384,292</b>	<b>572,463</b>	<b>453,778</b>	<b>412,679</b>	<b>37,894</b>	<b>(84,092)</b>	<b>333,825</b>
<b>Net Income</b>	<b>983,788</b>	<b>812,407</b>	<b>1,045,936</b>	<b>898,753</b>	<b>592,094</b>	<b>186,236</b>	<b>(92,257)</b>	<b>1,246,442</b>
<b>Required Net Income</b>	<b>983,787</b>	<b>983,787</b>	<b>1,004,529</b>	<b>982,857</b>	<b>926,177</b>	<b>1,102,584</b>	<b>1,246,442</b>	<b>1,246,442</b>
<b>Net Revenue Sufficiency/(Deficiency)</b>	<b>0</b>	<b>(171,381)</b>	<b>41,407</b>	<b>(84,104)</b>	<b>(334,083)</b>	<b>(916,347)</b>	<b>(1,338,700)</b>	<b>0</b>
<b>CALCULATION OF RETURN ON RATE BASE ( Return on Rate Base/Total Rate Base)</b>								
Interest Expense	738,496	810,133	804,987	853,961	581,034	744,194	934,897	934,897
Net Income	983,788	812,407	1,045,936	898,753	592,094	186,236	(92,257)	1,246,442
<b>Return on Rate Base</b>	<b>1,722,284</b>	<b>1,622,539</b>	<b>1,850,924</b>	<b>1,752,714</b>	<b>1,173,128</b>	<b>930,430</b>	<b>842,640</b>	<b>2,181,339</b>
Debt	10,930,972	10,941,862	10,941,862	10,941,862	10,941,862	15,241,862	18,981,357	18,981,357
Equity	10,930,972	12,468,683	12,954,395	13,710,331	13,687,337	14,504,431	12,654,238	12,654,238
<b>Total Rate Base</b>	<b>21,861,943</b>	<b>23,410,545</b>	<b>23,896,257</b>	<b>24,652,193</b>	<b>24,629,199</b>	<b>29,746,293</b>	<b>31,635,594</b>	<b>31,635,594</b>
<b>Actual Return on Rate Base</b>	<b>7.88%</b>	<b>6.93%</b>	<b>7.75%</b>	<b>7.11%</b>	<b>4.76%</b>	<b>3.13%</b>	<b>2.66%</b>	<b>6.90%</b>

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1 **COST DRIVERS ON REVENUE DEFICIENCY**

2 The Applicant notes there are several factors that contribute to the net revenue deficiency of  
3 \$1,338,700 and when adjusted for PILS results in a gross revenue deficiency of \$1,756,617 for  
4 the 2011 Test Year. The following discussion highlights the significant items that contribute to  
5 this deficiency.

6 **Distribution Revenue**

7 In May 2009, WHSI's single Large Use Customer was reclassified to the General Service >50 rate  
8 class, which resulted in forgone revenues of approximately \$132,000. The impact of this  
9 forgone revenue in 2009 were mitigated by deferring certain costs which are detailed further in  
10 Exhibit 4. In late 2009, WHSI conducted a corporate wide cost-revenue analysis to determine  
11 whether it should either submit a COS application or an IRM application for the 2010 rate year.  
12 Taking these results into consideration along with other factors as detailed in Exhibit 4, WHSI  
13 determined it was in its best interests to defer the COS application until 2011 and submit a  
14 2010 IRM rate application. Although the 2010 approved distribution rate included a Large User  
15 rate class, there were no active customers within this class and the revenue requirement  
16 allocated to this class would be unrecovered.

17 The 2011 revenue requirement calculation based on 2010 approved rates results in a net  
18 revenue deficiency of \$197,330 for this customer reclassification.

19 **Depreciation**

20 Two incremental projects that are beyond WHSI's regular asset management and capital  
21 program contribute to higher depreciation expense. The addition of \$1.44 million in smart  
22 meter assets in 2010 and a \$4.1 million capital contribution for the Hydro One Commerce Way  
23 Transmission Station (\$2.5 million in 2010, \$1.6 million in 2011) has added to the rate base by  
24 more than \$5.5 million

1 Other actual and forecast Growth and Replacement capital projects increase, on average, by  
 2 22.2%, per year between 2006 and the 2011 Test year. Table 6-3 below summarizes the capital  
 3 additions by year, excluding the two incremental projects noted above.

4 Table 6-3

5 Growth and Replacement Capital Projects

	2006	2007	2008	2009	2010 Bridge	2011 Test
Distribution Capital	\$ 1,262,494	\$ 1,752,589	\$ 1,176,376	\$ 2,045,401	\$ 1,753,814	\$ 2,090,692
General Capital	\$ 597,136	\$ 479,565	\$ 494,953	\$ 649,324	\$ 450,645	\$ 466,476
<b>Total Capital</b>	<b>\$ 1,859,630</b>	<b>\$ 2,232,154</b>	<b>\$ 1,671,329</b>	<b>\$ 2,694,725</b>	<b>\$ 2,204,458</b>	<b>\$ 2,557,168</b>
% Change from 2006 Levels	0.0%	20.0%	-10.1%	44.9%	18.5%	37.5%
Average Annual % Change						22.2%

6

7 The Average Fixed Assets for the 2011 Test Year are \$9.1 million, or 52.7% higher than the 2006  
 8 Approved Average Fixed Asset amount. Table 6-4 below summarizes the net fixed assets from  
 9 2006 to the 2011 Test Year. The corresponding depreciation expense for these additions  
 10 contribute to the revenue deficiency by approximately \$550,000

11 Table 6-4

12 Net Fixed Assets

	Average Fixed Assets	Audited Financial Statements				Average Fixed Assets	
	2006 EDR Approved	2006	2007	2008	2009	2010 Bridge	2011 Test
Net Fixed Assets	\$ 17,306,331	\$ 17,318,295	\$ 17,931,062	\$ 19,622,067	\$ 20,611,828	\$ 22,794,578	\$ 26,422,100
% change from 2006 Approved		0.1%	3.6%	13.4%	19.1%	31.7%	52.7%
Increase in NBV over 2006 Approved							\$ 9,115,769

14

15 **Deemed Interest and Return on Equity**

16 A combination of the multi-year progression from 50% deemed debt in 2006 to 60% deemed  
 17 debt in 2011, the increase in average rate base from \$21,861,943 in the 2006 Approval to  
 18 \$31,635,594 in the 2011 Test Year, and the decrease in the long term debt rate from 6.756% in

1 2006 to 5.13% in 2011, has resulted in net increase to deemed interest expense of \$196,401  
 2 and \$262,655 for the deemed return on equity.

3 **Other - Incremental Labour and Payroll Costs**

4 Incremental labour, payroll costs, inflation, and market driven increases on goods and services  
 5 can also be attributed to the 2011 Test year revenue deficiency. Modest customer growth has  
 6 offset the gross deficiency for these expenses. For materiality purposes, this net variance of  
 7 \$131,700 has been included as one consolidated line item.

8 **Summary of Deficiency Drivers**

9 Table 6-5 summarizes the drivers that contribute to the 2011 Test Year revenue deficiency

	2006 EDR	2011 Test	Deficiency
Distribution Revenue Loss of Class Customer	197,330	0	(197,330)
Depreciation	1,480,767	2,031,382	(550,615)
Deemed Interest	738,496	934,897	(196,401)
Deemed Return on Equity	983,787	1,246,442	(262,655)
Other			(131,700)
<b>Total Revenue Deficiency</b>			<b>(1,338,700)</b>

10

11

12 **Requested Rate of Return**

13 WHSI is requesting a rate of return on capital of 6.90% or \$2,181,339 for the 2011 Test Year and  
 14 is calculated by dividing the deemed rate base by the forecast return on rate base. This is  
 15 calculated in accordance with the Filing Requirements and summarized in Table 6-6 below:

16 **Statement of Rate Base**

17 WHSI is requesting a rate base of \$31,635,594 for the 2011 Test Year which is calculated based  
 18 on WHSI's deemed capital structure in accordance with the Filing Requirements and  
 19 summarized in Table 6-6 below:

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Table 6-6

<b>WORKING CAPITAL ALLOWANCE FOR 2011</b>		
<b>Distribution Expenses</b>		
Distribution Expenses - Operation		785,560
Distribution Expenses - Maintenance		730,771
Billing and Collecting		675,133
Community Relations		42,382
Administrative and General Expenses		1,808,415
Taxes Other than Income Taxes		126,946
<b>Less: Capital Taxes within 6105</b>		-
<b>Total Eligible Distribution Expenses</b>		<b>4,169,207</b>
Power Supply Expenses		30,587,421
<b>Total Working Capital Expenses</b>		<b>34,756,628</b>
Working Capital Allowance rate of 15%		<b>5,213,494</b>
<b>REGULATED RATE OF RETURN FOR 2011</b>		
Description	Deemed Portion	Effective Rate
Long-Term Debt	56.00%	5.13%
Short-Term Debt	4.00%	2.07%
Return On Equity	40.00%	9.85%
Weighted Debt Rate		4.93%
<b>Regulated Rate of Return</b>		<b>6.90%</b>
<b>RATE BASE CALCULATION FOR 2011</b>		
Fixed Assets Opening Balance 2011		25,077,596
Fixed Assets Closing Balance 2011		27,766,604
<b>Average Fixed Asset Balance for 2010</b>		<b>26,422,100</b>
Working Capital Allowance		5,213,494
<b>Rate Base</b>		<b>31,635,594</b>
Regulated Rate of Return		6.90%
<b>Regulated Return on Capital</b>		<b>2,181,339</b>
Deemed Interest Expense		934,897
Deemed Return on Equity		1,246,442

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
<b>7 – Cost Allocation</b>	1	1		Cost Allocation Overview
		2		Summary of Results and Proposed Changes
			A	Cost Allocation Model – 2007 Filed
			B	Cost Allocation Model – 2007 without Transformer Allowance
			C	Cost Allocation Model – 2011 without Transformer Allowance
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2				

1 **COST ALLOCATION**

2 **OVERVIEW:**

3 On September 29, 2006, the OEB issued its directions on Cost Allocation Methodology for  
4 Electricity Distributors (the "Directions"). On November 15, 2006, the Board issued the Cost  
5 Allocation Information Filing Guidelines for Electricity Distributors ("the Guidelines"), the Cost  
6 Allocation Model (the "Model") and User Instructions (the "Instructions") for the Model. WHSI  
7 prepared a cost allocation information filing consistent with WHSI's understanding of the  
8 Directions, the Guidelines, the Model and the Instructions. WHSI submitted this filing to the  
9 OEB on January 22, 2007.

10 One of the main objectives of the filing was to provide information on any apparent cross-  
11 subsidization among a distributor's rate classifications. It was felt that this would give an  
12 indication of cross-subsidization from one class to another and this information would be useful  
13 as a tool in future rate applications.

14 For the purposes of this Application, WHSI has updated the cost allocation study previously  
15 filed to reflect 2011 test year costs, customer numbers and demand values. The 2011 demand  
16 values are based on the weather normalized load forecast used to design rates. WHSI has also  
17 removed the "cost" and "revenue" associated with transformer ownership allowance from the  
18 updated cost allocation study

1 **SUMMARY OF RESULTS AND PROPOSED CHANGES:**

2 The data used in the updated cost allocation study is consistent with WHSI's cost data that  
3 supports the proposed 2011 revenue requirement outlined in this application. Consistent with  
4 the Guidelines, WHSI's assets were broken out into primary and secondary distribution  
5 functions using breakout percentages consistent with the original cost allocation informational  
6 filing. The breakout of assets, capital contributions, depreciation, accumulated depreciation,  
7 customer data and load data by primary, line transformer and secondary categories were  
8 developed from the best data available to WHSI, its engineering records, and its customer and  
9 financial information systems. An Excel version of the updated cost allocation study has been  
10 included in Appendix C

11 Capital contributions, depreciation and accumulated depreciation by USoA is consistent with  
12 the information provided in the 2011 continuity statement shown in Exhibit 2. The rate class  
13 customer data used in the updated cost allocation study is consistent with the 2011 customer  
14 forecast outlined in Exhibit 3. Except for the General Service 50 to 999 kW and the General  
15 Service > 1000 kW classes, the load profiles for all other rate classes are the same as those  
16 used in the original information filing but have been scaled to match the load forecast.

17 For the General Service 50 to 999 kW rate class, the load profile for General Service > 50 kW  
18 used in the original information filing has been used and scaled to match the 2011 load forecast  
19 for the General Service 50 to 999 kW class. The scaling factor reflects that some of the load  
20 previously in the General Service > 50 kW class has moved to the General Service > 1000 kW  
21 class in this application. For the General Service > 1000 kW rate class the load profile for Large  
22 Use class used in the original information filing has been used and scaled to match the 2011  
23 load forecast for the General Service > 1000 kW class. The scaling factor reflects that the  
24 customer that was previously a Large Use customer has moved in the General Service > 1000  
25 kW class and been included with customers that were previously in the General Service > 50  
26 kW class. The following Table 7-1 outlines the scaling factors used by rate class

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<b>Table 7-1: Load Profile Scaling Percentages</b>			
<b>Rate Class</b>	<b>2004 Weather Normal Values used in Informational Filing (kWh)</b>	<b>2011 Weather Normal Values (KWh)</b>	<b>Scaling Factor</b>
<b>Residential</b>	106,910,716	117,418,066	109.8%
<b>GS &lt; 50</b>	45,730,977	46,182,407	101.0%
<b>General Service 50 to 999 kW</b>	232,676,826	118,202,396	50.8%
<b>General Service &gt; 1000 kW</b>	26,819,174	69,723,917	260.0%
<b>Unmetered Scattered Load</b>	977,277	615,829	63.0%
<b>Streetlight</b>	2,522,997	2,490,098	98.7%
<b>Total</b>	<b>415,637,967</b>	<b>354,632,713</b>	<b>85.3%</b>

9 The allocated cost by rate class for the 2007 information filing and 2011 updated study are  
 10 provided in the following Table 7-2. The results shown under the 2007 information filing  
 11 column have be revised to exclude the "cost" and "revenues" of the transformation allowance  
 12 as outlined in the June 28, 2010 filing requirements.

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<b>Table 7-2: Allocated Cost</b>				
<b>Rate Class</b>	<b>Cost Allocated in Original Cost Allocation Information Filing Revised to Exclude Transformer Allowance</b>	<b>%</b>	<b>Cost Allocated in the 2011 Study</b>	<b>%</b>
<b>Residential</b>	\$4,592,356	64.2%	\$5,236,228	60.1%
<b>GS &lt; 50</b>	\$858,674	12.0%	\$1,270,561	14.6%
<b>GS &gt; 50</b>	\$1,229,600	17.2%		
<b>General Service 50 to 999 kW</b>			\$1,250,871	14.4%
<b>General Service &gt; 1000 kW</b>			\$513,828	5.9%
<b>Large Use</b>	\$146,063	2.0%		
<b>Unmetered Scattered Load</b>	\$27,860	0.4%	\$26,304	0.3%
<b>Streetlight</b>	\$303,179	4.2%	\$417,961	4.8%
<b>Total</b>	<b>\$7,157,732</b>	<b>100.0%</b>	<b>\$8,715,753</b>	<b>100.0%</b>

1 The results of a cost allocation study are typically presented in the form of revenue to cost  
 2 ratios. The ratio is shown by rate classification and is the percentage of distribution revenue  
 3 collected by rate classification compared to the costs allocated to the classification. The  
 4 percentage identifies the rate classifications that are being subsidized and those that are over-  
 5 contributing. A percentage of less than 100% means the rate classification is under-  
 6 contributing and is being subsidized by other classes of customers. A percentage of greater  
 7 than 100% indicates the rate classification is over-contributing and is subsidizing other classes  
 8 of customers.

9 On November 28, 2007, the OEB issued its “Report on Application of Cost Allocation for  
 10 Electricity Distributors” (the “Cost Allocation Report”). In the Cost Allocation Report, the OEB  
 11 established what it considered to be the appropriate ranges of revenue to cost ratios which are  
 12 summarized in Table 7-3 below. In addition Table 7-3 provides WHSI’s revenue to cost ratios  
 13 from the revised 2007 information filing, the updated 2011 cost allocation study and the  
 14 proposed 2011 to 2013 ratios.

Table 7-3 Revenue to Cost Ratios							
Class	Original Cost Allocation Information Filing Revised to Exclude Transformer Allowance	2011 Updated Cost Allocation Study	2011 Proposed Ratios	2012 Proposed Ratios	2013 Proposed Ratios	Board Targets Min to Max	
Residential	95.1%	105.2%	102.6%	101.3%	100.0%	85.0%	115.0%
GS < 50	109.4%	92.7%	96.3%	98.2%	100.0%	80.0%	120.0%
GS > 50	118.8%					80.0%	180.0%
General Service 50 to 999 kW		127.1%	122.4%	111.2%	100.0%	80.0%	180.0%
General Service > 1000 kW		58.7%	69.4%	74.7%	80.0%	80.0%	180.0%
Large Use	210.1%					85.0%	115.0%
Unmetered Scattered Load	37.0%	126.5%	123.3%	121.6%	120.0%	80.0%	120.0%
Streetlight	24.2%	24.6%	47.3%	58.7%	70.0%	70.0%	120.0%

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1 WHSI is proposing in this application to re-align its revenue to cost ratios by adjusting the  
 2 allocations of revenue among rate classes in order to reduce some of the cross-subsidization  
 3 that is occurring. For 2011, the re-alignment will move the General Service 50 to 999 kW,  
 4 General Service > 1000 kW, Unmetered Scattered Load and Streetlight class to 50% between  
 5 their current ratio and the target ratio. In the 2012 and 2013, further movement will be made  
 6 to ensure that those classes which are currently outside the Board's rate will be at the lower or  
 7 higher of the Board's target range whichever is appropriate. Any additional revenue from these  
 8 adjustments will be assigned to the Residential class in order to move the revenue to cost ratio  
 9 for the Residential closer to 100%. Although the revenue to cost ratio's are within the Board's  
 10 range, WHSI proposes to move both the GS<50 kW and GS 50 – 999 kW rate class to 100% of  
 11 the Board's Target by 2013. WHSI believes that in order to effectively reduce cross subsidization  
 12 among all rate classes it is essential that each rate class move toward 100% revenue to cost  
 13 ratio.

14 The following Table 7-4 provides information on calculated class revenue. The resulting 2011  
 15 proposed base revenue will be the amount used in Exhibit 8 to design the proposed distribution  
 16 charges in this application.

17

18

<b>Table 7-4 Calculated Class Revenue</b>				
<b>Class</b>	<b>2011 Base Revenue at Existing Rates</b>	<b>2011 Proposed Base Revenue Allocated at Existing Rates Proportion</b>	<b>2011 Proposed Base Revenue</b>	<b>Miscellaneous Revenue</b>
<b>Residential</b>	\$4,067,105	\$5,170,401	\$5,033,040	\$340,285
<b>GS &lt; 50</b>	\$869,459	\$1,105,305	\$1,151,853	\$72,160
<b>General Service 50 to 999 kW</b>	\$1,208,481	\$1,536,290	\$1,478,505	\$53,057
<b>General Service &gt; 1000 kW</b>	\$230,171	\$292,607	\$347,277	\$9,114
<b>Unmetered Scattered Load</b>	\$24,957	\$31,727	\$30,872	\$1,549
<b>MicroFIT</b>	\$252	\$252	\$252	\$0
<b>Streetlight</b>	\$75,431	\$95,892	\$190,675	\$7,114
<b>Total</b>	\$6,475,857	\$8,232,474	\$8,232,474	\$483,279

1

**Appendix A**

2

Cost Allocation Model – 2007 Filed

3



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**  
**EB-2005-0436 EB-2007-0001**  
**January 19, 2006**  
**Sheet 12 Class Selection - Second Run**

**Instructions:**

- Step 1:** Please input your existing classes
- Step 2:** If this is your first run, select "First Run" in the drop-down menu below
- Step 3:** After all classes have been entered, Click the "Update" button in row E41

Click for Drop-Down Menu →

If desired, provide a summary of this run  
(40 characters max.)

Second Run

		Utility's Class Definition	Current
1	Residential		YES
2	GS <50		YES
3	GS>50-Regular	GS 50 to 4,999 kW	YES
4	GS> 50-TOU		NO
5	GS >50-Intermediate		NO
6	Large Use >5MW	Large Use	YES
7	Street Light	Street Lighting	YES
8	Sentinel		NO
9	Unmetered Scattered Load		YES
10	Embedded Distributor		NO
11	Back-up/Standby Power		NO
12	Rate Class 1		NO
13	Rate class 2		NO
14	Rate class 3		NO
15	Rate class 4		NO
16	Rate class 5		NO
17	Rate class 6		NO
18	Rate class 7		NO
19	Rate class 8		NO
20	Rate class 9		NO

Update

**\*\* Space available for additional information about this run**



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**  
**EB-2005-0436 EB-2007-0001**  
**January 19, 2006**  
**Sheet 13 Trial Balance Data - Second Run**

**Instructions:**

**Step 1:** Copy 2006 EDR Trial Balance values (Sheet 2-4, Column P17 to P446) to Column D21 of this worksheet. Use the Edit - Paste Special - Values function.

**Step 2:** Enter the amounts needed to be reclassified to column F.

**Step 3:** Enter Target Net Income from approved EDR (Sheet 4-1, cell F23)

**Step 4:** Enter PILs from approved EDR (Sheet 4-2, cell E15)

**Step 5:** Enter Interest from approved EDR (Sheet 4-1, cell F21)

**Step 6:** Enter specific service charges offset from approved EDR (Sheet 5-5, cell D19)

**Step 7:** Enter Transformation Ownership Allowance Credit from approved EDR (Sheet 6-3, cell R120)

**Step 8:** Enter Low Voltage Wheeling Adjustment Credit from approved EDR (Sheet ADJ 3, cell F46)

**Step 9:** Enter Revenue Requirement from approved EDR (Sheet 5-1, cell F22)

**Step 10:** Enter Total Rate Base from approved EDR (Sheet 3-1, cell F21)

**Step 11:** Enter Directly Allocated amounts into column G.

Approved Target Net Income (\$)	\$983,787
Approved PILs (\$)	\$924,090
Approved Interest (\$)	\$738,496
Approved Specific Service Charges (\$)	\$267,552
Approved Transformer Ownership Allowance (\$)	\$277,352
Approved Low Voltage Wheeling Adjustment (\$)	
Approved Revenue Requirement (\$)	\$7,157,731
Revenue Requirement to be Used in this model (\$)	\$7,435,083
Approved Rate Base (\$)	\$21,861,943
Rate Base to be Used in this model (\$)	\$21,903,546

	<b>From this Sheet</b>	<b>Differences?</b>
	<b>\$7,435,083</b>	<b>Rev Req Matches</b>
	<b>\$21,903,546</b>	<b>Rate Base Matches</b>

**Uniform System of Accounts - Detail Accounts**

USoA Account #	Accounts	Financial Statement (EDR Sheet 2.4, Column P)	Model Adjustments	Reclassify accounts	Direct Allocation	Reclassified Balance
1005	Cash	\$0				\$0
1010	Cash Advances and Working Funds	\$0				\$0
1020	Interest Special Deposits	\$0				\$0
1030	Dividend Special Deposits	\$0				\$0
1040	Other Special Deposits	\$0				\$0
1060	Term Deposits	\$0				\$0
1070	Current Investments	\$0				\$0
1100	Customer Accounts Receivable	\$0				\$0
1102	Accounts Receivable - Services	\$0				\$0
1104	Accounts Receivable - Recoverable Work	\$0				\$0
1105	Accounts Receivable - Merchandise, Jobbing, etc.	\$0				\$0
1110	Other Accounts Receivable	\$0				\$0
1120	Accrued Utility Revenues	\$0				\$0
1130	Accumulated Provision for Uncollectible Accounts--Credit	\$0				\$0
1140	Interest and Dividends Receivable	\$0				\$0
1150	Rents Receivable	\$0				\$0
1170	Notes Receivable	\$0				\$0
1180	Prepayments	\$0				\$0
1190	Miscellaneous Current and Accrued Assets	\$0				\$0
1200	Accounts Receivable from Associated Companies	\$0				\$0
1210	Notes Receivable from Associated Companies	\$0				\$0
1305	Fuel Stock	\$0				\$0



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1330	Plant Materials and Operating Supplies	\$0	\$0
1340	Merchandise	\$0	\$0
1350	Other Materials and Supplies	\$0	\$0
1405	Long Term Investments in Non-Associated Companies	\$0	\$0
1408	Long Term Receivable - Street Lighting Transfer	\$0	\$0
1410	Other Special or Collateral Funds	\$0	\$0
1415	Sinking Funds	\$0	\$0
1425	Unamortized Debt Expense	\$0	\$0
1445	Unamortized Discount on Long-Term Debt--Debit	\$0	\$0
1455	Unamortized Deferred Foreign Currency Translation Gains and Losses	\$0	\$0
1460	Other Non-Current Assets	\$0	\$0
1465	O.M.E.R.S. Past Service Costs	\$0	\$0
1470	Past Service Costs - Employee Future Benefits	\$0	\$0
1475	Past Service Costs - Other Pension Plans	\$0	\$0
1480	Portfolio Investments - Associated Companies	\$0	\$0
1485	Investment in Associated Companies - Significant Influence	\$0	\$0
1490	Investment in Subsidiary Companies	\$0	\$0
1505	Unrecovered Plant and Regulatory Study Costs	\$0	\$0
1508	Other Regulatory Assets	\$0	\$0
1510	Preliminary Survey and Investigation Charges	\$0	\$0
1515	Emission Allowance Inventory	\$0	\$0
1516	Emission Allowances Withheld	\$0	\$0
1518	RCVARetail	\$0	\$0
1520	Power Purchase Variance Account	\$0	\$0
1525	Miscellaneous Deferred Debits	\$0	\$0
1530	Deferred Losses from Disposition of Utility Plant	\$0	\$0
1540	Unamortized Loss on Reacquired Debt	\$0	\$0
1545	Development Charge Deposits/ Receivables	\$0	\$0
1548	RCVASTR	\$0	\$0
1560	Deferred Development Costs	\$0	\$0
1562	Deferred Payments in Lieu of Taxes	\$0	\$0
1563	Account 1563 - Deferred PILs Contra Account	\$0	\$0
1565	Conservation and Demand Management Expenditures and Recoveries	\$278	\$278
1570	Qualifying Transition Costs	\$0	\$0
1571	Pre-market Opening Energy Variance	\$0	\$0
1572	Extraordinary Event Costs	\$0	\$0
1574	Deferred Rate Impact Amounts	\$0	\$0
1580	RSVAWMS	\$0	\$0
1582	RSVAONE-TIME	\$0	\$0
1584	RSVANW	\$0	\$0
1586	RSVACN	\$0	\$0
1588	RSVAPOWER	\$0	\$0
1590	Recovery of Regulatory Asset Balances	\$0	\$0
1605	Electric Plant in Service - Control Account	\$0	\$0
1606	Organization	\$0	\$0
1608	Franchises and Consents	\$0	\$0
1610	Miscellaneous Intangible Plant	\$0	\$0
1615	Land	\$0	\$0
1616	Land Rights	\$0	\$0
1620	Buildings and Fixtures	\$0	\$0
1630	Leasehold Improvements	\$0	\$0
1635	Boiler Plant Equipment	\$0	\$0
1640	Engines and Engine-Driven Generators	\$0	\$0
1645	Turbogenerator Units	\$0	\$0
1650	Reservoirs, Dams and Waterways	\$0	\$0
1655	Water Wheels, Turbines and Generators	\$0	\$0
1660	Roads, Railroads and Bridges	\$0	\$0
1665	Fuel Holders, Producers and Accessories	\$0	\$0
1670	Prime Movers	\$0	\$0
1675	Generators	\$0	\$0
1680	Accessory Electric Equipment	\$0	\$0
1685	Miscellaneous Power Plant Equipment	\$0	\$0
1705	Land	\$0	\$0
1706	Land Rights	\$0	\$0
1708	Buildings and Fixtures	\$0	\$0
1710	Leasehold Improvements	\$0	\$0
1715	Station Equipment	\$0	\$0
1720	Towers and Fixtures	\$0	\$0
1725	Poles and Fixtures	\$0	\$0
1730	Overhead Conductors and Devices	\$0	\$0
1735	Underground Conduit	\$0	\$0
1740	Underground Conductors and Devices	\$0	\$0



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1745	Roads and Trails	\$0		\$0
1805	Land	\$21,836		\$21,836
1806	Land Rights	\$0		\$0
1808	Buildings and Fixtures	\$181,937		\$181,937
1810	Leasehold Improvements	\$0		\$0
1815	Transformer Station Equipment - Normally Primary above 50 kV	\$0		\$0
1820	Distribution Station Equipment - Normally Primary below 50 kV	\$521,895		\$521,895
1825	Storage Battery Equipment	\$0		\$0
1830	Poles, Towers and Fixtures	\$5,279,586		\$5,279,586
1835	Overhead Conductors and Devices	\$2,882,718		\$2,882,718
1840	Underground Conduit	\$1,886,327		\$1,886,327
1845	Underground Conductors and Devices	\$2,952,999		\$2,952,999
1850	Line Transformers	\$3,025,559		\$3,025,559
1855	Services	\$616,419		\$616,419
1860	Meters	\$3,214,266	\$2,333,456	\$880,809
1865	Other Installations on Customer's Premises	\$0		\$0
1870	Leased Property on Customer Premises	\$0		\$0
1875	Street Lighting and Signal Systems	\$0		\$0
1905	Land	\$17,530		\$17,530
1906	Land Rights	\$0		\$0
1908	Buildings and Fixtures	\$412,966		\$412,966
1910	Leasehold Improvements	\$0		\$0
1915	Office Furniture and Equipment	\$116,123		\$116,123
1920	Computer Equipment - Hardware	\$460,406		\$460,406
1925	Computer Software	\$544,976		\$544,976
1930	Transportation Equipment	\$947,660		\$947,660
1935	Stores Equipment	\$23,354		\$23,354
1940	Tools, Shop and Garage Equipment	\$175,061		\$175,061
1945	Measurement and Testing Equipment	\$72,851		\$72,851
1950	Power Operated Equipment	\$0		\$0
1955	Communication Equipment	\$4,248		\$4,248
1960	Miscellaneous Equipment	\$485		\$485
1965	Water Heater Rental Units	\$0		\$0
1970	Load Management Controls - Customer Premises	\$0		\$0
1975	Load Management Controls - Utility Premises	\$0		\$0
1980	System Supervisory Equipment	\$49,665		\$49,665
1985	Sentinel Lighting Rental Units	\$0		\$0
1990	Other Tangible Property	\$0		\$0
1995	Contributions and Grants - Credit	(\$615,802)		(\$615,802)
2005	Property Under Capital Leases	\$0		\$0
2010	Electric Plant Purchased or Sold	\$0		\$0
2020	Experimental Electric Plant Unclassified	\$0		\$0
2030	Electric Plant and Equipment Leased to Others	\$0		\$0
2040	Electric Plant Held for Future Use	\$0		\$0
2050	Completed Construction Not Classified--Electric	\$0		\$0
2055	Construction Work in Progress--Electric	\$0		\$0
2060	Electric Plant Acquisition Adjustment	\$0		\$0
2065	Other Electric Plant Adjustment	\$0		\$0
2070	Other Utility Plant	\$0		\$0
2075	Non-Utility Property Owned or Under Capital Leases	\$0		\$0
2105	Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(\$5,487,012)	(\$675,990)	(\$4,811,022)
2120	Accumulated Amortization of Electric Utility Plant - Intangibles	\$0		\$0
2140	Accumulated Amortization of Electric Plant Acquisition Adjustment	\$0		\$0
2160	Accumulated Amortization of Other Utility Plant	\$0		\$0
2180	Accumulated Amortization of Non-Utility Property	\$0		\$0
2205	Accounts Payable	\$0		\$0
2208	Customer Credit Balances	\$0		\$0
2210	Current Portion of Customer Deposits	\$0		\$0
2215	Dividends Declared	\$0		\$0
2220	Miscellaneous Current and Accrued Liabilities	\$0		\$0
2225	Notes and Loans Payable	\$0		\$0
2240	Accounts Payable to Associated Companies	\$0		\$0
2242	Notes Payable to Associated Companies	\$0		\$0
2250	Debt Retirement Charges( DRC) Payable	\$0		\$0
2252	Transmission Charges Payable	\$0		\$0
2254	Electrical Safety Authority Fees Payable	\$0		\$0
2256	Independent Market Operator Fees and Penalties Payable	\$0		\$0
2260	Current Portion of Long Term Debt	\$0		\$0
2262	Ontario Hydro Debt - Current Portion	\$0		\$0



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2264	Pensions and Employee Benefits - Current Portion	\$0			\$0
2268	Accrued Interest on Long Term Debt	\$0			\$0
2270	Matured Long Term Debt	\$0			\$0
2272	Matured Interest on Long Term Debt	\$0			\$0
2285	Obligations Under Capital Leases--Current	\$0			\$0
2290	Commodity Taxes	\$0			\$0
2292	Payroll Deductions / Expenses Payable	\$0			\$0
2294	Accrual for Taxes, Payments in Lieu of Taxes, Etc.	\$0			\$0
2296	Future Income Taxes - Current	\$0			\$0
2305	Accumulated Provision for Injuries and Damages	\$0			\$0
2306	Employee Future Benefits	\$0			\$0
2308	Other Pensions - Past Service Liability	\$0			\$0
2310	Vested Sick Leave Liability	\$0			\$0
2315	Accumulated Provision for Rate Refunds	\$0			\$0
2320	Other Miscellaneous Non-Current Liabilities	\$0			\$0
2325	Obligations Under Capital Lease--Non-Current	\$0			\$0
2330	Development Charge Fund	\$0			\$0
2335	Long Term Customer Deposits	\$0			\$0
2340	Collateral Funds Liability	\$0			\$0
2345	Unamortized Premium on Long Term Debt	\$0			\$0
2348	O.M.E.R.S. - Past Service Liability - Long Term Portion	\$0			\$0
2350	Future Income Tax - Non-Current	\$0			\$0
2405	Other Regulatory Liabilities	\$0			\$0
2410	Deferred Gains from Disposition of Utility Plant	\$0			\$0
2415	Unamortized Gain on Reacquired Debt	\$0			\$0
2425	Other Deferred Credits	\$0			\$0
2435	Accrued Rate-Payer Benefit	\$0			\$0
2505	Debentures Outstanding - Long Term Portion	\$0			\$0
2510	Debenture Advances	\$0			\$0
2515	Reacquired Bonds	\$0			\$0
2520	Other Long Term Debt	\$0			\$0
2525	Term Bank Loans - Long Term Portion	\$0			\$0
2530	Ontario Hydro Debt Outstanding - Long Term Portion	\$0			\$0
2550	Advances from Associated Companies	\$0			\$0
3005	Common Shares Issued	\$0			\$0
3008	Preference Shares Issued	\$0			\$0
3010	Contributed Surplus	\$0			\$0
3020	Donations Received	\$0			\$0
3022	Development Charges Transferred to Equity	\$0			\$0
3026	Capital Stock Held in Treasury	\$0			\$0
3030	Miscellaneous Paid-In Capital	\$0			\$0
3035	Installments Received on Capital Stock	\$0			\$0
3040	Appropriated Retained Earnings	\$0			\$0
3045	Unappropriated Retained Earnings	\$0			\$0
3046	Balance Transferred From Income	\$0	\$0	\$89,346	(\$894,442)
3047	Appropriations of Retained Earnings - Current Period	\$0			\$0
3048	Dividends Payable-Preference Shares	\$0			\$0
3049	Dividends Payable-Common Shares	\$0			\$0
3055	Adjustment to Retained Earnings	\$0			\$0
3065	Unappropriated Undistributed Subsidiary Earnings	\$0			\$0
4006	Residential Energy Sales	(\$4,045,530)			(\$4,045,530)
4010	Commercial Energy Sales	\$0			\$0
4015	Industrial Energy Sales	\$0			\$0
4020	Energy Sales to Large Users	(\$1,417,751)			(\$1,417,751)
4025	Street Lighting Energy Sales	(\$130,041)			(\$130,041)
4030	Sentinel Lighting Energy Sales	(\$1,278)			(\$1,278)
4035	General Energy Sales	(\$10,617,980)			(\$10,617,980)
4040	Other Energy Sales to Public Authorities	\$0			\$0
4045	Energy Sales to Railroads and Railways	\$0			\$0
4050	Revenue Adjustment	\$5,692			\$5,692
4055	Energy Sales for Resale	(\$4,761,417)			(\$4,761,417)
4060	Interdepartmental Energy Sales	\$0			\$0
4062	Billed WMS	(\$2,502,791)			(\$2,502,791)
4064	Billed-One-Time	\$0			\$0
4066	Billed NW	(\$2,053,444)			(\$2,053,444)
4068	Billed CN	(\$1,766,159)			(\$1,766,159)
4080	Distribution Services Revenue	(\$4,790,640)	\$1,876,684		(\$6,667,324)
4082	Retail Services Revenues	(\$25,241)			(\$25,241)
4084	Service Transaction Requests (STR) Revenues	(\$141)			(\$141)
4090	Electric Services Incidental to Energy Sales	(\$43,810)			(\$43,810)
4105	Transmission Charges Revenue	\$0			\$0
4110	Transmission Services Revenue	\$0			\$0
4205	Interdepartmental Rents	\$0			\$0
4210	Rent from Electric Property	(\$7,198)			(\$7,198)



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4215	Other Utility Operating Income	\$0		\$0
4220	Other Electric Revenues	(\$283,616)		(\$67,397)
4225	Late Payment Charges	(\$30,434)		(\$30,434)
4230	Sales of Water and Water Power	\$0		\$0
4235	Miscellaneous Service Revenues	(\$279,191)	\$279,191	(\$267,552)
4240	Provision for Rate Refunds	\$0		\$0
4245	Government Assistance Directly Credited to Income	\$0		\$0
4305	Regulatory Debits	\$0		\$0
4310	Regulatory Credits	\$0		\$0
4315	Revenues from Electric Plant Leased to Others	\$0		\$0
4320	Expenses of Electric Plant Leased to Others	\$0		\$0
4325	Revenues from Merchandise, Jobbing, Etc.	\$0		\$0
4330	Costs and Expenses of Merchandising, Jobbing, Etc.	\$0		\$0
4335	Profits and Losses from Financial Instrument Hedges	\$0		\$0
4340	Profits and Losses from Financial Instrument Investments	\$0		\$0
4345	Gains from Disposition of Future Use Utility Plant	\$0		\$0
4350	Losses from Disposition of Future Use Utility Plant	\$0		\$0
4355	Gain on Disposition of Utility and Other Property	(\$12,068)		(\$12,068)
4360	Loss on Disposition of Utility and Other Property	\$0		\$0
4365	Gains from Disposition of Allowances for Emission	\$0		\$0
4370	Losses from Disposition of Allowances for Emission	\$0		\$0
4375	Revenues from Non-Utility Operations	\$0		\$0
4380	Expenses of Non-Utility Operations	\$0		\$0
4385	Non-Utility Rental Income	\$0		\$0
4390	Miscellaneous Non-Operating Income	(\$10,826)		(\$10,826)
4395	Rate-Payer Benefit Including Interest	\$0		\$0
4398	Foreign Exchange Gains and Losses, Including Amortization	\$0		\$0
4405	Interest and Dividend Income	(\$86,872)		(\$86,872)
4415	Equity in Earnings of Subsidiary Companies	\$0		\$0
4505	Operation Supervision and Engineering	\$0		\$0
4510	Fuel	\$0		\$0
4515	Steam Expense	\$0		\$0
4520	Steam From Other Sources	\$0		\$0
4525	Steam Transferred--Credit	\$0		\$0
4530	Electric Expense	\$0		\$0
4535	Water For Power	\$0		\$0
4540	Water Power Taxes	\$0		\$0
4545	Hydraulic Expenses	\$0		\$0
4550	Generation Expense	\$0		\$0
4555	Miscellaneous Power Generation Expenses	\$0		\$0
4560	Rents	\$0		\$0
4565	Allowances for Emissions	\$0		\$0
4605	Maintenance Supervision and Engineering	\$0		\$0
4610	Maintenance of Structures	\$0		\$0
4615	Maintenance of Boiler Plant	\$0		\$0
4620	Maintenance of Electric Plant	\$0		\$0
4625	Maintenance of Reservoirs, Dams and Waterways	\$0		\$0
4630	Maintenance of Water Wheels, Turbines and Generators	\$0		\$0
4635	Maintenance of Generating and Electric Plant	\$0		\$0
4640	Maintenance of Miscellaneous Power Generation Plant	\$0		\$0
4705	Power Purchased	\$20,948,863		\$20,948,863
4708	Charges-WMS	\$2,502,791		\$2,502,791
4710	Cost of Power Adjustments	\$68,905		\$68,905
4712	Charges-One-Time	\$0		\$0
4714	Charges-NW	\$2,053,444		\$2,053,444
4715	System Control and Load Dispatching	\$0		\$0
4716	Charges-CN	\$1,766,159		\$1,766,159
4720	Other Expenses	\$0		\$0
4725	Competition Transition Expense	\$0		\$0
4730	Rural Rate Assistance Expense	\$0		\$0
4805	Operation Supervision and Engineering	\$0		\$0
4810	Load Dispatching	\$0		\$0
4815	Station Buildings and Fixtures Expenses	\$0		\$0
4820	Transformer Station Equipment - Operating Labour	\$0		\$0
4825	Transformer Station Equipment - Operating Supplies and Expense	\$0		\$0
4830	Overhead Line Expenses	\$0		\$0
4835	Underground Line Expenses	\$0		\$0
4840	Transmission of Electricity by Others	\$0		\$0
4845	Miscellaneous Transmission Expense	\$0		\$0
4850	Rents	\$0		\$0
4905	Maintenance Supervision and Engineering	\$0		\$0



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4910	Maintenance of Transformer Station Buildings and Fixtures	\$0			\$0
4916	Maintenance of Transformer Station Equipment	\$0			\$0
4930	Maintenance of Towers, Poles and Fixtures	\$0			\$0
4935	Maintenance of Overhead Conductors and Devices	\$0			\$0
4940	Maintenance of Overhead Lines - Right of Way	\$0			\$0
4945	Maintenance of Overhead Lines - Roads and Trails Repairs	\$0			\$0
4950	Maintenance of Overhead Lines - Snow Removal from Roads and Trails	\$0			\$0
4960	Maintenance of Underground Lines	\$0			\$0
4965	Maintenance of Miscellaneous Transmission Plant	\$0			\$0
5005	Operation Supervision and Engineering	\$168,715			\$168,715
5010	Load Dispatching	\$87,416			\$87,416
5012	Station Buildings and Fixtures Expense	\$2,155			\$2,155
5014	Transformer Station Equipment - Operation Labour	\$0			\$0
5015	Transformer Station Equipment - Operation Supplies and Expenses	\$0			\$0
5016	Distribution Station Equipment - Operation Labour	\$37,338			\$37,338
5017	Distribution Station Equipment - Operation Supplies and Expenses	\$6,144			\$6,144
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$6,469			\$6,469
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$33,192			\$33,192
5030	Overhead Subtransmission Feeders - Operation	\$0			\$0
5035	Overhead Distribution Transformers- Operation	\$0	\$0		\$0
5040	Underground Distribution Lines and Feeders - Operation Labour	\$38,306			\$38,306
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$39,512			\$39,512
5050	Underground Subtransmission Feeders - Operation	\$0			\$0
5055	Underground Distribution Transformers - Operation	\$0	\$0		\$0
5060	Street Lighting and Signal System Expense	\$0			\$0
5065	Meter Expense	\$130,325		\$63,826	\$66,499
5070	Customer Premises - Operation Labour	\$0			\$0
5075	Customer Premises - Materials and Expenses	\$86		\$86	(\$0)
5085	Miscellaneous Distribution Expense	\$20,711			\$20,711
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0			\$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$3,790			\$3,790
5096	Other Rent	\$0			\$0
5105	Maintenance Supervision and Engineering	\$63,399			\$63,399
5110	Maintenance of Buildings and Fixtures - Distribution Stations	\$0			\$0
5112	Maintenance of Transformer Station Equipment	\$0			\$0
5114	Maintenance of Distribution Station Equipment	\$116			\$116
5120	Maintenance of Poles, Towers and Fixtures	\$10,344			\$10,344
5125	Maintenance of Overhead Conductors and Devices	\$49,282			\$49,282
5130	Maintenance of Overhead Services	\$73,294			\$73,294
5135	Overhead Distribution Lines and Feeders - Right of Way	\$41,011			\$41,011
5145	Maintenance of Underground Conduit	\$17,545			\$17,545
5150	Maintenance of Underground Conductors and Devices	\$17,086			\$17,086
5155	Maintenance of Underground Services	\$53,623			\$53,623
5160	Maintenance of Line Transformers	\$48,183	\$277,352		\$325,534
5165	Maintenance of Street Lighting and Signal Systems	\$0			\$0
5170	Sentinel Lights - Labour	\$0			\$0
5172	Sentinel Lights - Materials and Expenses	\$0			\$0
5175	Maintenance of Meters	\$1,887		\$1,498	\$389
5178	Customer Installations Expenses- Leased Property	\$0			\$0
5185	Water Heater Rentals - Labour	\$0			\$0
5186	Water Heater Rentals - Materials and Expenses	\$0			\$0
5190	Water Heater Controls - Labour	\$0			\$0
5192	Water Heater Controls - Materials and Expenses	\$0			\$0
5195	Maintenance of Other Installations on Customer Premises	\$0			\$0
5205	Purchase of Transmission and System Services	\$0			\$0
5210	Transmission Charges	\$0			\$0
5215	Transmission Charges Recovered	\$0			\$0
5305	Supervision	\$77,995			\$77,995
5310	Meter Reading Expense	\$117,867		\$18,470	\$99,397
5315	Customer Billing	\$249,488		\$66,033	\$183,455
5320	Collecting	\$184,108		\$30,839	\$153,269



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5325	Collecting- Cash Over and Short	\$39			\$39
5330	Collection Charges	\$0			\$0
5335	Bad Debt Expense	\$1,659			\$1,659
5340	Miscellaneous Customer Accounts Expenses	\$2,306			\$2,306
5405	Supervision	\$0			\$0
5410	Community Relations - Sundry	\$5,162			\$5,162
5415	Energy Conservation	\$2,211			\$2,211
5420	Community Safety Program	\$498			\$498
5425	Miscellaneous Customer Service and Informational Expenses	\$335			\$335
5505	Supervision	\$0			\$0
5510	Demonstrating and Selling Expense	\$0			\$0
5515	Advertising Expense	\$0			\$0
5520	Miscellaneous Sales Expense	\$0			\$0
5605	Executive Salaries and Expenses	\$309,331			\$309,331
5610	Management Salaries and Expenses	\$73,992			\$73,992
5615	General Administrative Salaries and Expenses	\$374,009			\$374,009
5620	Office Supplies and Expenses	\$65,319			\$65,319
5625	Administrative Expense Transferred Credit	\$0			\$0
5630	Outside Services Employed	\$87,596			\$87,596
5635	Property Insurance	\$34,370			\$34,370
5640	Injuries and Damages	\$52,163			\$52,163
5645	Employee Pensions and Benefits	\$11,096			\$11,096
5650	Franchise Requirements	\$0			\$0
5655	Regulatory Expenses	\$55,765			\$55,765
5660	General Advertising Expenses	\$0			\$0
5665	Miscellaneous General Expenses	\$100,374	\$0		\$100,374
5670	Rent	\$0			\$0
5675	Maintenance of General Plant	\$149,722			\$149,722
5680	Electrical Safety Authority Fees	\$0			\$0
5685	Independent Market Operator Fees and Penalties	\$0			\$0
5705	Amortization Expense - Property, Plant, and Equipment	\$1,480,767		\$206,832	\$1,273,935
5710	Amortization of Limited Term Electric Plant	\$0			\$0
5715	Amortization of Intangibles and Other Electric Plant	\$0			\$0
5720	Amortization of Electric Plant Acquisition Adjustments	\$0			\$0
5725	Miscellaneous Amortization	\$0			\$0
5730	Amortization of Unrecovered Plant and Regulatory Study Costs	\$0			\$0
5735	Amortization of Deferred Development Costs	\$0			\$0
5740	Amortization of Deferred Charges	\$0			\$0
6005	Interest on Long Term Debt	\$0	\$0	\$67,069	\$671,428
6010	Amortization of Debt Discount and Expense	\$0			\$0
6015	Amortization of Premium on Debt Credit	\$0			\$0
6020	Amortization of Loss on Reacquired Debt	\$0			\$0
6025	Amortization of Gain on Reacquired Debt--Credit	\$0			\$0
6030	Interest on Debt to Associated Companies	\$0			\$0
6035	Other Interest Expense	\$0			\$0
6040	Allowance for Borrowed Funds Used During Construction--Credit	\$0			\$0
6042	Allowance For Other Funds Used During Construction	\$0			\$0
6045	Interest Expense on Capital Lease Obligations	\$0			\$0
6105	Taxes Other Than Income Taxes	\$125,256			\$125,256
6110	Income Taxes	\$0	\$0	\$83,924	\$840,166
6115	Provision for Future Income Taxes	\$0			\$0
6205	Donations	\$0			\$0
6210	Life Insurance	\$0			\$0
6215	Penalties	\$0			\$0
6225	Other Deductions	\$0			\$0
6305	Extraordinary Income	\$0			\$0
6310	Extraordinary Deductions	\$0			\$0
6315	Income Taxes, Extraordinary Items	\$0			\$0
6405	Discontinues Operations - Income/ Gains	\$0			\$0
6410	Discontinued Operations - Deductions/ Losses	\$0			\$0
6415	Income Taxes, Discontinued Operations	\$0			\$0

\$0

Reclassification Equals to Zero. O.K. to Proceed.

Asset Accounts Directly Allocated	\$1,657,466
Income Statement Accounts Directly Allocated	\$322,358



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**  
**EB-2005-0436 EB-2007-0001**  
**January 19, 2006**  
**Sheet 13 Trial Balance Data - Second Run**

Grouped Accounts as per 2006 EDR	Financial Statement (EDR Sheet 2.4, Column P)	Reclassified Balance
Land and Buildings	\$221,302	\$221,302
TS Primary Above 50	\$0	\$0
DS	\$521,895	\$521,895
Poles, Wires	\$13,001,631	\$13,001,631
Line Transformers	\$3,025,559	\$3,025,559
Services and Meters	\$3,830,685	\$1,497,228
General Plant	\$412,966	\$412,966
Equipment	\$1,339,782	\$1,339,782
IT Assets	\$1,005,382	\$1,005,382
CDM Expenditures and Recoveries	\$278	\$278
Other Distribution Assets	\$49,665	\$49,665
Contributions and Grants	(\$615,802)	(\$615,802)
Accumulated Amortization	(\$5,487,012)	(\$4,811,022)
Non-Distribution Asset	\$0	\$0
Unclassified Asset	\$0	\$0
Liability	\$0	\$0
Equity	\$0	(\$894,442)
Sales of Electricity	(\$27,290,698)	(\$27,290,698)
Distribution Services Revenue	(\$4,790,640)	(\$6,667,324)
Late Payment Charges	(\$30,434)	(\$30,434)
Specific Service Charges	(\$279,191)	(\$267,552)
Other Distribution Revenue	(\$360,006)	(\$143,787)
Other Revenue - Unclassified	\$0	\$0
Other Income & Deductions	(\$109,766)	(\$109,766)
Power Supply Expenses (Working Capital)	\$27,340,162	\$27,340,162
Other Power Supply Expenses	\$0	\$0
Operation (Working Capital)	\$574,159	\$510,247
Maintenance (Working Capital)	\$375,770	\$651,624
Billing and Collection (Working Capital)	\$631,802	\$516,460
Community Relations (Working Capital)	\$5,996	\$5,996
Community Relations - CDM (Working Capital)	\$2,211	\$2,211
Administrative and General Expenses (Working Capital)	\$1,279,367	\$1,279,367
Insurance Expense (Working Capital)	\$34,370	\$34,370
Bad Debt Expense (Working Capital)	\$1,659	\$1,659
Advertising Expenses	\$0	\$0
Charitable Contributions	\$0	\$0
Amortization of Assets	\$1,480,767	\$1,273,935
Other Amortization - Unclassified	\$0	\$0
Interest Expense - Unclassified	\$0	\$671,428
Income Tax Expense - Unclassified	\$0	\$840,166
Other Distribution Expenses	\$125,256	\$125,256
Non-Distribution Expenses	\$0	\$0
Unclassified Expenses	\$0	\$0
<b>Total</b>	<b>\$16,297,115</b>	<b>\$13,497,742</b>





2006 COST ALLOCATION INFORMATION FILING

Woodstock Hydro Services Inc.

EB-2005-0436 EB-2007-0001

January 19, 2006

Sheet I4 Break Out Worksheet - Second Run

Instructions:

This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.

\*\*Please see Handbook for detailed instructions\*\*

Enter Net Fixed Assets from <u>approved</u> EDR, Sheet 3-1, cell F12	\$17,306,331
-------------------------------------------------------------------------	--------------

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS									EXPENSE ITEMS			
		Break out Functions	BREAK OUT (%)	BREAK OUT (\$)	After BO	Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Asset net of Accumulated Depreciation and Contributed Capital	5705	5710	5715	5720
Account	Description									Amortization Expense - Property, Plant, and Equipment	Amortization of Limited Term Electric Plant	Amortization of Intangibles and Other Electric Plant	Amortization of Electric Plant Acquisition Adjustments	
1835-4	Overhead Conductors and Devices Primary		66.35%	\$1,912,597	1,912,597				1,576,343	\$ 101,508				
1835-5	Overhead Conductors and Devices Secondary		33.65%	\$970,120	970,120			\$ (336,255)	799,563	\$ 51,488				
1840	Underground Conduit	\$1,886,327		(\$1,886,327)	-									
1840-3	Underground Conduit - Bulk Delivery			\$0	-				-					
1840-4	Underground Conduit - Primary		59.62%	\$1,124,617	1,124,617	(\$76,365)		\$ (219,135)	829,117	\$ 64,028				
1840-5	Underground Conduit - Secondary		40.38%	\$761,711	761,711	(\$51,722)		\$ (148,422)	561,567	\$ 43,367				
1845	Underground Conductors and Devices	\$2,952,999		(\$2,952,999)	-									
1845-3	Underground Conductors and Devices - Bulk Delivery			\$0	-				-					
1845-4	Underground Conductors and Devices - Primary		59.62%	\$1,760,559	1,760,559	(\$65,718)		\$ (393,610)	1,301,232	\$ 112,072				
1845-5	Underground Conductors and Devices - Secondary		40.38%	\$1,192,440	1,192,440	(\$44,511)		\$ (266,595)	881,334	\$ 75,907				
1850	Line Transformers	\$3,025,559		\$0	3,025,559	(\$232,773)		\$ (503,902)	2,288,884	\$ 153,580				
1855	Services	\$616,419		\$0	616,419	(\$144,713)		\$ (49,703)	422,002	\$ 27,236				
1860	Meters	\$880,809		\$0	880,809			\$ (209,448)	671,361	\$ 54,387				
	<b>Total</b>	<b>\$18,250,364</b>		<b>\$0</b>	<b>\$18,250,364</b>	<b>(\$615,802)</b>	<b>\$0</b>	<b>(\$3,490,847)</b>	<b>\$0</b>	<b>\$1,022,332</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	
	<b>SUB TOTAL from I3</b>	<b>\$18,250,364</b>												
										5705	5710	5715	5720	



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**  
**EB-2005-0436 EB-2007-0001**  
**January 19, 2006**  
**Sheet I4 Break Out Worksheet - Second Run**

**Instructions:**  
 This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.  
 \*\*Please see Handbook for detailed instructions\*\*

Enter Net Fixed Assets from <b>approved</b> EDR, Sheet 3-1, cell F12	<b>\$17,306,331</b>
-------------------------------------------------------------------------	---------------------

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS									EXPENSE ITEMS			
		Break out Functions	BREAK OUT (%)	BREAK OUT (\$)	After BO	Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Asset net of Accumulated Depreciation and Contributed Capital	5705	5710	5715	5720
General Plant	Description	Break out Functions				Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Net Asset	Amortization Expense - Property, Plant, and Equipment	Amortization of Limited Term Electric Plant	Amortization of Intangibles and Other Electric Plant	Amortization of Electric Plant Acquisition Adjustments
1905	Land	\$17,530			17,530			\$ -		\$ 17,530				
1906	Land Rights	\$0			-					\$ -				
1908	Buildings and Fixtures	\$412,966			412,966			\$ (56,094)		\$ 356,872	\$17,016			
1910	Leasehold Improvements	\$0			-					\$ -				
1915	Office Furniture and Equipment	\$116,123			116,123			\$ (62,200)		\$ 53,923	18,832			
1920	Computer Equipment - Hardware	\$460,406			460,406			\$ (234,460)		\$ 225,946	89,557			
1925	Computer Software	\$544,976			544,976			\$ (389,871)		\$ 155,105	89,951			
1930	Transportation Equipment	\$947,660			947,660			\$ (431,328)		\$ 516,332				
1935	Stores Equipment	\$23,354			23,354			\$ (11,757)		\$ 11,598				
1940	Tools, Shop and Garage Equipment	\$175,061			175,061			\$ (77,781)		\$ 97,280	22,192			
1945	Measurement and Testing Equipment	\$72,851			72,851			\$ (42,346)		\$ 30,505	10,194			
1950	Power Operated Equipment	\$0			-					\$ -				
1955	Communication Equipment	\$4,248			4,248			\$ (1,167)		\$ 3,080	561			
1960	Miscellaneous Equipment	\$485			485			\$ (194)		\$ 291	53			
1970	Load Management Controls - Customer Premises	\$0			-					\$ -				
1975	Load Management Controls - Utility Premises	\$0			-					\$ -				
1980	System Supervisory Equipment	\$49,665			49,665			\$ (12,977)		\$ 36,687	3,248			
1990	Other Tangible Property	\$0			-					\$ -				
2005	Property Under Capital Leases	\$0			-					\$ -				
2010	Electric Plant Purchased or Sold	\$0			-					\$ -				
<b>Total</b>		<b>\$2,825,324</b>			<b>\$0 \$2,825,324</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$1,320,175)</b>	<b>\$0</b>	<b>\$1,505,150</b>	<b>\$251,603</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
SUB TOTAL from I3		\$2,825,324												
I3 Directly Allocated		\$1,657,466												
<b>Grand Total</b>		<b>\$22,733,154</b>			<b>\$0 \$21,075,688</b>	<b>(\$615,802)</b>	<b>\$0</b>	<b>(\$4,811,022)</b>	<b>\$0</b>	<b>\$15,648,864</b>	<b>\$1,273,935</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>





2006 COST ALLOCATION INFORMATION FILING

Woodstock Hydro Services Inc.

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Sheet 15 Miscellaneous Data Worksheet - Second Run

kMs of Roads in Service Area Where  
Distribution Lines Exist

256

Deemed Equity Component  
of Rate Base (%)

50%

1	2	3	6	7	9
Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
11.42	21.83	296.53	13,944.58	0.88	10.78

Instructions (Cont'd):

Step 3: Insert Approved Monthly Service Charge (Please refer to Approved EDR Sheet 8-5 column W)

Step 4: Insert Smart Meter Adder Included in Approved Monthly Service Charge (Please refer to Approved EDR Sheet 8-5 column T)

0.27	0.27	0.27	0.27		
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**2006 COST ALLOCATION INFORMATION FILING**

**Woodstock Hydro Services Inc.**

**EB-2005-0436 EB-2007-0001**

**January 19, 2006**

**Sheet I6 Customer Data Worksheet - Second Run**

Total kWhs	411,951,461
------------	-------------

Total kW	628,933
----------	---------

Total Approved Distribution Revenue (\$)	\$6,667,324
------------------------------------------	-------------

			1	2	3	6	7	9
	ID	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Billing Data</b>								
kWh from approved EDR model, Sheet 7-1, Col M	CEN	411,951,461	108,527,558	44,893,162	227,143,673	28,846,226	2,457,218	83,624
kW from approved EDR model, Sheet 7-1, Col S	CDEM	628,933			551,895	70,401	6,637	
kW, included in CDEM, from customers with line transformer allowance from approved EDR model, Sheet 6-3, Col P		475,376			404,976	70,401		
Optional - kWh, included in CEN, from customers that receive a line transformation allowance on a kWh basis. In most cases this will not be applicable and will be left blank.		-						
kWh excluding kWh from Wholesale Market Participants	CEN EWMP	411,951,461	108,527,558	44,893,162	227,143,673	28,846,226	2,457,218	83,624
kWh - 30 year weather normalized amount		398,867,648	102,404,901	43,803,618	222,870,523	26,435,854	2,416,664	936,090
Approved Distribution Rev from approved EDR, Sheet 7-1, Col AK + Sheet 7-3 Col H	CREV	\$6,667,324	3,777,649	853,586	1,623,132	341,126	63,639	8,192
Bad Debt 3 Year Historical Average from Approved EDR Model	BDHA	\$40,283	\$8,437	\$4,890	\$26,955	\$0	\$0	\$0
Late Payment 3 Year Historical Average	LPHA	\$31,489	\$17,657	\$7,284	\$6,320			\$227
Weighting Factor - Services			1.0	2.0	10.0	30.0	1.0	1.0
Weighting Factor - Billings			1.0	2.0	7.0	15.0	1.0	1.0

			1	2	3	6	7	9
	ID	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
Number of Bills	CNB	140,460	124,404	13,380	2,100	12	36	528
Number of Connections (Unmetered)	CCON	2,311					2,160	151
Total Number of Customer from Approved EDR, Sheet 7-1, Col H excluding connections	CCA	13,948	12,633	1,139	175	1		
Bulk Customer Base	CCB	-						
Primary Customer Base	CCP	13,948	12,633	1,139	175	1		
Line Transformer Customer Base	CCLT	13,882	12,633	1,135	114			
Secondary Customer Base	CCS	12,633	12,633					
Weighted - Services	CWCS	14,944	12,633	-	-	-	2,160	151
Weighted Meter -Capital	CWMC	1,857,835	518,350	888,685	440,800	10,000	-	-
Weighted Meter Reading	CWMR	197,900	137,058	43,179	17,075	588	-	-
Weighted Bills	CWNB	166,608	124,404	26,760	14,700	180	36	528
<b>Data Mismatch Analysis</b>								
Revenue with 30 year weather normalized kWh		6,456,909	3,564,530	832,870	1,592,597	312,622	62,589	91,701

### Weather Normalized Data from Hydro

	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
kWh - 30 year weather normalized amount	415,637,967	106,910,716	45,730,977	232,676,826	26,819,174	2,522,997	977,277
2006 EDR Distribution Loss Factor		1.0440	1.0440	1.0440	1.0145	1.0440	1.0440

### Bad Debt Data from EDR 2006

Sheet ADJ5 rows 26 - 32, column E  
Sheet ADJ5 rows 26 - 32, column F  
Sheet ADJ5 rows 26 - 32, column G  
Three-year average

12,846	8,841	4,005					
106,343	14,898	10,579	80,866				
1,659	1,572	87					
40,283	8,437	4,890	26,955	-	-	-	-



2006 COST ALLOCATION INFORMATION FILING

Woodstock Hydro Services Inc.

EB-2005-0436 EB-2007-0001

January 19, 2006

Sheet 01 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

			1	2	3	6	7	9
		Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Rate Base</b>								
<b>Assets</b>								
<b>crev</b>	Distribution Revenue (sale)	\$6,667,324	\$3,777,649	\$853,586	\$1,623,132	\$341,126	\$63,639	\$8,192
<b>mi</b>	Miscellaneous Revenue (mi)	\$551,539	\$375,393	\$84,052	\$74,942	\$5,345	\$9,702	\$2,105
	Directly Allocated Miscellaneous Revenue	\$216,219	\$214,290	\$1,929	\$0	\$0	\$0	\$0
	<b>Total Revenue</b>	<b>\$7,435,083</b>	<b>\$4,367,333</b>	<b>\$939,567</b>	<b>\$1,698,074</b>	<b>\$346,471</b>	<b>\$73,341</b>	<b>\$10,297</b>
	<b>Expenses</b>							
<b>di</b>	Distribution Costs (di)	\$1,094,984	\$678,849	\$133,098	\$188,107	\$20,997	\$68,323	\$5,610
<b>cu</b>	Customer Related Costs (cu)	\$585,007	\$399,264	\$120,871	\$62,354	\$1,106	\$90	\$1,322
<b>ad</b>	General and Administration (ad)	\$1,447,200	\$918,947	\$214,458	\$225,725	\$21,237	\$60,809	\$6,023
<b>dep</b>	Depreciation and Amortization (dep)	\$1,273,935	\$739,392	\$158,940	\$269,304	\$34,363	\$66,302	\$5,635
<b>INPUT</b>	PILs (INPUT)	\$840,166	\$487,095	\$104,474	\$178,285	\$22,701	\$43,882	\$3,728
<b>INT</b>	Interest	\$671,428	\$389,267	\$83,492	\$142,478	\$18,142	\$35,069	\$2,979
	<b>Total Expenses</b>	<b>\$5,912,719</b>	<b>\$3,612,813</b>	<b>\$815,333</b>	<b>\$1,066,253</b>	<b>\$118,546</b>	<b>\$274,476</b>	<b>\$25,297</b>
	<b>Direct Allocation</b>	<b>\$627,923</b>	<b>\$622,321</b>	<b>\$5,602</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NI</b>	Allocated Net Income (NI)	\$894,442	\$518,562	\$111,223	\$189,802	\$24,168	\$46,717	\$3,969
	<b>Revenue Requirement (includes NI)</b>	<b>\$7,435,083</b>	<b>\$4,753,696</b>	<b>\$932,159</b>	<b>\$1,256,056</b>	<b>\$142,714</b>	<b>\$321,193</b>	<b>\$29,266</b>
	<b>Rate Base Calculation</b>							
	<b>Net Assets</b>							
<b>dp</b>	Distribution Plant - Gross	\$18,250,364	\$10,620,396	\$2,272,768	\$3,830,156	\$485,430	\$960,174	\$81,439
<b>gp</b>	General Plant - Gross	\$2,825,324	\$1,650,090	\$349,343	\$588,447	\$74,421	\$150,303	\$12,721
<b>accum dep</b>	Accumulated Depreciation	(\$4,811,022)	(\$2,771,340)	(\$611,034)	(\$1,031,066)	(\$131,429)	(\$245,221)	(\$20,931)
<b>co</b>	Capital Contribution	(\$615,802)	(\$420,121)	(\$66,204)	(\$72,728)	(\$6,609)	(\$46,451)	(\$3,690)
	<b>Total Net Plant</b>	<b>\$15,648,864</b>	<b>\$9,079,025</b>	<b>\$1,944,872</b>	<b>\$3,314,810</b>	<b>\$421,813</b>	<b>\$818,805</b>	<b>\$69,540</b>
	<b>Directly Allocated Net Fixed Assets</b>	<b>\$1,657,466</b>	<b>\$1,642,678</b>	<b>\$14,788</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>COP</b>	Cost of Power (COP)	\$27,340,162	\$7,202,696	\$2,979,444	\$15,074,943	\$1,914,450	\$163,079	\$5,550
	OM&A Expenses	\$3,127,190	\$1,997,060	\$468,427	\$476,186	\$43,340	\$129,222	\$12,955
	Directly Allocated Expenses	\$180,752	\$179,139	\$1,613	\$0	\$0	\$0	\$0
	<b>Subtotal</b>	<b>\$30,648,104</b>	<b>\$9,378,895</b>	<b>\$3,449,484</b>	<b>\$15,551,130</b>	<b>\$1,957,790</b>	<b>\$292,301</b>	<b>\$18,504</b>
	<b>Working Capital</b>	<b>\$4,597,216</b>	<b>\$1,406,834</b>	<b>\$517,423</b>	<b>\$2,332,669</b>	<b>\$293,669</b>	<b>\$43,845</b>	<b>\$2,776</b>

Revenue Requirement Input equals Output



2006 COST ALLOCATION INFORMATION FILING

**Woodstock Hydro Services Inc.**

**EB-2005-0436 EB-2007-0001**

**January 19, 2006**

**Sheet 01 Revenue to Cost Summary Worksheet - Second Run**

**Class Revenue, Cost Analysis, and Return on Rate Base**

Rate Base Assets	Total	1 Residential	2 GS <50	3 GS 50 to 4,999 kW	6 Large Use	7 Street Lighting	9 Unmetered Scattered Load
	<b>Total Rate Base</b>	<b>\$21,903,546</b>	<b>\$12,128,538</b>	<b>\$2,477,082</b>	<b>\$5,647,479</b>	<b>\$715,481</b>	<b>\$862,650</b>
	<b>Rate Base Input equals Output</b>						
Equity Component of Rate Base	<b>\$10,951,773</b>	\$6,064,269	\$1,238,541	\$2,823,740	\$357,741	\$431,325	\$36,158
Net Income on Allocated Assets	<b>\$894,441</b>	\$132,199	\$118,632	\$631,820	\$227,925	<b>(\$201,135)</b>	<b>(\$15,000)</b>
Net Income on Direct Allocation Assets	<b>\$89,346</b>	\$88,549	\$797	\$0	\$0	\$0	\$0
<b>Net Income</b>	<b>\$983,787</b>	<b>\$220,748</b>	<b>\$119,429</b>	<b>\$631,820</b>	<b>\$227,925</b>	<b>(\$201,135)</b>	<b>(\$15,000)</b>
<b>RATIOS ANALYSIS</b>							
REVENUE TO EXPENSES %	<b>100.00%</b>	91.87%	100.79%	135.19%	242.77%	22.83%	35.18%
EXISTING REVENUE MINUS ALLOCATED COSTS	<b>(\$0)</b>	<b>(\$386,363)</b>	\$7,409	\$442,018	\$203,757	<b>(\$247,852)</b>	<b>(\$18,969)</b>
RETURN ON EQUITY COMPONENT OF RATE BASE	8.98%	3.64%	9.64%	22.38%	63.71%	-46.63%	-41.49%



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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

Output sheet showing minimum and maximum level for Monthly Fixed Charge

**Summary**

	1	2	3	6	7	9
	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
Customer Unit Cost per month - Avoided Cost	\$2.08	\$11.73	\$31.26	-\$1.98	-\$0.13	\$0.18
Customer Unit Cost per month - Directly Related	\$4.03	\$19.19	\$57.05	\$89.66	-\$0.13	\$0.69
Customer Unit Cost per month - Minimum System with PLCC Adjustment	\$13.15	\$24.30	\$59.09	\$84.40	\$12.25	\$9.90
Fixed Charge per approved 2006 EDR	\$11.42	\$21.83	\$296.53	\$13,944.58	\$0.88	\$10.78

**Information to be Used to Allocate PILs, ROD, ROE and A&G**

	1	2	3	6	7	9	
Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load	
General Plant - Gross Assets	\$2,825,324	\$1,650,090	\$349,343	\$588,447	\$74,421	\$150,303	\$12,721
General Plant - Accumulated Depreciation	(\$1,320,175)	(\$771,029)	(\$163,236)	(\$274,961)	(\$34,774)	(\$70,231)	(\$5,944)
General Plant - Net Fixed Assets	\$1,505,150	\$879,061	\$186,107	\$313,486	\$39,647	\$80,072	\$6,777
General Plant - Depreciation	\$251,603	\$146,945	\$31,110	\$52,403	\$6,627	\$13,385	\$1,133
<b>Total Net Fixed Assets Excluding General Plant</b>	<b>\$14,143,715</b>	<b>\$8,199,964</b>	<b>\$1,758,765</b>	<b>\$3,001,323</b>	<b>\$382,166</b>	<b>\$738,733</b>	<b>\$62,763</b>
<b>Total Administration and General Expense</b>	<b>\$1,447,200</b>	<b>\$918,947</b>	<b>\$214,458</b>	<b>\$225,725</b>	<b>\$21,237</b>	<b>\$60,809</b>	<b>\$6,023</b>
<b>Total O&amp;M</b>	<b>\$1,679,990</b>	<b>\$1,078,112</b>	<b>\$253,969</b>	<b>\$250,461</b>	<b>\$22,103</b>	<b>\$68,413</b>	<b>\$6,931</b>

**Scenario 1**

*Accounts included in Avoided Costs Plus General Administration Allocation*

1	2	3	6	7	9
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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

USoA Account #	Accounts	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b><u>Distribution Plant</u></b>								
1860	Meters	\$880,809	\$245,752	\$421,330	\$208,986	\$4,741	\$0	\$0
<b><u>Accumulated Amortization</u></b>								
	Accum. Amortization of Electric Utility Plant - Meters only	(\$209,448)	(\$58,438)	(\$100,188)	(\$49,695)	(\$1,127)	\$0	\$0
	<b>Meter Net Fixed Assets</b>	<b>\$671,361</b>	<b>\$187,315</b>	<b>\$321,142</b>	<b>\$159,291</b>	<b>\$3,614</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Misc Revenue</u></b>								
4082	Retail Services Revenues	(\$25,241)	(\$18,847)	(\$4,054)	(\$2,227)	(\$27)	(\$5)	(\$80)
4084	Service Transaction Requests (STR) Revenues	(\$141)	(\$105)	(\$23)	(\$12)	(\$0)	(\$0)	(\$0)
4090	Electric Services Incidental to Energy Sales	(\$43,810)	(\$32,712)	(\$7,037)	(\$3,865)	(\$47)	(\$9)	(\$139)
4220	Other Electric Revenues	(\$67,397)	(\$39,074)	(\$8,381)	(\$14,302)	(\$1,821)	(\$3,520)	(\$299)
4225	Late Payment Charges	(\$30,434)	(\$17,066)	(\$7,040)	(\$6,108)	\$0	\$0	(\$220)
	<b>Sub-total</b>	<b>(\$167,023)</b>	<b>(\$107,805)</b>	<b>(\$26,535)</b>	<b>(\$26,515)</b>	<b>(\$1,896)</b>	<b>(\$3,535)</b>	<b>(\$738)</b>
<b><u>Operation</u></b>								
5065	Meter Expense	\$66,499	\$18,554	\$31,809	\$15,778	\$358	\$0	\$0
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5075	Customer Premises - Materials and Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	<b>Sub-total</b>	<b>\$66,498</b>	<b>\$18,553</b>	<b>\$31,809</b>	<b>\$15,778</b>	<b>\$358</b>	<b>(\$0)</b>	<b>(\$0)</b>
<b><u>Maintenance</u></b>								
5175	Maintenance of Meters	\$389	\$108	\$186	\$92	\$2	\$0	\$0
<b><u>Billing and Collection</u></b>								
5310	Meter Reading Expense	\$99,397	\$68,838	\$21,687	\$8,576	\$295	\$0	\$0
5315	Customer Billing	\$183,455	\$136,983	\$29,466	\$16,186	\$198	\$40	\$581
5320	Collecting	\$153,269	\$114,444	\$24,617	\$13,523	\$166	\$33	\$486
5325	Collecting- Cash Over and Short	\$39	\$29	\$6	\$3	\$0	\$0	\$0
5330	Collection Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Sub-total</b>	<b>\$436,159</b>	<b>\$320,294</b>	<b>\$75,777</b>	<b>\$38,289</b>	<b>\$659</b>	<b>\$73</b>	<b>\$1,067</b>
	<b>Total Operation, Maintenance and Billing</b>	<b>\$503,046</b>	<b>\$338,956</b>	<b>\$107,772</b>	<b>\$54,159</b>	<b>\$1,019</b>	<b>\$73</b>	<b>\$1,067</b>
	<b>Amortization Expense - Meters</b>	<b>\$54,387</b>	<b>\$15,174</b>	<b>\$26,016</b>	<b>\$12,904</b>	<b>\$293</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated PILs</b>	<b>\$36,062</b>	<b>\$10,050</b>	<b>\$17,251</b>	<b>\$8,567</b>	<b>\$194</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated Debt Return</b>	<b>\$28,820</b>	<b>\$8,031</b>	<b>\$13,786</b>	<b>\$6,847</b>	<b>\$155</b>	<b>\$0</b>	<b>\$0</b>



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Allocated Equity Return	\$38,392	\$10,699	\$18,365	\$9,121	\$207	\$0	\$0
<b>Total</b>	<b>\$493,684</b>	<b>\$275,105</b>	<b>\$156,656</b>	<b>\$65,083</b>	<b>(\$27)</b>	<b>(\$3,462)</b>	<b>\$329</b>

**Scenario 2**

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1	2	3	6	7	9
			Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>								
1860	Meters	\$880,809	\$245,752	\$421,330	\$208,986	\$4,741	\$0	\$0
<b>Accumulated Amortization</b>								
	Accum. Amortization of Electric Utility Plant - Meters only	(\$209,448)	(\$58,438)	(\$100,188)	(\$49,695)	(\$1,127)	\$0	\$0
	<b>Meter Net Fixed Assets</b>	<b>\$671,361</b>	<b>\$187,315</b>	<b>\$321,142</b>	<b>\$159,291</b>	<b>\$3,614</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated General Plant Net Fixed Assets</b>	<b>\$71,076</b>	<b>\$20,081</b>	<b>\$33,982</b>	<b>\$16,638</b>	<b>\$375</b>	<b>\$0</b>	<b>\$0</b>
	<b>Meter Net Fixed Assets Including General Plant</b>	<b>\$742,437</b>	<b>\$207,396</b>	<b>\$355,124</b>	<b>\$175,929</b>	<b>\$3,989</b>	<b>\$0</b>	<b>\$0</b>
<b>Misc Revenue</b>								
4082	Retail Services Revenues	(\$25,241)	(\$18,847)	(\$4,054)	(\$2,227)	(\$27)	(\$5)	(\$80)
4084	Service Transaction Requests (STR) Revenues	(\$141)	(\$105)	(\$23)	(\$12)	(\$0)	(\$0)	(\$0)
4090	Electric Services Incidental to Energy Sales	(\$43,810)	(\$32,712)	(\$7,037)	(\$3,865)	(\$47)	(\$9)	(\$139)
4220	Other Electric Revenues	(\$67,397)	(\$39,074)	(\$8,381)	(\$14,302)	(\$1,821)	(\$3,520)	(\$299)
4225	Late Payment Charges	(\$30,434)	(\$17,066)	(\$7,040)	(\$6,108)	\$0	\$0	(\$220)
	<b>Sub-total</b>	<b>(\$167,023)</b>	<b>(\$107,805)</b>	<b>(\$26,535)</b>	<b>(\$26,515)</b>	<b>(\$1,896)</b>	<b>(\$3,535)</b>	<b>(\$738)</b>
<b>Operation</b>								
5065	Meter Expense	\$66,499	\$18,554	\$31,809	\$15,778	\$358	\$0	\$0
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5075	Customer Premises - Materials and Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	<b>Sub-total</b>	<b>\$66,498</b>	<b>\$18,553</b>	<b>\$31,809</b>	<b>\$15,778</b>	<b>\$358</b>	<b>(\$0)</b>	<b>(\$0)</b>
<b>Maintenance</b>								
5175	Maintenance of Meters	\$389	\$108	\$186	\$92	\$2	\$0	\$0
<b>Billing and Collection</b>								
5310	Meter Reading Expense	\$99,397	\$68,838	\$21,687	\$8,576	\$295	\$0	\$0
5315	Customer Billing	\$183,455	\$136,983	\$29,466	\$16,186	\$198	\$40	\$581
5320	Collecting	\$153,269	\$114,444	\$24,617	\$13,523	\$166	\$33	\$486



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5325	Collecting- Cash Over and Short	\$39	\$29	\$6	\$3	\$0	\$0	\$0
5330	Collection Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Sub-total</b>		<b>\$436,159</b>	<b>\$320,294</b>	<b>\$75,777</b>	<b>\$38,289</b>	<b>\$659</b>	<b>\$73</b>	<b>\$1,067</b>
<b>Total Operation, Maintenance and Billing</b>		<b>\$503,046</b>	<b>\$338,956</b>	<b>\$107,772</b>	<b>\$54,159</b>	<b>\$1,019</b>	<b>\$73</b>	<b>\$1,067</b>
<b>Amortization Expense - Meters</b>		<b>\$54,387</b>	<b>\$15,174</b>	<b>\$26,016</b>	<b>\$12,904</b>	<b>\$293</b>	<b>\$0</b>	<b>\$0</b>
<b>Amortization Expense - General Plant assigned to Meters</b>		<b>\$11,881</b>	<b>\$3,357</b>	<b>\$5,681</b>	<b>\$2,781</b>	<b>\$63</b>	<b>\$0</b>	<b>\$0</b>
<b>Admin and General</b>		<b>\$430,701</b>	<b>\$288,915</b>	<b>\$91,005</b>	<b>\$48,810</b>	<b>\$979</b>	<b>\$65</b>	<b>\$927</b>
<b>Allocated PILs</b>		<b>\$39,880</b>	<b>\$11,127</b>	<b>\$19,077</b>	<b>\$9,462</b>	<b>\$215</b>	<b>\$0</b>	<b>\$0</b>
<b>Allocated Debt Return</b>		<b>\$31,871</b>	<b>\$8,892</b>	<b>\$15,245</b>	<b>\$7,562</b>	<b>\$172</b>	<b>\$0</b>	<b>\$0</b>
<b>Allocated Equity Return</b>		<b>\$42,457</b>	<b>\$11,846</b>	<b>\$20,309</b>	<b>\$10,073</b>	<b>\$229</b>	<b>\$0</b>	<b>\$0</b>
<b>Total</b>		<b>\$947,200</b>	<b>\$570,462</b>	<b>\$258,569</b>	<b>\$119,237</b>	<b>\$1,073</b>	<b>(\$3,398)</b>	<b>\$1,257</b>

**Scenario 3**

**Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge**

USoA Account #	Accounts	Total	1	2	3	6	7	9
			Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>								
1565	Conservation and Demand Management Expenditures and Recoveries	\$278	\$178	\$42	\$41	\$4	\$11	\$1
1830	Poles, Towers and Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830-3	Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830-4	Poles, Towers and Fixtures - Primary	\$1,752,612	\$1,361,753	\$122,777	\$18,864	\$108	\$232,834	\$16,277
1830-5	Poles, Towers and Fixtures - Secondary	\$359,223	\$303,671	\$0	\$0	\$0	\$51,922	\$3,630
1835	Overhead Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Overhead Conductors and Devices - Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1835-3	Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1835-4	Overhead Conductors and Devices - Primary	\$765,039	\$594,424	\$53,594	\$8,234	\$47	\$101,635	\$7,105
1835-5	Overhead Conductors and Devices - Secondary	\$388,048	\$328,039	\$0	\$0	\$0	\$56,088	\$3,921
1840	Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-3	Underground Conduit - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-4	Underground Conduit - Primary	\$449,847	\$349,524	\$31,513	\$4,842	\$28	\$59,762	\$4,178
1840-5	Underground Conduit - Secondary	\$304,684	\$257,567	\$0	\$0	\$0	\$44,039	\$3,079
1845	Underground Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Underground Conductors and Devices - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1845-3	Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0



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1845-4	Underground Conductors and Devices - Primary	\$704,224	\$547,171	\$49,333	\$7,580	\$43	\$93,556	\$6,540
1845-5	Underground Conductors and Devices - Secondary	\$476,976	\$403,214	\$0	\$0	\$0	\$68,942	\$4,820
1850	Line Transformers	\$1,210,224	\$944,158	\$84,827	\$8,520	\$0	\$161,433	\$11,285
1855	Services	\$616,419	\$521,093	\$0	\$0	\$0	\$89,097	\$6,229
1860	Meters	\$880,809	\$245,752	\$421,330	\$208,986	\$4,741	\$0	\$0
<b>Sub-total</b>		<b>\$7,908,382</b>	<b>\$5,856,546</b>	<b>\$763,416</b>	<b>\$257,067</b>	<b>\$4,971</b>	<b>\$959,319</b>	<b>\$67,064</b>
<b>Accumulated Amortization</b>								
Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters								
		(\$1,826,904)	(\$1,352,924)	(\$175,788)	(\$60,211)	(\$1,176)	(\$221,332)	(\$15,473)
	<b>Customer Related Net Fixed Assets</b>	<b>\$6,081,479</b>	<b>\$4,503,623</b>	<b>\$587,628</b>	<b>\$196,856</b>	<b>\$3,795</b>	<b>\$737,986</b>	<b>\$51,591</b>
	<b>Allocated General Plant Net Fixed Assets</b>	<b>\$651,499</b>	<b>\$482,802</b>	<b>\$62,181</b>	<b>\$20,561</b>	<b>\$394</b>	<b>\$79,991</b>	<b>\$5,570</b>
	<b>Customer Related NFA Including General Plant</b>	<b>\$6,732,978</b>	<b>\$4,986,425</b>	<b>\$649,809</b>	<b>\$217,417</b>	<b>\$4,189</b>	<b>\$817,977</b>	<b>\$57,162</b>
<b>Misc Revenue</b>								
4082	Retail Services Revenues	(\$25,241)	(\$18,847)	(\$4,054)	(\$2,227)	(\$27)	(\$5)	(\$80)
4084	Service Transaction Requests (STR) Revenues	(\$141)	(\$105)	(\$23)	(\$12)	(\$0)	(\$0)	(\$0)
4090	Electric Services Incidental to Energy Sales	(\$43,810)	(\$32,712)	(\$7,037)	(\$3,865)	(\$47)	(\$9)	(\$139)
4220	Other Electric Revenues	(\$67,397)	(\$39,074)	(\$8,381)	(\$14,302)	(\$1,821)	(\$3,520)	(\$299)
4225	Late Payment Charges	(\$30,434)	(\$17,066)	(\$7,040)	(\$6,108)	\$0	\$0	(\$220)
4235	Miscellaneous Service Revenues	(\$267,552)	(\$199,778)	(\$42,973)	(\$23,606)	(\$289)	(\$58)	(\$848)
<b>Sub-total</b>		<b>(\$434,575)</b>	<b>(\$307,582)</b>	<b>(\$69,508)</b>	<b>(\$50,122)</b>	<b>(\$2,185)</b>	<b>(\$3,593)</b>	<b>(\$1,586)</b>
<b>Operating and Maintenance</b>								
5005	Operation Supervision and Engineering	\$67,486	\$53,881	\$3,285	\$461	\$2	\$9,213	\$644
5010	Load Dispatching	\$34,967	\$27,917	\$1,702	\$239	\$1	\$4,773	\$334
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$2,588	\$2,051	\$140	\$21	\$0	\$351	\$25
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$13,277	\$10,524	\$717	\$110	\$1	\$1,799	\$126
5035	Overhead Distribution Transformers- Operation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5040	Underground Distribution Lines and Feeders - Operation Labour	\$15,322	\$12,328	\$640	\$98	\$1	\$2,108	\$147
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$15,805	\$12,716	\$660	\$101	\$1	\$2,174	\$152
5055	Underground Distribution Transformers - Operation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5065	Meter Expense	\$66,499	\$18,554	\$31,809	\$15,778	\$358	\$0	\$0
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5075	Customer Premises - Materials and Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
5085	Miscellaneous Distribution Expense	\$8,285	\$6,614	\$403	\$57	\$0	\$1,131	\$79
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0



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5095	Overhead Distribution Lines and Feeders - Rental							
	Paid	\$1,516	\$1,202	\$82	\$13	\$0	\$205	\$14
5096	Other Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5105	Maintenance Supervision and Engineering	\$25,360	\$20,247	\$1,234	\$173	\$1	\$3,462	\$242
5120	Maintenance of Poles, Towers and Fixtures	\$4,138	\$3,263	\$241	\$37	\$0	\$558	\$39
5125	Maintenance of Overhead Conductors and Devices	\$19,713	\$15,770	\$916	\$141	\$1	\$2,696	\$188
5130	Maintenance of Overhead Services	\$73,294	\$61,959	\$0	\$0	\$0	\$10,594	\$741
5135	Overhead Distribution Lines and Feeders - Right of Way	\$16,404	\$13,003	\$886	\$136	\$1	\$2,223	\$155
5145	Maintenance of Underground Conduit	\$7,018	\$5,647	\$293	\$45	\$0	\$965	\$67
5150	Maintenance of Underground Conductors and Devices	\$6,835	\$5,499	\$285	\$44	\$0	\$940	\$66
5155	Maintenance of Underground Services	\$53,623	\$45,331	\$0	\$0	\$0	\$7,751	\$542
5160	Maintenance of Line Transformers	\$130,214	\$101,587	\$9,127	\$917	\$0	\$17,369	\$1,214
5175	Maintenance of Meters	\$389	\$108	\$186	\$92	\$2	\$0	\$0

<b>Sub-total</b>		<b>\$562,729</b>	<b>\$418,201</b>	<b>\$52,607</b>	<b>\$18,464</b>	<b>\$369</b>	<b>\$68,313</b>	<b>\$4,776</b>
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**Billing and Collection**

5305	Supervision	\$77,995	\$58,238	\$12,527	\$6,882	\$84	\$17	\$247
5310	Meter Reading Expense	\$99,397	\$68,838	\$21,687	\$8,576	\$295	\$0	\$0
5315	Customer Billing	\$183,455	\$136,983	\$29,466	\$16,186	\$198	\$40	\$581
5320	Collecting	\$153,269	\$114,444	\$24,617	\$13,523	\$166	\$33	\$486
5325	Collecting- Cash Over and Short	\$39	\$29	\$6	\$3	\$0	\$0	\$0
5330	Collection Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5335	Bad Debt Expense	\$1,659	\$348	\$201	\$1,110	\$0	\$0	\$0
5340	Miscellaneous Customer Accounts Expenses	\$2,306	\$1,722	\$370	\$203	\$2	\$0	\$7

<b>Sub-total</b>		<b>\$518,120</b>	<b>\$380,602</b>	<b>\$88,876</b>	<b>\$46,484</b>	<b>\$746</b>	<b>\$90</b>	<b>\$1,322</b>
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<b>Sub Total Operating, Maintenance and Billing</b>		<b>\$1,080,849</b>	<b>\$798,803</b>	<b>\$141,483</b>	<b>\$64,948</b>	<b>\$1,115</b>	<b>\$68,404</b>	<b>\$6,097</b>
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<b>Amortization Expense - Customer Related</b>		<b>\$442,036</b>	<b>\$324,490</b>	<b>\$45,056</b>	<b>\$15,601</b>	<b>\$306</b>	<b>\$52,887</b>	<b>\$3,697</b>
<b>Amortization Expense - General Plant assigned to Meters</b>		<b>\$108,905</b>	<b>\$80,706</b>	<b>\$10,394</b>	<b>\$3,437</b>	<b>\$66</b>	<b>\$13,371</b>	<b>\$931</b>
<b>Admin and General</b>		<b>\$926,049</b>	<b>\$680,873</b>	<b>\$119,471</b>	<b>\$58,534</b>	<b>\$1,071</b>	<b>\$60,801</b>	<b>\$5,298</b>
<b>Allocated PILs</b>		<b>\$361,253</b>	<b>\$267,525</b>	<b>\$34,906</b>	<b>\$11,694</b>	<b>\$225</b>	<b>\$43,838</b>	<b>\$3,065</b>
<b>Allocated Debt Return</b>		<b>\$288,699</b>	<b>\$213,795</b>	<b>\$27,896</b>	<b>\$9,345</b>	<b>\$180</b>	<b>\$35,034</b>	<b>\$2,449</b>
<b>Allocated Equity Return</b>		<b>\$384,590</b>	<b>\$284,807</b>	<b>\$37,161</b>	<b>\$12,449</b>	<b>\$240</b>	<b>\$46,670</b>	<b>\$3,263</b>
<b>PLCC Adjustment for Line Transformer</b>		<b>\$115,981</b>	<b>\$104,416</b>	<b>\$9,358</b>	<b>\$953</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,254</b>
<b>PLCC Adjustment for Primary Costs</b>		<b>\$114,047</b>	<b>\$102,313</b>	<b>\$9,098</b>	<b>\$1,403</b>	<b>\$8</b>	<b>\$0</b>	<b>\$1,225</b>
<b>PLCC Adjustment for Secondary Costs</b>		<b>\$187,062</b>	<b>\$184,273</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,789</b>



**2006 COST ALLOCATION INFORMATION FILING**

**Woodstock Hydro Services Inc.**

**EB-2005-0436 EB-2007-0001**

**January 19, 2006**

**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

<b>Total</b>	<b>\$2,740,714</b>	<b>\$1,952,413</b>	<b>\$328,404</b>	<b>\$123,530</b>	<b>\$1,010</b>	<b>\$317,412</b>	<b>\$17,947</b>
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**Below: Grouping to avoid disclosure**

**Scenario 1**

*Accounts included in Avoided Costs Plus General Administration Allocation*

Accounts	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>							
CWMC	\$ 880,809	\$ 245,752	\$ 421,330	\$ 208,986	\$ 4,741	\$ -	\$ -
<b>Accumulated Amortization</b>							
Accum. Amortization of Electric Utility Plant - Meters only	\$ (209,448)	\$ (58,438)	\$ (100,188)	\$ (49,695)	\$ (1,127)	\$ -	\$ -
Meter Net Fixed Assets	\$ 671,361	\$ 187,315	\$ 321,142	\$ 159,291	\$ 3,614	\$ -	\$ -
<b>Misc Revenue</b>							
CWNB	\$ (69,192)	\$ (51,665)	\$ (11,113)	\$ (6,105)	\$ (75)	\$ (15)	\$ (219)
NFA	\$ (67,397)	\$ (39,074)	\$ (8,381)	\$ (14,302)	\$ (1,821)	\$ (3,520)	\$ (299)
LPHA	\$ (30,434)	\$ (17,066)	\$ (7,040)	\$ (6,108)	\$ -	\$ -	\$ (220)
<i>Sub-total</i>	<i>\$ (167,023)</i>	<i>\$ (107,805)</i>	<i>\$ (26,535)</i>	<i>\$ (26,515)</i>	<i>\$ (1,896)</i>	<i>\$ (3,535)</i>	<i>\$ (738)</i>
<b>Operation</b>							
CWMC	\$ 66,499	\$ 18,554	\$ 31,809	\$ 15,778	\$ 358	\$ -	\$ -
CCA	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
<i>Sub-total</i>	<i>\$ 66,498</i>	<i>\$ 18,553</i>	<i>\$ 31,809</i>	<i>\$ 15,778</i>	<i>\$ 358</i>	<i>\$ (0)</i>	<i>\$ (0)</i>
<b>Maintenance</b>							
1860	\$ 389	\$ 108	\$ 186	\$ 92	\$ 2	\$ -	\$ -
<b>Billing and Collection</b>							
CWMR	\$ 99,397	\$ 68,838	\$ 21,687	\$ 8,576	\$ 295	\$ -	\$ -
CWNB	\$ 336,762	\$ 251,456	\$ 54,090	\$ 29,713	\$ 364	\$ 73	\$ 1,067
<i>Sub-total</i>	<i>\$ 436,159</i>	<i>\$ 320,294</i>	<i>\$ 75,777</i>	<i>\$ 38,289</i>	<i>\$ 659</i>	<i>\$ 73</i>	<i>\$ 1,067</i>
<b>Total Operation, Maintenance and Billing</b>	<b>\$ 503,046</b>	<b>\$ 338,956</b>	<b>\$ 107,772</b>	<b>\$ 54,159</b>	<b>\$ 1,019</b>	<b>\$ 73</b>	<b>\$ 1,067</b>
<b>Amortization Expense - Meters</b>	<b>\$ 54,387</b>	<b>\$ 15,174</b>	<b>\$ 26,016</b>	<b>\$ 12,904</b>	<b>\$ 293</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Allocated PILs</b>	<b>\$ 36,062</b>	<b>\$ 10,050</b>	<b>\$ 17,251</b>	<b>\$ 8,567</b>	<b>\$ 194</b>	<b>\$ -</b>	<b>\$ -</b>



**2006 COST ALLOCATION INFORMATION FILING**

**Woodstock Hydro Services Inc.**

**EB-2005-0436 EB-2007-0001**

**January 19, 2006**

**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

Allocated Debt Return	\$	28,820	\$	8,031	\$	13,786	\$	6,847	\$	155	\$	-	\$	-
Allocated Equity Return	\$	38,392	\$	10,699	\$	18,365	\$	9,121	\$	207	\$	-	\$	-
<b>Total</b>	<b>\$</b>	<b>493,684</b>	<b>\$</b>	<b>275,105</b>	<b>\$</b>	<b>156,656</b>	<b>\$</b>	<b>65,083</b>	<b>\$</b>	<b>(27)</b>	<b>\$</b>	<b>(3,462)</b>	<b>\$</b>	<b>329</b>

**Scenario 2**

*Accounts included in Directly Related Customer Costs Plus General Administration Allocation*

Accounts	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>							
CWMC	\$ 880,809	\$ 245,752	\$ 421,330	\$ 208,986	\$ 4,741	\$ -	\$ -
<b>Accumulated Amortization</b>							
Accum. Amortization of Electric Utility Plant - Meters only	\$ (209,448)	\$ (58,438)	\$ (100,188)	\$ (49,695)	\$ (1,127)	\$ -	\$ -
Meter Net Fixed Assets	\$ 671,361	\$ 187,315	\$ 321,142	\$ 159,291	\$ 3,614	\$ -	\$ -
Allocated General Plant Net Fixed Assets	\$ 71,076	\$ 20,081	\$ 33,982	\$ 16,638	\$ 375	\$ -	\$ -
Meter Net Fixed Assets Including General Plant	\$ 742,437	\$ 207,396	\$ 355,124	\$ 175,929	\$ 3,989	\$ -	\$ -
<b>Misc Revenue</b>							
CWNB	\$ (69,192)	\$ (51,665)	\$ (11,113)	\$ (6,105)	\$ (75)	\$ (15)	\$ (219)
NFA	\$ (67,397)	\$ (39,074)	\$ (8,381)	\$ (14,302)	\$ (1,821)	\$ (3,520)	\$ (299)
LPHA	\$ (30,434)	\$ (17,066)	\$ (7,040)	\$ (6,108)	\$ -	\$ -	\$ (220)
<i>Sub-total</i>	<i>\$ (167,023)</i>	<i>\$ (107,805)</i>	<i>\$ (26,535)</i>	<i>\$ (26,515)</i>	<i>\$ (1,896)</i>	<i>\$ (3,535)</i>	<i>\$ (738)</i>
<b>Operation</b>							
CWMC	\$ 66,499	\$ 18,554	\$ 31,809	\$ 15,778	\$ 358	\$ -	\$ -
CCA	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
<i>Sub-total</i>	<i>\$ 66,498</i>	<i>\$ 18,553</i>	<i>\$ 31,809</i>	<i>\$ 15,778</i>	<i>\$ 358</i>	<i>\$ (0)</i>	<i>\$ (0)</i>
<b>Maintenance</b>							
1860	\$ 389	\$ 108	\$ 186	\$ 92	\$ 2	\$ -	\$ -
<b>Billing and Collection</b>							
CWMR	\$ 99,397	\$ 68,838	\$ 21,687	\$ 8,576	\$ 295	\$ -	\$ -
CWNB	\$ 336,762	\$ 251,456	\$ 54,090	\$ 29,713	\$ 364	\$ 73	\$ 1,067
<i>Sub-total</i>	<i>\$ 436,159</i>	<i>\$ 320,294</i>	<i>\$ 75,777</i>	<i>\$ 38,289</i>	<i>\$ 659</i>	<i>\$ 73</i>	<i>\$ 1,067</i>
<b>Total Operation, Maintenance and Billing</b>	<b>\$ 503,046</b>	<b>\$ 338,956</b>	<b>\$ 107,772</b>	<b>\$ 54,159</b>	<b>\$ 1,019</b>	<b>\$ 73</b>	<b>\$ 1,067</b>



**2006 COST ALLOCATION INFORMATION FILING**

**Woodstock Hydro Services Inc.**

**EB-2005-0436 EB-2007-0001**

**January 19, 2006**

**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

Amortization Expense - Meters	\$ 54,387	\$ 15,174	\$ 26,016	\$ 12,904	\$ 293	\$ -	\$ -
<i>Amortization Expense -</i>							
<i>General Plant assigned to Meters</i>	\$ 11,881	\$ 3,357	\$ 5,681	\$ 2,781	\$ 63	\$ -	\$ -
Admin and General	\$ 430,701	\$ 288,915	\$ 91,005	\$ 48,810	\$ 979	\$ 65	\$ 927
Allocated PILs	\$ 39,880	\$ 11,127	\$ 19,077	\$ 9,462	\$ 215	\$ -	\$ -
Allocated Debt Return	\$ 31,871	\$ 8,892	\$ 15,245	\$ 7,562	\$ 172	\$ -	\$ -
Allocated Equity Return	\$ 42,457	\$ 11,846	\$ 20,309	\$ 10,073	\$ 229	\$ -	\$ -
<b>Total</b>	<b>\$ 947,200</b>	<b>\$ 570,462</b>	<b>\$ 258,569</b>	<b>\$ 119,237</b>	<b>\$ 1,073</b>	<b>\$ (3,398)</b>	<b>\$ 1,257</b>

**Scenario 3**

**Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge**

USoA Account #	Accounts	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b><u>Distribution Plant</u></b>								
	CDMPP	\$ 278	\$ 178	\$ 42	\$ 41	\$ 4	\$ 11	\$ 1
	Poles, Towers and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	BCP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	PNCP	\$ 3,671,721	\$ 2,852,872	\$ 257,217	\$ 39,520	\$ 226	\$ 487,786	\$ 34,100
	SNCP	\$ 1,528,931	\$ 1,292,491	\$ -	\$ -	\$ -	\$ 220,991	\$ 15,449
	Overhead Conductors and Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LTNCP	\$ 1,210,224	\$ 944,158	\$ 84,827	\$ 8,520	\$ -	\$ 161,433	\$ 11,285
	CWCS	\$ 616,419	\$ 521,093	\$ -	\$ -	\$ -	\$ 89,097	\$ 6,229
	CWMC	\$ 880,809	\$ 245,752	\$ 421,330	\$ 208,986	\$ 4,741	\$ -	\$ -
	<i>Sub-total</i>	<i>\$ 7,908,382</i>	<i>\$ 5,856,546</i>	<i>\$ 763,416</i>	<i>\$ 257,067</i>	<i>\$ 4,971</i>	<i>\$ 959,319</i>	<i>\$ 67,064</i>
<b><u>Accumulated Amortization</u></b>								
	Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	\$ (1,826,904)	\$ (1,352,924)	\$ (175,788)	\$ (60,211)	\$ (1,176)	\$ (221,332)	\$ (15,473)
	<b>Customer Related Net Fixed Assets</b>	\$ 6,081,479	\$ 4,503,623	\$ 587,628	\$ 196,856	\$ 3,795	\$ 737,986	\$ 51,591
	<b>Allocated General Plant Net Fixed Assets</b>	\$ 651,499	\$ 482,802	\$ 62,181	\$ 20,561	\$ 394	\$ 79,991	\$ 5,570
	<b>Customer Related NFA Including General Plant</b>	\$ 6,732,978	\$ 4,986,425	\$ 649,809	\$ 217,417	\$ 4,189	\$ 817,977	\$ 57,162
<b><u>Misc Revenue</u></b>								
	CWNB	\$ (336,744)	\$ (251,442)	\$ (54,087)	\$ (29,711)	\$ (364)	\$ (73)	\$ (1,067)
	NFA	\$ (67,397)	\$ (39,074)	\$ (8,381)	\$ (14,302)	\$ (1,821)	\$ (3,520)	\$ (299)
	LPHA	\$ (30,434)	\$ (17,066)	\$ (7,040)	\$ (6,108)	\$ -	\$ -	\$ (220)
	<i>Sub-total</i>	<i>\$ (434,575)</i>	<i>\$ (307,582)</i>	<i>\$ (69,508)</i>	<i>\$ (50,122)</i>	<i>\$ (2,185)</i>	<i>\$ (3,593)</i>	<i>\$ (1,586)</i>



**2006 COST ALLOCATION INFORMATION FILING**

**Woodstock Hydro Services Inc.**

**EB-2005-0436 EB-2007-0001**

**January 19, 2006**

**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

**Operating and Maintenance**

1815-1855	\$	136,097	\$	108,660	\$	6,624	\$	930	\$	4	\$	18,579	\$	1,299
1830 & 1835	\$	33,785	\$	26,779	\$	1,825	\$	280	\$	2	\$	4,579	\$	320
1850	\$	130,214	\$	101,587	\$	9,127	\$	917	\$	-	\$	17,369	\$	1,214
1840 & 1845	\$	31,127	\$	25,045	\$	1,300	\$	200	\$	1	\$	4,282	\$	299
CWMC	\$	66,499	\$	18,554	\$	31,809	\$	15,778	\$	358	\$	-	\$	-
CCA	\$	(0)	\$	(0)	\$	(0)	\$	(0)	\$	(0)	\$	(0)	\$	(0)
O&M	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1830	\$	4,138	\$	3,263	\$	241	\$	37	\$	0	\$	558	\$	39
1835	\$	19,713	\$	15,770	\$	916	\$	141	\$	1	\$	2,696	\$	188
1855	\$	126,917	\$	107,290	\$	-	\$	-	\$	-	\$	18,345	\$	1,282
1840	\$	7,018	\$	5,647	\$	293	\$	45	\$	0	\$	965	\$	67
1845	\$	6,835	\$	5,499	\$	285	\$	44	\$	0	\$	940	\$	66
1860	\$	389	\$	108	\$	186	\$	92	\$	2	\$	-	\$	-
<b>Sub-total</b>	<b>\$</b>	<b>562,729</b>	<b>\$</b>	<b>418,201</b>	<b>\$</b>	<b>52,607</b>	<b>\$</b>	<b>18,464</b>	<b>\$</b>	<b>369</b>	<b>\$</b>	<b>68,313</b>	<b>\$</b>	<b>4,776</b>

**Billing and Collection**

CWNB	\$	417,064	\$	311,416	\$	66,987	\$	36,798	\$	451	\$	90	\$	1,322
CWMR	\$	99,397	\$	68,838	\$	21,687	\$	8,576	\$	295	\$	-	\$	-
BDHA	\$	1,659	\$	348	\$	201	\$	1,110	\$	-	\$	-	\$	-
<b>Sub-total</b>	<b>\$</b>	<b>518,120</b>	<b>\$</b>	<b>380,602</b>	<b>\$</b>	<b>88,876</b>	<b>\$</b>	<b>46,484</b>	<b>\$</b>	<b>746</b>	<b>\$</b>	<b>90</b>	<b>\$</b>	<b>1,322</b>

<b>Sub Total Operating, Maintenance and Billing</b>	<b>\$</b>	<b>1,080,849</b>	<b>\$</b>	<b>798,803</b>	<b>\$</b>	<b>141,483</b>	<b>\$</b>	<b>64,948</b>	<b>\$</b>	<b>1,115</b>	<b>\$</b>	<b>68,404</b>	<b>\$</b>	<b>6,097</b>
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<b>Amortization Expense - Customer Related</b>	<b>\$</b>	<b>442,036</b>	<b>\$</b>	<b>324,490</b>	<b>\$</b>	<b>45,056</b>	<b>\$</b>	<b>15,601</b>	<b>\$</b>	<b>306</b>	<b>\$</b>	<b>52,887</b>	<b>\$</b>	<b>3,697</b>
<b>Amortization Expense - General Plant assigned to Meters</b>	<b>\$</b>	<b>108,905</b>	<b>\$</b>	<b>80,706</b>	<b>\$</b>	<b>10,394</b>	<b>\$</b>	<b>3,437</b>	<b>\$</b>	<b>66</b>	<b>\$</b>	<b>13,371</b>	<b>\$</b>	<b>931</b>
<b>Admin and General</b>	<b>\$</b>	<b>926,049</b>	<b>\$</b>	<b>680,873</b>	<b>\$</b>	<b>119,471</b>	<b>\$</b>	<b>58,534</b>	<b>\$</b>	<b>1,071</b>	<b>\$</b>	<b>60,801</b>	<b>\$</b>	<b>5,298</b>
<b>Allocated PILs</b>	<b>\$</b>	<b>361,253</b>	<b>\$</b>	<b>267,525</b>	<b>\$</b>	<b>34,906</b>	<b>\$</b>	<b>11,694</b>	<b>\$</b>	<b>225</b>	<b>\$</b>	<b>43,838</b>	<b>\$</b>	<b>3,065</b>
<b>Allocated Debt Return</b>	<b>\$</b>	<b>288,699</b>	<b>\$</b>	<b>213,795</b>	<b>\$</b>	<b>27,896</b>	<b>\$</b>	<b>9,345</b>	<b>\$</b>	<b>180</b>	<b>\$</b>	<b>35,034</b>	<b>\$</b>	<b>2,449</b>
<b>Allocated Equity Return</b>	<b>\$</b>	<b>384,590</b>	<b>\$</b>	<b>284,807</b>	<b>\$</b>	<b>37,161</b>	<b>\$</b>	<b>12,449</b>	<b>\$</b>	<b>240</b>	<b>\$</b>	<b>46,670</b>	<b>\$</b>	<b>3,263</b>
<b>PLCC Adjustment for Line Transformer</b>	<b>\$</b>	<b>115,981</b>	<b>\$</b>	<b>104,416</b>	<b>\$</b>	<b>9,358</b>	<b>\$</b>	<b>953</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1,254</b>
<b>PLCC Adjustment for Primary Costs</b>	<b>\$</b>	<b>114,047</b>	<b>\$</b>	<b>102,313</b>	<b>\$</b>	<b>9,098</b>	<b>\$</b>	<b>1,403</b>	<b>\$</b>	<b>8</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>1,225</b>
<b>PLCC Adjustment for Secondary Costs</b>	<b>\$</b>	<b>187,062</b>	<b>\$</b>	<b>184,273</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>-</b>	<b>\$</b>	<b>2,789</b>

<b>Total</b>	<b>\$</b>	<b>2,740,714</b>	<b>\$</b>	<b>1,952,413</b>	<b>\$</b>	<b>328,404</b>	<b>\$</b>	<b>123,530</b>	<b>\$</b>	<b>1,010</b>	<b>\$</b>	<b>317,412</b>	<b>\$</b>	<b>17,947</b>
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**Appendix B**

2

Cost Allocation Model – 2007 without Transformer Allowance

3



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**  
**EB-2005-0436 EB-2007-0001**  
**January 19, 2006**  
**Sheet 12 Class Selection - Second Run**

**Instructions:**

- Step 1:** Please input your existing classes
- Step 2:** If this is your first run, select "First Run" in the drop-down menu below
- Step 3:** After all classes have been entered, Click the "Update" button in row E41

Click for Drop-Down Menu →

If desired, provide a summary of this run  
(40 characters max.)

Second Run

		Utility's Class Definition	Current
1	Residential		YES
2	GS <50		YES
3	GS>50-Regular	GS 50 to 4,999 kW	YES
4	GS> 50-TOU		NO
5	GS >50-Intermediate		NO
6	Large Use >5MW	Large Use	YES
7	Street Light	Street Lighting	YES
8	Sentinel		NO
9	Unmetered Scattered Load		YES
10	Embedded Distributor		NO
11	Back-up/Standby Power		NO
12	Rate Class 1		NO
13	Rate class 2		NO
14	Rate class 3		NO
15	Rate class 4		NO
16	Rate class 5		NO
17	Rate class 6		NO
18	Rate class 7		NO
19	Rate class 8		NO
20	Rate class 9		NO

Update

**\*\* Space available for additional information about this run**



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**  
**EB-2005-0436 EB-2007-0001**  
**January 19, 2006**  
**Sheet 13 Trial Balance Data - Second Run**

**Instructions:**

**Step 1:** Copy 2006 EDR Trial Balance values (Sheet 2-4, Column P17 to P446) to Column D21 of this worksheet. Use the Edit - Paste Special - Values function.

**Step 2:** Enter the amounts needed to be reclassified to column F.

**Step 3:** Enter Target Net Income from approved EDR (Sheet 4-1, cell F23)

**Step 4:** Enter PILs from approved EDR (Sheet 4-2, cell E15)

**Step 5:** Enter Interest from approved EDR (Sheet 4-1, cell F21)

**Step 6:** Enter specific service charges offset from approved EDR (Sheet 5-5, cell D19)

**Step 7:** Enter Transformation Ownership Allowance Credit from approved EDR (Sheet 6-3, cell R120)

**Step 8:** Enter Low Voltage Wheeling Adjustment Credit from approved EDR (Sheet ADJ 3, cell F46)

**Step 9:** Enter Revenue Requirement from approved EDR (Sheet 5-1, cell F22)

**Step 10:** Enter Total Rate Base from approved EDR (Sheet 3-1, cell F21)

**Step 11:** Enter Directly Allocated amounts into column G.

Approved Target Net Income (\$)	\$983,787
Approved PILs (\$)	\$924,090
Approved Interest (\$)	\$738,496
Approved Specific Service Charges (\$)	\$267,552
Approved Transformer Ownership Allowance (\$)	
Approved Low Voltage Wheeling Adjustment (\$)	
Approved Revenue Requirement (\$)	\$7,157,731
Revenue Requirement to be Used in this model (\$)	\$7,157,731
Approved Rate Base (\$)	\$21,861,943
Rate Base to be Used in this model (\$)	\$21,861,943

From this Sheet	Differences?
\$7,157,731	Rev Req Matches
\$21,861,943	Rate Base Matches

**Uniform System of Accounts - Detail Accounts**

USoA Account #	Accounts	Financial Statement (EDR Sheet 2.4, Column P)	Model Adjustments	Reclassify accounts	Direct Allocation	Reclassified Balance
1005	Cash	\$0				\$0
1010	Cash Advances and Working Funds	\$0				\$0
1020	Interest Special Deposits	\$0				\$0
1030	Dividend Special Deposits	\$0				\$0
1040	Other Special Deposits	\$0				\$0
1060	Term Deposits	\$0				\$0
1070	Current Investments	\$0				\$0
1100	Customer Accounts Receivable	\$0				\$0
1102	Accounts Receivable - Services	\$0				\$0
1104	Accounts Receivable - Recoverable Work	\$0				\$0
1105	Accounts Receivable - Merchandise, Jobbing, etc.	\$0				\$0
1110	Other Accounts Receivable	\$0				\$0
1120	Accrued Utility Revenues	\$0				\$0
1130	Accumulated Provision for Uncollectible Accounts--Credit	\$0				\$0
1140	Interest and Dividends Receivable	\$0				\$0
1150	Rents Receivable	\$0				\$0
1170	Notes Receivable	\$0				\$0
1180	Prepayments	\$0				\$0
1190	Miscellaneous Current and Accrued Assets	\$0				\$0
1200	Accounts Receivable from Associated Companies	\$0				\$0
1210	Notes Receivable from Associated Companies	\$0				\$0
1305	Fuel Stock	\$0				\$0
1330	Plant Materials and Operating Supplies	\$0				\$0
1340	Merchandise	\$0				\$0



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**  
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**Sheet 13 Trial Balance Data - Second Run**

1350	Other Materials and Supplies	\$0		\$0
1405	Long Term Investments in Non-Associated Companies	\$0		\$0
1408	Long Term Receivable - Street Lighting Transfer	\$0		\$0
1410	Other Special or Collateral Funds	\$0		\$0
1415	Sinking Funds	\$0		\$0
1425	Unamortized Debt Expense	\$0		\$0
1445	Unamortized Discount on Long-Term Debt--Debit	\$0		\$0
1455	Unamortized Deferred Foreign Currency Translation Gains and Losses	\$0		\$0
1460	Other Non-Current Assets	\$0		\$0
1465	O.M.E.R.S. Past Service Costs	\$0		\$0
1470	Past Service Costs - Employee Future Benefits	\$0		\$0
1475	Past Service Costs - Other Pension Plans	\$0		\$0
1480	Portfolio Investments - Associated Companies	\$0		\$0
1485	Investment in Associated Companies - Significant Influence	\$0		\$0
1490	Investment in Subsidiary Companies	\$0		\$0
1505	Unrecovered Plant and Regulatory Study Costs	\$0		\$0
1508	Other Regulatory Assets	\$0		\$0
1510	Preliminary Survey and Investigation Charges	\$0		\$0
1515	Emission Allowance Inventory	\$0		\$0
1516	Emission Allowances Withheld	\$0		\$0
1518	RCVARetail	\$0		\$0
1520	Power Purchase Variance Account	\$0		\$0
1525	Miscellaneous Deferred Debits	\$0		\$0
1530	Deferred Losses from Disposition of Utility Plant	\$0		\$0
1540	Unamortized Loss on Reacquired Debt	\$0		\$0
1545	Development Charge Deposits/ Receivables	\$0		\$0
1548	RCVASTR	\$0		\$0
1560	Deferred Development Costs	\$0		\$0
1562	Deferred Payments in Lieu of Taxes	\$0		\$0
1563	Account 1563 - Deferred PILs Contra Account	\$0		\$0
1565	Conservation and Demand Management Expenditures and Recoveries	\$278		\$278
1570	Qualifying Transition Costs	\$0		\$0
1571	Pre-market Opening Energy Variance	\$0		\$0
1572	Extraordinary Event Costs	\$0		\$0
1574	Deferred Rate Impact Amounts	\$0		\$0
1580	RSVAWMS	\$0		\$0
1582	RSVAONE-TIME	\$0		\$0
1584	RSVANW	\$0		\$0
1586	RSVACN	\$0		\$0
1588	RSVAPOWER	\$0		\$0
1590	Recovery of Regulatory Asset Balances	\$0		\$0
1605	Electric Plant in Service - Control Account	\$0		\$0
1606	Organization	\$0		\$0
1608	Franchises and Consents	\$0		\$0
1610	Miscellaneous Intangible Plant	\$0		\$0
1615	Land	\$0		\$0
1616	Land Rights	\$0		\$0
1620	Buildings and Fixtures	\$0		\$0
1630	Leasehold Improvements	\$0		\$0
1635	Boiler Plant Equipment	\$0		\$0
1640	Engines and Engine-Driven Generators	\$0		\$0
1645	Turbogenerator Units	\$0		\$0
1650	Reservoirs, Dams and Waterways	\$0		\$0
1655	Water Wheels, Turbines and Generators	\$0		\$0
1660	Roads, Railroads and Bridges	\$0		\$0
1665	Fuel Holders, Producers and Accessories	\$0		\$0
1670	Prime Movers	\$0		\$0
1675	Generators	\$0		\$0
1680	Accessory Electric Equipment	\$0		\$0
1685	Miscellaneous Power Plant Equipment	\$0		\$0
1705	Land	\$0		\$0
1706	Land Rights	\$0		\$0
1708	Buildings and Fixtures	\$0		\$0
1710	Leasehold Improvements	\$0		\$0
1715	Station Equipment	\$0		\$0
1720	Towers and Fixtures	\$0		\$0
1725	Poles and Fixtures	\$0		\$0
1730	Overhead Conductors and Devices	\$0		\$0
1735	Underground Conduit	\$0		\$0
1740	Underground Conductors and Devices	\$0		\$0
1745	Roads and Trails	\$0		\$0
1805	Land	\$21,836		\$21,836
1806	Land Rights	\$0		\$0
1808	Buildings and Fixtures	\$181,937		\$181,937



**2006 COST ALLOCATION INFORMATION FILING**  
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1810	Leasehold Improvements	\$0		\$0
1815	Transformer Station Equipment - Normally Primary above 50 kV	\$0		\$0
	Distribution Station Equipment - Normally Primary below 50 kV	\$521,895		\$521,895
1820	Storage Battery Equipment	\$0		\$0
1830	Poles, Towers and Fixtures	\$5,279,586		\$5,279,586
1835	Overhead Conductors and Devices	\$2,882,718		\$2,882,718
1840	Underground Conduit	\$1,886,327		\$1,886,327
1845	Underground Conductors and Devices	\$2,952,999		\$2,952,999
1850	Line Transformers	\$3,025,559		\$3,025,559
1855	Services	\$616,419		\$616,419
1860	Meters	\$3,214,266	\$2,333,456	\$880,809
1865	Other Installations on Customer's Premises	\$0		\$0
1870	Leased Property on Customer Premises	\$0		\$0
1875	Street Lighting and Signal Systems	\$0		\$0
1905	Land	\$17,530		\$17,530
1906	Land Rights	\$0		\$0
1908	Buildings and Fixtures	\$412,966		\$412,966
1910	Leasehold Improvements	\$0		\$0
1915	Office Furniture and Equipment	\$116,123		\$116,123
1920	Computer Equipment - Hardware	\$460,406		\$460,406
1925	Computer Software	\$544,976		\$544,976
1930	Transportation Equipment	\$947,660		\$947,660
1935	Stores Equipment	\$23,354		\$23,354
1940	Tools, Shop and Garage Equipment	\$175,061		\$175,061
1945	Measurement and Testing Equipment	\$72,851		\$72,851
1950	Power Operated Equipment	\$0		\$0
1955	Communication Equipment	\$4,248		\$4,248
1960	Miscellaneous Equipment	\$485		\$485
1965	Water Heater Rental Units	\$0		\$0
1970	Load Management Controls - Customer Premises	\$0		\$0
1975	Load Management Controls - Utility Premises	\$0		\$0
1980	System Supervisory Equipment	\$49,665		\$49,665
1985	Sentinel Lighting Rental Units	\$0		\$0
1990	Other Tangible Property	\$0		\$0
1995	Contributions and Grants - Credit	(\$615,802)		(\$615,802)
2005	Property Under Capital Leases	\$0		\$0
2010	Electric Plant Purchased or Sold	\$0		\$0
2020	Experimental Electric Plant Unclassified	\$0		\$0
2030	Electric Plant and Equipment Leased to Others	\$0		\$0
2040	Electric Plant Held for Future Use	\$0		\$0
2050	Completed Construction Not Classified--Electric	\$0		\$0
2055	Construction Work in Progress--Electric	\$0		\$0
2060	Electric Plant Acquisition Adjustment	\$0		\$0
2065	Other Electric Plant Adjustment	\$0		\$0
2070	Other Utility Plant	\$0		\$0
2075	Non-Utility Property Owned or Under Capital Leases	\$0		\$0
2105	Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(\$5,487,012)	(\$675,990)	(\$4,811,022)
2120	Accumulated Amortization of Electric Utility Plant - Intangibles	\$0		\$0
2140	Accumulated Amortization of Electric Plant Acquisition Adjustment	\$0		\$0
2160	Accumulated Amortization of Other Utility Plant	\$0		\$0
2180	Accumulated Amortization of Non-Utility Property	\$0		\$0
2205	Accounts Payable	\$0		\$0
2208	Customer Credit Balances	\$0		\$0
2210	Current Portion of Customer Deposits	\$0		\$0
2215	Dividends Declared	\$0		\$0
2220	Miscellaneous Current and Accrued Liabilities	\$0		\$0
2225	Notes and Loans Payable	\$0		\$0
2240	Accounts Payable to Associated Companies	\$0		\$0
2242	Notes Payable to Associated Companies	\$0		\$0
2250	Debt Retirement Charges( DRC) Payable	\$0		\$0
2252	Transmission Charges Payable	\$0		\$0
2254	Electrical Safety Authority Fees Payable	\$0		\$0
2256	Independent Market Operator Fees and Penalties Payable	\$0		\$0
2260	Current Portion of Long Term Debt	\$0		\$0
2262	Ontario Hydro Debt - Current Portion	\$0		\$0
2264	Pensions and Employee Benefits - Current Portion	\$0		\$0
2268	Accrued Interest on Long Term Debt	\$0		\$0
2270	Matured Long Term Debt	\$0		\$0
2272	Matured Interest on Long Term Debt	\$0		\$0
2285	Obligations Under Capital Leases--Current	\$0		\$0
2290	Commodity Taxes	\$0		\$0



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2292	Payroll Deductions / Expenses Payable	\$0			\$0
2294	Accrual for Taxes, Payments in Lieu of Taxes, Etc.	\$0			\$0
2296	Future Income Taxes - Current	\$0			\$0
2305	Accumulated Provision for Injuries and Damages	\$0			\$0
2306	Employee Future Benefits	\$0			\$0
2308	Other Pensions - Past Service Liability	\$0			\$0
2310	Vested Sick Leave Liability	\$0			\$0
2315	Accumulated Provision for Rate Refunds	\$0			\$0
2320	Other Miscellaneous Non-Current Liabilities	\$0			\$0
2325	Obligations Under Capital Lease--Non-Current	\$0			\$0
2330	Development Charge Fund	\$0			\$0
2335	Long Term Customer Deposits	\$0			\$0
2340	Collateral Funds Liability	\$0			\$0
2345	Unamortized Premium on Long Term Debt	\$0			\$0
2348	O.M.E.R.S. - Past Service Liability - Long Term Portion	\$0			\$0
2350	Future Income Tax - Non-Current	\$0			\$0
2405	Other Regulatory Liabilities	\$0			\$0
2410	Deferred Gains from Disposition of Utility Plant	\$0			\$0
2415	Unamortized Gain on Reacquired Debt	\$0			\$0
2425	Other Deferred Credits	\$0			\$0
2435	Accrued Rate-Payer Benefit	\$0			\$0
2505	Debentures Outstanding - Long Term Portion	\$0			\$0
2510	Debenture Advances	\$0			\$0
2515	Reacquired Bonds	\$0			\$0
2520	Other Long Term Debt	\$0			\$0
2525	Term Bank Loans - Long Term Portion	\$0			\$0
2530	Ontario Hydro Debt Outstanding - Long Term Portion	\$0			\$0
2550	Advances from Associated Companies	\$0			\$0
3005	Common Shares Issued	\$0			\$0
3008	Preference Shares Issued	\$0			\$0
3010	Contributed Surplus	\$0			\$0
3020	Donations Received	\$0			\$0
3022	Development Charges Transferred to Equity	\$0			\$0
3026	Capital Stock Held in Treasury	\$0			\$0
3030	Miscellaneous Paid-In Capital	\$0			\$0
3035	Installments Received on Capital Stock	\$0			\$0
3040	Appropriated Retained Earnings	\$0			\$0
3045	Unappropriated Retained Earnings	\$0			\$0
3046	Balance Transferred From Income	\$0	\$0	\$89,346	(\$894,442)
3047	Appropriations of Retained Earnings - Current Period	\$0			\$0
3048	Dividends Payable-Preference Shares	\$0			\$0
3049	Dividends Payable-Common Shares	\$0			\$0
3055	Adjustment to Retained Earnings	\$0			\$0
3065	Unappropriated Undistributed Subsidiary Earnings	\$0			\$0
4006	Residential Energy Sales	(\$4,045,530)			(\$4,045,530)
4010	Commercial Energy Sales	\$0			\$0
4015	Industrial Energy Sales	\$0			\$0
4020	Energy Sales to Large Users	(\$1,417,751)			(\$1,417,751)
4025	Street Lighting Energy Sales	(\$130,041)			(\$130,041)
4030	Sentinel Lighting Energy Sales	(\$1,278)			(\$1,278)
4035	General Energy Sales	(\$10,617,980)			(\$10,617,980)
4040	Other Energy Sales to Public Authorities	\$0			\$0
4045	Energy Sales to Railroads and Railways	\$0			\$0
4050	Revenue Adjustment	\$5,692			\$5,692
4055	Energy Sales for Resale	(\$4,761,417)			(\$4,761,417)
4060	Interdepartmental Energy Sales	\$0			\$0
4062	Billed WMS	(\$2,502,791)			(\$2,502,791)
4064	Billed-One-Time	\$0			\$0
4066	Billed NW	(\$2,053,444)			(\$2,053,444)
4068	Billed CN	(\$1,766,159)			(\$1,766,159)
4080	Distribution Services Revenue	(\$4,790,640)	\$1,599,333		(\$6,389,973)
4082	Retail Services Revenues	(\$25,241)			(\$25,241)
4084	Service Transaction Requests (STR) Revenues	(\$141)			(\$141)
4090	Electric Services Incidental to Energy Sales	(\$43,810)			(\$43,810)
4105	Transmission Charges Revenue	\$0			\$0
4110	Transmission Services Revenue	\$0			\$0
4205	Interdepartmental Rents	\$0			\$0
4210	Rent from Electric Property	(\$7,198)			(\$7,198)
4215	Other Utility Operating Income	\$0			\$0
4220	Other Electric Revenues	(\$283,616)		(\$216,219)	(\$67,397)
4225	Late Payment Charges	(\$30,434)			(\$30,434)
4230	Sales of Water and Water Power	\$0			\$0
4235	Miscellaneous Service Revenues	(\$279,191)	\$279,191		(\$267,552)
4240	Provision for Rate Refunds	\$0			\$0
4245	Government Assistance Directly Credited to Income	\$0			\$0
4305	Regulatory Debits	\$0			\$0



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4310	Regulatory Credits	\$0		\$0
4315	Revenues from Electric Plant Leased to Others	\$0		\$0
4320	Expenses of Electric Plant Leased to Others	\$0		\$0
4325	Revenues from Merchandise, Jobbing, Etc.	\$0		\$0
4330	Costs and Expenses of Merchandising, Jobbing, Etc.	\$0		\$0
4335	Profits and Losses from Financial Instrument Hedges	\$0		\$0
4340	Profits and Losses from Financial Instrument Investments	\$0		\$0
4345	Gains from Disposition of Future Use Utility Plant	\$0		\$0
4350	Losses from Disposition of Future Use Utility Plant	\$0		\$0
4355	Gain on Disposition of Utility and Other Property	(\$12,068)		(\$12,068)
4360	Loss on Disposition of Utility and Other Property	\$0		\$0
4365	Gains from Disposition of Allowances for Emission	\$0		\$0
4370	Losses from Disposition of Allowances for Emission	\$0		\$0
4375	Revenues from Non-Utility Operations	\$0		\$0
4380	Expenses of Non-Utility Operations	\$0		\$0
4385	Non-Utility Rental Income	\$0		\$0
4390	Miscellaneous Non-Operating Income	(\$10,826)		(\$10,826)
4395	Rate-Payer Benefit Including Interest	\$0		\$0
4398	Foreign Exchange Gains and Losses, Including Amortization	\$0		\$0
4405	Interest and Dividend Income	(\$86,872)		(\$86,872)
4415	Equity in Earnings of Subsidiary Companies	\$0		\$0
4505	Operation Supervision and Engineering	\$0		\$0
4510	Fuel	\$0		\$0
4515	Steam Expense	\$0		\$0
4520	Steam From Other Sources	\$0		\$0
4525	Steam Transferred--Credit	\$0		\$0
4530	Electric Expense	\$0		\$0
4535	Water For Power	\$0		\$0
4540	Water Power Taxes	\$0		\$0
4545	Hydraulic Expenses	\$0		\$0
4550	Generation Expense	\$0		\$0
4555	Miscellaneous Power Generation Expenses	\$0		\$0
4560	Rents	\$0		\$0
4565	Allowances for Emissions	\$0		\$0
4605	Maintenance Supervision and Engineering	\$0		\$0
4610	Maintenance of Structures	\$0		\$0
4615	Maintenance of Boiler Plant	\$0		\$0
4620	Maintenance of Electric Plant	\$0		\$0
4625	Maintenance of Reservoirs, Dams and Waterways	\$0		\$0
4630	Maintenance of Water Wheels, Turbines and Generators	\$0		\$0
4635	Maintenance of Generating and Electric Plant	\$0		\$0
4640	Maintenance of Miscellaneous Power Generation Plant	\$0		\$0
4705	Power Purchased	\$20,948,863		\$20,948,863
4708	Charges-WMS	\$2,502,791		\$2,502,791
4710	Cost of Power Adjustments	\$68,905		\$68,905
4712	Charges-One-Time	\$0		\$0
4714	Charges-NW	\$2,053,444		\$2,053,444
4715	System Control and Load Dispatching	\$0		\$0
4716	Charges-CN	\$1,766,159		\$1,766,159
4720	Other Expenses	\$0		\$0
4725	Competition Transition Expense	\$0		\$0
4730	Rural Rate Assistance Expense	\$0		\$0
4805	Operation Supervision and Engineering	\$0		\$0
4810	Load Dispatching	\$0		\$0
4815	Station Buildings and Fixtures Expenses	\$0		\$0
4820	Transformer Station Equipment - Operating Labour	\$0		\$0
4825	Transformer Station Equipment - Operating Supplies and Expense	\$0		\$0
4830	Overhead Line Expenses	\$0		\$0
4835	Underground Line Expenses	\$0		\$0
4840	Transmission of Electricity by Others	\$0		\$0
4845	Miscellaneous Transmission Expense	\$0		\$0
4850	Rents	\$0		\$0
4905	Maintenance Supervision and Engineering	\$0		\$0
4910	Maintenance of Transformer Station Buildings and Fixtures	\$0		\$0
4916	Maintenance of Transformer Station Equipment	\$0		\$0
4930	Maintenance of Towers, Poles and Fixtures	\$0		\$0
4935	Maintenance of Overhead Conductors and Devices	\$0		\$0
4940	Maintenance of Overhead Lines - Right of Way	\$0		\$0
4945	Maintenance of Overhead Lines - Roads and Trails Repairs	\$0		\$0
4950	Maintenance of Overhead Lines - Snow Removal from Roads and Trails	\$0		\$0



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4960	Maintenance of Underground Lines	\$0			\$0
4965	Maintenance of Miscellaneous Transmission Plant	\$0			\$0
5005	Operation Supervision and Engineering	\$168,715			\$168,715
5010	Load Dispatching	\$87,416			\$87,416
5012	Station Buildings and Fixtures Expense	\$2,155			\$2,155
5014	Transformer Station Equipment - Operation Labour	\$0			\$0
5015	Transformer Station Equipment - Operation Supplies and Expenses	\$0			\$0
5016	Distribution Station Equipment - Operation Labour	\$37,338			\$37,338
5017	Distribution Station Equipment - Operation Supplies and Expenses	\$6,144			\$6,144
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$6,469			\$6,469
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$33,192			\$33,192
5030	Overhead Subtransmission Feeders - Operation	\$0			\$0
5035	Overhead Distribution Transformers - Operation	\$0	\$0		\$0
5040	Underground Distribution Lines and Feeders - Operation Labour	\$38,306			\$38,306
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$39,512			\$39,512
5050	Underground Subtransmission Feeders - Operation	\$0			\$0
5055	Underground Distribution Transformers - Operation	\$0	\$0		\$0
5060	Street Lighting and Signal System Expense	\$0			\$0
5065	Meter Expense	\$130,325		\$63,826	\$66,499
5070	Customer Premises - Operation Labour	\$0			\$0
5075	Customer Premises - Materials and Expenses	\$86		\$86	(\$0)
5085	Miscellaneous Distribution Expense	\$20,711			\$20,711
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0			\$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$3,790			\$3,790
5096	Other Rent	\$0			\$0
5105	Maintenance Supervision and Engineering	\$63,399			\$63,399
5110	Maintenance of Buildings and Fixtures - Distribution Stations	\$0			\$0
5112	Maintenance of Transformer Station Equipment	\$0			\$0
5114	Maintenance of Distribution Station Equipment	\$116			\$116
5120	Maintenance of Poles, Towers and Fixtures	\$10,344			\$10,344
5125	Maintenance of Overhead Conductors and Devices	\$49,282			\$49,282
5130	Maintenance of Overhead Services	\$73,294			\$73,294
5135	Overhead Distribution Lines and Feeders - Right of Way	\$41,011			\$41,011
5145	Maintenance of Underground Conduit	\$17,545			\$17,545
5150	Maintenance of Underground Conductors and Devices	\$17,086			\$17,086
5155	Maintenance of Underground Services	\$53,623			\$53,623
5160	Maintenance of Line Transformers	\$48,183	\$0		\$48,183
5165	Maintenance of Street Lighting and Signal Systems	\$0			\$0
5170	Sentinel Lights - Labour	\$0			\$0
5172	Sentinel Lights - Materials and Expenses	\$0			\$0
5175	Maintenance of Meters	\$1,887		\$1,498	\$389
5178	Customer Installations Expenses- Leased Property	\$0			\$0
5185	Water Heater Rentals - Labour	\$0			\$0
5186	Water Heater Rentals - Materials and Expenses	\$0			\$0
5190	Water Heater Controls - Labour	\$0			\$0
5192	Water Heater Controls - Materials and Expenses	\$0			\$0
5195	Maintenance of Other Installations on Customer Premises	\$0			\$0
5205	Purchase of Transmission and System Services	\$0			\$0
5210	Transmission Charges	\$0			\$0
5215	Transmission Charges Recovered	\$0			\$0
5305	Supervision	\$77,995			\$77,995
5310	Meter Reading Expense	\$117,867		\$18,470	\$99,397
5315	Customer Billing	\$249,488		\$66,033	\$183,455
5320	Collecting	\$184,108		\$30,839	\$153,269
5325	Collecting- Cash Over and Short	\$39			\$39
5330	Collection Charges	\$0			\$0
5335	Bad Debt Expense	\$1,659			\$1,659
5340	Miscellaneous Customer Accounts Expenses	\$2,306			\$2,306
5405	Supervision	\$0			\$0
5410	Community Relations - Sundry	\$5,162			\$5,162
5415	Energy Conservation	\$2,211			\$2,211
5420	Community Safety Program	\$498			\$498
5425	Miscellaneous Customer Service and Informational Expenses	\$335			\$335
5505	Supervision	\$0			\$0
5510	Demonstrating and Selling Expense	\$0			\$0



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**  
**EB-2005-0436 EB-2007-0001**  
**January 19, 2006**  
**Sheet 13 Trial Balance Data - Second Run**

5515	Advertising Expense	\$0			\$0
5520	Miscellaneous Sales Expense	\$0			\$0
5605	Executive Salaries and Expenses	\$309,331			\$309,331
5610	Management Salaries and Expenses	\$73,992			\$73,992
5615	General Administrative Salaries and Expenses	\$374,009			\$374,009
5620	Office Supplies and Expenses	\$65,319			\$65,319
5625	Administrative Expense Transferred Credit	\$0			\$0
5630	Outside Services Employed	\$87,596			\$87,596
5635	Property Insurance	\$34,370			\$34,370
5640	Injuries and Damages	\$52,163			\$52,163
5645	Employee Pensions and Benefits	\$11,096			\$11,096
5650	Franchise Requirements	\$0			\$0
5655	Regulatory Expenses	\$55,765			\$55,765
5660	General Advertising Expenses	\$0			\$0
5665	Miscellaneous General Expenses	\$100,374	\$0		\$100,374
5670	Rent	\$0			\$0
5675	Maintenance of General Plant	\$149,722			\$149,722
5680	Electrical Safety Authority Fees	\$0			\$0
5685	Independent Market Operator Fees and Penalties	\$0			\$0
5705	Amortization Expense - Property, Plant, and Equipment	\$1,480,767		\$206,832	\$1,273,935
5710	Amortization of Limited Term Electric Plant	\$0			\$0
5715	Amortization of Intangibles and Other Electric Plant	\$0			\$0
5720	Amortization of Electric Plant Acquisition Adjustments	\$0			\$0
5725	Miscellaneous Amortization	\$0			\$0
5730	Amortization of Unrecovered Plant and Regulatory Study Costs	\$0			\$0
5735	Amortization of Deferred Development Costs	\$0			\$0
5740	Amortization of Deferred Charges	\$0			\$0
6005	Interest on Long Term Debt	\$0	\$0	\$67,069	\$671,428
6010	Amortization of Debt Discount and Expense	\$0			\$0
6015	Amortization of Premium on Debt Credit	\$0			\$0
6020	Amortization of Loss on Reacquired Debt	\$0			\$0
6025	Amortization of Gain on Reacquired Debt--Credit	\$0			\$0
6030	Interest on Debt to Associated Companies	\$0			\$0
6035	Other Interest Expense	\$0			\$0
6040	Allowance for Borrowed Funds Used During Construction--Credit	\$0			\$0
6042	Allowance For Other Funds Used During Construction	\$0			\$0
6045	Interest Expense on Capital Lease Obligations	\$0			\$0
6105	Taxes Other Than Income Taxes	\$125,256			\$125,256
6110	Income Taxes	\$0	\$0	\$83,924	\$840,166
6115	Provision for Future Income Taxes	\$0			\$0
6205	Donations	\$0			\$0
6210	Life Insurance	\$0			\$0
6215	Penalties	\$0			\$0
6225	Other Deductions	\$0			\$0
6305	Extraordinary Income	\$0			\$0
6310	Extraordinary Deductions	\$0			\$0
6315	Income Taxes, Extraordinary Items	\$0			\$0
6405	Discontinues Operations - Income/ Gains	\$0			\$0
6410	Discontinued Operations - Deductions/ Losses	\$0			\$0
6415	Income Taxes, Discontinued Operations	\$0			\$0

\$0

↑  
**Reclassification Equals to Zero.**  
**O.K. to Proceed.**

<b>Asset Accounts Directly Allocated</b>	<b>\$1,657,466</b>
<b>Income Statement Accounts Directly Allocated</b>	<b>\$322,358</b>



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**  
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**January 19, 2006**  
**Sheet 13 Trial Balance Data - Second Run**

Grouped Accounts as per 2006 EDR	Financial Statement (EDR Sheet 2.4, Reclassified Balance Column P)	
Land and Buildings	\$221,302	\$221,302
TS Primary Above 50	\$0	\$0
DS	\$521,895	\$521,895
Poles, Wires	\$13,001,631	\$13,001,631
Line Transformers	\$3,025,559	\$3,025,559
Services and Meters	\$3,830,685	\$1,497,228
General Plant	\$412,966	\$412,966
Equipment	\$1,339,782	\$1,339,782
IT Assets	\$1,005,382	\$1,005,382
CDM Expenditures and Recoveries	\$278	\$278
Other Distribution Assets	\$49,665	\$49,665
Contributions and Grants	(\$615,802)	(\$615,802)
Accumulated Amortization	(\$5,487,012)	(\$4,811,022)
Non-Distribution Asset	\$0	\$0
Unclassified Asset	\$0	\$0
Liability	\$0	\$0
Equity	\$0	(\$894,442)
Sales of Electricity	(\$27,290,698)	(\$27,290,698)
Distribution Services Revenue	(\$4,790,640)	(\$6,389,973)
Late Payment Charges	(\$30,434)	(\$30,434)
Specific Service Charges	(\$279,191)	(\$267,552)
Other Distribution Revenue	(\$360,006)	(\$143,787)
Other Revenue - Unclassified	\$0	\$0
Other Income & Deductions	(\$109,766)	(\$109,766)
Power Supply Expenses (Working Capital)	\$27,340,162	\$27,340,162
Other Power Supply Expenses	\$0	\$0
Operation (Working Capital)	\$574,159	\$510,247
Maintenance (Working Capital)	\$375,770	\$374,272
Billing and Collection (Working Capital)	\$631,802	\$516,460
Community Relations (Working Capital)	\$5,996	\$5,996
Community Relations - CDM (Working Capital)	\$2,211	\$2,211
Administrative and General Expenses (Working Capital)	\$1,279,367	\$1,279,367
Insurance Expense (Working Capital)	\$34,370	\$34,370
Bad Debt Expense (Working Capital)	\$1,659	\$1,659
Advertising Expenses	\$0	\$0
Charitable Contributions	\$0	\$0
Amortization of Assets	\$1,480,767	\$1,273,935
Other Amortization - Unclassified	\$0	\$0
Interest Expense - Unclassified	\$0	\$671,428
Income Tax Expense - Unclassified	\$0	\$840,166
Other Distribution Expenses	\$125,256	\$125,256
Non-Distribution Expenses	\$0	\$0
Unclassified Expenses	\$0	\$0
<b>Total</b>	<b>\$16,297,115</b>	<b>\$13,497,742</b>



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**

**EB-2005-0436 EB-2007-0001**  
**January 19, 2006**

**Sheet 14 Break Out Worksheet - Second Run**

**Instructions:**  
 This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.

Enter Net Fixed Assets from approved EDR, **\$17,306,331**

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS									EXPENSE ITEMS			
		Break out Functions	BREAK OUT (%)	BREAK OUT (\$)	After BO	Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Asset net of Accumulated Depreciation and Contributed Capital	5705 Amortization Expense - Property, Plant, and Equipment	5710 Amortization of Limited Term Electric Plant	5715 Amortization of Intangibles and Other Electric Plant	5720 Amortization of Electric Plant Acquisition Adjustments
1565	Conservation and Demand Management	\$278		-	278					278				
1805	Land	\$21,836		(\$21,836)	-									
1805-1	Land Station >50 kV			\$0	-					-				
1805-2	Land Station <50 kV		100.00%	\$21,836	21,836					21,836	\$-			
1806	Land Rights	\$0		\$0	-									
1806-1	Land Rights Station >50 kV			\$0	-					-				
1806-2	Land Rights Station <50 kV		100.00%	\$0	-					-				
1808	Buildings and Fixtures	\$181,937		(\$181,937)	-									
1808-1	Buildings and Fixtures > 50 kV			\$0	-					-				
1808-2	Buildings and Fixtures < 50 kV		100.00%	\$181,937	181,937					156,076	\$ 7,241			
1810	Leasehold Improvements	\$0		\$0	-									
1810-1	Leasehold Improvements >50 kV			\$0	-					-				
1810-2	Leasehold Improvements <50 kV		100.00%	\$0	-					-				
1815	Transformer Station Equipment - Normally Primary above 50 kV	\$0		\$0	-					-				
1820	Distribution Station Equipment - Normally Primary below 50 kV	\$521,895		(\$521,895)	-					-				
1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)			\$0	-					-				
1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)		100.00%	\$521,895	521,895					402,569	\$ 32,437			
1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)		0.00%	\$0	-					-				
1825	Storage Battery Equipment	\$0		\$0	-									
1825-1	Storage Battery Equipment > 50 kV			\$0	-					-				
1825-2	Storage Battery Equipment <50 kV		100.00%	\$0	-					-				
1830	Poles, Towers and Fixtures	\$5,279,586		(\$5,279,586)	-									
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery			\$0	-					-				
1830-4	Poles, Towers and Fixtures - Primary		82.99%	\$4,381,529	4,381,529					3,511,766	\$ 248,207			
1830-5	Poles, Towers and Fixtures - Secondary		17.01%	\$898,058	898,058					719,787	\$ 50,874			
1835	Overhead Conductors and Devices	\$2,882,718		(\$2,882,718)	-									
1835-3	Overhead Conductors and Devices Subtransmission Bulk Delivery			\$0	-					-				
1835-4	Overhead Conductors and Devices Primary		66.35%	\$1,912,597	1,912,597					1,576,343	\$ 101,508			
1835-5	Overhead Conductors and Devices Secondary		33.65%	\$970,120	970,120					799,563	\$ 51,488			



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**

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**Sheet I4 Break Out Worksheet - Second Run**

**Instructions:**

This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.

Enter Net Fixed Assets from approved EDR, **\$17,306,331**

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS								EXPENSE ITEMS				
		Break out Functions	BREAK OUT (%)	BREAK OUT (\$)	After BO	Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Asset net of Accumulated Depreciation and Contributed Capital	5705 Amortization Expense - Property, Plant, and Equipment	5710 Amortization of Limited Term Electric Plant	5715 Amortization of Intangibles and Other Electric Plant	5720 Amortization of Electric Plant Acquisition Adjustments
1840	Underground Conduit	\$1,886,327		(\$1,886,327)	-									
1840-3	Underground Conduit - Bulk Delivery			\$0	-					-				
1840-4	Underground Conduit - Primary		59.62%	\$1,124,617	1,124,617	(\$76,365)	\$ (219,135)			829,117	\$ 64,028			
1840-5	Underground Conduit - Secondary		40.38%	\$761,711	761,711	(\$51,722)	\$ (148,422)			561,567	\$ 43,367			
1845	Underground Conductors and Devices	\$2,952,999		(\$2,952,999)	-									
1845-3	Underground Conductors and Devices - Bulk Delivery			\$0	-					-				
1845-4	Underground Conductors and Devices - Primary		59.62%	\$1,760,559	1,760,559	(\$65,718)	\$ (393,610)			1,301,232	\$ 112,072			
1845-5	Underground Conductors and Devices - Secondary		40.38%	\$1,192,440	1,192,440	(\$44,511)	\$ (266,595)			881,334	\$ 75,907			
1850	Line Transformers	\$3,025,559		\$0	3,025,559	(\$232,773)	\$ (503,902)			2,288,884	\$ 153,580			
1855	Services	\$616,419		\$0	616,419	(\$144,713)	\$ (49,703)			422,002	\$ 27,236			
1860	Meters	\$880,809		\$0	880,809	\$ (209,448)	\$ (209,448)			671,361	\$ 54,387			
<b>Total</b>		<b>\$18,250,364</b>		<b>\$0</b>	<b>\$18,250,364</b>	<b>(\$615,802)</b>	<b>\$0</b>	<b>(\$3,490,847)</b>	<b>\$0</b>	<b>14,143,715</b>	<b>\$1,022,332</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUB TOTAL from I3</b>		<b>\$18,250,364</b>									<b>5705</b>	<b>5710</b>	<b>5715</b>	<b>5720</b>



**2006 COST ALLOCATION INFORMATION FILING**  
**Woodstock Hydro Services Inc.**

**EB-2005-0436 EB-2007-0001**  
**January 19, 2006**

**Sheet I4 Break Out Worksheet - Second Run**

**Instructions:**  
 This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.

Enter Net Fixed Assets from approved EDR, **\$17,306,331**

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS									EXPENSE ITEMS			
		Break out Functions	BREAK OUT (%)	BREAK OUT (\$)	After BO	Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Asset net of Accumulated Depreciation and Contributed Capital	5705	5710	5715	5720
General Plant	Description	Break out Functions			Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Net Asset	Amortization Expense - Property, Plant, and Equipment	Amortization of Limited Term Electric Plant	Amortization of Intangibles and Other Electric Plant	Amortization of Electric Plant Acquisition Adjustments	
1905	Land	\$17,530			17,530		\$ -		\$ 17,530					
1906	Land Rights	\$0			-				\$ -					
1908	Buildings and Fixtures	\$412,966			412,966		\$ (56,094)		\$ 356,872	\$17,016				
1910	Leasehold Improvements	\$0			-				\$ -					
1915	Office Furniture and Equipment	\$116,123			116,123		\$ (62,200)		\$ 53,923	18,832				
1920	Computer Equipment - Hardware	\$460,406			460,406		\$ (234,460)		\$ 225,946	89,557				
1925	Computer Software	\$544,976			544,976		\$ (389,871)		\$ 155,105	89,951				
1930	Transportation Equipment	\$947,660			947,660		\$ (431,328)		\$ 516,332					
1935	Stores Equipment	\$23,354			23,354		\$ (11,757)		\$ 11,598					
1940	Tools, Shop and Garage Equipment	\$175,061			175,061		\$ (77,781)		\$ 97,280	22,192				
1945	Measurement and Testing Equipment	\$72,851			72,851		\$ (42,346)		\$ 30,505	10,194				
1950	Power Operated Equipment	\$0			-				\$ -					
1955	Communication Equipment	\$4,248			4,248		\$ (1,167)		\$ 3,080	561				
1960	Miscellaneous Equipment	\$485			485		\$ (194)		\$ 291	53				
1970	Load Management Controls - Customer Premises	\$0			-				\$ -					
1975	Load Management Controls - Utility Premises	\$0			-				\$ -					
1980	System Supervisory Equipment	\$49,665			49,665		\$ (12,977)		\$ 36,687	3,248				
1990	Other Tangible Property	\$0			-				\$ -					
2005	Property Under Capital Leases	\$0			-				\$ -					
2010	Electric Plant Purchased or Sold	\$0			-				\$ -					
<b>Total</b>		<b>\$2,825,324</b>			<b>\$0</b>	<b>\$2,825,324</b>	<b>\$0</b>	<b>(\$1,320,175)</b>	<b>\$0</b>	<b>\$1,505,150</b>	<b>\$251,603</b>	<b>\$0</b>	<b>\$0</b>	
SUB TOTAL from I3		\$2,825,324												
I3 Directly Allocated		\$1,657,466												
<b>Grand Total</b>		<b>\$22,733,154</b>			<b>\$0</b>	<b>\$21,075,688</b>	<b>(\$615,802)</b>	<b>(\$4,811,022)</b>	<b>\$0</b>	<b>\$15,648,864</b>	<b>\$1,273,935</b>	<b>\$0</b>	<b>\$0</b>	





2006 COST ALLOCATION INFORMATION FILING

**Woodstock Hydro Services Inc.**

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**January 19, 2006**

**Sheet 15 Miscellaneous Data Worksheet - Second Run**

kMs of Roads in Service Area Where  
Distribution Lines Exist

256

Deemed Equity Component  
of Rate Base (%)

50%

1	2	3	6	7	9
Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
11.42	21.83	296.53	13,944.58	0.88	10.78

**Instructions (Cont'd):**

**Step 3:** Insert Approved Monthly Service Charge (Please refer to Approved EDR Sheet 8-5 column W)

**Step 4:** Insert Smart Meter Adder Included in Approved Monthly Service Charge (Please refer to Approved EDR Sheet 8-5 column T)

0.27	0.27	0.27	0.27		
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2006 COST ALLOCATION INFORMATION FILING

Woodstock Hydro Services Inc.

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January 19, 2006

Sheet I6 Customer Data Worksheet - Second Run

Total kWhs	411,951,461
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Total kW	628,933
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Total Approved Distribution Revenue (\$)	\$6,389,972
------------------------------------------	-------------

Billing Data	ID	Total	1	2	3	6	7	9
			Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
kWh from approved EDR model, Sheet 7-1, Col M	CEN	411,951,461	108,527,558	44,893,162	227,143,673	28,846,226	2,457,218	83,624
kW from approved EDR model, Sheet 7-1, Col S	CDEM	628,933			551,895	70,401	6,637	
kW, included in CDEM, from customers with line transformer allowance from approved EDR model, Sheet 6-3, Col P		475,376			404,976	70,401		
Optional - kWh, included in CEN, from customers that receive a line transformation allowance on a kWh basis. In most cases this will not be applicable and will be left blank.		-						
KWh excluding KWh from Wholesale Market Participants	CEN EWMP	411,951,461	108,527,558	44,893,162	227,143,673	28,846,226	2,457,218	83,624
kWh - 30 year weather normalized amount		398,867,648	102,404,901	43,803,618	222,870,523	26,435,854	2,416,664	936,090
Approved Distribution Rev from approved EDR, Sheet 7-1, Col AK + Sheet 7-3 Col H	CREV	\$6,389,973	3,777,649	853,586	1,385,393	301,514	63,639	8,192
Bad Debt 3 Year Historical Average from Approved EDR Model	BDHA	\$40,283	\$8,437	\$4,890	\$26,955	\$0	\$0	\$0
Late Payment 3 Year Historical Average	LPHA	\$31,489	\$17,657	\$7,284	\$6,320			\$227

			1	2	3	6	7	9
	ID	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
Weighting Factor - Services			1.0	2.0	10.0	30.0	1.0	1.0
Weighting Factor - Billings			1.0	2.0	7.0	15.0	1.0	1.0
Number of Bills	CNB	140,460	124,404	13,380	2,100	12	36	528
Number of Connections (Unmetered)	CCON	2,311					2,160	151
Total Number of Customer from Approved EDR, Sheet 7-1, Col H excluding connections	CCA	13,948	12,633	1,139	175	1		
Bulk Customer Base	CCB	-						
Primary Customer Base	CCP	13,948	12,633	1,139	175	1		
Line Transformer Customer Base	CCLT	13,882	12,633	1,135	114			
Secondary Customer Base	CCS	12,633	12,633					
Weighted - Services	CWCS	14,944	12,633	-	-	-	2,160	151
Weighted Meter -Capital	CWMC	1,857,835	518,350	888,685	440,800	10,000	-	-
Weighted Meter Reading	CWMR	197,900	137,058	43,179	17,075	588	-	-
Weighted Bills	CWNB	166,608	124,404	26,760	14,700	180	36	528
<b>Data Mismatch Analysis</b>								
Revenue with 30 year weather normalized kWh		6,187,340	3,564,530	832,870	1,359,330	276,320	62,589	91,701

**Weather Normalized Data from**

	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
kWh - 30 year weather normalized amount	415,637,967	106,910,716	45,730,977	232,676,826	26,819,174	2,522,997	977,277
2006 EDR Distribution Loss Factor		1.0440	1.0440	1.0440	1.0145	1.0440	1.0440

**Bad Debt Data from EDR 2006**

Sheet ADJ5 rows 26 - 32, column E	12,846	8,841	4,005				
Sheet ADJ5 rows 26 - 32, column F	106,343	14,898	10,579	80,866			
Sheet ADJ5 rows 26 - 32, column G	1,659	1,572	87				
Three-year average	40,283	8,437	4,890	26,955	-	-	-



2006 COST ALLOCATION INFORMATION FILING

Woodstock Hydro Services Inc.

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January 19, 2006

Sheet 01 Revenue to Cost Summary Worksheet - Second Run

Class Revenue, Cost Analysis, and Return on Rate Base

		1	2	3	6	7	9	
		Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Rate Base</b>								
<b>Assets</b>								
<b>crev</b>	Distribution Revenue (sale)	\$6,389,973	\$3,777,649	\$853,586	\$1,385,393	\$301,514	\$63,639	\$8,192
<b>mi</b>	Miscellaneous Revenue (mi)	\$551,539	\$375,393	\$84,052	\$74,942	\$5,345	\$9,702	\$2,105
	Directly Allocated Miscellaneous Revenue	\$216,219	\$214,290	\$1,929	\$0	\$0	\$0	\$0
	<b>Total Revenue</b>	<b>\$7,157,732</b>	<b>\$4,367,333</b>	<b>\$939,567</b>	<b>\$1,460,335</b>	<b>\$306,859</b>	<b>\$73,341</b>	<b>\$10,297</b>
	<b>Expenses</b>							
<b>di</b>	Distribution Costs (di)	\$817,632	\$509,543	\$74,714	\$154,524	\$20,997	\$53,524	\$4,329
<b>cu</b>	Customer Related Costs (cu)	\$585,007	\$399,264	\$120,871	\$62,354	\$1,106	\$90	\$1,322
<b>ad</b>	General and Administration (ad)	\$1,447,200	\$926,913	\$199,358	\$232,852	\$24,585	\$57,594	\$5,898
<b>dep</b>	Depreciation and Amortization (dep)	\$1,273,935	\$739,392	\$158,940	\$269,304	\$34,363	\$66,302	\$5,635
<b>INPUT</b>	PILs (INPUT)	\$840,166	\$487,095	\$104,474	\$178,285	\$22,702	\$43,882	\$3,728
<b>INT</b>	Interest	\$671,428	\$389,267	\$83,492	\$142,478	\$18,142	\$35,069	\$2,979
	<b>Total Expenses</b>	<b>\$5,635,367</b>	<b>\$3,451,474</b>	<b>\$741,849</b>	<b>\$1,039,797</b>	<b>\$121,895</b>	<b>\$256,462</b>	<b>\$23,891</b>
	<b>Direct Allocation</b>	<b>\$627,923</b>	<b>\$622,321</b>	<b>\$5,602</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>NI</b>	Allocated Net Income (NI)	\$894,442	\$518,562	\$111,223	\$189,802	\$24,168	\$46,717	\$3,969
	<b>Revenue Requirement (includes NI)</b>	<b>\$7,157,732</b>	<b>\$4,592,356</b>	<b>\$858,674</b>	<b>\$1,229,600</b>	<b>\$146,063</b>	<b>\$303,179</b>	<b>\$27,860</b>
Revenue Requirement Input equals Output								
	<b>Rate Base Calculation</b>							
	<b>Net Assets</b>							
<b>dp</b>	Distribution Plant - Gross	\$18,250,364	\$10,620,398	\$2,272,764	\$3,830,158	\$485,431	\$960,173	\$81,439
<b>gp</b>	General Plant - Gross	\$2,825,324	\$1,650,091	\$349,342	\$588,447	\$74,421	\$150,303	\$12,721
<b>accum dep</b>	Accumulated Depreciation	(\$4,811,022)	(\$2,771,341)	(\$611,034)	(\$1,031,066)	(\$131,429)	(\$245,221)	(\$20,931)
<b>co</b>	Capital Contribution	(\$615,802)	(\$420,121)	(\$66,204)	(\$72,728)	(\$6,609)	(\$46,451)	(\$3,690)
	<b>Total Net Plant</b>	<b>\$15,648,864</b>	<b>\$9,079,027</b>	<b>\$1,944,868</b>	<b>\$3,314,811</b>	<b>\$421,814</b>	<b>\$818,804</b>	<b>\$69,540</b>
	<b>Directly Allocated Net Fixed Assets</b>	<b>\$1,657,466</b>	<b>\$1,642,678</b>	<b>\$14,788</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>



2006 COST ALLOCATION INFORMATION FILING

**Woodstock Hydro Services Inc.**

**EB-2005-0436 EB-2007-0001**

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**Sheet 01 Revenue to Cost Summary Worksheet - Second Run**

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets	Total	1	2	3	6	7	9
		Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>COP</b> Cost of Power (COP)	\$27,340,162	\$7,202,696	\$2,979,444	\$15,074,943	\$1,914,450	\$163,079	\$5,550
OM&A Expenses	\$2,849,838	\$1,835,720	\$394,943	\$449,730	\$46,689	\$111,208	\$11,548
Directly Allocated Expenses	\$180,752	\$179,139	\$1,613	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$30,370,753</b>	<b>\$9,217,555</b>	<b>\$3,376,000</b>	<b>\$15,524,673</b>	<b>\$1,961,139</b>	<b>\$274,287</b>	<b>\$17,098</b>
Working Capital	\$4,555,613	\$1,382,633	\$506,400	\$2,328,701	\$294,171	\$41,143	\$2,565
<b>Total Rate Base</b>	<b>\$21,861,943</b>	<b>\$12,104,339</b>	<b>\$2,466,056</b>	<b>\$5,643,512</b>	<b>\$715,984</b>	<b>\$859,947</b>	<b>\$72,104</b>
<b>Rate Base Input equals Output</b>							
Equity Component of Rate Base	\$10,930,972	\$6,052,169	\$1,233,028	\$2,821,756	\$357,992	\$429,974	\$36,052
Net Income on Allocated Assets	\$894,442	\$293,538	\$192,116	\$420,537	\$184,964	(\$183,121)	(\$13,594)
Net Income on Direct Allocation Assets	\$89,346	\$88,549	\$797	\$0	\$0	\$0	\$0
<b>Net Income</b>	<b>\$983,788</b>	<b>\$382,087</b>	<b>\$192,914</b>	<b>\$420,537</b>	<b>\$184,964</b>	<b>(\$183,121)</b>	<b>(\$13,594)</b>
<b>RATIOS ANALYSIS</b>							
REVENUE TO EXPENSES %	100.00%	95.10%	109.42%	118.77%	210.09%	24.19%	36.96%
EXISTING REVENUE MINUS ALLOCATED COSTS	\$0	(\$225,024)	\$80,893	\$230,735	\$160,796	(\$229,838)	(\$17,563)
RETURN ON EQUITY COMPONENT OF RATE BASE	9.00%	6.31%	15.65%	14.90%	51.67%	-42.59%	-37.71%



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**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

Output sheet showing minimum and maximum level for Monthly Fixed Charge

**Summary**

	1	2	3	6	7	9
	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
Customer Unit Cost per month - Avoided Cost	\$2.08	\$11.73	\$31.26	-\$1.98	-\$0.13	\$0.18
Customer Unit Cost per month - Directly Related	\$4.41	\$20.57	\$61.50	\$102.53	-\$0.13	\$0.80
Customer Unit Cost per month - Minimum System with PLCC Adjustment	\$13.13	\$25.23	\$63.83	\$98.48	\$11.55	\$9.58
Fixed Charge per approved 2006 EDR	\$11.42	\$21.83	\$296.53	\$13,944.58	\$0.88	\$10.78

**Information to be Used to Allocate PILs, ROD, ROE and A&G**

	Total	1 Residential	2 GS <50	3 GS 50 to 4,999 kW	6 Large Use	7 Street Lighting	9 Unmetered Scattered Load
General Plant - Gross Assets	\$2,825,324	\$1,650,091	\$349,342	\$588,447	\$74,421	\$150,303	\$12,721
General Plant - Accumulated Depreciation	(\$1,320,175)	(\$771,029)	(\$163,235)	(\$274,961)	(\$34,774)	(\$70,231)	(\$5,944)
General Plant - Net Fixed Assets	\$1,505,150	\$879,061	\$186,107	\$313,486	\$39,647	\$80,072	\$6,777
General Plant - Depreciation	\$251,603	\$146,945	\$31,110	\$52,403	\$6,627	\$13,385	\$1,133
<b>Total Net Fixed Assets Excluding General Plant</b>	<b>\$14,143,715</b>	<b>\$8,199,966</b>	<b>\$1,758,761</b>	<b>\$3,001,325</b>	<b>\$382,167</b>	<b>\$738,733</b>	<b>\$62,763</b>
<b>Total Administration and General Expense</b>	<b>\$1,447,200</b>	<b>\$926,913</b>	<b>\$199,358</b>	<b>\$232,852</b>	<b>\$24,585</b>	<b>\$57,594</b>	<b>\$5,898</b>
<b>Total O&amp;M</b>	<b>\$1,402,639</b>	<b>\$908,807</b>	<b>\$195,585</b>	<b>\$216,879</b>	<b>\$22,103</b>	<b>\$53,614</b>	<b>\$5,650</b>

**Scenario 1**

*Accounts included in Avoided Costs Plus General Administration Allocation*

USoA Account #	Accounts	Total	1 Residential	2 GS <50	3 GS 50 to 4,999 kW	6 Large Use	7 Street Lighting	9 Unmetered Scattered Load
	<u>Distribution Plant</u>							



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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

1860	Meters	\$880,809	\$245,752	\$421,330	\$208,986	\$4,741	\$0	\$0
<b>Accumulated Amortization</b>								
	Accum. Amortization of Electric Utility Plant - Meters only	(\$209,448)	(\$58,438)	(\$100,188)	(\$49,695)	(\$1,127)	\$0	\$0
	<b>Meter Net Fixed Assets</b>	<b>\$671,361</b>	<b>\$187,315</b>	<b>\$321,142</b>	<b>\$159,291</b>	<b>\$3,614</b>	<b>\$0</b>	<b>\$0</b>
<b>Misc Revenue</b>								
4082	Retail Services Revenues	(\$25,241)	(\$18,847)	(\$4,054)	(\$2,227)	(\$27)	(\$5)	(\$80)
4084	Service Transaction Requests (STR) Revenues	(\$141)	(\$105)	(\$23)	(\$12)	(\$0)	(\$0)	(\$0)
4090	Electric Services Incidental to Energy Sales	(\$43,810)	(\$32,712)	(\$7,037)	(\$3,865)	(\$47)	(\$9)	(\$139)
4220	Other Electric Revenues	(\$67,397)	(\$39,074)	(\$8,381)	(\$14,302)	(\$1,821)	(\$3,520)	(\$299)
4225	Late Payment Charges	(\$30,434)	(\$17,066)	(\$7,040)	(\$6,108)	\$0	\$0	(\$220)
	<b>Sub-total</b>	<b>(\$167,023)</b>	<b>(\$107,805)</b>	<b>(\$26,535)</b>	<b>(\$26,515)</b>	<b>(\$1,896)</b>	<b>(\$3,535)</b>	<b>(\$738)</b>
<b>Operation</b>								
5065	Meter Expense	\$66,499	\$18,554	\$31,809	\$15,778	\$358	\$0	\$0
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5075	Customer Premises - Materials and Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	<b>Sub-total</b>	<b>\$66,498</b>	<b>\$18,553</b>	<b>\$31,809</b>	<b>\$15,778</b>	<b>\$358</b>	<b>(\$0)</b>	<b>(\$0)</b>
<b>Maintenance</b>								
5175	Maintenance of Meters	\$389	\$108	\$186	\$92	\$2	\$0	\$0
<b>Billing and Collection</b>								
5310	Meter Reading Expense	\$99,397	\$68,838	\$21,687	\$8,576	\$295	\$0	\$0
5315	Customer Billing	\$183,455	\$136,983	\$29,466	\$16,186	\$198	\$40	\$581
5320	Collecting	\$153,269	\$114,444	\$24,617	\$13,523	\$166	\$33	\$486
5325	Collecting- Cash Over and Short	\$39	\$29	\$6	\$3	\$0	\$0	\$0
5330	Collection Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Sub-total</b>	<b>\$436,159</b>	<b>\$320,294</b>	<b>\$75,777</b>	<b>\$38,289</b>	<b>\$659</b>	<b>\$73</b>	<b>\$1,067</b>
	<b>Total Operation, Maintenance and Billing</b>	<b>\$503,046</b>	<b>\$338,956</b>	<b>\$107,772</b>	<b>\$54,159</b>	<b>\$1,019</b>	<b>\$73</b>	<b>\$1,067</b>
	<b>Amortization Expense - Meters</b>	<b>\$54,387</b>	<b>\$15,174</b>	<b>\$26,016</b>	<b>\$12,904</b>	<b>\$293</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated PILs</b>	<b>\$36,062</b>	<b>\$10,050</b>	<b>\$17,251</b>	<b>\$8,567</b>	<b>\$194</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated Debt Return</b>	<b>\$28,820</b>	<b>\$8,031</b>	<b>\$13,786</b>	<b>\$6,847</b>	<b>\$155</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated Equity Return</b>	<b>\$38,392</b>	<b>\$10,699</b>	<b>\$18,365</b>	<b>\$9,121</b>	<b>\$207</b>	<b>\$0</b>	<b>\$0</b>
	<b>Total</b>	<b>\$493,684</b>	<b>\$275,105</b>	<b>\$156,656</b>	<b>\$65,083</b>	<b>(\$27)</b>	<b>(\$3,462)</b>	<b>\$329</b>

**Scenario 2**

*Accounts included in Directly Related Customer Costs Plus General Administration Allocation*



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**Woodstock Hydro Services Inc.**

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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

USoA Account #	Accounts	Total	1	2	3	6	7	9
			Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>								
1860	Meters	\$880,809	\$245,752	\$421,330	\$208,986	\$4,741	\$0	\$0
<b>Accumulated Amortization</b>								
	Accum. Amortization of Electric Utility Plant - Meters only	(\$209,448)	(\$58,438)	(\$100,188)	(\$49,695)	(\$1,127)	\$0	\$0
	<b>Meter Net Fixed Assets</b>	<b>\$671,361</b>	<b>\$187,315</b>	<b>\$321,142</b>	<b>\$159,291</b>	<b>\$3,614</b>	<b>\$0</b>	<b>\$0</b>
	<b>Allocated General Plant Net Fixed Assets</b>	<b>\$71,076</b>	<b>\$20,081</b>	<b>\$33,982</b>	<b>\$16,638</b>	<b>\$375</b>	<b>\$0</b>	<b>\$0</b>
	<b>Meter Net Fixed Assets Including General Plant</b>	<b>\$742,437</b>	<b>\$207,396</b>	<b>\$355,124</b>	<b>\$175,929</b>	<b>\$3,989</b>	<b>\$0</b>	<b>\$0</b>
<b>Misc Revenue</b>								
4082	Retail Services Revenues	(\$25,241)	(\$18,847)	(\$4,054)	(\$2,227)	(\$27)	(\$5)	(\$80)
4084	Service Transaction Requests (STR) Revenues	(\$141)	(\$105)	(\$23)	(\$12)	(\$0)	(\$0)	(\$0)
4090	Electric Services Incidental to Energy Sales	(\$43,810)	(\$32,712)	(\$7,037)	(\$3,865)	(\$47)	(\$9)	(\$139)
4220	Other Electric Revenues	(\$67,397)	(\$39,074)	(\$8,381)	(\$14,302)	(\$1,821)	(\$3,520)	(\$299)
4225	Late Payment Charges	(\$30,434)	(\$17,066)	(\$7,040)	(\$6,108)	\$0	\$0	(\$220)
	<b>Sub-total</b>	<b>(\$167,023)</b>	<b>(\$107,805)</b>	<b>(\$26,535)</b>	<b>(\$26,515)</b>	<b>(\$1,896)</b>	<b>(\$3,535)</b>	<b>(\$738)</b>
<b>Operation</b>								
5065	Meter Expense	\$66,499	\$18,554	\$31,809	\$15,778	\$358	\$0	\$0
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5075	Customer Premises - Materials and Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
	<b>Sub-total</b>	<b>\$66,498</b>	<b>\$18,553</b>	<b>\$31,809</b>	<b>\$15,778</b>	<b>\$358</b>	<b>(\$0)</b>	<b>(\$0)</b>
<b>Maintenance</b>								
5175	Maintenance of Meters	\$389	\$108	\$186	\$92	\$2	\$0	\$0
<b>Billing and Collection</b>								
5310	Meter Reading Expense	\$99,397	\$68,838	\$21,687	\$8,576	\$295	\$0	\$0
5315	Customer Billing	\$183,455	\$136,983	\$29,466	\$16,186	\$198	\$40	\$581
5320	Collecting	\$153,269	\$114,444	\$24,617	\$13,523	\$166	\$33	\$486
5325	Collecting- Cash Over and Short	\$39	\$29	\$6	\$3	\$0	\$0	\$0
5330	Collection Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	<b>Sub-total</b>	<b>\$436,159</b>	<b>\$320,294</b>	<b>\$75,777</b>	<b>\$38,289</b>	<b>\$659</b>	<b>\$73</b>	<b>\$1,067</b>
	<b>Total Operation, Maintenance and Billing</b>	<b>\$503,046</b>	<b>\$338,956</b>	<b>\$107,772</b>	<b>\$54,159</b>	<b>\$1,019</b>	<b>\$73</b>	<b>\$1,067</b>
	<b>Amortization Expense - Meters</b>	<b>\$54,387</b>	<b>\$15,174</b>	<b>\$26,016</b>	<b>\$12,904</b>	<b>\$293</b>	<b>\$0</b>	<b>\$0</b>



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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

<i>Amortization Expense - General Plant assigned to Meters</i>	\$11,881	\$3,357	\$5,681	\$2,781	\$63	\$0	\$0
<b>Admin and General</b>	<b>\$516,033</b>	<b>\$345,709</b>	<b>\$109,850</b>	<b>\$58,148</b>	<b>\$1,134</b>	<b>\$78</b>	<b>\$1,114</b>
Allocated PILs	\$39,880	\$11,127	\$19,077	\$9,462	\$215	\$0	\$0
Allocated Debt Return	\$31,871	\$8,892	\$15,245	\$7,562	\$172	\$0	\$0
Allocated Equity Return	\$42,457	\$11,846	\$20,309	\$10,073	\$229	\$0	\$0
<b>Total</b>	<b>\$1,032,531</b>	<b>\$627,256</b>	<b>\$277,415</b>	<b>\$128,575</b>	<b>\$1,227</b>	<b>(\$3,384)</b>	<b>\$1,443</b>

**Scenario 3**

*Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge*

USoA Account #	Accounts	Total	1	2	3	6	7	9
			Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>								
1565	Conservation and Demand Management Expenditures and Recoveries	\$278	\$180	\$39	\$43	\$4	\$11	\$1
1830	Poles, Towers and Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830-4	Poles, Towers and Fixtures - Primary	\$1,752,612	\$1,361,753	\$122,777	\$18,864	\$108	\$232,834	\$16,277
1830-5	Poles, Towers and Fixtures - Secondary	\$359,223	\$303,671	\$0	\$0	\$0	\$51,922	\$3,630
1835	Overhead Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1835-4	Overhead Conductors and Devices - Primary	\$765,039	\$594,424	\$53,594	\$8,234	\$47	\$101,635	\$7,105
1835-5	Overhead Conductors and Devices - Secondary	\$388,048	\$328,039	\$0	\$0	\$0	\$56,088	\$3,921
1840	Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-3	Underground Conduit - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-4	Underground Conduit - Primary	\$449,847	\$349,524	\$31,513	\$4,842	\$28	\$59,762	\$4,178
1840-5	Underground Conduit - Secondary	\$304,684	\$257,567	\$0	\$0	\$0	\$44,039	\$3,079
1845	Underground Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1845-3	Underground Conductors and Devices - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1845-4	Underground Conductors and Devices - Primary	\$704,224	\$547,171	\$49,333	\$7,580	\$43	\$93,556	\$6,540
1845-5	Underground Conductors and Devices - Secondary	\$476,976	\$403,214	\$0	\$0	\$0	\$68,942	\$4,820
1850	Line Transformers	\$1,210,224	\$944,158	\$84,827	\$8,520	\$0	\$161,433	\$11,285
1855	Services	\$616,419	\$521,093	\$0	\$0	\$0	\$89,097	\$6,229
1860	Meters	\$880,809	\$245,752	\$421,330	\$208,986	\$4,741	\$0	\$0
<i>Sub-total</i>		<b>\$7,908,382</b>	<b>\$5,856,548</b>	<b>\$763,413</b>	<b>\$257,068</b>	<b>\$4,971</b>	<b>\$959,318</b>	<b>\$67,064</b>

**Accumulated Amortization**



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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

	Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	(\$1,826,904)	(\$1,352,924)	(\$175,788)	(\$60,211)	(\$1,176)	(\$221,332)	(\$15,473)
	<b>Customer Related Net Fixed Assets</b>	<b>\$6,081,479</b>	<b>\$4,503,624</b>	<b>\$587,625</b>	<b>\$196,857</b>	<b>\$3,796</b>	<b>\$737,986</b>	<b>\$51,591</b>
	<b>Allocated General Plant Net Fixed Assets</b>	<b>\$651,499</b>	<b>\$482,802</b>	<b>\$62,181</b>	<b>\$20,562</b>	<b>\$394</b>	<b>\$79,991</b>	<b>\$5,570</b>
	<b>Customer Related NFA Including General Plant</b>	<b>\$6,732,978</b>	<b>\$4,986,427</b>	<b>\$649,806</b>	<b>\$217,419</b>	<b>\$4,189</b>	<b>\$817,976</b>	<b>\$57,161</b>
	<b>Misc Revenue</b>							
4082	Retail Services Revenues	(\$25,241)	(\$18,847)	(\$4,054)	(\$2,227)	(\$27)	(\$5)	(\$80)
4084	Service Transaction Requests (STR) Revenues	(\$141)	(\$105)	(\$23)	(\$12)	(\$0)	(\$0)	(\$0)
4090	Electric Services Incidental to Energy Sales	(\$43,810)	(\$32,712)	(\$7,037)	(\$3,865)	(\$47)	(\$9)	(\$139)
4220	Other Electric Revenues	(\$67,397)	(\$39,074)	(\$8,381)	(\$14,302)	(\$1,821)	(\$3,520)	(\$299)
4225	Late Payment Charges	(\$30,434)	(\$17,066)	(\$7,040)	(\$6,108)	\$0	\$0	(\$220)
4235	Miscellaneous Service Revenues	(\$267,552)	(\$199,778)	(\$42,973)	(\$23,606)	(\$289)	(\$58)	(\$848)
	<b>Sub-total</b>	<b>(\$434,575)</b>	<b>(\$307,582)</b>	<b>(\$69,508)</b>	<b>(\$50,122)</b>	<b>(\$2,185)</b>	<b>(\$3,593)</b>	<b>(\$1,586)</b>
	<b>Operating and Maintenance</b>							
5005	Operation Supervision and Engineering	\$67,486	\$53,881	\$3,285	\$461	\$2	\$9,213	\$644
5010	Load Dispatching	\$34,967	\$27,917	\$1,702	\$239	\$1	\$4,773	\$334
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$2,588	\$2,051	\$140	\$21	\$0	\$351	\$25
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$13,277	\$10,524	\$717	\$110	\$1	\$1,799	\$126
5035	Overhead Distribution Transformers- Operation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5040	Underground Distribution Lines and Feeders - Operation Labour	\$15,322	\$12,328	\$640	\$98	\$1	\$2,108	\$147
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$15,805	\$12,716	\$660	\$101	\$1	\$2,174	\$152
5055	Underground Distribution Transformers - Operation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5065	Meter Expense	\$66,499	\$18,554	\$31,809	\$15,778	\$358	\$0	\$0
5070	Customer Premises - Operation Labour	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5075	Customer Premises - Materials and Expenses	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)
5085	Miscellaneous Distribution Expense	\$8,285	\$6,614	\$403	\$57	\$0	\$1,131	\$79
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$1,516	\$1,202	\$82	\$13	\$0	\$205	\$14
5096	Other Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5105	Maintenance Supervision and Engineering	\$25,360	\$20,247	\$1,234	\$173	\$1	\$3,462	\$242
5120	Maintenance of Poles, Towers and Fixtures	\$4,138	\$3,263	\$241	\$37	\$0	\$558	\$39
5125	Maintenance of Overhead Conductors and Devices	\$19,713	\$15,770	\$916	\$141	\$1	\$2,696	\$188
5130	Maintenance of Overhead Services	\$73,294	\$61,959	\$0	\$0	\$0	\$10,594	\$741
5135	Overhead Distribution Lines and Feeders - Right of Way	\$16,404	\$13,003	\$886	\$136	\$1	\$2,223	\$155
5145	Maintenance of Underground Conduit	\$7,018	\$5,647	\$293	\$45	\$0	\$965	\$67



**2006 COST ALLOCATION INFORMATION FILING**  
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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

5150	Maintenance of Underground Conductors and Devices	\$6,835	\$5,499	\$285	\$44	\$0	\$940	\$66
5155	Maintenance of Underground Services	\$53,623	\$45,331	\$0	\$0	\$0	\$7,751	\$542
5160	Maintenance of Line Transformers	\$19,273	\$15,036	\$1,351	\$136	\$0	\$2,571	\$180
5175	Maintenance of Meters	\$389	\$108	\$186	\$92	\$2	\$0	\$0
<b>Sub-total</b>		<b>\$451,789</b>	<b>\$331,650</b>	<b>\$44,831</b>	<b>\$17,683</b>	<b>\$369</b>	<b>\$53,515</b>	<b>\$3,741</b>
<b>Billing and Collection</b>								
5305	Supervision	\$77,995	\$58,238	\$12,527	\$6,882	\$84	\$17	\$247
5310	Meter Reading Expense	\$99,397	\$68,838	\$21,687	\$8,576	\$295	\$0	\$0
5315	Customer Billing	\$183,455	\$136,983	\$29,466	\$16,186	\$198	\$40	\$581
5320	Collecting	\$153,269	\$114,444	\$24,617	\$13,523	\$166	\$33	\$486
5325	Collecting- Cash Over and Short	\$39	\$29	\$6	\$3	\$0	\$0	\$0
5330	Collection Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5335	Bad Debt Expense	\$1,659	\$348	\$201	\$1,110	\$0	\$0	\$0
5340	Miscellaneous Customer Accounts Expenses	\$2,306	\$1,722	\$370	\$203	\$2	\$0	\$7
<b>Sub-total</b>		<b>\$518,120</b>	<b>\$380,602</b>	<b>\$88,876</b>	<b>\$46,484</b>	<b>\$746</b>	<b>\$90</b>	<b>\$1,322</b>
<b>Sub Total Operating, Maintenance and Billing</b>		<b>\$969,908</b>	<b>\$712,252</b>	<b>\$133,706</b>	<b>\$64,167</b>	<b>\$1,115</b>	<b>\$53,605</b>	<b>\$5,063</b>
<b>Amortization Expense - Customer Related</b>		<b>\$442,036</b>	<b>\$324,490</b>	<b>\$45,056</b>	<b>\$15,601</b>	<b>\$306</b>	<b>\$52,887</b>	<b>\$3,697</b>
<b>Amortization Expense - General Plant assigned to Meters</b>		<b>\$108,905</b>	<b>\$80,706</b>	<b>\$10,394</b>	<b>\$3,437</b>	<b>\$66</b>	<b>\$13,371</b>	<b>\$931</b>
<b>Admin and General</b>		<b>\$995,730</b>	<b>\$726,443</b>	<b>\$136,286</b>	<b>\$68,893</b>	<b>\$1,240</b>	<b>\$57,584</b>	<b>\$5,284</b>
<b>Allocated PILs</b>		<b>\$361,253</b>	<b>\$267,525</b>	<b>\$34,906</b>	<b>\$11,694</b>	<b>\$225</b>	<b>\$43,838</b>	<b>\$3,065</b>
<b>Allocated Debt Return</b>		<b>\$288,699</b>	<b>\$213,795</b>	<b>\$27,896</b>	<b>\$9,345</b>	<b>\$180</b>	<b>\$35,034</b>	<b>\$2,449</b>
<b>Allocated Equity Return</b>		<b>\$384,590</b>	<b>\$284,807</b>	<b>\$37,161</b>	<b>\$12,449</b>	<b>\$240</b>	<b>\$46,670</b>	<b>\$3,263</b>
<b>PLCC Adjustment for Line Transformer</b>		<b>\$68,985</b>	<b>\$62,104</b>	<b>\$5,575</b>	<b>\$562</b>	<b>\$0</b>	<b>\$0</b>	<b>\$744</b>
<b>PLCC Adjustment for Primary Costs</b>		<b>\$115,541</b>	<b>\$103,657</b>	<b>\$9,214</b>	<b>\$1,420</b>	<b>\$8</b>	<b>\$0</b>	<b>\$1,242</b>
<b>PLCC Adjustment for Secondary Costs</b>		<b>\$189,310</b>	<b>\$186,494</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,817</b>
<b>Total</b>		<b>\$2,742,709</b>	<b>\$1,950,180</b>	<b>\$341,108</b>	<b>\$133,483</b>	<b>\$1,178</b>	<b>\$299,396</b>	<b>\$17,364</b>

Below: Grouping to avoid disclosure

**Scenario 1**

*Accounts included in Avoided Costs Plus General Administration Allocation*



**2006 COST ALLOCATION INFORMATION FILING**

**Woodstock Hydro Services Inc.**

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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

Accounts	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b><u>Distribution Plant</u></b>							
CWMC	\$ 880,809	\$ 245,752	\$ 421,330	\$ 208,986	\$ 4,741	\$ -	\$ -
<b><u>Accumulated Amortization</u></b>							
Accum. Amortization of Electric Utility Plant - Meters only	\$ (209,448)	\$ (58,438)	\$ (100,188)	\$ (49,695)	\$ (1,127)	\$ -	\$ -
<b>Meter Net Fixed Assets</b>	<b>\$ 671,361</b>	<b>\$ 187,315</b>	<b>\$ 321,142</b>	<b>\$ 159,291</b>	<b>\$ 3,614</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Misc Revenue</u></b>							
CWNB	\$ (69,192)	\$ (51,665)	\$ (11,113)	\$ (6,105)	\$ (75)	\$ (15)	\$ (219)
NFA	\$ (67,397)	\$ (39,074)	\$ (8,381)	\$ (14,302)	\$ (1,821)	\$ (3,520)	\$ (299)
LPHA	\$ (30,434)	\$ (17,066)	\$ (7,040)	\$ (6,108)	\$ -	\$ -	\$ (220)
<b>Sub-total</b>	<b>\$ (167,023)</b>	<b>\$ (107,805)</b>	<b>\$ (26,535)</b>	<b>\$ (26,515)</b>	<b>\$ (1,896)</b>	<b>\$ (3,535)</b>	<b>\$ (738)</b>
<b><u>Operation</u></b>							
CWMC	\$ 66,499	\$ 18,554	\$ 31,809	\$ 15,778	\$ 358	\$ -	\$ -
CCA	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
<b>Sub-total</b>	<b>\$ 66,498</b>	<b>\$ 18,553</b>	<b>\$ 31,809</b>	<b>\$ 15,778</b>	<b>\$ 358</b>	<b>\$ (0)</b>	<b>\$ (0)</b>
<b><u>Maintenance</u></b>							
1860	\$ 389	\$ 108	\$ 186	\$ 92	\$ 2	\$ -	\$ -
<b><u>Billing and Collection</u></b>							
CWMR	\$ 99,397	\$ 68,838	\$ 21,687	\$ 8,576	\$ 295	\$ -	\$ -
CWNB	\$ 336,762	\$ 251,456	\$ 54,090	\$ 29,713	\$ 364	\$ 73	\$ 1,067
<b>Sub-total</b>	<b>\$ 436,159</b>	<b>\$ 320,294</b>	<b>\$ 75,777</b>	<b>\$ 38,289</b>	<b>\$ 659</b>	<b>\$ 73</b>	<b>\$ 1,067</b>
<b>Total Operation, Maintenance and Billing</b>	<b>\$ 503,046</b>	<b>\$ 338,956</b>	<b>\$ 107,772</b>	<b>\$ 54,159</b>	<b>\$ 1,019</b>	<b>\$ 73</b>	<b>\$ 1,067</b>
<b>Amortization Expense - Meters</b>	<b>\$ 54,387</b>	<b>\$ 15,174</b>	<b>\$ 26,016</b>	<b>\$ 12,904</b>	<b>\$ 293</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Allocated PILs</b>	<b>\$ 36,062</b>	<b>\$ 10,050</b>	<b>\$ 17,251</b>	<b>\$ 8,567</b>	<b>\$ 194</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Allocated Debt Return</b>	<b>\$ 28,820</b>	<b>\$ 8,031</b>	<b>\$ 13,786</b>	<b>\$ 6,847</b>	<b>\$ 155</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Allocated Equity Return</b>	<b>\$ 38,392</b>	<b>\$ 10,699</b>	<b>\$ 18,365</b>	<b>\$ 9,121</b>	<b>\$ 207</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 493,684</b>	<b>\$ 275,105</b>	<b>\$ 156,656</b>	<b>\$ 65,083</b>	<b>\$ (27)</b>	<b>\$ (3,462)</b>	<b>\$ 329</b>

**Scenario 2**

*Accounts included in Directly Related Customer Costs Plus General Administration Allocation*



2006 COST ALLOCATION INFORMATION FILING

**Woodstock Hydro Services Inc.**

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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

Accounts	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>							
CWMC	\$ 880,809	\$ 245,752	\$ 421,330	\$ 208,986	\$ 4,741	\$ -	\$ -
<b>Accumulated Amortization</b>							
Accum. Amortization of Electric Utility Plant - Meters only	\$ (209,448)	\$ (58,438)	\$ (100,188)	\$ (49,695)	\$ (1,127)	\$ -	\$ -
Meter Net Fixed Assets	\$ 671,361	\$ 187,315	\$ 321,142	\$ 159,291	\$ 3,614	\$ -	\$ -
Allocated General Plant Net Fixed Assets	\$ 71,076	\$ 20,081	\$ 33,982	\$ 16,638	\$ 375	\$ -	\$ -
Meter Net Fixed Assets Including General Plant	\$ 742,437	\$ 207,396	\$ 355,124	\$ 175,929	\$ 3,989	\$ -	\$ -
<b>Misc Revenue</b>							
CWNB	\$ (69,192)	\$ (51,665)	\$ (11,113)	\$ (6,105)	\$ (75)	\$ (15)	\$ (219)
NFA	\$ (67,397)	\$ (39,074)	\$ (8,381)	\$ (14,302)	\$ (1,821)	\$ (3,520)	\$ (299)
LPHA	\$ (30,434)	\$ (17,066)	\$ (7,040)	\$ (6,108)	\$ -	\$ -	\$ (220)
<i>Sub-total</i>	<i>\$ (167,023)</i>	<i>\$ (107,805)</i>	<i>\$ (26,535)</i>	<i>\$ (26,515)</i>	<i>\$ (1,896)</i>	<i>\$ (3,535)</i>	<i>\$ (738)</i>
<b>Operation</b>							
CWMC	\$ 66,499	\$ 18,554	\$ 31,809	\$ 15,778	\$ 358	\$ -	\$ -
CCA	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
<i>Sub-total</i>	<i>\$ 66,498</i>	<i>\$ 18,553</i>	<i>\$ 31,809</i>	<i>\$ 15,778</i>	<i>\$ 358</i>	<i>\$ (0)</i>	<i>\$ (0)</i>
<b>Maintenance</b>							
1860	\$ 389	\$ 108	\$ 186	\$ 92	\$ 2	\$ -	\$ -
<b>Billing and Collection</b>							
CWMR	\$ 99,397	\$ 68,838	\$ 21,687	\$ 8,576	\$ 295	\$ -	\$ -
CWNB	\$ 336,762	\$ 251,456	\$ 54,090	\$ 29,713	\$ 364	\$ 73	\$ 1,067
<i>Sub-total</i>	<i>\$ 436,159</i>	<i>\$ 320,294</i>	<i>\$ 75,777</i>	<i>\$ 38,289</i>	<i>\$ 659</i>	<i>\$ 73</i>	<i>\$ 1,067</i>
<b>Total Operation, Maintenance and Billing</b>	<b>\$ 503,046</b>	<b>\$ 338,956</b>	<b>\$ 107,772</b>	<b>\$ 54,159</b>	<b>\$ 1,019</b>	<b>\$ 73</b>	<b>\$ 1,067</b>
<b>Amortization Expense - Meters</b>	<b>\$ 54,387</b>	<b>\$ 15,174</b>	<b>\$ 26,016</b>	<b>\$ 12,904</b>	<b>\$ 293</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Amortization Expense - General Plant assigned to Meters</b>	<b>\$ 11,881</b>	<b>\$ 3,357</b>	<b>\$ 5,681</b>	<b>\$ 2,781</b>	<b>\$ 63</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Admin and General</b>	<b>\$ 516,033</b>	<b>\$ 345,709</b>	<b>\$ 109,850</b>	<b>\$ 58,148</b>	<b>\$ 1,134</b>	<b>\$ 78</b>	<b>\$ 1,114</b>
<b>Allocated PILs</b>	<b>\$ 39,880</b>	<b>\$ 11,127</b>	<b>\$ 19,077</b>	<b>\$ 9,462</b>	<b>\$ 215</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Allocated Debt Return</b>	<b>\$ 31,871</b>	<b>\$ 8,892</b>	<b>\$ 15,245</b>	<b>\$ 7,562</b>	<b>\$ 172</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Allocated Equity Return</b>	<b>\$ 42,457</b>	<b>\$ 11,846</b>	<b>\$ 20,309</b>	<b>\$ 10,073</b>	<b>\$ 229</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 1,032,531</b>	<b>\$ 627,256</b>	<b>\$ 277,415</b>	<b>\$ 128,575</b>	<b>\$ 1,227</b>	<b>\$ (3,384)</b>	<b>\$ 1,443</b>

**Scenario 3**



**2006 COST ALLOCATION INFORMATION FILING**

**Woodstock Hydro Services Inc.**

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**January 19, 2006**

**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

**Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge**

USoA Account #	Accounts	Total	Residential	GS <50	GS 50 to 4,999 kW	Large Use	Street Lighting	Unmetered Scattered Load
<b><u>Distribution Plant</u></b>								
	CDMPP	\$ 278	\$ 180	\$ 39	\$ 43	\$ 4	\$ 11	\$ 1
	Poles, Towers and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	BCP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	PNCP	\$ 3,671,721	\$ 2,852,872	\$ 257,217	\$ 39,520	\$ 226	\$ 487,786	\$ 34,100
	SNCP	\$ 1,528,931	\$ 1,292,491	\$ -	\$ -	\$ -	\$ 220,991	\$ 15,449
	Overhead Conductors and Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LTNCP	\$ 1,210,224	\$ 944,158	\$ 84,827	\$ 8,520	\$ -	\$ 161,433	\$ 11,285
	CWCS	\$ 616,419	\$ 521,093	\$ -	\$ -	\$ -	\$ 89,097	\$ 6,229
	CWMC	\$ 880,809	\$ 245,752	\$ 421,330	\$ 208,986	\$ 4,741	\$ -	\$ -
	<b>Sub-total</b>	<b>\$ 7,908,382</b>	<b>\$ 5,856,548</b>	<b>\$ 763,413</b>	<b>\$ 257,068</b>	<b>\$ 4,971</b>	<b>\$ 959,318</b>	<b>\$ 67,064</b>
<b><u>Accumulated Amortization</u></b>								
	Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	\$ (1,826,904)	\$ (1,352,924)	\$ (175,788)	\$ (60,211)	\$ (1,176)	\$ (221,332)	\$ (15,473)
	<b>Customer Related Net Fixed Assets</b>	<b>\$ 6,081,479</b>	<b>\$ 4,503,624</b>	<b>\$ 587,625</b>	<b>\$ 196,857</b>	<b>\$ 3,796</b>	<b>\$ 737,986</b>	<b>\$ 51,591</b>
	<b>Allocated General Plant Net Fixed Assets</b>	<b>\$ 651,499</b>	<b>\$ 482,802</b>	<b>\$ 62,181</b>	<b>\$ 20,562</b>	<b>\$ 394</b>	<b>\$ 79,991</b>	<b>\$ 5,570</b>
	<b>Customer Related NFA Including General Plant</b>	<b>\$ 6,732,978</b>	<b>\$ 4,986,427</b>	<b>\$ 649,806</b>	<b>\$ 217,419</b>	<b>\$ 4,189</b>	<b>\$ 817,976</b>	<b>\$ 57,161</b>
<b><u>Misc Revenue</u></b>								
	CWNB	\$ (336,744)	\$ (251,442)	\$ (54,087)	\$ (29,711)	\$ (364)	\$ (73)	\$ (1,067)
	NFA	\$ (67,397)	\$ (39,074)	\$ (8,381)	\$ (14,302)	\$ (1,821)	\$ (3,520)	\$ (299)
	LPHA	\$ (30,434)	\$ (17,066)	\$ (7,040)	\$ (6,108)	\$ -	\$ -	\$ (220)
	<b>Sub-total</b>	<b>\$ (434,575)</b>	<b>\$ (307,582)</b>	<b>\$ (69,508)</b>	<b>\$ (50,122)</b>	<b>\$ (2,185)</b>	<b>\$ (3,593)</b>	<b>\$ (1,586)</b>
<b><u>Operating and Maintenance</u></b>								
	1815-1855	\$ 136,097	\$ 108,660	\$ 6,624	\$ 930	\$ 4	\$ 18,579	\$ 1,299
	1830 & 1835	\$ 33,785	\$ 26,779	\$ 1,825	\$ 280	\$ 2	\$ 4,579	\$ 320
	1850	\$ 19,273	\$ 15,036	\$ 1,351	\$ 136	\$ -	\$ 2,571	\$ 180
	1840 & 1845	\$ 31,127	\$ 25,045	\$ 1,300	\$ 200	\$ 1	\$ 4,282	\$ 299
	CWMC	\$ 66,499	\$ 18,554	\$ 31,809	\$ 15,778	\$ 358	\$ -	\$ -
	CCA	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)	\$ (0)
	O&M	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	1830	\$ 4,138	\$ 3,263	\$ 241	\$ 37	\$ 0	\$ 558	\$ 39
	1835	\$ 19,713	\$ 15,770	\$ 916	\$ 141	\$ 1	\$ 2,696	\$ 188
	1855	\$ 126,917	\$ 107,290	\$ -	\$ -	\$ -	\$ 18,345	\$ 1,282
	1840	\$ 7,018	\$ 5,647	\$ 293	\$ 45	\$ 0	\$ 965	\$ 67
	1845	\$ 6,835	\$ 5,499	\$ 285	\$ 44	\$ 0	\$ 940	\$ 66
	1860	\$ 389	\$ 108	\$ 186	\$ 92	\$ 2	\$ -	\$ -
	<b>Sub-total</b>	<b>\$ 451,789</b>	<b>\$ 331,650</b>	<b>\$ 44,831</b>	<b>\$ 17,683</b>	<b>\$ 369</b>	<b>\$ 53,515</b>	<b>\$ 3,741</b>



2006 COST ALLOCATION INFORMATION FILING

**Woodstock Hydro Services Inc.**

EB-2005-0436 EB-2007-0001

January 19, 2006

**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

<b>Billing and Collection</b>														
CWNB	\$	417,064	\$	311,416	\$	66,987	\$	36,798	\$	451	\$	90	\$	1,322
CWMR	\$	99,397	\$	68,838	\$	21,687	\$	8,576	\$	295	\$	-	\$	-
BDHA	\$	1,659	\$	348	\$	201	\$	1,110	\$	-	\$	-	\$	-
<i>Sub-total</i>	\$	<i>518,120</i>	\$	<i>380,602</i>	\$	<i>88,876</i>	\$	<i>46,484</i>	\$	<i>746</i>	\$	<i>90</i>	\$	<i>1,322</i>
<i>Sub Total Operating, Maintenance and Billing</i>	\$	<i>969,908</i>	\$	<i>712,252</i>	\$	<i>133,706</i>	\$	<i>64,167</i>	\$	<i>1,115</i>	\$	<i>53,605</i>	\$	<i>5,063</i>
Amortization Expense - Customer Related	\$	442,036	\$	324,490	\$	45,056	\$	15,601	\$	306	\$	52,887	\$	3,697
Amortization Expense - General Plant assigned to Meters	\$	108,905	\$	80,706	\$	10,394	\$	3,437	\$	66	\$	13,371	\$	931
Admin and General	\$	995,730	\$	726,443	\$	136,286	\$	68,893	\$	1,240	\$	57,584	\$	5,284
Allocated PILs	\$	361,253	\$	267,525	\$	34,906	\$	11,694	\$	225	\$	43,838	\$	3,065
Allocated Debt Return	\$	288,699	\$	213,795	\$	27,896	\$	9,345	\$	180	\$	35,034	\$	2,449
Allocated Equity Return	\$	384,590	\$	284,807	\$	37,161	\$	12,449	\$	240	\$	46,670	\$	3,263
PLCC Adjustment for Line Transformer	\$	68,985	\$	62,104	\$	5,575	\$	562	\$	-	\$	-	\$	744
PLCC Adjustment for Primary Costs	\$	115,541	\$	103,657	\$	9,214	\$	1,420	\$	8	\$	-	\$	1,242
PLCC Adjustment for Secondary Costs	\$	189,310	\$	186,494	\$	-	\$	-	\$	-	\$	-	\$	2,817
<b>Total</b>	\$	<b>2,742,709</b>	\$	<b>1,950,180</b>	\$	<b>341,108</b>	\$	<b>133,483</b>	\$	<b>1,178</b>	\$	<b>299,396</b>	\$	<b>17,364</b>

1

## Appendix C

2

Cost Allocation Model – 2011 without Transformer Allowance

3



# Ontario Energy Board

## 2011 COST ALLOCATION STUDY

### Sheet I1 Utility Information Sheet

**Name of LDC:** Woodstock Hydro Services Inc.

**License Number:** ED-2003-0011

**EDR 2006 EB Number:** EB-2010-0145

**Cost Allocation EB Number:**

← dro

**Date of Submission:** September 24, 2010

**Version:** 1.2

#### Contact Information

**Name:** Patricia Eitel

**Title:** Manager, Accounting and Regulatory Affairs

**Phone Number:** 519-537-7172 ext 240

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**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**  
**EB-2010-0145**  
**September 24, 2010**  
**Sheet 12 Class Selection - Second Run**

**Instructions:**

- Step 1:** Please input your existing classes
- Step 2:** If this is your first run, select "First Run" in the drop-down menu below
- Step 3:** After all classes have been entered, Click the "Update" button in row E41

Click for Drop-Down Menu →

If desired, provide a summary of this run  
 (40 characters max.)

Second Run

		Utility's Class Definition	Current
1	Residential		YES
2	GS <50		YES
3	GS>50-Regular	GS 50 to 999 kW	YES
4	GS> 50-TOU		NO
5	GS >50-Intermediate	GS > 1000 kW	YES
6	Large Use >5MW	Large Use	YES
7	Street Light	Street Lighting	YES
8	Sentinel		NO
9	Unmetered Scattered Load		YES
10	Embedded Distributor		NO
11	Back-up/Standby Power		NO
12	Rate Class 1		NO
13	Rate class 2		NO
14	Rate class 3		NO
15	Rate class 4		NO
16	Rate class 5		NO
17	Rate class 6		NO
18	Rate class 7		NO
19	Rate class 8		NO
20	Rate class 9		NO

Update

**\*\* Space available for additional information about this run**



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**  
**EB-2010-0145**  
**September 24, 2010**  
**Sheet 13 Trial Balance Data - Second Run**

Proposed Target Net Income (\$)	\$1,246,442		
Proposed PILs (\$)	\$333,825		
Proposed Interest (\$)	\$934,897		
Proposed Specific Service Charges (\$)	\$234,290		
Proposed Transformer Ownership Allowance (\$)	\$0		
Proposed Low Voltage Wheeling Adjustment (\$)			
Proposed Revenue Requirement (\$)	\$8,715,753	From this Sheet	Differences?
Revenue Requirement to be Used in this model (\$)	\$8,715,753	\$8,715,753	Rev Req Matches
Proposed Rate Base (\$)	\$31,635,594		
Rate Base to be Used in this model (\$)	\$31,635,594	\$31,635,594	Rate Base Matches

**Uniform System of Accounts - Detail Accounts**

USoA Account #	Accounts	Financial Statement (EDR Sheet 2.4, Column P)	Model Adjustments	Reclassify accounts	Direct Allocation	Reclassified Balance
1005	Cash	\$0				\$0
1010	Cash Advances and Working Funds	\$0				\$0
1020	Interest Special Deposits	\$0				\$0
1030	Dividend Special Deposits	\$0				\$0
1040	Other Special Deposits	\$0				\$0
1060	Term Deposits	\$0				\$0
1070	Current Investments	\$0				\$0
1100	Customer Accounts Receivable	\$0				\$0
1102	Accounts Receivable - Services	\$0				\$0
1104	Accounts Receivable - Recoverable Work	\$0				\$0
1105	Accounts Receivable - Merchandise, Jobbing, etc.	\$0				\$0
1110	Other Accounts Receivable	\$0				\$0
1120	Accrued Utility Revenues	\$0				\$0
1130	Accumulated Provision for Uncollectible Accounts-- Credit	\$0				\$0
1140	Interest and Dividends Receivable	\$0				\$0
1150	Rents Receivable	\$0				\$0
1170	Notes Receivable	\$0				\$0
1180	Prepayments	\$0				\$0
1190	Miscellaneous Current and Accrued Assets	\$0				\$0
1200	Accounts Receivable from Associated Companies	\$0				\$0
1210	Notes Receivable from Associated Companies	\$0				\$0
1305	Fuel Stock	\$0				\$0
1330	Plant Materials and Operating Supplies	\$0				\$0
1340	Merchandise	\$0				\$0
1350	Other Materials and Supplies	\$0				\$0
1405	Long Term Investments in Non-Associated Companies	\$0				\$0
1408	Long Term Receivable - Street Lighting Transfer	\$0				\$0
1410	Other Special or Collateral Funds	\$0				\$0
1415	Sinking Funds	\$0				\$0
1425	Unamortized Debt Expense	\$0				\$0
1445	Unamortized Discount on Long-Term Debt--Debit	\$0				\$0
1455	Unamortized Deferred Foreign Currency Translation Gains and Losses	\$0				\$0
1460	Other Non-Current Assets	\$0				\$0
1465	O.M.E.R.S. Past Service Costs	\$0				\$0
1470	Past Service Costs - Employee Future Benefits	\$0				\$0



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**  
**EB-2010-0145**  
**September 24, 2010**

**Sheet 13 Trial Balance Data - Second Run**

1475	Past Service Costs - Other Pension Plans	\$0		\$0
1480	Portfolio Investments - Associated Companies	\$0		\$0
1485	Investment in Associated Companies - Significant Influence	\$0		\$0
1490	Investment in Subsidiary Companies	\$0		\$0
1505	Unrecovered Plant and Regulatory Study Costs	\$0		\$0
1508	Other Regulatory Assets	\$0		\$0
1510	Preliminary Survey and Investigation Charges	\$0		\$0
1515	Emission Allowance Inventory	\$0		\$0
1516	Emission Allowances Withheld	\$0		\$0
1518	RCVARetail	\$0		\$0
1520	Power Purchase Variance Account	\$0		\$0
1525	Miscellaneous Deferred Debits	\$0		\$0
1530	Deferred Losses from Disposition of Utility Plant	\$0		\$0
1540	Unamortized Loss on Reacquired Debt	\$0		\$0
1545	Development Charge Deposits/ Receivables	\$0		\$0
1548	RCVASTR	\$0		\$0
1560	Deferred Development Costs	\$0		\$0
1562	Deferred Payments in Lieu of Taxes	\$0		\$0
1563	Account 1563 - Deferred PILs Contra Account	\$0		\$0
1565	Conservation and Demand Management Expenditures and Recoveries	\$0		\$0
1570	Qualifying Transition Costs	\$0		\$0
1571	Pre-market Opening Energy Variance	\$0		\$0
1572	Extraordinary Event Costs	\$0		\$0
1574	Deferred Rate Impact Amounts	\$0		\$0
1580	RSVAWMS	\$0		\$0
1582	RSVAONE-TIME	\$0		\$0
1584	RSVANW	\$0		\$0
1586	RSVACN	\$0		\$0
1588	RSVAPOWER	\$0		\$0
1590	Recovery of Regulatory Asset Balances	\$0		\$0
1605	Electric Plant in Service - Control Account	\$0		\$0
1606	Organization	\$0		\$0
1608	Franchises and Consents	\$0		\$0
1610	Miscellaneous Intangible Plant	\$0		\$0
1615	Land	\$0		\$0
1616	Land Rights	\$0		\$0
1620	Buildings and Fixtures	\$0		\$0
1630	Leasehold Improvements	\$0		\$0
1635	Boiler Plant Equipment	\$0		\$0
1640	Engines and Engine-Driven Generators	\$0		\$0
1645	Turbogenerator Units	\$0		\$0
1650	Reservoirs, Dams and Waterways	\$0		\$0
1655	Water Wheels, Turbines and Generators	\$0		\$0
1660	Roads, Railroads and Bridges	\$0		\$0
1665	Fuel Holders, Producers and Accessories	\$0		\$0
1670	Prime Movers	\$0		\$0
1675	Generators	\$0		\$0
1680	Accessory Electric Equipment	\$0		\$0
1685	Miscellaneous Power Plant Equipment	\$0		\$0
1705	Land	\$0		\$0
1706	Land Rights	\$0		\$0
1708	Buildings and Fixtures	\$0		\$0
1710	Leasehold Improvements	\$0		\$0
1715	Station Equipment	\$0		\$0
1720	Towers and Fixtures	\$0		\$0
1725	Poles and Fixtures	\$0		\$0
1730	Overhead Conductors and Devices	\$0		\$0
1735	Underground Conduit	\$0		\$0
1740	Underground Conductors and Devices	\$0		\$0
1745	Roads and Trails	\$0		\$0
1805	Land	\$21,836		\$21,836
1806	Land Rights	\$0		\$0
1808	Buildings and Fixtures	\$190,774		\$190,774
1810	Leasehold Improvements	\$0		\$0
1815	Transformer Station Equipment - Normally Primary above 50 kV	\$0		\$0
1820	Distribution Station Equipment - Normally Primary below 50 kV	\$647,560		\$647,560
1825	Storage Battery Equipment	\$0		\$0
1830	Poles, Towers and Fixtures	\$8,400,385		\$8,400,385
1835	Overhead Conductors and Devices	\$4,043,008		\$4,043,008
1840	Underground Conduit	\$4,361,597		\$4,361,597
1845	Underground Conductors and Devices	\$5,206,139		\$5,206,139
1850	Line Transformers	\$7,604,952		\$7,604,952
1855	Services	\$2,716,858		\$2,716,858
1860	Meters	\$5,870,502		\$5,870,502
1865	Other Installations on Customer's Premises	\$0		\$0
1870	Leased Property on Customer Premises	\$0		\$0
1875	Street Lighting and Signal Systems	\$0		\$0
1905	Land	\$17,530		\$17,530
1906	Land Rights	\$0		\$0
1908	Buildings and Fixtures	\$1,028,723		\$1,028,723
1910	Leasehold Improvements	\$0		\$0
1915	Office Furniture and Equipment	\$253,441		\$253,441
1920	Computer Equipment - Hardware	\$1,230,173		\$1,230,173
1925	Computer Software	\$1,372,123		\$1,372,123
1930	Transportation Equipment	\$1,491,369		\$1,491,369



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

**EB-2010-0145**  
**September 24, 2010**

**Sheet 13 Trial Balance Data - Second Run**

Ontario				
1935	Stores Equipment	\$96,839		\$96,839
1940	Tools, Shop and Garage Equipment	\$280,236		\$280,236
1945	Measurement and Testing Equipment	\$126,963		\$126,963
1950	Power Operated Equipment	\$0		\$0
1955	Communication Equipment	\$39,759		\$39,759
1960	Miscellaneous Equipment	\$1,905		\$1,905
1965	Water Heater Rental Units	\$0		\$0
1970	Load Management Controls - Customer Premises	\$0		\$0
1975	Load Management Controls - Utility Premises	\$0		\$0
1980	System Supervisory Equipment	\$346,973		\$346,973
1985	Sentinel Lighting Rental Units	\$0		\$0
1996	Contributions - Commerce Way TS	\$3,300,000		\$3,300,000
1995	Contributions and Grants - Credit	(\$4,069,732)		(\$4,069,732)
2005	Property Under Capital Leases	\$0		\$0
2010	Electric Plant Purchased or Sold	\$0		\$0
2020	Experimental Electric Plant Unclassified	\$0		\$0
2030	Electric Plant and Equipment Leased to Others	\$0		\$0
2040	Electric Plant Held for Future Use	\$0		\$0
2050	Completed Construction Not Classified--Electric	\$0		\$0
2055	Construction Work in Progress--Electric	\$0		\$0
2060	Electric Plant Acquisition Adjustment	\$0		\$0
2065	Other Electric Plant Adjustment	\$0		\$0
2070	Other Utility Plant	\$0		\$0
2075	Non-Utility Property Owned or Under Capital Leases	\$0		\$0
2105	Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(\$18,157,810)		(\$18,157,810)
2120	Accumulated Amortization of Electric Utility Plant - Intangibles	\$0		\$0
2140	Accumulated Amortization of Electric Plant Acquisition Adjustment	\$0		\$0
2160	Accumulated Amortization of Other Utility Plant	\$0		\$0
2180	Accumulated Amortization of Non-Utility Property	\$0		\$0
2205	Accounts Payable	\$0		\$0
2208	Customer Credit Balances	\$0		\$0
2210	Current Portion of Customer Deposits	\$0		\$0
2215	Dividends Declared	\$0		\$0
2220	Miscellaneous Current and Accrued Liabilities	\$0		\$0
2225	Notes and Loans Payable	\$0		\$0
2240	Accounts Payable to Associated Companies	\$0		\$0
2242	Notes Payable to Associated Companies	\$0		\$0
2250	Debt Retirement Charges( DRC) Payable	\$0		\$0
2252	Transmission Charges Payable	\$0		\$0
2254	Electrical Safety Authority Fees Payable	\$0		\$0
2256	Independent Market Operator Fees and Penalties Payable	\$0		\$0
2260	Current Portion of Long Term Debt	\$0		\$0
2262	Ontario Hydro Debt - Current Portion	\$0		\$0
2264	Pensions and Employee Benefits - Current Portion	\$0		\$0
2268	Accrued Interest on Long Term Debt	\$0		\$0
2270	Matured Long Term Debt	\$0		\$0
2272	Matured Interest on Long Term Debt	\$0		\$0
2285	Obligations Under Capital Leases--Current	\$0		\$0
2290	Commodity Taxes	\$0		\$0
2292	Payroll Deductions / Expenses Payable	\$0		\$0
2294	Accrual for Taxes, Payments in Lieu of Taxes, Etc.	\$0		\$0
2296	Future Income Taxes - Current	\$0		\$0
2305	Accumulated Provision for Injuries and Damages	\$0		\$0
2306	Employee Future Benefits	\$0		\$0
2308	Other Pensions - Past Service Liability	\$0		\$0
2310	Vested Sick Leave Liability	\$0		\$0
2315	Accumulated Provision for Rate Refunds	\$0		\$0
2320	Other Miscellaneous Non-Current Liabilities	\$0		\$0
2325	Obligations Under Capital Lease--Non-Current	\$0		\$0
2330	Development Charge Fund	\$0		\$0
2335	Long Term Customer Deposits	\$0		\$0
2340	Collateral Funds Liability	\$0		\$0
2345	Unamortized Premium on Long Term Debt	\$0		\$0
2348	O.M.E.R.S. - Past Service Liability - Long Term Portion	\$0		\$0
2350	Future Income Tax - Non-Current	\$0		\$0
2405	Other Regulatory Liabilities	\$0		\$0
2410	Deferred Gains from Disposition of Utility Plant	\$0		\$0
2415	Unamortized Gain on Reacquired Debt	\$0		\$0
2425	Other Deferred Credits	\$0		\$0
2435	Accrued Rate-Payer Benefit	\$0		\$0
2505	Debentures Outstanding - Long Term Portion	\$0		\$0
2510	Debenture Advances	\$0		\$0
2515	Reacquired Bonds	\$0		\$0
2520	Other Long Term Debt	\$0		\$0
2525	Term Bank Loans - Long Term Portion	\$0		\$0
2530	Ontario Hydro Debt Outstanding - Long Term Portion	\$0		\$0
2550	Advances from Associated Companies	\$0		\$0
3005	Common Shares Issued	\$0		\$0
3008	Preference Shares Issued	\$0		\$0
3010	Contributed Surplus	\$0		\$0
3020	Donations Received	\$0		\$0
3022	Development Charges Transferred to Equity	\$0		\$0
3026	Capital Stock Held in Treasury	\$0		\$0
3030	Miscellaneous Paid-In Capital	\$0		\$0



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

**EB-2010-0145**  
**September 24, 2010**

**Sheet 13 Trial Balance Data - Second Run**

3035	Installments Received on Capital Stock	\$0			\$0
3040	Appropriated Retained Earnings	\$0			\$0
3045	Unappropriated Retained Earnings	\$0			\$0
3046	Balance Transferred From Income	\$0	\$0		(\$1,246,442)
3047	Appropriations of Retained Earnings - Current Period	\$0			\$0
3048	Dividends Payable-Preference Shares	\$0			\$0
3049	Dividends Payable-Common Shares	\$0			\$0
3055	Adjustment to Retained Earnings	\$0			\$0
3065	Unappropriated Undistributed Subsidiary Earnings	\$0			\$0
4006	Residential Energy Sales	(\$8,404,029)			(\$8,404,029)
4010	Commercial Energy Sales	\$0			\$0
4015	Industrial Energy Sales	\$0			\$0
4020	Energy Sales to Large Users	\$0			\$0
4025	Street Lighting Energy Sales	(\$171,508)			(\$171,508)
4030	Sentinel Lighting Energy Sales	\$0			\$0
4035	General Energy Sales	(\$15,970,331)			(\$15,970,331)
4040	Other Energy Sales to Public Authorities	\$0			\$0
4045	Energy Sales to Railroads and Railways	\$0			\$0
4050	Revenue Adjustment	\$0			\$0
4055	Energy Sales for Resale	\$0			\$0
4060	Interdepartmental Energy Sales	\$0			\$0
4062	Billed WMS	(\$2,404,463)			(\$2,404,463)
4064	Billed-One-Time	\$0			\$0
4066	Billed NW	(\$2,024,605)			(\$2,024,605)
4068	Billed CN	(\$1,744,674)			(\$1,744,674)
4080	Distribution Services Revenue	(\$6,514,422)	\$1,718,052		(\$8,232,474)
4082	Retail Services Revenues	(\$25,400)			(\$25,400)
4084	Service Transaction Requests (STR) Revenues	(\$1,000)			(\$1,000)
4090	Electric Services Incidental to Energy Sales	\$0		(\$38,565)	(\$38,565)
4105	Transmission Charges Revenue	\$0			\$0
4110	Transmission Services Revenue	\$0			\$0
4205	Interdepartmental Rents	\$0			\$0
4210	Rent from Electric Property	(\$40,885)			(\$40,885)
4215	Other Utility Operating Income	\$0			\$0
4220	Other Electric Revenues	\$0			\$0
4225	Late Payment Charges	(\$54,254)			(\$54,254)
4230	Sales of Water and Water Power	\$0			\$0
4235	Miscellaneous Service Revenues	(\$234,290)	\$234,290		(\$234,290)
4240	Provision for Rate Refunds	\$0			\$0
4245	Government Assistance Directly Credited to Income	\$0			\$0
4305	Regulatory Debits	\$0			\$0
4310	Regulatory Credits	\$0			\$0
4315	Revenues from Electric Plant Leased to Others	\$0			\$0
4320	Expenses of Electric Plant Leased to Others	\$0			\$0
4325	Revenues from Merchandise, Jobbing, Etc.	\$0			\$0
4330	Costs and Expenses of Merchandising, Jobbing, Etc.	\$0			\$0
4335	Profits and Losses from Financial Instrument Hedges	\$0			\$0
4340	Profits and Losses from Financial Instrument Investments	\$0			\$0
4345	Gains from Disposition of Future Use Utility Plant	\$0			\$0
4350	Losses from Disposition of Future Use Utility Plant	\$0			\$0
4355	Gain on Disposition of Utility and Other Property	(\$1,000)	\$500		(\$500)
4360	Loss on Disposition of Utility and Other Property	\$0			\$0
4365	Gains from Disposition of Allowances for Emission	\$0			\$0
4370	Losses from Disposition of Allowances for Emission	\$0			\$0
4375	Revenues from Non-Utility Operations	(\$829,344)	\$829,344		\$0
4380	Expenses of Non-Utility Operations	\$770,512	(\$770,512)		\$0
4385	Non-Utility Rental Income	\$0			\$0
4390	Miscellaneous Non-Operating Income	(\$15,350)	(\$46,035)		(\$61,385)
4395	Rate-Payer Benefit Including Interest	\$0			\$0
4398	Foreign Exchange Gains and Losses, Including Amortization	\$0			\$0
4405	Interest and Dividend Income	(\$45,700)	\$18,700		(\$27,000)
4415	Equity in Earnings of Subsidiary Companies	\$0			\$0
4505	Operation Supervision and Engineering	\$0			\$0
4510	Fuel	\$0			\$0
4515	Steam Expense	\$0			\$0
4520	Steam From Other Sources	\$0			\$0
4525	Steam Transferred--Credit	\$0			\$0
4530	Electric Expense	\$0			\$0
4535	Water For Power	\$0			\$0
4540	Water Power Taxes	\$0			\$0
4545	Hydraulic Expenses	\$0			\$0
4550	Generation Expense	\$0			\$0
4555	Miscellaneous Power Generation Expenses	\$0			\$0
4560	Rents	\$0			\$0
4565	Allowances for Emissions	\$0			\$0
4605	Maintenance Supervision and Engineering	\$0			\$0
4610	Maintenance of Structures	\$0			\$0
4615	Maintenance of Boiler Plant	\$0			\$0
4620	Maintenance of Electric Plant	\$0			\$0
4625	Maintenance of Reservoirs, Dams and Waterways	\$0			\$0
4630	Maintenance of Water Wheels, Turbines and Generators	\$0			\$0
4635	Maintenance of Generating and Electric Plant	\$0			\$0
4640	Maintenance of Miscellaneous Power Generation Plant	\$0			\$0
4705	Power Purchased	\$24,545,868			\$24,545,868
4708	Charges-WMS	\$2,404,463			\$2,404,463
4710	Cost of Power Adjustments	\$0			\$0



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**  
**EB-2010-0145**  
**September 24, 2010**

**Sheet 13 Trial Balance Data - Second Run**

4712	Charges-One-Time	\$0		\$0
4714	Charges-NW	\$1,977,276		\$1,977,276
4715	System Control and Load Dispatching	\$0		\$0
4716	Charges-CN	\$1,659,815		\$1,659,815
4720	Other Expenses	\$0		\$0
4725	Competition Transition Expense	\$0		\$0
4730	Rural Rate Assistance Expense	\$0		\$0
4805	Operation Supervision and Engineering	\$0		\$0
4810	Load Dispatching	\$0		\$0
4815	Station Buildings and Fixtures Expenses	\$0		\$0
4820	Transformer Station Equipment - Operating Labour	\$0		\$0
4825	Transformer Station Equipment - Operating Supplies and Expense	\$0		\$0
4830	Overhead Line Expenses	\$0		\$0
4835	Underground Line Expenses	\$0		\$0
4840	Transmission of Electricity by Others	\$0		\$0
4845	Miscellaneous Transmission Expense	\$0		\$0
4850	Rents	\$0		\$0
4905	Maintenance Supervision and Engineering	\$0		\$0
4910	Maintenance of Transformer Station Buildings and Fixtures	\$0		\$0
4916	Maintenance of Transformer Station Equipment	\$0		\$0
4930	Maintenance of Towers, Poles and Fixtures	\$0		\$0
4935	Maintenance of Overhead Conductors and Devices	\$0		\$0
4940	Maintenance of Overhead Lines - Right of Way	\$0		\$0
4945	Maintenance of Overhead Lines - Roads and Trails Repairs	\$0		\$0
4950	Maintenance of Overhead Lines - Snow Removal from Roads and Trails	\$0		\$0
4960	Maintenance of Underground Lines	\$0		\$0
4965	Maintenance of Miscellaneous Transmission Plant	\$0		\$0
5005	Operation Supervision and Engineering	\$107,021		\$107,021
5010	Load Dispatching	\$51,816		\$51,816
5012	Station Buildings and Fixtures Expense	\$52,934		\$52,934
5014	Transformer Station Equipment - Operation Labour	\$0		\$0
5015	Transformer Station Equipment - Operation Supplies and Expenses	\$0		\$0
5016	Distribution Station Equipment - Operation Labour	\$33,292		\$33,292
5017	Distribution Station Equipment - Operation Supplies and Expenses	\$14,500		\$14,500
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$43,275		\$43,275
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$5,500		\$5,500
5030	Overhead Subtransmission Feeders - Operation	\$0		\$0
5035	Overhead Distribution Transformers - Operation	\$3,234	\$0	\$3,234
5040	Underground Distribution Lines and Feeders - Operation Labour	\$34,167		\$34,167
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$23,500		\$23,500
5050	Underground Subtransmission Feeders - Operation	\$0		\$0
5055	Underground Distribution Transformers - Operation	\$0	\$0	\$0
5060	Street Lighting and Signal System Expense	\$0		\$0
5065	Meter Expense	\$146,160		\$146,160
5070	Customer Premises - Operation Labour	\$63,885		\$63,885
5075	Customer Premises - Materials and Expenses	\$8,000		\$8,000
5085	Miscellaneous Distribution Expense	\$194,651		\$194,651
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0		\$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$3,625		\$3,625
5096	Other Rent	\$0		\$0
5105	Maintenance Supervision and Engineering	\$84,438		\$84,438
5110	Maintenance of Buildings and Fixtures - Distribution Stations	\$20,061		\$20,061
5112	Maintenance of Transformer Station Equipment	\$0		\$0
5114	Maintenance of Distribution Station Equipment	\$5,000		\$5,000
5120	Maintenance of Poles, Towers and Fixtures	\$91,987		\$91,987
5125	Maintenance of Overhead Conductors and Devices	\$116,877		\$116,877
5130	Maintenance of Overhead Services	\$73,273		\$73,273
5135	Overhead Distribution Lines and Feeders - Right of Way	\$111,935		\$111,935
5145	Maintenance of Underground Conduit	\$12,535		\$12,535
5150	Maintenance of Underground Conductors and Devices	\$51,073		\$51,073
5155	Maintenance of Underground Services	\$64,648		\$64,648
5160	Maintenance of Line Transformers	\$98,945	\$0	\$98,945
5165	Maintenance of Street Lighting and Signal Systems	\$0		\$0
5170	Sentinel Lights - Labour	\$0		\$0
5172	Sentinel Lights - Materials and Expenses	\$0		\$0
5175	Maintenance of Meters	\$0		\$0
5178	Customer Installations Expenses- Leased Property	\$0		\$0
5185	Water Heater Rentals - Labour	\$0		\$0
5186	Water Heater Rentals - Materials and Expenses	\$0		\$0
5190	Water Heater Controls - Labour	\$0		\$0
5192	Water Heater Controls - Materials and Expenses	\$0		\$0
5195	Maintenance of Other Installations on Customer Premises	\$0		\$0
5205	Purchase of Transmission and System Services	\$0		\$0
5210	Transmission Charges	\$0		\$0
5215	Transmission Charges Recovered	\$0		\$0



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

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**September 24, 2010**

**Sheet I3 Trial Balance Data - Second Run**

5305	Supervision	\$54,748			\$54,748
5310	Meter Reading Expense	\$151,927			\$151,927
5315	Customer Billing	\$301,335			\$301,335
5320	Collecting	\$116,362			\$116,362
5325	Collecting- Cash Over and Short	\$100			\$100
5330	Collection Charges	(\$5,000)			(\$5,000)
5335	Bad Debt Expense	\$53,460			\$53,460
5340	Miscellaneous Customer Accounts Expenses	\$2,200			\$2,200
5405	Supervision	\$3,825			\$3,825
5410	Community Relations - Sundry	\$21,235			\$21,235
5415	Energy Conservation	\$8,170			\$8,170
5420	Community Safety Program	\$9,153			\$9,153
5425	Miscellaneous Customer Service and Informational Expenses	\$0			\$0
5505	Supervision	\$0			\$0
5510	Demonstrating and Selling Expense	\$0			\$0
5515	Advertising Expense	\$0			\$0
5520	Miscellaneous Sales Expense	\$0			\$0
5605	Executive Salaries and Expenses	\$195,903			\$195,903
5610	Management Salaries and Expenses	\$282,822			\$282,822
5615	General Administrative Salaries and Expenses	\$524,085			\$524,085
5620	Office Supplies and Expenses	\$81,254			\$81,254
5625	Administrative Expense Transferred Credit	(\$54,628)			(\$54,628)
5630	Outside Services Employed	\$126,500			\$126,500
5635	Property Insurance	\$32,000			\$32,000
5640	Injuries and Damages	\$72,555			\$72,555
5645	Employee Pensions and Benefits	\$18,150			\$18,150
5650	Franchise Requirements	\$0			\$0
5655	Regulatory Expenses	\$100,000			\$100,000
5660	General Advertising Expenses	\$5,500			\$5,500
5665	Miscellaneous General Expenses	\$139,554	\$0		\$139,554
5670	Rent	\$0			\$0
5675	Maintenance of General Plant	\$277,221			\$277,221
5680	Electrical Safety Authority Fees	\$7,500			\$7,500
5685	Independent Market Operator Fees and Penalties	\$0			\$0
5705	Amortization Expense - Property, Plant, and Equipment	\$2,031,382			\$2,031,382
5710	Amortization of Limited Term Electric Plant	\$0			\$0
5715	Amortization of Intangibles and Other Electric Plant	\$0			\$0
5720	Amortization of Electric Plant Acquisition Adjustments	\$0			\$0
5725	Miscellaneous Amortization	\$0			\$0
5730	Amortization of Unrecovered Plant and Regulatory Study Costs	\$0			\$0
5735	Amortization of Deferred Development Costs	\$0			\$0
5740	Amortization of Deferred Charges	\$0			\$0
6005	Interest on Long Term Debt	\$934,897	(\$934,897)	\$0	\$934,897
6010	Amortization of Debt Discount and Expense	\$0			\$0
6015	Amortization of Premium on Debt Credit	\$0			\$0
6020	Amortization of Loss on Reacquired Debt	\$0			\$0
6025	Amortization of Gain on Reacquired Debt--Credit	\$0			\$0
6030	Interest on Debt to Associated Companies	\$0			\$0
6035	Other Interest Expense	\$26,114			\$26,114
6040	Allowance for Borrowed Funds Used During Construction--Credit	\$0			\$0
6042	Allowance For Other Funds Used During Construction	\$0			\$0
6045	Interest Expense on Capital Lease Obligations	\$0			\$0
6105	Taxes Other Than Income Taxes	\$126,946			\$126,946
6110	Income Taxes	\$25,049	(\$25,049)	\$0	\$333,825
6115	Provision for Future Income Taxes	\$0			\$0
6205	Donations	\$500		(\$500)	\$0
6210	Life Insurance	\$0			\$0
6215	Penalties	\$0			\$0
6225	Other Deductions	\$0			\$0
6305	Extraordinary Income	\$0			\$0
6310	Extraordinary Deductions	\$0		\$7,068	\$7,068
6315	Income Taxes, Extraordinary Items	\$0			\$0
6405	Discontinues Operations - Income/ Gains	\$0			\$0
6410	Discontinued Operations - Deductions/ Losses	\$0			\$0
6415	Income Taxes, Discontinued Operations	\$0			\$0

\$0

Reclassification Equals to Zero.  
O.K. to Proceed.

Asset Accounts Directly Allocated	\$0
Income Statement Accounts Directly Allocated	\$0



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

**EB-2010-0145**  
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**Sheet 13 Trial Balance Data - Second Run**

Grouped Accounts as per 2006 EDR	Financial Statement (EDR Sheet 2.4, Reclassified Balance Column P)	
Land and Buildings	\$230,139	\$230,139
TS Primary Above 50	\$0	\$0
DS	\$647,560	\$647,560
Poles, Wires	\$22,011,129	\$22,011,129
Line Transformers	\$7,604,952	\$7,604,952
Services and Meters	\$8,587,360	\$8,587,360
General Plant	\$1,028,723	\$1,028,723
Equipment	\$2,290,512	\$2,290,512
IT Assets	\$2,602,295	\$2,602,295
CDM Expenditures and Recoveries	\$0	\$0
Other Distribution Assets	\$3,646,973	\$3,646,973
Contributions and Grants	(\$4,069,732)	(\$4,069,732)
Accumulated Amortization	(\$18,157,810)	(\$18,157,810)
Non-Distribution Asset	\$0	\$0
Unclassified Asset	\$0	\$0
Liability	\$0	\$0
Equity	\$0	(\$1,246,442)
Sales of Electricity	(\$30,719,610)	(\$30,719,610)
Distribution Services Revenue	(\$6,514,422)	(\$8,232,474)
Late Payment Charges	(\$54,254)	(\$54,254)
Specific Service Charges	(\$234,290)	(\$234,290)
Other Distribution Revenue	(\$67,285)	(\$105,850)
Other Revenue - Unclassified	(\$58,832)	\$0
Other Income & Deductions	(\$62,050)	(\$88,885)
Power Supply Expenses (Working Capital)	\$30,587,421	\$30,587,421
Other Power Supply Expenses	\$0	\$0
Operation (Working Capital)	\$785,560	\$785,560
Maintenance (Working Capital)	\$730,771	\$730,771
Billing and Collection (Working Capital)	\$621,673	\$621,673
Community Relations (Working Capital)	\$34,212	\$34,212
Community Relations - CDM (Working Capital)	\$8,170	\$8,170
Administrative and General Expenses (Working Capital)	\$1,770,915	\$1,770,915
Insurance Expense (Working Capital)	\$32,000	\$32,000
Bad Debt Expense (Working Capital)	\$53,460	\$53,460
Advertising Expenses	\$5,500	\$5,500
Charitable Contributions	\$500	\$0
Amortization of Assets	\$2,031,382	\$2,031,382
Other Amortization - Unclassified	\$0	\$0
Interest Expense - Unclassified	\$961,011	\$961,011
Income Tax Expense - Unclassified	\$25,049	\$333,825
Other Distribution Expenses	\$126,946	\$126,946
Non-Distribution Expenses	\$0	\$0
Unclassified Expenses	\$0	\$7,068
<b>Total</b>	<b>\$26,485,927</b>	<b>\$23,830,209</b>



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**  
**EB-2010-0145**  
**September 24, 2010**

**Sheet I4 Break Out Worksheet - Second Run**

**Instructions:**  
 This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.  
 \*\*Please see Handbook for detailed instructions\*\*

Enter Net Fixed Assets from **approved** EDR, Sheet 3-1, cell F12 **\$26,422,100**

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS									EXPENSE ITEMS			
		Break out Functions	BREAK OUT (%)	BREAK OUT (\$)	After BO	Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Asset net of Accumulated Depreciation and Contributed Capital	5705 Amortization Expense - Property, Plant, and Equipment	5710 Amortization of Limited Term Electric Plant	5715 Amortization of Intangibles and Other Electric Plant	5720 Amortization of Electric Plant Acquisition Adjustments
1565	Conservation and Demand Management	\$0		-	-					-				
1805	Land	\$21,836		(\$21,836)	-									
1805-1	Land Station >50 kV			\$0	-									
1805-2	Land Station <50 kV		100.00%	\$21,836	21,836			\$ -		21,836	\$ -			
1806	Land Rights	\$0		\$0	-									
1806-1	Land Rights Station >50 kV			\$0	-									
1806-2	Land Rights Station <50 kV		100.00%	\$0	-									
1808	Buildings and Fixtures	\$190,774		(\$190,774)	-									
1808-1	Buildings and Fixtures > 50 kV			\$0	-			\$ -			\$ -			
1808-2	Buildings and Fixtures < 50 kV		100.00%	\$190,774	190,774			\$ (78,709)		112,065	\$ 7,581			
1810	Leasehold Improvements	\$0		\$0	-									
1810-1	Leasehold Improvements >50 kV			\$0	-									
1810-2	Leasehold Improvements <50 kV		100.00%	\$0	-									
1815	Transformer Station Equipment - Normally Primary above 50 kV	\$0		\$0	-									
1820	Distribution Station Equipment - Normally Primary below 50 kV	\$647,560		(\$647,560)	-									
1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)			\$0	-			\$ -			\$ -			
1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)		100.00%	\$647,560	647,560			\$ (341,471)		306,089	\$ 33,296			
1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)		0.00%	\$0	-									
1825	Storage Battery Equipment	\$0		\$0	-									
1825-1	Storage Battery Equipment > 50 kV			\$0	-									
1825-2	Storage Battery Equipment <50 kV		100.00%	\$0	-									
1830	Poles, Towers and Fixtures	\$8,400,385		(\$8,400,385)	-									
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery			\$0	-			\$ -			\$ -			
1830-4	Poles, Towers and Fixtures - Primary		82.99%	\$6,971,480	6,971,480			\$ (2,860,645)		4,110,834	\$ 329,216			
1830-5	Poles, Towers and Fixtures - Secondary		17.01%	\$1,428,906	1,428,906			\$ (586,331)		842,575	\$ 67,478			
1835	Overhead Conductors and Devices	\$4,043,008		(\$4,043,008)	-									
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery			\$0	-			\$ -			\$ -			
1835-4	Overhead Conductors and Devices - Primary		66.35%	\$2,682,416	2,682,416			\$ (1,097,171)		1,585,245	\$ 123,753			
1835-5	Overhead Conductors and Devices - Secondary		33.65%	\$1,360,593	1,360,593			\$ (556,514)		804,078	\$ 62,771			
1840	Underground Conduit	\$4,361,597		(\$4,361,597)	-									
1840-3	Underground Conduit - Bulk Delivery			\$0	-			\$ -			\$ -			



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**  
**EB-2010-0145**  
**September 24, 2010**

**Sheet I4 Break Out Worksheet - Second Run**

**Instructions:**

This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.

**\*\*Please see Handbook for detailed instructions\*\***

Enter Net Fixed Assets from <b>approved</b> EDR, Sheet 3-1, cell F12	\$26,422,100
----------------------------------------------------------------------	--------------

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS								EXPENSE ITEMS			
		Break out Functions	BREAK OUT (%)	BREAK OUT (\$)	After BO	Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Asset net of Accumulated Depreciation and Contributed Capital	5705	5710	5715
Account	Description									Amortization Expense - Property, Plant, and Equipment	Amortization of Limited Term Electric Plant	Amortization of Intangibles and Other Electric Plant	Amortization of Electric Plant Acquisition Adjustments
1840-4	Underground Conduit - Primary		59.62%	\$2,600,357	2,600,357	(\$504,680)	\$90,929	\$ (846,354)	1,340,252	\$ 84,615			
1840-5	Underground Conduit - Secondary		40.38%	\$1,761,241	1,761,241	(\$341,824)	\$61,587	\$ (573,241)	907,762	\$ 57,311			
1845	Underground Conductors and Devices	\$5,206,139		(\$5,206,139)	-								
1845-3	Underground Conductors and Devices - Bulk Delivery			\$0	-			\$ -	-	\$ -			
1845-4	Underground Conductors and Devices - Primary		59.62%	\$3,103,867	3,103,867	(\$434,316)	\$78,252	\$ (1,298,023)	1,449,780	\$ 109,399			
1845-5	Underground Conductors and Devices - Secondary		40.38%	\$2,102,272	2,102,272	(\$294,166)	\$53,000	\$ (879,160)	981,946	\$ 74,097			
1850	Line Transformers	\$7,604,952		\$0	7,604,952	(\$1,538,359)	\$277,169	\$ (2,211,605)	4,132,158	\$ 262,709			
1855	Services	\$2,716,858		\$0	2,716,858	(\$956,387)	\$172,314	\$ (536,603)	1,396,182	\$ 68,315			
1860	Meters	\$5,870,502		\$0	5,870,502			\$ (2,876,743)	2,993,759	\$ 288,820			
<b>Total</b>		<b>\$39,063,610</b>		<b>\$0</b>	<b>\$39,063,610</b>	<b>(\$4,069,732)</b>	<b>\$733,252</b>	<b>(\$14,742,569)</b>	<b>\$0</b>	<b>\$1,569,359</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>SUB TOTAL from I3</b>		<b>\$39,063,610</b>											
										<b>5705</b>	<b>5710</b>	<b>5715</b>	<b>5720</b>



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**  
**EB-2010-0145**  
**September 24, 2010**

**Sheet I4 Break Out Worksheet - Second Run**

**Instructions:**  
 This is an input sheet for the Break Out of Distribution Assets, Contributed Capital, Amortization, and Amortization Expenses.  
 \*\*Please see Handbook for detailed instructions\*\*

Enter Net Fixed Assets from **approved** EDR, Sheet 3-1, cell F12 **\$26,422,100**

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS									EXPENSE ITEMS			
		Break out Functions	BREAK OUT (%)	BREAK OUT (\$)	After BO	Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Asset net of Accumulated Depreciation and Contributed Capital	5705	5710	5715	5720
Account	Description	Break out Functions				Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Net Asset	Amortization Expense - Property, Plant, and Equipment	Amortization of Limited Term Electric Plant	Amortization of Intangibles and Other Electric Plant	Amortization of Electric Plant Acquisition Adjustments
General Plant		Break out Functions				Contributed Capital - 1995	Accumulated Depreciation - 2105 Capital Contribution	Accumulated Depreciation - 2105 Fixed Assets Only	Accumulated Depreciation - 2120	Net Asset	Amortization Expense - Property, Plant, and Equipment	Amortization of Limited Term Electric Plant	Amortization of Intangibles and Other Electric Plant	Amortization of Electric Plant Acquisition Adjustments
1905	Land	\$17,530			17,530			\$ -		\$ 17,530	\$ -			
1906	Land Rights	\$0			-			\$ -		\$ -	\$ -			
1908	Buildings and Fixtures	\$1,028,723			1,028,723			\$ (241,099)		\$ 787,624	\$ 41,050			
1910	Leasehold Improvements	\$0			-			\$ -		\$ -	\$ -			
1915	Office Furniture and Equipment	\$253,441			253,441			\$ (160,187)		\$ 93,254	\$ 15,912			
1920	Computer Equipment - Hardware	\$1,230,173			1,230,173			\$ (941,713)		\$ 288,460	\$ 108,134			
1925	Computer Software	\$1,372,123			1,372,123			\$ (1,134,535)		\$ 237,587	\$ 115,734			
1930	Transportation Equipment	\$1,491,369			1,491,369			\$ (1,093,112)		\$ 398,257	\$ -			
1935	Stores Equipment	\$96,839			96,839			\$ (39,825)		\$ 57,013	\$ -			
1940	Tools, Shop and Garage Equipment	\$280,236			280,236			\$ (200,092)		\$ 80,143	\$ 15,948			
1945	Measurement and Testing Equipment	\$126,963			126,963			\$ (86,689)		\$ 40,274	\$ 6,355			
1950	Power Operated Equipment	\$0			-			\$ -		\$ -	\$ -			
1955	Communication Equipment	\$39,759			39,759			\$ (14,514)		\$ 25,246	\$ 3,684			
1960	Miscellaneous Equipment	\$1,905			1,905			\$ (627)		\$ 1,278	\$ 142			
1970	Load Management Controls - Customer Premises	\$0			-			\$ -		\$ -	\$ -			
1975	Load Management Controls - Utility Premises	\$0			-			\$ -		\$ -	\$ -			
1980	System Supervisory Equipment	\$346,973			346,973			\$ (120,099)		\$ 226,873	\$ 23,063			
1996	Contributions - Commerce Way TS	\$3,300,000			3,300,000			\$ (116,000)		\$ 3,184,000	\$ 132,000			
2005	Property Under Capital Leases	\$0			-			\$ -		\$ -	\$ -			
2010	Electric Plant Purchased or Sold	\$0			-			\$ -		\$ -	\$ -			
<b>Total</b>		<b>\$9,586,032</b>			<b>\$0</b>	<b>\$9,586,032</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$4,148,493)</b>	<b>\$0</b>	<b>\$5,437,539</b>	<b>\$462,022</b>	<b>\$0</b>	<b>\$0</b>
SUB TOTAL from I3		\$9,586,032												
I3 Directly Allocated		\$0												
<b>Grand Total</b>		<b>\$48,649,642</b>			<b>\$0</b>	<b>\$48,649,642</b>	<b>(\$4,069,732)</b>	<b>\$733,252</b>	<b>(\$18,891,062)</b>	<b>\$0</b>	<b>\$26,422,100</b>	<b>\$2,031,382</b>	<b>\$0</b>	<b>\$0</b>





**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

**EB-2010-0145**

**September 24, 2010**

**Sheet 15 Miscellaneous Data Worksheet - Second Run**

kMs of Roads in Service Area Where  
Distribution Lines Exist

256

Deemed Equity Component  
of Rate Base (%)

40%

	1	2	3	5	6	7	9
	Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Large Use	Street Lighting	Unmetered Scattered Load
Enter Current Service Charge	11.10	21.45	294.82	294.82	13,876.25	0.87	10.73



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

**EB-2010-0145**  
**September 24, 2010**

**Sheet I6 Customer Data Worksheet - Second Run**

Total kWhs	354,632,713
------------	-------------

Total kW	538,790
----------	---------

Total Approved Distribution Revenue (\$)	\$8,232,474
------------------------------------------	-------------

	ID	Total	1	2	3	5	7	9
			Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load
<b>Billing Data</b>								
kWh from load forecasting model	CEN	354,632,713	117,418,066	46,182,407	118,202,396	69,723,917	2,490,098	615,829
kW from load forecasting model	CDEM	538,790			381,271	148,980	8,539	
kW, included in CDEM, from customers with line transformer allowance from approved EDR model, Sheet 6-3, Col P		-						
Optional - kWh, included in CEN, from customers that receive a line transformation allowance on a kWh basis. In most cases this will not be applicable and will be left blank.		-						
KWh excluding KWh from Wholesale Market Participants	CEN EWMP	354,632,713	117,418,066	46,182,407	118,202,396	69,723,917	2,490,098	615,829
kWh - weather normalized amount from load forecast		354,632,713	117,418,066	46,182,407	118,202,396	69,723,917	2,490,098	615,829
Proposed Distribution Rev	CREV	\$8,232,474	5,170,653	1,105,305	1,536,290	292,607	95,892	31,727
Bad Debt	BDHA	\$40,283	\$8,437	\$4,890	\$26,955	\$0	\$0	\$0
Late Payment 3 Year Historical Average	LPHA	\$31,489	\$17,657	\$7,284	\$6,320			\$227
Weighting Factor - Services			1.0	2.0	10.0	10.0	1.0	1.0
Weighting Factor - Billings			1.0	2.0	7.0	7.0	1.0	1.0
Number of Bills	CNB	182,436	165,420	14,052	2,316	84	36	528



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

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**Sheet I6 Customer Data Worksheet - Second Run**

Number of Connections (Unmetered)	CCON	2,644					2,509	135
Total Number of Customer from Approved EDR, Sheet 7-1, Col H excluding connections	CCA	15,156	13,785	1,171	193	7		
Bulk Customer Base	CCB	-						
Primary Customer Base	CCP	15,156	13,785	1,171	193	7		
Line Transformer Customer Base	CCLT	15,093	13,785	1,165	143			
Secondary Customer Base	CCS	13,785	13,785					
Weighted - Services	CWCS	16,429	13,785	-	-	-	2,509	135
Weighted Meter -Capital	CWMC	2,178,708	689,250	933,319	486,139	70,000	-	-
Weighted Meter Reading	CWMR	242,349	177,001	42,156	19,077	4,116	-	-
Weighted Bills	CWNB	210,888	165,420	28,104	16,212	588	36	528
<b>Data Mismatch Analysis</b>								
Revenue with 30 year weather normalized kWh		8,232,474	5,170,653	1,105,305	1,536,290	292,607	95,892	31,727

**Bad Debt Data from EDR 2006**

Sheet ADJ5 rows 26 - 32, column E  
 Sheet ADJ5 rows 26 - 32, column F  
 Sheet ADJ5 rows 26 - 32, column G  
 Three-year average

12,846	8,841	4,005			
106,343	14,898	10,579	80,866		
1,659	1,572	87			
40,283	8,437	4,890	26,955	-	-





**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

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**Sheet 01 Revenue to Cost Summary Worksheet - Second Run**

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets	Total	1	2	3	5	7	9
		Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load
<b>COP</b> Cost of Power (COP)	\$30,587,421	\$10,127,424	\$3,983,278	\$10,195,073	\$6,013,757	\$214,773	\$53,116
OM&A Expenses	\$4,169,207	\$2,627,499	\$560,658	\$571,877	\$220,615	\$176,235	\$12,323
Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$34,756,628</b>	<b>\$12,754,923</b>	<b>\$4,543,937</b>	<b>\$10,766,950</b>	<b>\$6,234,372</b>	<b>\$391,008</b>	<b>\$65,439</b>
Working Capital	\$5,213,494	\$1,913,238	\$681,590	\$1,615,042	\$935,156	\$58,651	\$9,816
<b>Total Rate Base</b>	<b>\$31,635,594</b>	<b>\$17,294,782</b>	<b>\$4,649,741</b>	<b>\$5,485,775</b>	<b>\$2,592,094</b>	<b>\$1,519,084</b>	<b>\$94,118</b>
<b>Rate Base Input equals Output</b>							
Equity Component of Rate Base	\$12,654,238	\$6,917,913	\$1,859,896	\$2,194,310	\$1,036,838	\$607,634	\$37,647
Net Income on Allocated Assets	\$1,246,442	\$996,310	\$96,409	\$522,533	(\$132,582)	(\$247,119)	\$10,892
Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Net Income</b>	<b>\$1,246,442</b>	<b>\$996,310</b>	<b>\$96,409</b>	<b>\$522,533</b>	<b>(\$132,582)</b>	<b>(\$247,119)</b>	<b>\$10,892</b>
<b>RATIOS ANALYSIS</b>							
REVENUE TO EXPENSES %	100.00%	105.25%	92.67%	127.06%	58.72%	24.64%	126.50%
EXISTING REVENUE MINUS ALLOCATED COSTS	\$0	\$274,710	(\$93,095)	\$338,476	(\$212,107)	(\$314,955)	\$6,972
RETURN ON EQUITY COMPONENT OF RATE BASE	9.85%	14.40%	5.18%	23.81%	-12.79%	-40.67%	28.93%



**2011 COST ALLOCATION STUDY  
Woodstock Hydro Services Inc.**

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**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

Output sheet showing minimum and maximum level for Monthly Fixed Charge

**Summary**

	1	2	3	5	7	9
	Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load
Customer Unit Cost per month - Avoided Cost	\$3.85	\$26.68	\$81.93	\$319.87	\$0.34	\$0.63
Customer Unit Cost per month - Directly Related	\$7.03	\$40.37	\$125.14	\$461.65	\$0.65	\$1.52
Customer Unit Cost per month - Minimum System with PLCC Adjustment	\$17.02	\$46.34	\$156.28	\$462.02	\$13.85	\$10.77
Fixed Charge per approved 2006 EDR	\$11.10	\$21.45	\$294.82	\$294.82	\$0.87	\$10.73

**Information to be Used to Allocate PILs, ROD, ROE and A&G**

	1	2	3	5	7	9	
Total	Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load	
General Plant - Gross Assets	\$9,586,032	\$5,699,565	\$1,371,114	\$1,361,045	\$560,775	\$561,261	\$32,272
General Plant - Accumulated Depreciation	(\$4,148,493)	(\$2,466,569)	(\$593,369)	(\$589,012)	(\$242,683)	(\$242,894)	(\$13,966)
General Plant - Net Fixed Assets	\$5,437,539	\$3,232,996	\$777,745	\$772,033	\$318,091	\$318,367	\$18,306
General Plant - Depreciation	\$462,022	\$274,704	\$66,084	\$65,599	\$27,028	\$27,051	\$1,555
<b>Total Net Fixed Assets Excluding General Plant</b>	<b>\$20,984,561</b>	<b>\$12,148,547</b>	<b>\$3,190,406</b>	<b>\$3,098,699</b>	<b>\$1,338,847</b>	<b>\$1,142,066</b>	<b>\$65,996</b>
<b>Total Administration and General Expense</b>	<b>\$1,977,744</b>	<b>\$1,242,035</b>	<b>\$267,373</b>	<b>\$272,119</b>	<b>\$105,536</b>	<b>\$84,812</b>	<b>\$5,868</b>
<b>Total O&amp;M</b>	<b>\$2,191,463</b>	<b>\$1,385,464</b>	<b>\$293,285</b>	<b>\$299,757</b>	<b>\$115,079</b>	<b>\$91,422</b>	<b>\$6,455</b>

**Scenario 1**

*Accounts included in Avoided Costs Plus General Administration Allocation*



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

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**September 24, 2010**

**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

USoA Account #	Accounts	Total	1	2	3	5	7	9
			Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load
<b><u>Distribution Plant</u></b>								
1860	Meters	\$5,870,502	\$1,857,176	\$2,514,815	\$1,309,897	\$188,614	\$0	\$0
<b><u>Accumulated Amortization</u></b>								
	Accum. Amortization of Electric Utility Plant - Meters only	(\$2,876,743)	(\$910,078)	(\$1,232,344)	(\$641,893)	(\$92,427)	\$0	\$0
	<b>Meter Net Fixed Assets</b>	<b>\$2,993,759</b>	<b>\$947,097</b>	<b>\$1,282,471</b>	<b>\$668,003</b>	<b>\$96,187</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Misc Revenue</u></b>								
4082	Retail Services Revenues	(\$25,400)	(\$19,924)	(\$3,385)	(\$1,953)	(\$71)	(\$4)	(\$64)
4084	Service Transaction Requests (STR) Revenues	(\$1,000)	(\$784)	(\$133)	(\$77)	(\$3)	(\$0)	(\$3)
4090	Electric Services Incidental to Energy Sales	(\$38,565)	(\$30,250)	(\$5,139)	(\$2,965)	(\$108)	(\$7)	(\$97)
4220	Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4225	Late Payment Charges	(\$54,254)	(\$30,423)	(\$12,551)	(\$10,889)	\$0	\$0	(\$391)
	<i>Sub-total</i>	<i>(\$119,219)</i>	<i>(\$81,381)</i>	<i>(\$21,208)</i>	<i>(\$15,883)</i>	<i>(\$181)</i>	<i>(\$11)</i>	<i>(\$554)</i>
<b><u>Operation</u></b>								
5065	Meter Expense	\$146,160	\$46,239	\$62,612	\$32,613	\$4,696	\$0	\$0
5070	Customer Premises - Operation Labour	\$63,885	\$49,476	\$4,203	\$693	\$25	\$9,004	\$485
5075	Customer Premises - Materials and Expenses	\$8,000	\$6,196	\$526	\$87	\$3	\$1,128	\$61
	<i>Sub-total</i>	<i>\$218,045</i>	<i>\$101,910</i>	<i>\$67,341</i>	<i>\$33,392</i>	<i>\$4,724</i>	<i>\$10,131</i>	<i>\$545</i>
<b><u>Maintenance</u></b>								
5175	Maintenance of Meters	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b><u>Billing and Collection</u></b>								
5310	Meter Reading Expense	\$151,927	\$110,961	\$26,427	\$11,959	\$2,580	\$0	\$0
5315	Customer Billing	\$301,335	\$236,366	\$40,157	\$23,165	\$840	\$51	\$754
5320	Collecting	\$116,362	\$91,274	\$15,507	\$8,945	\$324	\$20	\$291
5325	Collecting- Cash Over and Short	\$100	\$78	\$13	\$8	\$0	\$0	\$0
5330	Collection Charges	(\$5,000)	(\$3,922)	(\$666)	(\$384)	(\$14)	(\$1)	(\$13)



**2011 COST ALLOCATION STUDY**  
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**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

Sub-total	\$564,724	\$434,758	\$81,439	\$43,693	\$3,731	\$70	\$1,034
Total Operation, Maintenance and Billing	\$782,769	\$536,668	\$148,780	\$77,085	\$8,456	\$10,202	\$1,579
Amortization Expense - Meters	\$288,820	\$91,370	\$123,725	\$64,445	\$9,280	\$0	\$0
Allocated PILs	\$38,046	\$11,900	\$16,403	\$8,507	\$1,236	\$0	\$0
Allocated Debt Return	\$106,551	\$33,326	\$45,938	\$23,825	\$3,463	\$0	\$0
Allocated Equity Return	\$142,058	\$44,432	\$61,246	\$31,764	\$4,616	\$0	\$0
<b>Total</b>	<b>\$1,239,025</b>	<b>\$636,314</b>	<b>\$374,884</b>	<b>\$189,743</b>	<b>\$26,869</b>	<b>\$10,191</b>	<b>\$1,025</b>

**Scenario 2**

*Accounts included in Directly Related Customer Costs Plus General Administration Allocation*

USoA Account #	Accounts	Total	1	2	3	5	7	9
			Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>								
1860	Meters	\$5,870,502	\$1,857,176	\$2,514,815	\$1,309,897	\$188,614	\$0	\$0
<b>Accumulated Amortization</b>								
	Accum. Amortization of Electric Utility Plant - Meters only	(\$2,876,743)	(\$910,078)	(\$1,232,344)	(\$641,893)	(\$92,427)	\$0	\$0
	Meter Net Fixed Assets	\$2,993,759	\$947,097	\$1,282,471	\$668,003	\$96,187	\$0	\$0
	Allocated General Plant Net Fixed Assets	\$753,963	\$252,043	\$312,636	\$166,431	\$22,853	\$0	\$0
	Meter Net Fixed Assets Including General Plant	\$3,747,723	\$1,199,141	\$1,595,107	\$834,435	\$119,040	\$0	\$0
<b>Misc Revenue</b>								
4082	Retail Services Revenues	(\$25,400)	(\$19,924)	(\$3,385)	(\$1,953)	(\$71)	(\$4)	(\$64)
4084	Service Transaction Requests (STR) Revenues	(\$1,000)	(\$784)	(\$133)	(\$77)	(\$3)	(\$0)	(\$3)
4090	Electric Services Incidental to Energy Sales	(\$38,565)	(\$30,250)	(\$5,139)	(\$2,965)	(\$108)	(\$7)	(\$97)
4220	Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4225	Late Payment Charges	(\$54,254)	(\$30,423)	(\$12,551)	(\$10,889)	\$0	\$0	(\$391)
<b>Sub-total</b>		<b>(\$119,219)</b>	<b>(\$81,381)</b>	<b>(\$21,208)</b>	<b>(\$15,883)</b>	<b>(\$181)</b>	<b>(\$11)</b>	<b>(\$554)</b>
<b>Operation</b>								
5065	Meter Expense	\$146,160	\$46,239	\$62,612	\$32,613	\$4,696	\$0	\$0
5070	Customer Premises - Operation Labour	\$63,885	\$49,476	\$4,203	\$693	\$25	\$9,004	\$485



**2011 COST ALLOCATION STUDY**  
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**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

5075	Customer Premises - Materials and Expenses	\$8,000	\$6,196	\$526	\$87	\$3	\$1,128	\$61
<i>Sub-total</i>		<i>\$218,045</i>	<i>\$101,910</i>	<i>\$67,341</i>	<i>\$33,392</i>	<i>\$4,724</i>	<i>\$10,131</i>	<i>\$545</i>
<b>Maintenance</b>								
5175	Maintenance of Meters	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Billing and Collection</b>								
5310	Meter Reading Expense	\$151,927	\$110,961	\$26,427	\$11,959	\$2,580	\$0	\$0
5315	Customer Billing	\$301,335	\$236,366	\$40,157	\$23,165	\$840	\$51	\$754
5320	Collecting	\$116,362	\$91,274	\$15,507	\$8,945	\$324	\$20	\$291
5325	Collecting- Cash Over and Short	\$100	\$78	\$13	\$8	\$0	\$0	\$0
5330	Collection Charges	(\$5,000)	(\$3,922)	(\$666)	(\$384)	(\$14)	(\$1)	(\$13)
<i>Sub-total</i>		<i>\$564,724</i>	<i>\$434,758</i>	<i>\$81,439</i>	<i>\$43,693</i>	<i>\$3,731</i>	<i>\$70</i>	<i>\$1,034</i>
Total Operation, Maintenance and Billing		\$782,769	\$536,668	\$148,780	\$77,085	\$8,456	\$10,202	\$1,579
Amortization Expense - Meters		\$288,820	\$91,370	\$123,725	\$64,445	\$9,280	\$0	\$0
Amortization Expense - General Plant assigned to Meters		\$64,064	\$21,416	\$26,564	\$14,142	\$1,942	\$0	\$0
Admin and General		\$705,376	\$481,110	\$135,635	\$69,978	\$7,754	\$9,464	\$1,435
Allocated PILs		\$47,625	\$15,067	\$20,402	\$10,627	\$1,530	\$0	\$0
Allocated Debt Return		\$133,377	\$42,195	\$57,136	\$29,761	\$4,285	\$0	\$0
Allocated Equity Return		\$177,824	\$56,256	\$76,176	\$39,678	\$5,713	\$0	\$0
<b>Total</b>		<b>\$2,080,635</b>	<b>\$1,162,699</b>	<b>\$567,211</b>	<b>\$289,831</b>	<b>\$38,779</b>	<b>\$19,655</b>	<b>\$2,460</b>

**Scenario 3**

*Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge*

USoA Account #	Accounts	Total	1	2	3	5	7	9
			Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load
<b>Distribution Plant</b>								
1565	Conservation and Demand Management Expenditures and Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830	Poles, Towers and Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	\$0



**2011 COST ALLOCATION STUDY**  
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**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

	Poles, Towers and Fixtures - Subtransmission Bulk							
1830-3	Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1830-4	Poles, Towers and Fixtures - Primary	\$2,788,592	\$2,159,629	\$183,455	\$30,236	\$1,097	\$393,025	\$21,150
1830-5	Poles, Towers and Fixtures - Secondary	\$571,562	\$479,587	\$0	\$0	\$0	\$87,279	\$4,697
1835	Overhead Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Overhead Conductors and Devices -							
1835-3	Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1835-4	Overhead Conductors and Devices - Primary	\$1,072,966	\$830,960	\$70,588	\$11,634	\$422	\$151,224	\$8,138
1835-5	Overhead Conductors and Devices - Secondary	\$544,237	\$456,659	\$0	\$0	\$0	\$83,106	\$4,472
1840	Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-3	Underground Conduit - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1840-4	Underground Conduit - Primary	\$1,040,143	\$805,540	\$68,429	\$11,278	\$409	\$146,598	\$7,889
1840-5	Underground Conduit - Secondary	\$704,496	\$591,129	\$0	\$0	\$0	\$107,578	\$5,789
1845	Underground Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Underground Conductors and Devices - Bulk							
1845-3	Delivery	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1845-4	Underground Conductors and Devices - Primary	\$1,241,547	\$961,518	\$81,678	\$13,462	\$488	\$174,984	\$9,416
1845-5	Underground Conductors and Devices - Secondary	\$840,909	\$705,590	\$0	\$0	\$0	\$128,409	\$6,910
1850	Line Transformers	\$3,041,981	\$2,364,234	\$199,807	\$24,526	\$0	\$430,261	\$23,154
1855	Services	\$2,716,858	\$2,279,662	\$0	\$0	\$0	\$414,870	\$22,325
1860	Meters	\$5,870,502	\$1,857,176	\$2,514,815	\$1,309,897	\$188,614	\$0	\$0
	<b>Sub-total</b>	<b>\$20,433,792</b>	<b>\$13,491,684</b>	<b>\$3,118,772</b>	<b>\$1,401,033</b>	<b>\$191,030</b>	<b>\$2,117,334</b>	<b>\$113,940</b>
	<b>Accumulated Amortization</b>							
	Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	(\$9,581,999)	(\$6,272,719)	(\$1,504,423)	(\$682,898)	(\$93,508)	(\$975,933)	(\$52,518)
	<b>Customer Related Net Fixed Assets</b>	<b>\$10,851,793</b>	<b>\$7,218,965</b>	<b>\$1,614,349</b>	<b>\$718,135</b>	<b>\$97,522</b>	<b>\$1,141,401</b>	<b>\$61,422</b>
	<b>Allocated General Plant Net Fixed Assets</b>	<b>\$2,851,976</b>	<b>\$1,921,126</b>	<b>\$393,540</b>	<b>\$178,922</b>	<b>\$23,170</b>	<b>\$318,182</b>	<b>\$17,037</b>
	<b>Customer Related NFA Including General Plant</b>	<b>\$13,703,769</b>	<b>\$9,140,090</b>	<b>\$2,007,889</b>	<b>\$897,057</b>	<b>\$120,692</b>	<b>\$1,459,583</b>	<b>\$78,459</b>
	<b>Misc Revenue</b>							
4082	Retail Services Revenues	(\$25,400)	(\$19,924)	(\$3,385)	(\$1,953)	(\$71)	(\$4)	(\$64)
4084	Service Transaction Requests (STR) Revenues	(\$1,000)	(\$784)	(\$133)	(\$77)	(\$3)	(\$0)	(\$3)
4090	Electric Services Incidental to Energy Sales	(\$38,565)	(\$30,250)	(\$5,139)	(\$2,965)	(\$108)	(\$7)	(\$97)
4220	Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0	\$0
4225	Late Payment Charges	(\$54,254)	(\$30,423)	(\$12,551)	(\$10,889)	\$0	\$0	(\$391)
4235	Miscellaneous Service Revenues	(\$234,290)	(\$183,776)	(\$31,223)	(\$18,011)	(\$653)	(\$40)	(\$587)



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**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

<i>Sub-total</i>		<i>(\$353,509)</i>	<i>(\$265,157)</i>	<i>(\$52,431)</i>	<i>(\$33,894)</i>	<i>(\$834)</i>	<i>(\$51)</i>	<i>(\$1,141)</i>
<b><u>Operating and Maintenance</u></b>								
5005	Operation Supervision and Engineering	\$42,809	\$34,199	\$1,775	\$268	\$7	\$6,224	\$335
5010	Load Dispatching	\$20,726	\$16,558	\$860	\$130	\$3	\$3,013	\$162
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$17,310	\$13,656	\$883	\$146	\$5	\$2,485	\$134
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$2,200	\$1,736	\$112	\$19	\$1	\$316	\$17
5035	Overhead Distribution Transformers- Operation	\$1,293	\$1,005	\$85	\$10	\$0	\$183	\$10
5040	Underground Distribution Lines and Feeders - Operation Labour	\$13,667	\$10,941	\$536	\$88	\$3	\$1,991	\$107
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$9,400	\$7,525	\$369	\$61	\$2	\$1,369	\$74
5055	Underground Distribution Transformers - Operation	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5065	Meter Expense	\$146,160	\$46,239	\$62,612	\$32,613	\$4,696	\$0	\$0
5070	Customer Premises - Operation Labour	\$63,885	\$49,476	\$4,203	\$693	\$25	\$9,004	\$485
5075	Customer Premises - Materials and Expenses	\$8,000	\$6,196	\$526	\$87	\$3	\$1,128	\$61
5085	Miscellaneous Distribution Expense	\$77,861	\$62,202	\$3,229	\$487	\$13	\$11,320	\$609
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$1,450	\$1,144	\$74	\$12	\$0	\$208	\$11
5096	Other Rent	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5105	Maintenance Supervision and Engineering	\$33,775	\$26,983	\$1,401	\$211	\$6	\$4,911	\$264
5120	Maintenance of Poles, Towers and Fixtures	\$36,795	\$28,900	\$2,009	\$331	\$12	\$5,259	\$283
5125	Maintenance of Overhead Conductors and Devices	\$46,751	\$37,223	\$2,041	\$336	\$12	\$6,774	\$365
5130	Maintenance of Overhead Services	\$73,273	\$61,482	\$0	\$0	\$0	\$11,189	\$602
5135	Overhead Distribution Lines and Feeders - Right of Way	\$44,774	\$35,324	\$2,285	\$377	\$14	\$6,429	\$346
5145	Maintenance of Underground Conduit	\$5,014	\$4,014	\$197	\$32	\$1	\$730	\$39
5150	Maintenance of Underground Conductors and Devices	\$20,429	\$16,355	\$801	\$132	\$5	\$2,976	\$160
5155	Maintenance of Underground Services	\$64,648	\$54,245	\$0	\$0	\$0	\$9,872	\$531
5160	Maintenance of Line Transformers	\$39,578	\$30,760	\$2,600	\$319	\$0	\$5,598	\$301
5175	Maintenance of Meters	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Sub-total</i>		<i>\$769,797</i>	<i>\$546,163</i>	<i>\$86,598</i>	<i>\$36,352</i>	<i>\$4,809</i>	<i>\$90,980</i>	<i>\$4,896</i>



**2011 COST ALLOCATION STUDY  
Woodstock Hydro Services Inc.**

**EB-2010-0145**

**September 24, 2010**

**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

<b>Billing and Collection</b>								
5305	Supervision	\$54,748	\$42,944	\$7,296	\$4,209	\$153	\$9	\$137
5310	Meter Reading Expense	\$151,927	\$110,961	\$26,427	\$11,959	\$2,580	\$0	\$0
5315	Customer Billing	\$301,335	\$236,366	\$40,157	\$23,165	\$840	\$51	\$754
5320	Collecting	\$116,362	\$91,274	\$15,507	\$8,945	\$324	\$20	\$291
5325	Collecting- Cash Over and Short	\$100	\$78	\$13	\$8	\$0	\$0	\$0
5330	Collection Charges	(\$5,000)	(\$3,922)	(\$666)	(\$384)	(\$14)	(\$1)	(\$13)
5335	Bad Debt Expense	\$53,460	\$11,197	\$6,490	\$35,773	\$0	\$0	\$0
5340	Miscellaneous Customer Accounts Expenses	\$2,200	\$1,726	\$293	\$169	\$6	\$0	\$6
<i>Sub-total</i>		<i>\$675,133</i>	<i>\$490,625</i>	<i>\$95,518</i>	<i>\$83,843</i>	<i>\$3,890</i>	<i>\$80</i>	<i>\$1,176</i>
<i>Sub Total Operating, Maintenance and Billing</i>		<i>\$1,444,930</i>	<i>\$1,036,788</i>	<i>\$182,116</i>	<i>\$120,195</i>	<i>\$8,699</i>	<i>\$91,060</i>	<i>\$6,072</i>
<b>Amortization Expense - Customer Related</b>		<b>\$825,673</b>	\$518,606	\$147,653	\$68,098	\$9,381	\$77,751	\$4,184
<b>Amortization Expense - General Plant assigned to Meters</b>		<b>\$242,330</b>	\$163,236	\$33,439	\$15,203	\$1,969	\$27,036	\$1,448
<b>Admin and General</b>		<b>\$1,302,568</b>	\$929,455	\$166,025	\$109,113	\$7,978	\$84,476	\$5,520
<b>Allocated PILs</b>		<b>\$172,632</b>	\$114,840	\$25,681	\$11,424	\$1,551	\$18,158	\$977
<b>Allocated Debt Return</b>		<b>\$483,465</b>	\$321,617	\$71,922	\$31,994	\$4,345	\$50,851	\$2,736
<b>Allocated Equity Return</b>		<b>\$644,576</b>	\$428,793	\$95,889	\$42,656	\$5,793	\$67,797	\$3,648
<b>PLCC Adjustment for Line Transformer</b>		<b>\$93,908</b>	\$85,044	\$7,148	\$879	\$0	\$0	\$837
<b>PLCC Adjustment for Primary Costs</b>		<b>\$155,193</b>	\$139,804	\$11,968	\$1,974	\$71	\$0	\$1,375
<b>PLCC Adjustment for Secondary Costs</b>		<b>\$211,512</b>	\$207,720	\$0	\$0	\$0	\$0	\$3,792
<b>Total</b>		<b>\$4,302,052</b>	<b>\$2,815,608</b>	<b>\$651,178</b>	<b>\$361,936</b>	<b>\$38,810</b>	<b>\$417,078</b>	<b>\$17,441</b>

**Below: Grouping to avoid disclosure**

**Scenario 1**

**Accounts included in Avoided Costs Plus General Administration Allocation**

Accounts	Total	Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load
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**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

**EB-2010-0145**

**September 24, 2010**

**Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

<b>Distribution Plant</b>														
CWMC	\$	5,870,502	\$	1,857,176	\$	2,514,815	\$	1,309,897	\$	188,614	\$	-	\$	-
<b>Accumulated Amortization</b>														
Accum. Amortization of Electric Utility Plant - Meters only	\$	(2,876,743)	\$	(910,078)	\$	(1,232,344)	\$	(641,893)	\$	(92,427)	\$	-	\$	-
Meter Net Fixed Assets	\$	2,993,759	\$	947,097	\$	1,282,471	\$	668,003	\$	96,187	\$	-	\$	-
<b>Misc Revenue</b>														
CWNB	\$	(64,965)	\$	(50,958)	\$	(8,658)	\$	(4,994)	\$	(181)	\$	(11)	\$	(163)
NFA	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
LPHA	\$	(54,254)	\$	(30,423)	\$	(12,551)	\$	(10,889)	\$	-	\$	-	\$	(391)
<i>Sub-total</i>	\$	(119,219)	\$	(81,381)	\$	(21,208)	\$	(15,883)	\$	(181)	\$	(11)	\$	(554)
<b>Operation</b>														
CWMC	\$	146,160	\$	46,239	\$	62,612	\$	32,613	\$	4,696	\$	-	\$	-
CCA	\$	71,885	\$	55,671	\$	4,729	\$	779	\$	28	\$	10,131	\$	545
<i>Sub-total</i>	\$	218,045	\$	101,910	\$	67,341	\$	33,392	\$	4,724	\$	10,131	\$	545
<b>Maintenance</b>														
1860	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
<b>Billing and Collection</b>														
CWMR	\$	151,927	\$	110,961	\$	26,427	\$	11,959	\$	2,580	\$	-	\$	-
CWNB	\$	412,797	\$	323,797	\$	55,011	\$	31,734	\$	1,151	\$	70	\$	1,034
<i>Sub-total</i>	\$	564,724	\$	434,758	\$	81,439	\$	43,693	\$	3,731	\$	70	\$	1,034
Total Operation, Maintenance and Billing	\$	782,769	\$	536,668	\$	148,780	\$	77,085	\$	8,456	\$	10,202	\$	1,579
<b>Amortization Expense - Meters</b>	\$	288,820	\$	91,370	\$	123,725	\$	64,445	\$	9,280	\$	-	\$	-
<b>Allocated PILs</b>	\$	38,046	\$	11,900	\$	16,403	\$	8,507	\$	1,236	\$	-	\$	-
<b>Allocated Debt Return</b>	\$	106,551	\$	33,326	\$	45,938	\$	23,825	\$	3,463	\$	-	\$	-
<b>Allocated Equity Return</b>	\$	142,058	\$	44,432	\$	61,246	\$	31,764	\$	4,616	\$	-	\$	-
<b>Total</b>	\$	1,239,025	\$	636,314	\$	374,884	\$	189,743	\$	26,869	\$	10,191	\$	1,025

**Scenario 2**



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

**EB-2010-0145**

**September 24, 2010**

**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

*Accounts included in Directly Related Customer Costs Plus General Administration Allocation*

Accounts	Total	Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load
<b><u>Distribution Plant</u></b>							
CWMC	\$ 5,870,502	\$ 1,857,176	\$ 2,514,815	\$ 1,309,897	\$ 188,614	\$ -	\$ -
<b><u>Accumulated Amortization</u></b>							
Accum. Amortization of Electric Utility Plant - Meters only	\$ (2,876,743)	\$ (910,078)	\$ (1,232,344)	\$ (641,893)	\$ (92,427)	\$ -	\$ -
<b>Meter Net Fixed Assets</b>	\$ 2,993,759	\$ 947,097	\$ 1,282,471	\$ 668,003	\$ 96,187	\$ -	\$ -
<b>Allocated General Plant Net Fixed Assets</b>	\$ 753,963	\$ 252,043	\$ 312,636	\$ 166,431	\$ 22,853	\$ -	\$ -
<b>Meter Net Fixed Assets Including General Plant</b>	\$ 3,747,723	\$ 1,199,141	\$ 1,595,107	\$ 834,435	\$ 119,040	\$ -	\$ -
<b><u>Misc Revenue</u></b>							
CWNB	\$ (64,965)	\$ (50,958)	\$ (8,658)	\$ (4,994)	\$ (181)	\$ (11)	\$ (163)
NFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LPHA	\$ (54,254)	\$ (30,423)	\$ (12,551)	\$ (10,889)	\$ -	\$ -	\$ (391)
<i>Sub-total</i>	\$ (119,219)	\$ (81,381)	\$ (21,208)	\$ (15,883)	\$ (181)	\$ (11)	\$ (554)
<b><u>Operation</u></b>							
CWMC	\$ 146,160	\$ 46,239	\$ 62,612	\$ 32,613	\$ 4,696	\$ -	\$ -
CCA	\$ 71,885	\$ 55,671	\$ 4,729	\$ 779	\$ 28	\$ 10,131	\$ 545
<i>Sub-total</i>	\$ 218,045	\$ 101,910	\$ 67,341	\$ 33,392	\$ 4,724	\$ 10,131	\$ 545
<b><u>Maintenance</u></b>							
1860	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b><u>Billing and Collection</u></b>							
CWMR	\$ 151,927	\$ 110,961	\$ 26,427	\$ 11,959	\$ 2,580	\$ -	\$ -
CWNB	\$ 412,797	\$ 323,797	\$ 55,011	\$ 31,734	\$ 1,151	\$ 70	\$ 1,034
<i>Sub-total</i>	\$ 564,724	\$ 434,758	\$ 81,439	\$ 43,693	\$ 3,731	\$ 70	\$ 1,034
<b>Total Operation, Maintenance and Billing</b>	\$ 782,769	\$ 536,668	\$ 148,780	\$ 77,085	\$ 8,456	\$ 10,202	\$ 1,579
<b>Amortization Expense - Meters</b>	\$ 288,820	\$ 91,370	\$ 123,725	\$ 64,445	\$ 9,280	\$ -	\$ -
<b>Amortization Expense - General Plant assigned to Meters</b>	\$ 64,064	\$ 21,416	\$ 26,564	\$ 14,142	\$ 1,942	\$ -	\$ -



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

**EB-2010-0145**

**September 24, 2010**

**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

Admin and General	\$ 705,376	\$ 481,110	\$ 135,635	\$ 69,978	\$ 7,754	\$ 9,464	\$ 1,435
Allocated PILs	\$ 47,625	\$ 15,067	\$ 20,402	\$ 10,627	\$ 1,530	\$ -	\$ -
Allocated Debt Return	\$ 133,377	\$ 42,195	\$ 57,136	\$ 29,761	\$ 4,285	\$ -	\$ -
Allocated Equity Return	\$ 177,824	\$ 56,256	\$ 76,176	\$ 39,678	\$ 5,713	\$ -	\$ -
<b>Total</b>	<b>\$ 2,080,635</b>	<b>\$ 1,162,699</b>	<b>\$ 567,211</b>	<b>\$ 289,831</b>	<b>\$ 38,779</b>	<b>\$ 19,655</b>	<b>\$ 2,460</b>

**Scenario 3**

**Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge**

USoA Account #	Accounts	Total	Residential	GS <50	GS 50 to 999 kW	GS > 1000 kW	Street Lighting	Unmetered Scattered Load
<b><u>Distribution Plant</u></b>								
	CDMPP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Poles, Towers and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	BCP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	PNCP	\$ 6,143,248	\$ 4,757,647	\$ 404,150	\$ 66,611	\$ 2,416	\$ 865,832	\$ 46,593
	SNCP	\$ 2,661,204	\$ 2,232,965	\$ -	\$ -	\$ -	\$ 406,371	\$ 21,868
	Overhead Conductors and Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LTNCP	\$ 3,041,981	\$ 2,364,234	\$ 199,807	\$ 24,526	\$ -	\$ 430,261	\$ 23,154
	CWCS	\$ 2,716,858	\$ 2,279,662	\$ -	\$ -	\$ -	\$ 414,870	\$ 22,325
	CWMC	\$ 5,870,502	\$ 1,857,176	\$ 2,514,815	\$ 1,309,897	\$ 188,614	\$ -	\$ -
	<i>Sub-total</i>	<i>\$ 20,433,792</i>	<i>\$ 13,491,684</i>	<i>\$ 3,118,772</i>	<i>\$ 1,401,033</i>	<i>\$ 191,030</i>	<i>\$ 2,117,334</i>	<i>\$ 113,940</i>
<b><u>Accumulated Amortization</u></b>								
	Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	\$ (9,581,999)	\$ (6,272,719)	\$ (1,504,423)	\$ (682,898)	\$ (93,508)	\$ (975,933)	\$ (52,518)
	<b>Customer Related Net Fixed Assets</b>	\$ 10,851,793	\$ 7,218,965	\$ 1,614,349	\$ 718,135	\$ 97,522	\$ 1,141,401	\$ 61,422
	<b>Allocated General Plant Net Fixed Assets</b>	\$ 2,851,976	\$ 1,921,126	\$ 393,540	\$ 178,922	\$ 23,170	\$ 318,182	\$ 17,037
	<b>Customer Related NFA Including General Plant</b>	\$ 13,703,769	\$ 9,140,090	\$ 2,007,889	\$ 897,057	\$ 120,692	\$ 1,459,583	\$ 78,459
<b><u>Misc Revenue</u></b>								
	CWNB	\$ (299,255)	\$ (234,735)	\$ (39,880)	\$ (23,005)	\$ (834)	\$ (51)	\$ (749)
	NFA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LPHA	\$ (54,254)	\$ (30,423)	\$ (12,551)	\$ (10,889)	\$ -	\$ -	\$ (391)
	<i>Sub-total</i>	<i>\$ (353,509)</i>	<i>\$ (265,157)</i>	<i>\$ (52,431)</i>	<i>\$ (33,894)</i>	<i>\$ (834)</i>	<i>\$ (51)</i>	<i>\$ (1,141)</i>



**2011 COST ALLOCATION STUDY**  
**Woodstock Hydro Services Inc.**

**EB-2010-0145**

**September 24, 2010**

**Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run**

**Operating and Maintenance**

1815-1855	\$	175,171	\$	139,943	\$	7,265	\$	1,096	\$	29	\$	25,468	\$	1,370
1830 & 1835	\$	65,734	\$	51,860	\$	3,355	\$	553	\$	20	\$	9,438	\$	508
1850	\$	40,871	\$	31,765	\$	2,685	\$	330	\$	-	\$	5,781	\$	311
1840 & 1845	\$	23,067	\$	18,466	\$	905	\$	149	\$	5	\$	3,361	\$	181
CWMC	\$	146,160	\$	46,239	\$	62,612	\$	32,613	\$	4,696	\$	-	\$	-
CCA	\$	71,885	\$	55,671	\$	4,729	\$	779	\$	28	\$	10,131	\$	545
O&M	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1830	\$	36,795	\$	28,900	\$	2,009	\$	331	\$	12	\$	5,259	\$	283
1835	\$	46,751	\$	37,223	\$	2,041	\$	336	\$	12	\$	6,774	\$	365
1855	\$	137,921	\$	115,727	\$	-	\$	-	\$	-	\$	21,061	\$	1,133
1840	\$	5,014	\$	4,014	\$	197	\$	32	\$	1	\$	730	\$	39
1845	\$	20,429	\$	16,355	\$	801	\$	132	\$	5	\$	2,976	\$	160
1860	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
<b>Sub-total</b>	\$	<b>769,797</b>	\$	<b>546,163</b>	\$	<b>86,598</b>	\$	<b>36,352</b>	\$	<b>4,809</b>	\$	<b>90,980</b>	\$	<b>4,896</b>

**Billing and Collection**

CWNB	\$	469,745	\$	368,467	\$	62,601	\$	36,112	\$	1,310	\$	80	\$	1,176
CWMR	\$	151,927	\$	110,961	\$	26,427	\$	11,959	\$	2,580	\$	-	\$	-
BDHA	\$	53,460	\$	11,197	\$	6,490	\$	35,773	\$	-	\$	-	\$	-
<b>Sub-total</b>	\$	<b>675,133</b>	\$	<b>490,625</b>	\$	<b>95,518</b>	\$	<b>83,843</b>	\$	<b>3,890</b>	\$	<b>80</b>	\$	<b>1,176</b>

<b>Sub Total Operating, Maintenance and Billing</b>	\$	<b>1,444,930</b>	\$	<b>1,036,788</b>	\$	<b>182,116</b>	\$	<b>120,195</b>	\$	<b>8,699</b>	\$	<b>91,060</b>	\$	<b>6,072</b>
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<b>Amortization Expense - Customer Related</b>	\$	<b>825,673</b>	\$	<b>518,606</b>	\$	<b>147,653</b>	\$	<b>68,098</b>	\$	<b>9,381</b>	\$	<b>77,751</b>	\$	<b>4,184</b>
<b>Amortization Expense - General Plant assigned to Meters</b>	\$	<b>242,330</b>	\$	<b>163,236</b>	\$	<b>33,439</b>	\$	<b>15,203</b>	\$	<b>1,969</b>	\$	<b>27,036</b>	\$	<b>1,448</b>
<b>Admin and General</b>	\$	<b>1,302,568</b>	\$	<b>929,455</b>	\$	<b>166,025</b>	\$	<b>109,113</b>	\$	<b>7,978</b>	\$	<b>84,476</b>	\$	<b>5,520</b>
<b>Allocated PILs</b>	\$	<b>172,632</b>	\$	<b>114,840</b>	\$	<b>25,681</b>	\$	<b>11,424</b>	\$	<b>1,551</b>	\$	<b>18,158</b>	\$	<b>977</b>
<b>Allocated Debt Return</b>	\$	<b>483,465</b>	\$	<b>321,617</b>	\$	<b>71,922</b>	\$	<b>31,994</b>	\$	<b>4,345</b>	\$	<b>50,851</b>	\$	<b>2,736</b>
<b>Allocated Equity Return</b>	\$	<b>644,576</b>	\$	<b>428,793</b>	\$	<b>95,889</b>	\$	<b>42,656</b>	\$	<b>5,793</b>	\$	<b>67,797</b>	\$	<b>3,648</b>
<b>PLCC Adjustment for Line Transformer</b>	\$	<b>93,908</b>	\$	<b>85,044</b>	\$	<b>7,148</b>	\$	<b>879</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>837</b>
<b>PLCC Adjustment for Primary Costs</b>	\$	<b>155,193</b>	\$	<b>139,804</b>	\$	<b>11,968</b>	\$	<b>1,974</b>	\$	<b>71</b>	\$	<b>-</b>	\$	<b>1,375</b>
<b>PLCC Adjustment for Secondary Costs</b>	\$	<b>211,512</b>	\$	<b>207,720</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>-</b>	\$	<b>3,792</b>
<b>Total</b>	\$	<b>4,302,052</b>	\$	<b>2,815,608</b>	\$	<b>651,178</b>	\$	<b>361,936</b>	\$	<b>38,810</b>	\$	<b>417,078</b>	\$	<b>17,441</b>

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
<b>8 – Rate Design</b>	1	1		Rate Design Overview
		2		Removal of Large User Rate Class
		3		Allocation of Base Revenue Requirement
	2	1		Fixed/Variable Proportion
	3	1		Low Voltage Charges
	4	1		Retail Transmission Service Rates
	5	1		Loss Adjustment Factors
	6	1		LRAM/SSM
	6	1	A	Third Party Report on WHSI LRAM/SSM
	7	1		Specific Service Charges
	8	1		Existing and Proposed Rate Classes
	8	2		Existing Rate Schedule
	8	3		Proposed Rate Schedule
	9	1		Reconciliation of Rate Class Revenue
	10	1		Rate and Bill Impacts and Rate Mitigation
	10	1	B	Table of Rate and Bill Impacts

1 **RATE DESIGN OVERVIEW:**

2 This Exhibit provides the calculation and rationale for WHSI's proposed distribution rates, by  
 3 rate class for the 2011 Test Year, based on the rate design as proposed in this Exhibit.

4 The Applicant's total 2011 service revenue requirement has been calculated to be  
 5 \$8,715,753. The total revenue offsets of \$483,279 will reduce WHSI's total service revenue  
 6 requirement to a net base revenue requirement of \$8,232,474. The base revenue  
 7 requirement is used to determine the proposed distribution rates by rate class and is derived  
 8 from WHSI's 2011 capital and operating forecasts, weather normalized electricity  
 9 consumption, forecasted customer counts, and regulated return on rate base. The revenue  
 10 requirements are summarized below in Table 8-1:

11 Table 8-1

Calculation of Base Revenue Requirement	
OM&A Expenses	\$4,042,261
Amortization/Depreciation	\$2,031,382
Property Taxes	\$126,946
Total Distribution Expenses	\$6,200,589
Add: Regulated Return on Capital	\$2,181,339
Add: Income Taxes (Grossed up)	\$333,825
Service Revenue Requirement	\$8,715,753
Less: Revenue Offsets	(\$483,279)
<b>Base Revenue Requirement</b>	<b>\$8,232,474</b>

17

1 **REMOVAL OF LARGE USE RATE CLASS AND SUB-DIVISION OF GS>50 RATE CLASS**

2 WHSI proposes in this application to remove the existing Large Use and General Service >  
3 50k – 4,999 kW rate classes, and to introduce two new rate classes, namely, General Service  
4 >50kW to 999kW and General Service >1000 kW.

5 As noted in Exhibit 6, Tab 1, Schedule 2, WHSI's only Large Use Customer was reclassified to  
6 the General Service >50kW rate class in May 2009, which resulted in forgone revenues of  
7 approximately \$132,000 for the balance of 2009. Recovery of the class revenue requirements  
8 would not be possible in an empty rate class, and WHSI is not aware of any potential or  
9 existing customers who would transition to the large use rate class. The reclassification of  
10 WHSI's only large use customer provided an opportunity to WHSI to address the existing  
11 legacy rate classes for general service customers who use more than 50kW/month.

12 The OEB Staff Discussion Paper entitled "Rate Classification for Electricity Distribution  
13 Customers" (EB-2007-0031) states that "customer classes are established to group 'like'  
14 customers with like costs to ensure fairness in rate design and reduce cross-subsidization.  
15 The discussion paper also states that "rate design is used to try to achieve intra-class fairness;  
16 that customers are paying their fair share of the class revenue based on their contribution to  
17 peak requirements" . WHSI believes that the difference in costs to service a 50kW customer  
18 and a 1,000 kW customer necessitate separate rate classes. Based on WHSI's experience, the  
19 cost to supply customers typically begin to escalate above 1000 kW. At peak loads above this  
20 level, larger businesses begin to look at primary metering as a more effective means of  
21 metering. Customer costs above 1000 kW become more material when considering  
22 redundancy of load and the ability to transfer loads to adjacent feeders. Essentially, the  
23 planning process becomes more involved at a much earlier stage than the transition to 5000  
24 kW.

25 While WHSI recognizes that Rate Classification for Electricity Distribution Customers will be  
26 addressed in a future OEB consultation, it believes it is prudent and in the best interest of

1 WHSI customers to create two separate rate classes in this Cost of Service Rate Application.  
2 The introduction of these rate classes is intended to support fairness in rate design and to  
3 mitigate the risk of cross-subsidization among the affected general service customers.

4 The results of cost allocation analysis comparing the use of one single GS >50 kW rate  
5 class, to the two proposed rate classes as noted above are summarized in Table 8-2 below.  
6 Representative kWh and kW volumes were used to compare the bill impacts between the  
7 2010 approved rates, the calculated rate for a single GS >50kW rate class (derived from a  
8 cost allocation analysis that combined customer counts, kW, and kWh load forecast data for  
9 all general service >50 customers), and the proposed 2011 Test year rates for the GS 50kW  
10 – 999 kW and GS >1000 kW rate classes. The results show that GS >50 customers in the  
11 lower range would experience significant rate increases if a single GS>50kW rate were  
12 implemented.

13 Customers in the upper range would see a relatively lower increase in distribution rates for a  
14 single GS>50kW rate class, compared to the proposed GS>1000 kW rate, which may be  
15 indicative of cross-subsidization and over-allocation of costs to the lower range customers.

16 All General Service Customers would, however, see variances to distribution rates offset by  
17 the proposed decrease to the RTSR rates and WHSI's loss adjustment factor, thus reducing  
18 the total bill impact before HST to 4.5% or less if the two new rate classes are introduced.  
19 Although WHSI requests to eliminate the large use class, a bill impact comparison was  
20 included in Table 8-2 to illustrate the rate impact for higher range customers who would  
21 have previously been classified in a large use rate class.

22

23

24

1

Table 8-2

2

Comparative Rate Impact Analysis of Existing, Sample, and Proposed Rate Classes

Rate	kWh	kW	Distribution	Other Charges	Total Charges Before HST	Distribution Variance 2010 to 2011	Distribution Variance % 2010 to 2011	Total Variance before HST	Total Variance as a %
2010 Approved >50 KW	30,000	100	\$ 432.22	\$ 2,748.40	\$ 3,180.62				
2011 Test >50KW	30,000	100	\$ 564.23	\$ 2,714.11	\$ 3,278.33	\$ 132.01	30.5%	\$ 97.71	3.1%
<b>2011 Proposed 50KW-999KW</b>	<b>30,000</b>	<b>100</b>	<b>\$ 544.39</b>	<b>\$ 2,613.02</b>	<b>\$ 3,157.41</b>	<b>\$ 112.17</b>	<b>26.0%</b>	<b>-\$ 23.21</b>	<b>-0.7%</b>
2010 Approved >50 KW	200,000	500	\$ 975.30	\$ 17,616.29	\$ 18,591.59				
2011 Test >50KW	200,000	500	\$ 1,318.74	\$ 17,441.48	\$ 18,760.21	\$ 343.44	35.2%	\$ 168.63	0.9%
<b>2011 Proposed 50KW-999KW</b>	<b>200,000</b>	<b>500</b>	<b>\$ 1,273.62</b>	<b>\$ 16,936.06</b>	<b>\$ 18,209.68</b>	<b>\$ 298.32</b>	<b>30.6%</b>	<b>-\$ 381.91</b>	<b>-2.1%</b>
2010 Approved >50 KW	300,000	750	\$ 1,314.73	\$ 26,424.43	\$ 27,739.15				
2011 Test >50KW	300,000	750	\$ 1,790.31	\$ 26,162.21	\$ 27,952.52	\$ 475.58	36.2%	\$ 213.37	0.8%
<b>2011 Proposed 50KW-999KW</b>	<b>300,000</b>	<b>750</b>	<b>\$ 1,729.39</b>	<b>\$ 25,404.09</b>	<b>\$ 27,133.48</b>	<b>\$ 414.66</b>	<b>31.5%</b>	<b>-\$ 605.68</b>	<b>-2.2%</b>
2010 Approved >50 KW	750,000	1,500	\$ 2,333.00	\$ 64,471.71	\$ 66,804.71				
2011 Test >50KW	750,000	1,500	\$ 3,259.26	\$ 63,937.26	\$ 67,196.53	\$ 926.26	39.7%	\$ 391.82	0.6%
<b>2011 Proposed &gt;1000 kW</b>	<b>750,000</b>	<b>1,500</b>	<b>\$ 4,116.75</b>	<b>\$ 65,675.35</b>	<b>\$ 69,792.10</b>	<b>\$ 1,783.75</b>	<b>76.5%</b>	<b>\$ 2,987.39</b>	<b>4.5%</b>
2010 Approved >50 KW	2,000,000	4,500	\$ 6,406.10	\$ 174,043.71	\$ 180,449.81				
2011 Test >50KW	2,000,000	4,500	\$ 9,026.59	\$ 172,457.06	\$ 181,483.66	\$ 2,620.49	40.9%	\$ 1,033.85	0.6%
<b>2011 Proposed &gt;1000 kW</b>	<b>2,000,000</b>	<b>4,500</b>	<b>\$ 7,675.78</b>	<b>\$ 177,671.32</b>	<b>\$ 185,347.10</b>	<b>\$ 1,269.68</b>	<b>19.8%</b>	<b>\$ 4,897.29</b>	<b>2.7%</b>
2010 Approved Large Use	2,000,000	4,500	\$ 22,920.63	\$ 174,043.71	\$ 196,964.34				
2011 Test >50KW	2,000,000	4,500	\$ 9,026.59	\$ 172,457.06	\$ 181,483.66	-\$ 13,894.04	-60.6%	-\$ 15,480.68	-7.9%
<b>2011 Proposed &gt;1000 kW</b>	<b>2,000,000</b>	<b>4,500</b>	<b>\$ 7,675.78</b>	<b>\$ 177,671.32</b>	<b>\$ 185,347.10</b>	<b>-\$ 15,244.85</b>	<b>-66.5%</b>	<b>-\$ 11,617.24</b>	<b>-5.9%</b>

3

1 **ALLOCATION OF BASE REVENUE REQUIREMENT**

2 The base revenue requirement is allocated to the various rate classes using the proposed  
 3 revenue to cost ratios as outlined in Exhibit 7 – Cost Allocation and is summarized in Table 8-  
 4 3 below. The MicroFIT Generator service class has been included in the allocation of base  
 5 revenue requirement for the purposes of this rate application.

6 Table 8-3 - Allocation of Base Revenue Requirement

Class	Total Revenue Requirement - 2011 Cost Allocation Model	Proposed Revenue to Cost Ratio	2011 Proposed Service Revenue Requirement	2011 Proposed Miscellaneous Revenue per Cost Allocation Model	2011 Proposed Base Revenue Requirement
Residential	\$5,235,976	102.62%	\$5,373,325	\$340,285	\$5,033,040
GS < 50 kW	\$1,270,561	96.34%	\$1,224,013	\$72,160	\$1,151,853
GS 50 kW - 999 kW	\$1,250,871	122.44%	\$1,531,562	\$53,057	\$1,478,505
GS>1000 kW	\$513,828	69.36%	\$356,391	\$9,114	\$347,277
Street Lighting	\$417,961	47.32%	\$197,789	\$7,114	\$190,675
microFIT Generator service	\$252	100.00%	\$252	\$ -	\$252
USL	\$26,304	123.25%	\$32,421	\$1,549	\$30,872
<b>TOTAL</b>	<b>\$8,715,753</b>		<b>\$8,715,753</b>	<b>\$483,279</b>	<b>\$8,232,474</b>

7

8 Table 8-4 below summarizes the movement of revenue at 2010 rates for the base revenue  
 9 requirement to the proposed based revenue requirement.

10 Table 8-4

11 Existing and Proposed Rate Base Revenue

Class	2011 Base Revenue at Existing Rates	2011 Proposed Base Revenue Allocated at Existing Rates Proportion	2011 Proposed Base Revenue Requirement
Residential	4,067,105	5,170,401	5,033,040
GS < 50	869,459	1,105,305	1,151,853
General Service 50 to 999 kW	1,208,481	1,536,290	1,478,505
General Service > 1000 kW	230,171	292,607	347,277
Streetlight	75,431	95,892	190,675
MicroFIT	252	252	252
Unmetered Scattered Load	24,957	31,727	30,872
<b>Total</b>	<b>6,475,857</b>	<b>8,232,474</b>	<b>8,232,474</b>

13

1 **FIXED/VARIABLE PROPORTION**

2 The purpose of this section is to describe the determination of the fixed and variable  
3 proportion by rate class, and the calculation of the proposed fixed and variable distribution  
4 rates for the 2011 Test year.

5 **Proposed Fixed Charges**

6 In its November 28, 2007 Report on Application of Cost Allocation for Electricity Distributors,  
7 referred to in Exhibit 7 above, the OEB addressed a number of "Other Rate Matters",  
8 including the treatment of the fixed rate component (the Monthly Service Charge, or "MSC")  
9 of the bill. At page 12 of the Report, the OEB determined that the floor amount for the MSC  
10 should be the avoided costs, as that term is defined in the September 29, 2006 report of the  
11 OEB entitled "Cost Allocation: Board Directions on Cost Allocation Methodology for  
12 Electricity Distributors". WHSI's MSCs exceeds that floor amount. With respect to the upper  
13 bound for the MSC, the OEB considered it to be inappropriate to make changes to the MSC  
14 ceiling at this time, given the number of issues that remain to be examined within the scope  
15 of the OEB's Rate Review proceeding (EB-2010-0031). The OEB indicated that for the time  
16 being, it does not expect distributors to make changes to the MSC that result in a charge that  
17 is greater than the ceiling as defined in the Methodology for the MSC; and that distributors  
18 that are currently above that value are not required to make changes to their current MSC to  
19 bring it to or below that level at this time.

20 During Norfolk Power's 2008 EDR CoS Application (EB-2007-0753), the Board had initiated a  
21 distribution rate review proceeding (EB-2007-0031, referred to as the "Rate Review  
22 Proceeding"). One of the objectives of the Rate Review Proceeding was to explore what  
23 would be the appropriate fixed/variable split. At the time, Norfolk Power submitted it would  
24 not be appropriate to adjust the fixed/variable split until this proceeding was completed and  
25 the Board accepted this position.

1 The Board decided to defer completion of the Rate Review Proceeding while staff conducted  
2 more research and expands the ability to model rate impacts. However, On March 22, 2010,  
3 the Board notified stakeholders that it “is initiating a consultation process to examine the  
4 revenue adjustment and cost recovery mechanisms that are currently available to electricity  
5 and natural gas distributors to address revenue erosion resulting from unforecasted changes  
6 in the volume of energy sold. Such mechanisms have now been in place for some time, and  
7 the Board has determined that a review is appropriate at this time to enable the Board to  
8 confirm whether such remain adequate and sufficient under current conditions.” This is  
9 referred to as the Board’s “Distribution Revenue Decoupling” proceeding (EB-2010-0060).

10 As noted in the Executive Summary on the Review of Distribution Revenue Decoupling  
11 Mechanisms (“the Review”), commissioned by the Board and undertaken by Pacific  
12 Economics Group (“PEG”) in the Distribution Revenue Decoupling proceeding, “The cost of  
13 energy distribution and customer care is driven, in the short run, chiefly by customer growth  
14 and is largely fixed with respect to system use.” (p.5, paragraph 2).

15 In this application, WHSI submits that until “Distribution Revenue Decoupling” proceeding  
16 (EB-2010-0060) is completed it would not be appropriate to change the fixed/variable. As  
17 result, this Application proposes to maintain the current fixed/variable proportions for the  
18 following rate classes: Residential, General Service <50kW, Street Lighting, and Unmetered  
19 Scattered Load. WHSI proposes that the fixed portion of the new General Service >1000 kW  
20 customer classification as calculated using the 2011 Test year load forecast and base revenue  
21 requirement, move to the same percentage as the new General Service >50kW to 999 kW  
22 rate class, which is 56.5%, in order to establish a consistent benchmark for in the initial  
23 stages of these new rate classes.

24 All other changes in MSCs are due to changes in the total base revenue requirement  
25 attributable to each customer class. Table 8-5 below provides the proportions of fixed and  
26 variable charges by rate class for the 2006 Approved EDR, and current and proposed fixed

1 and variable charges based on the 2011 Test year load forecast and base revenue  
 2 requirement. The MicroFit Generator service rate has been classified as 100% fixed costs for  
 3 the purposes of this rate application, given the materiality considerations.

4 Table 8-5  
 5 Current and Proposed Fixed/Variable Proportion

Customer Class	2006 EDR Variable Split	2006 EDR Fixed Charge Spilt	Total	Current Variable Split	Current Fixed Charge Spilt	Total	Proposed Variable Split	Proposed Fixed Charge Spilt	Total
Residential	55.2%	44.8%	100%	54.9%	45.1%	100%	54.9%	45.1%	100%
GS < 50 kW	65.5%	34.5%	100%	65.3%	34.7%	100%	65.3%	34.7%	100%
GS 50 kW - 999 kW	-	-		43.5%	56.5%	100%	43.5%	56.5%	100%
GS>1000 kW	-	-		89.2%	10.8%	100%	43.5%	56.5%	100%
GS> 50 kW - 4,999 kW	61.7%	38.3%	100%	-	-		-	-	
Large Use > 5,000 kW	50.9%	49.1%	100%	-	-		-	-	
Street Lighting	36.6%	63.4%	100%	39.5%	60.5%	100%	39.5%	60.5%	100%
microFIT Generator service	-	-		0.0%	100.0%	100%	0.0%	100.0%	100%
USL	13.6%	86.4%	100%	30.4%	69.6%	100%	30.4%	69.6%	100%

6  
 7 Table 8-6 illustrates proposed fixed and variable base revenue and fixed/variable split for  
 8 the 2011 Test Year.

9 Table 8-6  
 10 Summary of Proposed Base Revenue and Fixed/Variable Split

Customer Class	2011 Total Base Revenue	2011 Proposed Fixed Base Revenue	2011 Proposed Fixed Charge Split	2011 Proposed Variable Base Revenue	2011 Proposed Variable Charge Split
Residential	5,033,040	2,272,249	45.1%	2,760,791	54.9%
GS < 50 kW	1,151,853	399,313	34.7%	752,540	65.3%
GS 50 kW - 999 kW	1,478,505	835,369	56.5%	643,136	43.5%
GS>1000 kW	347,277	196,212	56.5%	151,066	43.5%
Street Lighting	190,675	115,308	60.5%	75,367	39.5%
microFIT Generator service	252	252	100.0%	0	0.0%
USL	30,872	21,502	69.6%	9,370	30.4%
<b>TOTAL</b>	<b>8,232,474</b>	<b>3,840,204</b>		<b>4,392,269</b>	

1 Table 8-7 provides the current approved fixed charge, the fixed charge calculated to reflect  
 2 the current fixed/variable revenue proportions, the 2011 proposed fixed rates, and the floor  
 3 and ceiling values from the cost allocation study.

4 Table 8-7 – Fixed Charge Summary

Customer Class	Unit	2010 Fixed Rates from OEB Approved Tariff	Fixed Rate - Current Fixed/Variable Revenue Proportions	Fixed Rate - Proposed	Customer Unit Cost - Avoided Cost (Floor Fixed Charge from Cost Allocation Model)	Minimum System with PLCC Adjustment (Ceiling Fixed Charge from Cost Allocation Model)
Residential	customer/month	11.10	13.74	13.74	3.85	17.02
GS < 50 kW	customer/month	21.45	28.42	28.42	26.68	46.34
GS 50 kW - 4,999 kW	customer/month	294.82				
GS 50 kW - 999 kW	customer/month		360.69	360.69	81.93	156.28
GS>1000 kW	customer/month		444.82	2,335.85	319.87	462.02
Large Use	customer/month	13,876.25				
Street Lighting	connection/month	0.87	2.20	2.20	0.34	13.85
microFIT Generator service	customer/month		5.25	5.25	5.25	5.25
USL	connection/month	10.73	13.27	13.27	0.63	10.77

5  
 6 The following Table 8-8 provides a summary of the proposed fixed rate and resulting fixed  
 7 revenue proportion based on forecasted customers and connections for the 2011 Test year.  
 8 Funding rate adders and rate riders are excluded.

9 Table 8-8 Proposed Fixed Distribution Charges

Customer Class	2011 Total Base Revenue	Proposed Fixed Distribution Charge	Annualized Customers/ Connections	2011 Fixed Base Revenue with 2011 Proposed Rates
Residential	5,033,040	13.74	165,420	2,272,249
GS < 50 kW	1,151,853	28.42	14,052	399,313
GS 50 kW - 999 kW	1,478,505	360.69	2,316	835,369
GS>1000 kW	347,277	2,335.85	84	196,212
Street Lighting	190,675	2.20	52,432	115,308
microFIT Generator service	252	5.25	0	252
USL	30,872	13.27	1,620	21,502
<b>TOTAL</b>	<b>8,232,474</b>			<b>3,840,204</b>

1 **Proposed Volumetric Charges**

2 The variable distribution charge is determined based on the allocated variable base revenue  
 3 requirement plus the forecast transformer ownership allowance for eligible customer  
 4 classes. The variable distribution portion of the base revenue requirement plus the  
 5 transformer allowance amount is divided by the 2011 Test year charge determinant as  
 6 applicable for each rate class. (kWh or kW). Table 8-9 below provides the 2011 proposed  
 7 variable distribution rates.

8 Table 8-9

9 2011 Proposed Volumetric Charges

Customer Class	2011 Total Base Revenue	Proposed Variable Distribution Charge	Unit of measure	Billing Determinants	2011 Net Variable Revenue	2011 Transformer Allowance	Gross Variable Base Revenue Requirement
Residential	5,033,040	0.0235	kWh	117,418,066	2,760,791		2,760,791
GS < 50 kW	1,151,853	0.0163	kWh	46,182,407	752,540		752,540
GS 50 kW - 999 kW	1,478,505	2.1129	kW	381,271	643,136	162,440	805,576
GS>1000 kW	347,277	1.4400	kW	148,980	151,066	63,473	214,538
Street Lighting	190,675	8.8266	kW	8,539	75,367		75,367
microFIT Generator Service	252	0.0000	---	---	0		0
USL	30,872	0.0000	kWh	615,829	9,370		9,370
<b>TOTAL</b>	<b>8,232,474</b>				<b>4,392,269</b>	<b>225,913</b>	<b>4,618,182</b>

10

11 **Adjustment to Transformer Allowance:**

12 Currently, WHSI provides a Transformer Allowance to those customers that own their  
 13 transformation facilities. WHSI proposes to maintain the current approved transformer  
 14 ownership allowance of \$0.60 per kW. The Transformer Allowance is intended to reflect the  
 15 costs to a distributor of providing step down transformation facilities to the customer's  
 16 utilization voltage level. Since the distributor provides electricity at utilization voltage, the  
 17 cost of this transformation is captured in and recovered through the distribution rates.  
 18 Therefore, when a customer provides its own step down transformation from primary to  
 19 secondary, it should receive a credit of these costs already included in the distribution rates.

1 Table 8-10 Summarizes the eligible forecasted kW and transformer allowance by rate class.  
 2 “Eligible forecasted kW” refers to kW demand for those customers who own their  
 3 transformation facilities within each rate class.

4 The amount of Transformer Allowance expected to be provided to those General Service 50 –  
 5 999 kW and General Service >1,000 kW customers who own their transformers has been  
 6 included in the volumetric charge for these classes. As a result, the General Service > 50 –  
 7 999 kW volumetric charge of \$1.6868 per kW will increase by \$0.4261 per kW to a total of  
 8 \$2.1129 per kW to recover the amount of the Transformer Allowance over all kW in the  
 9 General Service > 50. The General Service >1,000 kW volumetric charge of \$1.0140 per kW  
 10 will increase by \$0.4261 per kW to a total of \$1.4400 per kW to recover the amount of the  
 11 Transformer Allowance over all kW in the General Service > 1,000 kW.

12 Table 8-10

13 Transformer Allowance

14

Description	Eligible kW Demand	Rate	Amount
GS 50 kW - 999 kW	270,733	(\$0.60)	(\$162,440)
GS>1000 kW	105,788	(\$0.60)	(\$63,473)
<b>Total</b>	<b>376,521</b>		<b>(\$225,913)</b>

1    **LOW VOLTAGE CHARGES**

2    The 2006 EDR Decision and Order for WHSI's Distribution Rates included approval for an  
3    Embedded Rate Class and Low Voltage Wheeling Charge Rate of \$0.11/kW. Hydro One is no  
4    longer an embedded distributor to WHSI and therefore requests removal of the Low Voltage  
5    Wheeling Charge Rate.

1 **RETAIL TRANSMISSION SERVICE RATES (RTSR):**

2 Electricity distributors are charged the Ontario Uniform Transmission Rates (UTRs) at the  
3 wholesale level and subsequently pass these charges on to their distribution customers  
4 through Retail Transmission Service Rates (RTSRs). For each distribution rate class there are  
5 two RTSRs, one for network and one for connection. The RTSR network charge recovers the  
6 UTR wholesale network service charge, and the RTSR connection charge recovers the UTR  
7 wholesale line and transformation connection charges. Deferral accounts capture timing and  
8 rate differences between the UTR's paid at the wholesale level and RTSR's billed to  
9 distribution customers.

10

11 On July 8 2010 the Board issued revision 2.0 of "Guideline for Electricity Distribution Retail  
12 Transmission Service Rates" (G-2008-0001) which outlines information that the Board  
13 requires electricity distributors to file when proposing adjustments to their RTSR's for 2011.

14 On August 20, 2010, the Board provided a Microsoft Excel workbook and instructions for  
15 distributors to complete as part of their 2011 electricity rate applications.

16

17 Prior to August 20, 2010 WHSI had developed a model to calculate the RTSR's, based on the  
18 2011 Test Year load forecast data and cost allocation model data. The following steps were  
19 taken:

20

- 21 1. Forecast the 2011 wholesale network kW and transmission kW by applying the same  
22 methodology in the Load Forecast Model that was used to forecast the kW for  
23 customer classes with a kW billing determinant. That is, the annual historical kWh are  
24 divided by the annual kW to determine the proportion of kW to kWh for each year.  
25 The average of these proportions from 2006 to 2009 were then calculated and  
26 applied to the 2011 forecast wholesale kWh as determined by the load forecast

1 model. This calculation was done for both the historical network kW and transmission  
 2 kW as shown in Table 8-11 below.

3 Table 8-11

4 Wholesale IESO kWh and kW Forecast	5 IESO kWh Purchases	6 IESO kW Network	7 IESO kW Line\Transformation Connection
8 2003	403,548,778		771,404
9 2004	412,043,051		766,222
10 2005	433,900,601		812,527
11 2006	421,379,829	798,512	811,383
12 2007	410,557,201	790,151	795,790
13 2008	407,267,186	756,169	768,140
14 2009	368,699,493	675,791	708,939
15 2010	351,033,336	658,992	673,348
16 2011	354,632,713	665,749	680,252

17 kW/kWh	18 IESO kW Network	19 IESO kW Line\Transformation Connection
20 2003		0.1912%
21 2004		0.1860%
22 2005		0.1873%
23 2006	0.1895%	0.1926%
24 2007	0.1925%	0.1938%
25 2008	0.1857%	0.1886%
26 2009	0.1833%	0.1923%
27 Average (2006-2009)	0.1877%	0.1918%

28 The 2011 forecast network and connection kW's were then allocated over the customer rate classes based on the 12 CP Allocator shown in Row 48, Tab "I8 Demand Data" of the Cost Allocation Model. WHSI believes it is reasonable and appropriate to allocate wholesale transmission charges to each rate class using the 12 CP Allocator. The wholesale transmission charges are charged on a monthly basis and are impacted more by the distribution system peak than the class peak. The transmission connection charges, and to a certain degree, the transmission network charges are impacted by the monthly system peak of WHSI. The 12 CP Allocator therefore allocates these costs to each rate class since it reflects the rate class contribution to the distribution system peak on a monthly basis.

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Table 8-12 below illustrates how the percentage of Total CP12 from the 2011 Cost Allocation Model for each rate class was applied to the Total 2011 forecast Network and Line/Transformation kW's. Because this methodology uses the same drivers upon which the 2011 load forecast is calculated, WHSI believes this method provides a higher correlation between it's load forecast data and the retail service transmission rates for each rate class.

Table 8-12

Allocation of IESO kW by Rate Class									
Cost Allocation Model Data	A	Total kW	Residential kW	GS <50 kW	GS 50 to 999 kW	GS > 1000 kW	Street Lighting kW	USL kW	
12 CP									
Transformation CP	TCP12	666,220	240,069	80,681	202,852	138,469	3,307	842	
% of Total TCP12		100.0%	36.0%	12.1%	30.4%	20.8%	0.5%	0.1%	
% of Total TCP12 Allocated to Forecast IESO kW Purchases									
	B								
IESO Network kW	2011	665,749	239,899	80,624	202,709	138,371	3,305	841	
IESO Line/Transformation Connection kW	2011	680,252	245,125	82,381	207,124	141,385	3,377	859	
Forecast Wholesale Charge by Rate Class - UTR (B*C)									
	C								
IESO Network Charge	2.97	\$ 1,977,276	\$ 712,501	\$ 239,454	\$ 602,044	\$ 410,962	\$ 9,816	\$ 2,498	
IESO Line/Transformation Connection	2.44	\$ 1,659,815	\$ 598,106	\$ 201,009	\$ 505,383	\$ 344,980	\$ 8,240	\$ 2,097	
Forecast Retail Charge by Rate Class - Current RTSR (B*G)									
	D								
Network Charge		\$ 2,286,001	\$747,121	\$264,951	\$902,736	\$352,740	\$14,921	\$3,533	
Line/Transformation Connection		\$ 1,789,232	\$575,650	\$207,143	\$713,206	\$278,682	\$11,788	\$2,762	
Forecast Revenue Variance (C - D)									
	E								
Network Charge	13.5%	(\$308,726)	(\$34,620)	(\$25,496)	(\$300,692)	\$58,222	(\$5,106)	(\$1,035)	
Line/Transformation Connection	7.2%	-\$ 129,417.40	\$22,455	(\$6,134)	(\$207,823)	\$66,298	(\$3,549)	(\$665)	
Forecasted Charge Determinant (kWh, kW)									
			122,478,785 kWh	48,172,869 kWh	381,271 kW	148,980 kW	8,539 kW	642,372 kWh	
Proposed Rates - RTSR (C / B)									
	F								
Network Charge			\$ 0.0058	\$ 0.0050	\$ 1.5790	\$ 2.7585	\$ 1.1496	\$ 0.0039	
Line/Transformation Connection			\$ 0.0049	\$ 0.0042	\$ 1.3255	\$ 2.3156	\$ 0.9650	\$ 0.0033	
Current Rates - RTSR									
	G								
Network Charge			\$0.0061	\$0.0055	\$2.3677	\$2.3677	\$1.7475	\$0.0055	
Line/Transformation Connection			\$0.0047	\$0.0043	\$1.8706	\$1.8706	\$1.3806	\$0.0043	
Variance - RTSR (F - G)									
	H								
Network Charge			(\$0.0003)	(\$0.0005)	(\$0.7887)	\$0.3908	(\$0.5979)	(\$0.0016)	
Line/Transformation Connection			\$0.0002	(\$0.0001)	(\$0.5451)	\$0.4450	(\$0.4156)	(\$0.0010)	

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Alternatively, the OEB Model calculates the proportion of class RTSR's using the 2009 historical wholesale kW purchases and historical proportionate class revenues. WHSI updated the Aug 20, 2010 Model provided by the OEB to determine what variances, if any, would result between both methodologies, and in particular, what the impact would be for the two proposed general service rate classes. Because there are no current approved rates for the proposed General Service 50 – 999 kW and General Service >1,000 kW rate classes,

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1 WHSI used the current approved rate for the General Service 50 - 4,999 kW rate class in the  
 2 OEB Model. This results in the same RTSR rate for both the General Service 50 – 999 kW and  
 3 General Service >1,000 kW rate classes. Tables 8-13 and 8-14 below summarize the results.

4  
 5 **Table 8-13 RTSR Network Calculation – OEB Model**

Rate Class	Vol Metric	Current RTSR - Network	Loss Adjusted 2009 Billed kWh	2009 Billed kW	Billed Amount	2009 Billed Amount %	Current Wholesale Billing	Proposed RTSR - Network	% of Adjusted RTSR Revenue
Residential	kWh	\$0.0061	108,133,260	0	\$ 659,613	29.08%	\$ 583,605	\$ 0.0054	29.08%
General Service Less Than 50 kW	kWh	\$0.0055	43,255,055	0	\$ 237,903	10.49%	\$ 210,489	\$ 0.0049	10.49%
General Service 50 to 4,999 kW	kW	\$2.3677	0		\$ -	0.00%	\$ -	\$ -	0.00%
Large Use	kW	\$1.9009	0		\$ -	0.00%	\$ -	\$ -	0.00%
Unmetered Scattered Load	kWh	\$0.0055	700,489	0	\$ 3,853	0.17%	\$ 3,409	\$ 0.0049	0.17%
Street Lighting	kW	\$1.7475	2,622,609	7,224	\$ 12,623	0.56%	\$ 11,169	\$ 1.5461	0.56%
General Service 50 to 999 kW	kW	\$2.3677	126,482,187	368,221	\$ 871,836	38.43%	\$ 771,374	\$ 2.0949	38.43%
General Service Greater Than 1,000 kW	kW	\$2.3677	83,799,540	203,857	\$ 482,673	21.28%	\$ 427,054	\$ 2.0949	21.28%
			364,993,141	579,301	\$2,268,500	100.00%	\$2,007,099		

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 9 **Table 8-14 RTSR Connection Calculation – OEB Model**

Rate Class	Vol Metric	Current RTSR - Connection	Loss Adjusted 2009 Billed kWh	2009 Billed kW	Billed Amount	2009 Billed Amount %	Current Wholesale Billing	Proposed RTSR - Connection	% of Adjusted RTSR Revenue
Residential	kWh	\$ 0.0047	108,133,260	0	\$ 494,637	28.59%	\$ 494,637	\$ 0.0046	28.59%
General Service Less Than 50 kW	kWh	\$ 0.0043	43,255,055	0	\$ 181,023	10.46%	\$ 181,023	\$ 0.0042	10.46%
General Service 50 to 4,999 kW	kW	\$ 1.8706	0		\$ -	0.00%	\$ -	\$ -	0.00%
Large Use	kW	\$ 2.1931	0		\$ -	0.00%	\$ -	\$ -	0.00%
Unmetered Scattered Load	kWh	\$ 0.0043	700,489	0	\$ 2,932	0.17%	\$ 2,932	\$ 0.0042	0.17%
Street Lighting	kW	\$ 1.3806	2,622,609	7,224	\$ 9,706	0.56%	\$ 9,706	\$ 1.3437	0.56%
General Service 50 to 999 kW	kW	\$ 1.8706	126,482,187	368,221	\$ 670,375	38.75%	\$ 670,375	\$ 1.8206	38.75%
General Service Greater Than 1,000 kW	kW	\$ 1.8706	83,799,540	203,857	\$ 371,138	21.46%	\$ 371,138	\$ 1.8206	21.46%
			364,993,141	579,301	\$ 1,729,811	100.00%	\$ 1,729,811		

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 13 Table 8-15 below provides a side-by side comparison of the current rates by class and the  
 14 RTSR's calculated by the OEB Model and the WHSI Model.

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 18 **Table 8-15**

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Rate Class	Network Charge			Connection Charge			Total RTSR's			OEB/WHSI Model Variance
	Current	OEB Model	WHSI Model	Current	OEB Model	WHSI Model	Current	OEB Model	WHSI Model	
Residential	\$ 0.0061	\$ 0.0054	\$ 0.0058	\$ 0.0047	\$ 0.0046	\$ 0.0049	\$ 0.0108	\$ 0.0100	\$ 0.0107	-\$ 0.0007
GS<50kW	\$ 0.0055	\$ 0.0049	\$ 0.0050	\$ 0.0043	\$ 0.0042	\$ 0.0042	\$ 0.0098	\$ 0.0091	\$ 0.0092	-\$ 0.0001
GS>50 - 999 kW	\$ 2.3677	\$ 2.0949	\$ 1.5790	\$ 1.8706	\$ 1.8206	\$ 1.3255	\$ 4.2383	\$ 3.9154	\$ 2.9045	\$ 1.0109
GS>1000	\$ 2.3677	\$ 2.0949	\$ 2.7585	\$ 1.8706	\$ 1.8206	\$ 2.3156	\$ 4.2383	\$ 3.9154	\$ 5.0741	-\$ 1.1587
Street Lighting	\$ 1.7475	\$ 1.5461	\$ 1.1496	\$ 1.1496	\$ 1.3437	\$ 0.9650	\$ 2.8971	\$ 2.8898	\$ 2.1146	\$ 0.7752
Unmetered Scattered Load	\$ 0.0055	\$ 0.0049	\$ 0.0039	\$ 0.0039	\$ 0.0042	\$ 0.0033	\$ 0.0094	\$ 0.0091	\$ 0.0072	\$ 0.0019
GS>50-4999	\$ 2.3677			\$ 1.8706			\$ 4.2383			
Large	\$ 1.9009			\$ 2.1931			\$ 4.0940	\$ -	\$ -	

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3 WHSI has examined the trends in the monthly balances in the RTSR deferral accounts and  
 4 are presented in Table, 8-16, Chart 8-a and Chart 8-b below

5 WHSI feels that the proposed RTSR's will help stabilize the ongoing trends in the balances of  
 6 the RTSR deferral accounts by reducing the variance gap between the UTR costs and RTSR  
 7 billed. WHSI acknowledges that the Retail Transmission rates are subject to any  
 8 modifications as a result of an OEB decision on Hydro One Networks' 2011 Uniform  
 9 Transmission Rate Adjustment Application January 1, 2011.

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Table 8-16

Account 1584 and Account 1586 Monthly Variances

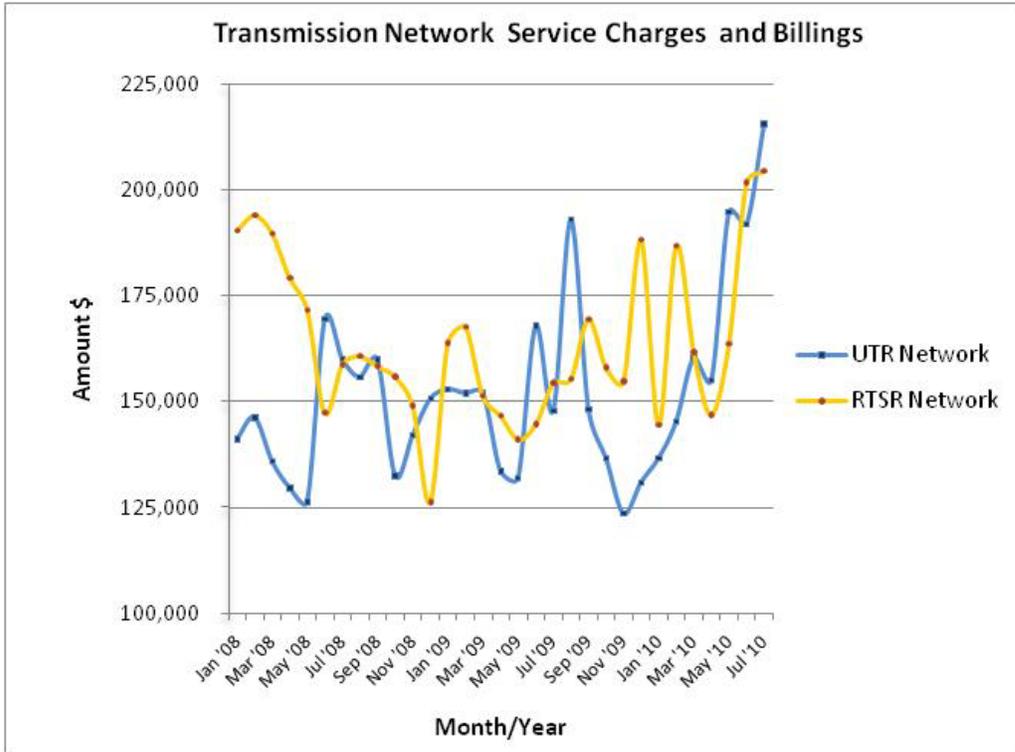
Month/Year	NETWORK SERVICE CHARGE				CONNECTION SERVICE CHARGE			
	UTR Costs	RTSR Billings	Variance	Account 1584	UTR Costs	RTSR Billings	Variance	Account 1586
Bal Fwd				\$ (24,975)				\$ 73,016
Jan '08	\$ 141,092	\$ 190,477	\$ (49,385)	\$ (74,360)	\$ 135,949	\$ 153,730	\$ (17,781)	\$ 55,236
Feb '08	\$ 146,228	\$ 194,134	\$ (47,906)	\$ (122,266)	\$ 138,407	\$ 155,964	\$ (17,557)	\$ 37,679
Mar '08	\$ 135,848	\$ 189,840	\$ (53,993)	\$ (176,259)	\$ 132,920	\$ 152,762	\$ (19,842)	\$ 17,837
Apr '08	\$ 129,612	\$ 179,309	\$ (49,697)	\$ (225,955)	\$ 125,200	\$ 144,819	\$ (19,619)	\$ (1,782)
May '08	\$ 126,334	\$ 171,748	\$ (45,414)	\$ (271,369)	\$ 123,013	\$ 141,346	\$ (18,333)	\$ (20,116)
Jun '08	\$ 169,415	\$ 147,351	\$ 22,064	\$ (249,305)	\$ 163,057	\$ 137,266	\$ 25,791	\$ 5,676
Jul '08	\$ 159,998	\$ 158,857	\$ 1,140	\$ (248,164)	\$ 158,171	\$ 148,717	\$ 9,454	\$ 15,130
Aug '08	\$ 155,810	\$ 160,776	\$ (4,967)	\$ (253,131)	\$ 156,559	\$ 150,098	\$ 6,461	\$ 21,591
Sep '08	\$ 159,910	\$ 158,421	\$ 1,489	\$ (251,642)	\$ 152,295	\$ 148,655	\$ 3,640	\$ 25,231
Oct '08	\$ 132,476	\$ 155,939	\$ (23,463)	\$ (275,105)	\$ 126,832	\$ 145,942	\$ (19,110)	\$ 6,121
Nov '08	\$ 141,975	\$ 149,081	\$ (7,106)	\$ (282,211)	\$ 135,681	\$ 139,101	\$ (3,420)	\$ 2,701
Dec '08	\$ 150,630	\$ 126,365	\$ 24,265	\$ (257,946)	\$ 143,458	\$ 140,889	\$ 2,569	\$ 5,270
Jan '09	\$ 152,884	\$ 163,899	\$ (11,015)	\$ (268,961)	\$ 144,348	\$ 152,330	\$ (7,982)	\$ (2,712)
Feb '09	\$ 151,941	\$ 167,807	\$ (15,866)	\$ (284,826)	\$ 137,954	\$ 155,934	\$ (17,980)	\$ (20,692)
Mar '09	\$ 151,949	\$ 151,378	\$ 571	\$ (284,255)	\$ 139,476	\$ 140,499	\$ (1,023)	\$ (21,715)
Apr '09	\$ 133,545	\$ 146,779	\$ (13,234)	\$ (297,489)	\$ 131,159	\$ 136,997	\$ (5,838)	\$ (27,553)
May '09	\$ 131,895	\$ 141,181	\$ (9,286)	\$ (306,775)	\$ 119,065	\$ 131,691	\$ (12,626)	\$ (40,179)
Jun '09	\$ 167,821	\$ 144,696	\$ 23,125	\$ (283,650)	\$ 152,695	\$ 126,068	\$ 26,627	\$ (13,552)
Jul '09	\$ 147,776	\$ 154,453	\$ (6,677)	\$ (290,326)	\$ 129,790	\$ 134,079	\$ (4,290)	\$ (17,842)
Aug '09	\$ 192,964	\$ 155,355	\$ 37,609	\$ (252,717)	\$ 164,673	\$ 134,182	\$ 30,490	\$ 12,649
Sep '09	\$ 148,289	\$ 169,532	\$ (21,243)	\$ (273,960)	\$ 134,391	\$ 147,743	\$ (13,352)	\$ (704)
Oct '09	\$ 136,602	\$ 158,127	\$ (21,525)	\$ (295,485)	\$ 120,551	\$ 136,726	\$ (16,175)	\$ (16,879)
Nov '09	\$ 123,514	\$ 154,830	\$ (31,315)	\$ (326,800)	\$ 124,006	\$ 133,672	\$ (9,666)	\$ (26,545)
Dec '09	\$ 130,923	\$ 188,241	\$ (57,319)	\$ (384,119)	\$ 131,444	\$ 150,811	\$ (19,366)	\$ (45,911)
Jan '10	\$ 136,629	\$ 144,626	\$ (7,997)	\$ (392,116)	\$ 113,699	\$ 125,039	\$ (11,340)	\$ (57,251)
Feb '10	\$ 145,343	\$ 186,909	\$ (41,566)	\$ (433,682)	\$ 140,478	\$ 161,340	\$ (20,862)	\$ (78,112)
Mar '10	\$ 160,401	\$ 161,714	\$ (1,313)	\$ (434,995)	\$ 134,227	\$ 139,159	\$ (4,932)	\$ (83,045)
Apr '10	\$ 155,084	\$ 146,954	\$ 8,130	\$ (426,865)	\$ 127,531	\$ 127,927	\$ (396)	\$ (83,441)
2010 EDVVAR Close to 1595			\$ 257,946	\$ (168,919)			\$ (5,270)	\$ (88,710)
May '10	\$ 194,838	\$ 163,712	\$ 31,125	\$ (137,794)	\$ 163,155	\$ 140,499	\$ 22,657	\$ (66,053)
Jun '10	\$ 191,933	\$ 201,830	\$ (9,897)	\$ (147,691)	\$ 163,624	\$ 149,992	\$ 13,632	\$ (52,421)
Jul '10	\$ 215,604	\$ 204,516	\$ 11,088	\$ (136,604)	\$ 182,168	\$ 160,446	\$ 21,722	\$ (30,700)

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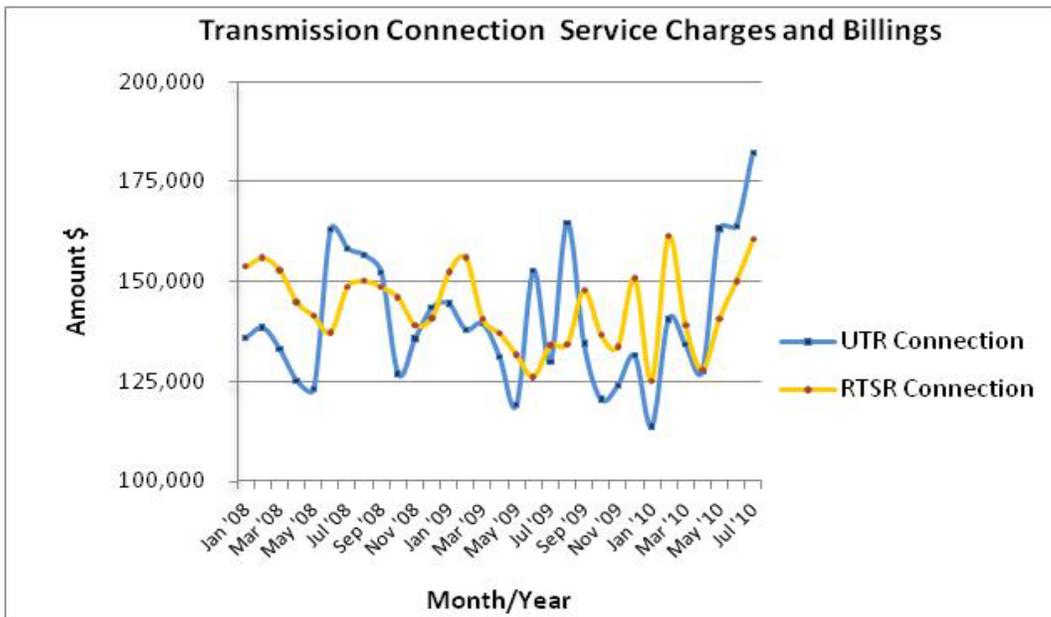
Chart 8a



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Chart 8b



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1 **LOSS ADJUSTMENT FACTORS:**

2 **Total Loss Factor**

3 WHSI is not an embedded distributor, nor has WHSI been required to complete any loss  
4 studies as a result of previous decisions.

5 WHSI has calculated the total loss factor to be applied to customer's consumption based on  
6 the average wholesale and retail kWh for the five historical years 2005 to 2009. As a result of  
7 this analysis, WHSI is proposed to set the 2011 Total Loss Factor at 1.0431. This is a decrease  
8 from the current approved Total Loss Factor of 1.0440. Table 8- 17 summarizes the total loss  
9 factor calculations.

10 **Supply Facility Loss Factor**

11 The supply facility loss factor (SFLF) calculation represents the loss on supply to WHSI and is  
12 calculated on the measured quantities between the transformer stations and the wholesale  
13 meter points. The SFLF is used to calculate the total loss factor and is an average of 1.0044 as  
14 shown in Table 8-19.

15 **Materiality Analysis on Distribution Losses**

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17 WHSI's proposed Loss Adjustment factor is 4.31% Pursuant to the OEB Filing Requirements,  
18 WHSI is not required to provide an explanation of, or justification for its loss adjustment  
19 factor.

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Table 8-17 : Total Loss Factor

	Description	2004	2005	2006	2007	2008	2009	Total
A	"Wholesale" kWh IESO	412,043,051	433,900,601	421,379,829	410,557,201	407,267,186	368,699,493	2,453,847,361
B	"Wholesale" kWh for Large Use Customer	26,174,112	22,662,326	22,760,965	23,032,589	17,930,764	4,464,998	117,025,755
C	Net "Wholesale" kWh (A) - (B)	385,868,939	411,238,275	398,618,864	387,524,612	389,336,422	364,234,495	2,336,821,606
D	"Retail" kWh (Distributor)	398,910,571	420,508,332	407,408,089	393,481,373	394,323,991	354,090,474	2,368,722,830
E	"Retail" kWh for Large Use Customer	26,435,853	22,888,949	22,988,575	23,262,915	18,110,072	4,509,648	118,196,012
F	Net "Retail" kWh (D) - (E)	372,474,718	397,619,383	384,419,514	370,218,458	376,213,919	349,580,826	2,250,526,818
G	Loss Factor [(C) / (F)]	103.60%	103.43%	103.69%	104.67%	103.49%	104.19%	103.83%
H	Distribution Loss Adjustment Factor (6 year avg.)							103.84%
	Supply Facility Loss Factor	100.44%	100.48%	100.43%	100.44%	100.44%	100.43%	
	Supply Facility Loss Adjustment Factor							100.44%
	<b>Total Loss Factor</b>							<b>104.31%</b>

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Table 8-18 : Supply Facility Loss Factor

Description	2004	2005	2006	2007	2008	2009	Total
"Wholesale" kWh IESO with Losses	412,043,051	433,900,601	421,379,829	410,557,201	407,267,186	368,699,493	2,453,847,361
"Wholesale" kWh IESO No Losses	410,230,062	431,817,878	419,582,545	408,746,674	405,489,859	367,110,752	2,442,977,769
<b>Supply Facility Loss Factor</b>	<b>1.00442</b>	<b>1.00482</b>	<b>1.00428</b>	<b>1.00443</b>	<b>1.00438</b>	<b>1.00433</b>	<b>1.00445</b>

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Table 8-19: Proposed Loss Factor Summary

Loss Factors	
<b>Supply Facilities Loss Factor</b>	<b>1.0044</b>
<b>Distribution Loss Factor - Secondary Metered Customer &lt; 5,000 kW</b>	<b>1.0384</b>
<b>Distribution Loss Factor - Secondary Metered Customer &gt; 5,000 kW</b>	<b>1.0100</b>
<b>Distribution Loss Factor - Primary Metered Customer &lt; 5,000 kW</b>	<b>1.0281</b>
<b>Distribution Loss Factor - Primary Metered Customer &gt; 5,000 kW</b>	<b>1.0000</b>
<b>Total Loss Factor - Secondary Metered Customer &lt; 5,000 kW</b>	<b>1.0431</b>
<b>Total Loss Factor - Secondary Metered Customer &gt; 5,000 kW</b>	<b>1.0145</b>
<b>Total Loss Factor - Primary Metered Customer &lt; 5,000 kW</b>	<b>1.0326</b>
<b>Total Loss Factor - Primary Metered Customer &gt; 5,000 kW</b>	<b>1.0044</b>

1 **LRAM/SSM**

2 On May 31, 2004 , the Minister of Energy granted approval to all electricity distributors in  
3 Ontario to apply to the OEB for adjustments to their 2005 rates in the amount of the third  
4 installment of their incremental market adjusted revenue requirement (MARR). This approval  
5 was conditional on a commitment to revenues an equivalent amount in CDM initiatives. In  
6 2005, WHSI's CDM Plans under EB-2005-0097 were approved by the OEB.

7 Woodstock Hydro began the first of several successful CDM customer programs in 2005 with  
8 a total investment of \$426,163 over a three year period, and successfully transitioned to four  
9 Ontario Power Authority (OPA) funded programs in 2008. Between 2005 and 2008, CDM has  
10 yielded energy savings of 3,183,979 kWh and reduced peak demand by more than 456kW.

11 The OEB Guidelines for Electricity Distributor Conservation and Demand Management  
12 number EB-2008-0037, issued March 28, 2008, provides guidelines for rate-based  
13 applications to recover revenues lost as a result of customer energy conservation, in addition  
14 to sharing in gains from CDM programs prior to the completion of the Third Tranche CDM  
15 programs. The Lost Revenue Adjustment Mechanism (LRAM) and Shared Savings  
16 Mechanism (SSM) are the mechanisms used to recover these losses.

17 The success of these programs is resulting in a significant reduction in distribution revenue.  
18 Woodstock Hydro seeks to recover these losses through the LRAM and the SSM as part the  
19 2011 Cost of Service rate application

20 Woodstock Hydro retained the services of Burman Energy Consultants Group (formerly  
21 Enerspectrum Group) to ensure the analysis was completed by a seasoned and experienced  
22 service provider. In their report, Burman energy concludes the recoverable total lost revenue  
23 from 2005 through 2009 including third tranche and OPA program activity to be \$564,854.08.



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**APPENDIX A**  
**THIRD PARTY REPORT OF WHSI's LRAM/SSM**

## Woodstock Hydro Services

### **LRAM and SSM Support**

August 20, 2010

Prepared by: Bart Burman, MBA, BA.Sc. P.Eng., President

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Attachments

- Attachment A – CDM Load Impacts by Class and Program
- Attachment B - Foregone Revenue by Class and Program
- Attachment C – SSM Amounts by Class and Program
- Attachment D - LRAM & SSM Totals
- Attachment E - LRAM & SSM Input Assumptions

## 1. Introduction

Woodstock Hydro Services (Woodstock Hydro) initiated four Conservation and Demand Management (CDM) programs since Third Tranche CDM funding commenced in 2005, and augmented those local programs through direct support and involvement with Ontario Power Authority (OPA) provincial programs. By the end of 2008, Woodstock Hydro had completed the CDM programs in the residential and commercial/industrial from its Third Tranche funding of \$426,163. This commitment to CDM has returned energy savings of 3,138,979 kWh and reduced peak demand by more than 456 kW (as reported by Woodstock Hydro in their 2008 CDM Annual Report).

With success in its CDM activities, Woodstock Hydro has lost revenues that need to be addressed as part of its 2011 rates submission to the Ontario Energy Board (OEB). This process will ensure that future CDM investments are sustainable in the long term by becoming a standard element in future rate filings.

The Ontario Energy Board (OEB) introduced a process outlined in the March 28, 2008 Guidelines for Electricity Distributor Conservation and Demand Management EB-2008-0037 ("CDM Guidelines") for rate-based applications to recover revenues lost to customer energy conservation, and to share in gains from effective CDM programs prior to the completion of Third Tranche CDM programs. The mechanism developed by the OEB to calculate lost revenue for savings is the Lost Revenue Adjustment Mechanism (LRAM) and the Shared Savings Mechanism (SSM).

SSM is calculated as 5% of the net present value of the future net benefits from CDM investments. LRAM calculations are made from the energy savings data from measured CDM program results, or other documented results as applied to the affected rate class. OPA sponsored programs, such as Every Kilowatt Counts, are not eligible for SSM because the OPA compensates LDCs through a contractual arrangement rather than the LDC recovering SSM amounts through rate riders. Results from OEB-approved (third tranche) CDM programs, OPA CDM programs and Woodstock Hydro funded programs represent the potential for lost revenue to the LDC, and will be included in calculations under LRAM.

The application for LRAM and SSM compensation is part of Woodstock Hydro's 2011 IRM filing and is based on its 2005 to 2009 inclusive CDM results.

## 2. Required

Woodstock Hydro requested that Burman Energy Consultants Group Inc. (BECGI) review the LDC's preliminary LRAM and SSM and supporting information and assist in producing finalized calculations and report suitable to support an LRAM and SSM claim as part of its 2011 rates submission. In completing the scope of work related to LRAM and SSM, BECGI committed to:

1. Review LRAM, SSM and Third Tranche Total Resource Cost (TRC) calculations and underlying data prepared by Woodstock Hydro for annual year end CDM reports, and assess compliance with the CDM Guidelines, identifying variances and reconciliations.
2. Prepare and finalize LRAM and SSM calculations and assumptions consistent with CDM Guidelines and suitable for inclusion in Woodstock Hydro's 2011 IRM/rates application, with supporting details.
3. Produce a report, recommendations, and supporting Attachments related to LRAM and SSM assessments/findings.

In performing the above tasks, BECGI's involvement is intended to constitute a third party review as specified in the OEB's CDM Guidelines.

## 3. About LRAM/SSM

The OEB issued GUIDELINES FOR ELECTRICITY DISTRIBUTOR CONSERVATION AND DEMAND MANAGEMENT, EB-2008-0037 were applied to the preparation of this LRAM application.

LRAM was calculated as the product of the demand/energy savings by customer class and the Board-approved variable distribution charge appropriate to each respective class (net of Regulatory Asset Recovery rate riders). Both Third Tranche and OPA sponsored program kW/kWhs savings were deemed eligible for consideration of the LRAM claim.

For SSM, a distributor may seek to recover 5% of the net benefits (TRC) created by CDM portfolio investments. An SSM claim applies only to customer focused initiatives that reduce the demand for electricity and/or the amount of energy used. Programs designed to improve Distribution System efficiency (eg. loss reduction) and OPA sponsored programs (eg., Every Kilowatt Counts) are excluded from SSM considerations.

## 4. Methodology

To optimize the calculation of LRAM and SSM amounts, BECGI:

1. Reviewed existing LRAM and SSM CDM Guidelines and precedents set through LDC submissions to the OEB, to identify the most prudent course for Woodstock Hydro's LRAM and SSM application.
2. Sought counsel within OEB staff to validate assumptions and processes to complete LRAM submission consistent with other LDC submissions. Validation by each specific technology employed is included in the accompanying documentation.
3. Reviewed Woodstock Hydro's CDM program results and TRC calculations, verified assumptions and calculations, identified variances with reported values, and recommended adjustments as appropriate to maintain consistency with the CDM Guidelines. Actual program results were provided by Woodstock Hydro, including CDM Annual Reports, OPA program results reports, and supplemental information relevant to LRAM and SSM calculations.
4. Prepared report and recommendations related to LRAM and SSM calculations consistent with OEB CDM Guidelines which are in the accompanying documentation.

## 5. Results

A review of LDC CDM programs with Woodstock Hydro verified that documentation exists to support participation levels associated with the LRAM or SSM for Third Tranche and Woodstock Hydro funded programs.

The OPA has validated the results allocated to Woodstock Hydro for OPA sponsored programs through Third Party Verification. Program results were confirmed to begin the year after program implementation.

The timing of results used in LRAM calculations for OPA sponsored programs are contained in the accompanying documentation under OPA Conservation Results, issued November 10, 2009.

Rate Class			
	LRAM \$	SSM \$	TOTAL \$
<b>Third Tranche</b>			
<b>RESIDENTIAL</b>	\$22,692.68	-\$4,696.00	\$17,996.68
<b>GENERAL SERVICE &lt; 50 kW</b>	\$32,695.96	\$2,767.22	\$35,463.18
<b>UNMETERED SCATTERED LOAD</b>	\$19,143.22	\$3,313.60	\$22,456.83
<b>OPA Programs</b>			
<b>RESIDENTIAL</b>	\$339,087.22		\$339,087.22
<b>GENERAL SERVICE &lt;50KW</b>	\$12,514.83		\$12,514.83
<b>GENERAL SERVICE &gt;50KW</b>	\$137,335.34		\$137,335.34
	\$563,469.27	\$1,384.82	\$564,854.08

The accompanying table below sets out the calculated amounts for LRAM and SSM for Woodstock Hydro's Third Tranche and OPA CDM programming. The calculation of the results, by program and customer class as applicable, are explained in the text below, and detailed in the appended attachment.

## 6. Determination of SSM Amount

For SSM, a distributor may recover 5% of the net benefits (TRC) created by CDM portfolio investments. As set out in the CDM Guidelines, program net benefits are determined by the present value of the avoided electricity costs over the technology's/program's life minus the present value of program costs. All results are net of free ridership. Incentive payments identified by Woodstock Hydro are excluded from these calculations. For all programs/projects, the OEB Total Resource Cost Guide, Section 5, Assumptions and Measures List September 8, 2005 were used in TRC calculations in accordance with OEB's direction letter, Conservation and Demand Management ("CDM") Input Assumptions Board File No.: EB-2008-0352, January 27, 2009.

BECGI has validated applied TRC methodology against the CDM Guidelines (included in documentation) and calculated net TRC benefits for each CDM program. CDM incremental general administrative costs were included as part of overall portfolio TRC costs. BECGI's TRC Calculator © was used to ensure appropriate application of avoided costs, free ridership, discounted future benefits, and energy efficiency technology life.

Utility-side programs, such as Woodstock Hydro's System Optimization & Implementation and Smart Meter program are not eligible for SSM treatment and was excluded from these calculations. Also excluded were results from OPA sponsored programs (e.g., Every Kilowatt Counts).

Programs considered for this application are described in annually submitted year-end CDM reports for 2006, 2007 and 2008. For each eligible program, net load reductions were calculated (net of free ridership) for both SSM and LRAM calculations. Attachment A summarizes these load reductions.

For the purpose of TRC calculation to derive SSM, the applied discount rates for Woodstock Hydro (approved Weighted Average Cost of Capital) were 8.57% (2005), 7.88% (2006), 7.81% (2007), and 7.73% (2008). The sum of all program NPVs, is \$27,696.37, resulting in the SSM claim of \$1,384.82. Attachment C summarizes the calculation of the SSM amounts by program, technology and in total. The supporting source data and TRC calculations are set out in detail in the documentation accompanying this report.

## 7. Determination of LRAM Amount

LRAM amounts were identified by rate class consistent with the CDM Guidelines for programs that impacted revenues from 2006 to 2009, for both Third Tranche and OPA CDM programs. No forecast or other adjustment for the effects of CDM programs was made to the load quantities used in the preparation of Woodstock Hydro's rate cases in prior years. The entire actual load reduction achieved by the eligible Third Tranche CDM programs is subject to LRAM treatment. All results are net of free ridership. For all programs/projects, the most recently published OPA assumptions and measures list were used in LRAM calculations in accordance with OEB's direction letter, Conservation and Demand Management ("CDM") Input Assumptions Board File No.: EB-2008-0352, January 27, 2009 and consistent with recent Decision and Order EB-2009-0192 for Horizon Utilities Corporation that directed LRAM calculations use the most current available input assumptions for all CDM programs.

OPA sponsored programs also represent lost revenue through their successful implementation and are included in LRAM calculations.

The sum of all program LRAM calculations, including OPA sponsored programs is \$563,469.27

Attachment A summarizes load impacts by class and program. Attachment B (Foregone Revenue By Class and Program) summarizes the CDM load impacts by program and rate class and the resultant revenue impacts.

## 8. Allocation and Manner of Recovery for LRAM Amounts

The LRAM and SSM amounts arising from CDM programs in each respective rate class are allocated to that class for recovery. LRAM and SSM rate riders should be combined and expressed as a single rate rider for each class, based on approaches taken by other LDCs

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## 9. Recommendations

BECGI recommends the following:

1. LRAM/SSM amounts arising from CDM programs in each rate class be allocated to that class for recovery.
2. Use TRC/SSM calculation as one of the methods to assess the potential value of CDM programs considered for implementation.
3. Monitor savings attributed to 2009 OPA program implementation. LRAM calculations include preliminary 2009 results for programs implemented in 2009 as well as final results for programs implemented between 2006 to 2008. This report did not consider any OPA programs implemented or operated during 2010, as the results for these programs will not be available until sometime in 2011.

**ATTACHMENT A**

**CDM Load Impacts by Class and Program**

Class Program	Year Implemented	NET 2006		GROSS 2006		NET 2007		GROSS 2007		NET 2008		GROSS 2008		NET 2009		GROSS 2009		NET		GROSS	
		kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	kWh	kW	Total kWh	Total kW	Total kWh	Total kW
<b>Third Tranche</b>																					
<b>RESIDENTIAL</b>																					
Partnership / Sponsorships	2006					17,111	0.00	18,012	0.00	17,111	0.00	18,012	0.00	17,111	0.00	18,012	18012.00	51,334	0.00	54,036	18012.00
SLEDs						17,111	0.00	18,012	0.00	17,111	0.00	18,012	0.00	17,111	0.00	18,012	18012.00	51,334	0.00	54,036	18012.00
Lighten Your Electricity Bill	2005	78,537	6.65	87,031	7.39	78,537	6.65	87,031	7.39	78,537	6.65	87,031	7.39	78,537	6.65	87,031	7.39	235,611	26.59	348,125	29.54
CFLs		35,225	0.82	39,139	0.91	35,225	0.82	39,139	0.91	35,225	0.82	39,139	0.91	35,225	0.82	39,139	0.91	140,901	3.26	156,557	3.62
SLEDs - 5W		3,520	0.00	3,705	0.00	3,520	0.00	3,705	0.00	3,520	0.00	3,705	0.00	3,520	0.00	3,705	0.00	14,079	0.00	14,820	0.00
SLEDs - Mini Lights		446	0.00	469	0.00	446	0.00	469	0.00	446	0.00	469	0.00	446	0.00	469	0.00	1,783	0.00	1,876	0.00
Programmable Thermostat - Space Heating		29,706	0.00	33,006	0.00	29,706	0.00	33,006	0.00	29,706	0.00	33,006	0.00	29,706	0.00	33,006	0.00	118,823	0.00	132,026	0.00
Programmable Thermostat - Space Cooling		5,216	5.71	5,796	6.34	5,216	5.71	5,796	6.34	5,216	5.71	5,796	6.34	5,216	5.71	5,796	6.34	20,866	22.83	23,184	25.37
Timer - Outdoor Light		666	0.00	740	0.00	666	0.00	740	0.00	666	0.00	740	0.00	666	0.00	740	0.00	2,663	0.00	2,959	0.00
Timer - Indoor Light		1,576	0.05	1,751	0.06	1,576	0.05	1,751	0.06	1,576	0.05	1,751	0.06	1,576	0.05	1,751	0.06	6,304	0.20	7,005	0.22
Ceiling Fan		2,182	0.07	2,425	0.08	2,182	0.07	2,425	0.08	2,182	0.07	2,425	0.08	2,182	0.07	2,425	0.08	8,729	0.29	9,698	0.32
<b>GENERAL SERVICE&lt; 50 kW</b>																					
Cool Shops	2006					438,872	82.46	546,776	103.02	438,872	82.46	546,776	103.02	438,872	82.46	546,776	103.02	1,083,294	247.38	1,640,328	309.06
15W CFL						361,098	73.33	451,373	91.66	361,098	73.33	451,373	91.66	361,098	73.33	451,373	91.66	39,185	219.98	1,354,118	274.97
26W Flood Light						13,062	0.41	14,513	0.46	13,062	0.41	14,513	0.46	13,062	0.41	14,513	0.46	15,876	1.24	43,539	1.38
2-T8 32W Lamps w/ Electronic Ballast						5,292	1.13	6,615	1.41	5,292	1.13	6,615	1.41	5,292	1.13	6,615	1.41	32,659	3.39	19,845	4.24
4-T8 32W Lamps w/ Electronic Ballast						10,886	2.33	13,608	2.91	10,886	2.33	13,608	2.91	10,886	2.33	13,608	2.91	145,602	6.98	40,824	8.73
3W LED Exit Signs						48,534	5.26	60,667	6.58	48,534	5.26	60,667	6.58	48,534	5.26	60,667	6.58		15.79	182,002	19.74
<b>UNMETERED SCATTERED LOAD</b>																					
Traffic (Signal) Efficiency	2006					256,956	5.03	367,080	7.19	256,956	5.03	367,080	7.19	256,956	5.03	367,080	7.19	770,868	15.09	1,101,240	21.56
<b>OPA Programs</b>																					
A Copy of the Program Measures by Year, Unit kWh Savings, Useful life, # of Units can be found on "OPA MEASURES" Tab																					
<b>Residential</b>																					
Every Kilowatt Counts	2006-2007	931,942	10.99	1,035,491	12.21	1,264,331	23.86	1,488,958	30.85	1,260,266	22.65	1,481,567	28.65	1,260,266	22.65	1,481,567	28.65	310,014	80.16	5,487,582	100.37
Cool & Hot Savings Rebate	2006 - 2007	35,916	33.29	45,499	40.47	91,366	70.28	154,408	118.13	91,366	70.28	154,408	118.13	91,366	70.28	154,408	118.13	58,197	244.13	508,723	394.87
Cool Savings Rebate Program	2008-2009									63,617	40.30	110,746	69.96	163,497	105.15	282,674	182.17	514,390	145.44	393,420	252.13
Secondary Fridge Retirement Pilot	2006	14,549	3.30	16,166	3.66	14,549	3.30	16,166	3.66	14,549	3.30	16,166	3.66	14,549	3.30	16,166	3.66	7,738	13.19	64,664	14.66
Great Refrigerator Roundup	2007-2009					57,911	7.37	142,578	17.93	184,813	21.20	376,599	43.93	271,665	33.14	556,281	68.91	619	61.71	1,075,458	130.78
peaksaver®	2008-2009						45.93		51.03	2,304	161.15	2,560	179.05	5,434	317.62	6,038	352.92	90,630	524.70	8,598	583.00
Summer Savings	2007					502	281.01	4,183	234.18	85	83.80	705	698.37	32	40.35	267	336.25	70	405.17	5,155	1268.80
Social Housing – Pilot	2007					30,210	3.55	30,210	3.55	30,210	3.55	30,210	3.55	30,210	3.55	30,210	3.55	730,855	10.66	90,630	10.66
Summer Sweepstakes	2008									51	51.09	260,258	65.84	18	29.29	93,915	37.76	0	80.38	354,173	103.60
Every Kilowatt Counts Power Savings Event	2008-2009									322,936	17.61	800,932	42.18	407,918	23.85	928,802	54.21	0	41.46	1,729,735	96.39
<b>General Service&lt;50kW</b>																					
<b>OPA Conservation Programs</b>																					
High Performance New Construction	2008-2009									1,046	1.24	1,495	1.77	33,312	15.39	47,588	21.99	974,831	16.63	49,083	23.76
Power Savings Blitz	2008-2009									25,452	1.24	27,367	3.78	949,380	128.91	1,020,838	138.62	0	130.15	1,048,206	142.40
<b>General Service&gt;50kW to 4,999kW</b>																					
<b>OPA Conservation Programs</b>																					
Demand Response 1	2006 -2009		1020.60		1020.60		1106.69		1106.69		1602.62		1602.62		638.97		638.97	0	4368.88	0	4368.88
Demand Response 2	2009														557.85		557.85				
Demand Response 3	2008-2009										309.91		309.91		619.83		619.83	606,669	929.74	0	929.74
Electricity Retrofit Incentive Program	2007, 2009									227,729	44.78	392,637	77.21	378,939	87.24	725,660	172.93	0	132.02	1,118,297	250.15
Electricity Resources Demand Response	2006-2009		49.95		49.95		96.68		96.68		107.62		107.62		117.87		117.87	0	372.13	0	372.13

**ATTACHMENT B**  
**Foregone Revenue by Class and Program**

Class Program	Year Implemented	2006				2007				2008				2009				Total Revenue
		Load Unit	kWh or kW	Rate per Unit	Revenue	Load Unit	kWh or kW	Rate per Unit	Revenue	Load Unit	kWh or kW	Rate per Unit	Revenue	Load Unit	kWh or kW	Rate per Unit	Revenue	
<b>Third Tranche</b>																		
<b>RESIDENTIAL</b>																		
Partnership / Sponsorships						17,111	kWh	0.0194	\$1,316.44	17,111	kWh	0.0192	\$329.68	17,111	kWh	0.0192	\$328.54	\$1,974.66
Lighten Your Electricity Bill		78,537	kWh	0.192	\$11,654.87	78,537	kWh	0.0194	\$6,042.10	78,537	kWh	0.0192	\$1,513.14	78,537	kWh	0.0192	\$1,507.91	\$20,718.03
																		<b>\$22,692.68</b>
<b>GENERAL SERVICE &lt; 50</b>																		
Cool Shops						438,872	kWh	0.0125	\$21,797.31	438,872	kWh	0.0124	\$5,456.64	438,872	kWh	0.0124	\$5,442.01	\$32,695.96
																		<b>\$32,695.96</b>
<b>UNMETERED SCATTERED LOAD</b>																		
Traffic (Signal) Efficiency						256,956	kWh	0.0125	\$12,762.15	256,956.00	kWh	0.0124	\$3,194.82	256,956.00	kWh	0.0124	\$3,186.25	\$19,143.22
																		<b>\$19,143.22</b>
<b>OPA Programs</b>																		
<b>Residential</b>																		
Every Kilowatt Counts		931,942	kWh	0.192	\$138,300.13	1,264,331	kWh	0.0194	\$97,269.21	1,260,266	kWh	0.0192	\$24,281.13	1,260,266	kWh	0.0192	\$24,197.11	\$284,047.57
Cool & Hot Savings Rebate		35,916	kWh	0.192	\$5,329.97	91,366	kWh	0.0194	\$7,029.09	91,366	kWh	0.0192	\$1,760.32	91,366	kWh	0.0192	\$1,754.23	\$15,873.60
Cool Savings Rebate Program		0	kWh	0.192	\$0.00	0	kWh	0.0194	\$0.00	63,617	kWh	0.0192	\$1,225.69	163,497	kWh	0.0192	\$3,139.15	\$4,364.84
Secondary Fridge Retirement Pilot		14,549	kWh	0.192	\$2,159.12	14,549	kWh	0.0194	\$1,119.33	14,549	kWh	0.0192	\$280.32	14,549	kWh	0.0192	\$279.35	\$3,838.12
Great Refrigerator Roundup						57,911	kWh	0.0194	\$4,455.27	184,813	kWh	0.0192	\$3,560.74	271,665	kWh	0.0192	\$5,215.98	\$13,231.99
peaksaver®						0	kWh	0.0194	\$0.00	2,304	kWh	0.0192	\$44.40	5,434	kWh	0.0192	\$104.33	\$148.73
Summer Savings						502	kWh	0.0194	\$38.62	85	kWh	0.0192	\$1.63	32	kWh	0.0192	\$0.61	\$40.86
Social Housing – Pilot						30,210	kWh	0.0194	\$2,324.16	30,210	kWh	0.0192	\$582.05	30,210	kWh	0.0192	\$580.03	\$3,486.23
Summer Sweepstakes						0	kWh	0.0194	\$0.00	51	kWh	0.0192	\$0.98	18	kWh	0.0192	\$0.35	\$1.34
Every Kilowatt Counts Power Savings Event						0	kWh	0.0194	\$0.00	322,936	kWh	0.0192	\$6,221.90	407,918	kWh	0.0192	\$7,832.03	\$14,053.94
																		<b>\$339,087.22</b>
<b>GENERAL SERVICE Less Than 50kW</b>																		
High Performance New Construction										1,046	kWh	0.0124	\$13.01	33,312	kWh	0.0124	\$413.07	\$426.08
Power Savings Blitz										25,452	kWh	0.0124	\$316.45	949,380	kWh	0.0124	\$11,772.31	\$12,088.76
																		<b>\$12,514.83</b>
<b>General Service&gt;50kW to 4,999kW</b>																		
Demand Response 1		1,020.60	kW	1.8137	\$20,750.86	1,106.69	kW	1.8300	\$24,230.73	1,602.62	kW	1.8154	\$35,006.42	638.97	kW	1.8199	\$13,942.86	\$93,930.87
Demand Response 2														557.85	kW	1.8199	\$12,172.65	\$12,172.65
Demand Response 3										309.91	kW	1.8154	\$6,769.53	619.83	kW	1.8199	\$13,525.17	\$20,294.70
Electricity Retrofit Incentive Program										44.78	kW	1.8154	\$978.20	87.24	kW	1.8199	\$1,903.62	\$2,881.82
Electricity Resources Demand Response		49.95	kW	1.8137	\$1,015.67	96.68	kW	1.8300	\$2,116.87	107.62	kW	1.8154	\$2,350.81	117.87	kW	1.8199	\$2,571.96	\$8,055.30
																		<b>\$137,335.34</b>
																		<b>\$563,469.27</b>

**ATTACHMENT C**

**SSM Amounts by Class and Program**

Class Program	Total Costs \$	Total Benefits \$	Net Benefits \$ NPV	Benefits/ Cost Ratio	SSM Amount \$
<b>Third Tranche</b>					
<b>RESIDENTIAL</b>					
Customer Survey	\$4,682.76	\$0.00	-\$4,682.76		-\$234.14
Conservation Website	\$24,419.34	\$0.00	-\$24,419.34		-\$1,220.97
Education and Promotion	\$88,056.13	\$0.00	-\$88,056.13		-\$4,402.81
Partnership / Sponsorships	\$23,772.59	\$6,162.65	-\$17,609.94	0.26	-\$880.50
SLEDs	\$4,517.73	\$6,162.65	\$1,644.92	1.36	\$82.25
Woodstock Hospital Foundation Raffle	\$1,085.57	\$0.00	-\$1,085.57		-\$54.28
Energy Innovation Award	\$2,232.00	\$0.00	-\$2,232.00		-\$111.60
Utility Program Cost (2007)	\$15,937.29	\$0.00	-\$15,937.29		-\$796.86
Lighten Your Electricity Bill	\$9,296.80	\$50,144.89	\$40,848.09	5.39	\$2,042.40
CFLs	\$1,630.80	\$20,277.78	\$18,646.98	12.43	\$932.35
SLEDs - 5W	\$123.50	\$1,163.06	\$1,039.56	9.42	\$51.98
SLEDs - Mini Lights	\$123.50	\$445.12	\$321.62	3.60	\$16.08
Programmable Thermostat - Space Heating	\$864.00	\$15,202.37	\$14,338.37	17.60	\$716.92
Programmable Thermostat - Space Cooling	\$2,268.00	\$7,679.49	\$5,411.49	3.39	\$270.57
Timer - Outdoor Light	\$324.00	\$3,722.58	\$3,398.58	11.49	\$169.93
Timer - Indoor Light	\$144.00	\$1,654.48	\$1,510.48	11.49	\$75.52
Utility Program Cost	\$2,798.00	\$0.00	-\$2,798.00		-\$139.90
Ceiling Fans	\$1,021.00	\$0.00	-\$1,021.00		-\$51.05
<b>GENERAL SERVICE &lt; 50 kW</b>					
Cool Shops	\$72,833.01	\$128,177.39	\$55,344.38	1.76	\$2,767.22
15W CFL	\$18,775.74	\$59,326.55	\$40,550.81	3.16	\$2,027.54
26W Flood Light	\$8,294.34	\$6,970.93	-\$1,323.41	0.84	-\$66.17
2-T8 32W Lamps w/ Electronic Ballast	\$7,047.09	\$2,069.49	-\$4,977.60	0.29	-\$248.88
4-T8 32W Lamps w/ Electronic Ballast	\$8,938.50	\$4,257.24	-\$4,681.26	0.48	-\$234.06
3W LED Exit Signs	\$29,777.34	\$55,553.18	\$25,775.84	1.87	\$1,288.79
Renewable Energy Projects	\$46,008.98	\$0.00	-\$46,008.98		-\$2,300.45
<b>UNMETERED SCATTERED LOAD</b>					
Traffic (Signal) Efficiency	\$23,619.85	\$89,891.93	\$66,272.08	3.81	\$3,313.60
<b>TOTALS</b>	<b>\$246,680.48</b>	<b>\$274,376.85</b>	<b>\$27,696.37</b>		<b>\$1,384.82</b>

**ATTACHMENT D**  
**LRAM & SSM Totals**

**Rate Class**

	<b>LRAM \$</b>	<b>SSM \$</b>	<b>TOTAL \$</b>
<b><u>Third Tranche</u></b>			
<b>RESIDENTIAL</b>	\$22,692.68	-\$4,696.00	\$17,996.68
<b>GENERAL SERVICE &lt; 50 kW</b>	\$32,695.96	\$2,767.22	\$35,463.18
<b>UNMETERED SCATTERED LOAD</b>	\$19,143.22	\$3,313.60	\$22,456.83
<b><u>OPA Programs</u></b>			
<b>RESIDENTIAL</b>	\$339,087.22		\$339,087.22
<b>GENERAL SERVICE &lt;50KW</b>	\$12,514.83		\$12,514.83
<b>GENERAL SERVICE &gt;50KW</b>	\$137,335.34		\$137,335.34
	<b>\$563,469.27</b>	<b>\$1,384.82</b>	<b>\$564,854.08</b>

**ATTACHMENT E**

**LRAM & SSM Input Assumptions**

Class	Free Rider Rate		Number of Units		Table Applied		Discount Factor		Technology Life	
	LRAM	SSM	LRAM	SSM	LRAM	SSM	LRAM	SSM	LRAM	SSM
<b>Third Tranche</b>										
<b>RESIDENTIAL</b>										
<b>Partnership / Sponsorships</b>										
SLEDs	5%	5%	316		OPA	OEB	7.88%		30	30
<b>Lighten Your Electricity Bill</b>										
CFLs	10%	10%	906		OPA	OEB	8.57%		8	4
SLEDs - 5W		5%	65		OPA	OEB	8.57%			30
SLEDs - Mini Lights		5%	65		OPA	OEB	8.57%			30
Programmable Thermostat - Space Heating		10%	16		OPA	OEB	8.57%		15	18
Programmable Thermostat - Space Cooling		10%	42		OPA	OEB	8.57%		15	18
Timer - Outdoor Light	10%	10%	18		OPA	OEB	8.57%		10	20
Timer - Indoor Light	10%	10%	8		OPA	OEB	8.57%		10	20
Ceiling Fan	10%		27		OPA		8.57%		10	
<b>GENERAL SERVICE &lt; 50 kW</b>										
<b>Cool Shops</b>										
15W CFL		10%	2,229		OPA	OEB	7.88%			2
26W Flood Light	10%	5%	230		OPA	OEB	7.88%		6	5
2-T8 32W Lamps w/ Electronic Ballast		10%	15		OPA	OEB	7.88%			5
4-T8 32W Lamps w/ Electronic Ballast		10%	42		OPA	OEB	7.88%			5
3W LED Exit Signs		10%	228		OPA	OEB	7.88%			25
<b>UNMETERED SCATTERED LOAD</b>										
Traffic (Signal) Efficiency										

1Tables

OEB: OEB Total Resource Cost Guide, Section 5, Assumptions and Measures List September 8, 2005 - File: cdm\_assumptionsmeasureslist\_08092005.xls

OPA: 2009 Mass Market Measures and Assumptions, V1.02 April 2009, Ontario Power Authority - 16080\_V\_1\_02\_2009\_MA\_List\_-\_MM\_14Apr\_2009.pdf

1 **SPECIFIC SERVICE CHARGES**

2 WHSI's is seeking the following changes and additions to the current Board Approved Specific  
 3 Service Charges. More detailed statistical and forecast information for these charges are  
 4 provided in Exhibit 3. The Rates provided in the accompanying cost summaries are based on  
 5 2011 average departmental hourly labour rates, budgeted payroll burdens and other  
 6 projected costs.

7

8 **Notification Charge**

9 This charge is intended to recover costs to review, prepare and hand deliver a final notice  
 10 and warning of disconnection to the service address. As noted in Exhibit 3, the number of  
 11 notifications have increased 229% between 2006 and 2010, however the \$4 rate has  
 12 remained unchanged. WHSI notes that since the discontinuation of its prepaid meter  
 13 program in 2009, the number of tags have increased by 144% over 2008 and anticipates  
 14 that this trend will continue. WHSI requests that this rate be updated to the standard \$15  
 15 charge and submits the following cost summary:

<b>Notification Charge</b>	<b>Rate/ Amount</b>	<b>Minimum Hours/Units</b>	<b>Calculated Cost</b>
Direct Labour (inside staff) straight time	24.00	0.25	\$ 6.00
Payroll burden (inside staff)	35.7%		\$ 2.14
<b>Total Labour Cost</b>			<b>\$ 8.14</b>
Other - contract, material	4.28	1	\$ 4.28
<b>Total Other Cost</b>			<b>\$ 4.28</b>
<b>Total Cost</b>			<b>\$ 12.42</b>
<b>Specific Service Charge Value Requested</b>			<b>\$ 15.00</b>

16

17

1 **Collection of Account Charge – No Disconnection**

2 This charge is intended to recover the review, administration, and site visit costs for  
 3 collection of unpaid amounts. When a Technician is dispatched to disconnect a service due to  
 4 non payment and receives payment at the door for the outstanding amount, the service is  
 5 not disconnected and a Collection of Account charge is applied. The number of collection  
 6 site visits has increased 543% between 2006 and 2010, however the \$15 rate has remained  
 7 unchanged. WHSI requests that this rate be updated to the standard \$30 charge and submits  
 8 the following cost summary:

Collection of Account Charge	Rate/Amount	Hours/Units	Calculated Cost
Direct Labour (inside staff) straight time	\$ 27	0.50	\$ 13.50
Payroll burden (inside staff)	35.7%		\$ 4.82
<b>Total Labour Cost</b>			<b>\$ 18.32</b>
Other - contract, material	\$ 11	1	\$ 11.00
<b>Total Other Cost</b>			<b>\$ 11.00</b>
<b>Total Cost</b>			<b>\$ 29.32</b>
Specific Service Charge Value Requested			\$ 30.00

9  
 10

1 **Disconnect/Reconnect or Install/Remove Load Control Device at Meter – During Regular**  
 2 **Hours**

3 These charges are intended to recover the administrative and field costs to disconnect or  
 4 reconnect a service, or, to install or remove a load control device at the meter during regular  
 5 business hours. While the number total site visits have increased 540% % between 2006 and  
 6 2010, the \$30 rate has remained unchanged. WHSI requests that these rates be updated to  
 7 the standard \$65 charge and submits the following cost summary:

<b>Disconnect/Reconnect or Install/Remove Load Control Device at meter - during regular hours</b>	<b>Rate/Amount</b>	<b>Hours/Units</b>	<b>Calculated Cost</b>
Direct Labour (inside staff) straight time	\$ 27	0.50	\$ 13.50
Payroll burden (inside staff)	35.7%		\$ 4.82
Direct Labour (field staff) straight time	\$ 35	0.5	\$ 17.50
Payroll burden (field staff)	67.6%		\$ 11.83
<b>Total Labour Cost</b>			<b>\$ 47.65</b>
Small vehicle time	\$ 10	0.5	\$ 5.00
Other - contract, material	\$ 9	1	\$ 9.00
<b>Total Other Cost</b>			<b>\$ 14.00</b>
<b>Total Cost</b>			<b>\$ 61.65</b>
<b>Specific Service Charge Value Requested</b>			<b>\$ 65.00</b>

9 **Disconnect/Reconnect or Install/Remove Load Control Device at Meter – After Regular**  
 10 **Hours**

11 These charges are intended to recover the administrative and field costs to disconnect or  
 12 reconnect a service, or, to install or remove a load control device at the meter after regular  
 13 business hours. While the number total site visits have increased 611% % between 2006 and  
 14 2010, the \$55 rate has remained unchanged. WHSI therefore requests that these rates be  
 15 updated to the standard \$185 charge and submits the following cost summary:

Disconnect/Reconnect or Install/Remove Load Control Device at meter - after regular hours	Rate/Amount	Hours/Units	OT Factor	Calculated Cost
Direct Labour (inside staff) straight time	24	0.25		\$ 6.00
Direct Labour (inside staff) overtime			2	\$ -
Payroll burden (inside staff)	35.7%			\$ 2.14
Direct Labour (field staff) straight time	35			\$ -
Direct Labour (field staff) overtime - minimum callout 3 hours		2	3	\$ 210.00
<b>Total Labour Cost</b>				<b>\$ 218.14</b>
Small vehicle time	10	1		\$ 10.00
<b>Total Other Cost</b>				<b>\$ 10.00</b>
<b>Total Cost</b>				<b>\$ 228.14</b>
<b>Specific Service Charge Value Requested</b>				<b>\$ 185.00</b>

1

2 **Statement of Account/Account History**

3 WHSI provides without charge, customer requests for historical billing, statement of  
 4 account, and account history information, which are common to the day-to-day practices of  
 5 billing and administrative services. These requests are typically for account activity  
 6 occurring within the most recent 12 months or calendar year, and are most often for three or  
 7 fewer months history. In recent years, WHSI has experienced an increase in requests for  
 8 historical, monthly account information for periods exceeding 3 months per request, as well  
 9 as requests for information dating back two to five years, or longer. WHSI considers these  
 10 requests outside of day-to-day practices and requests the addition of a Statement of Account  
 11 Specific Service Charge and an Account History Charge to offset the administrative costs to  
 12 fulfill these requests. WHSI therefore requests that these rates be added at the standard \$15  
 13 charge and submits the following cost summary:

14

Statement of Account/Account History	Calculated		
	Rate/Amount	Hours/Units	Cost
Direct Labour (inside staff) straight time	24	0.50	\$ 12.00
Payroll burden (inside staff)	35.7%		\$ 4.28
Total Labour Cost			\$ 16.28
Total Other Cost			\$ -
Total Cost			\$ 16.28
Specific Service Charge Value Requested			\$ 15.00

1

2 **Special Meter Reads**

3 The Special Meter Read charge is intended to recover the administrative and field costs to  
 4 conduct a special meter reading. Examples of special meter reads including scheduled reads  
 5 to accommodate customers after regular hours, or other meter reads requested by the  
 6 customer that are in excess of regular or previously scheduled final readings. Although  
 7 relatively infrequent, WHSI anticipates that these requests may increase upon  
 8 implementation of smart meters and time-of-use pricing. Field visits and or/incremental  
 9 electronic readings may be requested by customers as they become familiar with time-of-use  
 10 billing, however WHSI believes it is prudent for a rate to be established in this Cost of  
 11 Service proceeding that will help reduce or avoid ongoing incremental costs for extra reads,  
 12 once time-of-use billing is in full swing. WHSI therefore requests that a Special Meter Read  
 13 rate be added at the standard \$30 charge and submits the following cost summary:

Special Meter Reads	Calculated		
	Rate/Amount	Hours/Units	Cost
Direct Labour (inside staff) straight time	\$ 27	0.50	\$ 13.50
Payroll burden (inside staff)	35.7%		\$ 4.82
Total Labour Cost			\$ 18.32
Other - contract, material	\$ 11	1	\$ 11.00
Other - other			\$ -
Total Other Cost			\$ 11.00
Total Cost			\$ 29.32
Specific Service Charge Value Requested			\$ 30.00

14

1 **Removal of “Pre-paid Meter – Monthly Service Charge**

2 In 2009, WHSI discontinued it’s Pre-paid meter program, and no longer requires the “Pre-  
 3 paid Meter – Monthly Service Charge” of \$7.50. WHSI requests that this Specific Service  
 4 Charge be removed.

5

6 **SUMMARY OF EXISTING AND PROPOSED SPECIFIC SERVICE CHARGES**

7 Table 8-21 summarizes the existing and proposed Specific Service Charges for WHSI.

8

Table 8-21

Specific Service Charges		Current	Proposed
<b>Customer Administration</b>			
Legal letter charge	\$	15.00	15.00
Statement of account	\$	-	15.00
Account history	\$	-	15.00
Notification charge	\$	4.00	15.00
Returned cheque charge (plus bank charges)	\$	15.00	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00	30.00
<b>Non-Payment of Account</b>			
Collection of account charge - no disconnection	\$	15.00	30.00
Disconnect/Reconnect at meter - during regular hours	\$	30.00	65.00
Install/Remove load control device - during regular hours	\$	30.00	65.00
Disconnect/Reconnect at meter - after regular hours	\$	55.00	185.00
Install/Remove load control device - after regular hours	\$	55.00	185.00
Late Payment - per month	%	1.50	1.50
Late Payment - per annum	%	19.56	19.56
<b>Other</b>			
Special meter reads	\$	-	30.00
Pre-paid Meter – Monthly Service Charge	\$	7.50	-
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00	30.00
Specific Charge for Access to the Power Poles \$/pole/year	\$	22.35	22.35

9

10

1 **EXISTING AND PROPOSED RATE CLASSES:**

2 **Residential (Existing):**

3

4 This classification refers to an account taking electricity at 750 volts or less where the  
5 electricity is used exclusively in a separated metered living accommodation. Customers shall  
6 be residing in single-dwelling units that consist of a detached house or one unit of a semi-  
7 detached, duplex, triplex, or quadruplex house, with a residential zoning. Separately metered  
8 dwellings within a town house complex or apartment building also qualify as residential  
9 customers.

10 **General Service Less than 50 kW (Existing):**

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

13 **General Service 50 to 999 kW (Proposed):**

14 This classification applies to a non residential account whose average monthly maximum  
15 demand used for billing purposes is equal to or greater than, or is forecast to be equal to or  
16 greater than, 50 kW but less than 1,000 kW.

17 **General Service Greater than 1000 kW (Proposed):**

18 This classification applies to a non residential account whose average monthly maximum  
19 demand used for billing purposes is equal to or greater than, or is forecast to be equal to or  
20 greater than 1,000 kW.

21 **Unmetered Scattered Load (Existing):**

22 This classification refers to an account taking electricity at 750 volts or less whose monthly  
23 average maximum demand is less than, or is forecast to be less than, 50 kW and the  
24 consumption is unmetered. Such connections include cable TV power packs, bus shelters,

1 telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be  
2 agreed to by the distributor and the customer, based on detailer manufacturer  
3 information/documentation with regard to electrical consumption of the unmetered load or  
4 periodic monitoring of actual consumption.

5 **Street Lighting Service (Existing):**

6 This classification refers to an account for roadway lighting with a Municipality, Regional  
7 Municipality, Ministry of Transportation and private roadway lighting, controlled by photo  
8 cells. The consumption for these customers will be based on the calculated connected load  
9 times the required lighting times established in the approved OEB street lighting load shape  
10 template.

11 **microFIT Generator Service (Existing):**

12 This classification applies to an electricity generation facility contracted under the Ontario  
13 Power Authority's microFIT program and connected to the distributor's distribution system.

14

15 **General Service 50 to 4,999 kW (Existing – Request to Remove):**

16 This classification applies to a non residential account whose average monthly maximum  
17 demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but  
18 less than 5,000 kW.

19

20 **Large Use (Existing – Request to Remove):**

21 This classification applies to an account whose average monthly maximum demand is equal  
22 to or greater than, or is forecast to be equal to or greater than 5,000 kW.

**EXISTING RATE SCHEDULE:**

**Woodstock Hydro Services Inc - May 1 2010**

**Residential**

**MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge	\$	11.10
Smart Meter Funding Adder	\$	1.63
Distribution Volumetric Rate	\$/kWh	0.0190
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0014)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0047

**MONTHLY RATES AND CHARGES – Regulatory Component**

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

**General Service Less Than 50 kW**

**MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge	\$	21.45
Smart Meter Funding Adder	\$	1.63
Distribution Volumetric Rate	\$/kWh	0.0123
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0014)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0043

**MONTHLY RATES AND CHARGES – Regulatory Component**

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

**General Service 50 to 4,999 kW**

**MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge	\$	294.82
Smart Meter Funding Adder	\$	1.63
Distribution Volumetric Rate	\$/kW	1.8048
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.4471)
Retail Transmission Rate – Network Service Rate	\$/kW	2.3677
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.8706

**MONTHLY RATES AND CHARGES – Regulatory Component**

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

**Large Use**

**MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge	\$	13,876.25
Smart Meter Funding Adder	\$	1.63
Distribution Volumetric Rate	\$/kW	2.4566
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.3361)
Retail Transmission Rate – Network Service Rate - Interval Metered	\$/kW	1.9009
Retail Transmission Rate – Line and Transformation Connection Service Rate-Interval Metered	\$/kW	2.1931

**MONTHLY RATES AND CHARGES – Regulatory Component**

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

**Unmetered Scattered Load**

**MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge (per connection)	\$	10.73
Distribution Volumetric Rate	\$/kWh	0.0123
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0043

**MONTHLY RATES AND CHARGES – Regulatory Component**

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

**Street Lighting**

**MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge (per connection)	\$	\$ 0.87
Distribution Volumetric Rate	\$/kW	3.4918
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(0.3838)
Retail Transmission Rate – Network Service Rate	\$/kW	1.7475
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3806

**MONTHLY RATES AND CHARGES – Regulatory Component**

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

**MicroFIT Generator**

**MONTHLY RATES AND CHARGES – Delivery Component**

Service Charge (per connection)	\$	5.25
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**Embedded Distributor**

**MONTHLY RATES AND CHARGES**

Low Voltage Wheeling Charge Rate	\$/kW	0.1108
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**Allowances**

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

**Specific Service Charges**

<b>Customer Administration</b>		
Notification Charge	\$	4.00
Returned Cheque charge (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge / change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
<b>Non-Payment of Account</b>		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	15.00
Disconnect/Reconnect at meter – during regular hours	\$	30.00
Disconnect/Reconnect at meter – after regular hours	\$	55.00
Install / remove load control device – during regular hours	\$	30.00
Install / remove load control device – after regular hours	\$	55.00
Pre-paid Meter – Monthly Service Charge	\$	7.50
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

**Retail Service Charges (if applicable)**

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

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

**LOSS FACTORS**

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0440
Total Loss Factor – Secondary Metered Customer > 5,000 kW	1.0145
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0335
Total Loss Factor – Primary Metered Customer > 5,000 kW	1.0045

# 1 SCHEDULE OF PROPOSED RATES AND CHARGES:

## Residential

Service Charge	\$	13.74
Smart Meter Adder	\$	0.47
Smart Meter Rate Rider	\$	1.20
Distribution Volumetric Rate	\$/kWh	0.0235
Distribution Volumetric Deferral Account Rate Rider (2010) – effective until April 30, 2014	\$/kWh	(0.0014)
Distribution Volumetric Deferral Account Rate Rider (2011)– effective until April 30, 2012	\$/kWh	0.0008
Non-RPP Global Adjustment Rate Rider (2010) - effective until April 30, 2014	\$/kWh	0.0004
Non-RPP Global Adjustment Rate Rider (2011) - effective until April 30, 2012	\$/kWh	0.0001
LRAM/SSM Rate Rider - effective until April 30, 2014	\$/kWh	0.0010
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0049
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

## General Service Less Than 50 kW

Service Charge	\$	28.42
Smart Meter Adder	\$	0.47
Smart Meter Rate Rider	\$	1.20
Distribution Volumetric Rate	\$/kWh	0.0163
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2014	\$/kWh	(0.0014)
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2012	\$/kWh	0.0002
Non-RPP Global Adjustment Rate Rider (2010) - effective until April 30, 2014	\$/kWh	0.00039
Non-RPP Global Adjustment Rate Rider (2011) - effective until April 30, 2012	\$/kWh	0.00012
LRAM/SSM Rate Rider - effective until April 30, 2014	\$/kWh	0.00030
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0050
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

## General Service 50 kW to 999 kW

Service Charge	\$	360.69
Smart Meter Adder	\$	0.47
Smart Meter Rate Rider	\$	1.20
Distribution Volumetric Rate	\$/kW	2.1129
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2014	\$/kW	(0.5422)
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2012	\$/kW	(0.0487)
Non-RPP Global Adjustment Rate Rider (2010) - effective until April 30, 2014	\$/kW	0.1471
Non-RPP Global Adjustment Rate Rider (2011) - effective until April 30, 2012	\$/kW	0.0301
LRAM/SSM Rate Rider - effective until April 30, 2014	\$/kW	0.0863
Retail Transmission Rate – Network Service Rate	\$/kW	1.5790
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3255
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

1

**General Service >1000 kW**

Service Charge	\$	2,335.85
Smart Meter Adder	\$	0.47
Smart Meter Rate Rider	\$	1.20
Distribution Volumetric Rate	\$/kW	1.4400
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2014	\$/kW	(0.6522)
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2012	\$/kW	(0.2040)
Non-RPP Global Adjustment Rate Rider (2010) - effective until April 30, 2014	\$/kW	0.1771
Non-RPP Global Adjustment Rate Rider (2011) - effective until April 30, 2012	\$/kW	0.0499
LRAM/SSM Rate Rider - effective until April 30, 2014	\$/kW	0.08630
Retail Transmission Rate – Network Service Rate	\$/kW	2.7585
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	2.3156
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Unmetered Scattered Load**

Service Charge (per connection)	\$	13.27
Distribution Volumetric Rate	\$/kWh	0.0152
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2014	\$/kWh	(0.0014)
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2012	\$/kWh	0.0002
Non-RPP Global Adjustment Rate Rider (2010) - effective until April 30, 2014	\$/kWh	0.0004
Non-RPP Global Adjustment Rate Rider (2011) - effective until April 30, 2012	\$/kWh	0.0001
LRAM/SSM Rate Rider - effective until April 30, 2014	\$/kWh	0.0122
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0039
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0033
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**Street Lighting**

Service Charge (per connection)	\$	2.20
Distribution Volumetric Rate	\$/kW	8.8266
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2014	\$/kW	(0.5227)
Distribution Volumetric Deferral Account Rate Rider – effective until April 30, 2012	\$/kW	0.1658
Non-RPP Global Adjustment Rate Rider (2010) - effective until April 30, 2014	\$/kW	0.1417
Non-RPP Global Adjustment Rate Rider (2011) - effective until April 30, 2012	\$/kW	0.0416
Retail Transmission Rate – Network Service Rate	\$/kW	1.1496
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.9650
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

**microFIT**

2	Service Charge	\$	5.25
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**Specific Service Charges**

**Customer Administration**

Legal letter charge	\$	15.00
Statement of account	\$	15.00
Account history	\$	15.00
Notification charge	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00

**Non-Payment of Account**

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge - no disconnection	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Install/Remove load control device - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Install/Remove load control device - after regular hours	\$	185.00

**Other**

Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)		30.00
Specific Charge for Access to the Power Poles \$/pole/year		22.35

**Allowances**

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

**Retail Service Charges (if applicable)**

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

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

**Service Transaction Requests (STR)**

Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

**LOSS FACTORS**

Total Loss Factor - Secondary Metered Customer < 5,000 kW		1.0431
Total Loss Factor - Secondary Metered Customer > 5,000 kW		1.0145
Total Loss Factor - Primary Metered Customer < 5,000 kW		1.0326
2 Total Loss Factor - Primary Metered Customer > 5,000 kW		1.0044

1 RECONCILIATION OF RATE CLASS REVENUE:

**2011 Test Year Distribution Revenue Reconciliation**

Customer Class	Fixed Distribution Revenue	Variable Distribution Revenue	Transformer Allowance Credit	Total Distribution Revenue	Expected
Residential	\$ 2,272,871	\$ 2,759,325		\$ 5,032,195	\$ 5,033,040
GS < 50 kW	\$ 399,358	\$ 752,773		\$ 1,152,131	\$ 1,151,853
GS 50 kW - 999 kW	\$ 835,358	\$ 805,588	(\$162,440)	\$ 1,478,506	\$ 1,478,505
GS>1000 kW	\$ 196,211	\$ 214,531	(\$63,473)	\$ 347,270	\$ 347,277
Street Lighting	\$ 115,308	\$ 75,367		\$ 190,675	\$ 190,675
microFIT Generator service	\$ 252	\$ -		\$ 252	\$ 252
USL	\$ 21,502	\$ 9,361		\$ 30,863	\$ 30,872
<b>Total</b>	<b>\$ 3,840,860</b>	<b>\$ 4,616,945</b>	<b>(\$225,913)</b>	<b>\$ 8,231,892</b>	<b>\$ 8,232,474</b>

Difference Due to Rate Rounding

\$ 582

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1 **RATE AND BILL IMPACTS:**

2 Appendix A to this Schedule presents the results of the assessment of customer total bill  
3 impacts by customer rate class. These impacts are based on the following:

- 4 • Current applicable approved May 1, 2010 rates
- 5 • Proposed 2011 Customer rate classes
- 6 • Proposed 2011 Fixed and Volumetric Distribution rates
- 7 • Proposed 2011 Smart Meter Rate Adder of \$ 0.47 per metered customer per month
- 8 • Proposed 2011 Smart Meter Rate Rider of \$ 1.20 per metered customer per month
- 9 • Proposed 2011 Volumetric Rate Rider for the Deferral/Variance Account Disposition  
10 (2011)
- 11 • Proposed 2011 Volumetric LRAM / SSM Rate Rider
- 12 • Proposed 2011 Volumetric RTSR Rates
- 13 • Continuation of the previous Volumetric Rate Rider for the Deferral/Variance Account  
14 Disposition (2010)
- 15 • Proposed revised loss factors
- 16 • 13% HST
- 17 • Electricity rates for Residential, General Service < 50 kW are the rates effective May 1,  
18 2010 for Rate Protection Plan (RPP) customers.

- 1       • Electricity rates for other classes are the forecasted rates for 2011 as explained in  
2       Exhibit 2.

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1           **RATE MITIGATION**

2   A significant increase in capital expenditures, adjustments to OM&A costs from 2004 levels to  
3   2011 levels, and reduced consumption resulting from conservation programs have contributed  
4   to a revenue deficiency of \$1,756,617 for the 2011 cost of service rate application. WHSI  
5   recognizes that this represents an increase in distribution rates and has taken measures to  
6   mitigate these costs to the fairest and most reasonable extent possible in an effort to balance  
7   the customer needs with the regulatory and corporate requirements to operate a safe, reliable  
8   distribution system.

9   As part of this mitigation plan, WHSI proposes to introduce a General Service 50kW – 999 kW  
10   rate class and a General Service >1,000 kW rate class to more closely align “like” costs with  
11   “like” groups of customers.

12   Exhibit 7 notes that for the purposes of the Cost Allocation Study, and consistent with the  
13   Guidelines, WHSI’s assets were broken out into primary and secondary distribution functions  
14   using breakout percentages consistent with the original cost allocation informational filing.  
15   Load profiles for the new rate classes were based on scaling factors and identifiable customers  
16   who would move to the General Service >1,000kW rate class from the existing General Service  
17   50 kW – 4,999 kW and Large Use rate classes.

18   At the same time, WHSI recognizes that a transitional approach is required to further refine  
19   these rate classes, and so has maintained a common fixed and variable split between these  
20   classes.

21   Adjustments to specific service charges will more closely reflect the cost recoveries with the  
22   cost drivers.

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**APPENDIX B**  
**TABLE OF RATE AND BILL IMPACTS**

**BILL IMPACTS (Monthly Consumptions)**

RESIDENTIAL										
Block 1 kWh	600	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>										
<b>100 kWh</b>										
	Monthly Service Charge			11.10			13.74	2.64	23.78%	44.78%
	Distribution (kWh)	100	0.0190	1.90	100	0.0235	2.35	0.45	23.68%	7.66%
	Smart Meter Adder (per month)			0.00			0.47	0.47		1.53%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	3.91%
	LRAM & SSM Rider (kWh)	100		0.00	100	0.0010	0.10	0.10		0.33%
	Deferral and Variance Account Rider (2010) (kWh)	100	(0.0014)	-0.14	100	(0.0014)	(0.14)	(0.00)	2.14%	(0.47%)
	Deferral and Variance Account Rider (2011) (kWh)	100		0.00	100	0.0008	0.08	0.08		0.27%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	100		0.00	100	0.0004	0.04	0.04		0.13%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	100		0.00	100	0.0001	0.01	0.01		0.03%
	<b>Distribution Sub-Total</b>			<b>14.49</b>			<b>17.85</b>	<b>3.36</b>	<b>23.17%</b>	<b>58.17%</b>
	Retail Transmission (kWh)	104	0.0108	1.13	104	0.0107	1.12	(0.01)	-1.01%	3.64%
	<b>Delivery Sub-Total</b>			<b>15.62</b>			<b>18.96</b>	<b>3.35</b>	<b>21.42%</b>	<b>61.81%</b>
	Other Charges (kWh)	104	0.0135	1.41	104	0.0135	1.41	(0.00)	-0.09%	4.59%
	Cost of Power Commodity Block 1 (kWh)	104	0.0650	6.79	104	0.0650	6.78	(0.01)	-0.09%	22.10%
	Cost of Power Commodity Block 2 (kWh)	0	0.0750	0.00	0	0.0750	0.00	0.00		0.00%
	<b>Commodity &amp; Other</b>			<b>8.20</b>			<b>8.19</b>	<b>-0.01</b>	<b>-0.09%</b>	<b>26.69%</b>
	<b>Total Bill Before Taxes</b>			<b>23.81</b>			<b>27.15</b>	<b>3.34</b>	<b>14.02%</b>	<b>88.50%</b>
	GST/HST		5.00%	1.19		13.00%	3.53	2.34	196.45%	11.50%
	<b>Total Bill</b>			<b>25.00</b>			<b>30.68</b>	<b>5.68</b>	<b>22.71%</b>	<b>100.00%</b>

RESIDENTIAL										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>										
<b>250 kWh</b>										
	Monthly Service Charge			11.10			13.74	2.64	23.78%	27.16%
	Distribution (kWh)	250	0.0190	4.75	250	0.0235	5.88	1.13	23.68%	11.61%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.93%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	2.37%
	LRAM & SSM Rider (kWh)	250		0.00	250	0.0010	0.25	0.25		0.49%
	Deferral and Variance Account Rider (2010) (kWh)	250	(0.0014)	-0.35	250	(0.0014)	(0.36)	(0.01)	2.14%	(0.71%)
	Deferral and Variance Account Rider (2011) (kWh)	250		0.00	250	0.0008	0.21	0.21		0.41%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	250		0.00	250	0.0004	0.10	0.10		0.19%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	250		0.00	250	0.0001	0.02	0.02		0.04%
	<b>Distribution Sub-Total</b>			<b>17.13</b>			<b>21.50</b>	<b>4.37</b>	<b>25.53%</b>	<b>42.51%</b>
	Retail Transmission (kWh)	261	0.0108	2.82	261	0.0107	2.79	(0.03)	-1.01%	5.52%
	<b>Delivery Sub-Total</b>			<b>19.95</b>			<b>24.29</b>	<b>4.34</b>	<b>21.78%</b>	<b>48.03%</b>
	Other Charges (kWh)	261	0.0135	3.52	261	0.0135	3.52	(0.00)	-0.09%	6.96%
	Cost of Power Commodity Block 1 (kWh)	261	0.0650	16.97	261	0.0650	16.95	(0.01)	-0.09%	33.51%
	Cost of Power Commodity Block 2 (kWh)	0	0.0750	0.00	0	0.0750	0.00	0.00		0.00%
	<b>Commodity &amp; Other</b>			<b>20.49</b>			<b>20.47</b>	<b>-0.02</b>	<b>-0.09%</b>	<b>40.47%</b>
	<b>Total Bill Before Taxes</b>			<b>40.44</b>			<b>44.76</b>	<b>4.33</b>	<b>10.70%</b>	<b>88.50%</b>
	GST/HST		5.00%	2.02		13.00%	5.82	3.80	187.82%	11.50%
	<b>Total Bill</b>			<b>42.46</b>			<b>50.58</b>	<b>8.12</b>	<b>19.13%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

RESIDENTIAL										
Consumption	Description	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
500 kWh	Monthly Service Charge			11.10			13.74	2.64	23.78%	16.41%
	Distribution (kWh)	500	0.0190	9.50	500	0.0235	11.75	2.25	23.68%	14.03%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.56%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	1.43%
	LRAM & SSM Rider (kWh)	500		0.00	500	0.0010	0.50	0.50		0.60%
	Deferral and Variance Account Rider (2010) (kWh)	500	(0.0014)	-0.70	500	(0.0014)	(0.72)	(0.02)	2.14%	(0.85%)
	Deferral and Variance Account Rider (2011) (kWh)	500		0.00	500	0.0008	0.41	0.41		0.49%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	500		0.00	500	0.0004	0.19	0.19		0.23%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	500		0.00	500	0.0001	0.04	0.04		0.05%
	<b>Distribution Sub-Total</b>			<b>21.53</b>			<b>27.60</b>	<b>6.07</b>	<b>28.17%</b>	<b>32.95%</b>
	Retail Transmission (kWh)	522	0.0108	5.64	522	0.0107	5.58	(0.06)	-1.01%	6.66%
	<b>Delivery Sub-Total</b>			<b>27.17</b>			<b>33.18</b>	<b>6.01</b>	<b>22.12%</b>	<b>39.61%</b>
	Other Charges (kWh)	522	0.0135	7.05	522	0.0135	7.04	(0.01)	-0.09%	8.41%
	Cost of Power Commodity Block 1 (kWh)	522	0.0650	33.93	522	0.0650	33.90	(0.03)	-0.09%	40.48%
	Cost of Power Commodity Block 2 (kWh)	0	0.0750	0.00	0	0.0750	0.00	0.00		0.00%
	<b>Commodity &amp; Other</b>			<b>40.98</b>			<b>40.94</b>	<b>-0.04</b>	<b>-0.09%</b>	<b>48.88%</b>
	<b>Total Bill Before Taxes</b>			<b>68.14</b>			<b>74.12</b>	<b>5.97</b>	<b>8.77%</b>	<b>88.50%</b>
	GST/HST		5.00%	3.41		13.00%	9.64	6.23	182.79%	11.50%
	<b>Total Bill</b>			<b>71.55</b>			<b>83.75</b>	<b>12.20</b>	<b>17.05%</b>	<b>100.00%</b>

RESIDENTIAL										
Consumption	Description	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
800 kWh	Monthly Service Charge			11.10			13.74	2.64	23.78%	10.89%
	Distribution (kWh)	800	0.0190	15.20	800	0.0235	18.80	3.60	23.68%	14.90%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.37%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.95%
	LRAM & SSM Rider (kWh)	800		0.00	800	0.0010	0.80	0.80		0.63%
	Deferral and Variance Account Rider (2010) (kWh)	800	(0.0014)	-1.12	800	(0.0014)	(1.14)	(0.02)	2.14%	(0.91%)
	Deferral and Variance Account Rider (2011) (kWh)	800		0.00	800	0.0008	0.66	0.66		0.52%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	800		0.00	800	0.0004	0.31	0.31		0.25%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	800		0.00	800	0.0001	0.07	0.07		0.05%
	<b>Distribution Sub-Total</b>			<b>26.81</b>			<b>34.91</b>	<b>8.10</b>	<b>30.20%</b>	<b>27.66%</b>
	Retail Transmission (kWh)	835	0.0108	9.02	834	0.0107	8.93	(0.09)	-1.01%	7.08%
	<b>Delivery Sub-Total</b>			<b>35.83</b>			<b>43.84</b>	<b>8.01</b>	<b>22.35%</b>	<b>34.73%</b>
	Other Charges (kWh)	835	0.0135	11.28	834	0.0135	11.27	(0.01)	-0.09%	8.93%
	Cost of Power Commodity Block 1 (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	30.90%
	Cost of Power Commodity Block 2 (kWh)	235	0.0750	17.64	234	0.0750	17.59	(0.05)	-0.31%	13.93%
	<b>Commodity &amp; Other</b>			<b>67.92</b>			<b>67.85</b>	<b>-0.06</b>	<b>-0.09%</b>	<b>53.76%</b>
	<b>Total Bill Before Taxes</b>			<b>103.75</b>			<b>111.69</b>	<b>7.94</b>	<b>7.66%</b>	<b>88.50%</b>
	GST/HST		5.00%	5.19		13.00%	14.52	9.33	179.91%	11.50%
	<b>Total Bill</b>			<b>108.93</b>			<b>126.21</b>	<b>17.28</b>	<b>15.86%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

RESIDENTIAL											
Consumption		2010 BILL			2011 BILL			IMPACT			
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill	
1,000 kWh	Monthly Service Charge			11.10			13.74	2.64	23.78%	8.86%	
	Distribution (kWh)	1,000	0.0190	19.00	1,000	0.0235	23.50	4.50	23.68%	15.15%	
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.30%	
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.77%	
	LRAM & SSM Rider (kWh)	1,000		0.00	1,000	0.0010	1.00	1.00		0.64%	
	Deferral and Variance Account Rider (2010) (kWh)	1,000	(0.0014)	-1.40	1,000	(0.0014)	(1.43)	(0.03)		2.14%	(0.92%)
	Deferral and Variance Account Rider (2011) (kWh)	1,000		0.00	1,000	0.0008	0.83	0.83			0.53%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	1,000		0.00	1,000	0.0004	0.39	0.39			0.25%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	1,000		0.00	1,000	0.0001	0.09	0.09			0.06%
	<b>Distribution Sub-Total</b>			<b>30.33</b>			<b>39.78</b>	<b>9.45</b>	<b>31.16%</b>	<b>25.65%</b>	
	Retail Transmission (kWh)	1,044	0.0108	11.28	1,043	0.0107	11.16	(0.11)	-1.01%	7.20%	
	<b>Delivery Sub-Total</b>			<b>41.61</b>			<b>50.94</b>	<b>9.34</b>	<b>22.45%</b>	<b>32.85%</b>	
	Other Charges (kWh)	1,044	0.0135	14.09	1,043	0.0135	14.08	(0.01)	-0.09%	9.08%	
	Cost of Power Commodity Block 1 (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	25.14%	
	Cost of Power Commodity Block 2 (kWh)	444	0.0750	33.30	443	0.0750	33.23	(0.07)	-0.20%	21.43%	
	<b>Commodity &amp; Other</b>			<b>86.39</b>			<b>86.31</b>	<b>-0.08</b>	<b>-0.09%</b>	<b>55.65%</b>	
	<b>Total Bill Before Taxes</b>			<b>128.00</b>			<b>137.26</b>	<b>9.26</b>	<b>7.23%</b>	<b>88.50%</b>	
	GST/HST		5.00%	6.40		13.00%	17.84	11.44	178.81%	11.50%	
	<b>Total Bill</b>			<b>134.40</b>			<b>155.10</b>	<b>20.70</b>	<b>15.40%</b>	<b>100.00%</b>	

RESIDENTIAL											
Consumption		2010 BILL			2011 BILL			IMPACT			
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill	
1,500 kWh	Monthly Service Charge			11.10			13.74	2.64	23.78%	6.04%	
	Distribution (kWh)	1,500	0.0190	28.50	1,500	0.0235	35.25	6.75	23.68%	15.51%	
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.21%	
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.53%	
	LRAM & SSM Rider (kWh)	1,500		0.00	1,500	0.0010	1.50	1.50		0.66%	
	Deferral and Variance Account Rider (2010) (kWh)	1,500	(0.0014)	-2.10	1,500	(0.0014)	(2.15)	(0.04)		2.14%	(0.94%)
	Deferral and Variance Account Rider (2011) (kWh)	1,500		0.00	1,500	0.0008	1.24	1.24			0.55%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	1,500		0.00	1,500	0.0004	0.58	0.58			0.26%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	1,500		0.00	1,500	0.0001	0.13	0.13			0.06%
	<b>Distribution Sub-Total</b>			<b>39.13</b>			<b>51.97</b>	<b>12.84</b>	<b>32.81%</b>	<b>22.86%</b>	
	Retail Transmission (kWh)	1,566	0.0108	16.91	1,565	0.0107	16.74	(0.17)	-1.01%	7.36%	
	<b>Delivery Sub-Total</b>			<b>56.04</b>			<b>68.71</b>	<b>12.67</b>	<b>22.60%</b>	<b>30.22%</b>	
	Other Charges (kWh)	1,566	0.0135	21.14	1,565	0.0135	21.12	(0.02)	-0.09%	9.29%	
	Cost of Power Commodity Block 1 (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	17.16%	
	Cost of Power Commodity Block 2 (kWh)	966	0.0750	72.45	965	0.0750	72.35	(0.10)	-0.14%	31.82%	
	<b>Commodity &amp; Other</b>			<b>132.59</b>			<b>132.47</b>	<b>-0.12</b>	<b>-0.09%</b>	<b>58.27%</b>	
	<b>Total Bill Before Taxes</b>			<b>188.63</b>			<b>201.18</b>	<b>12.55</b>	<b>6.65%</b>	<b>88.50%</b>	
	GST/HST		5.00%	9.43		13.00%	26.15	16.72	177.30%	11.50%	
	<b>Total Bill</b>			<b>198.07</b>			<b>227.34</b>	<b>29.27</b>	<b>14.78%</b>	<b>100.00%</b>	

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE < 50 kW										
Block 1 kWh	750	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>										
<b>1,000 kWh</b>										
				21.45			28.42	6.97	32.49%	17.92%
		1,000	0.0123	12.30	1,000	0.0163	16.30	4.00	32.52%	10.28%
				0.00			0.47	0.47		0.30%
				1.63			1.20	(0.43)	-26.38%	0.76%
		1,000		0.00	1,000	0.0003	0.30	0.30		0.19%
		1,000	(0.0014)	-1.40	1,000	(0.0014)	(1.43)	(0.03)	2.14%	(0.90%)
		1,000		0.00	1,000	0.0002	0.22	0.22		0.14%
		1,000		0.00	1,000	0.0004	0.39	0.39		0.25%
		1,000		0.00	1,000	0.0001	0.12	0.12		0.08%
				<b>33.98</b>			<b>45.99</b>	<b>12.01</b>	<b>35.35%</b>	<b>29.00%</b>
		1,044	0.0098	10.23	1,043	0.0091	9.54	(0.69)	-6.78%	6.01%
				<b>44.21</b>			<b>55.53</b>	<b>11.32</b>	<b>25.60%</b>	<b>35.01%</b>
		1,044	0.0135	14.09	1,043	0.0135	14.08	(0.01)	-0.09%	8.88%
		750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	30.74%
		294	0.0750	22.05	293	0.0750	21.98	(0.07)	-0.31%	13.86%
				<b>84.89</b>			<b>84.81</b>	<b>-0.08</b>	<b>-0.09%</b>	<b>53.48%</b>
				<b>129.11</b>			<b>140.34</b>	<b>11.24</b>	<b>8.70%</b>	<b>88.50%</b>
			5.00%	6.46		13.00%	18.24	11.79	182.63%	11.50%
				<b>135.56</b>			<b>158.59</b>	<b>23.03</b>	<b>16.99%</b>	<b>100.00%</b>

GENERAL SERVICE < 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>										
<b>2,000 kWh</b>										
				21.45			28.42	6.97	32.49%	9.74%
		2,000	0.0123	24.60	2,000	0.0163	32.60	8.00	32.52%	11.18%
				0.00			0.47	0.47		0.16%
				1.63			1.20	(0.43)	-26.38%	0.41%
		2,000		0.00	2,000	0.0003	0.60	0.60		0.21%
		2,000	(0.0014)	-2.80	2,000	(0.0014)	(2.86)	(0.06)	2.14%	(0.98%)
		2,000		0.00	2,000	0.0002	0.44	0.44		0.15%
		2,000		0.00	2,000	0.0004	0.78	0.78		0.27%
		2,000		0.00	2,000	0.0001	0.24	0.24		0.08%
				<b>44.88</b>			<b>61.89</b>	<b>17.01</b>	<b>37.90%</b>	<b>21.22%</b>
		2,088	0.0098	20.46	2,086	0.0091	19.07	(1.39)	-6.78%	6.54%
				<b>65.34</b>			<b>80.97</b>	<b>15.62</b>	<b>23.91%</b>	<b>27.76%</b>
		2,088	0.0135	28.19	2,086	0.0135	28.16	(0.02)	-0.09%	9.66%
		750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	16.72%
		1,338	0.0750	100.35	1,336	0.0750	100.22	(0.14)	-0.13%	34.36%
				<b>177.29</b>			<b>177.13</b>	<b>-0.16</b>	<b>-0.09%</b>	<b>60.73%</b>
				<b>242.63</b>			<b>258.09</b>	<b>15.46</b>	<b>6.37%</b>	<b>88.50%</b>
			5.00%	12.13		13.00%	33.55	21.42	176.57%	11.50%
				<b>254.76</b>			<b>291.65</b>	<b>36.88</b>	<b>14.48%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE < 50 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
5,000 kWh	Monthly Service Charge			21.45			28.42	6.97	32.49%	4.11%
	Distribution (kWh)	5,000	0.0123	61.50	5,000	0.0163	81.50	20.00	32.52%	11.80%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.07%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.17%
	LRAM & SSM Rider (kWh)	5,000		0.00	5,000	0.0003	1.50	1.50		0.22%
	Deferral and Variance Account Rider (2010) (kWh)	5,000	(0.0014)	-7.00	5,000	(0.0014)	(7.15)	(0.15)	2.14%	(1.03%)
	Deferral and Variance Account Rider (2011) (kWh)	5,000		0.00	5,000	0.0002	1.11	1.11		0.16%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	5,000		0.00	5,000	0.0004	1.94	1.94		0.28%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	5,000		0.00	5,000	0.0001	0.60	0.60		0.09%
	<b>Distribution Sub-Total</b>			<b>77.58</b>			<b>109.59</b>	<b>32.01</b>	<b>41.26%</b>	<b>15.86%</b>
	Retail Transmission (kWh)	5,220	0.0098	51.16	5,216	0.0091	47.69	(3.47)	-6.78%	6.90%
	<b>Delivery Sub-Total</b>			<b>128.74</b>			<b>157.28</b>	<b>28.54</b>	<b>22.17%</b>	<b>22.77%</b>
	Other Charges (kWh)	5,220	0.0135	70.47	5,216	0.0135	70.41	(0.06)	-0.09%	10.19%
	Cost of Power Commodity Block 1 (kWh)	750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	7.06%
	Cost of Power Commodity Block 2 (kWh)	4,470	0.0750	335.25	4,466	0.0750	334.91	(0.34)	-0.10%	48.48%
	<b>Commodity &amp; Other</b>			<b>454.47</b>			<b>454.07</b>	<b>-0.40</b>	<b>-0.09%</b>	<b>65.73%</b>
	<b>Total Bill Before Taxes</b>			<b>583.21</b>			<b>611.35</b>	<b>28.15</b>	<b>4.83%</b>	<b>88.50%</b>
GST/HST		5.00%	29.16		13.00%	79.48	50.32	172.55%	11.50%	
<b>Total Bill</b>			<b>612.37</b>			<b>690.83</b>	<b>78.46</b>	<b>12.81%</b>	<b>100.00%</b>	

GENERAL SERVICE < 50 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
10,000 kWh	Monthly Service Charge			21.45			28.42	6.97	32.49%	2.10%
	Distribution (kWh)	10,000	0.0123	123.00	10,000	0.0163	163.00	40.00	32.52%	12.02%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.03%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.09%
	LRAM & SSM Rider (kWh)	10,000		0.00	10,000	0.0003	3.00	3.00		0.22%
	Deferral and Variance Account Rider (2010) (kWh)	10,000	(0.0014)	-14.00	10,000	(0.0014)	(14.30)	(0.30)	2.14%	(1.05%)
	Deferral and Variance Account Rider (2011) (kWh)	10,000		0.00	10,000	0.0002	2.22	2.22		0.16%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	10,000		0.00	10,000	0.0004	3.89	3.89		0.29%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	10,000		0.00	10,000	0.0001	1.20	1.20		0.09%
	<b>Distribution Sub-Total</b>			<b>132.08</b>			<b>189.09</b>	<b>57.01</b>	<b>43.17%</b>	<b>13.94%</b>
	Retail Transmission (kWh)	10,440	0.0098	102.31	10,431	0.0091	95.37	(6.94)	-6.78%	7.03%
	<b>Delivery Sub-Total</b>			<b>234.39</b>			<b>284.47</b>	<b>50.08</b>	<b>21.36%</b>	<b>20.98%</b>
	Other Charges (kWh)	10,440	0.0135	140.94	10,431	0.0135	140.82	(0.12)	-0.09%	10.38%
	Cost of Power Commodity Block 1 (kWh)	750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	3.59%
	Cost of Power Commodity Block 2 (kWh)	9,690	0.0750	726.75	9,681	0.0750	726.08	(0.68)	-0.09%	53.54%
	<b>Commodity &amp; Other</b>			<b>916.44</b>			<b>915.64</b>	<b>-0.80</b>	<b>-0.09%</b>	<b>67.52%</b>
	<b>Total Bill Before Taxes</b>			<b>1,150.83</b>			<b>1,200.11</b>	<b>49.28</b>	<b>4.28%</b>	<b>88.50%</b>
GST/HST		5.00%	57.54		13.00%	156.01	98.47	171.13%	11.50%	
<b>Total Bill</b>			<b>1,208.37</b>			<b>1,356.13</b>	<b>147.75</b>	<b>12.23%</b>	<b>100.00%</b>	

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE < 50 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
20,000 kWh	Monthly Service Charge			21.45			28.42	6.97	32.49%	1.06%
	Distribution (kWh)	20,000	0.0123	246.00	20,000	0.0163	326.00	80.00	32.52%	12.13%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.02%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	-26.38%	0.04%
	LRAM & SSM Rider (kWh)	20,000		0.00	20,000	0.0003	6.00	6.00		0.22%
	Deferral and Variance Account Rider (2010) (kWh)	20,000	(0.0014)	-28.00	20,000	(0.0014)	(28.60)	(0.60)	2.14%	(1.06%)
	Deferral and Variance Account Rider (2011) (kWh)	20,000		0.00	20,000	0.0002	4.44	4.44		0.17%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	20,000		0.00	20,000	0.0004	7.77	7.77		0.29%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	20,000		0.00	20,000	0.0001	2.39	2.39		0.09%
	<b>Distribution Sub-Total</b>			<b>241.08</b>			<b>348.10</b>	<b>107.02</b>	<b>44.39%</b>	<b>12.96%</b>
	Retail Transmission (kWh)	20,880	0.0098	204.62	20,862	0.0091	190.75	(13.87)	-6.78%	7.10%
	<b>Delivery Sub-Total</b>			<b>445.70</b>			<b>538.85</b>	<b>93.14</b>	<b>20.90%</b>	<b>20.06%</b>
	Other Charges (kWh)	20,880	0.0135	281.88	20,862	0.0135	281.64	(0.24)	-0.09%	10.48%
	Cost of Power Commodity Block 1 (kWh)	750	0.0650	48.75	750	0.0650	48.75	0.00	0.00%	1.81%
	Cost of Power Commodity Block 2 (kWh)	20,130	0.0750	1,509.75	20,112	0.0750	1,508.40	(1.35)	-0.09%	56.14%
	<b>Commodity &amp; Other</b>			<b>1,840.38</b>			<b>1,838.79</b>	<b>-1.59</b>	<b>-0.09%</b>	<b>68.44%</b>
	<b>Total Bill Before Taxes</b>			<b>2,286.08</b>			<b>2,377.64</b>	<b>91.55</b>	<b>4.00%</b>	<b>88.50%</b>
GST/HST		5.00%	114.30		13.00%	309.09	194.79	170.41%	11.50%	
<b>Total Bill</b>			<b>2,400.39</b>			<b>2,686.73</b>	<b>286.34</b>	<b>11.93%</b>	<b>100.00%</b>	

GENERAL SERVICE 50 kW - 999 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
30,000 kWh 100 kW	Monthly Service Charge			294.82			360.69	65.87	22.34%	10.12%
	Distribution (kW)	100	1.8048	180.48	100	2.1129	211.29	30.81	17.07%	5.93%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.01%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.03%
	LRAM & SSM Rider (kW)	100		0.00	100	0.0863	8.63	8.63		0.24%
	Deferral and Variance Account Rider (2010) (kW)	100	(0.4471)	-44.71	100	(0.5422)	(54.22)	(9.51)	21.27%	(1.52%)
	Deferral and Variance Account Rider (2011) (kW)	100		0.00	100	(0.0487)	(4.87)	(4.87)		(0.14%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	100		0.00	100	0.1471	14.71	14.71		0.41%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	100		0.00	100	0.0301	3.01	3.01		0.08%
	<b>Distribution Sub-Total</b>			<b>432.22</b>			<b>540.91</b>	<b>108.69</b>	<b>25.15%</b>	<b>15.18%</b>
	Retail Transmission (kW)	100	4.2383	423.83	100	2.9046	290.46	(133.37)	(31.47%)	8.15%
	<b>Delivery Sub-Total</b>			<b>856.05</b>			<b>831.37</b>	<b>-24.68</b>	<b>(2.88%)</b>	<b>23.33%</b>
	Other Charges (kWh)	31,320	0.0135	422.82	31,293	0.0135	422.46	(0.36)	(0.09%)	11.85%
	Cost of Power Commodity (kWh)	31,320	0.0607	1,901.75	31,293	0.0607	1,900.11	(1.64)	(0.09%)	53.31%
	<b>Total Bill Before Taxes</b>			<b>3,180.62</b>			<b>3,153.94</b>	<b>-26.68</b>	<b>(0.84%)</b>	<b>88.50%</b>
	GST/HST		5.00%	159.03		13.00%	410.01	250.98	157.82%	11.50%
	<b>Total Bill</b>			<b>3,339.65</b>			<b>3,563.95</b>	<b>224.30</b>	<b>6.72%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE 50 kW - 999 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
75,000 kWh 250 kW	Monthly Service Charge			294.82			360.69	65.87	22.34%	4.35%
	Distribution (kW)	250	1.8048	451.20	250	2.1129	528.23	77.02	17.07%	6.37%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.01%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.01%
	LRAM & SSM Rider (kW)	250		0.00	250	0.0863	21.58	21.58		0.26%
	Deferral and Variance Account Rider (2010) (kW)	250	(0.4471)	-111.78	250	(0.5422)	(135.55)	(23.77)	21.27%	(1.63%)
	Deferral and Variance Account Rider (2011) (kW)	250		0.00	250	(0.0487)	(12.18)	(12.18)		(0.15%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	250		0.00	250	0.1471	36.77	36.77		0.44%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	250		0.00	250	0.0301	7.54	7.54		0.09%
	<b>Distribution Sub-Total</b>			<b>635.88</b>			<b>808.75</b>	<b>172.87</b>	<b>27.19%</b>	<b>9.75%</b>
	Retail Transmission (kW)	250	4.2383	1,059.58	250	2.9046	726.14	(333.43)	(31.47%)	8.75%
	<b>Delivery Sub-Total</b>			<b>1,695.45</b>			<b>1,534.89</b>	<b>-160.56</b>	<b>(9.47%)</b>	<b>18.50%</b>
	Other Charges (kWh)	78,300	0.0135	1,057.05	78,233	0.0135	1,056.14	(0.91)	(0.09%)	12.73%
	Cost of Power Commodity (kWh)	78,300	0.0607	4,754.38	78,233	0.0607	4,750.28	(4.10)	(0.09%)	57.26%
	<b>Total Bill Before Taxes</b>			<b>7,506.88</b>			<b>7,341.30</b>	<b>-165.57</b>	<b>(2.21%)</b>	<b>88.50%</b>
GST/HST		5.00%	375.34		13.00%	954.37	579.03	154.27%	11.50%	
<b>Total Bill</b>			<b>7,882.22</b>			<b>8,295.67</b>	<b>413.45</b>	<b>5.25%</b>	<b>100.00%</b>	

GENERAL SERVICE 50 kW - 999 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
200,000 kWh 500 kW	Monthly Service Charge			294.82			360.69	65.87	22.34%	1.75%
	Distribution (kW)	500	1.8048	902.40	500	2.1129	1,056.45	154.05	17.07%	5.14%
	Smart Meter Adder (per month)			0.00			0.47	0.47		0.00%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.01%
	LRAM & SSM Rider (kW)	500		0.00	500	0.0863	43.15	43.15		0.21%
	Deferral and Variance Account Rider (2010) (kW)	500	(0.4471)	-223.55	500	(0.5422)	(271.09)	(47.54)	21.27%	(1.32%)
	Deferral and Variance Account Rider (2011) (kW)	500		0.00	500	(0.0487)	(24.36)	(24.36)		(0.12%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	500		0.00	500	0.1471	73.55	73.55		0.36%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	500		0.00	500	0.0301	15.07	15.07		0.07%
	<b>Distribution Sub-Total</b>			<b>975.30</b>			<b>1,255.13</b>	<b>279.83</b>	<b>28.69%</b>	<b>6.11%</b>
	Retail Transmission (kW)	500	4.2383	2,119.15	500	2.9046	1,452.28	(666.87)	(31.47%)	7.06%
	<b>Delivery Sub-Total</b>			<b>3,094.45</b>			<b>2,707.41</b>	<b>-387.04</b>	<b>(12.51%)</b>	<b>13.17%</b>
	Other Charges (kWh)	208,800	0.0135	2,818.80	208,620	0.0135	2,816.37	(2.43)	(0.09%)	13.70%
	Cost of Power Commodity (kWh)	208,800	0.0607	12,678.34	208,620	0.0607	12,667.41	(10.93)	(0.09%)	61.62%
	<b>Total Bill Before Taxes</b>			<b>18,591.59</b>			<b>18,191.19</b>	<b>-400.40</b>	<b>(2.15%)</b>	<b>88.50%</b>
GST/HST		5.00%	929.58		13.00%	2,364.85	1,435.28	154.40%	11.50%	
<b>Total Bill</b>			<b>19,521.17</b>			<b>20,556.05</b>	<b>1,034.88</b>	<b>5.30%</b>	<b>100.00%</b>	

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE 50 kW - 999 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
300,000 kWh	Monthly Service Charge			294.82			360.69	65.87	22.34%	1.18%
	Distribution (kW)	750	1.8048	1,353.60	750	2.1129	1,584.68	231.08	17.07%	5.17%
750 kW	Smart Meter Adder (per month)			0.00			0.47	0.47		0.00%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.00%
	LRAM & SSM Rider (kW)	750		0.00	750	0.0863	64.73	64.73		0.21%
	Deferral and Variance Account Rider (2010) (kW)	750	(0.4471)	-335.33	750	(0.5422)	(406.64)	(71.31)	21.27%	(1.33%)
	Deferral and Variance Account Rider (2011) (kW)	750		0.00	750	(0.0487)	(36.54)	(36.54)		(0.12%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	750		0.00	750	0.1471	110.32	110.32		0.36%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	750		0.00	750	0.0301	22.61	22.61		0.07%
	<b>Distribution Sub-Total</b>			<b>1,314.73</b>			<b>1,701.52</b>	<b>386.79</b>	<b>29.42%</b>	<b>5.56%</b>
	Retail Transmission (kW)	750	4.2383	3,178.73	750	2.9046	2,178.42	(1,000.30)	(31.47%)	7.11%
	<b>Delivery Sub-Total</b>			<b>4,493.45</b>			<b>3,879.94</b>	<b>-613.51</b>	<b>(13.65%)</b>	<b>12.67%</b>
	Other Charges (kWh)	313,200	0.0135	4,228.20	312,930	0.0135	4,224.56	(3.64)	(0.09%)	13.79%
	Cost of Power Commodity (kWh)	313,200	0.0607	19,017.50	312,930	0.0607	19,001.11	(16.39)	(0.09%)	62.04%
	<b>Total Bill Before Taxes</b>			<b>27,739.15</b>			<b>27,105.61</b>	<b>-633.55</b>	<b>(2.28%)</b>	<b>88.50%</b>
	GST/HST		5.00%	1,386.96		13.00%	3,523.73	2,136.77	154.06%	11.50%
	<b>Total Bill</b>			<b>29,126.11</b>			<b>30,629.34</b>	<b>1,503.22</b>	<b>5.16%</b>	<b>100.00%</b>

GENERAL SERVICE 50 kW - 999 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
400,000 kWh	Monthly Service Charge			294.82			360.69	65.87	22.34%	0.89%
	Distribution (kW)	999	1.8048	1,803.00	999	2.1129	2,110.79	307.79	17.07%	5.19%
999 kW	Smart Meter Adder (per month)			0.00			0.47	0.47		0.00%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.00%
	LRAM & SSM Rider (kW)	999		0.00	999	0.0863	86.21	86.21		0.21%
	Deferral and Variance Account Rider (2010) (kW)	999	(0.4471)	-446.65	999	(0.5422)	(541.64)	(94.98)	21.27%	(1.33%)
	Deferral and Variance Account Rider (2011) (kW)	999		0.00	999	(0.0487)	(48.67)	(48.67)		(0.12%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	999		0.00	999	0.1471	146.95	146.95		0.36%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	999		0.00	999	0.0301	30.11	30.11		0.07%
	<b>Distribution Sub-Total</b>			<b>1,652.79</b>			<b>2,146.12</b>	<b>493.32</b>	<b>29.85%</b>	<b>5.27%</b>
	Retail Transmission (kW)	999	4.2383	4,234.06	999	2.9046	2,901.66	(1,332.40)	(31.47%)	7.13%
	<b>Delivery Sub-Total</b>			<b>5,886.85</b>			<b>5,047.78</b>	<b>-839.07</b>	<b>(14.25%)</b>	<b>12.40%</b>
	Other Charges (kWh)	417,600	0.0135	5,637.60	417,240	0.0135	5,632.74	(4.86)	(0.09%)	13.84%
	Cost of Power Commodity (kWh)	417,600	0.0607	25,356.67	417,240	0.0607	25,334.81	(21.86)	(0.09%)	62.25%
	<b>Total Bill Before Taxes</b>			<b>36,881.13</b>			<b>36,015.33</b>	<b>-865.79</b>	<b>(2.35%)</b>	<b>88.50%</b>
	GST/HST		5.00%	1,844.06		13.00%	4,681.99	2,837.94	153.90%	11.50%
	<b>Total Bill</b>			<b>38,725.18</b>			<b>40,697.33</b>	<b>1,972.14</b>	<b>5.09%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

<b>GENERAL SERVICE &gt;1000 kW</b>									
	<b>2010 BILL</b>			<b>2011 BILL</b>			<b>IMPACT</b>		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>	Monthly Service Charge								
<b>750,000 kWh</b>	Distribution (kW)								
<b>1,500 kW</b>	1,500	1.8048	2,707.20	1,500	1.4400	2,160.00	(547.20)	(20.21%)	2.76%
			0.00			0.47	0.47		0.00%
			1.63			1.20	(0.43)	(26.38%)	0.00%
	1,500		0.00	1,500	0.0863	129.45	129.45		0.17%
	1,500	(0.4471)	-670.65	1,500	(0.6522)	(978.26)	(307.61)	45.87%	(1.25%)
	1,500		0.00	1,500	(0.2040)	(306.07)	(306.07)		(0.39%)
	1,500		0.00	1,500	0.1771	265.62	265.62		0.34%
	1,500		0.00	1,500	0.0499	74.81	74.81		0.10%
	<b>Distribution Sub-Total</b>		<b>2,333.00</b>			<b>3,683.09</b>	<b>1,350.09</b>	<b>57.87%</b>	<b>4.70%</b>
	1,500	4.2383	6,357.45	1,500	5.0741	7,611.18	1,253.73	19.72%	9.71%
	<b>Delivery Sub-Total</b>		<b>8,690.45</b>			<b>11,294.27</b>	<b>2,603.82</b>	<b>29.96%</b>	<b>14.41%</b>
	783,000	0.0135	10,570.50	782,325	0.0135	10,561.39	(9.11)	(0.09%)	13.48%
	783,000	0.0607	47,543.76	782,325	0.0607	47,502.77	(40.99)	(0.09%)	60.61%
	<b>Total Bill Before Taxes</b>		<b>66,804.71</b>			<b>69,358.43</b>	<b>2,553.72</b>	<b>3.82%</b>	<b>88.50%</b>
		5.00%	3,340.24		13.00%	9,016.60	5,676.36	169.94%	11.50%
	<b>Total Bill</b>		<b>70,144.95</b>			<b>78,375.03</b>	<b>8,230.08</b>	<b>11.73%</b>	<b>100.00%</b>

<b>GENERAL SERVICE &gt;1000 kW</b>									
	<b>2010 BILL</b>			<b>2011 BILL</b>			<b>IMPACT</b>		
	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Consumption</b>	Monthly Service Charge								
<b>1,250,000 kWh</b>	Distribution (kW)								
<b>2,500 kW</b>	2,500	1.8048	4,512.00	2,500	1.4400	3,600.00	(912.00)	(20.21%)	2.79%
			0.00			0.47	0.47		0.00%
			1.63			1.20	(0.43)	(26.38%)	0.00%
	2,500		0.00	2,500	0.0863	215.75	215.75		0.17%
	2,500	(0.4471)	-1,117.75	2,500	(0.6522)	(1,630.43)	(512.68)	45.87%	(1.27%)
	2,500		0.00	2,500	(0.2040)	(510.11)	(510.11)		(0.40%)
	2,500		0.00	2,500	0.1771	442.71	442.71		0.34%
	2,500		0.00	2,500	0.0499	124.69	124.69		0.10%
	<b>Distribution Sub-Total</b>		<b>3,690.70</b>			<b>4,580.13</b>	<b>889.43</b>	<b>24.10%</b>	<b>3.55%</b>
	2,500	4.2383	10,595.75	2,500	5.0741	12,685.31	2,089.56	19.72%	9.84%
	<b>Delivery Sub-Total</b>		<b>14,286.45</b>			<b>17,265.44</b>	<b>2,978.99</b>	<b>20.85%</b>	<b>13.40%</b>
	1,305,000	0.0135	17,617.50	1,303,875	0.0135	17,602.31	(15.19)	(0.09%)	13.66%
	1,305,000	0.0607	79,239.60	1,303,875	0.0607	79,171.29	(68.31)	(0.09%)	61.44%
	<b>Total Bill Before Taxes</b>		<b>111,143.55</b>			<b>114,039.04</b>	<b>2,895.49</b>	<b>2.61%</b>	<b>88.50%</b>
		5.00%	5,557.18		13.00%	14,825.08	9,267.90	166.77%	11.50%
	<b>Total Bill</b>		<b>116,700.73</b>			<b>128,864.11</b>	<b>12,163.39</b>	<b>10.42%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

GENERAL SERVICE >1000 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
2,000,000 kWh	Monthly Service Charge			294.82			2,335.85	2,041.03	692.30%	1.16%
	Distribution (kW)	3,500	1.8048	6,316.80	3,500	1.4400	5,040.00	(1,276.80)	(20.21%)	2.50%
3,500 kW	Smart Meter Adder (per month)			0.00			0.47	0.47		0.00%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.00%
	LRAM & SSM Rider (kW)	3,500		0.00	3,500	0.0863	302.05	302.05		0.15%
	Deferral and Variance Account Rider (2010) (kW)	3,500	(0.4471)	-1,564.85	3,500	(0.6522)	(2,282.60)	(717.75)	45.87%	(1.13%)
	Deferral and Variance Account Rider (2011) (kW)	3,500		0.00	3,500	(0.2040)	(714.16)	(714.16)		(0.35%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	3,500		0.00	3,500	0.1771	619.79	619.79		0.31%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	3,500		0.00	3,500	0.0499	174.56	174.56		0.09%
	<b>Distribution Sub-Total</b>			<b>5,048.40</b>			<b>5,477.17</b>	<b>428.77</b>	<b>8.49%</b>	<b>2.72%</b>
	Retail Transmission (kW)	3,500	4.2383	14,834.05	3,500	5.0741	17,759.43	2,925.38	19.72%	8.83%
	<b>Delivery Sub-Total</b>			<b>19,882.45</b>			<b>23,236.60</b>	<b>3,354.15</b>	<b>16.87%</b>	<b>11.55%</b>
	Other Charges (kWh)	2,088,000	0.0135	28,188.00	2,086,200	0.0135	28,163.70	(24.30)	(0.09%)	14.00%
	Cost of Power Commodity (kWh)	2,088,000	0.0607	126,783.36	2,086,200	0.0607	126,674.06	(109.30)	(0.09%)	62.95%
	<b>Total Bill Before Taxes</b>			<b>174,853.81</b>			<b>178,074.37</b>	<b>3,220.56</b>	<b>1.84%</b>	<b>88.50%</b>
	GST/HST		5.00%	8,742.69		13.00%	23,149.67	14,406.98	164.79%	11.50%
	<b>Total Bill</b>			<b>183,596.50</b>			<b>201,224.04</b>	<b>17,627.54</b>	<b>9.60%</b>	<b>100.00%</b>

GENERAL SERVICE >1000 kW										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
2,000,000 kWh	Monthly Service Charge			294.82			2,335.85	2,041.03	692.30%	1.12%
	Distribution (kW)	4,500	1.8048	8,121.60	4,500	1.4400	6,480.00	(1,641.60)	(20.21%)	3.12%
4,500 kW	Smart Meter Adder (per month)			0.00			0.47	0.47		0.00%
	Smart Meter Rider (per month)			1.63			1.20	(0.43)	(26.38%)	0.00%
	LRAM & SSM Rider (kW)	4,500		0.00	4,500	0.0863	388.35	388.35		0.19%
	Deferral and Variance Account Rider (2010) (kW)	4,500	(0.4471)	-2,011.95	4,500	(0.6522)	(2,934.77)	(922.82)	45.87%	(1.41%)
	Deferral and Variance Account Rider (2011) (kW)	4,500		0.00	4,500	(0.2040)	(918.20)	(918.20)		(0.44%)
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	4,500		0.00	4,500	0.1771	796.87	796.87		0.38%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	4,500		0.00	4,500	0.0499	224.44	224.44		0.11%
	<b>Distribution Sub-Total</b>			<b>6,406.10</b>			<b>6,374.22</b>	<b>-31.88</b>	<b>(0.50%)</b>	<b>3.06%</b>
	Retail Transmission (kW)	4,500	4.2383	19,072.35	4,500	5.0741	22,833.55	3,761.20	19.72%	10.98%
	<b>Delivery Sub-Total</b>			<b>25,478.45</b>			<b>29,207.77</b>	<b>3,729.32</b>	<b>14.64%</b>	<b>14.04%</b>
	Other Charges (kWh)	2,088,000	0.0135	28,188.00	2,086,200	0.0135	28,163.70	(24.30)	(0.09%)	13.54%
	Cost of Power Commodity (kWh)	2,088,000	0.0607	126,783.36	2,086,200	0.0607	126,674.06	(109.30)	(0.09%)	60.91%
	<b>Total Bill Before Taxes</b>			<b>180,449.81</b>			<b>184,045.53</b>	<b>3,595.72</b>	<b>1.99%</b>	<b>88.50%</b>
	GST/HST		5.00%	9,022.49		13.00%	23,925.92	14,903.43	165.18%	11.50%
	<b>Total Bill</b>			<b>189,472.30</b>			<b>207,971.45</b>	<b>18,499.15</b>	<b>9.76%</b>	<b>100.00%</b>

**BILL IMPACTS (Monthly Consumptions)**

Street Lighting										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Billing</b>	Monthly Service Charge	40	0.87	34.80	40	2.20	87.97	53.17	152.78%	10.55%
<b>40 Conn.</b>	Distribution (kW)	10	3.4918	34.92	10	8.8266	88.27	53.35	152.78%	10.59%
<b>7,000 kWh</b>	LRAM & SSM Rider (kW)	10		0.00	10	0.0000	0.00	0.00		0.00%
<b>10 kW</b>	Deferral and Variance Account Rider (2010) (kW)	10	(0.3838)	-3.84	10	(0.5227)	(5.23)	(1.39)	36.17%	(0.63%)
	Deferral and Variance Account Rider (2011) (kW)	10		0.00	10	0.1658	1.66	1.66		0.20%
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	10		0.00	10	0.1417	1.42	1.42		0.17%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	10		0.00	10	0.0416	0.42	0.42		0.05%
	<b>Distribution Sub-Total</b>			<b>65.88</b>			<b>174.50</b>	<b>108.62</b>	<b>164.88%</b>	<b>20.94%</b>
	Retail Transmission (kW)	10	3.1281	31.28	10	2.1145	21.15	(10.14)	(32.40%)	2.54%
	<b>Delivery Sub-Total</b>			<b>97.16</b>			<b>195.64</b>	<b>98.48</b>	<b>101.36%</b>	<b>23.47%</b>
	Other Charges (kWh)	7,308	0.0135	98.66	7,302	0.0135	98.57	(0.09)	(0.09%)	11.83%
	Cost of Power Commodity (kWh)	7,308	0.0607	443.74	7,302	0.0607	443.36	(0.38)	(0.09%)	53.19%
	<b>Total Bill Before Taxes</b>			<b>639.56</b>			<b>737.58</b>	<b>98.02</b>	<b>15.33%</b>	<b>88.50%</b>
GST/HST		5.00%	31.98		13.00%	95.88	63.91	199.85%	11.50%	
<b>Total Bill</b>			<b>671.54</b>			<b>833.46</b>	<b>161.92</b>	<b>24.11%</b>	<b>100.00%</b>	

Street Lighting										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
<b>Billing</b>	Monthly Service Charge	4,000	0.87	3,480.00	4,000	2.20	8,796.80	5,316.80	152.78%	17.59%
<b>4,000 Conn.</b>	Distribution (kW)	560	3.4918	1,955.41	560	8.8266	4,942.90	2,987.49	152.78%	9.89%
<b>380,000 kWh</b>	LRAM & SSM Rider (kW)	560		0.00	560	0.0000	0.00	0.00		0.00%
<b>560 kW</b>	Deferral and Variance Account Rider (2010) (kW)	560	(0.3838)	-214.95	560	(0.5227)	(292.69)	(77.74)	36.17%	(0.59%)
	Deferral and Variance Account Rider (2011) (kW)	560		0.00	560	0.1658	92.87	92.87		0.19%
	Non-RPP Global Adjustment Rate Rider (2010) (kW)	560		0.00	560	0.1417	79.35	79.35		0.16%
	Non-RPP Global Adjustment Rate Rider (2011) (kW)	560		0.00	560	0.0416	23.31	23.31		0.05%
	<b>Distribution Sub-Total</b>			<b>5,220.46</b>			<b>13,642.53</b>	<b>8,422.07</b>	<b>161.33%</b>	<b>27.29%</b>
	Retail Transmission (kW)	560	3.1281	1,751.74	560	2.1145	1,184.14	(567.59)	(32.40%)	2.37%
	<b>Delivery Sub-Total</b>			<b>6,972.19</b>			<b>14,826.67</b>	<b>7,854.47</b>	<b>112.65%</b>	<b>29.65%</b>
	Other Charges (kWh)	396,720	0.0135	5,355.72	396,378	0.0135	5,351.10	(4.62)	(0.09%)	10.70%
	Cost of Power Commodity (kWh)	396,720	0.0607	24,088.84	396,378	0.0607	24,068.07	(20.77)	(0.09%)	48.14%
	<b>Total Bill Before Taxes</b>			<b>36,416.75</b>			<b>44,245.84</b>	<b>7,829.09</b>	<b>21.50%</b>	<b>88.50%</b>
GST/HST		5.00%	1,820.84		13.00%	5,751.96	3,931.12	215.90%	11.50%	
<b>Total Bill</b>			<b>38,237.59</b>			<b>49,997.80</b>	<b>11,760.21</b>	<b>30.76%</b>	<b>100.00%</b>	

**BILL IMPACTS (Monthly Consumptions)**

Unmetered Scattered										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
250 kWh	Monthly Service Charge			10.73			13.27	2.54	23.70%	28.53%
	Distribution (kWh)	250	0.0123	3.08	250	0.0152	3.80	0.73	23.58%	8.17%
	LRAM & SSM Rider (kWh)	250		0.00	250	0.0122	3.05	3.05		6.56%
	Deferral and Variance Account Rider (2010) (kWh)	250	0.0000	0.00	250	(0.0014)	(0.36)	(0.36)		(0.77%)
	Deferral and Variance Account Rider (2011) (kWh)	250		0.00	250	0.0002	0.06	0.06		0.12%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	250		0.00	250	0.0004	0.10	0.10		0.21%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	250		0.00	250	0.0001	0.03	0.03		0.06%
	<b>Distribution Sub-Total</b>			<b>13.81</b>			<b>19.95</b>	<b>6.14</b>	<b>44.50%</b>	<b>42.88%</b>
	Retail Transmission (kWh)	261	0.0098	2.56	261	0.0072	1.87	(0.69)	-27.07%	4.01%
	<b>Delivery Sub-Total</b>			<b>16.36</b>			<b>21.81</b>	<b>5.45</b>	<b>33.31%</b>	<b>46.89%</b>
	Other Charges (kWh)	261	0.0135	3.52	261	0.0135	3.52	(0.00)	-0.09%	7.57%
	Cost of Power Commodity (kWh)	261	0.0607	15.85	261	0.0607	15.83	(0.01)	-0.09%	34.04%
	<b>Total Bill Before Taxes</b>			<b>35.73</b>			<b>41.17</b>	<b>5.43</b>	<b>15.21%</b>	<b>88.50%</b>
	GST/HST		5.00%	1.79		13.00%	5.35	3.57	199.54%	11.50%
	<b>Total Bill</b>			<b>37.52</b>			<b>46.52</b>	<b>9.00</b>	<b>23.98%</b>	<b>100.00%</b>

Unmetered Scattered										
Consumption		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
500 kWh	Monthly Service Charge			10.73			13.27	2.54	23.70%	17.01%
	Distribution (kWh)	500	0.0123	6.15	500	0.0152	7.60	1.45	23.58%	9.74%
	LRAM & SSM Rider (kWh)	500		0.00	500	0.0122	6.10	6.10		7.82%
	Deferral and Variance Account Rider (2010) (kWh)	500	0.0000	0.00	500	(0.0014)	(0.72)	(0.72)		(0.92%)
	Deferral and Variance Account Rider (2011) (kWh)	500		0.00	500	0.0002	0.11	0.11		0.14%
	Non-RPP Global Adjustment Rate Rider (2010) (kWh)	500		0.00	500	0.0004	0.19	0.19		0.25%
	Non-RPP Global Adjustment Rate Rider (2011) (kWh)	500		0.00	500	0.0001	0.06	0.06		0.08%
	<b>Distribution Sub-Total</b>			<b>16.88</b>			<b>26.62</b>	<b>9.74</b>	<b>57.72%</b>	<b>34.11%</b>
	Retail Transmission (kWh)	522	0.0098	5.12	522	0.0072	3.73	(1.38)	-27.07%	4.78%
	<b>Delivery Sub-Total</b>			<b>22.00</b>			<b>30.35</b>	<b>8.36</b>	<b>38.00%</b>	<b>38.89%</b>
	Other Charges (kWh)	522	0.0135	7.05	522	0.0135	7.04	(0.01)	-0.09%	9.02%
	Cost of Power Commodity (kWh)	522	0.0607	31.70	522	0.0607	31.67	(0.03)	-0.09%	40.58%
	<b>Total Bill Before Taxes</b>			<b>60.74</b>			<b>69.06</b>	<b>8.32</b>	<b>13.71%</b>	<b>88.50%</b>
	GST/HST		5.00%	3.04		13.00%	8.98	5.94	195.64%	11.50%
	<b>Total Bill</b>			<b>63.78</b>			<b>78.04</b>	<b>14.27</b>	<b>22.37%</b>	<b>100.00%</b>

<b>Exhibit</b>	<b>Tab</b>	<b>Schedule</b>	<b>Appendix</b>	<b>Contents</b>
<b>9 – Deferral and Variance Accounts</b>				
	1	1		Overview
		2		Amendment to 2010 IRM Deferral/Variance Account Disposition (2010) Rate Rider
	2	1		Status of Deferral and Variance Accounts
	2	2		Deferral and Variance Account Balances
	2	3		Deferral and Variance Accounts Requested
	3	1		Accounts Requested for Disposition by way of a Deferral and Variance Account Rate Rider
	3	2		Methods of Disposition of Accounts and Bill Impacts
	4	1		Smart Meter Proposal
	4	2		Procurement & Installation of Smart Meters
	4	3		Smart Meter Rate Rider for Cost Recovery
	4	4		Smart Meter Funding Adder 2011
	5	1	A	Certification of CEO for Accounting Treatment of Regulatory Deferral and Variance Accounts
	5	1	B-1	Revised 2010 EDVVAR Model for Non-RPP Global Adjustment Amount
	5	1	B-2	Revised 2010 EDVVAR Model excluding Non-RPP Global Adjustment Amount
	5	1	C	WHSI Regulatory Asset Continuity Schedule
	5	1	D	Auditor’s Report on Smart Meter Balances
	5	1	E	Smart Meter Cost Recovery Model
	5	1	F	Smart Meter Funding Adder Model
	5	1	G	WHSI Smart Meter Summary

1 **DEFERRAL AND VARIANCE ACCOUNTS:**

2 **OVERVIEW**

3

4 The information contained in this exhibit includes the status and description of WHSI's deferral  
5 and variance accounts, the proposed disposition of certain account balances, and the rate  
6 riders required for recovery or refund of the account balances.

7 A Certification by the Chief Executive Officer regarding the accounting treatment used for  
8 regulatory deferral and variance accounts by WHSI has is attached as Appendix A.

1 **AMENDMENT TO 2010 IRM DEFERRAL/VARIANCE ACCOUNT DISPOSITION (2010) RATE RIDER**

2 **2010 IRM Approval and Board Directive**

3 On April 21, 2010 the Ontario Energy Board's Decision and Order EB-2009-0211 approved  
 4 four-year disposition for WHSI's Group 1 deferral and asset balances in the amount of  
 5 \$1,943,070 (CR), which includes a debit balance of \$396,394 in the 1588 global adjustment sub-  
 6 account.

7 In 2010, the approved balances were transferred to account 1595. Table 9-1 below summarizes  
 8 the 2010 approved Group 1 accounts and amounts for disposition.

9 Table 9-1

10 2010 IRM Approved Group 1 Amounts for Disposition

Account Description	Account Number	Principal Amounts	Interest Amounts	Total Claim
		A	B	C = A + B
LV Variance Account	1550	0	0	0
RSVA - Wholesale Market Service Charge	1580	(1,102,046)	(80,182)	(1,182,229)
RSVA - Retail Transmission Network Charge	1584	(257,946)	(6,521)	(264,467)
RSVA - Retail Transmission Connection Charge	1586	5,270	3,583	8,853
RSVA - Power (Excluding Global Adjustment)	1588	(857,641)	(79,065)	(936,707)
Recovery of Regulatory Asset Balances	1590	(223,303)	258,388	35,085
<b>Total Excluding Global Adjustment Sub-Account</b>		<b>(2,435,667)</b>	<b>96,203</b>	<b>(2,339,464)</b>
RSVA - Power (Global Adjustment Sub-account)	1588	385,267	11,128	396,394
Total Disposition and Recovery of Regulatory Balances		(2,050,400)	107,330	(1,943,070)

11

12 At the time of the 2010 IRM application, WHSI's billing system was unable to implement a  
 13 separate rate rider to non-RPP customers to dispose of the global adjustment sub-account  
 14 balance before May 1, 2010. The debit balance of \$396,394 was included in the Deferral/  
 15 Variance Account Disposition (2010) rate rider. The Decision and Order EB 2009-0211 also  
 16 stated:

1 *"The Board directs Woodstock Hydro to further investigate and report to the Board in a*  
2 *proceeding no later than the rebasing proceeding Woodstock Hydro's projection of the costs*  
3 *that it would incur to accommodate the establishment of a separate rate rider to dispose of the*  
4 *global adjustment sub account".*

5 During preliminary discussions with the CIS provider, WHSI had anticipated one-time  
6 incremental costs to accommodate the required programming changes. Subsequent to the May  
7 1,2010 IRM2 Decision, WHSI worked closely with it's Customer Information System (CIS)  
8 provider to find a solution that would allow a separate rate rider for non-RPP customers.

9 As other Ontario LDC clients requested similar changes, the CIS provider developed a standard  
10 solution that would help to accommodate the LDC requirements and associated costs were  
11 included in the provisions for standard maintenance fees. Custom programming for WHSI's  
12 billing system had complicated these standard system changes to some degree, however  
13 WHSI's incremental costs were minimal due to a cooperative effort between WHSI staff and the  
14 CIS provider. A modified billing calculation and programming changes were made to WHSI's  
15 billing system and tested in late August 2010. WHSI confirms that it's billing system is now able  
16 to support a separate rate rider for non-RPP customers.

17

18 WHSI therefore requests an amendment to the 2010 Approved Rate Rider for  
19 Deferral/Variance Account Disposition (2010) to exclude the 1588 global adjustment sub-  
20 account balance, and proposes to add a separate Non-RPP Customer Rate Rider for the  
21 recovery of 1588 global adjustment sub-account balances to December 31, 2008. WHSI also  
22 proposes to maintain the 4-year disposition period as approved in the EB-2009-0211 for both  
23 rate riders and the sunset date of April 30, 2014

1 WHSI’s proposal to remove the existing General Service 50 – 4,999 kW and the Large Use rate  
 2 classes, and to introduce a General Service 50 – 999 kW rate class and a General Service >1,000  
 3 kW rate class would necessitate that the 2010 rate riders for these new classes be recalculated.

4 **Re-Allocation of 2010 IRM2 DefVar Balances to Proposed Rate Classes**

5 In accordance with the instructions in the OEB 2010 IRM2 DefVar model, Group 1 balances as  
 6 at December 31, 2008 were allocated to each rate class using the same kWh based percentages  
 7 in the 2006 EDR Regulatory Asset Model.

8  
 9 **Regulatory Asset Model – 2006 EDR**  
 10 **SHEET 1 - December 31, 2004 Regulatory Assets**

2004 Data By Class	kWhs
RESIDENTIAL CLASS	106,267,960
GENERAL SERVICE <50 KW CLASS	45,709,955
GENERAL SERVICE >50 KW NON TIME OF USE	233,386,255
GENERAL SERVICE >50 KW TIME OF USE	
INTERMEDIATE CLASS	
LARGE USER CLASS	27,034,727
SMALL SCATTERED LOADS	83,624
SENTINEL LIGHTS	
STREET LIGHTING	2,515,721
<b>Totals</b>	<u>414,998,242</u>
Allocators	kWhs
RESIDENTIAL CLASS	25.6%
GENERAL SERVICE <50 KW CLASS	11.0%
GENERAL SERVICE >50 KW NON TIME OF USE	56.2%
GENERAL SERVICE >50 KW TIME OF USE	0.0%
INTERMEDIATE CLASS	0.0%
LARGE USER CLASS	6.5%
SMALL SCATTERED LOADS	0.0%
SENTINEL LIGHTS	0.0%
STREET LIGHTING	0.6%
<b>Totals</b>	<u>100%</u>

19  
 20

1 The percentages in Sheet 1 of the 2006 EDR Regulatory Asset Model were used to calculate  
 2 account 1590's December 31, 2008 disposition amount for each rate class in the 2010 IRM  
 3 application. In light of WHSI's requested removal of the General Service 50 - 4,999 kW and the  
 4 Large Use rate class, and the proposed addition of 2 new General Service rate classes in this  
 5 Application it was apparent that new allocation percentages would need to be determined.

6 WHSI reclassified the actual 2004 kWh customer data to the proposed new rate classes as  
 7 summarized in Table 9-2 to determine the revised allocation percentages.

8 Table 9-2

9 2004 kWh Data Adjusted to 2011 Proposed Rate Classes

Class	2004 kWh	2006 EDR Allocation	2004 kWh Reclassified	2011 Allocation
Residential	106,267,960	25.6%	106,267,960	25.6%
General Service Less Than 50 kW	45,709,955	11.0%	45,709,955	11.0%
General Service 50 to 4,999 kW	233,386,255	56.2%		0
Large Use	27,034,727	6.5%		0
General Service 50 - 999 kW			152,588,267	36.8%
General Service >1000 kW			107,832,715	26.0%
Unmetered Scattered Load	83,624	0.0%	83,624	0.0%
Street Lighting	2,515,721	0.6%	2,515,721	0.6%
Total	414,998,242	100.0%	414,998,242	100.0%

15  
 16 The revised allocation percentages were then applied to the December 31, 2008 billed kWh and  
 17 kW data. Table 9-3 below summarizes the 2010 IRM Approved proportions for account 1590 to  
 18 the existing rate classes. Table 9-4 summarizes the 2010 revised proportions for account 1590  
 19 to the proposed rate classes.

20

1

Table 9-3

2

Approved Allocations for 2010 Group1 Disposition Amounts

WHSI IRM2 DefVar Model - Tab B1.3 Rate Class And Bill Det			2008 Quantities - 2010 Approved Allocation				
Rate Group	Rate Class	Vol Metric	Billed Customers or			Billed kWh for 1590 Recovery	
			Connections	Billed kWh	Billed kW	Non-RPP customers	Share Proportion
			A	B	C	D	E
RES	Residential	kWh	13,240	110,536,185		15,726,638	25.6%
GSLT50	General Service Less Than 50 kW	kWh	1,211	46,728,002		8,512,302	11.0%
GSGT50	General Service 50 to 4,999 kW	kW	193	229,429,449	553,277	209,266,263	56.2%
LU	Large Use	kW	1	18,945,765	58,364	18,945,765	6.5%
USL	Unmetered Scattered Load	kWh					0.0%
SL	Street Lighting	kW	4,159	2,584,450	7,089	2,532,128	0.6%
			<b>18,804</b>	<b>408,223,851</b>	<b>618,730</b>	<b>254,983,096</b>	<b>100.0%</b>

3

4

5

Table 9-4

6

Proposed Allocations for 2010 Group 1 Disposition Amounts

Revised WHSI IRM2 DefVar Model - Tab B1.3 Rate Class And Bill Det			2008 Quantities - 2011 Proposed Allocation				
Rate Group	Rate Class	Vol Metric	Billed Customers or			Billed kWh for 1590 Recovery	
			Connections	Billed kWh	Billed kW	Non-RPP customers	Share Proportion
			A	B	C	D	E
RES	Residential	kWh	13,240	110,536,185		15,726,638	25.6%
GSLT50	General Service Less Than 50 kW	kWh	1,211	46,728,002		8,512,302	11.0%
GSGT50	General Service 50 to 999 kW	kW	187	148,692,671	392,866	128,529,485	36.8%
GSGT50	General Service >1,000 kW	kW	7	99,682,543	218,775	99,682,543	26.0%
USL	Unmetered Scattered Load	kWh					0.0%
SL	Street Lighting	kW	4,159	2,584,450	7,089	2,532,128	0.6%
			<b>18,804</b>	<b>408,223,851</b>	<b>618,730</b>	<b>254,983,096</b>	<b>100.0%</b>

7

8 The Board's 2010 IRM2DefVar Model was then used to re-calculate the Group 1 Account  
 9 Balance Rate Rider excluding the 1588 Global Adjustment sub-account balance, based on the  
 10 proposed proportions in column E of Table 9-4 above.

1 The total disposition amount for Group 1 accounts is a credit of (\$2,339,464). Table 9-5  
 2 provides the calculated results. Additional outputs from the revised model are attached as  
 3 Appendix B to this Exhibit.

4 Table 9-5

5 2010 Revised Regulatory Asset Rate Rider Excluding Non-RPP

6 **Calculation of Regulatory Asset Recovery Rate Rider**

7 Rate Rider Recovery Period - Years

Four

8 Rate Rider Effective To Date

April 30, 2014

Rate Class	Vol Metric	Billed kWh A	Billed kW B	kWh C	Non-RPP D	1590 E	1595 F	Total G = C + D + E + F	Rate Rider kWh H = G / A (kWh) or H = G / B (kW)
Residential	kWh	110,536,185	0	(642,965)	0	8,984	0	(633,981)	(0.00143)
General Service Less Than 50 kW	kWh	46,728,002	0	(271,807)	0	3,864	0	(267,942)	(0.00143)
General Service 50 to 999 kW	kW	148,692,671	392,866	(864,913)	0	12,900	0	(852,013)	(0.54218)
General Service 1,000 to 4,999 kW	kW	99,682,543	218,775	(579,832)	0	9,117	0	(570,715)	(0.65217)
Unmetered Scattered Load	kWh	0	0	0	0	7	0	7	0.00000
Street Lighting	kW	2,584,450	7,089	(15,033)	0	213	0	(14,820)	(0.52266)
Embedded Distributor	kW	0	0	0	0	0	0	0	0.00000
		<u>408,223,851</u>	<u>618,730</u>	<u>(2,374,550)</u>	<u>0</u>	<u>35,085</u>	<u>0</u>	<u>(2,339,464)</u>	

11  
 12 The Non-RPP Rate Rider was calculated using the 2010 approved 1588 global adjustment sub-  
 13 account disposition amount of \$396,394, the 2008 billed non-RPP kWh and the billed kW  
 14 associated with non-RPP customers. Table 9-6 summarizes these results.

15  
 16  
 17  
 18  
 19

Table 9-6

2010 Proposed Non-RPP Global Adjustment Rate Rider

Calculation of Non-RPP Rate Rider (Global Adjustment Sub-Account Disposition)

Rate Rider Recovery Period - Years

Four

Rate Rider Effective To Date

April 30, 2014

Rate Class	Vol Metric	Billed kWh A	Billed kW B	Non-RPP C	Rate Rider D = C / A (kWh) or D = C / B (kW)
Residential	kWh	15,726,638	0	24,448	0.00039
General Service Less Than 50 kW	kWh	8,512,302	0	13,233	0.00039
General Service 50 to 999 kW	kW	128,529,485	339,592	199,811	0.14710
General Service 1,000 to 4,999 kW	kW	99,682,543	218,775	154,966	0.17708
Unmetered Scattered Load	kWh	0	0	0	0.00000
Street Lighting	kW	2,532,128	6,945	3,936	0.14169
		254,983,096	565,313	396,394	

Variances between the methodology to calculate the Global Adjustment sub-account disposition amount arose as the 2010 IRM approved model had based the single rate rider on the 2008 total billed kWh and kW quantities, in addition to differences caused by rounding the two new rates to 4 decimal places. The proposed non-RPP rate rider was calculated based on the 2008 total billed non-RPP kWh and associated kW quantities. The total disposition amounts however, remain unchanged. A Reconciliation of the Current Approved and Proposed 2010 Rate Riders is shown in Table 9-7 below.

Table 9-7

Reconciliation of Current and Proposed Rate Riders

Rate Class	2010 IRM Approved Rate Rider for Deferral/Variance Account Disposition (2010) A	Proposed Rate Rider for Deferral/Variance Account Disposition (2010) B	Proposed Rate Rider for Non-RPP Global Adjustment Sub-Account Disposition (2010) C	Total Proposed Rate Riders D (B+C)	Variance E(D-A)
Residential	(0.0014)	(0.0014)	0.0004	(0.0010)	0.0004
General Service Less Than 50 kW	(0.0014)	(0.0014)	0.0004	(0.0010)	0.0004
General Service 50 to 4,999 kW	(0.5941)				
General Service 50 to 999 kW		(0.5422)	0.1471	(0.3951)	0.1990
General Service >1,000 kW		(0.6522)	0.1771	(0.4751)	0.1190
Large Use	(0.4623)				
Unmetered Scattered Load	0.0000	0.0000	0.0000	0.0000	0.0000
Street Lighting	(0.5227)	(0.5227)	0.1417	(0.3810)	0.1417

1    **STATUS OF DEFERRAL AND VARIANCE ACCOUNTS:**

2    This Schedule contains the status of Deferral and Variance Accounts (“DVAs”) currently used by  
3    WHSI. Their balances as at December 31, 2009 and the proposed recovery amounts are  
4    summarized in Tables 9-8, 9-9 and 9-10, following the descriptions of each account:

5    **GROUP 1 ACCOUNTS**

6

7    **1580   Retail Settlement Variance Account - Wholesale Market Service Charges**

8           This account is used to record the net of the amount charged by the IESO based on the  
9           settlement invoice for the operation of the IESO-administered markets and the  
10          operation of the IESO-controlled grid, and the amount billed to customers using the  
11          OEB-approved Wholesale Market Service Rate. WHSI uses the accrual method. The  
12          Board prescribed interest rates are used to calculate the carrying charges and the  
13          interest is recorded in a sub-account.

14          For 2011, WHSI is requesting disposition of the December 31, 2009 audited balance, less  
15          the 2010 IRM approved disposition amounts plus the forecasted interest through April  
16          30, 2011 for account 1580. The requested amount is a credit of (\$112,037).

17    **1584   Retail Settlement Variance Account - Retail Transmission Network Charges**

18          This account is used to record the net of the amount charged by the IESO, based on the  
19          settlement invoice for transmission network services, and the amount billed to  
20          customers using the OEB-approved Transmission Network Charge. WHSI uses the  
21          accrual method. The Board prescribed interest rates are used to calculate the carrying  
22          charges and the interest is recorded in a sub-account.

1 For 2011, WHSI is requesting disposition of the December 31, 2009 audited balance, less  
2 the 2010 IRM approved disposition amounts plus the forecasted interest through April  
3 30, 2011 for account 1584. The requested amount is a credit of (\$130,841).

4 **1586 Retail Settlement Variance Account - Retail Transmission Connection Charges**

5 This account is used to record the net of the amount charged by the IESO, based on the  
6 settlement invoice for transmission connection services, and the amount billed to  
7 customers using the OEB-approved Transmission Connection Charge. WHSI uses the  
8 accrual method. The Board prescribed interest rates are used to calculate the carrying  
9 charges and the interest is recorded in a sub-account.

10 For 2011, WHSI is requesting disposition of the December 31, 2009 audited balance, less  
11 the 2010 IRM approved disposition amounts plus the forecasted interest through April  
12 30, 2011 for account 1586. The requested amount is a credit of (\$51,929).

13 **1588 Retail Settlement Variance Account – Power**

14 This account is used to recover the net difference between the energy amount billed to  
15 customers and the energy charge to WHSI using the settlement invoice from the  
16 Independent Electricity System Operator (IESO). WHSI uses the accrual method. The  
17 variance between Board-approved and actual line losses is reflected in Account 1588 for  
18 the applicable period. The Board prescribed interest rates are used to calculate the  
19 carrying charges and the interest is recorded in a sub-account.

20 For 2011, WHSI is requesting disposition of the December 31, 2009 audited balance, less  
21 the 2010 IRM approved disposition amounts plus the forecasted interest through April  
22 30, 2011 for account 1588 - Power. The requested amount is a credit of (\$44,005).

23

1 **1588 Retail Settlement Variance Account - Power, Sub-account Global Adjustment**

2 This account is used to recover the net difference between the provincial benefit  
3 amount billed to customers and the global adjustment charge to WHSI using the  
4 settlement invoice from the IESO. WHSI uses the accrual method. The Board prescribed  
5 interest rates are used to calculate the carrying charges and the interest is recorded in a  
6 sub-account.

7 For 2011, WHSI is requesting disposition of the December 31, 2009 audited balance, less  
8 the 2010 IRM approved disposition amounts plus the forecasted interest through April  
9 30, 2011 for account 1588 sub account Global Adjustment through a separate non-RPP  
10 rate rider. The requested amount is a debit of \$21,527.

11 **1590 Recovery of Regulatory Asset Balances**

12 This account includes the regulatory asset or liability balances authorized by the Board  
13 for recovery in rates or payments/credits made to customers in WHSI's. In accordance  
14 with the Board's Decision and Order for WHSI's 2006 EDR Application (EB-2005-0436),  
15 this Regulatory Asset rate rider was removed from Distribution Rates effective May 1,  
16 2008. Separate sub-accounts are maintained for expenses, interest, and recovery  
17 amounts. The Board prescribed interest rates are used to calculate the carrying charges  
18 and the interest is recorded in a sub-account.

19 For 2011, WHSI is requesting disposition of the December 31, 2009 audited balance, less  
20 the 2010 IRM approved disposition amounts plus the forecasted interest through April  
21 30, 2011 for account 1590. The requested amount is a debit of \$588.

1    **1595   Disposition and Recovery of Regulatory Balances**

2           This account includes the regulatory asset or liability balances authorized by the Board  
3           for recovery in rates or payments/credits made to customers. Separate sub-accounts  
4           are maintained for expenses, interest, and recovery amounts approved by the Board in  
5           WHSI's 2010 IRM (EB-2009-0211). The Board prescribed interest rates are used to  
6           calculate the carrying charges and the interest is recorded in a sub-account.

7           In accordance with the OEB 2009-0211 Decision and Order for WHSI's 2010 IRM rate  
8           approval, the December 31, 2008 balances and projected interest to April 30, 2010  
9           totaling (\$1,943,070) were transferred to account 1595 in April, 2010 WHSI will not be  
10          seeking recovery for account 1595 for amounts approved in the 2010 rate application  
11          until after the four year recovery period is completed.

12

13    **GROUP 2 ACCOUNTS**

14    **1508   Other Regulatory Assets - Sub-account OEB Cost Assessments**

15          This account includes amounts paid for OEB Cost Assessment for the period January 1,  
16          2004 to April 30, 2006 in excess of amounts previously included in rates (1999 OEB  
17          costs). The Board prescribed interest rates are used to calculate the carrying charges  
18          and the interest is recorded in a sub-account.

19          WHSI is requesting disposition of the December 31, 2009 audited balance plus the  
20          forecasted interest through April 30, 2011 for account 1508 – Sub-account OEB Cost  
21          Assessments. The requested amount is a debit of \$39,988.

22

1 **1508 Other Regulatory Assets - Sub-account Pension Contributions**

2 This account includes amounts paid for OMERS pension expense for the period January  
3 1, 2004 to April 30, 2006 not included in rates. The Board prescribed interest rates are  
4 used to calculate the carrying charges and the interest is recorded in a sub-account.

5 WHSI is requesting disposition of the December 31, 2009 audited balance plus the  
6 forecasted interest through April 30, 2011 for account 1508 – Sub-account Pension  
7 Contributions. The requested amount is a debit of \$214,314.

8 **1508 Other Regulatory Assets – Sub-account IFRS Transition Costs**

9 This account includes amounts paid for one-time administrative incremental  
10 International Financial Reporting Standards (IFRS) transition costs not included in rates,  
11 until the transition to IFRS has commenced. The Board prescribed interest rates are  
12 used to calculate the carrying charges and the interest is recorded in a sub-account.

13 WHSI has established account 1508 – sub account IFRS Transition Costs in accordance  
14 with the Board Requirements. WHSI is not seeking disposition of the December 31,  
15 2009 audited balance of \$22,008 in this application. In accordance with the Board's  
16 instructions, the balance in this sub-account will be included for review and disposition  
17 in a future rate application immediately after the IFRS transition period.

18 **1521 Special Purpose Charge (SPC) Assessment Variance Account**

19 This account includes the amount remitted to the Minister of Finance for the SPC  
20 assessment. Separate sub-accounts are maintained to record amounts recovered from  
21 customers over a one-year period commencing on the date that recovery amounts are  
22 billed to customers. The Board prescribed interest rates are used to calculate the  
23 carrying charges and the interest is recorded in a sub-account. The April 23, 2010 letter

1 from the Board stated that requests for disposition of the balances will be addressed as  
2 part of the proceedings to set rates for the 2010 rate year, no later than April 15, 2012.

3 WHSI established account 1521 Sub-account 2010 SPC Variance, and Sub-account 2010  
4 SPC Assessment Carrying Charges in accordance with the Board's April 23, 2010 letter.  
5 WHSI's share of the Assessment for MEI Conservation and Renewable program of  
6 \$151,689 was recognized in this account in July 2010, and customer billing for  
7 recoveries commenced May 1, 2010. As per the Board's instructions, WHSI will recover  
8 the SPC assessment over a one-year period and apply to the Board no later than April  
9 15, 2012 for an order to clear any debit or credit balance remaining in these 1521 Sub-  
10 Accounts.

11 **1531 Renewable Connection Capital Deferral Account**

12 This account includes the amounts paid for capital investments related to "renewable  
13 enabling improvements" as defined in the OEB Guidelines G-2009-0087 Deemed  
14 Conditions of Licence: Distribution System Planning, June 16, 2009. The Board  
15 prescribed interest rates are used to calculate the carrying charges and the interest is  
16 recorded in a sub-account.

17  
18 WHSI has established the 1531 Renewable Connection Capital Deferral Account in  
19 accordance with the Board's Guidelines on Deemed Conditions of Licence: Distribution  
20 System Planning (G-2009-0087) released June 16, 2009, to track costs associated with  
21 renewable connection capital.

22  
23 **1532 Renewable Connection OM&A Deferral Account**

24 This account includes the amounts paid for incremental operating, maintenance,  
25 amortization and administrative expenses directly related to "renewable enabling

1 improvements” as defined in the OEB Guidelines G-2009-0087 Deemed Conditions of  
2 Licence: Distribution System Planning, June 16, 2009. The Board prescribed interest  
3 rates are used to calculate the carrying charges and the interest is recorded in a sub-  
4 account.

5  
6 WHSI has established the 1532 Renewable Connection OM&A Deferral Account in  
7 accordance with the Board’s Guidelines on Deemed Conditions of Licence: Distribution  
8 System Planning (G-2009-0087) released June 16, 2009, to track costs associated with  
9 renewable connection OM&A. WHSI is not seeking disposition of the December 31,  
10 2009 audited balance of \$1,114 in this application.

11  
12 **1534 Smart Grid Capital Deferral Account**

13 This account includes the amounts paid for capital investments related to “smart grid  
14 demonstration projects” as defined in the OEB Guidelines G-2009-0087 Deemed  
15 Conditions of Licence: Distribution System Planning, June 16, 2009. The Board  
16 prescribed interest rates are used to calculate the carrying charges and the interest is  
17 recorded in a sub-account.

18  
19 WHSI has established the 1534 Smart Grid Capital Deferral Account in accordance with  
20 the Board’s Guidelines on Deemed Conditions of Licence: Distribution System Planning  
21 (G-2009-0087) released June 16, 2009, to track costs associated with smart grid capital.

22  
23 **1535 Smart Grid OM&A Deferral Account**

24 This account includes the amounts paid for incremental operating, maintenance,  
25 amortization and administrative expenses directly related to “smart grid development  
26 activities” as defined in the OEB Guidelines G-2009-0087 Deemed Conditions of Licence:

1 Distribution System Planning, June 16, 2009. The Board prescribed interest rates are  
2 used to calculate the carrying charges and the interest is recorded in a sub-account.

3  
4 WHSI has established the 1535 Smart Grid OM&A Deferral Account in accordance with  
5 the Board's Guidelines on Deemed Conditions of Licence: Distribution System Planning  
6 (G-2009-0087) released June 16, 2009, to track costs associated with smart grid OM&A.

7  
8 **1555 Smart Meter Capital and Recovery Offset Variance**

9 This account records the net of the amounts paid for direct capital costs related to the  
10 smart meter program and the amounts charged to customers using the OEB- approved  
11 smart meter rate adder. The Board prescribed interest rates are used to calculate the  
12 carrying charges and the interest is recorded in a sub-account.

13 WHSI is following the Smart Meter Funding and Cost Recovery Guideline dated October  
14 22, 2008 (G-2008-0002) and is requesting recovery of the December 31, 2009 audited  
15 balance for account 1555 – Smart Meter Capital and Recovery Offset Variance through a  
16 smart meter rate recovery rider. The requested amount is a net debit of \$ 1,068,159  
17 which is the net capital amount of \$1,308,476 less recoveries of (\$240,317) as discussed  
18 in Tab 4 of this Exhibit.

19  
20 WHSI is also requesting to adjust the smart meter funding adder for capital costs  
21 related to the smart meter program that are incurred after December 31, 2009 as  
22 explained in Tab 4 of this Exhibit.

1    **1556 Smart Meter OM&A Variance**

2           This account records the incremental operating, maintenance, amortization and  
3           administrative expenses directly related to smart meters. The Board prescribed interest  
4           rates are used to calculate the carrying charges and the interest is recorded in a sub-  
5           account. WHSI is following the Smart Meter Funding and Cost Recovery Guideline dated  
6           October 22, 2008 (G-2008-0002) and is requesting recovery of the December 31, 2009  
7           audited balance for account 1556 – Smart Meter OM&A Variance through a smart  
8           meter rate recovery rider. The requested amount is a debit of \$ 217,894 as detailed in  
9           Tab 4 of this Exhibit.

10          WHSI is also requesting to change the smart meter funding adder for smart meter  
11          OM&A costs incurred after December 31, 2009 as explained in Tab 4 of this Exhibit.

12    **1562 Deferred Payments in Lieu of Taxes**

13          This account records the amount resulting from the OEB-approved PILs methodology for  
14          determining the 2001 deferral account allowance and the PILs proxy amount  
15          determined for 2002 and subsequent periods ending April 30, 2006.

16          WHSI is not requesting recovery of the December 31, 2009 audited balance of \$305,298  
17          and is waiting for the results of the combined PILs proceeding (EB-2008-0381).

18

19    **1582 Retail Settlement Variance Account - One-time Wholesale Market Service**

20          This account is used to record the net of non-recurring amounts not included in the  
21          Wholesale Market Service Rate charged by the IESO based on the settlement invoice  
22          and the amount charged to customers for the same services using the OEB-approved  
23          rate. WHSI uses the accrual method and has used this method consistently over time

1 for the applicable period. The Board prescribed interest rates are used to calculate the  
2 carrying charges and the interest is recorded in a sub-account.

3 WHSI is requesting disposition of the December 31, 2009 audited balance plus the  
4 forecasted interest through April 30, 2011 for account 1582. The requested amount is a  
5 debit of \$142,021.

1 **ACCOUNT BALANCES**

2

3 The following Table 9-8 contains account balances from the 2009 Audited Financial Statements  
4 as at December 31, 2009 and agrees to the 2009 year end balances for RRR filing E2.1.7 Trial  
5 Balance as filed April 30, 2010 with the OEB.

6

Table 9-8

7

December 31, 2009 Audited Balances – Deferral and Variance Accounts

Account Description	Audited Financial Statements		
	Principal Amounts as at Dec 31 2009	Interest Amounts Dec 31 2009	Dec 31 2009 Total
<b>Group 1 Accounts</b>			
RSVA - Wholesale Market Service Charge	1580	(1,199,999)	(1,278,650)
RSVA - Retail Transmission Network Charge	1584	(384,119)	(390,427)
RSVA - Retail Transmission Connection Charge	1586	(45,911)	(42,538)
RSVA - Power (excluding Global Adjustment)	1588	(886,767)	(969,118)
RSVA - Power - Sub-Account - Global Adjustment	1588	398,108	412,716
Recovery of Regulatory Asset Balances	1590	51,930	34,543
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		<b>(2,066,759)</b>	<b>(2,233,475)</b>
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		<b>398,108</b>	<b>412,716</b>
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	<b>(2,464,867)</b>	<b>(2,646,191)</b>
<b>Group 2 Accounts</b>			0
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	33,883	39,586
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	184,087	212,130
Other Regulatory Assets - Sub-Account Deferred IFRS Transition Costs	1508	22,008	22,008
Renewable Connection OM&A Deferral Account	1532	1,114	1,114
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	1,314,184	1,308,476
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	(240,317)	(240,317)
Smart Meter OM&A Variance	1556	211,457	211,708
RSVA - One-time Wholesale Market Service	1582	119,730	142,021
<b>Group 2 Sub-Total</b>		<b>1,646,146</b>	<b>1,696,726</b>
Deferred Payments in Lieu of Taxes	1562	240,524	305,298
<b>TOTAL</b>		<b>(180,089)</b>	<b>(231,452)</b>

8

1 Table 9-9 reconciles the December 31, 2009 audited year end balances to the December 31,  
2 2009 net additions and Group 1 disposition amounts requested in this rate application.  
3 Columns A through C show the audited account balances as of December 31, 2009. Columns D  
4 through G provide the journal entry made to transfer the amounts approved in the 2010 IRM to  
5 account 1590. Columns H through J show the account balances that remain after this journal  
6 entry and are the 2009 principal amounts and the variance between the projected and actual  
7 interest to December 31, 2009. Column K adds the actual and projected interest to April 30,  
8 2011 on the 2009 principal amounts Column L is the sum of 2009 principal plus interest to April  
9 30, 2011. Columns M through O show the amounts in the 2011 EDVVAR continuity schedule  
10 which balances to the calculated disposition amount in column L.

1  
2

Table 9-9  
Group 1 Account Balance Reconciliation

Account Description	Audited Financial Statements			2008 Amounts Transferred to 1590 -2010 IRM				Reconciliation			2011 EDVVAR - Group 1 Disposition					
	Principal Balance as at Dec 31 2009	Interest Balance as at Dec 31 2009	Dec 31 2009 Balance	Principle to Dec 31 2008	Projected Interest to Dec 31, 2009	Projected Interest to April 30 2010	Total Group 1 Balances Transferred to 1590	Principal Added in 2009	Variance-Projected VS Actual 2009 Interest on 2008 Principle Amounts	Total Reconciliation Amount before Interest on 2009 Principal	Interest on 2009 Principle to April 30 2011	Total Disposition Amount	Principal as at Dec 31 2009	Interest on 2009 Principle Balances to April 30 2011	Total Disposition Amount	
Group 1 Accounts	A	B	C (A + B)	D	E	F	G (D+E+F)	H (A+D)	I (B+E)	J (H+I)	K	L (J+K)	M	N (I+K)	O (M+N)	
RSVA - Wholesale Market Service Charge	1580	(1,199,999)	(78,651)	(1,278,650)	1,102,046	78,190	1,993	1,182,229	(97,952)	(462)	(98,414)	(13,623)	(112,037)	(97,952)	(14,085)	(112,037)
RSVA - Retail Transmission Network Charge	1584	(384,119)	(6,308)	(390,427)	257,946	6,055	466	264,467	(126,173)	(253)	(126,427)	(4,414)	(130,841)	(126,173)	(4,667)	(130,841)
RSVA - Retail Transmission Connection Charge	1586	(45,911)	3,374	(42,538)	(5,270)	(3,574)	(10)	(8,853)	(51,181)	(200)	(51,381)	(548)	(51,929)	(51,181)	(748)	(51,929)
RSVA - Power (excluding Global Adjustment)	1588	(886,767)	(82,351)	(969,118)	857,641	77,514	1,551	936,707	(29,126)	(4,836)	(33,963)	(10,043)	(44,005)	(29,125)	(14,879)	(44,005)
RSVA - Power - Sub-Account - Global Adjustment	1588	398,108	14,608	412,716	(385,267)	(10,431)	(697)	(396,394)	12,841	4,178	17,018	4,509	21,527	12,841	8,686	21,527
Recovery of Regulatory Asset Balances	1590	51,930	(17,387)	34,543	223,303	(258,792)	404	(35,085)	275,233	(276,179)	(947)	1,535	588	0	588	588
<b>Group 1 Sub-Total (including 1588 - Global Adjustment)</b>		<b>(2,066,759)</b>	<b>(166,716)</b>	<b>(2,233,475)</b>	<b>2,050,400</b>	<b>(111,038)</b>	<b>3,708</b>	<b>1,943,070</b>	<b>(16,359)</b>	<b>(277,754)</b>	<b>(294,113)</b>	<b>(22,584)</b>	<b>(316,697)</b>	<b>(291,591)</b>	<b>(25,105)</b>	<b>(316,697)</b>
<b>Group 1 Sub-Total (excluding 1588 - Global Adjustment)</b>		<b>(2,464,867)</b>	<b>(181,325)</b>	<b>(2,646,191)</b>	<b>2,435,667</b>	<b>(100,607)</b>	<b>4,404</b>	<b>2,339,464</b>	<b>(29,200)</b>	<b>(281,931)</b>	<b>(311,131)</b>	<b>(27,092)</b>	<b>(338,224)</b>	<b>(304,432)</b>	<b>(33,791)</b>	<b>(338,224)</b>
Less Disposition and Recovery of Regulatory Balances	1595				(2,050,400)	111,038	(3,708)	(1,943,070)	(2,050,400)	111,038	(1,939,362)			0	0	0
<b>Net Group 1 Balance</b>		<b>(2,066,759)</b>	<b>(166,716)</b>	<b>(2,233,475)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,066,759)</b>	<b>(166,716)</b>	<b>(2,233,475)</b>	<b>(22,584)</b>	<b>(316,697)</b>	<b>(291,591)</b>	<b>(25,105)</b>	<b>(316,697)</b>

3  
4  
5

1 Table 9-10 summarizes the December 31, 2009 audited year end balances and the Group 2 disposition amounts requested in this  
 2 rate application. Detailed explanations for each account are provided following this table.

3 Table 9-10

4 Group 2 Account Balance Reconciliation

5

Account Description		Audited Financial Statements			Disposition Amount Requested		
		Principal Amounts as at Dec 31 2009	Interest Amounts Dec 31 2009	Dec 31 2009 Total	Principal Amounts as at Dec 31 2009	Interest Amounts Dec 31 2009 + Projected to April 30 2011	Total Disposition Amount
<b>Group 2 Accounts</b>				0			
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	33,883	5,703	39,586	33,883	6,105	39,988
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	184,087	28,043	212,130	184,087	30,227	214,314
Other Regulatory Assets - Sub-Account Deferred IFRS Transition Costs	1508	22,008		22,008	0	0	0
Renewable Connection OM&A Deferral Account	1532	1,114		1,114	0	0	0
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	1,314,184	(5,708)	1,308,476			* proposed under separate rate rider
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	(240,317)		(240,317)			* proposed under separate rate rider
Smart Meter OM&A Variance	1556	211,457	251	211,708			* proposed under separate rate rider
RSVA - One-time Wholesale Market Service	1582	119,730	22,291	142,021	119,730	23,712	143,442
<b>Group 2 Sub-Total</b>		1,646,146	50,580	1,696,726	337,700	60,044	397,744
Deferred Payments in Lieu of Taxes	1562	240,524	64,773	305,298	0	0	0
2006 PILs & Taxes Variance	1592			0	0	0	0
<b>Total</b>		1,405,622	(14,194)	1,391,428	337,700	60,044	397,744

6

1 Table 9-11 provides the interest rates that have been used to calculate actual and forecast  
 2 carrying charges on the accounts in accordance with the methodology approved by the Board in  
 3 EB-2006-0117 on November 28, 2006.

4 Table 9-11

5 Interest Rates Applied to Deferral and Variance Accounts

6

	Account 1508	All Other Accounts
Q1 2005	3.88%	7.00%
Q2 2005	3.88%	7.00%
Q3 2005	3.88%	7.00%
Q4 2005	3.88%	7.00%
Q1 2006	3.88%	7.00%
Q2 2006	4.14%	4.14%
Q3 2006	4.59%	4.59%
Q4 2006	4.59%	4.59%
Q1 2007	4.59%	4.59%
Q2 2007	4.59%	4.59%
Q3 2007	4.59%	4.59%
Q4 2007	5.14%	5.14%
Q1 2008	5.14%	5.14%
Q2 2008	4.08%	4.08%
Q3 2008	3.35%	3.35%
Q4 2008	3.35%	3.35%
Q1 2009	2.45%	2.45%
Q2 2009	1.00%	1.00%
Q3 2009	0.55%	0.55%
Q4 2009	0.55%	0.55%
Q1 2010	0.55%	0.55%
Q2 2010	0.55%	0.55%
Q3 2010	0.89%	0.89%
Q4 2010	0.89%	0.89%
Q1 2011	0.89%	0.89%
Q2 2011	0.89%	0.89%

1 **DEFERRAL AND VARIANCE ACCOUNTS REQUESTED**

2 WHSI is requesting the following new or continuation of existing deferral or variance accounts:

- 3
- 4 • To record the payment and recovery of late payment litigation costs pertaining to the  
5 Municipal Electrical Utilities Late Payment Class Action proceeding. WHSI's share of this  
6 proceeding is \$58,033.26
  - 7 • To record costs for the Ontario Smart Metering System Meter Data Management and  
8 Repository (MDM/R)
  - 9 • Continuation of the IFRS Transition Costs account

1           **RECOVERY OF LATE PAYMENT LITIGATION COSTS**

- 2
- 3   1.    As part of this application, WHSI will be seeking recovery of a one-time expense in the  
4       amount of \$58,033.26 which is expected to be paid on June 30, 2011. If this payment is  
5       made, it will serve to resolve long-standing litigation against all former municipal  
6       electric utilities (“MEUs”) in the Province in relation to late payment penalty (“LPP”)  
7       charges collected pursuant to, first, Ontario Hydro rate schedules and, after industry  
8       restructuring, Ontario Energy Board rate orders (the “LPP Class Action”).
- 9   2.    On July 22, 2010, The Honourable Mr. Justice Cumming of the Ontario Superior Court of  
10       Justice approved a settlement of the LPP Class Action, the principal terms of which are  
11       the following:
- 12       (a)   Former MEUs collectively pay \$17 million in damages;
- 13       (b)   Payment is not due until June 30, 2011; and
- 14       (c)   Amounts paid, after deduction for class counsel fee, will be paid to the Winter  
15       Warmth Fund or similar charities.
- 16   3.    Subject to any appeal and the right of the LDCs to terminate the settlement if more than  
17       10,000 plaintiff class members opt out of the settlement, WHSI will make a payment of  
18       \$58,033.26 by June 30, 2011. This amount represents WHSI’s share of the settlement,  
19       applicable taxes and legal fees. WHSI believes that the settlement is in its best interest  
20       and the best interest of its customers and that the payment in connection with the  
21       settlement will be a prudent one.

1 4. The LDCs propose that, following expiry of applicable appeal and opt out periods (the  
2 “Date of Final Determination”)<sup>1</sup>, the Board hold a generic hearing to determine if the  
3 costs incurred in this litigation and settlement are recoverable from customers and, if  
4 so, the form and timing of recovery from customers. If the Board agrees to hold this  
5 generic hearing, the LDCs will collectively file written evidence to address the prudence  
6 of the settlement, the costs incurred, the methodology of allocating total settlement  
7 costs amongst the LDCs, the proposed method of recovery, and any other matters the  
8 Board determines appropriate.

9 5. If the Board determines that it will not hold a generic proceeding, WHSI asks to be  
10 advised of this fact by the Date of Final Determination so that it can file, to permit  
11 adjudication as part of this proceeding, written evidence to address the prudence of the  
12 settlement, the costs incurred, the methodology of allocating total settlement costs  
13 amongst the LDCs, the proposed method of recovery, and any other matters the Board  
14 determines appropriate.

15

16

17

18

19

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<sup>1</sup> The Date of Final Determination falls on the 30<sup>th</sup> day after the plaintiff opt out notice is published in *The Globe and Mail*, which will occur after the expiry of the appeal period. The Date of Final Determination is expected to occur on September 22, 2010.

1 **ONTARIO SMART METERING SYSTEM METER DATA MANAGEMENT AND REPOSITORY**  
2 **(MDM/R) DEFERRAL ACCOUNT**

3 WHSI requests that a deferral account be established to record costs for future recovery for  
4 the MDM/R and Smart Metering Entity implementation.

5 **CONTINUATION OF IFRS TRANSITION COST SUB – ACCOUNT 1508**

6 In 2009, the OEB approved sub-account 1508 IFRS Transition Costs, to record incremental costs  
7 incurred in relation to the transition to International Financial Reporting Standards (IFRS). The  
8 July 28, 2009 Report of the Board EB-2008-0408, Transition to International Financial Reporting  
9 Standards, stated *“As required by the Canadian Accounting Standards Board, Canadian*  
10 *Generally Accepted Accounting Principles (CGAAP) for publically accountable enterprises will*  
11 *transition to IFRS effective January 1, 2011”.*

12 It was expected by the Board that incremental transition costs incurred after the January 1,  
13 2011 were expected to be minimal.

14 On July 20 and 22, 2010, the International Accounting Standards Board (IASB) held deliberations  
15 on rate-regulated activities and made the decision to continue with its project addressing the  
16 recognition, measurement and disclosure of regulatory assets and liabilities, and not to develop  
17 transitional guidance for use by first-time adopters.

18 The Canadian Accounting Standards Board (AcSB) discussed these developments and decided  
19 to amend the CICA Handbook to require that qualifying entities with rate-regulated activities  
20 adopt IFRS for the first time no later than fiscal periods beginning on or after January 1, 2012.  
21 Entities electing to defer the first time adoption of IFRS must also disclose that fact.

1 As a qualifying entity, WHSI may or may not be in a position to implement IFRS on January 1,  
2 2011 pending future decisions and direction from the IASB, the AcSB, and the OEB. WHSI  
3 therefore requests the continuation of the IFRS Transition Cost sub-account 1508 until April 30,  
4 2012.

5

1 **ACCOUNTS REQUESTED FOR DISPOSITION BY WAY OF A DEFERRAL AND VARIANCE ACCOUNT**  
 2 **RATE RIDER**

3 WHSI is requesting disposition of the variance accounts noted below according to the Report of  
 4 the Board EB-2008-0046, which states that “at the time of rebasing, all Account balances should  
 5 be disposed of unless otherwise justified by the distributor or as required by a specific Board  
 6 decision or guideline.

7 WHSI has followed the guidelines in the Report of the Board and requests disposition over a  
 8 one-year period. WHSI has provided a continuity schedule of the accounts listed below in  
 9 Appendix C of this exhibit.

10 WHSI is requesting the disposition of following Group 1 and Group 2 Accounts shown in Table  
 11 9-12. These amounts are comprised of the audited balances as of December 31, 2009, less the  
 12 2010 IRM approved disposition amounts, and the forecasted interest through April 30, 2011.

13 Table 9-12

14 2011 Deferral and Variance Account Disposition Amounts

Account Description	Allocator	Acct	Total Amount
<b>Group 1 Accounts</b>			
RSVA - Wholesale Market Service Charge	kWh	1580	(112,037 )
RSVA - Retail Transmission Network Charge	kWh	1584	(130,841 )
RSVA - Retail Transmission Connection Charge	kWh	1586	(51,929 )
RSVA - Power (excluding Global Adjustment)	kWh	1588	(44,005 )
RSVA - Power - Sub-Account - Global Adjustment	Non-RPP kWh	1588	21,527
Recovery of Regulatory Asset Balances	Recovery Share	1590	588
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>			<b>(316,697 )</b>
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>			<b>(338,224 )</b>
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>Non-RPP kWh</b>	<b>1588</b>	<b>21,527</b>
<b>Group 2 Accounts</b>			
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	Dx Revenue	1508	39,988
Other Regulatory Assets - Sub-Account - Pension Contributions	Dx Revenue	1508	214,314
RSVA - One-time Wholesale Market Service	kWh	1582	143,442
<b>Group 2 Sub-Total</b>			<b>397,744</b>
<b>Total Disposition Amount Requested</b>			<b>81,047</b>

1 **METHODS OF DISPOSITION OF ACCOUNTS AND BILL IMPACTS**

2 **Allocators**

3 WHSI submits the following Allocators in Table 9-13 used to assign the Group 1 and Group 2  
 4 balances to rate each class.

5 Table 9-13

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2009 Allocators					
Rate Class	Customers	kWh	kW	Non-RPP kW	Distribution Revenue
Residential	13,335	103,575,920	0	15,903,723	\$ 3,886,409
General Service <50 kW	1,171	41,432,045	0	8,576,592	\$ 836,552
General Service 50 - 999 kW	192	121,151,520	368,221	118,916,461	\$ 1,227,007
General Service >1,000 kW	7	80,267,759	203,857	76,884,827	\$ 358,830
Unmetered Scattered Load	39	670,966		0	\$ -
StreetLighting	3	2,512,078	7,224	2,463,736	\$ 70,648
	14,747	349,610,288	579,301	222,745,338	6,379,446

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2009 Proportion of Allocators					
Rate Class	Customers	kWh	kW	Non-RPP kW	Distribution Revenue
Residential	90.4%	29.6%	0.0%	7.1%	60.9%
General Service <50 kW	7.9%	11.9%	0.0%	3.9%	13.1%
General Service 50 - 999 kW	1.3%	34.7%	63.6%	53.4%	19.2%
General Service >1,000 kW	0.0%	23.0%	35.2%	34.5%	5.6%
Unmetered Scattered Load	0.3%	0.2%	0.0%	0.0%	0.0%
StreetLighting	0.0%	0.7%	1.2%	1.1%	1.1%
	100.0%	100.0%	100.0%	100.0%	100.0%

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16 The allocators used to distribute account balances to each rate class are summarized in Tables  
 17 9-14, 9-15, and 9-16 below.

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Table 9-14 Group 1 Balances

	RSVA - Wholesale Market Service Charge	RSVA - Retail Transmission Network Charge	RSVA - Retail Transmission Connection Charge	RSVA - Power (excluding Global Adjustment)	Recovery of Regulatory Asset Balances	Total
Group 1 Accounts	1580	1584	1586	1588	1590	
Account Disposition Amount	\$ (112,037)	\$ (130,841)	\$ (51,929)	\$ (44,005)	\$ 588	\$ (338,224)
Allocator	kWh	kWh	kWh	kWh	share recovery portion	
Residential	\$ (33,192)	\$ (38,763)	\$ (15,385)	\$ (13,037)	\$ 151	\$ (100,226)
General Service <50 kW	\$ (13,277)	\$ (15,506)	\$ (6,154)	\$ (5,215)	\$ 65	\$ (40,088)
General Service 50 - 999 kW	\$ (38,825)	\$ (45,341)	\$ (17,995)	\$ (15,249)	\$ 216	\$ (117,193)
General Service >1,000 kW	\$ (25,723)	\$ (30,040)	\$ (11,923)	\$ (10,103)	\$ 153	\$ (77,636)
Unmetered Scattered Load	\$ (215)	\$ (251)	\$ (100)	\$ (84)	\$ 0	\$ (650)
StreetLighting	\$ (805)	\$ (940)	\$ (373)	\$ (316)	\$ 4	\$ (2,431)
<b>TOTAL</b>	<b>\$ (112,037)</b>	<b>\$ (130,841)</b>	<b>\$ (51,929)</b>	<b>\$ (44,005)</b>	<b>\$ 588</b>	<b>\$ (338,224)</b>

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Table 9-15 Group 2 Balances

	Other Regulatory Assets - Sub-Account - OEB Cost Assessments	Other Regulatory Assets - Sub-Account - Pension Contributions	RSVA - One-time Wholesale Market Service	Total
Group 2 Accounts	1508	1508	1582	
Account Disposition Amount	\$ 39,988	\$ 214,314	\$ 143,442	\$ 397,744
Allocator	Dx Revenue	Dx Revenue	kWh	
Residential	\$ 24,361	\$ 130,562	\$ 42,496	\$ 197,419
General Service <50 kW	\$ 5,244	\$ 28,104	\$ 16,999	\$ 50,346
General Service 50 - 999 kW	\$ 7,691	\$ 41,221	\$ 49,707	\$ 98,619
General Service >1,000 kW	\$ 2,249	\$ 12,055	\$ 32,933	\$ 47,237
Unmetered Scattered Load	\$ -	\$ -	\$ 275	\$ 275
StreetLighting	\$ 443	\$ 2,373	\$ 1,031	\$ 3,847
<b>TOTAL</b>	<b>\$ 39,988</b>	<b>\$ 214,314</b>	<b>\$ 143,442</b>	<b>\$ 397,744</b>

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Table 9-16 RSVA Power Sub-Account Global Adjustment

	RSVA - Power - Sub-Account - Global Adjustment
Sub Account	1588
Account Disposition Amount	\$ 21,527
Allocator	Non-RPP kWh
Residential	\$ 1,537
General Service <50 kW	\$ 829
General Service 50 - 999 kW	\$ 11,493
General Service >1,000 kW	\$ 7,430
Unmetered Scattered Load	\$ -
StreetLighting	\$ 238
<b>TOTAL</b>	<b>\$ 21,527</b>

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1 **Calculation of Rate Riders**

2 Tables 9-17 summarizes the variables used to determine the proposed regulatory asset rate  
 3 rider by rate class for the Group 1 and Group 2 accounts, excluding the Non-RPP rate rider for  
 4 the 1588 Sub-Account Global Adjustment. The billing determinants are based on the 2011 Test  
 5 Year forecast load data and calculated for a one-year disposition period.

6 Table 9-17 : 2011 Deferral and Variance Account Rate Rider by Class

Rate Class	Group 1	Group2	Total	2011 Forecast Quantities	Billing Factor	Rate
Residential	\$ (100,226)	\$ 197,419	\$ 97,193	117,418,066	kWh	\$ 0.0008
General Service <50 kW	\$ (40,088)	\$ 50,346	\$ 10,259	46,182,407	kWh	\$ 0.0002
General Service 50 - 999 kW	\$ (117,193)	\$ 98,619	\$ (18,574)	381,271	kW	\$(0.0487)
General Service >1,000 kW	\$ (77,636)	\$ 47,237	\$ (30,399)	148,980	kW	\$(0.2040)
Unmetered Scattered Load	\$ (650)	\$ 275	\$ (375)	615,829	kWh	\$(0.0006)
StreetLighting	\$ (2,431)	\$ 3,847	\$ 1,416	8,539	kW	\$ 0.1658
<b>TOTAL</b>	<b>\$ (338,224)</b>	<b>\$ 397,744</b>	<b>\$ 59,520</b>			

7  
 8 Table 9-18 summarizes the variables used to determine the proposed non-RPP global  
 9 adjustment rate rider by rate class. The billing determinants are based on the 2011 Test Year  
 10 forecast load data and calculated for a one-year disposition period.

11 Table 9-18 : 2011 Non-RPP Global Adjustment Rate Rider by Class

Rate Class	RSVA 1588 Power Sub- Account - Global Adjustment	2011 Forecast Non-RPP Quantities	Billing Factor	Rate per kWh
Residential	\$ 1,537	17,936,679	kWh	\$ 0.0001
General Service <50 kW	\$ 829	6,927,361	kWh	\$ 0.0001
General Service 50 - 999 kW	\$ 11,493	381,271	kW	\$ 0.0301
General Service >1,000 kW	\$ 7,430	148,980	kW	\$ 0.0499
Unmetered Scattered Load	\$ -	1,668,366	kWh	\$ -
StreetLighting	\$ 238	5,721	kW	\$ 0.0416
<b>TOTAL</b>	<b>\$ 21,527</b>	<b>27,068,378</b>		

1 **Proposed Rates and Bill Impacts:**

2 WHSI also requests at this time to establish the same volumetric rate riders for the Unmetered  
 3 Scattered Load rate class as the General Service < 50 rate class. The proposed rates for the  
 4 RSVA and non-RSVA accounts are summarized along with the bill impacts in Table 9-19. Rate  
 5 impacts including and excluding the Non-RPP rate rider have been included to differentiate the  
 6 impact on RPP customers and non-RPP customers within each rate class.

7 Table 9-19 Proposed Rates and Bill Impacts

Rate Class	Sample Quantities	Non-RPP Rate Rider			Deferral & Variance Acct (DVA)Rate Rider			Bill Impact on Total Bill	
		Proposed 2010 Non-RPP	Proposed 2011 Non-RPP	Total Non-RPP	Proposed 2010 DVA	Proposed 2011 DVA	Total DVA	Excluding Non-RPP Rider	Including Non-RPP Rider
Residential	800 kWh	0.0004	0.0001	0.0005	(0.0014)	0.0008	(0.0006)	(0.38%)	(0.08%)
General Service <50 kW	2000 kWh	0.0004	0.0001	0.0005	(0.0014)	0.0002	(0.0012)	(0.83%)	(0.48%)
General Service 50 - 999 kW	200,000 kWh, 500 kW	0.1471	0.0301	0.1772	(0.5422)	(0.0487)	(0.5909)	(1.44%)	(1.01%)
General Service >1,000 kW	2,000,000 kWh, 3,500 kW	0.1771	0.0499	0.2270	(0.6522)	(0.2040)	(0.8562)	(1.50%)	(1.09%)
Unmetered Scattered Load	250 kWh	0.0004	0.0001	0.0005	(0.0014)	0.0002	(0.0012)	(0.65%)	(0.38%)
StreetLighting	40 conn ,7,000 kWh, 10 kW	0.1417	0.0416	0.1833	(0.5227)	0.1658	(0.3568)	(0.43%)	(0.21%)

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1 **SMART METER PROPOSAL**

2 In this application Woodstock Hydro is applying for the recovery of costs related to  
3 smart metering in its service area and an adjustment to its current smart meter  
4 funding adder to be effective May, 1 2011.

5 WHSI is specifically requesting the following

- 6     ▪ An actual cost recovery rate rider of \$1.20 per metered customer per month for  
7     the period May 1, 2011 to April 30, 2012. This rate rider will collect the difference  
8     between the smart meter adder collected from May 1, 2006 to December 31, 2009  
9     and the 2009 and 2010 revenue requirement related to smart meters deployed as  
10    of December 31, 2009. Approval to include smart meter capital deployed as of  
11    December 31, 2009 in the 2011 rate base that supports the 2011 revenue  
12    requirement and distribution rates which is the subject of this rate application.
- 13    ▪ Approval to include smart meter operation and maintenance expenses in the 2011  
14    revenue requirement associated with smart meters deployed as of December 31,  
15    2009.
- 16    ▪ An adjustment to the current smart meter funding adder, from \$1.63 to \$0.47 per  
17    month per metered customer, to fund smart meter installations and OM&A in  
18    2010.

19

<b>2010 Approved Smart Meter Rate Adder</b>	<b>\$</b>	<b>1.63</b>
2011 Proposed Smart Meter Rate Adder	\$	0.47
2011 Proposed Smart Meter Rate Rider	\$	1.20
<b>2011 Total Proposed Smart Meter Adder/Rider</b>	<b>\$</b>	<b>1.67</b>
<b>Variance</b>	<b>\$</b>	<b>0.04</b>

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1 Customer bill impacts arising from these requests are an overall increase of \$0.04 per  
2 metered customer per month for smart meter rate adder and rider charges.

3 WHSI is not asking for recovery of the stranded meter costs but continues to include these  
4 in rate base for rate-making purposes, as recommended by the Board in its Decision with  
5 Reasons in the Smart Meter Combined Proceeding (EB-2007-0063)

6

### 7 **Smart Meter Program Status**

8 WHSI began recovery of smart meter funding adders in the 2006 Decision and Order (EB-  
9 2005-0436) in accordance to the Generic Decision which provided \$0.30 per month, per  
10 residential customer, to be added to WHSI's revenue requirement. A monthly fixed charge  
11 of \$0.27 per metered customer per month effective May 1, 2006, was billed and the  
12 proceeds were credited in OEB Account 1555, Smart Meter Capital and Recovery Offset  
13 Variance Account.

14 In the 2007 Decision and Order (EB-2007-0593), WHSI received approval to continue the  
15 \$0.27 per metered customer per month smart meter funding charge for the 2007 IRM rate  
16 year.

17 In 2007, two sub-groups of aging single phase meters failed, necessitating replacement of  
18 approximately 1,100 meters. Measurement Canada directed WHSI to complete this change in  
19 advance of the Smart Meter Implementation. A cost analysis was conducted to compare the  
20 cost to replace the failed meters with mechanical meters with costs to purchase new REX 1  
21 meters. In consideration of the OEB Smart Meter Initiative, WHSI felt it was prudent to  
22 purchase smart meters available at that time rather than incur any additional stranded meter  
23 costs. WHSI purchased 1,100 REX1 smart meters in 2007 and recorded these costs in account  
24 1860 at that time. In 2007 and 2008, labour and vehicle costs associated with removing the

1 failed meters and replacing them with the REX 1 meters were charged to account 5065, meter  
 2 expense and totaled \$57,980 (\$52.71 per meter).

3 The total capital cost charged to account 1860 for the 1,100 REX1 meters was \$103,308 (\$  
 4 93.92 per meter) and depreciated using a 25 year useful life. The net book value of these  
 5 meters as at December 31 2009 was \$92,978 and is projected to be \$88,845 on December 31,  
 6 2010 as shown below:

Useful Life		25		
		Addition	Depreciation	NBV
2007 Addition	2007	\$ 103,308		\$ 103,308
Depreciation (1/2 year rule)	2007		\$ 2,066.17	\$ 101,242
Depreciation	2008		\$ 4,132.34	\$ 97,110
Depreciation	2009		\$ 4,132.34	\$ 92,978
Depreciation	2010		\$ 4,132.34	\$ 88,845
		\$ 103,308	\$ 14,463	\$ 88,845

8 The net book value of these smart meters using a 15 year useful life would be as follows:

Useful Life		15		
			Depreciation	NBV
2007 Addition	2007	\$ 103,308		\$ 103,308
Depreciation (1/2 year rule)	2007		\$ 3,443.62	\$ 99,865
Depreciation	2008		\$ 6,887.23	\$ 92,978
Depreciation	2009		\$ 6,887.23	\$ 86,090
Depreciation	2010		\$ 6,887.23	\$ 79,203
		\$ 103,308	\$ 24,105	\$ 79,203

10 Today, the REX 1 meters are functioning as part of the WHSI Smart metering network. In this  
 11 application, WHSI requests approval to include the cost of 1,100 REX 1 meters purchased in  
 12 2007 in the smart meter rate rider calculation.

13 WHSI requests approval to reclassify the net book value of the REX 1 meters as at December 31,  
 14 2010 to a sub account 1860 for smart meters and depreciate the remaining net book value over

1 11 years, which is the remaining useful life for similar assets that would have been purchased in  
2 2007.

3 In the 2008 Decision and Order (EB-2007-0832), WHSI received approval to continue the  
4 \$0.27 per metered customer per month smart meter funding charge for the 2008 IRM rate  
5 year.

6 In the 2009 Decision and Order (EB-2008-0218) WHSI received approval to increase the  
7 smart meter funding charge to the standard \$1.00 per metered customer, per month to  
8 provide funding for WHSI's smart metering activities in the 2009 rate year. As a named  
9 distributor in the London Hydro RFP, on June 28, 2008 the government authorized WHSI  
10 via Regulation 427/06 to proceed with "metering activities pursuant to the Request for  
11 Proposal (RFP) for Advanced Metering Infrastructure (AMI) – Phase I Smart Meter  
12 Deployment issued August 14, 2007 by London Hydro Inc."

13 WHSI received approval in its 2010 IRM Decision and Order (EB -2009-0211) for a utility-  
14 specific smart meter funding adder of \$1.63 per metered customer per month to provide  
15 funding for WHSI's smart metering activities in the 2010 rate year.

16 WHSI installed 11,292 smart meters in 2009. In this Application, WHSI seeks recovery of  
17 the revenue requirement in respect of these smart meters with a gross capital cost of  
18 \$1.44 million. As at December 31, 2009, the Woodstock Hydro Smart Meter  
19 Implementation program is approximately 78.25 % complete. In 2010 WHSI plans to  
20 install another 3,307 smart meters and continue with system modifications for a capital  
21 cost of \$888,206. Total capital cost for the smart meter implementation is expected to be  
22 \$2.4 million. WHSI expects that its Smart Meter Implementation Program will be  
23 substantially complete by December 31, 2010. Projected 2011 costs in this application are  
24 for Billing/Customer Service software and operating costs related to bill presentment, bill

- 1 print modifications, and for smart meter entity MDM/R costs which were based on the
- 2 OEB's 2005 report.

1 **Procurement of Smart Meters and Installation Services**

2 **Elster Metering**

3 WHSI was an active participant in the London RFP smart meter procurement process  
4 through which Elster Metering was identified as the preferred vendor. As a named  
5 distributor in the London Hydro RFP, on June 28, 2008 the government authorized WHSI  
6 via Regulation 427/06 to proceed with “metering activities pursuant to the Request for  
7 Proposal (RFP) for Advanced Metering Infrastructure (AMI) – Phase I Smart Meter  
8 Deployment issued August 14, 2007 by London Hydro Inc.” Protracted legal/contract  
9 negotiations between Elster and several Ontario LDCs took place throughout 2009 and  
10 into 2010. In late April 2010, WHSI finalized the details of the Energy/Axis Supply  
11 Contract with Elster Metering. In addition to addressing the supply of goods, software  
12 and professional services to provide an automated metering infrastructure (AMI) system  
13 (meters, gatekeepers/collectors and head-end communications and meter-data-collection  
14 server) in the initial project phase, Elster has also been contracted to provide MAS system  
15 operation and meter data collection services through a Hosted Services Agreement to  
16 facilitate integration with the provincial MDM/R. Elster will be providing ongoing  
17 maintenance and support of WHSI’s AMI system. System Acceptance testing of the fully-  
18 installed and operational Elster solution is expected to be completed by the end of 2010.

19 **Util-Assist – Consulting Assistance**

20 In early 2009, WHSI entered into a professional services agreement with Util-Assist, an  
21 Ontario consulting firm specializing in metering solutions and technologies. In mid-2009,  
22 with Util-Assist’s support, various preliminary project activities were undertaken. Most  
23 critically, the processing of Requests for Proposal for mass installation of residential smart  
24 meters, the supply and support of a meter-data operational data store (ODS) and the  
25 Wide Area Network (WAN) communications network for the

1 Elster metering system were issued and evaluated culminating in the selection of a  
2 successful vendor. Util-Assist remained actively involved in the implementation and  
3 rollout phases of the mass deployment contract and WAN implementation, as well as ODS  
4 contract negotiation through to the end of 2009 and into Q1 and Q2 2010.

5 Util-Assist's services to WHSI were expanded in 2010 to include project management  
6 assistance and training services related to our internal preparations and readiness for  
7 MDM/R enrolment.

#### 8 **Elster Gatekeeper Deployment**

9 In the early days of the smart meter project, Elster surveyed WHSI's service territory and  
10 provided a detailed layout of the recommended number and location for regional  
11 collectors. At the end of 2009, twenty-two (22) collectors / gatekeepers had been  
12 installed in keeping with Elster's recommendations. In Q1 2010, Elster, Olameter and  
13 WHSI worked through a small number of gatekeeper communication issues which are now  
14 resolved. The network is operating reliably with all gatekeepers consistently  
15 communicating.

#### 16 **Bell Mobility / National Wireless WAN Communications Network**

17 Elster is responsible for providing meters, collectors and the data collection system, and  
18 the meters communicate with each other and the collectors through Elster's "mesh  
19 network". However, an Elster smart meter system also requires a wide-area network  
20 (WAN) to facilitate communication between the collectors and the data collection system  
21 (which is located at Olameter's headquarters in our case through the Elster hosted  
22 service). The consortium RFP response from Bell Mobility / National Wireless was  
23 identified in July 2009 as the successful solution for the WAN RFP process. The project  
24 kickoff meeting took place in July 2009, after which National Wireless installed the

1 modems in the Elster collectors prior to the collectors being delivered to WHSI for  
2 installation. The implementation of the WAN, including installation, testing and training,  
3 took place in Fall 2009, in conjunction with the installation of all of the  
4 collectors/gatekeepers and increasing volumes of smart meters throughout the remainder  
5 of 2009. The system has been operating reliably since Fall 2009 and is now considered  
6 highly stable.

7 **2009 - Conversion of AMPY / PowerStat Prepaid Meters to Elster Smart Meters**

8 With a twenty-year investment in prepaid (pay-as-you-go) metering and billing  
9 technology, and widespread customer acceptance and appreciation of this unique  
10 offering, WHSI was reluctant to move away from prepaid metering. In late 2008 after an  
11 extensive search for potential products in the North American market, WHSI concluded  
12 that a proven, financially viable solution that would meet both customer expectations and  
13 regulatory requirements was unavailable. Early in 2009, WHSI recognized the significant  
14 effort that would be involved to convert nearly 3,000 prepaid (pay-as-you-go) meters to  
15 smart meters, and decided to make this transition the first phase of the smart-meter  
16 deployment. A detailed project plan was prepared and implemented to effect this change,  
17 involving customer service (creating a master meter change schedule, coordinating  
18 customer outreach and enrolment including obtaining relevant security deposits and  
19 account information), metering (meter changes, final reads) and billing ( final bill for  
20 prepaid account, transfer of unused prepaid balances and transition to “regular” post-paid  
21 billing). Over the course of 25 weeks in mid to late 2009, 100-120 meter changes were  
22 performed using internal resources each week. A temporary Customer Service  
23 Representative was hired to co-ordinate the conversion schedule, liaise between the  
24 meter and billing departments, and assist 3,000 customers through their registration and  
25 transition to post-paid. WHSI hired short-term temporary staff to assist in the Billing  
26 department to ensure that the transitory customers were moved into the regular billing

1 schedules in a timely manner. By year's end, Woodstock Hydro had essentially "re-  
2 registered" one quarter (¼) of its residential customers, as the basic nature of the  
3 previous technology was such that customer information was often out of date. Similar to  
4 a retail gift card or prepaid telephone service, the prepaid metering system did not  
5 require customer information for billing purposes. Additionally, because pre-paid  
6 customers paid in advance for the hydro service, security deposits had not been required.  
7 Additional administrative effort was necessary to assess and follow up with each customer  
8 as to whether they met the requirements for a security deposit or waiver. The prepaid  
9 meter to smart meter transition was successfully completed in December 2009.

#### 10 **Residential and Commercial Deployment of Elster Smart Meters**

11 While the complexities of the transition from prepaid to smart-meters required the  
12 involvement of WHSI personnel, WHSI researched the effort required and costs associated  
13 with the balance of the mass deployment and concluded that the most cost-effective  
14 approach to converting the remaining meters was to utilize a third-party contractor.  
15 Olameter received the contract to perform the mass installation as a result of the 2009  
16 RFP process, and the installations got underway in September 2009 with a scheduled  
17 completion date of May 2010. By the end of 2009, due to good weather and a highly-  
18 competent installation team, WHSI was significantly ahead of schedule with the mass  
19 installations, with close to 9,000 of 13,300 residential meters installed along with 600 of  
20 1,200 commercial meters. By March 2010, the remaining residential meters installations  
21 were essentially 100% complete, and approximately 400 commercial meter changes were  
22 outstanding. All installations are expected to be complete before the end of 2010.

#### 23 **Data Collection Services / MAS Head-end System**

24 The data captured by the smart meter is relayed through the collectors/gatekeepers to  
25 Elster's MAS software. In early 2010, the troubleshooting goals of WHSI's operations

1 team were best met by providing access to the wealth of information that MAS can  
2 provide about the meters, collectors, and overall connectivity and communication  
3 effectiveness. Therefore, WHSI has committed to a short-term “Full Service Data  
4 Collection Service” with Olameter, whereby Olameter performed data collection services  
5 using their own MAS software and hardware until such time as the Elster contract could  
6 be finalized and WHSI’s MAS system installed. With the Elster contract finalized in Spring  
7 2010, in June 2010 WHSI transitioned to a fully-licensed MAS software installation on a  
8 WHSI server at Olameter’s headquarters. Woodstock Hydro personnel have begun  
9 training on the MAS head-end system. An additional benefit of this transition is that  
10 WHSI’s installation is on Elster’s EnergyAxis Version 7.0, the most recently-released  
11 software version available and one which resolves a number of identified MDM/R data-  
12 integration issues.

### 13 **Annual Security Audit**

14 With the mass deployment of AMI systems, security of the AMI network is critical to  
15 prevent utilities from becoming susceptible to new levels of potential security breaches  
16 and to ensure customer privacy and acceptance of the network. By installing network  
17 infrastructure in the field, there is now a requirement for additional security measures in  
18 order to ensure that utility data and equipment are kept secure from manipulation or  
19 other forms of control. As networks are deployed throughout North America, cyber  
20 security articles with reports of the potential for smart-grid hacking are becoming  
21 commonplace in the media. The minimum Functional Specification for an Advanced  
22 Metering Infrastructure (AMI) released in July 2006 identified the need for security within  
23 the AMI network - Section 2.11 Security and Authentication: “The AMI shall have security  
24 features to prevent unauthorized access to the AMI and meter data and to ensure  
25 authentication to all AMI elements.” Some of the privacy and network security  
26 infrastructure concerns that have been raised include:

- 1 • Monitoring a consumer's usage;
- 2 • Modifying one's own, or another consumer's usage;
- 3 • Interrupting the power of one or more consumers; and
- 4 • Tampering with demand side management tools which can be controlled through  
5 smart meters.

6 Since early 2009, Ontario utilities have been working with their smart meter providers to  
7 understand the security features of the networks, best practices for their deployment and  
8 new features that are being developed for future implementation within the smart meter  
9 networks. In November of 2009 the

10 Information and Privacy Commissioner of Ontario released the report Smart Privacy for  
11 the Smart Grid which identified areas of concern to be addressed in the area of smart  
12 meter and smart grid devices.

13 Going forward, WHSI has budgeted for an annual security audit, as this is a prudent  
14 approach to satisfying the due diligence requirements for protection not only of customer  
15 information, but also to ensure that access to the infrastructure is properly protected,  
16 thereby securing against unwanted modifications to data collection and/or load-control  
17 functionality. Security of the network and ensuring that customer data is protected at all  
18 times has resulted in the development of governance standards requiring extensive  
19 security measures such as NERC (North American Electric Reliability Corporation). The  
20 NERC reliability standards are developed by the electricity industry using a balanced,  
21 open, fair and inclusive process managed by the NERC Standards Committee.

22 For many Ontario LDCs, including WHSI, completing a security audit at a NERC, NIST or  
23 comparable level would be a cost-prohibitive exercise. Therefore, WHSI joined a

1 consortium of Ontario Util-Assist LDC customers in the issuance of the April 2010 “Smart  
2 Meter Network Security Audit Services” Request for Proposal.

3 The objective of the RFP is to select an audit partner who would complete a security audit  
4 of the Elster AMI systems for consortium members with Elster technology in place, and to  
5 then work with Elster towards the implementation of viable countermeasures to resolve  
6 all security concerns. The selected audit firm will first complete an in-depth security  
7 review at one participating utility that has the Elster solution. Once this review is  
8 complete, the audit firm would then review the technology at all remaining participating  
9 utilities to confirm that their Elster AMI systems are configured to the same standard as  
10 that declared as the standard for the group audit. Audits are anticipated to include  
11 meter-to-collector communications (across the Elster mesh network), collector to AMI  
12 headend communications (across the WAN), AMI headend to other utility systems and  
13 home area network (HAN) considerations.

14 **Operational Data Store (ODS)**

15 WHSI fully supports the IESO MDM/R system and is committed to facilitating enrolment as  
16 quickly as possible with the MDM/R.

17 As WHSI moved into the implementation of its AMI systems, a need was recognized for an  
18 application that supported full integration with the MDM/R and enabled our team to  
19 audit, validate, interact with and gain valuable business information from the wealth of  
20 meter data that was being collected by the MAS head-end system. The MAS system, while  
21 fully capable of collecting meter read data and forwarding that raw data to the MDM/R,  
22 does not provide all of the functionality necessary to operate the AMI and interpret  
23 and/or leverage the information it is providing in an educated and meaningful fashion.

1 WHSI , with Util-Assist’s support, issued an RFP for an operational data store (ODS) in  
2 April 2009. Following the RFP process, shortlisted vendors delivered software  
3 demonstrations in August 2009, leading to the selection of Harris (our current billing  
4 system vendor) as the preferred vendor with their MeterSense ODS application. Contract  
5 negotiations were completed in Q1 2010 and the deployment of the ODS is scheduled to  
6 be finalized in August 2010. The software is web-based and will be hosted by Harris  
7 following an ASP model.

8 The primary requirements and features of the operational data store (ODS) are:

- 9 a) **Dashboard of Field Issues Possibly Requiring Intervention** - Dashboard visibility to  
10 the real-time performance of the smart meter system to provide field staff with  
11 visibility to troubleshooting priorities such as non-communicating meters, non-  
12 communicating gatekeepers/collectors, meters with a high number of hops, etc.
- 13 b) **AMI SLA Audit** - Audit and reporting / real-time notification capabilities to monitor  
14 AMI performance and therefore ensure that data collection and submission service-  
15 level agreements (SLAs) with the centralized MDM/R are consistently met
- 16 c) **Read Re-submission** - The ODS will provide a data repository to facilitate backfilling  
17 reads after a meter installation, front-filling reads after a meter removal, and  
18 replacing reads labeled as **NVE (Needs Verification or Edit) by the IESO MDM/R**  
19 **system**. The ODS will provide a mechanism for meter data editing and VEE  
20 (Validation, Estimation and Editing) processes (in keeping with the MDM/R  
21 specifications), such data can then be re-submitted to the MDM/R. Features such as  
22 “register read validation failure resolution” will be invaluable to WHSI, particularly  
23 given the fact that Elster technology presents challenges with respect to timing of  
24 register and interval reads.

- 1 d) **IESO MDM/R Report Integration / Issue Resolution Automation** - The MDM/R  
2 produces a large volume of reports on a daily or regular basis each potentially  
3 containing large amounts of information. MeterSense will load the MDM/R reports,  
4 and filter the information they provide in order to provide manageable, meaningful  
5 action items that can be prioritized, investigated and resolved.
- 6 e) **Automation of Manual Meter Reading** - The ODS ability to automate the collection of  
7 meter-read data and transition away from manual meter reads before enrolment with  
8 the MDM/R has been finalized.
- 9 f) **Meter Event Monitoring** - Dashboard visibility to report meter events and indicators  
10 such as outages, restorations, tampers, voltage changes, etc., many of which will  
11 afford WHSI the opportunity to improve the safety and reliability of the distribution  
12 system.
- 13 g) **Revenue Protection** – WHSI will be able to identify and respond to meter tampers  
14 which historically would have resulted in unidentified theft of power
- 15 h) **Outage Reporting** - Real-time outage information to facilitate faster response time,  
16 and therefore improved system reliability

17 **Business Process Redesign**

18 Throughout the first half of 2010, the Util-Assist training team delivered a series of  
19 education sessions covering the MDM/R design specifications, meter read data, VEE and  
20 other billing processes, and the design of a testing/cutover strategy. LDCs have widely  
21 recognized that a number of business processes, including new account setup, meter  
22 installations, meter changes, move-in/move-out and final billing all require scrutiny and  
23 procedural modifications to ensure that MDM/R integrations are optimized. WHSI  
24 personnel also attended IESO-led training on business process redesign in Q2 2010.

1 Actual business process redesign consultations are well underway at WHSI and are  
2 scheduled to be complete by Fall 2010.

### 3 **System Changes**

4 WHSI uses the Harris Northstar Billing System, which is used by several Ontario LDCs  
5 including some who have completed their smart meter deployment and implemented TOU  
6 billing. Woodstock expects the Northstar system to be fully capable of supporting MDM/R  
7 integration and TOU billing within defined regulatory timelines and has negotiated to  
8 purchase the necessary add-on software modules and professional services to ensure that  
9 this occurs.

### 10 **Integration with MDM/R**

11 By mid-2009, internal committee members had begun attending relevant IESO training  
12 sessions regarding WHSI's future integration to the provincial Meter Data Management  
13 Repository (MDM/R) and we have remained active and involved participants, attending  
14 the majority of IESO-hosted sessions on a variety of topics pertaining to the MDM/R.

15 WHSI filed its registration paperwork and integration project plan with the IESO in Q1  
16 2010. AS2 connectivity software to facilitate data integration with the MDM/R was  
17 selected and installed in June/July 2010 and connectivity testing is scheduled with the  
18 IESO for August 2010. The project plan calls for Unit Testing to be executed in  
19 September/October, and System Integration (SIT) and Qualification Testing (QT) in  
20 November/December, in preparation for cutover to live data transfer with the MDMR by  
21 December 2010. These timelines were submitted to IESO and the proposed enrolment  
22 wave has been approved. With many technical steps still on the horizon for the final half  
23 of 2010, WHSI's ability to meet these targeted timelines is to a large extent contingent  
24 upon various software systems delivering the promised functionality and suppliers

1 meeting their contractual obligations. WHSI believes that a January 2011 cutover to  
2 production date is achievable from the perspective of the availability of internal  
3 resources, the current (relatively healthy) state of the AMI network, and the progress  
4 made on various technology / IT fronts regarding the installation of the various software  
5 systems that will support the project into the future.

### 6 **Transition to TOU Pricing**

7 In mid-2009, the Ontario Government articulated an expectation that 1 million RPP  
8 customers would be billed using TOU pricing by the Summer of 2010, rising to 3.6 million  
9 customers by June 2011. On June 24, 2010, the Ontario Energy Board issued a proposed  
10 determination regarding mandated time-of-use pricing for regulated price plan customers  
11 (Board File No. EB-2010-0218), suggesting that distributor-specific TOU dates would be  
12 the most appropriate approach, as it allows for the deadline to logically follow MDM/R  
13 enrolment activities.

14 Under the proposed determination, WHSI falls into the category of a distributor that “has  
15 not yet commenced MDM/R enrolment testing and whose meter enrolment date has not  
16 yet passed”. Therefore, according to the proposal, WHSI’s mandatory TOU date would be  
17 the first day of the first billing period that commences 9 months from the date identified  
18 in our baseline plan for the commencement of meter enrolment. In response to the  
19 Board’s issuance of the June 24 correspondence, WHSI subsequently updated our Baseline  
20 filing to ensure that it reflected the MDM/R enrolment date of December 14, 2010.

21 WHSI is confident that it will complete the transition to TOU pricing prior to September  
22 2011 and is targeting Spring 2011 to begin the transition to TOU pricing.

23

24

1 **Web Presentment**

2 The Ministry of Energy and Infrastructure has indicated that electricity customers should  
3 ideally have web access to their consumption data with which to make informed decisions  
4 about future usage as part of a utility's rollout of TOU pricing. Accordingly, the SME  
5 Transition Committee formally requested a proposal from an established web  
6 presentment service provider, Whitecap Canada Inc., as they are already providing an  
7 effective solution to several LDCs in Ontario. WHSI identified the security features, ease  
8 of implementation, ease of use, existing integration with the provincial MDM/R, low cost-  
9 per-customer advantages, and the consistent user experience for customers as they  
10 relocate within Ontario as key benefits of the Whitecap portal solution. WHSI has not  
11 formalized an agreement with Whitecap, however it supports the implementation of  
12 this or a like solution in 2011 once the MDM/R enrolment is complete and reliable data  
13 (current and to some extent historical) is readily available for our customers.

14 **Consumer Education Plan**

15 WHSI intends to leverage the significant development efforts undertaken by the Ministry  
16 of Energy to support LDC-specific communications tools and resources related to Time-of-  
17 Use (TOU) roll-out to electricity customers. In keeping with our mission statement to  
18 deliver exceptional customer service to the ratepayers in our service territory, WHSI is  
19 currently planning an extensive customer education and outreach campaign aligned with  
20 our time-of-use (TOU) pricing rollout. In the meantime, we continue to keep customers  
21 informed about our smart meter project and TOU pricing through our corporate website,  
22 and through regular articles in the WHSI customer newsletter.

23

24

1 **Procurement of Smart Meters Agreements**

2 The following agreements are being filed with the Board Secretary on a confidential basis  
3 as part of Appendix G:

- 4 • Advanced Metering Infrastructure Services Agreement between Woodstock Hydro  
5 Inc. and Elster Canadian Meter Company Inc.;
- 6 ▪ Smart Meter Installation Agreement between Woodstock Hydro Inc. and  
7 Olameter Inc; and
- 8 ▪ Operational Data Store Agreement between Woodstock Hydro and Harris  
9 Computer Systems;

10 Elster Canadian Meter Company, Harris Computer Systems and Olameter are  
11 corporations which are engaged in competitive businesses. The disclosure of the terms of  
12 these agreements could reasonably be expected to prejudice the economic interests of,  
13 significantly prejudice the competitive positions of, cause undue financial loss to, and be  
14 injurious to the financial interests of Elster Canadian Meter Company, Harris Computer  
15 Systems and Olameter respectively, since it would enable their competitors to ascertain  
16 the scope and pricing of services provided by these companies. The Board's Practice  
17 Direction on Confidential Filings (the "Practice Direction") recognizes that these are  
18 among the factors that the Board will take into consideration when addressing the  
19 confidentiality of filings. They are also addressed in section 17(1) of the Freedom of  
20 Information and Protection of Privacy Act ("FIPPA"), and the Practice Direction notes (at  
21 Appendix C of the Practice Direction) that third party information as described in  
22 subsection 17(1) of FIPPA is among the types of information previously assessed or  
23 maintained by the Board as confidential. Accordingly, WHSI requests that these  
24 Agreements be kept confidential.

1 WHSI is prepared to provide copies of the Agreements to parties' counsel and experts or  
2 consultants provided that they have executed the Board's form of Declaration and  
3 Undertaking with respect to confidentiality and that they comply with the Practice  
4 Direction, subject to WHSI's right to object to the Board's acceptance of a Declaration and  
5 Undertaking from any person. In keeping with the requirements of the Practice Direction,  
6 WHSI is filing confidential unredacted versions of the Agreements under separate cover,  
7 in a sealed envelope marked "Confidential". These documents are designated as part of  
8 Exhibit 9, Tab 5, Appendix G.

1 **SMART METER RATE RIDER FOR COST RECOVERY**

2 **Smart Meter Costs**

3 In this Application, Woodstock Hydro is seeking recovery of costs related to the 10,192  
4 smart meters installed in the Woodstock Hydro service area in 2009. As discussed in this  
5 Exhibit, 1,100 Rex 1 Meters installed between 2007 and 2008 were recognized in  
6 account 1860, Meters.

7 In the OEB Combined Proceeding EB-2007-0063, to determine issues related to the  
8 recovery of costs incurred by distributors that are associated with activities, the Board  
9 discussed the issue of confidentiality with respect to pricing information. The OEB  
10 determined that

11 *"... the competitive positions of the suppliers would be eroded if the prices charged ...*  
12 *were disclosed. The Board accepts this position."*, and, that *"the Board finds that it is in*  
13 *the public interest that the prices charged to the applicants, including unit prices,*  
14 *installation costs, and the contractual terms, be kept confidential. However, the*  
15 *aggregated per unit installed prices will be part of the Decisions"*.

16 In keeping with that Decision, Appendix G is being filed in confidence in it's entirety,  
17 which includes confidential documents pertaining to cost and vender information.

18 As discussed earlier in this exhibit, the costs associated with the 1,100 Rex 1 meters  
19 installed in 2007 and 2008 have been excluded from the smart meter costs in accounts  
20 1555 and 1556. The 1,1,00 meters have also been excluded to calculate the cost per  
21 installed meter for the purposes of smart meter cost recovery. Table 9-20A below  
22 provides an aggregated summary of capital and OM&A costs, cost per meter installed in  
23 2009 and after 2009.

1

2

Table 9-20A – Summary of Capital and OM&A Costs per Meter in Account 1555

Woodstock Hydro Services Inc.	Total Installed to 2009	Total Planned Installations 2009	% of Completion Dec 31 2009	Meters Installed 2007-2008	Meters Installed in 2009	Projected Meter Installs in 2010	Total Meters Installed 2009 - 2010
TOTAL Smart Meters	11,292	14,431	78.25%	1,100	10,192	3,307	13,499
Residential Customer Base	10,760	13,262		1,100	9,660	2,669	12,329
General Service (<50kW)	532	1,169		0	532	638	1,170
<b>ALL CAPITAL COSTS</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>TOTAL</b>	<b>Cost Per Meter Installed in 2009</b>	<b>Projected Cost Per Meter Installed in 2010</b>	<b>Total Cost Per Meter Installed 2009 - 2010</b>
<b>TOTAL OF ALL CAPITAL COSTS</b>	\$ 1,442,731	\$ 888,206	\$ 32,500	\$ 2,363,437	\$ 141.56	\$ 268.58	\$ 175.08
<b>TOTAL OF ALL OM&amp;A COSTS</b>	\$ 82,910	\$ 70,005	\$ 213,968	\$ 366,883	\$ 8.13	\$ 21.17	\$ 27.18
<b>Total Capital and OM&amp;A Costs Per Year</b>	<b>1,525,641</b>	<b>958,211</b>	<b>246,468</b>	<b>2,730,320</b>			

3

4 A summary of WHSI's actual and forecast smart meter costs aggregated in accordance

5 with the OEB's category codes for smart meter costs, is included in Table 9-20B below.

6 Also included in this table are the total costs associated with the 1,100 Rex 1 meters

7 installed in 2007 and 2008. When the costs for the Rex 1 meters are included, the average

8 Capital cost per meter, for all 14,599 smart meters, is reduced to \$168.97, as compared

9 to \$175.08 per meter for 13,499 smart meters installed in and after 2009. The cost per

10 OM&A based on 14,599 smart meters, is reduced to \$25.13m as compared to \$27.18 in

11 Table 9-20A above.

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Table 9-20B

2009 Forecast, 2009 Actual, 2010 and 2011 Forecast Smart Meter Costs

	2009 Forecast	2009 Forecast- Actual Variance	YTD Actual	2010 Forecast	2011 Forecast	Total Project Costs
<b>Total Number of Smart Meter Installations to December 31, 2009</b>	10,906	(386)	11,292	3,307		14,599
1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)	\$ 1,466,717	\$ 254,436	\$ 1,212,281	\$ 658,140	\$ -	\$ 1,870,421
1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)	\$ 182,127	\$ 83,959	\$ 98,168	\$ 4,096	\$ -	\$ 102,264
1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)	\$ 60,173	\$ 49,916	\$ 10,256	\$ 51,383	\$ -	\$ 61,639
1.4 WIDE AREA NETWORK (WAN)	\$ -	-\$ 35,080	\$ 35,080	\$ -	\$ -	\$ 35,080
1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY	\$ 102,932	\$ 15,985	\$ 86,947	\$ 174,587	\$ 32,500	\$ 294,034
<b>Capital Costs for Smart Meters Installed in 2009</b>	<b>\$ 1,811,947</b>	<b>\$ 369,216</b>	<b>\$ 1,442,731</b>	<b>\$ 888,206</b>	<b>\$ 32,500</b>	<b>\$ 2,363,437</b>
AMCD- 2007 SMART METERS IN ACCOUNT 1860	\$ 103,308		\$ 103,308			\$ 103,308
<b>Total Capital Costs - All Smart Meters Installed</b>	<b>\$ 1,915,256</b>	<b>\$ 369,216</b>	<b>\$ 1,546,040</b>	<b>\$ 888,206</b>	<b>\$ 32,500</b>	<b>\$ 2,466,746</b>
<b>Capital Cost per Smart Meter Installed</b>	<b>\$ 175.61</b>		<b>\$ 136.91</b>	<b>\$ 268.58</b>		<b>\$ 168.97</b>
2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)	\$ -	-\$ 740	\$ 740	\$ 5,416	\$ -	\$ 6,157
2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)	\$ 14,790	\$ 14,790	\$ -	\$ -	\$ -	\$ -
2.4 WIDE AREA NETWORK (WAN)	\$ -	\$ -	\$ -	\$ 5,015	\$ -	\$ 5,015
2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY	\$ 52,500	-\$ 29,670	\$ 82,170	\$ 59,574	\$ 213,968	\$ 355,712
<b>Total OM&amp;A Costs</b>	<b>\$ 67,290</b>	<b>-\$ 15,620</b>	<b>\$ 82,910</b>	<b>\$ 70,005</b>	<b>\$ 213,968</b>	<b>\$ 366,883</b>
<b>OM&amp;A Cost per Meter</b>	<b>\$ 6.17</b>		<b>\$ 7.34</b>	<b>\$ 21.17</b>		<b>\$ 25.13</b>

The 2009 actual costs above are taken from WHSI's financial records as at December 31, 2009. The December 31, 2009 balances in the smart meter deferral accounts have been audited by Woodstock Hydro's external auditors. The Auditors Report is provided in Appendix D.

Woodstock Hydro did not incur any costs for functionality beyond the minimum functionality adopted in O.Reg. 425/06 in 2009. WHSI does not have a billing MDM/R system and uses only the Smart Meter Entity MDM/R system for billing Time of Use customers.

1

## 2 **Capital Cost Analysis**

3 WHS had forecasted to have 10,100 Residential and 806 General Service (GS) <50 smart  
4 meter installations by December 31 2009, however due to delivery delays for GS smart  
5 meters WHSI installed more residential (10,760) and fewer GS < 50 smart meters (532).

6 Although a greater number of smart meters were installed, the average cost for  
7 residential smart meters was lower than the average cost for general service smart meters  
8 and resulted in lower than expected installation and material costs (-\$254K). Advanced  
9 Metering Regional Collectors (AMRC) costs were lower than expected due to the 2009  
10 reclassification of WAN activation fees initially included in category 1.2 to category 1.4 (-  
11 \$35K) and lower than expected material costs (-\$49K). The majority of computer software  
12 costs for Advanced Metering Control Computer (AMCC) initially expected to be incurred in  
13 2009, were deferred until 2010 (-\$50K). Other AMI capital costs of \$16K were reclassified  
14 or deferred until 2010

15

## 16 **OM&A Cost Analysis**

17 Actual OM&A costs for 2009 were \$15K higher than forecast due to unanticipated  
18 collector repair costs (+\$1K) and department integration costs associated with  
19 transitioning former prepaid customers from two independent customer information  
20 systems to WHSI's primary CIS billing system (+\$30K). This is offset by the deferral of  
21 software maintenance charges until 2010 for AMI vendor support (-\$15K), which has been  
22 included in the 2011 revenue requirement as an expense to account 5315, Billing.

23

1

2 **Stranded Meter Costs**

3 Woodstock Hydro is not seeking disposition of its stranded meter costs. Woodstock Hydro  
4 continues to recover these costs by including the net book value of stranded meters in its  
5 rate base for rate-making purposes, as recommended by the Board in its Decision with  
6 Reasons in the Combined Proceeding. As of December 31, 2009, Woodstock Hydro had  
7 replaced 11,292 conventional meters with Smart Meters. The net book value of the  
8 stranded conventional and pay-as-you-go meters at December 31, 2009 was \$1.26 million.  
9 Woodstock Hydro continues to amortize the stranded meters over the remaining  
10 amortization period.

11 Proceeds on the scrapped meters are captured in account 1555 as an offset to the costs in  
12 the deferral account, in accordance with the Board's Guideline 2008-0002 and the Board's  
13 January 16, 2007 letter to distributors on stranded meter costs related to the installation  
14 of smart meters, reproduced as Appendix B to the Guideline.

15 **Smart Meter Actual Cost Recovery Calculation**

16 WHSI has used a model provided by OEB Staff and used by other distributors for smart  
17 meter actual cost recovery calculations. A copy of the Actual Smart Meter Cost Recovery  
18 Model is provided in Appendix F.

19 The model calculates the revenue requirement amounts for purposes of the actual cost  
20 recovery to December 31, 2010. Table 9-21, summarizes the revenue requirement  
21 associated with these meters and the value of the smart meter funding adder collected  
22 over the period May 1, 2006 to December 31, 2009.

1 Although some OM&A 2010 costs can be attributable to 2009 smart meter installs, they  
 2 have been included as part of the 2011 rate adder calculation, instead of the rate rider  
 3 calculation. The Board Guideline G-2008-0002 Smart Meter Funding and Cost Recovery,  
 4 states “when applying for recovery of smart meter costs, a distributor should ensure that  
 5 all cost information has been audited, including the smart meter related deferral account  
 6 balances” . The 2010 costs included in this rate application are forecasted and not  
 7 auditable until WHSI’s fiscal year end.

8 Table 9-21

9 Rate Rider to Recover Actual Smart Meter Costs to December 31, 2009

<b>Rate Rider to Recover Smart Meter Costs</b>	
Revenue Requirement 2009	\$ 205,668
Revenue Requirement 2010	\$ 234,433
<b>Revenue Requirement Total</b>	<b>\$ 463,068</b>
Smart Meter Rate Adder	\$ (240,317)
Carrying Cost	\$ (4,857)
<b>Smart Meter True-up</b>	<b>\$ 217,894</b>
*Metered Customers	15,156
<i>*average metered customers per 2011 load forecast</i>	
<b>Rate Rider to Recover Smart Meter Costs</b>	<b>\$ 1.20</b>
<i>Recovery period May 1, 2011 to April 30, 2012</i>	

16  
 17 Woodstock Hydro is seeking approval of the smart meter costs in this Application and of  
 18 the transfer of the approved amounts from the smart meter deferral accounts to the  
 19 appropriate fixed asset, revenue and expense accounts. As shown in Table 9-21, there is a  
 20 difference of \$217,894 between the revenue requirement related to the smart meter  
 21 costs and the corresponding smart meter adder collected from May 1, 2006 to December

1 31, 2009. Woodstock Hydro proposes to recover this amount from customers by a  
2 monthly rate rider of \$1.20 per metered customer over the period May 1, 2011 to April  
3 30, 2012.

1 **SMART METER FUNDING ADDER**

2

3 The Board approved a Smart Meter Funding Adder, of \$1.63 per month per metered  
 4 customer effective May 1, 2010, in Woodstock Hydro's 2010 electricity distribution rate  
 5 application (Board Decision and Order EB-2009-0211). As part of this Application,  
 6 Woodstock Hydro seeks to reduce the Smart Meter funding adder to reflect the removal  
 7 of the costs and recoveries associated with the smart meters installed in 2009 upon  
 8 approval by the Board of those costs. The revised Smart Meter funding adder revenue  
 9 requirement is based on the costs of the meters to be installed and forecasted OM&A in  
 10 2010 and offset by the smart meter adder collected from January 1, 2010 to April 30,  
 11 2011.

12

13 Table 9-22 below summarizes the revenue requirement of \$85,996 associated with these  
 14 meters and the value of the smart meter funding adder collected over the period January  
 15 1, 2010 to April 30, 2011.

16

Table 9-22

17

<b>Proposed Rate Adder to Fund 2010 Smart Meter Costs</b>	
Revenue Requirement - 2010	\$ 121,471
Revenue Requirement - 2011	\$ 305,730
<b>Revenue Requirement Total</b>	<b>\$ 427,202</b>
Smart Meter Rate Adder Collected	\$ (339,564)
Carrying Cost / Interest	\$ (1,642)
<b>Proposed Smart Meter Recovery</b>	<b>\$ 85,996</b>
2011 Expected Metered Customers	15,156
<b>Proposed Smart Meter Rate Adder</b>	<b>\$ 0.47</b>

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1 Please see Appendix F for the details of the calculation of the revised 2010 Smart Meter  
2 funding adder of \$0.47 per month per metered customer.

3

4 **Conclusion**

5 Woodstock Hydro respectfully submits that the costs necessary to fulfill its obligations  
6 under the provincially mandated Smart Meter initiative have been prudently incurred in  
7 accordance with Board guidelines; the proposed riders and adder are just and reasonable,  
8 the associated customer bill impacts are minimal; and it is appropriate that the Board  
9 approve the proposed recovery rider and reduced adder at this time, for implementation  
10 effective May 1, 2011.

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**APPENDIX A**

**CERTIFICATION OF CEO FOR ACCOUNTING TREATMENT OF REGULATORY DEFERRAL AND  
VARIANCE ACCOUNTS**

September 24, 2010

## CERTIFICATION

As President and Chief Executive Officer of Woodstock Hydro Services Inc, I certify to the best of my knowledge, that the information filed in the regulatory assets claim is consistent with the Board's accounting requirements and procedures in the Accounting Procedures Handbook. The filing is consistent with the requirements of "The Report of the Board on Electricity Distributors Deferral and Variance Account Review Initiative" issued July 31, 2009, and "Chapter 2 of the Filing Requirements for Transmission and Distribution Applications", issued June 28, 2010.

Signed,



Ross McMillan, BA, CMA, CCP  
President and CEO  
Woodstock Hydro Services Inc.

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**APPENDIX B-1**

**2010 REVISED EDVVAR MODEL FOR NON-RPP GLOBAL ADJUSTMENT AMOUNT**



Name of LDC: Woodstock Hydro Services Inc.  
 File Number: EB-2009-0211  
 Effective Date: May 1, 2010

## Rate Class and 2008 Billing Determinants

Rate Group	Rate Class	Fixed Metric	Vol Metric	2008			Billed kWh for Non-RPP customers D	1590 Recovery Share Proportion E
				Billed Customers or Connections	Billed kWh	Billed kW		
				A	B	C		
RES	Residential	Customer	kWh	13,240	110,536,185		15,726,638	25.6%
GSLT50	General Service Less Than 50 kW	Customer	kWh	1,211	46,728,002		8,512,302	11.0%
GSGT50	General Service 50 to 999 kW	Customer	kW	187	148,692,671	392,866	128,529,485	36.8%
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	7	99,682,543	218,775	99,682,543	26.0%
USL	Unmetered Scattered Load	Connection	kWh					0.0%
SL	Street Lighting	Connection	kW	4,159	2,584,450	7,089	2,532,128	0.6%
EMB	Embedded Distributor	Connection	kW					
NA	Rate Class 8	NA	NA					
NA	Rate Class 9	NA	NA					
NA	Rate Class 10	NA	NA					
NA	Rate Class 11	NA	NA					
NA	Rate Class 12	NA	NA					
NA	Rate Class 13	NA	NA					
NA	Rate Class 14	NA	NA					
NA	Rate Class 15	NA	NA					
NA	Rate Class 16	NA	NA					
NA	Rate Class 17	NA	NA					
NA	Rate Class 18	NA	NA					
NA	Rate Class 19	NA	NA					
NA	Rate Class 20	NA	NA					
NA	Rate Class 21	NA	NA					
NA	Rate Class 22	NA	NA					
NA	Rate Class 23	NA	NA					
NA	Rate Class 24	NA	NA					
NA	Rate Class 25	NA	NA					
								100.0%



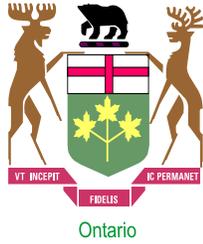
Name of LDC: Woodstock Hydro Services Inc.  
 File Number: EB-2009-0211  
 Effective Date: May 1, 2010

**Regulatory Assets - Continuity Schedule Final**

Account Number	Opening Principal Amounts as of Jan-1-09 or Oct-01-09	Global Adjustment Reconciliation	Transfer of Board-approved 2007 amounts to 1595 (2009 COS)	Principal Amounts to be disposed	Opening Interest Amounts as of Jan-1-09	Global Adjustment Interest Reconciliation	Interest on Board-approved 2007 amounts prior to transfer Jan-1, 2009 to Date of Transfer	Transfer of Board-approved 2007 interest amounts to 1595 (2009 COS)	Projected Interest on Dec 31 -08 balance from Jan 1, 2009 to Dec 31, 2009	Projected Interest on Dec 31 -08 balance from Jan 1, 2010 to April 30, 2010	Interest Amounts to be disposed	Total Claim
Account Description	A	B	C	E = A + B + C + D	F	G	H	I	J	K	M = F + G + H + I + J + K	N = E + M
LV Variance Account	1550	0		0	0				0	0	0	0
RSVA - Wholesale Market Service Charge	1580	0		0	0				0	0	0	0
RSVA - Retail Transmission Network Charge	1584	0		0	0				0	0	0	0
RSVA - Retail Transmission Connection Charge	1586	0		0	0				0	0	0	0
RSVA - Power (Excluding Global Adjustment)	1588	0		0	0				0	0	0	0
RSVA - Power (Global Adjustment Sub-account)		385,267		385,267	6,075				4,356	697	11,128	396,394
Recovery of Regulatory Asset Balances	1590	0		0	0				0	0	0	0
Disposition and recovery of Regulatory Balances Account	1595	0		0	0				0	0	0	0
<b>Total</b>		<b>385,267</b>	<b>0</b>	<b>385,267</b>	<b>6,075</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4,356</b>	<b>697</b>	<b>11,128</b>	<b>396,394</b>

<sup>1</sup> Interest projected on December 31, 2008 closing principal balance.

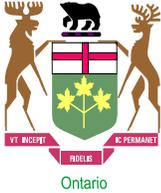
Month	Prescribed Rate	Monthly Interest	Month	Prescribed Rate	Monthly Interest
January 31, 2009	2.45	0.2081	January 31, 2010	0.55	0.0467
February 28, 2009	2.45	0.1879	February 28, 2010	0.55	0.0422
March 31, 2009	2.45	0.2081	March 31, 2010	0.55	0.0467
April 30, 2009	1.00	0.0822	April 30, 2010	0.55	0.0452
May 31, 2009	1.00	0.0849	Effective Rate		<u>0.1808</u>
June 30, 2009	1.00	0.0822			
July 31, 2009	0.55	0.0467			
August 31, 2009	0.55	0.0467			
September 30, 2009	0.55	0.0452			
October 31, 2009	0.55	0.0467			
November 30, 2009	0.55	0.0452			
December 31, 2009	0.55	0.0467			
Effective Rate		<u>1.1307</u>			



**Name of LDC:** Woodstock Hydro Services  
**File Number:** EB-2009-0211  
**Effective Date:** May 1, 2010

## Threshold Test

Rate Class	Billed kWh B
Residential	110,536,185
General Service Less Than 50 kW	46,728,002
General Service 50 to 999 kW	148,692,671
General Service 1,000 to 4,999 kW	99,682,543
Unmetered Scattered Load	0
Street Lighting	2,584,450
Embedded Distributor	0
	<b>408,223,851</b>
Total Claim	<b>396,394</b>
Total Claim per kWh	<b>0.000971</b>



**Name of LDC:** Woodstock Hydro Services Inc.  
**File Number:** EB-2009-0211  
**Effective Date:** May 1, 2010

## Cost Allocation - Non-RPP kWh

Rate Class	Non-RPP kWh	% kWh	1588 <sup>1</sup>
Residential	15,726,638	6.2%	24,448
General Service Less Than 50 kW	8,512,302	3.3%	13,233
General Service 50 to 999 kW	128,529,485	50.4%	199,811
General Service 1,000 to 4,999 kW	99,682,543	39.1%	154,966
Unmetered Scattered Load	0	0.0%	0
Street Lighting	2,532,128	1.0%	3,936
Embedded Distributor	0	0.0%	0
	<b>254,983,096</b>	<b>100.0%</b>	<b>396,394</b>

<sup>1</sup> RSVA - Power (Global Adjustment Sub-account)



Name of LDC: Woodstock Hydro Services Inc.  
 File Number: EB-2009-0211  
 Effective Date: May 1, 2010

## Calculation of Regulatory Asset Recovery Rate Rider

Rate Rider Recovery Period - Years

Four

Rate Rider Effective To Date

April 30, 2014

Rate Class	Vol Metric	Billed kWh A	Billed kW B	kWh C	Non-RPP D	1590 E	1595 F	Total G = C + D + E + F	Rate Rider kWh H = G / A (kWh) or H = G / B (kW)
Residential	kWh	110,536,185	0	0	24,448	0	0	24,448	0.00006
General Service Less Than 50 kW	kWh	46,728,002	0	0	13,233	0	0	13,233	0.00007
General Service 50 to 999 kW	kW	148,692,671	392,866	0	199,811	0	0	199,811	0.12715
General Service 1,000 to 4,999 kW	kW	99,682,543	218,775	0	154,966	0	0	154,966	0.17708
Unmetered Scattered Load	kWh	0	0	0	0	0	0	0	0.00000
Street Lighting	kW	2,584,450	7,089	0	3,936	0	0	3,936	0.13882
Embedded Distributor	kW	0	0	0	0	0	0	0	0.00000
		<u>408,223,851</u>	<u>618,730</u>	<u>0</u>	<u>396,394</u>	<u>0</u>	<u>0</u>	<u>396,394</u>	

Enter the above value onto Sheet  
 "J2.1 DeferralAccount Rate Rider"  
 of the 2010 OEB IRM2 Rate Generator  
 "J2.5 DeferralAccount Rate Rider2"  
 of the 2010 OEB IRM3 Rate Generator



**Name of LDC:** Woodstock Hydro Services Inc.  
**File Number:** EB-2009-0211  
**Effective Date:** May 1, 2010

## Request for Clearance of Deferral and Variance Accounts

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C = A + B
LV Variance Account	1550	0	0	0
RSVA - Wholesale Market Service Charge	1580	0	0	0
RSVA - Retail Transmission Network Charge	1584	0	0	0
RSVA - Retail Transmission Connection Charge	1586	0	0	0
RSVA - Power (Excluding Global Adjustment)	1588	0	0	0
RSVA - Power (Global Adjustment Sub-account)	1588	(385,267 )	(11,128 )	(396,394 )
Recovery of Regulatory Asset Balances	1590	(0 )	(0 )	(0 )
Disposition and recovery of Regulatory Balances Account	1595	385,267	11,128	396,394
Total		0	0	0

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**APPENDIX B-2**

**2010 REVISED EDVVAR MODEL EXCLUDING NON-RPP GLOBAL ADJUSTMENT AMOUNT**



Name of LDC: Woodstock Hydro Services Inc.  
 File Number: EB-2009-0211  
 Effective Date: May 1, 2010

## Rate Class and 2008 Billing Determinants

Rate Group	Rate Class	Fixed Metric	Vol Metric	2008			Billed kWh for Non-RPP customers D	1590 Recovery Share Proportion E
				Billed Customers or Connections	Billed kWh	Billed kW		
				A	B	C		
RES	Residential	Customer	kWh	13,240	110,536,185		15,726,638	25.6%
GSLT50	General Service Less Than 50 kW	Customer	kWh	1,211	46,728,002		8,512,302	11.0%
GSGT50	General Service 50 to 999 kW	Customer	kW	187	148,692,671	392,866	128,529,485	36.8%
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	7	99,682,543	218,775	99,682,543	26.0%
USL	Unmetered Scattered Load	Connection	kWh					0.0%
SL	Street Lighting	Connection	kW	4,159	2,584,450	7,089	2,532,128	0.6%
EMB	Embedded Distributor	Connection	kW					
NA	Rate Class 8	NA	NA					
NA	Rate Class 9	NA	NA					
NA	Rate Class 10	NA	NA					
NA	Rate Class 11	NA	NA					
NA	Rate Class 12	NA	NA					
NA	Rate Class 13	NA	NA					
NA	Rate Class 14	NA	NA					
NA	Rate Class 15	NA	NA					
NA	Rate Class 16	NA	NA					
NA	Rate Class 17	NA	NA					
NA	Rate Class 18	NA	NA					
NA	Rate Class 19	NA	NA					
NA	Rate Class 20	NA	NA					
NA	Rate Class 21	NA	NA					
NA	Rate Class 22	NA	NA					
NA	Rate Class 23	NA	NA					
NA	Rate Class 24	NA	NA					
NA	Rate Class 25	NA	NA					
								100.0%



Name of LDC: Woodstock Hydro Services Inc.  
 File Number: EB-2009-0211  
 Effective Date: May 1, 2010

**Regulatory Assets - Continuity Schedule Final**

Account Number	Opening Principal Amounts as of Jan-1-09 or Oct-01-09	Global Adjustment Reconciliation	Transfer of Board-approved 2007 amounts to 1595 (2009 COS)	Principal Amounts to be disposed	Opening Interest Amounts as of Jan-1-09	Global Adjustment Interest Reconciliation	Interest on Board-approved 2007 amounts prior to transfer Jan-1, 2009 to Date of Transfer	Transfer of Board-approved 2007 interest amounts to 1595 (2009 COS)	Projected Interest on Dec 31 -08 balance from Jan 1, 2009 to Dec 31, 2009	Projected Interest on Dec 31 -08 balance from Jan 1, 2010 to April 30, 2010	Interest Amounts to be disposed	Total Claim
Account Description	A	B	C	E = A + B + C + D	F	G	H	I	J	K	M = F + G + H + I + J + K	N = E + M
LV Variance Account	1550	0		0	0				0	0	0	0
RSVA - Wholesale Market Service Charge	1580	(1,102,046)		(1,102,046)	(65,729)				(12,461)	(1,993)	(80,182)	(1,182,229)
RSVA - Retail Transmission Network Charge	1584	(257,946)		(257,946)	(3,139)				(2,917)	(466)	(6,521)	(264,467)
RSVA - Retail Transmission Connection Charge	1586	5,270		5,270	3,514				60	10	3,583	8,853
RSVA - Power (Excluding Global Adjustment)	1588	(857,641)		(857,641)	(67,817)				(9,697)	(1,551)	(79,065)	(936,707)
RSVA - Power (Global Adjustment Sub-account)		0		0	0				0	0	0	0
Recovery of Regulatory Asset Balances	1590	(223,303)		(223,303)	261,317				(2,525)	(404)	258,388	35,085
Disposition and recovery of Regulatory Balances Account	1595	0		0	0				0	0	0	0
<b>Total</b>		<b>(2,435,667)</b>	<b>0</b>	<b>(2,435,667)</b>	<b>128,147</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(27,540)</b>	<b>(4,404)</b>	<b>96,203</b>	<b>(2,339,464)</b>

<sup>1</sup> Interest projected on December 31, 2008 closing principal balance.

Month	Prescribed Rate	Monthly Interest	Month	Prescribed Rate	Monthly Interest
January 31, 2009	2.45	0.2081	January 31, 2010	0.55	0.0467
February 28, 2009	2.45	0.1879	February 28, 2010	0.55	0.0422
March 31, 2009	2.45	0.2081	March 31, 2010	0.55	0.0467
April 30, 2009	1.00	0.0822	April 30, 2010	0.55	0.0452
May 31, 2009	1.00	0.0849	Effective Rate		<u>0.1808</u>
June 30, 2009	1.00	0.0822			
July 31, 2009	0.55	0.0467			
August 31, 2009	0.55	0.0467			
September 30, 2009	0.55	0.0452			
October 31, 2009	0.55	0.0467			
November 30, 2009	0.55	0.0452			
December 31, 2009	0.55	0.0467			
Effective Rate		<u>1.1307</u>			



**Name of LDC:** Woodstock Hydro Services I  
**File Number:** EB-2009-0211  
**Effective Date:** May 1, 2010

## Threshold Test

Rate Class	Billed kWh B
Residential	110,536,185
General Service Less Than 50 kW	46,728,002
General Service 50 to 999 kW	148,692,671
General Service 1,000 to 4,999 kW	99,682,543
Unmetered Scattered Load	0
Street Lighting	2,584,450
Embedded Distributor	0
	<b>408,223,851</b>
Total Claim	<b>(2,339,464 )</b>
Total Claim per kWh	<b>- 0.005731</b>



Name of LDC: Woodstock Hydro Services Inc.  
 File Number: EB-2009-0211  
 Effective Date: May 1, 2010

## Cost Allocation - kWh

Rate Class	Billed kWh	% kWh	1550	1580	1584	1586	1588 <sup>1</sup>	Total
Residential	110,536,185	27.1%	0	(320,116 )	(71,611 )	2,397	(253,635 )	(642,965 )
General Service Less Than 50 kW	46,728,002	11.4%	0	(135,326 )	(30,273 )	1,013	(107,222 )	(271,807 )
General Service 50 to 999 kW	148,692,671	36.4%	0	(430,619 )	(96,330 )	3,225	(341,189 )	(864,913 )
General Service 1,000 to 4,999 kW	99,682,543	24.4%	0	(288,684 )	(64,579 )	2,162	(228,731 )	(579,832 )
Unmetered Scattered Load	0	0.0%	0	0	0	0	0	0
Street Lighting	2,584,450	0.6%	0	(7,485 )	(1,674 )	56	(5,930 )	(15,033 )
Embedded Distributor	0	0.0%	0	0	0	0	0	0
	<u>408,223,851</u>	<u>100.0%</u>	<u>0</u>	<u>(1,182,229 )</u>	<u>(264,467 )</u>	<u>8,853</u>	<u>(936,707 )</u>	<u>(2,374,550 )</u>

<sup>1</sup> RSVA - Power (Excluding Global Adjustment)



**Name of LDC:** Woodstock Hydro Services Inc.  
**File Number:** EB-2009-0211  
**Effective Date:** May 1, 2010

## Cost Allocation - Non-RPP kWh

Rate Class	Non-RPP kWh	% kWh	1588 <sup>1</sup>
Residential	15,726,638	6.2%	0
General Service Less Than 50 kW	8,512,302	3.3%	0
General Service 50 to 999 kW	128,529,485	50.4%	0
General Service 1,000 to 4,999 kW	99,682,543	39.1%	0
Unmetered Scattered Load	0	0.0%	0
Street Lighting	2,532,128	1.0%	0
Embedded Distributor	0	0.0%	0
	<b>254,983,096</b>	<b>100.0%</b>	<b>0</b>

<sup>1</sup> RSVA - Power (Global Adjustment Sub-account)



**Name of LDC:** Woodstock Hydro Services Inc.  
**File Number:** EB-2009-0211  
**Effective Date:** May 1, 2010

## Cost Allocation - 1590

Rate Class	1590 Recovery Share Proportion	1590
Residential	25.6%	8,984
General Service Less Than 50 kW	11.0%	3,864
General Service 50 to 999 kW	36.8%	12,900
General Service 1,000 to 4,999 kW	26.0%	9,117
Unmetered Scattered Load	0.0%	7
Street Lighting	0.6%	213
Embedded Distributor	0.0%	0
	<b>100.0%</b>	<b>35,085</b>



**Name of LDC:** Woodstock Hydro Services Inc.  
**File Number:** EB-2009-0211  
**Effective Date:** May 1, 2010

## Cost Allocation - 1595

Rate Class	1595 Recovery Share Proportion	1595
Residential	0.0%	0
General Service Less Than 50 kW	0.0%	0
General Service 50 to 999 kW	0.0%	0
General Service 1,000 to 4,999 kW	0.0%	0
Unmetered Scattered Load	0.0%	0
Street Lighting	0.0%	0
Embedded Distributor	0.0%	0
	<b>0.0%</b>	<b>0</b>

-



Name of LDC: Woodstock Hydro Services Inc.  
 File Number: EB-2009-0211  
 Effective Date: May 1, 2010

## Calculation of Regulatory Asset Recovery Rate Rider

Rate Rider Recovery Period - Years

Four

Rate Rider Effective To Date

April 30, 2014

Rate Class	Vol Metric	Billed kWh A	Billed kW B	kWh C	Non-RPP D	1590 E	1595 F	Total G = C + D + E + F	Rate Rider kWh H = G / A (kWh) or H = G / B (kW)
Residential	kWh	110,536,185	0	(642,965 )	0	8,984	0	(633,981 )	(0.00143)
General Service Less Than 50 kW	kWh	46,728,002	0	(271,807 )	0	3,864	0	(267,942 )	(0.00143)
General Service 50 to 999 kW	kW	148,692,671	392,866	(864,913 )	0	12,900	0	(852,013 )	(0.54218)
General Service 1,000 to 4,999 kW	kW	99,682,543	218,775	(579,832 )	0	9,117	0	(570,715 )	(0.65217)
Unmetered Scattered Load	kWh	0	0	0	0	7	0	7	0.00000
Street Lighting	kW	2,584,450	7,089	(15,033 )	0	213	0	(14,820 )	(0.52266)
Embedded Distributor	kW	0	0	0	0	0	0	0	0.00000
		<u>408,223,851</u>	<u>618,730</u>	<u>(2,374,550 )</u>	<u>0</u>	<u>35,085</u>	<u>0</u>	<u>(2,339,464 )</u>	

Enter the above value onto Sheet  
 "J2.1 DeferralAccount Rate Rider"  
 of the 2010 OEB IRM2 Rate Generator  
 "J2.5 DeferralAccount Rate Rider2"  
 of the 2010 OEB IRM3 Rate Generator



**Name of LDC:** Woodstock Hydro Services Inc.  
**File Number:** EB-2009-0211  
**Effective Date:** May 1, 2010

## Request for Clearance of Deferral and Variance Accounts

Account Description	Account Number	Principal Amounts A	Interest Amounts B	Total Claim C = A + B
LV Variance Account	1550	0	0	0
RSVA - Wholesale Market Service Charge	1580	1,102,046	80,182	1,182,229
RSVA - Retail Transmission Network Charge	1584	257,946	6,521	264,467
RSVA - Retail Transmission Connection Charge	1586	(5,270 )	(3,583 )	(8,853 )
RSVA - Power (Excluding Global Adjustment)	1588	857,641	79,065	936,707
RSVA - Power (Global Adjustment Sub-account)	1588	0	0	0
Recovery of Regulatory Asset Balances	1590	223,303	(258,388 )	(35,085 )
Disposition and recovery of Regulatory Balances Account	1595	(2,435,667 )	96,203	(2,339,464 )
	Total	0	0	0

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**APPENDIX C**

**2011 REGULATORY ASSET CONTINUITY SCHEDULE**

**SHEET 1 - Regulatory Assets - Continuity Schedule**

NAME OF UTILITY	Woodstock Hydro Services Inc	LICENCE NUMBER	ED-2003-0011
NAME OF CONTACT	Patricia Eitel	DOCID NUMBER	EB-2010-0145
E-mail Address	peitel@woodstockhydro.com		
VERSION NUMBER	v8.0	PHONE NUMBER	519-537-7172
Date	24-Sep-10	(extension)	240

Enter appropriate data in cells which are highlighted in yellow only.  
 Enter the total applied for Regulatory Asset amounts for each account in the appropriate cells below:  
 Debits should be recorded as positive numbers and credits should be recorded as negative numbers.  
 Repeat cells going across as necessary for each year in application  
 If account balances have been disposed in a previous application, for applicable accounts, fill out the Continuity Schedule from the date of last disposition.

2005										
Account Number	Opening Principal Amounts as of Jan-1-05 <sup>1</sup>	Transactions (additions) during 2005, excluding interest and adjustments <sup>6</sup>	Transactions (reductions) during 2005, excluding interest and adjustments <sup>6</sup>	Adjustments during 2005 - instructed by Board <sup>2, 2A</sup>	Adjustments during 2005 - other <sup>3</sup>	Closing Principal Balance as of Dec-31-05	Opening Interest Amounts as of Jan-1-05	Interest Jan-1 to Dec31-05	Closing Interest Amounts as of Dec-31-05	
<b>Account Description</b>										
<b>Group 1 Accounts</b>										
Low Voltage Account	1550					\$ -			\$ -	
RSVA - Wholesale Market Service Charge	1580					\$ -			\$ -	
RSVA - Retail Transmission Network Charge	1584					\$ -			\$ -	
RSVA - Retail Transmission Connection Charge	1586					\$ -			\$ -	
RSVA - Power (excluding Global Adjustment)	1588					\$ -			\$ -	
RSVA - Power - Sub-Account - Global Adjustment	1588					\$ -			\$ -	
Recovery of Regulatory Asset Balances	1590					\$ -			\$ -	
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595					\$ -			\$ -	
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Group 2 Accounts</b>										
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 17,604	\$ 31,132			\$ 48,736	\$ 253	\$ 1,746	\$ 1,999	
Other Regulatory Assets - Sub-Account - Pension Contributions	1508		\$ 138,150			\$ 138,150		\$ 2,375	\$ 2,375	
Other Regulatory Assets - Sub-Account Deferred IFRS Transition Costs	1508					\$ -			\$ -	
Retail Cost Variance Account - Retail	1518					\$ -			\$ -	
MEI Special Purpose Charge Assessment	1521									
Retail Cost Variance Account - STR	1548					\$ -			\$ -	
Misc. Deferred Debits	1525					\$ -			\$ -	
LV Variance Account	1550					\$ -			\$ -	
Renewable Connection Capital Deferral Account	1531									
Renewable Connection OM&A Deferral Account	1532									
Smart Grid Capital Deferral Account	1534									
Smart Grid OM&A Deferral Account	1535									
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555					\$ -			\$ -	
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555					\$ -			\$ -	
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter (	1555					\$ -			\$ -	
Smart Meter OM&A Variance	1556					\$ -			\$ -	
Conservation and Demand Management Expenditures and Recoveries	1565	\$ 556	\$ 44,882	\$ (367,570)		\$ (322,132)			\$ -	
CDM Contra	1566		\$ 349,866	\$ (27,733)		\$ 322,132			\$ -	
Qualifying Transition Costs <sup>5</sup>	1570		n/a	n/a		\$ -			\$ -	
Pre-Market Opening Energy Variances Total <sup>5</sup>	1571		n/a	n/a		\$ -			\$ -	
Extra-Ordinary Event Costs	1572					\$ -			\$ -	
Deferred Rate Impact Amounts	1574					\$ -			\$ -	
RSVA - One-time Wholesale Market Service	1582	\$ 83,892	\$ 119,730			\$ 203,622	\$ 3,588	\$ 9,522	\$ 13,110	
Other Deferred Credits	2425	\$ (255,601)		\$ (55,833)		\$ (311,434)			\$ -	
<b>Group 2 Sub-Total</b>		\$ (153,549)	\$ 683,759	\$ (451,136)	\$ -	\$ 79,074	\$ 3,841	\$ 13,643	\$ 17,484	
Deferred Payments in Lieu of Taxes	1562									
2006 PILs & Taxes Variance	1592									
<b>Sub-total</b>										
<b>Total</b>		\$ (153,549)	\$ 683,759	\$ (451,136)	\$ -	\$ 79,074	\$ 3,841	\$ 13,643	\$ 17,484	
<b>The following is not included in the total claim but are included on a memo basis:</b>										
Deferred PILs Contra Account <sup>9</sup>	1563									
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595									

**SHEET 1 - Regulatory Assets - Continuity Schedule**

NAME OF UTILITY **Woodstock Hydro Service**  
 NAME OF CONTACT **Patricia Eitel**  
 E-mail Address **peitel@woodstockhydro.com**  
 VERSION NUMBER **v8.0**  
 Date **24-Sep-10**

2006												
Account Description	Account Number	Opening Principal Amounts as of Jan-1-06	Transactions (additions) during 2006, excluding interest and adjustments <sup>6</sup>	Transactions (reductions) during 2006, excluding interest and adjustments <sup>6</sup>	Adjustments during 2006 - instructed by Board <sup>2, 2A</sup>	Adjustments during 2006 - other <sup>3</sup>	Transfer of Board approved amounts to 1590 as per 2006 EDR	Closing Principal Balance as of Dec-31-06	Opening Interest Amounts as of Jan-1-06	Interest Jan-1 to Dec31-06	Transfer of Board-approved amounts to 1590 as per 2006 EDR	Closing Interest Amounts as of Dec-31-06
<b>Group 1 Accounts</b>												
Low Voltage Account	1550	\$ -						\$ -	\$ -			\$ -
RSVA - Wholesale Market Service Charge	1580	\$ -						\$ -	\$ -			\$ -
RSVA - Retail Transmission Network Charge	1584	\$ -						\$ -	\$ -			\$ -
RSVA - Retail Transmission Connection Charge	1586	\$ -						\$ -	\$ -			\$ -
RSVA - Power (excluding Global Adjustment)	1588	\$ -						\$ -	\$ -			\$ -
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -						\$ -	\$ -			\$ -
Recovery of Regulatory Asset Balances	1590	\$ -						\$ -	\$ -			\$ -
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595	\$ -						\$ -	\$ -			\$ -
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Group 2 Accounts</b>												
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 48,736	\$ 2,751				\$ (17,604)	\$ 33,883	\$ 1,999	\$ 1,970	\$ (1,602)	\$ 2,367
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$ 138,150	\$ 45,937					\$ 184,087	\$ 2,375	\$ 7,541		\$ 9,916
Other Regulatory Assets - Sub-Account Deferred IFRS Transition Costs	1508	\$ -						\$ -	\$ -			\$ -
Retail Cost Variance Account - Retail	1518	\$ -						\$ -	\$ -			\$ -
MEI Special Purpose Charge Assessment	1521	\$ -						\$ -	\$ -			\$ -
Retail Cost Variance Account - STR	1548	\$ -						\$ -	\$ -			\$ -
Misc. Deferred Debits	1525	\$ -						\$ -	\$ -			\$ -
LV Variance Account	1550	\$ -						\$ -	\$ -			\$ -
Renewable Connection Capital Deferral Account	1531	\$ -						\$ -	\$ -			\$ -
Renewable Connection OM&A Deferral Account	1532	\$ -						\$ -	\$ -			\$ -
Smart Grid Capital Deferral Account	1534	\$ -						\$ -	\$ -			\$ -
Smart Grid OM&A Deferral Account	1535	\$ -						\$ -	\$ -			\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	\$ -						\$ -	\$ -			\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	\$ -						\$ -	\$ -			\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter (	1555	\$ -						\$ -	\$ -			\$ -
Smart Meter OM&A Variance	1556	\$ -						\$ -	\$ -			\$ -
Conservation and Demand Management Expenditures and Recoveries	1565	\$ (322,132)	\$ 311,925	\$ (81,744)				\$ (91,952)	\$ -			\$ -
CDM Contra	1566	\$ 322,132	\$ 73,240	\$ (303,421)				\$ 91,952	\$ -			\$ -
Qualifying Transition Costs <sup>5</sup>	1570	\$ -	n/a	n/a				\$ -	\$ -			\$ -
Pre-Market Opening Energy Variances Total <sup>5</sup>	1571	\$ -	n/a	n/a				\$ -	\$ -			\$ -
Extra-Ordinary Event Costs	1572	\$ -						\$ -	\$ -			\$ -
Deferred Rate Impact Amounts	1574	\$ -						\$ -	\$ -			\$ -
RSVA - One-time Wholesale Market Service	1582	\$ 203,622					\$ (83,892)	\$ 119,730	\$ 13,110	\$ 9,093	\$ (11,697)	\$ 10,505
Other Deferred Credits	2425	\$ (311,434)	\$ 158,163	\$ (180,637)				\$ (333,908)	\$ -			\$ -
<b>Group 2 Sub-Total</b>		\$ 79,074	\$ 592,016	\$ (565,802)	\$ -	\$ -	\$ (101,496)	\$ 3,792	\$ 17,484	\$ 18,604	\$ (13,299)	\$ 22,788
Deferred Payments in Lieu of Taxes	1562											
2006 PILs & Taxes Variance	1592											
<b>Sub-total</b>												
<b>Total</b>		\$ 79,074	\$ 592,016	\$ (565,802)	\$ -	\$ -	\$ (101,496)	\$ 3,792	\$ 17,484	\$ 18,604	\$ (13,299)	\$ 22,788
<b>The following is not included in the total claim but are included on a memo basis:</b>												
Deferred PILs Contra Account <sup>9</sup>	1563											
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595											

**SHEET 1 - Regulatory Assets - Continuity Schedule**

**NAME OF UTILITY** Woodstock Hydro Service  
**NAME OF CONTACT** Patricia Eitel  
**E-mail Address** peitel@woodstockhydro.com  
**VERSION NUMBER** v8.0  
**Date** 24-Sep-10

2007										
Account Description	Account Number	Opening Principal Amounts as of Jan-1-07	Transactions (additions) during 2007, excluding interest and adjustments <sup>6</sup>	Transactions (reductions) during 2007, excluding interest and adjustments <sup>6</sup>	Adjustments during 2007 - instructed by Board <sup>2, 2A</sup>	Adjustments during 2007 - other <sup>3</sup>	Closing Principal Balance as of Dec-31-07	Opening Interest Amounts as of Jan-1-07	Interest Jan-1 to Dec31-07	Closing Interest Amounts as of Dec-31-07
<b>Group 1 Accounts</b>										
Low Voltage Account	1550	\$ -					\$ -	\$ -		\$ -
RSVA - Wholesale Market Service Charge	1580	\$ -					\$ -	\$ -		\$ -
RSVA - Retail Transmission Network Charge	1584	\$ -					\$ -	\$ -		\$ -
RSVA - Retail Transmission Connection Charge	1586	\$ -					\$ -	\$ -		\$ -
RSVA - Power (excluding Global Adjustment)	1588	\$ -					\$ -	\$ -		\$ -
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -					\$ -	\$ -		\$ -
Recovery of Regulatory Asset Balances	1590	\$ -					\$ -	\$ -		\$ -
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595	\$ -					\$ -	\$ -		\$ -
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Group 2 Accounts</b>										
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 33,883					\$ 33,883	\$ 2,367	\$ 1,602	\$ 3,969
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$ 184,087					\$ 184,087	\$ 9,916	\$ 8,705	\$ 18,621
Other Regulatory Assets - Sub-Account Deferred IFRS Transition Costs	1508	\$ -					\$ -	\$ -		\$ -
Retail Cost Variance Account - Retail	1518	\$ -					\$ -	\$ -		\$ -
MEI Special Purpose Charge Assessment	1521	\$ -					\$ -	\$ -		\$ -
Retail Cost Variance Account - STR	1548	\$ -					\$ -	\$ -		\$ -
Misc. Deferred Debits	1525	\$ -					\$ -	\$ -		\$ -
LV Variance Account	1550	\$ -					\$ -	\$ -		\$ -
Renewable Connection Capital Deferral Account	1531	\$ -					\$ -	\$ -		\$ -
Renewable Connection OM&A Deferral Account	1532	\$ -					\$ -	\$ -		\$ -
Smart Grid Capital Deferral Account	1534	\$ -					\$ -	\$ -		\$ -
Smart Grid OM&A Deferral Account	1535	\$ -					\$ -	\$ -		\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	\$ -					\$ -	\$ -		\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	\$ -					\$ -	\$ -		\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter (	1555	\$ -					\$ -	\$ -		\$ -
Smart Meter OM&A Variance	1556	\$ -					\$ -	\$ -		\$ -
Conservation and Demand Management Expenditures and Recoveries	1565	\$ (91,952)	\$ 404,877	\$ (317,193)			\$ (4,268)	\$ -	\$ -	\$ -
CDM Contra	1566	\$ 91,952	\$ 6,534	\$ (94,218)			\$ 4,268	\$ -	\$ -	\$ -
Qualifying Transition Costs <sup>5</sup>	1570	\$ -	n/a	n/a			\$ -	\$ -		\$ -
Pre-Market Opening Energy Variances Total <sup>5</sup>	1571	\$ -	n/a	n/a			\$ -	\$ -		\$ -
Extra-Ordinary Event Costs	1572	\$ -					\$ -	\$ -		\$ -
Deferred Rate Impact Amounts	1574	\$ -					\$ -	\$ -		\$ -
RSVA - One-time Wholesale Market Service	1582	\$ 119,730					\$ 119,730	\$ 10,505	\$ 5,662	\$ 16,167
Other Deferred Credits	2425	\$ (333,908)	\$ 108,925	\$ (391,100)			\$ (616,083)	\$ -	\$ -	\$ -
<b>Group 2 Sub-Total</b>		\$ 3,792	\$ 520,336	\$ (802,510)	\$ -	\$ -	\$ (278,383)	\$ 22,788	\$ 15,969	\$ 38,757
Deferred Payments in Lieu of Taxes	1562				see PILs reconciliation requested					
2006 PILs & Taxes Variance	1592				see PILs reconciliation requested					
<b>Sub-total</b>					see PILs reconciliation requested					
<b>Total</b>		\$ 3,792	\$ 520,336	\$ (802,510)	\$ -	\$ -	\$ (278,383)	\$ 22,788	\$ 15,969	\$ 38,757
<b>The following is not included in the total claim but are included on a memo basis:</b>										
Deferred PILs Contra Account <sup>6</sup>	1563				see PILs reconciliation requested					
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595				see PILs reconciliation requested					

**SHEET 1 - Regulatory Assets - Continuity Schedule**

NAME OF UTILITY **Woodstock Hydro Service**  
 NAME OF CONTACT **Patricia Eitel**  
 E-mail Address **peitel@woodstockhydro.com**  
 VERSION NUMBER **v8.0**  
 Date **24-Sep-10**

2008										
Account Description	Account Number	Opening Principal Amounts as of Jan-1-08	Transactions (additions) during 2008, excluding interest and adjustments <sup>6</sup>	Transactions (reductions) during 2008, excluding interest and adjustments <sup>6</sup>	Adjustments during 2008 - instructed by Board <sup>2, 2A</sup>	Adjustments during 2008 - other <sup>3</sup>	Closing Principal Balance as of Dec-31-08	Opening Interest Amounts as of Jan-1-08	Interest Jan-1 to Dec31-08	Closing Interest Amounts as of Dec-31-08
<b>Group 1 Accounts</b>										
Low Voltage Account	1550	\$ -					\$ -	\$ -		\$ -
RSVA - Wholesale Market Service Charge	1580	\$ -					\$ -	\$ -		\$ -
RSVA - Retail Transmission Network Charge	1584	\$ -					\$ -	\$ -		\$ -
RSVA - Retail Transmission Connection Charge	1586	\$ -					\$ -	\$ -		\$ -
RSVA - Power (excluding Global Adjustment)	1588	\$ -					\$ -	\$ -		\$ -
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -					\$ -	\$ -		\$ -
Recovery of Regulatory Asset Balances	1590	\$ -					\$ -	\$ -		\$ -
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595	\$ -					\$ -	\$ -		\$ -
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	\$ -	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Group 2 Accounts</b>										
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 33,883					\$ 33,883	\$ 3,969	\$ 1,351	\$ 5,320
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$ 184,087					\$ 184,087	\$ 18,621	\$ 7,340	\$ 25,961
Other Regulatory Assets - Sub-Account Deferred IFRS Transition Costs	1508	\$ -					\$ -	\$ -		\$ -
Retail Cost Variance Account - Retail	1518	\$ -					\$ -	\$ -		\$ -
MEI Special Purpose Charge Assessment	1521	\$ -					\$ -	\$ -		\$ -
Retail Cost Variance Account - STR	1548	\$ -					\$ -	\$ -		\$ -
Misc. Deferred Debits	1525	\$ -					\$ -	\$ -		\$ -
LV Variance Account	1550	\$ -					\$ -	\$ -		\$ -
Renewable Connection Capital Deferral Account	1531	\$ -					\$ -	\$ -		\$ -
Renewable Connection OM&A Deferral Account	1532	\$ -					\$ -	\$ -		\$ -
Smart Grid Capital Deferral Account	1534	\$ -					\$ -	\$ -		\$ -
Smart Grid OM&A Deferral Account	1535	\$ -					\$ -	\$ -		\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	\$ -					\$ -	\$ -		\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	\$ -					\$ -	\$ -		\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter (	1555	\$ -					\$ -	\$ -		\$ -
Smart Meter OM&A Variance	1556	\$ -					\$ -	\$ -		\$ -
Conservation and Demand Management Expenditures and Recoveries	1565	\$ (4,268)	\$ 399,442	\$ (395,174)			\$ 0	\$ -		\$ -
CDM Contra	1566	\$ 4,268	\$ 11,748	\$ (16,016)			\$ 0	\$ -		\$ -
Qualifying Transition Costs <sup>5</sup>	1570	\$ -	n/a	n/a			\$ -	\$ -		\$ -
Pre-Market Opening Energy Variances Total <sup>5</sup>	1571	\$ -	n/a	n/a			\$ -	\$ -		\$ -
Extra-Ordinary Event Costs	1572	\$ -					\$ -	\$ -		\$ -
Deferred Rate Impact Amounts	1574	\$ -					\$ -	\$ -		\$ -
RSVA - One-time Wholesale Market Service	1582	\$ 119,730					\$ 119,730	\$ 16,167	\$ 4,770	\$ 20,937
Other Deferred Credits	2425	\$ (616,083)	\$ 503,904	\$ (388,444)			\$ (500,622)	\$ -		\$ -
<b>Group 2 Sub-Total</b>		\$ (278,383)	\$ 915,094	\$ (799,634)	\$ -	\$ -	\$ (162,923)	\$ 38,757	\$ 13,461	\$ 52,219
Deferred Payments in Lieu of Taxes	1562				see PILs reconciliation requested					
2006 PILs & Taxes Variance	1592				see PILs reconciliation requested					
<b>Sub-total</b>					see PILs reconciliation requested					
<b>Total</b>		\$ (278,383)	\$ 915,094	\$ (799,634)	\$ -	\$ -	\$ (162,923)	\$ 38,757	\$ 13,461	\$ 52,219
<b>The following is not included in the total claim but are included on a memo basis:</b>										
Deferred PILs Contra Account <sup>6</sup>	1563				see PILs reconciliation requested					
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595				see PILs reconciliation requested					

**SHEET 1 - Regulatory Assets - Continuity Schedule**

**NAME OF UTILITY** Woodstock Hydro Service;  
**NAME OF CONTACT** Patricia Eitel  
**E-mail Address** peitel@woodstockhydro.com  
**VERSION NUMBER** v8.0  
**Date** 24-Sep-10

2009										
Account Description	Account Number	Opening Principal Amounts as of Jan-1-09	Transactions (additions) during 2009, excluding interest and adjustments <sup>6</sup>	Transactions (reductions) during 2009, excluding interest and adjustments <sup>6</sup>	Adjustments during 2009 - instructed by Board <sup>2, 2A</sup>	Adjustments during 2009 - other <sup>3</sup>	Closing Principal Balance as of Dec-31-09	Opening Interest Amounts as of Jan-1-09	Interest Jan-1 to Dec31-09	Closing Interest Amounts as of Dec-31-09
<b>Group 1 Accounts</b>										
Low Voltage Account	1550	\$ -					\$ -	\$ -		\$ -
RSVA - Wholesale Market Service Charge	1580	\$ -	\$ (97,952)				\$ (97,952)	\$ -	\$ (12,922)	\$ (12,922)
RSVA - Retail Transmission Network Charge	1584	\$ -	\$ (126,173)				\$ (126,173)	\$ -	\$ (3,170)	\$ (3,170)
RSVA - Retail Transmission Connection Charge	1586	\$ -	\$ (51,181)				\$ (51,181)	\$ -	\$ (141)	\$ (141)
RSVA - Power (excluding Global Adjustment)	1588	\$ -	\$ (29,125)				\$ (29,125)	\$ -	\$ (14,534)	\$ (14,534)
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ -	\$ 12,841				\$ 12,841	\$ -	\$ 8,534	\$ 8,534
Recovery of Regulatory Asset Balances	1590	\$ -					\$ -	\$ -	\$ 588	\$ 588
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595	\$ -					\$ -	\$ -		\$ -
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		\$ -	\$ (291,591)		\$ -	\$ -	\$ (291,591)	\$ -	\$ (21,645)	\$ (21,645)
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		\$ -	\$ (304,432)		\$ -	\$ -	\$ (304,432)	\$ -	\$ (30,179)	\$ (30,179)
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	\$ -	\$ 12,841		\$ -	\$ -	\$ 12,841	\$ -	\$ 8,534	\$ 8,534
<b>Group 2 Accounts</b>										
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 33,883					\$ 33,883	\$ 5,320	\$ 383	\$ 5,703
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$ 184,087					\$ 184,087	\$ 25,961	\$ 2,081	\$ 28,043
Other Regulatory Assets - Sub-Account Deferred IFRS Transition Costs	1508	\$ -					\$ -	\$ -		\$ -
Retail Cost Variance Account - Retail	1518	\$ -					\$ -	\$ -		\$ -
MEI Special Purpose Charge Assessment	1521	\$ -					\$ -	\$ -		\$ -
Retail Cost Variance Account - STR	1548	\$ -					\$ -	\$ -		\$ -
Misc. Deferred Debits	1525	\$ -					\$ -	\$ -		\$ -
LV Variance Account	1550	\$ -					\$ -	\$ -		\$ -
Renewable Connection Capital Deferral Account	1531	\$ -					\$ -	\$ -		\$ -
Renewable Connection OM&A Deferral Account	1532	\$ -					\$ -	\$ -		\$ -
Smart Grid Capital Deferral Account	1534	\$ -					\$ -	\$ -		\$ -
Smart Grid OM&A Deferral Account	1535	\$ -					\$ -	\$ -		\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	\$ -					\$ -	\$ -		\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	\$ -					\$ -	\$ -		\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter (	1555	\$ -					\$ -	\$ -		\$ -
Smart Meter OM&A Variance	1556	\$ -					\$ -	\$ -		\$ -
Conservation and Demand Management Expenditures and Recoveries	1565	\$ 0					\$ 0	\$ -		\$ -
CDM Contra	1566	\$ 0					\$ 0	\$ -		\$ -
Qualifying Transition Costs <sup>5</sup>	1570	\$ -	n/a	n/a			\$ -	\$ -		\$ -
Pre-Market Opening Energy Variances Total <sup>5</sup>	1571	\$ -	n/a	n/a			\$ -	\$ -		\$ -
Extra-Ordinary Event Costs	1572	\$ -					\$ -	\$ -		\$ -
Deferred Rate Impact Amounts	1574	\$ -					\$ -	\$ -		\$ -
RSVA - One-time Wholesale Market Service	1582	\$ 119,730					\$ 119,730	\$ 20,937	\$ 1,354	\$ 22,291
Other Deferred Credits	2425	\$ (500,622)	\$ 574,177	\$ (73,555)			\$ (0)	\$ -		\$ -
<b>Group 2 Sub-Total</b>		\$ (162,923)	\$ 574,177	\$ (73,555)	\$ -	\$ -	\$ 337,700	\$ 52,219	\$ 3,818	\$ 56,037
Deferred Payments in Lieu of Taxes	1562									
2006 PILs & Taxes Variance	1592									
<b>Sub-total</b>										
<b>Total</b>		\$ (162,923)	\$ 282,586	\$ (73,555)	\$ -	\$ -	\$ 46,109	\$ 52,219	\$ (17,827)	\$ 34,392
<b>The following is not included in the total claim but are included on a memo basis:</b>										
Deferred PILs Contra Account <sup>6</sup>	1563									
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595									

**SHEET 1 - Regulatory Assets - Continuity Schedule**

**NAME OF UTILITY** Woodstock Hydro Service  
**NAME OF CONTACT** Patricia Eitel  
**E-mail Address** peitel@woodstockhydro.com  
**VERSION NUMBER** v8.0  
**Date** 24-Sep-10

Account Description	Account Number	Projected Interest on Dec 31 -09 balance from Jan 1, 2010 to Dec 31, 2010 <sup>9</sup>	Projected Interest on Dec 31 -09 balance from Jan 1, 2011 to April 30, 2011 <sup>9,10</sup>	Total Claim before Forecasted Transactions in 2010 and 2011	Optional				
					Forecasted Transactions, Excluding Interest from Jan 1, 2010 to Dec 31, 2010	Forecasted Transactions, Excluding Interest from Jan 1, 2011 to April 30, 2011 <sup>10</sup>	Projected Interest from Jan 1, 2010 to April 30, 2011 on Forecasted Transactions (Excl Interest) from Jan 1, 2010 to Dec 31, 2010	Projected Interest from Jan 1, 2011 to April 30, 2011 on Forecasted Transactions (Excl Interest) from Jan 1, 2011 to Apr 30, 2011 <sup>10</sup>	Forecasted Transactions in 2010 and 2011, not included in Total Claim
<b>Group 1 Accounts</b>									
Low Voltage Account	1550			\$ -					\$ -
RSVA - Wholesale Market Service Charge	1580	\$ (872)	\$ (291)	\$ (112,037)					\$ -
RSVA - Retail Transmission Network Charge	1584	\$ (1,123)	\$ (374)	\$ (130,841)					\$ -
RSVA - Retail Transmission Connection Charge	1586	\$ (456)	\$ (152)	\$ (51,929)					\$ -
RSVA - Power (excluding Global Adjustment)	1588	\$ (259)	\$ (86)	\$ (44,005)					\$ -
RSVA - Power - Sub-Account - Global Adjustment	1588	\$ 114	\$ 38	\$ 21,527					\$ -
Recovery of Regulatory Asset Balances	1590	\$ -	\$ -	\$ 588					\$ -
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595			\$ -					\$ -
<b>Group 1 Sub-Total (including Account 1588 - Global Adjustment)</b>		\$ (2,595)	\$ (865)	\$ (316,697)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Group 1 Sub-Total (excluding Account 1588 - Global Adjustment)</b>		\$ (2,709)	\$ (903)	\$ (338,224)	\$ -	\$ -	\$ -	\$ -	\$ -
<b>RSVA - Power - Sub-Account - Global Adjustment</b>	<b>1588</b>	\$ 114	\$ 38	\$ 21,527	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Group 2 Accounts</b>									
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	\$ 302	\$ 101	\$ 39,988	\$ -	\$ -	\$ -	\$ -	\$ -
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	\$ 1,638	\$ 546	\$ 214,314	\$ -	\$ -	\$ -	\$ -	\$ -
Other Regulatory Assets - Sub-Account Deferred IFRS Transition Costs	1508	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retail Cost Variance Account - Retail	1518			\$ -					\$ -
MEI Special Purpose Charge Assessment	1521			\$ -			\$ -	\$ -	\$ -
Retail Cost Variance Account - STR	1548			\$ -					\$ -
Misc. Deferred Debits	1525			\$ -					\$ -
LV Variance Account	1550			\$ -					\$ -
Renewable Connection Capital Deferral Account	1531			\$ -					\$ -
Renewable Connection OM&A Deferral Account	1532	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
Smart Grid Capital Deferral Account	1534			\$ -					\$ -
Smart Grid OM&A Deferral Account	1535			\$ -					\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Capital	1555	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Recoveries	1555	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
Smart Meter Capital and Recovery Offset Variance - Sub-Account - Stranded Meter (	1555	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
Smart Meter OM&A Variance	1556	\$ -	\$ -	\$ -			\$ -	\$ -	\$ -
Conservation and Demand Management Expenditures and Recoveries	1565			\$ 0					\$ -
CDM Contra	1566			\$ 0					\$ -
Qualifying Transition Costs <sup>5</sup>	1570			\$ -					\$ -
Pre-Market Opening Energy Variances Total <sup>5</sup>	1571			\$ -					\$ -
Extra-Ordinary Event Costs	1572			\$ -					\$ -
Deferred Rate Impact Amounts	1574			\$ -					\$ -
RSVA - One-time Wholesale Market Service	1582	\$ 1,066	\$ 355	\$ 143,442					\$ -
Other Deferred Credits	2425			\$ (0)					\$ -
<b>Group 2 Sub-Total</b>		\$ 3,006	\$ 1,002	\$ 397,744	\$ -	\$ -	\$ -	\$ -	\$ -
Deferred Payments in Lieu of Taxes	1562			\$ 305,298					\$ -
2006 PILs & Taxes Variance	1592			\$ -					\$ -
<b>Sub-total</b>				\$ 305,298					\$ -
<b>Total</b>		\$ 410	\$ 137	\$ 81,047	\$ -	\$ -	\$ -	\$ -	\$ -
<b>The following is not included in the total claim but are included on a memo basis:</b>									
Deferred PILs Contra Account <sup>6</sup>	1563			\$ -					\$ -
Disposition and Recovery of Regulatory Balances <sup>10</sup>	1595			\$ -					\$ -

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**APPENDIX D**

**AUDITORS REPORT ON SMART METER BALANCES**

**AS OF DECEMBER 31, 2009**

**ACCOUNT 1555 AND 1556**



Tel: 519 539 2081  
Fax: 519 539 2571  
www.bdo.ca

BDO Canada LLP  
94 Graham Street  
Woodstock Ontario N4S 6J7 Canada

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## Auditors' Report

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To the Ontario Energy Board (OEB)

At the request of Woodstock Hydro Services Inc., we have audited the 2009 actual total capital costs and total OM&A costs included in Table 9-20: Summary of Smart Meter Costs included in Exhibit 9, Tab 4, Schedule 3. We have also audited the smart meter implementation percentage as at December 31, 2009 as shown in Exhibit 9, Tab 4, Schedule 1. The financial information has been prepared in accordance with guidelines established by the OEB and is the responsibility of the management of Woodstock Hydro Services Inc. Our responsibility is to express an opinion on this financial information based on our audit.

Our audit was conducted 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 information is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, the costs included in Table 9-20 present fairly, in all material respects, the costs incurred by the company as at December 31, 2009 in accordance with the accounting guidelines established by the OEB. Also, the percentage of smart meters installed presents fairly, in all material respects, an accurate representation of percentage of smart meters installed at as December 31, 2009.

*BDO Canada LLP*

Chartered Accountants, Licensed Public Accountants

Woodstock, Ontario  
July 14, 2010

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**APPENDIX E**

**SMART METER COST RECOVERY MODEL**

<b>Rate Rider to Recover Smart Meter Costs</b>	
Revenue Requirement 2009	\$ 205,668
Revenue Requirement 2010	\$ 234,433
<b>Revenue Requirement Total</b>	<b>\$ 463,068</b>
Smart Meter Rate Adder	\$ (240,317)
Carrying Cost	\$ (4,857)
<b>Smart Meter True-up</b>	<b>\$ 217,894</b>
*Metered Customers	15,156
<i>*average metered customers per 2011 load forecast</i>	
<b>Rate Rider to Recover Smart Meter Costs</b>	<b>\$ 1.20</b>
<i>Recovery period May 1, 2011 to April 30, 2012</i>	

2011 Addition to Rate Base

Fixed Assets

Smart Meters installed in 2007	\$ 103,308
Smart Meters installed in 2009	\$ 1,384,779
Computer Hardware and Software	\$ 57,952
	<u>\$ 1,546,040</u>

Accumulated Depreciation

Smart Meters	-\$ 162,583
Computer Hardware and Software	-\$ 25,113
	<u>-\$ 187,696</u>

2011 Amortization Expense

Smart Meters	\$ 99,206
Computer Hardware and Software	\$ 19,317
	<u>\$ 118,523</u>

**Incremental Revenue Requirement Calculation**

	<b>2009</b>		2009		2010		2011
Net Fixed Assets			\$ 784,922		\$ 1,417,606		\$ 1,299,082
OM&A	\$ -		\$82,910	\$ -		\$ -	
WCA	15%	15%	\$ 12,437	15%	\$ -	15%	\$ -
Rate Base			\$ 797,359		\$ 1,417,606		\$ 1,299,082
Deemed ST Debt	4%	4%	\$ 31,894	4%	\$ 56,704	4%	\$ 51,963
Deemed LT Debt	56%	56%	\$ 446,521	56%	\$ 793,859	56%	\$ 727,486
Deemed Equity	40%	40%	\$ 318,944	40%	\$ 567,042	40%	\$ 519,633
ST Interest	2.07%	2.07%	\$ 660	2.07%	\$ 1,174	2.07%	\$ 1,076
LT Interest	5.13%	5.13%	\$ 22,907	5.13%	\$ 40,725	5.13%	\$ 37,320
ROE	9.85%	9.85%	\$ 31,416	9.85%	\$ 55,854	9.85%	\$ 51,184
			\$ 54,983		\$ 97,752		\$ 89,580
OM&A			\$ 82,910		\$ -		\$ -
Amortization			\$ 58,842		\$ 118,523		\$ 118,523
Grossed-up PILs			\$ 8,934		\$ 18,157		\$ 21,768
Revenue Requirement			\$ 205,668		\$ 234,433		\$ 229,871

# PILs Calculation

	2009	2010	2011
	Actual	Forecasted	Forecasted
<b>INCOME TAX</b>			
Net Income	\$ 31,416	\$ 55,854	\$ 51,184
Amortization	\$ 58,842	\$ 118,523	\$ 118,523
CCA	-\$ 78,627	-\$ 136,175	-\$ 114,420
Change in taxable income	\$ 11,630	\$ 38,202	\$ 55,287
Tax Rate	33.00%	31.00%	28.25%
Income Taxes Payable	\$ 3,838	\$ 11,843	\$ 15,619

<b>ONTARIO CAPITAL TAX</b>			
Closing Net Fixed Assets	\$ 1,424,710	\$ 1,325,504	\$ 1,226,298
Less: Exemption	\$ -	\$ -	\$ -
Deemed Taxable Capital	\$ 1,424,710	\$ 1,325,504	\$ 1,226,298
Ontario Capital Tax Rate	0.225%	0.075%	0.000%
Net Amount (Taxable Capital x Rate)	\$ 3,205.60	\$ 994.13	\$ -

## Gross Up

	PILs Payable	PILs Payable	PILs Payable
Change in Income Taxes Payable	\$ 3,837.99	\$ 11,842.62	\$ 15,618.63
Change in OCT	\$ 3,205.60	\$ 994.13	\$ -
PIL's	\$ 7,043.59	\$ 12,836.75	\$ 15,618.63

	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs
Change in Income Taxes Payable	\$ 5,728.35	\$ 17,163.22	\$ 21,768.12
Change in OCT	\$ 3,205.60	\$ 994.13	\$ -
PIL's	\$ <b>8,933.95</b>	\$ <b>18,157.35</b>	\$ <b>21,768.12</b>

## Average Net Fixed Assets

### Net Fixed Assets

	2006	2007	2008	2009	2010	2011
	Actual	Actual	Actual	Actual	Forecasted	Forecasted
Opening Capital Investment	\$ -	\$ -	\$ 103,308	\$ 103,308	\$ 1,488,088	\$ 1,488,088
Capital Investment	\$ -	\$ 103,308	\$ -	\$ 1,384,779		
Closing Capital Investment	\$ -	\$ 103,308	\$ 103,308	\$ 1,488,088	\$ 1,488,088	\$ 1,488,088
Opening Accumulated Amortization	\$ -	\$ -	\$ 3,444	\$ 10,331	\$ 63,377	\$ 162,583
Amortization Year One	\$ -	\$ 3,444	\$ -	\$ 46,159	\$ -	\$ -
Amortization Thereafter	\$ -	\$ -	\$ 6,887	\$ 6,887	\$ 99,206	\$ 99,206
Closing Accumulated Amortization	\$ -	\$ 3,444	\$ 10,331	\$ 63,377	\$ 162,583	\$ 261,789
Opening Net Fixed Assets	\$ -	\$ -	\$ 99,865	\$ 92,978	\$ 1,424,710	\$ 1,325,504
Closing Net Fixed Assets	\$ -	\$ 99,865	\$ 92,978	\$ 1,424,710	\$ 1,325,504	\$ 1,226,298
Average Net Fixed Assets	\$ -	\$ 49,932	\$ 96,421	\$ 758,844	\$ 1,375,107	\$ 1,275,901

### Net Fixed Assets

	2006	2007	2008	2009	2010	2011
	Actual	Actual	Actual	Actual	Forecasted	Forecasted
Opening Capital Investment	\$ -	\$ -	\$ -	\$ -	\$ 57,952	\$ 57,952
Capital Investment	\$ -	\$ -	\$ -	\$ 57,952		
Closing Capital Investment	\$ -	\$ -	\$ -	\$ 57,952	\$ 57,952	\$ 57,952
Opening Accumulated Amortization	\$ -	\$ -	\$ -	\$ -	\$ 5,795	\$ 25,113
Amortization Year One	\$ -	\$ -	\$ -	\$ 5,795	\$ -	\$ -
Amortization Thereafter	\$ -	\$ -	\$ -	\$ -	\$ 19,317	\$ 19,317
Closing Accumulated Amortization	\$ -	\$ -	\$ -	\$ 5,795	\$ 25,113	\$ 44,430
Opening Net Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ 52,157	\$ 32,840
Closing Net Fixed Assets	\$ -	\$ -	\$ -	\$ 52,157	\$ 32,840	\$ 13,522
Average Net Fixed Assets	\$ -	\$ -	\$ -	\$ 26,079	\$ 42,498	\$ 23,181

\$ 1,442,731

## For PILs Calculation

### UCC

	2006	2007	2008	2009	2009	2009
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Opening UCC	\$ -	\$ -	\$ 99,176	\$ 91,242	\$ 1,413,331	\$ 1,300,264
Capital Additions	\$ -	\$ 103,308	\$ -	\$ 1,384,779	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ 103,308	\$ 99,176	\$ 1,476,021	\$ 1,413,331	\$ 1,300,264
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 51,654	\$ -	\$ 692,390	\$ -	\$ -
Reduced UCC	\$ -	\$ 51,654	\$ 99,176	\$ 783,632	\$ 1,413,331	\$ 1,300,264
CCA Rate Class	47					
CCA Rate	8%					
CCA	\$ -	\$ 4,132	\$ 7,934	\$ 62,691	\$ 113,066	\$ 104,021
Closing UCC	\$ -	\$ 99,176	\$ 91,242	\$ 1,413,331	\$ 1,300,264	\$ 1,196,243

### UCC

	2006	2007	2008	2009	2009	2009
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Opening UCC	\$ -	\$ -	\$ -	\$ -	\$ 42,015	\$ 18,907
Capital Additions	\$ -	\$ -	\$ -	\$ 57,952	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$ 57,952	\$ 42,015	\$ 18,907
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ 28,976	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -	\$ 28,976	\$ 42,015	\$ 18,907
CCA Rate Class	50					
CCA Rate	55%					
CCA	\$ -	\$ -	\$ -	\$ 15,937	\$ 23,109	\$ 10,399
Closing UCC	\$ -	\$ -	\$ -	\$ 42,015	\$ 18,907	\$ 8,508

Table Staff 16-1: Account 1555 Smart Meter Capital and Offset Account – Principal

Month	Opening Balance	SM Adder	Revenue Requirement	Closing Balance (excluding Stranded)
May-06	\$ -	\$ 888	\$ -	\$ 888
Jun-06	\$ 888	\$ 3,258	\$ -	\$ 4,146
Jul-06	\$ 4,146	\$ 3,489	\$ -	\$ 7,636
Aug-06	\$ 7,636	\$ 3,823	\$ -	\$ 11,458
Sep-06	\$ 11,458	\$ 3,958	\$ -	\$ 15,416
Oct-06	\$ 15,416	\$ 3,853	\$ -	\$ 19,270
Nov-06	\$ 19,270	\$ 3,805	\$ -	\$ 23,075
Dec-06	\$ 23,075	\$ 3,741	\$ -	\$ 26,816
Jan-07	\$ 26,816	\$ 3,707	\$ -	\$ 30,523
Feb-07	\$ 30,523	\$ 4,080	\$ -	\$ 34,603
Mar-07	\$ 34,603	\$ 3,525	\$ -	\$ 38,128
Apr-07	\$ 38,128	\$ 3,934	\$ 7	\$ 42,055
May-07	\$ 42,055	\$ 3,837	\$ 1,150	\$ 44,743
Jun-07	\$ 44,743	\$ 3,855	\$ 1,031	\$ 47,567
Jul-07	\$ 47,567	\$ 3,881	\$ 1,099	\$ 50,349
Aug-07	\$ 50,349	\$ 3,748	\$ 1,609	\$ 52,487
Sep-07	\$ 52,487	\$ 3,955	\$ 1,682	\$ 54,761
Oct-07	\$ 54,761	\$ 3,821	\$ 757	\$ 57,825
Nov-07	\$ 57,825	\$ 3,844	\$ 461	\$ 61,208
Dec-07	\$ 61,208	\$ 3,850	\$ 39	\$ 65,019
Jan-08	\$ 65,019	\$ 4,635	\$ 1,261	\$ 68,393
Feb-08	\$ 68,393	\$ 4,138	\$ 1,261	\$ 71,270
Mar-08	\$ 71,270	\$ 3,881	\$ 1,261	\$ 73,890
Apr-08	\$ 73,890	\$ 3,799	\$ 1,261	\$ 76,428
May-08	\$ 76,428	\$ 3,851	\$ 1,261	\$ 79,018
Jun-08	\$ 79,018	\$ 4,003	\$ 1,261	\$ 81,760
Jul-08	\$ 81,760	\$ 3,926	\$ 1,261	\$ 84,425
Aug-08	\$ 84,425	\$ 3,894	\$ 1,261	\$ 87,058
Sep-08	\$ 87,058	\$ 3,966	\$ 1,261	\$ 89,763
Oct-08	\$ 89,763	\$ 3,884	\$ 1,261	\$ 92,386
Nov-08	\$ 92,386	\$ 4,107	\$ 1,261	\$ 95,232
Dec-08	\$ 95,232	\$ 3,868	\$ 1,261	\$ 97,839
Jan-09	\$ 97,839	\$ 3,810	\$ 17,139	\$ 84,510
Feb-09	\$ 84,510	\$ 4,180	\$ 17,139	\$ 71,551
Mar-09	\$ 71,551	\$ 3,759	\$ 17,139	\$ 58,171
Apr-09	\$ 58,171	\$ 3,940	\$ 17,139	\$ 44,972
May-09	\$ 44,972	\$ 6,122	\$ 17,139	\$ 33,956
Jun-09	\$ 33,956	\$ 11,630	\$ 17,139	\$ 28,446
Jul-09	\$ 28,446	\$ 14,190	\$ 17,139	\$ 25,497
Aug-09	\$ 25,497	\$ 14,439	\$ 17,139	\$ 22,797
Sep-09	\$ 22,797	\$ 14,236	\$ 17,139	\$ 19,894
Oct-09	\$ 19,894	\$ 14,139	\$ 17,139	\$ 16,894
Nov-09	\$ 16,894	\$ 14,583	\$ 17,139	\$ 14,338
Dec-09	\$ 14,338	\$ 14,484	\$ 17,139	\$ 11,683
Jan-10	\$ 11,683	\$	\$ 19,536	\$ 7,854
Feb-10	\$ 7,854	\$	\$ 19,536	\$ 27,390
Mar-10	\$ 27,390	\$	\$ 19,536	\$ 46,926
Apr-10	\$ 46,926	\$	\$ 19,536	\$ 66,462
May-10	\$ 66,462	\$	\$ 19,536	\$ 85,998
Jun-10	\$ 85,998	\$	\$ 19,536	\$ 105,534
Jul-10	\$ 105,534	\$	\$ 19,536	\$ 125,070
Aug-10	\$ 125,070	\$	\$ 19,536	\$ 144,606
Sep-10	\$ 144,606	\$	\$ 19,536	\$ 164,142
Oct-10	\$ 164,142	\$	\$ 19,536	\$ 183,678
Nov-10	\$ 183,678	\$	\$ 19,536	\$ 203,214
Dec-10	\$ 203,214	\$	\$ 19,536	\$ 222,750
Jan-11	\$ 222,750	\$	\$	\$ 222,750
Feb-11	\$ 222,750	\$	\$	\$ 222,750
Mar-11	\$ 222,750	\$	\$	\$ 222,750
Apr-11	\$ 222,750	\$	\$	\$ 222,750
2006	\$ -	\$ 26,816	\$ -	
2007	\$ -	\$ 46,037	\$ 7,834	
2008	\$ -	\$ 47,952	\$ 15,132	
2009	\$ -	\$ 119,512	\$ 205,668	
2010	\$ -	\$ -	\$ 234,433	
	\$ -	\$ 240,317	\$ 463,068	

Table Staff 16-2: Account 1555 – Interest

Month	Opening Balance (excluding Stranded)	Days	Rate	Interest	To Date
May-06	\$ -	31	4.1400%	\$ -	-
Jun-06	-\$ 888	30	4.1400%	-\$ 3	3
Jul-06	-\$ 4,146	31	4.5900%	-\$ 16	19
Aug-06	-\$ 7,636	31	4.5900%	-\$ 30	49
Sep-06	-\$ 11,458	30	4.5900%	-\$ 43	92
Oct-06	-\$ 15,416	31	4.5900%	-\$ 60	152
Nov-06	-\$ 19,270	30	4.5900%	-\$ 73	225
Dec-06	-\$ 23,075	31	4.5900%	-\$ 90	315
Jan-07	-\$ 26,816	31	4.5900%	-\$ 105	419
Feb-07	-\$ 30,523	28	4.5900%	-\$ 107	527
Mar-07	-\$ 34,603	31	4.5900%	-\$ 135	662
Apr-07	-\$ 38,128	30	4.5900%	-\$ 144	806
May-07	-\$ 42,055	31	4.5900%	-\$ 164	970
Jun-07	-\$ 44,743	30	4.5900%	-\$ 169	1,138
Jul-07	-\$ 47,567	31	4.5900%	-\$ 185	1,324
Aug-07	-\$ 50,349	31	4.5900%	-\$ 196	1,520
Sep-07	-\$ 52,487	30	4.5900%	-\$ 198	1,718
Oct-07	-\$ 54,761	31	5.1400%	-\$ 239	1,957
Nov-07	-\$ 57,825	30	5.1400%	-\$ 244	2,201
Dec-07	-\$ 61,208	31	5.1400%	-\$ 267	2,469
Jan-08	-\$ 65,019	31	5.1400%	-\$ 283	2,752
Feb-08	-\$ 68,393	29	5.1400%	-\$ 279	3,030
Mar-08	-\$ 71,270	31	5.1400%	-\$ 310	3,341
Apr-08	-\$ 73,890	30	4.0800%	-\$ 247	3,588
May-08	-\$ 76,428	31	4.0800%	-\$ 264	3,852
Jun-08	-\$ 79,018	30	4.0800%	-\$ 264	4,116
Jul-08	-\$ 81,760	31	3.3500%	-\$ 232	4,348
Aug-08	-\$ 84,425	31	3.3500%	-\$ 240	4,588
Sep-08	-\$ 87,058	30	3.3500%	-\$ 239	4,827
Oct-08	-\$ 89,763	31	3.3500%	-\$ 255	5,081
Nov-08	-\$ 92,386	30	3.3500%	-\$ 254	5,335
Dec-08	-\$ 95,232	31	3.3500%	-\$ 270	5,605
Jan-09	-\$ 97,839	31	2.4500%	-\$ 204	5,809
Feb-09	-\$ 84,510	28	2.4500%	-\$ 159	5,968
Mar-09	-\$ 71,551	31	2.4500%	-\$ 149	6,117
Apr-09	-\$ 58,171	30	1.0000%	-\$ 48	6,164
May-09	-\$ 44,972	30	1.0000%	-\$ 37	6,201
Jun-09	-\$ 33,956	30	1.0000%	-\$ 28	6,229
Jul-09	-\$ 28,446	30	0.5500%	-\$ 13	6,242
Aug-09	-\$ 25,497	30	0.5500%	-\$ 12	6,254
Sep-09	-\$ 22,797	30	0.5500%	-\$ 10	6,264
Oct-09	-\$ 19,894	30	0.5500%	-\$ 9	6,273
Nov-09	-\$ 16,894	30	0.5500%	-\$ 8	6,281
Dec-09	-\$ 14,338	30	0.5500%	-\$ 6	6,287
Jan-10	-\$ 11,683	31	0.5500%	-\$ 5	6,292
Feb-10	\$ 7,854	28	0.5500%	\$ 3	6,289
Mar-10	\$ 27,390	31	0.5500%	\$ 13	6,276
Apr-10	\$ 46,926	30	0.5500%	\$ 21	6,255
May-10	\$ 66,462	30	0.5500%	\$ 30	6,225
Jun-10	\$ 85,998	30	0.5500%	\$ 39	6,186
Jul-10	\$ 105,534	30	0.8900%	\$ 77	6,109
Aug-10	\$ 125,070	30	0.8900%	\$ 91	6,018
Sep-10	\$ 144,606	30	0.8900%	\$ 106	5,912
Oct-10	\$ 164,142	30	0.8900%	\$ 120	5,792
Nov-10	\$ 183,678	30	0.8900%	\$ 134	5,657
Dec-10	\$ 203,214	30	0.8900%	\$ 149	5,509
Jan-11	\$ 222,750	31	0.8900%	\$ 168	5,340
Feb-11	\$ 222,750	28	0.8900%	\$ 152	5,188
Mar-11	\$ 222,750	31	0.8900%	\$ 168	5,020
Apr-11	\$ 222,750	30	0.8900%	\$ 163	4,857

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**APPENDIX F**

**SMART METER COST RATE ADDER MODEL**

## Sheet 1 Utility Information Sheet

---

**Name of LDC:** Woodstock Hydro Services Inc

**Licence Number:** ED-2003-0011

**Date of Submission:** September 24, 2010

### **Contact Information**

**Name:** Patricia Eitel

**Title:** Manager, Accounting and Regulatory Affairs

**Phone Number:** 519-537-7172 ext 240

**E-Mail Address:** [peitel@woodstockhydro.com](mailto:peitel@woodstockhydro.com)

## Sheet 2. Smart Meter Capital Cost and Operational Expense Data

### Smart Meter Unit Installation Plan:

*assume calendar year installation*

	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
Planned number of Residential smart meters to be installed	10,760	2,669			13,429
Planned number of General Service Less Than 50 kW smart meters	532	638			1,170
<b>Planned Meter Installation (Residential and Less Than 50 kW only)</b>	<b>11,292</b>	<b>3,307</b>	<b>-</b>	<b>-</b>	<b>14,599</b>
<b>Percentage of Completion</b>	<b>77%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	
Planned number of General Service Greater Than 50 kW smart meters					-
Planned / Actual Meter Installations	11,292	3,307	-	-	14,599

### Other Unit Installation Plan:

*assume calendar year installation*

	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
Planned number of Collectors to be installed	22				22
Planned number of Repeaters to be installed					-
Other : Please specify					-

## Capital Costs

### 1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

#### 1.1.1 Smart Meter

*may include new meters and modules, etc.*

#### 1.1.2 Installation Cost

*may include socket kits plus shipping, labour, benefits, vehicle, etc.*

#### 1.1.3a Workforce Automation Hardware

*may include fieldworker handhelds, barcode hardware, etc.*

#### 1.1.3b Workforce Automation Software

*may include fieldworker handhelds, barcode hardware, etc.*

#### Total Advanced Metering Communication Device (AMCD)

### Asset Type

	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
<b>Smart Meter</b>		\$ 545,598	\$ -	\$ -	\$ 545,598
<b>Smart Meter</b>		\$ 112,542	\$ -	\$ -	\$ 112,542
<b>Comp. Hard.</b>		\$ -	\$ -	\$ -	\$ -
<b>Comp. Soft.</b>		\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 658,140</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 658,140</b>

### 1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

#### 1.2.1 Collectors

#### 1.2.2 Repeaters

*may include radio licence, etc.*

#### 1.2.3 Installation

*may include meter seals and rings, collector computer hardware, etc.*

#### Total Advanced Metering Regional Collector (AMRC) (includes LAN)

	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
<b>Smart Meter</b>		\$ 4,096	\$ -	\$ -	\$ 4,096
<b>Smart Meter</b>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Smart Meter</b>		\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 4,096</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,096</b>

### 1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

#### 1.3.1 Computer Hardware

#### 1.3.2 Computer Software

#### 1.3.3 Computer Software Licence & Installation (includes hardware & software)

*may include AS/400 disc space, backup & recovery computer, UPS, etc*

#### Total Advanced Metering Control Computer (AMCC)

	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
<b>Comp. Hard.</b>			\$ -	\$ -	\$ -
<b>Comp. Soft.</b>		\$ 51,383	\$ -	\$ -	\$ 51,383
<b>Comp. Soft.</b>		\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ 51,383</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 51,383</b>

### 1.4 WIDE AREA NETWORK (WAN)

#### 1.4.1 Activation Fees

#### Total Wide Area Network (WAN)

	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
<b>Comp. Soft.</b>		\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

## Sheet 2. Smart Meter Capital Cost and Operational Expense Data

### 1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY

	2009	2010	2011	Later	Total	
	Audited Actual	Forecasted	Forecasted	Forecasted		
1.5.1 Customer equipment (including repair of damaged equipment)	Other Equip.	\$ -	\$ -	\$ -	\$ -	\$ -
1.5.2 AMI Interface to CIS	Comp. Soft.		\$ -	\$ -	\$ -	\$ -
1.5.3 Professional Fees	Smart Meter		\$ 149,812	\$ -	\$ -	\$ 149,812
1.5.4 Integration	Comp. Soft.		\$ 28,825	\$ 32,500	\$ -	\$ 61,325
1.5.5 Program Management	Smart Meter		\$ -	\$ -	\$ -	\$ -
1.5.6 Other AMI Capital	Smart Meter	\$ -	\$ 4,050	\$ -	\$ -	\$ 4,050
<b>Total Other AMI Capital Costs Related To Minimum Functionality</b>		\$ -	\$ 174,587	\$ 32,500	\$ -	\$ 207,087
<b>Total Capital Costs</b>		\$ -	\$ 888,206	\$ 32,500	\$ -	\$ 920,706

## OM & A

### 2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

	2009	2010	2011	Later	Total
	Audited Actual	Forecasted	Forecasted	Forecasted	
2.1.1 Maintenance <i>may include meter reverification costs, etc.</i>	\$ -	\$ 6,597	\$ -	\$ -	\$ 6,597
<b>Total Incremental AMI Operation Expenses</b>	\$ -	\$ 6,597	\$ -	\$ -	\$ 6,597

### 2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

2.2.1 Maintenance		\$ 5,416	\$ -	\$ -	\$ 5,416
<b>Total Advanced Metering Regional Collector (AMRC) (includes LAN)</b>	\$ -	\$ 5,416	\$ -	\$ -	\$ 5,416

### 2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

2.3.1 Hardware Maintenance <i>may include server support, etc.</i>	\$ -	\$ -	\$ -	\$ -	\$ -
2.3.2 Software Maintenance <i>may include maintenance support, etc.</i>	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Advanced Metering Control Computer (AMCC)</b>	\$ -	\$ -	\$ -	\$ -	\$ -

### 2.4 WIDE AREA NETWORK (WAN)

2.4.1 WIDE AREA NETWORK (WAN) <i>may include serial to Ethernet hardware, etc.</i>	\$ -	\$ 5,015	\$ -	\$ -	\$ 5,015
<b>Total Incremental Other Operation Expenses</b>	\$ -	\$ 5,015	\$ -	\$ -	\$ 5,015

### 2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY

2.5.1 Business Process Redesign	\$ -	\$ -	\$ -	\$ -	\$ -
2.5.2 Customer Communication <i>may include project communication, etc.</i>		\$ -	\$ 25,000	\$ -	\$ 25,000
2.5.3 Program Management	\$ -	\$ -	\$ -	\$ -	\$ -
2.5.4 Change Management <i>may include training, etc.</i>		\$ 4,231	\$ -	\$ -	\$ 4,231
2.5.5 Administration Cost	\$ -	\$ 110	\$ -	\$ -	\$ 110
2.5.6 Other AMI Expenses		\$ 48,635	\$ 188,968	\$ -	\$ 237,603
<b>Total 2.5 Other AMI OM&amp;A Costs Related To Minimum Functionality</b>	\$ -	\$ 52,977	\$ 213,968	\$ -	\$ 266,945
<b>Total O M &amp; A Costs</b>	\$ -	\$ 70,005	\$ 213,968	\$ -	\$ 283,973

### Sheet 3. LDC Assumptions and Data

#### Assumptions:

1. Planned meter installations occur evenly through the year.
2. Year assumed January to December
3. Amortization is straight line and has half year rule applied in first year

2006 EDR Data								
Information	2007	2008	2009	2010	2011	Later		
<b>Rate Base</b>								
Deemed Short Term Debt %		0%	0%	0%	4%	4%		
Deemed Debt	50%	53%	57%	60%	56%	56%		
Deemed Equity	50%	47%	43%	40%	40%	40%		
Deemed Short Term Debt Rate%		0.00%	0.00%	0.00%	2.07%	2.07%		
Weighted Debt Rate	6.76%	6.31%	4.98%	4.43%	5.13%	5.13%		
Proposed ROE	9.00%	9.00%	9.00%	9.85%	9.85%	9.85%		
Weighted Average Cost of Capital	7.88%	7.57%	6.72%	6.60%	6.90%	6.90%		
<b>Working Capital Allowance %</b>								
	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%		
<b>Tax Rate</b>								
Corporate Income Tax Rate	36.12%	33.50%	33.00%	31.00%	28.25%	28.25%		
<b>Capital Data:</b>								
	2006	2007	2008	2009	2010	2011	Later	Total
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecasted	Forecasted	Forecasted	
Smart Meter	\$ -	\$ -	\$ -	\$ -	\$ 807,998	\$ -	\$ -	\$ 807,998
Computer Hardware	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Computer Software	\$ -	\$ -	\$ -	\$ -	\$ 80,208	\$ 32,500	\$ -	\$ 112,708
Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Capital Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ 888,206	\$ 32,500	\$ -	\$ 920,706
<b>Operating Expense Data:</b>								
	2006	2007	2008	2009	2010	2011	Later	Total
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecasted	Forecasted	Forecasted	
2.1 Advanced Metering Communication Device (AMCD)	\$ -	\$ -	\$ -	\$ -	\$ 6,597	\$ -	\$ -	\$ 6,597
2.2 Advanced Metering Regional Collector (AMRC) (includes LAN)	\$ -	\$ -	\$ -	\$ -	\$ 5,416	\$ -	\$ -	\$ 5,416
2.3 Advanced Metering Control Computer (AMCC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2.4 Wide Area Network (WAN)	\$ -	\$ -	\$ -	\$ -	\$ 5,015	\$ -	\$ -	\$ 5,015
2.5 Other AMI OM&A Costs Related To Minimum Functionality	\$ -	\$ -	\$ -	\$ -	\$ 52,977	\$ 213,968	\$ -	\$ 266,945
<b>Total O M &amp; A Costs</b>	\$ -	\$ -	\$ -	\$ -	\$ 70,005	\$ 213,968	\$ -	\$ 283,973
<b>Per Meter Cost Split:</b>								
	Per Meter	Installed	Investment	% of Invest				
Smart meter including installation	\$ 55.35	14,599	\$ 807,998	67%				
Computer Hardware Costs	\$ -	14,599	\$ -	0%				
Computer Software Costs	\$ 7.72	14,599	\$ 112,708	9%				
Tools & Equipment	\$ -	14,599	\$ -	0%				
Other Equipment	\$ -	14,599	\$ -	0%				
Smart meter incremental operating expenses	\$ 19.45	14,599	\$ 283,973	24%				
<b>Total Smart Meter Capital Costs per meter</b>	\$ 82.52	\$ 1,204,679	100%					
<b>Depreciation Rates</b>								
	2006	2007	2008	2009	2010	2011	Later	
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecasted	Forecasted	Forecasted	
Smart Meter (years)	15	15	15	15	15	15	15	
Computer Hardware (years)	5	5	5	5	5	5	5	
Computer Software (years)	5	5	5	5	5	5	5	
Tools & Equipment (years)	10	10	10	10	10	10	10	
Other Equipment (years)	10	10	10	10	10	10	10	
<b>CCA Rates</b>								
	2006	2007	2008	2009	2010	2011	Later	
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecasted	Forecasted	Forecasted	
CCA Class	47	47	47	47	47	47	47	
Smart Meter	8%	8%	8%	8%	8%	8%	8%	
CCA Class	45	50	50	52	52	50	50	
Computer Equipment	45%	55%	55%	100%	100%	55%	55%	
CCA Class	8	8	8	8	8	8	8	
General Equipment	20%	20%	20%	20%	20%	20%	20%	

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**Sheet 4. Smart Meter Rev Req Calc**

**Smart Meter Revenue Requirement Calculation**

	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted
<b>Average Asset Values</b>				
Net Fixed Assets Smart Meters	\$ -	\$ 390,532.22	\$ 754,131.18	\$ -
Net Fixed Assets Computer Hardware	\$ -	\$ -	\$ -	\$ -
Net Fixed Assets Computer Software	\$ -	\$ 36,093.60	\$ 78,791.40	\$ -
Net Fixed Assets Tools & Equipment	\$ -	\$ -	\$ -	\$ -
Net Fixed Assets Other Equipment	\$ -	\$ -	\$ -	\$ -
Total Net Fixed Assets	\$ -	\$ 426,625.82	\$ 832,922.58	\$ -
<b>Working Capital</b>				
Operation Expense	\$ -	\$ 70,005.18	\$ 213,968.00	\$ -
Working Capital %	\$ -	\$ 10,500.78	\$ 32,095.20	\$ -
<b>Smart Meters included in Rate Base</b>				
	\$ -	\$ 437,126.59	\$ 865,017.78	\$ -
<b>Return on Rate Base</b>				
Deemed Short Term Debt %	0	0%	0.04	0.04
Deemed Long Term Debt %	0.0%	0.0%	4.0%	56.0%
Deemed Equity %	43.3%	40.0%	40.0%	40.0%
	\$ -	\$ 174,850.64	\$ 346,007.11	\$ -
	\$ -	\$ 174,850.64	\$ 380,607.82	\$ -
Deemed Short Term Debt Rate%	0.0%	0.00%	2.07%	2.1%
Weighted Debt Rate (3. LDC Assumptions and Data)	5.0%	4.43%	5.13%	5.1%
Proposed ROE (3. LDC Assumptions and Data)	9.0%	9.85%	9.85%	9.9%
	\$ -	\$ 24,968.67	\$ 55,240.04	\$ -
	\$ -	\$ 24,968.67	\$ 55,240.04	\$ -
<b>Operating Expenses</b>				
Incremental Operating Expenses (3. LDC Assumptions and Data)	\$ -	\$ 70,005.18	\$ 213,968.00	\$ -
<b>Amortization Expenses</b>				
Amortization Expenses - Smart Meters	\$ -	\$ 26,933.26	\$ 53,866.51	\$ -
Amortization Expenses - Computer Hardware	\$ -	\$ -	\$ -	\$ -
Amortization Expenses - Computer Software	\$ -	\$ 8,020.80	\$ 19,291.60	\$ -
Amortization Expenses - Tools & Equipment	\$ -	\$ -	\$ -	\$ -
Amortization Expenses - Other Equipment	\$ -	\$ -	\$ -	\$ -
Total Amortization Expenses	\$ -	\$ 34,954.06	\$ 73,158.11	\$ -
<b>Revenue Requirement Before PILs</b>				
	\$ -	\$ 129,927.91	\$ 342,366.15	\$ -
<b>Calculation of Taxable Income</b>				
Incremental Operating Expenses	\$ -	-\$ 70,005.18	-\$ 213,968.00	\$ -
Depreciation Expenses	\$ -	-\$ 34,954.06	-\$ 73,158.11	\$ -
Interest Expense	\$ -	-\$ 7,745.88	-\$ 17,750.16	\$ -
Taxable Income For PILs	\$ -	\$ 17,222.79	\$ 37,489.87	\$ -
<b>Grossed up PILs (5. PILs)</b>				
	\$ -	-\$ 8,456.57	-\$ 36,635.99	\$ -
Revenue Requirement Before PILs	\$ -	\$ 129,927.91	\$ 342,366.15	\$ -
Grossed up PILs (5. PILs)	\$ -	-\$ 8,456.57	-\$ 36,635.99	\$ -
Revenue Requirement for Smart Meters	\$ -	\$ 121,471.34	\$ 305,730.16	\$ -

## Sheet 5. PILs

### PILs Calculation

	2009	2010	2011	Later
	Audited Actual	Forecasted	Forecasted	Forecasted
<b>INCOME TAX</b>				
Net Income	\$ -	\$ 17,222.79	\$ -	\$ -
Amortization	\$ -	\$ 34,954.06	\$ -	\$ -
CCA - Smart Meters	\$ -	-\$ 32,319.91	-\$ 62,054.22	\$ -
CCA - Computers	\$ -	-\$ 40,104.00	-\$ 30,994.70	\$ -
CCA - Other Equipment	\$ -	\$ -	\$ -	\$ -
Change in taxable income	\$ -	-\$ 20,247.06	-\$ 93,048.92	\$ -
Tax Rate (3. LDC Assumptions and Data)	33.00%	31.00%	28.25%	28.25%
Income Taxes Payable	\$ -	-\$ 6,276.59	-\$ 26,286.32	\$ -

<b>ONTARIO CAPITAL TAX</b>				
Smart Meters	\$ -	\$ 781,064.43	\$ 727,197.92	\$ -
Computer Hardware	\$ -	\$ -	\$ -	\$ -
Computer Software	\$ -	\$ 72,187.20	\$ 85,395.60	\$ -
Tools & Equipment	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ -	\$ 853,251.63	\$ 812,593.52	\$ -
Less: Exemption	\$ -	\$ -	\$ -	\$ -
Deemed Taxable Capital	\$ -	\$ 853,251.63	\$ 812,593.52	\$ -
Ontario Capital Tax Rate	0.225%	0.075%	0.000%	0.000%
Net Amount (Taxable Capital x Rate)	\$ -	\$ 639.94	\$ -	\$ -

### Gross Up

	PILs Payable	PILs Payable	PILs Payable	PILs Payable
Change in Income Taxes Payable	\$ -	-\$ 6,276.59	-\$ 26,286.32	\$ -
Change in OCT	\$ -	\$ 639.94	\$ -	\$ -
PIL's	\$ -	-\$ 5,636.65	-\$ 26,286.32	\$ -
	Gross Up	Gross Up	Gross Up	Gross Up
	33.00%	31.00%	28.25%	28.25%
	Grossed Up	Grossed Up	Grossed Up	Grossed Up
	PILs	PILs	PILs	PILs
Change in Income Taxes Payable	\$ -	-\$ 9,096.51	-\$ 36,635.99	\$ -
Change in OCT	\$ -	\$ 639.94	\$ -	\$ -
PIL's	\$ -	-\$ 8,456.57	-\$ 36,635.99	\$ -

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**Sheet 6. Avg Net Fixed Assets & UCC**

**Smart Meter Average Net Fixed Assets**

**Net Fixed Assets - Smart Meters**

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening Capital Investment	\$ -	\$ -	\$ 807,997.69
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ 807,997.69	\$ -
Closing Capital Investment	\$ -	\$ 807,997.69	\$ 807,997.69
Opening Accumulated Amortization	\$ -	\$ -	\$ 26,933.26
Amortization (15 Years Straight Line)	\$ -	\$ 26,933.26	\$ 53,866.51
Closing Accumulated Amortization	\$ -	\$ 26,933.26	\$ 80,799.77
Opening Net Fixed Assets	\$ -	\$ -	\$ 781,064.43
Closing Net Fixed Assets	\$ -	\$ 781,064.43	\$ 727,197.92
Average Net Fixed Assets	\$ -	\$ 390,532.22	\$ 754,131.18

**Net Fixed Assets - Computer Hardware**

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization (5 Years Straight Line)	\$ -	\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

**Net Fixed Assets - Computer Software**

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening Capital Investment	\$ -	\$ -	\$ 80,208.00
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ 80,208.00	\$ 32,500.00
Closing Capital Investment	\$ -	\$ 80,208.00	\$ 112,708.00
Opening Accumulated Amortization	\$ -	\$ -	\$ 8,020.80
Amortization Year 1 (5 Years Straight Line)	\$ -	\$ 8,020.80	\$ 19,291.60
Closing Accumulated Amortization	\$ -	\$ 8,020.80	\$ 27,312.40
Opening Net Fixed Assets	\$ -	\$ -	\$ 72,187.20
Closing Net Fixed Assets	\$ -	\$ 72,187.20	\$ 85,395.60
Average Net Fixed Assets	\$ -	\$ 36,093.60	\$ 78,791.40

**Net Fixed Assets - Tools & Equipment**

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

**Net Fixed Assets - Other Equipment**

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

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## Sheet 6. Avg Net Fixed Assets & UCC

Opening Capital Investment	\$ -	\$ -	\$ -
Capital Investment (3. LDC Assumptions and Data)	\$ -	\$ -	\$ -
Closing Capital Investment	\$ -	\$ -	\$ -
Opening Accumulated Amortization	\$ -	\$ -	\$ -
Amortization Year 1 (10 Years Straight Line)	\$ -	\$ -	\$ -
Closing Accumulated Amortization	\$ -	\$ -	\$ -
Opening Net Fixed Assets	\$ -	\$ -	\$ -
Closing Net Fixed Assets	\$ -	\$ -	\$ -
Average Net Fixed Assets	\$ -	\$ -	\$ -

## For PILs Calculation

### UCC - Smart Meters

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening UCC	\$ -	\$ -	\$ 775,677.78
Capital Additions	\$ -	\$ 807,997.69	\$ -
UCC Before Half Year Rule	\$ -	\$ 807,997.69	\$ 775,677.78
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 403,998.85	\$ -
Reduced UCC	\$ -	\$ 403,998.85	\$ 775,677.78
CCA Rate Class	47	47	47
CCA Rate	8%	8%	8%
CCA	\$ -	\$ 32,319.91	\$ 62,054.22
Closing UCC	\$ -	\$ 775,677.78	\$ 713,623.56

### UCC - Computer Equipment

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening UCC	\$ -	\$ -	\$ 40,104.00
Capital Additions Computer Hardware	\$ -	\$ -	\$ -
Capital Additions Computer Software	\$ -	\$ 80,208.00	\$ 32,500.00
UCC Before Half Year Rule	\$ -	\$ 80,208.00	\$ 72,604.00
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 40,104.00	\$ 16,250.00
Reduced UCC	\$ -	\$ 40,104.00	\$ 56,354.00
CCA Rate Class	52	52	50
CCA Rate	100%	100%	55%
CCA	\$ -	\$ 40,104.00	\$ 30,994.70
Closing UCC	\$ -	\$ 40,104.00	\$ 41,609.30

### UCC - General Equipment

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening UCC	\$ -	\$ -	\$ -
Capital Additions Tools & Equipment	\$ -	\$ -	\$ -
Capital Additions Other Equipment	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -
CCA Rate Class	8	8	8
CCA Rate	20%	20%	20%
CCA	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -

**Sheet 7. Smart Meter Funding Adder Collected**

Date	Opening	Fund Adder	Int. Rate	Interest	Closing
Jan-06	\$ -	\$ -	6.76%	\$ -	\$ -
Feb-06	\$ -	\$ -	6.76%	\$ -	\$ -
Mar-06	\$ -	\$ -	6.76%	\$ -	\$ -
Apr-06	\$ -	\$ -	4.14%	\$ -	\$ -
May-06	\$ -	\$ -	4.14%	\$ -	\$ -
Jun-06	\$ -	\$ -	4.14%	\$ -	\$ -
Jul-06	\$ -	\$ -	4.59%	\$ -	\$ -
Aug-06	\$ -	\$ -	4.59%	\$ -	\$ -
Sep-06	\$ -	\$ -	4.59%	\$ -	\$ -
Oct-06	\$ -	\$ -	4.59%	\$ -	\$ -
Nov-06	\$ -	\$ -	4.59%	\$ -	\$ -
Dec-06	\$ -	\$ -	4.59%	\$ -	\$ -
Jan-07	\$ -	\$ -	4.59%	\$ -	\$ -
Feb-07	\$ -	\$ -	4.59%	\$ -	\$ -
Mar-07	\$ -	\$ -	4.59%	\$ -	\$ -
Apr-07	\$ -	\$ -	4.59%	\$ -	\$ -
May-07	\$ -	\$ -	4.59%	\$ -	\$ -
Jun-07	\$ -	\$ -	4.59%	\$ -	\$ -
Jul-07	\$ -	\$ -	4.59%	\$ -	\$ -
Aug-07	\$ -	\$ -	4.59%	\$ -	\$ -
Sep-07	\$ -	\$ -	4.59%	\$ -	\$ -
Oct-07	\$ -	\$ -	5.14%	\$ -	\$ -
Nov-07	\$ -	\$ -	5.14%	\$ -	\$ -
Dec-07	\$ -	\$ -	5.14%	\$ -	\$ -
Jan-08	\$ -	\$ -	5.14%	\$ -	\$ -
Feb-08	\$ -	\$ -	5.14%	\$ -	\$ -
Mar-08	\$ -	\$ -	5.14%	\$ -	\$ -
Apr-08	\$ -	\$ -	4.08%	\$ -	\$ -
May-08	\$ -	\$ -	4.08%	\$ -	\$ -
Jun-08	\$ -	\$ -	4.08%	\$ -	\$ -
Jul-08	\$ -	\$ -	3.35%	\$ -	\$ -
Aug-08	\$ -	\$ -	3.35%	\$ -	\$ -
Sep-08	\$ -	\$ -	3.35%	\$ -	\$ -
Oct-08	\$ -	\$ -	3.35%	\$ -	\$ -
Nov-08	\$ -	\$ -	3.35%	\$ -	\$ -
Dec-08	\$ -	\$ -	3.35%	\$ -	\$ -
Jan-09	\$ -	\$ -	2.45%	\$ -	\$ -
Feb-09	\$ -	\$ -	2.45%	\$ -	\$ -
Mar-09	\$ -	\$ -	2.45%	\$ -	\$ -
Apr-09	\$ -	\$ -	1.00%	\$ -	\$ -
May-09	\$ -	\$ -	1.00%	\$ -	\$ -
Jun-09	\$ -	\$ -	1.00%	\$ -	\$ -
Jul-09	\$ -	\$ -	0.55%	\$ -	\$ -
Aug-09	\$ -	\$ -	0.55%	\$ -	\$ -
Sep-09	\$ -	\$ -	0.55%	\$ -	\$ -
Oct-09	\$ -	\$ -	0.55%	\$ -	\$ -
Nov-09	\$ -	\$ -	0.55%	\$ -	\$ -
Dec-09	\$ -	\$ -	0.55%	\$ -	\$ -
Jan-10	\$ -	-\$ 15,067	0.55%	\$ -	-\$ 15,067
Feb-10	-\$ 15,067	-\$ 15,647	0.55%	7	30,720
Mar-10	-\$ 30,720	-\$ 13,788	0.55%	14	44,522
Apr-10	-\$ 44,522	-\$ 14,957	0.55%	20	59,500
May-10	-\$ 59,500	-\$ 16,477	0.55%	27	76,004
Jun-10	-\$ 76,004	-\$ 21,172	0.55%	35	97,211
Jul-10	-\$ 97,211	-\$ 25,341	0.89%	72	122,623
Aug-10	-\$ 122,623	-\$ 24,124	0.89%	91	146,838
Sep-10	-\$ 146,838	-\$ 24,124	0.89%	109	171,071
Oct-10	-\$ 171,071	-\$ 24,124	0.89%	127	195,322
Nov-10	-\$ 195,322	-\$ 24,124	0.89%	145	219,591
Dec-10	-\$ 219,591	-\$ 24,124	0.89%	163	243,878
Jan-11	-\$ 243,878	-\$ 24,124	0.89%	181	268,183
Feb-11	-\$ 268,183	-\$ 24,124	0.89%	199	292,506
Mar-11	-\$ 292,506	-\$ 24,124	0.89%	217	316,847
Apr-11	-\$ 316,847	-\$ 24,124	0.89%	235	341,206
May-11	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Jun-11	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Jul-11	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Aug-11	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Sep-11	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Oct-11	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Nov-11	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Dec-11	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Jan-12	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Feb-12	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Mar-12	-\$ 341,206	\$ -	\$ -	\$ -	341,206
Apr-12	-\$ 341,206	\$ -	\$ -	\$ -	341,206
May-12	-\$ 341,206	\$ -	\$ -	\$ -	341,206
		<u>-\$ 339,564</u>		<u>-\$ 1,642</u>	

	Approved Deferral and Variance Accounts Prescribed Interest Rate (per the Bankers' Acceptances-3 months Plus 0.25 Spread)	CWIP Account Prescribed Interest Rate (per the DEX Mid Term Corporate Bond Index Yield 2)
Q2 2006	4.14	4.68
Q3 2006	4.59	5.05
Q4 2006	4.59	4.72
Q1 2007	4.59	4.72
Q2 2007	4.59	4.72
Q3 2007	4.59	5.18
Q4 2007	5.14	5.18
Q1 2008	5.14	5.18
Q2 2008	4.08	5.18
Q3 2008	3.35	5.43
Q4 2008	3.35	5.43
Q1 2009	2.45	6.61
Q2 2009	1.00	6.61
Q3 2009	0.55	5.67
Q4 2009	0.55	4.66
Q1 2010	0.55	4.34
Q2 2010	0.55	4.34
Q3 2010	0.89	4.66

## Sheet 8 Applied for Smart Meter Rate Adder

Description	Amount
Revenue Requirement - 2006	\$ -
Revenue Requirement - 2007	\$ -
Revenue Requirement - 2008	\$ -
Revenue Requirement - 2009	\$ -
Revenue Requirement - 2010	\$ 121,471.34
Revenue Requirement - 2011	\$ 305,730.16
Total Revenue Requirement	<u>\$ 427,201.50</u>
Smart Meter Rate Adder Collected	-\$ 339,563.78
Carrying Cost / Interest	-\$ 1,641.77
Proposed Smart Meter Recovery	<u>\$ 85,995.95</u>
2011 Expected Metered Customers	15156
<b>Proposed Smart Meter Rate Adder</b>	<b>\$ 0.47</b>

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**APPENDIX G**

**SMART METER COST DETAIL**  
**CONFIDENTIAL FILING**