KENORA HYDRO ELECTRIC CORPORATION LTD.

Application for Approval of Electricity Distribution Rates

Effective MAY 1, 2011

INDEX

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 Kenora Hydro Electric Corporation Ltd. 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 Kenora Hydro Electric Corporation Ltd. for an Order or Orders approving or fixing just and reasonable distribution rates and other charges, effective May 1, 2011.
Applicant’s Name:	Kenora Hydro Electric Corporation Ltd.
Applicant’s Address for Service:	215 Mellick Avenue, Kenora, ON
Attention:	Mr. David Sinclair
Telephone:	807-467-2075

APPLICATION:

Introduction:

(a) The Applicant is Kenora Hydro Electric Corporation Ltd. (referred to in this Application as the "Applicant" or "Kenora Hydro"). The Applicant is a corporation incorporated pursuant to the Ontario *Business Corporations Act* with its head office in the City of Kenora. The Applicant carries on the business of distributing electricity within the City of Kenora.

(b) The Applicant hereby applies to the Ontario Energy Board (the "OEB") pursuant to Section 78 of the *Ontario Energy Board Act, 1998 (the "OEB Act")* for approval of its proposed distribution rates and other charges, effective May 1, 2011. A list of requested approvals is set out in Exhibit 1, Tab 1, Schedule 5.

(c) Except where specifically identified in the Application, the Applicant followed Chapter 2 of the OEB's Filing Requirements for Transmission and Distribution Applications dated June 28, 2010 (the "Filing Requirements") in order to prepare this application.

Proposed Distribution Rates and Other Charges:

(a) The Schedule of Rates and Charges proposed in this Application is identified in Exhibit 1, Tab 1, Schedule 3 of this application and in the material being filed in support of this Application sets out Kenora Hydro's approach to its distribution rates and charges.

Proposed Effective Date of Rate Order:

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

The Proposed Distribution Rates and Other Charges are Just and Reasonable:

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

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

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

(iii) the other service charges are the same as those previously approved by the OEB; and

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

Relief Sought:

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

Form of Hearing Requested:

(c) The Applicant requests that this Application be disposed of by way of a written hearing.

DATED at Kenora, Ontario, this 29th day of October, 2010.

All of which is respectfully submitted,

Kenora Hydro Electric Corporation Ltd.

PROPOSED SCHEDULE OF RATES AND CHARGES:

RATES SCHEDULE (Part 1)

Schedule of Distribution Rates and Charges

Effective May 1, 2011

Customer Class	Item Description	Unit	Rate ($)
Residential			
	Monthly Service Charge	per month	19.86
	Distribution Volumetric Rate	per kWh	0.0145
	Smart Meter Rate Adder	per month	0.09
	Smart Meter Rate Rider	per month	2.09
	Late Payment Charge Settlement	per month	0.25
	Deferral and Variance Account Rider	per kWh	(0.0016)
GS < 50 kW			
	Monthly Service Charge	per month	39.79
	Distribution Volumetric Rate	per kWh	0.0062
	Smart Meter Rate Adder	per month	0.09
	Smart Meter Rate Rider	per month	2.09
	Late Payment Charge Settlement	per month	0.25
	Deferral and Variance Account Rider	per kWh	(0.0016)
GS >50			
	Monthly Service Charge	per month	528.38
	Distribution Volumetric Rate	per kW	1.6794
	Smart Meter Rate Adder	per month	0.09
	Smart Meter Rate Rider	per month	2.09
	Late Payment Charge Settlement	per month	0.25
	Deferral and Variance Account Rider	per kW	(0.6117)
Street Lighting			
	Monthly Service Charge	per month	5.20
	Distribution Volumetric Rate	per kW	3.4214
	Deferral and Variance Account Rider	per kW	(0.4954)
USL			
	Monthly Service Charge	per month	16.65
	Distribution Volumetric Rate	per kWh	0.0053
	Deferral and Variance Account Rider	per kWh	(0.0016)

CONTACT INFORMATION:

The following are the names and addresses of Kenora Hydro Electric Corporation Ltd's authorized representatives:

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President & C.E.O
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E-Mail : dsinclair@kenora.ca

Janice Robertson
Manager of Finance & Regulatory Affairs
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Kenora, ON P9N 3X8
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Facsimile : 807-467-2068
E-Mail : jrobertson@kenora.ca

SPECIFIC APPROVALS REQUESTED:

In this proceeding, Kenora Hydro is requesting the following approvals:

- Approval to charge rates effective May 1, 2011 to recover the Service Revenue Requirement for the Test Year, or such Service Revenue Requirement as the Board may find reasonable for the Test Year, as outlined in Exhibit 1, Tab 2, Schedule 4. The schedule of proposed rates is set out in Exhibit 1, Tab 1, Schedule 3.

- Approval of the Applicant's capital structure of equity of 40.0% and total debt component of 60.0%, (56% long-term and 4% short-term) as set out in Exhibit 5, Tab 1, Schedule 2, consistent with Report of the Board on Cost of Capital for Ontario's Regulated Utilities, dated December 11, 2009.

- Approval to continue to charge Retail Transmission-Network Service, Retail Transmission-Connection, and Wholesale Market and Rural Rate Protection Charges, at rates as detailed in Exhibit 8, Tab 1 Schedule 2, subject to the Guideline Electricity Distribution Retail Transmission Service (G-2008-0001) issued October 22, 2008, Revision 2.0 issued July 8, 2010;

- Approval to continue the Specific Service Charges and Transformer Allowance approved in the OEB Decision and Order in the matter of Kenora Hydro's 2010 Distribution Rates (EB-2008-0204);

- Approval to dispose of the following Deferral and Variance Account Balances over a four-year period using the method of recovery described in Exhibit 9, Tab 1, Schedule 3:

1508	Other Regulatory Assets-OMERS
1508	Other regulatory Assets – OEB Assessments

1580	Wholesale Market Service Charges Variance
1584	Transmission Network Variance
1586	Transmission Connection Variance
1588	Power Variance (including Global Adjustment)

- ➢ Approval to create a new variance account to track future charges from the IESO for smart meter entity and MDMR costs;
- ➢ Approval to dispose of the December 31, 2009 and 2010 Bridge Year costs for the Smart Meter Deferral Accounts 1555 and 1556 over a four year period by way of a rate rider as described in Exhibit 9 – Deferral and Variance Accounts – Smart Metering;
- ➢ Approval to continue collecting the Smart Meter Funding Adder, from May 1, 2011 to April 30, 2012, at a reduced rate, to recover expected costs in 2011 relating to smart meters installed to the end of 2009 as described in Exhibit 9 – Deferral and Variance Accounts – Smart Metering;
- ➢ Approval to collect the Late Payment Charge Settlement over a one-year period, as described in Exhibit 9 – Deferral and Variance Accounts – Late Payment Penalty. As part of this application, Kenora Hydro will be seeking recovery of a one-time expense in the amount of $16,378.03 which is expected to be paid on June 30, 2011. If this payment is made, it will serve to resolve long-standing litigation against all former municipal electric utilities (”MEU’s) in the Province in relation to late payment penalty (“LPP”) charges collected pursuant to, first, Ontario Hydro rate schedules and, after industry restructuring, Ontario Energy Board rate orders (the “LPP Class Action”).

DRAFT ISSUES LIST:

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

- The amount of Kenora Hydro's proposed revenue requirement;
- Load forecasts and use of weather normalization data;
- Level of proposed capital expenditures for 2011, as elevated capital costs continue for the refurbishment and upgrade to our distribution substation and related distribution assets;
- Overall Test Year OM&A forecast;
- Proposed clearance of deferral and variance accounts and proposed new deferral and variance accounts appropriate;
- The disposition of the Smart Meter Deferral Accounts 1555 and 1556;
- Appropriateness of the proposed Late Payment Penalty charge rate rider.

PROCEDURAL ORDERS/MOTIONS/NOTICES:

In Board File No. EB-2006-0330, the OEB issued its list of distributors that will be rebased in 2011. Kenora Hydro was included on that list.

ACCOUNTING ORDERS REQUESTED:

Kenora Hydro is requesting the following Accounting Orders in this proceeding:

- Creation of variance account to track Smart Meter charges from the IESO, relating to future smart meter entity and MDMR costs;
- Creation of variance account to track the Late Payment Penalty charge settlement payment and collections;

COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS:

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

Kenora Hydro has filed its trial balances, financial statements, and pro-formal financial statements in accordance with Canadian GAAP. Kenora Hydro has not filed its financial information under the proposed International Financial reporting Standards (IFRS) and continues to follow the OEB prescribed principles.

DISTRIBUTION SERVICE TERRITORY AND DISTRIBUTION SYSTEM:

Description of Distributor:

COMMUNITY SERVED:	City of Kenora
TOTAL SERVICE AREA:	24 sq km
RURAL SERVICE AREA:	0 sq km
DISTRIBUTION TYPE:	Electricity distribution
MUNICIPAL POPULATION:	15,177 (2006 Census)

Kenora is situated in Northwestern Ontario, the most westerly city in the Province, 1,328 km from Toronto.

A map of the Kenora Hydro's Distribution Service Territory accompanies this Schedule as Appendix A.

APPENDIX A
MAP OF DISTRIBUTION SERVICE TERRITORY

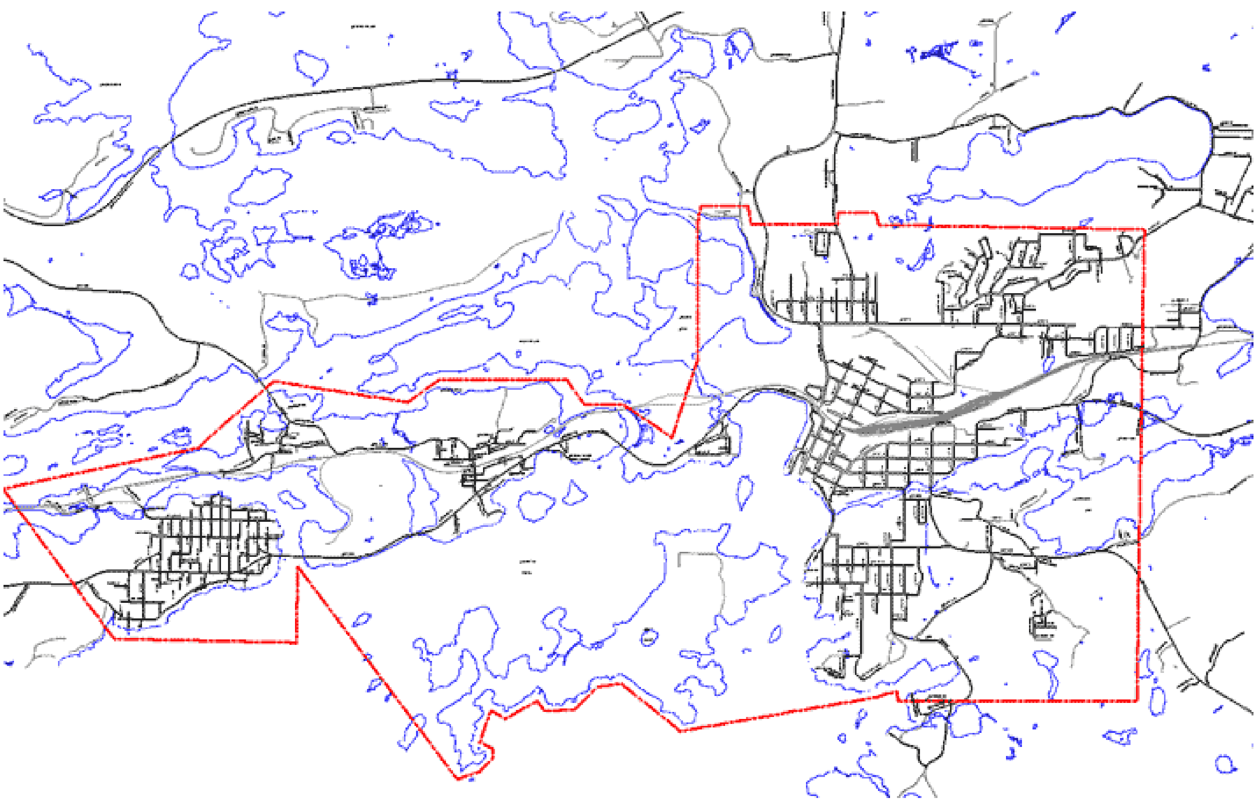
The OEB Distributor Licence issued on April 1, 1999 described the service area of Kenora Hydro as:

1. The Municipality of Kenora as of December 31, 1999.

2. The Town of Keewatin, as of December 31, 1999, from the easterly boundary of Keewatin, westerly to Keewatin Beach Road, southerly to Lake of the Woods, and northerly to Darlington Bay.

3. Plan M456, lots 1-5 inclusive in the City of Kenora (formerly the Town of Jaffray Melick as of December 31, 1999).

4. Island E211 and E212 situated in Lake of the Woods.



APPENDIX B
MAP OF DISTRIBUTION SYSTEM

LIST OF NEIGHBOURING UTILITIES:

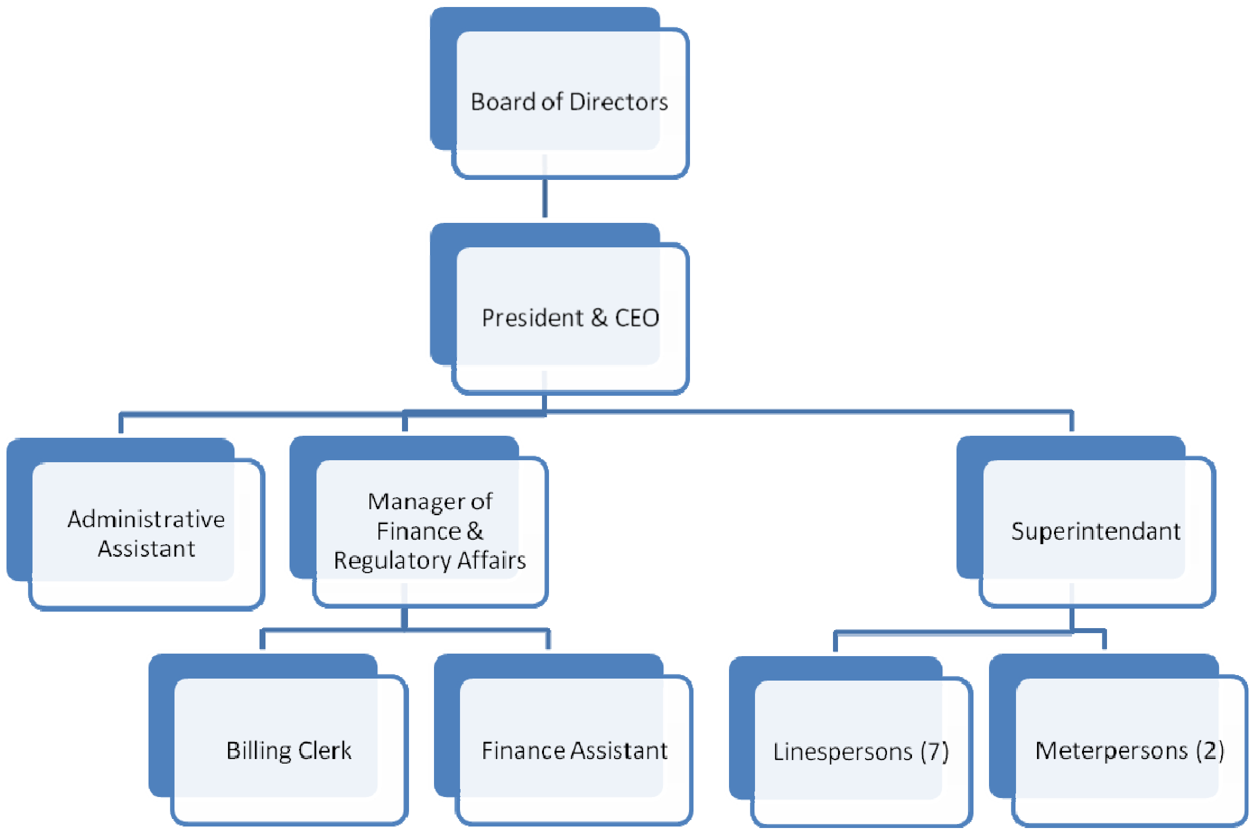
Kenora Hydro is surrounded entirely by Hydro One.

EXPLANATION OF HOST AND EMBEDDED UTILITIES:

Kenora Hydro is not a host utility to another distributor, nor is it embedded within Hydro One.

UTILITY ORGANIZATIONAL STRUCTURE:

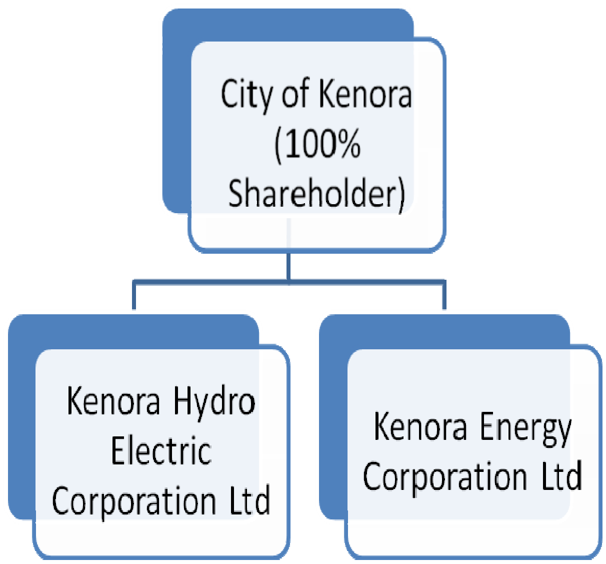
Kenora Hydro is 100% owned by the Corporation of the City of Kenora. A Chart illustrating Kenora Hydro's corporate family is provided at Exhibit 1, Tab 1, Schedule 14.



BOARD OF DIRECTORS:

Chair	Mr. Gerry Lucas
Vice Chair	Mr. John McDougall
President & CEO	Mr. David Sinclair
Member	Mrs. Karen Brown (C.A.O – City of Kenora)
Member	Mr. Jim Parson (Councillor, City of Kenora)
Member	Mr. Ken Carlson

CORPORATE ENTITIES RELATIONSHIP CHART



Kenora Hydro is owned 100% by the Corporation of the City of Kenora.

Kenora Energy is owned 100% by the City of Kenora. Kenora Energy is an inactive Corporation.

PLANNED CHANGES IN CORPORATE AND OPERATIONAL STRUCTURE:

No changes to Kenora Hydro's corporate and operational structures are planned at the present time. However, Kenora Hydro is reviewing recent changes to the Affiliate Relationships Code to determine if any changes to the corporate and operational structures are required.

SERVICES PROVIDED TO/BY ENTITIES:

Kenora Hydro provides billing services, meter reading services, some finance services and streetlight maintenance to the City of Kenora. The City provides customer service, collecting, cashiering, payroll, IT services and some accounting services to Kenora Hydro. These services are further described in Exhibit 4 – Tab 2.

STATUS OF BOARD DIRECTIVES FROM PREVIOUS BOARD DECISIONS:

At this time there are no Board Directives from previous Board decisions.

PRELIMINARY LIST OF WITNESSES:

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

SUMMARY OF THE APPLICATION:

Preamble:

Kenora Hydro has submitted this Application in order to meet its Corporate Mission and Corporate Goals as outlined below. Current rates will result in actual Return on Equity in 2010 and 2011 being well below levels currently approved by the OEB. The increased 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 all staff needed to meet future operating and regulatory requirements and to prepare for succession planning.
3) Manage staffing levels and skills to ensure regulatory compliance, ESA compliance, and implement reporting changes resulting from the adoption of International Financial Reporting Standards.
4) To provide a reasonable rate of return to the Shareholder.

Kenora Hydro's Mission Statement is:

Mission:

- To efficiently deliver safe and reliable electrical energy to our customers in the City of Kenora.
- To provide a safe and rewarding work environment for our employees
- To be a good corporate citizen within the City of Kenora

Values:

- Kenora Hydro values its employees, customers, partners, and our community. We provide our employees with a safe, healthy environment with fair remuneration and opportunities for learning. We value our customers and work hard to win their trust and support. We strive for excellence and continuous improvement in all aspects of our

> business. At all times we will act with integrity and respect. We make contributions to community programs in conservation and environmental protection such as the Big Green Clean[1]. We value the long term health and sustainability of Kenora Hydro and work to create value for our shareholder by focusing on core business strengths and pursuing appropriate business opportunities.

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

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[1] The Big Green Clean is an annual City of Kenora event to involve the community in environmental awareness, including electrical conservation. Kenora Hydro participates in the event to promote conservation programs and general conservation ideas.

Table 1
SQI's
AVERAGE PERFORMANCE FOR 2009

Appointments Met – at the appointed time		
SQI Standard: 90% of the time		
2009 Actual	**2010 Target**	**2011 Target**
100%	95%	95 %
Telephone Accessibility – answered in person within 30 seconds		
SQI Standard: 65% of the time		
2009 Actual	**2010 Target**	**2011 Target**
89%	80%	80%
Connection of New Services –within 5 working days		
SQI Standard: 90% of the time		
2009 Actual	**2010 Target**	**2011 Target**
100%	95%	95%
Emergency Response – Urban within 60 minutes		
SQI Standard: 80% of the time		
2009 Actual	**2010 Target**	**2011 Target**
100%	95%	95%
Written Responses to Inquiries – within 10 working days		
SQI Standard: 80% of the time		
2009 Actual	**2010 Target**	**2011 Target**
100%	95%	95%

Purpose and Need:

Kenora Hydro's requested service revenue requirement for 2011 in the amount of $3,208,191 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 transitioned to a deemed 60%/40% debt equity ratio in 2010.

When forecasted energy and demand levels for 2011 are considered, Kenora Hydro estimates that its present rates will produce a deficiency in gross distribution revenue of **$** 909,070 for the 2011 Test Year. Should this revenue deficiency continue, Kenora Hydro will not be able to sustain the current capital investment, staffing and lineperson training programs required to ensure a safe and reliable distribution system.

Therefore, Kenora Hydro 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 3 of this Application.

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

Timing:

The financial information supporting the Test Year for this Application will be Kenora Hydro'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, Kenora Hydro has considered the impacts on its customers, with a goal of minimizing those impacts. With respect to cost allocation, Kenora Hydro notes that for the majority of its customers, with the exception of the General Service <50 kW class and the Unmetered Scattered Load classes, the current revenue to cost ratio falls within the applicable threshold defined by the OEB in the November 28, 2007, Report on Application of Cost Allocation for Electricity Distributors. Kenora Hydro has updated the Cost Allocation model for the 2011 forecast year. As a result, adjustments have been made in this Application to bring the GS <50kW class up to the allowed range of the revenue-to-cost ratios, and adjustments to the USL class have been made to move the allocation closer to the OEB high range. Increasing distribution revenue from the GS<50 in 2011 will be offset by reductions in distribution revenue from the USL and the GS >50kW class. Although the GS>50 class is currently within the targeted revenue-to-cost ratio, the reductions in 2011 will move the revenue-to-cost ratio closer to 100%, while adjusting the USL class to move it closer to the uppermost range.

Customer impacts including the percentage average Total Bill Impact and Average Dollar Impact, which include revised distribution rates [monthly service charge and volumetric rates], and regulatory asset rate riders to dispose of the balances in the Deferral and Variance Accounts, a reduced Smart Meter Funding Adder, a Smart Meter Rate Rider, and a Late Payment Penalty charge Rate Adder, have been requested in this Application. All of the rate adders/riders have been presented for recovery over a four year period, with the exception of the Late Payment Penalty charge adder, which, because it is not a material impact and the time frame of collection matches the year of the related expense for the LPP, has been requested for recovery over a one year period. These impacts are set out in Table 2 below.

Table 2
Total Bill Impact – Percent & Dollar

Residential Customer = 800 kWh

RESIDENTIAL

	Consumption 800 kWh	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
	Monthly Service Charge			13.53			19.86	6.33	46.78%	16.53%
	Distribution (kWh)	800	0.0099	7.92	800	0.0145	11.60	3.68	46.46%	9.66%
	Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.07%
	Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	1.74%
	Deferrral & Variance Acct (kWh)	800	0.0000	0.00	800	(0.0016)	(1.26)	(1.26)	(100.00%)	(1.05%)
	Distribution Sub-Total			**22.45**			**32.39**	**9.94**	**44.26%**	**26.96%**
	Retail Transmisssion (kWh)	834	0.0075	6.26	834	0.006918	5.77	(0.49)	(7.76%)	4.80%
	Delivery Sub-Total			**28.71**			**38.16**	**9.45**	**32.92%**	**31.76%**
	WMS (kWh)	834	0.0065	5.42	834	0.0065	5.42	0.00	0.00%	4.51%
	Debt Retirement (kWh)	800	0.0070	5.60	800	0.0070	5.60	0.00	0.00%	4.66%
	Late Payment Settlement (per month)	800	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.21%
	Special Purpose Charge (kWh)	800	0.0004	0.30	800	0.0004	0.30	0.00	0.00%	0.25%
	Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	32.46%
	Cost of Power Commodity (kWh)	234	0.0750	17.58	234	0.0750	17.58	0.00	0.00%	14.63%
	Total Bill Before Taxes			**96.61**			**106.31**	**9.70**	**10.04%**	**88.50%**
	HST		13.00%	12.56		13.00%	13.82	1.26	10.04%	11.50%
	Total Bill			**109.17**			**120.13**	**10.96**	**10.04%**	**100.00%**

General Service < 50 kW = 2,000 kWh

GENERAL SERVICE < 50 kW

	Consumption 2,000 kWh	2010 BILL			2011 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
	Monthly Service Charge			25.77			39.79	14.02	54.40%	14.49%
	Distribution (kWh)	2,000	0.0040	8.00	2,000	0.0062	12.40	4.40	55.00%	4.52%
	Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.03%
	Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.76%
	Deferrral & Variance Acct (kWh)	2,000	0.0000	0.00	2,000	(0.0016)	(3.14)	(3.14)	(100.00%)	(1.15%)
	Distribution Sub-Total			**34.77**			**51.23**	**16.46**	**47.34%**	**18.66%**
	Retail Transmisssion (kWh)	2,086	0.0066	13.77	2,086	0.006087	12.70	(1.07)	(7.77%)	4.63%
	Delivery Sub-Total			**48.54**			**63.93**	**15.39**	**31.71%**	**23.29%**
	WMS (kWh)	2,086	0.0065	13.56	2,086	0.0065	13.56	0.00	0.00%	4.94%
	Debt Retirement (kWh)	2,000	0.0070	14.00	2,000	0.0070	14.00	0.00	0.00%	5.10%
	Late Payment Settlement (per month)	2,000	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.09%
	Special Purpose Charge (kWh)	2,000	0.0004	0.75	2,000	0.0004	0.75	0.00	0.00%	0.27%
	Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	14.21%
	Cost of Power Commodity (kWh)	1,486	0.0750	111.45	1,486	0.0750	111.45	0.00	0.00%	40.60%
	Total Bill Before Taxes			**227.29**			**242.93**	**15.64**	**6.88%**	**88.50%**
	HST		13.00%	29.55		13.00%	31.58	2.03	6.88%	11.50%
	Total Bill			**256.84**			**274.51**	**$17.67**	**6.88%**	**100.00%**

General Service > 50 kW = 30,000 kWh, 100 kW

GENERAL SERVICE > 50 kW

		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Consumption	Monthly Service Charge			372.26			528.38	156.12	41.94%	13.97%
30,000 kWh	Distribution (kW)	100	1.2372	123.72	100	1.6794	167.94	44.22	35.74%	4.44%
100 kW										
	Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.00%
	Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.06%
	Deferrral & Variance Acct (kW)	100	0.0000	0.00	100	(0.6117)	(61.17)	(61.17)	(100.00%)	(1.62%)
	Distribution Sub-Total			**496.98**			**637.33**	**140.35**	**28.24%**	**16.86%**
	Retail Transmisssion (kW)	100	2.7103	271.03	100	2.499646	249.96	(21.07)	(7.77%)	6.61%
	Delivery Sub-Total			**768.01**			**887.30**	**119.29**	**15.53%**	**23.47%**
	WMS (kWh)	31,290	0.0065	203.39	31,290	0.0065	203.39	0.00	0.00%	5.38%
	Debt Retirement (kWh)	30,000	0.0070	210.00	30,000	0.0070	210.00	0.00	0.00%	5.55%
	Late Payment Settlement (per month)	0	0	0		0.2500	0.25	0.25	100.00%	0.01%
	Special Purpose Charge (kWh)	30,000	0.0004	11.19	30,000	0.0004	11.19	0.00	0.00%	0.30%
	Cost of Power Commodity (kWh)	31,290	0.0650	2,033.85	31,290	0.0650	2,033.85	0.00	0.00%	53.79%
	Total Bill Before Taxes			**3,226.44**			**3,345.97**	**98.47**	**3.05%**	**88.50%**
	HST		13.00%	419.44		13.00%	434.98	15.54	3.70%	11.50%
	Total Bill			**3,645.87**			**3,780.95**	**114.01**	**3.13%**	**100.00%**

Street lighting = 550 Connections

STREET LIGHTING

		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Billing Determinants	Monthly Service Charge	550	3.5400	1,947.00	550	5.2033	2,861.82	914.82	46.99%	16.30%
550 Connections	Distribution (kW)	430	2.3277	1,000.91	430	3.4214	1,471.20	470.29	46.99%	8.38%
130,000 kWh	Low Voltage Rider (kW)	430	0	0	430	0.0000	0.00	0.00	0.00%	0.00%
430 kW	LRAM & SSM Rider (kW)	430	0.0000	0.00	430	0.0000	0.00	0.00	0.00%	0.00%
	Deferrral & Variance Acct (kW)	430	0.0000	0.00	430	(0.4954)	(213.04)	(213.04)	(100.00%)	(1.21%)
	Distribution Sub-Total			**2,947.91**			**4,119.97**	**1,172.06**	**39.76%**	**23.46%**
	Retail Transmisssion (kW)	430	2.0542	883.31	430	1.894588	814.67	(68.63)	(7.77%)	4.64%
	Delivery Sub-Total			**3,831.22**			**4,934.65**	**1,103.43**	**28.80%**	**28.10%**
	WMS (kWh)	135,590	0.0065	881.34	135,590	0.0065	881.34	0.00	0.00%	5.02%
	Debt Retirement (kWh)	130,000	0.0070	910.00	130,000	0.0070	910.00	0.00	0.00%	5.18%
	Cost of Power Commodity (kWh)	135,590	0.0650	8,813.35	135,590	0.0650	8,813.35	0.00	0.00%	50.19%
	Total Bill Before Taxes			**14,435.90**			**15,539.33**	**1,034.80**	**7.17%**	**88.50%**
	HST		13.00%	1,876.67		13.00%	2,020.11	143.45	7.64%	11.50%
	Total Bill			**16,312.57**			**17,559.44**	**1,178.24**	**7.22%**	**100.00%**

Unmetered Scattered Load = 10, 000 kWh

UNMETERED SCATTERED LOAD

Consumption
10,000 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			13.00			16.65	3.65	28.09%	1.58%
Distribution (kWh)	10,000	0.0041	41.00	10,000	0.0053	53.00	12.00	29.27%	5.03%
Low Voltage Rider (kWh)	10,000	0.0000	0.00	10,000	0.0000	0.00	0.00	0.00%	0.00%
Deferrral & Variance Acct (kWh)	10,000	0.0000	0.00	10,000	(0.0016)	(15.72)	(15.72)	(100.00%)	(1.49%)
Distribution Sub-Total			**54.00**			**53.93**	**(0.07)**	**(0.13%)**	**5.11%**
Retail Transmisssion (kWh)	10,430	0.0066	68.84	10,430	0.006087	63.49	(5.35)	(7.77%)	6.02%
Delivery Sub-Total			**122.84**			**117.42**	**(5.42)**	**(4.41%)**	**11.14%**
WMS (kWh)	10,430	0.0065	67.80	10,430	0.0065	67.80	0.00	0.00%	6.43%
Debt Retirement (kWh)	10,000	0.0070	70.00	10,000	0.0070	70.00	0.00	0.00%	6.64%
Cost of Power Commodity (kWh)	10,430	0.0650	677.95	10,430	0.0650	677.95	0.00	0.00%	64.29%
Total Bill Before Taxes			**938.58**			**933.17**	**(10.76)**	**(1.15%)**	**88.50%**
HST		13.00%	122.02		13.00%	121.31	(0.70)	(0.58%)	11.50%
Total Bill			**1,060.60**			**1,054.48**	**(11.47)**	**(1.08%)**	**100.00%**

Capital Structure:

Kenora Hydro is requesting that deemed capital structure be set at 56% long-term debt, 4% short-term debt and 40% equity, as in the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario Electricity Distributors dated December 20, 2006 (the "Cost of Capital Report"), and the Report of the Board on Cost of Capital for Ontario's Regulated Utilities ("Cost of Capital Report"), dated December 11, 2009.

Return on Equity:

Kenora Hydro 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 February 24, 2010. Kenora Hydro understands the OEB will be finalizing the return on equity for 2011 rates based on January 2011 market interest rate information.

Capital Expenditures:

Kenora Hydro is nearing the end of our extensive five year plan to refurbish our aging substation infrastructure, as well as upgrades to meet IESO and OEB regulation, including upgrades to the ground grid and SCADA monitoring system.

Operating and Maintenance Costs:

Based on the OEB's *Comparison of Ontario Electricity Distributors Costs [EB-2006-0268]*, Kenora Hydro's OM&A costs per customer compare favorably with two of the three other "Small Northern Medium Undergrounding" cohorts, and is marginally above the group average. Over the 3-year average from 2005 to 2007, Kenora Hydro's cost was $224.00 while the average for the cohort was $222.00. The following Table indicates Kenora Hydro's rating.

Table 3

Comparison Of Kenora Hydro's 2007 OM&A Costs To "Small Northern Medium Undergrounding" Cohort Grouping

Ottawa River Power Corporation	205
Kenora Hydro Electric Corporation	**224**
Hearst Power Distribution Company Ltd	229
Lakeland Power Distribution Ltd	231
Group Average	222

SOURCE:

Comparison of Ontario Electricity Distributors Costs [EB-2006-0268].

BUDGET DIRECTIVES:

Kenora Hydro compiles budget information for the three major components of the budgeting process: revenue forecasts, operating and maintenance expense forecast, and capital budget forecast. This budget information is presented for both the 2010 Bridge Year and the 2011 Test Year.

Revenue Forecast:

Kenora Hydro's energy sales and revenue forecast model was updated to reflect the most recent information available. This model was then used to prepare the revenues sales and throughput volume and revenue forecast at existing rates for fiscal 2010 and 2011. The forecast is weather normalized as outlined in Exhibit 3, Tab 2, and Schedule 1 and considers such factors as heating degree days, cooling degree days, customer counts, economic conditions and seasonal changes.

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

The OM&A expenses for the 2010 Bridge Year and the 2011 Test Year have been based on an in-depth review of operating priorities and requirements and is strongly influenced by prior year experience and planned or required expenditures. Each item is reviewed account by account for each of the forecast years with indirect costs allocated to direct costs for budget presentation.

Capital Budget:

The capital budget forecast 2010 and 2011 is influenced, among other factors, by Kenora Hydro's capacity to finance capital projects. Working Capital has been depleted over the past several years, as the extensive substation rebuild project progressed. All proposed capital projects are assessed within the framework of its capital budget priority and are outlined in Exhibit 2, Tab 2, and Schedule 2 (Capital Expenditures by Project).

CHANGES IN METHODOLOGY:

Kenora Hydro is not requesting any changes in methodology in the current proceeding.

CALCULATION OF REVENUE DEFICIENCY:

The following workform calculates the revenue deficiency of $ 909,070 to the end of the Test Year.

REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Rate Year: 2011

Revenue Sufficiency/Deficiency

Line No.	Particulars	Initial Application: At Current Approved Rates	Initial Application: At Proposed Rates	At Current Approved Rates	At Proposed Rates	Per Board Decision: At Current Approved Rates	Per Board Decision: At Proposed Rates
1	Revenue Deficiency from Below		$909,070		$549,448		$2,545,005
2	Distribution Revenue	$1,941,875	$1,941,875	$1,941,875	$2,301,497	$ -	($2,545,005)
3	Other Operating Revenue Offsets - net	$357,246	$357,246	$ -	$ -	$ -	$ -
4	**Total Revenue**	$2,299,121	$3,208,191	$1,941,875	$2,850,945	$ -	$ -
5	Operating Expenses	$2,545,005	$2,545,005	$2,545,005	$2,545,005	$2,545,005	$2,545,005
6	Deemed Interest Expense	$236,259	$236,259	$ -	$ -	$ -	$ -
	Total Cost and Expenses	$2,781,264	$2,781,264	$2,545,005	$2,545,005	$2,545,005	$2,545,005
7	**Utility Income Before Income Taxes**	($482,143)	$426,927	($603,130)	$305,940	($2,545,005)	($2,545,005)
8	Tax Adjustments to Accounting Income per 2009 PILs	($292,655)	($292,655)	($292,655)	($292,655)	$ -	$ -
9	**Taxable Income**	($774,797)	$134,273	($895,784)	$13,285	($2,545,005)	($2,545,005)
10	Income Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
11	**Income Tax on Taxable Income**	($120,094)	$20,812	($138,847)	$2,059	($394,476)	($394,476)
12	**Income Tax Credits**	$ -	$ -	$ -	$ -	$ -	$ -
13	**Utility Net Income**	($362,049)	$406,115	($464,283)	($2,565,817)	($2,150,529)	($2,565,817)
14	**Utility Rate Base**	$10,307,488	$10,307,488	$10,307,488	$10,307,488	$10,307,488	$10,307,488
	Deemed Equity Portion of Rate Base	$4,122,995	$4,122,995	$ -	$ -	$ -	$ -
15	Income/Equity Rate Base (%)	-8.78%	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	-18.63%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Indicated Rate of Return	-1.22%	6.23%	-4.50%	0.00%	-20.86%	0.00%
19	Requested Rate of Return on Rate Base	6.23%	6.23%	0.00%	0.00%	0.00%	0.00%
20	Sufficiency/Deficiency in Rate of Return	-7.45%	0.00%	-4.50%	0.00%	-20.86%	0.00%
21	Target Return on Equity	$406,115	$406,115	$ -	$ -	$ -	$ -
22	Revenue Deficiency/(Sufficiency)	$768,164	($0)	$464,283	$ -	$2,150,529	$ -
23	**Gross Revenue Deficiency/(Sufficiency)**	$909,070 **(1)**		$549,448 **(1)**		$2,545,005 **(1)**	

The following is the completed Revenue Requirement Work Form:

REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd
File Number: EB-2010-0135
Rate Year: 2011

Data Input (1)

		Initial Application		(7)	Per Board Decision	
1	**Rate Base**					
	Gross Fixed Assets (average)	$15,908,919		$ 15,908,919	$15,908,919	
	Accumulated Depreciation (average)	($7,236,379)	(5)	-$ 7,236,379	($7,236,379)	
	Allowance for Working Capital:					
	Controllable Expenses	$2,076,045		$ 2,076,045	$2,076,045	
	Cost of Power	$8,823,607		$ 8,823,607	$8,823,607	
	Working Capital Rate (%)	15.00%		15.00%	15.00%	
2	**Utility Income**					
	Operating Revenues:					
	Distribution Revenue at Current Rates	$1,941,875				
	Distribution Revenue at Proposed Rates	$2,850,945				
	Other Revenue:					
	Specific Service Charges	$37,000				
	Late Payment Charges	$43,000				
	Other Distribution Revenue	$161,040				
	Other Income and Deductions	$116,206				
	Operating Expenses:					
	OM+A Expenses	$2,062,785		$ 2,062,785	$2,062,785	
	Depreciation/Amortization	$468,960		$ 468,960	$468,960	
	Property taxes	$13,260		$ 13,260	$13,260	
	Capital taxes					
	Other expenses					
3	**Taxes/PILs**					
	Taxable Income:					
	Adjustments required to arrive at taxable income	($292,655)	(3)			
	Utility Income Taxes and Rates:					
	Income taxes (not grossed up)	$17,586				
	Income taxes (grossed up)	$20,812				
	Capital Taxes		(6)	(6)		(6)
	Federal tax (%)	11.00%				
	Provincial tax (%)	4.50%				
	Income Tax Credits					
4	**Capitalization/Cost of Capital**					
	Capital Structure:					
	Long-term debt Capitalization Ratio (%)	56.0%				
	Short-term debt Capitalization Ratio (%)	4.0%	(2)	(2)		(2)
	Common Equity Capitalization Ratio (%)	40.0%				
	Prefered Shares Capitalization Ratio (%)					
		100.0%				
	Cost of Capital					
	Long-term debt Cost Rate (%)	3.95%				
	Short-term debt Cost Rate (%)	2.07%				
	Common Equity Cost Rate (%)	9.85%				
	Prefered Shares Cost Rate (%)					

Notes:

(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 explain numbers shown.

(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 columnallows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outsome of any Settlement Process can be reflected.

REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Rate Year: 2011

Rate Base

Line No.	Particulars		Initial Application				Per Board Decision
1	Gross Fixed Assets (average)	(3)	$15,908,919	$ -	$15,908,919	$ -	$15,908,919
2	Accumulated Depreciation (average)	(3)	($7,236,379)	$ -	($7,236,379)	$ -	($7,236,379)
3	Net Fixed Assets (average)	(3)	$8,672,540	$ -	$8,672,540	$ -	$8,672,540
4	Allowance for Working Capital	(1)	$1,634,948	$ -	$1,634,948	$ -	$1,634,948
5	**Total Rate Base**		$10,307,488	$ -	$10,307,488	$ -	$10,307,488

Line No.	(1) Allowance for Working Capital - Derivation						
6	Controllable Expenses		$2,076,045	$ -	$2,076,045	$ -	$2,076,045
7	Cost of Power		$8,823,607	$ -	$8,823,607	$ -	$8,823,607
8	Working Capital Base		$10,899,652	$ -	$10,899,652	$ -	$10,899,652
9	Working Capital Rate %	(2)	15.00%	0.00%	15.00%	0.00%	15.00%
10	Working Capital Allowance		$1,634,948	$ -	$1,634,948	$ -	$1,634,948

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: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Rate Year: 2011

Utility income

Line No.	Particulars		Initial Application				Per Board Decision
	Operating Revenues:						
1	Distribution Revenue (at Proposed Rates)		$2,850,945	($2,850,945)	$ -	$ -	$ -
2	Other Revenue	(1)	$357,246	($357,246)	$ -	$ -	$ -
3	Total Operating Revenues		$3,208,191	($3,208,191)	$ -	$ -	$ -
	Operating Expenses:						
4	OM+A Expenses		$2,062,785	$ -	$2,062,785	$ -	$2,062,785
5	Depreciation/Amortization		$468,960	$ -	$468,960	$ -	$468,960
6	Property taxes		$13,260	$ -	$13,260	$ -	$13,260
7	Capital taxes		$ -	$ -	$ -	$ -	$ -
8	Other expense		$ -	$ -		$ -	
9	Subtotal (lines 4 to 8)		$2,545,005	$ -	$2,545,005	$ -	$2,545,005
10	Deemed Interest Expense		$236,259	($236,259)	$ -	$ -	$ -
11	Total Expenses (lines 9 to 10)		$2,781,264	($236,259)	$2,545,005	$ -	$2,545,005
12	**Utility income before income taxes**		$426,927	($2,971,932)	($2,545,005)	$ -	($2,545,005)
13	Income taxes (grossed-up)		$20,812	$ -	$20,812	$ -	$20,812
14	**Utility net income**		$406,115	($2,971,932)	($2,565,817)	$ -	($2,565,817)

Notes

(1)	**Other Revenues / Revenue Offsets**					
	Specific Service Charges	$37,000		$ -		$ -
	Late Payment Charges	$43,000		$ -		$ -
	Other Distribution Revenue	$161,040		$ -		$ -
	Other Income and Deductions	$116,206		$ -		$ -
	Total Revenue Offsets	$357,246	$ -	$ -	$ -	$ -

REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Rate Year: 2011

Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
	Determination of Taxable Income						
1	Utility net income before taxes	$406,115		$ -		$ -	
2	Adjustments required to arrive at taxable utility income	($292,655)		$ -		($292,655)	
3	Taxable income	$113,460		$ -		($292,655)	
	Calculation of Utility income Taxes						
4	Income taxes	$17,586		$17,586		$17,586	
5	Capital taxes	$ -	(1)	$ -	(1)	$ -	(1)
6	Total taxes	$17,586		$17,586		$17,586	
7	Gross-up of Income Taxes	$3,226		$3,226		$3,226	
8	Grossed-up Income Taxes	$20,812		$20,812		$20,812	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$20,812		$20,812		$20,812	
10	Other tax Credits	$ -		$ -		$ -	
	Tax Rates						
11	Federal tax (%)	11.00%		11.00%		11.00%	
12	Provincial tax (%)	4.50%		4.50%		4.50%	
13	Total tax rate (%)	15.50%		15.50%		15.50%	

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: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Rate Year: 2011

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
	Initial Application				
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	56.00%	$5,772,193	3.95%	$227,725
2	Short-term Debt	4.00%	$412,300	2.07%	$8,535
3	**Total Debt**	60.00%	$6,184,493	3.82%	$236,259
	Equity				
4	Common Equity	40.00%	$4,122,995	9.85%	$406,115
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$4,122,995	9.85%	$406,115
7	**Total**	100.00%	$10,307,488	6.23%	$642,374

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	0.00%	$ -	0.00%	$ -
2	Short-term Debt	0.00%	$ -	0.00%	$ -
3	**Total Debt**	0.00%	$ -	0.00%	$ -
	Equity				
4	Common Equity	0.00%	$ -	0.00%	$ -
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	0.00%	$ -	0.00%	$ -
7	**Total**	0.00%	$10,307,488	0.00%	$ -

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
	Per Board Decision				
		(%)	($)	(%)	($)
	Debt				
8	Long-term Debt	0.00%	$ -	3.95%	$ -
9	Short-term Debt	0.00%	$ -	2.07%	$ -
10	**Total Debt**	0.00%	$ -	0.00%	$ -
	Equity				
11	Common Equity	0.00%	$ -	9.85%	$ -
12	Preferred Shares	0.00%	$ -	0.00%	$ -
13	**Total Equity**	0.00%	$ -	0.00%	$ -
14	**Total**	0.00%	$10,307,488	0.00%	$ -

Notes

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

REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Rate Year: 2011

Ontario

Revenue Sufficiency/Deficiency

Line No.	Particulars	Initial Application: At Current Approved Rates	Initial Application: At Proposed Rates	At Current Approved Rates	At Proposed Rates	Per Board Decision: At Current Approved Rates	Per Board Decision: At Proposed Rates
1	Revenue Deficiency from Below		$909,070		$549,448		$2,545,005
2	Distribution Revenue	$1,941,875	$1,941,875	$1,941,875	$2,301,497	$ -	($2,545,005)
3	Other Operating Revenue Offsets - net	$357,246	$357,246	$ -	$ -	$ -	$ -
4	**Total Revenue**	$2,299,121	$3,208,191	$1,941,875	$2,850,945	$ -	$ -
5	Operating Expenses	$2,545,005	$2,545,005	$2,545,005	$2,545,005	$2,545,005	$2,545,005
6	Deemed Interest Expense	$236,259	$236,259	$ -	$ -	$ -	$ -
	Total Cost and Expenses	$2,781,264	$2,781,264	$2,545,005	$2,545,005	$2,545,005	$2,545,005
7	**Utility Income Before Income Taxes**	($482,143)	$426,927	($603,130)	$305,940	($2,545,005)	($2,545,005)
8	Tax Adjustments to Accounting Income per 2009 PILs	($292,655)	($292,655)	($292,655)	($292,655)	$ -	$ -
9	**Taxable Income**	($774,797)	$134,273	($895,784)	$13,285	($2,545,005)	($2,545,005)
10	Income Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
11	**Income Tax on Taxable Income**	($120,094)	$20,812	($138,847)	$2,059	($394,476)	($394,476)
12	**Income Tax Credits**	$ -	$ -	$ -	$ -	$ -	$ -
13	**Utility Net Income**	($362,049)	$406,115	($464,283)	($2,565,817)	($2,150,529)	($2,565,817)
14	**Utility Rate Base**	$10,307,488	$10,307,488	$10,307,488	$10,307,488	$10,307,488	$10,307,488
	Deemed Equity Portion of Rate Base	$4,122,995	$4,122,995	$ -	$ -	$ -	$ -
15	Income/Equity Rate Base (%)	-8.78%	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	-18.63%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Indicated Rate of Return	-1.22%	6.23%	-4.50%	0.00%	-20.86%	0.00%
19	Requested Rate of Return on Rate Base	6.23%	6.23%	0.00%	0.00%	0.00%	0.00%
20	Sufficiency/Deficiency in Rate of Return	-7.45%	0.00%	-4.50%	0.00%	-20.86%	0.00%
21	Target Return on Equity	$406,115	$406,115	$ -	$ -	$ -	$ -
22	Revenue Deficiency/(Sufficiency)	$768,164	($0)	$464,283	$ -	$2,150,529	$ -
23	**Gross Revenue Deficiency/(Sufficiency)**	$909,070 **(1)**		$549,448 **(1)**		$2,545,005 **(1)**	

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

REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Rate Year: 2011

Revenue Requirement

Line No.	Particulars	Application		Per Board Decision
1	OM&A Expenses	$2,062,785	$2,062,785	$2,062,785
2	Amortization/Depreciation	$468,960	$468,960	$468,960
3	Property Taxes	$13,260	$13,260	$13,260
4	Capital Taxes	$ -	$ -	$ -
5	Income Taxes (Grossed up)	$20,812	$20,812	$20,812
6	Other Expenses	$ -		
7	Return			
	Deemed Interest Expense	$236,259	$ -	$ -
	Return on Deemed Equity	$406,115	$ -	$ -
8	Distribution Revenue Requirement before Revenues	$3,208,191	$2,565,817	$2,565,817
9	Distribution revenue	$2,850,945	$ -	$ -
10	Other revenue	$357,246	$ -	$ -
11	**Total revenue**	$3,208,191	$ -	$ -
12	**Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)**	($0) **(1)**	($2,565,817) **(1)**	($2,565,817) **(1)**

Notes
(1) Line 11 - Line 8

CAUSES OF REVENUE DEFICIENCY:

Kenora Hydro's net revenue deficiency is calculated as $ 909,070 Kenora Hydro's calculation of its 2011 revenue deficiency is provided in Exhibit 1, Tab 3, Schedule 4.

The revenue deficiency is primarily the result of:

- Increases in OM&A costs, including depreciation expense.
- Capital Expenditures in 2007, 2008 and 2009 exceeded depreciation levels resulting in a increased rate base on which the rate of return is calculated. Kenora Hydro is committed to ensuring the reliability of the distribution system and will continue to invest in capital infrastructure in 2010 and 2011. Changes in the Rate Base are discussed further in Exhibit 2.

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

FINANCIAL STATEMENTS – 2008 and 2009:

Kenora Hydro's Audited Financial Statements accompany this Schedule as Appendix D.

APPENDIX D

2008 and 2009 AUDITED FINANCIAL STATEMENTS

Kenora Hydro Electric Corporation Ltd.

Financial Statements

For the year ended December 31, 2008

Contents

BDO Dunwoody LLP
Chartered Accountants
and Consultants

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301 First Avenue South
Kenora, Ontario, Canada P9N 4E9
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Auditors' Report

To the Board of Directors of
Kenora Hydro Electric Corporation Ltd.

We have audited the balance sheet of Kenora Hydro Electric Corporation Ltd. as at December 31, 2008 and the statements of retained earnings and operations and cash flows for the year then ended. These financial statements are the responsibility of the corporation'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.

As indicated in Note 4 to the financial statements, an impairment test has not been performed on goodwill with a net book value of $1,980,000. In accordance with generally accepted accounting principles, goodwill should be tested for impairment on an annual basis.

In our opinion, except for the effects of the corporation's failure to perform an impairment test and to provide for a write-down, if any, on goodwill as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the corporation as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Kenora, Ontario
March 27, 2009

Kenora Hydro Electric Corporation Ltd.

Balance Sheet

As at December 31	2008	2007
Assets		
Current		
Cash	**$ 1,296,146**	$ 2,508,324
Accounts receivable (Note 1)	**1,445,091**	795,151
Unbilled revenue	**1,075,772**	1,170,239
Inventory	**211,219**	194,675
Prepaid expense	**26,152**	24,754
	4,054,380	4,693,143
Capital assets (Note 2)	**5,869,557**	5,645,269
Other assets		
Prudential deposit (Note 3)	**613,237**	593,057
Goodwill (Note 4)	**1,980,000**	1,980,000
	2,593,237	2,573,057
	$ 12,517,174	$ 12,911,469
Liabilities and Shareholder's Equity		
Current liabilities		
Accounts payable (Note 6)	**$ 1,750,745**	$ 2,159,865
Deferred revenue	**19,536**	19,832
	1,770,281	2,179,697
Long term liabilities		
Shareholder interests (Note 7)	**9,783,778**	9,783,778
Post retirement benefits (Note 8)	**131,348**	124,253
	9,915,126	9,908,031
Other liabilities		
Regulatory variance account (Note 5)	**441,771**	481,658
Shareholder's Equity		
Share capital (Note 9)	**1,000**	1,000
Retained earnings	**388,996**	341,083
	389,996	342,083
	$ 12,517,174	$ 12,911,469

Contingencies (Note 16)

On behalf of the Board:

______________________________ Director

______________________________ Director

Kenora Hydro Electric Corporation Ltd.
Statement of Retained Earnings

For the year ended December 31	2008	2007
Retained earnings, beginning of year	**$ 341,083**	$ 85,908
Net income for the year	**47,913**	255,175
Retained earnings, end of year	**$ 388,996**	$ 341,083

Kenora Hydro Electric Corporation Ltd.
Statement of Operations

For the year ended December 31	2008	2007
Revenue		
Energy sales	**$ 7,570,393**	$ 7,815,133
Distribution services	**1,946,385**	1,949,000
	9,516,778	9,764,133
Cost of power		
Power purchased	**7,570,393**	7,815,133
Gross margin on electricity revenue	**1,946,385**	1,949,000
Other operating revenue (Note 10)	**323,531**	343,256
	2,269,916	2,292,256
Operating and maintenance expense		
Distribution (Note 11)	**440,492**	375,173
Utilization (customer premises)	**2,400**	2,400
Interest	**173,789**	219,398
Billing and collecting	**411,372**	387,712
General administration expenses	**792,237**	634,302
Amortization, excluding rolling stock	**379,434**	394,996
	2,199,724	2,013,981
Net income before undernoted item	**70,192**	278,275
Gain on disposal of rolling stock	**-**	1,800
Net income before payment in lieu of taxes	**70,192**	280,075
Provision for payment in lieu of taxes	**22,279**	24,900
Net income for the year	**$ 47,913**	$ 255,175

Kenora Hydro Electric Corporation Ltd.
Statement of Cash Flows

For the year ended December 31	2008	2007
Cash flows from operating activities		
Net income for the year	**$ 47,913**	$ 255,175
Adjustments for		
Gain on disposal of rolling stock	**-**	(1,800)
Amortization	**400,808**	440,197
	488,721	693,572
Changes in non-cash working capital items		
Post retirement benefits	**7,096**	36,753
Regulatory assets	**(39,887)**	(54,285)
Other current assets	**(573,415)**	859,566
Accounts payable	**(409,120)**	825,840
Deferred revenue	**(296)**	19,832
	(566,901)	2,381,278
Cash flow from investing activities		
Addition to capital assets	**(625,097)**	(1,152,973)
Changes in prudential deposits	**(20,180)**	241,649
	(645,277)	(911,324)
Increase (decrease) in cash during year	**(1,212,178)**	1,469,954
Cash, beginning of year	**2,508,324**	1,038,370
Cash, end of year	**$ 1,296,146**	$ 2,508,324
Supplementary Information		
Interest paid	**$ 176,193**	$ 170,239

Kenora Hydro Electric Corporation Ltd.
Summary of Significant Accounting Policies

December 31, 2008

Nature of Business

The company is incorporated under the laws of the Province of Ontario and is engaged in the operation of distributing hydro power.

Kenora Hydro is subject to rate regulation by the Ontario Energy Board (OEB). The OEB sets distribution rates for customers based on the level of revenue required to operate the regulated business (distribution of electricity) and to provide an approved rate of return. The OEB also approves specific rate riders to allow for the recovery of specific regulatory assets and liabilities.

These rate applications set the distribution rates, both a fixed component and a variable component based on consumption, by customer class. Local distribution companies (LDC) are required to file rate applications in the form and manner set out by the OEB, as ordered.

The commodity price and the tiered rate thresholds of electricity purchased by low volume and designated customers are also set by the OEB twice a year. Non-regulated (higher volume) customers pay the spot market price for commodity and are subject to the business protection plan rebate for Ontario Power Generation Inc.

Financial Statements

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles using guidelines prescribed by the Ontario Energy Board (OEB) for municipal electrical utilities in Ontario.

Revenue Recognition

Revenue is recognized on the accrual basis as electricity is consumed. The company recognizes distribution services revenue as billed to customers on a monthly basis adjusted for unbilled amounts at year end.

The amounts billed to customers for distribution services is according to rates, both fixed and by volume of power, as approved by the Ontario Energy Board.

Pole rental revenue which is included in other operating revenue is recognized according to rates per pole as established by the Ontario Energy Board.

Revenue from street light maintenance and other miscellaneous income is recognized as service is performed.

Kenora Hydro Electric Corporation Ltd.
Summary of Significant Accounting Policies

December 31, 2008

Unbilled Revenue

Unbilled revenue is an estimate of customers' consumption of power from the last meter read to December 31.

Inventory

Inventory is stated at cost. Cost is generally determined to be the lower of average cost and net realizable value.

Capital Assets

Capital assets are recorded at cost. Amortization is provided on the straight line basis, as follows:

Plant	- 1.66% and 2%
Computer hardware	- 20%
Computer software	- 33.3%
Office equipment	- 10%
Miscellaneous equipment	- 10%
Rolling stock	- 12.5% and 25%

Contributions in Aid of Construction
Contributions received in aid of construction are netted against capital assets. These revenues are amortized on the same basis as the capital assets to which they relate.

Goodwill

Goodwill is recorded at cost. No provision is provided for amortization.

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.

Financial Instruments

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:

Assets or liabilities held-for-trading
Financial instruments classified as assets or liabilities held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expense when incurred.

Cash and prudential deposits have been classified as held-for-trading.

Financial Instruments - continued

Loans and receivables and other financial liabilities
Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in net income (loss) over the expected life of the instrument. Transaction costs are expensed when incurred.

Accounts receivable and unbilled revenue have been classified as loans and receivables.

Accounts payable, shareholder loan and preferred shares classified as liabilities have been classified as other financial liabilities.

The following methods were used to estimate the fair value of the financial instruments at the balance sheet date:

Investments in securities with an active market– quoted market

All transactions related to financial instruments are recorded on a settlement date basis.

Payments in Lieu of Taxes

The company is currently exempt from taxes under the Income Tax Act and the Ontario Corporations Tax Act.

The company is required to compute taxes under the Income Tax Act and Ontario Corporations Tax Act and remit such amounts to the Ontario Electricity Financial Corporation. These amounts referred to as “Payments in Lieu of Taxes” under the Energy Competition Act, are applied to reduce certain debt obligations of the former Ontario Hydro. The company computes these amounts using the taxes payable method whereby it reports as an expense the cost of any amount paid or payable in lieu of tax, if any, based on the current years results.

Pension and Other Post-Employment Benefits

The company accounts for its participation in the Ontario Municipal Employee Retirement Funds (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Standards issued by The Canadian Institute of Chartered Accountants with respect to accounting for employee future benefits require the company to accrue for its obligations under other employee benefit plans and related costs, net of plan assets.

The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management’s best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

Kenora Hydro Electric Corporation Ltd.
Summary of Significant Accounting Policies

December 31, 2008

Other Items Affected by Rate Regulation

As prescribed by a regulatory rate order, income tax expense is recovered through customer rates based on the taxes payable method. Therefore, rates do not include the recovery of future income taxes related to the temporary differences between the tax basis of assets and liabilities and their carryings amounts for accounting purposes. Kenora Hydro Electric Corporation Ltd. has not recognized future income taxes, as it is expected that when these amounts become payable, they will be recovered through future rate revenues. Generally accepted accounting principles require the recognition of future income tax liabilities and future tax assets in the absence of rate regulation.

Future Accounting Changes

International Financial Reporting Standards

On February 13, 2008, the CICA Accounting Standards Board (“AcSB”) confirmed publicly accountable enterprises will be required to adopt IFRS in place of Canadian generally accepted accounting principles (“GAAP”) for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011 with comparative information required for 2010. On December 18, 2008, the International Accounting Standards Board (“IASB”) decided to undertake a comprehensive review of the topic of rate-regulated entities. The IASB plans to issue an Exposure Draft in the second half of 2009 on the effects of rate regulation, with the goal of issuing a final standard in 2011. The exposure draft is expected to provide entities with an early indication of the direction in which the IASB is heading. Until then, the company continues to assess the effect of IFRS on its accounting policies, financial statements, internal controls, information systems and business activities.

Financial Statement Concepts

CICA Handbook Section 1000, Financial Statements 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 interim and annual 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.

Goodwill and Intangible Assets

Section 3064 incorporates guidance to clarify the recognition of intangible assets and address the 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.

Future Accounting Changes (continued)

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.

Income Taxes

Section 3456 was amended to recognize future income tax liabilities and assets in accordance with the standard. The amended also states that, a regulatory asset or liability should be recognized for the amount of future income taxes expected to be included in future approved rates charged to customers and recovered from or returned to future customers. 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.

Notes to Financial Statements

December 31, 2008

1. Accounts Receivable

	2008	2007
City of Kenora – monthly collections	**$ 930,003**	$ 721,708
Sundry	**515,088**	73,443
	$ 1,445,091	$ 795,151

2. Capital Assets

	2008		2007	
	Cost	**Accumulated Amortization**	Cost	Accumulated Amortization
Land	**$ 18,928**	**$ -**	$ 18,928	$ -
Plant				
Distribution lines				
- overhead	**5,880,901**	**3,198,818**	5,657,140	2,973,381
- underground	**664,210**	**349,842**	659,171	323,273
Distribution transformers	**1,594,702**	**939,830**	1,562,391	877,332
Distribution meters	**559,338**	**344,273**	558,801	322,881
Services	**168,095**	**40,149**	165,723	33,425
Substation equipment	**1,896,000**	**240,179**	1,544,361	222,048
Computer hardware	**24,118**	**18,400**	23,580	14,577
Computer software	**5,308**	**3,179**	2,115	2,115
Office equipment	**18,758**	**13,069**	18,248	11,678
Miscellaneous equipment	**88,322**	**56,226**	83,124	49,076
	11,225,730	**5,428,891**	10,600,632	5,049,455
Rolling stock	**474,376**	**401,658**	474,376	380,284
	$ 11,700,106	**$ 5,830,549**	$ 11,075,008	$ 5,429,739
Net book value		**$ 5,869,557**		$ 5,645,269

Total amortization of capital assets amounted to $400,808 (2007 - $404,197). Transportation equipment amortization of $21,374 (2007 - $45,201) has been expensed to operating lines where equipment was used.

3. Prudential Deposit

The Independent Electricity System Operator (IESO) requires local distribution companies to provide a financial guarantee with a financial institution as security against electricity purchased by Kenora Hydro. As at December 31, 2008, Kenora Hydro holds one T-Bill having a face value of $608,723. Interest will be received on maturity of the T-Bill in September 2009. Accrued interest of $4,514 has been recorded to December 31, 2008.

4. Goodwill

	2008	2007
Goodwill	**$ 2,250,000**	$ 2,250,000
Less: Accumulated Amortization	**270,000**	270,000
	$ 1,980,000	$ 1,980,000

In accordance with Section 3064, goodwill should be tested for impairment on an annual basis. Historical operating results and changes in the operating environment of the corporation would seem to indicate that there has been an impairment in the value of goodwill. A valuation has not been performed to determine the amount of goodwill impaired, if any, nor the amount of impairment loss to be recognized.

5. Regulatory Variance Account

	2008	2007
RSVA Accounts		
Wholesale Market Service	**$ (289,582)**	$ (213,848)
Retail Transmission Network	**(38,058)**	(7,957)
Retail Transmission Connection	**(515,568)**	(478,479)
Power	**238,928**	170,785
Power – global adjustment	**108,150**	48,645
Regulatory asset recoveries	**(159)**	(52,473)
	(496,289)	(533,327)
Non-RSVA Regulatory Assets		
Miscellaneous Deferred Debits	**1,088**	1,047
Ontario Energy Board Cost Assessment	**9,522**	9,173
Deferred Payments in Lieu	**6,535**	6,535
OMERS Deferral	**68,999**	66,472
Smart Meter Recoveries	**(50,295)**	(31,558)
Smart Meter O & M	**18,669**	-
	54,518	51,669
Net	**$ (441,771)**	$ (481,658)

5. Regulatory Variance Account – continued

Regulatory variance accounts represent costs and variance amounts that are due to be recovered through rate adjustment in future years. Beginning in 2007, Kenora Hydro was approved by the Ontario Energy Board (OEB) to begin recovery of these variance amounts. The OEB allows the local distribution company to incorporate the balances in these accounts into each rate filing. It is anticipated that the OEB will continue to allow the company to recover these balances with future rate increases.

6. Accounts Payable

	2008	2007
Power	**$ 886,400**	$ 831,203
Other (Note 12)	**864,345**	1,328,662
	$ 1,750,745	$ 2,159,865

7. Shareholder Interests

	2008	2007
Shareholder Loan Demand note payable to the City of Kenora, interest payable on demand at prime, no specific terms of repayment, no foreseeable demand for payment in the next twelve months	**$ 3,069,279**	$ 3,069,279
Share Capital		
Authorized		
Unlimited Class A non-voting redeemable preference shares, non-cumulative dividends at 2-10% of the paid up amount		
Unlimited Class B non-voting redeemable preference shares, non-cumulative dividends at 5% of the paid up amount		
Unlimited Class C voting, redeemable preference shares, non-cumulative dividends at 6% of the paid up amount		
Issued		
1,396,220 Class A shares	**1,396,220**	1,396,220
5,318,279 Class C shares	**5,318,279**	5,318,279
	6,714,499	6,714,499
	$ 9,783,778	$ 9,783,778

8. Post Retirement Benefits

Kenora Hydro pays certain health and dental benefits on behalf of its retired employees. Kenora Hydro recognizes post-retirement costs in the period in which the employees rendered the services.

Information about Kenora Hydro's defined benefit plans is as follows:	**2008**	2007
Accrued benefit liability at January 1, 2008	**$ 124,253**	$ 87,500
Actuarial adjustment to opening balance	**-**	27,800
Expense for the period January 1, 2008 to December 31, 2008	**7,095**	8,953
Accrued benefit liability at December 31, 2008, as determined by actuarial valuation using a 6.0% discount rate	**$ 131,348**	$ 124,253

The main actuarial assumptions employed for the valuations are as follows:

a) Interest (discount) rate:
The obligations as at December 31, 2008 of the present value of future liabilities and the expense for the 12 months ended December 31, 2008, were determined using a discount rate of 6.0%.

b) Medical costs:
Medical costs were assumed to increase at 9.0% in 2008, graded down by 0.5% per annum to 5% by 2016 and thereafter.

c) Dental costs:
Dental costs were assumed to increase at 4% per year.

9. Share Capital

		2008	2007
Authorized			
Unlimited	Class D fully participating shares		
Issued			
1,000	Class D shares	**$ 1,000**	$ 1,000

10. Other Operating Revenue

	2008	2007
Late payment charges	**$ 31,710**	$ 30,609
Interest earned	**69,369**	107,041
Pole rentals	**108,894**	107,744
Change in occupancy charges	**36,650**	37,392
Miscellaneous revenue	**79,908**	60,470
	$ 323,531	$ 343,256

11. Distribution

	2008	2007
Overhead distribution lines and feeders	**$ 371,308**	$ 312,608
Distribution meters	**53,907**	55,272
Underground distribution lines and feeders	**15,277**	7,293
	$ 440,492	$ 375,173

12. Related Party Transaction

The City of Kenora holds 100% of the shares of Kenora Hydro Electric Corporation Ltd. During the year $239,548 ($227,912 – 2007) of administration services were charged to Kenora Hydro by the City of Kenora. The City of Kenora is a customer of Kenora Hydro Electric Corporation Ltd. Purchases of electricity and other services in the normal course of operations 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 of these services.

In addition to amounts included in accounts receivable as disclosed in Note 1, is accounts payable to the City of Kenora of $318,423 ($608,483 – 2007). This balance is interest free, payable on demand and has arisen from the sales of product and the provision of services referred to above.

13. Pension Plan

The company makes contributions to the Ontario Municipal Employees Retirement fund (OMERS), on behalf of all members of its staff. This plan is a defined contribution plan. The amount contributed to OMERS in 2008 was $65,438 (2007 - $59,365). For employees who have a normal retirement age of 65, contributions are 6.5% of employees' salary up to $44,900 and 9.6% thereafter.

14. Fair Value of Financial Assets and Liabilities

Fair Values

The company's financial instruments comprise cash, accounts receivable, unbilled revenue, prudential deposits, accounts payable, preferred shares classified as liabilities and due to shareholder amounts.

Cash, accounts receivable, unbilled revenue, prudential deposits and accounts payable are reported at their fair values on the balance sheet. The fair values are the same as the carrying values due to their short-term nature.

The fair value of the preferred shares classified as liabilities is not less than the amount payable on demand. The amount due to shareholder bears interest at prime with no specific terms of repayment. The shareholder has agreed not to demand repayment prior to December 31, 2009. The fair value of this amount has not been disclosed due to the fact that the cash flow stream is not determinable.

15. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of Kenora Hydro Electric Corporation Ltd's risk management framework.

a) Credit Risk

Credit risk arises from the possibility that a counterparty to which the company provides goods and services is unable or unwilling to fulfill the

Trade receivables are predominantly with the City of Kenora.

The aging of trade receivable at the reporting date was:

	2008			2007		
	Gross	Allowance	Net	Gross	Allowance	Net
Not past due	-	-	-	-	-	
Past due 1-30 days	$1,466,939	$ (21,848)	$1,455,091	$ 815,465	$ (20,314)	$ 795,151
Past due 31-120 days	-	-	-	-	-	-
More than one year	-	-	-	-	-	-
Total	$1,466,939	$ (21,848)	$1,455,091	$ 815,465	$ (20,314)	$ 795,151

The accounts receivable at December 31, 2008 were substantially collected subsequent to year end.

15. Financial Risk Management - continued

b) Liquidity Risk

Liquidity risk is the risk that Kenora Hydro Electric Corporation Ltd. will not be able to meet its financial obligations as they fall due. Kenora Hydro Electric Corporation Ltd.'s approach to managing liquidity is through regular monitoring of cash requirements by preparing short term and long term cash flow analysis.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

2008	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2010-2011	2012-2013	Thereafter
Accounts payable	1,750,745	1,750,745	1,750,745	-	-	-	-
Shareholder interests	9,783,778	9,783,778	-	-	-	-	9,783,778
	11,534,523	11,534,523	1,750,745	-	-	-	9,783,778

2007	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2009-2010	2011-2012	Thereafter
Accounts payable	2,159,865	2,159,865	2,159,865	-	-	-	-
Shareholder interests	9,783,778	9,783,778	-	-	-	-	9,783,778
	11,943,643	11,943,643	2,159,865	-	-	-	9,783,778

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

i) Foreign currency exchange risk

The company is not exposed to foreign currency exchange rate fluctuations as the company does not have assets and liabilities denominated in foreign currencies.

ii) Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the company. The demand note payable to the City of Kenora bears interest at a variable rate.

If the Canadian Bank rate decreased by 25 basis points at December 31, 2008, the result would be an increase in net income of $8,301 (2007 - $7,687).

An increase in the Canadian Bank rate of 25 basis points would have the opposite effect on net income. This analysis assumes that all other variables remain constant.

15. Financial Risk Management - continued

iii) Commodity price risk

Commodity price risk is the risk of price volatility in the electricity rates. Kenora Hydro Electric Corporation Ltd. is not exposed to any risk with respect to electricity rates. The company has a monthly funding mechanism in place based on the system developed by the IESO to ensure that the utility is fully compensated for any difference between the market rate for the commodity and the allowed rates charged through to customers on the sale of the commodity. Kenora Hydro Electric Corporation Ltd. is not exposed to any commodity price risk, and as such any fluctuation in electricity rates will not financially impact the company.

Capital Disclosures

Kenora Hydro Electric Corporation Ltd. manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity, debt, and capital leases, are analyzed by management and approved by the board of directors.

The company's objectives when managing capital are:

a) to safeguard the company's ability to continue as a going concern and provide returns for shareholders;
b) to maintain a safe and reliable electricity distribution system.

The company is meeting its objective of managing capital through its detailed review and preparing short term and long term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results.

There have been no changes in the company's approach to capital management from the previous years.

16. Contingencies

A class action claiming $500 million in restitution payments plus interest was served on Toronto Hydro on November 18, 1998. The action was initiated against Toronto Hydro Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities in Ontario that have charged late payment charges on overdue utility bills at any time after April 1, 1981. The claim is that late payment penalties result in the municipal electric utilities receiving interest at effective rates in excess of 60% per year, which is illegal under Section 347(1)(b) of the Criminal Code. The Electricity Distributors Association (formerly Municipal Electric Association) is undertaking the defence of this class action. At this time, it is not possible to quantify the effect, if any, on the financial statements of the company.

17. Commitments

During the year, the company committed to the purchase of a new truck with extended reach aerial buckets. The contract price is $228,215 plus taxes and delivery is expected in May 2009. The amount has not been accrued in these financial statements.

A commitment to purchase 12.47kV switchgear for the substation was made for $94,350 and delivery is expected in April 2009. The amount has not been accrued in these financial statements.

The company is a member of a group of local distribution companies which has combined resources to select the vendor to supply and install smart meters for the region. Subsequent to the year end, the group has selected Elster Integrated Solutions, LLC ("Elster") as the vendor for the provisioning of smart meters. The installation contract was issued to Olameter. The total contract price for Kenora Hydro Electric Corporation Ltd. is $1,208,584. An ongoing annual support fee for the metering automatic service of $12,250 has been committed to within this contract.

18. Future Payments in Lieu of Taxes

Future payments in lieu of taxes have not been recorded in the accounts as they are expected to be reflected through future distribution revenues. As at December 31, 2008, a future income tax liability of $139,167 (2007 – $87,783) has not been recorded on the balance sheet. A future payment in lieu of taxes of $51,384 (2007 - $141,857) has not been reflected in the income tax provision for the year ended December 31, 2008.

Kenora Hydro Electric Corporation Ltd.
Financial Statements
For the year ended December 31, 2009

Contents

BDO

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Auditors' Report

To the Board of Directors of
Kenora Hydro Electric Corporation Ltd.

We have audited the balance sheet of Kenora Hydro Electric Corporation Ltd. as at December 31, 2009 and the statements of retained earnings (deficit), operations 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 its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Kenora, Ontario
March 18, 2010

Kenora Hydro Electric Corporation Ltd.
Balance Sheet

As at December 31	2009	2008 (Restated)
Assets		
Current		
Cash	$ 558,193	$ 1,296,146
Accounts receivable (Note 1)	984,258	1,445,091
Unbilled revenue	1,246,610	1,075,772
Inventory	221,176	211,219
Prepaid expense	44,373	26,152
	3,054,610	4,054,380
Capital assets (Note 2)	6,848,448	5,867,428
Intangibles (Note 3)	9,128	2,129
Prudential deposit (Note 4)	613,707	613,237
Regulatory variance accounts (Note 6)	153,032	-
Future income taxes (Note 8)	362,189	-
	7,983,504	6,482,794
	$11,041,114	$ 10,537,174
Liabilities and Shareholder's Equity		
Current liabilities		
Accounts payable (Note 7)	$ 1,735,210	$ 1,750,745
Deferred revenue	19,536	19,536
	1,754,746	1,770,281
Long-term liabilities		
Shareholder interests (Note 9)	9,783,778	9,783,778
Post retirement benefits (Note 10)	141,134	131,348
Long-term debt (Note 11)	900,000	-
Regulatory variance account (Note 6)	-	441,771
	12,579,658	12,127,178
Contingencies (Note 19)		
Shareholder's Equity		
Share capital (Note 12)	1,000	1,000
Deficit	(1,539,544)	(1,591,004)
	(1,538,544)	(1,590,004)
	$ 11,041,114	$ 10,537,174

On behalf of the Board:

____________________________Director

____________________________Director

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

Kenora Hydro Electric Corporation Ltd.
Statement of Retained Earnings (Deficit)

For the year ended December 31	2009	2008 (Restated)
Retained earnings (deficit), beginning of year, as previously stated	$ (1,591,004)	$ 341,083
Prior period adjustment (Note 5)	-	(1,980,000)
Deficit, beginning of year, restated	(1,591,004)	(1,638,917)
Net income for the year	51,460	47,913
Deficit, end of year	$ (1,539,544)	$ (1,591,004)

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

Kenora Hydro Electric Corporation Ltd.
Statement of Operations

For the year ended December 31	2009	2008
Revenue		
Energy sales	$ 7,883,158	$ 7,570,393
Distribution services	1,995,951	1,946,385
	9,879,109	9,516,778
Cost of power		
Power purchased	7,883,158	7,570,393
Gross margin on electricity revenue	1,995,951	1,946,385
Other operating revenue (Note 13)	275,333	323,531
	2,271,284	2,269,916
Operating and maintenance expense		
Distribution (Note 14)	529,789	440,492
Utilization (customer premises)	3,543	2,400
Interest	85,868	173,789
Billing and collecting	438,620	411,372
General administration expenses	742,133	792,237
Amortization, excluding rolling stock	431,012	378,370
Amortization, intangibles	5,095	1,064
	2,236,060	2,199,724
Net income before undernoted item	35,224	70,192
Gain on disposal of rolling stock	21,500	-
Net income before payment in lieu of taxes	56,724	70,192
Provision for payment in lieu of taxes	5,264	22,279
Net income for the year	$ 51,460	$ 47,913

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

Kenora Hydro Electric Corporation Ltd.
Statement of Cash Flows

For the year ended December 31	2009	2008
Cash flows from operating activities		
Net income for the year	$ 51,460	$ 47,913
Adjustments for		
Gain on disposal of rolling stock	(21,500)	-
Amortization	488,376	400,808
	518,336	448,721
Changes in non-cash working capital items		
Post retirement benefits	9,786	7,096
Regulatory assets	(594,803)	(39,887)
Other current assets	261,817	(573,415)
Accounts payable	(15,535)	(409,120)
Future income taxes	(362,189)	-
Deferred revenue	-	(296)
	(182,588)	(566,901)
Cash flow from financing activities		
Proceeds from long-term debt	900,000	-
Cash flow from investing activities		
Addition to capital assets	(1,454,895)	(625,097)
Changes in prudential deposits	(470)	(20,180)
	(1,455,365)	(645,277)
Decrease in cash during year	(737,953)	(1,212,178)
Cash, beginning of year	1,296,146	2,508,324
Cash, end of year	$ 558,193	$ 1,296,146
Supplementary Information		
Interest paid	$ 82,795	$ 176,193
Income taxes	$ 10,814	$ 23,087

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

Regulation (continued)

The amendments to Section 3465 require rate-regulated enterprises to recognize future income tax liabilities and assets, as well as, a regulatory asset or liability for the amount of future income taxes expected to be included in future rates and recovered from or returned to future customers and to present these amounts on a gross basis in the financial statements. Entities in this sector were previously exempted from the requirement to recognize future income taxes. The company adopted this new accounting standard without the restatement of the prior year's figures by recording a future income tax asset of $362,189 and a corresponding regulatory liability of $362,189 (Note 6).

The revision to Section 1100 removed the temporary exemption pertaining to the application of that Section to the recognition and measurement of assets and liabilities arising from rate-regulation. Accounting Guideline 19 amended certain disclosures as a result of the changes to the other Sections.

Revenue Recognition

Revenue is recognized on the accrual basis as electricity is consumed. The company recognizes distribution services revenue as billed to customers on a monthly basis adjusted for unbilled amounts at year end.

The amounts billed to customers for distribution services is according to rates, both fixed and by volume of power, as approved by the Ontario Energy Board.

Pole rental revenue which is included in other operating revenue is recognized according to rates per pole as established by the Ontario Energy Board.

Revenue from street light maintenance and other miscellaneous income is recognized as service is performed.

Unbilled Revenue

Unbilled revenue is an estimate of customers' consumption of power from the last meter read to December 31.

Inventory

Effective January 1, 2008, the company adopted CICA Handbook Section 3031 - Inventories. Inventories are required to be measured at the lower of cost and net realizable value and any items considered to be major future components of property plant and equipment are to be transferred to property plant and equipment. The implementation of this new standard did not have any impact on the company's results of operations. Inventories consist of maintenance and construction materials. Any major future components of the infrastructure will be capitalized and not depreciated until they are put into service. Inventories are carried at the lower of cost and net realizable value, with cost determined on an average cost basis.

Kenora Hydro Electric Corporation Ltd.
Summary of Significant Accounting Policies

December 31, 2009

Nature of Business

The company is incorporated under the laws of the Province of Ontario and is engaged in the operation of distributing hydro power.

Kenora Hydro is subject to rate regulation by the Ontario Energy Board (OEB). The OEB sets distribution rates for customers based on the level of revenue required to operate the regulated business (distribution of electricity) and to provide an approved rate of return. The OEB also approves specific rate riders to allow for the recovery of specific regulatory assets and liabilities.

These rate applications set the distribution rates, both a fixed component and a variable component based on consumption, by customer class. Local distribution companies (LDC) are required to file rate applications in the form and manner set out by the OEB, as ordered.

The commodity price and the tiered rate thresholds of electricity purchased by low volume and designated customers are also set by the OEB twice a year. Non-regulated (higher volume) customers pay the spot market price for commodity. Customers paying spot market pricing, and customers on a retailer contract also pay or receive the provincial benefit, an amount determined by the Independent Electricity System Operator ("IESO") monthly.

Regulation

The following regulatory treatments have resulted in accounting treatments which differ from Canadian generally accepted accounting principles ("GAAP") for enterprises operating in an unregulated environment:

Regulatory Assets and Liabilities
Effective for year ends beginning on or after January 1, 2009, the Canadian Institute of Chartered Accountants ('CICA') amended CICA Handbook Section 1100, *Generally Accepted Accounting Principles*, Section 3465, *Income Taxes* and Accounting Guideline 19 - *Disclosures by Entities Subject to Rate-Regulation*.

As a result of the removal of the temporary exemption, the company developed accounting policies for its assets and liabilities arising from rate regulation using professional judgment and other sources issued by bodies authorized to issue accounting standards in other jurisdictions. Accordingly, the company determined that U.S. Financial Accounting Standards Board Accounting Standards Codification 980 - "Regulated Operations" was consistent with the company's treatment of its assets and liabilities arising from rate-regulated activities and qualified for recognition under Canadian GAAP. Adoption of these amendments did not affect the company's results of operations and financial position.

Kenora Hydro Electric Corporation Ltd.
Summary of Significant Accounting Policy

December 31, 2009

Regulation (continued)

The amendments to Section 3465 require rate-regulated enterprises to recognize future income tax liabilities and assets, as well as, a regulatory asset or liability for the amount of future income taxes expected to be included in future rates and recovered from or returned to future customers and to present these amounts on a gross basis in the financial statements. Entities in this sector were previously exempted from the requirement to recognize future income taxes. The company adopted this new accounting standard without the restatement of the prior year's figures by recording a future income tax asset of $362,189 and a corresponding regulatory liability of $362,189 (Note 6).

The revision to Section 1100 removed the temporary exemption pertaining to the application of that Section to the recognition and measurement of assets and liabilities arising from rate-regulation. Accounting Guideline 19 amended certain disclosures as a result of the changes to the other Sections.

Revenue Recognition

Revenue is recognized on the accrual basis as electricity is consumed. The company recognizes distribution services revenue as billed to customers on a monthly basis adjusted for unbilled amounts at year end.

The amounts billed to customers for distribution services is according to rates, both fixed and by volume of power, as approved by the Ontario Energy Board.

Pole rental revenue which is included in other operating revenue is recognized according to rates per pole as established by the Ontario Energy Board.

Revenue from street light maintenance and other miscellaneous income is recognized as service is performed.

Unbilled Revenue

Unbilled revenue is an estimate of customers' consumption of power from the last meter read to December 31.

Inventory

Effective January 1, 2008, the company adopted CICA Handbook Section 3031 - Inventories. Inventories are required to be measured at the lower of cost and net realizable value and any items considered to be major future components of property plant and equipment are to be transferred to property plant and equipment. The implementation of this new standard did not have any impact on the company's results of operations. Inventories consist of maintenance and construction materials. Any major future components of the infrastructure will be capitalized and not depreciated until they are put into service. Inventories are carried at the lower of cost and net realizable value, with cost determined on an average cost basis.

Kenora Hydro Electric Corporation Ltd.
Summary of Significant Accounting Policies

December 31, 2009

Capital Assets

Capital assets are recorded at cost. Amortization is provided on the straight line basis, as follows:

Plant	- 1.66% and 2%
Computer hardware	- 20%
Office equipment	- 10%
Miscellaneous equipment	- 10%
Rolling stock	- 12.5% and 25%

Contributions in Aid of Construction
Contributions received in aid of construction are netted against capital assets. These revenues are amortized on the same basis as the capital assets to which they relate.

Intangibles

On January 1, 2009, the company retrospectively adopted CICA Handbook Section 3064 "Goodwill and Intangible Assets". This revised standard establishes guidance for the recognition, measurement and disclosure of goodwill and intangible assets. As required by this standard, computer software assets were retroactively reclassified from property, plant and equipment to intangible assets. The company has also reclassified computer software amortization on the statement of operations from depreciation expense to amortization of intangible assets. There is no impact on previously reported net earnings or loss.

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 those estimates, including changes as a result of future decisions made by the OEB, the Minister of Energy, the Minister of Finance, or the Minister of Revenue.

Financial Instruments

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:

Assets or liabilities held-for-trading
Financial instruments classified as assets or liabilities held-for-trading are reported at fair value at each balance sheet date, and any change in fair value is recognized in net income (loss) in the period during which the change occurs. Transaction costs are expense when incurred.

Cash and prudential deposits have been classified as held-for-trading.

Financial Instruments - continued

Loans and receivables and other financial liabilities
Financial instruments classified as loans and receivables and other financial liabilities are carried at amortized cost using the effective interest method. Interest income or expense is included in net income (loss) over the expected life of the instrument. Transaction costs are expensed when incurred.

Accounts receivable and unbilled revenue have been classified as loans and receivables.

Accounts payable, long term debt, shareholder loan and preferred shares classified as liabilities have been classified as other financial liabilities.

The Accounting Standards Board amended CICA Handbook Section 3861, Financial Instruments - Disclosures, by providing enhanced disclosure requirements for fair value measurements of financial instruments and liquidity risks. Section 3862 establishes a three-level valuation hierarchy for disclosures of financial instruments measured at fair value, based upon the degree to which the inputs used to value an asset or liability as of the measurement date are observable:

Level 1: quoted prices (unadjusted) in active market for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices; and
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Payments in Lieu of Taxes

The company is currently exempt from taxes under the Income Tax Act and the Ontario Corporations Tax Act.

The company is required to compute taxes under the Income Tax Act and Ontario Corporations Tax Act and remit such amounts to the Ontario Electricity Financial Corporation. These amounts referred to as "Payments in Lieu of Taxes" under the Energy Competition Act, are applied to reduce certain debt obligations of the former Ontario Hydro. Until December 31, 2008, the taxes payable method was applied. Effective January 1, 2009, the liability method of accounting is used, following the new recommendations from the CICA.

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Kenora Hydro Electric Corporation Ltd.
Summary of Significant Accounting Policies

December 31, 2009

Pension and Other Post-Employment Benefits

The company accounts for its participation in the Ontario Municipal Employee Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Standards issued by The Canadian Institute of Chartered Accountants with respect to accounting for employee future benefits require the company to accrue for its obligations under other employee benefit plans and related costs, net of plan assets.

The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

Future Accounting Pronouncements

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
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.

Kenora Hydro Electric Corporation Ltd.
Notes to Financial Statements

December 31, 2009

1. Accounts Receivable

	2009	2008
City of Kenora - monthly collections	$ 920,478	$ 930,003
Sundry	63,780	515,088
	$ 984,258	$ 1,445,091

2. Capital Assets

	2009 Cost	2009 Accumulated Amortization	2008 Cost	2008 Accumulated Amortization
Land	$ 18,928	$ -	$ 18,928	$ -
Plant				
Building	307,050	230,183	307,050	224,926
Distribution lines				
- overhead	6,015,134	3,425,150	5,880,901	3,198,818
- underground	664,210	376,410	664,210	349,842
Distribution transformers	1,626,162	1,003,606	1,594,702	939,830
Distribution meters	559,338	365,665	559,338	344,273
Services	147,588	46,052	168,095	40,149
Substation equipment	2,955,615	310,572	1,896,000	240,179
Computer hardware	26,313	21,657	24,118	18,400
Office equipment	26,042	15,021	18,758	13,069
Miscellaneous equipment	91,182	62,388	88,322	56,226
	12,437,562	5,856,724	11,220,422	5,425,712
Rolling stock	721,537	453,927	474,376	401,658
	$ 13,159,099	$ 6,310,651	$ 11,694,798	$ 5,827,370
Net book value		$ 6,848,448		$ 5,867,428

At December 31, 2009, net book value of stranded distribution meters related to the deployment of smart meters amounting to $193,673 (2008 - $215,065) is included in property plant and equipment. In the absence of rate regulation, property plant and equipment would have been $193,676 (2008 - $215,065) lower.

Total amortization of capital assets amounted to $483,281 (2008 - $400,808). Transportation equipment amortization of $52,269 (2008 - $21,374) has been expensed to operating lines where equipment was used.

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3. Intangibles

	2009		2008	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer software	$ 17,402	$ 8,274	$ 5,308	$ 3,179
Net book value		$ 9,128		$ 2,129

Amortization of intangibles amounted to $5,095 (2008 - $1,064)

4. Prudential Deposit

The Independent Electricity System Operator (IESO) requires local distribution companies to provide a financial guarantee with a financial institution as security against electricity purchased by Kenora Hydro. As at December 31, 2009, Kenora Hydro holds one T-Bill having a face value of $ 613,707. Interest of 0.13% will be received on maturity of the T-Bill in February 2010.

5. Prior Period Adjustment - Goodwill

In prior years, goodwill with a net book value of $1,980,000 (representing goodwill of $2,250,000 and accumulated amortization of $270,000) was recorded as an asset of the company. The goodwill was not tested for impairment in the prior year and accordingly, the auditors' report was qualified for the failure to test for impairment and to record any impairment liability. During 2009, in accordance with Section 3064, goodwill was tested for impairment by an independent third party. The valuation report issued determined that the value of the goodwill was nil at the beginning of the prior year. Accordingly, a reduction to 2008 goodwill and opening retained earnings of $1,980,000 has been reflected as a prior period adjustment. This change is non-cash in nature and did not affect the liquidity or cash flows from operations.

6. Regulatory Variance Account

	2009	2008
RSVA Accounts		
Wholesale Market Service	$ (331,676)	$ (289,582)
Retail Transmission Network	(6,837)	(38,058)
Retail Transmission Connection	(507,031)	(515,568)
Power	90,551	238,928
Power - global adjustment	155,562	108,150
Regulatory asset recoveries	1,368	(159)
	(598,063)	(496,289)
Non-RSVA Regulatory Assets		
Miscellaneous Deferred Debits	1,102	1,088
Ontario Energy Board Cost Assessment	9,637	9,522
Deferred Payments in Lieu	6,535	6,535
OMERS Deferral	69,838	68,999
Smart Meter O & M	138,217	18,669
Smart Meter Capital	971,284	-
Smart Meter Recoveries	(101,347)	(50,295)
Smart Grid Deferral	1,847	-
Renewable Connection Deferral	12,437	-
IFRS Transition Costs	3,734	-
Future Income Taxes	(362,189)	-
	751,095	54,518
Net	$ 153,032	$ (441,771)

Regulatory variance accounts represent costs and variance amounts that are due to be recovered through rate adjustment in future years. Beginning in 2007, Kenora Hydro was approved by the Ontario Energy Board (OEB) to begin recovery of these variance amounts. The OEB allows the local distribution company to incorporate the balances in these accounts into each rate filing. It is anticipated that the OEB will continue to allow the company to recover these balances with future rate increases.

Smart Meters

In support of the Province of Ontario's decision to install smart meters throughout Ontario by 2010, the company launched its smart meter project in 2009. The objective is to install smart meters in all low volume locations, as well as installing the supporting infrastructure by the end of 2010. At December 31, 2009, the company has installed 5,235 smart meters, representing approximately 95% of its low volume customer base.

6. Regulatory Variance Account

The OEB's decision issued on May 15, 2008 directed LDCs to record to a deferral account all expenditures incurred after January 1, 2008. The recovery of these expenditures will be subjected to a prudence review by the OEB in the future. The decision rendered by the OEB also allowed the LDC to keep the net book value of the stranded meters related to the deployment of smart meters in the rate base. At year end, the company has recorded a regulatory asset, net of accumulated amortization and recoveries of $870,075 for smart meters and related infrastructure. In the absence of rate regulation, property plant and equipment would have been $870,075 higher. Smart meter operating expenses of $56,910 (2008 - $18,525) were deferred, which would have been expenses under Canadian GAAP for unregulated businesses. In the absence of rate regulation, for the year ended December 31, 2009, operating expenses would have been $56,910 higher, and amortization expense would have been $62,148 higher.

Future Income Taxes

The regulatory liability account relates to the expected future electricity distribution rate reduction for customers arising from timing differences in the recognition of future tax assets.

On January 1, 2009, KHEC began to account for the differences between its financial statement carrying value and tax basis of assets and liabilities following the liability method in accordance with CICA Handbook Section 3465. As at December 31, 2009, KHEC has recorded a future income tax asset of $362,189 and a corresponding regulatory liability of $362,189.

7. Accounts Payable

	2009	2008
Power	$ 970,180	$ 886,400
Other (Note 15)	765,030	864,345
	$ 1,753,210	$ 1,750,745

8. Future Income Taxes

Handbook Section 3465 as amended requires the recognition of future income tax assets and liability and related regulatory liabilities and assets for the amount of future income taxes expected to be refunded to, or recovered from customers in future electricity rates, applied on a prospective basis without prior period restatement. The implementation of this standard did not impact the company's earnings or cash flows. As at December 31, 2009, the company recorded a future income tax asset of $362,189 and a corresponding regulatory liability of $362,189.

9. Shareholder Interests

		2009	2008
Shareholder Loan			
Demand note payable to the City of Kenora, interest payable on demand at prime, no specific terms of repayment, no foreseeable demand for payment in the next twelve months		$ 3,069,279	$ 3,069,279
Share Capital			
Authorized			
Unlimited	Class A non-voting redeemable preference shares, non-cumulative dividends at 2-10% of the paid up amount		
Unlimited	Class B non-voting redeemable preference shares, non-cumulative dividends at 5% of the paid up amount		
Unlimited	Class C voting, redeemable preference shares, non-cumulative dividends at 6% of the paid up amount		
Issued			
1,396,220	Class A shares	1,396,220	1,396,220
5,318,279	Class C shares	5,318,279	5,318,279
		6,714,499	6,714,499
		$ 9,783,778	$ 9,783,778

10. Post Retirement Benefits

Kenora Hydro pays certain health and dental benefits on behalf of its retired employees. Kenora Hydro recognizes post-retirement costs in the period in which the employees rendered the services.

Information about Kenora Hydro's defined benefit plans is as follows:	2009	2008
Accrued benefit liability at January 1, 2009	$ 131,348	$ 124,253
Expense for the period January 1, 2009 to December 31, 2009	9,786	7,095
Accrued benefit liability at December 31, 2009, as determined by actuarial valuation using a discount rate	$ 141,134	$ 131,348

The main actuarial assumptions employed for the valuations are as follows:

a) Interest (discount) rate:
The obligations as at December 31, 2009 of the present value of future liabilities and the expense for the 12 months ended December 31, 2009, were determined using a discount rate of 6.0%.

b) Medical costs:
Medical costs were assumed to increase at 8.5% in 2009, graded down by 0.5% per annum to 5% by 2016 and thereafter.

c) Dental costs:
Dental costs were assumed to increase at 4% per year.

11. Long-Term Debt

During the year, long term financing of $1,128,200 for smart meter implementation was secured through Infrastructure Ontario. As at December 31, 2009, $900,000 was drawn on this amount as a construction advance on the smart metering project. This advance bears interest only at a floating rate, repayable monthly. As of December 31, 2009, the construction interest rate was 0.95% per annum, applicable until the amount is debentured. The debenture will be for a 15 year period, with interest rate to be determined before the close of the debenture process based on Infrastructure Ontario's lending rates in effect at that time.

Approval was also given by Infrastructure Ontario to borrow up to $1,183,000 for a 40 year term to complete the substation rebuild project. No drawing on this amount occurred prior to December 31, 2009. It is expected that drawings will be made on this amount during 2010, however, the amount and terms are unknown at this time.

As a condition of the loan, a general security agreement granting Infrastructure Ontario a security interest in all assets and property of the company was signed during 2009. In addition, a priority agreement was signed by both Kenora Hydro Electric Corporation Lt. and the Corporation of the City of Kenora, providing Infrastructure Ontario priority on all payments received by the City from the company, if the company's current ratio falls below 1.3:1.

12. Share Capital

	2009	2008
Authorized		
Unlimited Class D fully participating shares		
Issued		
1,000 Class D shares	$ 1,000	$ 1,000

13. Other Operating Revenue

	2009	2008
Late payment charges	$ 42,618	$ 31,710
Interest earned	39,293	69,369
Pole rentals	108,040	108,894
Change in occupancy charges	37,040	36,650
Miscellaneous revenue	48,342	79,908
	$ 275,333	$ 323,531

14. Distribution

	2009	2008
Overhead distribution lines and feeders	$ 461,874	$ 371,308
Distribution meters	31,219	53,907
Underground distribution lines and feeders	11,416	15,277
Miscellaneous distribution	25,280	-
	$ 529,789	$ 440,492

15. Related Party Transactions

The City of Kenora holds 100% of the shares of Kenora Hydro Electric Corporation Ltd. During the year $243,521 ($239,548 - 2008) of administration services were charged to Kenora Hydro by the City of Kenora.

The City of Kenora is a customer of Kenora Hydro Electric Corporation Ltd. Purchases of electricity and other services in the normal course of operations 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 of these services. Hydro sales to the City of Kenora in 2009 were estimated to be $1.2 million.

In addition to amounts included in accounts receivable as disclosed in Note 1, are accounts payable to the City of Kenora of $449,273 ($318,423 - 2008). This balance is interest free, payable on demand and has arisen from the sales of product and the provision of services referred to above.

16. Pension Plan

The company makes contributions to the Ontario Municipal Employees Retirement System (OMERS), on behalf of all members of its staff. This plan is a defined contribution plan. The amount contributed to OMERS in 2009 was $66,202 (2008 - $65,438). For employees who have a normal retirement age of 65, contributions are 6.3% of employees' salary up to $46,300 and 9.5% thereafter.

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17. Fair Value of Financial Assets and Liabilities

Fair Values

The company's financial instruments comprise cash, accounts receivable, unbilled revenue, prudential deposits, accounts payable, long term debt, preferred shares classified as liabilities and due to shareholder amounts.

Cash, accounts receivable, unbilled revenue, prudential deposits and accounts payable are reported at their fair values on the balance sheet. The fair values are the same as the carrying values due to their short-term nature. The carrying value of the long-term debt approximates its fair value because the debt was issued in December 2009 and bears interest at a floating rate.

The fair value of the preferred shares classified as liabilities is not less than the amount payable on demand. The amount due to shareholder bears interest at prime with no specific terms of repayment. The shareholder has agreed not to demand repayment prior to December 31, 2010. The fair value of this amount has not been disclosed due to the fact that the cash flow stream is not determinable.

The corporation's fair value measurements of financial instruments within the fair value hierarchy, as at December 31, 2009 consist of $613,707 of investments in Level 1. There were no transfers between Level 1 and 2 in the year. There were no investments classified as Level 2 or 3.

18. Financial Risk Management

The Board of Directors has overall responsibility for the establishment and oversight of Kenora Hydro Electric Corporation Ltd's risk management framework.

a) Credit Risk

Credit risk arises from the possibility that a counterparty to which the company provides goods and services is unable or unwilling to fulfill their obligations. The extent of the risk depends on the credit quality of the counterparty to which the company provides goods or service. Credit risk also arises from bank balances in excess of insured amounts.

Trade receivables are predominantly with the City of Kenora.

Bank accounts are held at one major financial institution.

18. Financial Risk Management (continued)

The aging of trade receivable at the reporting date was:

	2009			2008		
	Gross	Allowance	Net	Gross	Allowance	Net
Not past due	-	-	-	-	-	
Past due 1-30 days	$1,014,911	$ (30,653)	$984,258	$1,466,939	$ (21,848)	$1,455,091
Past due 31-120 days	-	-	-	-	-	-
More than one year	-	-	-	-	-	-
Total	$1,014,911	$(30,653)	$984,258	$1,466,939	$ (21,848)	$1,455,091

The accounts receivable at December 31, 2009 were substantially collected subsequent to year end.

b) Liquidity Risk

Liquidity risk is the risk that Kenora Hydro Electric Corporation Ltd. will not be able to meet its financial obligations as they fall due. Kenora Hydro Electric Corporation Ltd.'s approach to managing liquidity is through regular monitoring of cash requirements by preparing short term and long term cash flow analysis.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements. Long-term debt of $900,000 has been excluded as the timing of cash flows are not yet determinable.

2009	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2011-2012	2013-2014	Thereafter
Accounts payable	1,735,210	1,735,210	1,735,210	-	-	-	-
Shareholder interests	9,783,778	9,783,778	-	-	-	-	9,783,778
	11,518,988	11,518,988	1,735,210	-	-	-	9,783,778

2008	Carrying amount	Contractual cash flows	6 months or less	6 to 12 months	2010-2011	2012-2013	Thereafter
Accounts payable	1,750,745	1,750,745	1,750,745	-	-	-	-
Shareholder interests	9,783,778	9,783,778	-	-	-	-	9,783,778
	11,534,523	11,534,523	1,750,745	-	-	-	9,783,778

18. **Financial Risk Management** (continued)

c) Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market price risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

i) Foreign currency exchange risk

The company is not exposed to foreign currency exchange rate fluctuations as the company does not have assets and liabilities denominated in foreign currencies.

ii) Interest rate risk

Interest rate risk is the risk of change in the borrowing rates of the company. The demand note payable to the City of Kenora and the Infrastructure Ontario financing bear interest at a variable rates.

If the Canadian Bank rate decreased by 25 basis points at December 31, 2009, the result would be an increase in net income of $8,807 (2008 - $8,301).

An increase in the Canadian Bank rate of 25 basis points would have the opposite effect on net income. This analysis assumes that all other variables remain constant.

iii) Commodity price risk

Commodity price risk is the risk of price volatility in the electricity rates. Kenora Hydro Electric Corporation Ltd. is not exposed to any risk with respect to electricity rates. The company has a monthly funding mechanism in place based on the system developed by the IESO to ensure that the utility is fully compensated for any difference between the market rate for the commodity and the allowed rates charged through to customers on the sale of the commodity. Kenora Hydro Electric Corporation Ltd. is not exposed to any commodity price risk, and as such any fluctuation in electricity rates will not financially impact the company.

Capital Disclosures

Kenora Hydro Electric Corporation Ltd. manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity, debt, and capital leases, are analyzed by management and approved by the board of directors.

The company's objectives when managing capital are:

a) to safeguard the company's ability to continue as a going concern and provide returns for shareholders;
b) to maintain a safe and reliable electricity distribution system.

18. Financial Risk Management (continued)

The company is meeting its objective of managing capital through its detailed review and preparing short term and long term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results.

The company has the following externally imposed requirements on its capital as a result of its credit facilities:

a) the company's current ratio shall not fall below 1.3:1;
b) debt service coverage ratio shall not be less than 1 to 1;
c) the funded debt to capital ratio shall not be greater than 75%.

During the year, the company complied with all of the externally imposed capital restrictions. There have been no changes in the company's approach to capital management from the previous year.

19. Contingencies

Late payment charge class action
A class action with respect to late payment charges 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 a similar proceeding brought against Enbridge Gas Distribution Inc. (formerly 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 Enbridge, 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 payable by Enbridge and the settlement was approved by the Ontario Superior Court.

In 2007, Enbridge filed an application to the OEB to recover the Court-approved amount and related amounts from ratepayers. On February 4, 2008 the OEB approved 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 the litigation against the LDCs.

19. Contingencies (continued)

Subsequent to year-end, on January 15, 2010, a conditional settlement was reached for both actions pursuant to which the defendants would pay the amount of $17,000,000 plus costs and taxes in settlement of all claims. The amount paid by each LDC will be its proportionate share of the settlement amount based on its percentage of distribution service revenue over the period for which it has exposure for repayment of late payment penalties exceeding the interest rate limit in the *Criminal Code*. While the amounts have not yet been determined, it is anticipated that the company's share of the settlement amount will be in the range of $17,000. The settlement is conditional upon a sufficient number of LDCs participating so as to collect the full amount of the settlement funds payable to the plaintiffs. It is also conditional upon court approval. All the LDCs involved in the settlement, including Kenora Hydro Electric Corporation Ltd., will request an order from the OEB allowing for the future recovery from customers of all costs related to the proposed settlement. There is no certainty that the OEB will allow for total or partial recovery of such costs in the future.

20. Commitments

The company is a member of a group of local distribution companies which has combined resources for the installation and operation of the smart meters and associated smart meter infrastructure. Contracts and commitments have been made as a group. An ongoing support fee for metering automatic service of $12,250 has been committed to with Elster Metering.

Subsequent to the year end, the company entered into an agreement with Magna Electric Corporation for the supply and installation of four power systems Nova 6 reclosures, a component of the substation rebuild project for a total price of $150,500, plus material and equipment charges at cost plus 15%.

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PRO FORMA FINANCIAL STATEMENTS - 2010 AND 2011:

The Kenora Hydro Pro Forma Statements for the 2010 Bridge Year and the 2011 Test Year accompany this Schedule as Appendix E and Appendix F respectively.

APPENDIX E

COPY OF Kenora Hydro Electric Corporation Ltd.

2010 PRO FORMA STATEMENTS

2010 BALANCE SHEET

Account Description	Total
1050-Current Assets	
1005-Cash	695,475
1100-Customer Accounts Receivable	1,020,935
1102-Accounts Receivable - Services	0
1104-Accounts Receivable - Recoverable Work	11,823
1105-Accounts Receivable - Merchandise, Jobbing, etc.	5,000
1110-Other Accounts Receivable	0
1120-Accrued Utility Revenues	1,164,207
1180-Prepayments	31,760
1190-Miscellaneous Current and Accrued Assets	0
1200-Accounts Receivable from Associated Companies	(458,726)
1210-Notes Receivable from Associated Companies	0
1050-Current Assets Total	**2,470,473**

1100-Inventory	
1305-Fuel Stock	0
1330-Plant Materials and Operating Supplies	209,024
1340-Merchandise	0
1350-Other Material and Supplies	0
1100-Inventory Total	**209,024**

1150-Non-Current Assets	
1410-Other Special or Collateral Funds	786,235
1150-Non-Current Assets Total	**786,235**

1200-Other Assets and Deferred Charges	
1505-Unrecovered Plant and Regulatory Study Costs	0
1508-Other Regulatory Assets	(267,022)
1525-Miscellaneous Deferred Debits	1,110
1555-Smart Meters Recovery	821,056
1556-Smart Meters OM & A	139,665
1562-Deferred PILs	6,535
1580-RSVA - Wholesale Market Services	(370,343)
1582-RSVA - One-Time	0
1584-RSVA - Network Charges	20,798
1586-RSVA - Connection Charges	(454,112)
1588-RSVA - Commodity (Power)	372,156
1590-Recovery of Regulatory Assets (25% of 2002 bal.)	2,186
1200-Other Assets and Deferred Charges Total	**272,028**

1450-Distribution Plant	
1805-Land	2,366
1806-Land Rights	0
1808-Buildings and Fixtures	37,065
1810-Leasehold Improvements	0
1815-Transformer Station Equipment - Normally Primary above 50 kV	3,235,615
1820-Distribution Station Equipment - Normally Primary below 50 kV	0
1825-Storage Battery Equipment	0
1830-Poles, Towers and Fixtures	4,682,513
1835-Overhead Conductors and Devices	1,474,620
1840-Underground Conduit	261,727
1845-Underground Conductors and Devices	554,483
1850-Line Transformers	1,723,162
1855-Services	635,902
1860-Meters	562,338
1865-Other Installations on Customer's Premises	0
1450-Distribution Plant Total	**13,169,792**

1500-General Plant	
1905-Land	16,562
1906-Land Rights	0
1908-Buildings and Fixtures	634,985
1910-Leasehold Improvements	0
1915-Office Furniture and Equipment	27,042
1920-Computer Equipment - Hardware	32,313
1925-Computer Software	19,402
1930-Transportation Equipment	721,537
1935-Stores Equipment	0
1940-Tools, Shop and Garage Equipment	76,522
1945-Measurement and Testing Equipment	6,982
1950-Power Operated Equipment	0
1955-Communication Equipment	1,193
1960-Miscellaneous Equipment	15,484
1970-Load Management Controls - Customer Premises	0
1975-Load Management Controls - Utility Premises	0
1980-System Supervisory Equipment	0
1985-Sentinel Lighting Rentals	0
1990-Other Tangible Property	0
1995-Contributions and Grants	(485,313)
1500-General Plant Total	**1,066,709**

1550-Other Capital Assets	
1550-Other Capital Assets Total	**0**

1600-Accumulated Amortization	
2105-Accumulated Amortization of Electric Utility Plant - Property, Plant and Equipment	(6,838,758)
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
1600-Accumulated Amortization Total	**(6,838,758)**

Total Assets	**11,135,502**

1650-Current Liabilities	
2205-Accounts Payable	424,155
2240-Accounts Payable to Associated Companies	24,272
2242-Notes Payable to Associated Companies	0
2250-Debt Retirement Charges (DRC) Payable	57,551
2252-Transmission Charges Payable	0
2254-Electric Safety Authority Fees Payable	0
2256-Independent Market Operator Fees and Penalties Payable	895,928
2290-Commodity Taxes	(19,766)
2292-Payroll Deductions / Expenses Payable	736
2294-Accrual for Taxes, "Payments in Lieu" of Taxes, Etc.	(9,487)
2296-Future Income Taxes - Current	0
1650-Current Liabilities Total	**1,373,388**

1700-Non-Current Liabilities	
2305-Accumulated Provision for Injuries and Damages	0
2306-Employee Future Benefits	151,134
2350-Future Income Tax - Non-Current	(372,000)
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	19,536
2435-Accrued Rate-Payer Benefit	0
1700-Non-Current Liabilities Total	**(201,330)**

1800-Long-Term Debt	
2505-Debentures Outstanding - Long Term Portion	3,069,279
2510-Debenture Advances	0
2515-Required Bonds	0
2520-Other Long Term Debt	1,828,200
2525-Term Bank Loans - Long Term Portion	0
2530-Ontario Hydro Debt Outstanding - Long Term Portion	0
2550-Advances from Associated Companies	0
1800-Long-Term Debt Total	**4,897,479**

1850-Shareholders' Equity	
3005-Common Shares Issued	1,000
3008-Preference Shares Issued	6,714,499
3040-Appropriated Retained Earnings	0
3045-Unappropriated Retained Earnings	(1,539,542)
3046-Balance Transferred From Income	(109,992)
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
1850-Shareholders' Equity Total	**5,065,965**

Total Liabilities & Shareholder's Equity	**11,135,503**

Balance Sheet Total	(0)

2010 STATEMENT OF INCOME AND RETAINED EARNINGS

Account Description	Total
3000-Sales of Electricity	
4006-Residential Energy Sales	(2,069,493)
4025-Street Lighting Energy Sales	(119,203)
4030-Sentinel Energy Sales	0
4035-General Energy Sales	(4,371,457)
4050-Revenue Adjustment	0
4055-Energy Sales for Resale	(802,445)
4060-Interdepartmental Energy Sales	0
4062-WMS	(736,260)
4064-Billed WMS-One Time	0
4066-NS	(623,835)
4068-CS	(163,484)
4075-LV Charges	0
3000-Sales of Electricity Total	**(8,886,177)**
3050-Revenues From Services - Distirbution	
4080-Distribution Services Revenue	(1,987,248)
4082-RS Rev	(8,000)
4084-Serv Tx Requests	(500)
4090-Electric Services Incidental to Energy Sales	0
3050-Revenues From Services - Distirbution Total	**(1,995,748)**
3100-Other Operating Revenues	
4205-Interdepartmental Rents	0
4210-Rent from Electric Property	(108,040)
4215-Other Utility Operating Income	(250)
4220-Other Electric Revenues	(43,000)
4225-Late Payment Charges	(43,000)
4230-Sales of Water and Water Power	0
4235-Miscellaneous Service Revenues	(37,000)
4240-Provision for Rate Refunds	0
4245-Government Assistance Directly Credited to Income	0
3100-Other Operating Revenues Total	**(231,290)**
3150-Other Income & Deductions	
4325-Revenues from Merchandise, Jobbing, Etc.	(115,000)
4330-Costs and Expenses of Merchandising, Jobbing, Etc	95,250
4375-Revenues from Non-Utility Operations	(60,000)
4380-Expenses of Non-Utility Operations	14,000
4385-Expenses of Non-Utility Operations	0
4390-Miscellaneous Non-Operating Income	(500)
4395-Rate-Payer Benefit Including Interest	0
4398-Foreign Exchange Gains and Losses, Including Amortization	0
3150-Other Income & Deductions Total	**(66,250)**
3200-Investment Income	
4405-Interest and Dividend Income	(12,125)
4415-Equity in Earnings of Subsidiary Companies	0
3200-Investment Income Total	**(12,125)**

3350-Power Supply Expenses	
4705-Power Purchased	7,362,598
4708-WMS	736,260
4710-Cost of Power Adjustments	0
4712-IESO - One Time	0
4714-NW	623,835
4715-System Control and Load Dispatching	0
4716-NCN	163,484
4720-Other Expenses	0
4725-Competition Transition Expense	0
4730-Rural Rate Assistance Expense	0
4750-LV Charges	0
3350-Power Supply Expenses Total	**8,886,177**
3500-Distribution Expenses - Operation	
5005-Operation Supervision and Engineering	0
5010-Load Dispatching	0
5012-Station Buildings and Fixtures Expense	0
5014-Transformer Station Equipment - Operation Labour	6,000
5015-Transformer Station Equipment - Operation Supplies and Expenses	0
5016-Distribution Station Equipment - Operation Labour	0
5017-Distribution Station Equipment - Operation Supplies and Expenses	0
5020-Overhead Distribution Lines and Feeders - Operation Labour	58,083
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	24,000
5030-Overhead Subtransmission Feeders - Operation	0
5035-Overhead Distribution Transformers - Operation	23,740
5040-Underground Distribution Lines and Feeders - Operation Labour	6,500
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	0
5065-Meter Expense	33,500
5070-Customer Premises - Operation Labour	0
5075-Customer Premises - Materials and Expenses	3,500
5085-Miscellaneous Distribution Expense	16,850
5090-Underground Distribution Lines and Feeders - Rental Paid	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	0
5096-Other Rent	0
3500-Distribution Expenses - Operation Total	**172,173**
3550-Distribution Expenses - Maintenance	
5105-Maintenance Supervision and Engineering	0
5110-Maintenance of Structures	0
5112-Maintenance of Transformer Station Equipment	5,000
5114-Mtaint Dist Stn Equip	0
5120-Maintenance of Poles, Towers and Fixtures	13,563
5125-Maintenance of Overhead Conductors and Devices	227,000
5130-Maintenance of Overhead Services	0
5135-Overhead Distribution Lines and Feeders - Right of Way	72,000
5145-Maintenance of Underground Conduit	0
5150-Maintenance of Underground Conductors and Devices	6,750
5155-Maintenance of Underground Services	0
5160-Maintenance of Line Transformers	41,500
3550-Distribution Expenses - Maintenance Total	**365,813**
3650-Billing and Collecting	
5305-Supervision	0
5310-Meter Reading Expense	141,945
5315-Customer Billing	402,815
5335-Bad Debt Expense	16,000
5340-Miscellaneous Customer Accounts Expenses	0
3650-Billing and Collecting Total	**560,760**
3700-Community Relations	
3700-Community Relations Total	**0**

3800-Administrative and General Expenses	
5605-Executive Salaries and Expenses	10,000
5610-Management Salaries and Expenses	137,000
5615-General Administrative Salaries and Expenses	368,051
5620-Office Supplies and Expenses	93,000
5625-Administrative Expense Transferred-Credit	0
5630-Outside Services Employed	69,024
5635-Property Insurance	24,000
5640-Injuries and Damages	0
5645-Employee Pensions and Benefits	11,136
5650-Franchise Requirements	0
5655-Regulatory Expenses	16,500
5660-General Advertising Expenses	0
5665-Miscellaneous Expenses	22,000
5670-Rent	0
5675-Maintenance of General Plant	6,000
5680-Electrical Safety Authority Fees	5,000
5685-Independent Market Operator Fees and Penalties	0
5695-OM&A Contra Account	(60,000)
3800-Administrative and General Expenses Total	**701,711**

3850-Amortization Expense	
5705-Amortization Expense - Property, Plant and Equipment	467,565
3850-Amortization Expense Total	**467,565**

3900-Interest Expense	
6005-Interest on Long Term Debt	38,383
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	85,000
6035-Other Interest Expense	11,000
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
3900-Interest Expense Total	**134,383**

3950-Taxes Other Than Income Taxes	
6105-Taxes Other Than Income Taxes	13,000
3950-Taxes Other Than Income Taxes Total	**13,000**

4000-Income Taxes	
6110-Income Taxes	0
6115-Provision for Future Income Taxes	0
4000-Income Taxes Total	**0**

4100-Extraordinary & Other Items	
6205-Donations	0
6210-Life Insurance	0
6215-Penalties	0
6225-Other Deductions	0
4100-Extraordinary & Other Items Total	**0**

Net Income - (Gain)/Loss	**109,992**

APPENDIX F

COPY OF Kenora Hydro Electric Corporation Ltd. 2011 PRO FORMA STATEMENTS

2011 BALANCE SHEET

Account Description	Total
1050-Current Assets	
1005-Cash	257,277
1010-Cash Advances and Working Funds	0
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	1,122,597
1102-Accounts Receivable - Services	0
1104-Accounts Receivable - Recoverable Work	10,386
1105-Accounts Receivable - Merchandise, Jobbing, etc.	4,956
1110-Other Accounts Receivable	0
1120-Accrued Utility Revenues	1,162,197
1130-Accumulated Provision for Uncollectable Accounts -- Credit	0
1140-Interest and Dividends Receivable	0
1150-Rents Receivable	0
1170-Notes Receivable	0
1180-Prepayments	34,095
1190-Miscellaneous Current and Accrued Assets	0
1200-Accounts Receivable from Associated Companies	(408,808)
1210-Notes Receivable from Associated Companies	0
1050-Current Assets Total	**2,182,699**

1100-Inventory	
1305-Fuel Stock	0
1330-Plant Materials and Operating Supplies	213,807
1340-Merchandise	0
1350-Other Material and Supplies	0
1100-Inventory Total	**213,807**

1150-Non-Current Assets	
1405-Long Term Investments in Non-Associated Companies	0
1408-Long Term Receivable - Street Lighting Transfer	0
1410-Other Special or Collateral Funds	786,235
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
1150-Non-Current Assets Total	**786,235**

1200-Other Assets and Deferred Charges	
1505-Unrecovered Plant and Regulatory Study Costs	0
1508-Other Regulatory Assets	(382,000)
1510-Preliminary Survey and Investigation Charges	0
1515-Emission Allowance Inventory	0
1516-Emission Allowance Withheld	0
1518-RCVA Retail	0
1525-Miscellaneous Deferred Debits	1,118
1530-Deferred Losses from Disposition of Utility Plant	0
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	(11,032)
1556-Smart Meters OM & A	(500)
1562-Deferred PILs	6,535
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	0
1580-RSVA - Wholesale Market Services	0
1582-RSVA - One-Time	0
1584-RSVA - Network Charges	0
1586-RSVA - Connection Charges	0
1588-RSVA - Commodity (Power)	0
1590-Recovery of Regulatory Assets (25% of 2002 bal.)	0
1200-Other Assets and Deferred Charges Total	**(385,879)**

1450-Distribution Plant	
1805-Land	2,366
1806-Land Rights	0
1808-Buildings and Fixtures	37,065
1810-Leasehold Improvements	0
1815-Transformer Station Equipment - Normally Primary above 50 kV	3,840,615
1820-Distribution Station Equipment - Normally Primary below 50 kV	0
1825-Storage Battery Equipment	0
1830-Poles, Towers and Fixtures	4,742,513
1835-Overhead Conductors and Devices	1,574,620
1840-Underground Conduit	279,727
1845-Underground Conductors and Devices	594,483
1850-Line Transformers	1,842,162
1855-Services	670,902
1860-Meters	1,596,006
1865-Other Installations on Customer's Premises	0
1450-Distribution Plant Total	**15,180,460**

1500-General Plant	
1905-Land	16,562
1906-Land Rights	0
1908-Buildings and Fixtures	789,985
1910-Leasehold Improvements	0
1915-Office Furniture and Equipment	43,042
1920-Computer Equipment - Hardware	34,313
1925-Computer Software	21,402
1930-Transportation Equipment	871,537
1935-Stores Equipment	0
1940-Tools, Shop and Garage Equipment	81,522
1945-Measurement and Testing Equipment	8,982
1950-Power Operated Equipment	0
1955-Communication Equipment	1,193
1960-Miscellaneous Equipment	17,484
1970-Load Management Controls - Customer Premises	0
1975-Load Management Controls - Utility Premises	0
1980-System Supervisory Equipment	0
1985-Sentinel Lighting Rentals	0
1990-Other Tangible Property	0
1995-Contributions and Grants	(515,313)
1500-General Plant Total	**1,370,709**

1550-Other Capital Assets	
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
1550-Other Capital Assets Total	**0**

1600-Accumulated Amortization	
2105-Accumulated Amortization of Electric Utility Plant - Property, Plant and Equipment	(7,503,174)
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
1600-Accumulated Amortization Total	**(7,503,174)**

Total Assets	**11,844,857**

1650-Current Liabilities	
2205-Accounts Payable	367,579
2208-Customer Credit Balances	0
2210-Current Portion of Customer Deposits	0
2215-Dividends Declared	0
2220-Miscellaneous Current and Accrued Liabilities	0
2225-Notes and Loans Payable	0
2240-Accounts Payable to Associated Companies	25,591
2242-Notes Payable to Associated Companies	0
2250-Debt Retirement Charges (DRC) Payable	59,592
2252-Transmission Charges Payable	0
2254-Electric Safety Authority Fees Payable	0
2256-Independent Market Operator Fees and Penalties Payable	917,503
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	(14,644)
2292-Payroll Deductions / Expenses Payable	982
2294-Accrual for Taxes, "Payments in Lieu" of Taxes, Etc.	(10,483)
2296-Future Income Taxes - Current	0
1650-Current Liabilities Total	**1,346,119**

1700-Non-Current Liabilities	
2305-Accumulated Provision for Injuries and Damages	0
2306-Employee Future Benefits	161,434
2308-Other Pensions - Past Service Liability	0
2310-Vested Sick Leave Liability	0
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	0
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	(382,000)
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	19,536
2435-Accrued Rate-Payer Benefit	0
1700-Non-Current Liabilities Total	**(201,030)**

1800-Long-Term Debt	
2505-Debentures Outstanding - Long Term Portion	3,069,279
2510-Debenture Advances	0
2515-Required Bonds	0
2520-Other Long Term Debt	2,128,200
2525-Term Bank Loans - Long Term Portion	0
2530-Ontario Hydro Debt Outstanding - Long Term Portion	0
2550-Advances from Associated Companies	0
1800-Long-Term Debt Total	**5,197,479**

1850-Shareholders' Equity	
3005-Common Shares Issued	1,000
3008-Preference Shares Issued	6,714,499
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	(1,649,534)
3046-Balance Transferred From Income	436,323
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
1850-Shareholders' Equity Total	**5,502,288**

Total Liabilities & Shareholder's Equity	**11,844,857**

Balance Sheet Total	0

2011 STATEMENT OF INCOME AND RETAINED EARNINGS

Account Description	Total
3000-Sales of Electricity	
4006-Residential Energy Sales	(2,125,792)
4010-Commercial Energy Sales	0
4015-Industrial Energy Sales	0
4020-Energy Sales to Large Users	0
4025-Street Lighting Energy Sales	(122,572)
4030-Sentinel Energy Sales	0
4035-General Energy Sales	(4,417,726)
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	(645,131)
4060-Interdepartmental Energy Sales	0
4062-WMS	(731,122)
4064-Billed WMS-One Time	0
4066-NS	(619,147)
4068-CS	(162,117)
4075-LV Charges	0
3000-Sales of Electricity Total	**(8,823,607)**
3050-Revenues From Services - Distirbution	
4080-Distribution Services Revenue	(2,864,985)
4082-RS Rev	(8,000)
4084-Serv Tx Requests	(500)
4090-Electric Services Incidental to Energy Sales	0
3050-Revenues From Services - Distirbution Total	**(2,873,485)**
3100-Other Operating Revenues	
4205-Interdepartmental Rents	0
4210-Rent from Electric Property	(108,040)
4215-Other Utility Operating Income	(250)
4220-Other Electric Revenues	(44,250)
4225-Late Payment Charges	(43,000)
4230-Sales of Water and Water Power	0
4235-Miscellaneous Service Revenues	(37,000)
4240-Provision for Rate Refunds	0
4245-Government Assistance Directly Credited to Income	0
3100-Other Operating Revenues Total	**(232,540)**

3150-Other Income & Deductions	
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
4325-Revenues from Merchandise, Jobbing, Etc.	(115,000)
4330-Costs and Expenses of Merchandising, Jobbing, Etc	98,950
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	(20,000)
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	(78,165)
4380-Expenses of Non-Utility Operations	14,000
4385-Expenses of Non-Utility Operations	0
4390-Miscellaneous Non-Operating Income	(500)
4395-Rate-Payer Benefit Including Interest	0
4398-Foreign Exchange Gains and Losses, Including Amortization	0
3150-Other Income & Deductions Total	**(100,715)**

3200-Investment Income	
4405-Interest and Dividend Income	(11,451)
4415-Equity in Earnings of Subsidiary Companies	0
3200-Investment Income Total	**(11,451)**

3350-Power Supply Expenses	
4705-Power Purchased	7,311,221
4708-WMS	731,122
4710-Cost of Power Adjustments	0
4712-IESO - One Time	0
4714-NW	619,147
4715-System Control and Load Dispatching	0
4716-NCN	162,117
4720-Other Expenses	0
4725-Competition Transition Expense	0
4730-Rural Rate Assistance Expense	0
4750-LV Charges	0
3350-Power Supply Expenses Total	**8,823,607**

3500-Distribution Expenses - Operation	
5005-Operation Supervision and Engineering	0
5010-Load Dispatching	0
5012-Station Buildings and Fixtures Expense	0
5014-Transformer Station Equipment - Operation Labour	8,000
5015-Transformer Station Equipment - Operation Supplies and Expenses	0
5016-Distribution Station Equipment - Operation Labour	0
5017-Distribution Station Equipment - Operation Supplies and Expenses	0
5020-Overhead Distribution Lines and Feeders - Operation Labour	65,000
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	27,000
5030-Overhead Subtransmission Feeders - Operation	0
5035-Overhead Distribution Transformers - Operation	29,530
5040-Underground Distribution Lines and Feeders - Operation Labour	8,500
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	0
5050-Underground Subtransmission Feeders - Operation	0
5055-Underground Distribution Transformers - Operation	0
5060-Street Lighting and Signal System Expense	0
5065-Meter Expense	37,590
5070-Customer Premises - Operation Labour	0
5075-Customer Premises - Materials and Expenses	3,570
5085-Miscellaneous Distribution Expense	18,900
5090-Underground Distribution Lines and Feeders - Rental Paid	0
5095-Overhead Distribution Lines and Feeders - Rental Paid	0
5096-Other Rent	0
3500-Distribution Expenses - Operation Total	**198,090**

3550-Distribution Expenses - Maintenance	
5105-Maintenance Supervision and Engineering	0
5110-Maintenance of Structures	0
5112-Maintenance of Transformer Station Equipment	5,000
5114-Mtaint Dist Stn Equip	0
5120-Maintenance of Poles, Towers and Fixtures	17,000
5125-Maintenance of Overhead Conductors and Devices	243,600
5130-Maintenance of Overhead Services	0
5135-Overhead Distribution Lines and Feeders - Right of Way	80,909
5145-Maintenance of Underground Conduit	0
5150-Maintenance of Underground Conductors and Devices	8,040
5155-Maintenance of Underground Services	0
5160-Maintenance of Line Transformers	46,100
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
3550-Distribution Expenses - Maintenance Total	**400,649**

3650-Billing and Collecting	
5305-Supervision	0
5310-Meter Reading Expense	146,843
5315-Customer Billing	413,399
5320-Collecting	0
5325-Collecting - Cash Over and Short	0
5330-Collection Charges	0
5335-Bad Debt Expense	16,700
5340-Miscellaneous Customer Accounts Expenses	0
3650-Billing and Collecting Total	**576,943**

3700-Community Relations	
5405-Supervision	0
5410-Community Relations - Sundry	0
5415-Energy Conservation	0
5420-Community Safety Program	0
5425-Miscellaneous Customer Service and Informational Expenses	0
3700-Community Relations Total	**0**

3800-Administrative and General Expenses	
5605-Executive Salaries and Expenses	10,300
5610-Management Salaries and Expenses	139,740
5615-General Administrative Salaries and Expenses	406,362
5620-Office Supplies and Expenses	98,090
5625-Administrative Expense Transferred-Credit	0
5630-Outside Services Employed	70,645
5635-Property Insurance	24,480
5640-Injuries and Damages	0
5645-Employee Pensions and Benefits	12,206
5650-Franchise Requirements	0
5655-Regulatory Expenses	91,830
5660-General Advertising Expenses	0
5665-Miscellaneous Expenses	22,450
5670-Rent	0
5675-Maintenance of General Plant	6,000
5680-Electrical Safety Authority Fees	5,000
5685-Independent Market Operator Fees and Penalties	0
5695-OM&A Contra Account	0
3800-Administrative and General Expenses Total	**887,103**

3850-Amortization Expense	
5705-Amortization Expense - Property, Plant and Equipment	468,960
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
3850-Amortization Expense Total	**468,960**

3900-Interest Expense	
6005-Interest on Long Term Debt	120,051
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	85,000
6035-Other Interest Expense	11,000
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
3900-Interest Expense Total	**216,051**
3950-Taxes Other Than Income Taxes	
6105-Taxes Other Than Income Taxes	13,260
3950-Taxes Other Than Income Taxes Total	**13,260**
4000-Income Taxes	
6110-Income Taxes	20,812
6115-Provision for Future Income Taxes	0
4000-Income Taxes Total	**20,812**
4100-Extraordinary & Other Items	
6205-Donations	0
6210-Life Insurance	0
6215-Penalties	0
6225-Other Deductions	0
4100-Extraordinary & Other Items Total	**0**
Net Income - (Gain)/Loss	**(436,323)**

RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND REGULATORY FILINGS:

Kenora Hydro advises that because the 2009 Audited Financial Statements do not vary from the regulatory financial results filed, a reconciliation between the financial statements and financial results filed has not been provided.

RATING AGENCY REPORT:

There has been no rating agency report requested by Kenora Hydro.

PROSPECTUSES:

There are no prospectuses available for Kenora Hydro.

MATERIALITY:

The level of materiality used in this application, according to the June 28, 2010 Filing Requirements, section 2.2.4, will be $50,000, as Kenora Hydro has a distribution revenue requirement less than $10 million.

INFORMATION ON AFFILIATES:

The 2008 Annual report from The City of Kenora follows in Appendix G.

APPENDIX G

ANNUAL REPORT OF PARENT COMPANY

KENORA

Annual Report 2008

The City of Kenora, Ontario, Canada.

Table of Contents

City Council

From Left to Right:

- Councillor Chris VanWalleghem, Chair of Community Services
- Councillor Charito Drinkwalter , Chair of Emergency Services
- Councillor Andrew Poirier, Chair of Utilities and Communications
- Mayor Len Compton
- Councillor Rory McMillan, Chair of Finance and Administration
- Councillor Wendy Cuthbert, Chair of Property and Community Planning
- Councillor David McCann, Chair of Operations

City CAO and Managers

Not Shown:

- Bill Preisentanz, CAO
- Karen Brown, Manager, Finance & Administration
- Warren Brinkman, Manager, Emergency Services
- Sharen McDowall, Manager, Human Resources
- Colleen Neil, Manager, Recreation
- Rick Perchuk, Manager, Operations

Introductory Information

Mayor's Message

Kenora continued to face significant challenges in 2008. The crisis in the forestry industry and its impacts on our local economy, increased fiscal demands related to downloaded services and an aging infrastructure to name just a few.

In response, Kenora continued its increased focus on economic development. In 2008, the City formalized the implementation for the Economic Development Plan (2006) through the development of the City's Economic Recovery and Diversification Package. We believe that these plans, in conjunction with the Tourism Strategy (2008), will help achieve a new economic destiny for the City through the diversification of the economy by turning Kenora into a destination community for business investment, including the secondary forestry industry, active retirees, youth, professionals, seasonal residents and visitors. In addition, we remain an active participant at the table in discussions on a Sustainable Forest License for the Kenora and Whiskey Jack Forests.

City Council could not have done this alone. Our strongest asset and resource is our City team. On behalf of Council, I would like to thank each and every City staff member for the hard work they do on behalf of the City, every day. I would also like to congratulate my colleagues on Council for the commitment they have shown to the City. We as a Council continue to strive for the betterment of this City and making the right decisions to ensure that Kenora continues to move forward and becomes an ideal place for our residents, businesses and visitors alike.

L. P. Compton

Mayor Len P. Compton

CAO's Message

In 2008, Kenora continued to reel from the crisis in the forestry industry, with the long term closure of Kenora Forest Products commencing in February 2008, followed by the announcement by Abitibi Bowater Kenora Woodlands Division in the summer of 2008 that it would no longer be harvesting in the Whiskey Jack Forest.

Kenora is not standing still, however, and has continued its active focus on economic development, including the formulation of an Economic Recovery and Diversification Package in 2008. In late 2008, the City also actively commenced a Community Strategic Planning Process, with an active community consultation occurring in early 2009. In doing so, we believe we have effectively positioned the City to face the challenges, both today and in the years ahead.

The City of Kenora's annual report covers the City's fiscal year, which runs from January 01 to December 31. On behalf of City administration, it is our pleasure to present highlights of our activities for 2008.

Bill Preisentanz

Bill Preisentanz
CAO

Introductory Information

City's Strategic Plan

Since its inception, under Council direction, the new City has actively pursued continued improvements, enhancements and growth, working to position itself as a regional leader. In 2005, Kenora unveiled its updated strategic plan, Kenora Vision 2009. The intent of the Plan was to provide focus and direction to the City in its journey into the future. The plan lays the foundation for the City's future, sets out the City's guiding principles, as well as provides the strategic directions for the City.

It is recognized, however, that the strategic plan does not end simply with the development of a planning document. In fact, one of the key points noted in the introduction portion of the City's strategic plan was that "*…the corporate strategic plan is a dynamic document, one that can be adapted as conditions change. As such, it requires regular review and revision.*"

Based on this philosophy, and with 2009 approaching, during 2008 City Council engaged a consultant to lead Kenora through a Community Strategic Planning Process. Kenora's Community Strategic Planning Process was conducted from January to April of 2009. The process involved community-based workshops in which citizens first worked through three important steps. Over 170 people participated and citizens spent over 600 person hours working on the final consensus.

First, people identified the vision of the kind of community they wanted to build; next, people identified the obstacles that blocked our community from achieving its vision. The third step was to devise strategies that our community's decision makers could employ that would help to build the kind of Kenora community that people wanted.

The vision statement that emerged was:

"Moving forward by celebrating community spirit and diversity."

In order to achieve that sort of community, citizens concluded that all our community's decision-makers should be:

1. Organizing for change
2. Creating social capital
3. Building a positive culture
4. Investing in sustainable economic development
5. Communicating community
6. Sharing responsibility
7. Recognizing new realities

These strategic directions for building and maintaining Kenora's feeling of community are intended for all community leaders, not just our politicians. The strategies can be most fully appreciated by reviewing the thoughtful work of the many people who participated. This is available on the City's portal at www.kenora.ca.

Senior City staff members are now working collaboratively with volunteer community members on an Implementation Team that will work towards ensuring the seven community-building strategies are considered for decisions made throughout the community. In addition, City Council and administration will also be turning their sights towards updating the City's own corporate strategic plan. It is the City's intent that the updated corporate plan will recognize new challenges facing the City, and set out related goals as appropriate to help the City meet those challenges. The City will then both work towards the directions as outlined within its updated strategic planning document and continue to amend the plan as appropriate to more accurately reflect new challenges and opportunities as we move into the future.

Guiding Principles for the Corporation

The City's current corporate strategic plan, Kenora Vision 2009, sets out guiding principles for the City. These principles provide the City with guidelines for evaluating and determining its actions, and have become the cornerstone for major Council decisions, as well as a primary component of the budget setting process.

These principles are:

- Kenora will provide fairness in taxation
- Kenora will provide value for service to the ratepayer
- Kenora will ensure sound fiscal management
- Kenora will provide quality of life amenities and services for citizens and visitors
- Kenora will explore and pursue new opportunities
- Kenora will value and be responsible to its employees
- Kenora will understand and respect its citizens
- Kenora will inform and engage its citizens
- Kenora will be a steward of the environment

City Profile

The Towns of Kenora, Keewatin and Jaffray Melick amalgamated on 1 January 2000 to form the City of Kenora, forming the second largest center in Northwestern Ontario. The City of Kenora is the largest municipality within the District of Kenora, and represents a commercial hub for the region. With an "open for business" approach, the City has been recognized by senior levels of government as "forward thinking", and continues to actively and aggressively pursue development opportunities as available.

The forestry sector continues to be a significant component of the City's economic base, despite the significant challenges currently facing this sector. The City currently is home to an iLevel Mill, the newest and largest value added facility in the Ontario forest industry.

Located on famous Lake of the Woods, Kenora also represents a major tourist destination, and hosts a significant number of tourism related businesses, either within the City or in the surrounding area. Kenora's population more than doubles in the summer because of tourists and seasonal residents. The retail sector is also a significant contributor to the local economy.

Interesting Statistics – "2008 by the Numbers"

Kenora's Population		13,414	
Household Count		7,362	
Total Hectares in the Municipality		24,939	hectares
Total Property Assessment	$	1.23	billion
City Employees (excluding Volunteer Fire Fighters)		275	
Employees Receiving First Aid / CPR Training		51	
Employees Receiving AED Provider Training *		15	
City Business Licences on Record		588	
Business Licences Issued in 2008		67	
Fire Calls for Services		864	
Losses due to Structural Fires	$	1.67	million
AED Usage in Rescue Attempts (Fire Department) *		2	
Calls for Police Services			
Kenora Police Services		14,060	
Ontario Provincial Police		2,063	
Dogs Licensed		674	
Bears Trapped & Released		24	
Bears Tranquilized		1	
Kilometers of Roads (Excluding Privately Maintained Roads)			
Asphalt		121.9	km
Surface Treatment		36.5	km
Gravel		140.5	km
Kilometers of Sewer Main		135.2	km
Wastewater Treated		2.98	megalitres
Backed Up Wastewater Mains		54	
Kilometers of Water Main		131.2	km
Drinking Water Treated		2.86	megalitres
Water Main Breaks		22	
Tonnes of Garbage Processed		22,300.0	tonnes
Tonnes of Recycling Processed		1,710.2	tonnes
Trees & Shrubs Planted			
Trees		54	
Shrubs		33	

*AED = Automated External Defibrillator
Used to shock the heart when someone is in cardiac arrest

City Council and Committee Structure

City Council represents the elected decision making authority for the City. Council is comprised of the Mayor and six Councillors, all elected at large within the City. Council exercises its legislative authority through the passing of City By-laws and resolutions.

The City operates through a standing committee structure. Each standing committee is comprised of three Members of Council. These committees meet on a monthly basis, and are responsible for making recommendations to Council within their respective mandates. Standing committees currently include:

- Community Services Committee
- Emergency Services Committee
- Finance and Administration Committee
- Operations Committee
- Property and Community Planning Committee
- Utilities and Communications Committee

In addition, the City has various boards, commissions and committees responsible for various components of its overall operations, as well as independent boards and committees. These include:

- Kenora Police Services Board
- Lake of the Woods Development Commission
- Kenora Hydro Electric Corporation Ltd. Board
- Other Boards and Committees, such as, but not limited to:
    - Kenora Public Library Board
    - Lake of the Woods Museum Board
    - Leisure Services Committee

The City is currently policed under a hybrid policing model by both the Kenora Police Services (KPS) and the Ontario Provincial Police (OPP). In early 2008, following an extensive RFP process and related evaluation, Council made the decision to contract the policing of the entire City to the OPP. The Kenora Police Services Board (KPSB) is actively working on the transition to OPP policing, with the intended transition date being July 17, 2009. As a result of this change, Council approved the downsizing of the KPSB from its current membership of 5 to 3 following the transition to OPP policing.

The City of Kenora also has an Audit Committee, comprised of three Members of Council, as well as two citizen representatives. This Committee is responsible for making recommendations directly to Council regarding the following:

- Internal Audit Function
- Corporate Control Framework
- Performance Measures / Benchmarking
- External Audit Function
- Financial and Other Reporting
- General and Administrative

Ultimately Council is responsible for City direction, policy and decisions. The City CAO, Bill Preisentanz, is directly responsible for the City's operations. The CAO oversees a team of Managers who are also responsible to work directly with their respective standing committees. Together, the CAO and Managers work with the 265 plus City employees who maintain City operations and provide front line customer service to our residents and visitors.

2008 Financial Information

The financial statements, and all other financial information provided herein, are the responsibility of the management of the City of Kenora, and have been prepared in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The 2008 statements outline the financial position and operations of the City of Kenora. They are presented both on a consolidated basis, as well as on an individual fund basis, including an operating fund, a capital fund, a reserve fund and the Kenora Citizens' Prosperity Trust Fund. Various boards and municipal enterprises have also been consolidated into the City's financial statements, as outlined in the significant accounting policies as included in the audited financial statements. In addition, the City statements also reflect the City's significant investment in government business enterprises.

Current Fund

The current fund operations are broken into eight main functional areas. These areas, together with some examples of the types of expenditures that are incurred in these areas are as follows:

- General government (Mayor and Council, City administration)
- Protection to persons and property (Fire, Police, By-law enforcement, 911 Services)
- Transportation services (Roads, Transit)
- Environmental services (Water and Sewer, Garbage, Recycling)
- Health services (Northwestern Health Unit, Cemeteries, Ambulance)
- Social and family services (Ontario Works, Day Care, District of Kenora Home for the Aged, Social Housing)
- Recreation and cultural services (Parks, Recreation Facilities, Library, Museum)
- Planning and development (Planning, Northwest Business Centre, Tourism, Economic Development)

The 2008 current fund revenues were $36.2 million before transfers from government business enterprises and the Kenora Citizens' Prosperity Trust fund. These transfers combined represented an additional $1.2 million in current fund revenues to the City, resulting in total combined current revenue of $37.4 million, before contributions from reserves and reserve funds. Taxation continues to be the primary income source for the City's current fund, representing 49.0% of all total current revenues. Fees and user charges represent an additional 26.4% of total current revenues. An analysis of current revenues by source plus related financing and transfers has been included on the following page.

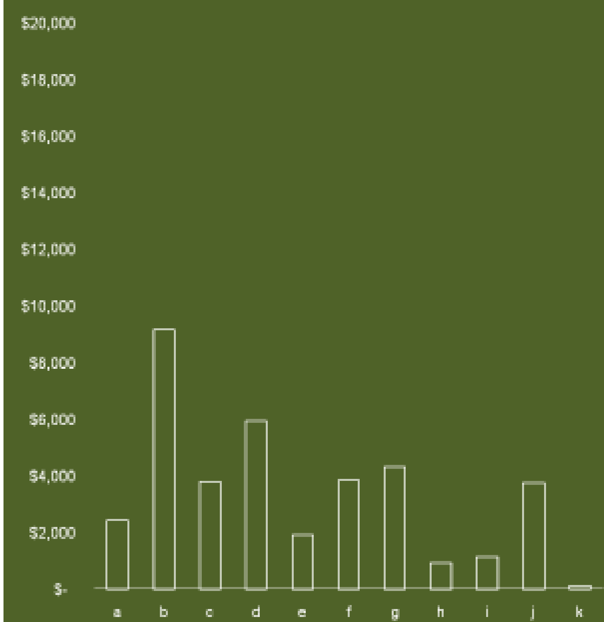
Overall current fund expenditures in the various functional areas listed above were $32.4 million in 2008, before net appropriations to reserves, capital spending or change in City surplus. The consolidated current fund deficit became a modest surplus in 2008. An analysis of the current fund expenditures by function, as well as net transfers to capital and reserve funds and the final current fund balance change has also been included on the next page. The page following that contains some overall variance analysis of the 2008 actual operating results as compared to the original budget estimates.

Financial Highlights

Current Fund

Revenues, Expenditures, Financing and Transfers 2008 Actual Results (in thousands of dollars)

Financial Highlights



Revenues, Financing and Transfers

a Taxation	$	18,308	49.0%
b Fees and user charges		9,860	26.4%
c Canada grants		45	0.1%
d Ontario grants		5,819	15.6%
e Other		2,191	5.9%
		36,223	97.0%
f Government business enterprises		166	0.4%
g Kenora Citizens' Prosperity Trust Fund		1,009	2.6%
	$	37,398	100.0%

Expenditures, Financing and Transfers

a General government	$	2,435	6.5%
b Protection services		9,155	24.5%
c Transportation services		3,804	10.2%
d Environmental services		5,953	15.9%
e Health services		1,929	5.2%
f Social and family services		3,854	10.3%
g Recreational and cultural services		4,324	11.6%
h Planning and development		939	2.5%
		32,393	86.7%
i Net transfers to / from capital		1,137	3.0%
j Net transfers to / from reserves and reserve funds		3,749	10.0%
k Change in current fund balance		119	0.3%
	$	37,398	100.0%

The Corporation of the City of Kenora
Current Fund Operations
Comparison of Actual to Budget
(in thousands of dollars)

Category		2008 Budget		2008 Actual		Variance Fav. (Unfav.)	% Variance Fav. / -Unfav.	Variance Explanation Favourable (Unfavourable)
Revenues	$	35,273	$	36,223	$	950	2.6%	Main impacts include: - Higher than anticipated user fees from the transfer facility, blue box collection and landfill charges. These higher fees were offset by lower than anticipated fees for building permits, water & sewer charges and recreation centre fees. - Business Enterprise Centre and Kenora Assembly of Resources. Program revenues exceeded budgeted amounts, however, actual expenditures exceeded budget as well. - The Kenora Police Service received more than the budget estimate with respect to Provincial funding, however expenditures increased by more than this amount. - Higher than anticipated combined investment income and interest on property tax arrears.
Expenditures	$	31,703	$	32,393	$	(690)	-2.1%	Main impacts inlcude: - Kenora Police Services (KPS). Higher than anticipated wages & benefits, training and vehicle costs. These were partially offset by lower than anticipated OPP and anti-violence intervention costs. - Roads Maintentance. Winter control expenditures were lower than budget with respect to road plowing, snow removal and rental of own equipment. - Traffic Signs & Signals. Expenditures are below budget for contracted services. - Public Works Facility. Expenditures with respect to the maintenance of the PW Facility are higher than budget. - Sanitary Sewer Operations. The cost of mains and pumping station maintenance were under budget, offset by over expenditures for lift station maintenance and sewage treatment plant operations. - Storm Sewers. Overall expenditures are under budget as a result of lower catch basin maintenance costs. - Waterworks. Expenditures are higher with respect to mains connections repairs and booser station repairs. This was offset by a decrease in water treatment plant costs. - Garbage Collection. These expenditures were considerably under budget due to a decrease in wages and rental of own equipment. - Transfer Facility, Blue Box Collection and Recycling Facility. Overall expenditures are higher than budget in these areas with respect to wages and rental of own equipment. - Recreation & Cultural Services. The Kenora Recreation Centre experienced higher than budgeted wage costs which were offset by costs relating to swimming pool and fitness centre operations. The Keewatin Arena experienced higher than budgeted repairs & maintenance and utility costs. - Business Enterprise Centre. Program costs exceeded the budget by $48, however higher revenues offset this amount. - Economic Development. Contracted services and advertising were over budget. This was offset by increased funding.

Capital Fund

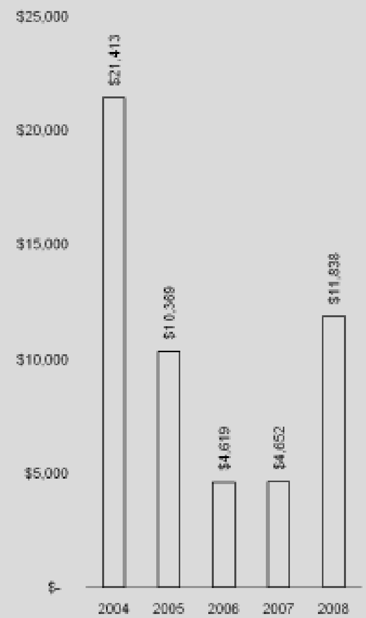
The City's capital fund represents significant expenditures related to tangible capital assets or large projects for the City. These expenditures generally provide the City with a long-term benefit, either through the purchase of new capital assets, improvement to existing City capital assets, or the extension of the life of existing capital assets. These expenditures are also broken out based on the same functional areas as outlined under Current Fund.

Overall capital fund expenditures in the various functional areas were $11.8 million in 2008. Major capital works for 2008 included:

- ***Municipal Paving Program - $.8 million*** – The municipal paving program relates to the reconstruction and paving of various roads throughout the City. In 2008, the City received Provincial funding totaling close to $.5 million to offset costs related to this program. Road works done under the municipal paving program included: Highway 17 West (Keewatin Bridge to Bay Street Bridge); Seventh Street South (Robertson Street to Fourth Avenue South); Norman Drive (Parson Street to Deacon Street); Street "A" (North of Lakeview Drive); Valley Drive (Sections between Amethyst Street and Eleventh Avenue North); and McKenzie Portage Road (Highway 17 West to City limit).
- ***Municipal Surface Treatment Program - $.5 million*** – The municipal paving program relates to rehabilitation of surface treated roads, including grading, drainage, granular base and surface treatment. Road works performed under the municipal surface treatment program include: Peterson Road; Coker Road; Essex Road; Anderson Branch Road; and Sunnyside Road.
- ***Salted Sand Storage Building - $.4 million*** – This represents the construction of a building for storing winter salted sand to both protect the sand from rain and snow and prevent the potential of salt contamination.
- ***Repainting of Zone 2 Water Standpipe - $.4 million*** – The City was required to replace the protective coating on the Zone 2 Water Standpipe as a result of the level of corrosion of the metal tank.
- ***Recycle / Waste Collection Trucks - $.4 million*** – Purchase of vehicles with the ability to combine recycling and waste collection using the same vehicle in order to increase efficiencies.
- ***Downtown Revitalization - $7.5 million*** – The downtown revitalization project represents the bulk of the works related to Phase 1 of the City's downtown revitalization project. Works included streetscaping, utility and infrastructure improvements along Main Street. Completion of Phase I works are scheduled to occur in 2009, along with the commencement of Phase II works.

The chart on this page shows gross capital fund expenditures for the City over the past five years.

City Capital Fund Expenditures
(in thousands of dollars)



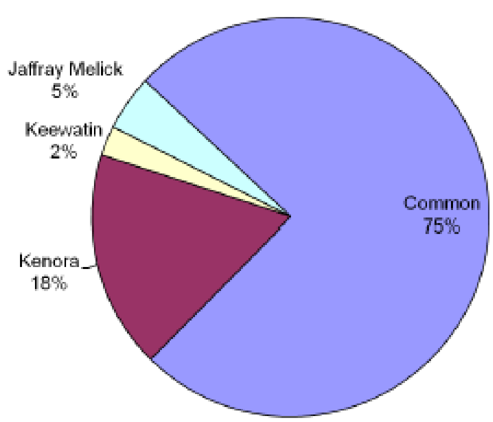
Reserves and Reserve Funds

The City maintains reserves and reserve funds designed to offset future costs related to specific expenditures, as approved by Council. While these reserves are primarily intended for capital expenditures, the City also holds significant working capital ($2.7 million) and consolidated contingency ($4.4 million) reserves.

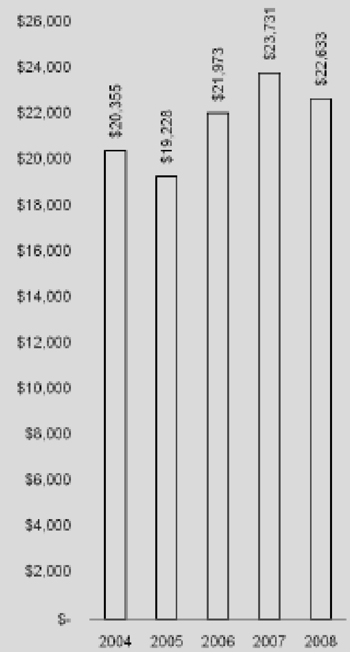
As part of the terms of the amalgamation agreement, reserves and reserve funds existing at 1 January 2000 were protected by geographic boundaries of the former Towns of Kenora, Keewatin and Jaffray Melick. This protection remained in effect until 31 December 2004. Despite the expiration of this requirement, the City continues to track any pre-amalgamation reserve monies by the separate geographic areas to which they relate. Any new reserves or reserve funds that have accumulated since the date of amalgamation are considered common reserves, and can be used throughout the new City boundaries.

The consolidated reserve and reserve fund balance as at the end of 2008 was $22.6 million. This chart to the right outlines the consolidated reserve and reserve fund combined balances for the last five years. These balances exclude any equity related to the Kenora Hydro Electric Corporation Ltd. This equity is reflected separately as net equity in government business enterprises. These balances also exclude any balance related to the Kenora Citizens' Prosperity Trust Fund.

The unconsolidated, combined reserve and reserve fund balances for the City before including consolidated entities was $22.1 million at the end of 2008. The following pie chart shows the current allocation between common reserves accumulated since City inception, and remaining balances of pre-amalgamation reserves still tracked by the geographic boundaries of the former Towns of Kenora, Keewatin and Jaffray Melick.



City Reserves and Reserve Funds
(in thousands of dollars)



Financial Highlights

Reserves and Reserve Funds

Government Business Enterprises

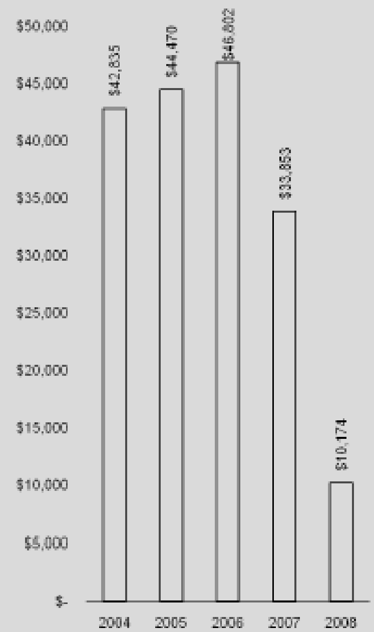
Government business enterprises (GBE) are separate municipal operations or legal entities that report independently to a separate Board or Commission and do not rely on the City for funding.

This page includes a chart outlining the City's comparative net equity in government business enterprises for the past five years. Historically, this amount was comprised of consolidated net equity from the following:

- Kenora Hydro Electric Corporation Ltd.
- Kenora Municipal Telephone System (KMTS) Entities, specifically:
    - KMTS
    - KMTS Mobility
    - KMTS Net

Commencing in 2008, the balance of the GBE investment relates strictly to the Kenora Hydro Electric Corporation Ltd. This is as a result of the sale of the KMTS Entities to Bell Aliant on 31 January 2008. The City's combined net equity in government business enterprises as at the end of 2008 was $10.2 million. Over the past two years, the City's investment in GBE has been reduced by a combined $36.6 million, the first drop in 2007 as a result of the liquidation of the long term debt owing by the City to KMTS Mobility at the end of 2007 ($12.9 million) and the balance resulting from the sale in 2008 ($23.7 million). The sale of the KMTS Entities is discussed further under the KMTS Entities and the Kenora Citizens' Prosperity Trust Fund section on this page.

Government Business Enterprises
(in thousands of dollars)



Kenora Hydro Electric Corporation Ltd.

The Kenora Hydro Electric Corporation Ltd. (Kenora Hydro) is a Local Distribution Company (LDC), incorporated under the Ontario Business Corporation Act in compliance with Hydro Deregulation. Kenora Hydro provides hydro distribution services to residents within the boundaries of the former Towns of Kenora and Keewatin. Kenora Hydro operates as an independent corporation under a Board of Directors appointed by the City as the sole shareholder.

KMTS Entities and the Kenora Citizens' Prosperity Trust Fund

On 31 January 2008, the City sold its KMTS operations to Bell Aliant. The decision to sell the KMTS Entities was a difficult one, and represented the loss of annual dividends and contributions from KMTS used to offset City expenditures. It was recognized, however, that the City did not have the resources to keep KMTS competitive in light of today's rapidly changing technologies.

In an effort to ensure there was no impact to property taxes as a result of the sale, the decision was made to transfer the proceeds of disposition from the sale, together with the cash and investments that were excluded from the sale, to a trust fund that would safeguard the funds. The Kenora Citizens' Prosperity Trust Fund was established in 2008, with a balance of $41.3 million at the end of 2008. In order to offset lost net revenues as a result of the sale of the KMTS Entities, the City requires an annual return of $1.1 million in income from the trust, in addition to the elimination of long term debt payments which occurred in 2007. Any erosion of the balance of the trust will result in an additional burden on City taxpayers.

Financial Highlights

City of Kenora

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Management's Responsibility for the Financial Statements

The accompanying financial statements of the Corporation of the City of Kenora are the responsibility of the City's management and have been prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. A summary of the significant accounting policies are described in the notes to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgements, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The City's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

The City Council meets with management to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by BDO Dunwoody LLP, independent external auditors appointed by City Council. The accompanying Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the City's financial statements.

Bill Preisentanz

Bill Preisentanz, CAO

Kenora, Ontario
July 13, 2009

BDO Dunwoody LLP
Chartered Accountants and Consultants

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Kenora, Ontario, Canada P9N 4E9
Telephone: (807) 468-5531
Telefax: (807) 468-9774

Auditors' Report

To the members of Council, Inhabitants and Ratepayers of the Corporation of the City of Kenora

We have audited the consolidated statement of financial position of the Corporation of the City of Kenora as at December 31, 2008 and the consolidated statements of financial activities and changes in net financial assets and consolidated statement of cash flows for the year then ended. These financial statements are the responsibility of the City'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.

The government business enterprise, Kenora Hydro Electric Corporation Ltd., has not performed impairment testing on goodwill with a net book value of $1.98 million. In accordance with generally accepted accounting principles, goodwill should be tested for impairment on an annual basis.

In our opinion, except for the effect of the government business enterprise's failure to perform impairment testing and to provide for a write-down, if any, on goodwill as described in the preceding paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation of the City of Kenora as at December 31, 2008 and the results of its financial activities, changes in its financial position and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited by another Chartered Accountant.

BDO Dunwoody LLP

Chartered Accountants, Licensed Public Accountants

Kenora, Ontario
June 1, 2009

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2008
(in thousands of dollars)

	2008	2007
Financial Assets		
Cash (Note 1)	$ 11,646	$ 8,551
Temporary investments (Note 2)	11,235	17,419
Taxes receivable	876	714
Trade and other receivables	6,667	5,462
Inventory held for resale	43	27
Long term investments (Note 3)	2,800	2,791
Kenora Citizens' Prosperity Trust Fund investments (Note 4)	41,288	-
Investment in government business enterprises (Note 5)	10,174	33,853
	84,729	68,817
Liabilities		
Accounts payable and accrued liabilities	4,815	6,211
Deferred revenue (Note 6)	3,980	3,422
Employee benefits payable (Note 15)	2,541	2,356
	11,336	11,989
NET FINANCIAL ASSETS	73,393	56,828
Non Financial Assets		
Inventories of consumables and prepaids	1,006	723
FUND BALANCES (Note 7)	$ 74,399	$ 57,551

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
for the year ended 31 December 2008
(in thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
Revenues			
Taxation	$ 18,039	**$ 18,308**	$ 17,596
Fees and user charges	9,676	**9,860**	9,589
Canada grants	3,643	**3,085**	235
Ontario grants	8,395	**8,531**	6,753
Other income (Note 8)	3,385	**3,923**	2,364
	43,138	**43,707**	36,537
Expenditures			
Current Operations			
General government	2,426	**2,435**	2,096
Protection to persons and property	8,900	**9,155**	8,275
Transportation services	3,969	**3,804**	3,922
Environmental services	5,911	**5,953**	5,970
Health services	1,891	**1,929**	1,876
Social and family services	3,963	**3,854**	3,694
Recreation and cultural services	3,928	**4,324**	4,332
Planning and development	715	**939**	886
	31,703	**32,393**	31,051
Capital			
General government	412	**283**	288
Protection to persons and property	355	**42**	160
Transportation services	2,517	**2,190**	2,020
Environmental services	6,283	**3,341**	838
Health services	64	**-**	-
Recreation and cultural services	687	**357**	576
Planning and development	7,365	**5,625**	770
	17,683	**11,838**	4,652
	49,386	**44,231**	35,703
Net revenue (expenditure) for the year before financing and transfers	(6,248)	**(524)**	834
Financing and transfers			
New debt issued	2,200	**-**	-
Debt principal repayments	-	**-**	(953)
Net transfer from government business enterprises (Note 5)	166	**166**	1,990
	2,366	**166**	1,037
	$ (3,882)	**(358)**	1,871
Net income (loss) for the year of government business enterprises (Note 5)		**(114)**	2,396
Gain on sale of government business enterprises		**17,325**	-
Liquidation of long term liabilities		**-**	(15,346)
Net revenue (expenditure) for the year		**16,853**	(11,079)
Fund Balances, beginning of the year		**57,551**	68,643
Adjustments:			
Kenora Handi Transit beginning balances (Note 21)		**9**	-
PSAB recommendations - local improvement receipts		**(14)**	(13)
Fund Balances, end of the year		**$ 74,399**	$ 57,551

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
for the year ended 31 December 2008
(in thousands of dollars)

	2008	2007
Net Revenue (Expenditure) for the year	$ 16,853	$ (11,079)
Change in inventories of consumables and prepaids	(283)	134
Increase (decrease) in Net Financial Assets	16,570	(10,945)
Net Financial Assets, beginning of year	56,828	67,786
Adjustment for Kenora Handi Transit beginning balance (Note 21)	9	-
	56,837	67,786
Adjustment for local improvement receipts	(14)	(13)
Net Financial Assets, end of year	$ 73,393	$ 56,828

THE CORPORATION OF THE CITY OF KENORA
CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 December 2008
(in thousands of dollars)

	2008	2007
Cash flows from operating activities		
Net change in fund balances for the year	**$ 16,853**	$ (11,079)
Decrease in amounts to be recovered	**-**	16,299
Decrease in local improvements receivable	**(14)**	(13)
	16,839	5,207
Change in non-cash working capital balances		
(Increase) in taxes receivable	**(162)**	(2)
Decrease (increase) in trade and other receivables	**(1,205)**	3,210
Decrease (increase) in other assets	**(299)**	128
(Decrease) in accounts payable and accrued liabilities	**(1,395)**	(1,141)
Increase in employee benefits payable	**184**	397
Increase in deferred revenue	**558**	988
	14,520	8,787
Cash flows from financing activities		
(Decrease) in long term liabilities	**-**	(16,299)
Cash flows from investing activities		
Increase in long term investments	**(9)**	(1,162)
Decrease in investment in government business enterprises	**23,679**	12,950
(Increase) in Kenora Citizens' Prosperity Trust Fund	**(41,288)**	-
	(17,618)	11,788
Net change in cash and equivalents	**(3,098)**	4,276
Cash and equivalents, beginning of year	**25,970**	21,694
Adjustment for Kenora Handi Transit beginning balance (Note 21)	**9**	-
Cash and equivalents, end of year	**$ 22,881**	$ 25,970
Represented by		
Cash	**$ 11,646**	$ 8,551
Temporary investments	**11,235**	17,419
	$ 22,881	$ 25,970

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2008
(in thousands of dollars)

The consolidated financial statements of the Corporation of the City of Kenora are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the City are as follows:

a) Basis of Accounting

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

b) Basis of Consolidation

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures of the current fund, capital fund, reserves and reserve funds of all municipal organizations, committees and boards and internally restricted entities which are owned or controlled by the Municipality. All interfund assets, liabilities, revenues and expenditures have been eliminated on consolidation.

The following boards and municipal enterprises owned or controlled by the Municipality have been consolidated:

Kenora Public Library
Lake of the Woods Cemetery
Lake of the Woods Museum

The Provincial Offences Fund is a government partnership where the municipality has shared control over the board / entity. The municipality's pro rata share of the assets, liabilities, revenues and expenditures are reflected in the financial statements using the proportionate consolidation method. The municipality's proportionate interest of 71.90% of the Provincial Offences Fund is reflected in the consolidated financial statements.

Government business enterprises and partnerships are separate legal entities which do not rely on the municipality for funding. Investments in government business enterprises are accounted for using the modified equity method. The following government business enterprises are reflected in the consolidated comparative statements:

Kenora Hydro Electric Corporation Ltd.
Kenora Municipal Telephone System
KMTS Mobility
KMTS Net

As at 31 December 2008 the Kenora Hydro Electric Corporation Ltd. is the only remaining government business enterprise (Note 5).

c) 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.

d) Government Transfers

Government transfers are recognized in the year in which events give rise to the transfer, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made.

THE CORPORATION OF THE CITY OF KENORA
SIGNIFICANT ACCOUNTING POLICIES
for the year ended 31 December 2008
(in thousands of dollars)

e) Revenue Recognition
Revenues are recognized as follows:
i Tax revenue is recognized in the calendar year to which the tax assessment applies and the assessment is known.
ii Fees and user charges are recognized on a monthly basis as services are provided.
iii Other revenues are recorded when collected or when collection is reasonably assured.

f) Investments
Investment income earned on current fund, reserves and reserve funds and the trust fund are reported as revenue in the period earned. Investments are recorded at the lower of cost and market value.

g) Inventory
Inventory is recorded at the lower of cost and net realizable value. Cost is determined on the average cost basis.

h) Capital Assets
The historical cost and accumulated amortization of capital assets are not recorded for municipal purposes. Capital assets are reported as an expenditure on the consolidated statement of financial activities in the period of acquisition.

i) School Boards
The municipality collects taxation revenue on behalf of the school boards. The taxation, other revenues, expenditures, assets and liabilities with respect to the operations of the school boards are not reflected in these financial statements.

j) Trust Funds
Trust funds administerd by the City for the benefit of external parties are not included in these financial statements. The financial activity and position of the trust funds are reported separately.

k) Deferred Revenue
Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred.

l) Pension and Other Post-Employment Benefits
The City accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Standards issued by the Canadian Institute of Chartered Accountants with respect to accounting for employee future benefits require the company to accrue for its obligations under other employee benefit plans and related costs, net of plan assets.

The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimate assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on pro-rata basis over the years of service in the attribution period commencing at date of hire, and ending at the earliest age the employee could retire and quality for benefits.

m) New Accounting Pronouncements
In 2008, the Canadian Institute of Chartered Accountants' Public Sector Accounting Board (PSAB) issued new accounting standards PS1000 - Financial Statement Concepts, PS1100 - Financial Statement Objectives, PS1200 - Financial Statement Presentation and PS3150 - Tangible Capital Assets which will significantly alter financial reporting for local governments. This new reporting standard becomes applicable to local governments for fiscal years beginning on or after 1 January 2009.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008
(in thousands of dollars)

1. CASH

	2008	2007
Unrestricted	$ 8,995	$ 5,039
Restricted	2,651	3,512
	$ 11,646	$ 8,551

2. TEMPORARY INVESTMENTS

	Market Value	2008	2007
Unrestricted	$ 9,087	$ 8,905	$ 13,718
Restricted	2,352	2,330	3,701
	$ 11,439	$ 11,235	$ 17,419

97% of the temporary investments are held in the One Fund - Public Sector Group of Funds. The investments are bond funds with interest rates ranging from 3.61% to 4.65%.

3. LONG TERM INVESTMENTS

	2008	2007
Loan receivable, Kenora Health Care Centre, interest at 4.05% per annum, repayable interest only until 2010 secured by land, buildings and equipment, loan approved to a maximum of $7,475.	$ 2,600	$ 2,591
Nothern Ontario Grow Bond, at cost. Interest earned at 4% per annum, receivable annually, maturing 11 April 2010.	200	200
	$ 2,800	$ 2,791

4. KENORA CITIZENS' PROSPERITY TRUST FUND INVESTMENTS

	2008	2007
Cash	$ 38	$ -
Temporary investments	41,250	-
	$ 41,288	$ -

The market value of the temporary investments is $41,441 at the end of the year. The proceeds from the sale of the Kenora Municipal Telephone System, KMTS Mobility and KMTS Net were transferred to the Kenora Citizens' Prosperity Trust Fund. The purpose of the Fund is to safeguard the principal while using the related investment income to eliminate the negative impacts resulting from the loss of the annual dividends from the telephone operations.

32% of the temporary investments are held in the One Fund - Public Sector Group of Funds. The investments are bond funds with interest rates ranging from 3.61% to 4.65%. The remaining temporary investments are held in a short term trust security with TD Canada Trust, bearing an interest rate of 2.65%. Subsequent to year end, the City appointed MFC Global Investment Management to provide investment management services for all, or a portion of, the Kenora Citizens' Prosperity Trust Fund investments.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008
(in thousands of dollars)

5. INVESTMENT IN GOVERNMENT BUSINESS ENTERPRISES

The Kenora Hydro Electric Corporation Ltd., the Kenora Municipal Telephone System, KMTS Mobility and KMTS Net are owned and controlled by the City of Kenora and as business enterprises of the City, are accounted for on a modified equity basis in these consolidated financial statements. The following information provides condensed supplementary information for the enterprises for the year ended 31 December 2008. The current year reflects the activity of the telephone operations to 31 January 2008. (Note 19)

i) Financial Position, Results of Operations and Changes in Net Assets

	2008	2007
Current assets	$ 4,054	$ 19,886
Long term investments	613	593
Capital assets	5,870	14,476
Goodwill	1,980	2,794
Total Assets	12,517	37,749
Current liabilities	1,770	3,036
Long term liabilities	573	860
Total Liabilities	2,343	3,896
Net Assets	$ 10,174	$ 33,853
Revenues	$ 11,016	$ 25,239
Expenses	10,964	20,853
Net Income	52	4,386
Contribution to City of Kenora	(166)	(1,990)
	(114)	2,396
Liquidation of long term investments	-	(15,346)
Net investment in KMTS operations (Note 19)	(23,565)	
Net assets, beginning of year	33,853	46,803
Net assets, end of year	$ 10,174	$ 33,853

ii) Balances with other organizations

	2008	2007
Due from City of Kenora Revenue Fund	$ 318	$ 1,415

iii) Transactions with other organizations

	2008	2007
Administration charges by City of Kenora	$ 240	$ 1,063
Interest charged by KMTS Mobility	-	(566)
Interest charged to Kenora Hydro	148	188

Purchases from and sales to the City of Kenora and its business enterprises in the normal course of operations are recorded at amounts approximating those charged to unrelated parties.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008
(in thousands of dollars)

6. DEFERRED REVENUE

		2008		2007
Government of Canada - wharf maintenance	$	**1,290**	$	1,311
Other deferred revenue		**2,690**		2,111
	$	**3,980**	$	3,422

7. FUND BALANCES

Fund balances consist of individual fund surplus (deficit), reserves and reserve funds and internally restricted entities as follows:

		2008		2007
Surplus (deficit)				
Current fund operations	$	**69**	$	(64)
Capital fund operations		**245**		31
Government business enterprises		**10,174**		33,853
Total Surplus		**10,488**		33,820
Reserves and Reserve Funds				
Working capital		**2,711**		2,511
Contingencies		**4,446**		4,313
Capital expenditures purposes		**12,398**		14,422
Replacement of equipment		**2,370**		1,823
Library		**20**		27
Museum		**392**		357
Handi Transit		**-**		6
Cemetery Columbarium		**109**		100
Current expenditures purposes		**187**		172
Total Reserves and Reserve Funds		**22,633**		23,731
Internally Restricted Entity				
Kenora Citizens' Prosperity Trust Fund		**41,278**		-
FUND BALANCES	$	**74,399**	$	57,551

8. OTHER INCOME

		2008		2007
Penalties and interest on taxation	$	**256**	$	238
Investment income		**3,032**		1,476
Donations		**96**		166
Sale of land and miscellaneous		**539**		484
	$	**3,923**	$	2,364

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008
(in thousands of dollars)

9. PENSION AGREEMENTS

The municipality and its employees contribute to the Ontario Municipal Employees Retirement System ("OMERS"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is jointly responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has approximately 248,000 active members and approximately 142,000 retired and other members.

Each year an independent actuary determines the Plan's funded status by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On 31 December 2008, the estimated accrued pension obligation for all members (including survivors) of the Plan was $50,080 million. The Plan had an actuarial value of net assets of $49,801 million at the end of 2008. The resulting funding deficit was $279 million as at 31 December 2008. The actuary does not attribute portions of the unfunded liability to individual employers. The Corporation of the City of Kenora paid $928 for employer contributions to the plan in 2008 (2007 - $828).

10. PUBLIC SECTOR SALARY DISCLOSURE

For 2008, the following employees were paid a salary, as defined in the Public Sector Salary Disclosure Act, 1996, of $100 or more:

Name	Position	Salary Paid	Taxable Benefits
William Preisentanz	City Chief Administrative Officer	$ 127	$ 1
Karen Brown	Manager of Finance and Administration	$ 112	$ 1
Sharen McDowall	Human Resources Manager	$ 101	$ 1
Richard Perchuk	Operations Manager	$ 103	$ 1
Warren Brinkman	Fire & Emergency Services Manager	$ 101	$ 1
Andrew Ryan Gordon	Police Officer	$ 104	$ 1
Grant Lawrence	Police Sergeant	$ 114	$ 1
Dwight Lundgren	Police Officer	$ 113	$ 1
Jeffrey Poperechny	Police Officer	$ 100	$ 1
Christopher Ratchford	Police Sergeant	$ 108	$ 1
Lloyd White	Police Officer	$ 111	$ 1
Jeffrey Wiebe	Police Sergeant	$ 103	$ 1
Douglas Zroback	Police Officer	$ 105	$ 1
Ray Csuzdi	Deputy Police Chief	$ 102	$ 1
Dan Jorgensen	Police Chief	$ 124	$ 1

11. BUDGET AMOUNTS

Budget data for 2008 included in these consolidated financial statements represents budgets approved by Council.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008
(in thousands of dollars)

12. OPERATIONS OF SCHOOL BOARDS

During the year, taxation revenue of $6,273 was raised and remitted to the school boards.

13. TRUST FUNDS

The trust funds administered by the municipality for the benefit of external parties have not been included in the statement of financial position nor have the operations been included in the statement of financial activities. At 31 December 2008, the trust funds balances are as follows:

		2008		2007
Lake of the Woods Cemetery				
Land Fund	$	**21**	$	20
Perpetual Care Fund		**421**		433
Langford Estate		**51**		50
	$	**493**	$	503

14. EMPLOYEE FUTURE BENEFITS

The City of Kenora pays certain health and dental benefits on behalf of its retired employees. The City recognizes post-retirement costs in the period in which the employees rendered the services. The expense for the twelve months ended 31 December 2008 was $89 (2007 - $99), and the resulting future employee benefit liability was $2,236 at 31 December 2008.

The main assumptions employed for the calculation of employee future benefits are as follows:
1. Interest (Discount) Rate
   The interest (discount) rate used for fiscal 31 December 2008 expense and accrued obligation is 6%.
2. Medical Costs
   Medical costs were assumed to increase 9% in 2008 grading down by .5% per annum to 5% in 2016 and thereafter.
3. Dental Costs
   Dental costs were assumed to increase 4% per year.

15. EMPLOYEE FUTURE BENEFITS PAYABLE

		2008		2007
Employee future benefits (Note 14)	$	**2,236**	$	2,096
Vested sick leave		**134**		126
Lieu time accrual		**171**		134
	$	**2,541**	$	2,356

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008
(in thousands of dollars)

16. CONTINGENT LIABILITIES

At 31 December 2008, the Corporation of the City of Kenora has guaranteed bank indebtedness of the Kenora Golf and Country Club in the amount of $364. The maximum amount of the guarantee is $600. Subsequent to the year end the maximum amount of the guarantee was increased to $650.

The Corporation of the City of Kenora is liable for its pro-rata share totalling $2,983 (2007 - $3,108) of the cumulative operating deficit of the District of Kenora Home for the Aged. The Home's management expects to recover this deficit from projected future operating surpluses. A billing to municipalities for their respective share of the deficit is not anticipated.

The Corporation of the City of Kenora has several claims and possible claims pending against it. The outcome of these claims is not yet determined and no amounts have been recorded in the accounts relating to these claims and possible claims.

17. LANDFILL CLOSURE AND POST-CLOSURE LIABILITIES

The Ontario Environmental Protection Act sets out regulatory requirements for the closure and maintenance of landfill sites. Under this Act, the City is required to provide for closure and post-closure care of solid waste landfill sites. The costs related to these obligations are provided over the estimated remaining life of active landfill sites based upon usage.

The City has one inactive landfill site. It has previously incurred all costs relating to the closure and retains responsibility for all costs relating to post-closure care which are recorded annually as they are incurred. The present value of the estimated total expenditures for closure & post-closure care has been estimated at $28 at 31 December 2008.

The City maintains one active landfill site which has an estimated remaining useful life of approximately 60 years. Based on an environmental assessment performed by consultants no amounts are required to be accrued relating to the closure & post-closure care for this landfill site.

18. TANGIBLE CAPITAL ASSETS

For the year ended 31 December 2009 the City of Kenora will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As a transitional provision, Public Sector Guideline-7, Tangible Capital Assets of Local Governments, requires disclosure of information for each major class of tangible capital assets for which all the relevant information can be provided for the complete stock of tangible capital assets of that category. Such information is not yet available for any major category.

19. SALE OF GOVERNMENT BUSINESS ENTERPRISES

Effective 1 February 2008, the City of Kenora sold a portion of its investments in government business enterprises relating to the operations of the Kenora Municpal Telephone System (KMTS), KMTS Mobility and KMTS Net as follows:

Total net sale proceeds	$ 40,890
Net investment	23,565
Gain on sale	$ 17,325

1

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008
(in thousands of dollars)

20. KENORA POLICE SERVICE

On 1 February 2008 the City of Kenora accepted the proposal of the Ontario Provincial Police to provide city-wide policing thereby replacing the existing Kenora Police Service. The force will be officially disbanded on 17 July 2009. An estimate of the future financial effect of this event cannot be made.

21. CHANGE IN ACCOUNTING POLICY

The financial information of Kenora Handi Transit will no longer be consolidated in these financial statements. It was determined that the City of Kenora did not control Kenora Handi Transit.

Financial statements of prior periods have not been restated therefore the opening fund balances for 2008 have been adjusted to remove the Kenora Handi Transit balances from 2007.

22. SEGMENTED INFORMATION

The City of Kenora is a diversified municipal government institution that provides a wide range of services to its citizens, including police, fire, public transit, solid waste, sewer and water and recreation. For management reporting purposes the City's operations and activities are organized and reported by Fund. Funds were created for the purpose of recording specific activities to attain certain objectives in accordance with special regulations, restrictions or limitations.

City services are provided by departments and their activities are reported in these funds. Certain departments that have been separately disclosed in the segmented information, along with the services they provide, are as follows:

General Government
General government encompasses all the City's administration including Council, the Administrator's office, finance and administration and human resources.

Protection to Persons and Property
This segement encompasses police services, fire services and by-law enforcement. The mandate of the police services department is to ensure the safety of the lives and property of citizens; preseve peace and good order; prevent crimes from occuring; detect offenders; and enforce law. The fire department is responsible to provide fire suppression service; fire prevention programs; training and education related to prevention, detection or extinguishment of fires. The by-law department is responsible for animal control and for enforcing by-laws passed by council. The building inspectors ensure an acceptable quality of building construction and maintenance of properties through enforcement of construction codes, building standards and by-laws.

Transportation Services
Transportation services are the responsibility of the public works department. This department delivers municipal public works services related to the planning, development and maintenance of roadway systems, docks, wharfs and street lighting.

Environmental Services
The environmental services segment consists of three areas - water, wastewater and solid waste. The department provides drinking water and treats wastewater to a portion of the City. It also provides collection, disposal and waste minimization programs and facilities for solid waste.

THE CORPORATION OF THE CITY OF KENORA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 December 2008
(in thousands of dollars)

22. SEGMENTED INFORMATION (continued)

Health Services
Health services includes contributions to the Northwestern Health Unit, the Kenora District Services Board for ambulance services and to the Lake of the Woods Cemetery.

Social and Family Services
The social and family services segment provides Ontario Works services, day care services and includes contributions to the District of Kenora Home for the Aged and to the Kenora District Services Board for social housing.

Recreation and Cultural Services
Recreation and cultural services is responsible for the maintenance of parks and open space. Also included in this segment are the Kenora Recreation Centre (ice surface, swimming pools and workout facilities) and the Keewatin Memorial Arena (ice surface). The operations of the Kenora Library and the Lake of the Woods Museum are also in this segment.

Planning and Development
The planning and development department includes planning, economic development and tourism. It provides services for the approval of all land development plans and the application and enforcement of zoning by-laws.

For each reported segment, revenues and expenditures represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. Therefore, certain allocation methodologies are employed in the preparation of segmented financial information. The current fund reports on municipal services that are funded primarily by taxation. The exception to this would be sewer and water and solid waste operations (except recycling). Taxation, payments-in-lieu of taxes, certain government grants and interest income have been apportioned based on a percentage of expenditures.

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF CURRENT FUND OPERATIONS
for the year ended 31 December 2008
(in thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
Revenues			
Taxation	$ 18,039	$ 18,308	$ 17,596
Fees and user charges	9,676	9,860	9,589
Canada grants	25	45	24
Ontario grants	5,731	5,819	6,198
Other	1,802	2,191	2,060
	35,273	36,223	35,467
Expenditures			
General government	2,426	2,435	2,096
Protection services	8,900	9,155	8,275
Transportation services	3,969	3,804	3,922
Environmental services	5,911	5,953	5,970
Health services	1,891	1,929	1,876
Social and family services	3,963	3,854	3,694
Recreation and cultural services	3,928	4,324	4,331
Planning and development	715	939	887
	31,703	32,393	31,051
Net revenue for the year	3,570	3,830	4,416
Financing and transfers			
Debt principal repayments	-	-	(953)
Transfers to capital fund	(2,129)	(1,151)	(1,292)
Transfers to reserves and reserve funds	(2,728)	(3,757)	(4,256)
Transfers from reserves and reserve funds	99	8	65
Transfers from capital fund	14	14	-
Transfers from Kenora Citizens' Prosperity Trust Fund	1,008	1,009	-
Net transfer from government business enterprises	166	166	1,990
	(3,570)	(3,711)	(4,446)
Change in fund balance for the year	$ -	119	(30)
Current fund, beginning of year		(64)	(34)
Adjustment for Kenora Handi Transit beginning balance (Note 21)		14	-
Current fund, end of the year		$ 69	$ (64)
Analyzed as follows:			
City of Kenora		$ 129	$ 16
Kenora Handi Transit		-	(14)
Lake of the Woods Museum		10	(2)
Kenora Public Library		(70)	(64)
		$ 69	$ (64)

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF CAPITAL FUND OPERATIONS
for the year ended 31 December 2008
(in thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
Revenues			
Canada grants	$ 3,618	$ **3,040**	$ 211
Ontario grants	2,664	**2,712**	555
Other	270	**44**	123
	6,552	**5,796**	889
Expenditures			
General government	412	**283**	288
Protection services	355	**42**	160
Transportation services	2,517	**2,190**	2,021
Environmental services	6,283	**3,341**	838
Health services	64	**-**	-
Recreation and cultural services	687	**357**	576
Planning and development	7,365	**5,625**	769
	17,683	**11,838**	4,652
Net expenditures for the year	(11,131)	**(6,042)**	(3,763)
Financing and transfers			
New debt issued	2,200	**-**	-
Transfers to current fund operations	-	**(14)**	-
Transfers from current fund operations	2,129	**1,151**	1,292
Transfers from reserves and reserve funds	6,802	**5,133**	2,613
	11,131	**6,270**	3,905
Change in fund balance for the year	$ -	**228**	142
Capital fund, beginning of the year		**(267)**	(409)
Adjustment for Public Sector Accounting Recommendations			
Opening balances - local improvements receivable		**298**	311
Activity for the year - local improvements receipts		**(14)**	(13)
		284	298
Adjusted capital fund balance, beginning of year		**17**	(111)
Capital fund, end of the year		$ **245**	$ 31

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF RESERVES AND RESERVE FUNDS
for the year ended 31 December 2008
(in thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
Revenue	$ 291	**$ 291**	$ 182
Net transfers from (to) other funds			
Transfer from current fund operations	2,728	**3,757**	4,256
Transfer to capital fund operations	(6,802)	**(5,132)**	(2,614)
Transfer to current fund operations	(99)	**(8)**	(65)
	(4,173)	**(1,383)**	1,577
Change in balance for the year	$ (3,882)	**(1,092)**	1,759
Reserves and reserve funds, beginning of the year		**23,731**	21,972
Adjustment for Kenora Handi Transit beginning balance (Note 21)		**(6)**	-
Reserves and reserve funds, end of year		**$ 22,633**	$ 23,731

	2008 Actual	2007 Actual
Analyzed as follows:		
Reserves and reserve funds set aside for specific purpose by Council		
Working capital	**$ 2,711**	$ 2,511
Contingencies	**4,446**	4,313
Capital expenditure purposes	**12,398**	14,422
Replacement of equipment	**2,370**	1,823
Library	**20**	27
Museum	**392**	357
Handi Transit	**-**	6
Cemetery Columbarium	**109**	100
Current expenditure purposes	**187**	172
Reserves and reserve funds, end of year	**$ 22,633**	$ 23,731

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
KENORA CITIZENS' PROSPERITY TRUST FUND
for the year ended 31 December 2008
(in thousands of dollars)

	2008 Budget	2008 Actual	2007 Actual
Revenue	$ 1,396	$ **1,396**	$ -
Net transfers from (to) other funds			
KMTS net sale proceeds	40,890	**40,890**	-
Transfer to current fund operations	(1,008)	**(1,008)**	-
	39,882	**39,882**	-
Change in balance for the year	$ 41,278	**41,278**	-
Kenora Citizens' Prosperity Trust Fund, beginning of the year		**-**	-
Kenora Citizens' Prosperity Trust Fund, end of year		$ **41,278**	$ -

Analyzed as follows:		
Kenora Citizens' Prosperity Trust Fund		
KMTS entities net sale proceeds	$ **40,891**	$ -
Investment income net of offsetting expenses and transfers	**298**	-
Investment market fluctuations recorded for accounting purposes	**89**	-
Kenora Citizens' Prosperity Trust Fund, end of year	$ **41,278**	$ -

See Accompanying Notes

THE CORPORATION OF THE CITY OF KENORA
SCHEDULE OF SEGMENT DISCLOSURE
CURRENT FUND OPERATIONS
31 December 2008
(in thousands of dollars)

	General Government	Protection to Persons and Property	Transportation Services	Environmental Services	Health Services	Social and Family Services	Recreation and Cultural Services	Planning and Development	Eliminations	Totals
Revenues										
Fees and user charges	$ 220	$ 821	$ 721	$ 6,427	$ 117	$ 242	$ 1,186	$ 126	$ -	$ 9,860
Government grants	21	500	21	-	90	-	761	271	(787)	877
Transfer from other funds	-	-	-	-	-	-	-	-	-	-
Other	255	6	-	155	17	-	278	54	-	765
	496	**1,327**	**742**	**6,582**	**224**	**242**	**2,225**	**451**	**(787)**	**11,502**
Expenditures										
Salaries and benefits	1,805	6,788	1,870	2,307	167	815	2,561	527	-	16,840
Materials and supplies	630	2,367	1,870	3,646	1,018	529	1,616	412	-	12,088
External transfer	-	-	64	-	834	2,510	844	-	(787)	3,465
Other	-	-	-	-	-	-	-	-	-	-
	2,435	**9,155**	**3,804**	**5,953**	**2,019**	**3,854**	**5,021**	**939**	**(787)**	**32,393**
Net segment specific revenues (expenditures)	**$ (1,939)**	**$ (7,828)**	**$ (3,062)**	**$ 629** *	**$ (1,795)**	**$ (3,612)**	**$ (2,796)**	**$ (488)**	**$ -**	**$ (20,891)**

Unallocated revenues	
Taxation	18,308
Government grants	4,987
Other	1,426
	24,721
Net revenue for the year	**3,830**
Financing and transfers	
Transfer to capital fund	(1,151)
Transfers to reserves and reserve funds	(3,757)
Transfers from reserves and reserve funds	8
Transfers from capital fund	14
Transfers from Kenora Citizens' Prosperity Trust Fund	1,009
Net ransfer from government business enterprises	166
	(3,711)
Change in fund balance	**$ 119**

* Any net revenues resulting from the water & sewer and solid waste operations are transferred to reserves to fund future capital requirements specific to those operations.

RATE BASE:

Rate Base Overview:

The rate base used for the purpose of calculating the revenue requirement used in this Application follows the definition used in the 2006 EDR Handbook as an average of the balances at the beginning and the end of the 2011 Test Year, plus a working capital allowance, which is 15% of the sum of the cost of power and controllable expenses.

The net fixed assets include those distribution assets that are associated with activities that enable the conveyance of electricity for distribution purposes. The Kenora Hydro rate base calculation excludes any non-distribution assets. Controllable expenses include operations and maintenance, billing and collecting and administration expenses.

Kenora Hydro has provided its rate base calculations for the years 2006 Board Approved, 2006, 2007, 2008 and 2009 Actual, 2010 Bridge Year and 2011 Test Year in Table 1 below. Kenora Hydro has calculated its 2011 rate base as $10,307,488. Any forecasted information for 2011 as presented in this rate application was prepared in April 2010, using the most recent financial information available, the first quarter of 2010. The projections were reviewed and approved by the President & CEO on April 30, 2010.

Table 1
Summary of Rate Base

Ex 2 - Table 1 - Summary of Rate Base

Description	2006 OEB Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Gross Fixed Assets	10,350,001	9,920,236	11,075,009	11,700,105	13,176,501	14,236,501	16,551,169
Accumulated Depreciation	5,268,684	4,989,543	5,429,740	5,830,549	6,318,924	6,838,758	7,503,174
Net Book Value	5,081,318	4,930,693	5,645,269	5,869,557	6,857,577	7,397,743	9,047,995
Average Net Book Value	5,044,136	4,968,823	5,287,981	5,757,413	6,363,567	7,127,660	8,672,540
Working Capital	8,297,396	8,414,879	9,214,721	9,216,896	9,597,244	10,699,634	10,899,652
Working Capital Allowance	1,244,609	1,262,232	1,382,208	1,382,534	1,439,587	1,604,945	1,634,948
Rate Base	6,325,927	6,231,055	6,670,189	7,139,947	7,803,153	8,732,605	10,307,488

Kenora Hydro has provided a summary of its calculations of the cost of power and controllable expenses used in the calculations for determining working capital for the years 2006 Board Approved, 2006, 2007, 2008 and 2009 Actual, 2010 Bridge Year and 2011 Test Year in Table 2, below. Details of Kenora Hydro's calculation of its working capital allowance are provided at Exhibit 2, Tab 4, Schedule 1.

Table 2
Summary of Working Capital

Ex 2 - Table 2 - Summary of Working Capital

Description	2006 OEB Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Cost of Power	6,857,049	7,123,478	7,815,133	7,570,393	7,883,158	8,886,177	8,823,607
Operations	117,762	138,581	132,133	139,373	172,748	172,173	198,090
Maintenance	427,306	250,373	245,439	303,518	373,025	365,813	400,649
Billing & Collecting	365,659	354,924	387,712	411,372	490,429	560,760	576,943
Community Relations	0	972	4,432	98,291	2,261	0	0
Administration & General Expense	471,727	533,884	617,474	681,265	663,147	701,711	887,103
Property Taxes	12,668	12,668	12,397	12,684	12,476	13,000	13,260
Working Capital	8,252,171	8,414,879	9,214,721	9,216,896	9,597,244	10,699,634	10,899,652

The Kenora Hydro Distribution System:

Kenora Hydro owns and operates the electricity distribution system in its licensed service area in the City of Kenora, serving approximately 5,600 Residential, General Service, Street Light, and Unmetered Scattered Load customers/connections.

Kenora Hydro's supply for the City of Kenora comes through the Hydro One transmission system at 115 kV and is stepped down through Kenora Hydro's substation to primary distribution voltage of 12,470 V phase-to-phase. Electricity is then distributed through Kenora Hydro's service area of 24 square kilometres, 10 kilometres of underground cable and 88 kilometres of overhead conductor. Kenora Hydro's distribution voltage is stepped down through individual transformers throughout the community for General Service three-phase voltages of 347/600v, 600v delta, 240v delta, 120/208v, and single phase voltages of 120/240v; Residential customer voltages of 120/240v.

Kenora Hydro owns and maintains approximately 5,600 meters installed on its customers' premises for the purpose of measuring consumption of electricity for billing purposes. Meters vary in type by customer and include meters capable of measuring kWh consumption, kW and kVA demand as well as 3 accounts which are on hourly interval data. Kenora Hydro began the installation of smart meters in May of 2009, as part of the Province of Ontario's smart meter initiative. Installation of the mandated residential and low volume customer classes will be 100% completed by the end of 2010. As such, Kenora Hydro will be filing to include a rate rider to begin funding the audited smart meter capital, recoveries, OM&A costs, and carrying charges to the end of December 31, 2009. Capital and OM&A expenses for the smart meter project have all been tracked in OEB approved variance accounts and have been audited during the course of our annual financial statement audit. Details of the Smart Meter Project and the proposed disposition of balances through the rate rider are presented in Exhibit 9 of this application. Kenora Hydro continues to work in conjunction with the utilities in the Northwest toward completion of all requirements for the smart meter infrastructure to enable full billings on TOU structures as and when instructed by the OEB.

In managing its distribution system assets, Kenora Hydro's main objective is to optimize performance of the assets at a reasonable cost with due regard for system reliability, public & worker safety and customer service requirements. This Application incorporates Kenora Hydro's 2011 Capital and Expense Budgets in determining the revenue requirement to execute those plans. Further information will be provided later in this Application. Kenora Hydro considers performance-related asset information including, but not limited to, data on reliability, asset age and condition, loading, customer connection requirements, and system configuration, to determine investment needs of the system. To date, Kenora Hydro has not had a formal asset management plan, relying instead on the extensive cumulative staff knowledge of the existing assets, their condition and the future required repairs or replacements. An Asset Management Plan has been developed in-house, and will be used as the base for future capital decisions. This plan is a work in progress, and will be developed over the next few years, providing support for future rate filings.

On an annual basis, Kenora Hydro management meets to develop and revise a rolling five year capital plan, identifying areas or items requiring replacement over the coming five year term. In addition to the capital needs of the distribution system, Kenora Hydro plans for maintenance requirements for the assets. Further information on Kenora Hydro's Capital and Operation, Maintenance & Administration amounts will follow later in this Application.

Kenora Hydro assets fall into two broad categories – distribution plant, which includes assets such as substation building, wires, overhead and underground electricity distribution infrastructure, transformers, meters and substations; and general plant which includes assets such as, work station building, transportation equipment, computer hardware and software. More detailed lists of distribution and general plant categories can be found in the Tables that follow in Exhibit 2, Tab 2, Schedules 1, 2 and 3.

CAPITAL PROJECTS:

Kenora Hydro considers the following key component when drafting the capital budget:

- **Customer Demand:**

These are projects that Kenora Hydro undertakes to meet its customer service obligations in accordance with the OEB's Distribution System Code (the "DSC") and Kenora Hydro's Conditions of Service. Activities include connecting new customers and building new subdivisions or condominiums. Capital contributions toward the cost of these projects are collected by Kenora Hydro in accordance with the DSC and the provisions of its Conditions of Service. Kenora Hydro 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.

- **Renewal:**

Renewal projects are completed when assets reach their end of useful life and must be replaced. Kenora Hydro's experienced staff completes visual inspections of its plant and performs predictive testing on certain assets (where such testing is available), and replaces assets based on these inspection and testing activities if warranted. In some cases the projects involve spot replacement of assets; in others, the projects involve complete asset replacement within a geographic area. New assets require less maintenance, deliver better reliability and reduce safety risks to the general public. Kenora Hydro's philosophy holds that a proactive rather than reactive approach to repairing or replacing key distribution assets (for example poles and transformers) results in the safest, lowest cost approach to asset management. This approach allows for the systematic, rational rebuild or replacement before failure occurs. A failure of a key asset in the winter could have life-threatening implications for customers, as lead time to replace a transformer in this area would be several days, at a minimum, and come at a premium cost due to overtime and a premium for emergency delivery services. With appropriate repair/replace strategy, the potential for lengthy outages will likely be managed. Safety is noted as a core value for Kenora Hydro, and it is the belief of Management that a run-to-failure philosophy does not promote this value. Assets that fail may do so catastrophically, resulting in possible damage to property and people, which may result in legal issues and potentially costly repairs. In addition, extended outages, poor performance and asset failure result in poor service quality indicators. Kenora Hydro's Asset Management Plan has been included in Tab 3 of this Exhibit.

- **Security:**

The probability and impact of asset failure are considered at peak load to determine the risk of a potential failure. Prior to the redesign and refurbishment of the substation, three major concerns existed. One, in the event of failure of a substation transformer, there would be an outage to all customers fed from that transformer, until the unit was repaired or replaced. Isolation and redirection of the feeders from the failed unit to one of the remaining in-service units was not possible. The substation redesign has allowed the switching of load from any feeder through various configurations to the other feeders. Secondly, the plan will provide for one 'spare' transformer on site, in working order, ready to install and replace in the event of a failure. Three, any work on the high voltage equipment does not require a City-wide outage. Operability has been improved by splitting the 115kV feed into three 115kV feeds to the three power transformers. Kenora Hydro is now able to remove a power transformer and associated switch gear from service vis-a-vis MSO's on the 115 kV feed without a full City outage. This outcome has been the result of the extensive capital investments made for the substation rebuild project since 2007, increasing the rate base substantially with no potential for recovery through rates to date.

- **Capacity:**

Although the customer base in Kenora is relatively stable, the potential exists for load growth caused by new customer connections, especially as it relates to industry. The City of Kenora lost the primary industry, the Abitibi pulp and paper mill, in 2005. This 100 acre site is within the Kenora Hydro service area, however, it was fed directly from the transmission system at 115kV. As such, the loss of the mill had minimal impact on the revenue stream of Kenora Hydro. In the event that this property is developed, the capacity within our existing substation may not be adequate to service this additional demand. In support of a development, it is likely that an additional substation may be required. A new substation would require an interim filing, as the costs associated would be outside of the rate base in this application.

- **Reliability:**

The main driver for these investments is an analysis of what measures could be undertaken to improve Kenora Hydro reliability performance as measured by SAIDI, SAIFI and CAIDI indices. These indices are indicators of the reliability of Kenora Hydro's distribution system. These activities will support maintenance of or improvement to the Service Quality Indices measured and submitted to the OEB each year by Kenora Hydro. Once fully developed, the asset management plan will direct investment towards the continuous improvement of the SQI's.

- **Regulatory Requirements:**

These projects are system capital investments, which are being driven by regulatory requirements. These requirements may include, among others, directions from the OEB, the IESO, the Ministry of Energy or the Ministry of Environment. It is anticipated that the GEA will require additional capital spending on the distribution system, the impact of the Act is unknown at this time and there has been no capital or operating expenditures factored into this application.

- **Substations:**

Substation investments are undertaken to improve or maintain reliability to a large numbers of customers and to maintain security and safety at the substations. Kenora Hydro has been involved in a multi-year complete reconstruction and refurbishment of our substation since 2006. The final stages of this rebuild are expected to be completed by 2013.

- **Customer Connections and Metering:**

Capital expenditures in this pool include meter installations, meter upgrades, and the capital components of wholesale and retail meter verification activities. Kenora Hydro has initiated a smart meter program, as approved by Ontario Regulation 235/08 (Authorized Discretionary Metering Activity & Procurement).

PLANNED CAPITAL PROJECTS:

Kenora Hydro capital projects for the 2011 Test Year will now be discussed in further detail. Kenora Hydro has provided project-specific justifications in Exhibit 2, Tab 2, for the 2010 Bridge Year and 2011 Test Year. Explanations have been provided for rate base-related variances that exceed materiality of $50,000 (distributors with a distribution revenue requirement of less than or equal to $10 million, being the materiality threshold in the Filing Requirements).

Gross Assets – Property, Plant and Equipment and Accumulated Depreciation:

The 2010 Bridge and 2011 Test Years' gross asset balances reflect the capital expenditure programs forecast for both years. An analysis of our 2006 to 2011 capital programs are described in detail in Kenora Hydro's written evidence at Exhibit 2, Tab 2, Schedule 2.

The following comments provide an overview of Kenora Hydro's budgeting process.

- **Overall Budget Process:**

The budget is prepared annually by management and is reviewed and approved by the Kenora Hydro Board of Directors. The budget is prepared before the start of each fiscal year. Once approved, it does not change, but provides a plan against which actual results may be evaluated.

- **Responsibilities:**

It is the responsibility of the Finance department to coordinate the development of the operating budget, capital budget and forecast processes. The President, with assistance from the Manager of Finance & Regulatory Affairs, is responsible for presenting and recommending the budget to the Board of Directors for approval. It is the responsibility of the Board of Directors to approve the budget.

The annual budget process is an important planning tool for Kenora Hydro. It puts capital and operational plans into a common financial plan and acts as a discussion tool to prioritize and plan capital and operating activities into the foreseeable future.

RATE BASE VARIANCE ANALYSIS:

The following Table 3 sets out Kenora Hydro's rate base and working capital calculations for 2006 Board Approved and Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year and 2011 Test Year, and the following variances:

- 2006 Actual against 2006 Board Approved
- 2007 Actual against 2006 Actual
- 2008 Actual against 2007 Actual
- 2009 Actual against 2008 Actual
- 2010 Bridge Year against 2009 Actual, and
- 2011 Test Year against 2010 Bridge Year

Kenora Hydro notes that the 2006 OEB Approved rate base was determined through the 2006 EDR process and is based on the 2004 year end rate base adjusted for Tier 1 Adjustments. Accordingly, the variance between 2006 Actual and 2006 OEB Approved spans a two-year period.

The 2011 Base Revenue Requirement for Kenora Hydro is $ 2,850,945, and the Service Revenue Requirement is $3,208,191 therefore Kenora Hydro has calculated the materiality threshold on its rate base to be $50,000 for 2011 in accordance with the Filing Requirements (distributors with a distribution revenue requirement of less than or equal to $10 million).

Table 3
Rate Base Variance

Ex 2 - Table 3 - Rate Base Variance

Rate Base:

Description	2005 Actual	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	Variance from 2009 Actual	2011 Test	Variance from 2010 Bridge
Gross Fixed Assets	10,828,341	9,920,236	(429,765)	11,075,009	1,154,773	11,700,105	625,096	13,176,501	1,476,396	14,236,501	1,060,000	**16,551,169**	2,314,668
Accumulated Depreciation	5,821,388	4,989,543	(279,141)	5,429,740	440,197	5,830,549	400,808	6,318,924	488,376	6,838,758	519,834	**7,503,174**	664,416
Net Book Value	5,006,953	4,930,693	(150,625)	5,645,269	714,575	5,869,557	224,288	6,857,577	988,020	7,397,743	540,166	**9,047,995**	1,650,252
Average Net Book Value		4,968,823	(75,312)	5,287,981	319,158	5,757,413	469,432	6,363,567	606,154	7,127,660	764,093	**8,672,540**	1,544,880
Working Capital		8,414,879	117,483	9,214,721	799,842	9,216,896	2,175	9,597,244	380,347	10,699,634	1,102,390	**10,899,652**	200,018
Working Capital Allowance		1,262,232	17,623	1,382,208	119,976	1,382,534	326	1,439,587	57,052	1,604,945	165,358	**1,634,948**	30,003
Rate Base		6,231,055	(94,872)	6,670,189	439,134	7,139,947	469,758	7,803,153	663,206	8,732,605	929,451	**10,307,488**	1,574,883

RATE BASE VARIANCES:

Kenora Hydro offers the following comments in respect of the material variances identified above. Kenora Hydro also explains projects under the materiality where relevant.

2011 Test Year:

As shown in Table 1 above, the total rate base in the 2011 test year is forecast to be $10,307,488. Average net fixed assets accounts for $9,047,995 of this total. The allowance for working capital totals $1,634,948 and has been calculated as 15% of the sum of the cost of power and controllable expenses.

2011 Test Year vs. 2010 Bridge Year:

The total rate base is expected to be $1,574,883 higher in the 2011 Test Year than in the 2010 Bridge Year. This increase is shown in Table 1 above and is attributable primarily to an increase in average net fixed assets of $1,544,880, which includes the movement of the Smart Meter Capital Variance accounts into the rate base for 2011. The increase in fixed assets along with the required detailed information for projects is discussed in detail by capital project in Exhibit 2, Tab 2, Schedule 2.

The working capital allowance increased by $30,003 from the 2010 Bridge Year. A detailed calculation of the working capital allowance for the 2011 Test Year can be found at Exhibit 2, Tab 4, Schedule 1, Table 20.

2010 Bridge Year vs. 2009 Actual:

The total rate base for the 2010 Bridge Year is expected to be $8,732,605, which represents an increase of $929,451 over the 2009 Actual year. This change results in part from an increase in average net assets of $764,093. This increase is primarily due to capital expenditures. The working capital allowance increased by $165,358 from 2009. A detailed calculation of the working capital allowance for the 2010 Bridge Year can be found at Exhibit 2, Tab 4, Schedule 1.

2009 Actual vs. 2008 Actual:

The rate base of $7,803,153 for 2009 Actual increased over 2008 Actual by $663,206. This increase is made up of a change in average net assets of $606,154 as a result of capital expenditures. Detailed information for these projects can be found in Exhibit 2, Tab 2, Schedule 2. The working capital allowance increased by $57,052.

2008 Actual vs. 2007 Actual:

The rate base of $7,139,947 for 2008 Actual increased over 2007 Actual by $469,758. This increase is made up of a change in average net assets of $469,432 as a result of capital expenditures. Detailed information for these projects can be found in Exhibit 2, Tab 2, Schedule 2. The working capital allowance increased by $326.

2007 Actual vs. 2006 Actual:

The rate base of $6,670,189 for 2007 Actual increased over 2006 Actual by $439,134. This increase is made up of a change in average net assets of $319,158 as a result of capital expenditures. The working capital allowance increased by $119,976.

2006 Actual vs. 2006 Board Approved:

The rate base of $6,231,055 for 2006 Actual was lower than the 2006 Board Approved by $(94,872). The difference reflects the fact that the 2006 Board Approved amounts were calculated as the average of the 2003 and 2004 actual amounts.

The variance between the 2006 Actual and the 2006 Board Approved also included the difference between the 2004 actual and the 2006 Board Approved amounts as well as the 2005 normal investments.

FIXED ASSET CONTINUITY:

The following are Fixed Asset Continuity Schedules from 2006 – 2011.

Table 4
Fixed Asset Continuity Schedule
As at December 31, 2006

			Gross Costs				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	2,366			2,366				0	2,366
CEC	1806	Land Rights				0				0	0
1	1808	Buildings and Fixtures	37,065			37,065	37,065			37,065	0
	1810	Leasehold Improvements				0				0	0
	1815	Transformer Station Equipment - Normally Primary above 50 kV	1,099,067	47,250	421,093	725,224	586,401	18,131	421,093	183,439	541,786
1	1820	Distribution Station Equipment - Normally Primary below 50 kV				0				0	0
	1825	Storage Battery Equipment				0				0	0
1	1830	Poles, Towers and Fixtures	4,282,639	146,380	82,052	4,346,967	2,064,886	173,122	82,052	2,155,956	2,191,011
1	1835	Overhead Conductors and Devices	1,061,873	69,718		1,131,590	548,895	46,020		594,915	536,675
1	1840	Underground Conduit	199,344			199,344	89,984	7,995		97,979	101,365
1	1845	Underground Conductors and Devices	402,244	4,092		406,336	182,695	16,232		198,927	207,409
1	1850	Line Transformers	1,503,097	32,498		1,535,594	755,992	60,134		816,126	719,468
1	1855	Services	428,572	63,205		491,777	45,414	19,671		65,085	426,692
1	1860	Meters	878,611	6,645	364,103	521,153	645,746	19,865	364,103	301,507	219,646
	1865	Other Installations on Customer's Premises				0				0	0
N/A	1905	Land	16,562			16,562				0	16,562
CEC	1906	Land Rights				0				0	0
1	1908	Buildings and Fixtures	268,125	1,859		269,985	172,091	5,257		177,348	92,637
	1910	Leasehold Improvements				0				0	0
8	1915	Office Furniture and Equipment	28,485	2,911	15,293	16,102	23,717	1,610	15,293	10,034	6,068
45	1920	Computer Equipment - Hardware	52,729	9,176	40,180	21,725	46,030	5,012	40,180	10,861	10,863
12	1925	Computer Software	29,834		27,719	2,115	28,424	705	27,718	1,411	704
10	1930	Transportation Equipment	680,519		231,699	448,820	513,880	52,902	231,698	335,084	113,737
10	1935	Stores Equipment				0				0	0
8	1940	Tools, Shop and Garage Equipment	122,235	3,040	62,464	62,811	96,855	6,281	62,464	40,672	22,139
	1945	Measurement and Testing Equipment	867	3,738		4,606	392	461		852	3,753
	1950	Power Operated Equipment				0				0	0
10	1955	Communication Equipment	815			815	489	82		571	245
	1960	Miscellaneous Equipment	7,894		7,894	0	7,894		7,894	0	0
	1970	Load Management Controls - Customer Premises				0				0	0
	1975	Load Management Controls - Utility Premises				0				0	0
	1980	System Supervisory Equipment				0				0	0
	1985	Sentinel Lighting Rentals				0				0	0
	1990	Other Tangible Property				0				0	0
1	1995	Contributions and Grants	(274,602)	(46,120)		(320,722)	(25,460)	(12,829)		(38,289)	(282,434)
	2005	Property under Capital Lease				0				0	0
		Total before Work in Process	**10,828,341**	**344,391**	**1,252,496**	**9,920,236**	**5,821,388**	**420,650**	**1,252,495**	**4,989,543**	**4,930,693**
WIP		Work in Process				0	0	0	0	0	0
		Total after Work in Process	**10,828,341**	**344,391**	**1,252,496**	**9,920,236**	**5,821,388**	**420,650**	**1,252,495**	**4,989,543**	**4,930,693**

10	1935	Transportation
10	1955	Communication Equipment

Less: Fully Allocated Depreciation

Transportation	52,902
Communication	0
Net Depreciation	367,748

Table 5
Fixed Asset Continuity Schedule
As at December 31, 2007

			Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	2,366			2,366	0			0	2,366
CEC	1806	Land Rights	0			0	0			0	0
1	1808	Buildings and Fixtures	37,065			37,065	37,065			37,065	0
0	1810	Leasehold Improvements	0			0	0			0	0
0	1815	Transformer Station Equipment - Normally Prim	725,224	819,137		1,544,361	183,439	38,609		222,048	1,322,313
1	1820	Distribution Station Equipment - Normally Prima	0			0	0			0	0
0	1825	Storage Battery Equipment	0			0	0			0	0
1	1830	Poles, Towers and Fixtures	4,346,967	101,207		4,448,174	2,155,956	173,558		2,329,514	2,118,660
1	1835	Overhead Conductors and Devices	1,131,590	77,375		1,208,965	594,915	48,952		643,867	565,098
1	1840	Underground Conduit	199,344	383		199,727	97,979	7,910		105,889	93,838
1	1845	Underground Conductors and Devices	406,336	53,107		459,444	198,927	18,456		217,383	242,061
1	1850	Line Transformers	1,535,594	26,796		1,562,391	816,126	61,206		877,332	685,059
1	1855	Services	491,777	50,173		541,950	65,085	21,678		86,763	455,187
1	1860	Meters	521,153	37,648		558,801	301,507	21,374		322,881	235,920
0	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	16,562			16,562	0			0	16,562
CEC	1906	Land Rights	0			0	0			0	0
1	1908	Buildings and Fixtures	269,985			269,985	177,348	5,257		182,605	87,380
0	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	16,102	2,147		18,249	10,034	1,643		11,678	6,571
45	1920	Computer Equipment - Hardware	21,725	1,855		23,580	10,861	3,717		14,578	9,002
12	1925	Computer Software	2,115			2,115	1,411	704		2,115	0
10	1930	Transportation Equipment	448,820	25,556		474,376	335,084	45,201		380,285	94,091
10	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	62,811	1,408		64,219	40,672	5,090		45,762	18,456
0	1945	Measurement and Testing Equipment	4,606			4,606	852	461		1,313	3,293
0	1950	Power Operated Equipment	0			0	0			0	0
10	1955	Communication Equipment	815			815	571	82		652	163
0	1960	Miscellaneous Equipment	0	13,484		13,484	0	1,348		1,348	12,136
0	1970	Load Management Controls - Customer Premise	0			0	0			0	0
0	1975	Load Management Controls - Utility Premises	0			0	0			0	0
0	1980	System Supervisory Equipment	0			0	0			0	0
0	1985	Sentinel Lighting Rentals	0			0	0			0	0
0	1990	Other Tangible Property	0			0	0			0	0
1	1995	Contributions and Grants	(320,722)	(55,504)		(376,226)	(38,289)	(15,049)		(53,338)	(322,889)
0	2005	Property under Capital Lease	0		0	0	0			0	0
		Total before Work in Process	**9,920,236**	**1,154,773**	**0**	**11,075,009**	**4,989,543**	**440,197**	**0**	**5,429,740**	**5,645,269**
WIP	0	Work in Process	0			0	0	0	0	0	0
		Total after Work in Process	**9,920,236**	**1,154,773**	**0**	**11,075,009**	**4,989,543**	**440,197**	**0**	**5,429,740**	**5,645,269**

	1935	Transportation
	1940	Stores Equipment

Less: Fully Allocated Depreciation

Transportation	45,201
Communication	
Net Depreciation	394,996

Table 6
Fixed Asset Continuity Schedule
As at December 31, 2008

			Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	2,366			2,366	0			0	2,366
CEC	1806	Land Rights	0			0	0			0	0
1	1808	Buildings and Fixtures	37,065			37,065	37,065			37,065	0
0	1810	Leasehold Improvements	0			0	0			0	0
0	1815	Transformer Station Equipment - Normally Prim	1,544,361	351,639		1,896,000	222,048	18,131		240,178	1,655,822
1	1820	Distribution Station Equipment - Normally Prima	0			0	0			0	0
0	1825	Storage Battery Equipment	0			0	0			0	0
1	1830	Poles, Towers and Fixtures	4,448,174	131,453		4,579,627	2,329,514	175,840		2,505,354	2,074,273
1	1835	Overhead Conductors and Devices	1,208,965	92,308		1,301,273	643,867	49,596		693,463	607,810
1	1840	Underground Conduit	199,727	0		199,727	105,889	7,970		113,859	85,868
1	1845	Underground Conductors and Devices	459,444	5,040		464,483	217,383	18,598		235,981	228,502
1	1850	Line Transformers	1,562,391	32,311		1,594,702	877,332	62,499		939,831	654,871
1	1855	Services	541,950	26,568		568,518	86,763	22,741		109,504	459,014
1	1860	Meters	558,801	537		559,338	322,881	21,392		344,273	215,065
0	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	16,562			16,562	0			0	16,562
CEC	1906	Land Rights	0			0	0			0	0
1	1908	Buildings and Fixtures	269,985			269,985	182,605	5,257		187,862	82,123
0	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	18,249	509		18,757	11,678	1,391		13,069	5,688
45	1920	Computer Equipment - Hardware	23,580	538		24,118	14,578	3,824		18,402	5,716
12	1925	Computer Software	2,115	3,192		5,307	2,115	1,064		3,179	2,128
10	1930	Transportation Equipment	474,376			474,376	380,285	21,374		401,659	72,717
10	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	64,219	4,442		68,661	45,762	5,183		50,946	17,715
0	1945	Measurement and Testing Equipment	4,606	377		4,982	1,313	498		1,811	3,171
0	1950	Power Operated Equipment	0			0	0			0	0
10	1955	Communication Equipment	815	378		1,193	652	119		772	422
0	1960	Miscellaneous Equipment	13,484			13,484	1,348	1,348		2,697	10,787
0	1970	Load Management Controls - Customer Premise	0			0	0			0	0
0	1975	Load Management Controls - Utility Premises	0			0	0			0	0
0	1980	System Supervisory Equipment	0			0	0			0	0
0	1985	Sentinel Lighting Rentals	0			0	0			0	0
0	1990	Other Tangible Property	0			0	0			0	0
1	1995	Contributions and Grants	(376,226)	(24,196)		(400,422)	(53,338)	(16,017)		(69,355)	(331,068)
0	2005	Property under Capital Lease	0	0	0	0	0			0	0
		Total before Work in Process	**11,075,009**	**625,096**	**0**	**11,700,105**	**5,429,740**	**400,808**	**0**	**5,830,549**	**5,869,557**
WIP		Work in Process	0			0	0			0	0
		Total after Work in Process	**11,075,009**	**625,096**	**0**	**11,700,105**	**5,429,740**	**400,808**	**0**	**5,830,549**	**5,869,557**

	1935	Transportation
	1940	Stores Equipment

Less: Fully Allocated Depreciation	
Transportation	21,374
Communication	
Net Depreciation	379,434

Table 7
Fixed Asset Continuity Schedule
As at December 31, 2009

Fixed Asset Continuity Schedule (Distribution & Operations)
As at December 31, 2009

			Cost				Accumulated Depreciation				
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	2,366			2,366	0			0	2,366
CEC	1806	Land Rights	0			0	0			0	0
47	1808	Buildings and Fixtures	37,065			37,065	37,065			37,065	0
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Primar	1,896,000	1,059,615		2,955,615	240,178	70,395		310,573	2,645,042
47	1820	Distribution Station Equipment - Normally Primary	0			0	0			0	0
47	1825	Storage Battery Equipment	0			0	0			0	0
47	1830	Poles, Towers and Fixtures	4,579,627	35,886		4,615,513	2,505,354	173,669		2,679,023	1,936,490
47	1835	Overhead Conductors and Devices	1,301,273	98,347		1,399,620	693,463	52,664		746,127	653,493
47	1840	Underground Conduit	199,727			199,727	113,859	7,970		121,829	77,898
47	1845	Underground Conductors and Devices	464,483			464,483	235,981	18,598		254,579	209,904
47	1850	Line Transformers	1,594,702	31,459		1,626,162	939,831	63,776		1,003,607	622,555
47	1855	Services	568,518	34,384		602,902	109,504	24,116		133,620	469,282
47	1860	Meters	559,338			559,338	344,273	21,392		365,665	193,673
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	16,562			16,562	0			0	16,562
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	269,985			269,985	187,862	5,257		193,118	76,866
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	18,757	7,285		26,042	13,069	1,953		15,022	11,020
10	1920	Computer Equipment - Hardware	24,118	2,194		26,313	18,402	3,256		21,658	4,655
12	1925	Computer Software	5,307	12,094		17,402	3,179	5,096		8,275	9,127
10	1930	Transportation Equipment	474,376	247,161		721,537	401,659	52,269		453,928	267,609
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	68,661	2,861		71,522	50,946	4,213		55,158	16,364
8	1945	Measurement and Testing Equipment	4,982			4,982	1,811	498		2,309	2,673
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	1,193			1,193	772	119		891	302
8	1960	Miscellaneous Equipment	13,484			13,484	2,697	1,348		4,045	9,439
47	1970	Load Management Controls - Customer Premises	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	0			0	0			0	0
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	0			0	0			0	0
47	1995	Contributions and Grants	(400,422)	(54,891)		(455,313)	(69,355)	(18,213)		(87,567)	(367,746)
0	2005	Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	**11,700,105**	**1,476,396**	**0**	**13,176,501**	**5,830,549**	**488,376**	**0**	**6,318,924**	**6,857,577**
WIP		Work in Process	0			0	0			0	0
		Total after Work in Process	**11,700,105**	**1,476,396**	**0**	**13,176,501**	**5,830,549**	**488,376**	**0**	**6,318,924**	**6,857,577**

	1925	Transportation
	1930	Stores Equipment

Less: Fully Allocated Depreciation	
Transportation	52,269
Communication	
Net Depreciation	436,107

Table 8
Fixed Asset Continuity Schedule
As at December 31, 2010

			Cost				Accumulated Depreciation				
CCA Class	**OEB**	**Description**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
N/A	1805	Land	2,366			2,366	0			0	2,366
CEC	1806	Land Rights	0			0	0			0	0
47	1808	Buildings and Fixtures	37,065			37,065	37,065			37,065	0
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Primar	2,955,615	280,000		3,235,615	310,573	80,890		391,463	2,844,152
47	1820	Distribution Station Equipment - Normally Primary	0			0	0			0	0
47	1825	Storage Battery Equipment	0			0	0			0	0
47	1830	Poles, Towers and Fixtures	4,615,513	67,000		4,682,513	2,679,023	177,036		2,856,059	1,826,454
47	1835	Overhead Conductors and Devices	1,399,620	75,000		1,474,620	746,127	49,933		796,060	678,560
47	1840	Underground Conduit	199,727	62,000		261,727	121,829	10,415		132,244	129,483
47	1845	Underground Conductors and Devices	464,483	90,000		554,483	254,579	22,133		276,712	277,771
47	1850	Line Transformers	1,626,162	97,000		1,723,162	1,003,607	67,410		1,071,017	652,145
47	1855	Services	602,902	33,000		635,902	133,620	25,436		159,056	476,846
47	1860	Meters	559,338	3,000		562,338	365,665	21,512		387,177	175,161
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
N/A	1905	Land	16,562			16,562	0			0	16,562
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	269,985	365,000		634,985	193,118	12,556		205,674	429,310
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	26,042	1,000		27,042	15,022	1,912		16,934	10,108
10	1920	Computer Equipment - Hardware	26,313	6,000		32,313	21,658	3,952		25,610	6,703
12	1925	Computer Software	17,402	2,000		19,402	8,275	5,762		14,037	5,365
10	1930	Transportation Equipment	721,537			721,537	453,928	52,269		506,197	215,340
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	71,522	5,000		76,522	55,158	4,568		59,727	16,795
8	1945	Measurement and Testing Equipment	4,982	2,000		6,982	2,309	676		2,985	3,997
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	1,193			1,193	891	38		929	265
8	1960	Miscellaneous Equipment	13,484	2,000		15,484	4,045	1,548		5,594	9,891
47	1970	Load Management Controls - Customer Premises	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	0			0	0			0	0
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	0			0	0			0	0
47	1995	Contributions and Grants	(455,313)	(30,000)		(485,313)	(87,567)	(18,213)		(105,780)	(379,534)
	2005	Property under Capital Lease	0			0	0	0		0	0
		Total before Work in Process	**13,176,501**	**1,060,000**	**0**	**14,236,501**	**6,318,924**	**519,834**	**0**	**6,838,758**	**7,397,743**
WIP		Work in Process	0			0	0			0	0
		Total after Work in Process	**13,176,501**	**1,060,000**	**0**	**14,236,501**	**6,318,924**	**519,834**	**0**	**6,838,758**	**7,397,743**

	1925	Transportation
	1930	Stores Equipment

Less: Fully Allocated Depreciation	
Transportation	52,269
Communication	
Net Depreciation	467,565

Table 9
Fixed Asset Continuity Schedule
As at December 31, 2011

			Cost				Accumulated Depreciation				
CCA Class	**OEB**	**Description**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
N/A	1805	Land	2,366			2,366	0			0	2,366
CEC	1806	Land Rights	0			0	0			0	0
47	1808	Buildings and Fixtures	37,065			37,065	37,065			37,065	0
13	1810	Leasehold Improvements	0			0	0			0	0
47	1815	Transformer Station Equipment - Normally Primar	3,235,615	605,000		3,840,615	391,463	88,453		479,916	3,360,699
47	1820	Distribution Station Equipment - Normally Primary	0			0	0			0	0
47	1825	Storage Battery Equipment	0			0	0			0	0
47	1830	Poles, Towers and Fixtures	4,682,513	60,000		4,742,513	2,856,059	164,734		3,020,793	1,721,720
47	1835	Overhead Conductors and Devices	1,474,620	100,000		1,574,620	796,060	57,475		853,535	721,085
47	1840	Underground Conduit	261,727	18,000		279,727	132,244	10,747		142,991	136,736
47	1845	Underground Conductors and Devices	554,483	40,000		594,483	276,712	23,061		299,773	294,710
47	1850	Line Transformers	1,723,162	119,000		1,842,162	1,071,017	67,231		1,138,248	703,914
47	1855	Services	635,902	35,000		670,902	159,056	26,136		185,192	485,710
47	1860	Meters	1,592,506	3,500		1,596,006	518,003	19,640		537,643	1,058,363
N/A	1865	Other Installations on Customer's Premises	0			0	0			0	0
	1870										
	1875										
N/A	1905	Land	16,562			16,562	0			0	16,562
CEC	1906	Land Rights	0			0	0			0	0
47	1908	Buildings and Fixtures	634,985	155,000		789,985	205,674	14,106		219,780	570,204
13	1910	Leasehold Improvements	0			0	0			0	0
8	1915	Office Furniture and Equipment	27,042	16,000		43,042	16,934	2,325		19,259	23,783
10	1920	Computer Equipment - Hardware	32,313	2,000		34,313	25,610	2,318		27,928	6,385
12	1925	Computer Software	19,402	2,000		21,402	14,037	5,031		19,068	2,334
10	1930	Transportation Equipment	721,537	150,000		871,537	506,197	64,630		570,827	300,710
8	1935	Stores Equipment	0			0	0			0	0
8	1940	Tools, Shop and Garage Equipment	76,522	5,000		81,522	59,727	4,053		63,780	17,742
8	1945	Measurement and Testing Equipment	6,982	2,000		8,982	2,985	776		3,761	5,221
8	1950	Power Operated Equipment	0			0	0			0	0
8	1955	Communication Equipment	1,193			1,193	929	38		967	227
8	1960	Miscellaneous Equipment	15,484	2,000		17,484	5,594	1,648		7,242	10,243
47	1970	Load Management Controls - Customer Premises	0			0	0			0	0
47	1975	Load Management Controls - Utility Premises	0			0	0			0	0
47	1980	System Supervisory Equipment	0			0	0			0	0
47	1985	Sentinel Lighting Rentals	0			0	0			0	0
47	1990	Other Tangible Property	0			0	0			0	0
47	1995	Contributions and Grants	(485,313)	(30,000)		(515,313)	(105,780)	(18,812)		(124,592)	(390,722)
	2005	Property under Capital Lease	0			0	0			0	0
		Total before Work in Process	**15,266,669**	**1,284,500**	**0**	**16,551,169**	**6,969,584**	**533,590**	**0**	**7,503,174**	**9,047,995**
WIP		Work in Process	0			0	0			0	0
		Total after Work in Process	**15,266,669**	**1,284,500**	**0**	**16,551,169**	**6,969,584**	**533,590**	**0**	**7,503,174**	**9,047,995**

	1925	Transportation
	1930	Stores Equipment

Less: Fully Allocated Depreciation	
Transportation	64,630
Communication	
Net Depreciation	468,960

CAPITAL EXPENDITURES:

Capital Expenditures By Project:

Information on Kenora Hydro’s actual and anticipated capital expenditures are listed by project, and are presented by OEB USoA for 2006, 2007, 2008, 2009, Bridge 2010 and Test year 2011. Descriptions of the projects for each year are included, based on materiality of $50,000.

Table 11
2006 – Capital Additions by OEB Accounts

CAPITAL ADDITIONS BY OEB ACCOUNTS - 2006														
		1815	1830	1835	1845	1850	1855	1860	1908	1915	1920	1940	1945	1995
PROJECT	TOTAL	Transformer Above 50 kV	Poles, Towers Fixtures	Overhead Conductors	U/G Conductor	Line Transformers	Services	Meters	Building & Fixtures	Office Furniture	Computer Hardware	Tools, Shop Garage	Measure & Testing	Capital Contribution
Initial Substation Rebuild Expenditures	47,250	47,250												
Multiple areas - pole replacement	146,380		146,380											
Multiple areas - O/H Conductor replace	69,718			69,718										
U/G Conductor repalcement	4,092				4,092									
Routine transformer replacement	32,498					32,498								
Service Upgrades	63,205						63,205							
Routine meter purchase & installation	6,645							6,645						
Secuity System Upgrades	1,859								1,859					
Office Station and Cabinet	2,911									2,911				
Rplacement 2 Computers, ION System	9,176										9,176			
Misc small shop tools	3,040											3,040		
Misc small measuring tools	3,738												3,738	
Capital Contribution - Mt Carmel	(30,500)													(30,500)
Capital Contributions -Southview Inn	(7,700)													(7,700)
Capital Contribtution - Coney Island	(6,820)													(6,820)
Capital Contribution - Coney Island	(1,100)													(1,100)
Balance As Detailed	344,391	**47,250**	**146,380**	**69,718**	**4,092**	**32,498**	**63,205**	**6,645**	**1,859**	**2,911**	**9,176**	**3,040**	**3,738**	**(46,120)**

2006 - ANALYSIS OF ACCOUNTS BASED ON MATERIALITY OF $50,000

Account 1830 – Poles, Towers, Fixtures $146,380

Project – Routine pole replacement $146,380

Capital spending for the year consisted of the routine replacement of 85 poles.   There were no significant specifically identifiable major projects for 2006. Several areas of the City received new poles; Coney Island, 9th St N, Highway 17W and Lakeview Drive. This project was done throughout the year.

Account 1835 – Overhead Conductors $69,718

Project – Routine O/H Conductor replacement $69,718

As with poles, there was no one specific project during the year which accounted for the spending in this account. As poles are replaced, the O/H conductor was assessed and replaced if deemed necessary.   This project was done throughout the year.

Account 1855 – Services $63,205

Project – New Services $63,205

Services to two properties on Coney Island, an addition on the Southview Inn, and new construction at Mount Caramel School resulted in $28,344 in materials, $17,630 in labour and $18,772 in equipment and clearing account allocations capitalized in 2006. These projects was started and completed in the summer of 2006.

Table 12
2007 – Capital Additions by OEB Accounts

CAPITAL ADDITIONS BY OEB ACCOUNTS - 2007																
		1815	1830	1835	1840	1845	1850	1855	1860	1915	1920	1930	1940	1960	1995
PROJECT	TOTAL	Transformer Above 50 kV	Poles, Towers Fixtures	Overhead Conductors	U/G Conduit	U/G Conductor	Line Transformers	Services	Meters	Office Furniture	Computer Hardware	Transportation	Tools, Shop Garage	Misc Equipment	Capital Contributions
Substation rebuild	819,137	819,137													
Routine pole repalcements	101,207		101,207												
Routine OH replacements	77,375			77,375											
U/G Conduit	383				383										
Kristjansson - Island Connection	53,107					53,107									
Routine transformer replacemnt	26,796						26,796								
Kristjansson - Island Connection	50,173							50,173							
Replace batch of meters	37,648								37,648						
Portable air conditioner units	2,147									2,147					
Computer replacement	1,855										1,855				
GMC Truck - replaces 19XX unit	25,556											25,556			
Misc small shop tools	1,408												1,408		
Security System	13,484													13,484	
Capital Contribution - Gas Bar	(21,000)														(21,000)
Capital Contribution - Coney	(34,504)														(34,504)
Balance As Detailed	1,154,773	**819,137**	**101,207**	**77,375**	**383**	**53,107**	**26,796**	**50,173**	**37,648**	**2,147**	**1,855**	**25,556**	**1,408**	**13,484**	**(55,504)**

2007 - ANALYSIS OF ACCOUNTS BASED ON MATERIALITY OF $50,000

Account 1815 – Transformer Above 50 Kv $819,137

Project - Substation Rebuild $819,137

In 2006, Kenora Hydro began a long-term redesign and reconstruction of the substation. Two of three transformers were over 40 years old, and the third unit was 30 years old. Industry standards suggest that there is a 50% chance of failure after 50 years. In addition, the redesign will provide for a spare transformer once the reconstruction is complete. A complete redesign was developed to ensure system reliability, safety, and better operability. Initial expenditures for engineered drawings and site testing and site prep were capitalized in 2006. Late in 2007, a lightning storm resulted in one transformer (T2) being struck and critically damaged by lighting. Plans were in place to refurbish all three of the existing transformers, however, the lightning strike accelerated and altered the sequence of refurbishments, resulting in the replacement of the damaged unit with a used unit with similar physical and electrical characteristics from the U.S. on short notice. Fortunately, Kenora Hydro was successful in an insurance claim on the damaged transformer, resulted in a recovery of a significant portion of the testing and cost to rewind the damaged transformer and place it back into service. This rebuilt unit replaced T3. A total claim of $585,513 ($2,500 deductible) was recovered through the insurance claim. These amounts were applied against capital in the year of recovery ($422,303 in 2008, $163,210 in 2009). The replacement unit from the U.S. , plus half of the costs to rewind the old T2, total of $714,666 in outside engineers, contractors and materials. In-house labour and equipment time assisting with the transformer removal and install was $ 19,987.

This picture indicates the damage caused by the lightening strike.

The initial planning of the new steel gantry structure, a critical phase in the redesign of the substation, was $84,484 for the year. These were all outside engineering, design and Hydro One fees incurred to begin construction of the steel gantry structure. The gantry was completed in 2008.

<u>Account 1830 – Poles, Towers, Fixtures $101,207</u>

Project – Routine Pole replacements $101,207

During 2007, staff completed pole replacements in the Minto Drive, Minto Avenue, Cambrian Drive, Drewry Drive and Coney Island. A total of 73 poles were replaced. There was no single project within the accounts amounting to over $50,000. These installations were done throughout the year.

<u>Account 1835 – Overhead Conductors $77,375</u>

Project – Routine O/H Conductor replacements $77,375

In conjunction with the pole replacements, O/H conductors are assessed and replaced as required. Again, there is no single transaction or project over $50,000 in this group of accounts, the balance consists of multiple replacements. These installations were done throughout the year.

<u>Account 1845 – Underground Conductors $53,107</u>

Project – Routine U/G Conductor replacements $53,107

<u>Account 1855 – Services $50,173</u>

Project – Customer services $50,173

New services to Coney Island residents and to the Canadian Tire Gas Bar were connected during 2007. All in, materials were $20,696, labour was $15,601 and equipment and clearing account allocation was $13,876. Capital contributions were collected for these projects. Both projects were started and completed during the summer of 2007.

Account 1995 – Capital Contribution $(55,504)

Project – Canadian Tire Gas Bar $(21,000)

The Canadian Tire Store expanded to include a Gas Bar in 2007. Capital contribution was received, including contribution for the installation of one 200 amp, 120/208 volt service.

Project – Coney Island customer connection $(34,504)

A customer requested connection to Kenora Hydro's system. The location was on an island, and required 800 metres of underground cable installation as well as two 25 kVa pad mount transformers. A capital contribution of $34,504 was received in 2007.

Table 13
2008 – Capital Additions by OEB Account

CAPITAL ADDITIONS BY OEB ACCOUNTS - 2008															
		1815	1830	1835	1845	1850	1855	1860	1915	1920	1925	1940	1945	1950	1995
PROJECT	TOTAL	Transformer Above 50 kV	Poles, Towers Fixtures	Overhead Conductors	U/G Conductor	Line Transformers	Services	Meters	Office Furniture	Computer Hardware	Computer Software	Tools, Shop Garage	Measurement Testing	Communication Equipment	Capital Contributions
Transformer substation rebuild	773,942	773,942													
Insurance claim received	(422,303)	(422,303)													
Multiple locations - pole replacement	131,453		131,453												
Multiple locations - OH replacement	92,308			92,308											
U/G replacements	5,040				5,040										
Transformer replacements	32,311					32,311									
Services	26,568						26,568								
Routine meter purchase & installation	537							537							
Chair	509								509						
Computer equipement	538									538					
Misc Software	3,192										3,192				
Misc Shop Tools	4,442											4,442			
Mat/cleaning kit	377												377		
Blackberry	378													378	
Capital contirbutions - Tim Hortons	(24,196)														(24,196)
Balance As Detailed	625,097	**351,639**	**131,453**	**92,308**	**5,040**	**32,311**	**26,568**	**537**	**509**	**538**	**3,192**	**4,442**	**377**	**378**	**(24,196)**

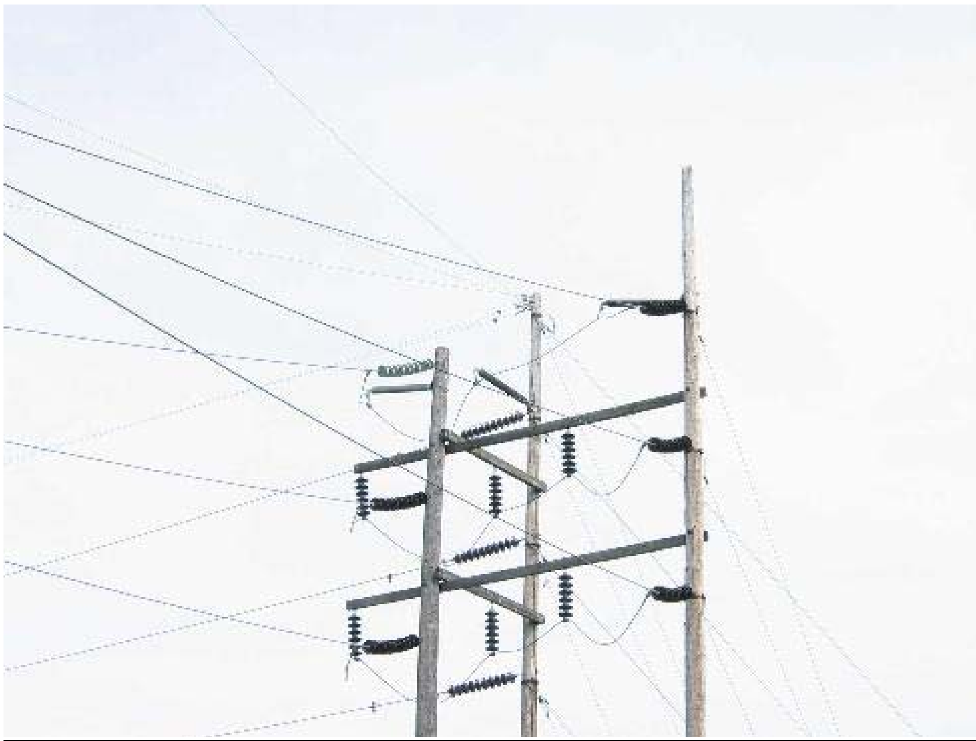
2008 - ANALYSIS OF ACCOUNTS BASED ON MATERIALITY OF $50,000

Account 1815 – Transformer Above 50 Kv $773,942

Project - Substation Rebuild $773,942

The major redesign and refurbishment of the substation continued in 2008, with a before-recovery amount of $773,942 being spent. Insurance money of $422,303 for the lightning damaged transformer was received and applied against the transformer capital account in 2008. The amount was not accrued in 2007 as the likelihood and amount recoverable was not certain at that time. There were commissioning costs to put in service the used U.S. unit to replace T2, as well as the final costs to rewind the damaged T2 and return to Kenora. The installation of a new steel gantry and nine new high voltage poles on the transmission system, connecting our substation to the Hydro One grid, was completed during 2008. This project replaced an old single feed, three pole design with the updated nine-pole design, allowing for better operability and mid-span openers (MSO's). Anticipated as a major component of the substation rebuild project, this upgrade will reduce the need for full City-wide outages for future maintenance work on the substation.

This picture shows the old high voltage feed system that was in place prior to the rebuild.



New high voltage feed system.

To comply with IESO code, a redesign of the ground grid was undertaken and money was spent for initial planning stages and drawings for the extension of the ground grid, construction to take place in 2009.

<u>Account 1830 – Poles, Towers, Fixtures $131,453</u>

Project – Pole Replacements $131,453

In 2008, 58 poles were replaced. Several areas of the City were targeted during the year. Ottawa Street, Lookout Park, Cambrian Drive, 4th Ave S and portions of Highway 17W had pole replacements during 2008. Materials were $46,049, labour was $45,972 and equipment time and clearing account allocations were $39,432. These installations were done throughout the year.

<u>Account 1835 – Overhead Conductors $92,308</u>

Project – Overhead Conductor Replacements $92,308

In conjunction with the pole replacements during the year, the overhead conductors would have been assessed at the time of the pole replacement, and replaced if required. Totals for 2008 were $27,343 of materials, $38,533 for labour and $26,432 for equipment and clearing account allocation. These installations were done throughout the year. There was no single project during the year which exceeded materiality.

Table 14
2009 – Capital Additions by OEB Accounts

CAPITAL ADDITIONS BY OEB ACCOUNTS - 2009													
		1815	1830	1835	1850	1855	1860	1915	1920	1925	1930	1940	1995
PROJECT	TOTAL	Transformer Above 50 kV	Poles, Towers Fixtures	Overhead Conductors	Line Transformers	Services	Meters	Office Equipment	Computer Hardware	Computer Software	Transportation	Tools, Shop Garage	Capital Contributions
Substation rebuild	1,222,824	1,222,824											
Insurnace Claim on Damaged TS	(163,210)	(163,210)											
Routine pole replacements	35,886		35,886										
Routine O/H Conductor replace	98,347			98,347									
Routine transformer replace	31,459				31,459								
Services	33,914					33,914							
Routine GS meter replacement	469						469						
Office Equipment	7,284							7,284					
Computer for new finance staff	2,194								2,194				
Arc view software	1,555									1,555			
Rodan Energy ION software	10,539									10,539			
Bucket Truck	247,161										247,161		
Small tools for shop	2,861											2,861	
Health Care Centre Expansion	(23,391)												(23,391)
Qualico - Headwaters Condo	(31,500)												(31,500)
Balance As Detailed	1,476,392	**1,059,614**	**35,886**	**98,347**	**31,459**	**33,914**	**469**	**7,284**	**2,194**	**12,094**	**247,161**	**2,861**	**(54,891)**

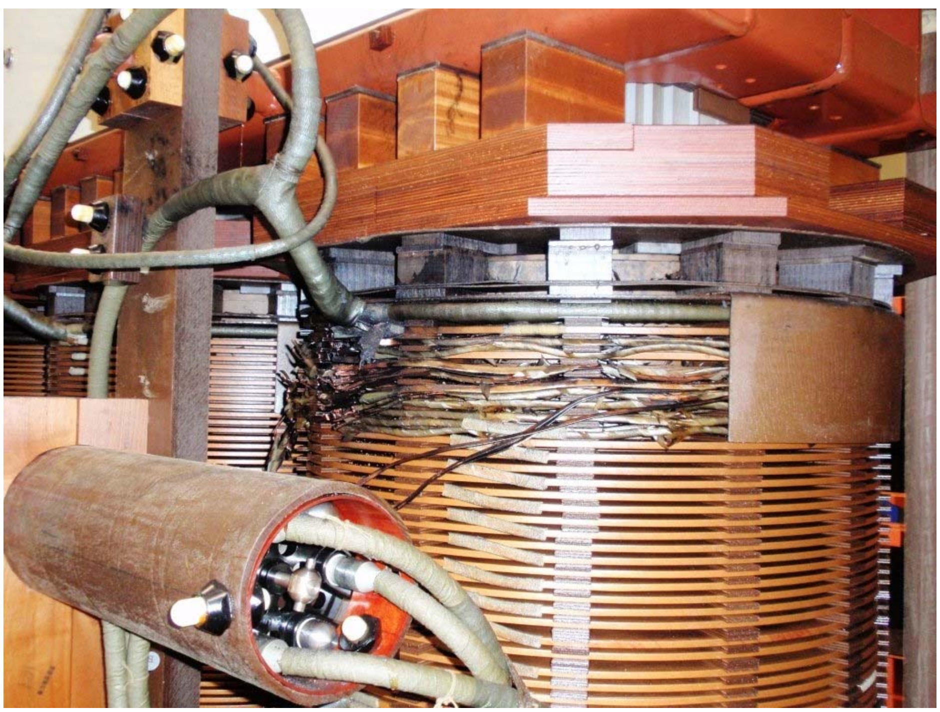
2009 - ANALYSIS OF ACCOUNTS BASED ON MATERIALITY OF $50,000

Account 1815 – Transformer Above 50 Kv $1,222,824

Project - Substation Rebuild $796,830

Major work continued on the substation in 2009. In the spring of 2009, power transformer T3 failed unexpectedly. It was removed from service and sent away for refurbishment and replaced with the previously rewound power transformer, T2. The costs of this installation and the initial costs to rewind T3 were all incurred during the year. New high voltage, low voltage and lightening arrestors were installed in this project. With the exception of $35,678 of 'in-house' labour and equipment time, the remaining $761,152 consisted of outside contracts and materials.

This picture indicates the damage on the failed transformer.



Project – Ground Grid $247,203

The existing ground grid did not meet current IESO codes. Since Magna Electric was on site replacing T3, they were selected as the firm to complete the ground grid rebuild. Difficulties were experienced in the blasting and anchoring phases. Drainage and bed rock proved to be time consuming and costly. This project was started and completed during the summer of 2009.

Project – SCADA System $152,858

Magna Electric designed and installed an entry level, small scale SCADA system to provide real time monitoring, loading information, and power transformer oil monitoring, while having the flexibility for future expansion into additional substation automation, such as electronic reclosures. Also included was the replacement of two mechanical reclosures on feeders E&F with electronic style. This project was started and completed in the summer of 2009.

Project – Oil Containment $25,933

Concern was raised regarding oil containments systems within the substation. Although no PCB's are present, to prevent contamination of the surrounding area should a primary transformer lose oil in the event of a failure, a containment design was competed by Hatch Ltd. at a total cost of $25,933. The estimated construction costs (in excess of $200,000) have been deferred to future years, as capital budgeting permits.

Project – Insurance Claim $(163,210)

The final claim on insurance of $163,210 for the lightening strike of 2007 was received and posted to offset capital costs in 2009. The amount was not accrued in 2007 or 2008 due to uncertainty of collection at that time.

<u>Account 1835 – Overhead Conductors $98,347</u>

Project – O/H Conductor Replacements $98,347

Conductor replacements were done throughout the City. Eleventh Ave N and 9th St N were two areas of major concentration during the year. There was no one single project during 2009 in overhead conductors that was near materiality. $38,393 was spent on direct materials, while labour, equipment time and clearing account charges amounted to $59,954. This project was started and completed in the summer of 2009.

<u>Account 1930 – Transportation $247,161</u>

Project – Double Bucket Truck $247,161

Kenora Hydro purchased one Altec Double Bucket truck with 55 foot boom. This unit was a replacement for a fully amortized 1995 Freightliner double bucket truck. The 1995 unit was at the end of its useful life, the sub-frame was rusted to the point that there was doubt that the vehicle would pass the next annual inspection. The sale of the old truck was tendered and the winning bid of $21,500 was recorded as a gain on disposition in the financial statements of 2009.

Account 1995 – Capital Contributions $(54,891)

Project – Health Care Centre $(23,391)

The Health Care Centre expansion project was billed and paid $23,391 for installation of a 600 amp, 3 phase 120/208 volt service. This project was completed by Kenora Hydro staff during the year.

Project – Headwaters $(31,500)

A first installment from Qualico Corporation for the Headwaters Condominium project was received in 2009. Kenora Hydro will install two 225 kVa three phase pad mount transformers, two switching kiosks, all primary conductors and terminations and twenty two network style smart meters. It is anticipated that this project will begin and be completed by Kenora Hydro in 2010, but will be restricted by the progress of Qualico on their project.

Table 15
2010 – Capital Additions by OEB Accounts

CAPITAL ADDITIONS BY OEB ACCOUNTS - 2010																	
PROJECT	TOTAL	1815 Transformer Above 50 kV	1830 Poles, Towers Fixtures	1835 Overhead Conductors	1840 U/G Conduit	1845 U/G Conductor	1850 Line Transformers	1855 Services	1860 Meters	1908 Building & Fixtures	1915 Office Furniture	1920 Computer Hardware	1925 Computer Software	1940 Tools, Shop Garage	1945 Measure/ Testing	1960 Misc Equip	1995 Capital Contribution
Continued Substation Rebuild	280,000	280,000															
Routine pole replacement	67,000		67,000														
Routine OH	75,000			75,000													
Routine UG	10,000				10,000												
Harbourfront reconstruction (Phase 1)	112,000				52,000	60,000											
Headwaters	60,000					30,000	30,000										
Transclosure replacements	37,000						37,000										
Routine replacements	30,000						30,000										
Routine replacements	33,000							33,000									
General service - routine replace	3,000								3,000								
Builidng Renovations	365,000									365,000							
Routine replacements	1,000										1,000						
Routine replacements	6,000											6,000					
Upgrades	2,000												2,000				
Routine replacements	5,000													5,000			
Routine replacements	2,000														2,000		
Routine replacements	2,000															2,000	
Headwaters Capital Contribution	(30,000)																(30,000)
Balance As Detailed	1,060,000	280,000	67,000	75,000	62,000	90,000	97,000	33,000	3,000	365,000	1,000	6,000	2,000	5,000	2,000	2,000	(30,000)

2010 - ANALYSIS OF ACCOUNTS BASED ON MATERIALITY OF $50,000

Account 1815 – Transformer Above 50 kV $280,000

Project – Electronic Reclosures (OCR's) $250,000

New OCR's will be purchased and installed at an estimated cost of $250,000. These OCR's are required to meet the underfrequency load shedding requirements of the IESO.

Project – Revenue Metering $30,000

The existing revenue metering will be at the end of its seal period in 2010. This is an estimate to purchase and replace the expiring meters.

Account 1830 – Poles, Towers, Fixtures $67,000

Project – Pole Replacements $67,000

Several areas of the City are targeted for pole replacement during 2010.

Account 1835 – Overhead Conductors $75,000

Project – Routine O/H Conductor replacement $75,000

Based on historical normal spending, in conjunction with the pole replacements it is anticipated that $75,000 will be spent on O/H Conductors during the year.

Account 1840 – UG Conduit $62,000

Project – Harbourfront $52,000

The City of Kenora is in the final stages of their "Downtown Revitalization". As part of the project, they are reconstructing the Harbourfront, at which time Kenora Hydro will replace and install new underground conduit, with an estimated cost to Kenora Hydro of $52,000.

Project - Routine Underground Replacements $10,000

Limited underground replacements as necessary have been budgeted for.

<u>Account 1845 – Underground Conductor $90,000</u>

Project – Harbourfront $60,000

The City is expected to continue with the final major stage of the downtown revitalization. The budget includes installing new underground conductors on the Harbourfront, as the City will be excavating and uncovering our equipment as a necessary part of their project work, we will take advantage of the opportunity to replace the aging conduit and conductor which is beyond its useful life of 30 years.

Project – Headwaters $30,000

Qualico is anticipated to continue development of the Headwaters project into 2010, with Kenora Hydro installing underground conductors to feed the condominiums. The first installment of capital contribution was paid and posted into 2009.

<u>Account 1850 – Line Transformers $97,000</u>

Project – Headwaters $30,000

Estimated costs for line transformers for the first phase of the Headwaters project is $30,000.

Project – Transclosure Replacements $37,000

Kenora Hydro will replace two transclosures with dead-front pad mount transformers in 2010. This work constitutes the replacement of old-style pad mounted transclosures (pole-mount transformers protected by a steel enclosure). Safety concerns have been noted with these installations.

Project – Other various transformer replacement $30,000

Limited transformer replacements as necessary have been budgeted for.

<u>Account 1908 – Building & Fixtures $365,000</u>

Project – Renovations $365,000

The work centre, built in 1980, was originally designed as a garage with one administration staff and the President & CEO working on site. The use of this location has evolved over time, and the current design is not meeting the needs of the five full time office staff and management. With the addition of the Engineer late in 2010, there is a pressing need for six separate office spaces and a Board room. Additionally, mould, air quality issues, collapsing ceilings and inadequate heating and ventilation has been an on-going concern in the building. In July, 2010, demolition of the front office space occurred. Plans have been designed for the new front of house offices and file storage to accommodate staff. Construction is set to begin July 26, with a target completion of 16 weeks. Although the rest of the building, housing the vehicles, lunch room, washrooms, Boardroom and meter area are all in need of reconstruction, that project will be delayed until absolutely necessary. Water leaks will require roof reconstruction in 2011, but the remainder of the old structure will remain unchanged for the immediate future.

Table 16
2011 – Capital Additions by OEB Accounts

CAPITAL ADDITIONS BY OEB ACCOUNTS - 2011																		
		1815	1830	1835	1840	1845	1850	1855	1860	1908	1915	1920	1925	1930	1940	1945	1960	1995
PROJECT	TOTAL	Transformer Above 50 kV	Poles, Towers Fixtures	Overhead Conductors	U/G Conduit	U/G Conductor	Line Transformers	Services	Meters	Building & Fixtures	Office Furniture	Computer Hardware	Computer Software	Transportation	Tools, Shop Garage	Measurement Testing	Misc Equipment	Capital Contribution
Continued Substation Rebuild	605,000	605,000																
Routine pole replacement	60,000		60,000															
Routine OH	100,000			100,000														
Routine UG	10,000				10,000													
Harbourfront reconstruction (Phase 1)	18,000				8,000	10,000												
Headwaters	64,000					30,000	34,000											
Transclosure replacements	50,000						50,000											
Routine replacements	35,000						35,000											
General service - routine replace	35,000							35,000										
Routine replacements	3,500								3,500									
Builidng Renovations	155,000									155,000								
Routine replacements	1,000										1,000							
Main photo copier replacement	15,000										15,000							
Routine replacements	2,000											2,000						
Routine replacements	2,000												2,000					
Refurbish #54	150,000													150,000				
Routine replacements	5,000														5,000			
Routine replacements	2,000															2,000		
Routine replacements	2,000																2,000	
Headwaters Capital Contribtuion	(30,000)																	(30,000)
Balance As Detailed	1,284,500	605,000	60,000	100,000	18,000	40,000	119,000	35,000	3,500	155,000	16,000	2,000	2,000	150,000	5,000	2,000	2,000	(30,000)

2011 - ANALYSIS OF ACCOUNTS BASED ON MATERIALITY OF $50,000

Account 1815 – Transformer Above 50kV $605,000

Project – Transformer Refurbishment (T3) and Replacement (T1) $605,000

T3 had a major internal malfunction in the spring of 2009. It was removed from service and sent away for refurbishment. It is now back on site and will be used to replace an original unit, manufactured in 1966, T1. Once removed from service, T1's refurbishment will be tendered, awarded and shipped for rebuilding. Upon the return of T1, it will be kept on-site as a spare unit.

Account 1830 – Poles Towers & Fixtures $60,000

Project – Routine Pole Replacements $60,000

Based on historical spending, an estimate of $60,000 had been entered.

Account 1835 – Overhead Conductors $100,000

Project - Routine O/H Conductors $100,000

Based on historical spending, an estimate of $100,000 had been entered.

Account 1850 – Line Transformers $119,000

Project – Headwaters $34,000

Based on projected work by the Qualico on the condominium project, $34,000 has been estimated for additional three phase transformers. This capital will depend on the progress of the developer.

Project – Transclosure Replacements $50,000

Kenora Hydro will replace two transclosures with dead-front pad mount transformers in 2011. This work constitutes the replacement of old-style pad mounted transclosures (pole-mount transformers protected by a steel enclosure). Safety concerns have been noted with these installations.

Project – Routine transformer replacements $35,000

Based on historical spending, an estimate of $35,000 had been entered.

Account 1908 – Building & Fixtures $155,000

Project – Replace Roof $155,000

The roof over the garage, old board room, meter room and kitchen has been deteriorating for several years. Investigations while repairing the roof in 2009 after a collapse showed that where the metal roof was attached to the metal I-beams, the roof had rusted completely away. There have been numerous leaks and ceiling collapses in various areas over the past three years. An engineer will be engaged to determine if it would be most economical to build a new roof over the existing one, or to remove and replace it. An estimate of $155,000 has been allowed for in this budget in 2011.

Account 1930 – Fleet $150,000

Project – Replace #54 $150,000

Truck #54, a 1998 - F800 single bucket truck, which is fully amortized as of 2005, is anticipated to need replacement in 2011. The estimated proceeds of disposition from #54 is expected to be around $20,000, assuming it’s condition does not rapidly deteriorate and have no residual value before the time of sale. These proceeds have been incorporated into the projected revenue of 2011.

VARIANCE ANALYSIS ON ACCUMULATED DEPRECIATION:

Changes in accumulated depreciation are directly affected by changes in fixed assets due to additions, the removal of fully depreciated assets from the grouped asset classes, and the disposition of identifiable assets. The 2006 Board Approved closing balance for accumulated depreciation is based on Kenora Hydro's 2004 year end account balances, plus Tier 1 capital adjustments approved in Kenora Hydro's 2006 EDR Application. As such, the variance between 2006 Board Approved and 2006 Actual represents two years of depreciation changes, and in order to arrive at the annual impact, the variance must be divided by two.

From 2006 Actual to the 2011 Test Year the below table shows that the change in accumulated depreciation. There was a drop of $(279,139) from 2006 Board Approved to 2006 Actuals. This drop is the result of several factors. There was a fully amortized vehicle removed from the accounts in 2005, of $73,623. In addition, fully amortized assets of $1,252,495 were removed from the accounts in 2006. When the amortization from 2005 of $473,233 is considered, the actual change in accumulated amortization from 2006 Board Approved to 2006 Actual is $573,746, in line with the annual changes from 2007 to 2011. A detailed analysis of capital expenditures has been provided in this Exhibit, therefore, no further explanation of the changes in accumulated depreciation accounts is required.

Table 17
Accumulated Depreciation

Ex 2 - Table 17 - Accumulated Depreciation

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
Land and Buildings													
1805-Land													
1806-Land Rights													
1808-Buildings and Fixtures	37,065	37,065		37,065		37,065		37,065		37,065		37,065	
1905-Land													
1906-Land Rights													
1810-Leasehold Improvements													
Sub-Total-Land and Buildings	37,065	37,065		37,065		37,065		37,065		37,065		37,065	
TS Primary Above 50													
1815-Transformer Station Equipment - Above 50 kV	561,101	183,439	(377,663)	222,048	38,609	240,178	18,131	310,573	70,395	391,463	80,890	479,916	88,453
Sub-Total-TS Primary Above 50	561,101	183,439	(377,663)	222,048	38,609	240,178	18,131	310,573	70,395	391,463	80,890	479,916	88,453
DS													
1820-Distribution Station Equipment - Below 50 kV													
Sub-Total-DS													
Poles and Wires													
1830-Poles, Towers and Fixtures	1,861,388	2,155,956	294,569	2,329,514	173,558	2,505,354	175,840	2,679,023	173,669	2,856,059	177,036	3,020,793	164,734
1835-Overhead Conductors and Devices	436,622	594,915	158,294	643,867	48,952	693,463	49,596	746,127	52,664	796,060	49,933	853,535	57,475
1840-Underground Conduit	81,704	97,979	16,276	105,889	7,910	113,859	7,970	121,829	7,970	132,244	10,415	142,991	10,747
1845-Underground Conductors and Devices	155,288	198,927	43,640	217,383	18,456	235,981	18,598	254,579	18,598	276,712	22,133	299,773	23,061
Sub-Total-Poles and Wires	2,535,000	3,047,777	512,777	3,296,653	248,876	3,548,657	252,004	3,801,558	252,901	4,061,075	259,517	4,317,092	256,017
Line Transformers													
1850-Line Transformers	669,555	816,126	146,571	877,332	61,206	939,831	62,499	1,003,607	63,776	1,071,017	67,410	1,138,248	67,231
Sub-Total-Line Transformers	669,555	816,126	146,571	877,332	61,206	939,831	62,499	1,003,607	63,776	1,071,017	67,410	1,138,248	67,231

Ex 2 - Table 17 - Accumulated Depreciation

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
Services and Meters													
1855-Services	22,265	65,085	42,820	86,763	21,678	109,504	22,741	133,620	24,116	159,056	25,436	185,192	26,136
1860-Meters	616,589	301,507	(315,082)	322,881	21,374	344,273	21,392	365,665	21,392	387,177	21,512	537,643	150,466
Sub-Total-Services and Meters	638,854	366,592	(272,262)	409,644	43,052	453,777	44,133	499,285	45,508	546,233	46,948	722,835	176,602
General Plant													
1908-Buildings and Fixtures	156,475	177,348	20,873	182,605	5,257	187,862	5,257	193,118	5,257	205,674	12,556	219,780	14,106
1910-Leasehold Improvements													
Sub-Total-General Plant	156,475	177,348	20,873	182,605	5,257	187,862	5,257	193,118	5,257	205,674	12,556	219,780	14,106
IT Assets													
1920-Computer Equipment - Hardware	36,679	10,861	(25,817)	14,578	3,717	18,402	3,824	21,658	3,256	25,610	3,952	27,928	2,318
1925-Computer Software	23,405	1,411	(21,995)	2,115	704	3,179	1,064	8,275	5,096	14,037	5,762	19,068	5,031
Sub-Total-IT Assets	60,084	12,272	(47,812)	16,693	4,421	21,581	4,888	29,932	8,352	39,646	9,714	46,995	7,349
Equipment													
1915-Office Furniture and Equipment	21,488	10,034	(11,454)	11,678	1,643	13,069	1,391	15,022	1,953	16,934	1,912	19,259	2,325
1930-Transportation Equipment	503,893	335,084	(168,809)	380,285	45,201	401,659	21,374	453,928	52,269	506,197	52,269	570,827	64,630
1935-Stores Equipment	652		(652)										
1940-Tools, Shop and Garage Equipment		40,672	40,672	45,762	5,090	50,946	5,183	55,158	4,213	59,727	4,568	63,780	4,053
1945-Measurement and Testing Equipment	262	852	591	1,313	461	1,811	498	2,309	498	2,985	676	3,761	776
1950-Power Operated Equipment													
1955-Communication Equipment	367	571	204	652	82	772	119	891	119	929	38	967	38
1960-Miscellaneous Equipment	94,584		(94,584)	1,348	1,348	2,697	1,348	4,045	1,348	5,594	1,548	7,242	1,648
Sub-Total-Equipment	621,246	387,213	(234,033)	441,038	53,825	470,953	29,915	531,353	60,400	592,365	61,011	665,834	73,470
Other Distribution Assets													
1825-Storage Battery Equipment													
1970-Load Management Controls - Customer Premises													
1975-Load Management Controls - Utility Premises													
1980-System Supervisory Equipment													
1985-Sentinel Lighting Rental Units													
1990-Other Tangible Property													
1995-Contributions and Grants - Credit	(10,698)	(38,289)	(27,591)	(53,338)	(15,049)	(69,355)	(16,017)	(87,567)	(18,213)	(105,780)	(18,213)	(124,592)	(18,812)
2005-Property under Capital Lease													
Sub-Total-Other Distribution Assets	(10,698)	(38,289)	(27,591)	(53,338)	(15,049)	(69,355)	(16,017)	(87,567)	(18,213)	(105,780)	(18,213)	(124,592)	(18,812)
Accumulated Depreciation Total	5,268,683	4,989,543	(279,139)	5,429,740	440,197	5,830,549	400,808	6,318,924	488,376	6,838,758	519,834	7,503,174	664,416

CAPITAL BUDGET:

Introduction:

Kenora Hydro has been, and continues to be, focused on maintaining the adequacy, reliability, and quality of service to its distribution customers through effective capital spending. The capital spending for the 2010 Bridge Year and the 2011 Test year is broken down by account and by project in Exhibit 2, Tab 2, Schedule 2. As projects can be charged to different OEB capital accounts, additional accounts have been identified where required. Below is a summary of the changes in Kenora Hydro's capital spending from 2005 to 2011.

Table 18
Changes in Capital Spending

Ex 2 - Table 18 - Changes in Capital Spending

YEAR	Distribution Plant	General Plant	Total Capital Expenditures		Increase/ Decrease	% Increase/ Decrease
2005	343,000	130,232	473,232			
2006	325,526	18,864	344,391		(128,841)	-27%
2007	1,110,323	44,450	1,154,773		810,382	235%
2008	1,037,963	9,436	1,047,400	A	(107,373)	-9%
2009	1,375,292	264,311	1,639,602	B	592,203	57%
2010	677,000	383,000	1,060,000		(579,602)	-35%
2011	950,500	334,000	1,284,500		224,500	21%

A Total before $422,303 reduction in capital expenditure for insurance recovery
B Total before $163,210 reduction in capital expenditure for insurance recovery

In 2006, the primary driver of the decrease of 27% in capital expenditures was due to the purchase of a bucket truck in 2005 for $119,880.

In 2007, the increase of 235% was due to the substation rebuild project. The initial planning and drawings occurred in 2006, with $819,137 being spent on the substation during 2007.

In 2008, a minor decrease of 9% occurred, with substation rebuild expenditures still high, at $773,942.

In 2009, the 57% increase was the result of increased capital spending on the substation, from $773,942 spending in 2008, to $1,222,824 in 2009, a 58% increase, combined with the purchase of an Aerial double bucket truck for $247,151 in 2009, along with an increase in capital contribution of $(30,695), and decreased capital spending across other accounts created the increase in 2009.

In 2010, the substation rebuild continues, at a much reduced level over the 2009 spending of $1.2 million, with a 2010 budget of $280,000. Necessary renovation of the hydro work centre is scheduled to occur in 2010, with a budget of $365,000. These two projects are the primary drivers of the net decrease of 35% from 2009.

In 2011, the main driver of the increase of 21% from 2010 is the increase in expected substation rebuild expenditures over 2010. Due to the building renovations in 2010, the replacement of two transformers was postponed until 2011. $605,000 is anticipated spending on the substation in 2011, up from $280,000 estimated in 2010. Expected Harbourfront upgrades of $112,000 were reduced to $18,000 in 2011 as the project nears completion. Building capital budget for the roof replacement has reduced the 2010 budget level from $365,000 (building addition) to $155,000 in 2011 for a new roof. The purchase of a new truck for $150,000 is also anticipated in 2011.

CAPITAL ADDITIONS BY USoA - FIVE YEAR CAPITAL BUDGET:

Kenora Hydro prepares a five year capital budget annually. This budget has been prepared based on historical capital spending, known required upcoming capital expenditures, and Management's estimates of requirements for the future.

Table 18
Five Year Capital Budget Summary

Ex 2 - Table 18 - Five Year Capital Budget Summary

Asset Category	USofA	Budget 2010	Budget 2011	Budget 2012	Budget 2013	Budget 2014
Buildings and Fixtures	1908	$ 365,000	$ 155,000	$ 10,000	$ 10,000	$ 10,000
Transformer Station Equip >50 kV	1815	$ 280,000	$ 605,000	$ 480,000	$ 10,000	$ 10,000
Poles, Towers & Fixtures	1830	$ 67,000	$ 60,000	$ 75,000	$ 75,000	$ 75,000
O/H Conductors & Devices	1835	$ 75,000	$ 100,000	$ 110,000	$ 110,000	$ 110,000
Underground Conduit	1840	$ 62,000	$ 18,000	$ 10,000	$ 10,000	$ 10,000
U/G Conductors & Devices	1845	$ 90,000	$ 40,000	$ 30,000	$ 30,000	$ 30,000
Line Transformers	1850	$ 97,000	$ 119,000	$ 80,000	$ 30,000	$ 30,000
Services	1855	$ 33,000	$ 35,000	$ 35,000	$ 35,000	$ 35,000
Meters	1860	$ 3,000	$ 3,500	$ 3,000	$ 3,000	$ 3,000
Office Furniture and Equipment	1915	$ 1,000	$ 16,000	$ 1,000	$ 1,000	$ 1,000
Computer Equipment - Hardware	1920	$ 6,000	$ 2,000	$ 3,000	$ 1,000	$ 1,000
Computer Equipment - Software	1925	$ 2,000	$ 2,000	$ 2,000	$ 5,000	$ 5,000
Fleet	1930	$ -	$ 150,000	$ -	$ 50,000	$ -
Tools, Shop & Garage Eq	1940	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
Measure & Test Equip	1945	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Communication Equipment	1955	$ -	$ -	$ -	$ 50,000	$ -
Miscellaneous Equipment	1960	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Capital Contribution	1995	$ (30,000)	$ (30,000)	$ -	$ -	$ -
	TOTAL	**$ 1,060,000**	**$ 1,284,500**	**$ 848,000**	**$ 429,000**	**$ 329,000**

ASSET MANAGEMENT PLAN SUMMARY:

Kenora Hydro is an infrastructure-based business with its distribution system assets the key element in the delivery of electricity to its existing and new customers. Kenora Hydro distribution assets range in age from new to over 60 years old.

Asset management is the professional management of physical infrastructure with a systematic methodology integrating best practices in all aspects of selection, design, construction, operation, maintenance, replacement and disposition. The goal is to use an Asset Management Plan to optimize the whole life business impact of costs, performance and risk exposures of Kenora Hydro's physical assets. Performance of the assets is directly related to reliability of the distribution system which is another key regulatory and customer satisfaction measure second only to rates. Kenora Hydro has not had a formal asset management plan in the past. Over the summer of 2008 and the winter/spring of 2009, an outside consultant was hired to do a comprehensive data gathering of the existing field assets, including their assessed condition. This information was gathered through a Trimble unit, and entered into our existing GIS system, providing a base for all future asset replacement decisions. This system is being updated as assets are replaced, and it is anticipated that this GIS database will form a solid foundation for our future asset management tools.

In 2009, tenders were issued to provide Kenora Hydro with a comprehensive asset management plan. There were two proposals received, one bid of $177,550 and one of $255,625. Management and the Board of Directors declined both bids, as it was thought that the proposed plans were well beyond the budget and the scope of an asset management plan needed for such a small utility. It was decided to develop a plan in-house, using knowledge of the staff and management. Accompanying this Schedule as Appendix A is the Kenora Hydro Asset Management Plan. It is important to note that Kenora Hydro's Asset Management Plan will continue to be developed and improved over the next few years, and it is anticipated that this plan will evolve and improve in the coming years as we increase our reliance on it as a planning tool. This work will be spearheaded by our new Manager of Conservation and Demand Management.

APPENDIX A

INCLUDED AT THE END OF THIS EXHIBIT

CAPITALIZATION POLICY:

Purpose:

This policy has been developed to provide guidelines to correctly classify expenditures as either a capital asset addition, or an operational period expense. Accurate classification is required to meet the CICA Handbook Section 3060 - Capital Assets section, which is part of the generally accepted accounting principles (GAAP) for accurate financial statement presentation. LDC's must also meet requirements under the Ontario Energy Board's Accounting Procedures Handbook. Asset which meet the definition of capital are not expensed in the year of acquisition, but rather are amortized (or expensed) over a given number of years into the future, in an attempt to match the original cost to the estimated useful life of the asset.

Accounting Policy:

A capital asset is broadly defined as being one that will provide future economic benefits to the organization. The definition in the OEB Handbook includes items which:

1. are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other capital assets
2. have been acquired, constructed or developed with the intention of being used on a continuing basis, **and**
3. are not intended for sale in the ordinary course of business.

From this definition, it follows that these assets have lasting value to a company (greater than one year). These broad definitions should be applied to determine the classification of a purchase as capital. Any directly attributable expenditures to acquire, construct or better that asset should therefore be capitalized. All other expenditures should be expensed as a period expense in the year they occur.

Betterments versus Expense:

Professional judgment must be used to determine when an expense is classified as capital or an operating expense. A betterment (capitalized) will enhance the service potential of an existing asset by increasing its service capacity, lowering the operational costs associated with the asset, extend the useful life of the asset, or improving the output of that asset. If the expenditure does not meet these tests, it will likely be considered an expense. Period expenses generally do not result in an improvement to the existing asset, the expense would have been required to keep the asset operating in the same capacity as it was originally.

Threshold for Capitalizing:

Once an expenditure has been determined to be capital in nature, it must also pass a minimum threshold for capitalization. Kenora Hydro has set this minimum threshold at $200. Professional judgment must be applied as in certain instances, if the expenditure does not meet the $200 threshold, but it is a small vital component in a larger capital asset construction (i.e. ties at the base of a pole), then the item should still be capitalized.

SERVICE QUALITY AND RELIABILITY PERFORMANCE:

SQI's:

Kenora Hydro tracks service reliability statistics SAIDI (System Average Interruption Duration Index), SAIFI (System Average Interruption Frequency Index) and CAIDI (Customer Average Interruption Duration Index) including and excluding Hydro One related incidents. The following table shows actual results for the past three years. As indicated in the chart below, Kenora Hydro's 2006, 2007 and 2008 reliability performance is within acceptable levels.

Outage trouble reports are reviewed by the Superintendent and President periodically to identify areas of concern or consistent equipment failure. These reviews are further carried out with line staff during monthly safety meetings. Any equipment, tree, animal or other such trouble identifiers are discussed.

Table 19
Historical SQI's

Ex 2 - Table 19 - SQI's

SQI	2007		2008		2009	
	Excluding Supply Loss	Total System	Excluding Supply Loss	Total System	Excluding Supply Loss	Total System
SAIDI	1.01	2.46	9.83	10.00	1.65	1.65
SAIFI	0.87	2.89	2.16	3.17	1.60	1.60
CAIDI	1.17	0.85	4.56	3.16	1.03	1.03

In 2007, there was one City-wide outage due to a storm, lasting 10 minutes. The primary drivers behind the poor SQI results in 2008 were two planned, full City-wide outages. Both of these outages were required to complete the installation of the new steel gantry and nine new high voltage poles on the transmission system, connecting our substation to the Hydro One grid poles. The first full City-wide outage occurred on May 4, 2008, and was from 6:30 am to 3:15 pm. The second full outage occurred on May 25, from 6:00 am to 6:45 am. These two planned outages significantly impacted the SAIDI, SAIFI and CAIDI numbers for 2008, however, both outages were an absolute necessity, required to safely complete the project.

WORKING CAPITAL CALCULATION:

Overview:

Kenora Hydro's total working capital allowance is forecast to be $1,634,948 for 2011 and is based on the "15% of specific OM&A accounts formula approach" referred to at page 15 of the Board's Filing Requirements. Kenora Hydro has provided its calculations by account for each of 2006, 2007, 2008, 2009 Actual, the 2010 Bridge Year and the 2011 Test Year in Table 1 on the following pages. Any forecasted information for 2011 as presented in this rate application was prepared in April 2010, using the most recent financial information available, the first quarter of 2010. The projections were reviewed and approved by the President & CEO on April 30, 2010. Kenora Hydro has provided a spreadsheet setting out Kenora Hydro's Cost of Power calculations as Appendix B to this Schedule.

Table 20
Working Capital Allowance

OEB No	OEB Account Name	2006 Actual	Allowance for Working Capital	2007 Actual	Allowance for Working Capital	2008 Actual	Allowance for Working Capital	2009 Actual	Allowance for Working Capital	2010 Bridge	Allowance for Working Capital	2011 Test	Allowance for Working Capital
			15%		15%		15%		15%		15%		15%
	Distribution Expenses - Operation												
5005	Operation Supervision and Engineering												
5010	Load Dispatching												
5012	Station Buildings and Fixtures Expense												
5014	Transformer Station Equipment - Operation Labour	92	14	725	109	2,261	339	5,501	825	6,000	900	8,000	1,200
5015	Transf Stn Equipment - Operation Supplies & Exp			1,742	261								
5016	Distribution Station Equipment - Operation Labour												
5017	Dist Station Equipment - Op Supplies & Expenses												
5020	O/H Dist Lines and Feeders - Op Labour	33,165	4,975	35,784	5,368	39,394	5,909	57,144	8,572	58,083	8,712	65,000	9,750
5025	O/H Dist Lines and Feed - Op Supplies & Expenses	18,503	2,775	22,191	3,329	14,707	2,206	26,520	3,978	24,000	3,600	27,000	4,050
5030	Overhead Subtransmission Feeders - Operation	115	17										
5035	Overhead Distribution Transformers - Operation	6,786	1,018	5,573	836	10,142	1,521	25,603	3,840	23,740	3,561	29,530	4,430
5040	UG Dist Lines and Feeders - Operation Labour	6,609	991	3,559	534	8,105	1,216	6,050	908	6,500	975	8,500	1,275
5045	U/G Dist Lines and Feed - Op Supplies & Expenses												
5050	Underground Subtransmission Feeders - Operation												
5055	Underground Distribution Transformers - Operation					1,125	169						
5060	Street Lighting and Signal System Expense												
5065	Meter Expense	43,914	6,587	55,272	8,291	53,907	8,086	31,218	4,683	33,500	5,025	37,590	5,639
5070	Customer Premises - Operation Labour												
5075	Customer Premises - Materials and Expenses	2,400	360	2,400	360	2,400	360	3,543	531	3,500	525	3,570	536
5085	Miscellaneous Distribution Expense	7,707	1,156	4,887	733	7,331	1,100	17,169	2,575	16,850	2,528	18,900	2,835
5090	U/G Distribution Lines and Feeders - Rental Paid												
5095	Overhead Distribution Lines and Feeders - Rental Paid												
5096	Other Rent												
	Distribution Expenses - Maintenance												
5105	Maintenance Supervision and Engineering												
5110	Maintenance of Structures												
5112	Maintenance of Transformer Station Equipment					22,003	3,301						
5114	Mtaint Dist Stn Equip							2,611	392	5,000	750	5,000	750
5120	Maintenance of Poles, Towers and Fixtures	9,064	1,360	6,170	925	11,210	1,681	10,335	1,550	13,563	2,034	17,000	2,550
5125	Maintenance of Overhead Conductors and Devices	151,973	22,796	159,850	23,977	160,951	24,143	195,936	29,390	227,000	34,050	243,600	36,540
5130	Maintenance of Overhead Services												
5135	O/H Dist Lines and Feeders - Right of Way	85,781	12,867	75,684	11,353	102,732	15,410	81,312	12,197	72,000	10,800	80,909	12,136
5145	Maintenance of Underground Conduit							210	31				
5150	Maintenance of Underground Conductors and Devices	1,070	160	3,736	560	6,047	907	5,157	774	6,750	1,013	8,040	1,206
5155	Maintenance of Underground Services	811	122										
5160	Maintenance of Line Transformers	1,674	251			576	86	65,023	9,753	41,500	6,225	46,100	6,915
5165	Maintenance of Street Lighting and Signal Systems												
5170	Sentinel Lights - Labour												
5172	Sentinel Lights - Materials and Expenses												
5175	Maintenance of Meters												
5178	Customer Installations Expenses - Leased Property												

OEB No	OEB Account Name	2006 Actual	Allowance for Working Capital	2007 Actual	Allowance for Working Capital	2008 Actual	Allowance for Working Capital	2009 Actual	Allowance for Working Capital	2010 Bridge	Allowance for Working Capital	2011 Test	Allowance for Working Capital
			15%		15%		15%		15%		15%		15%
	Other Expenses												
5205	Purchase of Transmission and System Services												
5210	Transmission Charges												
5215	Transmission Charges Recovered												
	Billing and Collecting												
5305	Supervision												
5310	Meter Reading Expense	103,838	15,576	98,366	14,755	129,954	19,493	134,592	20,189	141,945	21,292	146,843	22,027
5315	Customer Billing	252,330	37,849	284,817	42,723	275,234	41,285	286,031	42,905	352,815	52,922	413,399	62,010
5320	Collecting												
5325	Collecting - Cash Over and Short												
5330	Collection Charges												
5335	Bad Debt Expense	(1,244)	(187)	4,529	679	6,184	928	15,737	2,361	16,000	2,400	16,700	2,505
5340	Miscellaneous Customer Accounts Expenses												
	Community Relations												
5405	Supervision												
5410	Community Relations - Sundry												
5415	Energy Conservation			500	75	80,838	12,126	938	141				
5420	Community Safety Program												
5425	Misc Customer Service and Info Expenses												
	Sales Expenses												
5505	Supervision												
5510	Demonstrating and Selling Expense												
5515	Advertising Expense	972	146	3,932	590	17,453	2,618	1,323	198				
5520	Miscellaneous Sales Expense												
	Administrative and General Expenses												
5605	Executive Salaries and Expenses	7,330	1,100	8,068	1,210	10,046	1,507	9,138	1,371	10,000	1,500	10,300	1,545
5610	Management Salaries and Expenses	117,794	17,669	136,902	20,535	145,839	21,876	151,050	22,657	137,000	20,550	139,740	20,961
5615	General Administrative Salaries and Expenses	84,436	12,665	229,924	34,489	249,802	37,470	248,857	37,329	368,051	55,208	406,362	60,954
5620	Office Supplies and Expenses	98,008	14,701	103,372	15,506	86,729	13,009	88,646	13,297	93,000	13,950	98,090	14,714
5625	Administrative Expense Transferred-Credit												
5630	Outside Services Employed	140,187	21,028	62,144	9,322	112,561	16,884	157,819	23,673	69,024	10,354	70,645	10,597
5635	Property Insurance	22,251	3,338	21,853	3,278	24,420	3,663	22,970	3,446	24,000	3,600	24,480	3,672
5640	Injuries and Damages					1,443	216						
5645	Employee Pensions and Benefits			36,752	5,513	7,096	1,064	9,786	1,468	11,136	1,670	12,206	1,831
5650	Franchise Requirements												
5655	Regulatory Expenses	6,670	1,001	12,681	1,902	14,954	2,243	15,737	2,361	16,500	2,475	91,830	13,775
5660	General Advertising Expenses							175	26				
5665	Miscellaneous Expenses	30,860	4,629	1,400	210	21,530	3,230	21,868	3,280	22,000	3,300	22,450	3,368
5670	Rent	499	75	499	75								
5675	Maintenance of General Plant	475	71	179	27	3,477	522	8,396	1,259	6,000	900	6,000	900
5680	Electrical Safety Authority Fees	3,016	452	3,698	555	3,369	505	4,139	621	5,000	750	5,000	750
5685	Independent Market Operator Fees and Penalties												
5695	OM&A Contra Account									(60,000)	(9,000)	0	0
	Amortization Expense												
5705	Amortization Expense - Property, Plant and Equipment	367,748		394,997		379,435		436,107		467,565		468,960	
5710	Amortization of Limited Term Electric Plant												
5715	Amortization of Intangibles and Other Electric Plant												
5720	Amortization of Electric Plant Acquisition Adjustments												
5725	Miscellaneous Amortization												
5730	Amz of Unrecovered Study Costs												
5735	Amortization of Deferred Development Costs												

OEB No	OEB Account Name	2006 Actual	Allowance for Working Capital	2007 Actual	Allowance for Working Capital	2008 Actual	Allowance for Working Capital	2009 Actual	Allowance for Working Capital	2010 Bridge	Allowance for Working Capital	2011 Test	Allowance for Working Capital
			15%		15%		15%		15%		15%		15%
	Interest Expense												
6005	Interest on Long Term Debt							726		38,383		120,051	
6010	Amortization of Debt Discount and Expense												
6015	Amortization of Premium on Debt-Credit												
6020	Amortization of Loss on Reacquired Debt												
6025	Amortization of Gain on Reacquired Debt-Credit												
6030	Interest on Debt to Associated Companies	176,812		187,240		147,954		74,797		85,000		85,000	
6035	Other Interest Expense	24,974		32,159		25,834		10,346		11,000		11,000	
6040	Allowance for Borrowed Funds -Credit												
6042	Allowance for Other Funds Used During Construction												
6045	Interest Expense on Capital Lease Obligations												
	Taxes												
6105	Taxes Other Than Income Taxes	12,668	1,900	12,397	1,860	12,684	1,903	12,478	1,872	13,000	1,950	13,260	1,989
6110	Income Taxes	10,140		4,653		22,279		5,262		0		20,812	
6115	Provision for Future Income Taxes												
	Other Deductions												
6205	Donations												
6210	Life Insurance												
6215	Penalties												
6225	Other Deductions												
	Extraordinary Items												
6305	Extraordinary Income												
6310	Extraordinary Deductions												
6315	Income Taxes, Extraordinary Items												
	Other Accounts												
Totals		1,829,427	187,463	2,018,637	209,939	2,222,005	246,976	2,250,248	258,452	2,365,405	264,519	2,781,868	311,407

APPENDIX B

2010 COST OF POWER FORECAST CALCULATION:

Electricity - Commodity	**2010**	**2010 Loss**			
Class per Load Forecast	**Forecasted**	**Factor**		**2010**	
Residential	30,525,751	1.0430	31,838,359	$0.0650	$2,069,493
Residential - Non - RPP	8,609,827	1.0430	8,980,050	$0.0650	$583,703
Street Lighting	1,758,282	1.0430	1,833,888	$0.0650	$119,203
GS<50kW	19,820,015	1.0430	20,672,276	$0.0650	$1,343,698
GS<50kW - Non -RPP	3,226,513	1.0430	3,365,253	$0.0650	$218,741
GS>50kW - RPP	43,235,915	1.0430	45,095,059	$0.0650	$2,931,179
GS>50kW - Non - RPP	1,272,800	1.0430	1,327,530	$0.0650	$86,289
Unmetered Scattered Load	148,758	1.0430	155,155	$0.0650	$10,085
Unmetered Scattered - Non-RPP	3,035	1.0430	3,166	$0.0650	$206
TOTAL	**108,600,896**		**113,270,735**		**$7,362,598**

Transmission - Network		**Volume**			
Class per Load Forecast		**Metric**		**2010**	
Residential		kWh	40,818,408	$0.0059	$240,829
Street Lighting		kW	5,579	$1.6355	$9,125
GS<50kW		kWh	24,037,529	$0.0052	$124,995
GS>50kW		kW	114,389	$2.1686	$248,063
Unmetered Scattered Load		kWh	158,320	$0.0052	$823
TOTAL					**$623,835**

Transmission - Connection		**Volume**			
Class per Load Forecast		**Metric**		**2010**	
Residential		kWh	40,818,408	$0.0016	$65,309
Street Lighting		kW	5,579	$0.4187	$2,336
GS<50kW		kWh	24,037,529	$0.0014	$33,653
GS>50kW		kW	114,389	$0.5417	$61,964
Unmetered Scattered Load		kWh	158,320	$0.0014	$222
TOTAL					**$163,484**

Wholesale Market Service					
Class per Load Forecast				**2010**	
Residential			40,818,408	$0.0052	$212,256
Street Lighting			1,833,888	$0.0052	$9,536
GS<50kW			24,037,529	$0.0052	$124,995
GS>50kW			46,422,590	$0.0052	$241,397
Unmetered Scattered Load			158,320	$0.0052	$823
TOTAL			**113,270,735**		**$589,008**

Rural Rate Assistance					
Class per Load Forecast				**2010**	
Residential			40,818,408	$0.0013	$53,064
Street Lighting			1,833,888	$0.0013	$2,384
GS<50kW			24,037,529	$0.0013	$31,249
GS>50kW			46,422,590	$0.0013	$60,349
Unmetered Scattered Load			158,320	$0.0013	$206
TOTAL			**113,270,735**		**$147,252**

	2010
4705-Power Purchased	$7,362,598
4708-Charges-WMS	$589,008
4714-Charges-NW	$623,835
4716-Charges-CN	$163,484
4730-Rural Rate Assistance	$147,252
TOTAL	**8,886,177**

2011 COST OF POWER FORECAST CALCULATION:

Electricity - Commodity	**2011 Forecasted Metered kWhs**	**2011 Loss Factor**			
Class per Load Forecast			**2011**		
Residential	31,356,177	1.0430	32,704,493	$0.0650	$2,125,792
Residential - Non - RPP	6,832,751	1.0430	7,126,559	$0.0650	$463,226
Street Lighting	1,807,975	1.0430	1,885,718	$0.0650	$122,572
GS<50kW	19,676,254	1.0430	20,522,333	$0.0650	$1,333,952
GS<50 kW - Non - RPP	2,683,164	1.0430	2,798,540	$0.0650	$181,905
GS>50kW - RPP	16,921,453	1.0430	17,649,075	$0.0650	$1,147,190
GS>50kW - Non - RPP	28,420,613	1.0430	29,642,699	$0.0650	$1,926,775
Unmetered Scattered Load	141,788	1.0430	147,885	$0.0650	$9,613
Unmetered Scattered Load - Non - RPP	2,893	1.0430	3,017	$0.0650	$196
TOTAL	**107,843,068**		**112,480,320**		**$7,311,221**

Transmission - Network		**Volume**			
Class per Load Forecast		**Metric**	**2011**		
Residential		kWh	39,831,052	$0.0059	$235,003
Street Lighting		kW	5,737	$1.6355	$9,383
GS<50kW		kWh	23,320,873	$0.0052	$121,269
GS>50kW		kW	116,530	$2.1686	$252,708
Unmetered Scattered Load		kWh	150,903	$0.0052	$785
TOTAL					**$619,147**

Transmission - Connection		**Volume**			
Class per Load Forecast		**Metric**	**2011**		
Residential		kWh	39,831,052	$0.0016	$63,730
Street Lighting		kW	5,737	$0.4187	$2,402
GS<50kW		kWh	23,320,873	$0.0014	$32,649
GS>50kW		kW	116,530	$0.5417	$63,124
Unmetered Scattered Load		kWh	150,903	$0.0014	$211
TOTAL					**$162,117**

Wholesale Market Service					
Class per Load Forecast			**2011**		
Residential			39,831,052	$0.0052	$207,121
Street Lighting			1,885,718	$0.0052	$9,806
GS<50kW			23,320,873	$0.0052	$121,269
GS>50kW			47,291,774	$0.0052	$245,917
Unmetered Scattered Load			150,903	$0.0052	$785
TOTAL			**112,480,320**		**$584,898**

Rural Rate Assistance					
Class per Load Forecast			**2011**		
Residential			39,831,052	$0.0013	$51,780
Street Lighting			1,885,718	$0.0013	$2,451
GS<50kW			23,320,873	$0.0013	$30,317
GS>50kW			47,291,774	$0.0013	$61,479
Unmetered Scattered Load			150,903	0.00130	$196
TOTAL			**112,480,320**		**$146,224**

	2011	**Allowance for Working Capital**
4705-Power Purchased	$7,311,221	
4708-Charges-WMS	$584,898	
4714-Charges-NW	$619,147	**15%**
4716-Charges-CN	$162,117	
4730-Rural Rate Assistance	$146,224	
TOTAL	**8,823,607**	**1,323,541**

ASSET MANAGEMENT

PLAN

2010-2015

TABLE OF CONTENTS

Kenora Hydro Electric Corporation Ltd.

Asset Management Plan

1. Kenora Hydro Overview

Kenora Hydro Electric Corporation Ltd (KHEC) was incorporated in 2000 under the Ontario Business Corporations Act, as mandated by The Electricity Act, 1998. The City of Kenora owns 100% of the shares of Kenora Hydro. All assets and liabilities associated with the former Hydro Electric Commission of the Town of Kenora were transferred to Kenora Hydro. Kenora Hydro operates under the direction of a six member Board of Directors that are appointed by Kenora City Council. Kenora Hydro is regulated by the Ontario Energy Board (OEB) in accordance to codes and regulations and operates under the Distribution Licence ED-2003-0030.

KHEC distributes electricity to approximately 6,000 customers in the former Towns of Kenora and Keewatin, now amalgamated as the City of Kenora. Electricity is transmitted through the Hydro One high voltage network to Kenora Hydro's substation. Electricity is "stepped down" from 115,000 volts at the substation and distributed over Kenora Hydro lines at 12,470 volts and further stepped down to meet specific customer requirements. Kenora Hydro owns and maintains 1 substation and 98 kilometers of distribution line.

Similar to all communities in Northwestern Ontario, the Assessment Corporation shows a decline in population for Kenora from 15,443 in 1996 to 13,414 in 2006. The closure of the Abitibi paper mill seems to have contributed to the population decline.

2. Corporate Mission and Values

Mission Statement

- To efficiently deliver safe and reliable electrical energy to our customers in the City of Kenora.
- To provide a safe and rewarding work environment for our employees
- To be a good corporate citizen within the City of Kenora

Corporate Values

In pursuit of our goals, KHEC holds certain core values toward its stakeholders and key aspects of its operation.

- Kenora Hydro values its employees, customers, partners, and our community.
- We provide our employees with a safe, healthy environment with fair remuneration and opportunities for learning.

- We value our customers and work hard to win their trust and support.
- We strive for excellence and continuous improvement in all aspects of our business.
- At all times we will act with integrity and respect.
- We make contributions to community programs in conservation and environmental protection such as the Big Green Clean.
- We value the long term health and sustainability of Kenora Hydro and work to create value for our shareholder by focusing on core business strengths and pursuing appropriate business opportunities.

3. Asset Management Overview

KHEC has established a comprehensive system of inspection and performance reporting procedures to provide for continuous assessments of its distribution business and to achieve consistency with its corporate mission and value statements. These procedures present information to satisfy the reporting requirements of the Ontario Energy Board's (OEB) Distribution System Code (DSC). KHEC is also developing reporting mechanisms that go beyond these regulatory obligations and are focused on continuous performance improvements to ensure the availability of long term capacity to meet the needs of the community, all of which contribute to effective and successful management of the distribution system assets.

KHEC regards asset management as the foundation for the performance of its distribution system.
Senior management is committed to the process and ensures that sufficient resources are allocated to implement the plan. This requires an upfront investment in personnel, internal and outsourced, to set up the plan and the long term resources to complete the annual planning, inspecting, reporting and implementation activities. The quality and consistency of the reporting data is paramount to a successful plan. Because of the small size of Kenora Hydro, the responsibility for the continuous management of the plan is assigned to a group of senior management to act in the role of Asset Manager. The duties of the group are parsed out based on individual skill sets. The Asset Manager's responsibilities primarily involve risk management (Section 5 below), i.e. ensuring that:

- The inspection process is organized with assets identified in reasonable areas and classes
- Inspections and follow up maintenance is continuously being effectively organized and performed
- Records are accurate and current including those in the GIS
- Condition analysis is completed correctly
- Potential Maintenance and Capital budget recommendations are included in the plan and captured from the Condition Assessments
- System performance is continually reviewed to identify concerns and implement improvement measures
- The condition of the distribution system, for the short, medium and long term periods, is reviewed to maintain and enhance the reliability of the system in the most cost effective manner
- The Asset Management Plan is a living document and is reviewed annually and adjusted as required with staff from all levels

The Asset Manager group provides key input to the maintenance budget and capital investment proposals. They will also assist in the preparation of the justifications for the budget items.

4. Asset Management Consideration and Priorities

To provide consistency with its corporate mission and values KHEC has to manage its assets while recognizing realistic performance goals. Customer expectations for the delivery of safe, reliable electricity at a reasonable price have to be respected. The following considerations are critical to the plan:

- The plan should create opportunities for improved efficiencies
- The activities should demonstrate good stewardship in the long term up-keep of the distribution system
- Service delivery should be safe, fair and consistent within all customer groups
- The performance measures should demonstrate progress towards and/or achievement of the goals within reasonable budget considerations
- Maintenance plans should be consistent with good utility practice but capture specific items from the annual assessments and performance report
- Capital investment plans should justify proposed expenditures and be flexible to respond to new priorities and extended life expectancies
- Annual reviews of the plan and asset management processes

The asset management plan should compliment all those activities consistent with the Green Energy Act.

5. Risk Management

Risk management is a fundamental activity in any business and in the electrical distribution industry it requires a systematic approach to assess the following attributes of each asset:

- Condition
- Risk exposure
- Age and life expectancy
- Location
- Operational data, and
- Maintenance

KHEC developed a detailed process to consistently record and track the attributes of its major system assets. The baseline for the condition of these assets was addressed in a comprehensive 2008/2009 assessment of all components in the summary categories of Overhead Lines, Underground Lines and Station. The data from these assessments was used to complete condition analyses, and to take into account the performance considerations and age. This forms the basis for maintenance and capital investment recommendations. The continuous collection and upkeep of this data capitalizes on the inspection activities required by the DSC plus the maintenance activities of its field crews and specialized contractors. This upkeep, plus the results of any capital improvements, is critical to maintaining accurate and current records of the assets.

Details of the Condition Assessment processes and the associated forms are included in the Appendices. The framework for the assessments and the performance of the distribution system are contained within.

6. Condition Assessment and Analysis

The DSC clearly reinforces the principles of good utility practice and identifies a systematic approach to distribution system inspection and maintenance. KHEC has enhanced these requirements to generate complete Condition Assessments for all of its key facilities. This Condition Assessment process provides for regular monitoring of these facilities and a balance to the performance measures of the distribution system.

For ease of administration KHEC has divided the assets into 6 grids within the City based on the feeders that distribute power. The grids were identified and recorded within the GIS system, for ease of retrieval by the inspector. The grids are identified on the Inspection Grids map in ***Appendix A***.

A handheld field unit (Trimble) was used to collect the original data for the Overhead and Underground system and the information is populated within GIS and Work Manager, allowing for efficient summary of all concern items within each grid. ***Appendix B*** illustrates the input data of the comprehensive and detailed information that was collected for the GIS and Work Manager with the handheld unit.

We continue to construct a solid assessment of the distribution system conditions from the baseline data and the upkeep of this data becomes critical as concern reports are addressed either by maintenance activities or capital investments.

The GIS and Work Manager are the most appropriate mechanisms to control the maintenance of this data.

The annual overhead and underground Distribution Inspection forms (***Appendices C and D***) are prepared for each feeder. The results of each feeder are identified with the appropriate response as required. If action is taken, the appropriate Overhead and Underground (primary and secondary) Work Instructions (***Appendices E and F***) are prepared and acted on. Any items of concern are defined and documented (***Appendix G)*** and categorized as follows:

1. Immediate Attention
2. Immediate Analysis
3. Priority Schedule (Planned)
4. Normal Schedule (Planned)

Two feeders of six are inspected annually to ensure that the entire distribution system is inspected at a minimum of 3 year intervals. Since Kenora Hydro has few underground assets, these assets are grouped within the assigned feeder inspection periods.

The completed Inspection Forms are the foundation for the following years work requirements and represent the 2009 baseline data.

Kenora Hydro owns and maintains a 115 KV substation. Since the entire city is fed from this substation we complete monthly inspections using the monthly Inspection Forms for the substation (***Appendices H and I***). This data is collected and maintained using existing hard copy forms. The Asset Manager reviews the assessments to identify any issues requiring immediate attention or consideration within the budget recommendations.

The Minimum Inspection Requirements of the DSC are addressed and reported annually.
The Asset Manager group will ensure that these inspection cycles are coordinated with the condition assessments to minimize duplication of effort and maximize the efficiency of the process. They will also ensure that any changes to the condition of the components, due to inspection, maintenance and/or capital investments are updated within the database to ensure the records are kept current. Periodic audits of condition assessments will be made by the group to ensure that consistent, accurate records are maintained.

7. Performance Considerations and Initiatives

Use of an up-to-date SCADA system provides continuous data about the status, performance, and loadings of the substation and distribution feeders. The SCADA is new to KHECL and as such will contribute to future performance identification. Investment in electronic reclosures in 2010 has also contributed significantly to the enhancement of performance and more importantly, to provide accurate and up to date data as well as providing compliance with IESO codes such as “under-frequency load shedding”. These two projects will be fully functional by December 31, 2010.

In the past, KHEC developed high level overviews of all the significant attributes of Kenora Hydro’s distribution system and the practices that contribute to its performance and reliability. We continually review system performance with standard indices, compare the performance with trouble reports and inspection reports, and use the information for recommendations on future expenditures.

The standard reliability indices (SAIDA, CAIDI, SAIFI) and the recommendations on maintenance and capital expenditures are based on the performance of the individual feeders. These performance considerations have to be rationalized with the results of the condition assessment and the potential for Smart Grid/New Technology applications to arrive at maintenance and capital budget recommendations that represent the best value to KHEC and its customers. The recommendations also have to reflect the potential timeframes resulting from the condition assessment and require experienced judgment. The Asset Manager group will consult with the appropriate personnel to arrive at consensus for these recommendations.

System Performance Review

KHEC is implementing an annual System Performance Review. This review will provide an annual critique of the previous year’s performance and provides constructive direction on the up-coming priorities for maintenance and capital investments with a strong emphasis on reliability performance improvements. The following specific attributes will be reviewed and addressed within the Annual System Performance Report:

1) Substation and feeder performance at 12.47 kV primary voltage levels

2) Underground distribution

3) System demand and critical loading issues

4) System maintenance activities and priorities

5) Reliability statistics and observations

6) Future maintenance recommendations

7) Future capital budget recommendations

KHEC operates a distribution system comprising high voltage networks at 12.47 kV. Previously the outage data was collected and reviewed in a very basic format through trouble reports and time sheets. With the implementation of appropriate recording assets such as SCADA and electronic reclosures, accurate and up to date data will be accumulated on the performance of all feeders monthly. This data will be reviewed continuously and analyzed with attention given to the causes of feeder lock-outs, momentary interruptions and loadings. Any patterns of system failures will continue to be analyzed e.g. tree or animal contacts, underground cable failures. This performance analysis contributes to the prioritization of the maintenance activities and capital budgets projects.

KHEC's annual System Performance Report will provide detailed information on the performance of its substation and distribution feeders at all primary voltage levels. It will analyze the worst performing feeders and provides commentary and recommendations for improvements.

The feeder performance details will include the history of Auto-Reclosures and Lock-Outs for all feeders. The commentaries will note all feeders experiencing 5 or more Auto-Reclosures or 2 or more Lock-Outs, during the last year, and summarize the causes of the performance issues. Substation capacities and loadings will be reviewed to identify any weaknesses in the system capabilities for station and feeder back-ups. Maintenance activities and priorities are also to be reviewed, in detail, to confirm consistency with the budgetary plans and identify issues requiring renewed or accelerated attention. Reliability statistics (SAIDI, SAIFI, CAIDI, and SAAR) will tracked and provide a perspective on the longer term trends for the performance of the distribution system. With the new SCADA in place this data will be far more reliable and useful in terms of analysis and assessment of assets.

Another significant characteristic is the number of customers supplied by each feeder. These are identified and will be used in the report and are also taken into account in budget recommendations.

8. Innovation and New Technology

Frequency and duration of outages has been inconsistent in the past for various reasons generally attributed to storms. The SAIDI indicator has shown improvement and the upgrading of the substation has helped lower the indicators to the extent that outages greater than 2 hours are fairly uncommon. This is due to the nature of the mainly urban design of the distribution system with inherent back-up feeders in place. Any long duration outages are likely to result from circumstances beyond the control of KHEC for example loss of supply from Hydro One, extreme weather, vehicle accidents, or accessibility to the islands served. For safety reasons, crews are not to be dispatched to any island outage after dark unless there is a serious threat to life or property such as a fire.

KHEC places a high priority on continuous improvements and the application of new technology within its distribution system. We hope to use the smart meter data, once fully functional, in conjunction with our Operational Data Store to consider aspects of transformer and feeder loading. This information will provide much better data for use in protection schemes which will reduce the frequency and duration of outages. It is expected to also contribute to recommendations for additional loop feeds and new remote switching capabilities if demonstrated value for cost is appropriate.

9. Maintenance Plans

Kenora Hydro performs annual and biannual maintenance that is consistent with good utility practices and is prepared annually to deliver safe, reliable service, in the most cost effective manner. Routine activities occurring annually are forecasted with the help of historical data and expected internal labour costs. Non routine items provided by 3rd party vendors are estimated based on proposals or quotations such as the case with PCB testing and initial condition assessment of assets. Non routine items undergo a rigorous review for determining value for cost, including items that are of a code or compliance nature.

The following items are included within this plan:

- **Wood pole condition and replacement**
  The condition assessment for the basis of our GIS/Work Manager provides the basis for testing of wood poles. The condition of poles continues to be completed on a 3 year rotation as required in the DSC. Maintenance of anchors and other hazards are identified and assessed for repair or replacement at this time.

- **Substation Infrared Thermography**
  Substation thermography is completed biannually for identification of areas of concern. We hope to have similar testing of all distribution transformers and switches completed in the near future for use in condition assessments. Current restraints are limited to the availability of 3rd party vendors.

- **Cleaning of Switching Cubicles**
  Cleaning of switching cubicles is performed every 2-3 years and the concerns of inspection and cleaning are addressed in the work instructions as required.

- **PCB Testing and Replacement of Distribution Transformers**
  To comply with current Federal regulations we are testing all transformers for PCB content. This information is placed in the GIS/Work Manager and will form the basis for replacement to ensure compliance with the Act. All pad mounted equipment has been completed as well as equipment in “sensitive areas” as defined by the Act. The remaining pole mounted equipment will be tested over a 4 year period and identified in capital replacement plans as required.

- **Tree Trimming**
  The annual DSC inspections identify areas of concern for the tree trim program. The program generally consists of three seasons. Urban areas are maintained spring and fall and the

inaccessible areas such as islands are maintained during good ice conditions, generally January and February. Customer concerns are dealt with in a timely manner and either scheduled for the seasonal maintenance or immediate action if required.

- **Pad mount transformer/kiosk Inspection and Cleaning**
  Kenora Hydro does not have a large amount of underground assets due to the rocky terrain. The underground assets are inspected as part of the DSC requirements in a 3 year rotation and cleaned in a 5 year rotation unless identified for immediate attention through work instructions.

These activities are organized geographically and are coordinated with the Minimum Inspection Requirements of the DSC. Any maintenance recommendations resulting from the poor performance of particular feeders that are required within a one year period are addressed within this plan and documented on the O & M Budget Request Form (***Appendix J***). As noted in section 5.1, the Asset Manager captures any changes to the condition of the components, due to maintenance, and updates them within the database to ensure the records are kept current.

10. Capital Investment Plan

The Capital Investment Plan serves as a primary input for the future year's capital budget and also as the placeholder for the longer term projects recommended from the Condition Assessment. It is reviewed and updated annually to reflect the latest performance priorities of the distribution system.

Historically Kenora Hydro has spent between $ 300,000 and $ 600,000 annually on capital expenditures. Aging infrastructure prompted a review of assets that are deemed "critical" in 2005. The substation was identified as a "critical" asset and in 2006; Kenora Hydro began a long-term redesign and reconstruction of the substation. Two of three transformers were over 40 years old, and the third unit was 30 years old. Industry standards typically suggest that there is a 50% chance of failure after 50 years. In addition, the redesign was to provide for a spare transformer once the reconstruction was complete. Priority was placed on operability since any work on the high voltage assets required a City-wide outage. The steps of removing our 115 KV feed from Hydro One involved isolation, grounding, and system guarantees, generally took 30-45 minutes prior to the start of any work on our assets. The return of service required an equal amount of time for removal of grounding and system guarantees. The unacceptable nature of full City outages for long periods of time placed highest priority on operability. A number of options were considered and in 2006 a complete redesign was developed to ensure system reliability, safety, and better operability.

Initial expenditures for engineered drawings and site testing and site prep were capitalized in 2006. Unexpectedly in 2007, a lightning storm resulted in one transformer (T2) being struck and critically damaged by lightning. We were able to maintain capacity to all customers in spite of the loss however the two remaining in service power transformers were closely watched so as not to exceed nameplate ratings. Favourable weather conditions allowed for the work to be completed without causing concern to the remaining units prior to the onset of extreme cold conditions. Plans were in place to refurbish all three of the existing transformers; however, the lightning strike accelerated and altered the sequence of refurbishments, resulting in the replacement of the damaged unit with a used unit with similar physical and electrical characteristics from the U.S. on short notice. Fortunately, Kenora Hydro was successful in an insurance claim on the damaged transformer, resulted in a recovery of a significant portion of the testing and cost to rewind the damaged transformer and place it back into service.

This picture indicates the coil damage caused by the lightning strike.

In 2008 the egress from the 115 KV feed was replaced with a new nine pole dead end structure (shown below) and steel gantry which allows for each of the power transformers to be isolated via Mid-Span-Openers (MSO's) as part of the operability improvement plans.

In the spring of 2009 T3 failed suddenly. The unit was removed from service and the rebuilt T2 unit was placed into service. Two new electronic reclosures were added with a small scale SCADA system incorporated into the existing ION feeder metering. The station ground grid was determined to be inadequate for current code requirements and was due for upgrading as part of the substation redesign. The upgraded ground grid was completed and now exceeds code requirements.

In 2010 the remainder of the substation reclosures A, B, C, D were replaced with electronic style. Appropriate relaying was included in the installation to accommodate IESO code required Under-frequency Load Shedding capabilities.

The rebuilt T3 unit is ready to replace T1 in 2011 which in turn will be rebuilt to complete the full station refurbishment.

With the critical infrastructure work anticipated to be complete in 2011, we will be able to focus on long-term feeder planning with an importance placed on smart grid and the inclusion of distributed generation from solar, wind, and bio-mass. A Smart Grid Plan has not been approved as yet.

Short Term

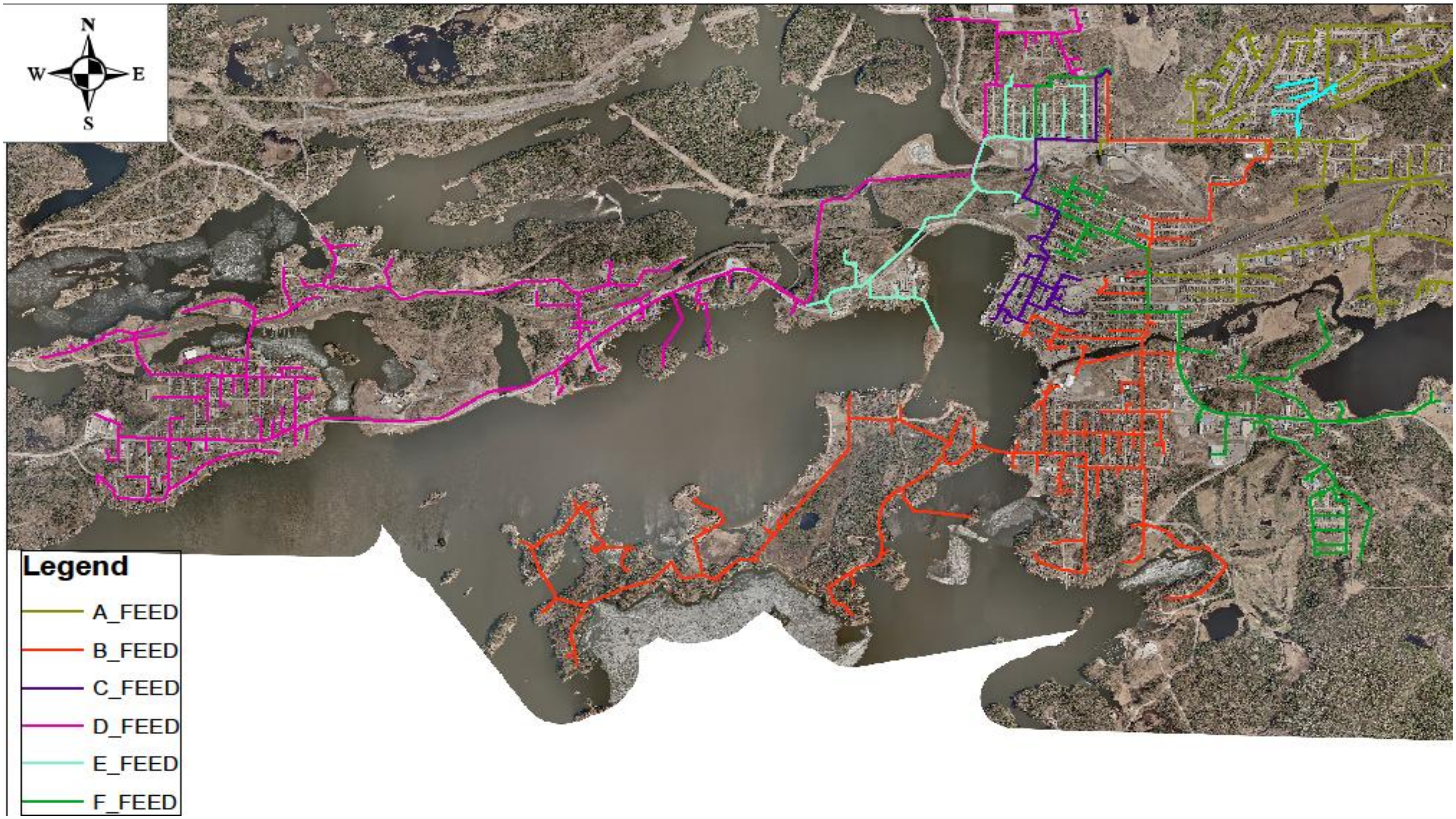
Any capital investment recommendations resulting from the performance of particular assets, the Condition Assessment and any applicable new technology solutions, that are required within a one year period, are considered annually within this plan. Those assets identified as immediate priority are scheduled accordingly. These are prepared, by the Asset Manager group and are documented on the Capital Budget Request form (***Appendix K***).

Long Term

The longer term recommendations resulting from the system performance, the Condition Assessment and any applicable new technology solutions are captured and summarized in a 5 year forecast. Potential timeframes and budgetary estimates for individual projects are documented on the Capital Budget Request form and subjected to annual review and prioritization.

This plan is updated and refined annually to capture the progress in maintaining and upgrading the distribution system and any significant changes in the performance of the distribution system.

It is necessary to note that the demolition of the former Abitibi paper mill within the Kenora Hydro service boundaries may affect the capital planning process. It is likely a sale of the property will result in growth or capacity issues for Kenora Hydro. The mill was served as a direct customer off the grid at 115 KV. The substation was subsequently demolished with the mill structure; however the pole line remains, albeit de-energized. Without knowledge of potential uses and loads for the property we are unable to plan accordingly. This may result in the filing of an incremental capital cost model.



Appendix A

Appendix B

HYDRO POINTS IN WORK MANAGER

FIELDNAME	ASSIGN	TYPE	MENUPICK	SIZE	MAX	DESCRIPTION
INV_ID	OFFICE	text				WORK MANAGER UNIQUE ID
ACAD_TEXT		text		8		HYDRO POINT IDENTIFIER
ODATE		text		10		OFFICE DATE
M_ID		text		8		METER IDENTIFIER
M_SERIAL	OFFICE	text				METER SERIAL NUMBER
M_ADDRESS		text		30		METER MUNICIPAL ADDRESS
M_INGRESS		**menu**	AERIAL			METER INGRESS
			UNDERGROUND			
M_ACCESS		**menu**	YES			METER ACCESS
			NO			
			INSIDE			
			ON POLE			
M_MULT		numeric		0	50	HOW MANY METERS
M_MCOND		numeric		0	5	METER CONDITION
M_CONDUCTR		**menu**	NONE			METER CONDUCTOR
			1PHASE TRIPLEX #2			
			1PHASE TRIPLEX #4			
			1PHASE TRIPLEX 1/0			
			1PHASE TRIPLEX 4/0			
			1PHASE OPEN WIRE 4/0			
			1PHASE OPEN WIRE 336			
			1PHASE UNDERGROUND			
			3PHASE QUADPLEX #2			
			3PHASE QUADPLEX #4			
			3PHASE QUADPLEX 1/0			

			3PHASE QUADPLEX 4/0			
			3PHASE OPEN WIRE 4/0			
			3PHASE OPEN WIRE 336			
			3PHASE UNDERGROUND			
			MULTIPLE			
M_CONCOND		numeric		0	5	METER CONDUCTOR CONDITION
M_MIDSPAN		**menu**	NONE			METER MIDSPAN DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
M_TRANSF		text		14		METER TRANSFORMER
M_COMMENT		text		30		METER COMMENT
P_ID		text		8		POLE IDENTIFIER
P_EDITED	OFFICE					POLE OFFICE EDIT DATE
P_RESISTAN	OFFICE					RESISTANCE VALUE AT POLE
P_OTHRFEED		text		13		OTHER FEEDER ON POLE
P_LOCATION		text		48		POLE LOCATION
P_ADDRESS	OFFICE					POLE MUNICIPAL ADDRESS
P_ACCESS		**menu**	GOOD			POLE ACCESSIBILITY
			POOR			
			INACCESSIBLE			
P_TYPE		**menu**	WOOD			POLE TYPE
			CEDAR			
			PINE			
			CCA-PEG			

			TDI			
			TDL			
			ALLUMINUM			
			METAL			
			STEEL			
			PADMOUNT			
			KIOSK			
			2 POLE			2 POLE STRUCTURE
			3 POLE			3 POLE STRUCTURE
P_CLASS		numeric		0	6	POLE CLASS STAMP
P_HEIGHT		**menu**	20			
			25			
			30			
			35			
			40			
			45			
			50			
			55			
			60			
			65			
P_YEAR		numeric		0	2100	POLE YEAR STAMP
P_CIRCUM		numeric		1	60	POLE CIRCUMFERENCE
P_INSTALL		**menu**	EARTH			POLE INSTALL METHOD
			ROCK			
			SWAMP			
			COREDRILL			
P_BIRDS		numeric		0	5	POLE BIRDHOLE CONDITION
P_ANTS		numeric		0	5	POLE ANTS CONDITION
P_SHELL		numeric		0	5	POLE SHELL CONDITION
P_CRACKS		numeric		0	5	POLE CRACKS CONDITION

P_TREES		numeric		0	5	POLE TREES CONDITION
P_OLDPOLE		menu	NONE			OLD POLE AND USERS
			EMPTY			
			TELEPHONE			
			CABLETV			
			BOTH			
P_COMMENT		text		42		POLE COMMENT
TP_CABLETV		numeric		0	9	THIRD PARTY CABLE TV
TP_PHONE		numeric		0	9	THIRD PARTY PHONE
TP_COMMENT		text		30		THIRD PARTY COMMENT
SL_DESIGNA	OFFICE					STREETLIGHT DESIGNATION
SL_POLE_OW	OFFICE					STREETLIGHT POLE OWNER
SL_METERED	OFFICE					STREETLIGHT METERED
SL_TYPE		menu	NONE			STREETLIGHT TYPE
			ATTACHED			
			STANDALONE			
SL_SIZE		menu	NONE			STREETLIGHT SIZE
			150			
			250			
			400			
			OTHER			
SL_CIRCUIT		menu	NONE			STREETLIGHT CIRCUIT
			ALONE			
			CIRCUIT			
			CAMBRIAN			
			CENTRAL			
			CONEY			
			DOWNTOWN			
			EAST END			
			HARBOUR FRONT			

			HOSPITAL			
			JM			
			KEEWATIN			
			LAKESIDE			
			NORMAN			
			RIDE			
			SOUTH PARK			
			VALLEY			
SL_RELAY		**menu**	NO			STREETLIGHT RELAY
			YES			
SL_COND		numeric		0	5	STREETLIGHT CONDITION
SL_CONDUCT		**menu**	NONE			STREETLIGHT CONDUCTOR
			ALUM #4			
			COPPER #6			
			COPPER #10			
			COPPER OLD			
			DUPLEX #6			
			DUPLEX #8			
			UNDERGROUND			
SL_CONCOND		numeric		0	5	STREETLIGHT CONDUCTOR CONDITION
SL_COMMENT		text		30		STREETLIGHT COMMENT
CS_TYPE		**menu**	NONE			CONDUCTOR SECONDARY TYPE
			SECONDARY1PHASE			
			SECONDARY3PHASE			
			SECONDARY1AND3PHASE			
CS_1SIZE		**menu**	NONE			CONDUCTOR SECONDARY 1ST SIZE
			1PHASE TRIPLEX #2			
			1PHASE TRIPLEX #4			
			1PHASE TRIPLEX 1/0			
			1PHASE TRIPLEX 4/0			

			1PHASE ACSR 4/0			
			1PHASE ACSR 336			
			1PHASE COPPER #6			
			1PHASE COPPER OLD			
			1PHASE OPEN WIRE 4/0			
			1PHASE OPEN WIRE 336			
			1PHASE UNDERGROUND			
			3PHASE QUADPLEX #2			
			3PHASE QUADPLEX #4			
			3PHASE QUADPLEX 1/0			
			3PHASE QUADPLEX 4/0			
			3PHASE OPEN WIRE 4/0			
			3PHASE OPEN WIRE 336			
			3PHASE UNDERGROUND			
CS_1DIRECT		**menu**	NONE			CONDUCTOR SECONDARY 1ST DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
CS_2SIZE		**menu**	NONE			CONDUCTOR SECONDARY 2ND SIZE
			1PHASE TRIPLEX #2			
			1PHASE TRIPLEX #4			
			1PHASE TRIPLEX 1/0			
			1PHASE TRIPLEX 4/0			

			1PHASE ACSR 4/0			
			1PHASE ACSR 336			
			1PHASE COPPER #6			
			1PHASE COPPER OLD			
			1PHASE OPEN WIRE 4/0			
			1PHASE OPEN WIRE 336			
			1PHASE UNDERGROUND			
			3PHASE QUADPLEX #2			
			3PHASE QUADPLEX #4			
			3PHASE QUADPLEX 1/0			
			3PHASE QUADPLEX 4/0			
			3PHASE OPEN WIRE 4/0			
			3PHASE OPEN WIRE 336			
			3PHASE UNDERGROUND			
CS_2DIRECT		**menu**	NONE			CONDUCTOR SECONDARY 2ND DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
CS_3SIZE		**menu**	NONE			CONDUCTOR SECONDARY 3RD SIZE
			1PHASE TRIPLEX #2			
			1PHASE TRIPLEX #4			
			1PHASE TRIPLEX 1/0			
			1PHASE TRIPLEX 4/0			

			1PHASE ACSR 4/0			
			1PHASE ACSR 336			
			1PHASE COPPER #6			
			1PHASE COPPER OLD			
			1PHASE OPEN WIRE 4/0			
			1PHASE OPEN WIRE 336			
			1PHASE UNDERGROUND			
			3PHASE QUADPLEX #2			
			3PHASE QUADPLEX #4			
			3PHASE QUADPLEX 1/0			
			3PHASE QUADPLEX 4/0			
			3PHASE OPEN WIRE 4/0			
			3PHASE OPEN WIRE 336			
			3PHASE UNDERGROUND			
CS_3DIRECT		**menu**	NONE			CONDUCTOR SECONDARY 3RD DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
CS_4SIZE		**menu**	NONE			CONDUCTOR SECONDARY 4TH SIZE
			1PHASE TRIPLEX #2			
			1PHASE TRIPLEX #4			
			1PHASE TRIPLEX 1/0			
			1PHASE TRIPLEX 4/0			

			1PHASE ACSR 4/0			
			1PHASE ACSR 336			
			1PHASE COPPER #6			
			1PHASE COPPER OLD			
			1PHASE OPEN WIRE 4/0			
			1PHASE OPEN WIRE 336			
			1PHASE UNDERGROUND			
			3PHASE QUADPLEX #2			
			3PHASE QUADPLEX #4			
			3PHASE QUADPLEX 1/0			
			3PHASE QUADPLEX 4/0			
			3PHASE OPEN WIRE 4/0			
			3PHASE OPEN WIRE 336			
			3PHASE UNDERGROUND			
CS_4DIRECT		**menu**	NONE			CONDUCTOR SECONDARY 4TH DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
CS_COND		numeric		0	5	CONDUCTOR SECONDARY CONDITION
CS_COMMENT		text		30		CONDUCTOR SECONDARY COMMENT
SER_MULT		numeric		0	20	NUMBER OF SERVICES OFF POLE
SER_MIDCNT		numeric		0	10	NUMBER OF SERVICES FROM MIDSPANS
SER_MIDDIR		**menu**	NONE			DIRECTION TO MIDSPANS

			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
SER_COND		numeric		0	5	SERVICE(S) CONDITION AT POLE
SER_COMM		text		30		SERVICE(S) COMMENT AT POLE
SN_1SIZE		**menu**	NONE			SYSTEM NEUTRAL 1ST SIZE
			ACSR #2			
			ACSR 1/0			
			ACSR 2/0			
			ACSR 3/0			
			ACSR 4/0			
			ACSR 336			
			SOLID COPPER #4			
			SOLID COPPER 4/0			
			STRANDED COPPER #2			
			STRANDED COPPER #4			
			STRANDED COPPER 1/0			
			STRANDED COPPER 4/0			
			OPEN FACE 4/0			
			OPEN FACE ACSR 336			
			UNDERGROUND			
SN_1DIRECT		**menu**	NONE			SYSTEM NEUTRAL 1ST DIRECTION
			N			

			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
SN_2SIZE		**menu**	NONE			SYSTEM NEUTRAL 2ND SIZE
			ACSR #2			
			ACSR 1/0			
			ACSR 2/0			
			ACSR 3/0			
			ACSR 4/0			
			ACSR 336			
			SOLID COPPER #4			
			SOLID COPPER 4/0			
			STRANDED COPPER #2			
			STRANDED COPPER #4			
			STRANDED COPPER 1/0			
			STRANDED COPPER 4/0			
			OPEN FACE 4/0			
			OPEN FACE ACSR 336			
			UNDERGROUND			
SN_2DIRECT		**menu**	NONE			SYSTEM NEUTRAL 2ND DIRECTION
			N			
			NE			
			E			
			SE			

			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
SN_3SIZE		menu	NONE			SYSTEM NEUTRAL 3RD SIZE
			ACSR #2			
			ACSR 1/0			
			ACSR 2/0			
			ACSR 3/0			
			ACSR 4/0			
			ACSR 336			
			SOLID COPPER #4			
			SOLID COPPER 4/0			
			STRANDED COPPER #2			
			STRANDED COPPER #4			
			STRANDED COPPER 1/0			
			STRANDED COPPER 4/0			
			OPEN FACE 4/0			
			OPEN FACE ACSR 336			
			UNDERGROUND			
SN_3DIRECT		menu	NONE			SYSTEM NEUTRAL 3RD DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			

			NW			
			N/S			
			E/W			
SN_4SIZE		menu	NONE			SYSTEM NEUTRAL 4TH SIZE
			ACSR #2			
			ACSR 1/0			
			ACSR 2/0			
			ACSR 3/0			
			ACSR 4/0			
			ACSR 336			
			SOLID COPPER #4			
			SOLID COPPER 4/0			
			STRANDED COPPER #2			
			STRANDED COPPER #4			
			STRANDED COPPER 1/0			
			STRANDED COPPER 4/0			
			OPEN FACE 4/0			
			OPEN FACE ACSR 336			
			UNDERGROUND			
SN_4DIRECT		menu	NONE			SYSTEM NEUTRAL 4TH DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			

SN_GRDWIRE		menu	YES			SERVICE NEUTRAL GROUND WIRE
			NO			
			REQUIRED			
			NEEDS MOULDING			
SN_COND		numeric		0	5	SYSTEM NEUTRAL CONDITION
SN_COMMENT		text		30		SYSTEM NEUTRAL COMMENT
TR_ID		text		8		TRANSFORMER IDENTIFIER
TR_MODIFIE	OFFICE					TRANSFORMER MODIFIED DATE
TR_UPS_SWI	OFFICE					TRANSFORMER UPSTREAM SWITCH
SWITCH_ORD	OFFICE					TRANSFORMER SWITCH ORDER
TR_CUST	OFFICE					TRANSFORMER CUSTOMER
TR_KVA		menu	5KVA			TRANSFORMER KVA
			10KVA			
			15KVA			
			25KVA			
			37KVA			
			37.5KVA			
			45KVA			
			50KVA			
			75KVA			
			100KVA			
			110KVA			
			112KVA			
			150KVA			
			167KVA			
			225KVA			
			250KVA			
			300KVA			
			450KVA			
			500KVA			

			750KVA			
			1000KVA			
			1500KVA			
			MIXED			
			UNKNOWN			
TR_MAKE1	OFFICE					1ST TRANSFORMER MAKE
TR_SERIAL1	OFFICE					1ST TRANSFORMER SERIAL NUMBER
TR_PHASE1	OFFICE					1ST TRANSFORMER PHASE
TR_KVA2	OFFICE					2ND TRANSFORMER KVA
TR_MAKE2	OFFICE					2ND TRANSFORMER MAKE
TR_SERIAL2	OFFICE					2ND TRANSFORMER SERIAL NUMBER
TR_PHASE2	OFFICE					2ND TRANSFORMER PHASE
TR_KVA3	OFFICE					3RD TRANSFORMER KVA
TR_MAKE3	OFFICE					3RD TRANSFORMER MAKE
TR_SERIAL3	OFFICE					3RD TRANSFORMER SERIAL NUMBER
TR_PHASE3	OFFICE					3RD TRANSFORMER PHASE
TR_SECVOLT	OFFICE	**menu**	120/208			TRANSFORMER SECONDARY VOLTAGE
			120/240			
			347/600			
			240 DELTA			
			600 DELTA			
			0THER			
TR_FUSE	OFFICE					TRANSFORMER FUSE
TR_LA	OFFICE					TRANSFORMER (UNKNOWN ATTRIBUTE)
TR_TAP	OFFICE					TRANSFORMER TAP
TR_IMPEDEN	OFFICE					TRANSFORMER IMPEDENCE
TR_MULT		numeric		0	9	NUMBER OF TRANSFORMERS
TR_MOUNT		**menu**	POLEMOUNT			TRANSFORMER MOUNT
			PADMOUNT			
			OTHER			

TR_PHASE		menu	1PHASE			TRANSFORMER PHASE
			3PHASE			
TR_LEAKAGE		numeric		0	5	TRANSFORMER LEAKAGE
TR_DISCOLR		numeric		0	5	TRANSFORMER DISCOLOR
TR_COLOR		menu	GREEN			TRANSFORMER COLOR
			GREY			
TR_PCBTAG		menu	NO			TRANSFORMER PCB TAGGED
			YES			
TR_COUT		menu	GREY PORCELAIN			TRANSFORMER CUTOUT
			GREY EPOXY			
			BROWN PORCELAIN			
TR_ARR		menu	GREY PORCELAIN			TRANSFORMER ARRESTOR
			GREY EPOXY			
			BROWN PORCELAIN			
TR_COND		numeric		0	5	TRANSFORMER CONDITION RATING
TR_COMMENT		text		35		TRANSFORMER COMMENT
SW_ID		text		8		SWITCH IDENTIFIER
SW_CUST	OFFICE					SWITCH CUSTOMER
SW_POLE	OFFICE					SWITCH POLE
SW_AMP	OFFICE					SWITCH AMP
SW_FUSE	OFFICE					SWITCH FUSE
SW_STATUS	OFFICE					SWITCH STATUS
SW_TYPE		menu	100 AMP			SWITCH TYPE
			200 AMP			
			AIRBREAK			
			FUSED CUTOUT			
			INLINE			
			SOLID BLADE			
SW_DESC		text		39		SWITCH DESCRIPTION
SW_COLMAT		menu	GREY PORCELAIN			SWITCH COLOR AND MATERIAL

			GREY EPOXY			
			BROWN PORCELAIN			
SW_ARREST		**menu**	GREY PORCELAIN			SWITCH ARRESTOR COLOR AND MATERIAL
			GREY EPOXY			
			BROWN PORCELAIN			
			NONE			
SW_COND		numeric		0	5	SWITCH CONDITION
SW_COMMENT		text		39		SWITCH COMMENT
G_PRIM		numeric		0	10	NUMBER OF PRIMARY GUYS ON POLE
G_SEC		numeric		0	10	NUMBER OF SECONDARY GUYS ON POLE
G_PHONE		numeric		0	10	NUMBER OF PHONE GUYS ON POLE
G_CABLETV		numeric		0	10	NUMBER OF CABLETV GUYS ON POLE
G_FUNCTION		**menu**	DOWN			GUY FUNCTION
			STRUT			
			OVERHEAD			
			PUSHBRACE			
			DOWN&HEAD			
			NONE			
G_REQUIRE		**menu**	NO			GUY REQUIRED
			YES			
			MAYBE			
G_GUARD		**menu**	NO			GUY GUARD IN PLACE
			YES			
			REQUIRED			
			TP REQUIRED			
G_STRAIN		**menu**	GREY			GUY STRAIN TENSIONER
			BROWN			
			REQUIRED			
			TP REQUIRED			
			NONE			

G_SEPARATE		menu	YES			SEPARATE ANCHORS
			NO			
			BOTH			
G_COND		numeric		0	5	GUY CONDITION
G_COMMENT		text		30		GUY COMMENT
CA_TYPE		menu	NONE			CROSSARM TYPE
			WOOD			
			STEEL			
			BOTH			
			MULTIPLE			
CA_COND		numeric		0	5	CROSSARM CONDITION
CA_COMMENT		text		30		CROSSARM COMMENT
IP_COLOR		menu	NONE			PRIMARY INSULATOR COLOR
			GREY			
			BROWN			
IP_DEADEND		menu	NONE			DEADEND COLOR AND MATERIAL
			GREY PORCELAIN			
			GREY EPOXY			
			BROWN PORCELAIN			
IP_COND		numeric		0	5	INSULATOR PRIMARY CONDITION
IP_COMMENT		text		30		INSULATOR PRIMARY COMMENT
CP_TYPE		menu	NONE			CONDUCTOR PRIMARY TYPE
			1PHASE			
			3PHASE			
			1PHASE AND 3PHASE			
			DOUBLECIRCUIT 3PHASE			
CP_1SIZE		menu	NONE			CONDUCTOR PRIMARY 1ST SIZE
			ACSR #2			
			ACSR 1/0			
			ACSR 2/0			

			ACSR 3/0			
			ACSR 4/0			
			ACSR 336			
			SOLID COPPER #4			
			SOLID COPPER 4/0			
			STRANDED COPPER #2			
			STRANDED COPPER #4			
			STRANDED COPPER 1/0			
			STRANDED COPPER 4/0			
			OPEN FACE 4/0			
			OPEN FACE ACSR 336			
			UNDERGROUND			
CP_1DIRECT		**menu**	NONE			CONDUCTOR PRIMARY 1ST DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
CP_2SIZE		**menu**	NONE			CONDUCTOR PRIMARY 2ND SIZE
			ACSR #2			
			ACSR 1/0			
			ACSR 2/0			
			ACSR 3/0			
			ACSR 4/0			
			ACSR 336			

			SOLID COPPER #4			
			SOLID COPPER 4/0			
			STRANDED COPPER #2			
			STRANDED COPPER #4			
			STRANDED COPPER 1/0			
			STRANDED COPPER 4/0			
			OPEN FACE 4/0			
			OPEN FACE ACSR 336			
			UNDERGROUND			
CP_2DIRECT		**menu**	NONE			CONDUCTOR PRIMARY 2ND DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
CP_3SIZE		**menu**	NONE			CONDUCTOR PRIMARY 3RD SIZE
			ACSR #2			
			ACSR 1/0			
			ACSR 2/0			
			ACSR 3/0			
			ACSR 4/0			
			ACSR 336			
			SOLID COPPER #4			
			SOLID COPPER 4/0			
			STRANDED COPPER #2			

			STRANDED COPPER #4			
			STRANDED COPPER 1/0			
			STRANDED COPPER 4/0			
			OPEN FACE 4/0			
			OPEN FACE ACSR 336			
			UNDERGROUND			
CP_3DIRECT		**menu**	NONE			CONDUCTOR PRIMARY 3RD DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
CP_4SIZE		**menu**	NONE			CONDUCTOR PRIMARY 4TH SIZE
			ACSR #2			
			ACSR 1/0			
			ACSR 2/0			
			ACSR 3/0			
			ACSR 4/0			
			ACSR 336			
			SOLID COPPER #4			
			SOLID COPPER 4/0			
			STRANDED COPPER #2			
			STRANDED COPPER #4			
			STRANDED COPPER 1/0			
			STRANDED COPPER 4/0			

			OPEN FACE 4/0			
			OPEN FACE ACSR 336			
			UNDERGROUND			
CP_4DIRECT		**menu**	NONE			CONDUCTOR PRIMARY 4TH DIRECTION
			N			
			NE			
			E			
			SE			
			S			
			SW			
			W			
			NW			
			N/S			
			E/W			
CP_COND		numeric		0	5	CONDUCTOR PRIMARY CONDITION
CP_COMMENT		text		30		CONDUCTOR PRIMARY COMMENT
FOLLOWUP		**menu**	REQUIRED			FOLLOWUP IF ANY
			GIS REQUIRED			
			TP REQUIRED			
			NOT REQUIRED			
			EDIT REQUIRED			
REMARKS		text		30		REMARKS IN GENERAL
FDATE		date		auto		GEOXT DATE YMD

Appendix C

OVERHEAD DISTRIBUTION INSPECTION FORM									
CIRCUIT:									
INSPECTED BY:									
DATE:									
LOCATION	CHANGE BAD POLE OR TOP	CHANGE BAD X ARM	BROWN CUTOUT AND ARRESTOR	TREE OR BRANCHES	CONNECTIONS	POLES READY TO PULL	CABLE STILL ON POLE	TELEPHONE STILL ON POLE	OTHER

Appendix D

H.V. UNDERGROUND INSPECTIONS							
FEEDER							
RISER POLE	OK	PADMOUNT	TRANSCLOSURE	OK	DATE	COMMENTS	INITIAL

Appendix E

Appendix C4-A
Work Order Construction- Primary

Work Order No: **Date:**

Location:

Pole #: **Feeder: _A _B _C _D _E _F** **Phase: _R _W _B**
Switch #: **Transformer #:**

Locates:

☐ **Gas** ☐ **Sewer and Water**
☐ **KMTS** ☐ **Bell**
☐ **Shaw** ☐ **Other**

Safety Concerns noted:

Description of Work:

☐ Forward to Line Superintendent – construction
  ☐ Is not in Accordance with Plan or Standard Designs
  ☐ Does not meet the safety standards

Certificate of Approval

This is to certify that the construction recorded on these documents for KHEC is:

☐ Work Completed ☐ Work completed as per Standard Design
☐ Site left in Safe Condition ☐ Approved Material was used

COMPLETED DATE: Name:

Signature:

Appendix F

Appendix C4
Work Order and Certificate of Approval- Secondary

Account No: Date of this Request

Name

Address Lot No.

Billing Address Postal Code

Date Wanted Owner:

Tenant: Deposit:

Existing Hydro Meter No. Reading:
Demand:

New Hydro Meter No. Reading:
Demand:

PARTICULARS:

Request Issued by:

☐ **PLEASE CHECK MAIN SWITCH**

☐**PRESENT AND OPEN**

☐ Forward to Line Superintendent – construction
- ☐ Is not in Accordance with Plan or Standard Designs
- ☐ Does not meet the safety standards

–

Certificate of Approval

This is to certify that the construction recorded on these documents for KHEC is:

☐ Work Completed ☐ Work completed as per Standard Design

☐ Site left in Safe Condition ☐ Approved Material was used

COMPLETED DATE: Name:

Signature:

Appendix G

Appendix C5
Inspections (both OH/UG)

PARTICULARS:

☐ **Aerial**
☐ **Connections**
☐ **Grounds**
☐ **Labels**
☐ **Underground**
☐ **Visible Damage**
☐ **Cleanliness**
☐ **Lock Condition**

Location Description:

Other Notes:

STATUS OF WORK

☐ Work Completed
☐ Site left in Safe Condition
☐ Does not meet the safety standards
☐ Requires Follow Up
☐ **Requires Immediate Attention**

COMPLETED DATE:

Name:

Signature:

QUALIFIED / COMPETENT PERSON

Appendix H

MONTHLY SAFETY CHECKS

EMERGENCY LIGHTS: ______________________________

FIRE EXTINGUISHERS: ______________________________

FIRE ALARMS: ______________________________

GENERAL SHOP HAZARDS: ______________________________

COMMENTS: ______________________________

____

SUSTATION CHECKS:

TRANSFORMER VISUAL CHECKS

- ☐ **OIL LEAKS**
- ☐ **BUSHING LEVELS**
- ☐ **TEMPERATURE GUAGES**
- ☐ **GAS RELAY**
- ☐ **FAN OPERATION**
- ☐ **CABINETS**
- ☐ **PAINT & OVERALL CONDITION**

CIRCUIT MONITORING CABINETS (WHITE): ______________________________

RECLOSURES: ______________________________

METER BUILDING: ______________________________

QUONSET HUT: ______________________________

PCB BUILDING: ______________________________

FENCE, GATE AND GENERAL AREA: ______________________________

COMMENTS: ______________________________

____

Appendix I

SUBSTATION READING WEEKLY

FILE: 360.2

DATE -

TIME -

EMPLOYEE -

RECLOSURE SHOTS

A	
B	
C	
D	
E	
F	

	WINDING TEMP.	LIQUID TEMP.	OIL LEVEL IN TANKS	OIL LEVEL IN BUSHINGS	GAS DETECTOR	CHECK FANS	H2	CO
T1								
T2								
T3								

AMP READINGS ON FEEDERS

A	B	C	D
A			
B			
C			

E	F
A	
B	
C	

Appendix J

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL OPERATING EXPENDITURE REQUEST FORM

Date (mm/dd/yyyy): ____________

1. Requested Expenditure

Project Name: ____________
Project Lead (Name): ____________
Pseudo Account #: ____________
Account Name: ____________

2. Brief expenditure description and justicication (Attach supporting documentation if necessary):

____
____
____
____
____

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
____

b) Materials and Supplies
____

c) Rental of Equipment
____

d) Outside Contractors
____

e) Contingency
____

4. Potential external funding sources, if any (Attach supporting documentation if necessary):
____

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	4

6. Management Review of Request:

President/Manager of Finance Review:
Printed Name: ____________ Signature: ____________
Preliminary Ranking: ____________ Date: ____________
Additional Comments:
____

Hydro Board Review:
Date: ____________ Recommended Action: ____________
Comments:
____

Appendix K
5 Year Capital Budget

Asset Category	USofA	Budget 2010	Budget 2011	Budget 2012	Budget 2013	Budget 2014
Buildings and Fixtures	**1908**	$ 365,000	$ 155,000	$ 10,000	$ 10,000	$ 10,000
Transformer Station Equip >50 kV	**1815**	$ 280,000	$ 605,000	$ 480,000	$ 10,000	$ 10,000
Poles, Towers & Fixtures	**1830**	$ 67,000	$ 60,000	$ 75,000	$ 75,000	$ 75,000
O/H Conductors & Devices	**1835**	$ 75,000	$ 100,000	$ 110,000	$ 110,000	$ 110,000
Underground Conduit	**1840**	$ 62,000	$ 18,000	$ 10,000	$ 10,000	$ 10,000
U/G Conductors & Devices	**1845**	$ 90,000	$ 40,000	$ 30,000	$ 30,000	$ 30,000
Line Transformers	**1850**	$ 97,000	$ 119,000	$ 80,000	$ 30,000	$ 30,000
Services	**1855**	$ 33,000	$ 35,000	$ 35,000	$ 35,000	$ 35,000
Meters	**1860**	$ 3,000	$ 3,500	$ 3,000	$ 3,000	$ 3,000
Office Furniture and Equipment	**1915**	$ 1,000	$ 16,000	$ 1,000	$ 1,000	$ 1,000
Computer Equipment - Hardware	**1920**	$ 6,000	$ 2,000	$ 3,000	$ 1,000	$ 1,000
Computer Equipment - Software	**1925**	$ 2,000	$ 2,000	$ 2,000	$ 5,000	$ 5,000
Fleet	**1930**	$ -	$ 150,000	$ -	$ 50,000	$ -
Tools, Shop & Garage Eq	**1940**	$ 5,000	$ 5,000	$ 5,000	$ 5,000	$ 5,000
Measure & Test Equip	**1945**	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Communication Equipment	**1955**	$ -	$ -	$ -	$ 50,000	$ -
Miscellaneous Equipment	**1960**	$ 2,000	$ 2,000	$ 2,000	$ 2,000	$ 2,000
Capital Contribution	**1995**	$ (30,000)	$ (30,000)	$ -	$ -	$ -
	TOTAL	**$ 1,060,000**	**$ 1,284,500**	**$ 848,000**	**$ 429,000**	**$ 329,000**

Appendix L

2010 Capital Project Request Forms

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Building Addition	Life (years):	50
Pseudo Account #:	1908		
Account Name:	Buildings & Fixtures	Location:	215 Mellick Ave
Est Start Date:	Jul-10	Est Completion Date:	Dec-10

2. Brief project description and justification (Attach supporting documentation if necessary):

Existing office required new roof, mould remediation and new heating A/C system. The existing space was not adequate for existing staff compliment and did not meet the needs of the Accessibility Act (Ontario Regulation 429/07)

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies
$365,000

c) Rental of Equipment

d) Outside Contractors
$365,000 = tender pricing

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if neccessary:

Date and number: ________ Approved Yes _____ No _____

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Substation	Life (years):	25
Pseudo Account #:	1815		
Account Name:	Transformer Station Equip>50kV	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Revenue Meter = seal period expired, must be done by year end to be code compliant

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$30,000 Revenue Metering

c) Rental of Equipment

d) Outside Contractors

$250,000 OCR's

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Poles	Life (years):	25
Pseudo Account #:	1830		
Account Name:	Poles, Towers & Fixtures	Location:	Various
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

As required to replace poles in various areas that are in priority replacement condition identified through GIS/Asset Manager and confirmed by site visit.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$25,000

b) Materials and Supplies
$30,000

c) Rental of Equipment
$12,000

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	O/H Conductors & Devices	Life (years):	25
Pseudo Account #:	1835		
Account Name:	O/H Conductors & Devices	Location:	Various
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Various areas for switch arrestor conductor replacement identified through GIS/Asset Manager and site visit.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$25,000

b) Materials and Supplies
$30,000

c) Rental of Equipment
$10,000

d) Outside Contractors

e) Contingency
Other - $10,000

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Approved Yes _________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Underground Conduit	Life (years):	25
Pseudo Account #:	1840		
Account Name:	Underground Conduit	Location:	Various
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Various areas for underground extensions generally driven by customer need/request.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$2,500

b) Materials and Supplies
$5,000

c) Rental of Equipment
$2,500

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	**3**	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	3		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Harbourfront Reconstruction(II)	Life (years):	25
Pseudo Account #:	1840		
Account Name:	Underground Conduit	Location:	Harbourfront
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

City completing a redevelopment of Harbourfront Area. This has created an opportunity to replace aged underground infrastructure that does not meet current capacity needs.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$5,000

b) Materials and Supplies
$25,000

c) Rental of Equipment
$2,000

d) Outside Contractors

e) Contingency
Other - $20,000

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ________ Approved Yes ________ No ________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Headwaters	Life (years):	25
Pseudo Account #:	1845		
Account Name:	Underground Conductors & Devices	Location:	Various
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

new construction costs to connect new customer - capital contribution required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$10,000

b) Materials and Supplies
$15,000

c) Rental of Equipment
$5,000

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________
Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Harbourfront Reconstruction	Life (years):	25
Pseudo Account #:	1845		
Account Name:	Underground Conductors & Devices	Location:	Harbourfront
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

City completing a redevelopment of the Harbourfront. This created an opportunity to replace aging underground infrastructure.
This involved replacement of 30 + year old conductors.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$15,000

b) Materials and Supplies
$20,000

c) Rental of Equipment
$15,000

d) Outside Contractors

e) Contingency
Other - $10,000

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes _________ No __________
Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Headwaters	Life (years):	25
Pseudo Account #:	1850		
Account Name:	Line Transformers	Location:	Lakeview Drive
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

New construction costs to connect a new customer - capital contribution required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$30,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes _________ No _________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Transclosures Replacements	Life (years):	25
Pseudo Account #:	1850		
Account Name:	Line Transformers	Location:	Harbourfront
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Replacement of transclosures in Harbourfront. These cabinets cover pole type transformers on ground installation and have been deemed as a safety concern for workers.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$37,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Various	Life (years):	25
Pseudo Account #:	1850		
Account Name:	Line Transformers	Location:	Various
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Various transformer replacement in various areas that have been identified through GIS/Asset Management for replacement due to condition/age, loading or PCB content.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies
$30,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________
Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Services -Various	Life (years):	25
Pseudo Account #:	1855		
Account Name:	Services	Location:	Various
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Various services deemed to be replaced in various areas for reasons such as age/condition, loading or safety concerns, or customer growth.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$8,000

b) Materials and Supplies
$15,000

c) Rental of Equipment
$10,000

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No ________
Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

			Year:
1. Project Details			2010
Project Name:	General Service - Meters	Life (years):	25
Pseudo Account #:	1860		
Account Name:	Meters	Location:	Various
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

General service meters replacements in various areas as a result of seal expiration or growth of new customer.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$1,000

b) Materials and Supplies
$2,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		
Additional Comments:			

Hydro Board Resolution if required:

Date and number:		Approved Yes ________	No __________
Comments:			

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Miscellaneous Office	Life (years):	10
Pseudo Account #:	1915		
Account Name:	Office Furniture & Equipment	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Miscellaneous office equipment and furniture replacements as needed.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$1,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Computer Replacement	Life (years):	5
Pseudo Account #:	1920		
Account Name:	Computer Equipment-Hardware	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace computers as required due to age and condition.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$6,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ________ Approved Yes ________ No ________
Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Various Software	Life (years):	3
Pseudo Account #:	1925		
Account Name:	Computer Equipment-Software	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Purchase new software or upgrade as required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$2,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Various Tools	Life (years):	10
Pseudo Account #:	1940		
Account Name:	Tools, Shop & Garage Equip.	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace or purchase new tools as required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$5,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Various Measure & Test	Life (years):	10
Pseudo Account #:	1945		
Account Name:	Measurement and Test Equip.	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace or purchase new test equipment as required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$2,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2010

1. Project Details

Project Name:	Replace Various Equipment	Life (years):	10
Pseudo Account #:	1960		
Account Name:	Miscellaneous	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2010

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace or purchase new miscellaneous equipment as required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$2,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No _________

Comments:

Appendix M

2011 Capital Budget Request Forms

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Back-up Generation	Life (years):	50
Pseudo Account #:	1908		
Account Name:	Buildings & Fixtures	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Complete the installation of back up generation for office and substation to compliment the emergency and System Restoration Plan.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$5,000

b) Materials and Supplies
$50,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No _________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Roof	Life (years):	50
Pseudo Account #:	1908		
Account Name:	Buildings & Fixtures	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace warehouse roof and re-insulate. Existing roof leaks badly and has damaged insulation.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$100,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ______________ Approved Yes _________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Substation	Life (years):	25
Pseudo Account #:	1815		
Account Name:	Transformer Station Equip>50kV	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace Substation transformer T1 with the rebuilt unit T3 and send T1 away fro refurbishment. T1 has gas levels that have been climbing and it has also been identified for replacement due to its age and condition through the GIS/ Asset Manager.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$5,000

b) Materials and Supplies
$250,000 Transformer refurb, $250,000 Replace T1

c) Rental of Equipment

d) Outside Contractors

e) Contingency
20% contingency $100,000

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No _________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Poles	Life (years):	25
Pseudo Account #:	1830		
Account Name:	Poles, Towers & Fixtures	Location:	Various
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

As required to replace poles in various areas that are in priority replacement condition as identified through the GIS/Asset Manager and confirmed by site visit.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$25,000

b) Materials and Supplies
$25,000

c) Rental of Equipment
$10,000

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ________ Approved Yes ________ No ________
Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	O/H Conductors & Devices	Life (years):	25
Pseudo Account #:	1835		
Account Name:	O/H Conductors & Devices	Location:	Various
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Various areas for switch arrestor, and condition replacements as identified through GIS/Asset Manger and confirmed through site visit.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$35,000

b) Materials and Supplies
$35,000

c) Rental of Equipment
$15,000

d) Outside Contractors

e) Contingency
Other - $15,000

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________
Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Harbourfront Phase 2	Life (years):	25
Pseudo Account #:	1845		
Account Name:	Underground Conductors & Devices	Location:	Harbourfront
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

City is expected to continue with the Harbourfront redevelopment. Kenora Hydro will use the opportunity to replace aged and poor condition underground assets.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$5,000

b) Materials and Supplies
$2,000

c) Rental of Equipment
$3,000

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Headwaters	Life (years):	25
Pseudo Account #:	1845		
Account Name:	Underground Conductors & Devices	Location:	Lakeview Drive
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

New construction costs to continue the connection of new customer in Phase 2 of development. Capital contribution required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$10,000

b) Materials and Supplies
$15,000

c) Rental of Equipment
$5,000

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No _________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Harbourfront Reconstruction(II)	Life (years):	25
Pseudo Account #:	1840		
Account Name:	Underground Conduit	Location:	Harbourfront
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

City is expected to continue with the Harbourfront redevelopment. Kenora Hydro will use the opportunity to replace or add new conduit based on condition or need.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$2,000

b) Materials and Supplies
$5,000

c) Rental of Equipment
$1,000

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No _________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Underground Conduit	Life (years):	25
Pseudo Account #:	1840		
Account Name:	Underground Conduit	Location:	Various
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Various areas for underground extensions driven by customer need.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$2,500

b) Materials and Supplies
$5,000

c) Rental of Equipment
$2,500

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	**3**	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	3		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Headwaters	Life (years):	25
Pseudo Account #:	1850		
Account Name:	Line Transformers	Location:	Lakeview Drive
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

New construction costs for transformers for new development - capital contribution required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$34,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Transclosures Replacements	Life (years):	25
Pseudo Account #:	1850		
Account Name:	Line Transformers	Location:	Harbourfront
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Replacement of transformers in Harbourfront Area. Ground mounted cabinets cover pole mounted transformers that have been deemed a safety concern for our workers.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$50,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCALIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No _________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Various	Life (years):	25
Pseudo Account #:	1850		
Account Name:	Line Transformers	Location:	Various
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Various transformer replacements in various areas that have been identified through GIS/Asset Manger for replacement due to age/condition, loading or PCB content.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$5,000

b) Materials and Supplies
$30,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ______ Approved Yes ________ No _________
Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Various	Life (years):	25
Pseudo Account #:	1855		
Account Name:	Services	Location:	Various
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Various services deemed for replacement or new in various areas for reasons such as condition/age, loading, safety concerns or customer growth.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$10,000

b) Materials and Supplies
$15,000

c) Rental of Equipment
$10,000

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ________ Approved Yes ________ No ________
Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	General Service	Life (years):	25
Pseudo Account #:	1860		
Account Name:	Meters	Location:	Various
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

General service meter replacement in various areas as a result of seal expiration or growth of new customers.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour
$1,500

b) Materials and Supplies
$2,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Miscellaneous	Life (years):	10
Pseudo Account #:	1915		
Account Name:	Office Furniture & Equipment	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Miscellaneous office equipment and furniture as needed.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$1,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ________ Approved Yes ________ No ________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Main Copier	Life (years):	10
Pseudo Account #:	1915		
Account Name:	Office Furniture & Equipment	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace main copies due to age, condition and increasing maintenance costs.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$15,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	**3**	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	3		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No _________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Replacement	Life (years):	5
Pseudo Account #:	1920		
Account Name:	Computer Equipment-Hardware	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace computers as required due to age and condition.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$2,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes _________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Various	Life (years):	3
Pseudo Account #:	1925		
Account Name:	Computer Equipment-Software	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Purchase new software or upgrade as required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$2,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Replace 54	Life (years):	8
Pseudo Account #:	1930		
Account Name:	Fleet	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace fleet unit #54. Age and condition have deemed it for replacement. Rust on chassis has been identified as a concern by mechanics.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

c) Rental of Equipment

d) Outside Contractors

e) Contingency

Other - $150,000

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	**2**	3	4

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	2		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ________ Approved Yes ________ No ________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Various	Life (years):	10
Pseudo Account #:	1940		
Account Name:	Tools, Shop & Garage Equip.	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace or purchase new tools as required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$5,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		

Additional Comments:

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No __________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Various	Life (years):	10
Pseudo Account #:	1945		
Account Name:	Measurement and Test Equip.	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace or purchase new test equipment as required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$2,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ____________ Approved Yes ________ No _________

Comments:

KENORA HYDRO ELECTRIC CORPORATION LTD.
INITIAL CAPITAL PROJECT REQUEST FORM

Year: 2011

1. Project Details

Project Name:	Replace Various Equipment	Life (years):	10
Pseudo Account #:	1960		
Account Name:	Miscellaneous	Location:	215 Mellick Ave
Est Start Date:		Est Completion Date:	2011

2. Brief project description and justification (Attach supporting documentation if necessary):

Replace or purchase new miscellaneous equipment as required.

3. Preliminary cost estimate and breakdown (Attach supporting documentation if necessary):

a) Labour

b) Materials and Supplies

$2,000

c) Rental of Equipment

d) Outside Contractors

e) Contingency

4. Potential external funding sources, if any (Attach supporting documentation if necessary):

5. Critical Need:

Emergency	Priority	Non-priority	Discretionary
1	2	3	**4**

6. Management Review of Project:

President/Manager of Finance Review:

Printed Name:	DAVE SINCLAIR	Signature:	
Preliminary Ranking:	4		
Additional Comments:			

Hydro Board Resolution if required:

Date and number: ______ Approved Yes ________ No _________

Comments:

OVERVIEW OF OPERATING REVENUE:

This Exhibit provides the details of Kenora Hydro's operating revenue for 2006 Board Approved, 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, the 2010 Bridge Year and the 2011 Test Year. This Exhibit also provides a detailed variance analysis by rate class of the distribution revenue. Distribution revenue does not include revenue from commodity sales.

A summary of operating revenues is presented in Exhibit 3, Tab 1, Schedule 3.

Throughput Revenue:

Information related to Kenora Hydro's throughput revenue includes details on the weather normalized forecasting methodology used for this application, which reflects a multi-variable regression analysis based on weather conditions, number of customers, known economic conditions and seasonal changes.

Other Revenue:

Other revenues include late payment charges, miscellaneous service revenues and retail services revenues. A summary of these operating revenues together with a materiality analysis of variances is presented in Exhibit 3, Tab 3, Schedules 1 and 2. The revenue requirement model's revenue offsets of $357,246 is higher than the other revenue in Table 1 by $4,040, as the gain on disposal of the truck for $20,000 in the budget has been reduced by $10,000 in the revenue offsets, and $14,040 for standard supply admin fees (.25/meter/month) has been included in the revenue offsets as instructed. The SS admin fees are included in distribution revenue up to and including the 2011 distribution revenue.

Table 1
Summary of Operating Revenue

Ex 3 -Table 1 - Summary of Operating Revenue

Operating Revenue	2006 Board Approved	2006 Actual	Variance From 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 Actual
Distribution													
Residential	1,180,959	**1,070,749**	(110,210)	**1,164,235**	93,486	**1,147,416**	(16,819)	**1,189,683**	42,267	**1,158,158**	(31,525)	**1,680,720**	522,562
GS < 50 kW	356,336	**313,627**	(42,709)	**338,015**	24,388	**319,177**	(18,838)	**327,548**	8,371	**316,465**	(11,083)	**475,867**	159,403
GS > 50 kW	342,386	**338,739**	(3,647)	**405,913**	67,174	**442,057**	36,144	**434,649**	(7,408)	**469,400**	34,751	**647,690**	178,290
Streetlight	33,740	**29,685**	(4,055)	**37,981**	8,296	**34,769**	(3,212)	**35,892**	1,123	**31,530**	(4,362)	**53,970**	22,440
USL	1,141	**0**	(1,141)	**0**	0	**0**	0	**0**	0	**11,696**	11,696	**6,737**	(4,959)
Total	1,914,562	**1,752,800**	(161,762)	**1,946,144**	193,344	**1,943,419**	(2,725)	**1,987,772**	44,353	**1,987,248**	(524)	**2,864,985**	877,736
Other Revenue													
Late Payment	22,142	**23,524**	1,382	**30,609**	7,085	**31,710**	1,101	**42,618**	10,908	**43,000**	382	**43,000**	0
Specific Service Chgs	73,608	**38,232**	(35,376)	**37,393**	(839)	**36,650**	(743)	**37,040**	390	**37,000**	(40)	**37,000**	0
Other Distribution	130,446	**124,147**	(6,299)	**110,598**	(13,549)	**112,040**	1,442	**116,333**	4,293	**159,790**	43,457	**161,040**	1,250
Other Income/Exp	141,393	**123,757**	(17,636)	**169,313**	45,556	**146,012**	(23,301)	**109,021**	(36,991)	**78,375**	(30,646)	**112,166**	33,791
Total	367,589	**309,660**	(57,929)	**347,913**	38,253	**326,412**	(21,501)	**305,011**	(21,401)	**318,165**	13,153	**353,206**	35,041
To Reconcile to Revenue Requirement model												**3,218,191**	
Deduct 1/2 gain on disposal of truck												**(10,000)**	
Grand Total	2,282,151	**2,062,460**	(219,691)	**2,294,057**	231,597	**2,269,831**	(24,226)	**2,292,783**	22,952	**2,305,413**	12,630	**3,208,191**	902,778

VARIANCE ANALYSIS ON OPERATING REVENUE:

Preamble:

Kenora Hydro's 2011 Base Distribution Revenue Requirement is $2,850,945 therefore the materiality threshold used to analyze other operating revenue in accordance with the Filing Requirements is $50,000 for distributors with a distribution revenue requirement less than or equal to $10 million. Kenora Hydro has provided explanations for the following variances, which exceed the materiality threshold.

2006 Board Approved:

Kenora Hydro's 2006 Board Approved operating revenue was forecast to be $2,282,151 as shown in Exhibit 3, Tab 1, Schedule 2. Distribution revenue totaled $1,914,562 or 84% of total revenues. Other operating revenue (net) accounts for the remaining revenue of $ 367,589.

2006 Actual:

Kenora Hydro's operating revenue in fiscal 2006 was $2,062,460 as shown in Exhibit 3, Table 1. Distribution revenue totaled $1,752,800 or 85% of total revenues. Other operating revenue (net), accounts for the remaining revenue of $309,660. This amount includes the revenues and expenses in accounts 4375 and 4380.

Comparison to 2006 Board Approved:

As shown in Exhibit 3, Table 1, the total operating revenue was $(219,691) lower than the 2006 Board Approved level forecasted. The distribution revenue decrease of $(161,762) resulted from 3% lower than forecasted consumption levels, mainly in the residential and GS <50 kWh rate classes. Specific service charges in the 2006 Board Approved Amount was $35,376 higher than the actual results for 2006.

2007 Actual:

Kenora Hydro's operating revenue in fiscal 2007 was $2,294,057, as shown in Exhibit 3, Table 1. Distribution revenue totaled $1,946,144 or 85% of total revenues. Other operating revenue (net), accounts for the remaining revenue of $347,913. This includes the revenues and expenses in accounts 4375 and 4380.

Comparison to 2006 Actual:

As shown in Exhibit 3, Table 1, the total 2007 operating revenue was $231,597 higher than the 2006 actual operating revenue. Of this increase, $193,344 resulted from increased distribution rates and a 2% increase in consumption levels. The increase in other revenue of $38,253 was not material, representing 1% of total revenues.

2008 Actual:

Kenora Hydro's operating revenue in 2008 was $2,269,916, as shown in Exhibit 3, Table 1. Distribution revenue totals $1,943,419 or 85% of total revenues. Other operating revenue (net) accounts for the remaining revenue of $326,497. This includes the revenues and expenses in accounts 4375 and 4380.

Comparison to 2007 Actual:

As shown in Exhibit 3, Table 1, the total 2008 operating revenue was $(24,141) lower than the 2007 actual operating revenue. This decrease is the result of the other operating revenue amounting to $(24,416) and was largely due to the decrease in interest rates for interest earned in our bank account.

2009 Actual:

Kenora Hydro's operating revenue in 2009 was $2,292,783, as shown in Exhibit 3, Table 1. Distribution revenue totals $1,987,772 or 87% of total revenues. Other operating revenue (net), accounts for the remaining revenue of $305,011.

Comparison to 2008 Actual:

As shown in Exhibit 3, Table 1, the 2009 total operating revenue was $22,867 higher than the 2008 actual operating revenue. This increase is the result of residential distribution revenue increased of $44,353, or 3%, due to a 2% increase in residential consumption and small distribution rate increased through the IRM. Overall, the increase was not material.

2010 Bridge:

Kenora Hydro's operating revenue is forecast to be $2,305,413 as shown in Exhibit 3, Table 1. Distribution revenue totals $1,987,248 or 86% of total revenues. Other operating revenue (net), accounts for the remaining revenue of $318,165 . This includes the revenues and expenses in accounts 4375 and 4380.

Comparison to 2009 Actual:

As shown in Exhibit 3, Table 1, the total operating revenue is expected to be $12,630 higher than the actual year level in fiscal 2009. There are no material variances from 2009 to 2010.

2011 Test Year:

Kenora Hydro's operating revenue is forecast to be $3,218,191 in fiscal 2011, as shown in Exhibit 3, Table 1. Distribution revenue totals $2,864,985 or 89% of total revenues. Other operating revenue (net), accounts for the remaining revenue of $353,206 . This includes the revenues and expenses in accounts 4375 and 4380. Note one reconciling items on Table 1 to match the revenue requirement model revenue of $3,208,191.

Comparison to 2010 Bridge Year:

As shown in Exhibit 3, Table 1, the total operating revenue is expected to be $902,778 above the bridge year level in fiscal 2010. This is the result of an increase in revenue requirement for 2011. See Exhibit 6, Tab 1, Schedule 1 for an explanation of the revenue deficiency for 2011 test year.

WEATHER NORMALIZED LOAD AND CUSTOMER/CONNECTION FORECAST:

The purpose of this evidence is to present the process used by Kenora Hydro to prepare the weather normalized load and customer/connection forecast used to design the proposed distribution rates.

In summary, Kenora Hydro has used the same regression analysis methodology used by a number of distributors in their 2009 and 2010 cost of service rate applications to determine a prediction model. With regard to the overall process of load forecasting, Kenora Hydro submits that conducting a regression analysis on historical electricity purchases to produce an equation that will predict purchases is appropriate. Kenora Hydro has the data for the amount of electricity (in kWh) purchased from the IESO for use by Kenora Hydro's customers. With a regression analysis, these purchases can be related to other monthly explanatory variables such as heating degree days and cooling degree days which occur in the same month. The results of the regression analysis produce an equation that predicts the purchases based on the explanatory variables. This prediction model is then used as the basis to forecast the total level of weather normalized purchases for Kenora Hydro for the Bridge Year and the Test Year which is converted to billed kWh by rate class. A detailed explanation of the process is provided later in this evidence.

During proceedings related to the 2009 and 2010 cost of service applications for a number of other distributors, intervenors expressed concerns with the load forecasting process that was proposed at the time by those distributors. For the 2009 cost of service applications, intervenors suggested the regression analysis should be conducted on an individual rate class basis and the regression analysis would be based on monthly billed kWh by rate class. Kenora Hydro submits that conducting a regression analysis which relates the monthly billed kWh of a class to other monthly variables is problematic. The monthly billed amount does not reflect the amount consumed in the month. Rather, it reflects the amount billed. The amount billed is based on billing cycle meter reading schedules whose reading dates vary and typically are not at month end. The amount billed could include consumption from the prior month or even earlier. Using a regression analysis to relate rate class billing data to a variable such as heating degree days does not appear to be reasonable, since the resulting regression model would attempt to relate heating degree days in a month to the amount billed in the month, not the amount consumed. In Kenora Hydro's view, variables such as heating degree days impact the amount consumed and not the amount billed. It is possible to estimate the amount consumed in a month based on the amount billed, but until smart meters are fully deployed this would only be an estimate. This would reduce the accuracy of a regression model that is based on monthly billing data.

In addition, Kenora Hydro understands that a number of 2010 Cost of Service applicants attempted to conduct the regression analysis on a rate class basis but were unsuccessful in achieving reasonable results that could be used in the load forecasting process. Conducting the regression analysis on purchases provides better results since a higher level of historical data increases the accuracy of the regression analysis.

Kenora Hydro understands that to a certain degree the process of developing a load forecast for a cost of service rate application is an evolving science for electricity distributors in the province. During the review of 2010 cost of service applications, Board staff and intervenors expressed concern that the regression analysis assigned coefficients to some variable that were counter intuitive. For example, the customer variable would have a negative coefficient assigned to it which meant as the number of customers increased the energy forecast decreased. 2010 applicants explained that this was related to the recent Conservation and Demand Management ("CDM") savings in the utility but in the view of Board staff and intervenors this was not a sufficient explanation. Further, the regression analysis indicated that some of the variables used in the load forecasting formula were not statistically significant and should not have been included in the equation. Kenora Hydro has attempted to address these concerns in the load forecast used in this Application. However, Kenora Hydro expects to include additional improvements to the load forecasting methodology in future cost of service rate applications by: i) taking into consideration data provided by smart meters; and ii) evaluating how others will conduct load forecasts in future cost of service rate applications. Based on the OEB's approval of this methodology in a number of 2009 and 2010 applications, and based on the discussion that follows, Kenora Hydro submits that its load forecasting methodology is reasonable at this time for the purposes of this Application.

The following provides the material to support the weather normalized load forecast used by Kenora Hydro in this application.

Exhibit 3 - Table 2 and Table 3 below provide a summary of the weather normalized load and customer/connection forecast used in this application:

Table 2
Summary of Load Forecast

Ex 3 - Table 2 - Summary of Load and Customer/Connection Forecast

Year	Billed (GWh)	Growth (GWh)	Percent Change	Customer/ Connection	Growth (#)	Percent Change
2006 Board Approved	113.0			6,384		
2003 Actual	108.5			6,490		
2004 Actual	106.6	(1.9)	-1.8%	6,439	(51.0)	-0.8%
2005 Actual	108.2	1.6	1.5%	6,421	(18.0)	-0.3%
2006 Actual	109.1	0.9	0.8%	6,450	29.0	0.5%
2007 Actual	111.2	2.1	1.9%	6,450	0.0	0.0%
2008 Acutal	110.4	(0.8)	-0.7%	6,157	(293.0)	-4.5%
2009 Actual	108.8	(1.6)	-1.4%	6,144	(13.0)	-0.2%
2010 Normalized Bridge	108.6	(0.2)	-0.2%	6,087	(57.0)	-0.9%
2011 Normalized Test	107.8	(0.8)	-0.7%	6,031	(56.0)	-0.9%

Consumption for the years 2003 through 2009 are weather actual data. Predictions for the years 2010 and 2011 are based on weather normalized data. Kenora Hydro currently does not have a process to adjust weather actual data to a weather normal basis on an on-going basis. Based on the steps outlined in this Exhibit, a reasonable process to forecast energy on a weather normalized basis has been developed and used in this application.

Total customer counts are as of year-end and streetlights are measured as number of connections.

On a rate class basis, actual and forecasted billed amounts and customer counts are shown in Table 3.

Table 3
Summary of Forecast

Ex 3 - Table 3 - Summary of Forecast

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Weather Normalized	2011 Weather Normalized
Actual and Predicted kWh Purchases							
Actual kWh Purchases		113,840,351	116,260,451	115,525,373	112,986,368		
Predicted Kwh before load displacement		114,295,779	116,347,408	115,775,323	113,135,565	113,270,735	113,784,070
% Difference between Actual and predicted		0.4%	0.1%	0.2%	0.1%		
Billing Determinants By Class							
Residential							
Customers	4,980	5,029	5,012	4,781	4,783	4,728	4,674
kWh	40,803,344	39,159,512	39,142,088	39,338,336	39,909,017	39,135,578	38,188,928
GS<50							
Customers	793	782	794	732	713	708	703
kWh	29,132,605	26,837,296	26,504,159	24,007,759	23,638,260	23,046,528	22,359,418
GS>50							
Customers	58	61	66	66	70	72	75
kW	93,517	106,089	108,299	113,852	108,940	114,389	116,530
kWh	41,264,080	41,350,694	43,467,433	45,059,367	43,454,274	44,508,715	45,342,066
SLR							
Connections	550	550	550	550	550	550	550
kW	4,823	5,292	5,292	5,292	5,292	5,579	5,737
kWh	1,686,441	1,563,143	1,947,932	1,857,398	1,690,689	1,758,282	1,807,975
USL							
Connections	3	28	28	28	28	29	30
kWh	181,936	214,812	214,811	158,330	157,460	151,793	144,681
Total							
Customer/Connections	**6,384**	**6,450**	**6,450**	**6,157**	**6,144**	**6,087**	**6,032**
kWh	**113,068,406**	**109,125,457**	**111,276,423**	**110,421,190**	**108,849,700**	**108,600,896**	**107,843,068**
kW from applicable classes	**98,340**	**111,381**	**113,591**	**119,144**	**114,232**	**119,968**	**122,267**

LOAD FORECAST AND METHODOLOGY:

Kenora Hydro’s weather normalized load forecast was developed by using a total system weather normalized purchased energy forecast based on multifactor regression model that incorporates historical load weather and economic data. The weather normalized purchased energy forecast is adjusted by a historical loss factor to produce a weather normalized billed energy forecast. Finally, the forecast of billed energy by rate class is developed based on a forecast of customer number and historical usage patterns per customer. For the rate classes that have weather sensitive load their forecasted billed energy is adjusted to ensure that the total billed energy forecast by rate class is equivalent to the total weather normalized billed energy forecast that has been determined from the regression model. The forecast of customers by rate class is determined using a geometric mean analysis. The following will explain the forecasting process in more detail.

Purchased kWh Load Forecast:

An equation to predict total system purchased energy is developed using a multifactor regression model with the following independent variables: weather (heating and cooling degree days), economic output (GDP growth), total customer numbers and calendar variables (days in month, seasonal). The regression model uses monthly kWh and monthly values of independent variables from January 2002 to December 2009 to determine the monthly regression coefficients.

Data for Kenora Hydro's total system load is available as far back as January 2002. This provides 96 data monthly data points which is a reasonable data set for use in a multiple regression analysis. Based on the recent global activity surrounding climate change historical weather data is showing that there is a warming of the global climate system. In this regard, it is Kenora Hydro’s view that it is appropriate to review the impact of weather since 2002 on the energy usage and then determine the average weather conditions from January 2002 to December 2009 which would be applied in the forecasting process to determine a weather normalized forecast.

However, in accordance with the filing requirement Kenora Hydro has also provided sensitivity analysis showing the impact on the 2010 and 2011 forecast of purchases assuming weather normal conditions is based on a 10 year average and a 20 year trend of weather data.

The multifactor regression model has determined drivers of year-over-year changes in Kenora Hydro's load growth are economic growth, weather and "calendar" factors. These factors are captured within the multifactor regression model.

Furthermore, the forecasted impact of the drop in consumption and demand anticipated in 2011 with the conservation and demand targets set for Kenora Hydro has been incorporated into this load forecast.

Economic growth – which encompasses customer trends in the Kenora Hydro service area as well as general economic conditions is captured in the model using an index of economic output, Ontario Real Gross Domestic Product ("GDP") and historical customer numbers.

Weather impacts on load are apparent in both the winter heating season, and in the summer cooling season. For that reason, both Heating Degree Days (i.e. a measure of coldness in winter) and Cooling Degree Days (i.e. a measure of summer heat) are modeled.

The third main factor determining energy use in the monthly model can be classified as "calendar factors". For example, the number of days in a particular month will impact energy use. The modeling of purchased energy uses number of days in the month and a “flag” variable to capture the typically lower usage in the spring and fall months.

The following outlines the predication model used by Kenora Hydro to predict weather normal purchases for 2011.

Kenora Hydro Monthly Predicted kWh Purchases

= Heating Degree Days * 3,808
+ Cooling Degree Days * 14,927
+ Ontario Real GDP Monthly Index * 21,306
+ Number of Customers * 672
+ Number of Days in the Month * 287,551
+ Spring Fall Flag * (517,186)
+ Constant of (7,672,685)

The sources of data for the various data points are:

a) Environment Canada website for monthly heating degree day and cooling degree information. Data for the Kenora A weather station was used.
b) The 2003 and 2008 Ontario Economic Outlooks from the Ontario Ministry of Finance provided the Ontario Real GDP index for 2002 to 2006. For 2007 and on, the Ontario Real GDP index from the 2010 Ontario Budget dated March 25, 2010 was used.
c) Customer data is based on historical customer data and the customer forecast mention later on in this evidence.
d) The calendar provided information related to number of days in the month and the spring/fall flag.

The prediction formula has the following statistical results which generally indicates the formula has a very good fit to the actual data set.

Table 4
Statistical Results

Ex 3 - Table 4 - Statistical Results

Statistic	Values
R Square	97.65%
Adjusted R Square	97.49%
F Test	616.89
T-Stats by Coefficient	
Intercept	(3.52)
Heating Degree Days	47.79
Cooling Degree Days	13.44
Ont Real GDP Monthly %	3.85
Number of Days in Month	10.93
Spring/Fall Flag	(10.09)
Number of Customers	2.82

The following table outlines the data that supports the above chart. In addition, the predicted total system purchases for Kenora Hydro is provided for 2010 and 2011. For, 2010 the system purchases reflect a weather normalized forecast for the full year. In addition values for 2011 are provided with different assumptions of weather normalization.

Table 5
Actual vs. Predicted Purchases

Ex 3 - Table 5 - Actual vs. Predicted

Year	Actual	Predicted	% Difference
Purchased Energy (kWh)			
2003	114,266,362	114,356,066	0.1%
2004	113,286,087	113,452,528	0.1%
2005	115,072,347	113,817,591	-1.1%
2006	113,840,351	114,295,779	0.4%
2007	116,260,451	116,347,408	0.1%
2008	115,525,373	115,775,323	0.2%
2009	112,986,368	113,135,565	0.1%
2010 Weather Normalized		113,270,735	
2011 Weather Normalized		**113,784,070**	
2011 Normalized - 10 Year Trend		113,590,919	
2011 Normalized - 20 Year Trend		114,095,612	

The weather normalized amount for 2011 is determined by using 2011 dependent variables in the prediction formula on a monthly basis along with the average monthly heating degree days and cooling degree days which has occurred from January 2002 to December 2009 (i.e. 8 years). The 2011 weather normal 10 year average value represents the average monthly heating degree days and cooling degree days which has occurred from January 2000 to December 2009. The 2011 weather normal 20 year trend value reflects the trend in monthly heating degree days and cooling degree days which has occurred from January 1990 to December 2009.

The weather normal 8 year average has been used as the purchased forecast in this application for the purposes of determining a billed kWh load forecast which is used to design rates.

Billed KWh Load Forecast:

To determine the total weather normalized energy billed forecast, the total system weather normalized purchases forecast is adjusted by the proposed loss factor of 4.3%.

With this loss factor the total weather normalized billed energy would be 108.6 (GWh) for 2010 (i.e. 113.3/1.043) and 109.1 (GWh) for 2011 (i.e. 113.8 /1.043)

Billed KWh Load Forecast and Customer/Connection Forecast by Rate Class:

Since the total weather normalized billed energy amount is known this amount needs to be distributed by rate class for rate design purposes taking into consideration the customer/connection forecast and expected usage per customer by rate class.

The next step in the forecasting process is to determine a customer/connection forecast. The customer/connection forecast is based on reviewing historical customer/connection data that is available as shown in the following table.

Table 8
Historical Customer/Connection Data

Ex 3 -Table 8 - Historical Customer /Connection Data

Year	Residential	GS<50	GS>50	SLR Connections	USL Connections	Total
	Number of Customers/Connections					
2004	5,011	794	61	550	23	6,439
2005	4,989	797	60	550	25	6,421
2006	5,029	782	61	550	28	6,450
2007	5,012	794	66	550	28	6,450
2008	4,781	732	66	550	28	6,157
2009	4,783	713	70	550	28	6,144

From the historical customer/connection data the growth rate in customer/connection can be evaluated which is provided on the following table.

Table 9
Growth Rate

Ex 3 - Table 9 - Growth Rate in Customer /Connection Data

Year	Residential	GS<50	GS>50	SLR Connections	USL Connections
	Growth (Decline) in Customers/Connections				
2005	-0.4%	0.0%	-1.6%	0.0%	8.6%
2006	0.0%	0.0%	1.6%	0.0%	12.0%
2007	-0.3%	1.5%	8.2%	0.0%	0.0%
2008	-4.6%	-7.8%	0.0%	0.0%	0.0%
2009	0.0%	-2.6%	6.0%	0.0%	0.0%

The resulting geometric mean is applied to customer/connection numbers to determine the forecast of customer/connections in 2010 and 2011. Table 3-10 outlines the forecast of customers by rate class for 2010 and 2011.

Table 10
Customer/Connection Forecast

Ex 3 - Table 10 - Customer /Connection Forecast

Year	Residential	GS<50	GS>50	SLR Connections	USL Connections	Total
	Forecast Number of Customers/Connections					
2010 Normalized Bridge	4,728	708	72	550	29	6,087
2011 Normalized Test	4,674	703	75	550	30	6,032

The next step in the process is to review the historical customer/connection usage and to reflect this usage per customer in the forecast. The following table provides the average annual usage per customer by rate class from 2004 to 2009.

Table 11
Annual kWh Usage

Ex 3 - Table 11 - Customer /Connection Forecast

Year	Residential	GS<50	GS>50	SLR Connections	USL Connections
	Annual kWh usage Per Customer/Connection				
2004	8,096	32,356	544,008	3,927	8,530
2005	8,126	36,027	554,318	3,596	7,882
2006	7,787	34,319	677,880	2,842	7,672
2007	7,810	33,381	658,597	3,542	7,672
2008	8,228	32,797	682,718	3,377	5,655
2009	8,344	33,153	620,775	3,074	5,624

From the historical usage per customer/connection data the growth rate in usage per customer/connection can be reviewed which is provided on the following table.

Table 12
Growth Rate in Usage

Ex 3 - Table 12 - Growth Rate in Usage Per Customer/Connection

Year	Residential	GS<50	GS>50	SLR Connections	USL Connections
	Growth Rate in Customer/Connnection				
2005	0.30%	11.30%	1.90%	8.40%	-14.90%
2006	-4.10%	-4.70%	22.30%	8.30%	-3.30%
2007	0.20%	-2.80%	-2.80%	13.50%	13.50%
2008	5.30%	-1.70%	3.70%	-4.70%	-9.00%
2009	1.40%	1.00%	-9.00%	-8.90%	-8.90%

For the forecast of usage per customer/connection the historical geometric mean was used for all rate classes and the resulting usage forecast is as follows.

Table 13
Forecast Annual kWh Usage

Ex 3 - Table 13 - Forecast Annual kWh Usage per Customer/Connection

Year	Residential	GS<50	GS>50	SLR Connections	USL Connections
	Forecast Annual kWh Usage per Customers/Connections				
2010 Normalized Bridge	8,277	32,551	618,176	3,196	5,234
2011 Normalized Test	8,171	31,806	604,561	3,287	4,823

With the preceding information the non-normalized weather billed energy forecast can be determine by applying the forecast number of customer/connection from Table 3-10 by the forecast of annual usage per customer/connection from Table 3-13. The resulting non-normalized weather billed energy forecast is shown in the following table.

Table 14
Non-Normalized Weather Billed Forecast

Ex 3 - Table 14 - Non-Normalized Weather Billed Energy Forecast

Year	Residential	GS<50	GS>50	SLR Connections	USL Connections	Total
	Non-Normalized Weather Billed Energy Forecast GWH					
2010 Not normalized	39,615,923	23,329,398	45,011,038	1,758,282	151,793	109,866,433
2011 Not Normalized	39,324,981	23,024,571	46,623,573	1,828,577	146,330	110,948,032

The non-normalized weather billed energy forecast has been determined but this needs to be adjusted in order to be aligned with the total weather normalized billed energy forecast. As previously determined, the total weather normalized billed energy forecast is 108.6 (GWh) for 2010 and 109.0 (GWh) for 2011 (before adjustment for CDM targets).

The difference between the non-normalized and normalized forecast adjustments is 1.3 GWh in 2010 (i.e. 109.8 - 108.6) and 1.8 GWh in 2011 (i.e. 110.9 – 109.0). The difference is assumed to be the amount related to moving the forecast to a weather normal basis. This difference will be assigned to those rate classes that are weather sensitive. Based on the weather normalization work completed by Hydro One for Kenora Hydro for the cost allocation study, which has been used to support this rate application, it was determined the weather sensitivity by rate classes is as follows:

Table 15

Weather Sensitivity by Class

Ex 3 - Table 15 - Weather Sensitivity by Rate Class

Residential	GS<50	GS>50	SLR Connections	USL Connections
Weather Sensitivity				
92.6%	92.6%	85.3%	0.0%	0.0%

For the General Service >50 class, the weather sensitivity amount of 85.3% was provided in the weather normalized work completed by Hydro One. For the Residential and General Service < 50 kW classes, it is has been previously assumed in 2009 and 2010 cost of service applications that these two classes are 100% weather sensitive. Intervenors expressed concern with this assumption and have suggested that 100% weather sensitivity is not appropriate. Kenora Hydro agrees with this position but also submits that the weather sensitivity for the Residential and General Service < 50 kW classes should be higher than the General Service > 50. As a result, Kenora Hydro has assumed the weather sensitivity for the Residential and General Service < 50 kW classes to be mid-way between 100% and 85.3%,or 92.6%. As a result, the difference of 1.27 GWh in 2010 and 1.86 GWh in 2011 has been assigned on a prorate basis to each rate classes based on the above level of weather sensitivity. The following tables outline how the weather sensitive rate classes have been adjusted to align the non-normalized forecast with the normalized forecast.

Table 16
Historical Customer Data

Ex 3 - Table 16 - Historical Customer /Connection Data

Year	Residential	GS<50	GS>50	SLR Connections	USL Connections	Total
Non-Normalized Weather Billed Energy Forecast						
2010 Non-Normalized Bridge	39.62	23.33	45.01	1.76	0.15	109.87
2011 Non-Normalized Test	39.32	23.02	46.62	1.83	0.15	110.95
Adjustment for Weather (GWh)						
2010 Normalized Bridge	(0.48)	(0.28)	(0.50)	0.00	0.00	(1.27)
2011 Normalized test	(0.69)	(0.41)	(0.76)	0.00	0.00	(1.86)
Adjustment for CDM Targets	(0.44)	(0.26)	(0.53)	(0.02)	0.00	(1.23)
Weather Normalized and CDM Adjusted Billed Energy Forecast (GWh)						
2010 Normalized Bridge	39.14	23.05	44.51	1.76	0.15	108.60
2011 Normalized Test	38.19	22.35	45.34	1.81	0.15	107.84

Billed KW Load Forecast:

There are two rate classes that charge volumetric distribution on per kW basis. These include General Service > 50 and Streetlights. As a result, the energy forecast for these classes needs to be converted to a kW basis for rate setting purposes. The forecast of kW for these classes is based on a review of the historical ratio of kW to kWhs and applying the average ratio to the forecasted kWh to produce the required kW.

The following table outlines the annual demand units by applicable rate class.

Table 17
Historical Annual kW by Class

Ex 3 - Table 17 - Historical annual kW per Applicable Rate Class

Year	GS>50	SLR	Total
	Billed Annual kW		
2004	97,303	5,256	102,559
2005	97,384	5,292	102,676
2006	106,089	5,292	111,381
2007	108,299	5,292	113,591
2008	113,852	5,292	119,144
2009	108,940	5,292	114,232

The following is the historical ratio of kW/kWh as well as the average ratio.

Table 18
Historical Annual Ratio by Class

Ex 3 - Table 18 - Historical Annual kW to kWh Ratio

Year	GS>50	SLR
	Ratio of kW to kwh	
2004	0.2562%	0.3154%
2005	0.2659%	0.3052%
2006	0.2566%	0.3385%
2007	0.2491%	0.2717%
2008	0.2527%	0.2849%
2009	0.2507%	0.3130%
Average	0.2552%	0.3048%

The average ratio was applied to the weather normalized billed energy forecast in Table 3-16 to provide the forecast of kW by rate class as shown below.

The following outlines the forecast of kW for the applicable rate classes.

Table 19
Non-Normalized Weather Billed kW

Ex 3 - Table 19 - Normalized Weather Billed kW Forecast

Year	GS>50	SLR Connections	Total
		kW	
2010 Normalized Bridge	114,389	5,579	119,968
2011 Normalized Test	116,530	5,737	122,267

Table 3-20 on the next page provides a summary of the billing determinants by rate class that are used to develop the proposed rates.

Table 20
Summary of Forecast

Ex 3 - Table 20 - Summary of Forecast

	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Weather Normalized	2011 Weather Normalized
Actual and Predicted kWh Purchases							
Actual kWh Purchases		113,840,351	116,260,451	115,525,373	112,986,368		
Predicted Kwh bore load displacement		114,295,779	116,347,408	115,775,323	113,135,565	113,270,735	113,784,070
% Difference between Actual and predicted		0.4%	0.1%	0.2%	0.1%		
Billing Determinants By Class							
Residential							
Customers	4,980	5,029	5,012	4,781	4,783	4,728	4,674
kWh	40,803,344	39,172,136	39,142,088	39,338,336	39,909,017	39,135,578	38,188,928
GS<50							
Customers	793	782	794	732	713	708	703
kWh	29,132,605	26,858,694	26,504,159	24,007,759	23,638,260	23,046,528	22,359,418
GS>50							
Customers	58	61	66	66	70	72	75
kW	93,517	106,089	108,299	113,852	108,940	114,389	116,530
kWh	41,264,080	41,350,695	43,467,433	45,059,368	43,454,274	44,508,715	45,342,066
SLR							
Connections	550	550	550	550	550	550	550
kW	4,823	5,292	5,292	5,292	5,292	5,579	5,737
kWh	1,686,441	1,716,801	1,947,932	1,857,398	1,690,689	1,758,282	1,807,975
USL							
Connections	3	28	28	28	28	29	30
kWh	181,936	214,812	214,812	197,575	157,460	151,793	144,681
Total							
Customer/Connections	**6,384**	**6,450**	**6,450**	**6,157**	**6,144**	**6,087**	**6,032**
kWh	**113,068,406**	**109,313,138**	**111,276,424**	**110,460,436**	**108,849,700**	**108,600,896**	**107,843,068**
kW from applicable classes	**98,340**	**111,381**	**113,591**	**119,144**	**114,232**	**119,968**	**122,267**

APPENDIX A:

Regression Analysis:

SUMMARY OUTPUT

Regression Statistics	
Multiple R	0.988190263
R Square	0.976519996
Adjusted R Square	0.974937075
Standard Error	202947.5581
Observations	96

ANOVA

	df	*SS*	*MS*	*F*	*Significance F*
Regression	6	1.52455E+14	2.54091E+13	616.909893	3.16464E-70
Residual	89	3.66571E+12	41187711341		
Total	95	1.5612E+14			

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	(7,685,518)	2180278.148	(3.53)	0.000671321	-12017684.33	-3353352.036	-12017684.33	-3353352.036
Heating Degree Days	3,808	79.69289869	47.79	3.05117E-65	3649.942587	3966.638764	3649.942587	3966.638764
Cooling Degree Days	14,926	1110.426269	13.44	3.84822E-23	12719.93942	17132.72602	12719.93942	17132.72602
Ontario Real GDP Monthly	21,269	5517.688011	3.85	0.000218518	10305.14556	32232.20219	10305.14556	32232.20219
Number of Days in Month	287,524	26297.65795	10.93	3.86613E-18	235271.2297	339776.9998	235271.2297	339776.9998
Spring Fall Flag	(517,195)	51255.84647	(10.09)	2.08309E-16	-619039.2182	-415350.6722	-619039.2182	-415350.6722
Number of Customers	675	238.9274806	2.82	0.005837957	200.1938629	1149.681472	200.1938629	1149.681472

	Purchased	Heating Degree Days	Cooling Degree Days	Ontario Real GDP Monthly %	Number of Days in Month	Spring Fall Flag	Number of Customers	Not used Number of Peak Hours	Predicted Purchases
Jan-02	11,462,450	976.4	0	121.50	31	0	5,935	352	11,536,139
Feb-02	9,816,342	755.5	0	121.86	28	0	5,935	320	9,839,955
Mar-02	10,770,595	895.4	0	122.22	31	1	5,935	320	10,725,775
Apr-02	9,082,508	500.5	0	122.59	30	1	5,935	352	8,942,042
May-02	8,566,490	329	3	122.95	31	1	5,991	352	8,666,728
Jun-02	8,426,520	59.6	48.2	123.31	30	0	5,991	320	8,552,846
Jul-02	9,675,690	4.4	129.8	123.68	31	0	5,991	352	9,855,895
Aug-02	8,796,160	20	44.2	124.04	31	0	5,991	336	8,645,387
Sep-02	8,364,240	132	28	124.41	30	1	5,991	320	8,033,189
Oct-02	9,256,030	552.2	0	124.78	31	1	5,991	352	9,510,842
Nov-02	9,924,800	710.6	0	125.14	30	1	5,991	336	9,834,397
Dec-02	11,155,670	858.8	0	125.51	31	0	5,991	320	11,211,373
Jan-03	11,992,457	1064.8	0	125.66	31	0	5,854	352	11,906,509
Feb-03	10,824,302	994.5	0	125.81	28	0	5,854	320	10,779,312
Mar-03	10,434,888	788.3	0	125.95	31	1	5,854	336	10,342,522
Apr-03	8,418,796	419	0	126.10	30	1	5,917	336	8,694,223
May-03	7,996,049	153.2	0.5	126.24	31	1	5,917	336	7,980,075
Jun-03	8,155,789	43.3	35.7	126.39	30	0	5,917	336	8,319,734
Jul-03	9,086,224	9.3	76.1	126.54	31	0	5,903	352	9,074,468
Aug-03	9,425,710	20.2	120.9	126.68	31	0	5,903	320	9,787,798
Sep-03	8,234,339	169.8	17.2	126.83	30	1	5,903	336	8,008,062
Oct-03	8,746,369	367.5	0.1	126.98	31	1	5,826	352	8,744,401
Nov-03	9,934,860	701.7	0	127.12	30	1	5,826	320	9,731,246
Dec-03	11,016,573	819.5	0	127.27	31	0	5,826	336	10,987,716
Jan-04	12,578,072	1194.2	0	127.53	31	0	5,861	336	12,443,881
Feb-04	10,386,633	815.6	0	127.80	29	0	5,861	320	10,432,601
Mar-04	9,905,342	700.8	0	128.06	31	1	5,861	368	10,058,862
Apr-04	8,566,099	455.9	0	128.32	30	1	5,866	336	8,847,672
May-04	8,379,769	328.5	0	128.59	31	1	5,866	320	8,655,642
Jun-04	7,776,844	125	5.5	128.85	30	0	5,866	352	8,198,054
Jul-04	8,847,147	31	53.5	129.12	31	0	5,867	336	8,850,383
Aug-04	8,411,716	108.7	4	129.38	31	0	5,867	336	8,413,090
Sep-04	8,162,313	107.8	13	129.65	30	1	5,867	336	7,744,949
Oct-04	8,743,675	359.5	0	129.92	31	1	5,821	320	8,771,610
Nov-04	9,429,733	568.3	0	130.19	30	1	5,821	352	9,284,949
Dec-04	12,098,744	1003	0	130.45	31	0	5,821	336	11,750,835
Jan-05	12,505,860	1120.9	0	130.74	31	0	5,838	320	12,217,474
Feb-05	9,955,107	789.5	0	131.03	28	0	5,838	320	10,099,014
Mar-05	10,189,300	759.5	0	131.33	31	1	5,838	352	10,336,337
Apr-05	8,349,156	318.4	0	131.62	30	1	5,846	336	8,380,584
May-05	8,450,268	240.8	0.9	131.91	31	1	5,846	336	8,392,240
Jun-05	8,643,691	55.1	33.2	132.20	30	0	5,846	352	8,403,068
Jul-05	9,618,482	24	97.3	132.50	31	0	5,844	320	9,533,831
Aug-05	9,033,492	41	38.9	132.79	31	0	5,844	352	8,733,138
Sep-05	8,272,576	125.4	17.5	133.09	30	1	5,844	336	7,936,693
Oct-05	8,767,672	350.8	0.9	133.38	31	1	5,850	320	8,845,169
Nov-05	9,881,039	639.8	0	133.68	30	1	5,850	352	9,651,113
Dec-05	11,405,704	856.9	0	133.98	31	0	5,850	320	11,288,931
Jan-06	10,921,524	816.8	0	134.25	31	0	5,833	336	11,130,614
Feb-06	10,317,908	906.3	0	134.53	28	0	5,833	320	10,614,765
Mar-06	9,979,566	662.4	0	134.81	31	1	5,833	368	10,037,194
Apr-06	8,234,048	281.7	0	135.08	30	1	5,872	304	8,332,082
May-06	8,471,471	185.6	16.2	135.36	31	1	5,872	352	8,501,354
Jun-06	8,684,511	26.5	42.9	135.64	30	0	5,872	352	8,529,589
Jul-06	9,837,883	5.3	126.1	135.92	31	0	5,853	320	9,971,367
Aug-06	9,044,793	10.7	50.7	136.20	31	0	5,853	352	8,872,441
Sep-06	8,244,536	155.9	19.9	136.48	30	1	5,853	320	8,166,922
Oct-06	9,139,091	448.7	0	136.76	31	1	5,802	336	9,244,037
Nov-06	9,861,061	645.7	0	137.04	30	1	5,802	352	9,712,737
Dec-06	11,103,959	818.8	0	137.33	31	0	5,802	304	11,182,675

Jan-07	11,710,332	1001.4	0	137.59	31	0	5,825	352	11,899,133
Feb-07	11,055,361	997	0	137.85	28	0	5,825	320	11,025,354
Mar-07	10,163,012	692.2	0	138.11	31	1	5,825	352	10,215,526
Apr-07	8,702,428	435.4	0	138.37	30	1	5,872	320	8,987,326
May-07	8,271,067	180.6	6.1	138.63	31	1	5,872	352	8,401,130
Jun-07	8,766,541	49.6	40.9	138.90	30	0	5,872	336	8,656,944
Jul-07	9,810,451	17.7	110.4	139.16	31	0	5,840	336	9,844,369
Aug-07	8,949,322	42.6	36.9	139.42	31	0	5,840	352	8,847,724
Sep-07	8,229,709	164.9	7.9	139.69	30	1	5,840	304	8,081,520
Oct-07	8,875,509	348.8	0	139.95	31	1	5,656	352	8,832,917
Nov-07	9,919,011	669.5	0	140.22	30	1	5,656	352	9,772,358
Dec-07	11,807,708	984.7	0	140.48	31	0	5,656	304	11,783,107
Jan-08	12,067,018	1033	0	140.43	31	0	5,630	352	11,948,251
Feb-08	11,279,035	990	0	140.37	29	0	5,630	320	11,208,199
Mar-08	10,431,913	797.3	0	140.31	31	1	5,630	304	10,530,948
Apr-08	8,748,097	472.1	0	140.25	30	1	5,579	352	8,969,299
May-08	8,214,198	307.6	0	140.19	31	1	5,579	336	8,629,114
Jun-08	8,107,880	82.9	16.6	140.13	30	0	5,579	336	8,249,594
Jul-08	8,708,747	27.9	36.9	140.07	31	0	5,572	352	8,624,697
Aug-08	9,045,055	17.7	64.2	140.02	31	0	5,572	320	8,992,097
Sep-08	8,057,659	154.3	7	139.96	30	1	5,572	336	7,852,561
Oct-08	8,636,830	352.2	0	139.90	31	1	5,580	352	8,793,418
Nov-08	9,731,422	652.3	0	139.84	30	1	5,580	304	9,647,519
Dec-08	12,497,519	1145.6	0	139.78	31	0	5,580	336	12,329,626
Jan-09	12,569,463	1150.4	0	139.38	31	0	5,579	336	12,338,673
Feb-09	10,190,341	857.4	0	138.98	28	0	5,579	304	10,351,739
Mar-09	10,351,141	759.2	0	138.58	31	1	5,579	352	10,314,633
Apr-09	8,577,409	440.6	0	138.18	30	1	5,566	320	8,796,530
May-09	8,315,349	326.7	0	137.78	31	1	5,566	320	8,641,830
Jun-09	8,185,407	118.3	35	137.38	30	0	5,566	352	8,591,840
Jul-09	8,424,858	58.8	8.9	136.99	31	0	5,568	352	8,256,132
Aug-09	8,497,441	54.2	24.1	136.59	31	0	5,568	320	8,457,108
Sep-09	8,455,635	45.4	33.8	136.20	30	1	5,568	336	7,755,299
Oct-09	8,821,066	446.3	0	135.81	31	1	5,575	336	9,061,443
Nov-09	9,014,928	475.3	0	135.42	30	1	5,575	320	8,876,044
Dec-09	11,583,330	1006.2	0	135.03	31	0	5,575	352	11,694,295
Jan-10		1045	0	135.33	31	0	5,564	320	11,839,938
Feb-10		888	0	135.63	28	0	5,553	304	10,380,216
Mar-10		757	0	135.93	31	1	5,542	368	10,224,332
Apr-10		415	0	136.23	30	1	5,531	320	8,635,439
May-10		257	3	136.54	31	1	5,519	320	8,366,390
Jun-10		70	32	136.84	30	0	5,508	352	8,316,468
Jul-10		22	80	137.14	31	0	5,504	336	9,136,326
Aug-10		39	48	137.45	31	0	5,499	336	8,728,716
Sep-10		132	18	137.75	30	1	5,494	336	7,832,705
Oct-10		403	0	138.06	31	1	5,489	320	8,889,407
Nov-10		633	0	138.37	30	1	5,485	336	9,477,915
Dec-10		937	0	138.67	31	0	5,480	368	11,442,883
Jan-11		1045	0	139.04	31	0	5,475	336	11,858,918
Feb-11		888	0	139.40	28	0	5,470	304	10,404,870
Mar-11		757	0	139.77	31	1	5,466	368	10,254,666
Apr-11		415	0	140.14	30	1	5,461	320	8,671,459
May-11		257	3	140.51	31	1	5,456	336	8,408,102
Jun-11		70	32	140.88	30	0	5,451	352	8,363,879
Jul-11		22	80	141.25	31	0	5,447	320	9,185,143
Aug-11		39	48	141.62	31	0	5,442	352	8,778,947
Sep-11		132	18	141.99	30	1	5,437	336	7,884,355
Oct-11		403	0	142.36	31	1	5,432	320	8,942,482
Nov-11		633	0	142.74	30	1	5,428	352	9,532,422
Dec-11		937	0	143.11	31	0	5,423	336	11,498,828
		Weather Normal							1,143,589,633

2002	115,297,495	115,354,568	57,073	0.0%
2003	114,266,356	114,356,066	89,710	0.1%
2004	113,286,087	113,452,528	166,441	0.1%
2005	115,072,347	113,817,591	(1,254,756)	-1.1%
2006	113,840,351	114,295,779	455,428	0.4%
2007	116,260,451	116,347,408	86,957	0.1%
2008	115,525,373	115,775,323	249,950	0.2%
2009	112,986,368	113,135,565	149,197	0.1%
2010		113,270,735		
2011		113,784,070		
Total to 2008	916,534,828	916,534,828	0	
		1,143,589,633	0	
		Check totals above sould be zero		

Jan-11	1033	0	139.04	31	0	5,475	336	11,813,304	
Feb-11	884	0	139.40	28	0	5,470	304	10,389,770	
Mar-11	734	0	139.77	31	1	5,466	368	10,167,960	
Apr-11	416	0	140.14	30	1	5,461	320	8,676,532	
May-11	244	3	140.51	31	1	5,456	336	8,350,117	
Jun-11	75	30	140.88	30	0	5,451	352	8,350,690	
Jul-11	23	80	141.25	31	0	5,447	320	9,184,909	
Aug-11	37	51	141.62	31	0	5,442	352	8,819,127	
Sep-11	140	16	141.99	30	1	5,437	336	7,886,124	
Oct-11	398	0	142.36	31	1	5,432	320	8,921,583	
Nov-11	619	0	142.74	30	1	5,428	352	9,481,238	
Dec-11	950	0	143.11	31	0	5,423	336	11,549,564	
								113,590,919	10 year Trend
Jan-11	1070	0	139.04	31	0	5,475	336	11,954,551	
Feb-11	911	0	139.40	28	0	5,470	304	10,490,110	
Mar-11	781	0	139.77	31	1	5,466	368	10,345,160	
Apr-11	398	0	140.14	30	1	5,461	320	8,598,815	
May-11	270	-1	140.51	31	1	5,456	336	8,399,092	
Jun-11	80	29	140.88	30	0	5,451	352	8,358,534	
Jul-11	22	91	141.25	31	0	5,447	320	9,353,788	
Aug-11	38	45	141.62	31	0	5,442	352	8,730,170	
Sep-11	111	21	141.99	30	1	5,437	336	7,848,389	
Oct-11	383	0	142.36	31	1	5,432	320	8,865,479	
Nov-11	593	0	142.74	30	1	5,428	352	9,379,353	
Dec-11	1008	0	143.11	31	0	5,423	336	11,772,171	
								114,095,612	20 Year Trend

Kenora Hydro Weather Normal Load Forecast for 2011 Rate Application
Updated for CDM Tagets

	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Weather Normal	2011 Weather Normal
Actual kWh Purchases	114,266,356	113,286,087	115,072,347	113,840,351	116,260,451	115,525,373	112,986,368		
Predicted kWh Purchases	114,356,066	113,452,528	113,817,591	114,295,779	116,347,408	115,775,323	113,135,565	113,270,735	113,784,070
% Difference	0.1%	0.1%	-1.1%	0.4%	0.1%	0.2%	0.1%		
Billed kWh	108,586,914	106,636,936	108,163,750	109,125,457	111,276,423	110,421,190	108,849,700	108,600,896	107,843,068
By Class									
Residential									
Customers	5,051	5,011	4,989	5,029	5,012	4,781	4,783	4,728	4,674
kWh	41,100,045	40,452,663	40,542,811	39,159,512	39,142,088	39,338,336	39,909,017	39,135,578	38,188,928
GS<50									
Customers	803	794	797	782	794	732	713	708	703
kWh	27,617,039	26,357,730	29,046,734	26,837,296	26,504,159	24,007,759	23,638,260	23,046,528	22,359,418
GS>50									
Customers	63	61	60	61	66	66	70	72	75
kWh	38,337,302	37,978,906	36,630,187	41,350,694	43,467,433	45,059,368	43,454,274	44,508,715	45,342,066
kW	102,697	97,303	97,384	106,089	108,299	113,852	108,940	114,389	116,530
SLR									
Customers	550	550	550	550	550	550	550	550	550
kWh	1,336,336	1,666,347	1,733,816	1,563,143	1,947,932	1,857,398	1,690,689	1,758,282	1,807,975
kW	5,244	5,256	5,292	5,292	5,292	5,292	5,292	5,579	5,737
USL									
Customers	23	23	25	28	28	28	28	29	30
kWh	196,192	181,290	210,202	214,812	214,812	158,330	157,460	151,793	144,681
Total									
Customer/Connections	6,490	6,439	6,421	6,450	6,450	6,157	6,144	6,087	6,031
kWh	108,586,914	106,636,936	108,163,750	109,125,457	111,276,423	110,421,190	108,849,700	108,600,896	107,843,068
kW from applicable classes	107,941	102,559	102,676	111,381	113,591	119,144	114,232	119,968	122,267
Totals From Other Sheets	6,490	6,439	6,421	6,450	6,450	6,157	6,144	6,087	6,031
	108,586,914	106,636,936	108,163,750	109,125,457	111,276,423	110,421,190	108,849,700	108,600,896	107,843,068
	107,941	102,559	102,676	111,381	113,591	119,144	114,232	119,968	122,267
Check Total	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
1	0	0	0	0	0	0	0	0	0

SUMMARY OF OTHER OPERATING REVENUE:

This Tab provides detail of Kenora Hydro's other distribution revenue. The table below provides a summary of each year of information that is detailed in Schedule 1 of this Tab, the breakdown of each of the other distribution revenue accounts.

Table 21
Other Distribution Revenue

Ex 3- Table 21 - Other Distribution revenue

Other Distribution Revenues	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Specific Service Charges	73,608	38,232	37,393	36,650	37,040	37,000	37,000
Late Payment Charges	22,142	23,524	30,609	31,710	42,618	43,000	43,000
Other Distribution Revenues	130,446	124,147	110,598	112,040	116,333	159,790	161,040
Other Income and Expenses	141,393	123,757	169,313	146,012	109,021	78,375	112,166
Total	**367,589**	**309,660**	**347,913**	**326,412**	**305,011**	**318,165**	**353,206**

A variance analysis is provided at Schedule 2 of this Tab.

Table 22
Other Operating Income

Ex 3 - Table 22 - Other Operating Income

Uniform System of Account #	Description	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
4235	Specific Service Charges	73,607	38,232	37,393	36,650	37,040	37,000	37,000
4225	Late Payment Charges	22,142	23,524	30,609	31,710	42,618	43,000	43,000
4082	Retail Services Revenues	22,417		2,757	2,803	7,863	8,000	8,000
4084	Service Transaction Requests (STR) Revenues	(10)		97	78	316	500	500
4205	Interdepartmental Rents							
4210	Rental from Electric Property	108,039	108,303	107,744	108,895	108,040	108,040	108,040
4215	Other Utility Operating Income		15,844		265	115	250	250
4220	Other Electric Revenues						43,000	44,250
4240	Provision of Rate Refunds							
4245	Government Assistance Directly Credited to Income							
4305	Regulatory Debits							
4310	Regulatory Credits							
4315	Revenues from Electric Plant Leased to Others							
4320	Expenses of Electric Plant Leased to Others							
4325	Revenues from Merchandise, Jobbing, Etc.	84,566	107,971	112,849	134,945	83,886	115,000	115,000
4330	Costs and Expenses of Merchandising, Jobbing, Etc.	(86,818)	(74,778)	(104,815)	(95,839)	(80,742)	(95,250)	(98,950)
4335	Profits and Losses from Financial Instrument Hedge							
4340	Profits and Losses from Financial Instrument invest.							
4345	Gains from Disposition of Future Use Utility Plant							
4350	Losses from Disposition of Future Use Utility Plant							
4355	Gain on Disposition of Utility and Other Property			1,800		21,500	0	20,000
4360	Loss on Disposition of Utility and Other Property							
4365	Gains from Disposition of Allowances for Emission							
4370	Losses from Disposition of Allowances for Emission							
4375	Revenues from Non-Utility Operations			61,563	50,900	80,369	60,000	78,165
4380	Expenses of Non-Utility Operations			(12,413)	(29,065)	(35,700)	(14,000)	(14,000)
4385	Non-Utility Rental Income							
4390	Miscellaneous Non-Operating Income	72,919	131	3,287	15,701	415	500	500
4395	Rate-Payer Benefit Including Interest							
4398	Foreign Exchange Gains and Losses, Including Amort							
4405	Interest and Dividend Income	70,727	90,434	107,042	69,369	39,293	12,125	11,451
4415	Equity in Earnings of Subsidiary Companies							
	Total:	**367,589**	**309,660**	**347,913**	**326,412**	**305,011**	**318,165**	**353,206**
Specific Service Charges		73,607	38,232	37,393	36,650	37,040	37,000	37,000
Late Payment Charges		22,142	23,524	30,609	31,710	42,618	43,000	43,000
Other Distribution Revenues		130,446	124,147	110,598	112,040	116,333	159,790	161,040
Other Income and Expenses		141,394	123,757	169,313	146,012	109,021	78,375	112,166
	Total:	**367,589**	**309,660**	**347,913**	**326,412**	**305,011**	**318,165**	**353,206**

VARIANCE ANALYSIS ON OTHER OPERATING REVENUE:

Preamble:

Kenora Hydro's 2011 Base Revenue Requirement is $2,850,945 therefore the Materiality threshold used to analyze Other Operating Revenue in accordance with the Filing Requirements is $50,000 for distributors with a distribution revenue requirement less than or equal to $10 million. The following variances exceed the materiality threshold.

2006 Board Approved Comparison to 2006 Actual:

Kenora Hydro's 2006 Board Approved other operating revenue was forecast to be $367,578 as shown in Exhibit 3, Tab 3, Table 22. This amount does not include the revenues and expenses in accounts 4375 and 4380 as per the 2006 EDR Rate handbook. Kenora Hydro's other operating revenue in fiscal 2006 was $309,660 as shown in Exhibit 3, Tab 3, Table 22. The variance from the 2006 Board-Approved was $(57,929) primarily resulting from:

- the decrease in specific service charges $(35,375)
- increase of $1,382 in late payment charges
- the decrease of $(22,407) in retail services revenues and STR revenue
- increase of $264 in rental from electrical property
- account 4215 increase of $15,844 in 2006
- accounts 4325 & 4330 was $2,252 in Board Approved, 2006 actual was $(33,193)
- in the 2006 Board Approved account 4390, $72,919 was accumulated through adjustments within the EDR Model, specifically, in 2-4 Adjusted Accounting Data, $41,483 for 2004 pole rental revenue was moved from account 4210, and $31,436 for 2004 water meter reading revenue from account 4215 was moved to account 4390. This created a variance of $(72,789) in 2006 actuals for account 4390.
- interest and dividend income was $19,707 higher in 2006 than the Board Approved.

It should be noted that in the 2006 actuals, water reading revenue was recorded to account 4215. From 2007 forward, the water meter reading revenue was recorded in account 4375. From 2006 forward, pole rental revenue is recorded in account 4210.

2007 Actual Comparison to 2006 Actual:

Kenora Hydro's other operating revenue in fiscal 2007 was $347,913, as shown in Exhibit 3, Tab 3, Schedule 1. The variance was $38,253, which is not material. Account 4375 captures revenue from CDM activities, namely the OPA funding, incentives and Community Initiative revenues. The associated expenses are recorded in account 4380. This is a new source of funding for the LDC, beginning in 2007. This is anticipated to continue through the Test Year.

2008 Actual Comparison to 2007 Actual:

Kenora Hydro's 2008 other operating revenue is $326,497, as shown in Exhibit 3, Tab 3, Schedule 1. The variance from 2007 was a drop of $(21,416), which is not material. The decrease was largely due to the decrease in interest rates for interest earned in our bank account and GIC.

2009 Actual Comparison to 2008 Actual:

Kenora Hydro's 2009 other operating revenue is $305,011, as shown in Exhibit 3, Tab 3, Schedule 1. The variance from 2008 was a drop of $(21,416), which is not material. The decrease was largely due to the decrease in interest rates for interest earned in our bank account and our prudential deposit - GIC.

2010 Bridge Year Comparison to 2009 Actual:

As shown in Exhibit 3, Tab 3, Schedule 1, total other operating revenue is forecasted at $318,165. The amount forecasted is $(13,154) lower than the 2009 actual other operating revenue. The decrease was largely due to the decrease in interest rates for interest earned in our bank account and GIC.

2011 Test Year Comparison to 2010 Bridge Year:

Kenora Hydro's other operating revenue is forecast to be $353,206 as shown in Exhibit 3, Tab 3, Schedule 1. The amount forecasted forecast for 2011 is $35,041 higher than the 2010 Bridge Year, primarily due to $20,000 gain on the sale of the single bucket truck, which is scheduled for replacement in 2011.

For purposes of the 2011 forward test year, we have considered the net revenue from streetlight maintenance as forming part of the revenue offsets to our Revenue Requirement. Revenues of $75,000 and streetlight maintenance expenses $(69,000) are included as offsets in account s4325 and 4330 in the revenue requirement model. Kenora Hydro will include this net revenue as a revenue offset until it is determined if the LDC can continue with the streetlight maintenance contract.

Table 23 below indicates the amount of interest that will be received on our GIC investment at the rate on the documents and our bank account interest expected calculated on our expected average bank balance calculated at 0.7%, and the GIC interest at 0.4%.

Table 23
Interest and Dividend Income

Ex 3 - Table 23 - Interest and Dividend Income

4405 - Interest & Dividend Income	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Bank Depost Interest	60,407	77,175	49,104	7,079	2,170	806
GIC Interest (Prudential)	27,432	29,510	20,179	9,447	2,455	3,145
Miscellanous Interest	197	358	86			
Variance Account Carrying Charges	2,398			22,768	7,500	7,500
Total:	**90,434**	**107,042**	**69,369**	**39,293**	**12,125**	**11,451**

MANAGERS SUMMARY

OVERVIEW OF OPERATING COSTS:

Operating Costs:

The operating costs presented in this Exhibit represent the annual expenditures required to sustain Kenora Hydro's distribution operations. Kenora Hydro follows the OEB's Accounting Procedures Handbook (the "APH") in distinguishing work performed between operations and maintenance. A summary of Kenora Hydro's operating costs for the 2006 Board Approved, 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year and the 2011 Test Year including the determination of the variance amount for analysis, in accordance with the Filing Requirements, is provided in Table 1 below.

Table 1
Operating Costs

Ex 4 - Table 1 - Summary of Costs

Description	2006 Board Approved	2006 Actual	Variance From Board Approved	Variance % Change	2007 Actual	Variance From 2006 Actual	Variance % Change	2008 Actual	Variance From 2007 Actual	Variance % Change	2009 Actual	Variance From 2008 Actual	Variance % Change	2010 Bridge	Variance From 2009 Actual	Variance % Change	2011 Test	Variance From 2010 Actual	Variance % Change
Operation	117,762	**119,291**	1,529	1.3%	**132,133**	12,843	10.8%	**139,373**	7,240	5.5%	**172,747**	33,374	23.9%	**172,173**	(575)	-0.3%	**198,090**	25,917	15.1%
Maintenance	427,306	**269,662**	(157,644)	-36.9%	**245,439**	(24,223)	-9.0%	**303,518**	58,079	23.7%	**373,025**	69,507	22.9%	**365,813**	(7,212)	-1.9%	**400,649**	34,836	9.5%
Billing & Collecting	375,827	**354,924**	(20,903)	-5.6%	**387,712**	32,789	9.2%	**411,372**	23,660	6.1%	**490,429**	79,057	19.2%	**560,760**	70,331	14.3%	**576,943**	16,183	2.9%
Community Relations	1,370	**972**	(398)	-29.0%	**4,432**	3,460	355.8%	**98,291**	93,858	2117.5%	**2,261**	(96,030)	-97.7%	**0**	(2,261)	-100.0%	**0**	0	0.0%
Admin & General	505,186	**546,553**	41,367	8.2%	**629,871**	83,318	15.2%	**693,949**	64,078	10.2%	**675,624**	(18,325)	-2.6%	**714,711**	39,088	5.8%	**900,363**	185,652	26.0%
Total OM&A	1,427,451	**1,291,402**	(136,049)	-9.5%	**1,399,588**	108,186	8.4%	**1,646,503**	246,915	17.6%	**1,714,086**	67,583	4.1%	**1,813,457**	99,371	5.8%	**2,076,045**	262,588	14.5%
Inflation Rate		**1.8%**			**1.8%**			**2.3%**			**0.4%**			**2.0%**			**2.0%**		

Required OM&A Comparison	%
2011 versus 2009 Actuals	21.1%
2011 versus 2006 Board Approved	45.4%
Simple Average for all Actual Years	10.0%
Compound annual growth rate Actual Years	7.3%

Detailed information with respect to OM&A costs and variances, arranged by USoA account, is provided at Exhibit 4, Tab 2, Table 4.

The variance used to determine the OM&A accounts requiring analysis has been prescribed by the Filing Requirements as $50,000 (distributors with a distribution revenue requirement of less than or equal to $10 million). Kenora Hydro will describe variances that are below this materiality threshold in the OM&A accounts.

OM&A Costs:

OM&A costs in this Exhibit represent Kenora Hydro's integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives; to comply with the Distribution System Code, environmental requirements and government direction; and to maintain distribution business service quality and reliability at targeted performance levels. OM&A costs also include providing services to customers connected to Kenora Hydro's distribution system, and meeting the requirements of the OEB's Standard Supply Service Code and Retail Settlement Code.

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 appropriate, cost effective solutions are put in place.

Kenora Hydro is proposing recovery of 2011 Test Year OM&A costs, excluding amortization and excluding PILs and Interest, totaling $ 2,076,045 .

OM&A Budgeting Process Used by Kenora Hydro:

The operating budget is prepared annually by management and is reviewed and approved by the Board of Directors. The budget is prepared before the start of each fiscal year. Once approved, it does not change, but provides a plan against which actual results may be evaluated.

The operating budget is a component of the overall budget process described in Exhibit 1, Tab 2, Schedule 2.

Operating Work Plans:

The Superintendent provides input for the preparation of the operating and maintenance section of the budget, the Manager of Finance and Regulatory Affairs incorporates this input into the draft budget. The following directives are provided to the Manager and Superintendent:

- Outside expenses for all department budgets are built using previous year actual, current year forecast as a base;
- Significant variances in spending from prior years must be explained;
- Accounting prepares a total labor budget using projected wage and benefit cost. Overtime and account distribution are based on previous years actual

Income Tax, Large Corporation Tax and Ontario Capital Taxes:

Kenora Hydro is subject to the payment of PILs under Section 93 of the *Electricity Act*, *1998*, as amended. The Applicant does not pay Section 89 proxy taxes, and is exempt from the payment of income and capital taxes under the *Income Tax Act (Canada)* and the Ontario *Corporations Tax Act*. Table 2 below provides a summary of 2006 OEB Approved, 2006, 2007, 2008 and 2009 income taxes included in audited statements, 2010 Bridge Year estimate using current rates, and 2011 Test Year income taxes based on revised rates. A copy of the 2009 Federal T2 and Ontario C23 tax return has been provided in Exhibit 4, Tab 3, Appendix A.

The following table provides a summary of the income tax expense per audited financial statements from 2006 through 2009, with no PIL’s projected in 2010 as there is a projected net loss for the year.

Table 2
Summary of Income Taxes

Ex 4 - Table 2 - Summary of Income Taxes

Description	2006 Board Approved	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Income Taxes			6,517	2,808	2,269	0	20,812
Large Corporation Tax		3,537	4,686		0	0	0
Ontario Capital Tax	1,917	4,024			0	0	0
Total Taxes	**1,917**	**7,561**	**11,203**	**2,808**	**2,269**	**0**	**20,812**

OM&A COSTS:

OPERATIONS & MAINTENANCE:

The expenses for this department include all costs relating to the operation (5000-5095) and maintenance (5105-5195) of the Kenora Hydro electrical system. This includes both direct labor costs and non-capital material spending to support both scheduled and reactive maintenance events. Kenora Hydro's maintenance strategy is, to the extent possible, to minimize reactive and emergency-type work through an effective planned maintenance program (including predictive and preventative actions). Looking forward, the integration of the asset management plan currently under development will identify areas of concern that will be addressed in the planned maintenance program.

Kenora Hydro's customer responsiveness and system reliability are monitored to ensure that its maintenance strategy is effective. This effort is coordinated with Kenora Hydro's capital project work, so that where maintenance programs have identified matters the correction of which require capital investments, Kenora Hydro may adjust its capital spending priorities to address those matters as they arise.

Predictive Maintenance:

Predictive maintenance activities include continuous substation transformer gassing and oil analysis, and planned visual inspections of all distribution assets. In 2009, Calisto Gas monitors were installed on each of the power transformers within the substation. These monitors will track and identify the gas levels of each transformer on a real-time basis. Any identified concerns are prioritized and will be addressed within a suitable time frame.

Preventative Maintenance:

Preventative maintenance activities include inspection, servicing and repair of network components. This includes overhead and pad-mounted load break switch maintenance.

Included are regular inspection and repair of substation components and ancillary equipment. Work is prioritized and performed based on available staff and working conditions.

Emergency Maintenance:

This item includes unexpected system repairs to the electrical system that must be addressed immediately. The costs include those related to repairs caused by storm damage, emergency tree trimming and on-call premiums. The ultimate objective is to reduce this emergency maintenance. An answering service company has been contracted to contact "on call" lineperson and/or supervisory staff in the event of service problems outside of normal business hours.

Service Work:

The majority of costs related to this work pertain to service upgrades requested by customers, and requests to provide safety coverage for work (overhead line cover ups). This includes service disconnections and reconnections by Kenora Hydro for all service classes; assisting pre-approved contractors; the making of final connections after Electrical Safety Authority ("ESA") inspection for service upgrades; and changes of service locations.

Network Control Operations:

In 2010 and 2011, Kenora Hydro is committing capital dollars to install a Supervisory Control and Data Acquisition ("SCADA") system to allow real-time monitoring and control over the substation, and to allow for remote feeder switching through new electronic reclosures. These reclosures will also allow us to meet IESO under-frequency load shedding code requirements.

Metering:

Kenora Hydro has one full time staff in the metering department. The department is responsible for the installation, testing, and commissioning of new and existing simple and complex meters, including three phase and smart meters. Testing of complex metering installations ensures the accuracy of the installation and verifies meter multipliers for billing purposes. This person also assists with some monthly meter readings, and non-routine meter read verification, as well as record keeping for the department.

Revenue Protection is another key activity performed by Metering, by proactively investigating potential diversion and theft of power, or investigating possible malfunctioning meters, as identified through the billing department's analysis of monthly meter reads and consumption.

Substation Services:

Substation services activities address the maintenance of all equipment at Kenora Hydro's substation. This includes both labor costs and non-capital material spending to support both scheduled and emergency maintenance events. As with the maintenance activities, Kenora Hydro's substation maintenance strategy focuses on minimizing, to the extent possible, emergency-type work by improving the effectiveness of Kenora Hydro's planned maintenance program (including predictive and preventative actions) for its substation. These activities are critical as major issues with the substation could result in extended outages, city-wide or involving large portions of the customer base.

Proposed Engineering Staff:

In late 2010, Kenora Hydro will hire an Engineer as Manager of Conservation & Demand Management. This person will be responsible for keeping asset related data up to date on the Geographic Information System ("GIS"), including the ongoing review and adjustment of the asset management plans, monitoring the Supervisory Control and Data Acquisition

(SCADA), developing and rolling out programs for CDM, ensuring compliance with current regulation as directed by outside regulators, perform any technical sign-offs as required, as well as assisting other Managers with day-to-day planning, operations and budgeting. The manager will monitor and maintain the GIS system for asset management activities, troubleshooting system problems, delivering underground utility locating services for excavating contractors and for design and construction activities including new capital projects and customer connections. The manager will also manage the SCADA system, deliver drafting services to staff for capital projects and provide distribution system asset information within Kenora Hydro, including managing the impact of the GEA on our distribution system. It is also intended that this staff member will take on the responsibilities of CDM planning, administration and promotion, with the goal of meeting regulated conservation targets. Currently, administration of the basic OPA programs is contracted out to Thunder Bay Hydro. It is evident that with the magnitude of the required consumption and demand reductions mandated to Kenora Hydro, Thunder Bay Hydro will not be able to prove the level of service we will require to remain compliant with those CDM targets, making it necessary to have a staff member responsible for developing strategies and programs toward meeting those conservation targets. As the current full time staff does not have time to dedicate to required time to these conservation efforts, this new position is a seen as a necessity, and has been given Kenora Hydro Board approval. It is proposed that this new staff person will track their time as either direct labour charged to account 5085, to specific capital projects, and/or to conservation and demand management program expenses, which are assumed to be covered by OPA funding for CDM programs.

STORES/WAREHOUSE:

The stores area is accountable for managing the procurement, control, and movement of materials within Kenora Hydro's service centre. This would include monitoring inventory levels, issuing material receipts, material issues, and material returns as required.

Linesmen, the superintendant and the receptionist all share duties of maintaining the stores. There is no allocation of any overhead, burden or wage to the inventory value.

GARAGE/TRANSPORTATION FLEET:

Vehicle costs are allocated to operations, maintenance, capital and Third Party receivable accounts based on number of hours used. A standard cost recovery cost/hr is set for each vehicle within the fleet.

CUSTOMER SERVICE:

The Customer Service function, including cashiering, account set up, and collections, is contracted out to the City of Kenora. The costs associated with the Customer Service department are recorded into accounts 5315 and 5630. Active overdue accounts are collected by City staff through notices, letters and direct telephone contact. Final bill collections are turned over to a collection agency after collection methods are exhausted.

Meter Reading:

Meter reading services are provided by one full time employee of Kenora Hydro. The reader reads all accounts every month. Once smart meters are fully functional, this position will be eliminated. The resulting operation cost savings have been taken into account in this application.

Billing:

Kenora Hydro has one full time staff performing monthly billing, and issues approximately 67,000 invoices annually to customers. An annual billing schedule is created based on a tightly regulated meter reading schedule to ensure the routine, timely billing of services. The billing functions include EBT and retailer settlement functions for approximately 900 retailer accounts; account adjustments; processing meter changes; verification of system generated estimates and other various account related field service orders. Kenora Hydro offers customers a number of payment options including an equal payment plan and a preauthorized payment plan.

Collections:

Collections is a contracted service provided by the City of Kenora staff. The City's services are charged to Kenora Hydro on a cost-recovery basis, without markup. Collections involve a combination of activities, including the collection of overdue active accounts, security deposits and final bills for service termination. Credit risk is a concern for Kenora Hydro with 2011 bad debts forecast at $16,000. In an effort to minimize losses, the City of Kenora, acting on behalf of Kenora Hydro, enforces a prudent credit policy in accordance with the Distribution System Code.

General Information:

Since LDCs are the primary link between the customer and the industry, Kenora Hydro has an important role to play in educating the public about electricity safety and energy conservation. Kenora Hydro continues to participate with the OPA in administering programs directed at energy conservation. Along with multiple bill stuffers and conservation messages on the bills, customers have an assortment of current conservation information available at City Hall, the Hydro operations centre, and on-line with direct links through our website. It has not been possible over the past several years to invest any substantial amounts into customer awareness and education, as the budget, resourcing and expertise has not been available to accommodate any educational programs. The Third Tranche spending on CDM programs, which ended in 2008, was the last significant advertising and local programming administered by Kenora Hydro.

ADMINISTRATIVE AND GENERAL EXPENSES:

Administrative and general expenses include expenses incurred in connection with the general administration of the utility's operations. Within Kenora Hydro, the following functional areas are considered to be part of general administration and, as such, all expenses incurred within these functional areas are accounted for as administrative and general expenses:

- Executive Management (5605 and 5610);
- Superintendent, Finance & Regulatory, and Administrative Services (5615);

Executive Salaries and Expenses: 5605

The Board of Directors is responsible for all aspects of the Kenora Hydro. Their annual stipend is the only expense to this account.

Management Salaries and Expenses: 5610

The President's wage and benefits are expensed to this account.

Administrative & General Expenses: 5615

Financial & Regulatory:

The Finance department is responsible for the preparation of statutory, management and Board of Directors financial reporting in accordance with current accounting policies; all daily accounting functions, including, accounts receivable, and general accounting; treasury functions including cash management, risk management, accounting updates to the GL, internal control processes, preparation of budgets, preparation of year end working papers and draft financial statements, year-end audit support, and supporting tax compliance. The department is also responsible for all regulatory reporting and compliance with applicable codes and legislation governing Kenora Hydro. Expenses in account 5615 include compensation associated with the staff of this department.

Administrative Services:

This employee acts as receptionist, primary stores keeper, administrative assistant and helps with accounts payable, sundry accounts receivable and inventory/supplies purchasing.

Superintendent:

Account 5416 also includes the salary and benefits of the Superintendent.

Outside Service Employed: 5630

Outside Services Employed include, but are not limited to, consulting and professional fees of accountants and auditors, legal services and other professional consultants as required.

Employee Post-Retirement Benefits: 5645

Employee Post-Retirement Benefits include annual accruals for post-retirement benefits for Kenora Hydro employees in accordance with company policy and as provided in the collective bargaining agreement between Kenora Hydro and its union. The annual expense and liability are determined in accordance with Section 3461 of the CICA Handbook and supported by an actuarial valuation which is completed every three years.

Regulatory Expenses: 5655

Regulatory Expenses include those expenses incurred in connection with Decisions and Orders on Cost Awards for hearings, proceedings, technical sessions, and other matters before the OEB or other regulatory bodies, including annual assessment fees paid to a regulatory body. Annual fees assessed by the OEB are included in this expenditure category. Expenses under Electrical Safety Authority ("ESA") fees include all annual charges from the ESA. The costs associated with this Application have been included in this account, starting in 2011, to be recovered over a period of four years.

Miscellaneous General Expense: 5665

Small sundry purchases are posted to this account. The account is used for purchasing supplies and other small non-routine purchases.

OPERATING COSTS BY OEB ACCOUNT:

The following table provides accounts from 2006 Actual, 2007, 2008, 2009 Actual, 2010 Bridge and 2011 Test Year. Variance analysis for Test Year over 2006 and 2009 is presented later in this Exhibit.

Table 3 - Operating Costs

Ex 4 - Table 3 - Operating Costs by OEB

OEB No	OEB Account Name	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
	Distribution Expenses - Operation						
5005	Operation Supervision and Engineering						
5010	Load Dispatching						
5012	Station Buildings and Fixtures Expense						
5014	Transformer Station Equipment - Operation Labour	92	725	2,261	5,501	6,000	8,000
5015	Transf Stn Equipment - Operation Supplies & Exp		1,742				
5016	Distribution Station Equipment - Operation Labour						
5017	Dist Station Equipment - Op Supplies & Expenses						
5020	O/H Dist Lines and Feeders - Op Labour	33,165	35,784	39,394	57,144	58,083	65,000
5025	O/H Dist Lines & Feed - Op Supplies & Expenses	18,503	22,191	14,707	26,520	24,000	27,000
5030	Overhead Subtransmission Feeders - Operation	115					
5035	Overhead Distribution Transformers - Operation	6,786	5,573	10,142	25,602	23,740	29,530
5040	UG Dist Lines and Feeders - Operation Labour	6,609	3,559	8,105	6,050	6,500	8,500
5045	U/G Dist Lines & Feed - Op Supplies & Expenses						
5050	Underground Subtransmission Feeders - Operation						
5055	Underground Distribution Transformers - Operation			1,125			
5060	Street Lighting and Signal System Expense						
5065	Meter Expense	43,914	55,272	53,907	31,218	33,500	37,590
5070	Customer Premises - Operation Labour						
5075	Customer Premises - Materials and Expenses	2,400	2,400	2,400	3,543	3,500	3,570
5085	Miscellaneous Distribution Expense	7,707	4,887	7,331	17,169	16,850	18,900
5090	U/G Distribution Lines and Feeders - Rental Pd						
5095	O/h Distribution Lines and Feeders - Rental Pd						
5096	Other Rent						
	Distribution Expenses - Maintenance						
5105	Maintenance Supervision and Engineering						
5110	Maintenance of Structures						
5112	Maintenance of Transformer Station Equipment			22,003	2,611	5,000	5,000
5114	Mtaint Dist Stn Equip						
5120	Maintenance of Poles, Towers and Fixtures	9,064	6,170	11,210	10,335	13,563	17,000
5125	Maintenance of Overhead Conductors and Devices	171,262	159,850	160,951	195,937	227,000	243,600
5130	Maintenance of Overhead Services						
5135	O/H Dist Lines and Feeders - Right of Way	85,781	75,684	102,732	81,313	72,000	80,909
5145	Maintenance of Underground Conduit				210		
5150	Maintenance of U/g Conductors and Devices	1,070	3,736	6,047	5,157	6,750	8,040
5155	Maintenance of Underground Services	811					
5160	Maintenance of Line Transformers	1,674		576	65,023	41,500	46,100
5165	Maintenance of Street Lighting & Signal Systems						
5170	Sentinel Lights - Labour						
5172	Sentinel Lights - Materials and Expenses						
5175	Maintenance of Meters				12,440		
5178	Customer Installations - Leased Property						
5195	Maint of Other Installations on Customer Premises						

Table 3 - Operating Costs

Ex 4 - Table 3 - Operating Costs by OEB

OEB No	OEB Account Name	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
	Other Expenses						
5205	Purchase of Transmission and System Services						
5210	Transmission Charges						
5215	Transmission Charges Recovered						
	Billing and Collecting						
5305	Supervision						
5310	Meter Reading Expense	103,838	98,366	129,954	134,592	141,945	146,843
5315	Customer Billing	252,330	284,817	275,234	340,099	402,815	413,399
5320	Collecting						
5325	Collecting - Cash Over and Short						
5330	Collection Charges						
5335	Bad Debt Expense	(1,244)	4,529	6,184	15,738	16,000	16,700
5340	Miscellaneous Customer Accounts Expenses						
	Community Relations						
5405	Supervision						
5410	Community Relations - Sundry						
5415	Energy Conservation		500	80,838	938		
5420	Community Safety Program						
5425	Misc Customer Service and Info Expenses						
	Sales Expenses						
5505	Supervision						
5510	Demonstrating and Selling Expense						
5515	Advertising Expense	972	3,932	17,453	1,323		
5520							
5605	Executive Salaries and Expenses	7,330	8,068	10,046	9,138	10,000	10,300
5610	Management Salaries and Expenses	117,794	136,902	145,839	151,050	137,000	139,740
5615	General Administrative Salaries and Expenses	84,436	229,924	249,802	248,857	368,051	406,362
5620	Office Supplies and Expenses	98,008	103,372	86,729	88,646	93,000	98,090
5625	Administrative Expense Transferred-Credit						
5630	Outside Services Employed	140,187	62,144	112,561	157,819	69,024	70,645
5635	Property Insurance	22,251	21,853	24,420	22,970	24,000	24,480
5640	Injuries and Damages			1,443			
5645	Employee Pensions and Benefits	19,289	36,752	7,096	9,786	11,136	12,206
5650	Franchise Requirements						
5655	Regulatory Expenses	6,670	12,681	14,954	15,737	16,500	91,830
5660	General Advertising Expenses				175		
5665	Miscellaneous Expenses	33,930	1,400	21,530	21,868	22,000	22,450
5670	Rent	499	499				
5675	Maintenance of General Plant	475	179	3,477	8,396	6,000	6,000
5680	Electrical Safety Authority Fees	3,016	3,698	3,369	4,139	5,000	5,000
5685	Independent Market Operator Fees and Penalties						
5695	OM&A Contra Account				(75,435)	(60,000)	0
6105	Taxes other than Income Taxes	12,668	12,397	12,684	12,478	13,000	13,260
Total O M & A		1,291,402	1,399,588	1,646,503	1,714,086	1,813,457	2,076,045

COST DRIVERS - OM&A COSTS:

A summary of total OM&A expenses (excluding depreciation) is presented below along with an analysis of the primary cost drivers. The opening balance in the 2006 Actual column is the Approved OM&A total from the 2006 EDR Model.

Table 4
Cost Driver Table

Ex 4 - Table 4 - OM&A Cost Drivers

OM&A Cost Drivers	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Opening Balance	1,440,347	1,291,402	1,399,588	1,646,503	1,714,086	1,813,457
OEB Reclassification	27,117	(3,705)	75,512	(93,390)	0	0
Payroll Changes	(43,639)	126,716	66,649	49,685	174,077	105,292
Change in Cost of Material/Supplies	(55,137)	20,115	60,324	51,706	(8,138)	70,680
Change in Cost of Outside Services	(77,286)	(34,940)	44,430	59,582	(66,568)	86,616
Total	1,291,402	1,399,588	1,646,503	1,714,086	1,813,457	2,076,045

2006 Cost Drivers

a) OEB reclassification $27,117

i. OEB cost assessments and OMERS expenses from May/06 to Dec/06 were reclassified to distribution operation and maintenance accounts and admin and general accounts from account 1508, resulting in a total increase of $44,217 in the 2006 actual in operation and maintenance accounts.

ii. Hydro One Meter exit rebates of $(17,100) were received and posted to account 5310.

b) Payroll Changes $(43,639)

i. 2006 rate filing included adjustment of $156,000 to payroll to allow for 2 apprentices. Only one was successfully hired by the year end. One additional apprentice wage for full year in 2006, an additional $44,000 over 2005 wages. Total variance was $(112,000).

ii. One apprentice hired in June 2004 would not have been reflected fully in the 2006 Board Approved amount. An increase of $36,000 over Approved.

iii. The Manager of Finance and Regulatory Affairs was hired in August 2006, plus annual salary increases for all staff would account for the remainder of the variance.

c) Change in cost of materials and supplies $(55,137)

i. There was reduced spending in accounts, no specific identifiable reduction in any one area noted.

d) Change in cost of outside services $(77,286)

i. In 2006, total allocated charges from the City of Kenora dropped by $(47,758) as the duties formerly performed by the Finance department at the City were transferred to the new Manager of Finance and Regulatory Affairs.

ii. Kenora Hydro required additional assistance for the load profile analysis. 2004 costs included an additional $15,808 in one-time outside services, resulting in a decrease of $(15,808) in 2006 actuals. The load profile analysis costs were recorded in account 5630.

iii. Account 5655 Regulatory Expenses in the 2006 Ram was $20,390. Actuals for 2006 were $6,670, a drop of $(13,720).

2007 Cost Drivers

OEB reclassification $(3,705)

i. Prior year had $44,217 of reclassification entries to correctly record May – Dec 2006 OMERS and OEB deferrals, creating a $(44,217) variance in 2007. Kenora Hydro's OEB cost assessment deferrals, which ended April 30, 2006, is now expensed in 2007, creating an increase of $5,400. OMERS increased $16,511 in 2007 as for the same reason. There were no deferrals of the OEB Cost Assessments or OMERS in 2007. Total impact of the OMERS and OEB account changes from 2006 to 2007 is a $(22,306) drop.

ii. The change in Meter Exit rebates for $17,100 was included as a contra to expenses in 5310 in 2006. This rebate was not present in 2007 creating a variance of $17,100.

iii. Increased CDM spending in 2007 accounted for the remaining $1,501 variance.

c) Payroll Changes $126,716

i. Full year wage for Manager of Finance & Regulatory Affairs, Superintendent's compensation posting to expense account 5615 in 2007

ii. Reduced level of clearing accounts charged to OM&A in 2007, down $(33,000).

iii. Remainder of difference due to annual compensation increases for all staff.

d) Change in cost of materials/supplies $20,115

i. Small variance, not material.

e) Change in cost of outside services $(34,490)

i. City allocated costs dropped in 2007 as a result of the transfer of Kenora Hydro accounting and finance work from City Finance to the Manager of Finance & Regulatory Affairs, creating the majority of this variance.

2008 Cost Drivers

a) OEB reclassification $75,512

i. Kenora Hydro completed the third tranche CDM program in 2008. The variance in account 5415 resulted as the spending was $75,512 greater than the prior year.

b) Payroll Changes $66,649

i. Kenora Hydro hired an apprentice lineman late 2007 and it has added an additional $40,000 to the operating expenses of 2008.

ii. The remainder of the variance is created by increases in wages for some union and non-union employees, as well as annual increases for all.

c) Change in cost of materials/supplies $60,324

i. Various accounts show increased costs over 2007 of $123,583, of which $75,512 has contra amounts due to CDM spending. Actual increase in materials and supplies was $48,362.

ii. Equipment time charged to these accounts during the year was up $11,962 over 2007. Equipment time and spending naturally follows the materials and supplies spending for the year.

d) Change in cost of outside services $44,430

i. Kenora Hydro engaged a consultant to update the GIS system with current inventory of field assets and asset condition. This increased 2008 costs by $51,859.

ii. Legal fees dropped by $(10,389). 2007 had legal costs for $10,556 for one-time legal research on two separate issues.

iii. Customer billing, other contracted services, audit and City billings increased in total by $2,960 from 2007 to 2008.

2009 Cost Drivers

a) OEB reclassification $(93,390)

i. CDM spending in 2008 was $93,390. No spending on CDM occurred in 2009, creating a $(93,390) variance.

b) Payroll Changes $49,685

i. One union person off 4 months in 2009 a drop in payroll of $(14,918).

ii. Two new union office staff increased payroll by $5,841.

iii. Clearing account allocations were up $45,435 over 2009 levels, primary allocator of clearing account allocations are payroll accounts.

iv. Union and management annual wage increases account for remainder of variance.

b) Change in cost of material/supplies $51,706

i. Necessary transformer testing in 2009 increased expenses in 5160 by $51,400. $306 change in other accounts.

c) Change in cost of outside services $59,582

i. The consultant hired late in 2008 completed the update of the GIS and the asset stock and condition testing, increasing account 5630 by $44,425 in 2009.

ii. Third party costs for billing services increased $7,383.

iii. Other legal, audit, regulatory expenses increased by $7,774 in total.

2010 Cost Drivers

a) Payroll Changes $174,077

i. One linesman off on LTD in August 2009 is not expected to return until August 2010, total drop of $(36,000) over 2009 compensation, expected drop in OM&A of approximately $(15,000) as his time would have been divided between capital and operating expenses.

ii. Full years wages for two new union office staff hired December 2009, included in OM&A.

iii. Kenora Hydro intends to hire a full time Engineer on staff in late 2010, additional costs in 2010.

iv. Increased responsibilities of one Manager and increase due to expected annual increases for both union and non-union staff account for the remainder.

b) Change in cost of materials and supplies $(8,138)

i. Decrease in expected spending on transformer testing in 2010, drop of $(25,000).

ii. Immaterial changes in various other materials and supplies accounts.

c) Change in cost of outside services $(66,568)

i. Other outside services is anticipated to decrease $(91,000) as there will be minimal further spending on the GIS in 2010.

ii. Anticipated increase in third party billing support $16,199.

2011 Cost Drivers

a) Payroll changes $105,292

i. The return of one linesman union staff late in 2010 will have a full years wage impact in 2011. Expected total of $62,790, with approximately $40,000 of this employees compensation to be expensed into these OM&A accounts.

ii. Engineer will be on staff for full year in 2011, expected $31,000 to be expensed with remainder of wage to be recovered through OPA programs or to variance accounts for GEA projects.

iii. The remainder of the increase is due to annual wage increases for union and management.

c) Change in cost of materials $70,680

i. Smart metering expenses of $60,000 are anticipated in 2011, with no expenses in the 2010 estimates (recorded to balance sheet variance account).

ii. No significant increases anticipated over 2010 spending levels in any given area, a general increase of 2% has been included to account for any price increases on materials.

d) Change is cost of outside services $86,616

i. $9,000 expected increase for third party billing support.

ii. The estimated costs of the Rate Application and the Asset Management Plan are included at $75,000 for ¼ of the total estimated costs of $300,000, spread out over a four year period.

iii. No other significant changes anticipated over 2010 levels.

VARIANCE ANALYSIS ON OM&A COSTS:

As mentioned above, the variance that triggers the required analysis is $50,000 according to the Filing Requirements ($50,000 for distributors with a distribution revenue requirement less than or equal to $10 million). Kenora Hydro has reviewed the variance of each OEB USoA account to determine where explanations are necessary. Table 5 below highlights the variance from the 2006 Actuals to the 2011 Test Year and the 2009 Actual to the 2011 Test year. Explanations of these variances are included in the synopsis below:

Table 5
Test Year Variance Analysis

Ex 4 - Table 5 - Test Year Variance Analysis

OEB No	OEB Account Name	2006 Actual	2011 Test	Variance from 2006 Board Approved	2009 Actual	2011 Test	Variance from 2009 Actual
	Distribution Expenses - Operation						
5005	Operation Supervision and Engineering						
5010	Load Dispatching						
5012	Station Buildings and Fixtures Expense						
5014	Transformer Station Equipment - Operation Labour	92	8,000	7,908	5,501	8,000	2,499
5015	Transf Stn Equipment - Operation Supplies & Exp						
5016	Distribution Station Equipment - Operation Labour						
5017	Dist Station Equipment - Op Supplies & Expenses						
5020	O/H Dist Lines and Feeders - Op Labour	33,165	65,000	31,835	57,144	65,000	7,856
5025	O/H Dist Lines and Feed - Op Supplies & Expenses	18,503	27,000	8,497	26,520	27,000	480
5030	Overhead Subtransmission Feeders - Operation	115		(115)			0
5035	Overhead Distribution Transformers - Operation	6,786	29,530	22,744	25,603	29,530	3,927
5040	UG Dist Lines and Feeders - Operation Labour	6,609	8,500	1,891	6,050	8,500	2,450
5045	U/G Dist Lines and Feed - Op Supplies & Expenses						
5050	Underground Subtransmission Feeders - Operation						
5055	Underground Distribution Transformers - Operation						
5060	Street Lighting and Signal System Expense						
5065	Meter Expense	43,914	37,590	(6,324)	31,218	37,590	6,372
5070	Customer Premises - Operation Labour						
5075	Customer Premises - Materials and Expenses	2,400	3,570	1,170	3,543	3,570	27
5085	Miscellaneous Distribution Expense	7,707	18,900	11,193	17,167	18,900	1,733
5090	U/G Distribution Lines and Feeders - Rental Paid						
5095	Overhead Distribution Lines and Feeders - Rental Paid						
5096	Other Rent						
	Subtotal	119,291	198,090	78,799	172,746	198,090	25,344
	Distribution Expenses - Maintenance						
5105	Maintenance Supervision and Engineering						
5110	Maintenance of Structures						
5112	Maintenance of Transformer Station Equipment						
5114	Mtaint Dist Stn Equip		5,000	5,000	2,611	5,000	2,389
5120	Maintenance of Poles, Towers and Fixtures	9,064	17,000	7,936	10,335	17,000	6,665
5125	Maintenance of Overhead Conductors and Devices	171,262	243,600	72,338	195,937	243,600	47,663
5130	Maintenance of Overhead Services						
5135	O/H Dist Lines and Feeders - Right of Way	85,781	80,909	(4,872)	81,313	80,909	(404)
5145	Maintenance of Underground Conduit		0		210		(210)
5150	Maintenance of Underground Conductors and Devices	1,070	8,040	6,970	5,157	8,040	2,883
5155	Maintenance of Underground Services	811		(811)			
5160	Maintenance of Line Transformers	1,674	46,100	44,426	65,023	46,100	(18,923)
5165	Maintenance of Street Lighting and Signal Systems						
5170	Sentinel Lights - Labour						
5172	Sentinel Lights - Materials and Expenses						
5175	Maintenance of Meters				12,440		(12,440)
5178	Customer Installations Expenses - Leased Property						
5195	Maint of Other Installations on Customer Premises						
	Subtotal	269,662	400,649	130,987	373,025	400,649	27,624

Ex 4 - Table 5 - Test Year Variance Analysis

OEB No	OEB Account Name	2006 Actual	2011 Test	Variance from 2006 Board Approved	2009 Actual	2011 Test	Variance from 2009 Actual
	Other Expenses						
5205	Purchase of Transmission and System Services						
5210	Transmission Charges						
5215	Transmission Charges Recovered						
	Subtotal	0	0	0	0	0	0
	Billing and Collecting						
5305	Supervision						
5310	Meter Reading Expense	103,838	146,843	43,006	134,592	146,843	12,251
5315	Customer Billing	252,330	413,399	161,070	340,099	413,399	73,301
5320	Collecting						
5325	Collecting - Cash Over and Short						
5330	Collection Charges						
5335	Bad Debt Expense	(1,244)	16,700	17,944	15,738	16,700	962
5340	Miscellaneous Customer Accounts Expenses						
	Subtotal	354,924	576,943	222,019	490,429	576,943	86,514
	Community Relations						
5405	Supervision						
5410	Community Relations - Sundry						
5415	Energy Conservation				938		(938)
5420	Community Safety Program						
5425	Misc Customer Service and Info Expenses						
	Subtotal	0	0	0	938	0	(938)
	Sales Expenses						
5505	Supervision						
5510	Demonstrating and Selling Expense						
5515	Advertising Expense	972		(972)	1,323		(1,323)
5520	Miscellaneous Sales Expense						
	Subtotal	972	0	(972)	1,323	0	(1,323)
	Administrative and General Expenses						
5605	Executive Salaries and Expenses	7,330	10,300	2,970	9,138	10,300	1,162
5610	Management Salaries and Expenses	117,794	139,740	21,946	151,050	139,740	(11,310)
5615	General Administrative Salaries and Expenses	84,436	406,362	321,926	248,857	406,362	157,505
5620	Office Supplies and Expenses	98,008	98,090	82	88,646	98,090	9,444
5625	Administrative Expense Transferred-Credit						
5630	Outside Services Employed	140,187	70,645	(69,542)	157,819	70,645	(87,174)
5635	Property Insurance	22,251	24,480	2,229	22,970	24,480	1,510
5640	Injuries and Damages						
5645	Employee Pensions and Benefits	19,289	12,206	(7,083)	9,786	12,206	2,421
5650	Franchise Requirements						
5655	Regulatory Expenses	6,670	91,830	85,160	15,737	91,830	76,093
5660	General Advertising Expenses				174		(174)
5665	Miscellaneous Expenses	33,930	22,450	(11,480)	21,868	22,450	582
5670	Rent	499	0	(499)			
5675	Maintenance of General Plant	475	6,000	5,525	8,396	6,000	(2,396)
5680	Electrical Safety Authority Fees	3,016	5,000	1,984	4,139	5,000	861
5685	Independent Market Operator Fees and Penalties						
5695	OM&A Contra Account	0	0	0	(75,435)	0	75,435
6105	Taxes other than Income Taxes	12,668	13,260	592	12,478	13,260	782
	Subtotal	546,553	900,363	353,810	675,624	900,363	224,739
Total Operating, Maintenance & Admin Expenses		**1,291,402**	**2,076,045**	**784,643**	**1,714,084**	**2,076,045**	**361,961**

2006 ACTUAL VERSUS 2011 TEST:

5125 – Maintenance of Overhead Conductors & Devices $72,338

- Activity in this account has been increasing annually since 2006, total expenses increased 20% from 2008 to 2009, and spending on O/H is not anticipated to decrease into 2011. There has been a concentrated effort in the past several years to replace old brown glass insulators which have been prone to failure. Wooden cross-arms are also being replaced as required. It is anticipated that the brown glass and cross-arm replacements will continue at this level into and beyond 2011.

5315 – Customer Billing $161,070

- The addition of the full time billing clerk will add to 2011 compensation over the 2006 levels for account 5315.

- 2006 allocated billing charges from the City of Kenora was $172,020. It is expected in 2011 allocated charges will be $239,799, an increase of $67,779. The billing clerk position moved to Kenora Hydro, however some billing functions (bill prints, folding, stuffing, mailing, customer service, cashiers, and management of those staff) will stay at the City, the budget has been adjusted for these factors.

- Expenses for Thunder Bay Hydro's services charged to this account in 2006 was $80,309. Expected to be $67,980, a drop of $(12,329) as our billing department has taken over some duties formerly charged out to us by Thunder Bay Hydro.

- Smart Meter billing expenses estimated in account 5315 in 2011 is $50,000, was nil in 2006.

5615 – General Administration Salaries and Expenses $321,926

This account includes general administration staff and labour.

- In 2006, there was compensation for only one staff posted into this account. By 2011, there will be four employee costs posing to this account, the Manager of Finance and Regulatory Affairs, the Superintendent, the Admin Assistant and the Assistant Accountant.

- This account also includes the compensation for the Superintendent in 2011. This amount was not in this account in 2006, but was allocated out based on payroll time posted into operations, maintenance and capital accounts. From 2007 through 2011, the superintendent's compensation has been posted to 5615.

- One full time finance assistant was hired in December 2009, and the compensation has also been included in the 2011 budget. There was no corresponding wage in 2006.

- It is expected that the Manager of CDM will be hired late in 2010, with a portion of the full year's wage for this person impacting this account in 2011.

These additions to this account create the variance from 2006 to 2011.

5630 – Outside Services ($69,542)

- The variance in this account primarily relates to the reduction in costs charged by the City of Kenora for the wages and benefits associated with the Regulatory Analyst and a portion of the Utility Accountant wages, who was formerly responsible for the accounting and regulatory functions of Kenora Hydro. With the elimination of the Utility Accounting position and a the half-time Regulatory Analyst position at the City, as well as the transfer of some additional accounting functions formerly done by other finance members at the City for Kenora Hydro, the total allocated costs for the finance and regulatory charges from the City was reduced from $103,288 in 2006 to an estimated $24,745 in 2011, a cost reduction of $(78,543).

- Legal fees have increased from $735 in 2006 to an estimated $7,140 in 2011, an increase of $6,405.

- Other outside services are also expected to increase from $11,314 in 2006 to $15,300 in 2011, $3,986 increase. Audit fees were $24,850 in 2006, expected to be $23,460 in 2011, decrease of $(1,390).

5655 – Regulatory Expenses $85,160

- The increase is due to the 2011 cost of service filing and the completion of an asset management plan, the costs of which have been smoothed over a four year period, resulting in an additional $75,000 expense for 2011.

- OEB cost assessments have increased by $10,160 from 2006 to 2011.

2009 ACTUAL VERSUS 2011 TEST:

5315 – Customer Billing $73,301

- The full time billing clerk was hired in December 2009, with minimal compensation in this account. For 2011, the full years compensation is expected.

- Allocated costs from the City were $219,116 in 2009, expected to be $239,799 in 2011, an increase of $20,083.

- Thunder Bay Hydro charged a total of $62,652 in 2009, and is expected to come in at $67,980 in 2011, an increase of $5,328.

- A one-time small settlement for an error in retailer billing settlement was $248 in 2009, a drop of $(248) in 2011.

- Smart meter expenses in 2009 were $54,067, expected to be $50,000 in 2011, a drop of $(4,067).

5615 – Admin & General $157,505

- In December 2009, the finance assistant was hired, impacting 2011 with a full year's compensation for this position.

- It is expected that the Manager of CDM will be on staff late in 2010, increasing 2011 expenses.

- Annual increases plus an additional increase for one staff due to increased responsibilities will increase this account, plus annual increases for the other staff posting to this account.

5630 – Outside Service Employed ($87,174)

- Audit fees have been estimated to increase by $860 from $22,600 in 2009 to $23,460 in 2011.

- Legal fees are expected to be $7,140 in 2011, up from 5,034 in 2006, a $2,106 increase.

- City allocated charges are expected to remain fairly stable, from $23,823 in 2006 up $922 to $24,745 in 2011.

- Other outside services in 2009 were a total of $106,362, which was spent on outside consultants to gather the information needed for the preliminary asset management plan. Information on pole and equipment location and condition was input into the GIS. This was a one-time project, expenses of this magnitude are not anticipated on outside services in the near future. There will be ongoing outside service support relating to the GIS, expected to be $15,300 in 2011, a drop of $(91,062) from 2009.

5655 – Regulatory Expenses $76,093

- The increase is due to the 2011 cost of service filing and the completion of an asset management plan, the costs of which have been smoothed over a four year period, resulting in an additional $75,000 expense for 2011.

- OEB cost assessments have been estimated to increase by $1,093 from $15,737 in 2009 to $16,830 in 2011.

5695 – Smart Meter - OM&A Contra $75,435

- In 2009, there were $75,435 of expenses relating to the smart meter project embedded in the OM&A accounts. The requirement to record these expenses in a balance sheet variance account creates the OM&A Contra account. The smart meter expenses expected in 2011 will become part of the ‘normal’ OM&A expenses, and there will be no contra entry in 2011, creating a variance of $75,435 from 2009 to 2011.

OM&A per Full Time Equivalent:

The table below sets out the OM&A cost per customer and Full Time equivalent employee**.**

Table 6
OM&A per FTEE

Ex 4 - Table 6 - OM&A Cost per Customer and FTEE

Description	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Number of Customers	5,872	5,872	5,579	5,566	5,508	5,451
Total OM&A	1,291,402	1,399,588	1,646,503	1,714,086	1,813,457	2,076,045
OM&A Cost per Customer	220	238	295	308	329	381
Number of FTEE	13	13	13	15	16	16
FTEE's/Customer	0.0022	0.0022	0.0023	0.0027	0.0029	0.0029
OM&A Cost per FTEE	99,339	107,661	126,654	114,272	113,341	129,753

OTHER SPECIFIC REQUIREMENTS:

One-Time Costs:

Kenora Hydro has included two significant and material one-time costs in this application. The projected costs of developing and completing the asset management plan (estimated at $150,000), and the costs of completing the 2011 COS rate application (estimated at $150,000) have been included and amortized over a four year term for the purposes of this application. $75,000 has been included in the 2011 expenses.

Regulatory Costs:

Regulatory costs as indicated in the variance analysis are presented in Table 7. Total regulatory costs for completing the 2011 rate application amounting to $150,000 have been considered over a four year period in the OM&A, starting in 2011. These costs are highlighted below:

Table 7
Regulatory Costs

Ex 4 - Table 7 - Regulatory Costs

Regulatory Cost Category	Ongoing / One-Time Cost	Last Rebasing Year	Last Year of Actuals	Bridge Year	% Change Bridge vs Last Year Actuals	Test Year Forecast	% Change Test Year vs Bridge Year
1. OEB Annual Assesment	Ongoing	12,148	13,497	14,940	11%	16,540	11%
2. OEB Hearing Assessments (application inititated)	Ongoing					38,000	
3. OEB Section 30 Costs (OEB intitiated)	Ongoing	480	638	750	18%	1,000	33%
4. Expert Witness Cost	One-Time					6,000	100%
5. Legal Costs for Regulatory Matters	Ongoing			3,000	100%	15,000	400%
6. Consultants Costs for Regulatory Matters	Ongoing		878	32,000	100%	55,000	72%
7. Operating Expense associated with staff Resources Allocated to Regulatory Matters	Ongoing		3,000	45,000	1400%	30,000	-33%
8. Operating Expenses associated with other resources	Ongoing						
Total Regulatory Costs Included in Rate Application						**150,000**	

Low-income Energy Assistance Programs (LEAP):

This application does not include any costs associated with LEAP.

Special Purpose Charges – GEA:

Kenora Hydro has not included any charges or recoveries, or impacts from the associated variance account created as a result of the Board letter dated April 23, 2010 with respect to the Special Purpose Charge.

Charitable Donations:

Kenora Hydro does not have a policy for making charitable donations. There have been no charitable donations made in the past, and none are anticipated or included in this rate application.

CHARGES TO AFFILIATES FOR SERVICES PROVIDED:

Introduction:

A summary of charges to affiliates for services provided in 2006 Actual and 2007 Actual, 2008 Actual, 2009 Actual, together with the projections for the 2010 Bridge Year and 2011 Test Year, are shown in the following Table 8.

Kenora Hydro currently performs water/sewer meter readings and billing functions for the City of Kenora. Kenora Hydro bills the City of Kenora by the number of water meters read monthly, based on an analysis of the actual staff and vehicle costs to Kenora Hydro for those services. Billing services are billed to the City of Kenora, compensation is based on annual water customer count billed, based and actual payroll costs to Kenora Hydro for the billing clerk.

In addition, Kenora Hydro also performs streetlight maintenance for the City of Kenora. For streetlight maintenance, actual cost including labour, labour burden, stores material, along with vehicle costs are charged and include a 20% profit mark up.

As a result of recent changes to the Affiliate Relationships Code, Kenora Hydro is reviewing its provision of services in respect of Street Light Maintenance.

There are no Board of Director related costs in any of the costs charged to/from the City.

Revenue from the above services are included Revenue Non Utility Operation (4375) is detailed in Exhibit 3, Tab 3.

The following table details the charges to and from the City, along with pricing and cost for services.

Table 8
Corporate Cost Allocation

Ex 4 - Table 8 - Cost Allocations

2006	Pricing Method	Price for Service	Cost for Service
Charged To City from Kenora Hydro			
Streetlight Maintenance	Cost plus 20%	61,446	55,533
Water Meter Reads	Cost Recovery	30,064	30,064
Charged to Kenora Hydro from City			
Finance, Billing & Collecting, Customer Services	Cost Recovery	275,308	275,308
Call Monitoring	Cost Recovery	2,400	2,400

2007	Pricing Method	Price for Service	Cost for Service
Charged To City from Kenora Hydro			
Streetlight Maintenance	Cost plus 20%	82,790	84,071
Water Meter Reads	Cost Recovery	31,078	31,078
Charged to Kenora Hydro from City			
Finance, Billing & Collecting, Customer Services	Cost Recovery	225,512	225,512
Call Monitoring	Cost Recovery	2,400	2,400

2008	Pricing Method	Price for Service	Cost for Service
Charged To City from Kenora Hydro			
Streetlight Maintenance	Cost plus 20%	81,053	72,871
Water Meter Reads	Cost Recovery	29,169	29,169
Charged to Kenora Hydro from City			
Finance, Billing & Collecting, Customer Services	Cost Recovery	237,124	237,124
Call Monitoring	Cost Recovery	2,400	2,400

2009	Pricing Method	Price for Service	Cost for Service
Charged To City from Kenora Hydro			
Streetlight Maintenance	Cost plus 20%	67,590	70,331
Water Meter Reads	Cost Recovery	31,368	31,368
Charged to Kenora Hydro from City			
Finance, Billing & Collecting, Customer Services	Cost Recovery	243,521	243,521

2010	Pricing Method	Price for Service	Cost for Service
Charged To City from Kenora Hydro			
Streetlight Maintenance	Cost plus 20%	75,000	70,050
Water Meter Reads	Cost Recovery	32,000	32,000
Billing and Accounting Services	Cost Recovery	43,000	43,000
Charged to Kenora Hydro from City			
Finance, Billing & Collecting, Customer Services	Cost Recovery	256,839	256,839

2011	Pricing Method	Price for Service	Cost for Service
Charged To City from Kenora Hydro			
Streetlight Maintenance	Cost plus 20%	75,000	73,750
Water Meter Reads	Cost Recovery	50,165	50,165
Billing and Accounting Services	Cost Recovery	44,250	44,250
Charged to Kenora Hydro from City			
Finance, Billing & Collecting, Customer Services	Cost Recovery	264,544	264,544

Purchase of Products and Services from Non-Affiliates:

Like other distributors, Kenora Hydro purchases many services and products from third parties. The two tables below illustrate Kenora Hydro's expenditures over $50,000 and cumulative expenditures over $50,000 on purchased products and services during 2009. It should be noted that a significant number of these large purchases are one-time, as they relate to smart metering activities, or the substation rebuild project.

Table 9
Vendor Purchases

Ex 4 - Table 9 - Single Vendor Purchases Over $50,000

Name	Activity	Priced By	Total
Magna Electric Corp.	Transformer Unit T3 Rewind	Quote	93,700.00
Magna Electric Corp.	T4 Installation	Quote	111,245.86
Magna Electric Corp.	Supply and Install Ground Grid/Trans/Switchgear	Quote	290,044.50
Magna Electric Corp.	Transformers, Supply and Install Ground Grid	Quote	239,959.16
Magna Electric Corp.	T2 Transformer Rewind	Quote	177,335.31
Elster	Smart Meters	RFP - Group	129,820.49
Elster	Smart Meters	RFP - Group	76,150.92
Elster	Software Support/Meters	RFP - Group	84,266.11
Elster	Rex Meters	RFP - Group	494,063.98
Altec Industries Inc.	Bucket Truck	Quote	247,485.24
S & C Electric	Metal enclosed modular switchgear	Bid	103,459.07

Ex 4 - Table 9 - Vendors with Total Invoices over $50,000

Name	Activity	Priced By	Total
Magna Electric Corp.	Transformer Supply/Install/Maintenance	Quote	1,008,557.92
HD Supply	Power Fuse/Supplies	Tender	65,284.32
Jordens	GIS system	System Designer	109,725.00
Olameter	Meter Installation	RFP - Group	56,438.91
Thunder Bay Hydro	Smart Meter Equip./MSP Services	RFP - Group	58,092.13
Elster	Smart Meters/Software	RFP - Group	848,387.98
Thunder Bay Hydro Utility	Monthly Service Fees/Maintenance	RFP - Group	105,258.88
OMERS	Employee Benefits		66,202.15
Altec Industries Inc.	Truck Purchase/Maintenance/Supplies	Quote	255,526.85
S & C Electric	Switchgear/fuse units/amps	Tender	106,828.67
Great West Life	Employee Benefits		62,112.43

EMPLOYEE COMPENSATION, PENSION EXPENSE, POST RETIREMENT BENEFITS:

Kenora Hydro's Compensation/Performance System:

Union:

Kenora Hydro's unionized staff of 12 is represented by the Power Workers Union. A formal set of contract negotiations was conducted in 2008 and resulted in a new three year collective agreement effective April 1, 2008. The settlement included annual wage increases of 3% per year beginning in April 1, 2008. Negotiations will occur again in the spring of 2011. Kenora Hydro's pay rates are competitive with other LDCs in Northwestern Ontario.

Executive/Management:

Actual performance compared to target is reviewed by the Board of Directors on an annual basis and used as a basis for management compensation. Compensation for comparable positions in Northwestern Ontario LDC's is also used as comparatives for management salary.

Benefits:

A comprehensive and competitive benefits package exists which includes medical insurance, life insurance, vacation and OMERS retirement plan. The plans are designed to address the health and welfare needs of the employee population with similar plans for both union and management employees.

Employee Compensation and Benefits:

Kenora Hydro has set out the information in Table 10 below according to Section 6-4 of the 2006 EDR Handbook where it states "For an applicant with fewer than three employees, reporting of employee compensation under this section is not required. In cases where there are three or fewer, full time equivalents (FTEs) in any category, the applicant may aggregate this category with the category to which it is most closely related. This higher level of aggregation may be continued, if required, to ensure that no category contains three or fewer FTEs." Kenora Hydro has aggregated the executive and management together in the management category. Kenora Hydro's employee complement, compensation and benefits are set out in Table 10, below.

Change In Workforce Year Over Year:

Table 10 in Exhibit 4, Tab 2, shows Kenora Hydro's FTE headcount and compensation for 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year, and 2011 Test Year.

2006 Board Approved to 2006 Actual:

One apprentice linesman was hired in June 2004, and another in April 2005. In August, 2006, the Manager of Finance and Regulatory Affairs was hired. This staff member took over many of the functions performed by the City of Kenora's accounting department.

2006 Actual to 2007 Actual:

The increase in total compensation over 2006 was $102,058. The union contract negotiated in 2005 resulted in a 3% increase that affected all union and management staff. One new apprentice linesman was hired in November 2007, coupled with the 3% increase, union wages were up a total of 5% or $25,000. Management compensation increased by 3%, plus the impact of a full years wages for the Manager of Finance & Regulatory Affairs.

2007 Actual to 2008 Actual:

There was an increase in total compensation of $95,007. The increase is attributed to one new apprentice linesman hired November 2007, with the full impact of this compensation causing an increase in union wages in 2008 of $63,368. The union contract negotiated in 2008 resulted in a 3% increase that affected all union and management staff, this increase including benefit costs was $31,600. No other changes occurred in 2008.

2008 Actual to 2009 Actual:

Total compensation increased $30,015 in 2009. There were two new union staff hired in December 2009, one Finance Assistant and one Billing Clerk. As these two positions were hired late in the year, the impact on total union compensation was $5,800. One union staff went on long term disability in August of 2009, resulting in $23,000 decrease in union compensation. This staff member is expected back to work in August of 2010. One apprentice linesman was promoted to the next wage level, resulting in a $15,300 increase in compensation for 2009. The remainder of the increases was due to the negotiated 3% union annual increase and Management salaries increase of 3%, totaling $32,000. No other increases or changes occurred in the non-union salaried positions.

2009 Actual to 2010 Bridge:

Total compensation is anticipated to increase by $141,916. One union staff member went off on long term disability in August of 2009, however, it is expected that this staff will be returning to work in August 2010. 2009 actual (January to August) for this employee was $56,238, $20,125 has been budgeted for his return in August 2010. Two new union staff were hired in December 2009 and will have a full year's compensation impact in 2010, anticipated to be an increase of $105,000 over 2009. Union wage increases of 3% makes up the remainder of the increase in union compensation.

One additional non -union staff is anticipated to be hired late in 2010. The Engineer will bring a management compensation increase of $31,000 as hiring will not occur until late in the fall of 2010. This position has been deemed necessary as we are a small utility with limited resources, this additional staff member will assist in meeting the newly announced conservation targets and smart meter, smart grid and other Green Energy Act requirements placed on LDC's across the province. A wage increase is anticipated for one existing management staff, as the responsibilities of the position changed late in 2009 with the introduction of 2 staff reporting directly to that position, along with the additional responsibilities of supervising the billing department activities. It is expected that this additional compensation will be approved by the

Kenora Hydro Board in 2010 to cover retroactive increases to the beginning of 2010. Board approved Management increases of 2.0% in the spring of 2010, which accounts for the remainder of the increase in 2010.

2010 Bridge Year to 2011 Test Year:

No further staffing changes are anticipated in 2011. A total compensation increase of $125,342 increase has been budgeted for. The employee who returned to work in August of 2010 will have a full year compensation impact on the 2011 budget, an addition of $63,000 to 2011. Union increases of $23,200 have been included as it is expected that the union negotiations in April of 2011 will again secure a 3% increase. Management compensation has been increased by 3% or $8,400 for 2011, as well as a full year wage for the Manager of CDM impacting 2011, an increase of $31,000 over 2010.

Ex 4 - Table 10 - Employee Costs

	Last Rebasing Year	Historical Year (Bridge Year - 1)	Bridge Year	Test Year
Number of Employees (FTEs including Part-Time)				
Executive	-	-	-	-
Management	3	3	4	4
Non-Union	1	1	1	1
Union	8	11	11	11
Total	12	15	16	16
Number of Part-Time Employees				
Executive				
Management				
Non-Union				
Union				
Total				
Total Salary and Wages				
Executive				
Management	$ 250,934	$ 324,177	$ 373,551	$ 405,522
Non-Union				
Union	$ 472,402	$ 574,960	$ 646,456	$ 716,062
Total				
Current Benefits				
Executive				
Management	$ 50,662	$ 68,264	$ 74,500	$ 81,870
Non-Union				
Union	$ 98,888	$ 132,565	$ 147,375	$ 163,770
Total				
Accrued Pension and Post-Retirement Benefits				
Executive				
Management	$ 1,938	$ 3,522	$ 4,008	$ 4,394
Non-Union				
Union	$ 3,601	$ 6,263	$ 7,128	$ 7,812
Total				
Total Benefits (Current + Accrued)				
Executive	$ -	$ -	$ -	$ -
Management	$ 52,600	$ 71,786	$ 78,508	$ 86,264
Non-Union	$ -	$ -	$ -	$ -
Union	$ 102,489	$ 138,828	$ 154,503	$ 171,582
Total	$ -	$ -	$ -	$ -
Total Compensation (Salary, Wages, & Benefits)				
Executive	$ -	$ -	$ -	$ -
Management	$ 303,534	$ 395,963	$ 452,059	$ 491,786
Non-Union	$ -	$ -	$ -	$ -
Union	$ 574,891	$ 713,788	$ 800,959	$ 887,644
Total	$ -	$ -	$ -	$ -
Compensation - Average Yearly Base Wages				
Executive				
Management	$ 62,734	$ 81,044	$ 74,710	$ 81,104
Non-Union				
Union	$ 59,050	$ 52,269	$ 58,769	$ 65,097
Total				
Compensation - Average Yearly Overtime				
Executive				
Management				
Non-Union				
Union	$ 947	$ 540	$ 866	$ 723
Total				
Compensation - Average Yearly Incentive Pay				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Benefits				
Executive				
Management	$ 17,533	$ 23,929	$ 19,627	$ 21,566
Non-Union				
Union	$ 12,811	$ 12,621	$ 14,046	$ 15,598
Total				
Total Compensation	$ 878,425	$ 1,109,751	$ 1,253,018	$ 1,379,430
Total Compensation Charged to OM&A	$ 742,366	$ 988,883	$ 1,164,518	$ 1,275,430
Total Compensation Capitalized	$ 136,059	$ 120,868	$ 88,500	$ 104,000

OMERS Pension Expense and Post Retiree Benefits:

Kenora Hydro's employees are members of the Ontario Municipal Employees Retirement System ("OMERS"). Accordingly, Kenora Hydro has provided the OMERS pension premium information for 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year, and the 2011 Test Year in Table 11 below.

Table 11
OMERS

Ex 4 - Table 11 - OMERS Pension Premium

	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Bridge 2010	Test 2011
Pension Expense	54,636	59,465	65,438	66,202	69,600	71,800

Post-Retirement Benefits - Liability:

Kenora Hydro has provided post-retirement benefits accounting information as required and has included the change in Post-Retirement expense for 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year, and 2011 Test Year, in Table 12 below.

Post-Retirement Benefits - Premiums:

Kenora Hydro is currently accruing future benefits for certain health, dental, and life insurance benefits on behalf of its retired employees. Accruals for 2006, 2007, 2008, and 2009 Actual, 2010 Bridge Year, and 2011 Test Year, are shown in Table 12 below.

Table 12
Post-Retirement Benefits

Ex 4 - Table 12 - Post Retirement Benefits

	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Bridge 2010	Test 2011
Post Retirement Benefits						
Opening Liability	81,961	87,500	124,253	131,348	141,134	151,134
Closing Liability	87,500	124,253	131,348	141,134	151,134	161,434
Post Retirement Expense	5,539	36,753	7,095	9,786	10,000	10,300

DEPRECIATION AND AMORTIZATION:

Amortization on capital assets is calculated as follows:

- Kenora Hydro uses the straight line method of amortization to determine the depreciation expense for all assets on a pooled basis, over the estimated remaining useful life of the assets at the end of the previous year;

- A full year's amortization was taken on capital additions during all historical years and the Bridge year. For the purposes of this rate application, the half year rule was used to calculate depreciation for the 2011 Test year.

- Depreciation rates are in line with rates set out in the APH.

Details of Kenora Hydro's depreciation by account number are provided in the Fixed Asset Continuity Schedule in Exhibit 2, Tab 2. Kenora Hydro depreciation expense does not match the accumulated amortization because Kenora Hydro expenses depreciation for vehicles. Kenora Hydro has provided depreciation expense by OEB account and by year, in the schedules below:

Table 13
2006 Depreciation

Ex 4 - Table 13 - Depreciation Expense 2006

OEB	Description	Opening Balance	Less Fully Deprec	Net for Depreciation	Additions	Total for Deprec	Years	Depreciation Expense
	Fixed Assets							
1805	Land	2,366						
1808	Buildings and Fixtures	37,065		37,065		37,065	60	
1815	Transformer Station Equipment >50kV	1,099,067	421,093	677,974	47,250	725,224	40	18,131
1830	Poles, Towers and Fixtures	4,282,639	82,051	4,200,588	146,380	4,346,968	25	173,122
1835	Overhead Conductors and Devices	1,061,873		1,061,873	69,718	1,131,590	25	46,020
1840	Underground Conduit	199,344		199,344		199,344	25	7,995
1845	Underground Conductors and Devices	402,244		402,244	4,092	406,336	25	16,232
1850	Line Transformers	1,503,097		1,503,097	32,498	1,535,594	25	60,134
1855	Services	428,572		428,572	63,205	491,777	25	19,671
1860	Meters	878,611	364,103	514,508	6,645	521,153	25	19,865
1905	Land	16,562		16,562		16,562		
1908	Buildings and Fixtures	268,125		268,125	1,859	269,985	60	5,257
1915	Office Furniture and Equipment	28,485	15,292	13,193	2,911	16,103	10	1,610
1920	Computer Equipment - Hardware	52,729	40,180	12,549	9,176	21,725	5	5,012
1925	Computer Software	29,834	27,719	2,115		2,115	3	705
1930	Transportation Equipment	680,519	231,699	448,820		448,820	4 or 8	52,902
1940	Tools, Shop and Garage Equipment	122,235	62,464	59,771	3,040	62,811	10	6,281
1945	Measurement and Testing Equipment	867		867	3,738	4,606	10	461
1955	Communication Equipment	815		815		815	10	82
1960	Miscellaneous Equipment	7,894	7,894	(0)		(0)	10	
1995	Capital Contributions	(274,602)		(274,602)	(46,120)	(320,722)	25	(12,829)
	Total Accumulated Depreciation							**420,650**

Less: Fully Allocated Depreciation	
Transportation	52,902
Net Depreciation	**367,748**

Table 13
2007 Depreciation

Ex 4 - Table 13 - Depreciation Expense 2007

OEB	Description	Opening Balance	Less Fully Deprec	Net for Depreciation	Additions	Total for Deprec	Years	Depreciation Expense
	Fixed Assets							
1805	Land	2,366						
1808	Buildings and Fixtures	37,065		37,065		37,065	60	
1815	Transformer Station Equipment >50kV	725,224		725,224	819,137	1,544,361	40	38,609
1830	Poles, Towers and Fixtures	4,346,968		4,346,968	101,207	4,448,175	25	173,558
1835	Overhead Conductors and Devices	1,131,590		1,131,590	77,375	1,208,965	25	48,952
1840	Underground Conduit	199,344		199,344	383	199,727	25	7,910
1845	Underground Conductors and Devices	406,336		406,336	53,107	459,444	25	18,456
1850	Line Transformers	1,535,594		1,535,594	26,796	1,562,391	25	61,206
1855	Services	491,777		491,777	50,173	541,950	25	21,678
1860	Meters	521,153		521,153	37,648	558,801	25	21,374
1905	Land	16,562		16,562		16,562		
1908	Buildings and Fixtures	269,985		269,985		269,985	60	5,257
1915	Office Furniture and Equipment	16,103		16,103	2,147	18,250	10	1,643
1920	Computer Equipment - Hardware	21,725		21,725	1,855	23,580	5	3,717
1925	Computer Software	2,115		2,115		2,115	3	704
1930	Transportation Equipment	448,820		448,820	25,556	474,375	4 or 8	45,201
1940	Tools, Shop and Garage Equipment	62,811		62,811	1,408	64,219	10	5,090
1945	Measurement and Testing Equipment	4,606		4,606		4,606	10	461
1955	Communication Equipment	815		815		815	10	82
1960	Miscellaneous Equipment	(0)		(0)	13,484	13,484	10	1,348
1995	Capital Contributions	(320,722)		(320,722)	(55,504)	(376,226)	25	(15,049)
	Depreciation							**440,197**

Less: Fully Allocated Depreciation	
Transportation	45,201
Net Depreciation	**394,996**

Table 13
2008 Depreciation

Ex 4 - Table 13 - Depreciation Expense 2008

OEB	Description	Opening Balance	Less Fully Deprec	Net for Depreciation	Additions	Total for Deprec	Years	Depreciation Expense
	Fixed Assets							
1805	Land	2,366						
1808	Buildings and Fixtures	37,065		37,065		37,065	60	
1815	Transformer Station Equipment >50kV	1,544,361		1,544,361	351,639	1,896,000	40	18,131
1830	Poles, Towers and Fixtures	4,448,175		4,448,175	131,453	4,579,628	25	175,840
1835	Overhead Conductors and Devices	1,208,965		1,208,965	92,308	1,301,273	25	49,596
1840	Underground Conduit	199,727		199,727	0	199,727	25	7,970
1845	Underground Conductors and Devices	459,444		459,444	5,040	464,483	25	18,598
1850	Line Transformers	1,562,391		1,562,391	32,311	1,594,702	25	62,499
1855	Services	541,950		541,950	26,568	568,518	25	22,741
1860	Meters	558,801		558,801	537	559,338	25	21,392
1905	Land	16,562		16,562		16,562		
1908	Buildings and Fixtures	269,985		269,985		269,985	60	5,257
1915	Office Furniture and Equipment	18,250		18,250	509	18,758	10	1,391
1920	Computer Equipment - Hardware	23,580		23,580	538	24,118	5	3,824
1925	Computer Software	2,115		2,115	3,192	5,307	3	1,064
1930	Transportation Equipment	474,375		474,375		474,375	4 or 8	21,374
1940	Tools, Shop and Garage Equipment	64,219		64,219	4,442	68,661	10	5,183
1945	Measurement and Testing Equipment	4,606		4,606	377	4,982	10	498
1955	Communication Equipment	815		815	378	1,193	10	119
1960	Miscellaneous Equipment	13,484		13,484		13,484	10	1,348
1995	Capital Contributions	(376,226)		(376,226)	(24,196)	(400,422)	25	(16,017)
	Depreciation							**400,808**

Less: Fully Allocated Depreciation	
Transportation	21,374
Net Depreciation	**379,434**

Table 13
2009 Depreciation

Ex 4 - Table 13 - Depreciation Expense 2009

OEB	Description	Opening Balance	Less Fully Deprec	Net for Depreciation	Additions	Total for Deprec	Years	Depreciation Expense
	Fixed Assets							
1805	Land	2,366						
1808	Buildings and Fixtures	37,065		37,065		37,065	60	
1815	Transformer Station Equipment >50kV	1,896,000		1,896,000	1,059,615	2,955,615	40	70,395
1830	Poles, Towers and Fixtures	4,579,628		4,579,628	35,886	4,615,514	25	173,669
1835	Overhead Conductors and Devices	1,301,273		1,301,273	98,347	1,399,620	25	52,664
1840	Underground Conduit	199,727		199,727		199,727	25	7,970
1845	Underground Conductors and Devices	464,483		464,483		464,483	25	18,598
1850	Line Transformers	1,594,702		1,594,702	31,459	1,626,162	25	63,776
1855	Services	568,518		568,518	34,384	602,902	25	24,116
1860	Meters	559,338		559,338		559,338	25	21,392
1905	Land	16,562		16,562		16,562		
1908	Buildings and Fixtures	269,985		269,985		269,985	60	5,257
1915	Office Furniture and Equipment	18,758		18,758	7,285	26,043	10	1,953
1920	Computer Equipment - Hardware	24,118		24,118	2,194	26,312	5	3,256
1925	Computer Software	5,307		5,307	12,094	17,402	3	5,096
1930	Transportation Equipment	474,375		474,375	247,161	721,537	4 or 8	52,269
1940	Tools, Shop and Garage Equipment	68,661		68,661	2,861	71,522	10	4,213
1945	Measurement and Testing Equipment	4,982		4,982		4,982	10	498
1955	Communication Equipment	1,193		1,193		1,193	10	119
1960	Miscellaneous Equipment	13,484		13,484		13,484	10	1,348
1995	Capital Contributions	(400,422)		(400,422)	(54,891)	(455,313)	25	(18,213)
	Depreciation							**488,376**

Less: Fully Allocated Depreciation	
Transportation	52,269
Net Depreciation	**436,107**

Table 13
2010 Depreciation

Ex 4 - Table 13 - Depreciation Expense 2010

OEB	Description	Opening Balance	Less Fully Deprec	Net for Depreciation	Additions	Total for Deprec	Years	Depreciation Expense
	Fixed Assets							
1805	Land	2,366						
1808	Buildings and Fixtures	37,065		37,065		37,065	60	
1815	Transformer Station Equipment >50kV	2,955,615		2,955,615	280,000	3,235,615	40	95,040
1830	Poles, Towers and Fixtures	4,615,514		4,615,514	67,000	4,682,514	25	171,611
1835	Overhead Conductors and Devices	1,399,620		1,399,620	75,000	1,474,620	25	55,279
1840	Underground Conduit	199,727		199,727	62,000	261,727	25	10,469
1845	Underground Conductors and Devices	464,483		464,483	90,000	554,483	25	22,379
1850	Line Transformers	1,626,162		1,626,162	97,000	1,723,162	25	67,410
1855	Services	602,902		602,902	33,000	635,902	25	25,516
1860	Meters	559,338		559,338	3,000	562,338	25	21,512
1905	Land	16,562		16,562		16,562		
1908	Buildings and Fixtures	269,985		269,985	365,000	634,985	60	11,177
1915	Office Furniture and Equipment	26,043		26,043	1,000	27,043	10	1,913
1920	Computer Equipment - Hardware	26,312		26,312	6,000	32,312	5	3,953
1925	Computer Software	17,402		17,402	2,000	19,402	3	5,762
1930	Transportation Equipment	721,537		721,537		721,537	4 or 8	52,269
1940	Tools, Shop and Garage Equipment	71,522		71,522	5,000	76,522	10	4,568
1945	Measurement and Testing Equipment	4,982		4,982	2,000	6,982	10	676
1955	Communication Equipment	1,193		1,193		1,193	10	38
1960	Miscellaneous Equipment	13,484		13,484	2,000	15,484	10	1,548
1995	Capital Contributions	(455,313)		(455,313)		(455,313)	25	(18,213)
	Depreciation							**532,909**

Less: Fully Allocated Depreciation	
Transportation	52,269
Net Depreciation	**480,640**

Table 13
2011 Depreciation

Ex 4 - Table 13 - Depreciation Expense 2011

OEB	Description	Opening Balance	Less Fully Deprec	Net for Depreciation	Depreciation on Opening Balance	Years	Depreciaton Expense on Opening Balance	Additions	Depreciation Expense on Additions (1/2 Year	Total Dep'n Expense
	Fixed Assets									
1805	Land	2,366		0	0					
1808	Buildings and Fixtures	37,065		37,065	37,065	60	0	0		0
1815	Transformer Station Equipment >50kV	3,801,615		3,801,615	4,406,615	40	80,890	605,000	7,563	88,453
1830	Poles, Towers and Fixtures	4,655,514		4,655,514	4,715,514	25	163,534	60,000	1,200	164,734
1835	Overhead Conductors and Devices	1,499,620		1,499,620	1,599,620	25	55,475	100,000	2,000	57,475
1840	Underground Conduit	261,727		261,727	279,727	25	10,387	18,000	360	10,747
1845	Underground Conductors and Devices	559,483		559,483	599,483	25	22,261	40,000	800	23,061
1850	Line Transformers	1,733,162		1,733,162	1,852,162	25	64,851	119,000	2,380	67,231
1855	Services	637,902		637,902	672,902	25	25,436	35,000	700	26,136
1860	Meters	562,338		562,338	565,838	25	19,070	3,500	70	19,140
1905	Land	16,562		0	0					0
1908	Buildings and Fixtures	565,985		565,985	720,985	60	12,556	155,000	1,550	14,106
1915	Office Furniture and Equipment	27,043		27,043	182,043	10	1,525	16,000	800	2,325
1920	Computer Equipment - Hardware	32,312		32,312	48,312	5	2,118	2,000	200	2,318
1925	Computer Software	19,402		19,402	35,402	3	4,698	2,000	333	5,031
1930	Transportation Equipment	721,537		721,537	723,537	4 or 8	45,880	150,000	18,750	64,630
1940	Tools, Shop and Garage Equipment	76,522		76,522	78,522	10	3,803	5,000	250	4,053
1945	Measurement and Testing Equipment	6,982		6,982	11,982	10	676	2,000	100	776
1955	Communication Equipment	1,193		1,193	3,193	10	38			38
1960	Miscellaneous Equipment	15,484		15,484	15,484	10	1,548	2,000	100	1,648
1995	Capital Contributions	(455,313)		(455,313)	(485,313)	25	(18,212)	(30,000)	(600)	(18,812)
	Depreciation									533,090

Less: Fully Allocated Depreciation	
Transportation	64,630
Net Depreciation	**468,460**

TAX CALCULATIONS:

Kenora Hydro's detailed tax calculations using the most recent tax rates are provided in the following Table 17.

Table 17 – Income Taxes

Ex 4 - Table 1 - Tax Calculations

Description	2006 Board Approved	2010 Bridge	2011 Test
Determination of Taxable Income			
Utility Income Before Taxes	(81,754)	0	426,927
Book to Tax Adjustments			
Additions to Accounting Income:			
Interest and penalties on taxes		500	500
Amortization of tangible assets	402,279	519,834	533,590
Amortization of intangible assets		0	0
Recapture of capital cost allowance from Schedule 8		0	0
Gain on sale of eligible capital property from Schedule 10		0	0
Income or loss for tax purposes- joint ventures or partnerships		0	0
Loss in equity of subsidiaries and affiliates		0	0
Loss on disposal of assets		0	0
Charitable donations		0	0
Taxable Capital Gains		0	0
Political Donations		0	0
Deferred and prepaid expenses		0	0
Scientific research expenditures deducted on financial statements		0	0
Capitalized interest		0	0
Non-deductible club dues and fees		0	0
Non-deductible meals and entertainment expense	767	675	675
Non-deductible automobile expenses		0	0
Non-deductible life insurance premiums		0	0
Non-deductible company pension plans		0	0
Tax reserves beginning of year		0	0
Reserves from financial statements- balance at end of year		152,270	164,477
Soft costs on construction and renovation of buildings		0	0
Book loss on joint ventures or partnerships		0	0
Capital items expensed		0	0
Debt issue expense		0	0
Development expenses claimed in current year		0	0
Financing fees deducted in books		0	0
Gain on settlement of debt		0	0
Non-deductible advertising		0	0
Non-deductible interest		0	0
Non-deductible legal and accounting fees		0	0
Recapture of SR&ED expenditures		0	0
Share issue expense		0	0
Write down of capital property		0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)		0	0
Interest Expensed on Capital Leases		0	0
Realized Income from Deferred Credit Accounts		0	0
Pensions		0	0
Non-deductible penalties		0	0
Debt Financing Expenses for Book Purposes		0	0
Other Additions (Apprenticeship Tax Credits)		0	0
Total Additions	**403,046**	**673,280**	**699,242**
Deductions from Accounting Income:			
Gain on disposal of assets per financial statements		0	20,000
Dividends not taxable under section 83		0	0
Capital cost allowance from Schedule 8	313,214	640,624	759,194
Terminal loss from Schedule 8		0	0
Cumulative eligible capital deduction from Schedule 10	100,435	64,981	60,432
Allowable business investment loss		0	0
Deferred and prepaid expenses		0	0
Scientific research expenses claimed in year		0	0
Tax reserves end of year		0	0
Reserves from financial statements - balance at beginning of year		141,134	152,270
Contributions to deferred income plans		0	0
Book income of joint venture or partnership		0	0
Equity in income from subsidiary or affiliates		0	0
Interest capitalized for accounting deducted for tax		0	0
Capital Lease Payments		0	0
Non-taxable imputed interest income on deferral and variance accounts		0	0
Financing Fees for Tax Under S.20(1)(e)		0	0
Other Deductions		0	0
Total Deductions	**413,649**	**846,739**	**991,896**

Regulatory Taxable Income	**(92,357)**	**(173,459)**	**134,273**
Corporate Income Tax Rate	36.12%	15.75%	15.50%
Subtotal	**(33,359)**		
Less: R&D ITC (0.3)			
Regulatory Income Tax	**0**	**0**	**20,812**

Calculation of Utility Income Taxes

Income Taxes	0	0	20,812
Large Corporation Tax	0	0	0
Ontario Capital Tax	1,917	0	0
Total Taxes	**1,917**	**0**	**20,812**

Tax Rates

Federal Tax	22.12%	11.00%	11.00%
Provincial Tax	14.00%	4.75%	4.50%
Tax Credit Adjsutment		0.00%	0.00%
Total Tax Rate	36.12%	15.75%	15.50%

Large Corporation Tax	**0**

Calculation of Ontario Capital Tax

Total Rate Base	10,639,033	8,732,605	10,307,488
Less Exemption	10,000,000	15,000,000	15,000,000
Taxable Capital /Deemed taxable capital	**639,033**	**0**	**0**
OCT Rate	0.300%	0.075%	0.000%
Ontario Capital Tax	**1,917**	**0**	**0**

Summary of Income Taxes

Description	2006 Board Approved	2010 Bridge	2011 Test
Income Taxes	0	0	20,812
Large Corporation Tax	0	0	0
Ontario Capital Tax	1,917	0	0
Total Taxes	**1,917**	**0**	**20,812**

CAPITAL COST ALLOWANCE:

Kenora Hydro is providing Capital Cost Allowance continuity schedules for the 2010 Bridge Year (Table 18) and the 2011 Test Year (Table 19) as follows:

Table 18
2010 Bridge Year Capital Cost Allowance:

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**	4,616,945	0	0	4,616,945	0	0	4,616,945	0	4,616,945	0	184,678	4,432,267
2	**Distribution System - pre 1988**		0	0	0	0	0	0	0	0	0	0	0
6	**Buildings (No footings below ground)**		0	0	0	0	0	0	0	0	0	0	0
8	**General Office/Stores Equip**	39,508	0	0	39,508	10,000	0	49,508	5,000	44,508	0	8,902	40,606
10	**Computer Hardware/ Vehicles**	248,953	0	0	248,953	6,000	0	254,953	3,000	251,953	0	75,586	179,367
10.1	**Certain Automobiles**		0	0	0	0	0	0	0	0	0	0	0
12	**Computer Software**	6,047	0	0	6,047	2,000	0	8,047	1,000	7,047	1	7,047	1,000
3			0	0	0	0	0	0	0	0	0	0	0
			0	0	0	0	0	0	0	0		0	0
13 3	**Lease # 3**	0	0	0	0	0	0	0	0	0		0	0
13 4	**Lease # 4**		0	0	0	0	0	0	0	0		0	0
14	**Franchise**	0	0	0	0	0	0	0	0	0		0	0
17	**New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs**		0	0	0	0	0	0	0	0	0	0	0
43.1	**Certain Energy-Efficient Electrical Generating Equipment**	0	0	0	0	0	0	0	0	0	0	0	0
45	**Computers & Systems Hardware acq'd post Mar 22/04**	1,913	0	0	1,913	0	0	1,913	0	1,913	0	861	1,052
50	**Computers & Systems Hardware acq'd post Mar 19/07**	448	0	0	448	0	0	448	0	448	1	246	202
46	**Data Network Infrastructure Equipment (acq'd post Mar 22/04)**	0	0	0	0	0	0	0	0	0	0	0	0
47	**Distribution System - post 22-Feb-2005**	4,020,308			4,020,308	1,042,000	0	5,062,308	521,000	4,541,308	0	363,305	4,699,003
	SUB-TOTAL - UCC	**8,934,122**	**0**	**0**	**8,934,122**	**1,060,000**	**0**	**9,994,122**	**530,000**	**9,464,122**		**640,624**	**9,353,498**
						416,396	0						

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening Balance
CEC	**Goodwill**	0	0	0	0
CEC	**Land Rights**		0	0	0
CEC	**FMV Bump-up**		0	0	0
	SUB-TOTAL - CEC	**0**	**0**	**0**	**0**

Table 18
2010 Bridge Year Capital Cost Allowance

Cumulative Eligible Capital Calculation

Cumulative Eligible Capital				928,293
Additions:				
Cost of Eligible Capital Property Acquired during the 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 31, 2002	0	x 1/2 =	0	
			0	928,293
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal				928,293
Deductions:				
Projected proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during the year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	0	928,293
Cumulative Eligible Capital Balance				928,293
CEC Deduction	7%			64,981
Cumulative Eligible Capital - Closing Balance				863,312

Table 19
2011 Test Year Capital Cost Allowance

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**	4,432,267	0	0	4,432,267	0	0	4,432,267	0	4,432,267	4%	177,291	4,254,977
2	**Distribution System - pre 1988**	0	0	0	0	0	0	0	0	0	6%	0	0
6	**Buildings (No footings below ground)**	0	0	0	0	0	0	0	0	0	10%	0	0
8	**General Office/Stores Equip**	40,606	0	0	40,606	25,000	0	65,606	12,500	53,106	20%	10,621	54,985
10	**Computer Hardware/ Vehicles**	179,367	0	0	179,367	152,000	0	331,367	76,000	255,367	30%	76,610	254,757
10.1	**Certain Automobiles**	0	0	0	0	0	0	0	0	0	30%	0	0
12	**Computer Software**	1,000	0	0	1,000	2,000	0	3,000	1,000	2,000	100%	2,000	1,000
3		0	0	0	0	0	0	0	0	0	5%	0	0
		0	0	0	0	0	0	0	0	0	0%	0	0
13 3	**Lease # 3**	0	0	0	0	0	0	0	0	0		0	0
13 4	**Lease # 4**	0	0	0	0	0	0	0	0	0		0	0
14	**Franchise**	0	0	0	0	0	0	0	0	0		0	0
17	**New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs**	0	0	0	0	0	0	0	0	0	8%	0	0
43.1	**Certain Energy-Efficient Electrical Generating Equipment**	0	0	0	0	0	0	0	0	0	30%	0	0
45	**Computers & Systems Hardware acq'd post Mar 22/04**	1,052	0	0	1,052	0	0	1,052	0	1,052	45%	473	579
50	**Computers & Systems Hardware acq'd post Mar 19/07**	202	0	0	202	0	0	202	0	202	55%	111	91
46	**Data Network Infrastructure Equipment (acq'd post Mar 22/04)**	0	0	0	0	0	0	0	0	0	30%	0	0
47	**Distribution System - post 22-Feb-2005**	5,598,345			5,598,345	1,105,500	0	6,703,845	552,750	6,151,095	8%	492,088	6,211,758
	SUB-TOTAL - UCC	**10,252,840**	**0**	**0**	**10,252,840**	**1,284,500**	**0**	**11,537,340**	**642,250**	**10,895,090**		**759,194**	**10,778,146**
						0	0						

CEC	**Goodwill**	0	0	0	0
CEC	**Land Rights**	0	0	0	0
CEC	**FMV Bump-up**	0	0	0	0
	SUB-TOTAL - CEC	**0**	**0**	**0**	**0**

Table 19
2011 Test Year Capital Cost Allowance

Cumulative Eligible Capital Calculation

Cumulative Eligible Capital				863,312
Additions:				
Cost of Eligible Capital Property Acquired during the 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 31, 2002	0	x 1/2 =	0	
			0	863,312
Amount transferred on amalgamation or wind-up of subsidiary	0			0
Subtotal				863,312
Deductions:				
Projected proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during the year				
Other Adjustments	0			
Subtotal	0	x 3/4 =	0	863,312
Cumulative Eligible Capital Balance				863,312
CEC Deduction	7%			60,432
Cumulative Eligible Capital - Closing Balance				802,881

APPENDIX A

2009 Federal and Ontario Tax Return

Canada Revenue Agency / Agence du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

200

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*.

055 **Do not use this area**

Identification

Business Number (BN) 001 89271 9121 RC0001

Corporation's name
002 KENORA HYDRO ELECTRIC CORPORATION LTD.

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 c/o KAREN BROWN, FINANCE
012 215 MELLICK AVENUE
City 015 KENORA — Province, territory, or state 016 ON
Country (other than Canada) 017 CA — Postal code/Zip code 018 P9N 3C6

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 1 MAIN ST S
023
City 025 KENORA — Province, territory, or state 026 ON
Country (other than Canada) 027 — Postal code/Zip code 028 P9N 3X2

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 c/o KAREN BROWN, FINANCE
032 215 MELLICK AVENUE
City 035 KENORA — Province,territory, or state 036 ON
Country (other than Canada) 037 CA — Postal code/Zip code 038 P9N 3C6

040 **Type of corporation at the end of the tax year**
1 [X] Canadian-controlled private corporation (CCPC)
2 [ ] Other private corporation
3 [ ] Public corporation
4 [ ] Corporation controlled by a public corporation
5 [ ] Other corporation (specify, below)

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 060 2009-01-01 (YYYY MM DD) — Tax year-end 061 2009-12-31 (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 GIFI 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?	150		9
Is the corporation an associated CCPC?	160		23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders?	151		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	162		11
If you answered **yes** 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?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167		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?	168		22
Did the corporation have any foreign affiliates during the year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*?	170		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	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?	202		2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		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?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming reserves of any kind?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		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?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		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?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256		T1134-A
Did the corporation have any controlled foreign affiliates?	258		T1134-B
Did the corporation own specified foreign property in the year with a cost amount over $100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265		55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		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?	268		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?	269		54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes	2 No X
Is the corporation inactive?	280	1 Yes	2 No X
Has the major business activity changed since the last return was filed? (enter **yes** for first-time filers)	281	1 Yes	2 No X

What is the corporation's major business activity? 282
(Only complete if **yes** was entered at line 281)

If the major business activity involves the resale of goods, show whether it is wholesale or retail 283 1 Wholesale ☐ 2 Retail ☐

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	UTILITIES	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year?	291	1 Yes	2 No X
Did the corporation emigrate from Canada during the tax year?	292	1 Yes	2 No X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes	2 No
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	YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes	2 No

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		-21,065	A
Deduct: 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				B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360			
Income exempt under paragraph 149(1)(t)	370			
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)				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 ______ 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 form Part I tax . . . . . 405 ______ 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 / Number of days in the tax year	/ 365	=	______ 1
500,000	x	Number of days in the tax year after 2008 / Number of days in the tax year	365 / 365	=	500,000 2
			Add amounts at lines 1 and 2		500,000 4

Business limit (see notes 1 and 2 below) . . . . . 410 500,000 C

Notes: 1. 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.
2. 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 *** 1,752 / 11,250 D = ... 77,867 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") . . . . . 425 422,133 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 / Number of days in the tax year	/ 365	x 16 % =	______ 5
Amount A, B, C, or F whichever is the least	______	x	Number of days in the tax year after December 31, 2007 / Number of days in the tax year	365 / 365	x 17 % =	______ 6

Total of amounts 5 and 6 – enter on line 9 430 ______ 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			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	▶		G
Amount A **minus** amount G (if negative, enter "0")			H

Amount H	x	Number of days in the tax year before January 1, 2008 / Number of days in the tax year	/ 365	x 7 %	=	I
Amount H	x	Number of days in the tax year after December 31, 2007, and before January 1, 2009 / Number of days in the tax year	/ 365	x 8.5 %	=	J
Amount H	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year	365 / 365	x 9 %	=	K
Amount H	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year	/ 365	x 10 %	=	L

General tax reduction for Canadian-controlled private corporations – Total of amounts I to L ..... 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 / Number of days in the tax year	/ 365	x 7 %	=	T
Amount S	x	Number of days in the tax year after December 31, 2007, and before January 1, 2009 / Number of days in the tax year	/ 365	x 8.5 %	=	U
Amount S	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year	365 / 365	x 9 %	=	V
Amount S	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year	/ 365	x 10 %	=	W

General tax reduction – Total of amounts T to W X
Enter amount X on line 639.

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 % = ______
(if negative, enter "0") ______ ► ______ B

Amount A **minus** amount B (if negative, enter "0") . . . . ______ C

Taxable income from line 360 . . . . ______

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 = ______
______ ► ______
x 26 2 / 3 % = ______ D

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780) . . . . ______
Deduct: Corporate surtax from line 600 . . . . ______
Net amount . . . . ______ ► ______ 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** ______
______ ► ______ G

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** ______
______ ► ______ H

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 . . . . ______ x 1 / 3 ______ 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** ______ A

Corporate surtax calculation

Base amount from line A above	______	1
Deduct:		
10 % of taxable income (line 360 or amount Z, whichever applies)	______	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	______	6
Part I tax otherwise payable (line A **plus** lines C and D **minus** line F)	______	c		
Total of lines 2 to 6			______	7
Net amount (line 1 **minus** line 7)			______	8

Corporate surtax*

Line 8 ______ x $\frac{\text{Number of days in the tax year before January 1, 2008}}{\text{Number of days in the tax year}}$ ______ / 365 x 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	______		
Deduct:			
Amount from line 400, 405, 410, or 425, whichever is the least	______		
Net amount	______ ▶	______	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) ______ E

Deduct:

Small business deduction from line 430		______	9
Federal tax abatement	608	______	
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	______	
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	______ ▶	______ F

Part I tax payable – Line E **minus** line F . . . . . . ______ G
Enter amount G on line 700.

Summary of tax and credits

Federal tax

Part I tax payable			700	
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	
			Total federal tax	

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	2,269		
Provincial tax on large corporations (New Brunswick* and Nova Scotia)	765			
		2,269 ▶		2,269
			Total tax payable 770	2,269 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	13,000		
Total credits	890	13,000 ▶		13,000 B

Refund code 894 1 Overpayment 10,731 ◀ Balance (line A **minus** line B) -10,731

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

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 910 ______ Branch number

914 ______ Institution number 918 ______ Account number

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 X 2 No

Certification

I, 950 BROWN (Last name in block letters) 951 KAREN (First name in block letters) 954 FINANCE (Position, office, or rank)

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 2010-05-11 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 (807) 467-2010 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below . . . 957 1 Yes X 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

Canada Revenue Agency / Agence du revenu du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
KENORA HYDRO ELECTRIC CORPORATION LTD.	89271 9121 RC0001	2009-12-31

- 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			51,460 A
Add:			
Provision for income taxes – current	101	5,264	
Interest and penalties on taxes	103	415	
Amortization of tangible assets	104	488,376	
Non-deductible meals and entertainment expenses	121	660	
Reserves from financial statements – balance at the end of the year	126	141,134	
Subtotal of additions		635,849 ▶	635,849
Other additions:			
Miscellaneous other additions:			
604			
Subtotal of other additions	199	▶	
Total additions	500	635,849 ▶	635,849
Deduct:			
Gain on disposal of assets per financial statements	401	21,500	
Capital cost allowance from Schedule 8	403	485,654	
Cumulative eligible capital deduction from Schedule 10	405	69,872	
Reserves from financial statements – balance at the beginning of the year	414	131,348	
Subtotal of deductions		708,374 ▶	708,374
Other deductions:			
Miscellaneous other deductions:			
704			
Total	394		
Subtotal of other deductions	499	0 ▶	0
Total deductions	510	708,374 ▶	708,374
Net income (loss) for income tax purposes – enter on line 300 of the T2 return			-21,065

* For reference purposes only

Canada Revenue Agency / Agence du revenu du Canada

CORPORATION LOSS CONTINUITY AND APPLICATION

SCHEDULE 4

Name of corporation	Business Number	Tax year-end Year Month Day
KENORA HYDRO ELECTRIC CORPORATION LTD.	89271 9121 RC0001	2009-12-31

- 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		-21,065
Deduct: (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)		
	Subtotal (if positive, enter "0")	-21,065
Deduct: (increase a loss)		
Section 110.5 and/or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions		
	Subtotal	-21,065
Add: (decrease a loss)		
Current-year farm loss		
Current-year non-capital loss (if positive, enter "0")		-21,065

Continuity of non-capital losses and request for a carryback

	Line		
Non-capital loss at the end of the previous tax year			
Deduct: Non-capital loss expired *	100		
Non-capital losses at the beginning of the tax year	102		
Add: 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	21,065	21,065
Deduct:			
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			
Deduct:			
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	21,065
Deduct – Request to carry back non-capital loss to:			
First previous tax year to reduce taxable income	901		
Second previous tax year to reduce taxable income	902	21,065	
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		21,065
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	200		
Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	205		
Deduct:			
Other adjustments (includes adjustments for an acquisition of control)	250		
Section 80 – Adjustments for forgiven amounts	240		
Add:		Subtotal	
Current-year capital loss (from the calculation on Schedule 6)	210		
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	215		
ABILs expired as non-capital loss: line 215 divided by the inclusion rate*** 75.0000 %	220		
		Subtotal	

Note: 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.

Deduct: Amount applied against the current-year capital gain (see Note 1)	225		
		Subtotal	

Deduct – Request to carry back capital loss to (see Note 2):

	Capital gain (100%)		Amount carried back (100%)
First previous tax year		951	
Second previous tax year		952	
Third previous tax year		953	
Capital losses – Closing balance		280	

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			
Deduct: Farm loss expired *	300		
Farm losses at the beginning of the tax year	302		
Add: Farm losses transferred on the amalgamation or the wind-up of a subsidiary corporation	305		
Current-year farm loss	310		
Deduct:			
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	
Deduct – Request to carry back farm loss to:			
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		380	

* 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		485	C
Minus the deductible farm loss:			
$2,500 plus D or E, whichever is less	$ 2,500		
(Amount C above – $2,500) divided by 2 = D			
$ 6,250 E			2,500 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			
Deduct: Restricted farm loss expired *	400		
Restricted farm losses at the beginning of the tax year	402		
Add: 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		
Deduct:			
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	
Deduct – Request to carry back restricted farm loss to:			
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		480	

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			
Deduct: Listed personal property loss expired after seven tax years		500	
Listed personal property losses at the beginning of the tax year		502	
Add: Current-year listed personal property loss (from Schedule 6)		510	
		Subtotal	
Deduct:			
Amount applied against listed personal property gains (enter on line 655 of Schedule 6)	530		
Other adjustments	550		
		Subtotal	
Deduct – Request to carry back listed personal property loss to:			
First previous tax year to reduce listed personal property gains	961		
Second previous tax year to reduce listed personal property gains	962		
Third previous tax year to reduce listed personal property gains	963		
Listed personal property losses – Closing balance		580	

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)
600	602	604	606	608		620

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)
630	632	634	636	638		650

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)
660	662	664	670	675	680

Total (enter this amount on line 335 of the T2 return)

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce: Taxable income	Applied to reduce: Part IV tax	Balance at end of year
Current	N/A	21,065		21,065	N/A		
2008		N/A		N/A			
2007		N/A		N/A			
2006		N/A		N/A			
2005		N/A		N/A			
2004		N/A		N/A			
2003		N/A		N/A			
2002		N/A		N/A			*
Total		21,065		21,065			

Farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce: Taxable income	Applied to reduce: Part IV tax	Balance at end of year
Current	N/A				N/A		
2008		N/A		N/A			
2007		N/A		N/A			
2006		N/A		N/A			
2005		N/A		N/A			
2004		N/A		N/A			
2003		N/A		N/A			
2002		N/A		N/A			
2001		N/A		N/A			
2000		N/A		N/A			
1999		N/A		N/A			*
Total							

Restricted farm losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce: Taxable income	Applied to reduce: Part IV tax	Balance at end of year
Current	N/A				N/A	N/A	
2008		N/A		N/A		N/A	
2007		N/A		N/A		N/A	
2006		N/A		N/A		N/A	
2005		N/A		N/A		N/A	
2004		N/A		N/A		N/A	
2003		N/A		N/A		N/A	
2002		N/A		N/A		N/A	
2001		N/A		N/A		N/A	
2000		N/A		N/A		N/A	
1999		N/A		N/A		N/A	*
Total						N/A	

* This balance expires this year and will not be available next year.

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SCHEDULE 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
KENORA HYDRO ELECTRIC CORPORATION LTD.	89271 9121 RC0001	2009-12-31

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)	Description	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 (column 7 **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.	1	BUILDING	119,576			0		119,576	4	0	0	4,783	114,793
2.	1	DISTRIBUTION	4,689,742			0		4,689,742	4	0	0	187,590	4,502,152
3.	8	EQUIPMENT	41,189	7,285		0	3,643	44,831	20	0	0	8,966	39,508
4.	10	AUTO & COMPUTER	81,630	247,161		21,500	112,831	194,460	30	0	0	58,338	248,953
5.	45		3,479			0		3,479	45	0	0	1,566	1,913
6.	47		1,047,687	3,183,787		0	1,591,894	2,639,580	8	0	0	211,166	4,020,308
7.	50		995			0		995	55	0	0	547	448
8.	12		1,596	14,955		0	6,047	10,504	100	0	0	10,504	6,047
9.	52			2,194		0		2,194	100	0	0	2,194	
		Total	5,985,894	3,455,382		21,500	1,714,415	7,705,361				485,654	8,934,122

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 on 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.

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year end Year Month Day
KENORA HYDRO ELECTRIC CORPORATION LTD.	89271 9121 RC0001	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

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") **200** 998,166 A

Add: Cost of eligible capital property acquired during the taxation year **222**

Other adjustments **226**

Subtotal (line 222 plus line 226) × 3 / 4 = 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 **228** × 1 / 2 = C

amount B minus amount C (if negative, enter "0") ▶ D

Amount transferred on amalgamation or wind-up of subsidiary **224** E

Subtotal (add amounts A, D, and E) **230** 998,166 F

Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year **242** 1 G

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) **244** H

Other adjustments **246** I

(add amounts G,H, and I) 1 × 3 / 4 = **248** 1 J

Cumulative eligible capital balance (amount F minus amount J) 998,165 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 **249**

amount K 998,165

less amount from line 249

Current year deduction 998,165 × 7.00 % = **250** 69,872 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 69,872 ▶ 69,872 L

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") **300** 928,293 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		400	1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)		401	2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402 3			
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408 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)	409 ►		9	
Line 6 minus line 9 (if negative, enter "0")			►	O
Line N minus line O (if negative, enter "0")				P
		Line 5	× 1 / 2 =	Q
Line P minus line Q (if negative, enter "0")				R
		Amount R	× 2 / 3 =	S
Amount N or amount O, whichever is less				T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)			410	

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
KENORA HYDRO ELECTRIC CORPORATION LTD.	89271 9121 RC0001	2009-12-31

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: Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
	100	200	300	350	400	500
1	CORPORATION OF THE CITY OF KENORA	NR			100.000	100.000
2						
3						
4						
5						
6						
7						
8						
9						
10						

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SCHEDULE 510

ONTARIO CORPORATE MINIMUM TAX

Name of corporation	Business Number	Tax year-end Year Month Day
KENORA HYDRO ELECTRIC CORPORATION LTD.	89271 9121 RC0001	2009-12-31

- 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

	Line	Amount
Total assets of the corporation at the end of the tax year *	112	11,039,463
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	
Total assets (total of lines 112 to 116)		11,039,463
Total revenue of the corporation for the tax year **	142	10,154,442
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	
Total revenue (total of lines 142 to 146)		10,154,442

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	51,460
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	5,264		
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			
Other additions (see note below):				
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		5,264 ▶		5,264 A
Deduct (to the extent reflected in income/loss):				
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			
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			
Other deductions (see note below):				
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		▶		B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	56,724

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 GIFI (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** 56,724

CMT loss available (amount R from Part 7) . . . . ______
Minus: Adjustment for an acquisition of control * . . . . . . **518** ______
Adjusted CMT loss available . . . . ______ ► ______ C
Net income subject to CMT calculation (if negative, enter "0") **520** 56,724

Amount from line 520 56,724 x (Number of days in the tax year before July 1, 2010 365 / Number of days in the tax year 365) x 4 % = 2,269 1

Amount from line 520 56,724 x (Number of days in the tax year after June 30, 2010 ____ / Number of days in the tax year 365) x 2.7 % = ______ 2

Subtotal (amount 1 **plus** amount 2) 2,269 3

Gross CMT: amount on line 3 above x OAF ** **540** 2,269
Deduct:
Foreign tax credit for CMT purposes *** . . . . **550** ______
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . . . 2,269 D
Deduct:
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) . . . . . . ______
Net CMT payable (if negative, enter "0") . . . . 2,269 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 ***** ______ = ______

Ontario allocation factor . . . . 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
Deduct:				
CMT credit expired *	600			
CMT credit carryforward at the beginning of the current tax year * (see note below)		2,602	620	2,602
Add:				
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)				2,602 H
Deduct:				
CMT credit deducted in the current tax year (amount P from Part 5)				I
Subtotal (amount H **minus** amount I)				2,602 J
Add:				
Net CMT payable (amount E from Part 3)		2,269		
SAT payable (amount O from Part 6 of Schedule 512)				
Subtotal		2,269		2,269 K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	4,871 L

* 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)			2,602 M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		1	
For a corporation that is not a life insurance corporation:			
CMT after foreign tax credit deduction (amount D from Part 3)	2,269 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 **greater** of amounts 3 and 4	5		
Deduct: line 2 or line 5, whichever applies:		2,269 6	
Subtotal (if negative, enter "0")			N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Deduct:			
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)			
Subtotal (if negative, enter "0")			O
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	2,602
1st previous tax year	689	
Total **		2,602

* 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) . . . . _______

Subtotal (if negative, enter "0") _______ S

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.

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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SCHEDULE 524

ONTARIO SPECIALTY TYPES

Name of corporation	Business Number	Tax year-end Year Month Day
KENORA HYDRO ELECTRIC CORPORATION LTD.	89271 9121 RC0001	2009-12-31

- 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).
- [X] 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)

OVERVIEW:

The purpose of this evidence is to summarize the method and cost of financing capital requirements for the 2011 test year.

Capital Structure:

Kenora Hydro has a current deemed capital structure of 60% debt with a return of 6.5%, and 40% equity with an expected return of 9.0% as approved in the 2010 IRM rate decisions in respect to Kenora Hydro's service area (EB-2009-0200).

Kenora Hydro has prepared this rate application with a deemed capital structure of 56% Long Term Debt, 4% Short Term Debt, and 40% Equity to comply with the Report of the Board on Cost of Capital Parameters for 2010 Cost of Service Applications for Ontario Electricity Distributors dated, February 24, 2010.

Return on Equity:

Kenora Hydro is requesting a return on equity ("ROE") for the 2011 Test year of 9.85% in accordance with the Cost of Capital Parameter Updates for 2010 Cost of Service Applications issued by the OEB on February 24, 2010. Kenora Hydro understands that the OEB will be finalizing the ROE for 2011 rates based on January 2011 market interest rate information. Kenora Hydro's use of an ROE of 9.85% is without prejudice to any revised ROE that may be adopted by the OEB in early 2011.

Cost of Debt:

Long Term Debt

Kenora Hydro is requesting a return on Long Term Debt for the 2011 Test Year of 3.95% . Kenora Hydro is currently paying a construction advance rate of 1.3%/annum on an existing $900,000 debt, taken with Infrastructure Ontario (IO) in December of 2009. This low rate on $900,000 is impacting the actual annual "cost rate" for 2009, indicating only 1.9% total cost of borrowing. Included in the debt for 2009 is the amount payable to the City of Kenora,

$3,069,279 at an actual cost of 2.4% in 2009. It is anticipated that the construction loan with IO will convert to a debenture, at an interest rate of approximately 5.5% in the fall of 2010. In 2011, Kenora Hydro has included an additional loan of $228,200 from Infrastructure Ontario, borrowing a total of $1,128,200 to complete our Smart Meter implementation. It is also expected that in 2010 and 2011, an additional $1,000,000 will be taken in debentures from IO to replenish our working capital balance as required to complete the building renovations and to complete most of the final stages of the substation rebuild project. Long-term debt cost information for the 2006 Board Approved, 2006, 2007, 2008 and 2009 Actual, and 2010 Bridge year are also provided in this exhibit, Tab 1, Table 2.

Short Term Debt

Kenora Hydro is has used the deemed rate of return of 2.07% on 4% of the rate base in this application.

Rate Base and Rate of Return

Exhibit 5, Tab 1, Schedule 2 details Kenora Hydro's rate base, deemed debt/equity ratios, deemed rate of return, actual debt/equity ratios and actual rates of returns for 2006 Actual, 2007 Actual, 2008 Actual, 2009 Actual, 2010 Bridge Year Forecast, and 2011 Test Year Forecast.

1 # TABLE 1 - Capital Structure Deemed

Deemed Capital Structure for 2006

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	3,115,528	50.00%	6.50%	202,509
Unfunded Short Term Debt				
Total Debt	3,115,528	50.00%		202,509
Common Share Equity	3,115,528	50.00%	9.00%	280,397
Total equity	3,115,528	50.00%		280,397
Total Rate Base	6,231,055	100.00%	7.75%	482,907

Deemed Capital Structure for 2007

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	3,335,095	50.00%	6.50%	216,781
Unfunded Short Term Debt				
Total Debt	3,335,095	50.00%		216,781
Common Share Equity	3,335,095	50.00%	9.00%	300,159
Total equity	3,335,095	50.00%		300,159
Total Rate Base	6,670,189	100.00%	7.75%	516,940

Deemed Capital Structure for 2008

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	3,805,592	53.30%	6.50%	247,363
Unfunded Short Term Debt				
Total Debt	3,805,592	53.30%		247,363
Common Share Equity	3,334,355	46.70%	9.00%	300,092
Total equity	3,334,355	46.70%		300,092
Total Rate Base	7,139,947	100.00%	7.67%	547,455

Deemed Capital Structure for 2009

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	4,424,388	56.70%	6.50%	287,585
Unfunded Short Term Debt				
Total Debt	4,424,388	56.70%		287,585
Common Share Equity	3,378,765	43.30%	9.00%	304,089
Total equity	3,378,765	43.30%		304,089
Total Rate Base	7,803,153	100.00%	7.58%	591,674

Deemed Capital Structure for 2010

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	5,239,563	60.00%	6.50%	340,572
Unfunded Short Term Debt		0.00%		
Total Debt	5,239,563	60.00%		340,572
Common Share Equity	3,493,042	40.00%	9.00%	314,374
Total equity	3,493,042	40.00%		314,374
Total Rate Base	8,732,605	100.00%	7.50%	654,945

Proposed Capital Structure for 2011

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	5,772,193	56.00%	3.95%	227,725
Unfunded Short Term Debt	412,300	4.00%	2.07%	8,535
Total Debt	6,184,493	60.00%		236,259
Common Share Equity	4,122,995	40.00%	9.85%	406,115
Total equity	4,122,995	40.00%		406,115
Total Rate Base	10,307,488	100.00%	6.23%	642,374

2

3

TABLE 2 – COST OF LONG-TERM DEBT

Weighted Debt Cost

Description	Debt Holder	Affliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Shareholder Loan	City of Kenora	Y	January 1, 2000	3,069,279	40	5.76%	2006	176,811
Shareholder Loan	City of Kenora	Y	January 1, 2000	3,069,279	40	6.10%	2007	187,240
Shareholder Loan	City of Kenora	Y	January 1, 2000	3,069,279	40	4.82%	2008	147,953
Shareholder Loan	City of Kenora	Y	January 1, 2000	3,069,279	40	2.40%	2009	74,797
Smart Meter Loan	Infrastructure Ontario	N	December 15, 2009	900,000	15	0.10%	2009	726
Shareholder Loan	City of Kenora	Y	January 1, 2000	3,069,279	40	2.77%	2010	85,000
Substation Rebuild Loan	Infrastructure Ontario	N	September 1, 2010	700,000	40	5.80%	2010	13,500
Smart Meter Loan	Infrastructure Ontario	N	December 15, 2009	900,000	15	2.30%	2010	20,700
Smart Meter Loan	Infrastructure Ontario	N	September 1, 2010	228,200	15	5.50%	2010	4,183
Substation Rebuild Loan	Infrastructure Ontario	N	September 1, 2010	700,000	40	5.80%	2011	40,600
Smart Meter Loan	Infrastructure Ontario	N	Dec/09 and Sept/10	1,128,200	15	5.50%	2011	62,051
Shareholder Loan	City of Kenora	Y	January 1, 2000	3,069,279	40	2.77%	2011	85,000
Substation Rebuild Loan	Infrastructure Ontario	N	January 1, 2011	300,000	40	5.80%	2011	17,400
								0
								0
								0
								0
								0
								0
								0
								0
								0

2006 Total Long Term Debt	3,069,279	**Total Interest Cost for 2006**	176,811
		Weighted Debt Cost Rate for 2006	5.76%
2007 Total Long Term Debt	3,069,279	**Total Interest Cost for 2007**	187,240
		Weighted Debt Cost Rate for 2007	6.10%
2008 Total Long Term Debt	3,069,279	**Total Interest Cost for 2008**	147,953
		Weighted Debt Cost Rate for 2008	4.82%
2009 Total Long Term Debt	3,969,279	**Total Interest Cost for 2009**	75,523
		Weighted Debt Cost Rate for 2009	1.90%
2010 Total Long Term Debt	4,897,479	**Total Interest Cost for 2010**	123,383
		Weighted Debt Cost Rate for 2010	2.52%
2011 Total Long Term Debt	5,197,479	**Total Interest Cost for 2011**	205,051
		Weighted Debt Cost Rate for 2011	3.95%

APPENDIX A
COPY OF DEBENTURE WITH CITY OF KENORA

THE CORPORATION OF THE CITY OF KENORA

BY-LAW NUMBER 30-2003

A BY-LAW TO AMEND BY-LAW NUMBER 95-99 BEING A BY-LAW TO AUTHORIZE THE PURCHASE OF A DEBENTURE FROM KENORA HYDRO ELECTRIC CORPORATION LTD. ON THE TERMS AND CONDITIONS CONTAINED THEREIN

WHEREAS By-law Number 95-99 was passed in October 1999, prior to final 1999 year end information being available; and

WHEREAS By-law Number 95-99 included estimated values based on projected utility value as at 31 December 1999; and

WHEREAS it was the intent of By-law Number 95-99 to amend the related dollar amounts once final audited statements and utility valuation information was available following 31 December 1999;

NOW THEREFORE the Council of the Corporation of the City of Kenora enacts as follows:

1. THAT all dollar references contained within the actual By-law Number 95-99 be amended to read Three Million, Sixty-Nine Thousand, Two Hundred and Seventy-Eight Dollars ($3,069,278.86);

2. THAT Section 1 be amended to read as follows:
   "THAT on December 31, 1999 the Kenora Hydro Electric Corporation Ltd. will borrow $3,069,278.86 by way of debenture from the Corporation of the Town of Kenora, now City of Kenora. This debenture will bear interest on a monthly basis at a rate equal to the City's appointed bank's prime rate for that month as used for calculating interest payments on the City's accounts.

3. THAT the agreement attached to By-law Number 95-99 be amended as per the attached amendments;

4. THAT the Mayor and Clerk be hereby authorized to execute all amended documents related to the above-noted matters on behalf of The Corporation of the City of Kenora.

5. THAT this By-law shall be in effect from the 31st day of December, 1999.

By-law read a First & Second Time this 17th day of February, 2003.
By-law read a Third & Final Time this 17th day of February, 2003.

THE CORPORATION OF THE CITY OF KENORA:

..........................**D. Canfield, MAYOR**

..........................**J. McMillin, CLERK**

AMENDMENTS TO THE AGREEMENT made on the 6th day of October, 1999

BETWEEN:

THE HYDRO ELECTRIC COMMISSION OF
THE CORPORATION OF THE CITY OF KENORA,
(hereinafter called "the Commission")

OF THE FIRST PART

- and -

THE CORPORATION OF THE CITY OF KENORA
(hereinafter called "the City")

OF THE SECOND PART

- and -

KENORA HYDRO ELECTRIC CORPORATION LTD.
(hereinafter called "the Company")

OF THE THIRD PART

WHEREAS the original agreement made on the 6th day of October 1999 between the above-noted parties was made prior to final 1999 year end information being available;

AND WHEREAS the original agreement included estimated values based on projected utility value as at 31 December 1999;

AND WHEREAS it was the intent of the original agreement to amend the agreement once final audited statements and utility valuation information was available following 31 December 1999;

NOW THEREFORE the parties to the agreement hereto covenant and agree to amend the original agreement as follows:

1. Section 1 shall be amended to read as follows:

The Commission agrees to sell and the Company agrees to purchase all the assets of the Commission including land, building, distribution lines, distribution transformers and meters, substation equipment and other assets of the said business for the price or sum of TEN MILLION, NINE HUNDRED AND SIXTY NINE THOUSAND, FIVE HUNDRED AND TWENTY THREE

DOLLARS AND SEVENTY SIX CENTS ($10,969,523.76), which purchase price is arrived at as follows:

ASSETS

Fixed Assets

Land and Building, Distribution lines, distribution transformers and meters, substation equipment, and all other capital assets	$ 5,010,058.40

Current Assets

Cash on hand and bank, accounts Receivable net of doubtful accounts, Inventory, prepaid expenses	$ 3,709,465.36
Goodwill	$ 2,250,000.00
TOTAL	**$ 10,969,523.76**

2. Section 2 shall be amended to read as follows:

The parties hereto mutually agree that the amount due by the Company to the Vendor for the acquisition of the business shall be paid as follows:

ASSUMPTION OF LIABILITIES

Assumption of all accounts payable, including liability for vested sick leave at December 31, 1999 – estimated		$ 1,184,745.66

ISSUE OF DEMAND NOTES

Promissory Note bearing interest when demanded at a rate equal to The Toronto-Dominion Bank bank prime		$ 3,069,278.85
Common Shares	$ 1,000.00	
Preferred Class A Shares	2,250,000.00	
Preferred Class C Shares	1,396,220.39	
Preferred Class C Shares	$ 3,068,278.86	
		$ 6,715,499.25
		$ 10,969,523.76

<u>Share Capital</u>

Authorized

Unlimited	Class A non-voting redeemable preference shares, non-cumulative dividends at 2 – 10% of the paid up amount
Unlimited	Class C voting, redeemable preference shares, non-cumulative Dividends at 6% of the paid up amount
Unlimited	Preference shares

3. Section 3 shall be amended to read as follows:

The Company covenants and agrees to assume and pay the liabilities of the said business as of 31st December, 1999, which liabilities are in the amount of $1,184,745.66.

4. Section 4 shall be amended to read as follows:

The book value of the fixed assets and the current working capital as reflected in Clause 2 herein are the actual figures as at December 31, 1999.

5. Section 7 shall be amended to read as follows:

On December 31, 1999, the Company shall borrow $3,069,278.85 by way of debenture from the City. This debenture shall be repayable based on demand, and shall bear interest at a rate equal to the City's appointed bank's prime rate for that month as used for calculating interest payments on the City's accounts.

6. Sections 8 through 11 shall be amended in that all dollar references contained within these sections be amended to read $3,069,278.86.

NOTWITHSTANDING the fact that the original Agreement is dated the 6th day of October 1999, and the amendments herein are dated the 17th day of February 2003, the terms and conditions herein shall be effective the 31st day of December 1999.

This Agreement and the related changes shall enure to the benefit of and be binding upon the respective parties hereto and their respective heirs, executors, successors and / or assigns.

IN WITNESS WHEREOF the party of the first part have set their hands and seals and the parties of the second and third parts have hereunto affixed their corporate seals, attested to by their proper signing officers, as of 17 February 2003.

SEALED, SIGNED AND DELIVERED	THE HYDRO ELECTRIC COMMISSION OF THE CORPORATION OF THE CITY OF KENORA
in the presence of:	
Witness	Per: Gerald V. Lucas, Chairman
Witness	Per: Mark P. Duggan, Vice-Chairman
	THE CORPORATION OF THE CITY OF KENORA
	Per: David Canfield, Mayor
	Per: Joanne McMillan, Clerk
	"CORPORATE SEAL"
	KENORA HYDRO ELECTRIC CORPORATION LTD.
	Per: David E. Sinclair, President
	Per: William E. Preisentanz, Secretary
	"CORPORATE SEAL"

Exhibit	Tab	Schedule	Appendix	Contents
6 – Calculation of Revenue Deficiency or Surplus				
	1	1		Revenue Deficiency - Overview

REVENUE DEFICIENCY

OVERVIEW:

Kenora Hydro has provided detailed calculations supporting its request for an increase in its revenue requirement to support its proposed capital and operating budgets for 2011, service the debt, pay PIL's and earn the allowed ROE. Kenora Hydro's calculated net revenue deficiency is $909,070 . Kenora Hydro's revenue deficiency does not include the following, which are discussed in other sections of this rate application;

- Recovery of Deferral and Variance Account balances
- Other electricity charges including commodity, provincial benefit, transmission, WMS, special purpose charge and the late payment settlement charge
- Smart Meter rate rider and Smart Meter rate adder.

The service revenue requirement is derived through distribution rates charged to customers. Other revenues, such as those received from specific service charges, late payment charges, interest and other miscellaneous sources are detailed in Exhibit 3 and are treated as offsets to the total service revenue requirement, to calculate a base revenue requirement, which is used to calculate class-specific distribution rates.

Table 1 on the following page provides the revenue deficiency calculations for the 2011 Test Year at existing 2010 OEB-approved rates, and the 2011 Test Year Revenue Requirement.

Revenue Deficiency Determination

Description	2010 Bridge Actual	2011 Test Existing Rates	2011 Test - Required Revenue
Revenue			
Revenue Deficiency			**909,070**
Distribution Revenue	1,995,748	1,941,875	1,941,875
Other Operating Revenue (Net)	309,665	357,246	357,246
Total Revenue	**2,305,413**	**2,299,121**	**3,208,191**
Costs and Expenses			
Administrative & General, Billing & Collecting	1,262,471	1,464,046	1,464,046
Operation & Maintenance	537,986	598,739	598,739
Depreciation & Amortization	467,565	468,960	468,960
Property Taxes	13,000	13,260	13,260
Capital Taxes	0	0	0
Deemed Interest	132,001	236,259	236,259
Total Costs and Expenses	**2,413,023**	**2,781,264**	**2,781,264**
Less OCT Included Above	0	0	0
Total Costs and Expenses Net of OCT	**2,413,023**	**2,781,264**	**2,781,264**
Utility Income Before Income Taxes	**(107,610)**	**(482,143)**	**426,927**
Income Taxes:			
Corporate Income Taxes	(44,268)	(120,094)	20,812
Total Income Taxes	**(44,268)**	**(120,094)**	**20,812**
Utility Net Income	**(63,342)**	**(362,049)**	**406,115**
Capital Tax Expense Calculation:			
Total Rate Base	8,732,605	10,307,488	10,307,488
Exemption	15,000,000	15,000,000	15,000,000
Deemed Taxable Capital	**(6,267,395)**	**(4,692,512)**	**(4,692,512)**
Ontario Capital Tax	0	0	0
Income Tax Expense Calculation:			
Accounting Income	(107,610)	(482,143)	426,927
Tax Adjustments to Accounting Income	(173,459)	(292,655)	(292,655)
Taxable Income	**(281,069)**	**(774,797)**	**134,273**
Income Tax Expense	(44,268)	(120,094)	20,812
Tax Rate Refecting Tax Credits	15.75%	15.50%	15.50%
Actual Return on Rate Base:			
Rate Base	8,732,605	10,307,488	10,307,488
Interest Expense	132,001	236,259	236,259
Net Income	(63,342)	(362,049)	406,115
Total Actual Return on Rate Base	**68,660**	**(125,790)**	**642,374**
Actual Return on Rate Base	0.79%	-1.22%	6.23%
Required Return on Rate Base:			
Rate Base	8,732,605	10,307,488	10,307,488
Return Rates:			
Return on Debt (Weighted)	2.52%	3.82%	3.82%
Return on Equity	8.01%	8.01%	8.01%
Deemed Interest Expense	132,001	236,259	236,259
Return On Equity	279,793	406,115	406,115
Total Return	**411,794**	**642,374**	**642,374**
Expected Return on Rate Base	4.72%	6.23%	6.23%
Revenue Deficiency After Tax	**343,134**	**768,164**	**(0)**
Revenue Deficiency Before Tax	**407,281**	**909,070**	**(0)**

Summary of Drivers of Revenue Deficiency – 2010 Bridge to 2011 Test:

Key cost drivers are discussed in detail in Exhibit 4 – Operating Costs. The main cost drivers are as follows:

- Increase in amortization expense due primarily to extensive capital upgrades to the substation.
- Increase in interest expense as a result of long term debt requirements to fund smart metering and substation rebuild project.
- Increased OM&A expenses due primarily to the addition of three office staff - one Manger of Finance and Regulatory Affairs, one Billing Clerk and one Finance Assistant; annual salary increases for all staff; increases due to smart metering costs; costs associated with the preparation of the Asset Management Plan; the additional costs associated with this Rate Application; as well as annual price increases for materials and supplies.

COST ALLOCATION OVERVIEW:

Introduction:

On September 15, 2006, the OEB issued its directions on Cost Allocation Methodology for Electricity Distributors (the "Directions"). On November 15, 2006, the Board issued the Cost Allocation Information Filing Guidelines for Electricity Distributors ("the Guidelines"), the Cost Allocation Model (the "Model") and User Instructions (the "Instructions") for the Model. Kenora Hydro prepared a cost allocation information filing consistent with Kenora Hydro's understanding of the Directions, the Guidelines, the Model and the Instructions. Kenora Hydro submitted that filing to the OEB on January 15, 2007.

One of the main objectives of the filing was to provide information on any apparent cross-subsidization among a distributor's rate classifications. It was felt that this would give an indication of cross-subsidization from one class to another and this information would be useful as a tool in future rate applications.

Kenora Hydro has used the Board-approved Cost Allocation and updated the values from the Hydro One Run 2 load forecast using 2011 weather normalized forecasted data information. There has been no change in the service territory, and there has been no change in the nature of the business, or the core make-up of the customer base. There have been no significant losses or additions to this customer base since the original Cost Allocation model was prepared. The updated 2011 forecast model is submitted in Exhibit 7, Tab 1, Schedule 1, Appendix A.

SUMMARY OF THE 2011 UPDATED RESULTS AND PROPOSED CHANGES:

Initial Cost Allocation Study Results:

The data used in the Cost Allocation Model was consistent with Kenora Hydro's cost data that supported its 2006 OEB-approved distribution rates. Consistent with the Guidelines, Kenora Hydro's assets based on 2011 forecast were broken out into primary and secondary distribution functions. The breakout of assets, capital contributions, depreciation, accumulated depreciation, customer data and load data by primary, line transformer and secondary categories were developed from the best data available to Kenora Hydro, its engineering records, and its customer and financial information systems.

As noted above, the results of a cost allocation study are typically presented in the form of revenue to cost ratios. The ratio is shown by rate classification and is the percentage of distribution revenue collected by rate classification compared to the costs allocated to the classification. The percentage identifies the rate classifications that are being subsidized and those that are over-contributing. A percentage of less than 100% means the rate classification is under-contributing and is being subsidized by other classes of customers. A percentage of greater than 100% indicates the rate classification is over-contributing and is subsidizing other classes of customers.

The following Table 1 outlines the cost allocation ratios from both the Cost Allocation Informational Filing submitted by Kenora Hydro on January 15, 2007, and the updated Cost Allocation Model prepared for the Test Year in this rate filing.

Table 1
Cost Allocation Ratios – 2006 vs Test Year Filing

Ex 7 - Table 1- Allocated Costs

	Costs Allocated in 2006 Study	%	Costs Allocated in Test Year	%
Residential	1,421,803	61.68%	1,875,272	58.45%
GS <50 kW	439,079	19.05%	683,802	21.31%
GS >50 kW	403,080	17.49%	567,693	17.70%
Streetlight	39,168	1.70%	76,164	2.37%
Unmetered Scattered Load	1,862	0.08%	5,260	0.16%
TOTAL	**2,304,992**	**100.00%**	**3,208,191**	**100.00%**

2011 Updated Cost Allocation Study Results:

Kenora Hydro used the Board-approved Cost Allocation Model as included in Exhibit 7, Schedule 2, Appendix A. Kenora Hydro followed the instructions and guidelines issued by the Board to enter the 2011 data into this model. Kenora Hydro populated the information on Sheet I3, Trial Balance Data with the 2011 forecasted data based 2010 and 2011 average and input the Target Net Income, PILs, Interest on Long Term debt, specific service charges information and the targeted revenue requirement and rate base. Kenora Hydro did not include the cost for the transformer allowance (estimated at $21,295 for the Test year) as per the outcome of the decisions issued in other 2010 cost of service rate applications.

Kenora Hydro maintained the same break out of assets on Sheet I4 that were determined in the informational cost allocation filing.

In Sheet I5, Miscellaneous data, Kenora Hydro updated the deemed equity component to be 40%. The service charge rates entered on this sheet are the proposed service charges for the 2011 rate application.

In Sheet I6, Customer Data, Kenora Hydro entered all information updated with 2011 forecast data. Transformer allowance was not included in the revenue for the >50 kW class. This amount is not material, in 2009 the allowance was $21,295, this level is not anticipated to change through 2011, and beyond.

Kenora Hydro updated the meter information on Sheet I17.1 and the meter reading information on 17.2.

On sheet I8, Demand data is based on the output of our load forecast model. The load profile from the 2004 data received from Hydro One, Run 2 and the weather normalized 2011 forecast data was used to update the 1 NCP, 4 NCP, 12 NCP, 1 CP, 4 CP and the 12CP demand data. Kenora Hydro used Run 2 of the Hydro One data in order to maintain the Unmetered Scattered Load class.

No direct allocations were used.

Revenue forecasts are provided in Table 2 below, as per Appendix 2-O requirements of the June 28, 2010 Filing Requirements, indicating revenues by class at current rates, revenues by class with an allocation of the revenue deficiency, revenue by class at 2011 Proposed rates, and miscellaneous revenues, all by class.

Table 2
Calculated Class Revenues – 2011 Data

Ex 7 - Table 2 - Calculated Class Revenues - 2011 Data

	2011 Load Forecast at Current Rates	2011 Load Forecast Current Rates X (1+d)	2011 Load Forecast at Propoaed Rates	Miscellaneous Revenue
Residential	1,136,895	1,669,122	1,669,122	218,819
GS <50 kW	306,844	450,491	450,491	73,284
GS >50 kW	456,160	669,707	669,707	59,440
Streetlight	36,718	53,907	53,907	5,179
Unmetered Scattered Load	5,257	7,718	7,718	524
TOTAL	**1,941,875**	**2,850,945**	**2,850,945**	**357,246**

Proposed Adjustment to Cost Allocation:

On November 28, 2007, the OEB issued its "Report on Application of Cost Allocation for Electricity Distributors" (the "Cost Allocation Report"). In the Cost Allocation Report, the OEB established what it considered to be the appropriate ranges of revenue to cost ratios which are summarized in Table 3 below. Table 3 also provides Kenora Hydro's results from the updated Cost Allocation Model for 2011, and the proposed 2011 revenue to cost ratios.

Table 3
Kenora Hydro's Proposed Revenue to Cost Ratios

Ex 7 - Table 3 - Rebalancing Revenue to Cost Ratios - Proposed for 2011

	OEB Low	OEB High	Updated CA Model Cost Allocation	Proposed 2011 Cost Alllocation
Residential	85%	115%	100.68%	100.67%
GS <50 kW	80%	120%	76.60%	80.00%
GS >50 kW	80%	180%	128.44%	124.52%
Streetlight	70%	120%	77.58%	77.66%
Unmetered Scattered Load	80%	120%	156.72%	138.00%

Kenora Hydro is proposing in this application to re-align its revenue to cost ratios by adjusting the allocations of revenue among rate classes in order to reduce some of the cross-subsidization that is occurring. For example the updated CA Model indicated that the current revenue to cost ratio for GS<50 kW is 76.6%, the proposed ratio of 80% moves this class up to the low end of the OEB target range. The GS>50 class was subsidizing the other classes, with a ratio of 128.44%. In an effort to move this class towards 100% and to reduce the over-contribution by this class, a rate of 124.52% is proposed. The USL was also moved from 156.72% to 138.00%, moving this class approximately half way between the 2011 Allocation Model amount of 156.72% and the Board Target High percentage of 120.0%.

Table 4 presents the future proposed revenue to cost ratios to move the USL class down to the upper Policy Range as provided by the OEB. The resulting decrease in the USL ratio has been adjusted with an increase in the GS>50 kW class, with an insignificant increase of 0.08%, or

$473 in 2012, and an increase of another 0.08% or an additional $472 in 2013. No further adjustments are required in any given class, as they all fall within the OEB Ranges.

Table 4
Proposed Future Revenue to Cost Ratio Adjustments

Ex 7 - Table 4 - Proposed Revenue to Cost Ratios

Class	Proposed Revenue to Cost Ratios			Policy Range
	2011	2012	2013	
Residential	100.67%	100.67%	100.67%	85 - 115
GS <50 kW	80.00%	80.00%	80.00%	80 - 120
GS >50 kW	124.52%	124.50%	124.58%	80 - 180
Streetlight	77.66%	77.66%	77.66%	70 - 120
USL	138.00%	129.00%	120.00%	80 - 120

The following table provides the re-balancing of revenue to cost ratios of the 2006 CA Informational filing, the Updated 2011 CA Model, and the Proposed 2011 ratios, as adjusted.

Table 5
Re-balancing Revenue-to-Cost Ratios

Ex 7 - Table 5 - Rebalancing Revenue-to-Cost Ratios

Class	Previously Approved Ratios 2006 CA Model	Status Quo Ratios	Proposed Ratios
Residential	103.87%	100.68%	100.67%
GS <50 kW	81.23%	76.60%	80.00%
GS >50 kW	125.38%	128.44%	124.52%
Streetlight	56.19%	77.58%	77.66%
USL	42.85%	156.72%	138.00%

Cost Allocation Summary:

The discussion and tables above support Kenora Hydro's proposed reallocation of distribution revenues across customer classes, in order to begin moving toward revenue to cost ratios of

100% and reduce cross-subsidization. Kenora Hydro submits that the proposed reallocation of distribution revenue is fair and reasonable for the following reasons:

- Customer class revenues will more closely reflect the actual costs of providing distribution service to that class;
- When necessary partial reallocation provides time for further refinement of the cost allocation model and movement between classes.

Appendix A

2011 Updated Cost Allocation Study

Ontario

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet I2 Class Selection - Second Run Updated for 2011 Forecast

Click for Drop-Down Menu		If desired, provide a summary of this run (40 characters max.)
	Second Run	Updated for 2011 Forecast

		Utility's Class Definition	Current
1	Residential		YES
2	GS <50		YES
3	GS>50-Regular		YES
4	GS> 50-TOU		NO
5	GS >50-Intermediate		NO
6	Large Use >5MW		NO
7	Street Light		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

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet I3 Trial Balance Data - Second Run Updated for 2011 Forecast

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.

		From this Sheet	Differences?
Approved Target Net Income ($)	$406,115		
Approved PILs ($)	20,812		
Approved Interest ($)	$236,259		
Approved Specific Service Charges ($)	$105,205		
Approved Transformer Ownership Allowance ($)	$0		
Approved Low Voltage Wheeling Adjustment ($)			
Approved Revenue Requirement ($)	$3,208,191		
Revenue Requirement to be Used in this model ($)	$3,208,191	**$3,208,191**	**Rev Req Matches**
Approved Rate Base ($)	$10,307,488		
Rate Base to be Used in this model ($)	$10,307,488	**$10,307,488**	**Rate Base Matches**

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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	$457,319				$457,319
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	$1,071,766				$1,071,766
1102	Accounts Receivable - Services	$0				$0
1104	Accounts Receivable - Recoverable Work	$11,104				$11,104
1105	Accounts Receivable - Merchandise, Jobbing, etc.	$4,978				$4,978
1110	Other Accounts Receivable	$0				$0
1120	Accrued Utility Revenues	$1,163,202				$1,163,202
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	$32,927				$32,927
1190	Miscellaneous Current and Accrued Assets	$0				$0
1200	Accounts Receivable from Associated Companies	($433,767)				($433,767)
1210	Notes Receivable from Associated Companies	$0				$0
1305	Fuel Stock	$0				$0
1330	Plant Materials and Operating Supplies	$211,415				$211,415
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	$786,235				$786,235
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	($324,511)				($324,511)
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	$1,114				$1,114
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 (SM Costs)	$474,594				$474,594
1562	Deferred Payments in Lieu of Taxes	$6,535				$6,535
1563	Account 1563 - Deferred PILs Contra Account					$0
1565	Conservation and Demand Management Expenditures and Recoveries					$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	($166,114)				($166,114)
1582	RSVAONE-TIME	$0				$0
1584	RSVANW	$10,399				$10,399
1586	RSVACN	($227,056)				($227,056)
1588	RSVAPOWER	$186,078				$186,078
1590	Recovery of Regulatory Asset Balances	$1,093				$1,093
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	$2,366			$2,366
1806	Land Rights	$0			$0
1808	Buildings and Fixtures	$37,065			$37,065
1810	Leasehold Improvements	$0			$0
1815	Transformer Station Equipment - Normally Primary above 50 kV	$3,538,115			$3,538,115
1820	Distribution Station Equipment - Normally Primary below 50 kV	$0			$0
1825	Storage Battery Equipment	$0			$0
1830	Poles, Towers and Fixtures	$4,712,513			$4,712,513
1835	Overhead Conductors and Devices	$1,524,620			$1,524,620
1840	Underground Conduit	$270,727			$270,727
1845	Underground Conductors and Devices	$574,483			$574,483
1850	Line Transformers	$1,782,662			$1,782,662
1855	Services	$653,402			$653,402
1860	Meters	$1,594,256			$1,594,256
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	$16,562			$16,562
1906	Land Rights	$0			$0
1908	Buildings and Fixtures	$712,485			$712,485
1910	Leasehold Improvements	$0			$0
1915	Office Furniture and Equipment	$35,042			$35,042
1920	Computer Equipment - Hardware	$33,313			$33,313
1925	Computer Software	$20,402			$20,402
1930	Transportation Equipment	$796,537			$796,537
1935	Stores Equipment	$0			$0
1940	Tools, Shop and Garage Equipment	$79,022			$79,022
1945	Measurement and Testing Equipment	$7,982			$7,982
1950	Power Operated Equipment	$0			$0
1955	Communication Equipment	$1,193			$1,193
1960	Miscellaneous Equipment	$16,484			$16,484
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	$0			$0
1985	Sentinel Lighting Rental Units	$0			$0
1990	Other Tangible Property	$0			$0
1995	Contributions and Grants - Credit	($500,313)			($500,313)
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	($7,236,379)			($7,236,379)
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	($395,867)			($395,867)
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	($24,931)			($24,931)
2242	Notes Payable to Associated Companies	$0			$0
2250	Debt Retirement Charges(DRC) Payable	($58,571)			($58,571)
2252	Transmission Charges Payable	$0			$0
2254	Electrical Safety Authority Fees Payable	$0			$0
2256	Independent Market Operator Fees and Penalties Payable	($906,715)			($906,715)
2260	Current Portion of Long Term Debt	$0			$0
2262	Ontario Hydro Debt - Current Portion	$377,000			$377,000
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	$17,205			$17,205
2292	Payroll Deductions / Expenses Payable	($859)			($859)
2294	Accrual for Taxes, Payments in Lieu of Taxes, Etc.	$9,985			$9,985
2296	Future Income Taxes - Current	$0			$0
2305	Accumulated Provision for Injuries and Damages	$0			$0
2306	Employee Future Benefits	($156,284)			($156,284)
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	($19,536)			($19,536)
2435	Accrued Rate-Payer Benefit	$0			$0
2505	Debentures Outstanding - Long Term Portion	($3,069,279)			($3,069,279)
2510	Debenture Advances				$0
2515	Reacquired Bonds				$0
2520	Other Long Term Debt	($1,978,200)			($1,978,200)
2525	Term Bank Loans - Long Term Portion				$0
2530	Ontario Hydro Debt Outstanding - Long Term Portion				$0
2550	Advances from Associated Companies				$0
3005	Common Shares Issued	($1,000)			($1,000)
3008	Preference Shares Issued	($6,714,499)			($6,714,499)
3010	Contributed Surplus				$0
3020	Donations Received				$0
3022	Development 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	$0			$0
3046	Balance Transferred From Income		$0	$0	($406,115)
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			$0
3065	Unappropriated Undistributed Subsidiary Earnings	$0			$0
4006	Residential Energy Sales	($2,125,792)			($2,125,792)
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	($122,572)			($122,572)
4030	Sentinel Lighting Energy Sales	$0			$0
4035	General Energy Sales	($4,417,726)			($4,417,726)
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	($645,131)			($645,131)
4060	Interdepartmental Energy Sales	$0			$0
4062	Billed WMS	($731,122)			($731,122)
4064	Billed-One-Time	$0			$0
4066	Billed NW	($619,147)			($619,147)
4068	Billed CN	($162,117)			($162,117)
4080	Distribution Services Revenue	($2,864,985)	($14,040)		($2,850,945)
4082	Retail Services Revenues	($8,000)			($8,000)
4084	Service Transaction Requests (STR) Revenues	($500)			($500)
4090	Electric Services Incidental to Energy Sales	$0			$0
4105	Transmission Charges Revenue				$0
4110	Transmission Services Revenue				$0
4205	Interdepartmental Rents	$0			$0
4210	Rent from Electric Property	($108,040)			($108,040)
4215	Other Utility Operating Income	($250)			($250)
4220	Other Electric Revenues	($44,250)			($44,250)
4225	Late Payment Charges	($43,000)			($43,000)
4230	Sales of Water and Water Power				$0
4235	Miscellaneous Service Revenues	($37,000)	$37,000		($105,205)
4240	Provision for Rate Refunds				$0
4245	Government Assistance Directly Credited to Income				$0
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
4325	Revenues from Merchandise, Jobbing, Etc.	($115,000)			($115,000)
4330	Costs and Expenses of Merchandising, Jobbing, Etc.	$98,950			$98,950
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	($20,000)			($20,000)
4360	Loss on Disposition of Utility and Other Property	$0			$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	($78,165)			($78,165)
4380	Expenses of Non-Utility Operations	$14,000			$14,000
4385	Non-Utility Rental Income	$0			$0
4390	Miscellaneous Non-Operating Income	($500)			($500)
4395	Rate-Payer Benefit Including Interest	$0			$0

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4398	Foreign Exchange Gains and Losses, Including Amortization					$0
4405	Interest and Dividend Income		($11,451)			($11,451)
4415	Equity in Earnings of Subsidiary Companies					$0
4505	Operation Supervision and Engineering					$0
4510	Fuel					$0
4515	Steam Expense					$0
4520	Steam From Other Sources					$0
4525	Steam Transferred--Credit					$0
4530	Electric Expense					$0
4535	Water For Power					$0
4540	Water Power Taxes					$0
4545	Hydraulic Expenses					$0
4550	Generation Expense					$0
4555	Miscellaneous Power Generation Expenses					$0
4560	Rents					$0
4565	Allowances for Emissions					$0
4605	Maintenance Supervision and Engineering					$0
4610	Maintenance of Structures					$0
4615	Maintenance of Boiler Plant					$0
4620	Maintenance of Electric Plant					$0
4625	Maintenance of Reservoirs, Dams and Waterways					$0
4630	Maintenance of Water Wheels, Turbines and Generators					$0
4635	Maintenance of Generating and Electric Plant					$0
4640	Maintenance of Miscellaneous Power Generation Plant					$0
4705	Power Purchased		$7,311,221			$7,311,221
4708	Charges-WMS		$731,122			$731,122
4710	Cost of Power Adjustments		$0			$0
4712	Charges-One-Time		$0			$0
4714	Charges-NW		$619,147			$619,147
4715	System Control and Load Dispatching		$0			$0
4716	Charges-CN		$162,117			$162,117
4720	Other Expenses		$0			$0
4725	Competition Transition Expense		$0			$0
4730	Rural Rate Assistance Expense		$0			$0
4805	Operation Supervision and Engineering					$0
4810	Load Dispatching					$0
4815	Station Buildings and Fixtures Expenses					$0
4820	Transformer Station Equipment - Operating Labour					$0
4825	Transformer Station Equipment - Operating Supplies and Expense					$0
4830	Overhead Line Expenses					$0
4835	Underground Line Expenses					$0
4840	Transmission of Electricity by Others					$0
4845	Miscellaneous Transmission Expense					$0
4850	Rents					$0
4905	Maintenance Supervision and Engineering					$0
4910	Maintenance of Transformer Station Buildings and Fixtures					$0
4916	Maintenance of Transformer Station Equipment					$0
4930	Maintenance of Towers, Poles and Fixtures					$0
4935	Maintenance of Overhead Conductors and Devices					$0
4940	Maintenance of Overhead Lines - Right of Way					$0
4945	Maintenance of Overhead Lines - Roads and Trails Repairs					$0
4950	Maintenance of Overhead Lines - Snow Removal from Roads and Trails					$0
4960	Maintenance of Underground Lines					$0
4965	Maintenance of Miscellaneous Transmission Plant					$0
5005	Operation Supervision and Engineering					$0
5010	Load Dispatching					$0
5012	Station Buildings and Fixtures Expense					$0
5014	Transformer Station Equipment - Operation Labour		$8,000			$8,000
5015	Transformer Station Equipment - Operation Supplies and Expenses		$0			$0
5016	Distribution Station Equipment - Operation Labour		$0			$0
5017	Distribution Station Equipment - Operation Supplies and Expenses		$0			$0
5020	Overhead Distribution Lines and Feeders - Operation Labour		$65,000			$65,000
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses		$27,000			$27,000
5030	Overhead Subtransmission Feeders - Operation		$0			$0
5035	Overhead Distribution Transformers- Operation		$29,530	$0		$29,530
5040	Underground Distribution Lines and Feeders - Operation Labour		$8,500			$8,500
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses		$0			$0
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		$37,590			$37,590
5070	Customer Premises - Operation Labour		$0			$0
5075	Customer Premises - Materials and Expenses		$3,570			$3,570
5085	Miscellaneous Distribution Expense		$18,900			$18,900
5090	Underground Distribution Lines and Feeders - Rental Paid		$0			$0
5095	Overhead Distribution Lines and Feeders - Rental Paid		$0			$0
5096	Other Rent		$0			$0

5105	Maintenance Supervision and Engineering	$0			$0
5110	Maintenance of Buildings and Fixtures - Distribution Stations	$0			$0
5112	Maintenance of Transformer Station Equipment	$5,000			$5,000
5114	Maintenance of Distribution Station Equipment	$0			$0
5120	Maintenance of Poles, Towers and Fixtures	$17,000			$17,000
5125	Maintenance of Overhead Conductors and Devices	$243,600			$243,600
5130	Maintenance of Overhead Services	$0			$0
5135	Overhead Distribution Lines and Feeders - Right of Way	$80,909			$80,909
5145	Maintenance of Underground Conduit	$0			$0
5150	Maintenance of Underground Conductors and Devices	$8,040			$8,040
5155	Maintenance of Underground Services	$0			$0
5160	Maintenance of Line Transformers	$46,100	$0		$46,100
5165	Maintenance of Street Lighting and Signal Systems	$0			$0
5170	Sentinel Lights - Labour	$0			$0
5172	Sentinel Lights - Materials and Expenses				$0
5175	Maintenance of Meters				$0
5178	Customer Installations Expenses- Leased Property				$0
5185	Water Heater Rentals - Labour				$0
5186	Water Heater Rentals - Materials and Expenses				$0
5190	Water Heater Controls - Labour				$0
5192	Water Heater Controls - Materials and Expenses				$0
5195	Maintenance of Other Installations on Customer Premises				$0
5205	Purchase of Transmission and System Services				$0
5210	Transmission Charges				$0
5215	Transmission Charges Recovered				$0
5305	Supervision				$0
5310	Meter Reading Expense	$146,843			$146,843
5315	Customer Billing	$413,399			$413,399
5320	Collecting	$0			$0
5325	Collecting- Cash Over and Short	$0			$0
5330	Collection Charges	$0			$0
5335	Bad Debt Expense	$16,700			$16,700
5340	Miscellaneous Customer Accounts Expenses	$0			$0
5405	Supervision	$0			$0
5410	Community Relations - Sundry				$0
5415	Energy Conservation				$0
5420	Community Safety Program				$0
5425	Miscellaneous Customer Service and Informational Expenses				$0
5505	Supervision				$0
5510	Demonstrating and Selling Expense				$0
5515	Advertising Expense				$0
5520	Miscellaneous Sales Expense				$0
5605	Executive Salaries and Expenses	$10,300			$10,300
5610	Management Salaries and Expenses	$139,740			$139,740
5615	General Administrative Salaries and Expenses	$406,362			$406,362
5620	Office Supplies and Expenses	$98,090			$98,090
5695	Smart Meter OM&A Contra	$0			$0
5630	Outside Services Employed	$70,645			$70,645
5635	Property Insurance	$24,480			$24,480
5640	Injuries and Damages	$0			$0
5645	Employee Pensions and Benefits	$12,206			$12,206
5650	Franchise Requirements	$0			$0
5655	Regulatory Expenses	$91,830			$91,830
5660	General Advertising Expenses	$0			$0
5665	Miscellaneous General Expenses	$22,450	$0		$22,450
5670	Rent	$0			$0
5675	Maintenance of General Plant	$6,000			$6,000
5680	Electrical Safety Authority Fees	$5,000			$5,000
5685	Independent Market Operator Fees and Penalties	$0			$0
5705	Amortization Expense - Property, Plant, and Equipment	$468,960			$468,960
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
6005	Interest on Long Term Debt	$120,051	($120,051)	$0	$236,259
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	$85,000			$85,000
6035	Other Interest Expense	$11,000			$11,000
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
6105	Taxes Other Than Income Taxes	$13,260			$13,260
6110	Income Taxes	20,812	($20,812)	$0	$20,812
6115	Provision for Future Income Taxes	$0			$0
6205	Donations				$0
6210	Life Insurance				$0
6215	Penalties				$0
6225	Other Deductions				$0
6305	Extraordinary Income				$0
6310	Extraordinary Deductions				$0
6315	Income Taxes, Extraordinary Items				$0
6405	Discontinues Operations - Income/ Gains				$0
6410	Discontinued Operations - Deductions/ Losses				$0
6415	Income Taxes, Discontinued Operations				$0

$0

Reclassification Equals to Zero. O.K. to Proceed.

Asset Accounts Directly Allocated	$0
Income Statement Accounts Directly Allocated	$0

Grouped Accounts as per 2006 EDR	Financial Statement (EDR Sheet 2.4, Column P	Reclassified Balance
Land and Buildings	$55,994	$55,994
TS Primary Above 50	$3,538,115	$3,538,115
DS	$0	$0
Poles, Wires	$7,082,344	$7,082,344
Line Transformers	$1,782,662	$1,782,662
Services and Meters	$2,247,658	$2,247,658
General Plant	$712,485	$712,485
Equipment	$936,261	$936,261
IT Assets	$53,714	$53,714
CDM Expenditures and Recoveries	$0	$0
Other Distribution Assets	$0	$0
Contributions and Grants	($500,313)	($500,313)
Accumulated Amortization	($7,236,379)	($7,236,379)
Non-Distribution Asset	$0	$0
Unclassified Asset	$3,267,311	$3,267,311
Liability	($6,206,053)	($6,206,053)
Equity	($6,715,499)	($7,121,614)
Sales of Electricity	($8,823,607)	($8,823,607)
Distribution Services Revenue	($2,864,985)	($2,850,945)
Late Payment Charges	($43,000)	($43,000)
Specific Service Charges	($37,000)	($105,205)
Other Distribution Revenue	($161,040)	($161,040)
Other Revenue - Unclassified	($64,165)	($64,165)
Other Income & Deductions	($48,001)	($48,001)
Power Supply Expenses (Working Capital)	$8,823,607	$8,823,607
Other Power Supply Expenses	$0	$0
Operation (Working Capital)	$198,090	$198,090
Maintenance (Working Capital)	$400,649	$400,649
Billing and Collection (Working Capital)	$560,243	$560,243
Community Relations (Working Capital)	$0	$0
Community Relations - CDM (Working Capital)	$0	$0
Administrative and General Expenses (Working Capital)	$862,623	$862,623
Insurance Expense (Working Capital)	$24,480	$24,480
Bad Debt Expense (Working Capital)	$16,700	$16,700
Advertising Expenses	$0	$0
Charitable Contributions	$0	$0
Amortization of Assets	$468,960	$468,960
Other Amortization - Unclassified	$0	$0
Interest Expense - Unclassifed	$216,051	$332,259
Income Tax Expense - Unclassified	$20,812	$20,812
Other Distribution Expenses	$13,260	$13,260
Non-Distribution Expenses	$0	$0
Unclassified Expenses	$0	$0
Total	($1,418,024)	($1,762,096)

Enter Net Fixed Assets from approved EDR, Sheet 3-1, cell F12	$8,672,540

RATE BASE AND DISTRIBUTION ASSETS		BALANCE SHEET ITEMS									EXPENSE ITEMS			
											5705	5710	5715	5720
Account	**Description**	**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**	**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**
1565	Conservation and Demand Management	$0		-	-					-				
1805	Land	$2,366		($2,366)	-									
1805-1	Land Station >50 kV			$0	-					-				
1805-2	Land Station <50 kV		100.00%	$2,366	2,366					2,366	$0			
1806	Land Rights	$0		$0	-									
1806-1	Land Rights Station >50 kV			$0	-					-				
1806-2	Land Rights Station <50 kV		100.00%	$0	-					-	$0			
1808	Buildings and Fixtures	$37,065		($37,065)	-									
1808-1	Buildings and Fixtures > 50 kV			$0	-					-				
1808-2	Buildings and Fixtures < 50 KV		100.00%	$37,065	37,065			$ (37,065)		0	$0			
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	$3,538,115		$0	3,538,115			$ (435,689)		3,102,426	$88,453			
1820	Distribution Station Equipment - Normally Primary below 50 kV	$0		$0	-					-				
1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)			$0	-					-				
1820-2	Distribution Station Equipment - Normally Primary below 50 kV Primary)		61.00%	$0	-					-				
1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)		39.00%	$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	$4,712,513		($4,712,513)	-									
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery			$0	-					-				
1830-4	Poles, Towers and Fixtures - Primary		61.00%	$2,874,633	2,874,633			$ (1,792,440)		1,082,193	$100,489			
1830-5	Poles, Towers and Fixtures - Secondary		39.00%	$1,837,880	1,837,880			$ (1,145,986)		691,894	$64,246			
1835	Overhead Conductors and Devices	$1,524,620		($1,524,620)	-									
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery			$0	-					-				
1835-4	Overhead Conductors and Devices - Primary		61.00%	$930,018	930,018			$ (503,127)		426,892	$35,060			
1835-5	Overhead Conductors and Devices - Secondary		39.00%	$594,602	594,602			$ (321,671)		272,931	$22,415			
1840	Underground Conduit	$270,727		($270,727)	-									
1840-3	Underground Conduit - Bulk Delivery			$0	-					-				
1840-4	Underground Conduit - Primary		82.00%	$221,996	221,996			$ (112,847)		109,150	$8,813			
1840-5	Underground Conduit - Secondary		18.00%	$48,731	48,731			$ (24,771)		23,960	$1,934			
1845	Underground Conductors and Devices	$574,483		($574,483)	-									
1845-3	Underground Conductors and Devices - Bulk Delivery			$0	-					-				
1845-4	Underground Conductors and Devices - Primary		82.00%	$471,076	471,076			$ (236,359)		234,718	$18,910			
1845-5	Underground Conductors and Devices - Secondary		18.00%	$103,407	103,407			$ (51,884)		51,523	$4,151			
1850	Line Transformers	$1,782,662		$0	1,782,662			$ (1,104,632)		678,030	67,231			
1855	Services	$653,402		$0	653,402	500,313	115,186	$ (172,124)		96,151	7,324			
1860	Meters	$1,594,256			1,594,256			$ (527,823)		1,066,433	19,640			
	Total	**$14,690,210**		**0.00**	**$14,690,210**	**($500,313)**	**$115,186**	**($6,466,417)**	**$0**	**7,838,666**	**$438,666**	**$0**	**$0**	**$0**
	SUB TOTAL from I3	**$14,690,210**		**Breakout matches Total**										

											5705	5710	5715	5720
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	$16,562			16,562					$ 16,562				
1906	Land Rights	$0			-					$ -				
1908	Buildings and Fixtures	$712,485			712,485			$ (212,727)		$ 499,757	14,106			
1910	Leasehold Improvements	$0			-					$ -				
1915	Office Furniture and Equipment	$35,042			35,042			$ (18,096)		$ 16,946	2,325			
1920	Computer Equipment - Hardware	$33,313			33,313			$ (26,769)		$ 6,544	2,318			
1925	Computer Software	$20,402			20,402			$ (16,552)		$ 3,850	5,031			
1930	Transportation Equipment	$796,537			796,537			$ (538,512)		$ 258,025				
1935	Stores Equipment	$0			-			$ -		$ -	-			
1940	Tools, Shop and Garage Equipment	$79,022			79,022			$ (61,753)		$ 17,269	4,053			
1945	Measurement and Testing Equipment	$7,982			7,982			$ (3,373)		$ 4,609	776			
1950	Power Operated Equipment	$0			-					$ -				
1955	Communication Equipment	$1,193			1,193			$ (948)		$ 246	38			
1960	Miscellaneous Equipment	$16,484			16,484			$ (6,418)		$ 10,067	1,647			
1970	Load Management Controls - Customer Premises	$0			-					$ -				
1975	Load Management Controls - Utility Premises	$0			-					$ -				
	Total	$1,719,022		$0	$1,719,022	$0	$0	($885,148)	$0	$833,874	$30,294	$0	$0	$0
	SUB TOTAL from I3	$1,719,022												
	I3 Directly Allocated	$0												
	Grand Total	$16,409,232		$0	$16,409,232	($500,313)	$115,186	($7,351,565)	$0	$8,672,540	$468,960	$0	$0	$0

To be Prorated

1995	Contributed Capital - 1995	($500,313)		$500,313	Balanced			
2105	Accumulated Depreciation - 2105	($7,236,379)				$7,236,379	Balanced	
2120	Accumulated Depreciation - 2120	$0					$0	Balanced
	Total	**($7,736,692)**						
	Net Assets	**$8,672,540**	**Net Fixed Assets Match EDR**					

Amortization Expenses

5705	Amortization Expense - Property, Plant, and Equipment	$468,960	($468,960)	Balanced				
5710	Amortization of Limited Term Electric Plant	$0		$0	Balanced			
5715	Amortization of Intangibles and Other Electric Plant	$0			$0	Balanced		
5720	Amortization of Electric Plant Acquisition Adjustments	$0				$0	Balanced	
	Total Amortization Expense	**$468,960**						

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATIO
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Sheet I5 Miscellaneous Data Worksheet - Second Run Updated for 2011

kMs of Roads in Service Area Where Distribution Lines Exist	**98**
Deemed Equity Component of Rate Base (%)	**40%**

	1	2	3	7	9
	Residential	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**
Step 3: Insert Approved Monthly Service Charge (Please refer to Approved EDR Sheet 8-5 column W)	19.86	39.79	528.38	5.20	16.65
Step 4: Insert Smart Meter Adder Included in Approved Monthly Service Charge (Please refer to Approved EDR Sheet 8-5 column T)	0.09	0.09	0.09		

Instructions (Cont'd):

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
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Sheet I6 Customer Data Worksheet - Second Run Updated for 2011 Forecast

Total kWhs	107,436,666
Total kWs	121,841
Total Approved Distribution Revenue ($)	$2,850,945

	ID	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load
Billing Data							
kWh from approved EDR model, Sheet 7-1, Col M	CEN	107,436,666	38,037,100	22,270,524	45,176,386	1,807,975	144,681
kW from approved EDR model, Sheet 7-1, Col S	CDEM	121,841			116,105	5,736	-
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	107,436,666	38,037,100	22,270,524	45,176,386	1,807,975	144,681
kWh - 30 year weather normalized amount		109,681,674	42,618,657	27,597,605	37,520,514	1,757,745	187,152
Approved Distribution Rev from approved EDR, Sheet 7-1, Col AK + Sheet 7-3 Col H	CREV	$2,850,945	$1,669,122	$450,491	$669,707	$53,907	$7,718
Bad Debt 3 Year Historical Average from Approved EDR Model	BDHA	$16,147	$10,496	$5,489	$161	$0	$0
Late Payment 3 Year Historical Average	LPHA	$26,310	$22,627	$2,623	$1,052	$0	$8
Weighting Factor - Services			1.0	2.0	10.0	1.0	1.0
Weighting Factor - Billings			1.0	2.0	7.0	1.0	5.0
Number of Bills	CNB	70,056	59,760	9,552	696	12	36
Number of Connections (Unmetered)	CCON	580		-	-	550	30
Total Number of Customer from Approved EDR, Sheet 7-1, Col H excluding connections	CCA	5,835	4,980	793	58	1	3
Bulk Customer Base	CCB	-					
Primary Customer Base	CCP	5,835	4,980	793	58	1	3
Line Transformer Customer Base	CCLT	5,821	4,980	793	45		3
Secondary Customer Base	CCS	5,821	4,980	793	48		
Weighted - Services	CWCS	7,626	4,980	1,586	480	550	30
Weighted Meter -Capital	CWMC	1,452,494	948,772	347,222	156,500	-	-
Weighted Meter Reading	CWMR	136,884	107,220	25,308	4,356	-	-
Weighted Bills	CWNB	83,928	59,760	19,104	4,872	12	180
Data Mismatch Analysis							
Revenue with 30 year weather normalized kWh		3,047,022	1,870,167	558,248	556,214	52,409	9,984

Weather Normalized Data from Hydro

	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
kWh - 30 year weather normalized amount	113,882,482	44,250,952	28,654,593	38,957,550	1,825,067	194,320
2006 EDR Distribution Loss Factor		1.0383	1.0383	1.0383	1.0383	1.0383

Bad Debt Data from EDR 2006

Sheet ADJ5 rows 26 - 32, column E	**2009**	15,737	10,230	5,350	157		
Sheet ADJ5 rows 26 - 32, column F	**2010**	16,000	10,400	5,440	160		
Sheet ADJ5 rows 26 - 32, column G	**2011**	16,703	10,858	5,678	167		
Three-year average		**16,147**	**10,496**	**5,489**	**161**	**-**	**-**

2011 COST ALLOCATION INFORMATION FILING
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Sheet I7.1 Meter Capital Worksheet - Second Run Updated for 2011 Forecast

		Residential			GS <50			GS>50-Regular			Street Light			Unmetered Scattered Load			TOTAL		
		1	2	3	1	2	3	1	2	3	1	2	3	1	2	3	1	2	3
		Number of Meters	Weighted Metering Costs	Weighted Average Costs	Number of Meters	Weighted Metering Costs	Weighted Average Costs	Number of Meters	Weighted Metering Costs	Weighted Average Costs	Number of Meters	Weighted Metering Costs	Weighted Average Costs	Number of Meters	Weighted Metering	Weighted Average	Number of Meters	Weighted Metering	Weighted Average Costs
	Allocation Percentage Weighted Factor			65.32%			24%			11%			0%			0%			100%
	Cost Relative to Residential Average Cost			1.00			2.43			10.28			-			-			1.31
	Total	4674	948772	202.9893025	703	347222	493.9146515	75	156500	2086.666667	0	0	-	0	0	-	5452	1452494	266.4148936
Meter Types	**Cost per Meter (Installed)**																		
Single Phase 200 Amp - Urban	50		0			0			0			0			0		0	0	
Single Phase 200 Amp - Rural	150		0			0			0			0			0		0	0	
Central Meter	250	12	3000		33	8250			0			0			0		45	11250	
Network Meter (Costs to be updated)	225	176	39600		32	7200			0			0			0		208	46800	
Three-phase - No demand	210		0		139	29190			0			0			0		139	29190	
Smart Meters	202	4,486	906172		391	78982			0			0			0		4,877	985154	
Demand without IT (usually three-phase)	500		0		2	1000		1	500			0			0		3	1500	
Demand with IT	2,100		0		106	222600		71	149100			0			0		177	371700	
Demand with IT and Interval Capability - Secondary	2,300		0			0		3	6900			0			0		3	6900	
Demand with IT and Interval Capability - Primary	10,000		0			0			0			0			0		0	0	
Demand with IT and Interval Capability -Special (WMP)	40,000		0			0			0			0			0		0	0	
LDC Specific 1			0			0			0			0			0		0	0	
LDC Specific 2			0			0			0			0			0		0	0	
LDC Specific 3			0			0			0			0			0		0	0	

2011 COST ALLOCATION INFORMATION FILING
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Sheet I7.2 Meter Reading Worksheet - Second Run Updated for 2011 Forecast

Weighting Factors based on Contractor Pricing

		1			2			3			7			9					
Description		Residential			GS <50			GS>50-Regular			Street Light			Unmetered Scattered Load			TOTAL		
		Units	Weighted Factor	Weighted Average Costs	Units	Weighted Factor	Weighted Average Costs	Units	Weighted Factor	Weighted Average Costs	Units	Weighted Factor	Weighted Average Costs	Units	Weighted Factor	Weighted Average Costs	Units	Weighted Factor	Weighted Average Costs
	Allocation Percentage Weighted Factor			78.33%			18.49%			3.18%			0.00%			0.00%			100.00%
	Cost Relative to Residential Average Cost			1.00			1.57			2.53			0.00			0.00			5.10
	Total	**56,088**	**107,220**	**1.91**	**8,436**	**25,308**	**3.00**	**900**	**4,356**	**4.84**	**-**	**-**	**0**	**-**	**-**	**0**	**65,424**	**136,884**	**10**
	Factor																		
Residential - Urban - Outside	1.00		0			0			0			0			0		-	-	
Residential - Urban - Outside with other services	1.00	4,956	4,956			0			0			0			0		4,956	4,956	
Residential - Urban - Inside	2.00	51,132	102,264			0			0			0			0		51,132	102,264	
Residential - Urban - Inside - with other services			0			0			0			0			0		-	-	
Residential - Rural - Outside	3.00		0			0			0			0			0		-	-	
Residential - Rural - Outside with other services	2.00		0			0			0			0			0		-	-	
LDC Specific 1			0			0			0			0			0		-	-	
LDC Specific 2			0			0			0			0			0		-	-	
GS - Walking	2.00		0			0			0			0			0		-	-	
GS - Walking - with other services	3.00		0		8,436	25,308		864	2,592			0		0	0		9,300	27,900	
GS - Vehicle with other services	3.00		0			0			0			0			0		-	-	
LDC Specific 3			0			0			0			0			0		-	-	
LDC Specific 4	0.00		0			0			0			0			0		-	-	
Interval	49.00		0			0		36	1,764			0			0		36	1,764	

2011 COST ALLOCATION INFORMATION FILING

KENORA HYDRO ELECTRIC CORPORATION I

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Tuesday, August 31, 2010

Sheet I8 Demand Data Worksheet - Second Run Updated for 2011 Forecast

This is an input sheet for demand allocators.

14	CP TEST RESULTS	4 CP
15	NCP TEST RESULTS	4 NCP
16		
17	Co-incident Peak	Indicator
18	1 CP	CP 1
19	4 CP	CP 4
20	12 CP	CP 12
21		
24	Non-co-incident Peak	Indicator
25	1 NCP	NCP 1
26	4 NCP	NCP 4
27	12 NCP	NCP 12

	Customer Classes		Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load
35	**CO-INCIDENT PEAK**							
37	**1 CP**							
38	Transformation CP	TCP1	19,435	8,252	3,984	6,680	501	18
39	Bulk Delivery CP	BCP1	19,435	8,252	3,984	6,680	501	18
40	Total Sytem CP	DCP1	19,435	8,252	3,984	6,680	501	18
42	**4 CP**							
43	Transformation CP	TCP4	74,312	31,229	16,212	25,823	981	67
44	Bulk Delivery CP	BCP4	74,312	31,229	16,212	25,823	981	67
45	Total Sytem CP	DCP4	74,312	31,229	16,212	25,823	981	67
47	**12 CP**							
48	Transformation CP	TCP12	192,724	72,904	42,840	75,120	1,662	198
49	Bulk Delivery CP	BCP12	192,724	72,904	42,840	75,120	1,662	198
50	Total Sytem CP	DCP12	192,724	72,904	42,840	75,120	1,662	198
52	**NON CO_INCIDENT PEAK**							
54	**1 NCP**							
55	Classification NCP from Load Data Provider	DNCP1	21,424	8,700	4,973	7,231	501	18
56	Primary NCP	PNCP1	20,567	8,352	4,774	6,942	481	17
57	Line Transformer NCP	LTNCP1	19,048	8,352	4,774	5,423	481	17
58	Secondary NCP	SNCP1	19,409	8,352	4,774	5,785	481	16
60	**4 NCP**							
61	Classification NCP from Load Data Provider	DNCP4	81,833	32,876	19,111	27,862	1,916	68
62	Primary NCP	PNCP4	78,560	31,561	18,347	26,748	1,839	65
63	Line Transformer NCP	LTNCP4	72,709	31,561	18,347	20,897	1,839	65
64	Secondary NCP	SNCP4	74,102	31,561	18,347	22,290	1,839	65
66	**12 NCP**							
67	Classification NCP from Load Data Provider	DNCP12	214,130	79,339	51,266	77,768	5,559	198
68	Primary NCP	PNCP12	205,565	76,166	49,216	74,657	5,337	190
69	Line Transformer NCP	LTNCP12	189,233	76,166	49,216	58,326	5,337	190
70	Secondary NCP	SNCP12	193,122	76,166	49,216	62,214	5,337	190

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTI
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet I9 Direct Allocation Worksheet - Second Run Updated for 2011 Forecast

USoA Account #	Accounts	Direct Allocation	Total Allocated to Rate Classifications?	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 USL
1995	Contributions and Grants - Credit	$0	Yes					
1805	Land	$0	Yes					
1806	Land Rights	$0	Yes					
1808	Buildings and Fixtures	$0	Yes					
1810	Leasehold Improvements	$0	Yes					
1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	Yes					
1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	Yes					
1825	Storage Battery Equipment	$0	Yes					
1830	Poles, Towers and Fixtures	$0	Yes					
1835	Overhead Conductors and Devices	$0	Yes					
1840	Underground Conduit	$0	Yes					
1845	Underground Conductors and Devices	$0	Yes					
1850	Line Transformers	$0	Yes					
1855	Services	$0	Yes					
1860	Meters	$0	Yes					
1905	Land	$0	Yes					
1906	Land Rights	$0	Yes					
1908	Buildings and Fixtures	$0	Yes					
1910	Leasehold Improvements	$0	Yes					
1915	Office Furniture and Equipment	$0	Yes					
1920	Computer Equipment - Hardware	$0	Yes					
1925	Computer Software	$0	Yes					
1930	Transportation Equipment	$0	Yes					
1935	Stores Equipment	$0	Yes					
1940	Tools, Shop and Garage Equipment	$0	Yes					
1945	Measurement and Testing Equipment	$0	Yes					
1950	Power Operated Equipment	$0	Yes					
1955	Communication Equipment	$0	Yes					
1960	Miscellaneous Equipment	$0	Yes					
1970	Load Management Controls - Customer Premises	$0	Yes					
1975	Load Management Controls - Utility Premises	$0	Yes					
1980	System Supervisory Equipment	$0	Yes					
1990	Other Tangible Property	$0	Yes					
2005	Property Under Capital Leases	$0	Yes					
2010	Electric Plant Purchased or Sold	$0	Yes					
2050	Completed Construction Not Classified--Electric	$0	Yes					
2105	Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	$0	Yes					
2120	Accumulated Amortization of Electric Utility Plant - Intangibles	$0	Yes					
	Directly Allocated Net Fixed Assets			$0	$0	$0	$0	$0
5005	Operation Supervision and Engineering	$0	Yes					
5010	Load Dispatching	$0	Yes					
5012	Station Buildings and Fixtures Expense	$0	Yes					
5014	Transformer Station Equipment - Operation Labour	$0	Yes					
5015	Transformer Station Equipment - Operation Supplies and Expenses	$0	Yes					
5016	Distribution Station Equipment - Operation Labour	$0	Yes					
5017	Distribution Station Equipment - Operation Supplies and Expenses	$0	Yes					

5020	Overhead Distribution Lines and Feeders - Operation Labour	$0	Yes					
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	$0	Yes					
5030	Overhead Subtransmission Feeders - Operation	$0	Yes					
5035	Overhead Distribution Transformers- Operation	$0	Yes					
5040	Underground Distribution Lines and Feeders - Operation Labour	$0	Yes					
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	$0	Yes					
5050	Underground Subtransmission Feeders - Operation	$0	Yes					
5055	Underground Distribution Transformers - Operation	$0	Yes					
5065	Meter Expense	$0	Yes					
5070	Customer Premises - Operation Labour	$0	Yes					
5075	Customer Premises - Materials and Expenses	$0	Yes					
5085	Miscellaneous Distribution Expense	$0	Yes					
5090	Underground Distribution Lines and Feeders - Rental Paid	$0	Yes					
5095	Overhead Distribution Lines and Feeders - Rental Paid	$0	Yes					
5096	Other Rent	$0	Yes					
5105	Maintenance Supervision and Engineering	$0	Yes					
5110	Maintenance of Buildings and Fixtures - Distribution Stations	$0	Yes					
5112	Maintenance of Transformer Station Equipment	$0	Yes					
5114	Maintenance of Distribution Station Equipment	$0	Yes					
5120	Maintenance of Poles, Towers and Fixtures	$0	Yes					
5125	Maintenance of Overhead Conductors and Devices	$0	Yes					
5130	Maintenance of Overhead Services	$0	Yes					
5135	Overhead Distribution Lines and Feeders - Right of Way	$0	Yes					
5145	Maintenance of Underground Conduit	$0	Yes					
5150	Maintenance of Underground Conductors and Devices	$0	Yes					
5155	Maintenance of Underground Services	$0	Yes					
5160	Maintenance of Line Transformers	$0	Yes					
5175	Maintenance of Meters	$0	Yes					
5305	Supervision	$0	Yes					
5310	Meter Reading Expense	$0	Yes					
5315	Customer Billing	$0	Yes					
5320	Collecting	$0	Yes					
5325	Collecting- Cash Over and Short	$0	Yes					
5330	Collection Charges	$0	Yes					
5335	Bad Debt Expense	$0	Yes					
5340	Miscellaneous Customer Accounts Expenses	$0	Yes					
5405	Supervision	$0	Yes					
5410	Community Relations - Sundry	$0	Yes					
5415	Energy Conservation	$0	Yes					
5420	Community Safety Program	$0	Yes					
5425	Miscellaneous Customer Service and Informational Expenses	$0	Yes					
5505	Supervision	$0	Yes					
5510	Demonstrating and Selling Expense	$0	Yes					
5515	Advertising Expense	$0	Yes					
5520	Miscellaneous Sales Expense	$0	Yes					
5605	Executive Salaries and Expenses	$0	Yes					
5610	Management Salaries and Expenses	$0	Yes					
5615	General Administrative Salaries and Expenses	$0	Yes					
5620	Office Supplies and Expenses	$0	Yes					
5695	Smart Meter OM&A Contra	$0	Yes					
5630	Outside Services Employed	$0	Yes					
5635	Property Insurance	$0	Yes					
5640	Injuries and Damages	$0	Yes					

5645	Employee Pensions and Benefits	$0	**Yes**					
5650	Franchise Requirements	$0	**Yes**					
5655	Regulatory Expenses	$0	**Yes**					
5660	General Advertising Expenses	$0	**Yes**					
5665	Miscellaneous General Expenses	$0	**Yes**					
5670	Rent	$0	**Yes**					
5675	Maintenance of General Plant	$0	**Yes**					
5680	Electrical Safety Authority Fees	$0	**Yes**					
5705	Amortization Expense - Property, Plant, and Equipment	$0	**Yes**					
5710	Amortization of Limited Term Electric Plant	$0	**Yes**					
5715	Amortization of Intangibles and Other Electric Plant	$0	**Yes**					
5720	Amortization of Electric Plant Acquisition Adjustments	$0	**Yes**					
6105	Taxes Other Than Income Taxes	$0	**Yes**					
6205	Donations	$0	**Yes**					
6210	Life Insurance	$0	**Yes**					
6215	Penalties	$0	**Yes**					
6225	Other Deductions	$0	**Yes**					
	Total Expenses			$0	$0	$0	$0	$0
	Depreciation Expense			$0	$0	$0	$0	$0

Total Net Fixed Assets Excluding Gen Plant	**$14,690,210**	**Allocated**	**Residential**	**GS <50**	**GS>50-Regula**	**Street Light**	**USL**
Approved Total PILs	**$20,812**	**$0**	$0	$0	$0	$0	$0
Approved Total Return on Debt	**$236,259**	**$0**	$0	$0	$0	$0	$0
Approved Total Return on Equity	**$406,115**	**$0**	$0	$0	$0	$0	$0
		Total	**$0**	**$0**	**$0**	**$0**	**$0**

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O1 Revenue to Cost Summary Worksheet - Second Run Updated for 2011 Forecast

Class Revenue, Cost Analysis, and Return on Rate Base

			1	2	3	7	9
		Total	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**
Rate Base Assets							
crev	Distribution Revenue (sale)	**$2,850,945**	$1,669,122	$450,491	$669,707	$53,907	$7,718
mi	Miscellaneous Revenue (mi)	**$357,246**	$218,819	$73,284	$59,440	$5,179	$524
	Total Revenue	**$3,208,191**	**$1,887,941**	**$523,774**	**$729,147**	**$59,086**	**$8,243**
	Expenses						
di	Distribution Costs (di)	**$557,579**	$291,902	$114,375	$126,576	$23,606	$1,121
cu	Customer Related Costs (cu)	**$618,103**	$447,560	$136,354	$32,920	$365	$903
ad	General and Administration (ad)	**$900,363**	$561,763	$192,069	$126,364	$18,628	$1,539
dep	Depreciation and Amortization (dep)	**$468,960**	$240,452	$98,426	$112,779	$16,492	$812
INPUT	PILs (INPUT)	**$20,812**	$10,469	$4,474	$5,305	$536	$28
INT	Interest	**$236,259**	$118,843	$50,794	$60,225	$6,082	$315
	Total Expenses	**$2,802,076**	**$1,670,989**	**$596,491**	**$464,169**	**$65,710**	**$4,718**
	Direct Allocation	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
NI	Allocated Net Income (NI)	**$406,115**	$204,283	$87,311	$103,524	$10,455	$542
	Revenue Requirement (includes NI)	**$3,208,191**	$1,875,272	$683,802	$567,693	$76,164	$5,260
		Revenue Requirement Input equals Output					
	Rate Base Calculation						
	Net Assets						
dp	Distribution Plant - Gross	**$14,690,210**	$7,637,394	$3,118,345	$3,434,220	$476,407	$23,843
gp	General Plant - Gross	**$1,719,022**	$880,172	$368,851	$418,402	$49,036	$2,562
accum dep	Accumulated Depreciation	**($7,236,379)**	($3,820,892)	($1,518,973)	($1,619,995)	($263,784)	($12,736)
co	Capital Contribution	**($500,313)**	($326,719)	($104,052)	($31,491)	($36,083)	($1,968)
	Total Net Plant	**$8,672,540**	**$4,369,955**	**$1,864,171**	**$2,201,136**	**$225,576**	**$11,701**
	Directly Allocated Net Fixed Assets	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
COP	Cost of Power (COP)	**$8,823,607**	$3,123,928	$1,829,044	$3,710,266	$148,486	$11,882
	OM&A Expenses	**$2,076,045**	$1,301,225	$442,797	$285,860	$42,600	$3,563
	Directly Allocated Expenses	**$0**	$0	$0	$0	$0	$0
	Subtotal	***$10,899,652***	***$4,425,153***	***$2,271,841***	***$3,996,126***	***$191,086***	***$15,446***
	Working Capital	**$1,634,948**	**$663,773**	**$340,776**	**$599,419**	**$28,663**	**$2,317**
	Total Rate Base	**$10,307,488**	**$5,033,728**	**$2,204,947**	**$2,800,555**	**$254,239**	**$14,018**
		Rate Base Input equals Output					
	Equity Component of Rate Base	**$4,122,995**	**$2,013,491**	**$881,979**	**$1,120,222**	**$101,696**	**$5,607**
	Net Income on Allocated Assets	**$406,115**	**$216,953**	**($72,717)**	**$264,978**	**($6,624)**	**$3,525**
	Net Income on Direct Allocation Assets	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
	Net Income	**$406,115**	**$216,953**	**($72,717)**	**$264,978**	**($6,624)**	**$3,525**
	RATIOS ANALYSIS						
	REVENUE TO EXPENSES %	**100.00%**	100.68%	76.60%	128.44%	77.58%	156.72%
	EXISTING REVENUE MINUS ALLOCATED COSTS	**$0**	$12,669	($160,028)	$161,454	($17,078)	$2,983
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.85%	10.77%	-8.24%	23.65%	-6.51%	62.87%

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
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Tuesday, August 31, 2010
Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet - Second Run Updated for 2011 Fore

Output sheet showing minimum and maximum level for Monthly Fixed Charge

Summary

	1	2	3	7	9
	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
Customer Unit Cost per month - Avoided Cost	$7.41	$14.71	$43.48	-$0.12	$2.26
Customer Unit Cost per month - Directly Related	$13.10	$25.55	$82.66	-$0.07	$4.17
Customer Unit Cost per month - Minimum System with PLCC Adjustment	$18.69	$30.85	$81.69	$6.40	$9.71
Fixed Charge per estimated 2011 rates	$19.86	$39.79	$528.38	$5.20	$16.65

Information to be Used to Allocate PILs, ROD, ROE and A&G

		1	2	3	7	9
	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
General Plant - Gross Assets	$1,719,022	$880,172	$368,851	$418,402	$49,036	$2,562
General Plant - Accumulated Depreciation	($885,148)	($453,212)	($189,927)	($215,441)	($25,249)	($1,319)
General Plant - Net Fixed Assets	$833,874	$426,960	$178,925	$202,961	$23,787	$1,243
General Plant - Depreciation	$30,294	$15,511	$6,500	$7,373	$864	$45
Total Net Fixed Assets Excluding General Plant	$7,838,666	$3,942,996	$1,685,247	$1,998,175	$201,789	$10,458
Total Administration and General Expense	$900,363	$561,763	$192,069	$126,364	$18,628	$1,539
Total O&M	$1,175,682	$739,462	$250,729	$159,496	$23,972	$2,024

Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

			1	2	3	7	9
USoA Account #	Accounts	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
	Distribution Plant						
1860	Meters	$1,594,256	$1,041,371	$381,111	$171,774	$0	$0
	Accumulated Amortization						
	Accum. Amortization of Electric Utility Plant - Meters only	($527,823)	($344,775)	($126,177)	($56,871)	$0	$0
	Meter Net Fixed Assets	**$1,066,433**	**$696,596**	**$254,933**	**$114,904**	**$0**	**$0**
	Misc Revenue						
4082	Retail Services Revenues	($8,000)	($5,696)	($1,821)	($464)	($1)	($17)
4084	Service Transaction Requests (STR) Revenues	($500)	($356)	($114)	($29)	($0)	($1)
4090	Electric Services Incidental to Energy Sales	$0	$0	$0	$0	$0	$0
4220	Other Electric Revenues	($44,250)	($22,259)	($9,513)	($11,280)	($1,139)	($59)
4225	Late Payment Charges	($43,000)	($36,981)	($4,287)	($1,719)	$0	($13)
	Sub-total	*($95,750)*	*($65,292)*	*($15,735)*	*($13,493)*	*($1,140)*	*($90)*
	Operation						
5065	Meter Expense	$37,590	$24,554	$8,986	$4,050	$0	$0
5070	Customer Premises - Operation Labour	$0	$0	$0	$0	$0	$0
5075	Customer Premises - Materials and Expenses	$3,570	$2,773	$442	$32	$306	$17
	Sub-total	*$41,160*	*$27,327*	*$9,428*	*$4,082*	*$306*	*$17*
	Maintenance						
5175	Maintenance of Meters	$0	$0	$0	$0	$0	$0
	Billing and Collection						
5310	Meter Reading Expense	$146,843	$115,021	$27,149	$4,673	$0	$0
5315	Customer Billing	$413,399	$294,356	$94,100	$23,998	$59	$887
5320	Collecting	$0	$0	$0	$0	$0	$0
5325	Collecting- Cash Over and Short	$0	$0	$0	$0	$0	$0
5330	Collection Charges	$0	$0	$0	$0	$0	$0
	Sub-total	$560,243	$409,378	$121,249	$28,671	$59	$887
	Total Operation, Maintenance and Billing	$601,403	$436,705	$130,676	$32,753	$365	$903
	Amortization Expense - Meters	$19,640	$12,829	$4,695	$2,116	$0	$0
	Allocated PILs	$2,558	$1,669	$612	$277	$0	$0
	Allocated Debt Return	$29,034	$18,944	$6,946	$3,144	$0	$0
	Allocated Equity Return	$49,908	$32,564	$11,940	$5,404	$0	$0
	Total	**$606,793**	**$437,419**	**$139,135**	**$30,202**	**($775)**	**$813**

Scenario 2

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load
	Distribution Plant						
1860	Meters	$1,594,256	$1,041,371	$381,111	$171,774	$0	$0
	Accumulated Amortization						
	Accum. Amortization of Electric Utility Plant - Meters only	($527,823)	($344,775)	($126,177)	($56,871)	$0	$0
	Meter Net Fixed Assets	$1,066,433	$696,596	$254,933	$114,904	$0	$0
	Allocated General Plant Net Fixed Assets	$114,167	$75,430	$27,067	$11,671	$0	$0
	Meter Net Fixed Assets Including General Plant	$1,180,600	$772,026	$282,000	$126,575	$0	$0
	Misc Revenue						
4082	Retail Services Revenues	($8,000)	($5,696)	($1,821)	($464)	($1)	($17)
4084	Service Transaction Requests (STR) Revenues	($500)	($356)	($114)	($29)	($0)	($1)
4090	Electric Services Incidental to Energy Sales	$0	$0	$0	$0	$0	$0
4220	Other Electric Revenues	($44,250)	($22,259)	($9,513)	($11,280)	($1,139)	($59)
4225	Late Payment Charges	($43,000)	($36,981)	($4,287)	($1,719)	$0	($13)
	Sub-total	*($95,750)*	*($65,292)*	*($15,735)*	*($13,493)*	*($1,140)*	*($90)*
	Operation						
5065	Meter Expense	$37,590	$24,554	$8,986	$4,050	$0	$0
5070	Customer Premises - Operation Labour	$0	$0	$0	$0	$0	$0
5075	Customer Premises - Materials and Expenses	$3,570	$2,773	$442	$32	$306	$17
	Sub-total	*$41,160*	*$27,327*	*$9,428*	*$4,082*	*$306*	*$17*
	Maintenance						
5175	Maintenance of Meters	$0	$0	$0	$0	$0	$0
	Billing and Collection						
5310	Meter Reading Expense	$146,843	$115,021	$27,149	$4,673	$0	$0
5315	Customer Billing	$413,399	$294,356	$94,100	$23,998	$59	$887
5320	Collecting	$0	$0	$0	$0	$0	$0
5325	Collecting- Cash Over and Short	$0	$0	$0	$0	$0	$0
5330	Collection Charges	$0	$0	$0	$0	$0	$0
	Sub-total	*$560,243*	*$409,378*	*$121,249*	*$28,671*	*$59*	*$887*
	Total Operation, Maintenance and Billing	$601,403	$436,705	$130,676	$32,753	$365	$903
	Amortization Expense - Meters	$19,640	$12,829	$4,695	$2,116	$0	$0
	Amortization Expense - General Plant assigned to Meters	*$4,148*	*$2,740*	*$983*	*$424*	*$0*	*$0*
	Admin and General	$458,785	$331,761	$100,104	$25,949	$284	$687
	Allocated PILs	$2,831	$1,850	$677	$305	$0	$0
	Allocated Debt Return	$32,143	$20,996	$7,684	$3,463	$0	$0
	Allocated Equity Return	$55,251	$36,090	$13,208	$5,953	$0	$0
	Total	**$1,078,450**	**$777,678**	**$242,292**	**$57,471**	**($491)**	**$1,500**

Scenario 3

Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load
	Distribution Plant						
1565	Conservation and Demand Management Expenditures and Recoveries	$0	$0	$0	$0	$0	$0
1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0
1830-4	Poles, Towers and Fixtures - Primary	$1,149,853	$893,194	$142,230	$10,403	$98,646	$5,381
1830-5	Poles, Towers and Fixtures - Secondary	$735,152	$571,951	$91,076	$5,513	$63,167	$3,445
1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0
1835-4	Overhead Conductors and Devices - Primary	$372,007	$288,972	$46,015	$3,366	$31,915	$1,741
1835-5	Overhead Conductors and Devices - Secondary	$237,841	$185,041	$29,465	$1,784	$20,436	$1,115
1840	Underground Conduit	$0	$0	$0	$0	$0	$0
1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0
1840-4	Underground Conduit - Primary	$88,798	$68,978	$10,984	$803	$7,618	$416
1840-5	Underground Conduit - Secondary	$19,492	$15,165	$2,415	$146	$1,675	$91
1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0
1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0
1845-4	Underground Conductors and Devices - Primary	$188,431	$146,371	$23,308	$1,705	$16,165	$882
1845-5	Underground Conductors and Devices - Secondary	$41,363	$32,180	$5,124	$310	$3,554	$194
1850	Line Transformers	$713,065	$555,027	$88,381	$5,015	$61,298	$3,344
1855	Services	$653,402	$426,690	$135,890	$41,127	$47,124	$2,570
1860	Meters	$1,594,256	$1,041,371	$381,111	$171,774	$0	$0
	Sub-total	*$5,793,660*	*$4,224,940*	*$955,997*	*$241,945*	*$351,599*	*$19,178*
	Accumulated Amortization						
	Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	($3,202,560)	($2,354,965)	($504,220)	($109,256)	($222,009)	($12,110)
	Customer Related Net Fixed Assets	$2,591,100	$1,869,975	$451,777	$132,689	$129,590	$7,069
	Allocated General Plant Net Fixed Assets	$280,046	$202,487	$47,966	$13,478	$15,276	$840
	Customer Related NFA Including General Plant	$2,871,145	$2,072,462	$499,743	$146,167	$144,866	$7,908
	Misc Revenue						
4082	Retail Services Revenues	($8,000)	($5,696)	($1,821)	($464)	($1)	($17)
4084	Service Transaction Requests (STR) Revenues	($500)	($356)	($114)	($29)	($0)	($1)
4090	Electric Services Incidental to Energy Sales	$0	$0	$0	$0	$0	$0
4220	Other Electric Revenues	($44,250)	($22,259)	($9,513)	($11,280)	($1,139)	($59)
4225	Late Payment Charges	($43,000)	($36,981)	($4,287)	($1,719)	$0	($13)
4235	Miscellaneous Service Revenues	($105,205)	($74,910)	($23,947)	($6,107)	($15)	($226)
	Sub-total	*($200,955)*	*($140,202)*	*($39,682)*	*($19,600)*	*($1,155)*	*($316)*

	Operating and Maintenance						
5005	Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0
5010	Load Dispatching	$0	$0	$0	$0	$0	$0
5020	Overhead Distribution Lines and Feeders - Operation Labour	$26,000	$20,209	$3,218	$220	$2,232	$122
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	$10,800	$8,394	$1,337	$91	$927	$51
5035	Overhead Distribution Transformers- Operation	$11,812	$9,194	$1,464	$83	$1,015	$55
5040	Underground Distribution Lines and Feeders - Operation Labour	$3,400	$2,642	$421	$30	$292	$16
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	$0	$0	$0	$0	$0	$0
5055	Underground Distribution Transformers - Operation	$0	$0	$0	$0	$0	$0
5065	Meter Expense	$37,590	$24,554	$8,986	$4,050	$0	$0
5070	Customer Premises - Operation Labour	$0	$0	$0	$0	$0	$0
5075	Customer Premises - Materials and Expenses	$3,570	$2,773	$442	$32	$306	$17
5085	Miscellaneous Distribution Expense	$7,560	$5,731	$1,035	$126	$633	$35
5090	Underground Distribution Lines and Feeders - Rental Paid	$0	$0	$0	$0	$0	$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	$0	$0	$0	$0	$0	$0
5096	Other Rent	$0	$0	$0	$0	$0	$0
5105	Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0
5120	Maintenance of Poles, Towers and Fixtures	$6,800	$5,285	$842	$57	$584	$32
5125	Maintenance of Overhead Conductors and Devices	$97,440	$75,737	$12,060	$823	$8,364	$456
5130	Maintenance of Overhead Services	$0	$0	$0	$0	$0	$0
5135	Overhead Distribution Lines and Feeders - Right of Way	$32,364	$25,155	$4,006	$273	$2,778	$152
5145	Maintenance of Underground Conduit	$0	$0	$0	$0	$0	$0
5150	Maintenance of Underground Conductors and Devices	$3,216	$2,499	$398	$28	$276	$15
5155	Maintenance of Underground Services	$0	$0	$0	$0	$0	$0
5160	Maintenance of Line Transformers	$18,440	$14,353	$2,286	$130	$1,585	$86
5175	Maintenance of Meters	$0	$0	$0	$0	$0	$0
	Sub-total	*$258,992*	*$196,526*	*$36,493*	*$5,944*	*$18,993*	*$1,036*
	Billing and Collection						
5305	Supervision	$0	$0	$0	$0	$0	$0
5310	Meter Reading Expense	$146,843	$115,021	$27,149	$4,673	$0	$0
5315	Customer Billing	$413,399	$294,356	$94,100	$23,998	$59	$887
5320	Collecting	$0	$0	$0	$0	$0	$0
5325	Collecting- Cash Over and Short	$0	$0	$0	$0	$0	$0
5330	Collection Charges	$0	$0	$0	$0	$0	$0
5335	Bad Debt Expense	$16,700	$10,856	$5,677	$167	$0	$0
5340	Miscellaneous Customer Accounts Expenses	$0	$0	$0	$0	$0	$0
	Sub-total	*$576,943*	*$420,233*	*$126,926*	*$28,838*	*$59*	*$887*
	Sub Total Operating, Maintenance and Biling	*$835,934*	*$616,760*	*$163,419*	*$34,781*	*$19,052*	*$1,923*
	Amortization Expense - Customer Related	$156,264	$118,138	$22,226	$3,635	$11,630	$634
	Amortization Expense - General Plant assigned to Meters	$10,174	$7,356	$1,743	$490	$555	$31
	Admin and General	$637,557	$468,547	$125,186	$27,556	$14,805	$1,462
	Allocated PILs	$6,880	$4,965	$1,200	$352	$344	$19
	Allocated Debt Return	$78,096	$56,361	$13,617	$3,999	$3,906	$213
	Allocated Equity Return	$134,243	$96,882	$23,406	$6,875	$6,714	$366
	PLCC Adjustment for Line Transformer	$25,841	$20,098	$3,206	$183	$2,233	$121
	PLCC Adjustment for Primary Costs	$75,454	$58,559	$9,343	$688	$6,511	$353
	PLCC Adjustment for Secondary Costs	$50,209	$38,744	$5,809	$420	$4,874	$362
	Total	$1,506,688	**$1,111,407**	**$292,755**	**$56,797**	**$42,234**	**$3,495**

Below: Grouping to avoid disclosure

Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

Accounts	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
Distribution Plant						
CWMC	$ 1,594,256	$ 1,041,371	$ 381,111	$ 171,774	$ -	$ -
Accumulated Amortization						
Accum. Amortization of Electric Utility Plant - Meters only	$ (527,823)	$ (344,775)	$ (126,177)	$ (56,871)	$ -	$ -
Meter Net Fixed Assets	$ 1,066,433	$ 696,596	$ 254,933	$ 114,904	$ -	$ -
Misc Revenue						
CWNB	$ (8,500)	$ (6,052)	$ (1,935)	$ (493)	$ (1)	$ (18)
NFA	$ (44,250)	$ (22,259)	$ (9,513)	$ (11,280)	$ (1,139)	$ (59)
LPHA	$ (43,000)	$ (36,981)	$ (4,287)	$ (1,719)	$ -	$ (13)
Sub-total	$ (95,750)	$ (65,292)	$ (15,735)	$ (13,493)	$ (1,140)	$ (90)
Operation						
CWMC	$ 37,590	$ 24,554	$ 8,986	$ 4,050	$ -	$ -
CCA	$ 3,570	$ 2,773	$ 442	$ 32	$ 306	$ 17
Sub-total	$ 41,160	$ 27,327	$ 9,428	$ 4,082	$ 306	$ 17
Maintenance						
1860	$ -	$ -	$ -	$ -	$ -	$ -
Billing and Collection						
CWMR	$ 146,843	$ 115,021	$ 27,149	$ 4,673	$ -	$ -
CWNB	$ 413,399	$ 294,356	$ 94,100	$ 23,998	$ 59	$ 887
Sub-total	$ 560,243	$ 409,378	$ 121,249	$ 28,671	$ 59	$ 887
Total Operation, Maintenance and Billing	$ 601,403	$ 436,705	$ 130,676	$ 32,753	$ 365	$ 903
Amortization Expense - Meters	$ 19,640	$ 12,829	$ 4,695	$ 2,116	$ -	$ -
Allocated PILs	$ 2,558	$ 1,669	$ 612	$ 277	$ -	$ -
Allocated Debt Return	$ 29,034	$ 18,944	$ 6,946	$ 3,144	$ -	$ -
Allocated Equity Return	$ 49,908	$ 32,564	$ 11,940	$ 5,404	$ -	$ -
Total	**$ 606,793**	**$ 437,419**	**$ 139,135**	**$ 30,202**	**$ (775)**	**$ 813**

Scenario 2

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

Accounts	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
Distribution Plant						
CWMC	$ 1,594,256	$ 1,041,371	$ 381,111	$ 171,774	$ -	$ -
Accumulated Amortization						
Accum. Amortization of Electric Utility Plant - Meters only	$ (527,823)	$ (344,775)	$ (126,177)	$ (56,871)	$ -	$ -
Meter Net Fixed Assets	$ 1,066,433	$ 696,596	$ 254,933	$ 114,904	$ -	$ -
Allocated General Plant Net Fixed Assets	$ 114,167	$ 75,430	$ 27,067	$ 11,671	$ -	$ -
Meter Net Fixed Assets Including General Plant	$ 1,180,600	$ 772,026	$ 282,000	$ 126,575	$ -	$ -
Misc Revenue						
CWNB	$ (8,500)	$ (6,052)	$ (1,935)	$ (493)	$ (1)	$ (18)
NFA	$ (44,250)	$ (22,259)	$ (9,513)	$ (11,280)	$ (1,139)	$ (59)
LPHA	$ (43,000)	$ (36,981)	$ (4,287)	$ (1,719)	$ -	$ (13)
Sub-total	*$ (95,750)*	*$ (65,292)*	*$ (15,735)*	*$ (13,493)*	*$ (1,140)*	*$ (90)*
Operation						
CWMC	$ 37,590	$ 24,554	$ 8,986	$ 4,050	$ -	$ -
CCA	$ 3,570	$ 2,773	$ 442	$ 32	$ 306	$ 17
Sub-total	*$ 41,160*	*$ 27,327*	*$ 9,428*	*$ 4,082*	*$ 306*	*$ 17*
Maintenance						
1860	$ -	$ -	$ -	$ -	$ -	$ -
Billing and Collection						
CWMR	$ 146,843	$ 115,021	$ 27,149	$ 4,673	$ -	$ -
CWNB	$ 413,399	$ 294,356	$ 94,100	$ 23,998	$ 59	$ 887
Sub-total	*$ 560,243*	*$ 409,378*	*$ 121,249*	*$ 28,671*	*$ 59*	*$ 887*
Total Operation, Maintenance and Billing	$ 601,403	$ 436,705	$ 130,676	$ 32,753	$ 365	$ 903
Amortization Expense - Meters	$ 19,640	$ 12,829	$ 4,695	$ 2,116	$ -	$ -
Amortization Expense - General Plant assigned to Meters	$ 4,148	$ 2,740	$ 983	$ 424	$ -	$ -
Admin and General	$ 458,785	$ 331,761	$ 100,104	$ 25,949	$ 284	$ 687
Allocated PILs	$ 2,831	$ 1,850	$ 677	$ 305	$ -	$ -
Allocated Debt Return	$ 32,143	$ 20,996	$ 7,684	$ 3,463	$ -	$ -
Allocated Equity Return	$ 55,251	$ 36,090	$ 13,208	$ 5,953	$ -	$ -
Total	**$ 1,078,450**	**$ 777,678**	**$ 242,292**	**$ 57,471**	**$ (491)**	**$ 1,500**

Scenario 3

Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
	Distribution Plant						
	CDMPP	$ -	$ -	$ -	$ -	$ -	$ -
	Poles, Towers and Fixtures	$ -	$ -	$ -	$ -	$ -	$ -
	BCP	$ -	$ -	$ -	$ -	$ -	$ -
	PNCP	$ 1,799,090	$ 1,397,515	$ 222,536	$ 16,276	$ 154,344	$ 8,419
	SNCP	$ 1,033,848	$ 804,337	$ 128,080	$ 7,753	$ 88,832	$ 4,845
	Overhead Conductors and Devices	$ -	$ -	$ -	$ -	$ -	$ -
	LTNCP	$ 713,065	$ 555,027	$ 88,381	$ 5,015	$ 61,298	$ 3,344
	CWCS	$ 653,402	$ 426,690	$ 135,890	$ 41,127	$ 47,124	$ 2,570
	CWMC	$ 1,594,256	$ 1,041,371	$ 381,111	$ 171,774	$ -	$ -
	Sub-total	*$ 5,793,660*	*$ 4,224,940*	*$ 955,997*	*$ 241,945*	*$ 351,599*	*$ 19,178*
	Accumulated Amortization						
	Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	$ (3,202,560)	$ (2,354,965)	$ (504,220)	$ (109,256)	$ (222,009)	$ (12,110)
	Customer Related Net Fixed Assets	$ 2,591,100	$ 1,869,975	$ 451,777	$ 132,689	$ 129,590	$ 7,069
	Allocated General Plant Net Fixed Assets	$ 280,046	$ 202,487	$ 47,966	$ 13,478	$ 15,276	$ 840
	Customer Related NFA Including General Plant	$ 2,871,145	$ 2,072,462	$ 499,743	$ 146,167	$ 144,866	$ 7,908
	Misc Revenue						
	CWNB	$ (113,705)	$ (80,962)	$ (25,882)	$ (6,601)	$ (16)	$ (244)
	NFA	$ (44,250)	$ (22,259)	$ (9,513)	$ (11,280)	$ (1,139)	$ (59)
	LPHA	$ (43,000)	$ (36,981)	$ (4,287)	$ (1,719)	$ -	$ (13)
	Sub-total	*$ (200,955)*	*$ (140,202)*	*$ (39,682)*	*$ (19,600)*	*$ (1,155)*	*$ (316)*
	Operating and Maintenance						
	1815-1855	$ 7,560	$ 5,731	$ 1,035	$ 126	$ 633	$ 35
	1830 & 1835	$ 69,164	$ 53,758	$ 8,560	$ 584	$ 5,937	$ 324
	1850	$ 30,252	$ 23,547	$ 3,750	$ 213	$ 2,601	$ 142
	1840 & 1845	$ 3,400	$ 2,642	$ 421	$ 30	$ 292	$ 16
	CWMC	$ 37,590	$ 24,554	$ 8,986	$ 4,050	$ -	$ -
	CCA	$ 3,570	$ 2,773	$ 442	$ 32	$ 306	$ 17
	O&M	$ -	$ -	$ -	$ -	$ -	$ -
	1830	$ 6,800	$ 5,285	$ 842	$ 57	$ 584	$ 32
	1835	$ 97,440	$ 75,737	$ 12,060	$ 823	$ 8,364	$ 456
	1855	$ -	$ -	$ -	$ -	$ -	$ -
	1840	$ -	$ -	$ -	$ -	$ -	$ -
	1845	$ 3,216	$ 2,499	$ 398	$ 28	$ 276	$ 15
	1860	$ -	$ -	$ -	$ -	$ -	$ -
	Sub-total	*$ 258,992*	*$ 196,526*	*$ 36,493*	*$ 5,944*	*$ 18,993*	*$ 1,036*
	Billing and Collection						
	CWNB	$ 413,399	$ 294,356	$ 94,100	$ 23,998	$ 59	$ 887
	CWMR	$ 146,843	$ 115,021	$ 27,149	$ 4,673	$ -	$ -
	BDHA	$ 16,700	$ 10,856	$ 5,677	$ 167	$ -	$ -
	Sub-total	*$ 576,943*	*$ 420,233*	*$ 126,926*	*$ 28,838*	*$ 59*	*$ 887*
	Sub Total Operating, Maintenance and Biling	*$ 835,934*	*$ 616,760*	*$ 163,419*	*$ 34,781*	*$ 19,052*	*$ 1,923*
	Amortization Expense - Customer Related	$ 156,264	$ 118,138	$ 22,226	$ 3,635	$ 11,630	$ 634
	Amortization Expense - General Plant assigned to Meters	$ 10,174	$ 7,356	$ 1,743	$ 490	$ 555	$ 31
	Admin and General	$ 637,557	$ 468,547	$ 125,186	$ 27,556	$ 14,805	$ 1,462
	Allocated PILs	$ 6,880	$ 4,965	$ 1,200	$ 352	$ 344	$ 19
	Allocated Debt Return	$ 78,096	$ 56,361	$ 13,617	$ 3,999	$ 3,906	$ 213
	Allocated Equity Return	$ 134,243	$ 96,882	$ 23,406	$ 6,875	$ 6,714	$ 366
	PLCC Adjustment for Line Transformer	$ 25,841	$ 20,098	$ 3,206	$ 183	$ 2,233	$ 121
	PLCC Adjustment for Primary Costs	$ 75,454	$ 58,559	$ 9,343	$ 688	$ 6,511	$ 353
	PLCC Adjustment for Secondary Costs	$ 50,209	$ 38,744	$ 5,809	$ 420	$ 4,874	$ 362
1	**Total**	**$ 1,506,688**	**$ 1,111,407**	**$ 292,755**	**$ 56,797**	**$ 42,234**	**$ 3,495**

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O2.1 Line Transformer Worksheet - Second Run Updated for 2011 Forecast

Line Transformers Demand Unit Cost for PLCC
Adjustment to Customer Related Cost
Allocation by rate classification

		1	2	3	4	5	6	7	8	9
Description	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**GS> 50-TOU**	**GS >50-Intermediate**	**Large Use >5MW**	**Street Light**	**Sentinel**	**Unmetered Scattered Load**
Depreciation on Acct 1850 Line Transformers	$40,339	$15,234	$11,027	$13,447	$0	$0	$0	$619	$0	$11
Depreciation on General Plant Assigned to Line Transformers	$1,561	$604	$429	$500	$0	$0	$0	$27	$0	$0
Acct 5035 - Overhead Distribution Transformers- Operation	$17,718	$6,691	$4,844	$5,906	$0	$0	$0	$272	$0	$5
Acct 5055 - Underground Distribution Transformers - Operation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5160 - Maintenance of Line Transformers	$27,660	$10,446	$7,561	$9,220	$0	$0	$0	$425	$0	$8
Allocation of General Expenses	$1,369	$517	$374	$456	$0	$0	$0	$21	$0	$0
Admin and General Assigned to Line Transformers	$35,057	$13,019	$9,503	$11,984	$0	$0	$0	$541	$0	$10
PILs on Line Transformers	$1,080	$408	$295	$360	$0	$0	$0	$17	$0	$0
Debt Return on Line Transformers	$12,262	$4,631	$3,352	$4,087	$0	$0	$0	$188	$0	$3
Equity Return on Line Transformers	$21,077	$7,960	$5,762	$7,026	$0	$0	$0	$324	$0	$6
Total	**$158,123**	**$59,511**	**$43,147**	**$52,988**	**$0**	**$0**	**$0**	**$2,433**	**$0**	**$44**
Line Tranformer NCP	62,472	23,593	17,078	20,825	0	0	0	959	0	17
PLCC Amount	10,237	7,968	1,269	72	0	0	0	880	0	48
Adjustment to Customer Related Cost for PLCC	**$25,841**	**$20,098**	**$3,206**	**$183**	**$0**	**$0**	**$0**	**$2,233**	**$0**	**$121**
General Plant - Gross Assets	$1,719,022	$880,172	$368,851	$418,402	$0	$0	$0	$49,036	$0	$2,562
General Plant - Accumulated Depreciation	($885,148)	($453,212)	($189,927)	($215,441)	$0	$0	$0	($25,249)	$0	($1,319)
General Plant - Net Fixed Assets	$833,874	$426,960	$178,925	$202,961	$0	$0	$0	$23,787	$0	$1,243
General Plant - Depreciation	$30,294	$15,511	$6,500	$7,373	$0	$0	$0	$864	$0	$45
Total Net Fixed Assets Excluding General Plant	**$7,838,666**	**$3,942,996**	**$1,685,247**	**$1,998,175**	**$0**	**$0**	**$0**	**$201,789**	**$0**	**$10,458**
Total Administration and General Expense	$900,363	$561,763	$192,069	$126,364	$0	$0	$0	$18,628	$0	$1,539
Total O&M	**$1,175,682**	**$739,462**	**$250,729**	**$159,496**	**$0**	**$0**	**$0**	**$23,972**	**$0**	**$2,024**
Line Transformer Rate Base										
Acct 1850 - Line Transformers - Gross Assets	$1,069,597	$403,941	$292,392	$356,545	$0	$0	$0	$16,420	$0	$300
Line Transformers - Accumulated Depreciation	($662,779)	($250,304)	($181,182)	($220,934)	$0	$0	$0	($10,175)	$0	($186)
Line Transformers - Net Fixed Assets	$406,818	$153,638	$111,210	$135,611	$0	$0	$0	$6,245	$0	$114
General Plant Assigned to Line Transformers - NFA	$42,968	$16,636	$11,807	$13,774	$0	$0	$0	$736	$0	$14
Line Transformer Net Fixed Assets Including General Plant	$449,785	$170,274	$123,018	$149,385	$0	$0	$0	$6,981	$0	$127
General Expenses										
Acct 5005 - Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5010 - Load Dispatching	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5085 - Miscellaneous Distribution Expense	$11,340	$4,348	$2,757	$4,070	$0	$0	$0	$159	$0	$6
Acct 5105 - Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$11,340	$4,348	$2,757	$4,070	$0	$0	$0	$159	$0	$6
Acct 1850 - Line Transformers - Gross Assets	$1,069,597	$403,941	$292,392	$356,545	$0	$0	$0	$16,420	$0	$300
Acct 1815 - 1855	$8,857,118	$3,395,883	$2,153,745	$3,178,573	$0	$0	$0	$124,288	$0	$4,629

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2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Ontario

Sheet O2.2 Primary Cost PLCC Adjustment Worksheet - Second Run Updated for 2011 Forecast

Primary Conductors and Poles Cost Pool Demand Unit Cost for PLCC Adjustment to Customer Related Cost

Allocation by Rate Classification

Description	Total	Residential	GS <50	GS>50-Regular	GS> 50-TOU	GS >50-Intermediate	Large Use >5MW	Street Light	Sentinel	Unmetered Scattered Load
		1	2	3	4	5	6	7	8	9
Depreciation on Acct 1830-4 Primary Poles, Towers & Fixtures	$60,293	$20,827	$15,075	$23,529	$0	$0	$0	$847	$0	$15
Depreciation on Acct 1835-4 Primary Overhead Conductors	$21,036	$7,266	$5,260	$8,209	$0	$0	$0	$295	$0	$5
Depreciation on Acct 1840-4 Primary Underground Conduit	$5,288	$1,826	$1,322	$2,063	$0	$0	$0	$74	$0	$1
Depreciation on Acct 1845-4 Primary Underground Conductors	$11,346	$3,919	$2,837	$4,428	$0	$0	$0	$159	$0	$3
Depreciation on General Plant Assigned to Primary C&P	$4,252	$1,511	$1,072	$1,601	$0	$0	$0	$67	$0	$1
Primary C&P Operations and Maintenance	$171,476	$59,304	$42,926	$66,791	$0	$0	$0	$2,411	$0	$44
Allocation of General Expenses	$3,455	$1,193	$864	$1,348	$0	$0	$0	$49	$0	$1
Admin and General Assigned to Primary C&P	$132,759	$45,053	$32,883	$52,916	$0	$0	$0	$1,873	$0	$33
PILs on Primary C&P	$2,952	$1,020	$738	$1,152	$0	$0	$0	$41	$0	$1
Debt Return on Primary C&P	$33,509	$11,575	$8,378	$13,077	$0	$0	$0	$470	$0	$9
Equity Return on Primary C&P	$57,600	$19,896	$14,402	$22,478	$0	$0	$0	$809	$0	$15
Total	**$503,966**	**$173,390**	**$125,758**	**$197,594**	**$0**	**$0**	**$0**	**$7,095**	**$0**	**$129**
Primary NCP	68,302	23,593	17,078	26,655	0	0	0	959	0	17
PLCC Amount	10,258	7,968	1,269	93	0	0	0	880	0	48
Adjustment to Customer Related Cost for PLCC	**$75,454**	**$58,559**	**$9,343**	**$688**	**$0**	**$0**	**$0**	**$6,511**	**$0**	**$353**
General Plant - Gross Assets	$1,719,022	$880,172	$368,851	$418,402	$0	$0	$0	$49,036	$0	$2,562
General Plant - Accumulated Depreciation	($885,148)	($453,212)	($189,927)	($215,441)	$0	$0	$0	($25,249)	$0	($1,319)
General Plant - Net Fixed Assets	$833,874	$426,960	$178,925	$202,961	$0	$0	$0	$23,787	$0	$1,243
General Plant - Depreciation	$30,294	$15,511	$6,500	$7,373	$0	$0	$0	$864	$0	$45
Total Net Fixed Assets Excluding General Plant	**$7,838,666**	**$3,942,996**	**$1,685,247**	**$1,998,175**	**$0**	**$0**	**$0**	**$201,789**	**$0**	**$10,458**
Total Administration and General Expense	**$900,363**	**$561,763**	**$192,069**	**$126,364**	**$0**	**$0**	**$0**	**$18,628**	**$0**	**$1,539**
Total O&M	**$1,175,682**	**$739,462**	**$250,729**	**$159,496**	**$0**	**$0**	**$0**	**$23,972**	**$0**	**$2,024**
Primary Conductors and Poles Gross Assets										
Acct 1830-4 Primary Poles, Towers & Fixtures	$1,724,780	$595,775	$431,250	$673,096	$0	$0	$0	$24,217	$0	$442
Acct 1835-4 Primary Overhead Conductors	$558,011	$192,749	$139,521	$217,764	$0	$0	$0	$7,835	$0	$143
Acct 1840-4 Primary Underground Conduit	$133,198	$46,009	$33,304	$51,980	$0	$0	$0	$1,870	$0	$34
Acct 1845-4 Primary Underground Conductors	$282,646	$97,632	$70,670	$110,303	$0	$0	$0	$3,969	$0	$72
Subtotal	*$2,698,634*	*$932,164*	*$674,744*	*$1,053,143*	*$0*	*$0*	*$0*	*$37,891*	*$0*	*$691*
Primary Conductors and Poles Accumulated Depreciation										
Acct 1830-4 Primary Poles, Towers & Fixtures	($1,075,464)	($371,487)	($268,900)	($419,700)	$0	$0	$0	($15,100)	$0	($276)
Acct 1835-4 Primary Overhead Conductors	($301,876)	($104,274)	($75,479)	($117,807)	$0	$0	$0	($4,239)	$0	($77)
Acct 1840-4 Primary Underground Conduit	($67,708)	($23,388)	($16,929)	($26,423)	$0	$0	$0	($951)	$0	($17)
Acct 1845-4 Primary Underground Conductors	($141,815)	($48,986)	($35,458)	($55,343)	$0	$0	$0	($1,991)	$0	($36)
Subtotal	*($1,586,863)*	*($548,135)*	*($396,766)*	*($619,274)*	*$0*	*$0*	*$0*	*($22,281)*	*$0*	*($407)*
Primary Conductor & Pools - Net Fixed Assets	$1,111,771	$384,029	$277,978	$433,869	$0	$0	$0	$15,610	$0	$285
General Plant Assigned to Primary C&P - NFA	$117,041	$41,584	$29,513	$44,069	$0	$0	$0	$1,840	$0	$34
Primary C&P Net Fixed Assets Including General Plant	$1,228,812	$425,613	$307,491	$477,939	$0	$0	$0	$17,450	$0	$319
Acct 1830-3 Bulk Poles, Towers & Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 1835-3 Bulk Overhead Conductors	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 1840-3 Bulk Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 1845-3 Bulk Underground Conductors	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*	*$0*
Acct 1830-5 Secondary Poles, Towers & Fixtures	$1,102,728	$407,400	$294,895	$383,571	$0	$0	$0	$16,560	$0	$302
Acct 1835-5 Secondary Overhead Conductors	$356,761	$131,804	$95,406	$124,095	$0	$0	$0	$5,358	$0	$98
Acct 1840-5 Secondary Underground Conduit	$29,239	$10,802	$7,819	$10,170	$0	$0	$0	$439	$0	$8
Acct 1845-5 Secondary Underground Conductors	$62,044	$22,922	$16,592	$21,581	$0	$0	$0	$932	$0	$17
Subtotal	*$1,550,772*	*$572,928*	*$414,713*	*$539,417*	*$0*	*$0*	*$0*	*$23,289*	*$0*	*$425*
Operations and Maintenance										
Acct 5020 Overhead Distribution Lines & Feeders - Labour	$39,000	$13,837	$10,016	$14,575	$0	$0	$0	$562	$0	$10
Acct 5025 Overhead Distribution Lines & Feeders - Other	$16,200	$5,748	$4,160	$6,054	$0	$0	$0	$234	$0	$4
Acct 5040 Underground Distribution Lines & Feeders - Labour	$5,100	$1,784	$1,291	$1,951	$0	$0	$0	$73	$0	$1
Acct 5045 Underground Distribution Lines & Feeders - Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5090 Underground Distribution Lines & Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5095 Overhead Distribution Lines & Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5120 Maintenance of Poles, Towers & Fixtures	$10,200	$3,619	$2,620	$3,812	$0	$0	$0	$147	$0	$3
Acct 5125 Maintenance of Overhead Conductors & Devices	$146,160	$51,856	$37,536	$54,621	$0	$0	$0	$2,108	$0	$38
Acct 5135 Overhead Distribution Lines & Feeders - Right of Way	$48,545	$17,223	$12,467	$18,142	$0	$0	$0	$700	$0	$13
Acct 5145 Maintenance of Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5150 Maintenance of Underground Conductors & Devices	$4,824	$1,687	$1,221	$1,846	$0	$0	$0	$69	$0	$1
Total	**$270,029**	**$95,754**	**$69,311**	**$101,001**	**$0**	**$0**	**$0**	**$3,892**	**$0**	**$71**
General Expenses										
Acct 5005 - Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5010 - Load Dispatching	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5085 - Miscellaneous Distribution Expense	$11,340	$4,348	$2,757	$4,070	$0	$0	$0	$159	$0	$6
Acct 5105 - Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	**$11,340**	**$4,348**	**$2,757**	**$4,070**	**$0**	**$0**	**$0**	**$159**	**$0**	**$6**
Primary Conductors and Poles Gross Assets	$2,698,634	$932,164	$674,744	$1,053,143	$0	$0	$0	$37,891	$0	$691
Acct 1815 - 1855	$8,857,118	$3,395,883	$2,153,745	$3,178,573	$0	$0	$0	$124,288	$0	$4,629

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O2.3 Secondary Cost PLCC Adjustment Worksheet - Second Run Updated for 2011 Forecast

Secondary Conductors and Poles Cost Pool Demand Unit Cost for PLCC Adjustment to Customer Related Cost

Allocation by Rate Classification

Description	Total	1 Residential	2 GS <50	3 GS>50-Regular	4 GS> 50-TOU	5 GS >50-Intermediate	6 Large Use >5MW	7 Street Light	8 Sentinel	9 Unmetered Scattered Load
Depreciation on Acct 1830-5 Secondary Poles, Towers & Fixtures	$38,548	$14,241	$10,309	$13,408	$0	$0	$0	$579	$0	$11
Depreciation on Acct 1835-5 Secondary Overhead Conductors	$22,415	$11,944	$4,707	$4,745	$0	$0	$0	$972	$0	$46
Depreciation on Acct 1840-5 Secondary Underground Conduit	$1,934	$1,031	$406	$410	$0	$0	$0	$84	$0	$4
Depreciation on Acct 1845-5 Secondary Underground Conductors	$4,151	$2,212	$872	$879	$0	$0	$0	$180	$0	$8
Depreciation on General Plant Assigned to Secondary C&P	$2,393	$907	$644	$801	$0	$0	$0	$40	$0	$1
Secondary C&P Operations and Maintenance	$98,552	$36,450	$26,384	$34,210	$0	$0	$0	$1,482	$0	$27
Allocation of General Expenses	$1,985	$734	$531	$691	$0	$0	$0	$30	$0	$1
Admin and General Assigned to Primary C&P	$76,177	$27,691	$20,211	$27,104	$0	$0	$0	$1,151	$0	$21
PILs on Secondary C&P	$1,657	$612	$443	$576	$0	$0	$0	$25	$0	$0
Debt Return on Secondary C&P	$18,813	$6,950	$5,031	$6,544	$0	$0	$0	$283	$0	$5
Equity Return on Secondary C&P	$32,339	$11,947	$8,648	$11,249	$0	$0	$0	$486	$0	$9
Total	**$298,966**	**$114,720**	**$78,186**	**$100,617**	**$0**	**$0**	**$0**	**$5,311**	**$0**	**$132**
Secondary NCP	63,860	23,593	17,078	22,213	0	0	0	959	0	17
PLCC Amount	10,258	7,968	1,269	93	0	0	0	880	0	48
Adjustment to Customer Related Cost for PLCC	**$50,209**	**$38,744**	**$5,809**	**$420**	**$0**	**$0**	**$0**	**$4,874**	**$0**	**$362**
General Plant - Gross Assets	$1,719,022	$880,172	$368,851	$418,402	$0	$0	$0	$49,036	$0	$2,562
General Plant - Accumulated Depreciation	($885,148)	($453,212)	($189,927)	($215,441)	$0	$0	$0	($25,249)	$0	($1,319)
General Plant - Net Fixed Assets	$833,874	$426,960	$178,925	$202,961	$0	$0	$0	$23,787	$0	$1,243
General Plant - Depreciation	$30,294	$15,511	$6,500	$7,373	$0	$0	$0	$864	$0	$45
Total Net Fixed Assets Excluding General Plant	$7,838,666	$3,942,996	$1,685,247	$1,998,175	$0	$0	$0	$201,789	$0	$10,458
Total Administration and General Expense	$900,363	$561,763	$192,069	$126,364	$0	$0	$0	$18,628	$0	$1,539
Total O&M	$1,175,682	$739,462	$250,729	$159,496	$0	$0	$0	$23,972	$0	$2,024
<u>Secondary Conductors and Poles Gross Plant</u>										
Acct 1830-5 Secondary Poles, Towers & Fixtures	$1,102,728	$407,400	$294,895	$383,571	$0	$0	$0	$16,560	$0	$302
Acct 1835-5 Secondary Overhead Conductors	$356,761	$131,804	$95,406	$124,095	$0	$0	$0	$5,358	$0	$98
Acct 1840-5 Secondary Underground Conduit	$29,239	$10,802	$7,819	$10,170	$0	$0	$0	$439	$0	$8
Acct 1845-5 Secondary Underground Conductors	$62,044	$22,922	$16,592	$21,581	$0	$0	$0	$932	$0	$17
Subtotal	***$1,550,772***	***$572,928***	***$414,713***	***$539,417***	***$0***	***$0***	***$0***	***$23,289***	***$0***	***$425***
Secondary Conductors and Poles Accumulated Depreciation										
Acct 1830-5 Secondary Poles, Towers & Fixtures	($687,592)	($254,029)	($183,878)	($239,170)	$0	$0	$0	($10,326)	$0	($188)
Acct 1835-5 Secondary Overhead Conductors	($193,003)	($71,304)	($51,613)	($67,134)	$0	$0	$0	($2,898)	$0	($53)
Acct 1840-5 Secondary Underground Conduit	($14,863)	($5,491)	($3,975)	($5,170)	$0	$0	$0	($223)	$0	($4)
Acct 1845-5 Secondary Underground Conductors	($31,130)	($11,501)	($8,325)	($10,828)	$0	$0	$0	($467)	$0	($9)
Subtotal	***($926,587)***	***($342,325)***	***($247,791)***	***($322,302)***	***$0***	***$0***	***$0***	***($13,915)***	***$0***	***($254)***
Secondary Conductor & Pools - Net Fixed Assets	$624,185	$230,603	$166,922	$217,115	$0	$0	$0	$9,374	$0	$171
General Plant Assigned to Secondary C&P - NFA	$65,871	$24,970	$17,722	$22,053	$0	$0	$0	$1,105	$0	$20
Secondary C&P Net Fixed Assets Including General Plant	$690,056	$255,574	$184,644	$239,168	$0	$0	$0	$10,479	$0	$191
Acct 1830-3 Bulk Poles, Towers & Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 1835-3 Bulk Overhead Conductors	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 1840-3 Bulk Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 1845-3 Bulk Underground Conductors	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Subtotal	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***
Acct 1830-4 Primary Poles, Towers & Fixtures	$1,724,780	$595,775	$431,250	$673,096	$0	$0	$0	$24,217	$0	$442
Acct 1835-4 Primary Overhead Conductors	$558,011	$192,749	$139,521	$217,764	$0	$0	$0	$7,835	$0	$143
Acct 1840-4 Primary Underground Conduit	$133,198	$46,009	$33,304	$51,980	$0	$0	$0	$1,870	$0	$34
Acct 1845-4 Primary Underground Conductors	$282,646	$97,632	$70,670	$110,303	$0	$0	$0	$3,969	$0	$72
Subtotal	***$2,698,634***	***$932,164***	***$674,744***	***$1,053,143***	***$0***	***$0***	***$0***	***$37,891***	***$0***	***$691***
<u>Operations and Maintenance</u>										
Acct 5020 Overhead Distribution Lines & Feeders - Labour	$39,000	$13,837	$10,016	$14,575	$0	$0	$0	$562	$0	$10
Acct 5025 Overhead Distribution Lines & Feeders - Other	$16,200	$5,748	$4,160	$6,054	$0	$0	$0	$234	$0	$4
Acct 5040 Underground Distribution Lines & Feeders - Labour	$5,100	$1,784	$1,291	$1,951	$0	$0	$0	$73	$0	$1
Acct 5045 Underground Distribution Lines & Feeders - Other	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5090 Underground Distribution Lines & Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5095 Overhead Distribution Lines & Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5120 Maintenance of Poles, Towers & Fixtures	$10,200	$3,619	$2,620	$3,812	$0	$0	$0	$147	$0	$3
Acct 5125 Maintenance of Overhead Conductors & Devices	$146,160	$51,856	$37,536	$54,621	$0	$0	$0	$2,108	$0	$38
Acct 5135 Overhead Distribution Lines & Feeders - Right of Way	$48,545	$17,223	$12,467	$18,142	$0	$0	$0	$700	$0	$13
Acct 5145 Maintenance of Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5150 Maintenance of Underground Conductors & Devices	$4,824	$1,687	$1,221	$1,846	$0	$0	$0	$69	$0	$1
Total	**$270,029**	**$95,754**	**$69,311**	**$101,001**	**$0**	**$0**	**$0**	**$3,892**	**$0**	**$71**
<u>General Expenses</u>										
Acct 5005 - Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5010 - Load Dispatching	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5085 - Miscellaneous Distribution Expense	$11,340	$4,348	$2,757	$4,070	$0	$0	$0	$159	$0	$6
Acct 5105 - Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	**$11,340**	**$4,348**	**$2,757**	**$4,070**	**$0**	**$0**	**$0**	**$159**	**$0**	**$6**
Secondary Conductors and Poles Gross Assets	$1,550,772	$572,928	$414,713	$539,417	$0	$0	$0	$23,289	$0	$425
Acct 1815 - 1855	$8,857,118	$3,395,883	$2,153,745	$3,178,573	$0	$0	$0	$124,288	$0	$4,629

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Ontario

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O3.1 Line Transformers Unit Cost Worksheet - Second Run Updated for 2011 Forecast

ALLOCATION BY RATE CLASSIFICATION

		1	2	3	7	9
Description	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**
Depreciation on Acct 1850 Line Transformers	$67,231	$36,166	$14,360	$13,636	$2,931	$137
Depreciation on General Plant Assigned to Line Transformers	$2,633	$1,435	$559	$507	$127	$6
Acct 5035 - Overhead Distribution Transformers- Operation	$29,530	$15,885	$6,308	$5,989	$1,287	$60
Acct 5055 - Underground Distribution Transformers - Operation	$0	$0	$0	$0	$0	$0
Acct 5160 - Maintenance of Line Transformers	$46,100	$24,799	$9,847	$9,350	$2,010	$94
Allocation of General Expenses	$2,601	$1,469	$529	$467	$129	$6
Admin and General Assigned to Line Transformers	$58,115	$30,908	$12,375	$12,153	$2,562	$118
PILs on Line Transformers	$1,800	$968	$385	$365	$78	$4
Debt Return on Line Transformers	$20,436	$10,993	$4,365	$4,145	$891	$42
Equity Return on Line Transformers	$35,128	$18,897	$7,503	$7,125	$1,531	$72
	$0	$0	$0	$0	$0	$0
Total	$263,575	**$141,521**	**$56,230**	**$53,737**	**$11,547**	**$539**
Billed kW without Line Transformer Allowance		0	0	116,105	5,736	0
Billed kWh without Line Transformer Allowance		38,037,100	22,270,524	45,176,386	1,807,975	144,681
Line Transformation Unit Cost ($/kW)		**$0.0000**	**$0.0000**	**$0.4628**	**$2.0131**	**$0.0000**
Line Transformation Unit Cost ($/kWh)		**$0.0037**	**$0.0025**	**$0.0012**	**$0.0064**	**$0.0037**
General Plant - Gross Assets	$1,719,022	$880,172	$368,851	$418,402	$49,036	$2,562
General Plant - Accumulated Depreciation	($885,148)	($453,212)	($189,927)	($215,441)	($25,249)	($1,319)
General Plant - Net Fixed Assets	$833,874	$426,960	$178,925	$202,961	$23,787	$1,243
General Plant - Depreciation	$30,294	$15,511	$6,500	$7,373	$864	$45
Total Net Fixed Assets Excluding General Plant	$7,838,666	$3,942,996	$1,685,247	$1,998,175	$201,789	$10,458
Total Administration and General Expense	$900,363	$561,763	$192,069	$126,364	$18,628	$1,539
Total O&M	$1,175,682	$739,462	$250,729	$159,496	$23,972	$2,024
Line Transformer Rate Base						
Acct 1850 - Line Transformers - Gross Assets	$1,782,662	$958,968	$380,773	$361,560	$77,718	$3,643
Line Transformers - Accumulated Depreciation	($1,104,632)	($594,228)	($235,947)	($224,042)	($48,158)	($2,257)
Line Transformers - Net Fixed Assets	$678,030	$364,740	$144,826	$137,518	$29,560	$1,386
General Plant Assigned to Line Transformers - NFA	$72,489	$39,495	$15,376	$13,968	$3,484	$165
Line Transformer Net Fixed Assets Including General Plant	$750,518	$404,236	$160,202	$151,486	$33,044	$1,550
General Expenses						
Acct 5005 - Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0
Acct 5010 - Load Dispatching	$0	$0	$0	$0	$0	$0
Acct 5085 - Miscellaneous Distribution Expense	$18,900	$10,079	$3,792	$4,196	$792	$40
Acct 5105 - Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0
Total	**$18,900**	**$10,079**	**$3,792**	**$4,196**	**$792**	**$40**
Acct 1850 - Line Transformers - Gross Assets	$1,782,662	$958,968	$380,773	$361,560	$77,718	$3,643
Acct 1815 - 1855	$13,056,522	$6,579,452	$2,728,631	$3,248,744	$475,887	$23,808

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2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O3.2 Substation Transformers Unit Cost Worksheet - Second Run Updated for 2011 Forecast

ALLOCATION BY RATE CLASSIFICATION

Description	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load
Depreciation on Acct 1820-2 Distribution Station Equipment	$0	$0	$0	$0	$0	$0
Depreciation on Acct 1825-2 Storage Battery Equipment	$0	$0	$0	$0	$0	$0
Depreciation on Acct 1805-2 Land Station <50 kV	$0	$0	$0	$0	$0	$0
Depreciation on Acct 1806-2 Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0
Depreciation on Acct 1808-2 Buildings and Fixtures < 50 KV	$0	$0	$0	$0	$0	$0
Depreciation on Acct 1810-2 Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0
Depreciation on General Plant Assigned to Substation Transformers	$9	$4	$2	$3	$0	$0
Acct 5012 - Station Buildings and Fixtures Expense	$0	$0	$0	$0	$0	$0
Acct 5016 - Distributon Station Equipment - Labour	$0	$0	$0	$0	$0	$0
Acct 5017 - Distributon Station Equipment - Other	$0	$0	$0	$0	$0	$0
Acct 5114 - Maintenance of Distribution Station Equipment	$0	$0	$0	$0	$0	$0
Allocation of General Expenses	$0	$0	$0	$0	$0	$0
Admin and General Assigned to SubstationTransformers	$0	$0	$0	$0	$0	$0
PILs on SubstationTransformers	$6	$3	$1	$2	$0	$0
Debt Return on Substation Transformers	$71	$30	$16	$25	$1	$0
Equity Return on Substation Transformers	$123	$52	$27	$43	$2	$0
Total	**$209**	**$88**	**$46**	**$73**	**$3**	**$0**
Billed kW without Substation Transformer Allowance		0	0	116,105	5,736	0
Billed kWh without Substation Transformer Allowance		38,037,100	22,270,524	45,176,386	1,807,975	144,681
Substation Transformation Unit Cost ($/kW)		**$0.0000**	**$0.0000**	**$0.0006**	**$0.0005**	**$0.0000**
Substation Transformation Unit Cost ($/kWh)		**$0.0000**	**$0.0000**	**$0.0000**	**$0.0000**	**$0.0000**
General Plant - Gross Assets	$1,719,022	$880,172	$368,851	$418,402	$49,036	$2,562
General Plant - Accumulated Depreciation	($885,148)	($453,212)	($189,927)	($215,441)	($25,249)	($1,319)
General Plant - Net Fixed Assets	$833,874	$426,960	$178,925	$202,961	$23,787	$1,243
General Plant - Depreciation	$30,294	$15,511	$6,500	$7,373	$864	$45
Total Net Fixed Assets Excluding General Plant	$7,838,666	$3,942,996	$1,685,247	$1,998,175	$201,789	$10,458
Total Administration and General Expense	$900,363	$561,763	$192,069	$126,364	$18,628	$1,539
Total O&M	$1,175,682	$739,462	$250,729	$159,496	$23,972	$2,024
Substation Transformer Rate Base Gross Plant						
Acct 1820-2 Distribution Station Equipment	$0	$0	$0	$0	$0	$0
Acct 1825-2 Storage Battery Equipment	$0	$0	$0	$0	$0	$0
Acct 1805-2 Land Station <50 kV	$2,366	$994	$516	$822	$31	$2
Acct 1806-2 Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0
Acct 1808-2 Buildings and Fixtures < 50 KV	$37,065	$15,576	$8,086	$12,880	$489	$34
Acct 1810-2 Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0
Subtotal	***$39,432***	***$16,571***	***$8,603***	***$13,702***	***$520***	***$36***
Substation Transformers - Accumulated Depreciation						
Acct 1820-2 Distribution Station Equipment	$0	$0	$0	$0	$0	$0
Acct 1825-2 Storage Battery Equipment	$0	$0	$0	$0	$0	$0
Acct 1805-2 Land Station <50 kV	$0	$0	$0	$0	$0	$0
Acct 1806-2 Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0
Acct 1808-2 Buildings and Fixtures < 50 KV	($37,065)	($15,576)	($8,086)	($12,880)	($489)	($34)
Acct 1810-2 Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0
Subtotal	***($37,065)***	***($15,576)***	***($8,086)***	***($12,880)***	***($489)***	***($34)***
Substation Transformers - Net Fixed Assets	$2,367	$995	$516	$822	$31	$2
General Plant Assigned to SubstationTransformers - NFA	$250	$108	$55	$84	$4	$0
Substation Transformer NFA Including General Plant	$2,616	$1,102	$571	$906	$35	$2
General Expenses						
Acct 5005 - Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0
Acct 5010 - Load Dispatching	$0	$0	$0	$0	$0	$0
Acct 5085 - Miscellaneous Distribution Expense	$18,900	$10,079	$3,792	$4,196	$792	$40
Acct 5105 - Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0
Total	$18,900	$10,079	$3,792	$4,196	$792	$40
Acct 1820-2 Distribution Station Equipment	$0	$0	$0	$0	$0	$0
Acct 1825-2 Storage Battery Equipment	$0	$0	$0	$0	$0	$0
Total	$0	$0	$0	$0	$0	$0
Acct 1815 - 1855	$13,056,522	$6,579,452	$2,728,631	$3,248,744	$475,887	$23,808

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2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O3.3 Primary Conductors and Poles Cost Pool Worksheet - Second Run Updated for 2011 I

ALLOCATION BY RATE CLASSIFICATION

Description	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
		1	2	3	7	9
Depreciation on Acct 1830-4 Primary Poles, Towers & Fixtures	$100,489	$52,050	$20,047	$23,893	$4,295	$204
Depreciation on Acct 1835-4 Primary Overhead Conductors	$35,060	$18,160	$6,994	$8,336	$1,498	$71
Depreciation on Acct 1840-4 Primary Underground Conduit	$8,813	$4,565	$1,758	$2,095	$377	$18
Depreciation on Acct 1845-4 Primary Underground Conductors	$18,910	$9,795	$3,772	$4,496	$808	$38
Depreciation on General Plant Assigned to Primary C&P	$7,182	$3,776	$1,426	$1,626	$339	$16
Primary C&P Operations and Maintenance	$285,802	$148,113	$57,069	$67,822	$12,219	$579
Allocation of General Expenses	$6,533	$3,569	$1,247	$1,381	$320	$15
Admin and General Assigned to Primary C&P	$219,906	$112,520	$43,717	$53,733	$9,495	$440
PILs on Primary C&P	$4,920	$2,548	$981	$1,170	$210	$10
Debt Return on Primary C&P	$55,848	$28,928	$11,142	$13,279	$2,387	$113
Equity Return on Primary C&P	$96,000	$49,725	$19,152	$22,826	$4,103	$194
Total	**$839,462**	**$433,748**	**$167,306**	**$200,658**	**$36,052**	**$1,699**
General Plant - Gross Assets	$1,719,022	$880,172	$368,851	$418,402	$49,036	$2,562
General Plant - Accumulated Depreciation	($885,148)	($453,212)	($189,927)	($215,441)	($25,249)	($1,319)
General Plant - Net Fixed Assets	$833,874	$426,960	$178,925	$202,961	$23,787	$1,243
General Plant - Depreciation	$30,294	$15,511	$6,500	$7,373	$864	$45
Total Net Fixed Assets Excluding General Plant	$7,838,666	$3,942,996	$1,685,247	$1,998,175	$201,789	$10,458
Total Administration and General Expense	$900,363	$561,763	$192,069	$126,364	$18,628	$1,539
Total O&M	$1,175,682	$739,462	$250,729	$159,496	$23,972	$2,024
Primary Conductors and Poles Gross Assets						
Acct 1830-4 Primary Poles, Towers & Fixtures	$2,874,633	$1,488,969	$573,479	$683,499	$122,863	$5,823
Acct 1835-4 Primary Overhead Conductors	$930,018	$481,720	$185,535	$221,130	$39,750	$1,884
Acct 1840-4 Primary Underground Conduit	$221,996	$114,987	$44,287	$52,784	$9,488	$450
Acct 1845-4 Primary Underground Conductors	$471,076	$244,003	$93,978	$112,007	$20,134	$954
Subtotal	**$4,497,724**	**$2,329,679**	**$897,280**	**$1,069,420**	**$192,235**	**$9,110**
Primary Conductors and Poles Accumulated Depreciation						
Acct 1830-4 Primary Poles, Towers & Fixtures	($1,792,440)	($928,427)	($357,586)	($426,187)	($76,610)	($3,631)
Acct 1835-4 Primary Overhead Conductors	($503,127)	($260,604)	($100,372)	($119,628)	($21,504)	($1,019)
Acct 1840-4 Primary Underground Conduit	($112,847)	($58,451)	($22,513)	($26,831)	($4,823)	($229)
Acct 1845-4 Primary Underground Conductors	($236,359)	($122,426)	($47,153)	($56,199)	($10,102)	($479)
Subtotal	**($2,644,772)**	**($1,369,908)**	**($527,623)**	**($628,845)**	**($113,039)**	**($5,357)**
Primary Conductor & Pools - Net Fixed Assets	$1,852,952	$959,771	$369,658	$440,575	$79,196	$3,753
General Plant Assigned to Primary C&P - NFA	$197,706	$103,927	$39,247	$44,751	$9,336	$446
Primary C&P Net Fixed Assets Including General Plant	$2,050,658	$1,063,697	$408,905	$485,325	$88,532	$4,199
Acct 1830-3 Bulk Poles, Towers & Fixtures	$0	$0	$0	$0	$0	$0
Acct 1835-3 Bulk Overhead Conductors	$0	$0	$0	$0	$0	$0
Acct 1840-3 Bulk Underground Conduit	$0	$0	$0	$0	$0	$0
Acct 1845-3 Bulk Underground Conductors	$0	$0	$0	$0	$0	$0
Subtotal	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Acct 1830-5 Secondary Poles, Towers & Fixtures	$1,837,880	$979,351	$385,971	$389,083	$79,728	$3,748
Acct 1835-5 Secondary Overhead Conductors	$594,602	$316,845	$124,872	$125,879	$25,794	$1,212
Acct 1840-5 Secondary Underground Conduit	$48,731	$25,967	$10,234	$10,316	$2,114	$99
Acct 1845-5 Secondary Underground Conductors	$103,407	$55,102	$21,716	$21,891	$4,486	$211
Subtotal	**$2,584,620**	**$1,377,266**	**$542,793**	**$547,170**	**$112,121**	**$5,270**
Operations and Maintenance						
Acct 5020 Overhead Distribution Lines & Feeders - Labour	$65,000	$34,046	$13,234	$14,794	$2,794	$132
Acct 5025 Overhead Distribution Lines & Feeders - Other	$27,000	$14,142	$5,497	$6,145	$1,161	$55
Acct 5040 Underground Distribution Lines & Feeders - Labour	$8,500	$4,426	$1,712	$1,981	$364	$17
Acct 5045 Underground Distribution Lines & Feeders - Other	$0	$0	$0	$0	$0	$0
Acct 5090 Underground Distribution Lines & Feeders - Rental Paid	$0	$0	$0	$0	$0	$0
Acct 5095 Overhead Distribution Lines & Feeders - Rental Paid	$0	$0	$0	$0	$0	$0
Acct 5120 Maintenance of Poles, Towers & Fixtures	$17,000	$8,904	$3,461	$3,869	$731	$35
Acct 5125 Maintenance of Overhead Conductors & Devices	$243,600	$127,593	$49,596	$55,444	$10,472	$495
Acct 5135 Overhead Distribution Lines & Feeders - Right of Way	$80,909	$42,379	$16,473	$18,415	$3,478	$164
Acct 5145 Maintenance of Underground Conduit	$0	$0	$0	$0	$0	$0
Acct 5150 Maintenance of Underground Conductors & Devices	$8,040	$4,186	$1,619	$1,874	$345	$16
Total	**$450,049**	**$235,675**	**$91,592**	**$102,523**	**$19,345**	**$914**
General Expenses						
Acct 5005 - Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0
Acct 5010 - Load Dispatching	$0	$0	$0	$0	$0	$0
Acct 5085 - Miscellaneous Distribution Expense	$18,900	$10,079	$3,792	$4,196	$792	$40
Acct 5105 - Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0
Total	**$18,900**	**$10,079**	**$3,792**	**$4,196**	**$792**	**$40**
Primary Conductors and Poles Gross Assets	$4,497,724	$2,329,679	$897,280	$1,069,420	$192,235	$9,110
Acct 1815 - 1855	$13,056,522	$6,579,452	$2,728,631	$3,248,744	$475,887	$23,808

Grouping of Operation and Maintenance	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
1830	$ 17,000	$ 8,904	$ 3,461	$ 3,869	$ 731	$ 35
1835	$ 243,600	$ 127,593	$ 49,596	$ 55,444	$ 10,472	$ 495
1840	$ -	$ -	$ -	$ -	$ -	$ -
1845	$ 8,040	$ 4,186	$ 1,619	$ 1,874	$ 345	$ 16
1830 & 1835	$ 172,909	$ 90,566	$ 35,204	$ 39,355	$ 7,433	$ 351
1840 & 1845	$ 8,500	$ 4,426	$ 1,712	$ 1,981	$ 364	$ 17
Total	**$ 450,049**	**$ 235,675**	**$ 91,592**	**$ 102,523**	**$ 19,345**	**$ 914**

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O3.4 Secondary Cost Pool Worksheet - Second Run Updated for 2011 Forecast

ALLOCATION BY RATE CLASSIFICATION

Description	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load
Depreciation on Acct 1830-5 Secondary Poles, Towers & Fixtures	$64,246	$34,235	$13,492	$13,601	$2,787	$131
Depreciation on Acct 1835-5 Secondary Overhead Conductors	$22,415	$11,944	$4,707	$4,745	$972	$46
Depreciation on Acct 1840-5 Secondary Underground Conduit	$1,934	$1,031	$406	$410	$84	$4
Depreciation on Acct 1845-5 Secondary Underground Conductors	$4,151	$2,212	$872	$879	$180	$8
Depreciation on General Plant Assigned to Secondary C&P	$4,038	$2,181	$843	$813	$193	$9
Secondary C&P Operations and Maintenance	$164,247	$87,562	$34,523	$34,701	$7,127	$335
Allocation of General Expenses	$3,767	$2,110	$754	$707	$187	$9
Admin and General Assigned to Primary C&P	$126,251	$66,520	$26,446	$27,493	$5,538	$255
PILs on Secondary C&P	$2,762	$1,472	$580	$585	$120	$6
Debt Return on Secondary C&P	$31,355	$16,708	$6,585	$6,638	$1,360	$64
Equity Return on Secondary C&P	$53,898	$28,720	$11,319	$11,410	$2,338	$110
Total	**$479,065**	**$254,695**	**$100,527**	**$101,981**	**$20,886**	**$976**
General Plant - Gross Assets	$1,719,022	$880,172	$368,851	$418,402	$49,036	$2,562
General Plant - Accumulated Depreciation	($885,148)	($453,212)	($189,927)	($215,441)	($25,249)	($1,319)
General Plant - Net Fixed Assets	$833,874	$426,960	$178,925	$202,961	$23,787	$1,243
General Plant - Depreciation	$30,294	$15,511	$6,500	$7,373	$864	$45
Total Net Fixed Assets Excluding General Plant	**$7,838,666**	**$3,942,996**	**$1,685,247**	**$1,998,175**	**$201,789**	**$10,458**
Total Administration and General Expense	**$900,363**	**$561,763**	**$192,069**	**$126,364**	**$18,628**	**$1,539**
Total O&M	**$1,175,682**	**$739,462**	**$250,729**	**$159,496**	**$23,972**	**$2,024**
<u>Secondary Conductors and Poles Gross Plant</u>						
Acct 1830-5 Secondary Poles, Towers & Fixtures	$1,837,880	$979,351	$385,971	$389,083	$79,728	$3,748
Acct 1835-5 Secondary Overhead Conductors	$594,602	$316,845	$124,872	$125,879	$25,794	$1,212
Acct 1840-5 Secondary Underground Conduit	$48,731	$25,967	$10,234	$10,316	$2,114	$99
Acct 1845-5 Secondary Underground Conductors	$103,407	$55,102	$21,716	$21,891	$4,486	$211
Subtotal	***$2,584,620***	***$1,377,266***	***$542,793***	***$547,170***	***$112,121***	***$5,270***
<u>Secondary Conductors and Poles Accumulated Depreciation</u>						
Acct 1830-5 Secondary Poles, Towers & Fixtures	($1,145,986)	($610,661)	($240,667)	($242,608)	($49,713)	($2,337)
Acct 1835-5 Secondary Overhead Conductors	($321,671)	($171,409)	($67,554)	($68,098)	($13,954)	($656)
Acct 1840-5 Secondary Underground Conduit	($24,771)	($13,200)	($5,202)	($5,244)	($1,075)	($51)
Acct 1845-5 Secondary Underground Conductors	($51,884)	($27,647)	($10,896)	($10,984)	($2,251)	($106)
Subtotal	***($1,544,312)***	***($822,917)***	***($324,319)***	***($326,934)***	***($66,992)***	***($3,149)***
Secondary Conductor & Pools - Net Fixed Assets	$1,040,308	$554,349	$218,474	$220,236	$45,129	$2,121
General Plant Assigned to Secondary C&P - NFA	$111,164	$60,027	$23,196	$22,370	$5,320	$252
Secondary C&P Net Fixed Assets Including General Plant	$1,151,472	$614,375	$241,669	$242,606	$50,448	$2,373
Acct 1830-3 Bulk Poles, Towers & Fixtures	$0	$0	$0	$0	$0	$0
Acct 1835-3 Bulk Overhead Conductors	$0	$0	$0	$0	$0	$0
Acct 1840-3 Bulk Underground Conduit	$0	$0	$0	$0	$0	$0
Acct 1845-3 Bulk Underground Conductors	$0	$0	$0	$0	$0	$0
Subtotal	***$0***	***$0***	***$0***	***$0***	***$0***	***$0***
Acct 1830-4 Primary Poles, Towers & Fixtures	$2,874,633	$1,488,969	$573,479	$683,499	$122,863	$5,823
Acct 1835-4 Primary Overhead Conductors	$930,018	$481,720	$185,535	$221,130	$39,750	$1,884
Acct 1840-4 Primary Underground Conduit	$221,996	$114,987	$44,287	$52,784	$9,488	$450
Acct 1845-4 Primary Underground Conductors	$471,076	$244,003	$93,978	$112,007	$20,134	$954
Subtotal	***$4,497,724***	***$2,329,679***	***$897,280***	***$1,069,420***	***$192,235***	***$9,110***
<u>Operations and Maintenance</u>						
Acct 5020 Overhead Distribution Lines & Feeders - Labour	$65,000	$34,046	$13,234	$14,794	$2,794	$132
Acct 5025 Overhead Distribution Lines & Feeders - Other	$27,000	$14,142	$5,497	$6,145	$1,161	$55
Acct 5040 Underground Distribution Lines & Feeders - Labour	$8,500	$4,426	$1,712	$1,981	$364	$17
Acct 5045 Underground Distribution Lines & Feeders - Other	$0	$0	$0	$0	$0	$0
Acct 5090 Underground Distribution Lines & Feeders - Rental Paid	$0	$0	$0	$0	$0	$0
Acct 5095 Overhead Distribution Lines & Feeders - Rental Paid	$0	$0	$0	$0	$0	$0
Acct 5120 Maintenance of Poles, Towers & Fixtures	$17,000	$8,904	$3,461	$3,869	$731	$35
Acct 5125 Maintenance of Overhead Conductors & Devices	$243,600	$127,593	$49,596	$55,444	$10,472	$495
Acct 5135 Overhead Distribution Lines & Feeders - Right of Way	$80,909	$42,379	$16,473	$18,415	$3,478	$164
Acct 5145 Maintenance of Underground Conduit	$0	$0	$0	$0	$0	$0
Acct 5150 Maintenance of Underground Conductors & Devices	$8,040	$4,186	$1,619	$1,874	$345	$16
Total	**$450,049**	**$235,675**	**$91,592**	**$102,523**	**$19,345**	**$914**
<u>General Expenses</u>						
Acct 5005 - Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0
Acct 5010 - Load Dispatching	$0	$0	$0	$0	$0	$0
Acct 5085 - Miscellaneous Distribution Expense	$18,900	$10,079	$3,792	$4,196	$792	$40
Acct 5105 - Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0
Total	**$18,900**	**$10,079**	**$3,792**	**$4,196**	**$792**	**$40**
Secondary Conductors and Poles Gross Assets	$2,584,620	$1,377,266	$542,793	$547,170	$112,121	$5,270
Acct 1815 - 1855	$13,056,522	$6,579,452	$2,728,631	$3,248,744	$475,887	$23,808

Grouping of Operation and Maintenance

	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
1830	$ 17,000	$ 8,904	$ 3,461	$ 3,869	$ 731	$ 35
1835	$ 243,600	$ 127,593	$ 49,596	$ 55,444	$ 10,472	$ 495
1840	$ -	$ -	$ -	$ -	$ -	$ -
1845	$ 8,040	$ 4,186	$ 1,619	$ 1,874	$ 345	$ 16
1830 & 1835	$ 172,909	$ 90,566	$ 35,204	$ 39,355	$ 7,433	$ 351
1840 & 1845	$ 8,500	$ 4,426	$ 1,712	$ 1,981	$ 364	$ 17
Total	**$ 450,049**	**$ 235,675**	**$ 91,592**	**$ 102,523**	**$ 19,345**	**$ 914**

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O3.5 USL Metering Credit Worksheet - Second Run Update

ALLOCATION BY RATE CLASSIFICATION

Description	GS <50
Depreciation on Acct 1860 Metering	$4,695
Depreciation on General Plant Assigned to Metering	$983
Acct 5065 - Meter expense	$8,986
Acct 5070 & 5075 - Customer Premises	$442
Acct 5175 - Meter Maintenance	$0
Acct 5310 - Meter Reading	$27,149
Admin and General Assigned to Metering	$28,019
PILs on Metering	$677
Debt Return on Metering	$7,684
Equity Return on Metering	$13,208
Total	$91,843
Number of Customers	793
Metering Unit Cost ($/Customer/Month)	**$9.65**
General Plant - Gross Assets	$368,851
General Plant - Accumulated Depreciation	($189,927)
General Plant - Net Fixed Assets	$178,925
General Plant - Depreciation	$6,500
Total Net Fixed Assets Excluding General Plant	$1,685,247
Total Administration and General Expense	$192,069
Total O&M	$250,729
Metering Rate Base	
Acct 1860 - Metering - Gross Assets	$381,111
Metering - Accumulated Depreciation	($126,177)
Metering - Net Fixed Assets	$254,933
General Plant Assigned to Metering - NFA	$27,067
Metering Net Fixed Assets Including General Plant	$282,000

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2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O4 Summary of Allocators by Class & Accounts - Second Run Updated for 2011 Forecast

ALLOCATION BY RATE CLASSIFICATION

				1	2	3	7	9
USoA Account #	**Accounts**	**O1 Grouping**	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**
1565	Conservation and Demand Management Expenditures and Recoveries	dp	$0	$0	$0	$0	$0	$0
1608	Franchises and Consents	gp	$0	$0	$0	$0	$0	$0
1805	Land	dp	$0	$0	$0	$0	$0	$0
1805-1	Land Station >50 kV	dp	$0	$0	$0	$0	$0	$0
1805-2	Land Station <50 kV	dp	$2,366	$994	$516	$822	$31	$2
1806	Land Rights	dp	$0	$0	$0	$0	$0	$0
1806-1	Land Rights Station >50 kV	dp	$0	$0	$0	$0	$0	$0
1806-2	Land Rights Station <50 kV	dp	$0	$0	$0	$0	$0	$0
1808	Buildings and Fixtures	dp	$0	$0	$0	$0	$0	$0
1808-1	Buildings and Fixtures > 50 kV	dp	$0	$0	$0	$0	$0	$0
1808-2	Buildings and Fixtures < 50 KV	dp	$37,065	$15,576	$8,086	$12,880	$489	$34
1810	Leasehold Improvements	dp	$0	$0	$0	$0	$0	$0
1810-1	Leasehold Improvements >50 kV	dp	$0	$0	$0	$0	$0	$0
1810-2	Leasehold Improvements <50 kV	dp	$0	$0	$0	$0	$0	$0
1815	Transformer Station Equipment - Normally Primary above 50 kV	dp	$3,538,115	$1,486,849	$771,896	$1,229,468	$46,688	$3,214
1820	Distribution Station Equipment - Normally Primary below 50 kV	dp	$0	$0	$0	$0	$0	$0
1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	dp	$0	$0	$0	$0	$0	$0
1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	dp	$0	$0	$0	$0	$0	$0
1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	dp	$0	$0	$0	$0	$0	$0
1825	Storage Battery Equipment	dp	$0	$0	$0	$0	$0	$0
1825-1	Storage Battery Equipment > 50 kV	dp	$0	$0	$0	$0	$0	$0
1825-2	Storage Battery Equipment <50 kV	dp	$0	$0	$0	$0	$0	$0
1830	Poles, Towers and Fixtures	dp	$0	$0	$0	$0	$0	$0
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	dp	$0	$0	$0	$0	$0	$0
1830-4	Poles, Towers and Fixtures - Primary	dp	$2,874,633	$1,488,969	$573,479	$683,499	$122,863	$5,823
1830-5	Poles, Towers and Fixtures - Secondary	dp	$1,837,880	$979,351	$385,971	$389,083	$79,728	$3,748
1835	Overhead Conductors and Devices	dp	$0	$0	$0	$0	$0	$0
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	dp	$0	$0	$0	$0	$0	$0
1835-4	Overhead Conductors and Devices - Primary	dp	$930,018	$481,720	$185,535	$221,130	$39,750	$1,884
1835-5	Overhead Conductors and Devices - Secondary	dp	$594,602	$316,845	$124,872	$125,879	$25,794	$1,212
1840	Underground Conduit	dp	$0	$0	$0	$0	$0	$0
1840-3	Underground Conduit - Bulk Delivery	dp	$0	$0	$0	$0	$0	$0
1840-4	Underground Conduit - Primary	dp	$221,996	$114,987	$44,287	$52,784	$9,488	$450
1840-5	Underground Conduit - Secondary	dp	$48,731	$25,967	$10,234	$10,316	$2,114	$99
1845	Underground Conductors and Devices	dp	$0	$0	$0	$0	$0	$0
1845-3	Underground Conductors and Devices - Bulk Delivery	dp	$0	$0	$0	$0	$0	$0
1845-4	Underground Conductors and Devices - Primary	dp	$471,076	$244,003	$93,978	$112,007	$20,134	$954
1845-5	Underground Conductors and Devices - Secondary	dp	$103,407	$55,102	$21,716	$21,891	$4,486	$211
1850	Line Transformers	dp	$1,782,662	$958,968	$380,773	$361,560	$77,718	$3,643
1855	Services	dp	$653,402	$426,690	$135,890	$41,127	$47,124	$2,570
1860	Meters	dp	$1,594,256	$1,041,371	$381,111	$171,774	$0	$0
1905	Land	gp	$16,562	$8,480	$3,554	$4,031	$472	$25
1906	Land Rights	gp	$0	$0	$0	$0	$0	$0
1908	Buildings and Fixtures	gp	$712,485	$364,806	$152,878	$173,415	$20,324	$1,062

1910	Leasehold Improvements	gp	$0	$0	$0	$0	$0	$0
1915	Office Furniture and Equipment	gp	$35,042	$17,942	$7,519	$8,529	$1,000	$52
1920	Computer Equipment - Hardware	gp	$33,313	$17,057	$7,148	$8,108	$950	$50
1925	Computer Software	gp	$20,402	$10,446	$4,378	$4,966	$582	$30
1930	Transportation Equipment	gp	$796,537	$407,842	$170,913	$193,873	$22,722	$1,187
1935	Stores Equipment	gp	$0	$0	$0	$0	$0	$0
1940	Tools, Shop and Garage Equipment	gp	$79,022	$40,461	$16,956	$19,234	$2,254	$118
1945	Measurement and Testing Equipment	gp	$7,982	$4,087	$1,713	$1,943	$228	$12
1950	Power Operated Equipment	gp	$0	$0	$0	$0	$0	$0
1955	Communication Equipment	gp	$1,193	$611	$256	$290	$34	$2
1960	Miscellaneous Equipment	gp	$16,484	$8,440	$3,537	$4,012	$470	$25
1970	Load Management Controls - Customer Premises	gp	$0	$0	$0	$0	$0	$0
1975	Load Management Controls - Utility Premises	gp	$0	$0	$0	$0	$0	$0
1980	System Supervisory Equipment	gp	$0	$0	$0	$0	$0	$0
1990	Other Tangible Property	gp	$0	$0	$0	$0	$0	$0
1995	Contributions and Grants - Credit	co	($500,313)	($326,719)	($104,052)	($31,491)	($36,083)	($1,968)
2005	Property Under Capital Leases	gp	$0	$0	$0	$0	$0	$0
2010	Electric Plant Purchased or Sold	gp	$0	$0	$0	$0	$0	$0
2105	Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	accum dep	($7,236,379)	($3,820,892)	($1,518,973)	($1,619,995)	($263,784)	($12,736)
2120	Accumulated Amortization of Electric Utility Plant - Intangibles	accum dep	$0	$0	$0	$0	$0	$0
3046	Balance Transferred From Income	NI	($406,115)	($204,283)	($87,311)	($103,524)	($10,455)	($542)
4080	Distribution Services Revenue	CREV	($2,850,945)	($1,669,122)	($450,491)	($669,707)	($53,907)	($7,718)
4082	Retail Services Revenues	mi	($8,000)	($5,696)	($1,821)	($464)	($1)	($17)
4084	Service Transaction Requests (STR) Revenues	mi	($500)	($356)	($114)	($29)	($0)	($1)
4090	Electric Services Incidental to Energy Sales	mi	$0	$0	$0	$0	$0	$0
4205	Interdepartmental Rents	mi	$0	$0	$0	$0	$0	$0
4210	Rent from Electric Property	mi	($108,040)	($54,346)	($23,228)	($27,541)	($2,781)	($144)
4215	Other Utility Operating Income	mi	($250)	($126)	($54)	($64)	($6)	($0)
4220	Other Electric Revenues	mi	($44,250)	($22,259)	($9,513)	($11,280)	($1,139)	($59)
4225	Late Payment Charges	mi	($43,000)	($36,981)	($4,287)	($1,719)	$0	($13)
4235	Miscellaneous Service Revenues	mi	($105,205)	($74,910)	($23,947)	($6,107)	($15)	($226)
4240	Provision for Rate Refunds	mi	$0	$0	$0	$0	$0	$0
4245	Government Assistance Directly Credited to Income	mi	$0	$0	$0	$0	$0	$0
4305	Regulatory Debits	mi	$0	$0	$0	$0	$0	$0
4310	Regulatory Credits	mi	$0	$0	$0	$0	$0	$0
4315	Revenues from Electric Plant Leased to Others	mi	$0	$0	$0	$0	$0	$0
4320	Expenses of Electric Plant Leased to Others	mi	$0	$0	$0	$0	$0	$0
4325	Revenues from Merchandise, Jobbing, Etc.	mi	($115,000)	($57,847)	($24,724)	($29,315)	($2,960)	($153)
4330	Costs and Expenses of Merchandising, Jobbing, Etc.	mi	$98,950	$49,774	$21,273	$25,224	$2,547	$132
4335	Profits and Losses from Financial Instrument Hedges	mi	$0	$0	$0	$0	$0	$0
4340	Profits and Losses from Financial Instrument Investments	mi	$0	$0	$0	$0	$0	$0
4345	Gains from Disposition of Future Use Utility Plant	mi	$0	$0	$0	$0	$0	$0
4350	Losses from Disposition of Future Use Utility Plant	mi	$0	$0	$0	$0	$0	$0
4355	Gain on Disposition of Utility and Other Property	mi	($20,000)	($10,060)	($4,300)	($5,098)	($515)	($27)
4360	Loss on Disposition of Utility and Other Property	mi	$0	$0	$0	$0	$0	$0
4365	Gains from Disposition of Allowances for Emission	mi	$0	$0	$0	$0	$0	$0
4370	Losses from Disposition of Allowances for Emission	mi	$0	$0	$0	$0	$0	$0
4390	Miscellaneous Non-Operating Income	mi	($500)	($252)	($107)	($127)	($13)	($1)
4395	Rate-Payer Benefit Including Interest	mi	$0	$0	$0	$0	$0	$0
4398	Foreign Exchange Gains and Losses, Including Amortization	mi	$0	$0	$0	$0	$0	$0
4405	Interest and Dividend Income	mi	($11,451)	($5,760)	($2,462)	($2,919)	($295)	($15)
4415	Equity in Earnings of Subsidiary Companies	mi	$0	$0	$0	$0	$0	$0
4705	Power Purchased	cop	$7,311,221	$2,588,480	$1,515,541	$3,074,319	$123,035	$9,846
4708	Charges-WMS	cop	$731,122	$258,848	$151,554	$307,432	$12,304	$985
4710	Cost of Power Adjustments	cop	$0	$0	$0	$0	$0	$0
4712	Charges-One-Time	cop	$0	$0	$0	$0	$0	$0
4714	Charges-NW	cop	$619,147	$219,204	$128,343	$260,347	$10,419	$834
4715	System Control and Load Dispatching	cop	$0	$0	$0	$0	$0	$0
4716	Charges-CN	cop	$162,117	$57,396	$33,605	$68,169	$2,728	$218
4730	Rural Rate Assistance Expense	cop	$0	$0	$0	$0	$0	$0
5005	Operation Supervision and Engineering	di	$0	$0	$0	$0	$0	$0
5010	Load Dispatching	di	$0	$0	$0	$0	$0	$0
5012	Station Buildings and Fixtures Expense	di	$0	$0	$0	$0	$0	$0
5014	Transformer Station Equipment - Operation Labour	di	$8,000	$3,362	$1,745	$2,780	$106	$7
5015	Transformer Station Equipment - Operation Supplies and Expenses	di	$0	$0	$0	$0	$0	$0
5016	Distribution Station Equipment - Operation Labour	di	$0	$0	$0	$0	$0	$0
5017	Distribution Station Equipment - Operation Supplies and Expenses	di	$0	$0	$0	$0	$0	$0
5020	Overhead Distribution Lines and Feeders - Operation Labour	di	$65,000	$34,046	$13,234	$14,794	$2,794	$132
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	di	$27,000	$14,142	$5,497	$6,145	$1,161	$55
5030	Overhead Subtransmission Feeders - Operation	di	$0	$0	$0	$0	$0	$0
5035	Overhead Distribution Transformers- Operation	di	$29,530	$15,885	$6,308	$5,989	$1,287	$60
5040	Underground Distribution Lines and Feeders - Operation Labour	di	$8,500	$4,426	$1,712	$1,981	$364	$17
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	di	$0	$0	$0	$0	$0	$0
5050	Underground Subtransmission Feeders - Operation	di	$0	$0	$0	$0	$0	$0
5055	Underground Distribution Transformers - Operation	di	$0	$0	$0	$0	$0	$0
5065	Meter Expense	cu	$37,590	$24,554	$8,986	$4,050	$0	$0
5070	Customer Premises - Operation Labour	cu	$0	$0	$0	$0	$0	$0
5075	Customer Premises - Materials and Expenses	cu	$3,570	$2,773	$442	$32	$306	$17
5085	Miscellaneous Distribution Expense	di	$18,900	$10,079	$3,792	$4,196	$792	$40
5090	Underground Distribution Lines and Feeders - Rental Paid	di	$0	$0	$0	$0	$0	$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	di	$0	$0	$0	$0	$0	$0
5096	Other Rent	di	$0	$0	$0	$0	$0	$0
5105	Maintenance Supervision and Engineering	di	$0	$0	$0	$0	$0	$0
5110	Maintenance of Buildings and Fixtures - Distribution Stations	di	$0	$0	$0	$0	$0	$0
5112	Maintenance of Transformer Station Equipment	di	$5,000	$2,101	$1,091	$1,737	$66	$5
5114	Maintenance of Distribution Station Equipment	di	$0	$0	$0	$0	$0	$0
5120	Maintenance of Poles, Towers and Fixtures	di	$17,000	$8,904	$3,461	$3,869	$731	$35
5125	Maintenance of Overhead Conductors and Devices	di	$243,600	$127,593	$49,596	$55,444	$10,472	$495
5130	Maintenance of Overhead Services	di	$0	$0	$0	$0	$0	$0
5135	Overhead Distribution Lines and Feeders - Right of Way	di	$80,909	$42,379	$16,473	$18,415	$3,478	$164
5145	Maintenance of Underground Conduit	di	$0	$0	$0	$0	$0	$0
5150	Maintenance of Underground Conductors and Devices	di	$8,040	$4,186	$1,619	$1,874	$345	$16
5155	Maintenance of Underground Services	di	$0	$0	$0	$0	$0	$0
5160	Maintenance of Line Transformers	di	$46,100	$24,799	$9,847	$9,350	$2,010	$94

5175	Maintenance of Meters	cu	$0	$0	$0	$0	$0	$0
5305	Supervision	cu	$0	$0	$0	$0	$0	$0
5310	Meter Reading Expense	cu	$146,843	$115,021	$27,149	$4,673	$0	$0
5315	Customer Billing	cu	$413,399	$294,356	$94,100	$23,998	$59	$887
5320	Collecting	cu	$0	$0	$0	$0	$0	$0
5325	Collecting- Cash Over and Short	cu	$0	$0	$0	$0	$0	$0
5330	Collection Charges	cu	$0	$0	$0	$0	$0	$0
5335	Bad Debt Expense	cu	$16,700	$10,856	$5,677	$167	$0	$0
5340	Miscellaneous Customer Accounts Expenses	cu	$0	$0	$0	$0	$0	$0
5405	Supervision	ad	$0	$0	$0	$0	$0	$0
5410	Community Relations - Sundry	ad	$0	$0	$0	$0	$0	$0
5415	Energy Conservation	ad	$0	$0	$0	$0	$0	$0
5420	Community Safety Program	ad	$0	$0	$0	$0	$0	$0
5425	Miscellaneous Customer Service and Informational Expenses	ad	$0	$0	$0	$0	$0	$0
5505	Supervision	ad	$0	$0	$0	$0	$0	$0
5510	Demonstrating and Selling Expense	ad	$0	$0	$0	$0	$0	$0
5515	Advertising Expense	ad	$0	$0	$0	$0	$0	$0
5520	Miscellaneous Sales Expense	ad	$0	$0	$0	$0	$0	$0
5605	Executive Salaries and Expenses	ad	$10,300	$6,478	$2,197	$1,397	$210	$18
5610	Management Salaries and Expenses	ad	$139,740	$87,891	$29,801	$18,957	$2,849	$241
5615	General Administrative Salaries and Expenses	ad	$406,362	$255,587	$86,662	$55,128	$8,286	$700
5620	Office Supplies and Expenses	ad	$98,090	$61,695	$20,919	$13,307	$2,000	$169
5695	Smart Meter OM&A Contra	ad	$0	$0	$0	$0	$0	$0
5630	Outside Services Employed	ad	$70,645	$44,433	$15,066	$9,584	$1,440	$122
5635	Property Insurance	ad	$24,480	$12,534	$5,253	$5,958	$698	$36
5640	Injuries and Damages	ad	$0	$0	$0	$0	$0	$0
5645	Employee Pensions and Benefits	ad	$12,206	$7,677	$2,603	$1,656	$249	$21
5650	Franchise Requirements	ad	$0	$0	$0	$0	$0	$0
5655	Regulatory Expenses	ad	$91,830	$57,758	$19,584	$12,458	$1,872	$158
5660	General Advertising Expenses	ad	$0	$0	$0	$0	$0	$0
5665	Miscellaneous General Expenses	ad	$22,450	$14,120	$4,788	$3,046	$458	$39
5670	Rent	ad	$0	$0	$0	$0	$0	$0
5675	Maintenance of General Plant	ad	$6,000	$3,774	$1,280	$814	$122	$10
5680	Electrical Safety Authority Fees	ad	$5,000	$3,145	$1,066	$678	$102	$9
5685	Independent Market Operator Fees and Penalties	cop	$0	$0	$0	$0	$0	$0
5705	Amortization Expense - Property, Plant, and Equipment	dep	$468,960	$240,452	$98,426	$112,779	$16,492	$812
5710	Amortization of Limited Term Electric Plant	dep	$0	$0	$0	$0	$0	$0
5715	Amortization of Intangibles and Other Electric Plant	dep	$0	$0	$0	$0	$0	$0
5720	Amortization of Electric Plant Acquisition Adjustments	dep	$0	$0	$0	$0	$0	$0
5730	Amortization of Unrecovered Plant and Regulatory Study Costs	dep	$0	$0	$0	$0	$0	$0
5735	Amortization of Deferred Development Costs	dep	$0	$0	$0	$0	$0	$0
5740	Amortization of Deferred Charges	dep	$0	$0	$0	$0	$0	$0
6005	Interest on Long Term Debt	INT	$236,259	$118,843	$50,794	$60,225	$6,082	$315
6105	Taxes Other Than Income Taxes	ad	$13,260	$6,670	$2,851	$3,380	$341	$18
6110	Income Taxes	Input	$20,812	$10,469	$4,474	$5,305	$536	$28
6205	Donations	ad	$0	$0	$0	$0	$0	$0
6210	Life Insurance	ad	$0	$0	$0	$0	$0	$0
6215	Penalties	ad	$0	$0	$0	$0	$0	$0
6225	Other Deductions	ad	$0	$0	$0	$0	$0	$0
			$16,683,917	$7,072,647	$3,678,621	$5,542,901	$370,232	$19,517
				$16,683,917				

Grouping by Allocator	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
1808	$ -	$ -	$ -	$ -	$ -	$ -
1815	$ 13,000	$ 5,463	$ 2,836	$ 4,517	$ 172	$ 12
1820	$ -	$ -	$ -	$ -	$ -	$ -
1830	$ 17,000	$ 8,904	$ 3,461	$ 3,869	$ 731	$ 35
1835	$ 243,600	$ 127,593	$ 49,596	$ 55,444	$ 10,472	$ 495
1840	$ -	$ -	$ -	$ -	$ -	$ -
1845	$ 8,040	$ 4,186	$ 1,619	$ 1,874	$ 345	$ 16
1850	$ 75,630	$ 40,685	$ 16,154	$ 15,339	$ 3,297	$ 155
1855	$ -	$ -	$ -	$ -	$ -	$ -
1860	$ -	$ -	$ -	$ -	$ -	$ -
1815-1855	$ 18,900	$ 10,079	$ 3,792	$ 4,196	$ 792	$ 40
1830 & 1835	$ 172,909	$ 90,566	$ 35,204	$ 39,355	$ 7,433	$ 351
1840 & 1845	$ 8,500	$ 4,426	$ 1,712	$ 1,981	$ 364	$ 17
BCP	$ -	$ -	$ -	$ -	$ -	$ -
BDHA	$ 16,700	$ 10,856	$ 5,677	$ 167	$ -	$ -
Break Out	-$ 7,267,732	-$ 3,907,159	-$ 1,524,599	-$ 1,538,707	-$ 283,375	-$ 13,893
CCA	$ 3,570	$ 2,773	$ 442	$ 32	$ 306	$ 17
CDMPP	$ -	$ -	$ -	$ -	$ -	$ -
CEN	$ 781,264	$ 276,600	$ 161,948	$ 328,516	$ 13,147	$ 1,052
CEN EWMP	$ 8,042,343	$ 2,847,328	$ 1,667,096	$ 3,381,750	$ 135,339	$ 10,830
CREV	-$ 2,850,945	-$ 1,669,122	-$ 450,491	-$ 669,707	-$ 53,907	-$ 7,718
CWCS	$ 653,402	$ 426,690	$ 135,890	$ 41,127	$ 47,124	$ 2,570
CWMC	$ 1,631,846	$ 1,065,925	$ 390,097	$ 175,824	$ -	$ -
CWMR	$ 146,843	$ 115,021	$ 27,149	$ 4,673	$ -	$ -
CWNB	$ 299,694	$ 213,394	$ 68,218	$ 17,397	$ 43	$ 643
DCP	$ 39,432	$ 16,571	$ 8,603	$ 13,702	$ 520	$ 36
LPHA	-$ 43,000	-$ 36,981	-$ 4,287	-$ 1,719	$ -	-$ 13
LTNCP	$ 1,782,662	$ 958,968	$ 380,773	$ 361,560	$ 77,718	$ 3,643
NFA	-$ 336,325	-$ 169,178	-$ 72,307	-$ 85,733	-$ 8,658	-$ 449
NFA ECC	$ 1,743,502	$ 892,706	$ 374,104	$ 424,360	$ 49,734	$ 2,598
O&M	$ 862,623	$ 542,559	$ 183,965	$ 117,025	$ 17,588	$ 1,485
PNCP	$ 4,497,724	$ 2,329,679	$ 897,280	$ 1,069,420	$ 192,235	$ 9,110
SNCP	$ 2,584,620	$ 1,377,266	$ 542,793	$ 547,170	$ 112,121	$ 5,270
TCP	$ 3,538,115	$ 1,486,849	$ 771,896	$ 1,229,468	$ 46,688	$ 3,214
Total	**$ 16,683,917**	**$ 7,072,647**	**$ 3,678,621**	**$ 5,542,901**	**$ 370,232**	**$ 19,517**

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD

EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O5 Details of Allocators by Class and Account Worksheet - Second Run Updated for 2011 Forecast

Uniform System of Accounts - Detail Accounts

Allocation - Demand Related

					Categorization			1	2	3	7	9	
USoA Account #	**Accounts**	**Reclassified Balance**	**Financial Statement - Asset Break Out includes Acc Dep and Contributed Capital**	**Adjusted TB**	**Demand**	**Customer**	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Total - Demand**
1565	Conservation and Demand Management Expenditures and Recoveries	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1608	Franchises and Consents	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1805	Land	$2,366	($2,366)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1805-2	Land Station <50 kV	$0	$2,366	$2,366	$2,366	$0	$2,366	$994	$516	$822	$31	$2	$2,366
1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1808	Buildings and Fixtures	$37,065	($37,065)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1808-2	Buildings and Fixtures < 50 KV	$0	$37,065	$37,065	$37,065	$0	$37,065	$15,576	$8,086	$12,880	$489	$34	$37,065
1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1815	Transformer Station Equipment - Normally Primary above 50 kV	$3,538,115	$0	$3,538,115	$3,538,115	$0	$3,538,115	$1,486,849	$771,896	$1,229,468	$46,688	$3,214	$3,538,115
1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830	Poles, Towers and Fixtures	$4,712,513	($4,712,513)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830-4	Poles, Towers and Fixtures - Primary	$0	$2,874,633	$2,874,633	$1,724,780	$1,149,853	$2,874,633	$595,775	$431,250	$673,096	$24,217	$442	$1,724,780
1830-5	Poles, Towers and Fixtures - Secondary	$0	$1,837,880	$1,837,880	$1,102,728	$735,152	$1,837,880	$407,400	$294,895	$383,571	$16,560	$302	$1,102,728
1835	Overhead Conductors and Devices	$1,524,620	($1,524,620)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1835-4	Overhead Conductors and Devices - Primary	$0	$930,018	$930,018	$558,011	$372,007	$930,018	$192,749	$139,521	$217,764	$7,835	$143	$558,011
1835-5	Overhead Conductors and Devices - Secondary	$0	$594,602	$594,602	$356,761	$237,841	$594,602	$131,804	$95,406	$124,095	$5,358	$98	$356,761
1840	Underground Conduit	$270,727	($270,727)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1840-4	Underground Conduit - Primary	$0	$221,996	$221,996	$133,198	$88,798	$221,996	$46,009	$33,304	$51,980	$1,870	$34	$133,198
1840-5	Underground Conduit - Secondary	$0	$48,731	$48,731	$29,239	$19,492	$48,731	$10,802	$7,819	$10,170	$439	$8	$29,239
1845	Underground Conductors and Devices	$574,483	($574,483)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1845-4	Underground Conductors and Devices - Primary	$0	$471,076	$471,076	$282,646	$188,431	$471,076	$97,632	$70,670	$110,303	$3,969	$72	$282,646
1845-5	Underground Conductors and Devices - Secondary	$0	$103,407	$103,407	$62,044	$41,363	$103,407	$22,922	$16,592	$21,581	$932	$17	$62,044
1850	Line Transformers	$1,782,662	$0	$1,782,662	$1,069,597	$713,065	$1,782,662	$403,941	$292,392	$356,545	$16,420	$300	$1,069,597
1855	Services	$653,402	$0	$653,402	$0	$653,402	$653,402	$0	$0	$0	$0	$0	$0
1860	Meters	$1,594,256	$0	$1,594,256	$0	$1,594,256	$1,594,256	$0	$0	$0	$0	$0	$0

Allocation - Customer Related						Allocation of Miscellaneous Revenue						Allocation of General Plant and Administration						
1	2	3	7	9		1	2	3	7	9		1	2	3	7	9		
Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Total - Customer	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Total - Mis	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Total - A&G	
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$893,194	$142,230	$10,403	$98,646	$5,381	$1,149,853	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$571,951	$91,076	$5,513	$63,167	$3,445	$735,152	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$288,972	$46,015	$3,366	$31,915	$1,741	$372,007	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$185,041	$29,465	$1,784	$20,436	$1,115	$237,841	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$68,978	$10,984	$803	$7,618	$416	$88,798	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$15,165	$2,415	$146	$1,675	$91	$19,492	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$146,371	$23,308	$1,705	$16,165	$882	$188,431	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$32,180	$5,124	$310	$3,554	$194	$41,363	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($0)
$555,027	$88,381	$5,015	$61,298	$3,344	$713,065	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($0)
$426,690	$135,890	$41,127	$47,124	$2,570	$653,402	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$1,041,371	$381,111	$171,774	$0	$0	$1,594,256	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

1905	Land	$16,562	$0	$16,562	$0	$0	$0	$0	$0	$0	$0	$0	$0
1906	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1908	Buildings and Fixtures	$712,485	$0	$712,485	$0	$0	$0	$0	$0	$0	$0	$0	$0
1910	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1915	Office Furniture and Equipment	$35,042	$0	$35,042	$0	$0	$0	$0	$0	$0	$0	$0	$0
1920	Computer Equipment - Hardware	$33,313	$0	$33,313	$0	$0	$0	$0	$0	$0	$0	$0	$0
1925	Computer Software	$20,402	$0	$20,402	$0	$0	$0	$0	$0	$0	$0	$0	$0
1930	Transportation Equipment	$796,537	$0	$796,537	$0	$0	$0	$0	$0	$0	$0	$0	$0
1935	Stores Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1940	Tools, Shop and Garage Equipment	$79,022	$0	$79,022	$0	$0	$0	$0	$0	$0	$0	$0	$0
1945	Measurement and Testing Equipment	$7,982	$0	$7,982	$0	$0	$0	$0	$0	$0	$0	$0	$0
1950	Power Operated Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1955	Communication Equipment	$1,193	$0	$1,193	$0	$0	$0	$0	$0	$0	$0	$0	$0
1960	Miscellaneous Equipment	$16,484	$0	$16,484	$0	$0	$0	$0	$0	$0	$0	$0	$0
1970	Load Management Controls - Customer Premises	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1975	Load Management Controls - Utility Premises	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1980	System Supervisory Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1990	Other Tangible Property	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1995	Contributions and Grants - Credit	($500,313)		($500,313)			$0	$0	$0	$0	$0	$0	$0
2005	Property Under Capital Leases	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2010	Electric Plant Purchased or Sold	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2105	Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	($7,236,379)		($7,236,379)			$0	($1,339,433)	($928,878)	($1,326,789)	($52,609)	($1,275)	($3,648,984)
2120	Accumulated Amortization of Electric Utility Plant - Intangibles	$0		$0			$0	$0	$0	$0	$0	$0	$0
3046	Balance Transferred From Income	($406,115)		($406,115)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4080	Distribution Services Revenue	($2,850,945)		($2,850,945)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4082	Retail Services Revenues	($8,000)		($8,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4084	Service Transaction Requests (STR) Revenues	($500)		($500)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4090	Electric Services Incidental to Energy Sales	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4205	Interdepartmental Rents	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4210	Rent from Electric Property	($108,040)		($108,040)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4215	Other Utility Operating Income	($250)		($250)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4220	Other Electric Revenues	($44,250)		($44,250)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4225	Late Payment Charges	($43,000)		($43,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4235	Miscellaneous Service Revenues	($105,205)		($105,205)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4240	Provision for Rate Refunds	$0		$0	$0	$0	$0	$0	$0	$0			$0
4245	Government Assistance Directly Credited to Income	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4305	Regulatory Debits	$0		$0	$0	$0	$0	$0	$0	$0			$0
4310	Regulatory Credits	$0		$0	$0	$0	$0	$0	$0	$0			$0
4315	Revenues from Electric Plant Leased to Others	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4320	Expenses of Electric Plant Leased to Others	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4325	Revenues from Merchandise, Jobbing, Etc.	($115,000)		($115,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4330	Costs and Expenses of Merchandising, Jobbing, Etc.	$98,950		$98,950	$0	$0	$0	$0	$0	$0	$0	$0	$0
4335	Profits and Losses from Financial Instrument Hedges	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4340	Profits and Losses from Financial Instrument Investments	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4345	Gains from Disposition of Future Use Utility Plant	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4350	Losses from Disposition of Future Use Utility Plant	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4355	Gain on Disposition of Utility and Other Property	($20,000)		($20,000)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4360	Loss on Disposition of Utility and Other Property	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4365	Gains from Disposition of Allowances for Emission	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4370	Losses from Disposition of Allowances for Emission	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4390	Miscellaneous Non-Operating Income	($500)		($500)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4395	Rate-Payer Benefit Including Interest	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4398	Foreign Exchange Gains and Losses, Including Amortization	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4405	Interest and Dividend Income	($11,451)		($11,451)	$0	$0	$0	$0	$0	$0	$0	$0	$0
4415	Equity in Earnings of Subsidiary Companies	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4705	Power Purchased	$7,311,221		$7,311,221	$0	$0	$0	$0	$0	$0	$0	$0	$0
4708	Charges-WMS	$731,122		$731,122	$0	$0	$0	$0	$0	$0	$0	$0	$0
4710	Cost of Power Adjustments	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4712	Charges-One-Time	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4714	Charges-NW	$619,147		$619,147	$0	$0	$0	$0	$0	$0	$0	$0	$0
4715	System Control and Load Dispatching	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
4716	Charges-CN	$162,117		$162,117	$0	$0	$0	$0	$0	$0	$0	$0	$0
4730	Rural Rate Assistance Expense	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5005	Operation Supervision and Engineering	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5010	Load Dispatching	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5012	Station Buildings and Fixtures Expense	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5014	Transformer Station Equipment - Operation Labour	$8,000		$8,000	$8,000	$0	$8,000	$3,362	$1,745	$2,780	$106	$7	$8,000

$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$8,480	$3,554	$4,031	$472	$25	$16,562	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$364,806	$152,878	$173,415	$20,324	$1,062	$712,485	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$17,942	$7,519	$8,529	$1,000	$52	$35,042	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$17,057	$7,148	$8,108	$950	$50	$33,313	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,446	$4,378	$4,966	$582	$30	$20,402	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$407,842	$170,913	$193,873	$22,722	$1,187	$796,537	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$40,461	$16,956	$19,234	$2,254	$118	$79,022	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$4,087	$1,713	$1,943	$228	$12	$7,982	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$611	$256	$290	$34	$2	$1,193	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$8,440	$3,537	$4,012	$470	$25	$16,484	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
($326,719)	($104,052)	($31,491)	($36,083)	($1,968)	($500,313)							$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
($2,028,246)	($400,169)	($77,765)	($185,926)	($10,141)	($2,702,247)							($453,212)	($189,927)	($215,441)	($25,249)	($1,319)	($885,148)	($0)
$0	$0	$0	$0	$0	$0							$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($204,283)	($87,311)	($103,524)	($10,455)	($542)	($406,115)	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	($1,669,122)	($450,491)	($669,707)	($53,907)	($7,718)	($2,850,945)	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($5,696)	($1,821)	($464)	($1)	($17)	($8,000)	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	($356)	($114)	($29)	($0)	($1)	($500)	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($54,346)	($23,228)	($27,541)	($2,781)	($144)	($108,040)	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($126)	($54)	($64)	($6)	($0)	($250)	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($22,259)	($9,513)	($11,280)	($1,139)	($59)	($44,250)	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	($36,981)	($4,287)	($1,719)	$0	($13)	($43,000)	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($74,910)	($23,947)	($6,107)	($15)	($226)	($105,205)	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($57,847)	($24,724)	($29,315)	($2,960)	($153)	($115,000)	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$49,774	$21,273	$25,224	$2,547	$132	$98,950	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($10,060)	($4,300)	($5,098)	($515)	($27)	($20,000)	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($252)	($107)	($127)	($13)	($1)	($500)	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	($5,760)	($2,462)	($2,919)	($295)	($15)	($11,451)	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$2,588,480	$1,515,541	$3,074,319	$123,035	$9,846	$7,311,221	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$258,848	$151,554	$307,432	$12,304	$985	$731,122	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$219,204	$128,343	$260,347	$10,419	$834	$619,147	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$57,396	$33,605	$68,169	$2,728	$218	$162,117	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

5015	Transformer Station Equipment - Operation Supplies and Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5016	Distribution Station Equipment - Operation Labour	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5017	Distribution Station Equipment - Operation Supplies and Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5020	Overhead Distribution Lines and Feeders - Operation Labour	$65,000	$65,000	$39,000	$26,000	$65,000	$13,837	$10,016	$14,575	$562	$10	$39,000
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	$27,000	$27,000	$16,200	$10,800	$27,000	$5,748	$4,160	$6,054	$234	$4	$16,200
5030	Overhead Subtransmission Feeders - Operation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5035	Overhead Distribution Transformers- Operation	$29,530	$29,530	$17,718	$11,812	$29,530	$6,691	$4,844	$5,906	$272	$5	$17,718
5040	Underground Distribution Lines and Feeders - Operation Labour	$8,500	$8,500	$5,100	$3,400	$8,500	$1,784	$1,291	$1,951	$73	$1	$5,100
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5050	Underground Subtransmission Feeders - Operation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5055	Underground Distribution Transformers - Operation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5065	Meter Expense	$37,590	$37,590	$0	$37,590	$37,590	$0	$0	$0	$0	$0	$0
5070	Customer Premises - Operation Labour	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5075	Customer Premises - Materials and Expenses	$3,570	$3,570	$0	$3,570	$3,570	$0	$0	$0	$0	$0	$0
5085	Miscellaneous Distribution Expense	$18,900	$18,900	$11,340	$7,560	$18,900	$4,348	$2,757	$4,070	$159	$6	$11,340
5090	Underground Distribution Lines and Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5095	Overhead Distribution Lines and Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5096	Other Rent	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5105	Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5110	Maintenance of Buildings and Fixtures - Distribution Stations	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5112	Maintenance of Transformer Station Equipment	$5,000	$5,000	$5,000	$0	$5,000	$2,101	$1,091	$1,737	$66	$5	$5,000
5114	Maintenance of Distribution Station Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5120	Maintenance of Poles, Towers and Fixtures	$17,000	$17,000	$10,200	$6,800	$17,000	$3,619	$2,620	$3,812	$147	$3	$10,200
5125	Maintenance of Overhead Conductors and Devices	$243,600	$243,600	$146,160	$97,440	$243,600	$51,856	$37,536	$54,621	$2,108	$38	$146,160
5130	Maintenance of Overhead Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5135	Overhead Distribution Lines and Feeders - Right of Way	$80,909	$80,909	$48,545	$32,364	$80,909	$17,223	$12,467	$18,142	$700	$13	$48,545
5145	Maintenance of Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5150	Maintenance of Underground Conductors and Devices	$8,040	$8,040	$4,824	$3,216	$8,040	$1,687	$1,221	$1,846	$69	$1	$4,824
5155	Maintenance of Underground Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5160	Maintenance of Line Transformers	$46,100	$46,100	$27,660	$18,440	$46,100	$10,446	$7,561	$9,220	$425	$8	$27,660
5175	Maintenance of Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5305	Supervision	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5310	Meter Reading Expense	$146,843	$146,843	$0	$146,843	$146,843	$0	$0	$0	$0	$0	$0
5315	Customer Billing	$413,399	$413,399	$0	$413,399	$413,399	$0	$0	$0	$0	$0	$0
5320	Collecting	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5325	Collecting- Cash Over and Short	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5330	Collection Charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5335	Bad Debt Expense	$16,700	$16,700	$0	$16,700	$16,700	$0	$0	$0	$0	$0	$0
5340	Miscellaneous Customer Accounts Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
5405	Supervision	$0	$0			$0	$0	$0	$0	$0	$0	$0
5410	Community Relations - Sundry	$0	$0			$0	$0	$0	$0	$0	$0	$0
5415	Energy Conservation	$0	$0			$0	$0	$0	$0	$0	$0	$0
5420	Community Safety Program	$0	$0			$0	$0	$0	$0	$0	$0	$0
5425	Miscellaneous Customer Service and Informational Expenses	$0	$0			$0	$0	$0	$0	$0	$0	$0
5505	Supervision	$0	$0			$0	$0	$0	$0	$0	$0	$0
5510	Demonstrating and Selling Expense	$0	$0			$0	$0	$0	$0	$0	$0	$0
5515	Advertising Expense	$0	$0			$0	$0	$0	$0	$0	$0	$0
5520	Miscellaneous Sales Expense	$0	$0			$0	$0	$0	$0	$0	$0	$0
5605	Executive Salaries and Expenses	$10,300	$10,300			$0	$0	$0	$0	$0	$0	$0
5610	Management Salaries and Expenses	$139,740	$139,740			$0	$0	$0	$0	$0	$0	$0

$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$20,209	$3,218	$220	$2,232	$122	$26,000	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($0)
$8,394	$1,337	$91	$927	$51	$10,800	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$9,194	$1,464	$83	$1,015	$55	$11,812	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$2,642	$421	$30	$292	$16	$3,400	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$24,554	$8,986	$4,050	$0	$0	$37,590	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$2,773	$442	$32	$306	$17	$3,570	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$5,731	$1,035	$126	$633	$35	$7,560	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$5,285	$842	$57	$584	$32	$6,800	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$75,737	$12,060	$823	$8,364	$456	$97,440	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$25,155	$4,006	$273	$2,778	$152	$32,364	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$2,499	$398	$28	$276	$15	$3,216	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	($0)
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$14,353	$2,286	$130	$1,585	$86	$18,440	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$115,021	$27,149	$4,673	$0	$0	$146,843	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$294,356	$94,100	$23,998	$59	$887	$413,399	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$10,856	$5,677	$167	$0	$0	$16,700	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$6,478	$2,197	$1,397	$210	$18	$10,300	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$87,891	$29,801	$18,957	$2,849	$241	$139,740	$0

5615	General Administrative Salaries and Expenses	$406,362		$406,362			$0	$0	$0	$0	$0	$0	$0
5620	Office Supplies and Expenses	$98,090		$98,090			$0	$0	$0	$0	$0	$0	$0
5695	Smart Meter OM&A Credit	$0		$0			$0	$0	$0	$0	$0	$0	$0
5630	Outside Services Employed	$70,645		$70,645			$0	$0	$0	$0	$0	$0	$0
5635	Property Insurance	$24,480		$24,480			$0	$0	$0	$0	$0	$0	$0
5640	Injuries and Damages	$0		$0			$0	$0	$0	$0	$0	$0	$0
5645	Employee Pensions and Benefits	$12,206		$12,206			$0	$0	$0	$0	$0	$0	$0
5650	Franchise Requirements	$0		$0			$0	$0	$0	$0	$0	$0	$0
5655	Regulatory Expenses	$91,830		$91,830			$0	$0	$0	$0	$0	$0	$0
5660	General Advertising Expenses	$0		$0			$0	$0	$0	$0	$0	$0	$0
5665	Miscellaneous General Expenses	$22,450		$22,450			$0	$0	$0	$0	$0	$0	$0
5670	Rent	$0		$0			$0	$0	$0	$0	$0	$0	$0
5675	Maintenance of General Plant	$6,000		$6,000			$0	$0	$0	$0	$0	$0	$0
5680	Electrical Safety Authority Fees	$5,000		$5,000			$0	$0	$0	$0	$0	$0	$0
5685	Independent Market Operator Fees and Penalties	$0		$0			$0	$0	$0	$0	$0	$0	$0
5705	Amortization Expense - Property, Plant, and Equipment	$468,960	$0	$468,960			$0	$106,803	$69,700	$101,770	$3,998	$132	$282,402
5710	Amortization of Limited Term Electric Plant	$0	$0	$0			$0	$0	$0	$0	$0	$0	$0
5715	Amortization of Intangibles and Other Electric Plant	$0	$0	$0			$0	$0	$0	$0	$0	$0	$0
5720	Amortization of Electric Plant Acquisition Adjustments	$0	$0	$0			$0	$0	$0	$0	$0	$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	$236,259		$236,259				$0	$0	$0	$0	$0	$0
6105	Taxes Other Than Income Taxes	$13,260		$13,260	$0	$0	$0	$0	$0	$0	$0	$0	$0
6110	Income Taxes	$20,812		$20,812			$0	$0	$0	$0	$0	$0	$0
6205	Donations	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
6210	Life Insurance	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
6215	Penalties	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
6225	Other Deductions	$0		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
		$16,683,917	$0	$16,683,917	$9,236,297	$6,629,594	$15,865,892	$2,302,526	$1,390,479	$2,091,971	$81,117	$3,623	$5,869,716
							O5 Summary	O4 Summary					
					$3,366,582	$3,046,297	$16,683,917	$16,683,917					
							($0)						
				($0)			$16,683,917						

Grouping by Allocator	Adjusted TB	Demand	Customer	Total	Residential	GS <50	GS>50-Regular	GS> 50-TOU	GS >50-Intermediate	Unmetered Scattered Load	Back-up/Standby Power	GS <50
1808	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1815	$ 13,000.00	$ 13,000.00	$ -	$ 13,000.00	$ 5,463.09	$ 2,836.16	$ 4,517.40	$ -	$ -	$ 11.81	$ -	$ -
1820	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1830	$ 17,000.00	$ 10,200.00	$ 6,800.00	$ 17,000.00	$ 3,618.87	$ 2,619.51	$ 3,811.84	$ -	$ -	$ 2.68	$ -	$ 841.63
1835	$ 243,600.00	$ 146,160.00	$ 97,440.00	$ 243,600.00	$ 51,856.25	$ 37,536.01	$ 54,621.39	$ -	$ -	$ 38.46	$ -	$ 12,060.05
1840	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1845	$ 8,040.00	$ 4,824.00	$ 3,216.00	$ 8,040.00	$ 1,687.17	$ 1,221.25	$ 1,845.74	$ -	$ -	$ 1.25	$ -	$ 397.91
1850	$ 75,630.00	$ 45,378.00	$ 30,252.00	$ 75,630.00	$ 17,137.34	$ 12,404.82	$ 15,126.52	$ -	$ -	$ 12.71	$ -	$ 3,749.58
1855	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1860	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
1815-1855	$ 18,900.00	$ 11,340.00	$ 7,560.00	$ 18,900.00	$ 4,347.84	$ 2,757.50	$ 4,069.61	$ -	$ -	$ 5.93	$ -	$ 1,034.94
1830 & 1835	$ 172,909.00	$ 103,745.40	$ 69,163.60	$ 172,909.00	$ 36,807.94	$ 26,643.32	$ 38,770.65	$ -	$ -	$ 27.30	$ -	$ 8,560.31
1840 & 1845	$ 8,500.00	$ 5,100.00	$ 3,400.00	$ 8,500.00	$ 1,783.70	$ 1,291.13	$ 1,951.34	$ -	$ -	$ 1.32	$ -	$ 420.68
BCP	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BDHA	$ 16,700.00	$ -	$ 16,700.00	$ 16,700.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,677.45
Break Out	$ (7,267,732.42)	$ -	$ -	$ -	$ (1,232,630.31)	$ (859,177.67)	$ (1,225,018.85)	$ -	$ -	$ (1,143.51)	$ -	$ (481,994.67)
CCA	$ 3,570.00	$ -	$ 3,570.00	$ 3,570.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 441.59
CDMPP	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CEN	$ 781,263.61	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CEN EWMP	$ 8,042,342.90	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CREV	$ (2,850,944.97)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
CWCS	$ 653,401.73	$ -	$ 653,401.73	$ 653,401.73	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 135,889.74
CWMC	$ 1,631,846.00	$ -	$ 1,631,846.00	$ 1,631,846.00	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 390,096.50
CWMR	$ 146,843.35	$ -	$ 146,843.35	$ 146,843.35	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 27,149.35
CWNB	$ 299,694.45	$ -	$ 413,399.45	$ 413,399.45	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 94,099.50
DCP	$ 39,431.53	$ 39,431.53	$ -	$ 39,431.53	$ 16,570.62	$ 8,602.61	$ 13,702.15	$ -	$ -	$ 35.81	$ -	$ -
LPHA	$ (43,000.00)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
LTNCP	$ 1,782,661.60	$ 1,069,596.96	$ 713,064.64	$ 1,782,661.60	$ 403,941.28	$ 292,391.79	$ 356,544.61	$ -	$ -	$ 299.60	$ -	$ 88,380.78
NFA	$ (336,324.86)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
NFA ECC	$ 1,743,502.28	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
O&M	$ 862,623.21	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PNCP	$ 4,497,724.08	$ 2,698,634.45	$ 1,799,089.63	$ 4,497,724.08	$ 932,164.03	$ 674,744.38	$ 1,053,143.41	$ -	$ -	$ 691.39	$ -	$ 222,535.97
SNCP	$ 2,584,619.97	$ 1,550,771.98	$ 1,033,847.99	$ 2,584,619.97	$ 572,928.44	$ 414,712.68	$ 539,417.13	$ -	$ -	$ 424.94	$ -	$ 128,080.21
TCP	$ 3,538,115.07	$ 3,538,115.07	$ -	$ 3,538,115.07	$ 1,486,849.48	$ 771,895.92	$ 1,229,467.91	$ -	$ -	$ 3,213.55	$ -	$ -
Total	**$ 16,683,917**	**$ 9,236,297**	**$ 6,629,594**	**$ 15,865,892**	**$ 2,302,526**	**$ 1,390,479**	**$ 2,091,971**	**$ -**	**$ -**	**$ 3,623**	**$ -**	**$ 637,422**

$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$255,587	$86,662	$55,128	$8,286	$700
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$61,695	$20,919	$13,307	$2,000	$169
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$44,433	$15,066	$9,584	$1,440	$122
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$12,534	$5,253	$5,958	$698	$36
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$7,677	$2,603	$1,656	$249	$21
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$57,758	$19,584	$12,458	$1,872	$158
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$14,120	$4,788	$3,046	$458	$39
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,774	$1,280	$814	$122	$10
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$3,145	$1,066	$678	$102	$9
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$118,138	$22,226	$3,635	$11,630	$634	$156,264							$15,511	$6,500	$7,373	$864	$45
$0	$0	$0	$0	$0	$0							$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0							$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0							$0	$0	$0	$0	$0
						$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
						$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
						$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$118,843	$50,794	$60,225	$6,082	$315
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$6,670	$2,851	$3,380	$341	$18
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$10,469	$4,474	$5,305	$536	$28
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
$2,604,873	$637,422	$171,105	$160,273	$9,626	$3,583,298	($2,092,225)	($611,086)	($832,671)	($69,540)	($8,785)	($3,614,306)	$4,257,474	$2,261,805	$4,112,495	$198,383	$15,052

GS>50-Regular	GS> 50-TOU	GS >50-Intermediate	Unmetered Scattered Load	Back-up/Standby Power	GS <50	GS>50-Regular	GS> 50-TOU	GS >50-Intermediate	Unmetered Scattered Load	Back-up/Standby Power	GS <50	GS>50-Regular	GS> 50-TOU	GS >50-Intermediate	Unmetered Scattered Load	Back-up/Standby Power
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 57.41	$ -	$ -	$ 31.84	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 822.70	$ -	$ -	$ 456.24	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 28.20	$ -	$ -	$ 15.05	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 212.78	$ -	$ -	$ 141.85	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 126.33	$ -	$ -	$ 34.53	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 583.96	$ -	$ -	$ 323.85	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 29.81	$ -	$ -	$ 15.91	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 166.86	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ (105,620.97)	$ -	$ -	$ (11,475.19)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (183,426.38)	$ (208,067.26)	$ -	$ -	$ (1,273.88)	$ -
$ 32.30	$ -	$ -	$ 16.71	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 161,947.97	$ 328,516.02	$ -	$ -	$ 1,052.10	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,667,095.58	$ 3,381,750.39	$ -	$ -	$ 10,830.33	$ -
$ -	$ -	$ -	$ -	$ -	$ (450,490.73)	$ (669,706.77)	$ -	$ -	$ (7,718.31)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 41,126.78	$ -	$ -	$ 2,570.42	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 175,824.41	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 4,672.93	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 23,997.74	$ -	$ -	$ 886.62	$ -	$ (25,881.95)	$ (6,600.55)	$ -	$ -	$ (243.86)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ (4,286.93)	$ (1,719.35)	$ -	$ -	$ (13.07)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 5,015.30	$ -	$ -	$ 3,343.54	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ (130,425.96)	$ (154,644.41)	$ -	$ -	$ (809.40)	$ -	$ 58,118.97	$ 68,910.93	$ -	$ -	$ 360.68	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 374,103.99	$ 424,359.88	$ -	$ -	$ 2,598.12	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 183,965.05	$ 117,025.43	$ -	$ -	$ 1,485.10	$ -
$ 16,276.27	$ -	$ -	$ 8,418.76	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 7,752.65	$ -	$ -	$ 4,845.41	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
$ 171,105	**$ -**	**$ -**	**$ 9,626**	**$ -**	**-$ 611,086**	**-$ 832,671**	**$ -**	**$ -**	**-$ 8,785**	**$ -**	**$ 2,261,805**	**$ 4,112,495**	**$ -**	**$ -**	**$ 15,052**	**$ -**

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
Tuesday, August 31, 2010
Sheet O6 Composite Allocator Detail Worksheet - Second Run Updated for 2011 Forecast

Details:
Output Sheet Details How Various Composite Allocators are Derived

Demand Allocators can be found in columns C to AG
Customer Allocators can be found in columns AJ to BN

		Demand Allocators	1	2	3	7	9	Customer Allocators	1	2	3	7	9	
		Demand Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Customer Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Total
Composite allocators														
Rate Base														
1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1805-1	Land Station >50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1805-2	Land Station <50 kV		$994	$516	$822	$31	$2	$0	$0	$0	$0	$0	$0	$0
1805	Total	$2,366	$994	$516	$822	$31	$2	$0	$0	$0	$0	$0	$0	$2,366
1806-1	Land Rights Station >50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1806-2	Land Rights Station <50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1806	Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1808-1	Buildings and Fixtures > 50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1808-2	Buildings and Fixtures < 50 KV		$15,576	$8,086	$12,880	$489	$34	$0	$0	$0	$0	$0	$0	$0
1808	Total	$37,065	$15,576	$8,086	$12,880	$489	$34	$0	$0	$0	$0	$0	$0	$37,065
1810-1	Leasehold Improvements >50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1810-2	Leasehold Improvements <50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1810	Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1815	Transformer Station Equipment - Normally Primary above 50 kV	$3,538,115	$1,486,849	$771,896	$1,229,468	$46,688	$3,214	$0	$0	$0	$0	$0	$0	$3,538,115
1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820	Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1815 & 1820	Total	$3,538,115	$1,486,849	$771,896	$1,229,468	$46,688	$3,214	$0	$0	$0	$0	$0	$0	$3,538,115
1825-1	Storage Battery Equipment > 50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1825-2	Storage Battery Equipment <50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1825	Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830-4	Poles, Towers and Fixtures - Primary		$595,775	$431,250	$673,096	$24,217	$442	$1,149,853	$893,194	$142,230	$10,403	$98,646	$5,381	$1,149,853
1830-5	Poles, Towers and Fixtures - Secondary		$407,400	$294,895	$383,571	$16,560	$302	$735,152	$571,951	$91,076	$5,513	$63,167	$3,445	$735,152
1830	Total	$2,827,508	$1,003,174	$726,145	$1,056,667	$40,778	$744	$1,885,005	$1,465,145	$233,305	$15,915	$161,813	$8,826	$4,712,513
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1835-4	Overhead Conductors and Devices - Primary		$192,749	$139,521	$217,764	$7,835	$143	$372,007	$288,972	$46,015	$3,366	$31,915	$1,741	$372,007
1835-5	Overhead Conductors and Devices - Secondary		$131,804	$95,406	$124,095	$5,358	$98	$237,841	$185,041	$29,465	$1,784	$20,436	$1,115	$237,841
1835	Total	$914,772	$324,553	$234,927	$341,859	$13,193	$241	$609,848	$474,013	$75,480	$5,149	$52,351	$2,855	$1,524,620
1830 & 1835	Total	$3,742,280	$1,327,727	$961,072	$1,398,526	$53,970	$985	$2,494,853	$1,939,158	$308,786	$21,065	$214,164	$11,682	$6,237,134
1840-3	Underground Conduit - Bulk Delivery		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1840-4	Underground Conduit - Primary		$46,009	$33,304	$51,980	$1,870	$34	$88,798	$68,978	$10,984	$803	$7,618	$416	$88,798
1840-5	Underground Conduit - Secondary		$10,802	$7,819	$10,170	$439	$8	$19,492	$15,165	$2,415	$146	$1,675	$91	$19,492
1840	Total	$162,436	$56,811	$41,123	$62,151	$2,309	$42	$108,291	$84,143	$13,399	$950	$9,293	$507	$270,727
1845-3	Underground Conductors and Devices - Bulk Delivery		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1845-4	Underground Conductors and Devices - Primary		$97,632	$70,670	$110,303	$3,969	$72	$188,431	$146,371	$23,308	$1,705	$16,165	$882	$188,431
1845-5	Underground Conductors and Devices - Secondary		$22,922	$16,592	$21,581	$932	$17	$41,363	$32,180	$5,124	$310	$3,554	$194	$41,363
1845	Total	$344,690	$120,554	$87,263	$131,884	$4,900	$89	$229,793	$178,551	$28,432	$2,015	$19,720	$1,076	$574,483

2011 COST ALLOCATION INFORMATION FILING
KENORA HYDRO ELECTRIC CORPORATION LTD
EB-2005-0384 EB-2007-0001
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Sheet O6 Composite Allocator Detail Worksheet - Second Run Updated for 2011 Forecast

Details:
Output Sheet Details How Various Composite Allocators are Derived

Demand Allocators can be found in columns C to AG
Customer Allocators can be found in columns AJ to BN

	A	B	C	D	E	F	J	L	X	Y	Z	AA	AE	AG	AS
20			**Demand Allocators**						**Customer Allocators**						
22				**1**	**2**	**3**	**7**	**9**		**1**	**2**	**3**	**7**	**9**	
23			**Demand Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Customer Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Total**
24	**Composite allocators**														
26	**Rate Base**														
27	1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
28															
29	1805-1	Land Station >50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
30	1805-2	Land Station <50 kV		$994	$516	$822	$31	$2	$0	$0	$0	$0	$0	$0	$0
31	1805	Total	$2,366	$994	$516	$822	$31	$2	$0	$0	$0	$0	$0	$0	$2,366
32															
33	1806-1	Land Rights Station >50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
34	1806-2	Land Rights Station <50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
35	1806	Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
36															
37	1808-1	Buildings and Fixtures > 50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
38	1808-2	Buildings and Fixtures < 50 KV		$15,576	$8,086	$12,880	$489	$34	$0	$0	$0	$0	$0	$0	$0
39	1808	Total	$37,065	$15,576	$8,086	$12,880	$489	$34	$0	$0	$0	$0	$0	$0	$37,065
40															
41	1810-1	Leasehold Improvements >50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
42	1810-2	Leasehold Improvements <50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
43	1810	Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
44															
45	1815	Transformer Station Equipment - Normally Primary above 50 kV	$3,538,115	$1,486,849	$771,896	$1,229,468	$46,688	$3,214	$0	$0	$0	$0	$0	$0	$3,538,115
46															
47	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
48	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
49	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
50	1820	Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
51															
52	1815 & 1820	Total	$3,538,115	$1,486,849	$771,896	$1,229,468	$46,688	$3,214	$0	$0	$0	$0	$0	$0	$3,538,115
53															
54	1825-1	Storage Battery Equipment > 50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
55	1825-2	Storage Battery Equipment <50 kV		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
56	1825	Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
57															
58	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
59	1830-4	Poles, Towers and Fixtures - Primary		$595,775	$431,250	$673,096	$24,217	$442	$1,149,853	$893,194	$142,230	$10,403	$98,646	$5,381	$1,149,853
60	1830-5	Poles, Towers and Fixtures - Secondary		$407,400	$294,895	$383,571	$16,560	$302	$735,152	$571,951	$91,076	$5,513	$63,167	$3,445	$735,152
61	1830	Total	$2,827,508	$1,003,174	$726,145	$1,056,667	$40,778	$744	$1,885,005	$1,465,145	$233,305	$15,915	$161,813	$8,826	$4,712,513
62															
63	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
64	1835-4	Overhead Conductors and Devices - Primary		$192,749	$139,521	$217,764	$7,835	$143	$372,007	$288,972	$46,015	$3,366	$31,915	$1,741	$372,007
65	1835-5	Overhead Conductors and Devices - Secondary		$131,804	$95,406	$124,095	$5,358	$98	$237,841	$185,041	$29,465	$1,784	$20,436	$1,115	$237,841
66	1835	Total	$914,772	$324,553	$234,927	$341,859	$13,193	$241	$609,848	$474,013	$75,480	$5,149	$52,351	$2,855	$1,524,620
67															
68	1830 & 1835	Total	$3,742,280	$1,327,727	$961,072	$1,398,526	$53,970	$985	$2,494,853	$1,939,158	$308,786	$21,065	$214,164	$11,682	$6,237,134

	A	B	C	D	E	F	J	L	X	Y	Z	AA	AE	AG	AS
69															
70	1840-3	Underground Conduit - Bulk Delivery		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
71	1840-4	Underground Conduit - Primary		$46,009	$33,304	$51,980	$1,870	$34	$88,798	$68,978	$10,984	$803	$7,618	$416	$88,798
72	1840-5	Underground Conduit - Secondary		$10,802	$7,819	$10,170	$439	$8	$19,492	$15,165	$2,415	$146	$1,675	$91	$19,492
73	1840	Total	$162,436	$56,811	$41,123	$62,151	$2,309	$42	$108,291	$84,143	$13,399	$950	$9,293	$507	$270,727
74															
75	1845-3	Underground Conductors and Devices - Bulk Delivery		$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
76	1845-4	Underground Conductors and Devices - Primary		$97,632	$70,670	$110,303	$3,969	$72	$188,431	$146,371	$23,308	$1,705	$16,165	$882	$188,431
77	1845-5	Underground Conductors and Devices - Secondary		$22,922	$16,592	$21,581	$932	$17	$41,363	$32,180	$5,124	$310	$3,554	$194	$41,363
78	1845	Total	$344,690	$120,554	$87,263	$131,884	$4,900	$89	$229,793	$178,551	$28,432	$2,015	$19,720	$1,076	$574,483
79															
80	1840 & 1845	Total	$507,126	$177,365	$128,385	$194,035	$7,210	$132	$338,084	$262,694	$41,831	$2,964	$29,012	$1,582	$845,211
81															
82	1850	Line Transformers	$1,069,597	$403,941	$292,392	$356,545	$16,420	$300	$713,065	$555,027	$88,381	$5,015	$61,298	$3,344	$1,782,662
83															
84	1815- 1850	Total	$8,857,118	$3,395,883	$2,153,745	$3,178,573	$124,288	$4,629	$3,546,002	$2,756,879	$438,997	$29,044	$304,475	$16,608	$12,403,121
85															
86	1855	Services	$0	$0	$0	$0	$0	$0	$653,402	$426,690	$135,890	$41,127	$47,124	$2,570	$653,402
87															
88	1815- 1855	Total	$8,857,118	$3,395,883	$2,153,745	$3,178,573	$124,288	$4,629	$4,199,404	$3,183,569	$574,887	$70,171	$351,599	$19,178	$13,056,522
89															
90	1860	Meters	$0	$0	$0	$0	$0	$0	$1,594,256	$1,041,371	$381,111	$171,774	$0	$0	$1,594,256
91															
92	1815-1860	Total	$8,857,118	$3,395,883	$2,153,745	$3,178,573	$124,288	$4,629	$5,793,660	$4,224,940	$955,997	$241,945	$351,599	$19,178	$14,650,778
93															
94	1565-1860	Total	$8,896,550	$3,412,454	$2,162,347	$3,192,275	$124,808	$4,665	$5,793,660	$4,224,940	$955,997	$241,945	$351,599	$19,178	$14,690,210
95															
96		Total Demand And Customer	$14,690,210	$7,637,394	$3,118,345	$3,434,220	$476,407	$23,843							
97		Accum Depreciation - NFA	($6,851,544)	($3,694,398)	($1,433,098)	($1,436,045)	($274,618)	($13,385)							
98		Accum Depreciation - NFA ECC	($6,351,231)	($3,367,679)	($1,329,047)	($1,404,554)	($238,534)	($11,417)							
99	NFA	Net Fixed Assets	$7,838,666	$3,942,996	$1,685,247	$1,998,175	$201,789	$10,458							
100	NFA ECC	Net Fixed Assets Excluding Capital Contribution	$8,338,979	$4,269,715	$1,789,298	$2,029,666	$237,873	$12,427							
101															
102															
103	**Operating and Maintenance**			Allocate all the costs to the O and M expenses before using it as a composite allocator.											
104															
105	**Acccounts**														
106	5005	Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
107	5010	Load Dispatching	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
108	5012	Station Buildings and Fixtures Expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
109	5014	Transformer Station Equipment - Operation Labour	$8,000	$3,362	$1,745	$2,780	$106	$7	$0	$0	$0	$0	$0	$0	
110	5015	Transformer Station Equipment - Operation Supplies and Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
111	5016	Distribution Station Equipment - Operation Labour	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
112	5017	Distribution Station Equipment - Operation Supplies and Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
113	5020	Overhead Distribution Lines and Feeders - Operation Labour	$39,000	$13,837	$10,016	$14,575	$562	$10	$23,646	$20,209	$3,218	$220	$2,232	$122	
114	5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	$16,200	$5,748	$4,160	$6,054	$234	$4	$9,822	$8,394	$1,337	$91	$927	$51	
115	5030	Overhead Subtransmission Feeders - Operation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
116	5035	Overhead Distribution Transformers- Operation	$17,718	$6,691	$4,844	$5,906	$272	$5	$10,741	$9,194	$1,464	$83	$1,015	$55	
117	5040	Underground Distribution Lines and Feeders - Operation Labour	$5,100	$1,784	$1,291	$1,951	$73	$1	$3,092	$2,642	$421	$30	$292	$16	
118	5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
119	5050	Underground Subtransmission Feeders - Operation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
120	5055	Underground Distribution Transformers - Operation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
121	5065	Meter Expense	$0	$0	$0	$0	$0	$0	$37,590	$24,554	$8,986	$4,050	$0	$0	
122	5070	Customer Premises - Operation Labour	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
123	5075	Customer Premises - Materials and Expenses	$0	$0	$0	$0	$0	$0	$3,247	$2,773	$442	$32	$306	$17	
124	5085	Miscellaneous Distribution Expense	$11,340	$4,348	$2,757	$4,070	$159	$6	$6,893	$5,731	$1,035	$126	$633	$35	

	A	B	C	D	E	F	J	L	X	Y	Z	AA	AE	AG	AS
125	5090	Underground Distribution Lines and Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
126	5095	Overhead Distribution Lines and Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
127	5096	Other Rent	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
128	5105	Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
129	5110	Maintenance of Buildings and Fixtures - Distribution Stations	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
130	5112	Maintenance of Transformer Station Equipment	$5,000	$2,101	$1,091	$1,737	$66	$5	$0	$0	$0	$0	$0	$0	
131	5114	Maintenance of Distribution Station Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
132	5120	Maintenance of Poles, Towers and Fixtures	$10,200	$3,619	$2,620	$3,812	$147	$3	$6,184	$5,285	$842	$57	$584	$32	
133	5125	Maintenance of Overhead Conductors and Devices	$146,160	$51,856	$37,536	$54,621	$2,108	$38	$88,619	$75,737	$12,060	$823	$8,364	$456	
134	5130	Maintenance of Overhead Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
135	5135	Overhead Distribution Lines and Feeders - Right of Way	$48,545	$17,223	$12,467	$18,142	$700	$13	$29,434	$25,155	$4,006	$273	$2,778	$152	
136	5145	Maintenance of Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
137	5150	Maintenance of Underground Conductors and Devices	$4,824	$1,687	$1,221	$1,846	$69	$1	$2,925	$2,499	$398	$28	$276	$15	
138	5155	Maintenance of Underground Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
139	5160	Maintenance of Line Transformers	$27,660	$10,446	$7,561	$9,220	$425	$8	$16,768	$14,353	$2,286	$130	$1,585	$86	
140	5175	Maintenance of Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
141	5305	Supervision	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
142	5310	Meter Reading Expense	$0	$0	$0	$0	$0	$0	$146,843	$115,021	$27,149	$4,673	$0	$0	
143	5315	Customer Billing	$0	$0	$0	$0	$0	$0	$412,454	$294,356	$94,100	$23,998	$59	$887	
144	5320	Collecting	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
145	5325	Collecting- Cash Over and Short	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
146	5330	Collection Charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
147	5335	Bad Debt Expense	$0	$0	$0	$0	$0	$0	$16,700	$10,856	$5,677	$167	$0	$0	
148	5340	Miscellaneous Customer Accounts Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
149															
150	O&M DC	Total	$339,747	$122,702	$87,310	$124,714	$4,920	$101	$814,960	$616,760	$163,419	$34,781	$19,052	$1,923	
151															
152	O&M	Total Demand and Customer	$1,175,682	$739,462	$250,729	$159,496	$23,972	$2,024							
153															
154															
155	**Accounts**														
156	4705	Power Purchased	$7,311,221	$2,588,480	$1,515,541	$3,074,319	$123,035	$9,846	$7,311,221						
157	4708	Charges-WMS	$731,122	$258,848	$151,554	$307,432	$12,304	$985	$731,122						
158	4710	Cost of Power Adjustments	$0	$0	$0	$0	$0	$0	$0						
159	4712	Charges-One-Time	$0	$0	$0	$0	$0	$0	$0						
160	4714	Charges-NW	$619,147	$219,204	$128,343	$260,347	$10,419	$834	$619,147						
161	4716	Charges-CN	$162,117	$57,396	$33,605	$68,169	$2,728	$218	$162,117						
162	4730	Rural Rate Assistance Expense	$0	$0	$0	$0	$0	$0	$0						
163	5685	Independent Market Operator Fees and Penalties	$0	$0	$0	$0	$0	$0	$0						
164															
165	COP	Cost of Power	$8,823,607	$3,123,928	$1,829,044	$3,710,266	$148,486	$11,882	$8,823,607						
166															
167	**Acccounts**														
168	5005	Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0						
169	5010	Load Dispatching	$0	$0	$0	$0	$0	$0	$0						
170	5012	Station Buildings and Fixtures Expense	$0	$0	$0	$0	$0	$0	$0						
171	5014	Transformer Station Equipment - Operation Labour	$8,000	$3,362	$1,745	$2,780	$106	$7	$8,000						
172	5015	Transformer Station Equipment - Operation Supplies and Expenses	$0	$0	$0	$0	$0	$0	$0						
173	5016	Distribution Station Equipment - Operation Labour	$0	$0	$0	$0	$0	$0	$0						
174	5017	Distribution Station Equipment - Operation Supplies and Expenses	$0	$0	$0	$0	$0	$0	$0						
175	5020	Overhead Distribution Lines and Feeders - Operation Labour	$65,000	$34,046	$13,234	$14,794	$2,794	$132	$65,000						
176	5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	$27,000	$14,142	$5,497	$6,145	$1,161	$55	$27,000						
177	5030	Overhead Subtransmission Feeders - Operation	$0	$0	$0	$0	$0	$0	$0						
178	5035	Overhead Distribution Transformers- Operation	$29,530	$15,885	$6,308	$5,989	$1,287	$60	$29,530						
179	5040	Underground Distribution Lines and Feeders - Operation Labour	$8,500	$4,426	$1,712	$1,981	$364	$17	$8,500						
180	5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	$0	$0	$0	$0	$0	$0	$0						
181	5050	Underground Subtransmission Feeders - Operation	$0	$0	$0	$0	$0	$0	$0						
182	5055	Underground Distribution Transformers - Operation	$0	$0	$0	$0	$0	$0	$0						
183	5065	Meter Expense	$37,590	$24,554	$8,986	$4,050	$0	$0	$37,590						
184	5070	Customer Premises - Operation Labour	$0	$0	$0	$0	$0	$0	$0						
185	5075	Customer Premises - Materials and Expenses	$3,570	$2,773	$442	$32	$306	$17	$3,570						
186	5085	Miscellaneous Distribution Expense	$18,900	$10,079	$3,792	$4,196	$792	$40	$18,900						
187	5090	Underground Distribution Lines and Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0						

	A	B	C	D	E	F	J	L	X
188	5095	Overhead Distribution Lines and Feeders - Rental Paid	$0	$0	$0	$0	$0	$0	$0
189	5096	Other Rent	$0	$0	$0	$0	$0	$0	$0
190	5105	Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0
191	5110	Maintenance of Buildings and Fixtures - Distribution Stations	$0	$0	$0	$0	$0	$0	$0
192	5112	Maintenance of Transformer Station Equipment	$5,000	$2,101	$1,091	$1,737	$66	$5	$5,000
193	5114	Maintenance of Distribution Station Equipment	$0	$0	$0	$0	$0	$0	$0
194	5120	Maintenance of Poles, Towers and Fixtures	$17,000	$8,904	$3,461	$3,869	$731	$35	$17,000
195	5125	Maintenance of Overhead Conductors and Devices	$243,600	$127,593	$49,596	$55,444	$10,472	$495	$243,600
196	5130	Maintenance of Overhead Services	$0	$0	$0	$0	$0	$0	$0
197	5135	Overhead Distribution Lines and Feeders - Right of Way	$80,909	$42,379	$16,473	$18,415	$3,478	$164	$80,909
198	5145	Maintenance of Underground Conduit	$0	$0	$0	$0	$0	$0	$0
199	5150	Maintenance of Underground Conductors and Devices	$8,040	$4,186	$1,619	$1,874	$345	$16	$8,040
200	5155	Maintenance of Underground Services	$0	$0	$0	$0	$0	$0	$0
201	5160	Maintenance of Line Transformers	$46,100	$24,799	$9,847	$9,350	$2,010	$94	$46,100
202	5175	Maintenance of Meters	$0	$0	$0	$0	$0	$0	$0
203	5305	Supervision	$0	$0	$0	$0	$0	$0	$0
204	5310	Meter Reading Expense	$146,843	$115,021	$27,149	$4,673	$0	$0	$146,843
205	5315	Customer Billing	$413,399	$294,356	$94,100	$23,998	$59	$887	$413,399
206	5320	Collecting	$0	$0	$0	$0	$0	$0	$0
207	5325	Collecting- Cash Over and Short	$0	$0	$0	$0	$0	$0	$0
208	5330	Collection Charges	$0	$0	$0	$0	$0	$0	$0
209	5335	Bad Debt Expense	$16,700	$10,856	$5,677	$167	$0	$0	$16,700
210	5340	Miscellaneous Customer Accounts Expenses	$0	$0	$0	$0	$0	$0	$0
211	5405	Supervision	$0	$0	$0	$0	$0	$0	$0
212	5410	Community Relations - Sundry	$0	$0	$0	$0	$0	$0	$0
213	5415	Energy Conservation	$0	$0	$0	$0	$0	$0	$0
214	5420	Community Safety Program	$0	$0	$0	$0	$0	$0	$0
215	5425	Miscellaneous Customer Service and Informational Expenses	$0	$0	$0	$0	$0	$0	$0
216	5505	Supervision	$0	$0	$0	$0	$0	$0	$0
217	5510	Demonstrating and Selling Expense	$0	$0	$0	$0	$0	$0	$0
218	5515	Advertising Expense	$0	$0	$0	$0	$0	$0	$0
219	5520	Miscellaneous Sales Expense	$0	$0	$0	$0	$0	$0	$0
220	5605	Executive Salaries and Expenses	$10,300	$6,478	$2,197	$1,397	$210	$18	$10,300
221	5610	Management Salaries and Expenses	$139,740	$87,891	$29,801	$18,957	$2,849	$241	$139,740
222	5615	General Administrative Salaries and Expenses	$406,362	$255,587	$86,662	$55,128	$8,286	$700	$406,362
223	5620	Office Supplies and Expenses	$98,090	$61,695	$20,919	$13,307	$2,000	$169	$98,090
224	5695	Smart Meter OM&A Contra	$0	$0	$0	$0	$0	$0	$0
225	5630	Outside Services Employed	$70,645	$44,433	$15,066	$9,584	$1,440	$122	$70,645
226	5635	Property Insurance	$24,480	$12,534	$5,253	$5,958	$698	$36	$24,480
227	5640	Injuries and Damages	$0	$0	$0	$0	$0	$0	$0
228	5645	Employee Pensions and Benefits	$12,206	$7,677	$2,603	$1,656	$249	$21	$12,206
229	5650	Franchise Requirements	$0	$0	$0	$0	$0	$0	$0
230	5655	Regulatory Expenses	$91,830	$57,758	$19,584	$12,458	$1,872	$158	$91,830
231	5660	General Advertising Expenses	$0	$0	$0	$0	$0	$0	$0
232	5665	Miscellaneous General Expenses	$22,450	$14,120	$4,788	$3,046	$458	$39	$22,450
233	5670	Rent	$0	$0	$0	$0	$0	$0	$0
234	5675	Maintenance of General Plant	$6,000	$3,774	$1,280	$814	$122	$10	$6,000
235	5680	Electrical Safety Authority Fees	$5,000	$3,145	$1,066	$678	$102	$9	$5,000
236	6105	Taxes Other Than Income Taxes	$13,260	$6,670	$2,851	$3,380	$341	$18	$13,260
237	6205	Donations	$0	$0	$0	$0	$0	$0	$0
238	6210	Life Insurance	$0	$0	$0	$0	$0	$0	$0
239	6215	Penalties	$0	$0	$0	$0	$0	$0	$0
240	6225	Other Deductions	$0	$0	$0	$0	$0	$0	$0
241									
242		**OM&A Expenses**	**$2,076,045**	**$1,301,225**	**$442,797**	**$285,860**	**$42,600**	**$3,563**	**$2,076,045**

Grouping of Operating and Maintenance Distribution Costs (lines 106 - 148)	Demand Allocators							Customer Allocators					
	Demand Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Customer Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Total
1808	-	-	-	-	-	-	-	-	-	-	-	-	-
1815	13,000	5,463	2,836	4,517	172	12	-	-	-	-	-	-	-
1820	-	-	-	-	-	-	-	-	-	-	-	-	-
1830	10,200	3,619	2,620	3,812	147	3	6,184	5,285	842	57	584	32	-
1835	146,160	51,856	37,536	54,621	2,108	38	88,619	75,737	12,060	823	8,364	456	-
1840	-	-	-	-	-	-	-	-	-	-	-	-	-
1845	4,824	1,687	1,221	1,846	69	1	2,925	2,499	398	28	276	15	-
1850	45,378	17,137	12,405	15,127	697	13	27,510	23,547	3,750	213	2,601	142	-
1855	-	-	-	-	-	-	-	-	-	-	-	-	-
1860	-	-	-	-	-	-	-	-	-	-	-	-	-
1815-1855	11,340	4,348	2,757	4,070	159	6	6,893	5,731	1,035	126	633	35	-
1830 & 1835	103,745	36,808	26,643	38,771	1,496	27	62,903	53,758	8,560	584	5,937	324	-
1840 & 1845	5,100	1,784	1,291	1,951	73	1	3,092	2,642	421	30	292	16	-
BCP	-	-	-	-	-	-	-	-	-	-	-	-	-
BDHA	-	-	-	-	-	-	16,700	10,856	5,677	167	-	-	-
Break Out	-	-	-	-	-	-	-	-	-	-	-	-	-
CCA	-	-	-	-	-	-	3,247	2,773	442	32	306	17	-
CDMPP	-	-	-	-	-	-	-	-	-	-	-	-	-
CEN	-	-	-	-	-	-	-	-	-	-	-	-	-
CEN EWMP	-	-	-	-	-	-	-	-	-	-	-	-	-
CREV	-	-	-	-	-	-	-	-	-	-	-	-	-
CWCS	-	-	-	-	-	-	-	-	-	-	-	-	-
CWMC	-	-	-	-	-	-	37,590	24,554	8,986	4,050	-	-	-
CWMR	-	-	-	-	-	-	146,843	115,021	27,149	4,673	-	-	-
CWNB	-	-	-	-	-	-	412,454	294,356	94,100	23,998	59	887	-
DCP	-	-	-	-	-	-	-	-	-	-	-	-	-
LPHA	-	-	-	-	-	-	-	-	-	-	-	-	-
LTNCP	-	-	-	-	-	-	-	-	-	-	-	-	-
NFA	-	-	-	-	-	-	-	-	-	-	-	-	-
NFA ECC	-	-	-	-	-	-	-	-	-	-	-	-	-
O&M	-	-	-	-	-	-	-	-	-	-	-	-	-
PNCP	-	-	-	-	-	-	-	-	-	-	-	-	-
SNCP	-	-	-	-	-	-	-	-	-	-	-	-	-
TCP	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**339,747**	**122,702**	**87,310**	**124,714**	**4,920**	**101**	**814,960**	**616,760**	**163,419**	**34,781**	**19,052**	**1,923**	**-**

Grouping of OM&A (lines 168 - 240)	Demand Allocators							Customer Allocators					
	Demand Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Customer Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Total
1808	-	-	-	-	-	-	-	-	-	-	-	-	-
1815	13,000	5,463	2,836	4,517	172	12	13,000	-	-	-	-	-	-
1820	-	-	-	-	-	-	-	-	-	-	-	-	-
1830	17,000	8,904	3,461	3,869	731	35	17,000	-	-	-	-	-	-
1835	243,600	127,593	49,596	55,444	10,472	495	243,600	-	-	-	-	-	-
1840	-	-	-	-	-	-	-	-	-	-	-	-	-
1845	8,040	4,186	1,619	1,874	345	16	8,040	-	-	-	-	-	-
1850	75,630	40,685	16,154	15,339	3,297	155	75,630	-	-	-	-	-	-
1855	-	-	-	-	-	-	-	-	-	-	-	-	-
1860	-	-	-	-	-	-	-	-	-	-	-	-	-
1815-1855	18,900	10,079	3,792	4,196	792	40	18,900	-	-	-	-	-	-
1830 & 1835	172,909	90,566	35,204	39,355	7,433	351	172,909	-	-	-	-	-	-
1840 & 1845	8,500	4,426	1,712	1,981	364	17	8,500	-	-	-	-	-	-
BCP	-	-	-	-	-	-	-	-	-	-	-	-	-
BDHA	16,700	10,856	5,677	167	-	-	16,700	-	-	-	-	-	-
Break Out	-	-	-	-	-	-	-	-	-	-	-	-	-
CCA	3,570	2,773	442	32	306	17	3,570	-	-	-	-	-	-
CDMPP	-	-	-	-	-	-	-	-	-	-	-	-	-
CEN	-	-	-	-	-	-	-	-	-	-	-	-	-
CEN EWMP	-	-	-	-	-	-	-	-	-	-	-	-	-
CREV	-	-	-	-	-	-	-	-	-	-	-	-	-
CWCS	-	-	-	-	-	-	-	-	-	-	-	-	-
CWMC	37,590	24,554	8,986	4,050	-	-	37,590	-	-	-	-	-	-
CWMR	146,843	115,021	27,149	4,673	-	-	146,843	-	-	-	-	-	-
CWNB	413,399	294,356	94,100	23,998	59	887	413,399	-	-	-	-	-	-
DCP	-	-	-	-	-	-	-	-	-	-	-	-	-
LPHA	-	-	-	-	-	-	-	-	-	-	-	-	-
LTNCP	-	-	-	-	-	-	-	-	-	-	-	-	-
NFA	13,260	6,670	2,851	3,380	341	18	13,260	-	-	-	-	-	-
NFA ECC	24,480	12,534	5,253	5,958	698	36	24,480	-	-	-	-	-	-
O&M	862,623	542,559	183,965	117,025	17,588	1,485	862,623	-	-	-	-	-	-
PNCP	-	-	-	-	-	-	-	-	-	-	-	-	-
SNCP	-	-	-	-	-	-	-	-	-	-	-	-	-
TCP	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**2,076,045**	**1,301,225**	**442,797**	**285,860**	**42,600**	**3,563**	**2,076,045**	**-**	**-**	**-**	**-**	**-**	**-**

2011 COST ALLOCATION INFORMATION FILING

KENORA HYDRO ELECTRIC CORPORATION LTD

EB-2005-0384 EB-2007-0001

Tuesday, August 31, 2010

Sheet O7 Amortization Output Worksheet - Second Run Updated for 2011 Forecast

Categorization and Allocation of Contributed Capital
Contributed Capital - 1995

Row	Account	Description	Contributed Capital	Demand	Customer	Total	Demand Allocation 1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load	Sub -total Total	Customer Allocation 1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load	Sub -total
18	1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
19	1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
20	1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
21	1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
22	1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
23	1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
24	1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
25	1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
26	1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
27	1808-2	Buildings and Fixtures < 50 KV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
28	1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
29	1810-1	Leasehold Improvements >50 kV (Wholesale)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
30	1810-2	Leasehold Improvements <50 kV (Other)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
31	1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
32	1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
33	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
34	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
35	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
36	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
37	1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
38	1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
39	1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
40	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
41	1830-4	Poles, Towers and Fixtures - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
42	1830-5	Poles, Towers and Fixtures - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
43	1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
44	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
45	1835-4	Overhead Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
46	1835-5	Overhead Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
47	1840	Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
48	1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
49	1840-4	Underground Conduit - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
50	1840-5	Underground Conduit - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
51	1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
52	1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
53	1845-4	Underground Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
54	1845-5	Underground Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
55	1850	Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
56	1855	Services	($500,313)	$0	($500,313)	($500,313)	$0	$0	$0	$0	$0	$0	($326,719)	($104,052)	($31,491)	($36,083)	($1,968)	($500,313)
57	1860	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
58		**Sub - Total**	**($500,313)**	**$0**	**($500,313)**	**($500,313)**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**($326,719)**	**($104,052)**	**($31,491)**	**($36,083)**	**($1,968)**	**($500,313)**

	A	B	C	D	E	F	G	H	I	M	O	AA	AB	AC	AD	AH	AJ	AV
84	**Accumulated Depreciation - 2105 Capital Contribution**																	
85							Demand Allocation						Customer Allocation					
86							1	2	3	7	9	Sub -total	1	2	3	7	9	Sub -total
87	Account	Description	Accumulated Depreciation	Demand	Customer	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total
88	1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
89	1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
90	1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
91	1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
92	1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
93	1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
94	1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
95	1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
96	1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
97	1808-2	Buildings and Fixtures < 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
98	1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
99	1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
100	1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
101	1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
102	1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
103	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
104	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
105	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
106	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
107	1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
108	1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
109	1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
110	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
111	1830-4	Poles, Towers and Fixtures - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
112	1830-5	Poles, Towers and Fixtures - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
113	1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
114	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
115	1835-4	Overhead Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
116	1835-5	Overhead Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
117	1840	Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
118	1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
119	1840-4	Underground Conduit - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
120	1840-5	Underground Conduit - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
121	1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
122	1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
123	1845-4	Underground Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
124	1845-5	Underground Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
125	1850	Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
126	1855	Services	$115,186	$0	$115,186	$115,186	$0	$0	$0	$0	$0	$0	$75,220	$23,956	$7,250	$8,307	$453	$115,186
127	1860	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
128		**Sub - Total**	**$115,186**	**$0**	**$115,186**	**$115,186**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$75,220**	**$23,956**	**$7,250**	**$8,307**	**$453**	**$115,186**
129	**General Plant**																	
130	1905	Land	$0															
131	1906	Land Rights	$0															
132	1908	Buildings and Fixtures	$0															
133	1910	Leasehold Improvements	$0															
134	1915	Office Furniture and Equipment	$0															
135	1920	Computer Equipment - Hardware	$0															
136	1925	Computer Software	$0															
137	1930	Transportation Equipment	$0															
138	1935	Stores Equipment	$0															
139	1940	Tools, Shop and Garage Equipment	$0															
140	1945	Measurement and Testing Equipment	$0															
141	1950	Power Operated Equipment	$0															
142	1955	Communication Equipment	$0															
143	1960	Miscellaneous Equipment	$0															
144	1970	Load Management Controls - Customer Premises	$0															
145	1975	Load Management Controls - Utility Premises	$0															
146	1980	System Supervisory Equipment	$0															
147	1990	Other Tangible Property	$0															
148	2005	Property Under Capital Leases	$0															
149	2010	Electric Plant Purchased or Sold	$0															
150		**Sub - Total**	**$0**															
151																		
152		**TOTAL - 2105 CC**	$115,186	$0	$115,186	$115,186	$0	$0	$0	$0	$0	$0	$75,220	$23,956	$7,250	$8,307	$453	$115,186

	A	B	C	D	E	F	G	H	I	M	O	AA	AB	AC	AD	AH	AJ	AV
154	**Accumulated Depreciation - 2105 Fixed Assets Only**																	
155							**Demand Allocation**						**Customer Allocation**					
156							**1**	**2**	**3**	**7**	**9**	**Sub -total**	**1**	**2**	**3**	**7**	**9**	**Sub -total**
157	**Account**	**Description**	**Accumulated Depreciation**	**Demand**	**Customer**	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**
158	1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
159	1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
160	1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
161	1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
162	1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
163	1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
164	1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
165	1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
166	1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
167	1808-2	Buildings and Fixtures < 50 KV	($37,065)	($37,065)	$0	($37,065)	($15,576)	($8,086)	($12,880)	($489)	($34)	($37,065)	$0	$0	$0	$0	$0	$0
168	1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
169	1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
170	1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
171	1815	Transformer Station Equipment - Normally Primary above 50 kV	($435,689)	($435,689)	$0	($435,689)	($183,093)	($95,053)	($151,399)	($5,749)	($396)	($435,689)	$0	$0	$0	$0	$0	$0
172	1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
173	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
174	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
175	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
176	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
177	1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
178	1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
179	1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
180	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
181	1830-4	Poles, Towers and Fixtures - Primary	($1,792,440)	($1,075,464)	($716,976)	($1,792,440)	($371,487)	($268,900)	($419,700)	($15,100)	($276)	($1,075,464)	($556,940)	($88,685)	($6,486)	($61,509)	($3,355)	($716,976)
182	1830-5	Poles, Towers and Fixtures - Secondary	($1,145,986)	($687,592)	($458,394)	($1,145,986)	($254,029)	($183,878)	($239,170)	($10,326)	($188)	($687,592)	($356,632)	($56,789)	($3,437)	($39,387)	($2,148)	($458,394)
183	1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
184	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
185	1835-4	Overhead Conductors and Devices - Primary	($503,127)	($301,876)	($201,251)	($503,127)	($104,274)	($75,479)	($117,807)	($4,239)	($77)	($301,876)	($156,329)	($24,893)	($1,821)	($17,265)	($942)	($201,251)
186	1835-5	Overhead Conductors and Devices - Secondary	($321,671)	($193,003)	($128,668)	($321,671)	($71,304)	($51,613)	($67,134)	($2,898)	($53)	($193,003)	($100,104)	($15,940)	($965)	($11,056)	($603)	($128,668)
187	1840	Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
188	1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
189	1840-4	Underground Conduit - Primary	($112,847)	($67,708)	($45,139)	($112,847)	($23,388)	($16,929)	($26,423)	($951)	($17)	($67,708)	($35,063)	($5,583)	($408)	($3,872)	($211)	($45,139)
190	1840-5	Underground Conduit - Secondary	($24,771)	($14,863)	($9,908)	($24,771)	($5,491)	($3,975)	($5,170)	($223)	($4)	($14,863)	($7,709)	($1,228)	($74)	($851)	($46)	($9,908)
191	1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
192	1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
193	1845-4	Underground Conductors and Devices - Primary	($236,359)	($141,815)	($94,544)	($236,359)	($48,986)	($35,458)	($55,343)	($1,991)	($36)	($141,815)	($73,440)	($11,694)	($855)	($8,111)	($442)	($94,544)
194	1845-5	Underground Conductors and Devices - Secondary	($51,884)	($31,130)	($20,753)	($51,884)	($11,501)	($8,325)	($10,828)	($467)	($9)	($31,130)	($16,146)	($2,571)	($156)	($1,783)	($97)	($20,753)
195	1850	Line Transformers	($1,104,632)	($662,779)	($441,853)	($1,104,632)	($250,304)	($181,182)	($220,934)	($10,175)	($186)	($662,779)	($343,924)	($54,765)	($3,108)	($37,984)	($2,072)	($441,853)
196	1855	Services	($172,124)	$0	($172,124)	($172,124)	$0	$0	$0	$0	$0	$0	($112,402)	($35,797)	($10,834)	($12,414)	($677)	($172,124)
197	1860	Meters	($527,823)	$0	($527,823)	($527,823)	$0	$0	$0	$0	$0	$0	($344,775)	($126,177)	($56,871)	$0	$0	($527,823)
198		**Sub - Total**	**($6,466,417)**	**($3,648,984)**	**($2,817,433)**	**($6,466,417)**	**($1,339,433)**	**($928,878)**	**($1,326,789)**	**($52,609)**	**($1,275)**	**($3,648,984)**	**($2,103,466)**	**($424,124)**	**($85,015)**	**($194,233)**	**($10,595)**	**($2,817,433)**

	A	B	C	D	E	F	G	H	I	M	O	AA	AB	AC	AD	AH	AJ	AV	AW	AX	AY
224	**Accumulated Depreciation - 2120**																				
225							Demand Allocation						Customer Allocation						A & G Allocation		
226							1	2	3	7	9	Sub -total	1	2	3	7	9	Sub -total	1	2	3
227	Account	Description	Accumulated Depreciation	Demand	Customer	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total	Residential	GS <50	GS>50-Regul
228	1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
229	1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
230	1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
231	1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
232	1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
233	1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
234	1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
235	1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
236	1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
237	1808-2	Buildings and Fixtures < 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
238	1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
239	1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
240	1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
241	1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
242	1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
243	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
244	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
245	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
246	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
247	1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
248	1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
249	1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
250	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
251	1830-4	Poles, Towers and Fixtures - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
252	1830-5	Poles, Towers and Fixtures - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
253	1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
254	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
255	1835-4	Overhead Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
256	1835-5	Overhead Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
257	1840	Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
258	1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
259	1840-4	Underground Conduit - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
260	1840-5	Underground Conduit - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
261	1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
262	1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
263	1845-4	Underground Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
264	1845-5	Underground Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
265	1850	Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
266	1855	Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
267	1860	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0			
268		**Sub - Total**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

	A	B	C	D	E	F	G	H	I	M	O	AA	AB	AC	AD	AH	AJ	AV	AW	AX	AY	BC	BE	BQ
224	**Accumulated Depreciation - 2120**																							
225 226							Demand Allocation 1	2	3	7	9	Sub -total	Customer Allocation 1	2	3	7	9	Sub -total	A & G Allocation 1	2	3	7	9	Sub -total
227	Account	Description	Accumulated Depreciation	Demand	Customer	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total
228	1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
229	1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
230	1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
231	1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
232	1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
233	1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
234	1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
235	1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
236	1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
237	1808-2	Buildings and Fixtures < 50 KV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
238	1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
239	1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
240	1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
241	1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
242	1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
243	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
244	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
245	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
246	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
247	1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
248	1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
249	1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
250	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
251	1830-4	Poles, Towers and Fixtures - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
252	1830-5	Poles, Towers and Fixtures - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
253	1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
254	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
255	1835-4	Overhead Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
256	1835-5	Overhead Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
257	1840	Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
258	1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
259	1840-4	Underground Conduit - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
260	1840-5	Underground Conduit - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
261	1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
262	1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
263	1845-4	Underground Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
264	1845-5	Underground Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
265	1850	Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
266	1855	Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
267	1860	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
268		**Sub - Total**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
269	**General Plant**																							
270	1905	Land	$0																$0	$0	$0	$0	$0	$0
271	1906	Land Rights	$0																$0	$0	$0	$0	$0	$0
272	1908	Buildings and Fixtures	$0																$0	$0	$0	$0	$0	$0
273	1910	Leasehold Improvements	$0																$0	$0	$0	$0	$0	$0
274	1915	Office Furniture and Equipment	$0																$0	$0	$0	$0	$0	$0
275	1920	Computer Equipment - Hardware	$0																$0	$0	$0	$0	$0	$0
276	1925	Computer Software	$0																$0	$0	$0	$0	$0	$0
277	1930	Transportation Equipment	$0																$0	$0	$0	$0	$0	$0
278	1935	Stores Equipment	$0																$0	$0	$0	$0	$0	$0
279	1940	Tools, Shop and Garage Equipment	$0																$0	$0	$0	$0	$0	$0
280	1945	Measurement and Testing Equipment	$0																$0	$0	$0	$0	$0	$0
281	1950	Power Operated Equipment	$0																$0	$0	$0	$0	$0	$0
282	1955	Communication Equipment	$0																$0	$0	$0	$0	$0	$0
283	1960	Miscellaneous Equipment	$0																$0	$0	$0	$0	$0	$0
284	1970	Load Management Controls - Customer Premises	$0																$0	$0	$0	$0	$0	$0
285	1975	Load Management Controls - Utility Premises	$0																$0	$0	$0	$0	$0	$0
286	1980	System Supervisory Equipment	$0																$0	$0	$0	$0	$0	$0
287	1990	Other Tangible Property	$0																$0	$0	$0	$0	$0	$0
288	2005	Property Under Capital Leases	$0																$0	$0	$0	$0	$0	$0
289	2010	Electric Plant Purchased or Sold	$0																$0	$0	$0	$0	$0	$0
290		**Sub - Total**	**$0**				**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
291																								
292		**TOTAL - 2120**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

	A	B	C	D	E	F	G	H	I	M	O	AA	AB	AC	AD	AH	AJ	AV	AW	AX	AY	BC	BE	BQ
295	**Categorization and Allocation of Amortization Expense - Property, Plant and Equipment - 5705**																							
296																								
297																								
298 / 299							**Demand Allocation 1**	**2**	**3**	**7**	**9**	**Sub -total**	**Customer Allocation 1**	**2**	**3**	**7**	**9**	**Sub -total**	**A & G Allocation 1**	**2**	**3**	**7**	**9**	**Sub -total**
300	**Account**	**Description**	**Depreciation**	**Demand**	**Customer**	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**
301	1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
302	1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
303	1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
304	1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
305	1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
306	1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
307	1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
308	1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
309	1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
310	1808-2	Buildings and Fixtures < 50 KV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
311	1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
312	1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
313	1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
314	1815	Transformer Station Equipment - Normally Primary above 50 kV	$88,453	$88,453	$0	$88,453	$37,171	$19,297	$30,737	$1,167	$80	$88,453	$0	$0	$0	$0	$0	$0						
315	1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
316	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
317	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
318	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
319	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
320	1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
321	1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
322	1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
323	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
324	1830-4	Poles, Towers and Fixtures - Primary	$100,489	$60,293	$40,195	$100,489	$20,827	$15,075	$23,529	$847	$15	$60,293	$31,223	$4,972	$364	$3,448	$188	$40,195						
325	1830-5	Poles, Towers and Fixtures - Secondary	$64,246	$38,548	$25,699	$64,246	$14,241	$10,309	$13,408	$579	$11	$38,548	$19,994	$3,184	$193	$2,208	$120	$25,699						
326	1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
327	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
328	1835-4	Overhead Conductors and Devices - Primary	$35,060	$21,036	$14,024	$35,060	$7,266	$5,260	$8,209	$295	$5	$21,036	$10,894	$1,735	$127	$1,203	$66	$14,024						
329	1835-5	Overhead Conductors and Devices - Secondary	$22,415	$13,449	$8,966	$22,415	$4,969	$3,597	$4,678	$202	$4	$13,449	$6,976	$1,111	$67	$770	$42	$8,966						
330	1840	Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
331	1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
332	1840-4	Underground Conduit - Primary	$8,813	$5,288	$3,525	$8,813	$1,826	$1,322	$2,063	$74	$1	$5,288	$2,738	$436	$32	$302	$16	$3,525						
333	1840-5	Underground Conduit - Secondary	$1,934	$1,161	$774	$1,934	$429	$310	$404	$17	$0	$1,161	$602	$96	$6	$66	$4	$774						
334	1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
335	1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
336	1845-4	Underground Conductors and Devices - Primary	$18,910	$11,346	$7,564	$18,910	$3,919	$2,837	$4,428	$159	$3	$11,346	$5,876	$936	$68	$649	$35	$7,564						
337	1845-5	Underground Conductors and Devices - Secondary	$4,151	$2,491	$1,660	$4,151	$920	$666	$866	$37	$1	$2,491	$1,292	$206	$12	$143	$8	$1,660						
338	1850	Line Transformers	$67,231	$40,339	$26,892	$67,231	$15,234	$11,027	$13,447	$619	$11	$40,339	$20,932	$3,333	$189	$2,312	$126	$26,892						
339	1855	Services	$7,324	$0	$7,324	$7,324	$0	$0	$0	$0	$0	$0	$4,783	$1,523	$461	$528	$29	$7,324						
340	1860	Meters	$19,640	$0	$19,640	$19,640	$0	$0	$0	$0	$0	$0	$12,829	$4,695	$2,116	$0	$0	$19,640						
341		**Sub - Total**	**$438,666**	**$282,402**	**$156,264**	**$438,666**	**$106,803**	**$69,700**	**$101,770**	**$3,998**	**$132**	**$282,402**	**$118,138**	**$22,226**	**$3,635**	**$11,630**	**$634**	**$156,264**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
342																								
343	**General Plant**																							
344	1905	Land	$0																$0	$0	$0	$0	$0	$0
345	1906	Land Rights	$0																$0	$0	$0	$0	$0	$0
346	1908	Buildings and Fixtures	$14,106																$7,223	$3,027	$3,433	$402	$21	$14,106
347	1910	Leasehold Improvements	$0																$0	$0	$0	$0	$0	$0
348	1915	Office Furniture and Equipment	$2,325																$1,190	$499	$566	$66	$3	$2,325
349	1920	Computer Equipment - Hardware	$2,318																$1,187	$497	$564	$66	$3	$2,318
350	1925	Computer Software	$5,031																$2,576	$1,080	$1,225	$144	$7	$5,031
351	1930	Transportation Equipment	$0																$0	$0	$0	$0	$0	$0
352	1935	Stores Equipment	$0																$0	$0	$0	$0	$0	$0
353	1940	Tools, Shop and Garage Equipment	$4,053																$2,075	$870	$986	$116	$6	$4,053
354	1945	Measurement and Testing Equipment	$776																$397	$167	$189	$22	$1	$776
355	1950	Power Operated Equipment	$0																$0	$0	$0	$0	$0	$0
356	1955	Communication Equipment	$38																$19	$8	$9	$1	$0	$38
357	1960	Miscellaneous Equipment	$1,647																$843	$353	$401	$47	$2	$1,647
358	1970	Load Management Controls - Customer Premises	$0																$0	$0	$0	$0	$0	$0
359	1975	Load Management Controls - Utility Premises	$0																$0	$0	$0	$0	$0	$0
360	1980	System Supervisory Equipment	$0																$0	$0	$0	$0	$0	$0
361	1990	Other Tangible Property	$0																$0	$0	$0	$0	$0	$0
362	2005	Property Under Capital Leases	$0																$0	$0	$0	$0	$0	$0
363	2010	Electric Plant Purchased or Sold	$0																$0	$0	$0	$0	$0	$0
364		**Sub - Total**	**$30,294**				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$15,511	$6,500	$7,373	$864	$45	$30,294
365																								
366		**TOTAL - 5705**	$468,960	$282,402	$156,264	$438,666	$106,803	$69,700	$101,770	$3,998	$132	$282,402	$118,138	$22,226	$3,635	$11,630	$634	$156,264	$15,511	$6,500	$7,373	$864	$45	$30,294

	A	B	C	D	E	F	G	H	I	M	O	AA	AB	AC	AD	AH	AJ	AV	AW	AX	AY	BC	BE	BQ
368	**Categorization and Allocation of Amortization of Limited Term Electric Plant - 5710**																							
369																								
370																								
371							**Demand Allocation**						**Customer Allocation**						**A & G Allocation**					
372							**1**	**2**	**3**	**7**	**9**	**Sub -total**	**1**	**2**	**3**	**7**	**9**	**Sub -total**	**1**	**2**	**3**	**7**	**9**	**Sub -total**
373	**Account**	**Description**	**Depreciation**	**Demand**	**Customer**	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**
374	1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
375	1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
376	1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
377	1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
378	1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
379	1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
380	1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
381	1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
382	1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
383	1808-2	Buildings and Fixtures < 50 KV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
384	1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
385	1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
386	1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
387	1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
388	1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
389	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
390	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
391	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
392	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
393	1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
394	1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
395	1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
396	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
397	1830-4	Poles, Towers and Fixtures - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
398	1830-5	Poles, Towers and Fixtures - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
399	1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
400	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
401	1835-4	Overhead Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
402	1835-5	Overhead Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
403	1840	Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
404	1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
405	1840-4	Underground Conduit - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
406	1840-5	Underground Conduit - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
407	1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
408	1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
409	1845-4	Underground Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
410	1845-5	Underground Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
411	1850	Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
412	1855	Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
413	1860	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
414		**Sub - Total**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
415	**General Plant**																							
416	1905	Land	$0																$0	$0	$0	$0	$0	$0
417	1906	Land Rights	$0																$0	$0	$0	$0	$0	$0
418	1908	Buildings and Fixtures	$0																$0	$0	$0	$0	$0	$0
419	1910	Leasehold Improvements	$0																$0	$0	$0	$0	$0	$0
420	1915	Office Furniture and Equipment	$0																$0	$0	$0	$0	$0	$0
421	1920	Computer Equipment - Hardware	$0																$0	$0	$0	$0	$0	$0
422	1925	Computer Software	$0																$0	$0	$0	$0	$0	$0
423	1930	Transportation Equipment	$0																$0	$0	$0	$0	$0	$0
424	1935	Stores Equipment	$0																$0	$0	$0	$0	$0	$0
425	1940	Tools, Shop and Garage Equipment	$0																$0	$0	$0	$0	$0	$0
426	1945	Measurement and Testing Equipment	$0																$0	$0	$0	$0	$0	$0
427	1950	Power Operated Equipment	$0																$0	$0	$0	$0	$0	$0
428	1955	Communication Equipment	$0																$0	$0	$0	$0	$0	$0
429	1960	Miscellaneous Equipment	$0																$0	$0	$0	$0	$0	$0
430	1970	Load Management Controls - Customer Premises	$0																$0	$0	$0	$0	$0	$0
431	1975	Load Management Controls - Utility Premises	$0																$0	$0	$0	$0	$0	$0
432	1980	System Supervisory Equipment	$0																$0	$0	$0	$0	$0	$0
433	1990	Other Tangible Property	$0																$0	$0	$0	$0	$0	$0
434	2005	Property Under Capital Leases	$0																$0	$0	$0	$0	$0	$0
435	2010	Electric Plant Purchased or Sold	$0																$0	$0	$0	$0	$0	$0
436		**Sub - Total**	**$0**				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
437																								
438		**TOTAL - 5710**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

	A	B	C	D	E	F	G	H	I	M	O	AA	AB	AC	AD	AH	AJ	AV	AW	AX	AY	BC	BE	BQ
441	**Categorization and Allocation of Accumulated Amortization of Electric Utility Plant - Intangibles - 5715**																							
442																								
443																								
444							Demand Allocation						Customer Allocation						A & G Allocation					
445							1	2	3	7	9	Sub -total	1	2	3	7	9	Sub -total	1	2	3	7	9	Sub -total
446	Account	Description	Depreciation	Demand	Customer	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	Sub -total
447	1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
448	1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
449	1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
450	1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
451	1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
452	1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
453	1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
454	1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
455	1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
456	1808-2	Buildings and Fixtures < 50 KV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
457	1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
458	1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
459	1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
460	1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
461	1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
462	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
463	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
464	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
465	1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
466	1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
467	1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
468	1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
469	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
470	1830-4	Poles, Towers and Fixtures - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
471	1830-5	Poles, Towers and Fixtures - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
472	1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
473	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
474	1835-4	Overhead Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
475	1835-5	Overhead Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
476	1840	Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
477	1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
478	1840-4	Underground Conduit - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
479	1840-5	Underground Conduit - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
480	1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
481	1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
482	1845-4	Underground Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
483	1845-5	Underground Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
484	1850	Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
485	1855	Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
486	1860	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0						
487		**Sub - Total**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
488	**General Plant**																							
489	1905	Land	$0																$0	$0	$0	$0	$0	$0
490	1906	Land Rights	$0																$0	$0	$0	$0	$0	$0
491	1908	Buildings and Fixtures	$0																$0	$0	$0	$0	$0	$0
492	1910	Leasehold Improvements	$0																$0	$0	$0	$0	$0	$0
493	1915	Office Furniture and Equipment	$0																$0	$0	$0	$0	$0	$0
494	1920	Computer Equipment - Hardware	$0																$0	$0	$0	$0	$0	$0
495	1925	Computer Software	$0																$0	$0	$0	$0	$0	$0
496	1930	Transportation Equipment	$0																$0	$0	$0	$0	$0	$0
497	1935	Stores Equipment	$0																$0	$0	$0	$0	$0	$0
498	1940	Tools, Shop and Garage Equipment	$0																$0	$0	$0	$0	$0	$0
499	1945	Measurement and Testing Equipment	$0																$0	$0	$0	$0	$0	$0
500	1950	Power Operated Equipment	$0																$0	$0	$0	$0	$0	$0
501	1955	Communication Equipment	$0																$0	$0	$0	$0	$0	$0
502	1960	Miscellaneous Equipment	$0																$0	$0	$0	$0	$0	$0
503	1970	Load Management Controls - Customer Premises	$0																$0	$0	$0	$0	$0	$0
504	1975	Load Management Controls - Utility Premises	$0																$0	$0	$0	$0	$0	$0
505	1980	System Supervisory Equipment	$0																$0	$0	$0	$0	$0	$0
506	1990	Other Tangible Property	$0																$0	$0	$0	$0	$0	$0
507	2005	Property Under Capital Leases	$0																$0	$0	$0	$0	$0	$0
508	2010	Electric Plant Purchased or Sold	$0																$0	$0	$0	$0	$0	$0
509		**Sub - Total**	**$0**				$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
510																								
511		**TOTAL - 5715**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

Categorization and Allocation of Accum. Amortization of Electric Utility Plant- Property, Plant & Equipment - 5720

						Demand Allocation 1	2	3	7	9	Sub -total
Account	**Description**	**Depreciation**	**Demand**	**Customer**	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**
1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1805	Land	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1806	Land Rights	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1808-2	Buildings and Fixtures < 50 KV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830-4	Poles, Towers and Fixtures - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1830-5	Poles, Towers and Fixtures - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1835-4	Overhead Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1835-5	Overhead Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1840	Underground Conduit	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1840-4	Underground Conduit - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1840-5	Underground Conduit - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1845-4	Underground Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1845-5	Underground Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1850	Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1855	Services	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
1860	Meters	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
	Sub - Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

		Customer Allocation 1	2	3	7	9	Sub -total	A & G Allocation 1	2	3	7	9	Sub -total
Account	**Description**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**
1565	Conservation and Demand Management	$0	$0	$0	$0	$0	$0						
1805	Land	$0	$0	$0	$0	$0	$0						
1805-1	Land Station >50 kV	$0	$0	$0	$0	$0	$0						
1805-2	Land Station <50 kV	$0	$0	$0	$0	$0	$0						
1806	Land Rights	$0	$0	$0	$0	$0	$0						
1806-1	Land Rights Station >50 kV	$0	$0	$0	$0	$0	$0						
1806-2	Land Rights Station <50 kV	$0	$0	$0	$0	$0	$0						
1808	Buildings and Fixtures	$0	$0	$0	$0	$0	$0						
1808-1	Buildings and Fixtures > 50 kV	$0	$0	$0	$0	$0	$0						
1808-2	Buildings and Fixtures < 50 KV	$0	$0	$0	$0	$0	$0						
1810	Leasehold Improvements	$0	$0	$0	$0	$0	$0						
1810-1	Leasehold Improvements >50 kV	$0	$0	$0	$0	$0	$0						
1810-2	Leasehold Improvements <50 kV	$0	$0	$0	$0	$0	$0						
1815	Transformer Station Equipment - Normally Primary above 50 kV	$0	$0	$0	$0	$0	$0						
1820	Distribution Station Equipment - Normally Primary below 50 kV	$0	$0	$0	$0	$0	$0						
1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	$0	$0	$0	$0	$0	$0						
1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	$0	$0	$0	$0	$0	$0						
1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	$0	$0	$0	$0	$0	$0						
1825	Storage Battery Equipment	$0	$0	$0	$0	$0	$0						
1825-1	Storage Battery Equipment > 50 kV	$0	$0	$0	$0	$0	$0						
1825-2	Storage Battery Equipment <50 kV	$0	$0	$0	$0	$0	$0						
1830	Poles, Towers and Fixtures	$0	$0	$0	$0	$0	$0						
1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0						
1830-4	Poles, Towers and Fixtures - Primary	$0	$0	$0	$0	$0	$0						
1830-5	Poles, Towers and Fixtures - Secondary	$0	$0	$0	$0	$0	$0						
1835	Overhead Conductors and Devices	$0	$0	$0	$0	$0	$0						
1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	$0	$0	$0	$0	$0	$0						
1835-4	Overhead Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0						
1835-5	Overhead Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0						
1840	Underground Conduit	$0	$0	$0	$0	$0	$0						
1840-3	Underground Conduit - Bulk Delivery	$0	$0	$0	$0	$0	$0						
1840-4	Underground Conduit - Primary	$0	$0	$0	$0	$0	$0						
1840-5	Underground Conduit - Secondary	$0	$0	$0	$0	$0	$0						
1845	Underground Conductors and Devices	$0	$0	$0	$0	$0	$0						
1845-3	Underground Conductors and Devices - Bulk Delivery	$0	$0	$0	$0	$0	$0						
1845-4	Underground Conductors and Devices - Primary	$0	$0	$0	$0	$0	$0						
1845-5	Underground Conductors and Devices - Secondary	$0	$0	$0	$0	$0	$0						
1850	Line Transformers	$0	$0	$0	$0	$0	$0						
1855	Services	$0	$0	$0	$0	$0	$0						
1860	Meters	$0	$0	$0	$0	$0	$0						
	Sub - Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**

	A	B	C	D	E	F	G	H	I	M	O	AA	AB	AC	AD	AH	AJ	AV	AW	AX	AY	BC	BE	BQ	BR
561	**General Plant**																								
562	1905	Land	$0																$0	$0	$0	$0	$0	$0	
563	1906	Land Rights	$0																$0	$0	$0	$0	$0	$0	
564	1908	Buildings and Fixtures	$0																$0	$0	$0	$0	$0	$0	
565	1910	Leasehold Improvements	$0																$0	$0	$0	$0	$0	$0	
566	1915	Office Furniture and Equipment	$0																$0	$0	$0	$0	$0	$0	
567	1920	Computer Equipment - Hardware	$0																$0	$0	$0	$0	$0	$0	
568	1925	Computer Software	$0																$0	$0	$0	$0	$0	$0	
569	1930	Transportation Equipment	$0																$0	$0	$0	$0	$0	$0	
570	1935	Stores Equipment	$0																$0	$0	$0	$0	$0	$0	
571	1940	Tools, Shop and Garage Equipment	$0																$0	$0	$0	$0	$0	$0	
572	1945	Measurement and Testing Equipment	$0																$0	$0	$0	$0	$0	$0	
573	1950	Power Operated Equipment	$0																$0	$0	$0	$0	$0	$0	
574	1955	Communication Equipment	$0																$0	$0	$0	$0	$0	$0	
575	1960	Miscellaneous Equipment	$0																$0	$0	$0	$0	$0	$0	
576	1970	Load Management Controls - Customer Premises	$0																$0	$0	$0	$0	$0	$0	
577	1975	Load Management Controls - Utility Premises	$0																$0	$0	$0	$0	$0	$0	
578	1980	System Supervisory Equipment	$0																$0	$0	$0	$0	$0	$0	
579	1990	Other Tangible Property	$0																$0	$0	$0	$0	$0	$0	
580	2005	Property Under Capital Leases	$0																$0	$0	$0	$0	$0	$0	
581	2010	Electric Plant Purchased or Sold	$0																$0	$0	$0	$0	$0	$0	
582		**Sub - Total**	**$0**				**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
583																									
584		**TOTAL - 5720**	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
585																									

							Demand Allocation						Customer Allocation						A & G Allocation					
586/587							1	2	3	7	9	Sub -total	1	2	3	7	9	Sub -total	1	2	3	7	9	Sub -total
588	**Account**	**Description**		**Demand**	**Customer**	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**	**Sub -total**
589	1565	Conservation and Demand Management	100%	0%	100%	100%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	62.90%	21.33%	13.57%	2.04%	0.17%	100.00%						
590	1805	Land					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
591	1805-1	Land Station >50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
592	1805-2	Land Station <50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
593	1806	Land Rights					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
594	1806-1	Land Rights Station >50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
595	1806-2	Land Rights Station <50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
596	1808	Buildings and Fixtures					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
597	1808-1	Buildings and Fixtures > 50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
598	1808-2	Buildings and Fixtures < 50 KV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
599	1810	Leasehold Improvements					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
600	1810-1	Leasehold Improvements >50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
601	1810-2	Leasehold Improvements <50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
602	1815	Transformer Station Equipment - Normally Primary above 50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
603	1820	Distribution Station Equipment - Normally Primary below 50 kV					42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
604	1820-1	Distribution Station Equipment - Normally Primary below 50 kV (Bulk)	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
605	1820-2	Distribution Station Equipment - Normally Primary below 50 kV (Primary)	100%	100%	0%	100%	34.54%	25.00%	39.03%	1.40%	0.03%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
606	1820-3	Distribution Station Equipment - Normally Primary below 50 kV (Wholesale Meters)	100%	0%	100%	100%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	35.40%	20.73%	42.05%	1.68%	0.13%	100.00%						
607	1825	Storage Battery Equipment					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
608	1825-1	Storage Battery Equipment > 50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
609	1825-2	Storage Battery Equipment <50 kV	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
610	1830	Poles, Towers and Fixtures					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
611	1830-3	Poles, Towers and Fixtures - Subtransmission Bulk Delivery	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
612	1830-4	Poles, Towers and Fixtures - Primary	100%	60%	40%	100%	34.54%	25.00%	39.03%	1.40%	0.03%	100.00%	77.68%	12.37%	0.90%	8.58%	0.47%	100.00%						
613	1830-5	Poles, Towers and Fixtures - Secondary	100%	60%	40%	100%	36.94%	26.74%	34.78%	1.50%	0.03%	100.00%	77.80%	12.39%	0.75%	8.59%	0.47%	100.00%						
614	1835	Overhead Conductors and Devices					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
615	1835-3	Overhead Conductors and Devices - Subtransmission Bulk Delivery	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
616	1835-4	Overhead Conductors and Devices - Primary	100%	60%	40%	100%	34.54%	25.00%	39.03%	1.40%	0.03%	100.00%	77.68%	12.37%	0.90%	8.58%	0.47%	100.00%						
617	1835-5	Overhead Conductors and Devices - Secondary	100%	60%	40%	100%	36.94%	26.74%	34.78%	1.50%	0.03%	100.00%	77.80%	12.39%	0.75%	8.59%	0.47%	100.00%						
618	1840	Underground Conduit					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
619	1840-3	Underground Conduit - Bulk Delivery	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
620	1840-4	Underground Conduit - Primary	100%	60%	40%	100%	34.54%	25.00%	39.03%	1.40%	0.03%	100.00%	77.68%	12.37%	0.90%	8.58%	0.47%	100.00%						
621	1840-5	Underground Conduit - Secondary	100%	60%	40%	100%	36.94%	26.74%	34.78%	1.50%	0.03%	100.00%	77.80%	12.39%	0.75%	8.59%	0.47%	100.00%						
622	1845	Underground Conductors and Devices					0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
623	1845-3	Underground Conductors and Devices - Bulk Delivery	100%	100%	0%	100%	42.02%	21.82%	34.75%	1.32%	0.09%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
624	1845-4	Underground Conductors and Devices - Primary	100%	60%	40%	100%	34.54%	25.00%	39.03%	1.40%	0.03%	100.00%	77.68%	12.37%	0.90%	8.58%	0.47%	100.00%						
625	1845-5	Underground Conductors and Devices - Secondary	100%	60%	40%	100%	36.94%	26.74%	34.78%	1.50%	0.03%	100.00%	77.80%	12.39%	0.75%	8.59%	0.47%	100.00%						
626	1850	Line Transformers	100%	60%	40%	100%	37.77%	27.34%	33.33%	1.54%	0.03%	100.00%	77.84%	12.39%	0.70%	8.60%	0.47%	100.00%						
627	1855	Services	100%	0%	100%	100%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	65.30%	20.80%	6.29%	7.21%	0.39%	100.00%						
628	1860	Meters	100%	0%	100%	100%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	65.32%	23.91%	10.77%	0.00%	0.00%	100.00%						
629	**General Plant**																							
630	1905	Land	100%																51%	21%	24%	3%	0%	100%
631	1906	Land Rights	100%																51%	21%	24%	3%	0%	100%
632	1908	Buildings and Fixtures	100%																51%	21%	24%	3%	0%	100%
633	1910	Leasehold Improvements	100%																51%	21%	24%	3%	0%	100%
634	1915	Office Furniture and Equipment	100%																51%	21%	24%	3%	0%	100%
635	1920	Computer Equipment - Hardware	100%																51%	21%	24%	3%	0%	100%
636	1925	Computer Software	100%																51%	21%	24%	3%	0%	100%
637	1930	Transportation Equipment	100%																51%	21%	24%	3%	0%	100%
638	1935	Stores Equipment	100%																51%	21%	24%	3%	0%	100%
639	1940	Tools, Shop and Garage Equipment	100%																51%	21%	24%	3%	0%	100%
640	1945	Measurement and Testing Equipment	100%																51%	21%	24%	3%	0%	100%
641	1950	Power Operated Equipment	100%																51%	21%	24%	3%	0%	100%
642	1955	Communication Equipment	100%																51%	21%	24%	3%	0%	100%
643	1960	Miscellaneous Equipment	100%																51%	21%	24%	3%	0%	100%
644	1970	Load Management Controls - Customer Premises	100%																51%	21%	24%	3%	0%	100%
645	1975	Load Management Controls - Utility Premises	100%																51%	21%	24%	3%	0%	100%
646	1980	System Supervisory Equipment	100%																51%	21%	24%	3%	0%	100%
647	1990	Other Tangible Property	100%																51%	21%	24%	3%	0%	100%
648	2005	Property Under Capital Leases	100%																51%	21%	24%	3%	0%	100%
649	2010	Electric Plant Purchased or Sold	100%																51%	21%	24%	3%	0%	100%

RATE DESIGN OVERVIEW:

This Exhibit documents the calculation of Kenora Hydro's proposed distribution rates by rate class for the 2011 test year, based on rate design as proposed in this Exhibit.

Kenora Hydro has determined its total 2011 service revenue requirement to be $3,208,191 . The total revenue offsets in the amount of $ 357,246 reduce Kenora Hydro's total service revenue requirement to a base revenue requirement of $2,850,945 which is used to determine the proposed distribution rates. The base revenue requirement is derived from Kenora Hydro's 2011 capital and operating forecasts, weather normalized usage, forecasted customer counts, and Kenora Hydro's regulated return on rate base. The revenue requirements are summarized below in Table 1:

Table 1
Base Revenue Requirement

Exhibit 8 - Table 1 - Base Revenue Requirement

Calculation of Base Revenue Requirement	
OM&A Expenses	2,076,045
Amortization Expenses	468,960
Total Distribution Expenses	**2,545,005**
Regulated Return On Capital	642,374
PILs	20,812
Service Revenue Requirement	**3,208,191**
Less: Revenue Offsets	357,246
Base Revenue Requirement	**2,850,945**

The base revenue requirement is allocated to the various rate classes using the following proposed apportionment of revenue as outlined in Exhibit 7 – Cost Allocation.

Table 2
Proposed Apportionment

Ex 8 - Table 2 - Proposed Apportionment of Revenue to Rate Class

Rate Classification	Proposed Proportion of Revenue
Residential	58.85%
General Service Less than 50 kW	16.33%
General Service Greater than 50 kW	22.73%
Streetlights	1.84%
Unmetered Scattered Load	0.26%
Total	100.00%

The following Table 3 outlines the results of this allocation.

Table 3
Proposed Allocation

Ex 8 - Table 3 - Proposed Allocation of Base Revenue Requirement

Rate Classification	Proposed Proportion of Revenue
Residential	$1,875,272
General Service Less than 50 kW	$683,802
General Service Greater than 50 kW	$567,693
Streetlights	$76,164
Unmetered Scattered Load	$5,260
Total	**$3,208,191**

Determination of Monthly Fixed/Volumetric Charges:

Kenora Hydro's current OEB-approved (2010 IRM) volumetric and monthly fixed charges are summarized in Table 4 as follows.

Table 4
Existing Rates

Existing 2010 Rate Year - Distribution Revenue Rates Excluding Smart Meter Adder

Customer Class	Connection	Customer	kW	kWh
Residential		13.53		0.0099
GS < 50 kW		25.77		0.0040
GS >50		372.26	1.2372	
Street Lighting	3.54		2.3277	
USL	13.00			0.0041

Table 5
Current and Proposed Allocation of Base Revenue Requirement

Ex 8 - Table 5 - Current and Proposed Allocation of Base Revenue Requirement

Rate Classification	Current Fixed Revenue Proportion	Current Variable Revenue Proportion	Proposed Fixed Revenue Proportion	Proposed Variable Revenue Proportion
Residential	66.71%	33.29%	66.75%	33.25%
General Service Less than 50 kW	67.05%	32.95%	70.85%	29.15%
General Service Greater than 50 kW	69.13%	30.87%	73.06%	30.23%
Streetlights	67.58%	32.42%	63.63%	36.37%
Unmetered Scattered Load	38.13%	61.87%	88.72%	11.28%

In its November 28, 2007 Report on Application of Cost Allocation for Electricity Distributors, referred to in Exhibit 7 above, the OEB addressed a number of “Other Rate Matters”, including the treatment of the fixed rate component (the monthly service charge) of the bill. At page 12 of the Report, the OEB determined that the floor amount for the monthly service charge should be the avoided costs, as that term is defined in the September 29, 2006 report of the OEB entitled “Cost Allocation: Board Directions on Cost Allocation Methodology for Electricity Distributors”. With respect to the upper bound for the service charge, the OEB considered it to be inappropriate to make changes to the service charge ceiling at this time, given the number of issues that remain to be examined within the scope of the OEB’s Rate Review proceeding (EB-2010-0031). The OEB indicated that for the time being, it does not expect distributors to make changes to the service charge that result in a charge that is greater than the ceiling as defined in the Methodology for the monthly service charge; and that distributors that are currently above that value are not required to make changes to their current service charge to bring it to or below that level at this time. The summary that follows indicates the floor calculations from the Cost Allocation Model. Kenora Hydro's MSCs for all classes exceed the floor amount.

	1	2	3	7	9
Summary	**Residential**	**GS <50**	**GS>50-Regular**	**Street Light**	**Unmetered Scattered Load**
Customer Unit Cost per month - Avoided Cost	$7.41	$14.71	$43.48	-$0.12	$2.26
Customer Unit Cost per month - Directly Related	$13.10	$25.55	$82.66	-$0.07	$4.17
Customer Unit Cost per month - Minimum System with PLCC Adjustment	$18.69	$30.85	$81.69	$6.40	$9.71
Fixed Charge per estimated 2011 rates	$19.86	$39.79	$528.38	$5.20	$16.65

Until the OEB's Rate Review proceeding (EB-2010-0031) is completed and consistent with Norfolk Power Distribution Inc. 2010 Rate Decision (EB-2007-0753), Kenora Hydro submits that a monthly service charge ceiling has not been established and that it is appropriate for the purposes of setting rates in this Application to maintain the current fixed and variable proportions of its rates. All changes in MSCs are due solely to changes in the total base revenue requirement attributable to each customer class. The following Table 6 provides Kenora Hydro's calculations of its proposed monthly fixed distribution charges for the 2011 Test Year assuming the fixed/variable split supporting the current approved rates.

Table 6
Proposed Fixed Distribution Charge

Ex 8 - Table 6 - Proposed Fixed Distribution Charge

Rate Classification	Total Base Revenue Requirement	Fixed Revenue Portion	2011 Test Year Customers / Connections	Proposed Fixed Distribution Charge
Residential	1,669,017	66.75%	4,674	19.86
General Service Less than 50 kW	473,758	70.85%	703	39.79
General Service Greater than 50 kW	647,465	73.06%	75	528.38
Streetlights	53,970	63.63%	550	5.20
Unmetered Scattered Load	6,734	88.72%	30	16.65
Total	2,850,945			

Proposed Volumetric Charges:

The variable distribution charge is calculated by dividing the variable distribution portion of the base revenue requirement by the appropriate 2011 Test Year usage, kWh or kW, as the class charge determinant.

The following Table 7 provides Kenora Hydro's calculations of its proposed variable distribution charges for the 2011 Test Year assuming the same fixed/variable split used in designing the current approved rates.

Table 7
Variable Distribution Charge Calculation

Ex 8 - Table 7 - Proposed Variable Distribution Charge

Rate Classification	Total Base Revenue Requirement	Variable Revenue Portion	2011 Test Volumetric Billing Determinant	Unit	Proposed Volumetric Distribution Charge
Residential	1,669,017	33.25%	38,188,928	kWh	0.0145
General Service Less than 50 kW	473,758	29.15%	22,359,418	kWh	0.0062
General Service Greater than 50 kW	647,465	26.94%	116,530	kW	1.6794
Streetlights	53,970	36.37%	5,737	kW	3.4214
Unmetered Scattered Load	6,734	11.28%	144,681	kWh	0.0053
Total	2,850,945				

Transformer Allowance:

Currently, Kenora Hydro provides a Transformer Allowance to those customers that own their transformation facilities. Kenora Hydro proposes to maintain the current approved transformer ownership allowance of $0.60 per kW. The Transformer Allowance is intended to reflect the costs to a distributor of providing step down transformation facilities to the customer's utilization voltage level. Since the distributor provides electricity at utilization voltage, the cost of this transformation is captured in and recovered through the distribution rates. Therefore, when a customer provides its own step down transformation from primary to secondary, it should receive a credit of these costs already included in the distribution rates.

Low Voltage Charges:

Kenora Hydro is not an embedded distributor and therefore is not subject to Low Voltage charges.

Proposed Distribution Rates:

The following Table 8 sets out Kenora Hydro's proposed 2011 electricity distribution rates based on the foregoing calculations, including adjustments for the recovery of transformer allowance:

Table 8
Proposed 2011 Distribution Rates

2011 Test Year - Distribution Rates

Customer Class	Connection	Customer	kW	kWh
Residential	0.00	19.86	0.0000	0.0145
GS < 50 kW	0.00	39.79	0.0000	0.0062
GS >50	0.00	528.38	1.6794	0.0000
Street Lighting	5.20	0.00	3.4214	0.0000
USL	16.65	0.00	0.0000	0.0053

OTHER ELECTRICITY CHARGES:

Kenora Hydro proposes to leave rates for Wholesale Market Service, Rural Rate Protection Charge, and Standard Supply Service – Administrative Charge, at rates approved by the OEB in EB-2009-0200 (2010 rates). Both the Network Service and Line and Transformation Connection rates have been revised in this Exhibit, summarized in Table 10 which follows.

Kenora Hydro has followed the guidelines for Electricity Distribution Retail Transmission Service Rates G-2008-0001 Revision 2.0 issued July 8, 2010. It is understood that changes to the UTR rates may occur again in January, 2011, at which time Kenora Hydro would adjust this rate model to reflect changes, in an effort to minimize impacts to the variance accounts as a result of those changes.

This table indicates the historical changes in the variance accounts for Network and Connection variance accounts for 2008 and 2009.

Table 9
Retail Transmission Service Rates

Ex 8 - Table 9 - Retail Transmission Service Rates (RTSR)

Month	Network						Connection					
	2008			2009			2008			2009		
	RT Network Cost	RT Network Billing	Change in Variance	RT Network Cost	RT Network Billing	Change in Variance	RT Connection Cost	RT Connection Billing	Change in Variance	RT Connection Cost	RT Connection Billing	Change in Variance
January	48,685.56	59,060.29	(10,374.73)	54,581.66	47,547.08	7,034.58	12,496.20	20,029.17	(7,532.97)	15,481.90	13,255.40	2,226.50
February	44,412.06	43,022.52	1,389.54	49,182.09	42,763.79	6,418.30	12,056.65	14,571.05	(2,514.40)	13,395.90	11,948.49	1,447.41
March	41,658.54	48,151.05	(6,492.51)	44,589.50	50,607.10	(6,017.60)	11,094.95	16,314.30	(5,219.35)	12,973.80	14,103.20	(1,129.40)
April	31,180.38	55,335.23	(24,154.85)	35,435.16	36,013.90	(578.74)	8,859.44	18,723.76	(9,864.32)	10,525.20	10,048.11	477.09
May	29,251.53	35,523.99	(6,272.46)	32,389.71	30,840.78	1,548.93	8,583.91	11,885.04	(3,301.13)	10,203.20	8,593.66	1,609.54
June	30,683.73	33,581.50	(2,897.77)	40,508.34	36,844.75	3,663.59	9,219.93	9,926.95	(707.02)	11,069.80	10,161.99	907.81
July	32,827.41	34,032.25	(1,204.84)	35,018.90	34,747.65	271.25	9,394.57	9,503.95	(109.38)	10,315.20	9,543.71	771.49
August	35,222.88	34,340.12	882.76	37,955.54	29,681.68	8,273.86	10,225.29	9,565.63	659.66	11,750.90	8,160.85	3,590.05
September	30,154.74	36,498.24	(6,343.50)	38,006.08	35,003.46	3,002.62	9,601.66	10,170.30	(568.64)	11,054.40	9,593.27	1,461.13
October	32,226.81	33,836.99	(1,610.18)	38,256.12	44,711.38	(6,455.26)	8,885.40	9,435.80	(550.40)	10,505.60	12,215.34	(1,709.74)
November	39,561.06	31,174.01	8,387.05	44,126.74	36,377.33	7,749.41	10,965.15	8,680.05	2,285.10	12,231.10	9,956.09	2,275.01
December	44,294.25	24,018.17	20,276.08	52,072.16	45,344.77	6,727.39	13,018.35	3,015.57	10,002.78	14,993.30	11,919.58	3,073.72
Total:	440,158.95	468,574.36	(28,415.41)	502,122.00	470,483.67	31,638.33	124,401.50	141,821.57	(17,420.07)	144,500.30	129,499.69	15,000.61
Balance Year End			**(36,954.00)**	**Balance Year End**		**(5,316.00)**	**Balance Year End**		**(473,795.00)**	**Balance Year End**		**(458,794.00)**

Using the OEB Model 2011 RTSR Adjustment Workform, attached as Appendix D in this Exhibit, the proposed rates by class have been calculated as follows:

Table 10
RSTS Rate Change Summary

Ex 9 - Table 10 - RTSR Rate Change Summary

	NETWORK					CONNECTION				
Class	2010 Rates/kWh	2010 Rates/kW	Proposed Rates/kWh	Proposed Rates/kW	% Decrease	2010 Rates/kWh	2010 Rates/kW	Proposed Rates/kWh	Proposed Rates/kW	% Decrease
Residential	0.00590		0.0054		-7.9%	0.0016		0.0015		-6.3%
GS < 50 kW	0.00520		0.0048		-7.9%	0.0014		0.0013		-7.1%
GS > 50 kW		2.16860		1.9975	-7.9%		0.5417		0.5021	-7.3%
USL	0.00520		0.0048		-7.9%	0.0014		0.0013		-7.1%
Streetlight		1.63550		1.5065	-7.9%		0.4187		0.3881	-7.3%

These results are supported by additional analysis of the expected trends in these 2 variance accounts to the end of 2011 which indicate a reduction in the rates is required in this application.

RECONCILIATION OF RATE CLASS REVENUE:

The following table indicates the reconciliation between the expected distribution revenue as expected using forecasted 2011 data, and the actual fixed and volumetric revenues as proposed in this rate filing. The difference is not significant and is due primarily to rounding in the model.

Table 11
Test Year Distribution Revenue Reconciliation

2011 Test Year Distribution Revenue Reconciliation

Customer Class	Fixed Distribution Revenue	Variable Distribution Revenue	Transformer Allowance Credit	Total Distribution Revenue	Expected
Residential	$ 1,113,841	$ 553,739		$ 1,667,580	$ 1,669,017
GS < 50 kW	$ 335,686	$ 138,628		$ 474,314	$ 473,758
GS >50	$ 473,058	$ 195,701	$21,295	$ 647,464	$ 647,465
Street Lighting	$ 34,342	$ 19,628		$ 53,970	$ 53,970
USL	$ 5,974	$ 767		$ 6,741	$ 6,734
Total	**$ 1,962,900**	**$ 908,464**	**$21,295**	**$ 2,850,069**	**$ 2,850,945**

Difference Due to Rate Rounding
$ 876

DETERMINATION OF LOSS ADJUSTMENT FACTORS:

Total Loss Factor:

Kenora Hydro is not an embedded distributor, and Kenora Hydro has not been required to complete any loss studies as a result of any previous decisions.

Kenora Hydro has calculated an estimate of the total loss factor based on the average wholesale and retail kWh for the years 2005 to 2009. The calculations are summarized in Table 11 below.

Table 12
Total Loss Factor Calculations

Ex 8 - Table 12 - Calculation for distribution loss adjustment factors

	Description	2005	2006	2007	2008	2009	Total
A	Wholesale kWh IESO (with losses)	115,072,347	113,840,451	116,260,451	115,525,379	112,986,371	573,684,999
A-1	Wholesale kWh IESO (without losses)	113,976,662	112,967,859	115,350,477	114,765,637	110,935,154	567,995,789
B	Wholesale kWh for Large Use customer(s)						0
C	Net "Wholesale" kWh (A)-(B)	113,976,662	112,967,859	115,350,477	114,765,637	110,935,154	567,995,789
D	Retail kWh (Distributor)	108,163,750	109,125,457	111,276,423	110,421,190	108,849,700	547,836,520
E	Retail kWh for Large Use Customer(s)						0
F	Net "Retail" kWh (D)-(E)	108,163,750	109,125,457	111,276,423	110,421,190	108,849,700	547,836,520
G	Loss Factor [(C)/(F)]	1.0537	1.0352	1.0366	1.0393	1.0192	1.0368
H	Distribution Loss Adjustment Factor (5 year avg.)						1.0368
	Supply Facility Loss Factor at 1.0045	1.0045	1.0045	1.0045	1.0045	1.0045	
	Supply Facility Loss Adjustment Factor						1.0045
	Total Loss Factor as Calculated	1.0582	1.0397	1.0411	1.0438	1.0237	**1.0413**

Supply Facility Loss Factor:

The supply facility loss factor ("SFLF") of 1.0045 has been used as is directed in the Appendix 2-P of the OEB Filing Requirements dated June 28, 2010.

Total Loss Factor by Class:

Kenora Hydro has decided for the purpose of this application to use the existing loss factor, as set out in Table 12, for the calculation of commodity and other non-distribution charges.

Table 13
Total Loss Factor by Class

Ex 8 - Table 13 - Total Utility Loss Adjustment Factor

	LAF
Total Loss factor	
Total Loss Factor - Secondary Metered Customer < 5,000kW	**1.0430**
Total Loss Factor - Primary Metered Customer < 5,000kW	**1.0325**

Materiality Analysis on Distribution Losses:

Kenora Hydro's current Total Loss Adjustment Factor is 4.30%. After reviewing the calculation of the historical LAF, Kenora Hydro proposed to maintain the Total Loss Adjustment factor at 4.30%. Pursuant to the Filing Requirements, as the Distribution Loss Adjustment factor is less than 5%, Kenora Hydro is not required to provide a explanation of, or justification for, its selection of loss adjustment factor.

RATE AND BILL IMPACTS:

Appendix C to this Schedule presents the results of the assessment of customer total bill impacts by customer rate class.

Impacts are derived using the applicable May 1, 2010 rates and the proposed 2011 distribution rates, the revised Smart Meter Funding Adder, the new Smart Meter Disposition Rider, and the Late Payment Penalty Rider. Electricity rates for Residential and General Service < 50 kW are the rates effective May 1, 2010 for Rate Protection Plan customers. Electricity rates for other classes are the forecasted rates for 2011 of $.067/kWh for first tier, and $.075 for consumption over the first tier.

The total bill impacts are calculated for each rate class at various levels of consumption. The rate impacts are assessed on the basis of moving to the proposed distribution rates.

APPENDIX A
EXISTING RATE SCHEDULE:

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

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

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

EB-2009-0200

RESIDENTIAL SERVICE CLASSIFICATION

All services supplied to single-family dwelling units for domestic or household purposes shall be classified as residential service. Subclasses would be:

- Overhead
  - Transformers not on private property
  - Transformers on private property
- Underground
  - Transformers not on private property
  - Transformers on private property

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

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	13.53
Smart Meter Funding Adder	$	1.00
Distribution Volumetric Rate	$/kWh	0.0099
Retail Transmission Rate – Network Service Rate	$/kWh	0.0059
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0016

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

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

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

EB-2009-0200

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

All services other than those designated as residential service, municipal street lighting service. This includes combination type services where a variety of uses are made of the same service by the Customer (e.g. General Service less than 50 kVA combined with residential service). Subclasses would be:

Demand less than 50 kVA - (100A @ 120/208V; 100A @ 120/240V, 60A @ 347/600V)
Demand equal to 50 kVA, up to 500 kVA - (1600A @ 120/208V; 600A @ 347/600V; 600A @ 120/240V)
Demand equal to 500 kVA, up to 5,000 kVA - (greater than 1600A @ 120/208V OR greater than 600A @ 347/600V and service from the 44 kV distribution system)

For new installations, demand sizing is based on the main switch size in amps converted to kVA. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	25.77
Smart Meter Funding Adder	$	1.00
Distribution Volumetric Rate	$/kWh	0.0040
Retail Transmission Rate – Network Service Rate	$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0014

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

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

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

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

EB-2009-0200

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

All services other than those designated as residential service, municipal street lighting service. This includes combination type services where a variety of uses are made of the same service by the Customer (e.g. General Service less than 50 kVA combined with residential service). Subclasses would be:

Demand less than 50 kVA - (100A @ 120/208V; 100A @ 120/240V, 60A @ 347/600V)
Demand equal to 50 kVA, up to 500 kVA - (1600A @ 120/208V; 600A @ 347/600V; 600A @ 120/240V)
Demand equal to 500 kVA, up to 5,000 kVA - (greater than 1600A @ 120/208V OR greater than 600A @ 347/600V and service from the 44 kV distribution system)

For new installations, demand sizing is based on the main switch size in amps converted to kVA. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	372.26
Smart Meter Funding Adder	$	1.00
Distribution Volumetric Rate $/kW 1.2372		
Retail Transmission Rate – Network Service Rate	$/kW	2.1686
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/Kw	0.5417

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

Kenora Hydro Electric Corporation Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010 except for the microFIT Generator Class effective date of September 21, 2009
This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2009-0200

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kVA 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 – Delivery Component

Service Charge (per connection)	$	13.00
Distribution Volumetric Rate	$/kWh	0.0041
Retail Transmission Rate – Network Service Rate	$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0014

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

Kenora Hydro Electric Corporation Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010 except for the microFIT Generator Class effective date of September 21, 2009
This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2009-0200

STREET LIGHTING SERVICE CLASSIFICATION

All service supplied to any electrical street lighting equipment owned by, or operated for, the City of Kenora that is used to illuminate roadways and sidewalks, etc. The street light equipment is not metered, and they turn on and off by photoelectric cells. The consumption will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.
It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for Ministry of Energy and Infrastructure Conservation and Renewable Energy Program, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	$	3.54
Distribution Volumetric Rate	$/kW	2.3277
Retail Transmission Rate – Network Service Rate	$/kW	1.6355
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	0.4187

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

Kenora Hydro Electric Corporation Ltd. TARIFF OF RATES AND CHARGES

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

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

EB-2009-0200

microFIT GENERATOR SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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

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

Service Charge	$	5.25

Kenora Hydro Electric Corporation Ltd.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2010 except for the microFIT Generator Class effective date of September 21, 2009
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EB-2009-0200

ALLOWANCES

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

SPECIFIC SERVICE CHARGES

APPLICATION

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

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

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

Customer Administration		
Arrears Certificate	$	15.00
Statement of Account	$	15.00
Duplicate Invoices for Previous Billing	$	15.00
Request for Other Billing Information	$	15.00
Easement Letter	$	15.00
Income Tax Letter	$	15.00
Account History	$	15.00
Credit reference/credit check (plus credit agency costs)	$	25.00
Returned Cheque (plus bank charges)	$	25.00
Legal Letter Charge	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Special meter reads	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect/Reconnect Charge - At Meter During Regular Hours	$	65.00
Disconnect/Reconnect Charge - At Meter After Regular Hours	$	185.00
Disconnect/Reconnect Charge - At Pole During Regular Hours	$	185.00
Disconnect/Reconnect Charge - At Pole After Regular Hours	$	415.00
Install/Remove load control device - During Regular Hours	$	65.00
Install/Remove load control device - After Regular Hours	$	185.00
Service call – customer owned equipment	$	65.00
Service call – After Regular Hours	$	165.00
Specific Charge for Access to the Power Poles – per pole/year	$	22.35

Kenora Hydro Electric Corporation Ltd. TARIFF OF RATES AND CHARGES

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

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EB-2009-0200

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	1.0430
Total Loss Factor – Secondary Metered Customer > 5,000 kW	NA
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0325
Total Loss Factor – Primary Metered Customer > 5,000 kW	NA

APPENDIX B
SCHEDULE OF PROPOSED RATES AND CHARGES:

RATES SCHEDULE (Part 1)

Schedule of Distribution Rates and Charges
Effective May 1, 2011

Customer Class	Item Description	Unit	Rate ($)
Residential			
	Monthly Service Charge	per month	19.86
	Distribution Volumetric Rate	per kWh	0.0145
	Smart Meter Rate Adder	per month	0.09
	Smart Meter Rate Rider	per month	2.09
	Late Payment Charge Settlement	per month	0.25
	Deferral and Variance Account Rider	per kWh	(0.0016)
GS < 50 kW			
	Monthly Service Charge	per month	39.79
	Distribution Volumetric Rate	per kWh	0.0062
	Smart Meter Rate Adder	per month	0.09
	Smart Meter Rate Rider	per month	2.09
	Late Payment Charge Settlement	per month	0.25
	Deferral and Variance Account Rider	per kWh	(0.0016)
GS >50			
	Monthly Service Charge	per month	528.38
	Distribution Volumetric Rate	per kW	1.6794
	Smart Meter Rate Adder	per month	0.09
	Smart Meter Rate Rider	per month	2.09
	Late Payment Charge Settlement	per month	0.25
	Deferral and Variance Account Rider	per kW	(0.6117)
Street Lighting			
	Monthly Service Charge	per month	5.20
	Distribution Volumetric Rate	per kW	3.4214
	Deferral and Variance Account Rider	per kW	(0.4954)
USL			
	Monthly Service Charge	per month	16.65
	Distribution Volumetric Rate	per kWh	0.0053
	Deferral and Variance Account Rider	per kWh	(0.0016)

APPENDIX C
TABLE OF RATE AND BILL IMPACTS

RESIDENTIAL

Consumption: 100 kWh	2010 BILL Volume	2010 BILL RATE $	2010 BILL CHARGE $	2011 BILL Volume	2011 BILL RATE $	2011 BILL CHARGE $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge			13.53			19.86	6.33	46.78%	52.90%
Distribution (kWh)	100	0.0099	0.99	100	0.0145	1.45	0.46	46.46%	3.86%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.24%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	5.58%
Deferrral & Variance Acct (kWh)	100	0.0000	0.00	100	(0.0016)	(0.16)	(0.16)	(100.00%)	(0.42%)
Distribution Sub-Total			**15.52**			**23.34**	**7.82**	**50.37%**	**62.16%**
Retail Transmisssion (kWh)	104	0.0075	0.78	104	0.006918	0.72	(0.06)	(7.76%)	1.92%
Delivery Sub-Total			**16.30**			**24.06**	**7.76**	**47.58%**	**64.08%**
WMS (kWh)	104	0.0065	0.68	104	0.0065	0.68	0.00	0.00%	1.81%
Debt Retirement (kWh)	100	0.0070	0.70	100	0.0070	0.70	0.00	0.00%	1.86%
Late Payment Settlement (per month)	100	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.67%
Special Purpose Charge (kWh)	100	0.0004	0.04	100	0.0004	0.04	0.00	0.00%	0.10%
Cost of Power Commodity (kWh)	104	0.0650	6.78	104	0.0650	6.78	0.00	0.00%	18.06%
Total Bill Before Taxes			**25.28**			**33.22**	**7.76**	**30.68%**	**88.50%**
HST		13.00%	3.29		13.00%	4.32	1.03	31.43%	11.50%
Total Bill			**28.57**			**37.54**	**8.79**	**30.77%**	**100.00%**

RESIDENTIAL

Consumption: 250 kWh	2010 BILL Volume	2010 BILL RATE $	2010 BILL CHARGE $	2011 BILL Volume	2011 BILL RATE $	2011 BILL CHARGE $	IMPACT Change $	IMPACT Change %	IMPACT % of Total Bill
Monthly Service Charge			13.53			19.86	6.33	46.78%	35.42%
Distribution (kWh)	250	0.0099	2.48	250	0.0145	3.63	1.15	46.46%	6.47%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.16%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	3.73%
Deferrral & Variance Acct (kWh)	250	0.0000	0.00	250	(0.0016)	(0.39)	(0.39)	(100.00%)	(0.70%)
Distribution Sub-Total			**17.01**			**25.28**	**8.27**	**48.64%**	**45.08%**
Retail Transmisssion (kWh)	261	0.0075	1.96	261	0.006918	1.80	(0.15)	(7.76%)	3.22%
Delivery Sub-Total			**18.96**			**27.08**	**8.12**	**42.82%**	**48.30%**
WMS (kWh)	261	0.0065	1.69	261	0.0065	1.69	0.00	0.00%	3.02%
Debt Retirement (kWh)	250	0.0070	1.75	250	0.0070	1.75	0.00	0.00%	3.12%
Late Payment Settlement (per month)	250	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.45%
Special Purpose Charge (kWh)	250	0.0004	0.09	250	0.0004	0.09	0.00	0.00%	0.17%
Cost of Power Commodity (kWh)	261	0.0650	16.95	261	0.0650	16.95	0.00	0.00%	30.23%
Total Bill Before Taxes			**41.40**			**49.62**	**8.37**	**20.21%**	**88.50%**
HST		13.00%	5.38		13.00%	6.45	1.07	19.85%	11.50%
Total Bill			**46.79**			**56.07**	**9.44**	**20.17%**	**100.00%**

RESIDENTIAL

Consumption: 500 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			13.53			19.86	6.33	46.78%	22.84%
Distribution (kWh)	500	0.0099	4.95	500	0.0145	7.25	2.30	46.46%	8.34%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.10%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	2.41%
Deferrral & Variance Acct (kWh)	500	0.0000	0.00	500	(0.0016)	(0.79)	(0.79)	(100.00%)	(0.90%)
Distribution Sub-Total			**19.48**			**28.51**	**9.03**	**46.34%**	**32.79%**
Retail Transmisssion (kWh)	522	0.0075	3.91	522	0.006918	3.61	(0.30)	(7.76%)	4.15%
Delivery Sub-Total			**23.39**			**32.12**	**9.12**	**39.00%**	**36.94%**
WMS (kWh)	522	0.0065	3.39	522	0.0065	3.39	0.00	0.00%	3.90%
Debt Retirement (kWh)	500	0.0070	3.50	500	0.0070	3.50	0.00	0.00%	4.03%
Late Payment Settlement (per month)	500	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.29%
Special Purpose Charge (kWh)	500	0.0004	0.19	500	0.0004	0.19	0.00	0.00%	0.21%
Cost of Power Commodity (kWh)	522	0.0650	33.90	522	0.0650	33.90	0.00	0.00%	38.99%
Total Bill Before Taxes			**68.28**			**76.95**	**9.37**	**13.73%**	**88.50%**
HST		13.00%	8.88		13.00%	10.00	1.13	12.70%	11.50%
Total Bill			**77.15**			**86.95**	**10.50**	**13.61%**	**100.00%**

RESIDENTIAL

Consumption: 750 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			13.53			19.86	6.33	46.78%	17.46%
Distribution (kWh)	750	0.0099	7.43	750	0.0145	10.88	3.45	46.46%	9.56%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.08%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	1.84%
Deferrral & Variance Acct (kWh)	750	0.0000	0.00	750	(0.0016)	(1.18)	(1.18)	(100.00%)	(1.04%)
Distribution Sub-Total			**21.96**			**31.74**	**9.78**	**44.57%**	**27.90%**
Retail Transmisssion (kWh)	782	0.0075	5.87	782	0.006918	5.41	(0.46)	(7.76%)	4.76%
Delivery Sub-Total			**27.82**			**37.15**	**9.33**	**33.55%**	**32.65%**
WMS (kWh)	782	0.0065	5.08	782	0.0065	5.08	0.00	0.00%	4.47%
Debt Retirement (kWh)	750	0.0070	5.25	750	0.0070	5.25	0.00	0.00%	4.61%
Late Payment Settlement (per month)	750	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.22%
Special Purpose Charge (kWh)	750	0.0004	0.28	750	0.0004	0.28	0.00	0.00%	0.25%
Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	34.28%
Cost of Power Commodity (kWh)	182	0.0750	13.67	182	0.0750	13.67	0.00	0.00%	12.01%
Total Bill Before Taxes			**91.11**			**100.68**	**9.58**	**10.52%**	**88.50%**
HST		13.00%	11.84		13.00%	13.09	1.25	10.51%	11.50%
Total Bill			**102.95**			**113.77**	**10.83**	**10.52%**	**100.00%**

RESIDENTIAL

Consumption: 800 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			13.53			19.86	6.33	46.78%	16.53%
Distribution (kWh)	800	0.0099	7.92	800	0.0145	11.60	3.68	46.46%	9.66%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.07%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	1.74%
Deferrral & Variance Acct (kWh)	800	0.0000	0.00	800	(0.0016)	(1.26)	(1.26)	(100.00%)	(1.05%)
Distribution Sub-Total			**22.45**			**32.39**	**9.94**	**44.26%**	**26.96%**
Retail Transmisssion (kWh)	834	0.0075	6.26	834	0.006918	5.77	(0.49)	(7.76%)	4.80%
Delivery Sub-Total			**28.71**			**38.16**	**9.45**	**32.92%**	**31.76%**
WMS (kWh)	834	0.0065	5.42	834	0.0065	5.42	0.00	0.00%	4.51%
Debt Retirement (kWh)	800	0.0070	5.60	800	0.0070	5.60	0.00	0.00%	4.66%
Late Payment Settlement (per month)	800	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.21%
Special Purpose Charge (kWh)	800	0.0004	0.30	800	0.0004	0.30	0.00	0.00%	0.25%
Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	32.46%
Cost of Power Commodity (kWh)	234	0.0750	17.58	234	0.0750	17.58	0.00	0.00%	14.63%
Total Bill Before Taxes			**96.61**			**106.31**	**9.70**	**10.04%**	**88.50%**
HST		13.00%	12.56		13.00%	13.82	1.26	10.04%	11.50%
Total Bill			**109.17**			**120.13**	**10.96**	**10.04%**	**100.00%**

RESIDENTIAL

Consumption: 1,000 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			13.53			19.86	6.33	46.78%	13.64%
Distribution (kWh)	1,000	0.0099	9.90	1,000	0.0145	14.50	4.60	46.46%	9.96%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.06%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	1.44%
Deferrral & Variance Acct (kWh)	1,000	0.0000	0.00	1,000	(0.0016)	(1.57)	(1.57)	(100.00%)	(1.08%)
Distribution Sub-Total			**24.43**			**34.97**	**10.54**	**43.15%**	**24.03%**
Retail Transmisssion (kWh)	1,043	0.0075	7.82	1,043	0.006918	7.22	(0.61)	(7.76%)	4.96%
Delivery Sub-Total			**32.25**			**42.19**	**9.93**	**30.80%**	**28.98%**
WMS (kWh)	1,043	0.0065	6.78	1,043	0.0065	6.78	0.00	0.00%	4.66%
Debt Retirement (kWh)	1,000	0.0070	7.00	1,000	0.0070	7.00	0.00	0.00%	4.81%
Late Payment Settlement (per month)	1,000	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.17%
Special Purpose Charge (kWh)	1,000	0.0004	0.37	1,000	0.0004	0.37	0.00	0.00%	0.26%
Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	26.79%
Cost of Power Commodity (kWh)	443	0.0750	33.23	443	0.0750	33.23	0.00	0.00%	22.83%
Total Bill Before Taxes			**118.63**			**128.81**	**10.18**	**8.59%**	**88.50%**
HST		13.00%	15.42		13.00%	16.75	1.32	8.59%	11.50%
Total Bill			**134.05**			**145.56**	**11.51**	**8.59%**	**100.00%**

RESIDENTIAL

Consumption: 1,500 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			13.53			19.86	6.33	46.78%	9.50%
Distribution (kWh)	1,500	0.0099	14.85	1,500	0.0145	21.75	6.90	46.46%	10.40%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.04%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	1.00%
Deferrral & Variance Acct (kWh)	1,500	0.0000	0.00	1,500	(0.0016)	(2.36)	(2.36)	(100.00%)	(1.13%)
Distribution Sub-Total			**29.38**			**41.44**	**12.06**	**41.03%**	**19.81%**
Retail Transmisssion (kWh)	1,565	0.0075	11.73	1,565	0.006918	10.82	(0.91)	(7.76%)	5.17%
Delivery Sub-Total			**41.11**			**52.26**	**11.14**	**27.11%**	**24.99%**
WMS (kWh)	1,565	0.0065	10.17	1,565	0.0065	10.17	0.00	0.00%	4.86%
Debt Retirement (kWh)	1,500	0.0070	10.50	1,500	0.0070	10.50	0.00	0.00%	5.02%
Late Payment Settlement (per month)	1,500	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.12%
Special Purpose Charge (kWh)	1,500	0.0004	0.56	1,500	0.0004	0.56	0.00	0.00%	0.27%
Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	18.65%
Cost of Power Commodity (kWh)	965	0.0750	72.34	965	0.0750	72.34	0.00	0.00%	34.59%
Total Bill Before Taxes			**173.68**			**185.07**	**11.39**	**6.56%**	**88.50%**
HST		13.00%	22.58		13.00%	24.06	1.48	6.56%	11.50%
Total Bill			**196.26**			**209.13**	**12.88**	**6.56%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption: 2,000 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.77			39.79	14.02	54.40%	14.49%
Distribution (kWh)	2,000	0.0040	8.00	2,000	0.0062	12.40	4.40	55.00%	4.52%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.03%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.76%
Deferrral & Variance Acct (kWh)	2,000	0.0000	0.00	2,000	(0.0016)	(3.14)	(3.14)	(100.00%)	(1.15%)
Distribution Sub-Total			**34.77**			**51.23**	**16.46**	**47.34%**	**18.66%**
Retail Transmisssion (kWh)	2,086	0.0066	13.77	2,086	0.006087	12.70	(1.07)	(7.77%)	4.63%
Delivery Sub-Total			**48.54**			**63.93**	**15.39**	**31.71%**	**23.29%**
WMS (kWh)	2,086	0.0065	13.56	2,086	0.0065	13.56	0.00	0.00%	4.94%
Debt Retirement (kWh)	2,000	0.0070	14.00	2,000	0.0070	14.00	0.00	0.00%	5.10%
Late Payment Settlement (per month)	2,000	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.09%
Special Purpose Charge (kWh)	2,000	0.0004	0.75	2,000	0.0004	0.75	0.00	0.00%	0.27%
Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	14.21%
Cost of Power Commodity (kWh)	1,486	0.0750	111.45	1,486	0.0750	111.45	0.00	0.00%	40.60%
Total Bill Before Taxes			**227.29**			**242.93**	**15.64**	**6.88%**	**88.50%**
HST		13.00%	29.55		13.00%	31.58	2.03	6.88%	11.50%
Total Bill			**256.84**			**274.51**	**$17.67**	**6.88%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption
4,000 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.77			39.79	14.02	54.40%	7.35%
Distribution (kWh)	4,000	0.0040	16.00	4,000	0.0062	24.80	8.80	55.00%	4.58%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.02%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.39%
Deferrral & Variance Acct (kWh)	4,000	0.0000	0.00	4,000	(0.0016)	(6.29)	(6.29)	(100.00%)	(1.16%)
Distribution Sub-Total			**42.77**			**60.49**	**17.72**	**41.42%**	**11.18%**
Retail Transmisssion (kWh)	4,172	0.0066	27.54	4,172	0.006087	25.40	(2.14)	(7.77%)	4.69%
Delivery Sub-Total			**70.31**			**85.88**	**15.58**	**22.16%**	**15.87%**
WMS (kWh)	4,172	0.0135	56.32	4,172	0.0135	56.32	0.00	0.00%	10.41%
Debt Retirement (kWh)	4,000	0.0070	28.00	4,000	0.0070	28.00	0.00	0.00%	5.17%
Late Payment Settlement (per month)	4,000	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.05%
Special Purpose Charge (kWh)	4,000	0.0004	1.49	4,000	0.0004	1.49	0.00	0.00%	0.28%
Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	7.21%
Cost of Power Commodity (kWh)	3,572	0.0750	267.90	3,572	0.0750	267.90	0.00	0.00%	49.51%
Total Bill Before Taxes			**463.02**			**478.85**	**15.83**	**3.42%**	**88.50%**
HST		13.00%	60.19		13.00%	62.25	2.06	3.42%	11.50%
Total Bill			**523.21**			**541.10**	**$17.88**	**3.42%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption
10,000 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.77			39.79	14.02	54.40%	3.29%
Distribution (kWh)	10,000	0.0040	40.00	10,000	0.0062	62.00	22.00	55.00%	5.13%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.01%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.17%
Deferrral & Variance Acct (kWh)	10,000	0.0000	0.00	10,000	(0.0016)	(15.72)	(15.72)	(100.00%)	(1.30%)
Distribution Sub-Total			**66.77**			**88.25**	**21.48**	**32.17%**	**7.30%**
Retail Transmisssion (kWh)	10,430	0.0066	68.84	10,430	0.006087	63.49	(5.35)	(7.77%)	5.25%
Delivery Sub-Total			**135.61**			**151.75**	**16.14**	**11.90%**	**12.55%**
WMS (kWh)	10,430	0.0065	67.80	10,430	0.0065	67.80	0.00	0.00%	5.61%
Debt Retirement (kWh)	10,000	0.0070	70.00	10,000	0.0070	70.00	0.00	0.00%	5.79%
Late Payment Settlement (per month)	10,000	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.02%
Special Purpose Charge (kWh)	10,000	0.0004	3.73	10,000	0.0004	3.73	0.00	0.00%	0.31%
Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	3.23%
Cost of Power Commodity (kWh)	9,830	0.0750	737.25	9,830	0.0750	737.25	0.00	0.00%	60.99%
Total Bill Before Taxes			**1,053.38**			**1,069.77**	**16.39**	**1.56%**	**88.50%**
HST		13.00%	136.94		13.00%	139.07	2.13	1.56%	11.50%
Total Bill			**1,190.32**			**1,208.84**	**$18.52**	**1.56%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption
12,500 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.77			39.79	14.02	54.40%	2.65%
Distribution (kWh)	12,500	0.0040	50.00	12,500	0.0062	77.50	27.50	55.00%	5.16%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.01%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.14%
Deferrral & Variance Acct (kWh)	12,500	0.0000	0.00	12,500	(0.0016)	(19.65)	(19.65)	(100.00%)	(1.31%)
Distribution Sub-Total			**76.77**			**99.82**	**23.05**	**30.03%**	**6.65%**
Retail Transmisssion (kWh)	13,038	0.0066	86.05	13,038	0.006087	79.37	(6.68)	(7.77%)	5.29%
Delivery Sub-Total			**162.82**			**179.19**	**16.37**	**10.05%**	**11.94%**
WMS (kWh)	13,038	0.0065	84.74	13,038	0.0065	84.74	0.00	0.00%	5.65%
Debt Retirement (kWh)	12,500	0.0070	87.50	12,500	0.0070	87.50	0.00	0.00%	5.83%
Late Payment Settlement (per month)	12,500	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.02%
Special Purpose Charge (kWh)	12,500	0.0004	4.66	12,500	0.0004	4.66	0.00	0.00%	0.31%
Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	2.60%
Cost of Power Commodity (kWh)	12,438	0.0750	932.81	12,438	0.0750	932.81	0.00	0.00%	62.15%
Total Bill Before Taxes			**1,311.54**			**1,328.16**	**16.62**	**1.27%**	**88.50%**
HST		13.00%	170.50		13.00%	172.66	2.16	1.27%	11.50%
Total Bill			**1,482.04**			**1,500.82**	**$18.78**	**1.27%**	**100.00%**

GENERAL SERVICE < 50 kW

Consumption
15,000 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	$	%	% of Total Bill
Monthly Service Charge			25.77			39.79	14.02	54.40%	2.22%
Distribution (kWh)	15,000	0.0040	60.00	15,000	0.0062	93.00	33.00	55.00%	5.19%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.01%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.12%
Deferrral & Variance Acct (kWh)	15,000	0.0000	0.00	15,000	(0.0016)	(23.58)	(23.58)	(100.00%)	(1.32%)
Distribution Sub-Total			**86.77**			**111.39**	**24.62**	**28.38%**	**6.21%**
Retail Transmisssion (kWh)	15,645	0.0066	103.26	15,645	0.006087	95.24	(8.02)	(7.77%)	5.31%
Delivery Sub-Total			**190.03**			**206.63**	**16.60**	**8.74%**	**11.53%**
WMS (kWh)	15,645	0.0065	101.69	15,645	0.0065	101.69	0.00	0.00%	5.67%
Debt Retirement (kWh)	15,000	0.0070	105.00	15,000	0.0070	105.00	0.00	0.00%	5.86%
Late Payment Settlement (per month)	15,000	0.0000	0.00		0.2500	0.25	0.25	100.00%	0.01%
Special Purpose Charge (kWh)	15,000	0.0004	5.60	15,000	0.0004	5.60	0.00	0.00%	0.31%
Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.00%	2.18%
Cost of Power Commodity (kWh)	15,045	0.0750	1,128.38	15,045	0.0750	1,128.38	0.00	0.00%	62.94%
Total Bill Before Taxes			**1,569.69**			**1,586.54**	**16.85**	**1.07%**	**88.50%**
HST		13.00%	204.06		13.00%	206.25	2.19	1.07%	11.50%
Total Bill			**1,773.75**			**1,792.79**	**$19.04**	**1.07%**	**100.00%**

GENERAL SERVICE > 50 kW

Consumption
30,000 kWh
100 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			372.26			528.38	156.12	41.94%	13.97%
Distribution (kW)	100	1.2372	123.72	100	1.6794	167.94	44.22	35.74%	4.44%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.00%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.06%
Deferrral & Variance Acct (kW)	100	0.0000	0.00	100	(0.6117)	(61.17)	(61.17)	(100.00%)	(1.62%)
Distribution Sub-Total			**496.98**			**637.33**	**140.35**	**28.24%**	**16.86%**
Retail Transmisssion (kW)	100	2.7103	271.03	100	2.499646	249.96	(21.07)	(7.77%)	6.61%
Delivery Sub-Total			**768.01**			**887.30**	**119.29**	**15.53%**	**23.47%**
WMS (kWh)	31,290	0.0065	203.39	31,290	0.0065	203.39	0.00	0.00%	5.38%
Debt Retirement (kWh)	30,000	0.0070	210.00	30,000	0.0070	210.00	0.00	0.00%	5.55%
Late Payment Settlement (per month)	0	0	0		0.2500	0.25	0.25	100.00%	0.01%
Special Purpose Charge (kWh)	30,000	0.0004	11.19	30,000	0.0004	11.19	0.00	0.00%	0.30%
Cost of Power Commodity (kWh)	31,290	0.0650	2,033.85	31,290	0.0650	2,033.85	0.00	0.00%	53.79%
Total Bill Before Taxes			**3,226.44**			**3,345.97**	**98.47**	**3.05%**	**88.50%**
HST		13.00%	419.44		13.00%	434.98	15.54	3.70%	11.50%
Total Bill			**3,645.87**			**3,780.95**	**114.01**	**3.13%**	**100.00%**

GENERAL SERVICE > 50 kW

Consumption
75,000 kWh
250 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			372.26			528.38	156.12	41.94%	6.18%
Distribution (kW)	250	1.2372	309.30	250	1.6794	419.85	110.55	35.74%	4.91%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.00%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.02%
Deferrral & Variance Acct (kW)	250	0.0000	0.00	250	(0.6117)	(152.93)	(152.93)	(100.00%)	(1.79%)
Distribution Sub-Total			**682.56**			**797.48**	**114.92**	**16.84%**	**9.32%**
Retail Transmisssion (kW)	250	2.7103	677.58	250	2.499646	624.91	(52.66)	(7.77%)	7.31%
Delivery Sub-Total			**1,360.14**			**1,422.40**	**62.26**	**4.58%**	**16.63%**
WMS (kWh)	78,225	0.0065	508.46	78,225	0.0065	508.46	0.00	0.00%	5.95%
Debt Retirement (kWh)	75,000	0.0070	525.00	75,000	0.0070	525.00	0.00	0.00%	6.14%
Late Payment Settlement (per month)	250	0	0		0.2500	0.25	0.25	100.00%	0.00%
Special Purpose Charge (kWh)	75,000	0.0004	27.98	75,000	0.0004	27.98	0.00	0.00%	0.33%
Cost of Power Commodity (kWh)	78,225	0.0650	5,084.63	78,225	0.0650	5,084.63	0.00	0.00%	59.45%
Total Bill Before Taxes			**7,506.20**			**7,568.71**	**9.85**	**0.13%**	**88.50%**
HST		13.00%	975.81		13.00%	983.93	8.13	0.83%	11.50%
Total Bill			**8,482.00**			**8,552.64**	**17.97**	**0.21%**	**100.00%**

GENERAL SERVICE > 50 kW

Consumption
200,000 kWh
500 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			372.26			528.38	156.12	41.94%	2.50%
Distribution (kW)	500	1.2372	618.60	500	1.6794	839.70	221.10	35.74%	3.97%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.00%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.01%
Deferrral & Variance Acct (kW)	500	0.0000	0.00	500	(0.6117)	(305.86)	(305.86)	(100.00%)	(1.45%)
Distribution Sub-Total			**991.86**			**1,064.40**	**72.54**	**7.31%**	**5.04%**
Retail Transmisssion (kW)	500	2.7103	1,355.15	500	2.499646	1,249.82	(105.33)	(7.77%)	5.91%
Delivery Sub-Total			**2,347.01**			**2,314.23**	**(32.78)**	**(1.40%)**	**10.95%**
WMS (kWh)	208,600	0.0065	1,355.90	208,600	0.0065	1,355.90	0.00	0.00%	6.42%
Debt Retirement (kWh)	200,000	0.0070	1,400.00	200,000	0.0070	1,400.00	0.00	0.00%	6.62%
Late Payment Settlement (per month)	500	0	0		0.2500	0.25	0.25	100.00%	0.00%
Special Purpose Charge (kWh)	200,000	0.0004	74.60	200,000	0.0004	74.60	0.00	0.00%	0.35%
Cost of Power Commodity (kWh)	208,600	0.0650	13,559.00	208,600	0.0650	13,559.00	0.00	0.00%	64.15%
Total Bill Before Taxes			**18,736.51**			**18,703.98**	**(137.86)**	**(0.74%)**	**88.50%**
HST		13.00%	2,435.75		13.00%	2,431.52	(4.23)	(0.17%)	11.50%
Total Bill			**21,172.26**			**21,135.49**	**(142.09)**	**(0.67%)**	**100.00%**

GENERAL SERVICE > 50 kW

Consumption
800,000 kWh
2,000 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			372.26			528.38	156.12	41.94%	0.64%
Distribution (kW)	2,000	1.2372	2,474.40	2,000	1.6794	3,358.80	884.40	35.74%	4.06%
Smart Meter Adder (per month)		1.0000	1.00		0.0899	0.09	(0.91)	(91.01%)	0.00%
Smart Meter Rider (per month)			0.00			2.09	2.09	100.00%	0.00%
Deferrral & Variance Acct (kW)	2,000	0.0000	0.00	2,000	(0.6117)	(1,223.44)	(1,223.44)	(100.00%)	(1.48%)
Distribution Sub-Total			**2,847.66**			**2,665.92**	**(181.74)**	**(6.38%)**	**3.22%**
Retail Transmisssion (kW)	2,000	2.7103	5,420.60	2,000	2.499646	4,999.29	(421.31)	(7.77%)	6.04%
Delivery Sub-Total			**8,268.26**			**7,665.22**	**(603.04)**	**(7.29%)**	**9.26%**
WMS (kWh)	834,400	0.0065	5,423.60	834,400	0.0065	5,423.60	0.00	0.00%	6.55%
Debt Retirement (kWh)	800,000	0.0070	5,600.00	800,000	0.0070	5,600.00	0.00	0.00%	6.77%
Late Payment Settlement (per month)	2,000	0	0		0.2500	0.25	0.25	100.00%	0.00%
Special Purpose Charge (kWh)	800,000	0.0004	298.40	800,000	0.0004	298.40	0.00	0.00%	0.36%
Cost of Power Commodity (kWh)	834,400	0.0650	54,236.00	834,400	0.0650	54,236.00	0.00	0.00%	65.55%
Total Bill Before Taxes			**73,826.26**			**73,223.47**	**(1,024.10)**	**(1.39%)**	**88.50%**
HST		13.00%	9,597.41		13.00%	9,519.05	(78.36)	(0.82%)	11.50%
Total Bill			**83,423.67**			**82,742.52**	**(1,102.46)**	**(1.32%)**	**100.00%**

STREET LIGHTING

Billing Determinants
550 Connections
130,000 kWh
430 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge	550	3.5400	1,947.00	550	5.2033	2,861.82	914.82	46.99%	16.30%
Distribution (kW)	430	2.3277	1,000.91	430	3.4214	1,471.20	470.29	46.99%	8.38%
Low Voltage Rider (kW)	430	0	0	430	0.0000	0.00	0.00	0.00%	0.00%
LRAM & SSM Rider (kW)	430	0.0000	0.00	430	0.0000	0.00	0.00	0.00%	0.00%
Deferrral & Variance Acct (kW)	430	0.0000	0.00	430	(0.4954)	(213.04)	(213.04)	(100.00%)	(1.21%)
Distribution Sub-Total			**2,947.91**			**4,119.97**	**1,172.06**	**39.76%**	**23.46%**
Retail Transmisssion (kW)	430	2.0542	883.31	430	1.894588	814.67	(68.63)	(7.77%)	4.64%
Delivery Sub-Total			**3,831.22**			**4,934.65**	**1,103.43**	**28.80%**	**28.10%**
WMS (kWh)	135,590	0.0065	881.34	135,590	0.0065	881.34	0.00	0.00%	5.02%
Debt Retirement (kWh)	130,000	0.0070	910.00	130,000	0.0070	910.00	0.00	0.00%	5.18%
Cost of Power Commodity (kWh)	135,590	0.0650	8,813.35	135,590	0.0650	8,813.35	0.00	0.00%	50.19%
Total Bill Before Taxes			**14,435.90**			**15,539.33**	**1,034.80**	**7.17%**	**88.50%**
HST		13.00%	1,876.67		13.00%	2,020.11	143.45	7.64%	11.50%
Total Bill			**16,312.57**			**17,559.44**	**1,178.24**	**7.22%**	**100.00%**

STREET LIGHTING

Billing Determinants
1 Connections
62.47 kWh
0.17 kW

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge	1	3.5400	3.54	1	5.2033	5.20	1.66	46.99%	41.51%
Distribution (kW)	0	2.3277	0.39	0	3.4214	0.57	0.18	46.99%	4.52%
Low Voltage Rider (kW)	0	0	0	0	0.0000	0.00	0.00	0.00%	0.00%
LRAM & SSM Rider (kW)	0	0.0000	0.00	0	0.0000	0.00	0.00	0.00%	0.00%
Deferrral & Variance Acct (kW)	0	0.0000	0.00	0	(0.4954)	(0.08)	(0.08)	(100.00%)	(0.65%)
Distribution Sub-Total			**3.93**			**5.69**	**1.76**	**44.90%**	**45.37%**
Retail Transmisssion (kW)	0	2.0542	0.34	0	1.894588	0.31	(0.03)	(7.77%)	2.50%
Delivery Sub-Total			**4.27**			**6.00**	**1.74**	**40.70%**	**47.87%**
WMS (kWh)	65	0.0065	0.42	65	0.0065	0.42	0.00	0.00%	3.38%
Debt Retirement (kWh)	62	0.0070	0.43	62	0.0070	0.43	0.00	0.00%	3.46%
Cost of Power Commodity (kWh)	65	0.0650	4.24	65	0.0650	4.24	0.00	0.00%	33.78%
Total Bill Before Taxes			**9.36**			**11.09**	**1.71**	**18.27%**	**88.50%**
HST		13.00%	1.22		13.00%	1.44	0.23	18.55%	11.50%
Total Bill			**10.57**			**12.54**	**1.94**	**18.30%**	**100.00%**

UNMETERED SCATTERED LOAD

Consumption
250 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			13.00			16.65	3.65	28.09%	37.25%
Distribution (kWh)	250	0.0041	1.03	250	0.0053	1.33	0.30	29.27%	2.96%
Deferrral & Variance Acct (kWh)	250	0.0000	0.00	250	(0.0016)	(0.39)	(0.39)	(100.00%)	(0.88%)
Distribution Sub-Total			**14.03**			**17.58**	**3.56**	**25.37%**	**39.33%**
Retail Transmisssion (kWh)	261	0.0066	1.72	261	0.006087	1.59	(0.13)	(7.77%)	3.55%
Delivery Sub-Total			**15.75**			**19.17**	**3.42**	**21.75%**	**42.88%**
WMS (kWh)	261	0.0065	1.69	261	0.0065	1.69	0.00	0.00%	3.79%
Debt Retirement (kWh)	250	0.0070	1.75	250	0.0070	1.75	0.00	0.00%	3.91%
Cost of Power Commodity (kWh)	261	0.0650	16.95	261	0.0650	16.95	0.00	0.00%	37.91%
Total Bill Before Taxes			**36.14**			**39.56**	**3.29**	**9.11%**	**88.50%**
HST		13.00%	4.70		13.00%	5.14	0.45	9.48%	11.50%
Total Bill			**40.84**			**44.71**	**3.74**	**9.15%**	**100.00%**

UNMETERED SCATTERED LOAD

Consumption
10,000 kWh

	2010 BILL			2011 BILL			IMPACT		
	Volume	RATE $	CHARGE $	Volume	RATE $	CHARGE $	Change $	Change %	% of Total Bill
Monthly Service Charge			13.00			16.65	3.65	28.09%	1.58%
Distribution (kWh)	10,000	0.0041	41.00	10,000	0.0053	53.00	12.00	29.27%	5.03%
Low Voltage Rider (kWh)	10,000	0.0000	0.00	10,000	0.0000	0.00	0.00	0.00%	0.00%
Deferrral & Variance Acct (kWh)	10,000	0.0000	0.00	10,000	(0.0016)	(15.72)	(15.72)	(100.00%)	(1.49%)
Distribution Sub-Total			**54.00**			**53.93**	**(0.07)**	**(0.13%)**	**5.11%**
Retail Transmisssion (kWh)	10,430	0.0066	68.84	10,430	0.006087	63.49	(5.35)	(7.77%)	6.02%
Delivery Sub-Total			**122.84**			**117.42**	**(5.42)**	**(4.41%)**	**11.14%**
WMS (kWh)	10,430	0.0065	67.80	10,430	0.0065	67.80	0.00	0.00%	6.43%
Debt Retirement (kWh)	10,000	0.0070	70.00	10,000	0.0070	70.00	0.00	0.00%	6.64%
Cost of Power Commodity (kWh)	10,430	0.0650	677.95	10,430	0.0650	677.95	0.00	0.00%	64.29%
Total Bill Before Taxes			**938.58**			**933.17**	**(10.76)**	**(1.15%)**	**88.50%**
HST		13.00%	122.02		13.00%	121.31	(0.70)	(0.58%)	11.50%
Total Bill			**1,060.60**			**1,054.48**	**(11.47)**	**(1.08%)**	**100.00%**

APPENDIX D
RTSR WORKFORM

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Version : 1.0

LDC Information

Applicant Name	**Kenora Hydro Electric Corporation Ltd.**
OEB Application Number	**EB-2010-0135**
LDC Licence Number	**ED-2003-0030**
Application Type	**COS**

Name of LDC: **Kenora Hydro Electric Corporation Ltd.**
File Number: **EB-2010-0135**
Version : 1.0

Rate Class And 2010 RTSR Rates

Enter Rate Group and Rate Class in the same order as listed on your current Tariff sheet and Rate Generator.

Enter the RTSR-Network and RTSR-Connection rates as approved on your current Tariff sheet.

Rate Group	Rate Class	Vol Metric	RTSR - Network	RTSR - Connection
RES	Residential	kWh	0.0059	0.0016
GSLT50	General Service Less Than 50 kW	kWh	0.0052	0.0014
GSGT50	General Service 50 to 4,999 kW	kW	2.1686	0.5417
USL	Unmetered Scattered Load	kWh	0.0052	0.0014
SL	Street Lighting	kW	1.6355	0.4187

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Version : 1.0

2009 Distributor Billing Determinants

Enter the most recently reported RRR billing determinants

Loss Adjusted Metered kWh	Yes
Loss Adjusted Metered kW	No

Rate Class	Vol Metric	Metered kWh A	Metered kW B	Applicable Loss Factor C	Load Factor D = A / (B * 730)	Loss Adjusted Billed kWh E = A * C
Residential	kWh	39,909,017	0	1.0430		41,625,105
General Service Less Than 50 kW	kWh	23,638,259	0	1.0430		24,654,704
General Service 50 to 4,999 kW	kW	43,454,275	108,938	1.0410	54.67%	45,237,515
Unmetered Scattered Load	kWh	157,460	0	1.0430		164,231
Street Lighting	kW	1,690,689	5,292	1.0430	43.79%	1,763,389
Total		108,849,700	114,230			113,444,943

Ontario

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Version : 1.0

Uniform Transmission and Hydro One Sub-Transmission Rates

Uniform Transmission Rates

Rate Description	Vol Metric	Effective January 1, 2009 Rate	Effective July 1, 2009 Rate	Effective January 1, 2010 Rate	Effective January 1, 2011 Rate
Network Service Rate	kW	$ 2.57	$ 2.66	$ 2.97	$ 2.97
Line Connection Service Rate	kW	$ 0.70	$ 0.70	$ 0.73	$ 0.73
Transformation Connection Service Rate	kW	$ 1.62	$ 1.57	$ 1.71	$ 1.71

Hydro One Sub-Transmission Rates

Rate Description	Vol Metric	Effective May 1, 2008 Rate	Effective May 1, 2009 Rate	Effective May 1, 2010 Rate	Effective May 1, 2011 Rate
Network Service Rate	kW	$ 2.01	$ 2.24	$ 2.65	$ 2.65
Line Connection Service Rate	kW	$ 0.50	$ 0.60	$ 0.64	$ 0.64
Transformation Connection Service Rate	kW	$ 1.38	$ 1.39	$ 1.50	$ 1.50
Both Line and Transformation Connection Service Rate	kW	$ 1.88	$ 1.99	$ 2.14	$ 2.14

Hydro One Sub-Transmission Rate Rider 6A

Rate Description	Vol Metric	Effective May 1, 2008 Rate	Effective May 1, 2009 Rate	Effective May 1, 2010 Rate	Effective May 1, 2011 Rate
RSVA Transmission network – 4714 – which affects 1584	kW	$ -	$ -	$ 0.0470	$ 0.0470
RSVA Transmission connection – 4716 – which affects 1586	kW	$ -	$ -	-$ 0.0250	-$ 0.0250
RSVA LV – 4750 – which affects 1550	kW	$ -	$ -	$ 0.0580	$ 0.0580
RARA 1 – 2252 – which affects 1590	kW	$ -	$ -	-$ 0.0750	-$ 0.0750
Hydro One Sub-Transmission Rate Rider 6A	kW	$ -	$ -	$ 0.0050	$ 0.0050

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Version : 1.0

2009 Historical Wholesale Transmission

Enter billing detail for wholesale transmission for the same reporting period as the billing determinants on sheet B1.2.

IESO

Month	Network Units Billed	Network Rate	Network Amount	Line Connection Units Billed	Line Connection Rate	Line Connection Amount	Connection Units Billed	Connection Rate	Connection Amount	Total Line Amount
January	21,238	$2.57	$ 54,582	22,117	$0.70	$ 15,482		$-		$ 15,482
February	19,137	$2.57	$ 49,182	19,137	$0.70	$ 13,396		$-		$ 13,396
March	17,350	$2.57	$ 44,590	18,534	$0.70	$ 12,974		$-		$ 12,974
April	13,788	$2.57	$ 35,435	15,035	$0.70	$ 10,525		$-		$ 10,525
May	12,603	$2.57	$ 32,390	14,576	$0.70	$ 10,203		$-		$ 10,203
June	15,761	$2.57	$ 40,508	15,814	$0.70	$ 11,070		$-		$ 11,070
July	13,165	$2.66	$ 35,019	14,736	$0.70	$ 10,315		$-		$ 10,315
August	14,269	$2.66	$ 37,956	16,787	$0.70	$ 11,751		$-		$ 11,751
September	14,288	$2.66	$ 38,006	15,791	$0.70	$ 11,054		$-		$ 11,054
October	14,382	$2.66	$ 38,256	15,009	$0.70	$ 10,506		$-		$ 10,506
November	16,589	$2.66	$ 44,127	17,473	$0.70	$ 12,231		$-		$ 12,231
December	19,576	$2.66	$ 52,072	21,419	$0.70	$ 14,993		$-		$ 14,993
Total	192,146	$2.61	$502,122	206,428	$0.70	$144,500	-	$-	$ -	$144,500

Hydro One

Month	Network Units Billed	Network Rate	Network Amount	Line Connection Units Billed	Line Connection Rate	Line Connection Amount	Line Transformation Units Billed	Line Transformation Rate	Line Transformation Amount	Total Line Amount
January		$ -			$ -			$-		$ -
February		$ -			$ -			$-		$ -
March		$ -			$ -			$-		$ -
April		$ -			$ -			$-		$ -
May		$ -			$ -			$-		$ -
June		$ -			$ -			$-		$ -
July		$ -			$ -			$-		$ -
August		$ -			$ -			$-		$ -
September		$ -			$ -			$-		$ -
October		$ -			$ -			$-		$ -
November		$ -			$ -			$-		$ -
December		$ -			$ -			$-		$ -
Total	-	$ -	$ -	-	$ -	$ -	-	$-	$ -	$ -

Total

Month	Network Units Billed	Network Rate	Network Amount	Line Connection Units Billed	Line Connection Rate	Line Connection Amount	Line Transformation Units Billed	Line Transformation Rate	Line Transformation Amount	Total Line Amount
January	21,238	$2.57	$ 54,582	22,117	$0.70	$ 15,482	-	$-	$ -	$ 15,482
February	19,137	$2.57	$ 49,182	19,137	$0.70	$ 13,396	-	$-	$ -	$ 13,396
March	17,350	$2.57	$ 44,590	18,534	$0.70	$ 12,974	-	$-	$ -	$ 12,974
April	13,788	$2.57	$ 35,435	15,035	$0.70	$ 10,525	-	$-	$ -	$ 10,525
May	12,603	$2.57	$ 32,390	14,576	$0.70	$ 10,203	-	$-	$ -	$ 10,203
June	15,761	$2.57	$ 40,508	15,814	$0.70	$ 11,070	-	$-	$ -	$ 11,070
July	13,165	$2.66	$ 35,019	14,736	$0.70	$ 10,315	-	$-	$ -	$ 10,315
August	14,269	$2.66	$ 37,956	16,787	$0.70	$ 11,751	-	$-	$ -	$ 11,751
September	14,288	$2.66	$ 38,006	15,791	$0.70	$ 11,054	-	$-	$ -	$ 11,054
October	14,382	$2.66	$ 38,256	15,009	$0.70	$ 10,506	-	$-	$ -	$ 10,506
November	16,589	$2.66	$ 44,127	17,473	$0.70	$ 12,231	-	$-	$ -	$ 12,231
December	19,576	$2.66	$ 52,072	21,419	$0.70	$ 14,993	-	$-	$ -	$ 14,993
Total	192,146	$2.61	$502,122	206,428	$0.70	$144,500	-	$-	$ -	$144,500

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Version : 1.0

Current Wholesale Transmission

The purpose of this sheet is to calculate the expected billing when current 2010 UTR rates are applied against historical (2009) transmission units.

IESO

Month	Network			Line Connection			Transformation Connection			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	21,238	$2.9700	$ 63,077	22,117	$0.7300	$ 16,145	-	$1.7100	$ -	$ 16,145
February	19,137	$2.9700	$ 56,837	19,137	$0.7300	$ 13,970	-	$1.7100	$ -	$ 13,970
March	17,350	$2.9700	$ 51,530	18,534	$0.7300	$ 13,530	-	$1.7100	$ -	$ 13,530
April	13,788	$2.9700	$ 40,950	15,035	$0.7300	$ 10,976	-	$1.7100	$ -	$ 10,976
May	12,603	$2.9700	$ 37,431	14,576	$0.7300	$ 10,640	-	$1.7100	$ -	$ 10,640
June	15,761	$2.9700	$ 46,810	15,814	$0.7300	$ 11,544	-	$1.7100	$ -	$ 11,544
July	13,165	$2.9700	$ 39,100	14,736	$0.7300	$ 10,757	-	$1.7100	$ -	$ 10,757
August	14,269	$2.9700	$ 42,379	16,787	$0.7300	$ 12,255	-	$1.7100	$ -	$ 12,255
September	14,288	$2.9700	$ 42,435	15,791	$0.7300	$ 11,527	-	$1.7100	$ -	$ 11,527
October	14,382	$2.9700	$ 42,715	15,009	$0.7300	$ 10,957	-	$1.7100	$ -	$ 10,957
November	16,589	$2.9700	$ 49,269	17,473	$0.7300	$ 12,755	-	$1.7100	$ -	$ 12,755
December	19,576	$2.9700	$ 58,141	21,419	$0.7300	$ 15,636	-	$1.7100	$ -	$ 15,636
Total	192,146	$2.9700	$570,674	206,428	$0.7300	$150,692	-	$ -	$ -	$150,692

Hydro One

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
	Includes Hydro One Rate Rider B1.3 UTR's and Sub-Transmission Cell K48			Includes Hydro One Rate Rider B1.3 UTR's and Sub-Transmission Cell K50						
January	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
February	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
March	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
April	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
May	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
June	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
July	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
August	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
September	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
October	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
November	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
December	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
Total	-	$ -	$ -	-	$ -	$ -	-	$ -	$ -	$ -

Total

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	21,238	$2.9700	$ 63,077	22,117	$0.7300	$ 16,145	-	$ -	$ -	$ 16,145
February	19,137	$2.9700	$ 56,837	19,137	$0.7300	$ 13,970	-	$ -	$ -	$ 13,970
March	17,350	$2.9700	$ 51,530	18,534	$0.7300	$ 13,530	-	$ -	$ -	$ 13,530
April	13,788	$2.9700	$ 40,950	15,035	$0.7300	$ 10,976	-	$ -	$ -	$ 10,976
May	12,603	$2.9700	$ 37,431	14,576	$0.7300	$ 10,640	-	$ -	$ -	$ 10,640
June	15,761	$2.9700	$ 46,810	15,814	$0.7300	$ 11,544	-	$ -	$ -	$ 11,544
July	13,165	$2.9700	$ 39,100	14,736	$0.7300	$ 10,757	-	$ -	$ -	$ 10,757
August	14,269	$2.9700	$ 42,379	16,787	$0.7300	$ 12,255	-	$ -	$ -	$ 12,255
September	14,288	$2.9700	$ 42,435	15,791	$0.7300	$ 11,527	-	$ -	$ -	$ 11,527
October	14,382	$2.9700	$ 42,715	15,009	$0.7300	$ 10,957	-	$ -	$ -	$ 10,957
November	16,589	$2.9700	$ 49,269	17,473	$0.7300	$ 12,755	-	$ -	$ -	$ 12,755
December	19,576	$2.9700	$ 58,141	21,419	$0.7300	$ 15,636	-	$ -	$ -	$ 15,636
Total	192,146	$2.9700	$570,674	206,428	$0.7300	$150,692	-	$ -	$ -	$150,692

Name of LDC: **Kenora Hydro Electric Corporation Ltd.**
File Number: **EB-2010-0135**
Version : 1.0

Ontario

Forecast Wholesale Transmission

The purpose of this sheet is to calculate the expected billing when forecasted 2011 UTR rates are applied against historical (2009) transmission units.

IESO

Month	Network			Line Connection			Transformation Connection			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	21,238	$2.9700	$ 63,077	22,117	$0.7300	$ 16,145	-	$1.7100	$ -	$ 16,145
February	19,137	$2.9700	$ 56,837	19,137	$0.7300	$ 13,970	-	$1.7100	$ -	$ 13,970
March	17,350	$2.9700	$ 51,530	18,534	$0.7300	$ 13,530	-	$1.7100	$ -	$ 13,530
April	13,788	$2.9700	$ 40,950	15,035	$0.7300	$ 10,976	-	$1.7100	$ -	$ 10,976
May	12,603	$2.9700	$ 37,431	14,576	$0.7300	$ 10,640	-	$1.7100	$ -	$ 10,640
June	15,761	$2.9700	$ 46,810	15,814	$0.7300	$ 11,544	-	$1.7100	$ -	$ 11,544
July	13,165	$2.9700	$ 39,100	14,736	$0.7300	$ 10,757	-	$1.7100	$ -	$ 10,757
August	14,269	$2.9700	$ 42,379	16,787	$0.7300	$ 12,255	-	$1.7100	$ -	$ 12,255
September	14,288	$2.9700	$ 42,435	15,791	$0.7300	$ 11,527	-	$1.7100	$ -	$ 11,527
October	14,382	$2.9700	$ 42,715	15,009	$0.7300	$ 10,957	-	$1.7100	$ -	$ 10,957
November	16,589	$2.9700	$ 49,269	17,473	$0.7300	$ 12,755	-	$1.7100	$ -	$ 12,755
December	19,576	$2.9700	$ 58,141	21,419	$0.7300	$ 15,636	-	$1.7100	$ -	$ 15,636
Total	192,146	$2.9700	$570,674	206,428	$0.7300	$150,692	-	$ -	$ -	$150,692

Hydro One

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
	Includes Hydro One Rate Rider B1.3 UTR's and Sub-Transmission Cell M48			Includes Hydro One Rate Rider B1.3 UTR's and Sub-Transmission Cell M50						
January	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
February	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
March	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
April	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
May	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
June	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
July	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
August	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
September	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
October	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
November	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
December	-	$2.6970	$ -	-	$0.6150	$ -	-	$1.5000	$ -	$ -
Total	-	$ -	$ -	-	$ -	$ -	-	$ -	$ -	$ -

Total

Month	Network			Line Connection			Line Transformation			Total Line
	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Units Billed	Rate	Amount	Amount
January	21,238	$2.9700	$ 63,077	22,117	$0.7300	$ 16,145	-	$ -	$ -	$ 16,145
February	19,137	$2.9700	$ 56,837	19,137	$0.7300	$ 13,970	-	$ -	$ -	$ 13,970
March	17,350	$2.9700	$ 51,530	18,534	$0.7300	$ 13,530	-	$ -	$ -	$ 13,530
April	13,788	$2.9700	$ 40,950	15,035	$0.7300	$ 10,976	-	$ -	$ -	$ 10,976
May	12,603	$2.9700	$ 37,431	14,576	$0.7300	$ 10,640	-	$ -	$ -	$ 10,640
June	15,761	$2.9700	$ 46,810	15,814	$0.7300	$ 11,544	-	$ -	$ -	$ 11,544
July	13,165	$2.9700	$ 39,100	14,736	$0.7300	$ 10,757	-	$ -	$ -	$ 10,757
August	14,269	$2.9700	$ 42,379	16,787	$0.7300	$ 12,255	-	$ -	$ -	$ 12,255
September	14,288	$2.9700	$ 42,435	15,791	$0.7300	$ 11,527	-	$ -	$ -	$ 11,527
October	14,382	$2.9700	$ 42,715	15,009	$0.7300	$ 10,957	-	$ -	$ -	$ 10,957
November	16,589	$2.9700	$ 49,269	17,473	$0.7300	$ 12,755	-	$ -	$ -	$ 12,755
December	19,576	$2.9700	$ 58,141	21,419	$0.7300	$ 15,636	-	$ -	$ -	$ 15,636
Total	192,146	$2.9700	$570,674	206,428	$0.7300	$150,692	-	$ -	$ -	$150,692

Ontario

Name of LDC: **Kenora Hydro Electric Corporation Ltd.**
File Number: **EB-2010-0135**
Version : 1.0

Adjust RTSR-Network to Current Network Wholesale

The purpose of this sheet is to re-align current RTSR-Network to recover current wholesale Network costs.

Rate Class	Vol Metric	Current RTSR - Network	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Current Wholesale Billing	Adjusted RTSR - Network
		(A) Column H Sheet B1.1	(B) Column O Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)	(I) = (H) / (B) or (H) / (C)
Residential	kWh	$ 0.0059	41,625,105	0	$ 245,588	39.64%	$ 226,216	$ 0.0054
General Service Less Than 50 kW	kWh	$ 0.0052	24,654,704	0	$ 128,204	20.69%	$ 118,091	$ 0.0048
General Service 50 to 4,999 kW	kW	$ 2.1686	45,237,515	108,938	$ 236,243	38.13%	$ 217,608	$ 1.9975
Unmetered Scattered Load	kWh	$ 0.0052	164,231	0	$ 854	0.14%	$ 787	$ 0.0048
Street Lighting	kW	$ 1.6355	1,763,389	5,292	$ 8,655	1.40%	$ 7,972	$ 1.5065
			113,444,943	114,230	$ 619,545	100.00%	$ 570,674	
					(E)		(G) Cell G73 Sheet C1.2	

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Version : 1.0

Adjust RTSR-Connection to Current Connection Wholesale

The purpose of this sheet is to re-align current RTSR-Connection to recover current wholesale Connection costs.

Rate Class	Vol Metric	Current RTSR - Connection	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Current Wholesale Billing	Adjusted RTSR - Connection
		(A) Column J Sheet B1.1	(B) Column O Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)	(I) = (H) / (B) or (H) / (C)
Residential	kWh	$ 0.0016	41,625,105	0	$ 66,600	40.97%	$ 61,733	$ 0.0015
General Service Less Than 50 kW	kWh	$ 0.0014	24,654,704	0	$ 34,517	21.23%	$ 31,994	$ 0.0013
General Service 50 to 4,999 kW	kW	$ 0.5417	45,237,515	108,938	$ 59,012	36.30%	$ 54,699	$ 0.5021
Unmetered Scattered Load	kWh	$ 0.0014	164,231	0	$ 230	0.14%	$ 213	$ 0.0013
Street Lighting	kW	$ 0.4187	1,763,389	5,292	$ 2,216	1.36%	$ 2,054	$ 0.3881
			113,444,943	114,230	$ 162,574	100.00%	$ 150,692	
					(E)		(G) Cell Q73 Sheet C1.2	

Ontario

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Version : 1.0

Adjust RTSR-Network to Forecast Network Wholesale

The purpose of this sheet is to update re-aligned RTSR-Network rates to recover forecast wholesale Network costs.

Rate Class	Vol Metric	Adjusted RTSR - Network	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Forecast Wholesale Billing	Proposed RTSR - Network
		(A) Column S Sheet D1.1	(B) Column O Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)	(I) = (H) / (B) or (H) / (C)
Residential	kWh	$ 0.0054	41,625,105	0	$ 226,216	39.64%	$ 226,216	**$ 0.005435**
General Service Less Than 50 kW	kWh	$ 0.0048	24,654,704	0	$ 118,091	20.69%	$ 118,091	**$ 0.004790**
General Service 50 to 4,999 kW	kW	$ 1.9975	45,237,515	108,938	$ 217,608	38.13%	$ 217,608	**$ 1.997536**
Unmetered Scattered Load	kWh	$ 0.0048	164,231	0	$ 787	0.14%	$ 787	**$ 0.004790**
Street Lighting	kW	$ 1.5065	1,763,389	5,292	$ 7,972	1.40%	$ 7,972	**$ 1.506488**
			113,444,943	114,230	$ 570,674	100.00%	$ 570,674	
					(E)		Cell G73 Sheet C1.3	

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Version : 1.0

Adjust RTSR-Connection to Forecast Connection Wholesale

The purpose of this sheet is to update re-aligned RTSR-Connection rates to recover forecast wholesale Connection costs.

Rate Class	Vol Metric	Adjusted RTSR - Connection	Loss Adjusted Billed kWh	Billed kW	Billed Amount	Billed Amount %	Forecast Wholesale Billing	Proposed RTSR - Connection
		(A) Column S Sheet D1.2	(B) Column O Sheet B1.2	(C) Column I Sheet B1.2	(D) = (A) * (B) or (A) * (C)	(F) = (D) / (E)	(H) = (G) * (F)	(I) = (H) / (B) or (H) / (C)
Residential	kWh	$ 0.0015	41,625,105	0	$ 61,733	40.97%	$ 61,733	**$ 0.0015**
General Service Less Than 50 kW	kWh	$ 0.0013	24,654,704	0	$ 31,994	21.23%	$ 31,994	**$ 0.0013**
General Service 50 to 4,999 kW	kW	$ 0.5021	45,237,515	108,938	$ 54,699	36.30%	$ 54,699	**$ 0.5021**
Unmetered Scattered Load	kWh	$ 0.0013	164,231	0	$ 213	0.14%	$ 213	**$ 0.0013**
Street Lighting	kW	$ 0.3881	1,763,389	5,292	$ 2,054	1.36%	$ 2,054	**$ 0.3881**
			113,444,943	114,230	$ 150,692	100.00%	$ 150,692	
					(E)		Cell Q73 Sheet C1.3	

DEFERRAL AND VARIANCE ACCOUNTS & BALANCES:

This Schedule contains the Deferral and Variance Accounts ("DVAs") currently used by Kenora Hydro, their balances as at December 31, 2009, and the proposal to dispose of the accounts identified for disposal in this application.

ACCOUNT BALANCES:

The following Table 1 contains account balances from the 2009 Financial Statements, audited, as at December 31, 2009.

Table 1
Regulatory Balances Dec 31, 2009

Exhibit 9 - Table 1- Regulatory Balances as at Dec 31, 2009

Account	Account #	Principal Dec 31/09	Interest Dec 31/09	Total P + I Dec 31/09
RSVA Accounts				
RSVA - Wholesale Market Service	1580	(306,335)	(25,341)	(331,676)
RSVA - RT - Network Service	1584	(5,316)	(1,520)	(6,836)
RSVA - RT - Connection Service	1586	(458,795)	(48,237)	(507,032)
RSVA - Power including GA	1588	230,626	15,486	246,112
Subtotal - RSVA Accounts		(539,820)	(59,612)	(599,432)
Non-RSVA Accounts				
Other Regulatory Assets	1508	70,608	9,969	80,577
Regulatory Assets As at Dec 31, 2009		**(469,212)**	**(49,643)**	**(518,855)**
Reconcile to 2009 Audited Financial Statements				
Regulatory Assets Requesting Clearance in this Application				**(518,855)**
Accounts not cleared by RA Rate Rider in this Application (P + I)				
IFRS Transition				3,734
Renewable Connection				12,438
Smart Grid				1,847
Smart Meters - Rev and Capital				869,938
Smart Meter - Expenses				138,217
Regulatory Asset Recovery				1,367
PIL's Account 1562				6,535
Balance in Future Income Tax Accrual				(362,189)
Subtotal				**153,032**
Balance per 2009 Audited Financial Statements				**153,032**

ACCOUNTS REQUESTED FOR DISPOSITION BY WAY OF A DEFERRAL AND VARIANCE ACCOUNT RATE RIDER:

The audited principal balances as of December 31, 2009 plus the forecasted interest through April 30, 2011 totaling $ $(521,517) are presented in the following table. The Annual Interest Rate of 0.55% is based on the Q2 2010 prescribed rates by the Ontario Energy Board.

Table 2
Deferral and Variance Account Balances

Exhibit 9 - Table 2 - Deferral and Account Balances

Account Description	Account Number	Principal Amounts as of Dec-31 2009	Interest to Dec 31-09	Interest Jan-1 to Dec 31-10	Interest Jan 1-11 to Apr 30-11	Total Claim
RSVA - Wholesale Market Service Charge	1580	$ (306,335)	$ (25,341)	$ (1,773)	$ (634)	$ (334,083)
RSVA - Retail Transmission Network Charge	1584	$ (5,316)	$ (1,520)	$ 118	$ 34	$ (6,684)
RSVA - Retail Transmission Connection Charge	1586	$ (458,795)	$ (48,237)	$ (2,498)	$ (833)	$ (510,363)
RSVA - Power	1588	$ 76,709	$ 13,842	$ 925	$ 384	$ 91,860
RSVA - Global Adjustment	1588	$ 153,917	$ 1,644	$ 915	$ 183	$ 156,659
Sub-Totals		$ (539,820)	$ (59,612)	$ (2,314)	$ (866)	$ (602,612)
Other Regulatory Assets	1508	$ 70,608	$ 9,969	$ 388	$ 129	$ 81,095
Regulatory Asset Recovery	1590					$ -
Sub-Totals		$ 70,608	$ 9,969	$ 388	$ 129	$ 81,095
Totals per column		$ (469,212)	$ (49,643)	$ (1,926)	$ (736)	$ (521,517)
Annual interest rate:		0.55%				

2011 Data By Class	kW	kWhs	Total Class Cust. Num.'s	Number of Metered Customers	Dx Revenue
RESIDENTIAL CLASS		31,356,177	3,838	3,838	$ 1,369,314
RESIDENTIAL CLASS - NON RPP CUSTOMERS		6,832,751	836	836	$ 298,266
GENERAL SERVICE <50 KW CLASS		19,676,254	619	619	$ 409,949
GENERAL SERVICE <50 KW CLASS - NON RPP CUSTOMERS		2,683,164	84	84	$ 64,365
GENERAL SERVICE >50 KW NON TIME OF USE	43,062	16,921,453	28	28	$ 241,720
GENERAL SERVICE >50 KW NON TIME OF USE - NON RPP CUSTOMERS	73,468	28,420,613	47	47	$ 405,744
UNMETERED & SCATTERED LOADS		141,479	2	0	$ 6,591
UNMETERED & SCATTERED LOADS - NON RPP CUSTOMERS		3,202	1	0	$ 150
STREET LIGHTING	5,737	1,807,975	3	0	$ 53,970
Totals	122,267	107,843,068	5,458	5,452	$ 2,850,069

Allocators	kW	kWhs	Cust. Num.'s	Number of Metered Customers	Dx Revenue
RESIDENTIAL CLASS		29.1%	70.3%	70.4%	48.0%
GENERAL SERVICE <50 KW CLASS		18.2%	11.3%	11.4%	14.4%
GENERAL SERVICE >50 KW NON TIME OF USE	35.2%	15.7%	0.5%	0.5%	8.5%
UNMETERED & SCATTERED LOADS		0.1%	0.0%	0.0%	0.2%
STREET LIGHTING	4.7%	1.7%	0.1%	0.0%	1.9%
Totals - RPP Customers	40%	65%	82%	82%	73%

Non - RPP Customers Allocators	kW	kWhs			
RESIDENTIAL CLASS - NON RPP CUSTOMERS		6.3%	15.3%	15.3%	10.5%
GENERAL SERVICE <50 KW CLASS - NON RPP CUSTOMERS		2.5%	1.5%	1.5%	2.3%
GENERAL SERVICE >50 KW NON TIME OF USE - NON RPP CUSTOMERS	60.1%	26.4%	0.9%	0.9%	14.2%
UNMETERED & SCATTERED LOADS - NON RPP CUSTOMERS		0.00%	0.02%	0.00%	0.01%
Totals - RPP Customers	60%	35%	18%	18%	27%

In the 2010 IRM filing, Kenora Hydro elected not to dispose of the variance account balances. The rationale presented by Kenora Hydro to the OEB was that the disposition of the significant credit balances in the variance accounts to customers through the IRM process would lead to customer confusion and large rate swings, as the credit balance would have been disposed of beginning May 2010, then to have new higher rates set in May of 2011, based on an increased rate base and additional rate riders due to smart metering activities. It was approved by the Board on April 16, 2010, EB-2009-0200, that Kenora Hydro would dispose of the 2009 balances during this COS application process.

Kenora Hydro is requesting disposition of the variance accounts noted below according to the Report of the Board EB-2008-0046 issued December 3, 2009.

Kenora Hydro has followed the guidelines in the Report of the Board, however rather than using the default disposition period of one year Kenora Hydro is requesting disposition over a four-year period, as this amount was collected from customers over a period of greater than four years. The proposed rate rider is a credit. Disposition over one year period would result in a rate rider of ($0.0058)/kWh for an average 800 kWh RPP residential customer, a ($4.64) per month credit. A rate rider of this amount would create a significant rate impact the following year when the credit is no longer applied to the bill. A four year period would help reduce rate shock and help with rate mitigation if applied over a four year period.

Kenora Hydro has provided a continuity schedule of the accounts listed below in Appendix A of this exhibit.

1580 Wholesale Market Service Charges

Disposal of balances as at April 30, 2011 amounting to $(334,083) over a four-year period is requested.

Method of recovery: Allocation on kWh for all classes; billing determinant kW GS>50 and Streetlight, kWh all other classes.

1584 Transmission Network

Disposal of balances as at April 30, 2011 amounting to $(6,684) over a four-year period is requested.

Method of recovery: Allocation kWh for all classes; billing determinant kW GS>50 and Streetlight, kWh all other classes.

1586 Transmission Connection

Disposal of balances as at April 30, 2011 amounting to $(510,363) over a four-year period is requested.

Method of recovery: Allocation on kWh for all classes; billing determinant kW GS>50 and Streetlight, kWh all other classes.

1588 Power Variance

Disposal of balances as at April 30, 2011 amounting to $91,860 over a four-year period is requested.

Method of recovery: Allocation kWh for all classes; billing determinant kW GS>50 and Streetlight, kWh all other classes.

1588 Power Variance - Global Adjustment

Disposal of balances as at April 30, 2011 amounting to $156,659 over a four-year period is requested.

Method of recovery: Allocation and billing determinant to non-RPP customers on basis of kilowatt hours.

1508 Other Regulatory Assets - Sub-account OEB Cost Assessments & OMERS

Disposal of balances as at April 30, 2011 amounting to $81,095 over a four-year period is requested.

Method of recovery: Allocation kWh for all classes; billing determinant kW GS>50 and Streetlight, kWh all other classes.

METHODS OF DISPOSITION OF ACCOUNTS:

The following shows the details and calculations of the proposed regulatory asset rate rider by customer classification.

Table 3
Method of Disposition of Accounts

Exhibit 9 - Table 3 - Method of Disposition

Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS > 50 Non TOU	Unmetered Load	Street Lighting	Total
WMSC - Account 1580	$ (334,083)	kWh	$ (118,304)	$ (69,266)	$ (140,463)	$ (448)	$ (5,601)	$ (334,083)
One-Time WMSC - Account 1582	$ -	kWh	$ -	$ -	$ -	$ -	$ -	$ -
Network - Account 1584	$ (6,684)	kWh	$ (2,367)	$ (1,386)	$ (2,810)	$ (9)	$ (112)	$ (6,684)
Connection - Account 1586	$ (510,363)	kWh	$ (180,728)	$ (105,815)	$ (214,580)	$ (685)	$ (8,556)	$ (510,363)
Power - Account 1588	$ 91,860	kWh	$ 32,529	$ 19,046	$ 38,622	$ 123	$ 1,540	$ 91,859
Global Adjustment Account 1588	$ 156,659	kWh non RPP	$ 28,213	$ 11,079	$ 117,353	$ 13	$ -	$ 156,659
Subtotal - RSVA	$ (602,612)		$ (240,656)	$ (146,343)	$ (201,878)	$ (1,006)	$ (12,729)	$ (602,612)
Other Regulatory Assets - Account 1508	$ 81,095	kwh	$ 28,717	$ 16,814	$ 34,096	$ 109	$ 1,360	$ 81,095
Retail Cost Variance Account - Acct 1518	$ -	# of Customers	$ -	$ -	$ -	$ -	$ -	$ -
Retail Cost Variance Account (STR) Acct 1548	$ -	# of Customers	$ -	$ -	$ -	$ -	$ -	$ -
Low Voltage - Account 1550	$ -	kWh	$ -	$ -	$ -	$ -	$ -	$ -
Regulatory Asset Recovery 1590	$ -	kwh	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal - Non RSVA, Variable	$ 81,095		$ 28,717	$ 16,814	$ 34,096	$ 109	$ 1,360	$ 81,095
Smart Meters Revenue and Capital, 1555 (Fixed)	$ -	# of Metered Customers	$ -	$ -	$ -	$ -	$ -	$ -
Smart Meter Expenses, 1556 (Fixed)	$ -	# of Metered Customers	$ -	$ -	$ -	$ -	$ -	$ -
Subtotal - Non RSVA Fixed	$ -		$ -	$ -	$ -	$ -	$ -	$ -
Total to be Recovered w/o GA	$ (678,176)		$ (240,153)	$ (140,608)	$ (285,136)	$ (910)	$ (11,370)	$ (678,176)
Global Adjustment to recover from Non-RPP Customers	$ 156,659		$ 28,213	$ 11,079	$ 117,353	$ 13	$ -	$ 156,659
Total to be Recovered	$ (521,517)		$ (211,939)	$ (129,529)	$ (167,782)	$ (897)	$ (11,370)	$ (521,517)
Balance to be collected or refunded, Variable	$ (678,176)		$ (240,153)	$ (140,608)	$ (285,136)	$ (910)	$ (11,370)	$ (678,176)
Balance to be collected or refunded, Varaible - GA	$ 156,659		$ 28,213	$ 11,079	$ 117,353	$ 13	$ -	$ 156,659
Number of years for Variable	4							
Number of years for Variable - GA	4							
Balance to be collected (refunded)/yr, Variable	$ (169,544)		$ (60,038)	$ (35,152)	$ (71,284)	$ (227)	$ (2,842)	$ (169,544)
Balance to be collected (refunded)/yr, variable - GA	$ 39,165		$ 7,053	$ 2,770	$ 29,338	$ 3	$ -	$ 39,165

Class	Residential	GS < 50 KW	GS > 50 Non TOU	Unmetered Load	Street Lighting
Deferral and Variance Account Rate Riders (without GA), Variable	**$ (0.0016)**	**$ (0.0016)**	**$ (0.6117)**	**$ (0.0016)**	**$ (0.4954)**
Billing Determinants	kWh	kWh	kW	kWh	kW
Global Adjustment - kwh of Non RPP Customers	**0.001032**	**0.001032**	**0.001032**	**0.001032**	**$ -**
Billing Determinants	Non-RPP kWh	Non-RPP kWh	Non-RPP kWh	Non-RPP kWh	

PROPOSED RATES AND BILL IMPACTS:

The proposed rates and bill impacts that result from the disposal of the balances, as requested, are set out in Table 4 below.

Table 4
Proposed Riders and Bill Impacts

Exhibit 9 - Table 4 - Proposed Riders and Bill Impacts

Customer Class	Variance Account Rate Riders $ / kwh	Bill Impact for RPP Customers	Global Adjustment Rate Rider on NON-RPP kWh	Non-RPP Customers - Impact
Residential (800 kWh/month)	(0.0016)	-0.96%	0.0010	-0.36%
GS <50 kW (2,000 kWh/month)	(0.0016)	-1.17%	0.0010	-0.39%

The above impacts were calculated based on the following assumptions, as these consumption levels are typical of the average Kenora Hydro customer for these classes:

Residential - 800 kWh
GS <50 kW - 2,000 kWh

APPENDIX A- REGULATORY ASSET CONTINUITY SCHEDULE

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

Account Description	Account Number	2005 Opening Principal Amounts as of Jan-1-05 [1]	Transactions (additions) during 2005, excluding interest and adjustments [6]	Transactions (reductions) during 2005, excluding interest and adjustments [6]	Adjustments during 2005 - instructed by Board [2]	Adjustments during 2005 - other [3]	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
RSVA - Wholesale Market Service Charge	1580	$ 205,950	$ 72,315				$ 278,265	$ 24,500	$ 15,501	**$ 40,001**
RSVA - One-time Wholesale Market Service	1582						$ -			$ -
RSVA - Retail Transmission Network Charge	1584	$ (151,730)	$ (22,914)				$ (174,644)	$ (12,523)	$ (12,659)	**$ (25,182)**
RSVA - Retail Transmission Connection Charge	1586	$ (913,726)	$ (332,852)				$ (1,246,578)	$ (84,460)	$ (78,381)	**$ (162,841)**
Sub-Totals		$ (859,506)	$ (283,451)		$ -	$ -	$ (1,142,957)	$ (72,483)	$ (75,539)	$ (148,022)
Other Regulatory Assets - Sub-Account - OEB Cost Assessments	1508	$ 3,217	$ 4,745				$ 7,962	$ 36	$ 233	**$ 269**
Other Regulatory Assets - Sub-Account - Pension Contributions	1508	$ -	$ 45,697				$ 45,697	$ -	$ 738	**$ 738**
Other Regulatory Assets - Sub-Account - Misc Deferred Debits - Rebate Chequ	1508						$ -	$ -		**$ -**
Other Regulatory Assets - Sub-Account - IFRS Transition	1508						$ -			$ -
Other Regulatory Assets - Sub-Account - Renewable Connection	1508						$ -			$ -
Other Regulatory Assets - Sub-Account - Smart Grid Deferral	1518						$ -			$ -
Retail Cost Variance Account - STR	1548						$ -			$ -
Misc. Deferred Debits	1525	$ 7,452	$ 1,000				$ 8,452		$ 450	$ 450
LV Variance Account	1550						$ -			$ -
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 Me	1555						$ -			$ -
Smart Meter OM&A Variance	1556						$ -			$ -
Conservation and Demand Management Expenditures and Recoveries	1565		$ (104,071)				$ (104,071)			$ -
CDM Contra	1566		$ 104,071				$ 104,071			$ -
Qualifying Transition Costs [5]	1570	$ 127,156	n/a	n/a			$ 127,156	$ -	$ 9,239	$ 9,239
Pre-Market Opening Energy Variances Total [5]	1571	$ 541,564	n/a	n/a			$ 541,564	$ 6,939	$ 39,262	**$ 46,201**
Extra-Ordinary Event Costs	1572	$ 18,206					$ 18,206	$ 3,266	$ 1,320	**$ 4,586**
Deferred Rate Impact Amounts	1574						$ -			$ -
Other Deferred Credits	2425						$ -			$ -
Sub-Totals		$ 697,595	$ 51,442	$ -	$ -	$ -	$ 749,037	$ 10,241	$ 51,242	$ 61,483
Deferred Payments in Lieu of Taxes	1562				**see PILs reconciliation requested**					
2006 PILs & Taxes Variance	1592				**see PILs reconciliation requested**					
Sub-Totals					**see PILs reconciliation requested**					
Total		$ (161,911)	$ (232,009)	$ -	$ -	$ -	$ (393,920)	$ (62,242)	$ (24,297)	$ (86,539)
The following is not included in the total claim but is included on a memo basis:										
Deferred PILs Contra Account [8]	1563				**see PILs reconciliation requested**					
RSVA - Power (including Global Adjustment)	1588	$ 260,410	$ 261,056				$ 521,466	$ 7,054	$ 26,705	$ 33,759
RSVA - Power - Sub-Account - Global Adjustment [4]	1588	$ -	$ (104,505)				$ (104,505)	$ -	$ (3,027)	$ (3,027)
Recovery of Regulatory Asset Balances	1590	$ (89,349)	$ (111,320)				$ (200,669)	$ (1,549)	$ (10,635)	$ (12,184)

\\SV-CH-FS1\Shared\Treasury\Lori\Janice\Hydro\2010 Rate Filing\Files from Bruce\2011 Rate Application Files\[Rate Design Model- 2011.xls]Monthly Rate

[1] As per general ledger, if does not agree to Dec-31-04 balance filed in 2006 EDR then provide supplementary analysis
[2] Provide supporting statement indicating whether due to denial of costs in 2006 EDR by the Board, 10% transition costs write-off, and etc.
[3] Provide supporting statement indicating nature of this adjustments and periods they relate to
[4] Not included in sub-total
[5] Closed April 30, 2002
[6] For RSVA accounts only, report the net additions to the account during the year. For all other accounts, record the additions and reductions separately.
[7] Please describe "other" components of 1508 and add more component lines if necessary.
[8] 1563 is a contra-account and is not included in the total but is shown on a memo basis. Account 1562 establishes the obligation to the ratepayer.
[9] Interest projected on December 31, 2008 closing principal balance.

2006										
Opening Principal Amounts as of Jan-1-06	**Transactions (additions) during 2006, excluding interest and adjustments [6]**	**Transactions (reductions) during 2006, excluding interest and adjustments [6]**	**Adjustments during 2006 - instructed by Board [2]**	**Adjustments during 2006 - other [3]**	**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**
$ 278,265	$ (134,313)				$ (205,950)	$ (61,998)	$ 40,001	$ 5,913	$ (50,043)	**$ (4,129)**
$ -						$ -	$ -			$ -
$ (174,644)	$ 8,823				$ 151,730	$ (14,091)	$ (25,182)	$ (7,564)	$ 34,153	$ 1,407
$ (1,246,578)	$ (114,025)				$ 913,727	$ (446,876)	$ (162,841)	$ (52,789)	$ 214,742	$ (888)
$ (1,142,957)	$ (239,515)		$ -	$ -	$ 859,507	$ (522,965)	$ (148,022)	$ (54,440)	$ 198,852	$ (3,610)
$ 7,962	$ 3,689				$ (3,217)	$ 8,434	$ 269	$ 527	$ (347)	$ 449
$ 45,697	$ 15,477					$ 61,174	$ 738	$ 2,455	$ -	$ 3,193
$ -	$ -					$ -	$ -			$ -
$ -						$ -	$ -			$ -
$ -						$ -	$ -			$ -
$ -						$ -	$ -			$ -
$ -						$ -	$ -			$ -
$ 8,452					$ (7,452)	$ 1,000	$ 450	$ 270	$ (720)	$ -
$ -						$ -	$ -			$ -
$ -						$ -	$ -			$ -
$ -	$ (11,638)					$ (11,638)	$ -	$ (112)		$ (112)
$ -						$ -	$ -			$ -
$ -						$ -	$ -			$ -
$ (104,071)	$ (7,199)					$ (111,270)	$ -			$ -
$ 104,071	$ 7,199					$ 111,270	$ -			$ -
$ 127,156	n/a	n/a	$ (12,716)		$ (114,440)	$ (0)	$ 9,239	$ 3,080	$ (12,319)	$ -
$ 541,564	n/a	n/a			$ (541,564)	$ 0	$ 46,201	$ 13,071	$ (59,272)	$ -
$ 18,206					$ (18,206)	$ (0)	$ 4,586	$ 440	$ (5,026)	$ -
$ -						$ -	$ -			$ -
$ -						$ -	$ -			$ -
$ 749,037	$ 7,528	$ -	$ (12,716)	$ -	$ (684,880)	$ 58,969	$ 61,483	$ 19,731	$ (77,684)	$ 3,530
					see PILs reconciliation requested					
					see PILs reconciliation requested					
					see PILs reconciliation requested					
$ (393,920)	$ (231,987)	$ -	$ (12,716)	$ -	$ 174,627	$ (463,996)	$ (86,539)	$ (34,709)	$ 121,168	$ (80)
					see PILs reconciliation requested					
$ 521,466	$ (145,003)				$ (260,410)	$ 116,053	$ 33,759	$ (3,090)	$ (26,131)	$ 4,538
$ (104,505)	$ 181,082					$ 76,577	$ (3,027)	$ (1,114)		$ (4,141)
$ (200,669)	$ 43,509				$ 85,783	$ (71,376)	$ (12,184)	$ (7,406)	$ (96,269)	$ (115,859)

2007								
Opening Principal Amounts as of Jan-1-07	Transactions (additions) during 2007, excluding interest and adjustments [6]	Transactions (reductions) during 2007, excluding interest and adjustments [6]	Adjustments during 2007 - instructed by Board [2]	Adjustments during 2007 - other [3]	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
$ (61,998)	$ (140,923)				$ (202,921)	$ (4,129)	$ (6,798)	$ (10,927)
$ -					$ -	$ -		$ -
$ (14,091)	$ 5,552				$ (8,539)	$ 1,407	$ (826)	$ 581
$ (446,876)	$ (9,498)				$ (456,374)	$ (888)	$ (21,215)	$ (22,103)
$ (522,965)	$ (144,869)		$ -	$ -	$ (667,834)	$ (3,610)	$ (28,839)	$ (32,449)
$ 8,434	$ -				$ 8,434	$ 449	$ 291	$ 740
$ 61,174	$ -				$ 61,174	$ 3,193	$ 2,106	$ 5,299
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ 1,000					$ 1,000	$ -	$ 47	$ 47
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ (11,638)	$ (18,840)				$ (30,478)	$ (112)	$ (968)	$ (1,080)
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ (111,270)	$ 17,880				$ (93,390)	$ -		$ -
$ 111,270	$ (17,880)				$ 93,390	$ -		$ -
$ (0)	n/a	n/a			$ (0)	$ -		$ -
$ 0	n/a	n/a			$ 0	$ -		$ -
$ (0)					$ (0)	$ -		$ -
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ 58,969	$ (18,840)	$ -	$ -	$ -	$ 40,129	$ 3,530	$ 1,476	$ 5,006

see PILs reconciliation requested
see PILs reconciliation requested

see PILs reconciliation requested

$ (463,996)	$ (163,709)	$ -	$ -	$ -	$ (627,705)	$ (80)	$ (27,363)	$ (27,443)

see PILs reconciliation requested

$ 116,053	$ 112,354				$ 228,407	$ 4,538	$ 984	$ 5,522
$ 76,577	$ (25,318)				$ 51,259	$ (4,141)	$ 1,463	$ (2,678)
$ (71,376)	$ 134,929				$ 63,553	$ (115,859)	$ (166)	$ (116,025)

1

2008								
Opening Principal Amounts as of Jan-1-08	**Transactions (additions) during 2008, excluding interest and adjustments [6]**	**Transactions (reductions) during 2008, excluding interest and adjustments [6]**	**Adjustments during 2008 - instructed by Board [2]**	**Adjustments during 2008 - other [3]**	**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**
$ (202,921)	$ (65,279)				$ (268,200)	$ (10,927)	$ (10,455)	$ (21,382)
$ -					$ -	$ -		$ -
$ (8,539)	$ (28,415)				$ (36,954)	$ 581	$ (1,684)	$ (1,103)
$ (456,374)	$ (17,420)				$ (473,794)	$ (22,103)	$ (19,669)	$ (41,772)
$ (667,834)	$ (111,114)		$ -	$ -	$ (778,948)	$ (32,449)	$ (31,808)	$ (64,257)
$ 8,434					$ 8,434	$ 740	$ 348	$ 1,088
$ 61,174					$ 61,174	$ 5,299	$ 2,526	$ 7,825
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ 1,000					$ 1,000	$ 47	$ 41	$ 88
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ (30,478)	$ (17,174)				$ (47,652)	$ (1,080)	$ (1,563)	$ (2,643)
$ -					$ -	$ -		$ -
$ -	$ 18,525				$ 18,525	$ -	$ 143	$ 143
$ (93,390)					$ (93,390)	$ -		$ -
$ 93,390					$ 93,390	$ -		$ -
$ (0)	n/a	n/a			$ (0)	$ -		$ -
$ 0	n/a	n/a			$ 0	$ -		$ -
$ (0)					$ (0)	$ -		$ -
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ 40,129	$ 1,351	$ -	$ -	$ -	$ 41,480	$ 5,006	$ 1,495	$ 6,501
				see PILs reconciliation requested				
				see PILs reconciliation requested				
				see PILs reconciliation requested				
$ (627,705)	$ (109,763)	$ -	$ -	$ -	$ (737,468)	$ (27,443)	$ (30,313)	$ (57,756)
				see PILs reconciliation requested				
$ 228,407	$ 123,696				$ 352,103	$ 5,522	$ 5,939	$ 11,461
$ 51,259	$ 57,829				$ 109,088	$ (2,678)	$ 1,667	$ (1,011)
$ 63,553	$ 47,861				$ 111,413	$ (116,025)	$ 4,454	$ (111,571)

2009								
Opening Principal Amounts as of Jan-1-09	Transactions (additions) during 2009, excluding interest and adjustments [6]	Transactions (reductions) during 2009, excluding interest and adjustments [6]	Adjustments during 2009 - instructed by Board [2]	Adjustments during 2009 - other [3]	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
$ (268,200)	$ (38,136)				$ (306,336)	$ (21,382)	$ (3,959)	$ (25,341)
$ -					$ -	$ -		$ -
$ (36,954)	$ 31,638				$ (5,316)	$ (1,103)	$ (417)	$ (1,520)
$ (473,794)	$ 15,001				$ (458,793)	$ (41,772)	$ (6,464)	$ (48,236)
$ (778,948)	$ 8,503		$ -	$ -	$ (770,445)	$ (64,257)	$ (10,840)	$ (75,097)
$ 8,434	$ -				$ 8,434	$ 1,088	$ 116	$ 1,204
$ 61,174					$ 61,174	$ 7,825	$ 838	$ 8,663
$ -					$ -	$ -		$ -
$ -	$ 3,733				$ 3,733	$ -	$ 2	$ 2
$ -	$ 12,431				$ 12,431	$ -	$ 5	$ 5
$ -	$ 1,845				$ 1,845	$ -	$ 1	$ 1
$ -					$ -	$ -		$ -
$ 1,000					$ 1,000	$ 88	$ 14	$ 102
$ -					$ -	$ -		$ -
$ -	$ 968,020				$ 968,020	$ -	$ 3,265	$ 3,265
$ (47,652)	$ (50,292)				$ (97,944)	$ (2,643)	$ (759)	$ (3,402)
$ -					$ -	$ -		$ -
$ 18,525	$ 119,058				$ 137,583	$ 143	$ 490	$ 633
$ (93,390)					$ (93,390)	$ -		$ -
$ 93,390					$ 93,390	$ -		$ -
$ (0)	n/a	n/a			$ (0)	$ -		$ -
$ 0	n/a	n/a			$ 0	$ -		$ -
$ (0)					$ (0)	$ -		$ -
$ -					$ -	$ -		$ -
$ -					$ -	$ -		$ -
$ 41,480	$ 1,054,795	$ -	$ -	$ -	$ 1,096,275	$ 6,501	$ 3,972	$ 10,473
				see PILs reconciliation requested				
				see PILs reconciliation requested				
				see PILs reconciliation requested				
$ (737,468)	$ 1,063,298	$ -	$ -	$ -	$ 325,830	$ (57,756)	$ (6,868)	$ (64,624)
				see PILs reconciliation requested				
$ 352,103	$ (121,477)				$ 230,627	$ 11,461	$ 4,025	$ 15,486
$ 109,088	$ 44,829				$ 153,917	$ (1,011)	$ 2,655	$ 1,644
$ 111,413					$ 111,413	$ (111,571)	$ 1,527	$ (110,044)

1

Projected Interest on Dec 31 -09 balance from Jan 1, 2010 to April 30, 2010 [9]	Claim before Forecasted Transactions	Forecasted Transactions, Excluding Interest from Jan 1, 2010 to Dec 31, 2010	Forecasted Transactions, Excluding Interest from Jan 1, 2011 to April 30, 2011	Projected Interest from Jan 1, 2010 to Dec 31, 2010 on Forecasted Transx (Excl Interest) from Jan 1, 2010 to December 31, 2010	Projected Interest from Jan 1, 2011 to April 30, 2011 on Forecasted Transx (Excl Interest) from Jan 1, 2011 to April 30, 2011	Total Claim to April 30/11
$ (586)	$ (332,264)	$ (25,892)	$ (34,192)	$ (1,773)	$ (634)	**$ (394,169)**
	$ -					$ -
$ 18	$ (6,818)	$ 27,144	$ (15,882)	$ 118	$ 34	**$ 4,579**
$ (837)	$ (507,866)	$ 6,017	$ (5,510)	$ (2,498)	$ (833)	**$ (509,854)**
$ (1,405)	$ (846,948)	$ 7,269	$ (55,584)	$ (4,154)	$ (1,433)	$ (899,444)
$ 15	$ 9,653	$ -	$ -	$ 46	$ 15	**$ 9,700**
$ 112	$ 69,949	$ -	$ -	$ 336	$ 112	**$ 70,286**
	$ -	$ -	$ -			$ -
$ 7	$ 3,742	$ 11,267	$ 5,000	$ 29	$ 34	**$ 20,065**
$ 27	$ 12,463	$ 8,655	$ -	$ 104	$ 39	**$ 21,234**
	$ 1,846			$ 10	$ 3	**$ 1,860**
	$ -					$ -
$ 2	$ 1,104			$ 6	$ 2	**$ 1,110**
	$ -					$ -
$ 1,762	$ 973,047	$ (54,926)	$ (22,892)	$ 5,189	$ 1,658	**$ 900,314**
$ (196)	$ (101,542)	$ (68,525)	$ (22,000)	$ (712)	$ (320)	**$ (192,904)**
	$ -					$ -
$ 260	$ 138,476	$ 99,345	$ 22,892	$ 1,189	$ 450	**$ 262,091**
	$ (93,390)					**$ (93,390)**
	$ 93,390					**$ 93,390**
	$ (0)					$ (0)
	$ 0					$ 0
	$ (0)					$ (0)
	$ -					$ -
	$ -					$ -
$ 1,990	$ 1,108,738	$ (4,185)	$ (17,000)	$ 6,197	$ 1,994	$ 1,095,744
	$ -					$ -
$ 585	$ 261,791	$ 3,084	$ (72,584)	$ 2,043	$ 561	$ 194,310
$ 489	$ 246,601	$ 42,849	$ 109,313	$ 1,840	$ 567	**$ 400,681**
$ 216	$ 155,777	$ (17,763)	$ (52,458)	$ 915	$ 183	**$ 86,438**
$ 204	$ 1,574	$ -	$ -	$ 612	$ 204	**$ 2,186**

SMART METER PROPOSAL

Kenora Hydro is applying for the recovery of costs related to smart metering in its service area in this application. A new rate rider is proposed, to recover the revenue requirement and actual costs to December 31, 2010. A reduction to the current smart meter funding adder is also proposed, with a new rate to recover the anticipated costs in 2011 as a result of the smart meters installed to December 31, 2009. Both the rate rider and the revised rate adder are to be effective May 1, 2011, for a one year period.

Kenora Hydro is specifically requesting the following

- An actual cost recovery rate rider of $2.09 per metered customer per month for the period May 1, 2011 to April 30, 2012. This rate rider will collect the difference between the smart meter adder collected from May 1, 2006 to December 31, 2009 and the 2009 and 2010 revenue requirement related to smart meters deployed as of December 31, 2009.

- Approval to include smart meter capital deployed as of December 31, 2009 in the 2011 rate base that supports the 2011 revenue requirement and distribution rates, which is the subject of this rate application.

- Approval to include smart meter operation and maintenance expenses of $59,000 in the 2011 revenue requirement associated with smart meters deployed as of December 31, 2009.

- A reduction in the current smart meter funding adder, from $1.00 to $ $0.09 per month per metered customer, to fund remaining smart meter capital expenditures for 2010 and 2011 to complete the Smart Meter capital program.

RATE IMPACT

The average RPP residential customer at 800 kWh/month will see a (0.91) decrease in their bill due to the reduction of the funding adder, and a $2.09 increase, or 1.74% of the total bill due to the smart meter rate rider.

The average RPP General Service under 50 kW/month RPP customer using 2,000 kWh/month will see a $(0.91) decrease due to the reduced funding adder, and a $2.09 increase or 0.76% of their total bill due to the smart meter rate rider.

STRANDED METERS:

As recommended by the Board in its Decision with Reasons in the Smart Meter Combined Proceeding (EB-2007-0063), Kenora Hydro is not asking for recovery of the stranded meter costs, and has not removed any stranded meter assets from the rate base. The net book value of all conventional meters was $174,069, for purchases up to December 31, 2005. The meters purchased from 2006 to 2008 had a net book value of $40,999. These amounts are all currently included in the rate base for this application

SMART METER PROGRAM STATUS:

Kenora Hydro, in co-operation with Thunder Bay Hydro, continues to work toward being ready for Time-of-Use billing in 2011. Our residential and small commercial installations were 92% complete by the end of 2009, and seven collectors were in place. During the summer of 2009, Olameter was contracted to perform the mass install of our smart meters. Any remaining meters that were difficult to access or install are being installed by our in-house meter technician. It is anticipated that by the end of 2010, 100% of the residential and small commercial meters will have been installed. Through discussions with IT specialists and telecommunication specialists, the decision was made to install 'hard-wired' collectors. Dry copper loops were used to connect the 7 collectors directly to the main IT network via modems. Compared to the cellular architecture, we believe that the hard-wired approach provides better network stability, lower on-going operational costs, superior safety, and supports our long range plans to install a fibre network for smart grid infrastructure. The collectors were installed by Kenora Hydro staff, and the copper loops were connected by the local telephone company. Kenora Hydro is scheduled to begin testing with the MDMR in November of 2010. Smart Meter costs were audited as part of the financial statement audit for the year end December 31, 2009. Table 1 indicates the progress, and the expected completion of meter installations:

Table 5
Smart Meter Installations

Ex 9 - Table 5 - Smart Meters

Year	Smart Meters Installed			Percentage of applicable customers converted (%)
	Residential	GS<50kW	Other	
2006	0	0	0	-
2007	0	0	0	-
2008	0	0	0	-
2009	4,624	465	0	92.39%
2010	153	266	0	100.00%
2011	0	0	0	100.00%

CAPITAL AND OPERATING EXPENDITURES:

Throughout the smart metering project, Kenora Hydro has been a member of the North West Utilities Smart Meter Initiatives group, assisted by Util-Assist, to enable savings through combined knowledge and bulk purchasing savings, by five Northwestern Ontario utilities. Over 92% of the required smart meters have been installed to the end of 2009, with 100% of the required smart meters expected to be installed by the end of 2010.

PER UNIT COSTS:

The following Table 6 provides information about the per unit costs for smart meters and collectors.

Table 6
Smart Meter Per Unit Costs

Ex 9 - Table 6 - Smart Meter Per Unit Costs

Advanced Metering Collection Device - Residential and GS<50		Cost Per Meter
Costs	**2009**	
Total Capital Cost Installed Meter	$902,185	
Number of Meters Installed	5,097	$177

OM&A Costs		Cost Per Meter
Costs	**2009**	
Incremental OM&A Costs -2009 Actual	$119,548	$23
OM&A Costs		**Cost Per Meter**
Costs	**2010**	
Incremental OM&A Costs - 2010 Projected	$60,000	$12

CAPITAL ADDITIONS:

The following Table 2 tracks actual capital expenditures incurred to year end 2009, as well as projections to the end of 2010 (using actuals to July 31, 2010 as a base to project forward from), as well as projected capital estimates for the full year of 2011. As discussed in the subsequent paragraph, $5,532 has been removed from the incremental capital expenditures for the additional functionality of remote disconnects on 100 meters. The capital expenditures incurred to the end of 2009 were audited as part of the year-end financial statement audit. The amounts collected to date are based on the $0.26/meter/month collections which began in 2006, through April 30, 2009. For the period May 1, 2009 to April 30, 2011, $1.00/meter/month has/will be collected. Collections from May 1, 2011 to December 31, 2011 have been based on the $.09 per customer per month rate proposed in this application.

Table 7
Smart Meter Capital Expenditures

Ex 9 - Table 7 - Smart Meter Capital

Year	Annual Funding Adder Revenues Collected	Funding Adder Carrying Charges for Year	Balance in Recoveries
2006	($11,638)	($112)	($11,750)
2007	($18,840)	($968)	($31,558)
2008	($17,174)	($1,563)	($50,295)
2009	($50,292)	($760)	($101,347)
2010	($69,074)	($712)	($171,134)
2011	($26,032)	($102)	($26,134)

COSTS BEYOND MINIMUM FUNCTIONALITY:

In 2009, Kenora Hydro purchased 100 meters with the additional capability of remote disconnect. The base cost of a smart meter is $122.48. The cost of the meter with the remote disconnect feature was $177.80. It is the opinion of Kenora Hydro that the base cost of the smart meter should be accepted for inclusion in these rates, as a standard smart meter would have been purchased and installed if the remote disconnect meter had not been installed. As it was an internal management decision, based on long term cost savings, the excess cost above the base cost of $122.48 should be excluded from rate recoveries, as the remote disconnect feature is additional capability above and beyond the minimal functionality. Therefore, $5,532 ($55.32 x 100 meters) has been removed from the capital costs claimed in 2009 for the purposes of this filing.

OPERATING EXPENDITURES:

Table 3 indicates the level of operating expenses incurred by year, posted into account 1556. The expenses are actuals to July 31, 2010, with projections to the end of 2010 and projections into 2011. The operating expenditures include the amortization expense for the smart meter capital. The 2011 figures are presented assuming that the capital and operating variance accounts to the end of 2010 are disposed. The operating expenditures to the end of 2009 were audited as a part of our annual year-end financial statement audit.

Table 8
Smart Meter Operating Expenses

Ex 9 - Table 8 - Smart Meter Operating Expenses

Year	Annual Operating Expenses in Variance Account	Annual Carrying Charges	Account 1556 Cumulative Operating Expenses
2006	$0	$0	$0
2007	$0	$0	$0
2008	$18,526	$143	$18,669
2009	$119,058	$490	$138,217
2010	$127,310	$1,225	$266,752
2011	$1,500	$3	$1,503

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FILING REQUIREMENTS:

As required by the Filing Requirements for Transmission and Distribution Rate Applications, Chapter 2, Table 7 provides the details of Kenora Hydro's Smart Meter activities in the format set out in Appendix 2-S.

Table 9
Smart Meter Summary

Ex 9 - Table 9 - Smart Meters Summary

Year	Smart Meters Installed			Percentage of applicable customers converted (%)	Account 1555		Account 1556
	Residential	GS<50kW	Other		Cumulative Funding Adder Revenues Collected	Cumulative Capital Expenditures	Cumulative Operating Expenditures
2006	0	0	0	-	($11,638)	$0	$0
2007	0	0	0	-	($18,840)	$0	$0
2008	0	0	0	-	($17,174)	$0	$18,669
2009	4,624	465	0	92.39%	($50,292)	$965,752	$138,217
2010	153	266	0	100.00%	($69,074)	$917,632	$266,752
2011 *	0	0	0	100.00%	($26,032)	$14,547	$1,503

* Assumes disposition of cumulative capital and operating to Dec 2010.

SMART METER RATE RIDER:

Kenora Hydro has calculated the revenue requirement amounts for the purposes of actual cost recovery to December 31, 2010. Table 10 summarizes the calculations used to determine the net revenue requirement for 2008, 2009 and 2010. Details are included in Appendix A.

Table 10
Smart Meter Revenue Requirement

Ex 9 - Table 10 - Smart Meter Revenue Requirement

Rate Rider to Recover Smart Meter Costs		
Revenue Requirement 2006	$	-
Revenue Requirement 2007	$	-
Revenue Requirement 2008	$	18,723
Revenue Requirement 2009	$	161,017
Revenue Requirement 2010	$	126,656
Revenue Requirement Total	$	306,396
Smart Meter Rate Adder		(167,018)
Carrying Cost		(1,665)
Smart Meter True-up	$	137,712
Number of Metered Customers		5,480
Rate Rider to Recover SM Costs/Meter/Month	$	2.09
2011 Addition to Rate Base		
Fixed Assets		
Smart Meters	$	1,024,635
Accumulated Depreciation		
Smart Meters		(130,457)

Based on the net revenue requirement and the total funds collected to Dec 31, 2010, the rate rider will be set at $2.09 per meter per month from May 2011 to April 30, 2012. The full model used to calculate this Rate Rider is provided as Appendix A.

SMART METER FUNDING ADDER:

Kenora Hydro proposes to reduce the current Board-approved smart meter funding adder of $1.00 per metered customer per month to $ $0.09 per metered customer per month. This funding adder calculated in the model attached as Appendix B.

Table 11
Smart Meter Funding Adder

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	$	2,000.78
Revenue Requirement - 2011	$	3,910.50
Total Revenue Requirement	$	5,911.28
Smart Meter Rate Adder Collected	$	-
Carrying Cost / Interest	$	-
Proposed Smart Meter Recovery	$	5,911.28
2011 Expected Metered Customers		5480
Proposed Smart Meter Rate Adder	**$**	**0.09**

RATE CHANGE SUMMARY AND IMPACT:

Table 12 summarizes the rate changes sought in this application.

Table 12
Rate Impacts

Ex 9 - Table 12 - Rate Change Summary and Impact

Description	2010	2011	$ Change	% of Total Bill - Res 800 kWh	% of Total Bill - GS<50 2,000 kWh
Smart Meter Rate Rider (Table 10)	0.00	2.09	2.09	1.74%	0.76%
SM Funding Adder (Table 11)	1.00	0.09	(0.91)	0.07%	0.03%

The average RPP residential customer at 800 kWh/month will see a $(0.91) decrease in their bill due to the reduction of the funding adder, and a $2.09 increase, or 1.74% of the total bill due to the smart meter rate rider.

The average RPP General Service under 50 kW/month RPP customer using 2,000 kWh/month will see a $(0.91) decrease due to the reduced funding adder, and a $2.09 increase or 0.76% of their total bill due to the smart meter rate rider.

CONCLUSION:

Kenora Hydro submits that the costs required to fulfill its obligations under the Provincially mandated Smart Meter initiative have been prudently incurred in accordance with Board guidelines, that the proposed rider and rate adder are just and reasonable, the associated customer bill impacts are minimal and that it is appropriate that the Board approve both the rider and adder at this time, for implementation effective May 1, 2011.

APPENDIX B

Smart Meter Rate Rider Calculations

Rate Rider to Recover Smart Meter Costs		
Revenue Requirement 2006	$	-
Revenue Requirement 2007	$	-
Revenue Requirement 2008	$	18,723
Revenue Requirement 2009	$	161,017
Revenue Requirement 2010	$	126,656
Revenue Requirement Total	$	306,396
Smart Meter Rate Adder		(167,018)
Carrying Cost		(1,665)
Smart Meter True-up	$	137,712
Number of Metered Customers		5,480
Rate Rider to Recover SM Costs/Meter/Month	$	2.09
2011 Addition to Rate Base		
Fixed Assets		
Smart Meters	$	1,024,635
Accumulated Depreciation		
Smart Meters		(130,457)

2011 rates

Incremental Revenue Requirement Calculation

		2006		2007		2008		2009		2010	
	Net Fixed Assets		$ -		$ -		$ -		$ 481,244		
	OM&A	$ -		$ -		$ 18,525		$56,909		$ 59,000	
	WCA	15%	$ -	15%	$ -	15%	$ 2,779	15%	$ 8,536	15%	$ 8,850
	Rate Base		$ -		$ -		$ 2,779		$ 489,780		$ 8,850
	Deemed ST Debt	4%	$ -	4%	$ -	4%	$ 111	4%	$ 19,591	4%	$ 354
	Deemed LT Debt	56%	$ -	56%	$ -	56%	$ 1,556	56%	$ 274,277	56%	$ 4,956
	Deemed Equity	40%	$ -	40%	$ -	40%	$ 1,112	40%	$ 195,912	40%	$ 3,540
	ST Interest	2.07%	$ -	2.07%	$ -	2.07%	$ 2	2.07%	$ 406	2.07%	$ 7
	LT Interest	3.95%	$ -	3.95%	$ -	3.95%	$ 61	3.95%	$ 10,834	3.95%	$ 196
	ROE	9.85%	$ -	9.85%	$ -	9.85%	$ 109	9.85%	$ 19,297	9.85%	$ 349
			$ -		$ -		$ 173		$ 30,537		$ 552
	OM&A		**$ -**		**$ -**		**$ 18,525**		**$ 56,909**		**$ 59,000**
	Amortization		$ -		$ -		$ -		$ 62,148		$ 68,309
	Grossed-up PILs		$ -		$ -		$ 25		$ 11,423		-$ 1,205
1	Revenue Requirement		$ -		$ -		$ 18,723		$ 161,017		$ 126,656

PILs Calculation

	2006 Actual	2007 Actual	2008 Actual	2009 Actual
INCOME TAX				
Net Income	$ -	$ -	$ 109	$ 19,297
Amortization	$ -	$ -	$ -	$ 62,148
CCA	$ -	$ -	$ -	-$ 40,985
Change in taxable income	$ -	$ -	$ 109	$ 40,460
Tax Rate	36.12%	36.12%	18.62%	18.62%
Income Taxes Payable	$ -	$ -	$ 20	$ 7,534
ONTARIO CAPITAL TAX				
Closing Net Fixed Assets	$ -	$ -	$ -	$ 962,487
Less: Exemption	$ -	$ -	$ -	$ -
Deemed Taxable Capital	$ -	$ -	$ -	$ 962,487
Ontario Capital Tax Rate	0.300%	0.225%	0.225%	0.225%
Net Amount (Taxable Capital x Rate)	$ -	$ -	$ -	$ 2,165.60

Gross Up

	PILs Payable	PILs Payable	PILs Payable	PILs Payable
Change in Income Taxes Payable	$ -	$ -	$ 20.39	$ 7,533.64
Change in OCT	$ -	$ -	$ -	$ 2,165.60
PIL's	$ -	$ -	$ 20.39	$ 9,699.23

	Gross Up	Gross Up	Gross Up	Gross Up
	33.00%	32.00%	30.50%	
	Grossed Up PILs	**Grossed Up PILs**	**Grossed Up PILs**	**Grossed Up PILs**
Change in Income Taxes Payable	$ -	$ -	$ 25.05	$ 9,257.36
Change in OCT	$ -	$ -	$ -	$ 2,165.60
PIL's	**$ -**	**$ -**	**$ 25.05**	**$ 11,422.95**

Average Net Fixed Assets

Net Fixed Assets

		2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Forecasted	2011 Forecasted
Opening Capital Investment		$ -	$ -	$ -	$ -	$ 1,024,635	
Capital Investment		$ -	$ -	$ -	$ 1,024,635		
Closing Capital Investment		$ -	$ -	$ -	$ 1,024,635	$ 1,024,635	$ -
Opening Accumulated Amortization		$ -	$ -	$ -	$ -	$ 62,148	$ 130,457
Amortization Year One	15 years	$ -	$ -	$ -	$ 62,148	$ -	$ -
Amortization Thereafter		$ -	$ -	$ -	$ -	$ 68,309	$ -
Closing Accumulated Amortization		$ -	$ -	$ -	$ 62,148	$ 130,457	$ 130,457
Opening Net Fixed Assets		$ -	$ -	$ -	$ -	$ 962,487	-$ 130,457
Closing Net Fixed Assets		$ -	$ -	$ -	$ 962,487	$ 894,178	-$ 130,457
Average Net Fixed Assets		$ -	$ -	$ -	$ 481,244	$ 928,333	-$ 130,457

Net Fixed Assets

		2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Forecasted	2011 Forecasted
Opening Capital Investment		$ -	$ -	$ -	$ -	$ -	$ -
Capital Investment		$ -	$ -	$ -			
Closing Capital Investment		$ -	$ -	$ -	$ -	$ -	$ -
Opening Accumulated Amortization		$ -	$ -	$ -	$ -	$ -	$ -
Amortization Year One	5 years	$ -	$ -	$ -	$ -	$ -	$ -
Amortization Thereafter		$ -	$ -	$ -	$ -	$ -	$ -
Closing Accumulated Amortization		$ -	$ -	$ -	$ -	$ -	$ -
Opening Net Fixed Assets		$ -	$ -	$ -	$ -	$ -	$ -
Closing Net Fixed Assets		$ -	$ -	$ -	$ -	$ -	$ -
Average Net Fixed Assets		$ -	$ -	$ -	$ -	$ -	$ -

$ 1,024,635

For PILs Calculation

UCC

		2006 Forecasted	2007 Forecasted	2008 Forecasted	2009 Forecasted	2009 Forecasted	2009 Forecasted
Opening UCC		$ -	$ -	$ -	$ -	$ 983,650	$ 904,958
Capital Additions		$ -	$ -	$ -	$ 1,024,635	$ -	$ -
UCC Before Half Year Rule		$ -	$ -	$ -	$ 1,024,635	$ 983,650	$ 904,958
Half Year Rule (1/2 Additions - Disposals)		$ -	$ -	$ -	$ 512,318	$ -	$ -
Reduced UCC		$ -	$ -	$ -	$ 512,318	$ 983,650	$ 904,958
CCA Rate Class	47	[redacted]					
CCA Rate	8%						
CCA		$ -	$ -	$ -	$ 40,985	$ 78,692	$ 72,397
Closing UCC		$ -	$ -	$ -	$ 983,650	$ 904,958	$ 832,561

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	$ -	-$ 70	$ -	-$ 70
Jun-06	-$ 70	-$ 1,185	$ -	-$ 1,255
Jul-06	-$ 1,255	-$ 1,288	$ -	-$ 2,543
Aug-06	-$ 2,543	-$ 1,776	$ -	-$ 4,319
Sep-06	-$ 4,319	-$ 1,269	$ -	-$ 5,588
Oct-06	-$ 5,588	-$ 1,500	$ -	-$ 7,088
Nov-06	-$ 7,088	-$ 1,501	$ -	-$ 8,589
Dec-06	-$ 8,589	-$ 3,047	$ -	-$ 11,636
Jan-07	-$ 11,636	-$ 1,828	$ -	-$ 13,464
Feb-07	-$ 13,464	-$ 1,411	$ -	-$ 14,875
Mar-07	-$ 14,875	-$ 1,729	$ -	-$ 16,604
Apr-07	-$ 16,604	-$ 1,267	$ -	-$ 17,871
May-07	-$ 17,871	-$ 1,815	$ -	-$ 19,686
Jun-07	-$ 19,686	-$ 1,545	$ -	-$ 21,231
Jul-07	-$ 21,231	-$ 1,877	$ -	-$ 23,108
Aug-07	-$ 23,108	-$ 1,549	$ -	-$ 24,657
Sep-07	-$ 24,657	-$ 1,414	$ -	-$ 26,071
Oct-07	-$ 26,071	-$ 1,685	$ -	-$ 27,756
Nov-07	-$ 27,756	-$ 1,490	$ -	-$ 29,246
Dec-07	-$ 29,246	-$ 1,225	$ -	-$ 30,471
Jan-08	-$ 30,471	-$ 1,964	$ 1,560	-$ 30,875
Feb-08	-$ 30,875	-$ 1,185	$ 1,560	-$ 30,499
Mar-08	-$ 30,499	-$ 1,313	$ 1,560	-$ 30,252
Apr-08	-$ 30,252	-$ 1,802	$ 1,560	-$ 30,494
May-08	-$ 30,494	-$ 1,314	$ 1,560	-$ 30,248
Jun-08	-$ 30,248	-$ 1,323	$ 1,560	-$ 30,010
Jul-08	-$ 30,010	-$ 1,610	$ 1,560	-$ 30,060
Aug-08	-$ 30,060	-$ 1,294	$ 1,560	-$ 29,794
Sep-08	-$ 29,794	-$ 1,558	$ 1,560	-$ 29,792
Oct-08	-$ 29,792	-$ 1,450	$ 1,560	-$ 29,681
Nov-08	-$ 29,681	-$ 1,263	$ 1,560	-$ 29,384
Dec-08	-$ 29,384	-$ 1,093	$ 1,560	-$ 28,917
Jan-09	-$ 28,917	-$ 1,600	$ 13,418	-$ 17,099
Feb-09	-$ 17,099	-$ 1,292	$ 13,418	-$ 4,973
Mar-09	-$ 4,973	-$ 1,817	$ 13,418	$ 6,628
Apr-09	$ 6,628	-$ 1,472	$ 13,418	$ 18,575
May-09	$ 18,575	-$ 1,458	$ 13,418	$ 30,535
Jun-09	$ 30,535	-$ 5,440	$ 13,418	$ 38,513
Jul-09	$ 38,513	-$ 5,234	$ 13,418	$ 46,697
Aug-09	$ 46,697	-$ 4,572	$ 13,418	$ 55,543
Sep-09	$ 55,543	-$ 5,184	$ 13,418	$ 63,777
Oct-09	$ 63,777	-$ 6,259	$ 13,418	$ 70,936
Nov-09	$ 70,936	-$ 4,869	$ 13,418	$ 79,485
Dec-09	$ 79,485	-$ 11,089	$ 13,418	$ 81,814
Jan-10	$ 81,814	-$ 6,034	$ 10,555	$ 86,335
Feb-10	$ 86,335	-$ 5,117	$ 10,555	$ 91,772
Mar-10	$ 91,772	-$ 6,534	$ 10,555	$ 95,793
Apr-10	$ 95,793	-$ 5,320	$ 10,555	$ 101,028
May-10	$ 101,028	-$ 5,326	$ 10,555	$ 106,256
Jun-10	$ 106,256	-$ 6,132	$ 10,555	$ 110,679
Jul-10	$ 110,679	-$ 5,673	$ 10,555	$ 115,560
Aug-10	$ 115,560	-$ 5,845	$ 10,555	$ 120,270
Sep-10	$ 120,270	-$ 5,693	$ 10,555	$ 125,132
Oct-10	$ 125,132	-$ 5,800	$ 10,555	$ 129,886
Nov-10	$ 129,886	-$ 5,800	$ 10,555	$ 134,641
Dec-10	$ 134,641	-$ 5,800	$ 10,555	$ 139,396
Jan-11	$ 139,396			$ 139,396
Feb-11	$ 139,396			$ 139,396
Mar-11	$ 139,396			$ 139,396
Apr-11	$ 139,396			$ 139,396
2006		-$ 11,638	$ -	
2007		-$ 18,840	$ -	
2008		-$ 17,174	$ 18,723	
2009		-$ 50,292	$ 161,017	
2010		-$ 69,074	$ 126,656	
		-$ 167,018	$ 306,396	

Table Staff 16-2: Account 1555 – Interest

Month	Opening Balance (excluding Stranded)	Days	Rate	Interest	To Date
May-06	$ -	31	4.1400%	$ -	$ -
Jun-06	-$ 70	30	4.1400%	-$ 0	-$ 0
Jul-06	-$ 1,255	31	4.5900%	-$ 5	-$ 5
Aug-06	-$ 2,543	31	4.5900%	-$ 10	-$ 15
Sep-06	-$ 4,319	30	4.5900%	-$ 16	-$ 31
Oct-06	-$ 5,588	31	4.5900%	-$ 22	-$ 53
Nov-06	-$ 7,088	30	4.5900%	-$ 27	-$ 80
Dec-06	-$ 8,589	31	4.5900%	-$ 33	-$ 113
Jan-07	-$ 11,636	31	4.5900%	-$ 45	-$ 159
Feb-07	-$ 13,464	28	4.5900%	-$ 51	-$ 210
Mar-07	-$ 14,875	31	4.5900%	-$ 57	-$ 267
Apr-07	-$ 16,604	30	4.5900%	-$ 63	-$ 329
May-07	-$ 17,871	31	4.5900%	-$ 68	-$ 397
Jun-07	-$ 19,686	30	4.5900%	-$ 74	-$ 472
Jul-07	-$ 21,231	31	4.5900%	-$ 83	-$ 554
Aug-07	-$ 23,108	31	4.5900%	-$ 88	-$ 642
Sep-07	-$ 24,657	30	4.5900%	-$ 93	-$ 735
Oct-07	-$ 26,071	31	5.1400%	-$ 100	-$ 835
Nov-07	-$ 27,756	30	5.1400%	-$ 117	-$ 953
Dec-07	-$ 29,246	31	5.1400%	-$ 128	-$ 1,080
Jan-08	-$ 30,471	31	5.1400%	-$ 133	-$ 1,213
Feb-08	-$ 30,875	29	5.1400%	-$ 139	-$ 1,352
Mar-08	-$ 30,499	31	5.1400%	-$ 133	-$ 1,485
Apr-08	-$ 30,252	30	4.0800%	-$ 149	-$ 1,634
May-08	-$ 30,494	31	4.0800%	-$ 105	-$ 1,739
Jun-08	-$ 30,248	30	4.0800%	-$ 129	-$ 1,868
Jul-08	-$ 30,010	31	3.3500%	-$ 133	-$ 2,001
Aug-08	-$ 30,060	31	3.3500%	-$ 114	-$ 2,115
Sep-08	-$ 29,794	30	3.3500%	-$ 118	-$ 2,233
Oct-08	-$ 29,792	31	3.3500%	-$ 122	-$ 2,355
Nov-08	-$ 29,681	30	3.3500%	-$ 125	-$ 2,480
Dec-08	-$ 29,384	31	3.3500%	-$ 128	-$ 2,608
Jan-09	-$ 28,917	31	2.4500%	-$ 60	-$ 2,668
Feb-09	-$ 17,099	28	2.4500%	-$ 32	-$ 2,700
Mar-09	-$ 4,973	31	2.4500%	-$ 10	-$ 2,711
Apr-09	$ 6,628	30	1.0000%	$ 5	-$ 2,705
May-09	$ 18,575	30	1.0000%	$ 15	-$ 2,690
Jun-09	$ 30,535	30	1.0000%	$ 25	-$ 2,665
Jul-09	$ 38,513	30	0.5500%	$ 17	-$ 2,648
Aug-09	$ 46,697	30	0.5500%	$ 21	-$ 2,626
Sep-09	$ 55,543	30	0.5500%	$ 25	-$ 2,601
Oct-09	$ 63,777	30	0.5500%	$ 29	-$ 2,573
Nov-09	$ 70,936	30	0.5500%	$ 32	-$ 2,540
Dec-09	$ 79,485	30	0.5500%	$ 36	-$ 2,505
Jan-10	$ 81,814	31	0.5500%	$ 38	-$ 2,466
Feb-10	$ 86,335	28	0.5500%	$ 36	-$ 2,430
Mar-10	$ 91,772	31	0.5500%	$ 43	-$ 2,387
Apr-10	$ 95,793	30	0.5500%	$ 43	-$ 2,344
May-10	$ 101,028	30	0.5500%	$ 46	-$ 2,298
Jun-10	$ 106,256	30	0.5500%	$ 48	-$ 2,250
Jul-10	$ 110,679	30	0.5500%	$ 50	-$ 2,200
Aug-10	$ 115,560	30	0.5500%	$ 52	-$ 2,148
Sep-10	$ 120,270	30	0.5500%	$ 54	-$ 2,093
Oct-10	$ 125,132	30	0.5500%	$ 57	-$ 2,037
Nov-10	$ 129,886	30	0.5500%	$ 59	-$ 1,978
Dec-10	$ 134,641	30	0.5500%	$ 61	-$ 1,917
Jan-11	$ 139,396	31	0.5500%	$ 65	-$ 1,852
Feb-11	$ 139,396	28	0.5500%	$ 59	-$ 1,793
Mar-11	$ 139,396	31	0.5500%	$ 65	-$ 1,728
Apr-11	$ 139,396	30	0.5500%	$ 63	-$ 1,665

APPENDIX C

Smart Meter Rate Adder Calculation

Sheet 1 Utility Information Sheet

Name of LDC:	Kenora Hydro
Licence Number:	
Date of Submission:	

Contact Information

Name:	Janice Robertson
Title:	Manager of Finance & Regulatory Affairs
Phone Number:	807-467-2014
E-Mail Address:	jrobertson@kenora.ca

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	4,624	132			4,756
Planned number of General Service Less Than 50 kW smart meters	465	243			708
Planned Meter Installation (Residential and Less Than 50 kW only)	5,089	375	-	-	5,464
Percentage of Completion	93%	100%	100%	100%	
Planned number of General Service Greater Than 50 kW smart meters			67		67
Planned / Actual Meter Installations	5,089	375	67	-	5,531

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	7	2			9
Planned number of Repeaters to be installed					-
Other : Please specify					
					-
					-
					-
					-

Capital Costs

1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

	Asset Type	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
1.1.1 Smart Meter *may include new meters and modules, etc.*	Smart Meter			$ -	$ -	$ -
1.1.2 Installation Cost *may include socket kits plus shipping, labour, benefits, vehicle, etc.*	Smart Meter		$ 15,000	$ 15,000	$ -	$ 30,000
1.1.3a Workforce Automation Hardware *may include fieldworker handhelds, barcode hardware, etc.*	Comp. Hard.		$ -	$ -	$ -	$ -
1.1.3b Workforce Automation Software *may include fieldworker handhelds, barcode hardware, etc.*	Comp. Soft.		$ -	$ -	$ -	$ -
Total Advanced Metering Communication Device (AMCD)		$ -	$ 15,000	$ 15,000	$ -	$ 30,000

1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

	Asset Type	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
1.2.1 Collectors	Smart Meter			$ -	$ -	$ -
1.2.2 Repeaters *may include radio licence, etc.*	Smart Meter	$ -	$ -	$ -	$ -	$ -
1.2.3 Installation *may include meter seals and rings, collector computer hardware, etc.*	Smart Meter		$ -	$ -	$ -	$ -
Total Advanced Metering Regional Collector (AMRC) (includes LAN)		$ -	$ -	$ -	$ -	$ -

1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

	Asset Type	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
1.3.1 Computer Hardware	Comp. Hard.			$ -	$ -	$ -
1.3.2 Computer Software	Comp. Soft.			$ -	$ -	$ -
1.3.3 Computer Software Licence & Installation (includes hardware & software) *may include AS/400 disc space, backup & recovery computer, UPS, etc*	Comp. Soft.		$ -	$ -	$ -	$ -
Total Advanced Metering Control Computer (AMCC)		$ -	$ -	$ -	$ -	$ -

1.4 WIDE AREA NETWORK (WAN)

	Asset Type	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
1.4.1 Activation Fees	Comp. Soft.		$ -	$ -	$ -	$ -
Total Wide Area Network (WAN)		$ -	$ -	$ -	$ -	$ -

1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY

	Asset Type	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
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			$ -	$ -	$ -
1.5.4 Integration	Comp. Soft.				$ -	$ -
1.5.5 Program Management	Smart Meter		$ -	$ -	$ -	$ -
1.5.6 Other AMI Capital	Smart Meter	$ -		$ -	$ -	$ -
Total Other AMI Capital Costs Related To Minimum Functionality		$ -	$ -	$ -	$ -	$ -

	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
Total Capital Costs	$ -	$ 15,000	$ 15,000	$ -	$ 30,000

Sheet 2. Smart Meter Capital Cost and Operational Expense Data

O M & A

	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)					
2.1.1 Maintenance *may include meter reverification costs, etc.*		$ 1,000	$ 1,000		$ 2,000
Total Incremental AMI Operation Expenses	**$ -**	**$ 1,000**	**$ 1,000**	**$ -**	**$ 2,000**
2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)					
2.2.1 Maintenance			$ -	$ -	$ -
Total Advanced Metering Regional Collector (AMRC) (includes LAN)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)					
2.3.1 Hardware Maintenance *may include server support, etc*		$ -	$ -	$ -	$ -
2.3.2 Software Maintenance *may include maintenance support, etc.*	$ -	$ -	$ -	$ -	$ -
Total Advanced Metering Control Computer (AMCC)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
2.4 WIDE AREA NETWORK (WAN)					
2.4.1 WIDE AREA NETWORK (WAN) *may include serial to Ethernet hardware, etc.*	$ -		$ -	$ -	$ -
Total Incremental Other Operation Expenses	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY					
2.5.1 Business Process Redesign	$ -	$ -	$ -	$ -	$ -
2.5.2 Customer Communication *may include project communication. etc.*		$ -	$ -	$ -	$ -
2.5.3 Program Management	$ -	$ -	$ -	$ -	$ -
2.5.4 Change Management *may include training, etc.*					$ -
2.5.5 Administration Cost	$ -		$ -	$ -	$ -
2.5.6 Other AMI Expenses				$ -	$ -
Total 2.5 Other AMI OM&A Costs Related To Minimum Functionality	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Total O M & A Costs	**$ -**	**$ 1,000**	**$ 1,000**	**$ -**	**$ 2,000**

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

	2006 EDR Data Information	2009	2010	2011	Later
Rate Base					
Deemed Short Term Debt %		0%	0%	4%	4%
Deemed Debt	50%	57%	60%	56%	56%
Deemed Equity	50%	43%	40%	40%	40%
Deemed Short Term Debt Rate%		0.00%	0.00%	2.07%	2.07%
Weighted Debt Rate	6.50%	6.50%	6.50%	3.95%	3.95%
Proposed ROE	9.00%	9.00%	9.00%	9.85%	9.85%
Weighted Average Cost of Capital	7.75%	7.58%	7.50%	6.23%	6.23%
Working Capital Allowance %	15.00%	15.00%	15.00%	15.00%	15.00%
2006 EDR Tax Rate					
Corporate Income Tax Rate	18.62%	18.62%	15.75%	15.50%	15.50%

Capital Data:	2006 Audited Actual	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
Smart Meter	$ -	$ -	$ 15,000	$ 15,000	$ -	$ 30,000
Computer Hardware	$ -	$ -	$ -	$ -	$ -	$ -
Computer Software	$ -	$ -	$ -	$ -	$ -	$ -
Tools & Equipment	$ -	$ -	$ -	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -	$ -	$ -	$ -
Total Capital Costs	$ -	$ -	$ 15,000	$ 15,000	$ -	$ 30,000
	-	-	-	-	-	-

Operating Expense Data:	2006 Audited Actual	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted	Total
2.1 Advanced Metering Communication Device (AMCD)	$ -	$ -	$ 1,000	$ 1,000		$ 2,000
2.2 Advanced Metering Regional Collector (AMRC) (includes LAN)	$ -	$ -	$ -	$ -	$ -	$ -
2.3 Advanced Metering Control Computer (AMCC)	$ -	$ -	$ -	$ -	$ -	$ -
2.4 Wide Area Network (WAN)	$ -	$ -	$ -	$ -	$ -	$ -
2.5 Other AMI OM&A Costs Related To Minimum Functionality	$ -	$ -	$ -	$ -		$ -
Total O M & A Costs	$ -	$ -	$ 1,000	$ 1,000	$ -	$ 2,000
	-	-	-	-	-	-

Per Meter Cost Split:	Per Meter	% of Invest
Smart meter including installation	$ 5.49	94%
Computer Hardware Costs	$ -	0%
Computer Software Costs	$ -	0%
Tools & Equipment	$ -	0%
Other Equipment	$ -	0%
Smart meter incremental operating expenses	$ 0.37	6%
Total Smart Meter Capital Costs per meter	$ 5.86	100%

Depreciation Rates	2006 Audited Actual	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted
Smart Meter (years)	15	15	15	15	15
Computer Hardware (years)	5	15	5	5	5
Computer Software (years)	5	15	5	5	5
Tools & Equipment (years)	10	10	10	10	10
Other Equipment (years)	10	10	10	10	10

CCA Rates	2006 Audited Actual	2009 Audited Actual	2010 Forecasted	2011 Forecasted	Later Forecasted
CCA Class	47	47	47	47	47
Smart Meter	8%	8%	8%	8%	8%
CCA Class	45	47	52	52	52
Computer Equipment	45%	8%	100%	100%	100%
CCA Class	8	47	8	8	8
General Equipment	20%	8%	20%	20%	20%

Sheet 4. Smart Meter Rev Req Calc

Smart Meter Revenue Requirement Calculation

	2009 Audited Actual			2010 Forecasted			2011 Forecasted		
Average Asset Values									
Net Fixed Assets Smart Meters	$ -			$ 7,250.00			$ 21,250.00		
Net Fixed Assets Computer Hardware	$ -			$ -			$ -		
Net Fixed Assets Computer Software	$ -			$ -			$ -		
Net Fixed Assets Tools & Equipment	$ -			$ -			$ -		
Net Fixed Assets Other Equipment	$ -			$ -			$ -		
Total Net Fixed Assets	$ -	$ -		$ 7,250.00	$ 7,250.00		$ 21,250.00	$ 21,250.00	
Working Capital									
Operation Expense	$ -			$ 1,000.00			$ 1,000.00		
Working Capital %	$ -	$ -		$ 150.00	$ 150.00		$ 150.00	$ 150.00	
Smart Meters included in Rate Base		$ -			$ 7,400.00			$ 21,400.00	
Return on Rate Base									
Deemed Short Term Debt %	0			0%			0.04		
Deemed Long Term Debt %	0.0%	$ -		0.0%	$ -		4.0%	$ 856.00	
Deemed Equity %	43.3%	$ -		40.0%	$ 2,960.00		40.0%	$ 8,560.00	
		$ -			$ 2,960.00			$ 9,416.00	
Deemed Short Term Debt Rate%	0.0%			0.00%	$ -		2.07%	$ 17.72	
Weighted Debt Rate *(3. LDC Assumptions and Data)*	6.5%	$ -		6.50%	$ 192.40		3.95%	$ 338.12	
Proposed ROE *(3. LDC Assumptions and Data)*	9.0%	$ -		9.00%	$ 266.40		9.85%	$ 927.48	
Return on Rate Base		$ -	$ -		$ 458.80	$ 458.80		$ 1,265.60	$ 1,265.60
Operating Expenses									
Incremental Operating Expenses *(3. LDC Assumptions and Data)*			$ -			$ 1,000.00			$ 1,000.00
Amortization Expenses									
Amortization Expenses - Smart Meters		$ -			$ 500.00			$ 1,500.00	
Amortization Expenses - Computer Hardware		$ -			$ -			$ -	
Amortization Expenses - Computer Software		$ -			$ -			$ -	
Amortization Expenses - Tools & Equipment		$ -			$ -			$ -	
Amortization Expenses - Other Equipment		$ -			$ -			$ -	
Total Amortization Expenses			$ -			$ 500.00			$ 1,500.00
Revenue Requirement Before PILs			$ -			$ 1,958.80			$ 3,765.60
Calculation of Taxable Income									
Incremental Operating Expenses			$ -			-$ 1,000.00			-$ 1,000.00
Depreciation Expenses			$ -			-$ 500.00			-$ 1,500.00
Interest Expense			$ -			-$ 192.40			-$ 338.12
Taxable Income For PILs			$ -			$ 266.40			$ 927.48
Grossed up PILs *(5. PILs)*			$ -			$ 41.98			$ 144.90
Revenue Requirement Before PILs			$ -			$ 1,958.80			$ 3,765.60
Grossed up PILs *(5. PILs)*			$ -			$ 41.98			$ 144.90
Revenue Requirement for Smart Meters			**$ -**			**$ 2,000.78**			**$ 3,910.50**

PILs Calculation

	2009	2010	2011
INCOME TAX	Audited Actual	Forecasted	Forecasted
Net Income	$ -	$ 266.40	$ 927.48
Amortization	$ -	$ 500.00	$ 1,500.00
CCA - Smart Meters	$ -	-$ 600.00	-$ 1,752.00
CCA - Computers	$ -	$ -	$ -
CCA - Other Equipment	$ -	$ -	$ -
Change in taxable income	$ -	$ 166.40	$ 675.48
Tax Rate *(3. LDC Assumptions and Data)*	18.62%	15.75%	15.50%
Income Taxes Payable	$ -	$ 26.21	$ 104.70
ONTARIO CAPITAL TAX			
Smart Meters	$ -	$ 14,500.00	$ 28,000.00
Computer Hardware	$ -	$ -	$ -
Computer Software	$ -	$ -	$ -
Tools & Equipment	$ -	$ -	$ -
Other Equipment	$ -	$ -	$ -
Rate Base	$ -	$ 14,500.00	$ 28,000.00
Less: Exemption	$ -	$ -	$ -
Deemed Taxable Capital	$ -	$ 14,500.00	$ 28,000.00
Ontario Capital Tax Rate	0.225%	0.075%	0.075%
Net Amount (Taxable Capital x Rate)	$ -	$ 10.88	$ 21.00

Gross Up

	PILs Payable	PILs Payable	PILs Payable
Change in Income Taxes Payable	$ -	$ 26.21	$ 104.70
Change in OCT	$ -	$ 10.88	$ 21.00
PIL's	$ -	$ 37.08	$ 125.70
	Gross Up 18.62%	Gross Up 15.75%	Gross Up 15.50%
	Grossed Up PILs	Grossed Up PILs	Grossed Up PILs
Change in Income Taxes Payable	$ -	$ 31.11	$ 123.90
Change in OCT	$ -	$ 10.88	$ 21.00
PIL's	**$ -**	**$ 41.98**	**$ 144.90**

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	$ -	$ -	$ 15,000.00
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ 15,000.00	$ 15,000.00
Closing Capital Investment	$ -	$ 15,000.00	$ 30,000.00
Opening Accumulated Amortization	$ -	$ -	$ 500.00
Amortization (15 Years Straight Line)		$ 500.00	$ 1,500.00
Closing Accumulated Amortization	$ -	$ 500.00	$ 2,000.00
Opening Net Fixed Assets	$ -	$ -	$ 14,500.00
Closing Net Fixed Assets	$ -	$ 14,500.00	$ 28,000.00
Average Net Fixed Assets	$ -	$ 7,250.00	$ 21,250.00

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	$ -	$ -	$ -
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ -	$ -
Closing Capital Investment	$ -	$ -	$ -
Opening Accumulated Amortization	$ -	$ -	$ -
Amortization Year 1 (5 Years Straight Line)		$ -	$ -
Closing Accumulated Amortization	$ -	$ -	$ -
Opening Net Fixed Assets	$ -	$ -	$ -
Closing Net Fixed Assets	$ -	$ -	$ -
Average Net Fixed Assets	$ -	$ -	$ -

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	$ -	$ -	$ -

For PILs Calculation

UCC - Smart Meters

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening UCC	$ -	$ -	$ 14,400.00
Capital Additions	$ -	$ 15,000.00	$ 15,000.00
UCC Before Half Year Rule	$ -	$ 15,000.00	$ 29,400.00
Half Year Rule (1/2 Additions - Disposals)	$ -	$ 7,500.00	$ 7,500.00
Reduced UCC	$ -	$ 7,500.00	$ 21,900.00
CCA Rate Class	47	47	47
CCA Rate	8%	8%	8%
CCA	$ -	$ 600.00	$ 1,752.00
Closing UCC	$ -	$ 14,400.00	$ 27,648.00

UCC - Computer Equipment

	2009 Audited Actual	2010 Forecasted	2011 Forecasted
Opening UCC	$ -	$ -	$ -
Capital Additions Computer Hardware	$ -	$ -	$ -
Capital Additions Computer Software	$ -	$ -	$ -
UCC Before Half Year Rule	$ -	$ -	$ -
Half Year Rule (1/2 Additions - Disposals)	$ -	$ -	$ -
Reduced UCC	$ -	$ -	$ -
CCA Rate Class	47	52	52
CCA Rate	8%	100%	100%
CCA	$ -	$ -	$ -
Closing UCC	$ -	$ -	$ -

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	47	8	8
CCA Rate	8%	20%	20%
CCA	$ -	$ -	$ -
Closing UCC	$ -	$ -	$ -

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	$	2,000.78
Revenue Requirement - 2011	$	3,910.50
Total Revenue Requirement	$	5,911.28
Smart Meter Rate Adder Collected	$	-
Carrying Cost / Interest	$	-
Proposed Smart Meter Recovery	$	5,911.28
2011 Expected Metered Customers		5480
Proposed Smart Meter Rate Adder	**$**	**0.09**

LATE PAYMENT PENALTY RECOVERY:

1. As part of this application, Kenora Hydro will be seeking recovery of a one-time expense in the amount of $16,378.03 which is expected to be paid on June 30, 2011. If this payment is made, it will serve to resolve long-standing litigation against all former municipal electric utilities (”MEU’s) in the Province in relation to late payment penalty (“LPP”) charges collected pursuant to, first, Ontario Hydro rate schedules and, after industry restructuring, Ontario Energy Board rate orders (the “LPP Class Action”).

2. On July 22,2010, The Honourable Mr. Justice Cumming of the Ontario Superior Court of Justice approved a settlement of the LPP Class Action, the principal terms of which are the following:
    a) Former MEU’s collectively pay $17 million in damages;
    b) Payment is not due until June 30, 2011; and
    c) Amounts paid, after deduction for class counsel fee, will be paid to the Winter Warmth Fund or similar charities.

3. Subject to any appeal and the right of the LDC’s to terminate the settlement if more than 10,000 plaintiff class members opt out of the settlement, Kenora Hydro will make a payment of $16,378.03 by June 30, 2011. This amount represents Kenora Hydro’s share of the settlement, applicable taxes and legal fees. Kenora Hydro believes that the settlement is in its best interest and the best interest of its customers and that the payment in connection with the settlement will be a prudent one.

4. The LDCs propose that, following expiry of applicable appeal and opt out periods (the “Date of Final Determination”)[1], the Board hold a generic hearing to determine if the costs incurred in this litigation and settlement are recoverable from customers and, if so, the from and timing of recovery from customers. If the Board agrees to hold this generic hearing, the LDCs will collectively file written evidence to address the prudence of the

settlement, the costs incurred, the methodology of allocating total settlement costs amongst the LDCs, the proposed method of recovery, and any other matters the Board determines appropriate.

5. If the Board determines that it will not hold a generic proceeding, Kenora Hydro asks to be advised of this fact by the Date of Final Determination so that it can file, to permit adjudication as part of this proceeding, written evidence to address the prudence of the settlement, the costs incurred, the methodology of allocating total settlement costs amongst the LDCs , the proposed method of recovery, and any other matters the Board determines appropriate.

[1]The Date of Final determination falls on the 30th 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.

RATE RIDER:

Consistent with the Enbridge Decision, costs are allocated on the basis of customer numbers. The following Table 5 indicates the rate rider of per metered customer per month, based on a fixed amount per customer. As the total amount to collect and the proposed per meter per month recovery does not have a significant impact on any customer class, the period of recovery is set for one year.

Table 10
Late Payment Penalty

Exhibit 9 - Table 10 - Late Payment Penalty - Settlement

Late Payment Settlement Costs		Amount	Allocator	Residential	GS < 50 KW	GS > 50	Unmetered Scattered Load	Street Light	Total
				Total Collection By Class					
Late Payment Penalty Settlement Costs		$ 16,378	Customer Count	$ 11,529	$ 1,860	$ 84	$ -	$ -	$ 13,473
Number of years for Recovery	1								
Balance to be collected per year		$ 16,378		**$ 11,529**	**$ 1,860**	**$ 84**	**$ -**	**$ -**	**$ 13,473**
Billing Determinants				/meter/mo	/meter/mo	/meter/mo			
Late Payment Penalty Settlement, Fixed (per month)				$0.25	$0.25	$0.25			

VARIANCE ACCOUNT:

Kenora Hydro proposes that any difference between the amount paid out in this settlement and the amounts collected from customers over the one year period, be recorded in a variance account for future disposition. Carrying charges shall accrue on this account at the OEB set quarterly rates, however, as the invoice payment is set at June 30, 2011, and customer collections ill begin on May 1, 2011, there will be minimal interest accrued on any outstanding amounts.

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