



November 9, 2010

BY COURIER AND RESS

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto, ON
M4P 1E4

Dear Ms. Walli,

**RE: Whitby Hydro Electric Corporation
Application for Approval of 2010 Electricity Distribution Rates
EB- 2009-0274**

As directed by the Board's Procedural Order No. 4, Whitby Hydro Electric Corporation has provided responses to Board Staff's interrogatories (dated October 25, 2010) for this rate proceeding. Two paper copies and an electronic copy (CD) will follow via courier. A copy has also been filed electronically through the Board's RESS system.

Should you require any further information, please contact me directly.

Respectfully submitted,

Original signed by

Ramona Abi-Rashed
Treasurer

Cc: Neil Mather (email)
All Intervenors (email)

**Board Staff Supplemental Interrogatories
Whitby Hydro Electric Corp.
2010 Electricity Distribution Rates
EB-2009-0274**

35. Service Revenue Requirement (Update for 2010-11-08)

The response provided an update of the revenue requirement that was consistent with responses to interrogatories as well as more recent information.

Upon completion of responses to all supplemental interrogatories, please provide any further adjustments to ensure consistency with the responses, so that the combined response will show all adjustments that Whitby Hydro would now propose to make relative to the original application.

Response (2010-11-08 UPDATE):

In addition to the updates included in the September 17, 2010 filing, Whitby Hydro has revised the revenue requirement to incorporate changes to address the timing and rate for new debt in 2010.

Details have been provided in Energy Probe IRR#65. An updated revenue requirement work form has been provided below. In addition, the revenue requirement control log reflects this update (see IRR#37).

**REVENUE REQUIREMENT WORK FORM**

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Data Input				(1)
Application		Adjustments		Per Board Decision
Rate Base				
Gross Fixed Assets (average)	\$130,674,768	(4)	\$194,950	\$130,869,718
Accumulated Depreciation (average)	(\$66,557,712)	(5)	\$4,642	(\$66,553,070)
Allowance for Working Capital:				
Controllable Expenses	\$8,919,421	(6)		\$8,919,421
Cost of Power	\$68,963,116		7,896,075	\$76,859,191
Working Capital Rate (%)	15.00%			15.00%
Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$17,847,514			\$17,847,514
Distribution Revenue at Proposed Rates	\$19,856,446			\$20,411,612
Other Revenue:				
Specific Service Charges	\$157,835			\$157,835
Late Payment Charges	\$321,000			\$321,000
Other Distribution Revenue	\$333,909			\$333,909
Other Income and Deductions	\$78,000			\$78,000
Operating Expenses:				
OM+A Expenses	\$8,919,421			\$8,919,421
Depreciation/Amortization	\$4,929,391		(\$9,283)	\$4,920,108
Property taxes				
Capital taxes	\$45,600			\$46,638
Other expenses				
Taxes/PILs				
Taxable Income:				
Adjustments required to arrive at taxable income	\$129,559	(3)		\$96,189
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$793,034			\$972,539
Income taxes (grossed up)	\$1,149,325			\$1,409,477
Capital Taxes	\$45,600			\$46,638
Federal tax (%)	13.00%			13.00%
Provincial tax (%)	18.00%			18.00%
Income Tax Credits				
Capitalization/Cost of Capital				
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			56.0%
Short-term debt Capitalization Ratio (%)	4.0%	(2)		4.0% (2)
Common Equity Capitalization Ratio (%)	40.0%			40.0%
Preferred Shares Capitalization Ratio (%)				
Cost of Capital				
Long-term debt Cost Rate (%)	7.62%			6.71%
Short-term debt Cost Rate (%)	1.33%			2.07%
Common Equity Cost Rate (%)	8.01%			9.85%
Preferred Shares Cost Rate (%)				

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

All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)

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

Net of addbacks and deductions to arrive at taxable income.

Average of Gross Fixed Assets at beginning and end of the Test Year

Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.

Per Board Decision reflects only changes outlined in Board Staff IR#30 & 35 for commodity cost, secondary services, Cost of Capital Parameters (Feb 24, 2010 Report), transmission and LV costs + CCA and small business tax + JT1.2. Note Long Term



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Rate Base				
Line No.	Particulars	Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$130,674,768	\$194,950	\$130,869,718
2	Accumulated Depreciation (average) (3)	(\$66,557,712)	\$4,642	(\$66,553,070)
3	Net Fixed Assets (average) (3)	\$64,117,057	\$199,592	\$64,316,649
4	Allowance for Working Capital (1)	\$11,682,381	\$1,184,411	\$12,866,792
5	Total Rate Base	\$75,799,437	\$1,384,003	\$77,183,440

(1) Allowance for Working Capital - Derivation				
6	Controllable Expenses	\$8,919,421	\$ -	\$8,919,421
7	Cost of Power	\$68,963,116	\$7,896,075	\$76,859,191
8	Working Capital Base	\$77,882,537	\$7,896,075	\$85,778,612
9	Working Capital Rate % (2)	15.00%		15.00%
10	Working Capital Allowance	\$11,682,381	\$1,184,411	\$12,866,792

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.

Reflects updates as of November 8, 2010 (per Board Staff IRR #35 adjusted for EP#65)

See note on Sheet A. Data Input Sheet for a summary.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Utility income				
Line No.	Particulars	Application	Adjustments	Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$19,856,446	\$555,166	\$20,411,612
2	Other Revenue	(1) \$890,743	\$ -	\$890,743
3	Total Operating Revenues	\$20,747,189	\$555,166	\$21,302,355
Operating Expenses:				
4	OM+A Expenses	\$8,919,421	\$ -	\$8,919,421
5	Depreciation/Amortization	\$4,929,391	(\$9,283)	\$4,920,108
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$45,600	\$1,038	\$46,638
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$13,894,412	(\$8,245)	\$13,886,167
10	Deemed Interest Expense	\$3,274,839	(\$309,156)	\$2,965,683
11	Total Expenses (lines 4 to 10)	\$17,169,251	(\$317,401)	\$16,851,850
12	Utility income before income taxes	\$3,577,938	\$872,566	\$4,450,505
13	Income taxes (grossed-up)	\$1,149,325	\$260,152	\$1,409,477
14	Utility net income	\$2,428,614	\$612,414	\$3,041,028

Notes

(1)	Other Revenues / Revenue Offsets		
	Specific Service Charges	\$157,835	\$157,835
	Late Payment Charges	\$321,000	\$321,000
	Other Distribution Revenue	\$333,909	\$333,909
	Other Income and Deductions	\$78,000	\$78,000
	Total Revenue Offsets	\$890,743	\$890,743

Reflects updates as of November 8, 2010 (per Board Staff IRR #35 adjusted for EP#65)
See note on Sheet A. Data Input Sheet for a summary.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Taxes/PILs			
Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$2,428,614	\$3,041,028
2	Adjustments required to arrive at taxable utility income	\$129,559	\$96,189
3	Taxable income	<u>\$2,558,173</u>	<u>\$3,137,217</u>
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$793,034	\$972,539
5	Capital taxes	\$45,600	\$46,638
6	Total taxes	<u>\$838,634</u>	<u>\$1,019,177</u>
7	Gross-up of Income Taxes	<u>\$356,291</u>	<u>\$436,938</u>
8	Grossed-up Income Taxes	<u>\$1,149,325</u>	<u>\$1,409,477</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$1,194,925</u>	<u>\$1,456,115</u>
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	13.00%	13.00%
12	Provincial tax (%)	18.00%	18.00%
13	Total tax rate (%)	<u>31.00%</u>	<u>31.00%</u>

Notes

Reflects updates as of November 8, 2010 (per Board Staff IRR #35 adjusted for EP#65)
See note on Sheet A. Data Input Sheet for a summary.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		(%)	(\$)	(%)	(\$)
Application					
Debt					
1	Long-term Debt	56.00%	\$42,447,685	7.62%	\$3,234,514
2	Short-term Debt	4.00%	\$3,031,977	1.33%	\$40,325
3	Total Debt	60.00%	\$45,479,662	7.20%	\$3,274,839
Equity					
4	Common Equity	40.00%	\$30,319,775	8.01%	\$2,428,614
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$30,319,775	8.01%	\$2,428,614
7	Total	100%	\$75,799,437	7.52%	\$5,703,453
Per Board Decision					
Debt					
8	Long-term Debt	56.00%	\$43,222,727	6.71%	\$2,901,775
9	Short-term Debt	4.00%	\$3,087,338	2.07%	\$63,908
10	Total Debt	60.00%	\$46,310,064	6.40%	\$2,965,683
Equity					
11	Common Equity	40.0%	\$30,873,376	9.85%	\$3,041,028
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	Total Equity	40.0%	\$30,873,376	9.85%	\$3,041,028
14	Total	100%	\$77,183,440	7.78%	\$6,006,711

Notes

- (1) 4.0% unless an Applicant has proposed or been approved for another amount.
Reflects updates as of November 8, 2010 (per Board Staff IRR #35 adjusted for EP#65)
See note on Sheet A. Data Input Sheet for a summary.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Revenue Sufficiency/Deficiency

Line No.	Particulars	Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$2,008,932		\$2,564,095
2	Distribution Revenue	\$17,847,514	\$17,847,514	\$17,847,514	\$17,847,517
3	Other Operating Revenue Offsets - net	\$890,743	\$890,743	\$890,743	\$890,743
4	Total Revenue	\$18,738,257	\$20,747,189	\$18,738,257	\$21,302,355
5	Operating Expenses	\$13,894,412	\$13,894,412	\$13,886,167	\$13,886,167
6	Deemed Interest Expense	\$3,274,839	\$3,274,839	\$2,965,683	\$2,965,683
	Total Cost and Expenses	\$17,169,251	\$17,169,251	\$16,851,850	\$16,851,850
7	Utility Income Before Income Taxes	\$1,569,006	\$3,577,938	\$1,886,407	\$4,450,505
	Tax Adjustments to Accounting				
8	Income per 2009 PILs	\$129,559	\$129,559	\$96,189	\$96,189
9	Taxable Income	\$1,698,565	\$3,707,497	\$1,982,596	\$4,546,694
10	Income Tax Rate	31.00%	31.00%	31.00%	31.00%
11	Income Tax on Taxable Income	\$526,555	\$1,149,324	\$614,605	\$1,409,475
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	\$1,042,451	\$2,428,614	\$1,271,802	\$3,041,028
14	Utility Rate Base	\$75,799,437	\$75,799,437	\$77,183,440	\$77,183,440
	Deemed Equity Portion of Rate Base	\$30,319,775	\$30,319,775	\$30,873,376	\$30,873,376
15	Income/Equity Rate Base (%)	3.44%	8.01%	4.12%	9.85%
16	Target Return - Equity on Rate Base	8.01%	8.01%	9.85%	9.85%
	Sufficiency/Deficiency in Return on Equity	-4.57%	0.00%	-5.73%	0.00%
17	Indicated Rate of Return	5.70%	7.52%	5.49%	7.78%
18	Requested Rate of Return on Rate Base	7.52%	7.52%	7.78%	7.78%
19	Sufficiency/Deficiency in Rate of Return	-1.83%	0.00%	-2.29%	0.00%
20	Target Return on Equity	\$2,428,614	\$2,428,614	\$3,041,028	\$3,041,028
21	Revenue Sufficiency/Deficiency	\$1,386,163	(\$0)	\$1,769,225	\$0
22	Gross Revenue Sufficiency/Deficiency	\$2,008,932 (1)		\$2,564,095 (1)	

Notes:

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

Reflects updates as of November 8, 2010 (per Board Staff IRR #35 adjusted for EP#65)

See note on Sheet A. Data Input Sheet for a summary.



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010

Revenue Requirement			
Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$8,919,421	\$8,919,421
2	Amortization/Depreciation	\$4,929,391	\$4,920,108
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$45,600	\$46,638
5	Income Taxes (Grossed up)	\$1,149,325	\$1,409,477
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$3,274,839	\$2,965,683
	Return on Deemed Equity	\$2,428,614	\$3,041,028
8	Distribution Revenue Requirement before Revenues	\$20,747,189	\$21,302,355
9	Distribution revenue	\$19,856,446	\$20,411,612
10	Other revenue	\$890,743	\$890,743
11	Total revenue	\$20,747,189	\$21,302,355
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	(\$0) (1)	\$0 (1)

Notes

(1) Line 11 - Line 8
Reflects updates as of November 8, 2010 (per Board Staff IRR #35 adjusted for EP#65)
See note on Sheet A. Data Input Sheet for a summary.

37. Service Revenue Requirement

Ref: Board Staff 35 (Update 2010-09-17)

- a) Please confirm that the final number in the Total Changes row in Part 1 has not been updated for the correction to the Small Business Deduction, and should be \$529,543.**

Response:

Confirmed. Please see the revised schedule below. In addition, some format changes have been made to Part 1 in order to provide greater clarity.

Note that the revenue requirement control log has also been updated to include the impact of the revision to cost of capital (long-term debt rate) as noted in IRR#35 (Update for 2010-11-08) and further discussed in Energy Probe IRR#65. This update is identified as a separate line item - cost of debt update round 3 (EP#65).

Whitby Hydro Electric Corp
EB-2009-0274
Board Staff Supplementary Interrogatories

REVENUE REQUIREMENT CONTROL LOG: PART 1 (INDIVIDUAL CHANGES)

Change	Average Net Fixed Assets (A)	Expenses For Working Capital (B)	Working Capital Allowance (C)	Rate Base A+C	Debt Interest (D)	Equity (E)	OMA (F)	Depreciation (G)	PILS (H)	Service Revenue Requirement D+E+F+G+H
<u>Commodity-Round 1</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact		7,238,968	1,085,845	1,085,845	46,913	34,790			16,445	98,148
	64,117,056	85,121,505	12,768,226	76,885,282	3,321,752	2,463,404	8,919,421	4,929,391	1,211,370	20,845,338
<u>Secondary Services- Round 1</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact	199,591			199,591	8,623	6,395		-9,283	3,022	8,757
	64,316,647	77,882,537	11,682,381	75,999,028	3,283,462	2,435,009	8,919,421	4,920,108	1,197,947	20,755,947
<u>Cost of Capital- Changes</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact- Round 1					-379,807	557,884			250,643	428,720
Cost of Debt Update-Round 3(EP #65)					17,490					17,490
	64,117,056	77,882,537	11,682,381	75,799,437	2,912,522	2,986,498	8,919,421	4,929,391	1,445,568	21,193,400
<u>Transmission Costs-Round 2</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact		631,166	94,675	94,675	4,091	3,033			1,433	8,557
	64,117,056	78,513,703	11,777,056	75,894,112	3,278,930	2,431,647	8,919,421	4,929,391	1,196,358	20,755,747
<u>LV Updates-Round 2</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact		25,941	3,891	3,891	168	125			58	351
	64,117,056	77,908,478	11,686,272	75,803,328	3,275,007	2,428,739	8,919,421	4,929,391	1,194,983	20,747,541
<u>Secondary Service CCA -Technical Conference</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact									12,184	12,184
	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,207,109	20,759,374
<u>PILS-Small Business Deduction- Correction</u>										
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Impact									-27,175	-27,175
	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,167,750	20,720,015
<u>Total Changes</u>										
	199,591	7,896,075	1,184,411	1,384,002	-302,522	602,227	0	-9,283	256,610	547,032

Whitby Hydro Electric Corp
EB-2009-0274
Board Staff Supplementary Interrogatories

REVENUE REQUIREMENT CONTROL LOG: PART 2 (TOTAL CHANGES)										
	Average Net Fixed Assets (A)	Expenses For Working Capital (B)	Working Capital Allowance (C)	Rate Base A+C	Debt Interest (D)	Equity (E)	OMA (F)	Depreciation (G)	PILS (H)	Service Revenue Requirement D+E+F+G+H
Initial Request	64,117,056	77,882,537	11,682,381	75,799,437	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Change										
Commodity-Round 1		7,238,968	1,085,845	1,085,845						0
	64,117,056	85,121,505	12,768,226	76,885,282	3,274,839	2,428,614	8,919,421	4,929,391	1,194,925	20,747,190
Secondary Services-Round 1	199,591			199,591				-9,283		-9,283
	64,316,647	85,121,505	12,768,226	77,084,873	3,274,839	2,428,614	8,919,421	4,920,108	1,194,925	20,737,907
Transmission Costs-Round 2		631,166	94,675	94,675						0
	64,316,647	85,752,671	12,862,901	77,179,548	3,274,839	2,428,614	8,919,421	4,920,108	1,194,925	20,737,907
LV Updates-Round 2		25,941	3,891	3,891						0
	64,316,647	85,778,612	12,866,792	77,183,439	3,274,839	2,428,614	8,919,421	4,920,108	1,194,925	20,737,907
Secondary Service CCA -Tech Conf			0	0					12,184	12,184
	64,316,647	85,778,612	12,866,792	77,183,439	3,274,839	2,428,614	8,919,421	4,920,108	1,207,109	20,750,091
PILS-Small Business Deduction- Tech Conf			0	0					-8,424	-8,424
	64,316,647	85,778,612	12,866,792	77,183,439	3,274,839	2,428,614	8,919,421	4,920,108	1,198,685	20,741,667
PILS-Small Business Deduction- Correction			0	0					-18,750	-18,750
	64,316,647	85,778,612	12,866,792	77,183,439	3,274,839	2,428,614	8,919,421	4,920,108	1,179,935	20,722,917
Total Changes (pre cost of capital) - A	199,591	7,896,075	1,184,411	1,384,002	0	0	0	-9,283	-14,990	-24,273
Cost of Capital- Round 1 parameters- B					-326,948	612,414			276,180	561,646
Cost of Debt Update-Round 3(EP #65) -C					17,792					17,792
Total Changes (A+B+C)	199,591	7,896,075	1,184,411	1,384,002	-309,156	612,414	0	-9,283	261,190	555,165
Total	64,316,647	85,778,612	12,866,792	77,183,439	2,965,683	3,041,028	8,919,421	4,920,108	1,456,115	21,302,355

Rate Base Column: Initial Requested Rate Base	75,799,437
+ Total Changes (part 1)	1,384,002
= Total (part 2)	77,183,439

b) Please reconcile the total adjustment in column D of part 1 of the table (\$320,012) with the total adjustment in column D of part 2 of the table (326,948).

c) Please reconcile the total adjustment in column E of part 1 of the table (\$602,227) with the total adjustment in column D of part 2 of the table (612,414).

Response:

Based on the updated revenue requirement control log, the figures to reconcile from part (b) are (\$302,522) and (\$309,156). The following analysis provides reconciliation to both part b) and part (c):

Total Change	Part 1	Part 2	Difference (2-1)	
Debt Interest(D)	-302,522	-309,156	-6,634	1. See reconciliation below
Equity(E)	602,227	612,414	10,187	2. See reconciliation below

The differences are due to the change in rate base of \$1,384,002 multiplied by the change in the cost of capital parameters.

Total Rate Base Changes: 1,384,002

			Initial Request(A)		Current Request(B)		Difference(B-A)	
Particulars	Capitalization Ratio		Cost Rate	Return	Cost Rate	Return		
	(%)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	
Debt								
Long-term Debt	56.00%	\$775,041	7.62%	\$59,058	6.71%	\$52,005	(\$7,053)	
Short-term Debt	4.00%	\$55,360	1.33%	\$736	2.07%	\$1,146	\$410	
Total Debt	60.00%	\$830,401	7.20%	\$59,794	6.40%	\$53,151	(\$6,643)	#1.
Equity								
Common Equity	40.00%	\$553,601	8.01%	\$44,343	9.85%	\$54,530	\$10,186	
Preferred Shares	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	\$ -	
Total Equity	40.00%	\$553,601	8.01%	\$44,343	9.85%	\$54,530	\$10,186	#2.
Total	100%	\$1,384,002	7.52%	\$104,138	7.78%	\$107,681	\$3,543	

d) Please reconcile the total adjustment in column H of part 1 of the table (\$256,611) with the total adjustment in column D of part 2 of the table (\$276,180).

Response:

Reconciliation has been provided for both the \$276,180 and the total changes to PILS found on the reformatted Part 2 (\$261,190). Please note, the difference is essentially the PILS generated from the change to equity of \$10,186.

Total Change	Part 1	Part 2	Difference(2-1)	
PILS(H)- (B)	256,611	276,180	19,569	1. See reconciliation below
PILS(H) -(A+B)	256,611	261,190	4,579	2. See reconciliation below

#1 Reconciliation:				
Change in Equity(see #37.c.)			10,187	
PILS payable		x 31%	3,158	
Grossed Up Revenue				4,577
Add Total Changes (pre cost of capital)				14,990
Total Difference				19,567
#2 Reconciliation:				
Change in Equity(see #37.c.)			10,187	
PILS payable		x 31%	3,158	
Grossed Up Revenue				4,577
Total Difference				4,577

- e) Please make any changes to the total Service Revenue Requirement that may be necessary as a result of parts a-d. If any change is required, please show it in Part 2 of the Revenue Requirement Control Log, and also in the Revenue Requirement on the following page of the interrogatory response.

Response:

There are no changes required as a result of part (a) – (d) of this question. The only change to revenue requirement relates to the updated cost of debt as noted in IRR#35 and Energy Probe IRR#65.

38. Foregone Revenue Rate Rider

Ref: Board Staff # 36

The response was updated on June 16, 2010, and assumed an implementation date of August 1, 2010, together with the assumption that new rates would become effective on May 1, 2010. Please provide any updated assumptions about foregone revenue rate riders, and the resulting impacts that Whitby Hydro may have calculated in the meantime since the updated response was filed.

Response:

Whitby Hydro has updated the foregone revenue rate rider analysis to incorporate an implementation date of April 1, 2011 with a thirteen month recovery period from April 1, 2011 – April 30, 2012. The effective date remains as May 1, 2010. Calculations continue to assume an even proration of load and utilize the 2010 test year load data for the purpose of calculating the foregone revenue as well as for determining the foregone revenue rate rider over the proposed recovery period.

The proposed foregone revenue recovery includes distribution revenue (fixed and variable), regulatory asset and LRAM recovery, but excludes recoveries for LV costs and a smart meter funding adder which is consistent with the approach and rationale proposed in Board Staff IRR#36.

This analysis continues to use the originally proposed 2010 rates as provided in table 8-15 of the application. Individual rates would be updated accordingly to reflect final Board Decision at a future date.

On the basis noted above, Whitby Hydro has calculated the foregone revenue (assuming an implementation date of April 1, 2011) as follows:

Foregone Revenue Impacts:

Fixed Distribution Revenue	454,523	
Volumetric Distribution Revenue	<u>1,370,959</u>	<u>1,825,482</u>
Regulatory Asset Recovery		(1,299,750)
LRAM Recovery		<u>174,156</u>
		<u>699,888</u>

Distribution Fixed Rates

Customer Class	per	2009 Approved			2010 Proposed		Diff	
		Service Charge (MSC)	SM rate adder	MSC excl SM rate adder	MSC excl SM rate adder	SM rate adder	MSC excl SM funding adder	SM funding adder
Residential	customer	17.71	1.00	16.71	17.62	2.13	0.91	1.13
GS<50 kW	customer	19.51	1.00	18.51	20.44	2.13	1.93	1.13
GS>50 kW	customer	192.34	1.00	191.34	191.34	2.13	0.00	1.13
USL	connection	9.97		9.97	9.59		(0.38)	0.00
Sentinel Lights	light	2.87		2.87	4.19		1.32	0.00
Streetlights	light	1.04		1.04	1.40		0.36	0.00
Total								

Foregone Revenue Rate Rider - Fixed Distribution (excl SM funding adder)

Customer Class	per	2010 Load Forecast	# Months Foregone (May-March)	2010-2009 Rate Diff	Foregone Revenue \$ (MSC)	# Recovery Months	Foregone Revenue Rate Rider (MSC)
Residential	customer	36,927	11	0.91	369,639	13	0.77
GS<50 kW	customer	1,909	11	1.93	40,528	13	1.63
GS>50 kW	customer	435	11	0.00	0	13	0.00
USL	connection	391	11	(0.38)	(1,634)	13	-0.32
Sentinel Lights	light	37	11	1.32	537	13	1.12
Streetlights	light	11,478	11	0.36	45,453	13	0.30
Total					454,523		

Assumptions:

- 1) 2010 rate implementation date of April 1, 2011
- 2) Foregone revenue rate rider calculated over a thirteen month period (April 1, 2011 - April 30, 2012).

Distribution Volumetric Rates

Customer Class	per	2009 Approved			2010 Proposed			Diff
		Distribution	LV rate adder	Distribution excl LV rate adder	Distribution	LV rate adder	Distribution excl LV rate adder	Distribution excl LV rate adder
Residential	kWh	0.0137	0.0006	0.0131	0.0148	0.0003	0.0145	0.0014
GS<50 kW	kWh	0.0181	0.0006	0.0175	0.0200	0.0002	0.0198	0.0023
GS>50 kW	kW	3.3729	0.2297	3.1432	4.0566	0.0906	3.9660	0.8228
USL	kWh	0.0325	0.0006	0.0319	0.0312	0.0002	0.0310	(0.0009)
Sentinel Lights	kW	7.7629	0.2080	7.5549	11.3413	0.0715	11.2698	3.7149
Streetlights	kW	4.1309	0.1820	3.9489	5.6149	0.0701	5.5448	1.5959
Total								

Foregone Revenue Rate Rider - Volumetric Distribution (excl LV rate adder)

Customer Class	per	2010 Load Forecast	Factor	2010-2009 Rate Diff	Foregone Revenue \$ (Vol)	# Recovery Months	Foregone Revenue Rate Rider (Vol)
Residential	customer	350,407,180	0.9167	0.0014	449,689	13	0.0012
GS<50 kW	customer	75,150,446	0.9167	0.0023	158,442	13	0.0019
GS>50 kW	customer	966,330	0.9167	0.8228	728,838	13	0.6962
USL	connection	2,493,809	0.9167	(0.0009)	(2,057)	13	-0.0008
Sentinel Lights	light	120	0.9167	3.7149	409	13	3.1434
Streetlights	light	24,361	0.9167	1.5959	35,638	13	1.3504
Total					1,370,959		

Assumptions:

- 1) 2010 rate implementation date of April 1, 2011
- 2) Factor - assumes even proration of 11/12 of annual load for May 1, 2010 - March 31, 2011 time period
- 3) Foregone revenue rate rider calculated over a thirteen month period (April 1, 2011 - April 30, 2012).

Regulatory Asset Rates

Customer Class	per	2009 Approved	2010 Proposed	Diff
Residential	kWh	0.0000	(0.0017)	(0.0017)
GS<50 kW	kWh	0.0000	(0.0018)	(0.0018)
GS>50 kW	kW	0.0000	(0.6875)	(0.6875)
USL	kWh	0.0000	(0.0018)	(0.0018)
Sentinel Lights	kW	0.0000	(0.4912)	(0.4912)
Streetlights	kW	0.0000	(0.7408)	(0.7408)
Total				

Foregone Revenue Rate Rider - Regulatory Asset Rate Rider

Customer Class	per	2010 Load Forecast	Factor	2010-2009 Rate Diff	Foregone Revenue \$	# Recovery Months	Foregone Revenue Rate Rider (Reg Assets)
Residential	kWh	350,407,180	0.9167	(0.0017)	(546,051)	13	-0.0014
GS<50 kW	kWh	75,150,446	0.9167	(0.0018)	(123,998)	13	-0.0015
GS>50 kW	kW	966,330	0.9167	(0.6875)	(608,989)	13	-0.5817
USL	kWh	2,493,809	0.9167	(0.0018)	(4,115)	13	-0.0015
Sentinel Lights	kW	120	0.9167	(0.4912)	(54)	13	-0.4156
Streetlights	kW	24,361	0.9167	(0.7408)	(16,543)	13	-0.6268
Total					(1,299,750)		

Assumptions:

- 1) 2010 rate implementation date of April 1, 2011.
- 2) Factor - assumes even proration of 11/12 of annual load for May 1, 2010 - March 31, 2011 time period.
- 3) Foregone revenue rate rider calculated over a thirteen month period (April. 1, 2011 - April 30, 2012).

LRAM Rate Rider

Customer Class	per	2009 Approved	2010 Proposed	Diff
Residential	kWh	0.0000	0.0005	0.0005
GS<50 kW	kWh	0.0000	0.0000	0.0000
GS>50 kW	kW	0.0000	0.0153	0.0153
USL	kWh	0.0000	0.0000	0.0000
Sentinel Lights	kW	0.0000	0.0000	0.0000
Streetlights	kW	0.0000	0.0000	0.0000
Total				

Foregone Revenue - LRAM

Customer Class	per	2010 Load Forecast	Factor	2010-2009 Rate Diff	Foregone Revenue \$	# Recovery Months	Foregone Revenue Rate Rider (LRAM)
Residential	kWh	350,407,180	0.9167	0.0005	160,603	13	0.0004
GS<50 kW	kWh	75,150,446	0.9167	0.0000	0	13	0.0000
GS>50 kW	kW	966,330	0.9167	0.0153	13,553	13	0.0129
USL	kWh	2,493,809	0.9167	0.0000	0	13	0.0000
Sentinel Lights	kW	120	0.9167	0.0000	0	13	0.0000
Streetlights	kW	24,361	0.9167	0.0000	0	13	0.0000
Total					174,156		

Assumptions:

- 1) 2010 rate implementation date of April 1, 2011.
- 2) Factor - assumes even proration of 11/12 of annual load for May 1, 2010 - March 31, 2011 time period.
- 3) Foregone revenue rate rider calculated over a thirteen month period (April. 1, 2011 - April 30, 2012).

39. Purchases of Non-Affiliate Services

Ref: C2 Technical Conference; Exhibit 4, p. 235; and VECC IRR 57(d)

Does the “Return” factor apply to purchases from non-affiliates in the same way that it applies to the services provided by WHES, as explained in the additional information C2? In other words, does the 10% factor affect the Revenue Requirement, or are services included in the IMBSI study for comparison purposes only?

Response:

The purchases from non-affiliates (as referenced in Exhibit 4, p. 235), are direct costs to Whitby Hydro and as such, the “return” factor does not apply.