



January 7, 2011

BY EMAIL, 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
Electricity Distribution Rate Application
EB- 2009-0274**

In accordance with the Board's Decision dated December 20, 2010, please find attached a Draft Rate Order including a proposed Tariff of Rates and Charges.

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)

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, C.15 (Schedule B);

AND IN THE MATTER OF an Application by Whitby Hydro Electric Corporation for an Order or Orders approving just and reasonable rates and other service charges for the distribution of electricity effective January 1, 2011

**EB-2009-0274
DRAFT RATE ORDER
Whitby Hydro Electric Corporation
Filed with the Ontario Energy Board January 7, 2011**

BACKGROUND:

On January 15, 2010, Whitby Hydro Electric Corporation ("Whitby Hydro") filed an application with the Ontario Energy Board (the "Board") under section 78 of the Ontario Energy Board Act, 1998; S.O. 1998, C.15 (Schedule B), for an order or orders to approve just and reasonable rates for the distribution of electricity effective May 1, 2010. The Board assigned file number EB-2009-0274 to the Application and approved intervention requests from three parties: Energy Probe Research Foundation ("EP"), Vulnerable Energy Consumers Coalition ("VECC"), and the School Energy Coalition ("SEC").

Whitby Hydro filed responses to Board Staff and intervenors' interrogatories on April 28, 2010 and to supplemental interrogatories by June 11, 2010. After a transcribed 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. Responses to additional supplemental interrogatories were filed on November 9, 2010 and a settlement conference was re-convened on November 16 – 17, 2010.

At the conclusion of settlement discussions, a full settlement was reached. The Board accepted the settlement proposal and issued its Decision dated December 20, 2010.

BOARD DIRECTION TO WHITBY HYDRO:

In its Decision, the Board directed Whitby Hydro to file a Draft Rate Order attaching a proposed Tariff of Rates and Charges and other filings reflecting the Board's findings within five days of its Decision. Whitby Hydro was directed to include in the Draft Rate Order detailed supporting material, and to highlight any differences between the supporting material and the appendixes to the Settlement Proposal filed. The supporting documentation must include a completed version of the Revenue Requirement Work Form excel spreadsheet and include any relevant calculations associated with the impact of the Settlement Proposal, the allocation of the approved revenue requirement to the classes and the determination of final rates. In addition, any calculations for revisions related to the retail transmissions service rates (RTSR), rate riders and rate adders should be included along with the bill impacts.

On December 20, 2010, Whitby Hydro filed correspondence with the Board requesting an extension in filing the Draft Rate Order and on December 21, 2010, the Board responded granting the requested extension to January 7, 2011.

IMPLEMENTATION OF RATES:

The Board Decision indicated that new 2011 rates are to be effective January 1, 2011.

OVERVIEW:

It was apparent to the Parties at the November 2010 Settlement Conference that new rates for Whitby Hydro would likely not be implemented until January 1, 2011 and 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 2011 rates were developed using a two step approach in which the first step was agreement on hypothetical 2010 revenue requirement components as proxies for the second step. 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.

A summary of the key rate making components has been included below. Each relevant area of the settlement agreement has been outlined with references to appropriate appendices where applicable. The following Appendices have been included as part of this Draft Rate Order:

- A – 2011 Tariff of Rates and Charges
- B – Cost Allocation approach and results arising from the Settlement Agreement
- C – The Rate Design Module arising from the Settlement Agreement
- D – Bill Impact Summaries
- E – Whitby Hydro's 2011 Revenue Deficiency
- F – Whitby Hydro's 2011 Revenue Requirement Work Form
- G - Reconciliation of 2011 Gross Base Revenue Requirement

Changes from the settlement agreement are limited to the following areas:

- Retail Transmission Service Rates (RTSRs) – to incorporate updates related to 2011 Uniform Transmission Rates (UTRs) as identified in Hydro One Networks' ("HONI") Draft Rate Order (EB-2010-0002) filed on January 5, 2011.
- Low Voltage Costs – to incorporate updates related to 2011 Sub Transmission rates affecting Whitby Hydro, as identified in Exhibit 3 of the approved Rate Order (EB-2009-096) released on December 21, 2010. As changes affecting Whitby Hydro were not material, there was no impact to the resulting Low Voltage recovery rates however, updated information and schedules have been provided for completeness.

As a result of the above noted changes, Appendices A, C, and D have been updated from those provided in the settlement agreement. Appendix G has been provided as a new schedule to the Draft Rate Order.

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%

Cost Allocation (Exhibit 7)

2010 proposed methodology and revenue-to-cost ratios applied to 2011.

Rate Design (Exhibit 8)

2010 proposed methodology applied to 2011.

Variance & Deferral Accounts (Exhibit 9)

No changes in methodology or proposed dispositions. No changes to Smart Meter rate adder proposed.

Lost Revenue Adjustment (Exhibit 10)

No changes in methodology or proposed Lost Revenue Adjustment rate riders.

* as per the November 9, 2010 update
(Board Staff IRR#35)

RATE BASE:

2010 Rate Base Proxy

For the purpose of obtaining a complete settlement of all issues, the Parties agreed that a proxy for 2010 rate base in the amount of \$72,184,963 is appropriate. This amounts to approximately \$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.

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 adjustments 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
+ \$ 142	2009 actual net fixed assets
\$ 72,184	Proxy for 2010 rate base

2011 Rate Base

For the purpose of obtaining a complete settlement of all issues, the Parties agreed 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 historic annual rate based increases.

OPERATING REVENUE:

Customer and Load Forecast

For the purpose of obtaining complete settlement of all issues, the Parties accepted Whitby Hydro's proposed customer and load forecast for 2010 to be used for 2011.

Other (Miscellaneous) Revenue

For the purpose of obtaining complete settlement of all issues, the Parties agreed 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.

OPERATING EXPENSES (OM&A):

2010 OM&A Proxy

For the purpose of obtaining a complete settlement of all issues, the Parties accepted 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.

2011 OM&A

For the purpose of obtaining settlement, the Parties agreed 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.

DEPRECIATION EXPENSE:

2010 Depreciation Expense Proxy

For the purpose of obtaining complete settlement of all issues, the Parties agreed 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 adjustments 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	Proxy for 2010 Depreciation Expense

2011 Depreciation Expense

The Parties agreed that for settlement purposes, 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.

PILS:

For the purpose of obtaining complete settlement of all issues, the Parties agreed that it would be appropriate to use 2011 tax rates in determining the 2011 PILs expense in the amount of \$1,190,589.

COST OF CAPITAL:

For the purpose of obtaining complete settlement of all issues, the Parties accepted the proposed capital structure of 60% debt and 40% equity. The Parties also agreed 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 Parties also agreed that the 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.

REVENUE DEFICIENCY OR SURPLUS:

For the purpose of obtaining complete settlement of all issues, the Parties agreed on a Revenue Deficiency for 2011 of 1,348,912 as outlined in Appendix E.

COST ALLOCATION:

For the purpose of obtaining a complete settlement of all issues, the Parties agreed that the 2010 Cost Allocation methodology and revenue-to-cost ratios proposed by Whitby Hydro in their application were acceptable and that the revenue-to-cost ratios for 2010 would also be used for 2011.

With respect to the Streetlighting and Sentinel Lighting customer classes, the Parties agreed 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 Board's target revenue-to-cost ratio range is acceptable and should apply to 2011. Appendix B incorporates a movement for these classes of 50% towards the lower end of the target range. The Parties also agreed 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 Appendix B.

RATE DESIGN:

Fixed/Variable Proportions

For the purpose of obtaining complete settlement of all issues, the Parties agreed that the fixed/variable proportions proposed by Whitby Hydro for 2010 are acceptable and that the same methodology used to derive the fixed/variable proportions proposed for 2010, should be used for 2011.

Further details have been provided in Appendix C.

Retail Transmission Service Rates (RTSRs)

For the purpose of obtaining complete settlement of all issues, the Parties agreed that the RTSR approach and calculations for 2010 were acceptable and that a similar approach should be taken to address 2011.

Further details have been provided in Appendix C, however to summarize, these calculations include the cost impacts as follows:

- Facilities partially embedded within Hydro One - use final Sub Transmission rates approved in the Board's Decision for Hydro One Networks (EB-2009-0096). These transmission rates are unchanged from those used in the settlement agreement.
- Facilities directly connected to the provincial transmission system – use the Draft Rate Order for the 2011 Uniform Transmission Rates (UTRs) dated January 5, 2011 (EB-2010-0002). These rates are lower than those estimated in the settlement agreement.

Low Voltage Charges and Recovery

For the purpose of obtaining complete settlement of all issues, the Parties agreed that the low voltage charges would be adjusted to reflect the 2010 test year forecast (not a four year average) for 2010. For settlement purposes it was agreed that the 2011 costs should be adjusted to reflect the most recent rates proposed by Hydro One Networks (EB-2009-0096) which have now been approved by the Board as final. There were very minor changes between the relevant rates used for the settlement agreement (which used HONI's Draft Rate Order) and the final approved HONI rates. The impact to Whitby Hydro for the change was a \$3 decrease in forecasted low voltage charges for 2011. For completeness, the change has been reflected in updates to Appendix C, however, there was no resulting impact to Whitby Hydro's LV recovery rates.

For the purpose of obtaining complete settlement of all issues, the Parties also agreed that the low voltage cost recovery methodology proposed by Whitby Hydro for 2010 was acceptable and the same methodology should be used to address recoveries of 2011 low voltage costs.

Further details have been provided in Appendix C.

Loss Factor

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

DEFERRAL AND VARIANCE ACCOUNTS:

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

The Parties also accepted the Smart Meter rate adder as outlined in the original application.

The Parties also agreed that the costs and recoveries for the Late Payment Class Action Settlement were not included in Whitby Hydro's settlement agreement. Recovery of costs associated with this issue are currently being addressed by the Board through a proceeding (EB-2010-0295), which covers all "Affected Electricity Distributors". The Parties agreed that Whitby Hydro may address these costs and recoveries on the basis of a Decision in the Board's proceeding or through a future Incentive Rate Mechanism (IRM) application or Cost of Service rate application.

LOST REVENUE ADJUSTMENT MECHANISM (LRAM):

For the purpose of obtaining a complete settlement of all issues, the Parties accepted the proposed calculations and LRAM rate riders set out in the original Application to be appropriate.

APPENDIX A

2011 TARIFF OF RATES AND CHARGES

Whitby Hydro Electric Company

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011 except for the microFIT Generator Class effective date of September 21, 2009

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2009-0274

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to detached, semi-detached or freehold townhouse dwelling units. Energy is supplied to residential customers as single phase, three wire, 60 Hertz, having a normal voltage of 120/240 Volts up to a maximum of 600 Amps per dwelling unit. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	17.24
Smart Meter Funding Adder	\$	2.13
Distribution Volumetric Rate	\$/kWh	0.0141
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until December 31, 2014	\$/kWh	(0.0017)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until December 31, 2012	\$/kWh	0.0005
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0066
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0055

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Company
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2011
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0274

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW, shall include small apartment buildings and smaller commercial, industrial, and institutional developments. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	19.80
Smart Meter Funding Adder	\$	2.13
Distribution Volumetric Rate	\$/kWh	0.0194
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until December 31, 2014	\$/kWh	(0.0018)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0060
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Company

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011 except for the microFIT Generator Class effective date of September 21, 2009

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2009-0274

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW and includes apartment buildings, and commercial, industrial, and institutional developments. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	191.34
Smart Meter Funding Adder	\$	2.13
Distribution Volumetric Rate	\$/kW	3.9178
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until December 31, 2014	\$/kW	(0.6875)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until December 31, 2012	\$/kW	0.0153
Retail Transmission Rate – Network Service Rate	\$/kW	2.4275
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.9420

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Company

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011
except for the microFIT Generator Class effective date of September 21, 2009

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EB-2009-0274

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, decorative lighting, billboards, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	9.28
Distribution Volumetric Rate	\$/kWh	0.0302
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until December 31, 2014	\$/kWh	(0.0018)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0060
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0050

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Company

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0274

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per light)	\$	4.05
Distribution Volumetric Rate	\$/kW	10.9830
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until December 31, 2014	\$/kW	(0.4912)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8401
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5328

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Company

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011 except for the microFIT Generator Class effective date of September 21, 2009

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2009-0274

STREET LIGHTING SERVICE CLASSIFICATION

This classification relates to the supply of power for street lighting installations. Street lighting design and installations shall be in accordance with the requirements of Whitby Hydro, Town of Whitby specifications and ESA. The Town of Whitby retains ownership of the street lighting system on municipal roadways. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per light)	\$	1.36
Distribution Volumetric Rate	\$/kW	5.4070
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until December 31, 2014	\$/kW	(0.7408)
Retail Transmission Rate – Network Service Rate	\$/kW	1.8307
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.5013

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Whitby Hydro Electric Company
TARIFF OF RATES AND CHARGES
Effective and Implementation Date January 1, 2011
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0274

microFIT GENERATOR SERVICE CLASSIFICATION

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

APPLICATION

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

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

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

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

MONTHLY RATES AND CHARGES – Delivery Component – effective September 21, 2009

Service Charge	\$	5.25
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Whitby Hydro Electric Company

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0274

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)

SPECIFIC SERVICE CHARGES

APPLICATION

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

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

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

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 (plus credit agency costs if applicable)	\$	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 Charge at meter – during regular Hours	\$	65.00
Disconnect/Reconnect Charge at meter – after regular hours	\$	185.00
Disconnect/Reconnect Charge at pole – during regular hours	\$	185.00
Disconnect/Reconnect Charge at pole – after 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 & remove – overhead – no transformer	\$	500.00
Temporary service install & remove – underground – no transformer	\$	300.00
Temporary service install & remove – overhead – with transformer	\$	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Whitby Hydro Electric Company

TARIFF OF RATES AND CHARGES

Effective and Implementation Date January 1, 2011
except for the microFIT Generator Class effective date of September 21, 2009

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2009-0274

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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

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

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

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

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

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

LOSS FACTORS

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

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0454
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0349

APPENDIX B

COST ALLOCATION

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 19		
	Service Revenue Requirement	%	Miscellaneous Revenue (mi)	%	Base Revenue Requirement *	%	Revenue to Expenses %
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%

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

As part of the 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 incorporate the settlement revenue requirement and updated LV cost recovery. 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 figure for low voltage recovery (below) includes a minor revision to match the revised costs (see the Low Voltage Charges and Recoveries section for further details). 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 Draft Rate Order

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>241,114</u>	<u>534,684</u>
Gross Base Revenue Requirement - 2011		<u>19,731,110</u>

Updated tables 8-1 through 8-5 have been prepared to provide further documentation of the calculations and resulting rates consistent with the 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/Draft Rate Order Update for 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		112,135	12,596,843
General Service Less Than 50 kW	1,886,505		21,939	1,908,445
General Service 50 to 4,999 kW	4,386,869	293,570	104,270	4,784,708
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	241,114	19,731,110

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)

As part of the settlement agreement, the Parties agreed 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). A Decision was issued on December 23, 2010, and a draft rate order has been filed. As a result, the RTSR calculations have been revised to reflect the UTR rates in the draft rate order filed January 5, 2011. This revision resulted in a reduction to the forecasted 2011 transmission costs previously filed as part of the settlement agreement.

The overall approach taken in developing the RTSRs ensures that the relevant RSVA account balances will not increase further during 2011 as a result of the increased transmission costs (from 2010) and since the settlement was intended to address Whitby Hydro's 2011 rates, there is no other opportunity to address significant increases in transmission costs until the 2012 IRM.

A comparison of UTRs has been summarized as follows:

	<u>Network</u>	<u>Line Connection</u>	<u>Transformation Connection</u>
UTRs - 2010 rates	\$ 2.97	\$ 0.73	\$ 1.71
UTRs - estimate used in settlement agreement	\$ 3.47	\$ 0.84	\$ 1.83
UTRs - per HONI Draft Rate Order - filed January 5, 2011	\$ 3.22	\$ 0.79	\$ 1.77
% increase/(decrease) of Draft Rate Order UTRs vs			
2010 rates	8.42%	8.22%	3.51%
Estimate used in settlement agreement	(7.20%)	(5.95%)	(3.28%)

There are no changes to current transmission costs related to facilities that are partially embedded within Hydro One Networks (this is supported by Hydro One Network's final rate order EB-2009-0096 Exhibit 3.0 (page 22-23) dated December 21, 2010).

For Settlement purposes, the revised 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.

Draft Rate Order - Transmission Cost Projections - updated for UTRs per HONI Draft Rate Order

	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		
Updated Projection of Rates for Wihby Hydro's 2011 Draft Rate Order						
Jan. 1, 2011	\$ 3.22	\$ 2.56	\$ 2.65	\$ 2.14		
May 1, 2011	\$ 3.22	\$ 2.56	\$ 2.65	\$ 2.14		
Total Projected Charges:						
Jan - Apr	\$ 1,327,757	\$ 1,063,675	\$ 371,087	\$ 297,531	\$ 1,698,845	\$ 1,361,206
May - Dec	\$ 2,973,837	\$ 2,432,691	\$ 615,796	\$ 551,136	\$ 3,589,634	\$ 2,983,827
2011F	\$ 4,301,595	\$ 3,496,366	\$ 986,884	\$ 848,666	\$ 5,288,479	\$ 4,345,032

* Projection of 2011 rates are based as follows:

- 1) IESO - projected UTRs per EB-2010-002 Draft Rate Order, Exhibit 4 filed January 5, 2011
- 2) Hydro One - per EB-2009-0096 Final Rate Order approved December 21, 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 Draft Rate Order)

		(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	5,288,479	0.80	1,042,301.48	24.55%
Transmission Connection	4,223,933	4,345,032	0.97	121,099.71	2.87%
	8,470,110	9,633,511	0.88	1,163,401.19	13.74%

Table 8-8: 2011 Proposed Transmission Rates for Draft Rate Order

	Current Rates	Rev to Cost Adjustment	Adjustment (1.0601- 1.0454)	Total Adjustment	Proposed Rates
Network					
Residential	\$0.0052	24.55%	1.47%	26.02%	\$0.0066
GS< 50 kW	\$0.0048	24.55%	1.47%	26.02%	\$0.0060
GS> 50 kW	\$1.9491	24.55%		24.55%	\$2.4275
USL	\$0.0048	24.55%	1.47%	26.02%	\$0.0060
Sentinel Lighting	\$1.4774	24.55%		24.55%	\$1.8401
Street Lighting	\$1.4699	24.55%		24.55%	\$1.8307
Line and Transformation Connection					
Residential	\$0.0053	2.87%	1.47%	4.34%	\$0.0055
GS< 50 kW	\$0.0048	2.87%	1.47%	4.34%	\$0.0050
GS> 50 kW	\$1.8879	2.87%		2.87%	\$1.9420
USL	\$0.0048	2.87%	1.47%	4.34%	\$0.0050
Sentinel Lighting	\$1.4901	2.87%		2.87%	\$1.5328
Street Lighting	\$1.4595	2.87%		2.87%	\$1.5013

Low Voltage Charges and Recoveries

The following calculations have been provided to update the 2011 LV costs for the purpose of the draft rate order. These calculations incorporate the final HONI rates for 2011, as per EB-2009-0096 Exhibit 3.0 (page 22-23) as approved on December 21, 2010. 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 the settlement agreement was intended to address Whitby Hydro's 2011 rates, this approach was 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.

The minor changes associated with the final HONI rate order have been incorporated in the figures below however, as the impact to Whitby Hydro only amounted to a \$3 decrease in forecasted 2011 LV costs, the LV recovery rate remains unchanged from that provided in the settlement agreement.

Table 8-9 Draft Rate Order 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 - Updated for Final HONI rates						
Service Charge	\$/Delivery Point	\$211.47	\$292.56	-\$65.78	\$5.19	\$231.97
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 Draft Rate Order - LV Charge

	<u>2011</u>
Service Charge	2,119
Common ST line	238,422
RAR3a	(1,377)
RAR6A	1,951
	<u>241,114</u>

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

Customer Class Name	Test Year Revenues ⁶ Transmission - Connection	Class Share	Low Voltage Charges ⁷
Residential	2,087,999	46.5%	112,135
General Service Less Than 50 kW	408,524	9.1%	21,939
General Service 50 to 4,999 kW	1,941,550	43.2%	104,270
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%	241,114

Table 8-11: Draft Rate Order Calculation of 2011 LV Recovery Rates

Customer Class Name		LV Charges Allocated	Forecast Volumes (kW or kWh)	2011 LV Recovery Rate
Residential		112,135	350,407,180	0.0003
General Service Less Than 50 kW		21,939	75,150,446	0.0003
General Service 50 to 4,999 kW		104,270	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		241,114		

Table 8-12: Draft Rate Order 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

Draft Rate Order - 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%	\$ 2.24	6.0%	\$ 1.42	1.4%
General Service Less Than 50 kW	2,000		RPP winter	\$ 1.42	2.5%	\$ 4.05	5.3%	\$ 1.67	0.7%
General Service 50 to 4,999 kW	40,000	100.0	non-RPP	\$ (11.60)	(2.2%)	\$ 41.65	4.6%	\$ (0.76)	(0.0%)
Unmetered Scattered Load	500		RPP winter	\$ (2.74)	(10.5%)	\$ (2.07)	-6.6%	\$ (2.59)	(3.6%)
Sentinel Lighting	150	1.0	RPP winter	\$ 3.91	36.8%	\$ 4.31	31.7%	\$ 4.15	16.0%
Street Lighting	150	1.0	non-RPP	\$ 0.86	16.6%	\$ 1.26	15.6%	\$ 1.10	5.3%

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.

Draft Rate Order - 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	0.0066	5.52	1.11	25.2%
Transmission - Connection	kWh	848	0.0053	4.49	836	0.0055	4.60	0.11	2.4%
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			104.37	1.42	1.4%
Delivery Only				37.57			39.81	2.24	6.0%

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	0.0060	12.54	2.36	23.2%
Transmission - Connection	kWh	2,120	0.0048	10.18	2,091	0.0050	10.45	0.27	2.7%
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			254.93	1.67	0.7%
Delivery Only				76.07			80.12	4.05	5.3%

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	2.4275	242.75	47.84	24.5%
Transmission - Connection	kW	100	1.8879	188.79	100	1.9420	194.20	5.41	2.9%
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			4,250.33	(0.76)	(0.0%)
Delivery Only				913.33			954.98	41.65	4.6%

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	0.0060	3.14	0.60	23.6%
Transmission - Connection	kWh	530	0.0048	2.54	523	0.0050	2.61	0.07	2.8%
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			69.58	(2.59)	(3.6%)
Delivery Only				31.30			29.23	(2.07)	(6.6%)

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	1.8401	1.84	0.36	24.3%
Transmission - Connection	kW	1	1.4901	1.49	1	1.5328	1.53	0.04	2.7%
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			30.02	4.15	16.0%
Delivery Only				13.60			17.91	4.31	31.7%

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	1.8307	1.83	0.36	24.5%
Transmission - Connection	kW	1	1.4595	1.46	1	1.5013	1.50	0.04	2.7%
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)				20.62			21.72	1.10	5.3%
Delivery Only				8.10			9.36	1.26	15.6%

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		<u>19,196,426</u>
<i>Distribution Revenue at Existing Rates</i>		17,847,514
<hr/>		
Revenue Sufficiency (Deficiency)		<u>(1,348,912)</u>

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
12	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

APPENDIX G

**RECONCILIATION OF 2011 GROSS BASE REVENUE
REQUIREMENT**

Revised for Draft Rate Order

Service Revenue Requirement	20,197,169	
Less: Revenue Offsets	(1,000,743)	
Base Revenue Requirement		19,196,426
Add: Transformer Ownership Allowance	293,570	
Low Voltage Recovery	241,114	534,684
Gross Base Revenue Requirement - 2011		<u>19,731,110</u>

Reconciliation of 2011 Gross Base Revenue Requirement - Revised for Draft Rate Order

Customer Class	Load Forecast		2011 Rates		Fixed Distribution Revenue	Variable Distribution Revenue	Total Distribution Revenue
	Customer Count/ Connection	kWh/kW	Fixed	Variable			
Residential	36,927	350,407,180	17.24	0.0141	7,639,458	4,940,741	12,580,199
GS<50 kW	1,909	75,150,446	19.80	0.0194	453,578	1,457,919	1,911,497
GS>50 kW	435	966,330	191.34	3.9178	998,795	3,785,888	4,784,682
USL	391	2,493,809	9.28	0.0302	43,542	75,313	118,855
Sentinel Lights	37	120	4.05	10.9830	1,798	1,318	3,116
Streetlights	11,478	24,361	1.36	5.4070	187,321	131,720	319,041
Total					9,324,492	10,392,898	19,717,390

Gross Base Revenue Requirement (includes add back of Transformer Ownership Allowance) 19,731,110

Difference (due to rounding) (13,720)