

EB-2009-0274
Whitby Hydro Electric Corporation
Proposed Settlement Agreement
December 8, 2010

This settlement agreement (the “Settlement Proposal” or “Settlement Agreement”) is for the consideration of the Ontario Energy Board (the “Board”) in its determination of the Electricity Distribution Rate Application by Whitby Hydro Electric Corporation (“Whitby Hydro” or “WHEC”), EB-2009-0274, for 2010 electricity distribution rates (the “Application”). This Settlement Proposal represents a complete settlement of all issues in this proceeding.

Whitby Hydro's Application was received by the Board on January 15, 2010. In Procedural Order No. 1, issued on March 16, 2010, the Board made provision for written interrogatories. The three registered intervenors, Energy Probe, the School Energy Coalition (“SEC”) and the Vulnerable Energy Consumers Coalition (“VECC”), and Board staff filed interrogatories. Whitby Hydro filed responses to the interrogatories on April 28, 2010. In Procedural Order No. 3, dated May 20, 2010, the Board made provision for a second round of interrogatories. The three registered intervenors and Board staff filed interrogatories. Whitby Hydro filed responses to the interrogatories by June 11, 2010. After a technical conference on June 17, 2010, a settlement conference was convened immediately thereafter, and continued on June 18, 2010. The conference adjourned, and Whitby Hydro committed to provide additional information in response to previous interrogatories as well as undertakings from the Technical Conference. Whitby Hydro provided the responses to the Technical Conference undertakings and additional information on September 17, 2010. Pursuant to Procedural Order No. 4, dated October 6, 2010, a settlement conference was reconvened on November 16, 2010 (the “Settlement Conference”). The Settlement Conference was duly convened in accordance with Procedural Order No. 4 with Mr. Chris Haussmann as the facilitator. The Settlement Conference concluded on November 17, 2010. Whitby Hydro and the following intervenors (the “Intervenors” and

collectively including Whitby Hydro, the “Parties”) participated in the Settlement Conference:

Energy Probe Research Foundation (“Energy Probe”)

School Energy Coalition (“SEC”)

Vulnerable Energy Consumers Coalition (“VECC”)

The role adopted by the Board Staff in the Settlement Conference is set out on page 5 of the Board’s Settlement Conference Guidelines (the “Guidelines”). Although Board Staff is not a party to this Settlement Agreement, as noted in the Guidelines, the Board Staff who did participate in the Settlement Conference are bound by the same confidentiality standards that apply to the Parties to the proceeding.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Guidelines. The parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this settlement proposal.

This Agreement represents a complete settlement of all issues. It is acknowledged and agreed that none of the Parties will withdraw from this Agreement under any circumstances, except as provided under Rule 32.05 of the Board’s Rules of Practice and Procedure. The Parties explicitly request that the Board consider and accept this Settlement Agreement as a package. None of the matters in respect of which a settlement has been reached is severable. Numerous compromises were made by the Parties with respect to various matters to arrive at this comprehensive Settlement Agreement. The distinct issues addressed in this proposal are intricately interrelated, and reductions or increases to the agreed-upon amounts may have financial consequences in other areas of this proposal which may be unacceptable to one or more of the Parties. If the Board does not accept the Settlement Agreement in its

entirety, then there is no settlement unless the Parties agree that those portions of the Settlement Agreement that the Board does accept may continue as a valid settlement.

It is also agreed that this Settlement Agreement is without prejudice to any of the Parties re-examining these issues in any subsequent proceeding and taking positions inconsistent with the resolution of these issues in this Settlement Agreement. However, none of the Parties will in any subsequent proceeding take the position that the resolution therein of any issue settled in this Settlement Agreement, if contrary to the terms of this Settlement Agreement, should be applicable for all or any part of the 2010 or the 2011 Test Year (as explained below, 2010 variables were used to develop rates for 2011).

References to the evidence supporting this Agreement on each issue are set out in each section of the Agreement. The Appendices to the Settlement Agreement provide further evidentiary support. The Parties agree that this Settlement Agreement and the Appendices form part of the record in EB-2009-0274. The Appendices were prepared by the Applicant. The Intervenors are relying on the accuracy and completeness of the Appendices in entering into this Agreement. There is no approved issues list for this proceeding. However, for the purposes of organizing this Settlement Agreement, and without prejudice to the positions of the Parties with respect to the issues that might otherwise be considered in this proceeding should a hearing be required, the Parties have followed the issues listed within the body of this Settlement Agreement.

The appendices attached to this Settlement Agreement are:

“A” - 2011 Tariff of Rates and Charges

“B” – Cost Allocation approach and results arising from this Settlement Agreement

“C” – The Rate Design Module arising from this Settlement Agreement

“D” – Bill Impact Summaries

“E” – Whitby Hydro's 2011 Revenue Deficiency

“F” – Whitby Hydro's 2011 Revenue Requirement Work Form

Overview

It was apparent to the Parties at the Settlement Conference that reconvened on November 16, 2010, that new rates for Whitby Hydro would likely not be implemented until January 1, 2011 at the earliest. As such, the Parties agreed that it would be appropriate to treat Whitby Hydro's Application as a 2011 application, with rates effective January 1, 2011. The Parties agreed to develop Whitby Hydro's 2011 distribution rates in two steps. The first step involved agreeing on appropriate hypothetical 2010 revenue requirement components for Whitby Hydro, for the purpose of serving as proxies for the second step. As part of the first step, the Parties reduced the following components of Whitby Hydro's proposed 2010 revenue requirement: rate base was reduced from \$77,183,439 to \$72,184,963 (a reduction of \$4,998,476), OM&A was reduced from \$8,919,421 to \$8,620,797 (a reduction of \$298,624). The second step involved making the following adjustments to the 2010 proxy components to arrive at a settled 2011 revenue requirement: (i) the 2010 OM&A proxy was increased by 3% to reflect Whitby Hydro's historic annual OM&A increases; (ii) the 2010 rate base proxy was increased by 5% to reflect Whitby Hydro's historic annual rate base increase; (iii) 2011 tax rates were applied; and (iv) 2011 cost of capital parameters were applied. The resulting 2011 service revenue requirement agreed upon by the Parties is \$20,197,169.

The following table summarizes the settlement on the key ratemaking components:

Summary Comparison – Application Vs. Settlement		
Key Rate Making Components	Application (2010)*	Settlement (2011)
Rate Base (Exhibit 2)		
Rate Base	\$77,183,439	\$75,768,349
Allowance for Working Capital	\$12,866,792	\$13,085,348
Average net fixed assets	\$64,316,648	\$62,683,001
Operating Costs (Exhibit 4)		
OM&A	\$8,919,421	\$8,879,421
Amortization	\$4,920,108	\$4,800,644
Income Taxes	\$1,456,115	\$1,190,589

Revenue (Exhibits 3 & 6)

Service Revenue Requirement	\$21,302,355	\$20,197,169
Base Revenue Requirement	\$20,411,612	\$19,196,426
Revenue Offsets	\$890,743	\$1,000,743
Revenue Deficiency	\$2,564,095	\$1,348,912

Cost of Capital (Exhibit 5)

Short Term Interest Rate	2.07%	2.43%
Long Term Interest Rate	6.71%	5.48%
Return on Equity	9.85%	9.66%
Capital Structure	60% Debt / 40% Equity	60% Debt / 40% Equity
Return on Rate Base	7.78%	7.03%

* as per the November 9, 2010 update

2011 Cost Allocation in this Settlement Agreement is based on the 2010 Cost Allocation Study filed in the original application adjusted proportionally for the 2011 revenue requirement. The current distribution revenue from rates is premised on a 2011 Customer and Load Forecast, which for settlement purposes was accepted as being identical to the 2010 Customer and Load Forecast presented in the Application. The 2011 Cost Allocation approach and results have been included in Appendix B.

The revenue requirement and rate adjustments arising from this Settlement Agreement will allow Whitby Hydro to make the necessary investments to serve customers, maintain the integrity of the distribution system, to maintain the quality of its service and to meet all compliance requirements during 2011. As is always the case with forward test year cost of service cases, the actual decisions as to how to allocate resources, and in what areas to spend the agreed upon capital and OM&A, are ones that must be made by the utility during the course of the year, subject to the Board's normal review in subsequent proceedings.

Settlement Terms by Issue

1. Administration (Exhibit 1)

1a. Is the proposed effective date of January 1, 2011 appropriate?

Complete Settlement: For the purpose of obtaining a complete settlement of all issues, the Parties accept a January 1, 2011 effective date using rates for the distribution of electricity determined on the basis of the 2011 revenue requirement. The Parties agree that a foregone revenue rate rider would be appropriate should Whitby Hydro be unable to implement the rates for January 1, 2011.

Evidence: None.

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

1b. Does the fact that rates will be effective January 1, 2011 affect the timing of Whitby Hydro's next cost of service distribution rate application?

Complete Settlement: Based on the Board's current scheduling policy, Whitby Hydro's next cost of service application would be for rates effective January 1, 2014. While Whitby Hydro currently intends to seek a rebasing in four years, i.e. for rates effective January 1, 2015, the parties understand that the company may wish to follow the current scheduling policy and seek a January 1, 2014 rebasing. The Parties believe that whether this is appropriate does not fall to be determined in the current proceeding.

Evidence: None.

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

2. Rate Base (Exhibit 2)

2 a. Is the proposed proxy for the 2010 Rate Base appropriate?

Complete Settlement: For the purpose of obtaining a complete settlement of all issues, the Parties agree that a proxy for 2010 rate base in the amount of \$72,184,963 is appropriate. This amounts to approximately a \$5 million reduction from the \$77,183,439 rate base proposed by Whitby Hydro for 2010. This reduction was derived as follows:

i) Mark-Up on Capital:

Whitby Hydro's affiliate Whitby Hydro Energy Services ("WHES") has historically included a mark-up on capital that was included in Whitby Hydro's rate base. For the purpose of obtaining a complete settlement of all issues, the Parties agreed that it would be appropriate to remove the portion of Whitby Hydro's rate base related to WHES's mark-up on capital in 2010 and prior years. As calculated in Undertaking JT1.6, this amount is \$4.258 million.

ii) Average Annual Capital Expenditure:

For the purpose of obtaining a complete settlement of all issues, the Parties agreed to reduce Whitby Hydro's net capital additions in 2010 (not including secondary services) to a level that reflects the average of the annual net capital additions from 2006-2009. This resulted in a reduction to rate base of \$579,000.

iii) Working Capital Allowance:

For the purpose of obtaining a complete settlement of all issues, the Parties agreed to reduce Whitby Hydro's proposed 2010 working capital allowance of \$12,866,792 to \$12,486,867, a reduction of approximately \$380,000. This reduction is based on:

- LV costs reduced to reflect the 2010 test year forecast and not the four year average approach identified in the application;
- use of the RPP and non-RPP commodity costs proportionate to Whitby Hydro's RPP and non-RPP customers; and
- the impact of the agreed upon reduction in OM&A as set out in section 4a.

iv) The Half-Year Rule:

For the purpose of obtaining a complete settlement of all issues, the Parties agreed to include the impact of the half-year rule on the 2010 rate base (average of opening and closing balances) on the basis that a full year of depreciation was taken and applied in 2005 through 2009, and the half-year rule was applied only for 2010 depreciation expense. This adjustment amounts to a \$76,000 increase to rate base.

v) 2009 Actual Net Fixed Assets:

For the purpose of obtaining a complete settlement of all issues, the Parties agreed that it would be appropriate for Whitby Hydro to adjust its 2009 forecasted net fixed assets to actual fixed assets. This adjustment resulted in a \$142,000 increase to the 2010 rate base.

Summary of adjustment to 2010 Rate Base (\$000's):

\$77,183	(2010 rate base proposed by Whitby Hydro)
- \$4,258	(mark-up on capital)
- \$579	(average annual capital expenditure)
- \$380	(working capital allowance)
+ \$76	(half-year rule)
+ <u>\$142</u>	(2009 actual net fixed assets)
\$72,184	(the agreed upon proxy for 2010 rate base)

Evidence: Exhibit 2, Interrogatory Responses:

Board staff: 2, 3

Energy Probe: 9, 16, 40, 7, 13, 14, 4, 34b, 8, 10, 12, 25f, 64e, 64f, 48

SEC: Procedural Order No. #1 - 7, 21, 6, 19, 20, 11, 17, 18, 34g

Procedural Order No. #3 - 26, 20d, 4, 5, 34, 35, 27, 7, 10

Procedural Order No. #4 - 3, 6

VECC: 10, 12, 5, 17, 6, 11, 18, 15, 13a, 16, 19, 7, 9, 13b, 20, 52,

Undertakings: JT1.7

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

2b. Is the amount proposed for the 2011 Rate Base appropriate?

Complete Settlement: For the purpose of obtaining a complete settlement of all issues, the Parties agree that it would be appropriate to derive a 2011 rate base by increasing the proxy for the 2010 rate base by 5%, from \$72,184,963 to \$75,768,349, to be consistent with Whitby Hydro's historic annual rate base increases.

Evidence: None.

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

3. Operating Revenue (Exhibit 3)

3a. Is the Customer and Load Forecast appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept Whitby Hydro's proposed customer and load forecast.

Evidence: Exhibit 3, Interrogatory Responses:

Board staff: 4, 5, 6, 7

Energy Probe: 28, 18, 25a&b, 26, 17, 25c-g, 27

SEC: Procedural Order No. #1 - 22, 23, 26

VECC: 21, 17b&c, 21b, 22, 23, 24, 53,

Undertakings: JT1.1

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

3b. Is the Other Revenue appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties agree to increase Whitby Hydro's proposed forecast for other revenue by \$110,000, from \$890,743 to \$1,000,743. The changes reflect adjustments to late payment revenue of \$42,000 and pole rental revenue of \$68,000.

Evidence: Exhibit 3, Interrogatory Responses:

Energy Probe: 20-24

SEC: Procedural Order No. #1 - 25, Procedural Order No. #3 - 28, 36

VECC: 25, 26, 54

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

4. Operating Costs (Exhibit 4)

4a. Is the proposed proxy for the 2010 OM&A appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept that the 2010 proxy for OM&A should be \$8,620,797. This amounts to a reduction of the \$8,919,421 OM&A amount proposed by Whitby Hydro for 2010 by \$298,624.

Evidence: Exhibit 4, Interrogatory Responses:

Board staff: 8-14, 39

Energy Probe: 29, 31, 32, 3, 36, 40, 41, 42, 1, 11, 32r, 38, 39, 33, 15, 37, 34a, 30, 35, 54, 57, 59, 64-d, 47, 55, 49, 56, 61, 64f, 66

SEC: Procedural Order No. #1 - 6, 15, 3, 4, 16, 18, 27, 28, 29, 30, 31, 32, 33, 34

Procedural Order No. #3 - 5, 21, 34, 20b, 3, 12-16, 25, 29-32, 37

Procedural Order No. #4 - 1-6, 8

VECC: 27-27, 4, 30b, 30-38, 55-57, 51, 61, 62

Undertakings: JT1.7, JT1.10, JT1.4, JT1.5, JT1.2

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

4b. Is the 2011 OM&A appropriate?

Complete Settlement: The Parties agree that it would be appropriate to derive 2011 OM&A included in revenue requirement by increasing the proxy for the 2010 OM&A by 3%, from \$8,620,797 to \$8,879,421, to be consistent with Whitby Hydro's historic annual increases.

Evidence: None.

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

4c. Is the proposed proxy for 2010 depreciation expense appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties agree that the 2010 proxy for depreciation should be \$4,572,042. This amounts to a reduction of the \$4,920,108 depreciation amount proposed by Whitby Hydro for 2010 by \$348,066.

Summary of adjustment to 2010 Depreciation Expense.

\$4,920,108 (2010 Depreciation Expense proposed by Whitby Hydro)

- 196,066 (mark-up on capital)

- 152,000 (half-year rule)

\$4,572,042 (the agreed upon proxy for 2010 Depreciation Expense)

Evidence: Exhibit 4, Interrogatories:

Board staff: 13

Energy Probe: 15, 37, 49, 56, 61, 64f

SEC: Procedural Order No. #1 - 32

VECC: 37

Supporting Parties: Whitby Hydro, SEC, EP and VECC.

Parties taking no position: None.

Opposing parties: None.

4d. Is the 2011 depreciation expense appropriate?

Complete Settlement: The Parties agree that it would be appropriate to derive 2011 depreciation by increasing the proxy for the 2010 depreciation amount by 5%, from \$4,572,042 to \$4,800,644, to be consistent with the 2011 rate base increase.

Evidence: None.

Supporting Parties: Whitby Hydro, SEC, Energy Probe and VECC.

Parties taking no position: None.

Opposing parties: None.

4.e. Is the proposed tax expense appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues the Parties agree that it would be appropriate for Whitby Hydro to use 2011 tax rates in determining the PILS expense in the amount of \$1,190,589 .

Evidence: Exhibit 4, Interrogatories:

Board staff: 8-14, 39

SEC: Procedural Order No. #1 - 33

Undertakings: JT1.2

Supporting Parties: Whitby Hydro, SEC, Energy Probe and VECC.

Parties taking no position: None.

Opposing parties: None.

5. Cost of Capital and Rate of Return (Exhibit 5)

5 a. Is the Capital Structure appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed capital structure of 60% debt and 40% equity.

Evidence: Exhibit 5, Interrogatory Responses:

SEC: Procedural Order No. #1 - 10
Procedural Order No. #3 - 6, 18

Supporting parties: Whitby Hydro, Energy Probe, SEC and VECC

Parties taking no position: None

Opposing parties: None

5 b. Is the proposed Cost of Capital appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties agree to apply the 2011 cost of capital parameters set out in the Board's November 15, 2010 update, being 5.48% for long-term debt, 2.43% for short-term debt and 9.66% for return on equity. For greater certainty, the agreed upon cost of capital parameters in this proceeding will have no impact on any of Whitby Hydro's cost of capital parameters in future distribution rate proceedings.

Evidence: Exhibit 5, Interrogatory Responses:

Board staff: 15-18

Energy Probe: 58, 63, 65

SEC: Procedural Order No. #1 - 10, 13, 12, 14, 35, 36, 8

Procedural Order No. #3 - 8, 9, 22

Procedural Order No. #4 - 7

VECC: 36, 39, 33, 60

Supporting parties: Whitby Hydro, Energy Probe, SEC and VECC

Parties taking no position: None

Opposing parties: None

6. Revenue Deficiency or Surplus (Exhibit 6)

6a. Is the Revenue Deficiency proposed by Whitby Hydro appropriate?

Complete Settlement: For the purposes of obtaining complete settlement of all issues, the Parties agree with the Revenue Deficiency for 2011 outlined in Appendix "E".

Evidence: Exhibit 6, Interrogatory Responses:

Board staff: 30, 35, 37

Energy Probe: 5

SEC: Procedural Order No. #3 - 23

VECC: 40

Undertakings: JT1.8

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

7. Cost Allocation (Exhibit 7)

7a. Is the Cost Allocation proposed by Whitby Hydro appropriate?

Complete Settlement: For the purposes of obtaining complete settlement of all issues, the Parties agree with the 2010 Cost Allocation proposed by Whitby Hydro and as revised to address 2011 in this Settlement Proposal is acceptable. With respect to the Streetlighting and Sentinel Lighting customer classes, the Parties agree that the approach proposed by Whitby Hydro in the original 2010 application to address the Streetlighting and Sentinel Lighting customer classes which fall below the OEB's target revenue-to-cost ratio range is acceptable and should apply to 2011. Schedule "B" incorporates a movement for these classes of 50% towards the lower end of the target range. The Parties also agree that the remaining 50% will be addressed evenly over the subsequent two year period (2012 and 2013).

The agreed upon Cost Allocation approach is summarized in Schedule "B".

Evidence: Exhibit 7, Interrogatory Responses:

Board staff: 19, 32

SEC: Procedural Order No. #1 - 37, 38, 5

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

8. Rate Design (Exhibit 8)

8 a. Are the fixed/variable proportions proposed by Whitby Hydro appropriate?

Complete Settlement: For the purposes of obtaining complete settlement of all issues, the Parties agree that the fixed/variable proportions proposed by Whitby Hydro for 2010 and as revised to address 2011 in this Settlement Proposal are acceptable. Further details have been provided in Appendix C.

Evidence: Exhibit 8, Interrogatory Responses:

Board staff: 21

VECC: 42

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

8 b. Are the retail transmission service rates (RTSRs) as proposed by Whitby Hydro appropriate?

Complete Settlement: For the purposes of obtaining complete settlement of all issues, the Parties agree that the RTSRs proposed by Whitby Hydro for 2010 and as revised to address 2011 in this Settlement Proposal is acceptable. Further details regarding the assumptions and calculations have been provided in Appendix C.

Evidence: Exhibit 8, Interrogatory Responses:

Board staff: 2, 22, 33

VECC: 43, 58

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

8 c. Low Voltage Charges and Recovery

Are the low voltage charges and recoveries as proposed by Whitby Hydro appropriate?

Complete Settlement: For the purposes of obtaining complete settlement of all issues, the Parties agree that the low voltage charges will be adjusted to reflect the 2010 test year forecast (not a four year average) for 2010. For settlement purposes it has been agreed that the 2011 costs should be adjusted to reflect the most recent rates proposed by Hydro One Networks (EB-2009-0096).

For the purposes of obtaining complete settlement of all issues, the Parties also agree that the low voltage cost recoveries proposed by Whitby Hydro for 2010 and as revised to address 2011 in this Settlement Proposal are acceptable.

Further details have been provided in Appendix C.

Evidence: Exhibit 8, Interrogatory Responses:

Board staff: 3, 23, 34

SEC: Procedural Order No. #3 - 19

VECC: 3, 44, 59

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

8 d. Is the loss factor proposed by Whitby Hydro appropriate?

Complete Settlement: For the purposes of obtaining complete settlement of all issues, the Parties agree that the loss factor proposed by Whitby Hydro is acceptable for 2010 and should also be adopted for 2011.

Evidence: Exhibit 8, Interrogatory Responses:
Energy Probe: 44

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

9. Deferral and Variance Accounts (Exhibit 9)

9 a. Is the proposal for the amounts, disposition and continuance of Whitby Hydro's Deferral and Variance accounts appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed amounts, disposition and continuance of Whitby Hydro's Deferral and Variance accounts.

Evidence: Exhibit 9 Interrogatory Responses:

Board staff: 24-27

Energy Probe: 45, 46

VECC: 45, 46

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

9 b. Is the Smart Meter rate adder appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the Smart Meter rate adder as outlined in the original application.

Evidence: None.

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

9 c. Does this Settlement Proposal impact Whitby Hydro's costs and recoveries associated with the Late Payment Class Action Settlement?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties agree that this Settlement Proposal does not impact Whitby Hydro's costs or cost recoveries associated with the Late Payment Class Action Settlement. Recovery of costs associated with this issue are currently being addressed by the Board through a proceeding (Board File No. EB-2010-0295), which covers all "Affected Electricity Distributors". The Parties agree that this settlement agreement does not affect Whitby Hydro's ability to address these costs and recoveries on the basis of a Decision in the Boards proceeding or through a future Incentive Rate Mechanism (IRM) application or Cost of Service rate application.

Evidence: None.

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

10. Lost Revenue Adjustment Mechanism (LRAM) (Exhibit 10)

10 a. Is the proposal for the calculation of lost revenue and the LRAM rate rider for Whitby Hydro appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed calculations and LRAM rate rider set out in the Application to be appropriate.

Evidence: Exhibit 10 Interrogatory Responses:

Board staff: 9, 28, 29

SEC: Procedural Order No. #1 - 39

Procedural Order No. #3 - 24, 17, 39

VECC: 48-50

Supporting parties: Whitby Hydro, SEC, Energy Probe and VECC

Parties taking no position: None.

Opposing parties: None

APPENDIX A

2011 TARIFF OF RATES AND CHARGES

For settlement purposes, a proposed Tariff of Rates and Charges has been included effective January 1, 2011. In addition to the charges noted in the schedule below, the final Rate Order would include a monthly service charge of \$5.25 for the MicroFIT Generator Service Classification (effective September 21, 2009).

Whitby Hydro Electric Corporation
Settlement - Proposed Tariff of Rates and Charges
Effective January 1, 2011

MONTHLY RATES AND CHARGES

Residential

Service Charge	\$ 17.24
Smart Meter Funding Adder	\$ 2.13
Distribution Volumetric Rate Rider	\$/kWh 0.0141
Regulatory Asset Recovery Rate Rider	\$/kWh (0.0017)
LRAM Rate Rider	\$/kWh 0.0005
Retail Transmission Rate – Network Service Rate	\$/kWh 0.0070
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh 0.0057
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25

General Service Less Than 50 kW

Service Charge	\$ 19.80
Smart Meter Funding Adder	\$ 2.13
Distribution Volumetric Rate	\$/kWh 0.0194
Regulatory Asset Recovery Rate Rider	\$/kWh (0.0018)
LRAM Rate Rider	\$/kWh 0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh 0.0064
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh 0.0052
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25

General Service 50 to 4,999 kW

Service Charge	\$ 191.34
Smart Meter Funding Adder	\$ 2.13
Distribution Volumetric Rate	\$/kW 3.9178
Regulatory Asset Recovery Rate Rider	\$/kW (0.6875)
LRAM Rate Rider	\$/kW 0.0153
Retail Transmission Rate – Network Service Rate	\$/kW 2.5808
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW 2.0092
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25

Unmetered Scattered Load

Service Charge (per connection)	\$ 9.28
Distribution Volumetric Rate	\$/kWh 0.0302
Regulatory Asset Recovery Rate Rider	\$/kWh (0.0018)
LRAM Rate Rider	\$/kWh 0.0000
Retail Transmission Rate – Network Service Rate	\$/kWh 0.0064
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh 0.0052
Wholesale Market Service Rate	\$/kWh 0.0052
Rural Rate Protection Charge	\$/kWh 0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$ 0.25

Sentinel Lighting

Service Charge (per light)	\$	4.05
Distribution Volumetric Rate	\$/kW	10.9830
Regulatory Asset Recovery Rate Rider	\$/kW	(0.4912)
LRAM Rate Rider	\$/kW	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	1.9563
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5858
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Street Lighting

Service Charge (per light)	\$	1.36
Distribution Volumetric Rate	\$/kW	5.4070
Regulatory Asset Recovery Rate Rider	\$/kW	(0.7408)
LRAM Rate Rider	\$/kW	0.0000
Retail Transmission Rate – Network Service Rate	\$/kW	1.9463
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5533
Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Specific Service Charges

Customer Administration:

Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling post-dated cheques	\$	15.00
Easement Letter	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Account set up charge / change of occupancy charge	\$	30.00
Returned Cheque charge (plus bank charges)	\$	15.00
Special Meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Legal letter charge	\$	15.00

Non-Payment of Account:

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Collection of account charge – no disconnection – after regular hours	\$	165.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00

Install / remove load control device – during regular hours	\$	65.00
Install / remove load control device – after regular hours	\$	185.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service install and remove – overhead – no transformer	\$	500.00
Temporary service install and remove – underground – no transformer	\$	300.00
Temporary service install and remove – overhead – with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Allowances:

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

Retail Service Charges (if applicable)

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

Retailer Service Agreement -- One time charge to establish the service agreement	\$	100.00
Monthly Fixed Charge (per retailer)	\$	20.00
Monthly Variable Charge (per customer, per retailer)	\$/cust	0.50
Distributor-Consolidated Billing -monthly charge (per customer, per retailer)	\$/cust	0.30
Retailer-Consolidated Billing -monthly credit (per customer, per retailer)	\$/cust	(0.30)
Service Transaction Request -request fee (per request, applied to the requesting party)	\$	0.25
Service Transaction Request -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

TLF - Secondary Metered Customer <5,000 kW	1.0454
TLF - Primary Metered Customer <5,000 kW	1.0349

APPENDIX B

COST ALLOCATION

For the purpose of this settlement agreement, the Parties indicated that Whitby Hydro's proposed revenue to cost ratios outlined in the original application (Exhibit 7, table 7-1) were acceptable. However, the Parties also noted that the agreed revenue to cost ratios were expressed in terms of each class' allocated base distribution revenue requirement (ie. excluding miscellaneous revenues).

In order to incorporate the 2011 costs and associated base revenue requirement (\$19,196,426) for settlement, and preserve the revenue to cost ratios, the following approach was taken:

- Allocated Costs –uses the 2010 Cost Allocation Study proportions by customer class (see Sheet F3 below for the percentages associated with the base revenue requirement).
- Allocated Revenue - uses the proportions proposed in the original rate application (see Sheet F4 below). These proportions preserve the recommended revenue to cost ratios proposed in the original application and as agreed to by the parties for the purpose of settlement.

This type of simplified approach for cost allocation is reasonable as it relies on the 2010 Cost Allocation Study filed as the basis for allocating costs for settlement purposes. It has been assumed that the changes made to the originally filed costs (as a result of this settlement) will not materially affect the proportions by customer class. The proposed revenue to cost ratios remain unchanged from those in the pre-filed evidence and as such the underlying principles, rationale and methodology for the cost allocation settlement continues to be supported by evidence provided in Exhibit 7 of the original application.

F3 Cost Allocation

Enter selected amounts from sheets 'O1' and 'O2' of Cost Allocation model

Customer Class Name	REVENUE ALLOCATION (sheet O1)		per row 35		per row 19		Revenue to Expenses %
	Service Revenue Requirement	%	Miscellaneous Revenue (mi)	%	Base Revenue Requirement *	%	
Residential	13,032,850	62.82%	641,220	71.99%	12,391,630	62.41%	104.94%
General Service Less Than 50 kW	2,004,570	9.66%	93,338	10.48%	1,911,232	9.63%	102.10%
General Service 50 to 4,999 kW	4,992,882	24.07%	141,284	15.86%	4,851,598	24.43%	93.53%
Unmetered Scattered Load	132,570	0.64%	7,779	0.87%	124,791	0.63%	68.87%
Sentinel Lighting	6,019	0.03%	92	0.01%	5,927	0.03%	38.41%
Street Lighting	578,298	2.79%	7,031	0.79%	571,267	2.88%	44.80%
TOTAL (from Column C of sheet O1)	20,747,189	100.00%	890,743	100.00%	19,856,446	100.00%	100.00%

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F4 Revenue Requirement Allocation

Enter the outstanding Base Revenue Requirement and Transformer Allowance recoveries by customer class

Customer Class Name	Outstanding Base Revenue Requirement %			Outstanding Base Revenue Requirement \$ ³			Directly Assigned Revenues ³	Total Base Revenue Requirement
	Cost Allocation ¹	Existing Rates ²	Rate Application	Cost Allocation	Existing Rates	Rate Application		
Residential	62.41%	65.54%	65.04%	11,979,737	12,582,026	12,484,708		12,484,708
General Service Less Than 50 kW	9.63%	9.58%	9.83%	1,847,703	1,839,340	1,886,505		1,886,505
General Service 50 to 4,999 kW	24.43%	22.87%	22.85%	4,690,333	4,389,603	4,386,869		4,386,869
Unmetered Scattered Load	0.63%	0.69%	0.62%	120,643	131,775	118,230		118,230
Sentinel Lighting	0.03%	0.01%	0.02%	5,730	2,274	3,106		3,106
Street Lighting	2.88%	1.31%	1.65%	552,278	251,408	317,008		317,008
TOTAL	100.00%	100.00%	100.00%	19,196,425	19,196,426	19,196,426		19,196,426

Customer Class Name	Rate Application			Cost Allocation		Variance	Target Range	
	Allocated Revenue ⁸	Allocated Cost ⁸	Revenue to Cost Ratio	Revenue to Cost Ratio ⁹			Floor	Ceiling
Residential	12,484,708	11,979,737	1.0422	1.05	(0.01)		0.85	1.15
General Service Less Than 50 kW	1,886,505	1,847,703	1.0210	1.02	0.00		0.80	1.20
General Service 50 to 4,999 kW	4,386,869	4,690,333	0.9353	0.94	0.00		0.80	1.80
Unmetered Scattered Load	118,230	120,643	0.9800	0.69	0.29		0.80	1.20
Sentinel Lighting	3,106	5,730	0.5421	0.38	0.16		0.70	1.20
Street Lighting	317,008	552,278	0.5740	0.45	0.13		0.70	1.20
TOTAL	19,196,426	19,196,425	1.00	1.00	0.00			

APPENDIX C

RATE DESIGN

General

For the purpose of this settlement agreement, the Parties indicated that Whitby Hydro's proposed rate design outlined in the original application (Exhibit 8) was acceptable. This Appendix addresses the following areas of rate design which require some updated calculations to complete the rate design process to address 2011 rates:

- Fixed/Variable Proportion
- Retail Transmission Service Rates
- Low Voltage (LV) Charges and Recoveries

Fixed/Variable Proportion

The Fixed/Variable Proportions have been updated to incorporate the settlement revenue requirement and LV cost recovery (see the LV section of this appendix for further details of the LV recovery calculation). The transformer allowance remains unchanged as load was accepted as per the original application.

For settlement purposes, the approach outlined in Exhibit 8, pg.381-383 was applied to the settlement gross base revenue requirement (see below). The primary factors taken into account are the existing fixed/variable splits by customer class, and the lower and upper bounds identified for the monthly service charge.

Revised for Settlement

Service Revenue Requirement	20,197,169	
Less: Revenue Offsets	<u>(1,000,743)</u>	
Base Revenue Requirement		19,196,426
Add: Transformer Ownership Allowance	293,570	
Low Voltage Recovery	<u>241,117</u>	<u>534,687</u>
Gross Base Revenue Requirement		<u>19,731,113</u>

Updated tables 8-1 through 8-5 have been prepared to provide further documentation of the calculations and resulting rates for this settlement agreement.

Table 8-1: Settlement Allocation of Base Revenue Requirement by Customer Class

Customer Class Name	Rate Application		
	Allocated Revenue ⁸	Allocated Cost ⁸	Proposed Revenue to Cost Ratio
Residential	12,484,708	11,979,737	1.04
General Service Less Than 50 kW	1,886,505	1,847,703	1.02
General Service 50 to 4,999 kW	4,386,869	4,690,333	0.94
Unmetered Scattered Load	118,230	120,643	0.98
Sentinel Lighting	3,106	5,730	0.54
Street Lighting	317,008	552,278	0.57
TOTAL	19,196,426	19,196,425	1.00

Table 8-2: Settlement Allocation of Base Revenue Requirement

Customer Class Name	Total Base Revenue Requirement	Transformer Allowance Recovery ⁴	Low Voltage Revenue Required ⁵	Gross Base Revenue Requirement
Residential	12,484,708		112,136	12,596,844
General Service Less Than 50 kW	1,886,505		21,940	1,908,445
General Service 50 to 4,999 kW	4,386,869	293,570	104,271	4,784,709
Unmetered Scattered Load	118,230		728	118,958
Sentinel Lighting	3,106		10	3,116
Street Lighting	317,008		2,032	319,040
TOTAL	19,196,426	293,570	241,117	19,731,113

Table 8-3: Settlement - Existing and Proposed Monthly Service Charge Rates

Customer Class Name	Existing Rates			Proposed Rates		
	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %
Residential	\$16.71	60.67%	39.33%	\$17.24	60.65%	39.35%
General Service Less Than 50 kW	\$18.51	23.77%	76.23%	\$19.80	23.77%	76.23%
General Service 50 to 4,999 kW	\$191.34	23.46%	76.54%	\$191.34	20.87%	79.13%
Unmetered Scattered Load	\$9.97	36.60%	63.40%	\$9.28	36.60%	63.40%
Sentinel Lighting	\$2.87	57.77%	42.23%	\$4.05	57.71%	42.29%
Street Lighting	\$1.04	58.74%	41.26%	\$1.36	58.71%	41.29%

Table 8-4: Settlement - Monthly Service Charge Floor and Ceiling

	MSC Floor	MSC Ceiling	Proposed	Change vs
Customer Class Name	Rate	Rate	Rate	Existing Rate
Residential	\$2.51	\$17.71	\$17.24	\$0.53
General Service Less Than 50 kW	\$12.96	\$42.28	\$19.80	\$1.29
General Service 50 to 4,999 kW	\$58.60	\$192.34	\$191.34	\$0.00
Unmetered Scattered Load	\$2.73	\$19.24	\$9.28	(\$0.69)
Sentinel Lighting	\$0.38	\$11.30	\$4.05	\$1.18
Street Lighting	\$0.27	\$11.42	\$1.36	\$0.32

Table 8-5: Settlement Existing and Proposed Variable Rates

Customer Class Name	Per	Variable Rates	
		Existing	Proposed
Residential	kWh	\$0.0137	\$0.0141
General Service Less Than 50 kW	kWh	\$0.0181	\$0.0194
General Service 50 to 4,999 kW	kW	\$3.3729	\$3.9178
Unmetered Scattered Load	kWh	\$0.0325	\$0.0302
Sentinel Lighting	kW	\$7.7629	\$10.9830
Street Lighting	kW	\$4.1309	\$5.4070

Retail Transmission Service Rates (RTSRs)

For settlement purposes, the Parties agree that the RTSRs proposed by Whitby Hydro for 2010 are acceptable and that a similar approach should be taken to address 2011. Currently Hydro One Networks Inc. (HONI) has an application before the Board to address uniform transmission rates (UTRs) for 2011 (Board File No. EB-2010-0002). Whitby Hydro's proposed 2011 RTSRs have been modeled to incorporate an estimated increase for the 2011 UTRs.

This approach will ensure that the relevant RSVA account balances will not increase further during 2011 as a result of the increased transmission costs and since this settlement is intended to address Whitby Hydro's 2011 rates, there is no other opportunity to address significant increases in transmission costs until the 2012 IRM.

It is anticipated that RTSRs included in the final Whitby Hydro Rate Order will incorporate the final approved 2011 UTRs should they become available prior to the Board issuing a Rate Order for Whitby Hydro in this rate proceeding.

The development of forecasted assumptions for 2011 UTRs have been included below:

Assumptions for 2011 UTR Costs

	<u>Network</u>	<u>Line Connection</u>	<u>Transformation Connection</u>
Average Month MW (<i>note 1</i>)	20,150	19,500	16,850
# Months	12	12	12
Annual MW	241,800	234,000	202,200
Convert to kW	241,800,000	234,000,000	202,200,000
Revenue Requirement (<i>note 1</i>)	839,700,000	195,600,000	369,600,000
Estimated Rate	3.47	0.84	1.83
Existing Rate	2.97	0.73	1.71
\$ Change	0.50	0.11	0.12
% Change	16.8%	15.1%	7.0%

Note 1: Reference EB-2010-0002 Exhibit G1, Tab 1, Schedule 1, Table 1

There are no anticipated changes to current transmission costs related to facilities that are partially embedded within Hydro One Networks (this is supported by Hydro One Network's draft rate order EB-2009-0096 Exhibit 3.0 filed on November 29, 2010).

For Settlement purposes, the calculation of transmission costs; transmission revenue to cost comparisons; and table 8-8 have been provided below. Billing demand remains unchanged from the updated application which is consistent with the settlement agreement regarding Whitby Hydro's Load Forecast.

Settlement Transmission Cost Projections

	IESO		HONI		Total	
	Network	Line Connection & Transformation	Network	Line Connection & Transformation	Network	Line Connection & Transformation
Billing Demand:						
Jan - Apr	412,347	415,498	140,033	139,033		
May - Dec	923,552	950,270	232,376	257,540		
kW	1,335,899	1,365,768	372,409	396,573		
Projected Rates for 2011 Settlement*						
%	16.90%	9.43%				
Jan. 1, 2011	\$ 3.47	\$ 2.67	\$ 2.65	\$ 2.14		
May 1, 2011	\$ 3.47	\$ 2.67	\$ 2.65	\$ 2.14		
Total Projected Charges:						
Jan - Apr	\$ 1,430,844	\$ 1,109,380	\$ 371,087	\$ 297,531	\$ 1,801,932	\$ 1,406,910
May - Dec	\$ 3,204,725	\$ 2,537,221	\$ 615,796	\$ 551,136	\$ 3,820,522	\$ 3,088,357
2011F	\$ 4,635,570	\$ 3,646,601	\$ 986,884	\$ 848,666	\$ 5,622,453	\$ 4,495,267

* Projection of 2011 rates are based as follows:

- 1) IESO - projected UTRs per EB-2010-002 Exhibit G1, Tab 1, Schedule 1, Table 1
- 2) Hydro One - per EB-2009-0096 Draft Rate Order filed November 29, 2010
- 3) Billing Demand as reflected in the November 9, application update (reference Board Staff IRR#33b)

Transmission Revenue to Cost Analysis (update of Board Staff IRR#33b for Settlement)

		(A) 2010 Forecast kWh/kW	(B) Approved TLF	Loss Adjusted kWh (A x B)	Approved RSTR Network	Approved RSTR Connection	Fcst Network Revenue	Fcst Connection Revenue
Residential	kWh	350,407,180	1.0601	371,466,652	\$0.0052	\$0.0053	1,931,627	1,968,773
GS<50 kW	kWh	75,150,446	1.0601	79,666,988	\$0.0048	\$0.0048	382,402	382,402
GS>50 kW	kW	966,330	n/a	966,330	\$1.9491	\$1.8879	1,883,474	1,824,334
USL	kWh	2,493,809	1.0601	2,643,687	\$0.0048	\$0.0048	12,690	12,690
Sentinel Lights	kW	120	n/a	120	\$1.4774	\$1.4901	177	179
Street Lights	kW	24,361	n/a	24,361	\$1.4699	\$1.4595	35,808	35,555
							4,246,177	4,223,933

	2011 Projected Revenue	2011 Projected Costs	Revenue to Cost Ratios	Revenue Short/(Over)	Required Rate Incr/(Decr)
Transmission Network	4,246,177	5,622,453	0.76	1,376,276.23	32.41%
Transmission Connection	4,223,933	4,495,267	0.94	271,334.19	6.42%
	8,470,110	10,117,720	0.84	1,647,610.42	19.45%

Table 8-8: 2011 Proposed Transmission Rates for Settlement

	Current Rates	Rev to Cost Adjustment	Adjustment (1.0601- 1.0454)	Total Adjustment	Proposed Rates
Network					
Residential	\$0.0052	32.41%	1.47%	33.88%	\$0.0070
GS< 50 kW	\$0.0048	32.41%	1.47%	33.88%	\$0.0064
GS> 50 kW	\$1.9491	32.41%		32.41%	\$2.5808
USL	\$0.0048	32.41%	1.47%	33.88%	\$0.0064
Sentinel Lighting	\$1.4774	32.41%		32.41%	\$1.9563
Street Lighting	\$1.4699	32.41%		32.41%	\$1.9463
<u>Line and Transformation Connection</u>					
Residential	\$0.0053	6.42%	1.47%	7.89%	\$0.0057
GS< 50 kW	\$0.0048	6.42%	1.47%	7.89%	\$0.0052
GS> 50 kW	\$1.8879	6.42%		6.42%	\$2.0092
USL	\$0.0048	6.42%	1.47%	7.89%	\$0.0052
Sentinel Lighting	\$1.4901	6.42%		6.42%	\$1.5858
Street Lighting	\$1.4595	6.42%		6.42%	\$1.5533

Low Voltage Charges and Recoveries

The following calculations have been provided to update the 2011 LV costs for the purpose of this settlement agreement. These calculations incorporate the most recent HONI rates for 2011, as per EB-2009-0096 Exhibit 3.0, Draft Rate Order. Billing demand remains unchanged from the updated application which is consistent with the settlement agreement regarding Whitby Hydro's Load Forecast. The allocation of LV costs continues to be based on each class's proportion of the transmission connection amounts (a methodology consistent with the original application but updated to incorporate 2011 transmission connection revenues).

As this settlement is intended to address Whitby Hydro's 2011 rates, this approach has been selected to assist in minimizing the build up of RSVA balances going forward and acknowledges that there will be no other opportunity to address 2011 LV cost increases until a timeframe beyond the 2011 rate year.

Table 8-9 Settlement Update for 2011: HONI Rates - LV Charges Applicable to Whitby Hydro

Component	Charge Determinant per Billing Month	Prior Rate	New Rate	Rate Rider #4	Rate Rider #8	Net Rate
2010						
Service Charge	\$/Delivery Point	n/a	\$274.12	-\$65.78	\$3.13	\$211.47
Common ST Lines Charge	\$/kW	\$0.63	\$0.630	-\$0.195	\$0.007	\$0.442
Reg Asset 2008 (RAR3a)	\$/kW	n/a	-\$0.01			-\$0.010
Reg Asset Rider #6A	\$/kW	n/a	\$0.005			\$0.005
2011						
Service Charge	\$/Delivery Point	\$211.47	\$292.93	-\$65.78	\$5.19	\$232.34
Common ST Lines Charge	\$/kW	\$0.442	\$0.668	-\$0.195	\$0.012	\$0.485
Reg Asset 2008 (RAR3a)	\$/kW	-\$0.010	-\$0.010			-\$0.010
Reg Asset Rider #6A	\$/kW	\$0.005	\$0.0050			\$0.005

	<u>Effective</u>	<u>Implementation</u>	<u>Sunset</u>
RAR3a	1-May-08	1-Feb-09	30-Apr-11
Rate Rider#4	1-May-08	1-Feb-09	30-Apr-11
RAR6A	1-Jan-10	1-May-10	31-Dec-11
RAR#8	1-May-10	1-May-10	31-Dec-11

Forecast for 2011 Settlement - LV Charge

	<u>2011</u>
Service Charge	2,122
Common ST line	238,422
RAR3a	(1,377)
RAR6A	1,951
	<u>241,117</u>

Table 8-10: Settlement Allocation of 2011 LV Charges to Rate Class

Customer Class Name	Test Year Revenues⁶ Transmission - Connection	Class Share	Low Voltage Charges⁷
Residential	2,087,999	46.5%	112,136
General Service Less Than 50 kW	408,524	9.1%	21,940
General Service 50 to 4,999 kW	1,941,550	43.2%	104,271
Unmetered Scattered Load	13,557	0.3%	728
Sentinel Lighting	190	0.0%	10
Street Lighting	37,840	0.8%	2,032
TOTAL	4,489,660	100.0%	241,117

Table 8-11: Settlement Calculation of 2011 LV Recovery Rates

Customer Class Name		LV Charges Allocated	Forecast Volumes (kW or kWh)	2011 LV Recovery Rate
Residential		112,136	350,407,180	0.0003
General Service Less Than 50 kW		21,940	75,150,446	0.0003
General Service 50 to 4,999 kW		104,271	966,330	0.1079
Unmetered Scattered Load		728	2,493,809	0.0003
Sentinel Lighting		10	120	0.0852
Street Lighting		2,032	24,361	0.0834
TOTAL		241,117		

Table 8-12: Settlement LV Rate Comparison

Customer Class Name		2009 Board Approved Rates	2011 Proposed Rates	% Change
Residential	/kWh	0.0006	0.0003	-50.0%
General Service Less Than 50 kW	/kWh	0.0006	0.0003	-50.0%
General Service 50 to 4,999 kW	/kW	0.2297	0.1079	-53.0%
Unmetered Scattered Load	/kWh	0.0006	0.0003	-50.0%
Sentinel Lighting	/kW	0.2080	0.0852	-59.0%
Street Lighting	/kW	0.1820	0.0834	-54.2%

APPENDIX D

BILL IMPACT SUMMARIES

Settlement - Bill Impact Summary

Customer Class	kWh	kW	RPP Price (1)	Distribution Charges (2)		Delivery Charges (3)		Total Bill	
				\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
Residential	800		RPP winter	\$ 1.02	3.6%	\$ 2.74	7.3%	\$ 1.92	1.9%
General Service Less Than 50 kW	2,000		RPP winter	\$ 1.42	2.5%	\$ 5.31	7.0%	\$ 2.93	1.2%
General Service 50 to 4,999 kW	40,000	100.0	non-RPP	\$ (11.60)	(2.2%)	\$ 63.70	7.0%	\$ 21.29	0.5%
Unmetered Scattered Load	500		RPP winter	\$ (2.74)	(10.5%)	\$ (1.75)	-5.6%	\$ (2.27)	(3.1%)
Sentinel Lighting	150	1.0	RPP winter	\$ 3.91	36.8%	\$ 4.49	33.0%	\$ 4.33	16.7%
Street Lighting	150	1.0	non-RPP	\$ 0.86	16.6%	\$ 1.43	17.7%	\$ 1.27	6.1%

Notes:

- 1) Non-RPP reflects pricing as per the RPP Price Report (issued October 2010) and is the sum of the term average price for the RPP year (Nov 10 - Oct 11) plus the Global Adjustment for the same period.
- 2) Distribution Charges include the Monthly Service Charge, Smart Meter Funding Adder, Volumetric Charges, Regulatory Asset Recovery Rate Rider and the LRAM Rate Rider.
- 3) Delivery Charges include all Distribution Charges noted above plus Transmission Service Charges.

Settlement - Customer Bill Impact Analysis

Residential

		2010 Bill			2011 Bill			Change Impact	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	16.71	16.71	1	17.24	17.24	0.53	3.2%
Smart Meter Rate Adder		1	1.00	1.00	1	2.13	2.13	1.13	113.0%
Distribution (Volumetric)	kWh	800	0.0137	10.96	800	0.0141	11.28	0.32	2.9%
Deferral/Variance Dispositions	kWh	800	0.0000	0.00	800	(0.0017)	(1.36)	(1.36)	
LRAM Rate Rider	kWh	800	0.0000	0.00	800	0.0005	0.40	0.40	
Sub-Total (Distribution)				28.67			29.69	1.02	3.6%
Electricity (Commodity)	kWh	848	RPP winter	54.28	836	RPP winter	53.52	(0.75)	(1.4%)
Transmission - Network	kWh	848	0.0052	4.41	836	0.0070	5.85	1.44	32.7%
Transmission - Connection	kWh	848	0.0053	4.49	836	0.0057	4.77	0.28	6.2%
Wholesale Market Service	kWh	848	0.0052	4.41	836	0.0052	4.35	(0.06)	(1.4%)
Rural Rate Protection	kWh	848	0.0013	1.10	836	0.0013	1.09	(0.01)	(0.9%)
Debt Retirement Charge	kWh	800	0.0070	5.60	800	0.0070	5.60	0.00	0.0%
TOTAL BILL (before tax)				102.96			104.87	1.92	1.9%
Delivery Only				37.57			40.31	2.74	7.3%

General Service Less Than 50 kW

		2010 Bill			2011 Bill			Change Impact	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	18.51	18.51	1	19.80	19.80	1.29	7.0%
Smart Meter Rate Adder		1	1.00	1.00	1	2.13	2.13	1.13	113.0%
Distribution (Volumetric)	kWh	2,000	0.0181	36.20	2,000	0.0194	38.80	2.60	7.2%
Deferral/Variance Dispositions	kWh	2,000	0.0000	0.00	2,000	(0.0018)	(3.60)	(3.60)	
LRAM Rate Rider	kWh	2,000	0.0000	0.00	2,000	0.0000	0.00	0.00	
Sub-Total (Distribution)				55.71			57.13	1.42	2.5%
Electricity (Commodity)	kWh	2,120	RPP winter	149.39	2,091	RPP winter	147.22	(2.18)	(1.5%)
Transmission - Network	kWh	2,120	0.0048	10.18	2,091	0.0064	13.38	3.20	31.4%
Transmission - Connection	kWh	2,120	0.0048	10.18	2,091	0.0052	10.87	0.69	6.8%
Wholesale Market Service	kWh	2,120	0.0052	11.03	2,091	0.0052	10.87	(0.16)	(1.5%)
Rural Rate Protection	kWh	2,120	0.0013	2.76	2,091	0.0013	2.72	(0.04)	(1.4%)
Debt Retirement Charge	kWh	2,000	0.0070	14.00	2,000	0.0070	14.00	0.00	0.0%
TOTAL BILL (before tax)				253.25			256.19	2.93	1.2%
Delivery Only				76.07			81.38	5.31	7.0%

Whitby Hydro Electric Corporation
EB-2009-0274
Proposed Settlement Agreement
Appendix D
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General Service 50 to 4,999 kW

		2010 Bill			2011 Bill			Change Impact	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	191.34	191.34	1	191.34	191.34	0.00	0.0%
Smart Meter Rate Adder		1	1.00	1.00	1	2.13	2.13	1.13	113.0%
Distribution (Volumetric)	kW	100	3.3729	337.29	100	3.9178	391.78	54.49	16.2%
Deferral/Variance Dispositions	kW	100	0.0000	0.00	100	(0.6875)	(68.75)	(68.75)	
LRAM Rate Rider	kW	100	0.0000	0.00	100	0.0153	1.53	1.53	
Sub-Total (Distribution)				529.63			518.03	(11.60)	(2.2%)
Electricity (Commodity)	kWh	42,404	non-RPP	2,782.13	41,816	non-RPP	2,743.55	(38.58)	(1.4%)
Transmission - Network	kW	100	1.9491	194.91	100	2.5808	258.08	63.17	32.4%
Transmission - Connection	kW	100	1.8879	188.79	100	2.0092	200.92	12.13	6.4%
Wholesale Market Service	kWh	42,404	0.0052	220.50	41,816	0.0052	217.44	(3.06)	(1.4%)
Rural Rate Protection	kWh	42,404	0.0013	55.13	41,816	0.0013	54.36	(0.77)	(1.4%)
Debt Retirement Charge	kWh	40,000	0.0070	280.00	40,000	0.0070	280.00	0.00	0.0%
TOTAL BILL (before tax)				4,251.09			4,272.38	21.29	0.5%
Delivery Only				913.33			977.03	63.70	7.0%

Unmetered Scattered Load

		2010 Bill			2011 Bill			Change Impact	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	9.97	9.97	1	9.28	9.28	(0.69)	(6.9%)
Smart Meter Rate Adder		1	0.00	0.00	1	0.00	0.00	0.00	
Distribution (Volumetric)	kWh	500	0.0325	16.25	500	0.0302	15.10	(1.15)	(7.1%)
Deferral/Variance Dispositions	kWh	500	0.0000	0.00	500	(0.0018)	(0.90)	(0.90)	
LRAM Rate Rider	kWh	500	0.0000	0.00	500	0.0000	0.00	0.00	
Sub-Total (Distribution)				26.22			23.48	(2.74)	(10.5%)
Electricity (Commodity)	kWh	530	RPP winter	33.92	523	RPP winter	33.45	(0.47)	(1.4%)
Transmission - Network	kWh	530	0.0048	2.54	523	0.0064	3.35	0.81	31.9%
Transmission - Connection	kWh	530	0.0048	2.54	523	0.0052	2.72	0.18	7.1%
Wholesale Market Service	kWh	530	0.0052	2.76	523	0.0052	2.72	(0.04)	(1.4%)
Rural Rate Protection	kWh	530	0.0013	0.69	523	0.0013	0.68	(0.01)	(1.4%)
Debt Retirement Charge	kWh	500	0.0070	3.50	500	0.0070	3.50	0.00	0.0%
TOTAL BILL (before tax)				72.17			69.90	(2.27)	(3.1%)
Delivery Only				31.30			29.55	(1.75)	(5.6%)

Sentinel Lighting

		2010 Bill			2011 Bill			Change Impact	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	2.87	2.87	1	4.05	4.05	1.18	41.1%
Smart Meter Rate Adder		1	0.00	0.00	1	0.00	0.00	0.00	
Distribution (Volumetric)	kW	1	7.7629	7.76	1	10.9830	10.98	3.22	41.5%
Deferral/Variance Dispositions	kW	1	0.0000	0.00	1	(0.4912)	(0.49)	(0.49)	
LRAM Rate Rider	kW	1	0.0000	0.00	1	0.0000	0.00	0.00	
Sub-Total (Distribution)				10.63			14.54	3.91	36.8%
Electricity (Commodity)	kWh	159	RPP winter	10.18	157	RPP winter	10.04	(0.14)	(1.4%)
Transmission - Network	kW	1	1.4774	1.48	1	1.9563	1.96	0.48	32.4%
Transmission - Connection	kW	1	1.4901	1.49	1	1.5858	1.59	0.10	6.7%
Wholesale Market Service	kWh	159	0.0052	0.83	157	0.0052	0.82	(0.01)	(1.2%)
Rural Rate Protection	kWh	159	0.0013	0.21	157	0.0013	0.20	(0.01)	(4.8%)
Debt Retirement Charge	kWh	150	0.0070	1.05	150	0.0070	1.05	0.00	0.0%
TOTAL BILL (before tax)				25.87			30.20	4.33	16.7%
Delivery Only				13.60			18.09	4.49	33.0%

Street Lighting

		2010 Bill			2011 Bill			Change Impact	
		Volume	Rate	Charge	Volume	Rate	Charge	\$	%
Monthly Service Charge		1	1.04	1.04	1	1.36	1.36	0.32	30.8%
Smart Meter Rate Adder		1	0.00	0.00	1	0.00	0.00	0.00	
Distribution (Volumetric)	kW	1	4.1309	4.13	1	5.4070	5.41	1.28	31.0%
Deferral/Variance Dispositions	kW	1	0.0000	0.00	1	(0.7408)	(0.74)	(0.74)	
LRAM Rate Rider	kW	1	0.0000	0.00	1	0.0000	0.00	0.00	
Sub-Total (Distribution)				5.17			6.03	0.86	16.6%
Electricity (Commodity)	kWh	159	non-RPP	10.43	157	non-RPP	10.29	(0.14)	(1.4%)
Transmission - Network	kW	1	1.4699	1.47	1	1.9463	1.95	0.48	32.7%
Transmission - Connection	kW	1	1.4595	1.46	1	1.5533	1.55	0.09	6.2%
Wholesale Market Service	kWh	159	0.0052	0.83	157	0.0052	0.82	(0.01)	(1.2%)
Rural Rate Protection	kWh	159	0.0013	0.21	157	0.0013	0.20	(0.01)	(4.8%)
Debt Retirement Charge	kWh	150	0.0070	1.05	150	0.0070	1.05	0.00	0.0%
TOTAL BILL (before tax)				20.62			21.89	1.27	6.1%
Delivery Only				8.10			9.53	1.43	17.7%

APPENDIX E

2011 REVENUE DEFICIENCY

2011 Settlement - Test Year Revenue Deficiency

Rate Base	75,768,349	
Return On Rate Base	7.03%	5,326,515
Distribution Expenses & Taxes:		
OM&A	8,879,421	
Amortization	4,800,644	
PILs/Taxes	1,190,589	14,870,654
		<hr/>
Service Revenue Requirement		20,197,169
Revenue Offsets		(1,000,743)
		<hr/>
Distribution Revenue Requirement		19,196,426
		<hr/>
<i>Distribution Revenue at Existing Rates</i>		17,847,514
		<hr/>
Revenue Sufficiency (Deficiency)		(1,348,912)
		<hr/>

APPENDIX F

2011 REVENUE REQUIREMENT WORK FORM



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation
File Number: EB-2009-0274
Rate Year: 2010 Settlement for 2011 Rates 11/30/10

Data Input (1)				
	Application		Adjustments	Per Board Decision
1 Rate Base				
Gross Fixed Assets (average)	\$130,674,768	(4)	(\$1,529,450)	\$129,145,318
Accumulated Depreciation (average)	(\$66,557,712)	(5)	\$95,393	(\$66,462,319)
Allowance for Working Capital:				
Controllable Expenses	\$8,919,421	(6)	(\$40,000)	\$8,879,421
Cost of Power	\$68,963,116		9,393,114	\$78,356,230
Working Capital Rate (%)	15.00%			15.00%
2 Utility Income				
Operating Revenues:				
Distribution Revenue at Current Rates	\$17,847,514			\$17,847,514
Distribution Revenue at Proposed Rates	\$19,856,446			\$19,196,426
Other Revenue:				
Specific Service Charges	\$157,835			\$157,835
Late Payment Charges	\$321,000			\$363,000
Other Distribution Revenue	\$333,909			\$401,909
Other Income and Deductions	\$78,000			\$78,000
Operating Expenses:				
OM+A Expenses	\$8,919,421		(\$40,000)	\$8,879,421
Depreciation/Amortization	\$4,929,391		(\$128,747)	\$4,800,644
Property taxes				
Capital taxes	\$45,600			\$0
Other expenses				
3 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			\$854,248
Income taxes (grossed up)	\$1,149,325			\$1,190,590
Capital Taxes	\$45,600			\$ -
Federal tax (%)	13.00%			16.50% (8)
Provincial tax (%)	18.00%			11.75% (8)
Income Tax Credits				
4 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%			5.48% (7)
Short-term debt Cost Rate (%)	1.33%			2.43% (7)
Common Equity Cost Rate (%)	8.01%			9.66% (7)
Preferred Shares Cost Rate (%)				

Notes:

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

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Settlement- Per Board Decision reflects Whitby Hydro's settlement proposal to reach \$1,350,000 revenue deficiency (Nov 29/10)
The starting point for settlement is based on the revenue deficiency identified in Board Staff #35 (updated November 9/10)



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation
File Number: EB-2009-0274
Rate Year: 2010 Settlement for 2011

Rate Base				
Line No.	Particulars	Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$130,674,768	(\$1,529,450)	\$129,145,318
2	Accumulated Depreciation (average) (3)	(\$66,557,712)	\$95,393	(\$66,462,319)
3	Net Fixed Assets (average) (3)	\$64,117,057	(\$1,434,057)	\$62,683,000
4	Allowance for Working Capital (1)	\$11,682,381	\$1,402,967	\$13,085,348
5	Total Rate Base	\$75,799,437	(\$31,090)	\$75,768,347

(1) Allowance for Working Capital - Derivation				
6	Controllable Expenses	\$8,919,421	(\$40,000)	\$8,879,421
7	Cost of Power	\$68,963,116	\$9,393,114	\$78,356,230
8	Working Capital Base	\$77,882,537	\$9,353,114	\$87,235,651
9	Working Capital Rate % (2)	15.00%		15.00%
10	Working Capital Allowance	\$11,682,381	\$1,402,967	\$13,085,348

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.

Per Board Decision reflects Whitby Hydro's settlement proposal to reach \$1,350,000 revenue deficiency
The starting point for settlement is based on the revenue deficiency identified in Board Staff #35 (updated November 9, 2010) of \$2,564,095. All settlement adjustments are noted in the Settlement Detail Schedule



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation
File Number: EB-2009-0274
Rate Year: 2010 Settlement for 2011R

Utility income				
Line No.	Particulars	Application	Adjustments	Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$19,856,446	(\$660,020)	\$19,196,426
2	Other Revenue (1)	\$890,743	\$110,000	\$1,000,743
3	Total Operating Revenues	\$20,747,189	(\$550,020)	\$20,197,169
Operating Expenses:				
4	OM+A Expenses	\$8,919,421	(\$40,000)	\$8,879,421
5	Depreciation/Amortization	\$4,929,391	(\$128,747)	\$4,800,644
6	Property taxes	\$ -	\$ -	\$ -
7	Capital taxes	\$45,600	(\$45,600)	\$ -
8	Other expense	\$ -	\$ -	\$ -
9	Subtotal	\$13,894,412	(\$214,347)	\$13,680,065
10	Deemed Interest Expense	\$3,274,839	(\$876,013)	\$2,398,826
11	Total Expenses (lines 4 to 10)	\$17,169,251	(\$1,090,360)	\$16,078,891
12	Utility income before income taxes	\$3,577,938	\$540,340	\$4,118,278
13	Income taxes (grossed-up)	\$1,149,325	\$41,265	\$1,190,590
14	Utility net income	\$2,428,614	\$499,075	\$2,927,689

Notes

(1)	Other Revenues / Revenue Offsets		
	Specific Service Charges	\$157,835	\$157,835
	Late Payment Charges	\$321,000	\$363,000
	Other Distribution Revenue	\$333,909	\$401,909
	Other Income and Deductions	\$78,000	\$78,000
	Total Revenue Offsets	\$890,743	\$1,000,743

Per Board Decision reflects Whitby Hydro's settlement proposal to reach \$1,350,000 revenue deficiency (November 2010). The starting point for settlement is based on the revenue deficiency identified in Board Staff #35 (updated November 9, 2010) of \$2,564,095. All settlement adjustments are noted in the Settlement Detail Schedule



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation
File Number: EB-2009-0274
Rate Year: 2010 Settlement for 2011 Rates

Taxes/PILs			
Line No.	Particulars	Application	Per Board Decision
<u>Determination of Taxable Income</u>			
1	Utility net income	\$2,428,614	\$2,927,689
2	Adjustments required to arrive at taxable utility income	\$129,559	\$96,189
3	Taxable income	\$2,558,173	\$3,023,878
<u>Calculation of Utility income Taxes</u>			
4	Income taxes	\$793,034	\$854,248
5	Capital taxes	\$45,600	\$ -
6	Total taxes	\$838,634	\$854,248
7	Gross-up of Income Taxes	\$356,291	\$336,342
8	Grossed-up Income Taxes	\$1,149,325	\$1,190,590
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$1,194,925	\$1,190,590
10	Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>			
11	Federal tax (%)	13.00%	16.50% (2)
12	Provincial tax (%)	18.00%	11.75% (2)
13	Total tax rate (%)	31.00%	28.25%

Notes

- (1) Per Board Decision reflects Whitby Hydro's settlement proposal to reach \$1,350,000 revenue. The starting point for settlement is based on the revenue deficiency identified in Board Staff #35 November 9, 2010) of \$2,564,095. All settlement adjustments are noted in the Settlement Detail Settlement - Reflects 2011 Tax Rates.
- (2)



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation

File Number: EB-2009-0274

Rate Year: 2010 Settlement f

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%	\$42,430,274	5.48%	\$2,325,179
9	Short-term Debt	4.00%	\$3,030,734	2.43%	\$73,647
10	Total Debt	60.00%	\$45,461,008	5.28%	\$2,398,826
Equity					
11	Common Equity	40.0%	\$30,307,339	9.66%	\$2,927,689
12	Preferred Shares	0.0%	\$ -	0.00%	\$ -
13	Total Equity	40.0%	\$30,307,339	9.66%	\$2,927,689
14	Total	100%	\$75,768,347	7.03%	\$5,326,515

Notes

- (1) 4.0% unless an Applicant has proposed or been approved for another amount.
- (2) Per Board Decision reflects Whitby Hydro's settlement proposal to reach \$1,350,000 revenue def
- The starting point for settlement is based on the revenue deficiency identified in Board Staff #35 (November 9, 2010) of \$2,564,095. All settlement adjustments are noted in the Settlement Detail Settlement - 2011 Cost of Capital Parameters.
- (3)



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation
File Number: EB-2009-0274
Rate Year: 2010 Settlement for 2011 Rates 11/30/

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		\$1,348,909
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	\$1,000,743	\$1,000,743
4	Total Revenue	\$18,738,257	\$20,747,189	\$18,848,257	\$20,197,169
5	Operating Expenses	\$13,894,412	\$13,894,412	\$13,680,065	\$13,680,065
6	Deemed Interest Expense	\$3,274,839	\$3,274,839	\$2,398,826	\$2,398,826
	Total Cost and Expenses	\$17,169,251	\$17,169,251	\$16,078,891	\$16,078,891
7	Utility Income Before Income Taxes	\$1,569,006	\$3,577,938	\$2,769,366	\$4,118,278
	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	\$2,865,555	\$4,214,467
10	Income Tax Rate	31.00%	31.00%	28.25%	28.25%
11	Income Tax on Taxable Income	\$526,555	\$1,149,324	\$809,519	\$1,190,587
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	\$1,042,451	\$2,428,614	\$1,959,847	\$2,927,689
14	Utility Rate Base	\$75,799,437	\$75,799,437	\$75,768,347	\$75,768,347
	Deemed Equity Portion of Rate Base	\$30,319,775	\$30,319,775	\$30,307,339	\$30,307,339
15	Income/Equity Rate Base (%)	3.44%	8.01%	6.47%	9.66%
16	Target Return - Equity on Rate Base	8.01%	8.01%	9.66%	9.66%
	Sufficiency/Deficiency in Return on Equity	-4.57%	0.00%	-3.19%	0.00%
17	Indicated Rate of Return	5.70%	7.52%	5.75%	7.03%
18	Requested Rate of Return on Rate Base	7.52%	7.52%	7.03%	7.03%
19	Sufficiency/Deficiency in Rate of Return	-1.83%	0.00%	-1.28%	0.00%
20	Target Return on Equity	\$2,428,614	\$2,428,614	\$2,927,689	\$2,927,689
21	Revenue Sufficiency/Deficiency	\$1,386,163	(\$0)	\$967,842	(\$0)
22	Gross Revenue Sufficiency/Deficiency	\$2,008,932 (1)		\$1,348,909 (1)	

Notes:

- (1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)
Per Board Decision reflects Whitby Hydro's settlement proposal to reach \$1,350,000 revenue deficiency (November 29/10)
The starting point for settlement is based on the revenue deficiency identified in Board Staff #35 (updated November 9/10 November 9, 2010) of \$2,564,095. All settlement adjustments are noted in the Settlement Detail Schedule



REVENUE REQUIREMENT WORK FORM

Name of LDC: Whitby Hydro Electric Corporation
File Number: EB-2009-0274
Rate Year: 2010 Settlement for 2011 Rates 11/30,

		Revenue Requirement	
Line No.	Particulars	Application	Per Board Decision
1	OM&A Expenses	\$8,919,421	\$8,879,421
2	Amortization/Depreciation	\$4,929,391	\$4,800,644
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$45,600	\$ -
5	Income Taxes (Grossed up)	\$1,149,325	\$1,190,590
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$3,274,839	\$2,398,826
	Return on Deemed Equity	\$2,428,614	\$2,927,689
8	Distribution Revenue Requirement before Revenues	\$20,747,189	\$20,197,169
9	Distribution revenue	\$19,856,446	\$19,196,426
10	Other revenue	\$890,743	\$1,000,743
11	Total revenue	\$20,747,189	\$20,197,169
	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	(\$0) (1)	(\$0) (1)

Notes

(1) Line 11 - Line 8

Per Board Decision reflects Whitby Hydro's settlement proposal to reach \$1,350,000 revenue deficit. The starting point for settlement is based on the revenue deficiency identified in Board Staff #35 (dated November 9, 2010) of \$2,564,095. All settlement adjustments are noted in the Settlement Detail S