



PARRY SOUND POWER

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A Member of:



Parry Sound
Energy Services Corp.

Parry Sound
PowerGen Corp.

February 2, 2011

Ms. K. Walli
Board Secretary
Ontario Energy Board
Suite 2701
2300 Yonge Street
Toronto, Ontario M4P 1E4

Re: Parry Sound Power Corporation - 2011 Cost of Service Rate (CoS) Application
(EB-2010-0140)

Please find enclosed Parry Sound Power's reply to Board Staff Interrogatories.

Miles Thompson
Vice President / General Manager
Parry Sound Power Corporation

BOARD STAFF INTERROGATORIES
Parry Sound Power Corporation
2011 Electricity Distribution Rates Application
EB-2010-0140

DECEMBER 16, 2010

GENERAL

Responses to Letters of Comment

1. Following publication of the Notice of Application, did Parry Sound Power receive any letters of comment, including those forwarded by the Board Secretary's Office? If so, please confirm whether a reply was sent from Parry Sound Power to the author of any letters. If confirmed, please file these replies with the Board. If not confirmed, please explain why a response was not sent and confirm if Parry Sound Power intends to respond.

Response: PSP has not received any letters of comment following the publication of NOA.

Ref: Exhibit 1/Tab 2/Schedule 1/ pp. 10-12 Bill Impact Tables

2. The bill impact tables presented on these pages include a number of errors. Please update these tables so they correspond to the bill impacts cited in the published Notice of Application. If required, please also update the bill impact tables found at Exhibit 8/Tab1/Schedule 6/Appendix A.

Response: The bill impact schedules have been adjusted for the addition error at the delivery subtotal dollars line for each of the bill comparisons. LV rate for GS>50 is also corrected. The USL rate class for 2010 the rate was omitted now corrected. The DRC rate used in the notice of application at \$0.007 differs from PSP's approved rate of \$0.0065. PSP did not include the SSS Admin fee in the bill impacts. The cost of power rates used in our bill impact calculation consisted of an average rate based on the Navigant rates for RPP and Non RPP customers (dated April 15, 2010)

Ref: Exhibit 1/Tab 2/Schedule 1/ pp. 10-12 Bill Impact Tables

RESIDENTIAL										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 800 kWh	Monthly Service Charge			16.79			23.97	7.18	42.76%	16.42%
	Distribution (kWh)	800	0.0134	10.72	800	0.0191	15.28	4.56	42.54%	10.47%
	Low Voltage Rider (kWh)			0.80	800	0.0010	0.80	0.00	0.00%	0.55%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	1.17%
	LRAM & SSM Rider (kWh)	800		0.00	800	0.0010	0.80	0.80	#DIV/0!	0.55%
	Deferral & Variance Acct (kWh)	800	0.0052	4.16	800	0.0102	8.16	4.00	96.21%	5.59%
	Distribution Sub-Total			33.47			50.72	17.25	51.55%	34.75%
	Retail Transmission (kWh)	847	0.0101	8.55	865	0.009015	7.79	(0.76)	(8.87%)	5.34%
	Delivery Sub-Total			42.02			58.52	16.50	39.25%	40.09%
	Other Charges (kWh)	847	0.0130	11.01	865	0.0130	11.24	0.23	2.10%	7.70%
	Cost of Power Commodity (kWh)	600	0.0687	41.24	600	0.0687	41.24	0.00	0.00%	28.25%
	Cost of Power Commodity (kWh)	247	0.0687	16.97	265	0.0687	18.19	1.22	7.21%	12.46%
	Total Bill Before Taxes			111.23			129.19	17.95	16.14%	88.50%
	GST		13.00%	14.46		13.00%	16.79	2.33	16.14%	11.50%
	Total Bill			125.70			145.98	20.28	16.14%	100.00%

GENERAL SERVICE < 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	
Consumption 2,000 kWh	Monthly Service Charge			25.29			36.01	10.72	42.39%	
	Distribution (kWh)	2,000	0.0104	20.80	2,000	0.0148	29.60	8.80	42.31%	
	Low Voltage Rider (kWh)	2,000	0.0007	1.40	2,000	0.0007	1.40	0.00	0.00%	
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	
	LRAM & SSM Rider (kWh)	2,000		0.00	2,000	0.0006	1.20	1.20	#DIV/0!	
	Deferral & Variance Acct (kWh)	2,000	0.0052	10.40	2,000	0.0100	20.00	9.60	92.30%	
	Distribution Sub-Total			58.89			89.92	31.03	52.69%	
	Retail Transmission (kWh)	2,117	0.0092	19.48	2,162	0.00821	17.75	(1.73)	(8.89%)	
	Delivery Sub-Total			78.37			107.67	29.30	37.39%	
	Other Charges (kWh)	2,117	0.0130	27.52	2,162	0.0130	28.10	0.58	2.10%	
	Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	
	Cost of Power Commodity (kWh)	1,517	0.0687	104.25	1,562	0.0687	107.31	3.06	2.93%	
	Total Bill Before Taxes			251.37			284.30	\$32.94	13.10%	
	GST		13.00%	32.68		13.00%	36.96	4.28	13.10%	
	Total Bill			284.04			321.26	\$37.22	13.10%	

GENERAL SERVICE > 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE	CHARGE	Volume	RATE	CHARGE	Change	Change	
Consumption 30,000 kWh 100 kW	Monthly Service Charge			171.14			237.51	66.37	38.78%	
	Distribution (kW)	100	3.4592	345.92	100	4.7450	474.50	128.58	37.17%	
	Low Voltage Rider (kW)	100	0.371	37.10	100	0.3710	37.10	0.00	0.00%	
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	
	LRAM & SSM Rider (kW)	100		0.00	100	0.5230	52.30	52.30	#DIV/0!	
	Deferral & Variance Acct (kW)	100	2.1520	215.20	100	(0.6753)	(67.53)	(282.73)	(131.38%)	
	Distribution Sub-Total			770.36			734.88	(35.48)	(4.61%)	
	Retail Transmission (kW)	100	3.7011	370.11	100	3.305142	330.51	(39.60)	(10.70%)	
	Delivery Sub-Total			1,140.47			1,065.40	(75.07)	(6.58%)	
	Other Charges (kWh)	31,758	0.0130	412.85	32,426	0.0130	421.53	8.68	2.10%	
	Cost of Power Commodity (kWh)	31,758	0.0654	2,077.81	32,426	0.0654	2,121.50	43.68	2.10%	
	Total Bill Before Taxes			3,631.14			3,608.43	(22.71)	(0.63%)	
	GST		13.00%	472.05		13.00%	469.10	(2.95)	(0.63%)	
	Total Bill			4,103.19			4,077.52	(25.66)	(0.63%)	

Street Lighting									
Billing Determinants		2010 BILL			2011 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
1,061 Connections	Monthly Service Charge	1,061	0.4100	435.01	1,061	1.2718	1,349.38	914.37	210.20%
72,321 kWh	Distribution (kW)	202	4.1163	830.46	202	12.7683	2,576.00	1,745.54	210.19%
202 kW	Low Voltage Rider (kW)	202	0.3313	66.84	202	0.3313	66.84	0.00	0.00%
	LRAM & SSM Rider (kW)	202		0.00	202	0.0000	0.00	0.00	#DIV/0!
	Deferral & Variance Acct (kW)	202	1.7788	358.87	202	(0.2003)	(40.42)	(399.29)	(111.26%)
	Distribution Sub-Total			1,691.19			3,951.81	2,260.62	133.67%
	Retail Transmission (kW)	202	2.8233	569.60	202	2.519689	508.35	(61.25)	(10.75%)
	Delivery Sub-Total			2,260.79			4,460.15	2,199.37	97.28%
	Other Charges (kWh)	76,558	0.0130	995.26	78,168	0.0130	1,016.18	20.92	2.10%
	Cost of Power Commodity (kWh)	76,558	0.0644	4,928.84	78,168	0.0644	5,032.45	103.62	2.10%
	Total Bill Before Taxes			8,184.88			10,508.79	2,323.91	28.39%
	GST		13.00%	1,064.03		13.00%	1,366.14	302.11	28.39%
	Total Bill			9,248.92			11,874.94	2,626.02	28.39%

Sentinel Lighting									
Billing Determinants		2010 BILL			2011 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
1 Connections	Monthly Service Charge	1	1.7400	1.74	1	4.9151	4.92	3.18	182.48%
89 kWh	Distribution (kW)	0	6.7501	1.69	0	19.0674	4.77	3.08	182.48%
0.25 kW	Low Voltage Rider (kW)	0	0.3569	0.09	0	0.3569	0.09	0.00	0.00%
	LRAM & SSM Rider (kW)	0		0.00	0	0.0000	0.00	0.00	#DIV/0!
	Deferral & Variance Acct (kW)	0	9.1802	2.30	0	4.0037	1.00	(1.29)	(56.39%)
	Distribution Sub-Total			5.81			10.77	4.96	85.35%
	Retail Transmission (kW)	0	2.8585	0.71	0	2.550106	0.64	(0.08)	(10.79%)
	Delivery Sub-Total			6.53			11.41	4.88	74.82%
	Other Charges (kWh)	94	0.0130	1.22	96	0.0130	1.24	0.03	2.10%
	Cost of Power Commodity (kWh)	94	0.0694	6.50	96	0.0694	6.64	0.14	2.10%
	Total Bill Before Taxes			14.24			19.29	5.05	35.42%
	GST		13.00%	1.85		13.00%	2.51	0.66	35.42%
	Total Bill			16.10			21.80	5.70	35.42%

Unmetered Scattered									
Consumption		2010 BILL			2011 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
272 kWh	Monthly Service Charge			8.96			23.33	14.37	160.35%
	Distribution (kWh)	272	0.0523	14.23	272	0.1362	37.05	22.82	160.42%
	Low Voltage Rider (kWh)	272	0.0009	0.24	272	0.0009	0.24	0.00	0.00%
	LRAM & SSM Rider (kWh)	272		0.00	272	0.0773	21.02	21.02	#DIV/0!
	Deferral & Variance Acct (kWh)	272	0.0095	2.58	272	0.0000	0.00	(2.58)	(100.00%)
	Distribution Sub-Total			26.01			81.64	55.63	213.84%
	Retail Transmission (kWh)	288	0.0092	2.65	294	0.00821	2.41	(0.24)	(8.89%)
	Delivery Sub-Total			28.66			84.06	55.39	193.26%
	Other Charges (kWh)	288	0.0130	3.74	294	0.0130	3.82	0.08	2.10%
	Cost of Power Commodity (kWh)	288	0.0681	19.61	294	0.0681	20.03	0.41	2.10%
	Total Bill Before Taxes			52.02			107.90	55.88	107.43%
	GST		13.00%	6.76		13.00%	14.03	7.26	107.43%
	Total Bill			58.78			121.93	63.15	107.43%

Ref: Exhibit 8/Tab1/Schedule 6/Appendix A

RESIDENTIAL									
		2010 BILL			2011 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
Consumption	Monthly Service Charge			16.79			23.97	7.18	42.76%
100 kWh	Distribution (kWh)	100	0.0134	1.34	100	0.0191	1.91	0.57	42.54%
	Low Voltage Rider (kWh)	100	0.0010	0.10	100	0.0010	0.10	0.00	0.00%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%
	LRAM & SSM Rider (kWh)	100	0.0000	0.00	100	0.0010	0.10	0.10	#DIV/0!
	Deferral & Variance Acct (kWh)	100	0.0052	0.52	100	0.0102	1.02	0.50	96.21%
	Distribution Sub-Total			19.75			28.81	9.06	45.88%
	Retail Transmission (kWh)	106	0.0101	1.07	108	0.009015	0.97	(0.09)	(8.87%)
	Delivery Sub-Total			20.82			29.79	8.97	43.07%
	Other Charges (kWh)	106	0.0130	1.38	108	0.0130	1.41	0.03	2.10%
	Cost of Power Commodity (kWh)	106	0.0687	7.28	108	0.0687	7.43	0.15	2.10%
	Total Bill Before Taxes			29.47			38.62	9.15	31.05%
	GST		13.00%	3.83		13.00%	5.02	1.19	31.05%
	Total Bill			33.30			43.64	10.34	31.05%

RESIDENTIAL									
		2010 BILL			2011 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
Consumption	Monthly Service Charge			16.79			23.97	7.18	42.76%
250 kWh	Distribution (kWh)	250	0.0134	3.35	250	0.0191	4.78	1.43	42.54%
	Low Voltage Rider (kWh)	250	0.0010	0.25	250	0.0010	0.25	0.00	0.00%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%
	LRAM & SSM Rider (kWh)	250		0.00	250	0.0010	0.25	0.25	#DIV/0!
	Deferral & Variance Acct (kWh)	250	0.0052	1.30	250	0.0102	2.55	1.25	96.21%
	Distribution Sub-Total			22.69			33.51	10.82	47.68%
	Retail Transmission (kWh)	265	0.0101	2.67	270	0.009015	2.44	(0.24)	(8.87%)
	Delivery Sub-Total			25.36			35.94	10.58	41.72%
	Other Charges (kWh)	265	0.0130	3.44	270	0.0130	3.51	0.07	2.10%
	Cost of Power Commodity (kWh)	265	0.0687	18.19	270	0.0687	18.57	0.38	2.10%
	Total Bill Before Taxes			46.99			58.03	11.04	23.48%
	GST		13.00%	6.11		13.00%	7.54	1.43	23.48%
	Total Bill			53.10			65.57	12.47	23.48%

RESIDENTIAL									
		2010 BILL			2011 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
Consumption	Monthly Service Charge			16.79			23.97	7.18	42.76%
500 kWh	Distribution (kWh)	500	0.0134	6.70	500	0.0191	9.55	2.85	42.54%
	Low Voltage Rider (kWh)	500	0.0010	0.50	500	0.0010	0.50	0.00	0.00%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%
	LRAM & SSM Rider (kWh)	500		0.00	500	0.0010	0.50	0.50	#DIV/0!
	Deferral & Variance Acct (kWh)	500	0.0052	2.60	500	0.0102	5.10	2.50	96.21%
	Distribution Sub-Total			27.59			41.33	13.74	49.81%
	Retail Transmission (kWh)	529	0.0101	5.35	540	0.009015	4.87	(0.47)	(8.87%)
	Delivery Sub-Total			32.94			46.21	13.27	40.29%
	Other Charges (kWh)	529	0.0130	6.88	540	0.0130	7.03	0.14	2.10%
	Cost of Power Commodity (kWh)	529	0.0687	36.38	540	0.0687	37.14	0.76	2.10%
	Total Bill Before Taxes			76.19			90.37	14.18	18.61%
	GST		13.00%	9.91		13.00%	11.75	1.84	18.61%
	Total Bill			86.10			102.12	16.02	18.61%

EB-2010-0140
Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories

RESIDENTIAL										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 750 kWh	Monthly Service Charge			16.79			23.97	7.18	42.76%	17.29%
	Distribution (kWh)	750	0.0134	10.05	750	0.0191	14.33	4.28	42.54%	10.33%
	Low Voltage Rider (kWh)	750	0.0010	0.75	750	0.0010	0.75	0.00	0.00%	0.54%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	1.23%
	LRAM & SSM Rider (kWh)	750		0.00	750	0.0010	0.75	0.75	#DIV/0!	0.54%
	Deferral & Variance Acct (kWh)	750	0.0052	3.90	750	0.0102	7.65	3.75	96.21%	5.52%
	Distribution Sub-Total			32.49			49.16	16.67	51.31%	35.45%
	Retail Transmission (kWh)	794	0.0101	8.02	811	0.009015	7.31	(0.71)	(8.87%)	5.27%
	Delivery Sub-Total			40.51			56.47	15.96	39.39%	40.72%
	Other Charges (kWh)	794	0.0130	10.32	811	0.0130	10.54	0.22	2.10%	7.60%
	Cost of Power Commodity (kWh)	600	0.0687	41.24	600	0.0687	41.24	0.00	0.00%	29.74%
	Cost of Power Commodity (kWh)	194	0.0687	13.33	211	0.0687	14.48	1.15	8.61%	10.44%
	Total Bill Before Taxes			105.39			122.72	17.32	16.44%	88.50%
	GST			13.00%			15.95	2.25	16.44%	11.50%
	Total Bill			119.10			138.67	19.57	16.44%	100.00%

RESIDENTIAL										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 800 kWh	Monthly Service Charge			16.79			23.97	7.18	42.76%	16.42%
	Distribution (kWh)	800	0.0134	10.72	800	0.0191	15.28	4.56	42.54%	10.47%
	Low Voltage Rider (kWh)	800	0.0010	0.80	800	0.0010	0.80	0.00	0.00%	0.55%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	1.17%
	LRAM & SSM Rider (kWh)	800		0.00	800	0.0010	0.80	0.80	#DIV/0!	0.55%
	Deferral & Variance Acct (kWh)	800	0.0052	4.16	800	0.0102	8.16	4.00	96.21%	5.59%
	Distribution Sub-Total			33.47			50.72	17.25	51.55%	34.75%
	Retail Transmission (kWh)	847	0.0101	8.55	865	0.009015	7.79	(0.76)	(8.87%)	5.34%
	Delivery Sub-Total			42.02			58.52	16.50	39.25%	40.09%
	Other Charges (kWh)	847	0.0130	11.01	865	0.0130	11.24	0.23	2.10%	7.70%
	Cost of Power Commodity (kWh)	600	0.0687	41.24	600	0.0687	41.24	0.00	0.00%	28.25%
	Cost of Power Commodity (kWh)	247	0.0687	16.97	265	0.0687	18.19	1.22	7.21%	12.46%
	Total Bill Before Taxes			111.23			129.19	17.95	16.14%	88.50%
	GST			13.00%			16.79	2.33	16.14%	11.50%
	Total Bill			125.70			145.98	20.28	16.14%	100.00%

RESIDENTIAL										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 1,000 kWh	Monthly Service Charge			16.79			23.97	7.18	42.76%	13.68%
	Distribution (kWh)	1,000	0.0134	13.40	1,000	0.0191	19.10	5.70	42.54%	10.90%
	Low Voltage Rider (kWh)	1,000	0.0010	1.00	1,000	0.0010	1.00	0.00	0.00%	0.57%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.98%
	LRAM & SSM Rider (kWh)	1,000		0.00	1,000	0.0010	1.00	1.00	#DIV/0!	0.57%
	Deferral & Variance Acct (kWh)	1,000	0.0052	5.20	1,000	0.0102	10.20	5.00	96.21%	5.82%
	Distribution Sub-Total			37.39			56.98	19.59	52.41%	32.52%
	Retail Transmission (kWh)	1,059	0.0101	10.69	1,081	0.009015	9.74	(0.95)	(8.87%)	5.56%
	Delivery Sub-Total			48.08			66.73	18.65	38.78%	38.08%
	Other Charges (kWh)	1,059	0.0130	13.76	1,081	0.0130	14.05	0.29	2.10%	8.02%
	Cost of Power Commodity (kWh)	600	0.0687	41.24	600	0.0687	41.24	0.00	0.00%	23.53%
	Cost of Power Commodity (kWh)	459	0.0687	31.52	481	0.0687	33.05	1.53	4.85%	18.86%
	Total Bill Before Taxes			134.60			155.06	20.47	15.21%	88.50%
	GST			13.00%			20.16	2.66	15.21%	11.50%
	Total Bill			152.09			175.22	23.13	15.21%	100.00%

RESIDENTIAL										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 1,500 kWh	Monthly Service Charge			16.79			23.97	7.18	42.76%	9.65%
	Distribution (kWh)	1,500	0.0134	20.10	1,500	0.0191	28.65	8.55	42.54%	11.54%
	Low Voltage Rider (kWh)	1,500	0.0010	1.50	1,500	0.0010	1.50	0.00	0.00%	0.60%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.69%
	LRAM & SSM Rider (kWh)	1,500		0.00	1,500	0.0010	1.50	1.50	#DIV/0!	0.60%
	Deferral & Variance Acct (kWh)	1,500	0.0052	7.80	1,500	0.0102	15.30	7.50	96.21%	6.16%
	Distribution Sub-Total			47.19			72.64	25.45	53.92%	29.25%
	Retail Transmission (kWh)	1,588	0.0101	16.04	1,621	0.009015	14.62	(1.42)	(8.87%)	5.89%
	Delivery Sub-Total			63.23			87.25	24.02	38.00%	35.14%
	Other Charges (kWh)	1,588	0.0130	20.64	1,621	0.0130	21.08	0.43	2.10%	8.49%
	Cost of Power Commodity (kWh)	600	0.0687	41.24	600	0.0687	41.24	0.00	0.00%	16.61%
	Cost of Power Commodity (kWh)	988	0.0687	67.89	1,021	0.0687	70.19	2.29	3.38%	28.27%
	Total Bill Before Taxes			193.00			219.75	26.75	13.86%	88.50%
	GST		13.00%	25.09		13.00%	28.57	3.48	13.86%	11.50%
	Total Bill			218.09			248.32	30.23	13.86%	100.00%

GENERAL SERVICE < 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 2,000 kWh	Monthly Service Charge			25.29			36.01	10.72	42.39%	11.21%
	Distribution (kWh)	2,000	0.0104	20.80	2,000	0.0148	29.60	8.80	42.31%	9.21%
	Low Voltage Rider (kWh)	2,000	0.0007	1.40	2,000	0.0007	1.40	0.00	0.00%	0.44%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.53%
	LRAM & SSM Rider (kWh)	2,000		0.00	2,000	0.0006	1.20	1.20	#DIV/0!	0.37%
	Deferral & Variance Acct (kWh)	2,000	0.0052	10.40	2,000	0.0100	20.00	9.60	92.30%	6.23%
	Distribution Sub-Total			58.89			89.92	31.03	52.69%	27.99%
	Retail Transmission (kWh)	2,117	0.0092	19.48	2,162	0.00821	17.75	(1.73)	(8.89%)	5.52%
	Delivery Sub-Total			78.37			107.67	29.30	37.39%	33.51%
	Other Charges (kWh)	2,117	0.0130	27.52	2,162	0.0130	28.10	0.58	2.10%	8.75%
	Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	12.83%
	Cost of Power Commodity (kWh)	1,517	0.0687	104.25	1,562	0.0687	107.31	3.06	2.93%	33.40%
	Total Bill Before Taxes			251.37			284.30	\$32.94	13.10%	88.50%
	GST		13.00%	32.68		13.00%	36.96	4.28	13.10%	11.50%
	Total Bill			284.04			321.26	\$37.22	13.10%	100.00%

GENERAL SERVICE < 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 4,000 kWh	Monthly Service Charge			25.29			36.01	10.72	42.39%	6.00%
	Distribution (kWh)	4,000	0.0104	41.60	4,000	0.0148	59.20	17.60	42.31%	9.87%
	Low Voltage Rider (kWh)	4,000	0.0007	2.80	4,000	0.0007	2.80	0.00	0.00%	0.47%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.29%
	LRAM & SSM Rider (kWh)	4,000		0.00	4,000	0.0006	2.40	2.40	#DIV/0!	0.40%
	Deferral & Variance Acct (kWh)	4,000	0.0052	20.80	4,000	0.0100	40.00	19.20	92.30%	6.67%
	Distribution Sub-Total			91.49			142.12	50.63	55.34%	23.69%
	Retail Transmission (kWh)	4,234	0.0092	38.96	4,323	0.00821	35.49	(3.46)	(8.89%)	5.92%
	Delivery Sub-Total			130.45			177.61	47.17	36.16%	29.61%
	Other Charges (kWh)	4,234	0.0130	55.05	4,323	0.0130	56.20	1.16	2.10%	9.37%
	Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	6.87%
	Cost of Power Commodity (kWh)	3,634	0.0687	249.72	3,723	0.0687	255.84	6.12	2.45%	42.65%
	Total Bill Before Taxes			476.44			530.88	\$54.44	11.43%	88.50%
	GST		13.00%	61.94		13.00%	69.01	7.08	11.43%	11.50%
	Total Bill			538.38			599.90	\$61.52	11.43%	100.00%

GENERAL SERVICE < 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 10,000 kWh	Monthly Service Charge			25.29			36.01	10.72	42.39%	2.51%
	Distribution (kWh)	10,000	0.0104	104.00	10,000	0.0148	148.00	44.00	42.31%	10.31%
	Low Voltage Rider (kWh)	10,000	0.0007	7.00	10,000	0.0007	7.00	0.00	0.00%	0.49%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.12%
	LRAM & SSM Rider (kWh)	10,000		0.00	10,000	0.0006	6.00	6.00	#DIV/0!	0.42%
	Deferral & Variance Acct (kWh)	10,000	0.0052	52.00	10,000	0.0100	100.00	48.00	92.30%	6.96%
	Distribution Sub-Total			189.29			298.72	109.43	57.81%	20.80%
	Retail Transmission (kWh)	10,586	0.0092	97.39	10,809	0.00821	88.74	(8.66)	(8.89%)	6.18%
	Delivery Sub-Total			286.68			387.45	100.77	35.15%	26.99%
	Other Charges (kWh)	10,586	0.0130	137.62	10,809	0.0130	140.51	2.89	2.10%	9.79%
	Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	2.87%
	Cost of Power Commodity (kWh)	9,986	0.0687	686.14	10,209	0.0687	701.43	15.29	2.23%	48.85%
	Total Bill Before Taxes			1,151.67			1,270.63	\$118.96	10.33%	88.50%
	GST		13.00%	149.72		13.00%	165.18	15.46	10.33%	11.50%
	Total Bill			1,301.39			1,435.81	\$134.42	10.33%	100.00%

GENERAL SERVICE < 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 12,500 kWh	Monthly Service Charge			25.29			36.01	10.72	42.39%	2.02%
	Distribution (kWh)	12,500	0.0104	130.00	12,500	0.0148	185.00	55.00	42.31%	10.37%
	Low Voltage Rider (kWh)	12,500	0.0007	8.75	12,500	0.0007	8.75	0.00	0.00%	0.49%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.10%
	LRAM & SSM Rider (kWh)	12,500		0.00	12,500	0.0006	7.50	7.50	#DIV/0!	0.42%
	Deferral & Variance Acct (kWh)	12,500	0.0052	65.00	12,500	0.0100	124.99	59.99	92.30%	7.01%
	Distribution Sub-Total			230.04			363.97	133.93	58.22%	20.40%
	Retail Transmission (kWh)	13,233	0.0092	121.74	13,511	0.00821	110.92	(10.82)	(8.89%)	6.22%
	Delivery Sub-Total			351.78			474.89	123.11	35.00%	26.62%
	Other Charges (kWh)	13,233	0.0130	172.02	13,511	0.0130	175.64	3.62	2.10%	9.84%
	Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	2.31%
	Cost of Power Commodity (kWh)	12,633	0.0687	867.99	12,911	0.0687	887.10	19.11	2.20%	49.72%
	Total Bill Before Taxes			1,433.01			1,578.85	\$145.84	10.18%	88.50%
	GST		13.00%	186.29		13.00%	205.25	18.96	10.18%	11.50%
	Total Bill			1,619.30			1,784.10	\$164.80	10.18%	100.00%

GENERAL SERVICE < 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption 15,000 kWh	Monthly Service Charge			25.29			36.01	10.72	42.39%	1.69%
	Distribution (kWh)	15,000	0.0104	156.00	15,000	0.0148	222.00	66.00	42.31%	10.41%
	Low Voltage Rider (kWh)	15,000	0.0007	10.50	15,000	0.0007	10.50	0.00	0.00%	0.49%
	Smart Meter Rider (per month)			1.00			1.71	0.71	71.19%	0.08%
	LRAM & SSM Rider (kWh)	15,000		0.00	15,000	0.0006	9.00	9.00	#DIV/0!	0.42%
	Deferral & Variance Acct (kWh)	15,000	0.0052	78.00	15,000	0.0100	149.99	71.99	92.30%	7.03%
	Distribution Sub-Total			270.79			429.22	158.43	58.51%	20.13%
	Retail Transmission (kWh)	15,879	0.0092	146.09	16,213	0.00821	133.10	(12.98)	(8.89%)	6.24%
	Delivery Sub-Total			416.88			562.32	145.44	34.89%	26.37%
	Other Charges (kWh)	15,879	0.0130	206.43	16,213	0.0130	210.77	4.34	2.10%	9.88%
	Cost of Power Commodity (kWh)	600	0.0687	41.23	600	0.0687	41.23	0.00	0.00%	1.93%
	Cost of Power Commodity (kWh)	15,279	0.0687	1,049.83	15,613	0.0687	1,072.77	22.94	2.18%	50.31%
	Total Bill Before Taxes			1,714.36			1,887.08	\$172.72	10.07%	88.50%
	GST		13.00%	222.87		13.00%	245.32	22.45	10.07%	11.50%
	Total Bill			1,937.22			2,132.40	\$195.17	10.07%	100.00%

GENERAL SERVICE > 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE	CHARGE	Volume	RATE	CHARGE	Change	Change	% of Total Bill
Consumption	Monthly Service Charge			171.14			237.51	66.37	38.78%	5.82%
30,000 kWh	Distribution (kW)	100	3.4592	345.92	100	4.7450	474.50	128.58	37.17%	11.64%
100 kW	Low Voltage Rider (kW)	100	0.371	37.10	100	0.3710	37.10	0.00	0.00%	0.91%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.02%
	LRAM & SSM Rider (kW)	100		0.00	100	0.5230	52.30	52.30	#DIV/0!	1.28%
	Deferral & Variance Acct (kW)	100	2.1520	215.20	100	(0.6753)	(67.53)	(282.73)	(131.38%)	(1.66%)
	Distribution Sub-Total			770.36			734.88	(35.48)	(4.61%)	18.02%
	Retail Transmission (kW)	100	3.7011	370.11	100	3.305142	330.51	(39.60)	(10.70%)	8.11%
	Delivery Sub-Total			1,140.47			1,065.40	(75.07)	(6.58%)	26.13%
	Other Charges (kWh)	31,758	0.0130	412.85	32,426	0.0130	421.53	8.68	2.10%	10.34%
	Cost of Power Commodity (kWh)	31,758	0.0654	2,077.81	32,426	0.0654	2,121.50	43.68	2.10%	52.03%
	Total Bill Before Taxes			3,631.14			3,608.43	(22.71)	(0.63%)	88.50%
	GST		13.00%	472.05		13.00%	469.10	(2.95)	(0.63%)	11.50%
	Total Bill			4,103.19			4,077.52	(25.66)	(0.63%)	100.00%

GENERAL SERVICE > 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption	Monthly Service Charge			171.14			237.51	66.37	38.78%	2.43%
75,000 kWh	Distribution (kW)	250	3.4592	864.80	250	4.7450	1,186.25	321.45	37.17%	12.12%
250 kW	Low Voltage Rider (kW)	250	0.371	92.75	250	0.3710	92.75	0.00	0.00%	0.95%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.01%
	LRAM & SSM Rider (kW)	250		0.00	250	0.5230	130.75	130.75	#DIV/0!	1.34%
	Deferral & Variance Acct (kW)	250	2.1520	538.00	250	(0.6753)	(168.82)	(706.82)	(131.38%)	(1.72%)
	Distribution Sub-Total			1,667.69			1,479.44	(188.25)	(11.29%)	15.11%
	Retail Transmission (kW)	250	3.7011	925.28	250	3.305142	826.29	(98.99)	(10.70%)	8.44%
	Delivery Sub-Total			2,592.97			2,305.73	(287.24)	(11.08%)	23.55%
	Other Charges (kWh)	79,395	0.0130	1,032.14	81,064	0.0130	1,053.83	21.70	2.10%	10.76%
	Cost of Power Commodity (kWh)	79,395	0.0654	5,194.54	81,064	0.0654	5,303.74	109.21	2.10%	54.18%
	Total Bill Before Taxes			8,819.64			8,663.30	(156.33)	(1.77%)	88.50%
	GST		13.00%	1,146.55		13.00%	1,126.23	(20.32)	(1.77%)	11.50%
	Total Bill			9,966.19			9,789.53	(176.66)	(1.77%)	100.00%

GENERAL SERVICE > 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption	Monthly Service Charge			171.14			237.51	66.37	38.78%	0.99%
200,000 kWh	Distribution (kW)	500	3.4592	1,729.60	500	4.7450	2,372.50	642.90	37.17%	9.84%
500 kW	Low Voltage Rider (kW)	500	0.371	185.50	500	0.3710	185.50	0.00	0.00%	0.77%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	LRAM & SSM Rider (kW)	500		0.00	500	0.5230	261.50	261.50	#DIV/0!	1.09%
	Deferral & Variance Acct (kW)	500	2.1520	1,076.00	500	(0.6753)	(337.64)	(1,413.64)	(131.38%)	(1.40%)
	Distribution Sub-Total			3,163.24			2,720.37	(442.87)	(14.00%)	11.29%
	Retail Transmission (kW)	500	3.7011	1,850.55	500	3.305142	1,652.57	(197.98)	(10.70%)	6.86%
	Delivery Sub-Total			5,013.79			4,372.94	(640.85)	(12.78%)	18.15%
	Other Charges (kWh)	211,720	0.0130	2,752.36	216,171	0.0130	2,810.22	57.86	2.10%	11.66%
	Cost of Power Commodity (kWh)	211,720	0.0654	13,852.10	216,171	0.0654	14,143.31	291.21	2.10%	58.69%
	Total Bill Before Taxes			21,618.25			21,326.48	(291.77)	(1.35%)	88.50%
	GST		13.00%	2,810.37		13.00%	2,772.44	(37.93)	(1.35%)	11.50%
	Total Bill			24,428.62			24,098.92	(329.70)	(1.35%)	100.00%

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Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories

GENERAL SERVICE > 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption	Monthly Service Charge			171.14			237.51	66.37	38.78%	0.25%
800,000 kWh	Distribution (kW)	2,000	3.4592	6,918.40	2,000	4.7450	9,490.00	2,571.60	37.17%	9.93%
2,000 kW	Low Voltage Rider (kW)	2,000	0.371	742.00	2,000	0.3710	742.00	0.00	0.00%	0.78%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	LRAM & SSM Rider (kW)	2,000		0.00	2,000	0.5230	1,046.00	1,046.00	#DIV/0!	1.09%
	Deferral & Variance Acct (kW)	2,000	2.1520	4,304.00	2,000	(0.6753)	(1,350.55)	(5,654.55)	(131.38%)	(1.41%)
	Distribution Sub-Total			12,136.54			10,165.96	(1,970.58)	(16.24%)	10.64%
	Retail Transmission (kW)	2,000	3.7011	7,402.20	2,000	3.305142	6,610.28	(791.92)	(10.70%)	6.92%
	Delivery Sub-Total			19,538.74			16,776.24	(2,762.50)	(14.14%)	17.55%
	Other Charges (kWh)	846.880	0.0130	11,009.44	864.684	0.0130	11,240.89	231.45	2.10%	11.76%
	Cost of Power Commodity (kWh)	846.880	0.0654	55,408.39	864.684	0.0654	56,573.25	1,164.86	2.10%	59.19%
	Total Bill Before Taxes			85,956.57			84,590.39	(1,366.19)	(1.59%)	88.50%
	GST		13.00%			13.00%		(177.60)	(1.59%)	11.50%
	Total Bill			97,130.93			95,587.14	(1,543.79)	(1.59%)	100.00%

GENERAL SERVICE > 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption	Monthly Service Charge			171.14			237.51	66.37	38.78%	0.12%
1,600,000 kWh	Distribution (kW)	4,000	3.4592	13,836.80	4,000	4.7450	18,980.00	5,143.20	37.17%	9.94%
4,000 kW	Low Voltage Rider (kW)	4,000	0.371	1,484.00	4,000	0.3710	1,484.00	0.00	0.00%	0.78%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	LRAM & SSM Rider (kW)	4,000		0.00	4,000	0.5230	2,092.00	2,092.00	#DIV/0!	1.10%
	Deferral & Variance Acct (kW)	4,000	2.1520	8,608.00	4,000	(0.6753)	(2,701.10)	(11,309.10)	(131.38%)	(1.41%)
	Distribution Sub-Total			24,100.94			20,093.41	(4,007.53)	(16.63%)	10.53%
	Retail Transmission (kW)	4,000	3.7011	14,804.40	4,000	3.305142	13,220.57	(1,583.83)	(10.70%)	6.93%
	Delivery Sub-Total			38,905.34			33,313.97	(5,591.37)	(14.37%)	17.45%
	Other Charges (kWh)	1,693,760	0.0130	22,018.88	1,729,368	0.0130	22,481.79	462.91	2.10%	11.78%
	Cost of Power Commodity (kWh)	1,693,760	0.0654	110,816.79	1,729,368	0.0654	113,146.50	2,329.72	2.10%	59.27%
	Total Bill Before Taxes			171,741.01			168,942.26	(2,798.74)	(1.63%)	88.50%
	GST		13.00%			13.00%		(363.84)	(1.63%)	11.50%
	Total Bill			194,067.34			190,904.76	(3,162.58)	(1.63%)	100.00%

GENERAL SERVICE > 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption	Monthly Service Charge			171.14			237.51	66.37	38.78%	0.08%
2,400,000 kWh	Distribution (kW)	5,400	3.4592	18,679.68	5,400	4.7450	25,623.00	6,943.32	37.17%	9.13%
5,400 kW	Low Voltage Rider (kW)	5,400	0.371	2,003.40	5,400	0.3710	2,003.40	0.00	0.00%	0.71%
	Smart Meter Rider (per month)			1.00			1.00	0.00	0.00%	0.00%
	LRAM & SSM Rider (kW)	5,400		0.00	5,400	0.5230	2,824.20	2,824.20	#DIV/0!	1.01%
	Deferral & Variance Acct (kW)	5,400	2.1520	11,620.80	5,400	(0.6753)	(3,646.49)	(15,267.29)	(131.38%)	(1.30%)
	Distribution Sub-Total			32,476.02			27,042.62	(5,433.40)	(16.73%)	9.64%
	Retail Transmission (kW)	5,400	3.7011	19,985.94	5,400	3.305142	17,847.77	(2,138.17)	(10.70%)	6.36%
	Delivery Sub-Total			52,461.96			44,890.39	(7,571.57)	(14.43%)	16.00%
	Other Charges (kWh)	2,540,640	0.0130	33,028.32	2,594,052	0.0130	33,722.68	694.36	2.10%	12.02%
	Cost of Power Commodity (kWh)	2,540,640	0.0654	166,225.18	2,594,052	0.0654	169,719.76	3,494.57	2.10%	60.48%
	Total Bill Before Taxes			251,715.46			248,332.82	(3,382.64)	(1.34%)	88.50%
	GST		13.00%			13.00%		(439.74)	(1.34%)	11.50%
	Total Bill			284,438.47			280,616.09	(3,822.38)	(1.34%)	100.00%

Street Lighting										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Billing Determinants	Monthly Service Charge	1,061	0.4100	435.01	1,061	1.2718	1,349.38	914.37	210.20%	11.36%
	1,061 Connections									
	Distribution (kW)	202	4.1163	830.46	202	12.7683	2,576.00	1,745.54	210.19%	21.69%
	72,321 kWh									
	Low Voltage Rider (kW)	202	0.3313	66.84	202	0.3313	66.84	0.00	0.00%	0.56%
	LRAM & SSM Rider (kW)	202		0.00	202	0.0000	0.00	0.00	#DIV/0!	0.00%
	Deferral & Variance Acct (kW)	202	1.7788	358.87	202	(0.2003)	(40.42)	(399.29)	(111.26%)	(0.34%)
	Distribution Sub-Total			1,691.19			3,951.81	2,260.62	133.67%	33.28%
	Retail Transmission (kW)	202	2.8233	569.60	202	2.519689	508.35	(61.25)	(10.75%)	4.28%
	Delivery Sub-Total			2,260.79			4,460.15	2,199.37	97.28%	37.56%
	Other Charges (kWh)	76,558	0.0130	995.26	78,168	0.0130	1,016.18	20.92	2.10%	8.56%
	Cost of Power Commodity (kWh)	76,558	0.0644	4,928.84	78,168	0.0644	5,032.45	103.62	2.10%	42.38%
	Total Bill Before Taxes			8,184.88			10,508.79	2,323.91	28.39%	88.50%
	GST		13.00%	1,064.03		13.00%	1,366.14	302.11	28.39%	11.50%
	Total Bill			9,248.92			11,874.94	2,626.02	28.39%	100.00%

Sentinel Lighting										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Billing Determinants	Monthly Service Charge	1	1.7400	1.74	1	4.9151	4.92	3.18	182.48%	22.55%
	1 Connections									
	Distribution (kW)	0	6.7501	1.69	0	19.0674	4.77	3.08	182.48%	21.87%
	89 kWh									
	Low Voltage Rider (kW)	0	0.3569	0.09	0	0.3569	0.09	0.00	0.00%	0.41%
	LRAM & SSM Rider (kW)	0		0.00	0	0.0000	0.00	0.00	#DIV/0!	0.00%
	Deferral & Variance Acct (kW)	0	9.1802	2.30	0	4.0037	1.00	(1.29)	(56.39%)	4.59%
	Distribution Sub-Total			5.81			10.77	4.96	85.35%	49.42%
	Retail Transmission (kW)	0	2.8585	0.71	0	2.550106	0.64	(0.08)	(10.79%)	2.92%
	Delivery Sub-Total			6.53			11.41	4.88	74.82%	52.34%
	Other Charges (kWh)	94	0.0130	1.22	96	0.0130	1.24	0.03	2.10%	5.71%
	Cost of Power Commodity (kWh)	94	0.0694	6.50	96	0.0694	6.64	0.14	2.10%	30.45%
	Total Bill Before Taxes			14.24			19.29	5.05	35.42%	88.50%
	GST		13.00%	1.85		13.00%	2.51	0.66	35.42%	11.50%
	Total Bill			16.10			21.80	5.70	35.42%	100.00%

Unmetered Scattered										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption	Monthly Service Charge			8.96			23.33	14.37	160.35%	19.13%
	272 kWh									
	Distribution (kWh)	272	0.0523	14.23	272	0.1362	37.05	22.82	160.42%	30.38%
	Low Voltage Rider (kWh)	272	0.0009	0.24	272	0.0009	0.24	0.00	0.00%	0.20%
	LRAM & SSM Rider (kWh)	272		0.00	272	0.0773	21.02	21.02	#DIV/0!	17.24%
	Deferral & Variance Acct (kWh)	272	0.0095	2.58	272	0.0000	0.00	(2.58)	(100.00%)	0.00%
	Distribution Sub-Total			26.01			81.64	55.63	213.84%	66.96%
	Retail Transmission (kWh)	288	0.0092	2.65	294	0.00821	2.41	(0.24)	(8.89%)	1.98%
	Delivery Sub-Total			28.66			84.06	55.39	193.26%	68.94%
	Other Charges (kWh)	288	0.0130	3.74	294	0.0130	3.82	0.08	2.10%	3.13%
	Cost of Power Commodity (kWh)	288	0.0681	19.61	294	0.0681	20.03	0.41	2.10%	16.42%
	Total Bill Before Taxes			52.02			107.90	55.88	107.43%	88.50%
	GST		13.00%	6.76		13.00%	14.03	7.26	107.43%	11.50%
	Total Bill			58.78			121.93	63.15	107.43%	100.00%

Ref: Exhibit 1/Tab 1/Schedule 15 Conditions of Service (CoS)

3. Please identify any rates and charges that are included in Parry Sound Power's Conditions of Service, but do not appear on the Board-approved tariff sheet, and provide an explanation for the nature of the costs being recovered. If applicable, please explain whether in the applicant's view, why these rates and charges should not be included on Parry Sound Power's tariff sheet. If applicable, please provide a schedule outlining the revenues recovered from these rates and charges from 2006 to 2009 and the revenue forecasted for the 2010 bridge and 2011 test years.

Response: *PSP only charges customers for items that are included on PSP's Board approved tariff sheet.*

LOAD FORECAST

Ref: Exhibit 3/Tab 2/Schedule 1/p.2

4. Please provide an update to the load forecast with actual results for 2010 (customer numbers, KW and kWh consumption for all classes). Does Parry Sound believe that the 2010 actuals warrant a revision in the 2011 forecast? Why or why not?

Response: *PSP has updated the 2010 Load data with actuals to the end of October plus forecasts for November and December and does not view it necessary to revise the 2011 Forecast based on this updated data. Additional actual data will always assist in refining future projections, however, the timing required to prepare and process a Cost of Service Rate Application will always require the use of estimated data unless there becomes a requirement to continually update the data with actuals as they are available.*

Parry Sound Power			
	2010 Jan-Oct Actual Nov-Dec Frctst	2010 Weather Normal	2011 Weather Normal
By Class			
Residential			
kWh	32,237,682	33,832,405	33,427,924
GS <50kW			
kWh	15,721,243	16,748,564	16,733,379
GS >50kW			
kWh	35,733,546	36,171,050	37,802,659
kW	82,206	96,048	97,727
Sentinel Lights			
kWh	12,250	12,745	12,745
kW	33	38	36
Street Lights			
kWh	891,719	867,846	867,846
kW	2,426	2,422	2,421
Unmetered Scattered Load			
kWh	51,718	59,000	58,750
Total of Above			
kWh	84,648,158	87,691,610	88,903,303
kW from applicable class	84,665	98,508	100,184

Ref: Exhibit 3/Tab 2/Schedule 1/p.2

5. With regard to the Residential analysis, it appears that Parry Sound has not included an economic variable in its regression for this class. Why was an economic variable not included?

Response: An economic variable was not included as it would not improve the statistical results of the regression analysis supporting the load forecast for the Residential class. With the variables used in the Residential regression analysis of Heating Degree Days, Cooling Degree Days, Time Trend and Spring Fall Flag the Rsquare and adjusted Rsquare results were 98.9%. The T-stats on these variable were greater than or equal to the absolute value of two. In total, it is PSP's understanding that this indicates the resulting equation from the regression analysis fits extremely well with the actual historical consumption data for the Residential class.

The variables used in the Residential analysis produced an Rsquared of 98.9% as shown on the following table from the Load Data analysis.

SUMMARY OUTPUT	
<i>Regression Statistics</i>	
Multiple R	99.5%
R Square	98.9%
Adjusted R Square	98.9%
Standard Error	114,383
Observations	72

Ref: Exhibit 3/Tab 2/Schedule 1/p.2&3

6. With regard to the GS<50kW and GS>50kW analysis, Ontario Real GDP is used as a variable. Why did Parry Sound not use a variable that is more locally or regionally focused rather than a province-wide variable?

Response: *The Ontario Real GDP variable was included and not an economic variable that is more locally or regionally focused since the Ontario Real GDP variable had a T-stat of greater than two in both cases which means it was statistically significant and added to accuracy of the resulting load forecasting equation for the GS < 50 kW and GS > 50 kW classes. Parry Sound is also an area that is affected by many people in the province as a result of the recreational facilities in the Parry Sound Area which may also affect it regionally.*

Ref: Exhibit 3/Tab 2/Schedule 1/p.3

7. With regard to the GS>50kW analysis, what is the employment statistic cited in the table and why is the coefficient negative?

Response: *The employment statistic used was obtained from Statistics Canada's website on June 3, 2010. A copy of the invoice and the file is provided below:*

Invoice:

Your Order

Quantity	Item	Unit	Price
1	CANSIM:2010060313132421478	CAD 3.00	C A D C A D 0.15 C A D 3.15
		Tax	
		Total	

This order is now complete. Transaction approved!

Here is your receipt:

===== TRANSACTION RECORD =====

STATISTICS CANADA - HC
100 Tunney's Pasture Driveway
Ottawa, ON K1A 0T6
Canada

TYPE: Purchase

ACCT: Visa \$ 3.15 CAD

CARD NUMBER : #####4119

DATE/TIME : 03 Jun 10 13:19:03

REFERENCE # : 001 018103 M

AUTHOR. # : 070618

TRANS. REF. : 938969

Approved - Thank You 000

Please retain this copy for your records.

Cardholder will pay above amount to card
issuer pursuant to cardholder agreement.

=====

Continue

[Secure Payment provided by E-xact Transactions Ltd.](#)



Statistics File:

PSP has revised the load forecast analysis for the GS >50kW class by removing the employment statistic. The table below can be compared to the table in the application at Exhibit 3/Tab 2/Schedule 1/Page 3. The R Square has been reduced from 81.7%.

Regression Statistics	
Multiple R	89.0%
R Square	79.2%
Adjusted R Square	78.3%
Standard Error	161,341
Observations	72

	Coefficients	Standard Error	t Stat
Intercept	(2,604,890)	655,283	(4)
Heating Degree Days	1,093	75	15
Cooling Degree Days	9,683	1,159	8
Ontario Real GDP Monthly %	36,869	4,803	8

PSP agrees the negative coefficient is not intuitive. The following table provides the 2010 and 2011 kWh forecast with the employment statistic removed

	Per Application kWh	Change due to removal of employment Stat kWh	Revised Regression Analysis results kWh
2010	36,171,050	82,953	36,254,003
2011	38,329,323	(274,138)	38,055,184
Note: CDM Targets not reflected in this table for 2011			

Ref: Exhibit 3/Tab 2/Schedule 1/p.13

8. At Line 21 on this page, Parry Sound mentions a review of the historical ratio of kW to kWhs and applying the average ratio to the forecasted kWh. Please provide this analysis of the ratios and explain what effect it had on the kW forecast.

Response: Complete below

GS>50kW

kWh	Year	kW
	2003	
2,582,702	2004	81,896
3,045,048	2005	89,198
2,948,392	2006	88,798
3,097,363	2007	90,489
3,039,149	2008	89,597
3,100,197	2009	94,156
3,215,528	2010	96,048
3,335,150	2011	97,977
		Didn't use Geom
	2004	
117.90%	2005	
96.83%	2006	
105.05%	2007	
98.12%	2008	
102.01%	2009	
1.03720119	GEOMEAN	

To clarify the reference made in this question PSP did not use the geomean calculated based on kWh for the years 2005-2009 for the GS>50kW class because PSP does not see that kind of an increase happening over the bridge and test years. PSP chose to use the 2009 growth rate of 102.01% for both 2010 and 2011 which is felt to be more conservative than the geomean. The use of the 2009 kWh growth rate had the effect of reducing the demand by 1,611 kW and 3,315 kW for 2010 and 2011, respectively versus the use of the geomean.

Please note that PSP calculated the growth rate of the kWhs and applied that rate to the kW.

Street Lighting kWh	Year	kW
	2003	
72,560	2004	2,424
72,320	2005	2,424
72,320	2006	2,424
72,320	2007	2,424
72,560	2008	2,424
72,320	2009	2,424
72,273	2010	2,422
72,225	2011	2,421
	2004	
99.67%	2005	
100.00%	2006	
100.00%	2007	
100.33%	2008	
99.67%	2009	
0.999337959	GEOMEAN	

The geomean of the average monthly kWhs for prior years was used to calculate the Street Lighting kW forecast for the bridge and test years.

Sentinel Lighting kWh	Year	kW
	2003	
1,334	2004	41
1,335	2005	41
1,332	2006	41
1,334	2007	41
1,331	2008	47
1,062	2009	39
1,015	2010	38
970	2011	36
	2004	
100.08%	2005	
99.81%	2006	
100.13%	2007	
99.79%	2008	
79.79%	2009	
0.955479849	GEOMEAN	

The geomean of the average monthly kWhs for prior years was used to calculate the Sentinel Lighting kW forecast for the bridge and test years.

OPERATIONS AND MAINTENANCE EXPENSES

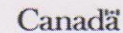
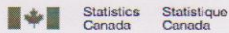
Ref: Exhibit 4/Tab 1/Schedule 1

9. Please identify the inflation rate used for the 2011 OM&A forecasts and the source document for the inflation assumptions.

Response: *PSP used the Ontario CPI rate of 2.2, which was the most current rate available.*

Consumer Price Index, by province (monthly)

Page 1 of 1



[Home](#) > [Summary tables](#) >

Related tables: [Consumer price indexes](#).

**Consumer Price Index, by province (monthly)
(Ontario)**

	April 2009	March 2010	April 2010	March 2010 to April 2010	April 2009 to April 2010
	2002 = 100			% change	
Ont.					
All items	113.2	115.3	115.7	0.3	2.2
Food	121.8	123.8	123.0	-0.6	1.0
Shelter	118.1	118.8	120.0	1.0	1.6
Household operations, furnishings and equipment	107.6	109.2	109.2	0.0	1.5
Clothing and footwear	94.7	91.9	92.6	0.8	-2.2
Transportation	111.2	119.0	119.1	0.1	7.1
Health and personal care	111.0	113.5	114.6	1.0	3.2
Recreation, education and reading	102.2	102.4	103.1	0.7	0.9
Alcoholic beverages and tobacco products	133.9	133.5	133.0	-0.4	-0.7
Special aggregates					
All items excluding food	111.6	113.7	114.4	0.6	2.5
All items excluding energy	112.8	114.3	114.5	0.2	1.5
Energy	121.9	131.8	135.3	2.7	11.0

Source: Statistics Canada, CANSIM, table (for fee) 326-0020 and Catalogue nos. 62-001-X and 62-010-X.
Last modified: 2010-05-21.

To learn more about the Consumer Price Index, see [Your Guide to the Consumer Price Index](#).

[Find information](#) related to this table (CANSIM table(s); Definitions, data sources and methods; *The Daily*; publications; and related Summary tables).

Date Modified: 2010-05-21

Ref: Exhibit 4/Tab 1/Schedule 1/p.5

10. Parry Sound presents a table of OM&A cost per customer on this page. Please provide the calculation using customer number definition used in the Board's EB-2006-0258 comparisons report, that is including only the Residential, General Service <50kW, General Service >50kW in the total

Response: PSP has provided the data in table format below.

OM&A Cost per Customer and FTEE						
	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Number of Customers (excl street & sent lights)	3,196	3,258	3,288	3,324	3,357	3,391
Total OMA	1,036,543	1,109,310	1,216,114	1,245,779	1,424,803	1,795,417
OMA cost per customer	324	341	370	375	424	529
Number of FTEEs	7.59	7.68	7.91	8.09	10.47	12.52
FTEEs/Customer	0.002376	0.002357	0.002404	0.002435	0.003119	0.003693
OMA cost per FTEE	136,501	144,450	153,838	153,915	136,063	143,369
# of Customers						
	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
Residential	2,610	2,643	2,697	2,744	2,778	2,812
GS < 50 kW	505	529	508	495	494	493
GS >50 kW	61	64	66	66	67	68
Sentinel Lights	13	15	13	12	12	12
Street Lighting	1,061	1,061	1,061	1,061	1,061	1,061
USL	20	22	17	18	18	18
Total	4,270	4,334	4,362	4,397	4,431	4,464
Forecast customer data						
Forecast customer details from Load data which represents average of 12 months from the year						

The # of customers listed in the table above represent customer numbers for residential, GS<50, GS>50, Sentinel Lights and USL. Street lights are per connection.

Ref: Exhibit 4/Tab 2/Schedule 2/p. 1-3

11. Please provide a report on OM&A expenditures in 2010 to date (or year end, if available), by major expenditure account as shown at Exhibit 4/Tab2/Sch2 pages 1-3. Please highlight areas where the forecast presented will not be achieved and provide reasons for the difference.

Response: Please find PSP's review and response in table below.

EB-2010-0140
Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories

		Total Expense		
		2010 Filed COS		
		Projection	2010 YTD	Delta
Operations				
5005	Operation Supervision and Engineering	4,726	31,262	26,535
5010	Load Dispatching			-
5012	Station Buildings and Fixtures Expense			-
5014	Transformer Station Equipment - Operation Labour			-
5015	Transformer Station Equipment - Operation Supplies and Expenses			-
5016	Distribution Station Equipment - Operation Labour			-
5017	Distribution Station Equipment - Operation Supplies and Expenses	7,714	7,212	(502)
5020	Overhead Distribution Lines and Feeders - Operation Labour	133	3,237	3,103
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	55	55	-
5030	Overhead Subtransmission Feeders - Operation			-
5035	Overhead Distribution Transformers - Operation			-
5040	Underground Distribution Lines and Feeders - Operation Labour	23,671	14,662	(9,009)
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses		91	91
5050	Underground Subtransmission Feeders - Operation			-
5055	Underground Distribution Transformers - Operation		237	237
5060	Street Lighting and Signal System Expense			-
5065	Meter Expense	11,608	6,301	(5,307)
5070	Customer Premises - Operation Labour	84	93	8
5075	Customer Premises - Materials and Expenses			-
5085	Miscellaneous Distribution Expense			-
5090	Underground Distribution Lines and Feeders - Rental Paid			-
5095	Overhead Distribution Lines and Feeders - Rental Paid	801	801	0
5096	Other Rent	5,944	5,944	(0)
	Sub-Total	54,737	69,894	15,156
Distribution Expenses - Maintenance				-
5105	Maintenance Supervision and Engineering	1,551	10,537	8,985
5110	Maintenance of Structures			-
5112	Maintenance of Transformer Station Equipment			-
5114	Maint Dist Stn Equip	53,105	44,393	(8,712)
5120	Maintenance of Poles, Towers and Fixtures	85,255	26,926	(58,329)
5125	Maintenance of Overhead Conductors and Devices	91,277	49,461	(41,816)
5130	Maintenance of Overhead Services	38,374	13,706	(24,668)
5135	Overhead Distribution Lines and Feeders - Right of Way	102,929	35,472	(67,457)
5145	Maintenance of Underground Conduit	5,838	1,447	(4,391)
5150	Maintenance of Underground Conductors and Devices	28,953	3,385	(25,569)
5155	Maintenance of Underground Services	1,063	2,866	1,803
5160	Maintenance of Line Transformers	21,147	9,461	(11,686)
5165	Maintenance of Street Lighting and Signal Systems			-
5170	Sentinel Lights - Labour			-
5172	Sentinel Lights - Materials and Expenses			-
5175	Maintenance of Meters	5,187	5,642	455
5178	Customer Installations Expenses - Leased Property			-
5195	Maintenance of Other Installations on Customer Premises	10,629	11,591	962
	Sub-Total	445,309	214,887	(230,422)

PSP has identified \$215,000 of variance between 2010 year to date actual expenditures compared to the 2010 bridge year projection.				
Below is a summary of key issues driving this variance:				
Labour shortage (off-set by increased labour in capital, see BS IR # 34)		28,000		
V&E Equipment Shortage (follows labour effort)		33,000		
Maintenance project PSP5i (should have been identified as a capital project see VECC IR #3h)		26,000		
Removal of contingency cost in AMP maintenance projects		31,000		
AMP project PSP6d (not completed in 2010)		15,000		
Materials		80,000		
Miscellaneous Variances (not identified)		2,000		
Total		215,000		
Labour Shortage				
PSPs AMP outlines best estimates of work effort for future years. In 2010, the work effort did not align exactly with the AMP and resulted in a shift from maintenance to capital projects (note: V&E and materials costs follow this trend).				
See Board Staff IR # 34				
V&E Equipment Shortage				
As V&E usage follows work effort, the movement of labour effort from maintenance to capital has an impact on the V&E costs charged to maintenance activities.				
Maintenance Project PSP5i				
As referenced in VECC IR #3 part h, project PSP5i was inaccurately categorized as maintenance in the AMP. PSP will be adjusting expense and capital values later in the rate setting process with other agreed / directed adjustments.				
Removal of Contingency Costs in AMP				
The AMP identifies contingency costs on maintenance projects. PSP is currently reviewing the amount of contingency on these projects and will adjust the costs accordingly later in the rate setting process with other agreed / directed adjustments.				
AMP Project PSP6d (switch maintenance) not completed in 2010				
Due to resource limitations (more labour effort with affiliated companies in 2010) PSP did not manage to start or complete AMP project PSP6d. In 2011, with a self-sufficient LDC labour force, PSP will be able to complete the full AMP (not withstanding any emergency constraints).				
Materials				
PSP has identified materials costs referenced in the AMP under maintenance projects totalling \$80,000 that are subject to further investigation. PSP is working with it's AMP service provider to obtain clarification and will provide an updated AMP (if required) when available or alternatively, will provide a more detailed response to this IR when possible. As 2011 and 2010 maintenance projects are similar, PSP will adjust it's revenue requirement (if needed) later in the rate setting process with other agreed / directed adjustments.				

EB-2010-0140
Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories

Expense Description	2010 Bridge	2010 Actuals	Difference
Billing and Collections			
5305-Supervision	0		-
5310-Meter Reading Expense	38,155	43,748	5,594
There was \$5,312.06 budgeted for labour and overhead and the actual labour and overhead was \$10,256.36.			
5315-Customer Billing	238,632	238,099	(533)
5320-Collecting	76,895	54,619	(22,276)
There was \$74,566.32 budgeted for labour and overhead and the actual labour and overhead was \$53,438.73.			
5325-Collecting- Cash Over and Short	100	7	(93)
5330-Collection Charges	0	0	-
5335-Bad Debt Expense	5,200	4,697	(503)
5340-Miscellaneous Customer Accounts Expenses	0	0	-
Sub-Total	358,982	331,170	(27,812)
Community Relations			
5405-Supervision	0		-
5410-Community Relations - Sundry	14,600	14,918	318
5415-Energy Conservation	0	0	-
5420-Community Safety Program	0	0	-
5510-Demonstrating and Selling Expense	0	0	-
5515-Advertising Expense	0	0	-
5520-Miscellaneous Sales Expense	0	0	-
Sub-Total	14,600	14,918	318
Administrative and General Expenses			
5605-Executive Salaries and Expenses	6,248	5,665	(582)
5610-Management Salaries and Expenses	0	0	-
5615-General Administrative Salaries and Expenses	224,838	238,348	13,511
The Labour and overhead for this account are \$11,027 over what was budgeted based on last year. The Mileage and travel account was based on a 3 year average and this was \$2,303 over what was budgeted			
5620-Office Supplies and Expenses	106,182	105,577	(605)
5625-Adminisitrative Expense Transferred-Credit	0	0	-
5630-Outside Services Employed	66,317	66,317	-
5635-Property Insurance	0	0	-
5640-Injuries and Damages	0	1,000	1,000
5645-Employee Pensions and Benefits	0	0	-
5650-Franchise Requirements	0	0	-
5655-Regulatory Expenses	54,606	56,236	1,631
The labour and overhead budgeted to this account is \$870 short and the OEB fees and Advertising that was budgeted was \$760 short of what was actually allocated to these account.			
5660-General Advertising Expenses	0	0	-
5665-Miscellaneous General Expenses	17,000	17,000	-
5670-Rent	50,600	50,900	300
5675-Maintenance of General Plant	25,386	25,638	253
5680-Electrical Safety Authority Fees	0	0	-
5685-Independent Market Operator Fees and Penalties	0	0	-
Sub-Total	551,175	566,683	15,507

Ref: Exhibit 4/Tab 2/Schedule 2/p. 1 Cost Drivers

12. Under Account 5040 - Underground Distribution Lines and Feeders – Operation Labour, Parry Sound shows an increase from 2009 to 2010 of 118%, with expenditures continuing at this level in 2011 (\$22,372). Please provide additional detail on the need for this increase citing specific projects (completed and planned) to account for these increases and continued levels of spending.

Response:

Expense Description	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
5040 - Underground Distribution Lines & Feeders - Operation	8,631	7,738	11,495	10,875	23,671	22,372
	Value to USoA					
Specific Projects from AMP	2010	2011				
Jan to May 2010 Actual	\$ 5,416.86					
PSP6k	\$ 17,636.68	\$ 20,931.14				
Unplanned Maintenance	\$ 617.73	\$ 1,440.49				
	\$ 23,671.26	\$ 22,371.63				
PSP derived a 2010 bridge budget using Jan to May 2010 actual GL data and used the AMP to project planned and unplanned maintenance for the rest of the year.						
The change in 2010 is primarily driven by planned maintenance project PSP6k as identified in the AMP.						
Offsetting these increase in planned maintenance costs are a reduction in unplanned maintenance costs.						
Similar levels of activity continue to occur in 2011 as detailed in the AMP.						
Summary of AMP Project PSP6k						
	USOA	2010 Value	2011 Value			
5040	\$	17,636.68	\$ 20,931.14			
5130	\$	4,156.29	\$ 4,881.29			
5175	\$	3,485.54	\$ 4,183.96			
5320	\$	5,541.80	\$ 7,223.87			
5310	\$	2,715.90	\$ 3,606.78			
5065	\$	4,156.29	\$ 4,881.29			
5410	\$	5,541.80	\$ 7,223.87			
Total	\$	43,234.29	\$ 52,932.19			

The PSP6k job listed above outlines the budget numbers by USoA. The job consists of small jobs grouped together in the Misc. Planned category. 5040 -U/G locates, 5130 – Service maintenance, 5175 – meter maintenance (non-smart meters), 5320-collections, operations involvement-disconnect etc. 5310 – meter reading, 5065 – meter expenses, check reads, meter seal, etc. 5410 – community relations work. A more detailed explanation is list in AMP.

Ref: Exhibit 4/Tab 2/Schedule 2/p.2 Cost Drivers

13. Under Maintenance Accounts:

- 5120 - Poles, Towers and Fixtures
- 5125 – Overhead Conductors and Devices
- 5160 – Line Transformers

Parry Sound shows substantial increases from 2009 to 2010 and then again from 2010 to 2011. Please provide additional detail on the need for these increases citing specific projects (completed and planned) to account for these increases

Response:

Expense Description	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
5120 - Poles, Tower and Fixtures	39,962	48,404	49,164	45,697	82,255	145,926
5125 - Overhead Conductors and Devices	94,237	56,675	73,369	65,593	91,277	126,867
5160 - Line Transformers	10,234	13,109	38,338	8,326	21,147	44,994
PSP has identified specific projects relating to the USoA accounts listed above 5120, 5125 & 5160. In addition to these accounts PSP has include other USoA accounts relating to he projects detail						
		Value to UsoA				
Specific AMP Projects Impacting Accounts for 2010 & 2011		2010	2011			
5114 PSP6a	\$	106.31	\$	107.33		
5120 Jan to May Actual	\$	21,017.33				
PSP5f	\$	16,606.51	\$	27,346.94		
PSP6e	\$	3,564.48	\$	3,533.78		
PSP6i	\$	35,647.96	\$	95,222.75		
Unplanned Maint	\$	8,418.99	\$	19,822.80		
	\$	85,255.27	\$	145,926.27		
5125 Jan to May Actual	\$	22,003.54				
PSP5f	\$	3,416.73	\$	5,469.39		
PSP6a	\$	637.87	\$	655.30		
PSP6d	\$	42,851.17	\$	67,159.34		
PSP6e	\$	3,564.48	\$	3,533.78		
PSP6i	\$	10,176.88	\$	27,203.26		
Unplanned Maint	\$	8,626.02	\$	22,845.94		
	\$	91,276.69	\$	126,867.01		
5145 PSP6c	\$	5,149.67	\$	11,505.39		
5150 PSP6a	\$	106.31	\$	107.33		
PSP6c	\$	5,149.67	\$	11,505.39		
	\$	5,255.99	\$	11,612.72		
5160 Jan to May Actual	\$	1,497.02				
PSP5f	\$	2,342.83	\$	3,650.04		
PSP6a	\$	212.62	\$	214.65		
PSP6c	\$	10,299.35	\$	23,010.78		
PSP6i	\$	5,088.44	\$	13,601.63		
Unplanned Maint	\$	1,706.53	\$	4,017.30		
	\$	21,146.79	\$	44,494.40		
	\$	208,190.72	\$	340,513.11		
PSP derived a 2010 bridge budget using Jan to May 2010 actual GL data and used the AMP to project planned and unplanned maintenance for the rest of the year.						
The change in 2010 is driven by planned maintenance projects identified above, as identified in the AMP. Due to the limited availability of resources (providing resources to both PSES and PGEN) and the delayed start of the AMP (June 2010) the full planned annual maintenance program was not able to be accomplished.						
2011 expenditures reflect full implementation of the maintenance activities for the full fiscal year.						
In addition, 2011 unplanned maintenance expenses are higher which reflects the full utilization of all outside resources.						
The jobs listed in the table above are offered ion more detail in PSP's Asset Management Plan. A brief outline:						
PSP5f: pole inspections of (replace poles) more detail is available in the AMP.						
PSP6a: infrared scanning to check for hot spots						
PSP6c: U/G maintenance						
PSPd: switch maintenance						
PSP6e: visual line patrols to inspect for damaged conductors, poles and vegetation.						
PSP6i: pole top maintenance, physical inspection of poles and related hardware						
Unplanned maintenance: PSP used historical values to budget bridge and test year values.						

Summary of AMP Projects			
	USoA	2010 Value	2011 Value
PSP5f	5120	\$ 16,606.51	\$ 27,346.94
	5125	\$ 3,416.73	\$ 5,469.39
	5160	\$ 2,342.83	\$ 3,650.04
	Total	\$ 22,366.06	\$ 36,466.37
PSP6a	5125	\$ 637.87	\$ 655.30
	5114	\$ 106.31	\$ 107.33
	5160	\$ 212.62	\$ 214.65
	5150	\$ 106.31	\$ 107.33
	Total	\$ 1,063.12	\$ 1,084.60
PSP6c	5145	\$ 5,149.67	\$ 11,505.39
	5160	\$ 10,299.35	\$ 23,010.78
	5150	\$ 5,149.67	\$ 11,505.39
	Total	\$ 20,598.70	\$ 46,021.57
PSP6d	5125	\$ 42,851.17	\$ 67,159.34
PSP6e	5125	\$ 3,564.48	\$ 3,533.78
	5120	\$ 3,564.48	\$ 3,533.78
	Total	\$ 7,128.95	\$ 7,067.56
PSP6i	5120	\$ 35,647.96	\$ 95,222.75
	5125	\$ 10,176.88	\$ 27,203.26
	5160	\$ 5,088.44	\$ 13,601.63
	Total	\$ 50,913.29	\$ 136,027.64
PSP Jan - May actual		\$ 44,517.89	
PSP - unplanned		\$ 18,751.55	\$ 46,686.04
Grand Total		\$ 208,190.72	\$ 340,513.11

Ref: Exhibit 4/Tab 2/Schedule 2/p.2 Cost Drivers

14. Under Maintenance Accounts:

5130 – Overhead Services

5135 – Overhead Distribution Lines and Feeders - Right of Way

Parry Sound shows substantial increases from 2009 to 2010 and then maintains these high levels of expenditure into the test year. Please provide additional detail on the need for these increases citing specific projects (completed and planned) to account for these increases and continued levels of spending.

Response:

EB-2010-0140
Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories

Expense Description	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
5130 - Overhead Services	11,439	11,433	15,234	11,775	38,374	35,524
5135 - Overhead Distribution Lines and Feeders - Right of Way	45,123	78,176	36,976	70,202	102,929	103,086
		Value to USoA				
Specific AMP Projects Impacting Accounts for 2010 & 2011		2010	2011			
5130 Jan to May Actual	\$	5,718.83				
PSPSi	\$	26,581.17	\$ 26,095.78			
PSP6k	\$	4,156.29	\$ 4,881.29			
Unplanned Maint.	\$	1,918.08	\$ 4,546.53			
		\$ 38,374.37	\$ 35,523.59			
5135 Jan to May Actual	\$	17,104.56				
PSP6j	\$	79,194.34	\$ 84,999.03			
Unplanned Maint.	\$	6,630.36	\$ 18,086.53			
		\$ 102,929.26	\$ 103,085.56			
		\$ 141,303.63	\$ 138,609.15			
PSP derived a 2010 bridge budget using Jan to May 2010 actual GL data and used the AMP to project planned and unplanned maintenance for the rest of the year.						
The change in 2010 is driven by planned maintenance projects identified above and references in the AMP.						
Similar levels of activity continue to occur in 2011 as detailed in the AMP.						
PSP budget amounts used in the cost of service maintenance in USoA 5130 and tree trimming in USoA 5135 are listed above. The details of the forecast amounts are found in the AMP. In general PSP has under maintained the service entrance conductors and tree trimming cycles. As indicated in the AMP PSP will be back on regular maintenance cycles.						

Ref: Exhibit 4/Tab 2/Schedule 2/p.2 Cost Drivers

15. What is Parry Sound's tree trimming cycle? Please provide any further evidence/rationale for the tree trimming cycle employed by Parry Sound.

Response: *Parry Sound Power Corp attempts to use a 3-year tree trimming cycle (on average). Cycles may be slightly slower or longer due to the nature of growth of trees surrounding distribution assets. A shorter tree trimming cycle is also driven by a customer preference to maintain the aesthetics of the trees in the distribution territory.*

Ref: Exhibit 4/Tab 2/Schedule 2/p.2 Cost Drivers

16. Under Maintenance Account 5150 – Underground Conductors and Devices, spending increases by over 700% in 2010 and, while reduced by half in 2011, continues at over 3 times the 2009 level. Please provide additional detail on the need for the 2010 increase and the continued high level of spending in the test year.

Response:

EB-2010-0140
Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories

Expense Description	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Bridge	2011 Test
5150 - Maintenance of Underground Conductors and Devices	2,141	4,723	4,117	3,460	28,953	15,772
		Value to USoA				
Specific AMP Projects Impacting Accounts for 2010 & 2010		2010	2011			
Jan to Mar Actual		\$ 1,648.25				
PSP5b		\$ 2,720.94				
PSP5c		\$ 18,648.31				
PSP6a		\$ 106.31	\$ 107.33			
PSP6c		\$ 5,149.67	\$ 11,505.39			
Unplanned Maint.		\$ 680.00	\$ 4,159.46			
		\$ 28,953.49	\$ 15,772.18			
PSP derived a 2010 bridge budget using Jan to May 2010 actual GL data and used the AMP to project planned and unplanned maintenance for the rest of the year.						
The change in 2010 is driven by planned maintenance projects identified above and references in the AMP.						
The 2010 costs excluding the non-recurring PSP5b & PSP5C total \$7,584,						
PSP starting in 2010 will be on a regular maintenance cycle not previous practiced.						
2011 costs are lower due to PSP5B and PSP5C being non-recurring.						

Ref: Exhibit 4/Tab 2/Schedule 2/p.3 Cost Drivers

17. Under Administration and General Account 5615 – General Administrative Salaries and Expenses, the increase from 2010 to 2011 is 34% after a 7% increase in 2010. At Schedule 3 page 52 of this exhibit the rationale provided mentions only a 3% wage increase. Please provide additional specific detail on the need/rationale for the 2011 increase.

Response: The current level of senior management for president and vice president/financial officer are shared between affiliate companies with PSP receiving 70% of the related wage and overhead. In 2011 to achieve compliance 100% of the senior management team costs and overheads are allocated to PSP. In addition an annual wage increase of 3% is included. The addition of a new staff member in 2011 of which 30% of related are included in 5615 result in the overall increase.

Ref: Exhibit 4/Tab 2/Schedule 2/p.3 Cost Drivers

18. Under Administration and General Account 5620 – Office Supplies and Expenses, the increase from 2010 to 2011 is 21% after a 112% increase in 2010. At Schedule 3, page 49 no explanation is provided for the 2010 increase and at page 52 the rationale provided mentions ‘synergies’. Please provide additional specific detail on the need/rationale for the 2010 and 2011 increases.

Response:

USoA 5620- sub accounts	2011	2010	2011 vs 2010	2009	2010 vs 2009
5620 · Office Supplies & Expenses					
5620-01 · Office Equipment Maintenance	1,113.64	871.94	241.70	533.90	338.04
5620-02 · Computer Software Mtce	11,068.98	8,873.23	2,195.76	1,933.07	6,940.16
5620-03 · Photocopier lease and maintena	3,405.60	325.63	3,079.97	-	325.63
5620-04 · Fax machine	818.62	624.78	193.84	-	624.78
5620-06 · Postage	4,357.37	3,197.68	1,159.69	69.36	3,128.32
5620-10 · Advertising	2,831.44	2,551.14	280.30	1,521.92	1,029.22
5620-11 · Fees & Memberships	28,000.00	28,247.30	(247.30)	28,639.29	(391.99)
5620-14 · Service Pins & Dinners	3,724.42	2,842.51	881.91	-	2,842.51
5620-16 · Internet Access	1,264.02	964.71	299.31	-	964.71
5620-17 · Courier	4,181.12	3,389.81	791.31	935.03	2,454.78
5620-18 · Bank Charges	12,034.00	11,457.19	576.81	10,379.89	1,077.30
5620-21 · Gen Admin from Parry Sound Hy	22,173.53	16,272.16	5,901.37	-	16,272.16
5620-50 · Salaries	-	-	-	158.03	(158.03)
5620-57 · Conventions/Seminars	4,279.19	3,953.03	326.16	3,123.23	829.80
5620-58 · Insurance	9,973.96	7,589.45	2,384.52	1,080.00	6,509.45
5620-59 · Telephone	8,883.06	6,898.25	1,984.81	560.73	6,337.52
5620-67 · Cleaning & other maintenance	580.91	443.35	137.55	-	443.35
5620-70 · Mileage & Messenger	604.10	443.33	160.78	-	443.33
5620-68 · Stationery Supplies	9,173.73	7,236.23	1,937.50	1,067.07	6,169.16
Total 5620 · Office Supplies & Expenses	128,467.69	106,181.71	22,285.98	50,001.52	56,180.19

In 2010 Parry Sound Power bridge year projection of account 5620 is based on historically year's averages plus a reallocation of 5625. US of A 5625 was the cost of office supplies shared with the affiliates.

In 2011 Parry Sound Power restructured to meet compliance with the ARC. These office supplies expense accounts were previously shared with the LDC affiliates.

Ref: Exhibit 4/Tab 2/Schedule 2/p.3 Cost Drivers

19. Under Administration and General Account 5630 – Outside Services Employed, in 2011 there is a substantial decrease from 2010, however the 2011 level is still 28% higher than in 2009. Please provide additional specific detail on the level requested for 2011.

Response: PSP increase for 2010 in outside services results from as change in external auditors. PSP for several years used a local accounting firm to preform audit services, with the introduction of IFRS and the subsequent additional work load of regulatory CGAAP and duplicate statements the former firm felt it could not provide PSP with cost effective service. PSP has engaged BDO which is recognised as an industry leader in the electricity field and IFRS system. The costs for BDO is substantially higher in year one 2010 because of the initial year one preparation work. A slight decrease is budgeted in year two.

Ref: Exhibit 4/Tab 2/Schedule 2/p.3 Cost Drivers

20. Under Administration and General Account 5670 – Rent, please provide a more detailed explanation of how the change in sharing the building contributes to the reason that Rent increases by 37% or \$19,000 in 2011. How does the increase in building rent to \$62,000 in 2011 (Exhibit 4/Tab2/Sch4/ p. 3) translate to the \$19,000 increase in the test year?

Response: In the 2010 bridge year PSP will see savings from sharing the building with an affiliate. Commencing January 1, 2011 PSP (compliance with the ARC) will operate as a standalone LDC. There will be no sharing of services including building/rent in 2011 and subsequent years. The \$62,000 listed in Ex4/tab 2/ sch 4 page 3 represents the lease cost only, the \$69,527 includes the budgeted amounts for lease hold expense such as maintenance, upgrades etc

Ref: Exhibit 4/Tab 2/Schedule 2/p.3 Cost Drivers

21. Under Administration and General Account 5655 – Regulatory Expenses, Parry Sound's costs increase substantially from \$19,427 in 2009, to \$54,606 in 2010, to \$210,929 in the test year. Some explanation of the components of this amount are provided at page 52 of schedule 3 and also in the table on page 62. Please provide additional information and background calculations for:

a) The increase in the ongoing Regulatory Labour component.

Response: The addition of a new staff member for regulatory and finance is split 50% to 5620 cost = 65,000 annually

b) the One Time Costs of Service amount.

Response:

2009 COS (withdrawn)		99,315
2011 COS Budget		176,258
		275,574
allocated over the 4 year rate term		68,893

c) the One Time Asset Management Plan amount.

Response:

AMP Cost Budget	123,249
allocated over the 4 year rate term	30,812

d) the One Time ARC/Corporate Changes amount.

Response:

ARC/Corporate Changes Budget	158,407
allocated over the 4 year rate term	39,602

Ref: Exhibit 4/Tab 2/Schedule 1 Low Income Energy Assistance Program (LEAP)

22. Please state whether or not Parry Sound has included an amount in its 2011 Test year revenue requirement for the emergency financial assistance component of the Low Income Energy Assistance Program.

- a) If yes, please identify the amount included for LEAP emergency financial assistance, and identify the percentage of total distribution rates.

Response: N/A

- b) If no, please provide the following calculation: 0.12% of the total distribution revenue proposed by the applicant for the 2011 Test Year.

Response: \$3,257.93 (\$2,714,943 x .0012)

- c) Please state whether or not the applicant has included an amount in its 2011 Test year revenue requirement for any legacy program(s), such as Winter Warmth. If so, please identify the amount and provide a breakdown identifying the cost of each program along with a description of each program.

Response: PSP has not included costs for such programs in the Test year.

Ref: Exhibit 4/Tab 2/Schedule 1 Late Payment Penalty (LPP) Litigation Costs

23. Please state whether or not Parry Sound has included an amount for recovery of late payment penalty litigation costs in its 2011 Test Year application. If yes, please identify the amount and explain how this amount is proposed to be recovered. If yes, please provide evidence supporting the amount allocated to the applicant (e.g. the settlement agreement).

Response: At the time of filing PSP did not consider the details of the late payment litigation costs to be final and therefore did not included an amount for the recovery of their share of Late Payment Charge Litigation costs. At this point PSP would like approval of the use of a deferral account to record any associated costs.

Ref: Exhibit 4/Tab 2/Schedule 1 Donations

24. Please identify whether or not the applicant has included any charitable or political donations as part of its forecast OM&A expense for the Test Year. If yes, please identify the amounts and the account in which the donations are recorded, and whether the amounts are compliant with Section 2.5.2 of the Filing Requirements.

Response: PSP has not included donations in the Test year.

STAFFING and COMPENSATION

Ref: Exhibit 4/Tab 2/Schedule 6/p.2

25. The Table on this page shows employee numbers and compensation totals for only the 2011 Test Year. Please provide the equivalent statistics for the other years on the table, specifically 2006, 2009 and 2010. Please include any assumptions or rationales used to arrive at the numbers for each year.

Response: PSP has provided further details in the table below.

Employee Costs

	Last Rebasing Year	Historical Year (Bridge Year - 1)	Bridge Year	Test Year
Number of Employees (FTEs including Part-Time)				
Executive				
Management				
Non-Union	3	3	3	4.00
Union	5	6	7	8.52
Total	7.59	8.57	9.94	12.52
Number of Part-Time Employees				
Executive				
Management				
Non-Union				
Union				
Total				
Total Salary and Wages				
Executive				
Management				
Non-Union	\$ 323,367	\$ 365,501	\$ 250,773	\$ 338,188
Union	\$ 281,079	\$ 320,148	\$ 470,043	\$ 729,362
Total	\$ 604,446	\$ 685,649	\$ 720,817	\$ 1,067,550
Current Benefits				
Executive				
Management				
Non-Union				
Union				
Total				
Accrued Pension and Post-Retirement Benefits				
Executive				
Management				
Non-Union				
Union				
Total				
Total Benefits (Current + Accrued)				
Executive	\$ -	\$ -	\$ -	\$ -
Management	\$ -	\$ -	\$ -	\$ -
Non-Union	\$ -	\$ -	\$ -	\$ -
Union	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
Total Compensation (Salary, Wages, & Benefits)				
Executive	\$ -	\$ -	\$ -	\$ -
Management	\$ -	\$ -	\$ -	\$ -
Non-Union	\$ 323,367	\$ 365,501	\$ 250,773	\$ 338,188
Union	\$ 281,079	\$ 320,148	\$ 470,043	\$ 729,362
Total	\$ 604,446	\$ 685,649	\$ 720,817	\$ 1,067,550
Compensation - Average Yearly Base Wages				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Overtime				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Incentive Pay				
Executive				
Management				
Non-Union				
Union				
Total				
Compensation - Average Yearly Benefits				
Executive				
Management				
Non-Union				
Union				
Total				
Total Compensation	\$ 604,446	\$ 685,649	\$ 720,817	\$ 1,067,550

Ref: Exhibit 4/Tab 2/Schedule 6/p.2

26. For each of the staff additions in the 2010 bridge year and 2011 test year, please provide the rationale and need for each staff position.

Response: *PSP has used the same staff level in 2010 as prior years. In 2011 PSP added one FTE in an administration position. The added FTE is needed to ensure levels of work load are fulfilled. The continuing shift of focus onto the admin side of the business to ensure reporting at ALL levels are maintained is the source of staffing additions. . Regulatory reporting to all levels is an ever increasing source of resource.*

Ref: Exhibit 4/Tab 2/Schedule 6/p.2

27. Has Parry Sound considered in its staffing plan, a provision for replacing staff that are or will be eligible for retirement in the test year or in the following years? Please provide Parry Sound's strategy in this regard and if this strategy was considered in the staffing plans in the test year.

Response: *PSP has no staff eligible for retirement in the test year or following IRM time period.*

Ref: Exhibit 4/Tab 2/Schedule 6 OMERS Increase

28. OMERS has announced a three-year contribution rate increase for its members and employers for the years 2011, 2012, and 2013. Please provide additional detail on these costs for Parry Sound, including actual OMERS costs from 2009 to 2010 and the forecast costs for 2011, 2012 and 2013. Please provide all rationales and assumptions used and include documentation where appropriate.

Response: *PSP had no employees until January 1, 2011. The payroll burden allocated from the affiliate was used to calculate the overhead costs of labour. OMERS was not allocated on an individual basis. Therefore, PSP did not consider the increase in OMERS costs in the test year.*

SHARED SERVICES

Ref: Exhibit 4/Tab 2/Schedule 4

29. Parry Sound indicates that it had filed an application for a number of exemptions from the Affiliate Relationships Code (ARC) in 2009, which was denied by the Board. Please provide a summary of the exemptions requested, the Board's decision and the subsequent action taken by Parry Sound as reflected in the current rates application. Please include Parry Sound's view of each of the actions and the impact on the rate payers of the utility.

Response:

Parry Sound filed an application with the Board on May 1, 2009 (EB-2009-0133) requesting certain exemptions from the provisions of the ARC. Specifically, Parry Sound requested exemptions from:

- (i) Section 2.2.2, to allow for “non-harmful” sharing of confidential information;*
- (ii) Section 2.2.3, to allow for sharing of employees with an affiliated “Energy Service Provider”;*
- (iii) Clause 2.3.3.2, to allow for those services provided both below and over \$100,000;*
- (iv) Clause 2.3.3.4, to allow for the procurement of services costing more than \$500,000;*
- (v) Clause 2.3.3.5, to allow for the unbundling of services.*

The Board issued its decision on November 12, 2009 which denied all of the requested exemptions from the ARC.

To ensure compliance with the ARC Parry Sound decided to create a stand-alone LDC to provide distribution services in a manner similar to the majority of LDCs in the Province effective January 1, 2011. The LDC will be fully resourced with no sharing of human or capital resources with its affiliates. This results in:

- 100% commitment of Senior Management oversight*
- Dedication of billing, collecting, and administrative staff to LDC activities solely*
- Dedication of 2 - 2 man operations crews to ensure sufficient resources to meet operational SQIs and the resource needs of the Asset Management Plan*
- Acquisition of all necessary fixed assets to perform distribution activities (office furniture, computers, vehicles, equipment etc.)*

The restructuring and alignment with the prevalent provincial LDC service delivery model does result in incremental costs. Additional discussion on incremental costs is provided in the response to question 32.

Ref: Exhibit 4/Tab 2/Schedule 4

30. Has Parry Sound undertaken any studies or analysis to ensure that the cost allocation criteria for shared services currently used are appropriate? If so, please provide a copy of any such study or analysis.

Response: *The 2011 Test Year costs reflect the full restructuring of Parry Sound Power Corporation into a self sufficient LDC entity. The LDC is fully staffed, fully equipped with all necessary assets required to conduct business (office furniture, computers, vehicles and equipment) and all purchases will be made directly by PSPC.*

There will be no sharing of services in 2011.

Ref: Exhibit 4/Tab 2/Schedule 4

31. Parry Sound indicates that the cost to achieve compliance with the ARC is estimated to be \$100,000 which is proposed to be recovered from ratepayers over a four year period. Please reconcile the \$100,000 amount with the cost filed for the ARC/Corporate Changes One time amount referred to above in Board Staff IR# 21.

Response: *As referenced in 21d above PSP has incurred to date \$158,407, PSP is seeking approval to allocate these costs over the 4 year rate period.*

ARC/Corporate changes Budget		158,407
Annual allocation over 4 year rate term		39,602

Ref: Exhibit 4/Tab 2/Schedule 4

32. In the Board's decision (EB-2009-0133) on the Parry Sound application for certain exemptions from the Affiliate Relationships Code, on page 4 it is noted that Parry Sound indicated that cost increases of \$262,000 would occur if restructuring was needed. Please indicate whether the increase in the current rate application is related to the \$262,000 estimate provided.

Response: *As part of the exemption application process PSPC provided a reply submission on October 9, 2010. The reply submission only identified incremental labour costs which were approximated at \$262,000.*

As labour costs would make up a majority of cost increases PSPC felt this would provide an order of magnitude estimate of the financial impact of denial of the exemption application. The analysis was based on 2009 level of costs with no consideration of potential labour cost splits between OM&A and Capital. It did not consider any other factors that would be reflected in a full cost of service rebasing application which are included in the current application.

Similar to the reply submission, incremental labour costs are included in the current rate application adjusted for effort requirements driven by the Asset management Plan, current rates of pay , and the nature of work (capital/OM&A split). In reality these human resources

cost changes are a subset of the total cost changes incorporating, but not limited to, items such as:

- *additional staff needs*
- *costs of the COS process*
- *new V&E rates due to fleet changes*
- *changes in rate-base, rates of return, customer loads*
- *escalation of materials and purchased services*

Additional information related to cost changes is contained in Exhibit 4 Tab 2 Schedule 3 Appendix 2-G Cost Driver Table

CAPITAL EXPENDITURES

Ref: Exhibit 2/Tab 2/Schedule 3

33. Parry Sound's capital expenditures have grown significantly since 2006 to the \$538,000 level in 2010. In the test year, these expenditures more than double to over \$1.2 million. What is the overall urgency that drives such an increase in one year? Was there a particular event, study or realization that contribute to this increase?

Response: *The primary cause for increase during this period is the requirement for conductor upgrades to increase system reliability. PSP is currently limited when it comes to transferring loads between substations. These upgrades will permit PSP to transfer loads between substations without having concerns regarding the overloading of the feeders/conductors. Two of PSP's critical Municipal stations have reached the end of their useful life and call for replacement (see item 35). The plan has also accommodated for the coming years transfer of load when the replacement of MS1 and MS2 is proposed to occur.*

Ref: Exhibit 2/Tab 4/Schedule 7

34. Please provide Parry Sound's actual capital expenditures in 2010 to date (or year end, if available), by major expenditure account as shown at Exhibit 2/Tab2/Sch3 page 27. Please highlight areas where the forecast presented will not be achieved and provide reasons for the difference. Also, indicate which projects will not be in-service by the end of 2010 and please indicate now the test year capital expenditure budget may or may not be affected.

Response:

2010 Capital Expenditure Summary					
	2010 Total Capital Expense				
	Projected	Actual	Delta		
Distribution Assets	200,975	253,157	52,182		
General Plant	337,289	311,468	- 25,821		
Total	538,264	564,625	26,361		
Distribution Assets (USoA 1820-1860, 1995 and WIP)					
Year to Date capital expenditures currently reflected in the general ledger (prior to year end adjustments, including allocations of WIP) show cumulative capital spending of \$52,182 over the 2010 projected capital budget.					
General Plant Assets (USoA 1915 - 1940)					
Actual expenditures are lower than projected costs due to the delay in purchasing a pick-up truck. This truck purchase has been delayed to 2011. This will require adjustments to the 2010 Bridge and 2011 Test year capital expenditures, amortization and return values calculated in the application. PSP will correct this issue after all OEB decisions have been rendered.					
Work in Progress					
PSP has not completed the year end process and as a result has not allocated the WIP account to the various USoA capital accounts. PSP has reviewed the projects included in WIP and has determined that all projects were completed and in-service as of Dec. 31, 2010.					

Ref: Exhibit 2/Tab 2/Schedule 3/p. 36

35. The table on this page provides a summary of the major capital projects planned for 2011. The largest project, at over \$641,000 is the **MS1/MS2 Replacement**. On page 37 a very brief summary of this project is provided, with an additional page of detail provided at Appendix H. Please provide more detailed information on the project and why it is being undertaken, including: Need for the project, consequences if the project is not undertaken, will the project be undertaken in-house or by external contractors, or a combination of both?, and any documentation (or references to it) that would support this project as currently proposed.

Response: The MS1/MS2 municipal station was constructed in the 1960's. Transformer nameplates identify the year of manufacture as 1968. This equipment has reached the end of its typical useful life and has required increasing degrees of maintenance. This site provides

service to the downtown business core as well as a large percentage of the residential customer base through ten (10) feeders (MS1 – 1-5) (MS2 – 6-10). In the event of a failure, there is not enough capacity between adjacent municipal stations to accommodate the load provided by the MS1/MS2 station.

The efforts for this project will be undertaken by in-house staff as well as external contractors. In order to continue servicing customers throughout the construction of this project, the new replacements will be constructed on an adjacent property (currently owned by PSP). As a result – all civil work, control & switchgear, isolation switches/reclosers, breakers, SCADA equipment, grounding grid, ... and associated engineering will result in new installations. The existing MS1/MS2 station will remain in operation until such a time that the load base can be transferred to the replacement station. At that time, the removal of the previous MS1/MS2 station will occur.

Preliminary Project Costing for MS1/MS2 Replacement:

Item	Cost
Chain Link Fence	\$7,289.00
Site Preparation	\$38,267.27
Roadway	\$4,145.62
Ground Grid	\$54,667.53
Isolation Switches	\$27,333.76
Transformers	\$728,900.38
Switchgear	\$127,557.57
UPS Battery	\$54,667.53
SCADA - RTU	\$68,334.41
Underground Cabling/Terminations/...	\$36,445.02
Site Lighting	\$27,333.76
Substation Electrics	\$176,241.28
Substation Misc.	\$234,988.37
(Superstructure, Fuses, Lightning Protection, Rodent Protection, ...)	
Engineering/Supervision	\$541,300.95
Contingency	\$212,747.25

Total:	\$2,340,219.70
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The \$641,000 in the 2011 Test year relates to phase 1 of the project. This projected is allocated over a three year work term.

Ref: Exhibit 2/Tab 2/Schedule 3/p. 36

36. The table on this page provides a summary of the major capital projects planned for 2011. The project entitled **Voltage Conversion** is budgeted at over \$47,000. On page 39 a very brief summary of this project is provided. Please provide more detailed information on the project and why it is being undertaken, including: Need for the project, consequences if the project is not undertaken, will the project be undertaken in-house or by external contractors, or a combination of both?, and any documentation (or references to it) that would support this project as currently proposed.

Response: This section of line is currently fed from MS2 (4160v). There is additional capacity available on MS3 (12470v). The conversion of this segment of line to 12470 will allow PSP to transfer this section of the feeder to 12470. This will provide for additional capacity on MS2 and provide for increased capacity on both the MS2 and MS3 feeders. It also contributes to reduced losses on the line. This offers better operational functionality by affording the opportunity to loop this section of line. The segment of line being upgrade runs directly through a forested area Without creating this loop effect and upgrade our service reliability may drop..

The efforts for this project will be undertaken by in-house staff

Item	Total (Installed Cost)
Poles/Towers/Fixtures	\$ 25,596.88
Conductor	\$ 3,250.00
Transformers	\$ 5,200.00
Transformers	\$ 2,300.00
Transformers	\$ 1,980.00
Transformers	\$ 2,250.00
Engineering and Supervision	\$ 2,206.50
Contingency	\$ 4,278.34

Ref: Exhibit 2/Tab 2/Schedule 3/p. 36

37. The table on this page provides a summary of the major capital projects planned for 2011. The project entitled **Conductor Replacement** is budgeted at over \$31,000. On page 39 a very brief summary of this project is provided. Please provide more detailed information on the project and why it is being undertaken, including: Need for the project, consequences if the project is not undertaken, will the project be undertaken in-house or by external contractors, or a combination of both?, and any documentation (or references to it) that would support this project as currently proposed.

Response: This section of line is currently #4 Cu. There is limited capacity to accommodate additional load if switching is required to transfer load from other feeders during station maintenance or an outage. This segment provides service to the town's water treatment facility. If this project is not completed the feeder is at risk for long term outages if additional loads are transferred from other feeders. This will also limit PSP's ability to accommodate any FIT or micro FIT projects downstream of this section.

The efforts for this project will be undertaken by in-house staff.

Item	Total (Installed Cost)
Poles/Towers/Fixtures	\$ 22,014.66
Conductor	\$ 2,990.00
Guys/Anchors	\$ 1,650.00
Engineering and Supervision	\$ 1,758.79
Contingency	\$ 2,841.34
Total	\$31,254.79

Ref: Exhibit 2/Tab 2/Schedule 3/p. 36

38. The table on this page provides a summary of the major capital projects planned for 2011. The project entitled **Office Improvements** is budgeted at \$200,000. On page 40 a very brief summary of this project is provided. Please provide more detailed information on the project and why it is being undertaken, including: Need for the project, consequences if the project is not undertaken, what the major steps in the project will be and the cost of each, and any further documentation (or references to it) that would support this project as currently proposed.

Response: *In prior years PSP was a subtenant of the office and garage building. As of January 1, 2011 PSP will be the leaseholder. In prior years the building has been under maintained. As the leaseholder PSP will make the necessary improvement to have the building back to a reasonable standard within the next rate application period. The \$200,000 estimate is a minimum to update the 2400 sq. ft office, garage 1,040,sq. ft and 2,280 sq. ft of storage area. It is PSP's view that the existing building is aging and need of major repairs. PSP will not proceed with the needed repairs and maintenance until the OEB offers a decision on the COS application which includes funds to update the building.*

Ref: Exhibit 2/Tab 2/Schedule 3/p. 36

39. The table on this page provides a summary of the major capital projects planned for 2011. Please provide additional specific detail on the **Office Equipment and Computers** proposed for purchase. What are the specific pieces of Equipment and Computers required and at what specific cost?

Response:

The \$38,499 in USoA 1915- is the cost of a folder inserter, mailing machine and misc. office furniture.

The \$10,050 in USoA 1920 – budget amount for 4 laptops and a network printer replacement

The \$7,000 in USoA 1925- CogNos software to assist CIS

Ref: Exhibit 2/Tab 2/Schedule 3/p. 36

40. The table on this page provides a summary of the major capital projects planned for 2011. Please provide addition specific detail on the need for a new **Truck Purchase** for 2011 when a new truck was also purchased in 2010. Please provide a listing and summary of Parry Sound's current truck fleet.

Response: In 2010 a number of vehicles were transferred from Parry Sound Energy Services (affiliate) to Parry Sound Power Corporation to provide the necessary tools to conduct distribution activities.

In addition a major purchase of a single bucket truck was made by PSPC in 2010 again to provide the necessary equipment for safe and efficient maintenance of the distribution system.

The existing 15 year old single bucket truck was retained by PSES to allow it to conduct its own activities. PSPC also purchased a pick-up truck in 2010.

The 2011 purchase relates to the replacement of a 20 year old digger derrick truck transferred to the LDC in 2010.

The resulting fleet as reflected in the 2011 Test Year rate application is as follows:

Parry Sound Power Corporation Vehicle and Equipment Fleet - 2011			
<u>Year</u>	<u>Type</u>		
2010	Single Bucket	purchased by PSPC in 2010	
2010	1/2 ton pickup	purchased by PSPC in 2010	
1997	Double Bucket	transferred to PSPC in 2010 from PSES	
2007	1/2 ton pickup	transferred to PSPC in 2010 from PSES	
2011	Digger Derrick	1990 vehicle transferred to PSPC from PSES in 2010 and replaced in 2011	

Ref: Exhibit 2/Tab 3/Schedule 4/p.1 Reliability

41. Please provide a report of reliability scores to date in 2010. Have any major outages occurred and for what reasons? Has reliability performance improved from 2009 levels?

Response:

No major outages occurred in 2010.

See reliability scores below for 2010 (both with and without loss of supply). Compared to the revised 2009 numbers provided in the answer to BS IR # 42, SAIDI has increased and SAIFI has decreased in 2010 over 2009.

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Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories

Service Reliability Indices Annual Totals and Average						
OEB - SQI 2010	(1)	(2)	(3)	(4)	(5)	
Month	Total Customer Hours	Total Cust. Interruptions	Total Customers	SAIDI = (1/3)	SAIFI = (2/3)	CAIDI = (4/5)
Jan	-	0	3368	-	-	-
Feb	4	8	3368	0.00119	0.00238	0.50000
Mar	2	1	3379	0.00059	0.00030	2.00000
Apr	2	1	3371	0.00059	0.00030	2.00000
May	6	4	3380	0.00178	0.00118	1.50000
Jun	5	5	3382	0.00148	0.00148	1.00000
Jul	13	3	3379	0.00385	0.00089	4.33333
Aug	9	7	3375	0.00267	0.00207	1.28571
Sep	118	51	3380	0.03491	0.01509	2.31373
Oct	1	2	3398	0.00029	0.00059	0.50000
Nov	64	29	3398	0.01883	0.00853	2.20690
Dec	1	1	3321	0.00030	0.00030	1.00000
2010 Total	225	112	3397	0.06648	0.03310	18.63967
				SAIDI = 1/3	SAIFI = 2/3	CAIDI = 4/5
				0.06623	0.03297	2.00823

Loss of Supply Adjusted Service Reliability Indices						
OEB - SQI 2010	(1)	(2)	(3)	(4)	(5)	
Month	Total Customer Hours	Total Cust. Interruptions	Total Customers	SAIDI = (1/3)	SAIFI = (2/3)	CAIDI = (4/5)
Jan	0	0	3368	-	-	-
Feb	4	8	3368	0.00119	0.00238	0.50000
Mar	2	1	3379	0.00059	0.00030	2.00000
Apr	2	1	3371	0.00059	0.00030	2.00000
May	6	4	3380	0.00178	0.00118	1.50000
Jun	5	5	3382	0.00148	0.00148	1.00000
Jul	13	3	3379	0.00385	0.00089	4.33333
Aug	9	7	3375	0.00267	0.00207	1.28571
Sep	118	51	3380	0.03491	0.01509	2.31373
Oct	1	2	3398	0.00029	0.00059	0.50000
Nov	64	29	3398	0.01883	0.00853	2.20690
Dec	1	1	3321	0.00030	0.00030	1.00000
2010 Total	225	112	3321	0.06648	0.03310	18.63967
				SAIDI = 1/3	SAIFI = 2/3	CAIDI = 4/5
				0.06775	0.03372	2.00823

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2009 / 2010 comparision				
		SAIDI= 1/3	SAIFI = 2/3	CAIDI = 4/5
2009 Service Reliabilty without loss of service		0.00781892	0.246010238	0.031782905
2009 Service Reliabilty with loss of service		0.00764328	0.238181271	0.032090181
2010 Service Reliabilty without loss of service		0.066047895	0.032970268	2.002589857
2010 Service Reliabilty with loss of service		0.06755938	0.033724782	2.002589857
The increase in SAIDI in 2010 over 2009 because of planned outages which effected several customers				
The decrease in SAIFI in 2010 compared to 2009 the number of customer interruptions decreased.				

Ref: Exhibit 2/Tab 3/Schedule 4/p. 2 Reliability

42. Please provide a report of the primary reasons for the high reliability scores (Excluding Loss of Supply) in 2008 for SAIDI and CAIDI. In addition please provide a similar report for CAIDI in 2009 (Excluding Loss of Supply).

Response:

After Parry Sound Management participated in an OEB webinar on SQI (early Jan. 2011), it came to our attention that we have been inaccurately reporting SAIDI, SAIFI and CAIDI over 2008 and 2009. Below are new calculations for 2008 & 2009 both including and excluding loss of supply.

Service Reliability Indices Annual Totals and Average						
OEB - SQI 2008	(1)	(2)	(3)	(4)	(5)	
Month	Total Customer Hours	Total Cust. Interruptions	Total Cust.	SAIDI = (1/3)	SAIFI = (2/3)	CAIDI = (4/5)
Jan	1	8	3321	0.00015	0.00241	0.06250
Feb	10	5	3321	0.00296	0.00151	1.96667
Mar	12	9	3321	0.00365	0.00271	1.34630
Apr	1	5	3321	0.00015	0.00151	0.10000
May	13	60	3321	0.00388	0.01807	0.21472
Jun	24	43	3321	0.00730	0.01295	0.56395
Jul	5	225	3321	0.00164	0.06775	0.02415
Aug	1	2,228	3321	0.00038	0.67088	0.00056
Sep	-	-	3321	-	-	-
Oct	2	8	3321	0.00045	0.00241	0.18750
Nov	0	6	3321	0.00008	0.00181	0.04167
Dec	5	4,126	3321	0.00153	1.24240	0.00123
2008 Total	74	6,723	3321	0.02216	2.02439	4.50925
				SAIDI = 1/3	SAIFI = 2/3	CAIDI = 4/5
				0.02216	2.02439	0.01095

Loss of Supply Adjusted Service Reliability Indices						
OEB - SQI 2008	(1)	(2)	(3)	(4)	(5)	
Month	Total Customer Hours	Total Cust. Interruptions	Total Cust.	SAIDI = (1/3)	SAIFI = (2/3)	CAIDI = (4/5)
Jan	1	8	3321	0.00015	0.00241	0.06250
Feb	10	5	3321	0.00296	0.00151	1.96667
Mar	12	9	3321	0.00365	0.00271	1.34630
Apr	1	5	3321	0.00015	0.00151	0.10000
May	13	60	3321	0.00388	0.01807	0.21472
Jun	24	43	3321	0.00730	0.01295	0.56395
Jul	5	225	3321	0.00164	0.06775	0.02415
Aug	1	9	3321	0.00023	0.00271	0.08333
Sep	-	-	3321	-	-	-
Oct	2	8	3321	0.00045	0.00241	0.18750
Nov	0	6	3321	0.00008	0.00181	0.04167
Dec	1	7	3321	0.00023	0.00211	0.10714
2008 Total	69	385	3321	0.02071	0.11593	4.69793
				SAIDI = 1/3	SAIFI = 2/3	CAIDI = 4/5
				0.02071	0.11593	0.17861

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Service Reliability Indices Annual Totals and Average						
OEB - SQI 2009	(1)	(2)	(3)	(4)	(5)	
Month	Total Customer Hours	Total Cust. Interruptions	Total Customers	SAIDI = (1/3)	SAIFI = (2/3)	CAIDI = (4/5)
Jan	0.58	26.00	3321	0.00018	0.00783	0.02243
Feb	-	-	3321	-	-	-
Mar	1.50	3.00	3321	0.00045	0.00090	0.50000
Apr	1.50	128.00	3321	0.00045	0.03854	0.01172
May	3.00	22.00	3321	0.00090	0.00662	0.13636
Jun	0.67	1.00	3321	0.00020	0.00030	0.66667
Jul	2.75	4.00	3321	0.00083	0.00120	0.68750
Aug	11.17	594.00	3321	0.00336	0.17886	0.01880
Sep	1.25	2.00	3321	0.00038	0.00060	0.62500
Oct	3.32	27.00	3321	0.00100	0.00813	0.12284
Nov	-	-	3321	-	-	-
Dec	0.23	10.00	3321	0.00007	0.00301	0.02333
2009 Total	25.97	817.00	3321	0.00782	0.24601	2.81466
				SAIDI = 1/3	SAIFI = 2/3	CAIDI = 4/5
				0.00782	0.24601	0.03178

Loss of Supply Adjusted Service Reliability Indices						
OEB - SQI 2009	(1)	(2)	(3)	(4)	(5)	
Month	Total Customer Hours	Total Cust. Interruptions	Total Customers	SAIDI = (1/3)	SAIFI = (2/3)	CAIDI = (4/5)
Jan	-	-	3,321	-	-	-
Feb	-	-	3,321	-	-	-
Mar	2	3	3,321	0.00045	0.00090	0.50000
Apr	2	128	3,321	0.00045	0.03854	0.01172
May	3	22	3,321	0.00090	0.00662	0.13636
Jun	1	1	3,321	0.00020	0.00030	0.66667
Jul	3	4	3,321	0.00083	0.00120	0.68750
Aug	11	594	3,321	0.00336	0.17886	0.01880
Sep	1	2	3,321	0.00038	0.00060	0.62500
Oct	3	27	3,321	0.00100	0.00813	0.12284
Nov	-	-	3,321	-	-	-
Dec	0	10	3,321	0.00007	0.00301	0.02333
2009 Total	25	791	3,321	0.00764	0.23818	2.79222
				SAIDI = 1/3	SAIFI = 2/3	CAIDI = 4/5
				0.00764	0.23818	0.03209

Below is a summary of 2008, 2009 and 2010 SAIFI, SAIDI and CAIDI calculations for ease of comparison

Summary of 2008 to 2010 SAIDI, SAIFI and CAIDI				
		<u>SAIDI</u>	<u>SAIFI</u>	<u>CAIDI</u>
2008	with loss of supply	0.02216	2.02439	0.01095
	excluding loss of supply	0.02071	0.11593	0.17861
2009	with loss of supply	0.00782	0.24601	0.03178
	excluding loss of supply	0.00764	0.23818	0.03209
2010	with loss of supply	0.06623	0.03297	2.00823
	excluding loss of supply	0.06775	0.03372	2.00823

OTHER REVENUE

Ref: Exhibit 3/Tab 3/Schedule 1

43. Please provide a detailed explanation of the sources of the revenue received in years prior to 2009 and found on the Other Income and Expenses line in this table. Why did these revenue sources fall from the \$151,417 level in 2008 to \$33,139 in 2009 and then to \$5,505 in 2010?

Response:

SUMMARY OF OTHER DISTRIBUTION REVENUE

<i>Expense Description</i>	<i>2006 Board Approved</i>	<i>2006 Actual</i>	<i>2007 Actual</i>	<i>2008 Actual</i>	<i>2009 Actual</i>	<i>2010 Bridge</i>	<i>2011 Test</i>
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Other Distribution Revenue

4355-Gain on Disposition of Utility and Other Property	0	0	0	5,949	3,966	0	0
4375- Revenues from Non-Utility Operations	0	0	7,459	9,247	11,658	0	0
4380-Expenses from Non-Utility Operations	0	6,361	(7,622)	(16,337)	(2,146)	0	0
4390-Miscellaneous Non-Operating Income	4,948	510	690	0	4,155	0	0

4405-Interest and Dividend Income	16,444	116,491	180,231	152,558	15,505	5,505	5,505
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Other Income and Expenses	21,392	123,362	180,758	151,417	33,139	5,505	5,505
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4355 -2009 Gain on sale of shares from Enerconnect Partnership was reduced from the 2008 value of 5,949.

4375-PSP records the value of services sold for non-utility work in USoA 4375. The 2009 value increase resulted from an increase in resource effort towards non-utility work driven by demand.

4380 - PSP records the costs relating to the USoA 4375 (above) these cost relate to the effort expended to create the revenue in 4375.

The 2009 increase because of unbilled revenue from 2008.

4390 – PSP records sale of scrap materials in this USoA. 2009 PSP sold \$4,155 in scrap. No forecasted amount for the bridge and test year.

4405- PSP records the revenue from interest bearing funds and regulatory assets in this USoA. In 2008 the interest from free cash was \$100,503; the interest of regulatory funds was \$52,054. In 2009 a decrease in the interest rate and the amount of free cash decrease resulted in PSP interest revenue of \$7,210 and regulatory \$8,295. A dividend payout of \$735,825 and payout of excess capital of \$1,332,899 to the shareholder decreased the amount of free cash subjected to interest. The bridge and test year forecast is based the five actual months of interest paid in 2010 adjusted to an annual value.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Ref: Exhibit 1/Tab4/Schedule1

44. Please confirm that the revenue requirement numbers for 2011 are based on CGAAP, and not IFRS accounting principles. If confirmed, please identify the fiscal year which the applicant will begin reporting its (audited) actual results on an IFRS basis. If not confirmed, please provide a detailed revenue requirement impact statement comparing CGAAP with IFRS.

Response: PSP confirms the numbers for 2011 are based on CGAAP. PSP has elected to take the one year IFRS deferral and will be reporting its audited results on an IFRS basis at December 31, 2012 unless the deferral period change s at which time PSP will then make a decision on the basis of new information.

Ref: Exhibit 1/Tab4/Schedule1

45. Please state whether or not Parry Sound has included an amount for IFRS transition costs in its Test Year revenue requirement. If yes, please identify the amount and provide a breakdown with a detailed explanation of each cost item. If no, is the applicant recording IFRS transition costs in the deferral account established by the Board in October 2009?

Response: PSP has not included an amount for IFRS in this rate application. PSP is recording IFRS transition costs in a subaccount of account 1508 as directed by the Board.

SMART METER PROGRAM

Ref: Exhibit 9/Tab 1/Schedule3 Stranded Meter Costs

46. Regarding the regulatory ratemaking treatment of stranded meter costs, some distributors have transferred the cost of stranded meters from Account 1860, Meters, to "Sub-account Stranded Meter Costs" of Account 1555, while in some cases distributors have left these costs in Account 1860. Depending on which treatment the applicant has chosen, please provide the information under the two scenarios (a. and b.) below, as applicable to the applicant.
- a) If the stranded meter costs were transferred to "Sub-account Stranded Meter Costs" of Account 1555, answer the following questions:
- Please describe the accounting treatment followed by the applicant on stranded meter costs for financial accounting and reporting purposes.
 - Please provide the amount of the pooled residual net book value of the removed from service stranded meters, less any sale proceeds and contributed capital, which were transferred to this sub-account as of December 31, 2009.
 - Since transferring the removed stranded meter costs to the sub-account, was the recording of depreciation expenses continued in order to reduce the net book value through accumulated depreciation? If so, please provide the total depreciation expense amount for the period from the time the stranded meters were transferred to the sub-account to December 31, 2009.
 - If no depreciation expenses were recorded to reduce the net book value of stranded meters through accumulated depreciation, please provide the total depreciation expense amount that would have been applicable for the period from the time the stranded meters were transferred to the sub-account to December 31, 2009.
 - Were carrying charges recorded for the stranded meter cost balances in the sub-account, and if so, please provide the total carrying charges recorded to December 31, 2009.
 - Please provide the estimated amount of the pooled residual net book value of the removed from service meters, less any sale proceeds and contributed capital, at the time when smart meters will have been fully deployed (e.g., as of December 31, 2010). If the smart meters have been fully deployed, please provide the actual amount.
 - Please describe how the applicant intends to recover in rates stranded meter costs including the proposed accounting treatment, the proposed disposition period, and the associated bill impacts.
 - In the outlined format of the table shown below (after b.), Summary of Stranded Meter Cost, please provide the data to derive the total "Residual Net Book Value" amounts for each year.
- b) If the stranded meter costs remained recorded in Account 1860, Meters, please answer the following questions:
- Please describe the accounting treatment followed by the applicant on stranded meter costs for financial accounting and reporting purposes.

Response: Stranded meter costs remain in account 1860 and are no longer amortized as discussed in the OEB Smart Meter Webinar dated March 25, 2010 – Slide 40.

- ii. Please provide the amount of the pooled residual net book value of removed from service stranded meters, less any sale proceeds and contributed capital as of December 31, 2009.

Response: \$161,416.68

- iii. Was the recording of depreciation expenses continued in order to reduce the net book value through accumulated depreciation? If so, provide the total depreciation expense amount for the period from the time the meters became stranded to December 31, 2009.

Response: PSP did not amortize the assets as they became stranded.

- iv. If no depreciation expenses were recorded to reduce the net book value of stranded meters through accumulated depreciation, provide the total depreciation expense amount that would have been applicable for the period from the time the meters became stranded to December 31, 2009.

Response: \$12,071.41

- v. Please provide the estimated amount of the pooled residual net book value of the removed from service meters, less any sale proceeds and contributed capital, at the time when smart meters will have been fully deployed (e.g., as of December 31, 2010). If the smart meters have been fully deployed, please provide the actual amount.

Response: \$161,416.68

- vi. Please describe how the applicant intends to recover in rates stranded meter costs including the proposed accounting treatment, the proposed disposition period, and the associated bill impacts.

Response: PSP is waiting for direction from the OEB with respect to the method of recovery for the stranded assets.

- vii. In the outlined format of the table shown below, Summary of Stranded Meter Cost, please provide the data to derive the total “Residual Net Book Value” amounts for each year.

Table x - Summary the Residual Net Book Value of Stranded Meter Costs

Year	Gross Asset (A)	Accumulat ed Amortizatio n (B)	Net Asset (C = A-B)	Proceeds on Disposition (D)	Contributed Capital (E)	Residual Net Book Value (F=C-D-E)
2006						
2007						

2008						
2009	451,416.97	290,000.29	161,416.68			161,416.68
2010 (1)						
Total						

(1) For 2010, please indicate whether the amounts provided are on a forecast or actual basis.

PAYMENTS IN LIEU OF TAXES (PILS)

Ref: Exhibit 4/Tab 3/Schedule 1

47. Filing Requirements for PILs

- a) Please provide the following information required per Chapter 2 of the Filing Requirements for Transmission and Distribution Applications, dated June 28, 2010.
 - i. Detailed calculations of PILs (the PILs model in Excel format), and/or actual Provincial and Federal taxes, as applicable, including derivation of adjustments (e.g. Tax credits, CCA adjustments) for the Historical, Bridge and Test Years,

Response: The 2009 tax returns are included in the application at Exhibit 4, Tab 1, Schedule 1, Appendix A.

The Tax Rates for 2010 and 2011 are provided at Exhibit 4, Tab 3, Schedule 1 which also include Tax Adjustments for 2011.

Included below are the tax Adjustments for 2010 and the PILs calculations for the Bridge and Test years:

Determination of Tax Adjustments to Accounting Income for 2010				
Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	374,895	0	374,895
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121		0	0
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	0	0	0
Reserves from financial statements- balance at end of year	126	0	0	0
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (Apprenticeship Tax Credits)	295	0	0	0
Total Additions		374,895	0	374,895
Deductions:				
Gain on disposal of assets per financial statements	401		0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	316,243	0	316,243
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	25,410	0	25,410
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	0	0	0
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
Total Deductions		341,653	0	341,653
Other Adjustments to Taxable Income				
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		33,242	0	33,242

2010 Capital Taxes			2010 PILs Schedule			2010 Total Taxes	
Description	OCT	LCT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	5,476,701	5,201,662	Accounting Income	10' Rev Def	(89,607)	Total PILs	(9,018)
Exemption	(15,000,000)	0	Tax Adj to Accounting Income	10' Rev Def	33,242	Net Capital Tax Payable	-
Deemed Taxable Capital	(9,523,299)	5,201,662	Taxable Income		(56,365)	PILs including Capital Taxes	(9,018)
Rate	0.075%	0.000%	Combined Income Tax Rate	PILs Rates	16.000%		
Gross Tax Payable	(7,142)	0	Total Income Taxes		(9,018)		
Surtax	0	0	Investment Tax Credits				
Net Capital Tax Payable	0	0	Apprentice Tax Credits				
			Other Tax Credits				
			Total PILs		(9,018)		
2011 Capital Taxes			2011 PILs Schedule			2011 Total Taxes	
Description	OCT	LCT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	5,967,047	5,476,701	Accounting Income	10' Rev Def	282,798	Total PILs	47,696
Exemption	(15,000,000)	0	Tax Adj to Accounting Income	10' Rev Def	29,964	Net Capital Tax Payable	-
Deemed Taxable Capital	(9,032,953)	5,476,701	Taxable Income		312,762	PILs including Capital Taxes	47,696
Rate	0.075%	0.000%	Combined Income Tax Rate	PILs Rates	15.250%		
Gross Tax Payable	(6,775)	0	Total Income Taxes		47,696		
Surtax	0	0	Investment Tax Credits				
Net Capital Tax Payable	0	0	Apprentice Tax Credits				
			Other Tax Credits				
			Total PILs		47,696		

ii. Supporting schedules and calculations identifying reconciling items,

Response: There are no additional schedules or reconciling items.

iii. Copies of most recent Federal and Provincial tax returns (non-utility tax items should be separated if material),

Response: The most recent tax returns are included at Exhibit 4, Tab 1, Schedule 1, Appendix A of the application.

iv. Ontario Capital Tax for the historical and bridge years,

Response: PSP is not subject to OCT.

v. Calculation of tax credits (e.g. apprenticeship tax credits, education tax credits),

Response: PSP did not include any tax credits.

vi. Financial statements included with tax returns if different from the financial statements filed in support of the application.

Response: There are no differences.

b) Please provide the most recent signed federal and Ontario tax returns, with supporting schedules, as filed with the Canada Revenue Agency (CRA) for taxes or the Ontario Ministry of Finance for PILs.

Response: The most recent tax returns are included at Exhibit 4, Tab 1, Schedule 1, Appendix A of the application.

c) Please provide the federal and Ontario Notice of Assessments, Notice of Re-assessments (if applicable), Statements of Adjustments, and any other correspondence with the CRA and the Ministry of Finance regarding an tax

items, or tax filing positions that may be in dispute, or under consideration or review, for tax years 2001 to 2009.

Response:

Detach and return this REMITTANCE FORM with your payment.



Ministry of Finance
 Corporations Tax Branch - Hydro PIL
 PO Box 620
 33 King Street West
 Oshawa ON L1H 8E9

Account No.
1800162

35
 PX5003

PARRY SOUND POWER CORPORATION
C/O CALVIN EPPS
125 WILLIAM ST

PARRY SOUND ON
P2A 1V9

Remittance Advice - Payment in Advance
Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)	<input type="text"/>
Payment Amount: \$	<input type="text"/>
Taxation Year End: (YYYYMMDD)	<input type="text" value="20011231"/>
Payment Amount: \$	<input type="text"/>
Total Payment Enclosed: \$	<input type="text"/>



Ministry of Finance
 Corporations Tax Branch - Hydro PIL
 PO Box 620
 33 King Street West
 Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
 from 2001/10/01 to 2001/12/31

PARRY SOUND POWER CORPORATION
ASSESSMENT NO. 2

Account No.	Assessment Date (year, month, day)	Page
1800162	2002/09/17	1 of 4

Tax: Federal and Provincial PIL
 Assessment Interest
 Total Assessment Liability

1,638.00
 57.45CR
 1,580.55

SUMMARY OF 2001/12/31 TAXATION YEAR TRANSACTIONS

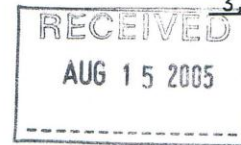
Payments/Transfers
 Sub-Total
CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

5,000.00CR

5,000.00CR
3,419.45CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Tax Assessment as per Company Estimate.



Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197

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Detach and return this REMITTANCE FORM with your payment.



Ministry of Finance
 Corporations Tax Branch - Hydro PIL
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Account No.
1800162

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 PX5003

PARRY SOUND POWER CORPORATION
C/O CALVIN EPPS
125 WILLIAM ST

PARRY SOUND **ON**
P2A 1V9

Remittance Advice - Payment in Full
Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)	<input type="text"/>
Payment Amount: \$	<input type="text"/>
Taxation Year End: (YYYYMMDD)	<input type="text" value="20021231"/>
Payment Amount: \$	<input type="text"/>
Total Payment Enclosed: \$	<input type="text"/>



Ministry of Finance
 Corporations Tax Branch - Hydro PIL
 PO Box 620
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Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2002/01/01 to 2002/12/31

PARRY SOUND POWER CORPORATION
ASSESSMENT NO. 9

Account No.	Assessment Date (year, month, day)	Page
1800162	2003/07/23	2 of 4

Tax: Federal and Provincial PIL
 Assessment Interest
Total Assessment Liability

6,553.00
225.44
6,778.44

SUMMARY OF 2002/12/31 TAXATION YEAR TRANSACTIONS

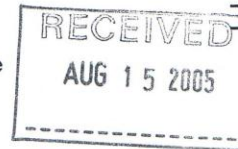
Payments/Transfers
 Sub-Total
CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

9,972.45CR

9,972.45CR
3,194.01CR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Tax Assessment as per Company Estimate.



Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toronto (416) 920-9048 ext. 3036
- Toll-Free 1-800-262-0784 ext. 3036
- FAX (905) 433-5197

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002 PX5003

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
33 King Street West
Oshawa ON L1H 8E9

Account No.
1800162

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PX5003

PARRY SOUND POWER CORPORATION
C/O CALVIN EPPS
125 WILLIAM ST

PARRY SOUND ON
P2A 1V9

Remittance Advice - Payment-in-Lieu (PIL)
Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)	
Payment Amount: \$	
Taxation Year End: (YYYYMMDD)	2 0 0 3 1 2 3 1
Payment Amount: \$	
Total Payment Enclosed: \$	



Ministry of Finance
Corporations Tax Branch - Hydro PIL
PO Box 620
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Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2003/01/01 to 2003/12/31

Account No.	Assessment Date (year, month, day)	Page
1800162	2004/04/20	3 of 4

PARRY SOUND POWER CORPORATION
ASSESSMENT NO. 18

Tax: Federal and Provincial PIL
Assessment Interest
Total Assessment Liability

11,411.00
62.93
11,473.93

SUMMARY OF 2003/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	11,411.01CR	
Sub-Total		<u>11,411.01CR</u>
TAXATION YEAR BALANCE DUE **		<u>62.92</u>

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC). The current interest rate is 0.0219178%.



Tax (Re)Assessment Enquiries:
• Toronto (416) 730-5585
• FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
• Oshawa and Local (905) 433-6708
• Toronto (416) 920-9048 ext. 3036
• Toll-Free 1-800-262-0784 ext. 3036
• FAX (905) 433-5197

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Ministry of Finance
Corporations Tax Branch - Hydro PIL
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Oshawa ON L1H 8E9

Account No.
1800162

35
PX5003

PARRY SOUND POWER CORPORATION
C/O CALVIN EPPS
125 WILLIAM ST

PARRY SOUND ON
P2A 1V9

Remittance Advice - Payment-in-Lieu (PIL)
Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)	
Payment Amount: \$	
Taxation Year End: (YYYYMMDD)	2 0 0 4 1 2 3 1
Payment Amount: \$	
Total Payment Enclosed: \$	



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Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2004/01/01 to 2004/12/31

PARRY SOUND POWER CORPORATION
ASSESSMENT NO. 35

Account No.	Assessment Date (year, month, day)	Page
1800162	2005/06/27	4 of 4

Tax: Federal and Provincial PIL
Assessment Interest
Total Assessment Liability

32,406.00
301.64
32,707.64

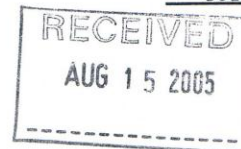
SUMMARY OF 2004/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers Sub-Total 32,406.00CR
TAXATION YEAR BALANCE DUE **

32,406.00CR
301.64

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate



**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC). The current interest rate is 0.0191780%.

Tax (Re)Assessment Enquiries:
• Toronto (416) 730-5585
• FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
• Oshawa and Local (905) 433-6708 • Toll-Free 1-800-262-0784 ext. 3036
• Toronto (416) 920-9048 ext. 3036 • FAX (905) 433-5197

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Detach and return this REMITTANCE FORM with your payment.



Ministry of Finance
 Corporations Tax Branch - Hydro PIL
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Account No.
1800162

35
 PX5003

PARRY SOUND POWER CORPORATION
C/O CALVIN EPPS
125 WILLIAM ST

PARRY SOUND **ON**
P2A 1V9

Remittance Advice - Payment in Full
Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)	<input type="text"/>
Payment Amount: \$	<input type="text"/>
Taxation Year End: (YYYYMMDD)	<input type="text" value="20051231"/>
Payment Amount: \$	<input type="text"/>
Total Payment Enclosed: \$	<input type="text"/>



Ministry of Finance
 Corporations Tax Branch - Hydro PIL
 PO Box 620
 33 King Street West
 Oshawa ON L1H 8E9

Keep this portion for your records.

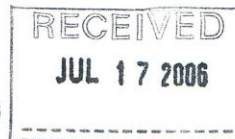
Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
 from 2005/01/01 to 2005/12/31

Account No.	Assessment Date (year, month, day)	Page
1800162	2006/07/13	1 of 1

PARRY SOUND POWER CORPORATION
ASSESSMENT NO. 52

Tax: Federal and Provincial PIL
 Assessment Interest
 Total Assessment Liability



32,587.00
525.56
33,112.56

SUMMARY OF 2005/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	32,898.00CR	
Sub-Total		32,898.00CR
TAXATION YEAR BALANCE DUE **		214.56

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC). The current interest rate is 0.0246575%.

Tax (Re)Assessment Enquiries:

- Toronto (416) 730-5585
- FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:

- Oshawa and Local (905) 433-6708
- Toll-Free 1-800-262-0784 ext. 3036
- Toronto (416) 920-9048 ext. 3036
- FAX (905) 433-5197

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Ministry of Finance
 Corporations Tax Branch - Hydro PIL
 PO Box 620
 33 King Street West
 Oshawa ON L1H 8E9

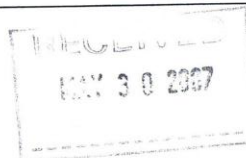
Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
 from 2006/01/01 to 2006/12/31

PARRY SOUND POWER CORPORATION
 ASSESSMENT NO. 66

Account No.	Assessment Date (year, month, day)	Page
1800162	2007/05/25	1 of 1

Tax: Federal and Provincial PIL
 Assessment Interest
 Total Assessment Liability



102,692.00
1,215.95
 103,907.95

SUMMARY OF 2006/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	102,692.00CR	
Sub-Total		<u>102,692.00CR</u>
TAXATION YEAR BALANCE DUE **		<u>1,215.95</u>

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

**Remember to include additional interest due with your payment. Interest on the balance is compounded daily from the date of this Notice/Statement until payment is received by the Ontario Electricity Financial Corporation (OEFC)
 The current interest rate is 0.0246575%.

Tax (Re)Assessment Enquiries:
 • Toronto (416) 730-5585
 • FAX (416) 730-5593

Account Billing Enquiries & Change of Address Information:
 • Oshawa and Local (905) 433-6708 • Toll-Free 1-800-262-0784 ext. 3036
 • Toronto (416) 920-9048 ext. 3036 • FAX (905) 433-5197

0000004

002 PX5003



Ministry of Revenue
 Hydro PIL
 PO Box 620
 33 King Street West
 Oshawa ON L1H 8E9

Account No.
1800162

35
 PK5005

PARRY SOUND POWER CORPORATION
C/O CALVIN EPPS
125 WILLIAM ST

PARRY SOUND ON
P2A 1V9

Remittance Advice - Payment in Full (R.A.)
 Electricity Act, 1998
 Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD) 2 0 0 7 1 2 3 1

Payment Amount: \$

Total Payment Enclosed: \$



Ministry of Revenue
 Hydro PIL
 PO Box 620
 33 King Street West
 Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Reassessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
 from 2007/01/01 to 2007/12/31

PARRY SOUND POWER CORPORATION

Account No.	Reassessment Date (year, month, day)	Page
1800162	2008/10/29	1 of 1

REASSESSMENT NO. 90 REPLACING ASSESSMENT DATED: 2008/05/06

Tax: Federal and Provincial PIL
 Assessment Interest
 Total Reassessment Liability



125,569.00
1,347.87
126,916.87

SUMMARY OF 2007/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers

130,314.00CR

Sub-Total

130,314.00CR
3,397.13CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Surtax adjusted due to rate reduction as per 2008 Budget changes

Tax (Re)Assessment Enquiries:

• Toronto 416 218-3283 • FAX 416 730-5593

Account Billing Enquiries & Change of Address Information:

• Toll-Free 1 800 262-0784 ext. 3036 • FAX 905 433-5197

0000133



Ontario

Ministry of Revenue
Hydro PIL
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

Account No.
1800162

35
PX5003

PARRY SOUND POWER CORPORATION
C/O CALVIN EPPS
125 WILLIAM ST

PARRY SOUND ON
PZA 1V9

Remittance Advice - Payment Enclosed (PIL)
Electricity Act, 1998
Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Taxation Year End: (YYYYMMDD)

Payment Amount: \$

Total Payment Enclosed: \$



Ontario

Ministry of Revenue
Hydro PIL
33 King Street West
PO Box 620
Oshawa ON L1H 8E9

Keep this portion for your records.

Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
from 2008/01/01 to 2008/12/31

PARRY SOUND POWER CORPORATION
ASSESSMENT NO. 102

Account No.	Assessment Date (year, month, day)	Page
1800162	2009/05/29	1 of 1

Tax: Federal and Provincial PIL
Assessment Interest
Total Assessment Liability



59,906.00
375.88CR
59,530.12

SUMMARY OF 2008/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers
Interest

133,711.13CR
117.68CR

Sub-Total

133,828.81CR
74,298.69CR

CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate

Tax (Re)Assessment Enquiries: • 1 866 ONT-TAXS (1 866 668-8297) ext. 21113
• FAX 416 218-3276

• TTY 1 800 263-7776
• ontario.ca/revenue

Account Billing Enquiries & Change of Address Information: • 1 866 ONT-TAXS (1 866 668-8297)
• FAX 905 433-5197

0000004



Ministry of Revenue
 Hydro PIL
 33 King Street West
 PO Box 620
 Oshawa ON L1H 8E9

Account No.
1800162

35
 PX5003

PARRY SOUND POWER CORPORATION
 C/O CALVIN EPPS
 125 WILLIAM ST

PARRY SOUND
 P2A 1V9

ON

10 HPL

Remittance Advice - Payment-Related (R1)
 Electricity Act, 1998
 Corporations Tax Act, R.S.O. 1990

Taxation Year End: (YYYYMMDD)	<input type="text"/>
Payment Amount: \$	<input type="text"/>
Taxation Year End: (YYYYMMDD)	<input type="text" value="20091231"/>
Payment Amount: \$	<input type="text"/>
Total Payment Enclosed: \$	<input type="text"/>



Ministry of Revenue
 Hydro PIL
 33 King Street West
 PO Box 620
 Oshawa ON L1H 8E9

Keep this portion for your records.

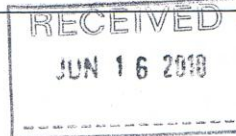
Notice of Assessment

Electricity Act, 1998 • Corporations Tax Act, R.S.O. 1990
 from 2009/01/01 to 2009/12/31

PARRY SOUND POWER CORPORATION
 ASSESSMENT NO. 107

Tax: Federal and Provincial PIL
 Assessment Interest
 Total Assessment Liability

Account No.	Assessment Date (year, month, day)	Page
1800162	2010/06/11	1 of 1



11,762.00
104.94
 11,866.94

SUMMARY OF 2009/12/31 TAXATION YEAR TRANSACTIONS

Payments/Transfers	30,000.00CR	
Sub-Total		<u>30,000.00CR</u>
CREDIT BALANCE AVAILABLE IN THIS TAXATION YEAR		<u>18,133.06CR</u>

In accordance with s.s.80(8) of the Corporations Tax Act, as made applicable by s.95 of the Electricity Act, 1998, notice is hereby given of the amount of tax, penalty and interest for which you are assessed.

Total tax assessed as per company estimate



CORPORATION NOTICE OF ASSESSMENT

Shawinigan-Sud QC G9N 7S6



0002143

Page 1 of 6

PARRY SOUND POWER CORPORATION
125 WILLIAM STREET
PARRY SOUND ON P2A 1V9

Date of mailing	July 12, 2004
Business Number	89055 3811 RC0001
Taxation year-end	December 31, 2003

RESULTS

This notice explains the results of our assessment of the T2 return for the taxation year indicated above. It also explains any changes we may have made to the return.

Result of this Assessment :	\$	0.00
Prior balance:	\$	0.00
		=====
Total balance:	\$	0.00

Please refer to the Summary and Explanation for additional information.

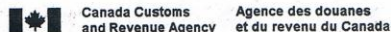


CORPORATION NOTICE OF ASSESSMENT

Page 2 of 6

PARRY SOUND POWER CORPORATION

Date of mailing
July 12, 2004
Business Number
89055 3811 RC0001
Taxation year-end
December 31, 2003



CORPORATION NOTICE OF ASSESSMENT

0002144

Page 3 of 6

PARRY SOUND POWER CORPORATION

Date of mailing
July 12, 2004
Business Number
89055 3811 RC0001
Taxation year-end
December 31, 2003

SUMMARY OF ASSESSMENT

	\$ Reported	\$ Assessed
Federal Tax:		
Part I	0.00	0.00
Part I.3	0.00	0.00
Part II	0.00	0.00
Part IV	0.00	0.00
Part IV.1	0.00	0.00
Part VI	0.00	0.00
Part VI.1	0.00	0.00
Part XIII.1	0.00	0.00
Part XIV	0.00	0.00
Total Federal Tax:		\$ 0.00
		=====
Net balance:	\$	0.00
		=====
Result of this assessment:	\$	0.00
Prior balance:	\$	0.00
		=====
Total balance:	\$	0.00

Alan Nymark
Commissioner of Customs and Revenue

EXPLANATION

Non-capital losses from preceding taxation years applied against net income and/or Part IV tax exceeds balance on our records. Therefore, the amount of non-capital losses applied against net income and/or dividends subject to Part IV tax has been reduced accordingly.

If necessary, we have adjusted subsequent taxation years for carry-forward balances, interest, and balance due date.

Please visit our Web site at www.cra.gc.ca/requests-business for information about online requests available to business clients. This service allows clients to electronically request certain financial actions, additional remittance vouchers and other communication products, as well as reproductions of previously issued correspondence.

Did you know that Corporation Internet Filing is available? Please visit our Web site at www.cra.gc.ca/corporation-internet for further information.



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

CORPORATION NOTICE OF ASSESSMENT

Page 4 of 6

PARRY SOUND POWER CORPORATION

Date of mailing
July 12, 2004
Business Number
89055 3811 RC0001
Taxation year-end
December 31, 2003

If you require additional information or wish to request an adjustment, contact:

Shawinigan-Sud Tax Centre
4695, 12th Avenue
Shawinigan-Sud QC G9N 7S6
Phone (819) 537-5141
Fax (819) 536-4486
Toll-Free Long Distance Number 1-800-959-7405
We accept collect calls.

Sudbury Tax Services Office
1050 Notre Dame Avenue
Sudbury ON P3A 5C1
Toll-Free Long Distance Number 1-800-959-5525

GENERAL INFORMATION

Page 5 of 6

Any reference to the term "reporting period" on this notice has the same meaning as the term "taxation year." Both terms describe the period assessed. The term "taxation year" is defined in the *Income Tax Act*.

We calculate interest at rates prescribed by regulations.

HELP FOR PEOPLE WHO ARE DEAF

If you are deaf and have access to a Telephone Device for the Deaf (TDD), you can call toll-free for explanations and information about the corporation's tax return. This bilingual service is available year-round from Monday to Friday (except for statutory holidays). You can phone 1-800-665-0354 between 8:15 a.m. and 5:00 p.m. Eastern Time. When calling, please take into account any time zone differences.

FILING AN OBJECTION

If you do not agree with this assessment, you can file an objection. You can do this by sending either a letter or Form T400A, *Objection*, to the Chief of Appeals at your tax services office or tax centre.

You have to file an objection within 90 days of the day we mailed the *Notice of Assessment*.

For a large corporation (as defined in subsection 225.1(8) of the *Income Tax Act*), the notice of objection shall:

- reasonably describe each issue;
- specify the relief you are seeking, expressed as an amount of a change in balance (as defined in subsection 152(4.4) of the *Income Tax Act*) or a balance of undeducted outlays, expenses, or other amounts of the corporation; and
- provide facts and reasons the corporation relied on for each issue.

DETERMINING THE CORPORATION'S LOSSES

If you do not agree with the amount of loss ascertained, you can write to your tax services office requesting a determination of the loss. However, we will only issue a *Notice of Determination/Redetermination of a Loss* if the loss reported is revised at the initial assessing stage or as a result of a reassessment arising from an audit or other investigative action by the Department.

NORMAL REASSESSMENT PERIOD

This may be the only notice the corporation will receive for this taxation year. However, we may reassess a T2 return if an error is brought to our attention or if we find an error during our post-assessing reviews. Generally, we will only reassess a T2 return within the "normal reassessment period." The normal reassessment period begins on the date of mailing the original *Notice of Assessment* or notification that no tax is payable. The period ends:

- three years from this date if the corporation is a Canadian-controlled private corporation; and
- four years from this date for all other corporations.

EXTENSIONS TO THE NORMAL REASSESSMENT PERIOD

We may also reassess a T2 return for a particular taxation year:

1. within one year after all rights of objection and appeal have expired for a preceding taxation year if:
 - the result of an assessment or a decision on an appeal will change the balance (as defined in subsection 152(4.4) of the *Income Tax Act*) of the preceding taxation year, and
 - the reassessment to the particular year is related to the balance adjusted in the preceding year.
2. within three years after the end of the normal reassessment period if:
 - you are carrying back a loss or credit from a later taxation year;
 - a non-arm's length transaction between the corporation and a non-resident affects the corporation's tax;
 - the corporation paid an amount or received a refund of foreign income or profits tax;
 - another taxpayer's reassessment for any of the above reasons affects the corporation's tax; or
 - another taxation year's reassessment (has to be a prior taxation year if the reassessment relates to a loss or credit carry-back) for any of the above reasons affects the corporation's tax.

GENERAL INFORMATION

Page 6 of 6

However, we may reassess a T2 return for a taxation year at **any time** if:

- the person filing the return has made any misrepresentation that is attributable to neglect, carelessness, or wilful default, or has committed any fraud in filing the return or in supplying any information; or
- the person filing the return has filed Form T2029, *Waiver in Respect of the Normal Reassessment Period*, within that taxation year's normal reassessment period that has not been revoked.



Canada Customs
and Revenue Agency

Agence des douanes
et du revenu du Canada

CORPORATION NOTICE OF ASSESSMENT

Shawinigan-Sud QC G9N 7S6

0002326

Page 1 of 6

PARRY SOUND POWER CORPORATION
125 WILLIAM STREET
PARRY SOUND ON P2A 1V9



Date of mailing
May 11, 2005
Business Number
89055 3811 RC0001
Taxation year-end
December 31, 2004

RESULTS

This notice explains the results of our assessment of the T2 return for the taxation year indicated above. It also explains any changes we may have made to the return.

Result of this Assessment :	\$	18,131.17	Cr
Amount refunded:	\$	18,131.17	
Prior balance:	\$	0.00	
		=====	
Total balance:	\$	0.00	

We are sending you a cheque for \$18,131.17 separately.

Please refer to the Summary and Explanation for additional information.

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CORPORATION NOTICE OF ASSESSMENT

Page 2 of 6

PARRY SOUND POWER CORPORATION

Date of mailing
May 11, 2005
Business Number
89055 3811 RC0001
Taxation year-end
December 31, 2004



**STATEMENT OF ARREARS
 Corporation Income Tax**

Shawinigan-Sud QC G9N 7S6

0029168

Page 1 of 2



Business Number
89055 3811 RC0001
For the period ending
May 21, 2005

PARRY SOUND POWER CORPORATION
 125 WILLIAM STREET
 PARRY SOUND ON P2A 1V9

What's New

We have changed our printing process and now print monthly Statements on white paper.

General Information

Internet Bill Payment

Why not make your next payment by Internet using your financial institution's electronic bill payment service? It's fast, easy, and secure. Each payment you make generates an electronic acknowledgement that you can print for your records. Your financial institution may also allow you to schedule future-dated payments. For more information, contact your financial institution, or visit us on the Web at www.cra-arc.gc.ca/eservices/payments/business.

If you have made a payment that was not processed by the date of this statement, it will be reflected on the next statement issued.

If the balances shown do not agree with your records or a payment has been misallocated, please contact our office.

When we process multiple credits with the same effective date, we may combine them as one refund payment.

Transactions with an effective date later than your statement date have not yet been finalized and may be subject to change. If adjustments are necessary, they will be reflected on your next statement.

Effective Date	Transaction	Amount
Processed Amounts		
For reporting period ending Dec. 31, 2004		
May 6, 2005	Previous balance	0.00
May 11, 2005	Assessment	42.17 Cr
	Interim payments applied	18,089.00 Cr
May 17, 2005	Refund	18,131.17 Cr
May 17, 2005	Refund	27.28
May 17, 2005	Refund	18,089.00
May 17, 2005	Refund	14.89
May 21, 2005	Balance	0.00
Summary		
May 21, 2005	Reporting period ending Dec. 31, 2004	0.00
May 21, 2005	Total balance	0.00

Remember to visit our Web site at www.cra.gc.ca/requests-business to obtain more details about the electronic request service for business accounts.

For further information, contact:

Shawinigan TC
 4695, 12th Avenue
 Shawinigan-Sud QC G9N 7S6
 Phone (819) 537-5141
 Fax (819) 536-4486
 Toll free number 1-800-959-7405



Canada Customs
and Revenue Agency

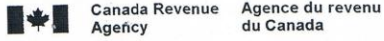
Agence des douanes
et du revenu du Canada

STATEMENT OF ARREARS
Corporation Income Tax

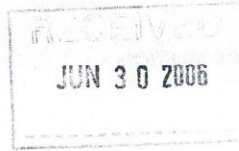
Page 2 of 2

PARRY SOUND POWER CORPORATION

Business Number
89055 3811 RC0001
For the period ending
May 21, 2005



Chawinigan Sud QC G0N 7S6



Page 1 of 6

PARRY SOUND POWER CORPORATION
125 WILLIAM STREET
PARRY SOUND ON P2A 1V9

Date of mailing
June 27, 2006
Business Number
89055 3811 RC0001
Taxation year-end
December 31, 2005

0000475

CORPORATION NOTICE OF ASSESSMENT

RESULTS

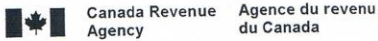
This notice explains the results of our assessment of the T2 Corporation Income Tax Return for the taxation year indicated above. It also explains any changes we may have made to the return.

Result of this Assessment :	\$	0.00
Prior balance:	\$	0.00
		=====
Total balance:	\$	0.00

Please refer to the Summary and Explanation for additional information.

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PARRY SOUND POWER CORPORATION

Page 2 of 6

Date of mailing
June 27, 2006
Business Number
89055 3811 RC0001
Taxation year-end
December 31, 2005

CORPORATION NOTICE OF ASSESSMENT

SUMMARY OF ASSESSMENT

	\$ Reported	\$ Assessed
Federal Tax:		
Part I	0.00	0.00
Part I.3	0.00	0.00
Part II	0.00	0.00
Part IV	0.00	0.00
Part IV.1	0.00	0.00
Part VI	0.00	0.00
Part VI.1	0.00	0.00
Part XIII.1	0.00	0.00
Part XIV	0.00	0.00
Total Federal Tax:		\$ 0.00
		=====
	Net balance:	\$ 0.00
		=====
	Result of this assessment:	\$ 0.00
	Prior balance:	\$ 0.00
		=====
	Total balance:	\$ 0.00

Michel Dorais
 Commissioner of Revenue

EXPLANATION

We have revised the taxable income for the purpose of the small business deduction to \$171,056.00, to correct a mathematical error.

You are required to keep adequate records, including those produced electronically, either in French or in English within Canada. These records must provide sufficient details to determine tax obligations and entitlements and must be maintained at your place of business for a period of six years unless you obtain permission to dispose of them. If you have any questions concerning record keeping practices, please contact the nearest Canada Revenue Agency tax services office.

Please visit our Web site at www.cra.gc.ca/requests-business for information about online requests available to business clients. This service allows clients to electronically request certain financial actions, additional remittance vouchers and other communication products, as well as reproductions of previously issued correspondence.

Did you know you may be eligible to file your return using our Corporation Internet Filing service? For information on eligibility criteria and the service in general, please visit www.cra.gc.ca/corporation-internet.



Canada Revenue Agency
Agence du revenu
du Canada

PARRY SOUND POWER CORPORATION

Page 3 of 6

Date of mailing
June 27, 2006
Business Number
89055 3811 RC0001
Taxation year-end
December 31, 2005

0000476

CORPORATION NOTICE OF ASSESSMENT

If you require additional information or wish to request an adjustment, contact:

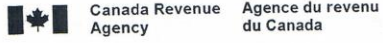
Shawinigan Tax Centre
4695, 12th Avenue
Shawinigan-Sud
Phone QC G9N 7S6
1-800-959-5525
Fax (819) 536-4486
Toll free number 1-800-959-5525
We accept collect calls.

Sudbury Tax Services Office
1050 Notre Dame Avenue
Sudbury ON P3A 5C1
Toll free number 1-800-959-5525

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PARRY SOUND POWER CORPORATION

Page 4 of 6

Date of mailing
June 27, 2006
Business Number
89055 3811 RC0001
Taxation year-end
December 31, 2005

CORPORATION NOTICE OF ASSESSMENT

GENERAL INFORMATION

Page 5 of 6

Any reference to the term "reporting period" on this notice has the same meaning as the term "taxation year." Both terms describe the period assessed. The term "taxation year" is defined in the *Income Tax Act*.

We calculate interest at rates prescribed by regulations.

HELP FOR PEOPLE WHO ARE DEAF

If you are deaf and have access to a Telephone Device for the Deaf (TDD), you can call toll-free for explanations and information about the corporation's tax return. This bilingual service is available year-round from Monday to Friday (except for statutory holidays). You can phone 1-800-665-0354 between 8:15 a.m. and 5:00 p.m. Eastern Time. When calling, please take into account any time zone differences.

FILING AN OBJECTION

If you do not agree with this assessment, you can file an objection. You can do this by sending either a letter or Form T400A, *Objection*, to the Chief of Appeals at your tax services office or tax centre.

You have to file an objection within 90 days of the day we mailed the *Notice of Assessment*.

For a large corporation (as defined in subsection 225.1(8) of the *Income Tax Act*), the notice of objection shall:

- reasonably describe each issue;
- specify the relief you are seeking, expressed as an amount of a change in balance (as defined in subsection 152(4.4) of the *Income Tax Act*) or a balance of undeducted outlays, expenses, or other amounts of the corporation; and
- provide facts and reasons the corporation relied on for each issue.

DETERMINING THE CORPORATION'S LOSSES

If you do not agree with the amount of loss ascertained, you can write to your tax services office requesting a determination of the loss. However, we will only issue a *Notice of Determination/Redetermination of a Loss* if the loss reported is revised at the initial assessing stage or as a result of a reassessment arising from an audit or other investigative action by the Department.

NORMAL REASSESSMENT PERIOD

This may be the only notice the corporation will receive for this taxation year. However, we may reassess a T2 return if an error is brought to our attention or if we find an error during our post-assessing reviews. Generally, we will only reassess a T2 return within the "normal reassessment period." The normal reassessment period begins on the date of mailing the original *Notice of Assessment* or notification that no tax is payable. The period ends:

- three years from this date if the corporation is a Canadian-controlled private corporation; and
- four years from this date for all other corporations.

EXTENSIONS TO THE NORMAL REASSESSMENT PERIOD

We may also reassess a T2 return for a particular taxation year:

1. within one year after all rights of objection and appeal have expired for a preceding taxation year if:
 - the result of an assessment or a decision on an appeal will change the balance (as defined in subsection 152(4.4) of the *Income Tax Act*) of the preceding taxation year, and
 - the reassessment to the particular year is related to the balance adjusted in the preceding year.
2. within three years after the end of the normal reassessment period if:
 - you are carrying back a loss or credit from a later taxation year;
 - a non-arm's length transaction between the corporation and a non-resident affects the corporation's tax;
 - the corporation paid an amount or received a refund of foreign income or profits tax;
 - another taxpayer's reassessment for any of the above reasons affects the corporation's tax; or
 - another taxation year's reassessment (has to be a prior taxation year if the reassessment relates to a loss or credit carry-back) for any of the above reasons affects the corporation's tax.

GENERAL INFORMATION

Page 6 of 6

However, we may reassess a T2 return for a taxation year at **any time** if:

- the person filing the return has made any misrepresentation that is attributable to neglect, carelessness, or wilful default, or has committed any fraud in filing the return or in supplying any information; or
- the person filing the return has filed Form T2029, *Waiver in Respect of the Normal Reassessment Period*, within that taxation year's normal reassessment period that has not been revoked.



Shawinigan-Sud QC G9N 7S6



Page 1 of 3

PARRY SOUND POWER CORPORATION
125 WILLIAM STREET
PARRY SOUND ON P2A 1V9

Date of mailing	June 4, 2009
Business Number	89055 3811 RC0001
Tax year-end	December 31, 2008

0001063

CORPORATION NOTICE OF ASSESSMENT

RESULTS

This notice explains the results of our assessment of the "T2 Corporation Income Tax Return" for the tax year indicated above. It also explains any changes we may have made to the return.

Result of this Assessment :	\$	0.00
Prior balance:	\$	0.00
	=====	
Total balance:	\$	0.00

Please refer to the Summary and Explanation for additional information.

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PARRY SOUND POWER CORPORATION

Page 2 of 3

Date of mailing	June 4, 2009
Business Number	89055 3811 RC0001
Tax year-end	December 31, 2008

CORPORATION NOTICE OF ASSESSMENT

SUMMARY OF ASSESSMENT

	\$ Reported	\$ Assessed
Federal Tax:		
Part I	0.00	0.00
Part I.3	0.00	0.00
Part II	0.00	0.00
Part III.1	0.00	0.00
Part IV	0.00	0.00
Part IV.1	0.00	0.00
Part VI	0.00	0.00
Part VI.1	0.00	0.00
Part XIII.1	0.00	0.00
Part XIV	0.00	0.00
Total Federal Tax:		\$ 0.00
		=====
Net balance:	\$	0.00
		=====
Result of this assessment:	\$	0.00
Prior balance:	\$	0.00
		=====
Total balance:	\$	0.00

William V. Baker
Commissioner of Revenue

EXPLANATION

We have revised the cumulative eligible capital balance at the beginning of the year to \$1,026,811.00, to agree with our records.

We have revised the taxable income for the purpose of the small business deduction to \$363,061.00, to agree with the calculated amount.

We have revised the GRIP opening balance on Schedule 53, "General Rate Income Pool (GRIP) Calculation," to agree with our records.

We have revised the taxable income for the year before specified future tax consequences on Schedule 53, "General Rate Income Pool (GRIP) Calculation," to \$363,061.00, which agrees with the taxable income on the T2 return.

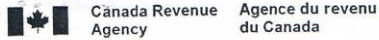
We have revised the T2 return amount on line 400, 405, 410, or 425 reported on Schedule 53, "General Rate Income Pool (GRIP) Calculation," to \$363,061.00, to agree with the calculated amount.

We have revised the GRIP at the end of the year on Schedule 55, "Part III.1 Tax on Excessive Eligible Dividend Designations," to \$0.00, to agree with the amount on Schedule 53, "General Rate Income Pool (GRIP) Calculation."

For general information regarding filing an objection, determining a corporation's losses, or reassessment periods, please refer to the "T2 Corporation Income Tax Guide," or visit our Web site at www.cra.gc.ca.

Please visit www.cra.gc.ca/mybusinessaccount to access your business information online.

For information about online requests available to business clients, visit www.cra.gc.ca/requests-business. This service allows clients to electronically



Shawinigan-Sud QC G9N 7S6



Page 1 of 3

PARRY SOUND POWER CORPORATION
125 WILLIAM STREET
PARRY SOUND ON P2A 1V9

Date of mailing June 2, 2010
Business Number 89055 3811 RC0001
Tax year-end December 31, 2009

0002958

CORPORATION NOTICE OF ASSESSMENT

RESULTS

This notice explains the results of our assessment of the "T2 Corporation Income Tax Return" for the tax year indicated above. It also explains any changes we may have made to the return.

Result of this Assessment :	\$	0.00
Prior balance:	\$	0.00
	=====	
Total balance:	\$	0.00

Please refer to the Summary and Explanation for additional information.



PARRY SOUND POWER CORPORATION

Page 2 of 3

Date of mailing	June 2, 2010
Business Number	89055 3811 RC0001
Tax year-end	December 31, 2009

CORPORATION NOTICE OF ASSESSMENT

SUMMARY OF ASSESSMENT

	\$ Reported	\$ Assessed
Federal Tax:		
Part I	0.00	0.00
Part I.3	0.00	0.00
Part II	0.00	0.00
Part III.1	0.00	0.00
Part IV	0.00	0.00
Part IV.1	0.00	0.00
Part VI	0.00	0.00
Part VI.1	0.00	0.00
Part XIII.1	0.00	0.00
Part XIV	0.00	0.00
		=====
Total Federal Tax:		\$ 0.00
		=====
	Net balance:	\$ 0.00
		=====
	Result of this assessment:	\$ 0.00
	Prior balance:	\$ 0.00
		=====
	Total balance:	\$ 0.00

Linda Lizotte-MacPherson
Commissioner of Revenue

EXPLANATION

We have revised the cumulative eligible capital balance at the beginning of the year to \$997,431.00, to agree with our records.

We have revised the taxable income for the purpose of the small business deduction to \$71,285.00, to agree with the calculated amount.

We have adjusted the amount of payments to agree with the amount in our records. On your return, the total amount of payments is \$30,000.00 while the amount in our records is \$0.00.

We have set the balance due date at the end of the second month following the end of the tax year since our records indicate the corporation does not qualify for the one-month balance due date extension.

For general information regarding filing an objection, determining a corporation's losses, or reassessment periods, please refer to the "T2 Corporation Income Tax Guide," or visit our Web site at www.cra.gc.ca.

Please visit www.cra.gc.ca/mybusinessaccount to access your business information online.

For information about online requests available to business clients, visit www.cra.gc.ca/requests-business. This service allows clients to electronically request certain financial actions, additional remittance vouchers and other communication products, as well as reproductions of previously issued correspondence.

The Canada Revenue Agency also offers the convenience of Direct Deposit. For information about this service, please visit our Web site at www.cra.gc.ca or contact the number provided below.



Canada Revenue Agency
Agence du revenu du Canada

PARRY SOUND POWER CORPORATION

Page 3 of 3

Date of mailing
June 2, 2010
Business Number
89055 3811 RC0001
Tax year-end
December 31, 2009

0002959

CORPORATION NOTICE OF ASSESSMENT

For information visit www.cra.gc.ca or contact:

Business Enquiries: 1-800-959-5525

Shawinigan Tax Centre

4695, 12th Avenue

Shawinigan-Sud

Fax

QC

G9N 7S6

819-536-4486

Sudbury Tax Services Office

==

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Re: Exhibit 1/Tab 2/Schedule 4, page 6

48. Revenue Requirement Work Form, Taxes/PILS

- a) PSPC has used the Provincial tax rate of 4.25%. The correct rate is 4.50%. Please provide an update to the appropriate tables and schedules using the correct rate.

Response: PSP has updated the rate to 4.5% and the entire Revenue Requirement Workform is provided below:



REVENUE REQUIREMENT WORK FORM

Name of LDC: Parry Sound Power (1)
 File Number: EB-2010-0140
 Rate Year: 2011 Version: 2.11

Table of Content

<u>Sheet</u>	<u>Name</u>
A	<u>Data Input Sheet</u>
1	<u>Rate Base</u>
2	<u>Utility Income</u>
3	<u>Taxes/PILS</u>
4	<u>Capitalization/Cost of Capital</u>
5	<u>Revenue Sufficiency/Deficiency</u>
6	<u>Revenue Requirement</u>
7A	<u>Bill Impacts -Residential</u>
7B	<u>Bill Impacts - GS < 50 kW</u>

Notes:

- (1) Pale green cells represent inputs
- (2) Pale yellow cells represent drop-down lists
- (3) *Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.*
- (4) *Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel format.*

Copyright

This Revenue Requirement Work Form Model is protected by copyright and is being made available to you solely for the purpose of preparing or reviewing your draft rate order. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Parry Sound Power

File Number: EB-2010-0140

Rate Year: 2011

Data Input										(1)
Initial Application						(7)	Per Board Decision			
1 Rate Base										
Gross Fixed Assets (average)	\$11,689,041				\$	11,689,041			\$11,689,041	
Accumulated Depreciation (average)	(\$7,192,964)	(5)			-\$	7,192,964			(\$7,192,964)	
Allowance for Working Capital:										
Controllable Expenses	\$1,795,417				\$	1,795,417			\$1,795,417	
Cost of Power	\$8,011,052				\$	8,011,052			\$8,011,052	
Working Capital Rate (%)	15.00%					15.00%			15.00%	
2 Utility Income										
Operating Revenues:										
Distribution Revenue at Current Rates	\$1,822,340									
Distribution Revenue at Proposed Rates	\$2,614,882									
Other Revenue:										
Specific Service Charges	\$27,880									
Late Payment Charges	\$15,433									
Other Distribution Revenue	\$52,168									
Other Income and Deductions	\$5,505									
Operating Expenses:										
OM+A Expenses	\$1,795,417				\$	1,795,417			\$1,795,417	
Depreciation/Amortization	\$389,525				\$	389,525			\$389,525	
Property taxes										
Capital taxes										
Other expenses										
3 Taxes/PLTs										
Taxable Income:										
Adjustments required to arrive at taxable income	\$29,964	(3)								
Utility Income Taxes and Rates:										
Income taxes (not grossed up)	\$41,085									
Income taxes (grossed up)	\$48,621									
Capital Taxes		(6)				(6)			(6)	
Federal tax (%)	11.00%									
Provincial tax (%)	4.50%									
Income Tax Credits										
4 Capitalization/Cost of Capital										
Capital Structure:										
Long-term debt Capitalization Ratio (%)	56.0%									
Short-term debt Capitalization Ratio (%)	4.0%	(2)				(2)			(2)	
Common Equity Capitalization Ratio (%)	40.0%									
Preferred Shares Capitalization Ratio (%)										
	100.0%									
Cost of Capital										
Long-term debt Cost Rate (%)	7.25%									
Short-term debt Cost Rate (%)	2.07%									
Common Equity Cost Rate (%)	9.85%									
Preferred Shares Cost Rate (%)										

Notes:

Data inputs are required on this Sheet A, Data Input Sheet, and on Sheets 7A and 7B, for Bill Impacts. Data on this input sheet complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the data. Notes should be put on the applicable pages to

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Not applicable as of July 1, 2010
- (7) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Parry Sound Power
File Number: EB-2010-0140
Rate Year: 2011

Rate Base							
Line No.	Particulars	Initial Application					Per Board Decision
1	Gross Fixed Assets (average) (3)	\$11,689,041		\$ -	\$11,689,041	\$ -	\$11,689,041
2	Accumulated Depreciation (average) (3)	(\$7,192,964)		\$ -	(\$7,192,964)	\$ -	(\$7,192,964)
3	Net Fixed Assets (average) (3)	\$4,496,076		\$ -	\$4,496,076	\$ -	\$4,496,076
4	Allowance for Working Capital (1)	\$1,470,970		\$ -	\$1,470,970	\$ -	\$1,470,970
5	Total Rate Base	\$5,967,047		\$ -	\$5,967,047	\$ -	\$5,967,047

(1) Allowance for Working Capital - Derivation							
6	Controllable Expenses	\$1,795,417		\$ -	\$1,795,417	\$ -	\$1,795,417
7	Cost of Power	\$8,011,052		\$ -	\$8,011,052	\$ -	\$8,011,052
8	Working Capital Base	\$9,806,469		\$ -	\$9,806,469	\$ -	\$9,806,469
9	Working Capital Rate % (2)	15.00%		0.00%	15.00%	0.00%	15.00%
10	Working Capital Allowance	\$1,470,970		\$ -	\$1,470,970	\$ -	\$1,470,970

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.

EB-2010-0140
Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories



REVENUE REQUIREMENT WORK FORM

Name of LDC: Parry Sound Power
File Number: EB-2010-0140
Rate Year: 2011

Version: 2.11

Utility income					
Line No.	Particulars	Initial Application			Per Board Decision
Operating Revenues:					
1	Distribution Revenue (at Proposed Rates)	\$2,614,882	(\$2,614,882)	\$ -	\$ -
2	Other Revenue (1)	\$100,986	(\$100,986)	\$ -	\$ -
3	Total Operating Revenues	\$2,715,868	(\$2,715,868)	\$ -	\$ -
Operating Expenses:					
4	OM+A Expenses	\$1,795,417	\$ -	\$1,795,417	\$1,795,417
5	Depreciation/Amortization	\$389,525	\$ -	\$389,525	\$389,525
6	Property taxes	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$2,184,942	\$ -	\$2,184,942	\$2,184,942
10	Deemed Interest Expense	\$247,203	(\$247,203)	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$2,432,145	(\$247,203)	\$2,184,942	\$2,184,942
12	Utility income before income taxes	\$283,723	(\$2,468,865)	(\$2,184,942)	(\$2,184,942)
13	Income taxes (grossed-up)	\$48,621	\$ -	\$48,621	\$48,621
14	Utility net income	\$235,102	(\$2,468,865)	(\$2,233,563)	(\$2,233,563)

Notes

(1)	Other Revenues / Revenue Offsets				
	Specific Service Charges	\$27,880	\$ -	\$ -	\$ -
	Late Payment Charges	\$15,433	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$52,168	\$ -	\$ -	\$ -
	Other Income and Deductions	\$5,505	\$ -	\$ -	\$ -
	Total Revenue Offsets	\$100,986	\$ -	\$ -	\$ -



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Parry Sound Power
File Number: EB-2010-0140
Rate Year: 2011

Taxes/PILs				
Line No.	Particulars	Application		Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$235,102	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	\$29,964	\$ -	\$29,964
3	Taxable income	\$265,065	\$ -	\$29,964
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	\$41,085	\$41,085	\$41,085
5	Capital taxes	\$ - (1)	\$ - (1)	\$ - (1)
6	Total taxes	\$41,085	\$41,085	\$41,085
7	Gross-up of Income Taxes	\$7,536	\$7,536	\$7,536
8	Grossed-up Income Taxes	\$48,621	\$48,621	\$48,621
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$48,621	\$48,621	\$48,621
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	11.00%	11.00%	11.00%
12	Provincial tax (%)	4.50%	4.50%	4.50%
13	Total tax rate (%)	15.50%	15.50%	15.50%

Notes

(1) Capital Taxes not applicable after July 1, 2010 (i.e. for 2011 and later test years)

EB-2010-0140
Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories



REVENUE REQUIREMENT WORK FORM

Name of LDC: Parry Sound Power
File Number: EB-2010-0140
Rate Year: 2011

Version: 2.11

Revenue Sufficiency/Deficiency							
Line No.	Particulars	Initial Application				Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$792,542		\$368,098		\$2,184,942
2	Distribution Revenue	\$1,822,340	\$1,822,340	\$1,822,340	\$2,246,784	\$ -	(\$2,184,942)
3	Other Operating Revenue Offsets - net	\$100,986	\$100,986	\$ -	\$ -	\$ -	\$ -
4	Total Revenue	\$1,923,326	\$2,715,868	\$1,822,340	\$2,614,882	\$ -	\$ -
5	Operating Expenses	\$2,184,942	\$2,184,942	\$2,184,942	\$2,184,942	\$2,184,942	\$2,184,942
6	Deemed Interest Expense	\$247,203	\$247,203	\$ -	\$ -	\$ -	\$ -
	Total Cost and Expenses	\$2,432,145	\$2,432,145	\$2,184,942	\$2,184,942	\$2,184,942	\$2,184,942
7	Utility Income Before Income Taxes	(\$508,819)	\$283,723	(\$362,602)	\$429,940	(\$2,184,942)	(\$2,184,942)
8	Tax Adjustments to Accounting Income per 2009 PILs	\$29,964	\$29,964	\$29,964	\$29,964	\$ -	\$ -
9	Taxable Income	(\$478,855)	\$313,687	(\$332,638)	\$459,904	(\$2,184,942)	(\$2,184,942)
10	Income Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
11	Income Tax on Taxable Income	(\$74,223)	\$48,621	(\$51,559)	\$71,285	(\$338,666)	(\$338,666)
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$434,596)	\$235,102	(\$311,043)	(\$2,233,563)	(\$1,846,276)	(\$2,233,563)
14	Utility Rate Base	\$5,967,047	\$5,967,047	\$5,967,047	\$5,967,047	\$5,967,047	\$5,967,047
	Deemed Equity Portion of Rate Base	\$2,386,819	\$2,386,819	\$ -	\$ -	\$ -	\$ -
15	Income/Equity Rate Base (%)	-18.21%	9.85%	0.00%	0.00%	0.00%	0.00%
16	Target Return - Equity on Rate Base	9.85%	9.85%	0.00%	0.00%	0.00%	0.00%
17	Sufficiency/Deficiency in Return on Equity	-28.06%	0.00%	0.00%	0.00%	0.00%	0.00%
18	Indicated Rate of Return	-3.14%	8.08%	-5.21%	0.00%	-30.94%	0.00%
19	Requested Rate of Return on Rate Base	8.08%	8.08%	0.00%	0.00%	0.00%	0.00%
20	Sufficiency/Deficiency in Rate of Return	-11.22%	0.00%	-5.21%	0.00%	-30.94%	0.00%
21	Target Return on Equity	\$235,102	\$235,102	\$ -	\$ -	\$ -	\$ -
22	Revenue Deficiency/(Sufficiency)	\$689,698	\$0	\$311,043	\$ -	\$1,846,276	\$ -
23	Gross Revenue	\$792,542 (1)		\$368,098 (1)		\$2,184,942 (1)	

Notes:

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



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Parry Sound Power
File Number: EB-2010-0140
Rate Year: 2011

Revenue Requirement					
Line No.	Particulars	Application		Per Board Decision	
1	OM&A Expenses	\$1,795,417		\$1,795,417	
2	Amortization/Depreciation	\$389,525		\$389,525	
3	Property Taxes	\$ -		\$ -	
4	Capital Taxes	\$ -		\$ -	
5	Income Taxes (Grossed up)	\$48,621		\$48,621	
6	Other Expenses	\$ -		\$ -	
7	Return				
	Deemed Interest Expense	\$247,203		\$ -	
	Return on Deemed Equity	\$235,102		\$ -	
8	Distribution Revenue Requirement before Revenues	\$2,715,868		\$2,233,563	
9	Distribution revenue	\$2,614,882		\$ -	
10	Other revenue	\$100,986		\$ -	
11	Total revenue	\$2,715,868		\$ -	
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$0 (1)	(\$2,233,563) (1)	(\$2,233,563) (1)	

Notes

(1) Line 11 - Line 8

EB-2010-0140
Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories



REVENUE REQUIREMENT WORK FORM

Name of LDC: Parry Sound Power
 File Number: EB-2010-0140
 Rate Year: 2011

Version: 2.11

Residential

Consumption: **800** kWh

	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1	Monthly Service Charge	\$ 16.7900	1	\$ 16.79	\$ 23.9700	1	\$ 23.97	\$ 7.18	42.76%
2	Smart Meter Rate Adder	\$ 1.0000	1	\$ 1.00	\$ 1.7119	1	\$ 1.71	\$ 0.71	71.19%
3	Service Charge Rate Adder(s)		1	\$ -		1	\$ -	\$ -	
4	Service Charge Rate Rider(s)		1	\$ -		1	\$ -	\$ -	
5	Distribution Volumetric Rate	\$ 0.0134	800	\$ 10.72	\$ 0.0191	800	\$ 15.28	\$ 4.56	42.54%
6	Low Voltage Rate Adder	\$ 0.0010	800	\$ 0.80	\$ 0.0010	800	\$ 0.80	\$ -	0.00%
7	Volumetric Rate Adder(s)		800	\$ -		800	\$ -	\$ -	
8	Volumetric Rate Rider(s)		800	\$ -		800	\$ -	\$ -	
9	Smart Meter Disposition Rider		800	\$ -		800	\$ -	\$ -	
10	LRAM & SSM Rate Rider		800	\$ -	\$ 0.0010	800	\$ 0.80	\$ 0.80	
11	Deferral/Variance Account Disposition Rate Rider		800	\$ -	\$ 0.0102	800	\$ 8.16	\$ 8.16	
12	Global Adjustment subaccount dis	\$ 0.0126	800	\$ 10.08			\$ -	-\$ 10.08	-100.00%
13	Rate Rider deferral/variance acco	-\$ 0.0074	800	\$ 5.92			\$ -	\$ 5.92	-100.00%
14				\$ -			\$ -	\$ -	
15				\$ -			\$ -	\$ -	
16	Sub-Total A - Distribution			\$ 33.47			\$ 50.72	\$ 17.25	51.55%
17	RTSR - Network	\$ 0.0054	846.88	\$ 4.57	\$ 0.0050	864.684	\$ 4.36	-\$ 0.21	-4.59%
18	RTSR - Line and Transformation Connection	\$ 0.0047	846.88	\$ 3.98	\$ 0.0040	864.684	\$ 3.43	-\$ 0.55	-13.79%
19	Sub-Total B - Delivery (including Sub-Total A)			\$ 42.02			\$ 58.52	\$ 16.50	39.25%
20	Wholesale Market Service Charge (WMSC)	\$ 0.0052	846.88	\$ 4.40	\$ 0.0052	864.684	\$ 4.50	\$ 0.09	2.10%
21	Rural and Remote Rate Protection (RRRP)	\$ 0.0013	846.88	\$ 1.10	\$ 0.0013	864.684	\$ 1.12	\$ 0.02	2.10%
22	Special Purpose Charge	\$ 0.0003730	846.88	\$ 0.32	\$ 0.0003730	864.684	\$ 0.32	\$ 0.01	2.10%
23	Standard Supply Service Charge	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24	Debt Retirement Charge (DRC)	\$ 0.0065	846.88	\$ 5.50	\$ 0.0065	864.684	\$ 5.62	\$ 0.12	2.10%
25	Energy		846.88	\$ -		864.684	\$ -	\$ -	
26				\$ -			\$ -	\$ -	
27				\$ -			\$ -	\$ -	
28	Total Bill (before Taxes)			\$ 53.60			\$ 70.33	\$ 16.73	31.22%
29	HST	13%		\$ 6.97	13%		\$ 9.14	\$ 2.18	31.22%
30	Total Bill (including Sub-total B)			\$ 60.57			\$ 79.48	\$ 18.91	31.22%
31	Loss Factor (%)	Note 1	5.86%		8.09%				

Notes:

Note 1: Enter existing and proposed total loss factor (Secondary Metered Customer < 5,000 kW) as a percentage.

EB-2010-0140
Parry Sound Power Distribution Rates, 2011
Board Staff Interrogatories



REVENUE REQUIREMENT WORK FORM

Name of LDC: Parry Sound Power
 File Number: EB-2010-0140
 Rate Year: 2011

Version: 2.11

Consumption **2000** kWh General Service < 50 kW

	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1 Monthly Service Charge	monthly	\$ 25.2900	1	\$ 25.29	\$ 36.0100	1	\$ 36.01	\$ 10.72	42.39%
2 Smart Meter Rate Adder	monthly	\$ 1.0000	1	\$ 1.00	\$ 1.7119	1	\$ 1.71	\$ 0.71	71.19%
3 Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4 Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5 Distribution Volumetric Rate	per kWh	\$ 0.0104	2000	\$ 20.80	\$ 0.0148	2000	\$ 29.60	\$ 8.80	42.31%
6 Low Voltage Rate Adder	per kWh	\$ 0.0007	2000	\$ 1.40	\$ 0.0007	2000	\$ 1.40	\$ -	0.00%
7 Volumetric Rate Adder(s)			2000	\$ -		2000	\$ -	\$ -	
8 Volumetric Rate Rider(s)			2000	\$ -		2000	\$ -	\$ -	
9 Smart Meter Disposition Rider			2000	\$ -		2000	\$ -	\$ -	
10 LRAM & SSM Rider			2000	\$ -	\$ 0.0006	2000	\$ 1.20	\$ 1.20	
11 Deferral/Variance Account Disposition Rate Rider			2000	\$ -	\$ 0.0100	2000	\$ 20.00	\$ 20.00	
12 Global Adjustment subaccount dis	per kWh	\$ 0.0126	2000	\$ 25.20			\$ -	\$ -25.20	-100.00%
13 Rate Rider deferral/variance accoi	per kWh	\$ 0.0074	2000	\$ 14.80			\$ -	\$ -14.80	-100.00%
14				\$ -			\$ -	\$ -	
15				\$ -			\$ -	\$ -	
16 Sub-Total A - Distribution				\$ 58.89			\$ 89.92	\$ 31.03	52.69%
17 RTSR - Network	per kWh	\$ 0.0049	2117.2	\$ 10.37	\$ 0.0046	2161.71	\$ 9.90	\$ -0.48	-4.59%
18 RTSR - Line and Transformation Connection	per kWh	\$ 0.0043	2117.2	\$ 9.10	\$ 0.0036	2161.71	\$ 7.85	\$ -1.26	-13.79%
19 Sub-Total B - Delivery (including Sub-Total A)				\$ 78.37			\$ 107.67	\$ 29.30	37.39%
20 Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	2117.2	\$ 11.01	\$ 0.0052	2161.71	\$ 11.24	\$ 0.23	2.10%
21 Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	2117.2	\$ 2.75	\$ 0.0013	2161.71	\$ 2.81	\$ 0.06	2.10%
22 Special Purpose Charge		\$ 0.0003730	2117.2	\$ 0.79	\$ 0.0003730	2161.71	\$ 0.81	\$ 0.02	2.10%
23 Standard Supply Service Charge	monthly	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24 Debt Retirement Charge (DRC)		\$ 0.0065	2117.2	\$ 13.76	\$ 0.0065	2161.71	\$ 14.05	\$ 0.29	2.10%
25 Energy			2117.2	\$ -		2161.71	\$ -	\$ -	
26				\$ -			\$ -	\$ -	
27				\$ -			\$ -	\$ -	
28 Total Bill (before Taxes)				\$ 106.93			\$ 136.83	\$ 29.90	27.96%
29 HST		13%		\$ 13.90	13%		\$ 17.79	\$ 3.89	27.96%
30 Total Bill (including Sub-total B)				\$ 120.83			\$ 154.61	\$ 33.78	27.96%
31 Loss Factor	Note 1		5.86%			8.09%			

Notes:

Note 1: See Note 1 from Sheet 1A. Bill Impacts - Residential

- b) Please explain “Adjustments required to arrive at taxable utility Income” for \$29,964 on row 16 of PILS tab of this Excel model.

Response: PSP has provided the adjustments below:

Determination of Tax Adjustments to Accounting Income for 2011				
Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	453,271	0	453,271
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120	0	0	0
Non-deductible meals and entertainment expense	121	0	0	0
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	0	0	0
Reserves from financial statements- balance at end of year	126	0	0	0
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294	0	0	0
Other Additions (Apprenticeship Tax Credits)	295	0	0	0
Total Additions		453,271	0	453,271
Deductions:				
Gain on disposal of assets per financial statements	401	0	0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	399,675	0	399,675
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	23,632	0	23,632
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	0	0	0
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
Total Deductions		423,307	0	423,307
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		29,964	0	29,964

COST ALLOCATION and RATE DESIGN

Ref: Exhibit 7/Tab1/Schedule 2 - Worksheet I6 'Customer Data', & Worksheet I8 'Demand Data'

49. For the Street Light class, the number of connections in row 35 is 1061. Please confirm that this is the total number of streetlights, with one connection per light, and that the average wattage per light is 190 Watts (i.e. 202 kW in Sheet I8 / 1061). If this is not the correct assumption, please describe a typical street-lighting connection, number of fixtures per connection, and average wattage per fixture.

Response: PSP confirms the number of Street light connection on Row 36 (not Row 35) to be 1061 with one fixture per connection. PSP also confirms the approximate average watts per light are 190.

PSP understands there is a current consultation in progress to review the Cost Allocation methodology which will include the methods of calculating the revenue to cost ratios for the street light class. The result of this consultation will hopefully result in a smoothing of the allocation of costs to the street light class across the province.

Ref: Exhibit 7/Tab1/Schedule 2 - Worksheet I6 'Customer Data'

50. For Unmetered Scatter Load, the number of bills in row 35 is 916, which is the number of connections times 12, and there is a weighting factor for each bill of 5.0 in row 34.
- a) Please confirm that there are 18 USL connections and that there is a bill sent to the owner of the scattered load connections for each connection, rather than a single bill for a number of connections each month.

Response: In PSPs updated Cost Allocation model there are 18 USL connections resulting in 216 bills per year (not 916) confirming there is a bill sent to the owner of the connection for each connection monthly.

- b) Please describe the complex nature of the bill that warrants a weighting factor of 5.0, compared to the weighting factor for other unmetered loads such as streetlights which have a weight of 1.0 or sentinel lights with a weight of 0.1

Response: The original Cost Allocation Informational filing included default Weighting factors. PSP had no information available that would give PSP reason to adjust the OEB defaults. For the 2011 Cost Allocation update PSP still does not have any additional information that would cause the defaults to change.

- c) If PSP on reconsideration of the matter makes a change due to part a and/or part b, please provide a copy of Sheet O1 that corresponds to the changed inputs.

Response: PSP does not propose any changes to the current application as submitted.

Ref: Exhibit 7/Tab1/Schedule 2/Table 2, & Appendix A, p. 2

51. The distribution revenue amounts in the first row of Table 2 do not match exactly with either Column 7C or Column 7D in the Appendix, and the revenue to cost ratios in Table 2 do not match exactly with either the Status Quo or Proposed Ratios in the Re-balancing part of the table in the Appendix.

Please provide an explanation of how to get from the cost allocation results to the tables in the Appendix, or make such changes as may be necessary to eliminate the discrepancy.

Response: *PSP went one step further in Cost Allocation to bring the majority of the customer classes within the OEB Policy Range bands. The Street Light class has been moved to a proposed R/C ratio of 28% in this application in an effort to mitigate the rate impact. Because PSP has used proposed R/C ratios that differ from the Cost Allocation update, the numbers in Column 7D of the Appendix differ because of a shift in dollars between rate classes. The totals of both columns 7C and 7D of the Appendix equal the Base Revenue Requirement in the updated Cost Allocation filing.*

PSP Exhibit 7	OEB Template 2-O				
Allocated Cost					
	Costs from Informational Filing		Costs from Test Year Cost Allocation		
Classes		%		%	
			Column 7A		
Residential	\$988,184	54%	\$1,481,083	55%	
GS<50 kW	\$435,866	24%	\$564,967	21%	
GS 50 - 4,999 kW	\$290,078	16%	\$467,713	17%	
Street Lights	\$114,605	6%	\$181,621	7%	
Sentinel lights	\$1,825	0%	\$2,053	0%	
Unmetered Scattered load	\$15,249	1%	\$17,505	1%	
Total	\$ 1,845,808	100%	\$ 2,714,943	100%	
Calculated Class Revenues					
	Column 7B	Column 7C	Column 7D	Column 7E	
	Load Forecast X Current Approved Rates	Load Forecast X Existing Rates X (1+d)	Load Forecast X Proposed Rates	Miscellaneous Revenue	
Classes					
Residential	\$1,014,559	\$1,455,278	\$1,448,385	\$62,381	
GS<50 kW	\$323,723	\$464,347	\$460,963	\$19,675	
GS 50 - 4,999 kW	\$463,372	\$664,659	\$643,073	\$14,170	
Street Lights	\$15,185	\$21,781	\$47,102	\$3,752	
Sentinel lights	\$494	\$708	\$1,395	\$42	
Unmetered Scattered load	\$5,008	\$7,183	\$13,038	\$965	
Total	\$ 1,822,340	\$ 2,613,957	\$ 2,613,956	\$ 100,986	
Note: d = Revenue Deficiency / Base Revenue Requirement (L.F.X current approved rates \$1,822,340)					
d =	0.434395455				
Re-balancing Revenue-to-Cost Ratios					
	Previously Approved Ratios	Status Quo Ratios	Proposed Ratios		
Classes	Most Recent Year 2006	(Col 7C+Col 7E) / Col 7A	(Col 7D+Col 7E) / Col 7A		
Residential	104.74%	102.47%	102.00%		
GS<50 kW	86.33%	85.67%	85.07%		
GS 50 - 4,999 kW	140.74%	145.14%	140.52%		
Street Lights	13.56%	14.06%	28.00%		
Sentinel lights	33.60%	36.56%	70.00%		
Unmetered Scattered load	66.30%	46.55%	80.00%		
Proposed Revenue-to-Cost Ratios					
	Proposed Revenue-to-Cost Ratios				
Classes	2011 %	2012 %	2013 %	Policy Range %	
Residential	102.00%	102.00%	102.00%	85 - 115	
GS<50 kW	85.07%	85.07%	85.07%	80 - 120	
GS 50 - 4,999 kW	140.52%	*	*	80 - 180	
Street Lights	28.00%	42.00%	56.00%	70 - 120	
Sentinel lights	70.00%	70.00%	70.00%	70 - 120	
Unmetered Scattered load	80.00%	80.00%	80.00%	80 - 120	
* Note: The proposed increase in Street Lights in 2012 and 2013 will be offset by a proposed reduction to the GS 50 - 4999 kW class					

Ref: Exhibit 8/Tab 1/Schedule 4

52. In proposing to retain the existing Low Voltage Rate Adders, please confirm that PSP has considered that its host distributor has received approval for an increase in its Sub-Transmission class rates effective January 1, 2011, and that the refund from its Rate Rider # 4 will end at April 30, 2011.

Response: *PSP anticipated any rate changes by Hydro One would be communicated to PSP and a corresponding adjustment to rates would occur prior to the final rate order of this application.*

Ref: Exhibit 8/Schedule 2, p. 1, Table 4, & Exhibit 8/Tab 1/Schedule 6/App. A, p. 13

53. Table 4 shows a current customer charge for Unmetered Scattered Load at \$8.96, while the Bill Impact calculation in the appendix shows a current charge of \$0. If Table 4 is correct, please recalculate the impact in the appendix. If this is not the source of the discrepancy, please explain.

Response: *PSP submits Table 4 is correct. The bill impact table was picking up an incorrect value as if the USL Service Charge was based on a connection rather than a customer basis. The Bill Impact tables have been corrected and are included with the response to OEB IR#2.*

Ref: Exhibit 8/Tab 1/Schedule 6/p. 6

54. Please confirm that the USL Monthly Service Charge will be charged on a per-connection basis, rather than per customer, in the situation where a customer might be responsible for more than one connected USL load.

Response: *PSP treats every connection within the USL customer class as a customer. Each customer receives a bill each month.*

DEFERRAL AND VARIANCE ACCOUNTS

Ref: Exhibit 9/Tab1/Schedule 2, Appendix A – Continuity Schedule, Account 1508 – OEB Cost Assessments

55. The Accounting Procedures Handbook (APH) states that account 1508 Sub-account OEB Cost Assessments shall be used to record the difference between OEB costs assessments invoiced to the distributor for the Board's 2004/05 and 2005/06 (up to April 30, 2006) fiscal years and OEB costs assessments previously included in the distributor's rates.

The description of this account in Parry Sound's evidence at Exhibit 9/Tab1/Schedule 1, page 2 is consistent with APH. However, the Continuity Schedule shows that new entries were made into this account past April 30, 2006.

a) Why is Parry Sound accruing balances beyond April 30, 2006 into this account?

Response: Yes. Entries posted to 1508 sub-account OEB Cost assessments after April 30, 2006 were in error. An adjustment to correct this error was made in 2008. The 2009 costs of \$1,818 are recorded in USoA 1508 sub-account Hydro-one incremental costs not in the 1508 sub-account OEB Cost assessments.

- b) What would the balance be in account 1508 sub-account OEB Cost Assessments if principal accruals ceased at April 30, 2006?

Response: The principal balance should be \$8,173.00 if accruals had ceased at April 30, 2006 as they were supposed to.

Ref: Exhibit 9/Tab1/Schedule 2, Appendix A, page 8 - Allocators

56. Parry Sound has used 2011 data by rate class to allocate the deferral and variance account balances for the purpose of calculating rate riders.

The Board Report EB-2008-0046 on Electricity Distributors' Deferral and Variance Account Review Initiative (EDDVAR) states the following with respect to the volume that should be used to calculate rate riders:

"With respect to the volume that should be used to calculate the rate riders, the Board agrees that the most recent Board-approved volumetric forecast should be used. Where there are material differences between the latest Board-approved volumetric forecast and the more recent volumetric data, a distributor should use the most recent 12-month of actual data."

Please provide Parry Sound's rationale for the departure from the Board's policy which stipulates that in the normal course, the most recent Board-approved volumetric forecast should be used to derive the rate riders.

Response: It is PSP's view that the 2011 forecast volumes used to calculate the rate riders reflects PSP's customer class usage more accurately than the last Board Approved volumetric forecast which represented 2002, 2003, and 2004 values. The 2011 volumetric forecast is primarily based on actual consumption by rate class for the period 2004 – 2009 historical usage.

HARMONIZED SALES TAX (HST)

Ref: Exhibit 4/Tab3

57. The PST and GST were harmonized effective July 1, 2010. Historically, unlike the GST, the PST was included as an OM&A expense and was also included in capital expenditures. Due to the harmonization of the PST and GST, regulated utilities may benefit from a reduction in OM&A expenses and capital expenditures on an actual basis.

- a) Please state whether or not the applicant has adjusted its Test Year revenue requirement to account for reductions to OM&A expense and capital expenditures that the applicant realized due to the implementation of the HST effective July 1, 2010. If

yes, please identify separately the amounts of commodity tax savings for OM&A and capital and provide an explanation of how each of those amounts was derived. If no, please identify the amounts in OM&A expense and capital expenditures for the Test Year that were previously subject to PST and are now subject to HST.

Response: *PSP has accounted for reductions in both OM&A and expenditures related to the harmonization of PST & GST.*

Each OM&A account was evaluated for the inclusion or exclusion of the PST in the Test Year at a very detailed level. Using this level of detail in a formulaic approach it is extremely difficult to extract the commodity tax savings since some vendors within a single USoA account charge PST while others don't in that same account.

- b) The Board's decision on the applicant's 2010 IRM application established a deferral account and directed the applicant to record the incremental input tax credits it receives on distribution revenue requirement items that were previously subject to PST and which become subject to HST. Tracking of these amounts would continue in the deferral account until the effective date of the applicant's next cost of service rate order. Has the Applicant recorded any HST Input Tax Credits or other HST related items in PILs account 1592? If yes, please describe what has been recorded and provide supporting evidence showing how the tracking was done. If not, please explain why not.

Response: *PSP has not recorded any incremental input tax credits in account 1592. This process would be extremely labour intensive and the current financial system cannot accommodate such segregation of dollars within an invoice. The HST on invoices received is recorded as an input tax credit.*

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Ref: Exhibit 4/Tab3

58. a) Please confirm that the revenue requirement numbers for 2011 are based on CGAAP, and not IFRS accounting principles. If confirmed, please identify the fiscal year which the applicant will begin reporting its (audited) actual results on an IFRS basis. If not confirmed, please provide a detailed revenue requirement impact statement comparing CGAAP with IFRS.

Response: *PSP confirms the numbers for 2011 are based on CGAAP. PSP has elected to take the one year IFRS deferral and will be reporting its audited results on an IFRS basis at December 31, 2012 unless the deferral period changes at which time PSP will then make a decision on the basis of new information.*

- b) Please state whether or not Parry Sound has included an amount for IFRS transition costs in its Test Year revenue requirement. If yes, please identify the amount and provide a breakdown with a detailed explanation of each cost item. If no,

is Parry Sound recording IFRS transition costs in the deferral account established by the Board in October 2009?

Response: *PSP is recording IFRS transition costs in a subaccount of account 1508 as directed by the Board.*

Account 1592, PILs and Tax Variances for 2006 and Subsequent Years

59. Please identify whether Parry Sound has posted any amounts to account 1592 since April 2006. If yes, please respond to the following questions. If not, please explain why Parry Sound has not posted any amounts to account for the changes in tax legislation that have occurred since 2006 as required by the Board's methodology and prior decisions.

- a) Please revise the deferral and variance account continuity schedule to include account 1592 as a group 2 account and enter all the required information for transaction, adjustments, interest carrying charges, etc. for all the relevant years.

Response: *N/A*

- b) Please describe each type of tax item that has been accounted for in account 1592.

Response: *N/A*

- c) Please provide the calculations that show how each item was determined and provide any pertinent supporting evidence.

Response: *N/A*

- d) Please confirm whether or not the Applicant followed the guidance provided in the July 2007 FAQ. If not, please explain why not.

Response: *The July 2007 FAQ which included guidance which would impact account 1592 did not apply to PSP since they were not subject to LCT.*

- e) Please identify the account balance as of December 31, 2009 as per the 2009 audited financial statements. Please identify the account balance as of December 31, 2009 as per the April 2010 2.1.7 RRR filing to the Board. Please provide a reconciliation if the balances provided in the above are not identical to each other and to the total amount shown on the continuity schedule.

Response: *The value of the account at December 31, 2009 was \$0.00*

- f) Should the Board wish to dispose of this account at this time, please identify the following:
 - i) the allocator that in the applicant's view would be most appropriate to use in allocating the balance to the rate classes.

Response: *N/A*

- ii) the disposition period that the applicant would prefer if different from the period proposed for the remaining deferral and variance accounts and explain why.

Response: N/A

- iii) the billing determinant that in the applicant's view would be most appropriate to use.

Response: N/A

g) Please complete the following table based on the previous answers. Add rows as required to complete the analysis in an informative manner, or if any of the rows are not applicable, please delete the rows and provide an explanation. If Excel is used to prepare the table, please submit the live Excel workbook.

Response: The following table is Not Applicable to PSP.

Tax Item	\$ Principal As of [December 31, 2009]
Large Corporation Tax grossed-up proxy from 2006 EDR application PILs model for the period from May 1, 2006 to April 30, 2007	
Large Corporation Tax from 2005 EDR application PILs model for the period from January 1, 2006 to April 30, 2006 (4 /12ths of approved grossed-up proxy) if not recorded in PILs account 1562	
Ontario Capital Tax rate decrease and increase in capital deduction for 2007	
Ontario Capital Tax rate decrease and increase in capital deduction for 2008	
Ontario Capital Tax rate decrease and increase in capital deduction for 2009	
Ontario Capital Tax rate decrease and increase in capital deduction for 2010	
Capital Cost Allowance class changes from 2006 EDR application for 2006	
Capital Cost Allowance class changes from 2006 EDR application for 2007	
Capital Cost Allowance class changes from 2006 EDR	

application for 2008	
Capital Cost Allowance class changes from 2006 EDR application for 2009	
Capital Cost Allowance class changes from 2006 EDR application for 2010	
Capital Cost Allowance class changes from any prior application not recorded above.	
Insert description of next item(s)	
Insert description of next item(s) and new rows if needed.	
Total	