

March 18, 2011

Kirsten Walli
Board Secretary
Ontario Energy Board,
2300 Yonge St.
Suite 2700, P.O. Box 2319
Toronto, Ontario
M4P 1E4
Canada

Dear Ms. Walli:

**Re: OEB File No. EB-2010-0130
Guelph Hydro Electric Systems Inc. (Guelph Hydro) Electricity Distribution Rates
Application – updated Incremental Capital Project Worksheet and updated Incremental
Capital Workform**

As per the Board's Decision and Order issued March 14, 2011 and as corrected March 17, 2011 on Guelph Hydro's application for 2011 electricity distribution rates, please find accompanying this letter Guelph Hydro's updated Incremental Capital Project Worksheet and updated Incremental Capital Workform.

In order to reflect the Board's findings, the following changes were done:

Incremental Capital Project Worksheet:

1. Sheet: Incremental Capital Summary – cell D20 to D24
 - a. The Capital Cost per Asset Component was divided by 2 to reflect the incremental capital claim of \$10,900,000 (i.e. \$5,450,000), the half-year rule of the MTS associated depreciation expense and rate base, and the 2011 PILs rates

Incremental Capital Workform:

1. Sheet: B1.4 Re-Based Rev Req – cell E49:

- a. The Deemed Long Term Debt % was changed to 56% to reflect the capital structure (i.e. 4% - Short Term Debt; 56% - Long Term Debt and 40% - Equity); Guelph Hydro used the Board-approved 2008 Cost of Capital parameters
2. Sheet E3.1 Summary of IC Project – Cells F24, H24, K24:
 - a. The Incremental Capital Capex, the Amortization Expense, and the CCA were changed to reflect the updated Incremental Capital Project Worksheet results (i.e. application of the half-year rule)

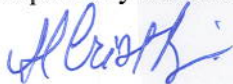
The resulted 2011 Incremental Capital Revenue Requirement for the New MST Clair is an amount of \$515,708.

Guelph Hydro has worked diligently with the Board Staff to find a solution on working with these two locked models. The only way to reflect the Board's Decision (i.e. half-year rule) into the models was to divide the Capitals Costs by two. The method we used provides the same results as we would have changed the formulas of the locked cells of the models. We hope you will find this approach appropriate.

If the Board found this method being not correct, Guelph Hydro respectfully ask the Board Staff to make all requested changes.

Should there be any questions, please contact me at the number below.

Respectfully Submitted,



Cristina Birceanu

Manager of Regulatory Affairs
Guelph Hydro Electric Systems Inc.

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INCREMENTAL CAPITAL PROJECT WORKSHEET



Guelph Hydro Electric Systems Inc.

ED-2002-0565

EB-2010-0130

Version : 1.0

Incremental Capital Project Summary

Name or General Description of Project

Municipal Transformer Station 115 kV to 13.8 kV

Details of Project

Asset Component		Capital Cost	Depreciation Rate	CCA Class	CCA Rate	
1	Building	1,150,000	2%	1b	6%	
2	Equipment - 15 year	650,000	7%	47	8%	
3	Equipment - 25 year	400,000	4%	47	8%	
4	Equipment - 35 year	1,650,000	3%	47	8%	
5	Equipment - 40 year	1,600,000	3%	47	8%	
		2011	2012	2013	2014	2015
Closing Net Fixed Asset		5,280,524	5,111,048	4,941,571	4,772,095	4,602,619
Amortization Expense		169,476	169,476	169,476	169,476	169,476
CCA		413,000	381,340	352,130	325,179	300,311



Guelph Hydro Electric Systems Inc.

ED-2002-0565

EB-2010-0130

Version : 1.0

Fixed Asset Amortization and UCC 1

Name or General Description of Project

Municipal Transformer Station 115 kV to 13.8 kV

Asset Component

Building

Average Net Fixed Assets

Net Fixed Assets

Opening Capital Investment

Capital Investment

Closing Capital Investment

Opening Accumulated Amortization

Amortization

Closing Accumulated Amortization

Opening Net Fixed Assets

Closing Net Fixed Assets

Average Net Fixed Assets

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening Capital Investment	\$ -	#####	#####	#####	#####
Capital Investment	#####	\$ -	\$ -	\$ -	\$ -
Closing Capital Investment	#####	#####	#####	#####	#####
Opening Accumulated Amortization	\$ -	\$ 23,000	\$ 46,000	\$ 69,000	\$ 92,000
Amortization	2% \$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000	\$ 23,000
Closing Accumulated Amortization	\$ 23,000	\$ 46,000	\$ 69,000	\$ 92,000	\$ 115,000
Opening Net Fixed Assets	\$ -	#####	#####	#####	#####
Closing Net Fixed Assets	#####	#####	#####	#####	#####
Average Net Fixed Assets	\$ 563,500	#####	#####	#####	#####

For PILs Calculation

UCC

Opening UCC

Capital Additions

UCC Before Half Year Rule

Half Year Rule (1/2 Additions - Disposals)

Reduced UCC

CCA Rate Class

CCA Rate

CCA

Closing UCC

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening UCC	\$ -	#####	#####	\$ 955,172	\$ 897,861
Capital Additions	#####	\$ -	\$ -	\$ -	\$ -
UCC Before Half Year Rule	#####	#####	#####	\$ 955,172	\$ 897,861
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	#####	#####	#####	\$ 955,172	\$ 897,861
CCA Rate Class	1b				
CCA Rate	6%				
CCA	\$ 69,000	\$ 64,860	\$ 60,968	\$ 57,310	\$ 53,872
Closing UCC	#####	#####	\$ 955,172	\$ 897,861	\$ 843,990



Guelph Hydro Electric Systems Inc.

ED-2002-0565

EB-2010-0130

Version : 1.0

Fixed Asset Amortization and UCC 1

Name or General Description of Project

Municipal Transformer Station 115 kV to 13.8 kV

Asset Component

Equipment - 15 year

Average Net Fixed Assets

Net Fixed Assets

Opening Capital Investment

Capital Investment

Closing Capital Investment

Opening Accumulated Amortization

Amortization

Closing Accumulated Amortization

Opening Net Fixed Assets

Closing Net Fixed Assets

Average Net Fixed Assets

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening Capital Investment	\$ -	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000
Capital Investment	\$ 650,000	\$ -	\$ -	\$ -	\$ -
Closing Capital Investment	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000	\$ 650,000
Opening Accumulated Amortization	\$ -	\$ 43,333	\$ 86,667	\$ 130,000	\$ 173,333
Amortization	7% \$ 43,333	\$ 43,333	\$ 43,333	\$ 43,333	\$ 43,333
Closing Accumulated Amortization	\$ 43,333	\$ 86,667	\$ 130,000	\$ 173,333	\$ 216,667
Opening Net Fixed Assets	\$ -	\$ 606,667	\$ 563,333	\$ 520,000	\$ 476,667
Closing Net Fixed Assets	\$ 606,667	\$ 563,333	\$ 520,000	\$ 476,667	\$ 433,333
Average Net Fixed Assets	\$ 303,333	\$ 585,000	\$ 541,667	\$ 498,333	\$ 455,000

For PILs Calculation

UCC

Opening UCC

Capital Additions

UCC Before Half Year Rule

Half Year Rule (1/2 Additions - Disposals)

Reduced UCC

CCA Rate Class

CCA Rate

CCA

Closing UCC

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening UCC	\$ -	\$ 598,000	\$ 550,160	\$ 506,147	\$ 465,655
Capital Additions	\$ 650,000	\$ -	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ 650,000	\$ 598,000	\$ 550,160	\$ 506,147	\$ 465,655
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	\$ 650,000	\$ 598,000	\$ 550,160	\$ 506,147	\$ 465,655
CCA Rate Class	47				
CCA Rate	8%				
CCA	\$ 52,000	\$ 47,840	\$ 44,013	\$ 40,492	\$ 37,252
Closing UCC	\$ 598,000	\$ 550,160	\$ 506,147	\$ 465,655	\$ 428,403



Guelph Hydro Electric Systems Inc.

ED-2002-0565

EB-2010-0130

Version : 1.0

Fixed Asset Amortization and UCC 1

Name or General Description of Project

Municipal Transformer Station 115 kV to 13.8 kV

Asset Component

Equipment - 25 year

Average Net Fixed Assets

Net Fixed Assets

Opening Capital Investment
Capital Investment
Closing Capital Investment

Opening Accumulated Amortization
Amortization
Closing Accumulated Amortization

Opening Net Fixed Assets
Closing Net Fixed Assets
Average Net Fixed Assets

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening Capital Investment	\$ -	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Capital Investment	\$ 400,000	\$ -	\$ -	\$ -	\$ -
Closing Capital Investment	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000	\$ 400,000
Opening Accumulated Amortization	\$ -	\$ 16,000	\$ 32,000	\$ 48,000	\$ 64,000
Amortization	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000	\$ 16,000
Closing Accumulated Amortization	\$ 16,000	\$ 32,000	\$ 48,000	\$ 64,000	\$ 80,000
Opening Net Fixed Assets	\$ -	\$ 384,000	\$ 368,000	\$ 352,000	\$ 336,000
Closing Net Fixed Assets	\$ 384,000	\$ 368,000	\$ 352,000	\$ 336,000	\$ 320,000
Average Net Fixed Assets	\$ 192,000	\$ 376,000	\$ 360,000	\$ 344,000	\$ 328,000

For PILs Calculation

UCC

Opening UCC
Capital Additions
UCC Before Half Year Rule
Half Year Rule (1/2 Additions - Disposals)
Reduced UCC
CCA Rate Class
CCA Rate
CCA
Closing UCC

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening UCC	\$ -	\$ 368,000	\$ 338,560	\$ 311,475	\$ 286,557
Capital Additions	\$ 400,000	\$ -	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ 400,000	\$ 368,000	\$ 338,560	\$ 311,475	\$ 286,557
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	\$ 400,000	\$ 368,000	\$ 338,560	\$ 311,475	\$ 286,557
CCA Rate Class	47				
CCA Rate	8%				
CCA	\$ 32,000	\$ 29,440	\$ 27,085	\$ 24,918	\$ 22,925
Closing UCC	\$ 368,000	\$ 338,560	\$ 311,475	\$ 286,557	\$ 263,633



Guelph Hydro Electric Systems Inc.

ED-2002-0565

EB-2010-0130

Version : 1.0

Fixed Asset Amortization and UCC 1

Name or General Description of Project

Municipal Transformer Station 115 kV to 13.8 kV

Asset Component

Equipment - 35 year

Average Net Fixed Assets

Net Fixed Assets

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening Capital Investment	\$ -	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000
Capital Investment	\$ 1,650,000	\$ -	\$ -	\$ -	\$ -
Closing Capital Investment	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000	\$ 1,650,000
Opening Accumulated Amortization	\$ -	\$ 47,143	\$ 94,286	\$ 141,429	\$ 188,571
Amortization	\$ 47,143	\$ 47,143	\$ 47,143	\$ 47,143	\$ 47,143
Closing Accumulated Amortization	\$ 47,143	\$ 94,286	\$ 141,429	\$ 188,571	\$ 235,714
Opening Net Fixed Assets	\$ -	\$ 1,602,857	\$ 1,555,714	\$ 1,508,571	\$ 1,461,429
Closing Net Fixed Assets	\$ 1,602,857	\$ 1,555,714	\$ 1,508,571	\$ 1,461,429	\$ 1,414,286
Average Net Fixed Assets	\$ 801,429	\$ 1,579,286	\$ 1,532,143	\$ 1,485,000	\$ 1,437,857

For PILs Calculation

UCC

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening UCC	\$ -	\$ 1,518,000	\$ 1,396,560	\$ 1,284,835	\$ 1,182,048
Capital Additions	\$ 1,650,000	\$ -	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ 1,650,000	\$ 1,518,000	\$ 1,396,560	\$ 1,284,835	\$ 1,182,048
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	\$ 1,650,000	\$ 1,518,000	\$ 1,396,560	\$ 1,284,835	\$ 1,182,048
CCA Rate Class	47				
CCA Rate	8%				
CCA	\$ 132,000	\$ 121,440	\$ 111,725	\$ 102,787	\$ 94,564
Closing UCC	\$ 1,518,000	\$ 1,396,560	\$ 1,284,835	\$ 1,182,048	\$ 1,087,485



Guelph Hydro Electric Systems Inc.

ED-2002-0565

EB-2010-0130

Version : 1.0

Fixed Asset Amortization and UCC 5

Name or General Description of Project

Municipal Transformer Station 115 kV to 13.8 kV

Asset Component

Equipment - 40 year

Average Net Fixed Assets

Net Fixed Assets

Opening Capital Investment

Capital Investment

Closing Capital Investment

Opening Accumulated Amortization

Amortization

Closing Accumulated Amortization

Opening Net Fixed Assets

Closing Net Fixed Assets

Average Net Fixed Assets

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening Capital Investment	\$ -	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Capital Investment	\$ 1,600,000	\$ -	\$ -	\$ -	\$ -
Closing Capital Investment	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000	\$ 1,600,000
Opening Accumulated Amortization	\$ -	\$ 40,000	\$ 80,000	\$ 120,000	\$ 160,000
Amortization	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000
Closing Accumulated Amortization	\$ 40,000	\$ 80,000	\$ 120,000	\$ 160,000	\$ 200,000
Opening Net Fixed Assets	\$ -	\$ 1,560,000	\$ 1,520,000	\$ 1,480,000	\$ 1,440,000
Closing Net Fixed Assets	\$ 1,560,000	\$ 1,520,000	\$ 1,480,000	\$ 1,440,000	\$ 1,400,000
Average Net Fixed Assets	\$ 780,000	\$ 1,540,000	\$ 1,500,000	\$ 1,460,000	\$ 1,420,000

For PILs Calculation

UCC

Opening UCC

Capital Additions

UCC Before Half Year Rule

Half Year Rule (1/2 Additions - Disposals)

Reduced UCC

CCA Rate Class

CCA Rate

CCA

Closing UCC

	2011 Forecasted	2012 Forecasted	2013 Forecasted	2014 Forecasted	2015 Forecasted
Opening UCC	\$ -	\$ 1,472,000	\$ 1,354,240	\$ 1,245,901	\$ 1,146,229
Capital Additions	\$ 1,600,000	\$ -	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ 1,600,000	\$ 1,472,000	\$ 1,354,240	\$ 1,245,901	\$ 1,146,229
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	\$ 1,600,000	\$ 1,472,000	\$ 1,354,240	\$ 1,245,901	\$ 1,146,229
CCA Rate Class	47				
CCA Rate	8%				
CCA	\$ 128,000	\$ 117,760	\$ 108,339	\$ 99,672	\$ 91,698
Closing UCC	\$ 1,472,000	\$ 1,354,240	\$ 1,245,901	\$ 1,146,229	\$ 1,054,530

INCREMENTAL CAPITAL WORKFORM



Name of LDC: Guelph Hydro Electric Systems Inc.
File Number: IRM3
Effective Date: Sunday, May 01, 2011
Version : 1.0

LDC Information

Applicant Name	Guelph Hydro Electric Systems Inc.
OEB Application Number	IRM3
LDC Licence Number	ED-2002-0565
Applied for Effective Date	May 1, 2011
Stretch Factor Group	II
Stretch Factor Value	0.4%
Last COS Re-based Year	2008
Last COS OEB Application Number	EB-2007-0742
ICM Billing Determinants for Growth - Numerator	2009 Audited RRR
ICM Billing Determinants for Growth - Denominator	2008 Re-Based Forecast



Name of LDC: Guelph Hydro Electric Systems Inc.
File Number: IRM3
Effective Date: Sunday, May 01, 2011
Version : 1.0

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Sheet Name	Purpose of Sheet
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A2.1 Table of Contents	Table of Contents
B1.1 Re-Based Bill Det & Rates	Set Up Rate Classes and enter Re-Based Billing Determinants and Tariff Rates
B1.2 Removal of Rate Adders	Removal of Rate Adders
B1.3 Re-Based Rev From Rates	Calculated Re-Based Revenue From Rates
B1.4 Re-Based Rev Req	Detailed Re-Based Revenue From Rates
C1.1 Ld Act-Mst Rcent Yr	Enter Billing Determinants for most recent actual year
D1.1 Current Revenue from Rates	Enter Current Rates to calculate current rate allocation
E1.1 Threshold Parameters	Shows calculation of Price Cap and Growth used for incremental capital threshold calculation
E2.1 Threshold Test	Input sheet to calculate Threshold and Incremental Capital
E3.1 Summary of I C Projects	Summary of Incremental Capital Projects
E4.1 IncrementalCapitalAdjust	Shows Calculation of Incremental Capital Revenue Requirement
F1.1 Incr Cap RRider Opt A FV	Option A - Calculation of Incremental Capital Rate Rider - Fixed & Variable Split
F1.2 Incr Cap RRider Opt B Var	Option B - Calculation of Incremental Capital Rate Rider - Variable Allocation



Name of LDC: Guelph Hydro Electric Systems Inc.
File Number: IRM3
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Rate Class and Re-Based Billing Determinants & Rates

Last COS Re-based Year

2008

Last COS OEB Application Number

EB-2007-0742

Rate Group	Rate Class	Fixed Metric	Vol Metric	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Re-based Tariff Service Charge D	Re-based Tariff Distribution Volumetric Rate kWh E	Re-based Tariff Distribution Volumetric Rate kW F
RES	Residential	Customer	kWh	44,220	357,871,626		14.27	0.0164	
GSLT50	General Service Less Than 50 kW	Customer	kWh	3,612	146,156,347		13.26	0.0158	
GSGT50	General Service 50 to 999 kW	Customer	kW	515	0	1,023,682	231.36		2.7994
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	37	0	864,467	614.29		1.9595
LU	Large Use	Customer	kW	4	0	471,742	898.69		2.1526
USL	Unmetered Scattered Load	Connection	kWh	591	2,336,603		5.42	0.0249	
Sen	Sentinel Lighting	Connection	kW	30	0	352	6.46		7.1686
SL	Street Lighting	Connection	kW	13,670	0	25,194	0.14		3.3423
NA	Rate Class 9	NA	NA						
NA	Rate Class 10	NA	NA						
NA	Rate Class 11	NA	NA						
NA	Rate Class 12	NA	NA						
NA	Rate Class 13	NA	NA						
NA	Rate Class 14	NA	NA						
NA	Rate Class 15	NA	NA						
NA	Rate Class 16	NA	NA						
NA	Rate Class 17	NA	NA						
NA	Rate Class 18	NA	NA						
NA	Rate Class 19	NA	NA						
NA	Rate Class 20	NA	NA						
NA	Rate Class 21	NA	NA						
NA	Rate Class 22	NA	NA						
NA	Rate Class 23	NA	NA						
NA	Rate Class 24	NA	NA						
NA	Rate Class 25	NA	NA						



Name of LDC: Guelph Hydro Electric Systems Inc.
File Number: IRM3
Effective Date: Sunday, May 01, 2011
Version : 1.0

Removal of Rate Adders

Last COS Re-based Year	2008
Last COS OEB Application Number	EB-2007-0742

Rate Class	Re-based Tariff Service Charge	Re-based Tariff Distribution Volumetric Rate kWh	Re-based Tariff Distribution Volumetric Rate kW	Service Charge Rate Adders	Distribution Volumetric kWh Rate Adders	Distribution Volumetric kW Rate Adders
	A	B	C	D	E	F
Residential	14.27	0.0164	0.0000	1.00	0.0001	0.0000
General Service Less Than 50 kW	13.26	0.0158	0.0000	1.00	0.0001	0.0000
General Service 50 to 999 kW	231.36	0.0000	2.7994	1.00	0.0000	0.0374
General Service 1,000 to 4,999 kW	614.29	0.0000	1.9595	1.00	0.0000	0.0000
Large Use	898.69	0.0000	2.1526	1.00	0.0000	0.0000
Unmetered Scattered Load	5.42	0.0249	0.0000	0.00	0.0001	0.0000
Sentinel Lighting	6.46	0.0000	7.1686	0.00	0.0000	0.0286
Street Lighting	0.14	0.0000	3.3423	0.00	0.0000	0.0345



Name of LDC: Guelph Hydro Electric Systems Inc.
File Number: IRM3
Effective Date: Sunday, May 01, 2011
Version : 1.0

Calculated Re-Based Revenue From Rates

Last COS Re-based Year 2008
Last COS OEB Application Number EB-2007-0742

Rate Class	Re-based Billed Customers or Connections A	Re-based Billed kWh B	Re-based Billed kW C	Re-based Base Service Charge D	Re-based Base Distribution Volumetric Rate kWh E	Re-based Base Distribution Volumetric Rate kW F	Service Charge Revenue G = A * D * 12	Distribution Volumetric Rate Revenue kWh H = B * E	Distribution Volumetric Rate Revenue kW I = C * F	Revenue Requirement from Rates J = G + H + I
Residential	44,220	357,871,626	0	13.27	0.0163	0.0000	7,041,593	5,833,308	0	12,874,900
General Service Less Than 50 kW	3,612	146,156,347	0	12.26	0.0157	0.0000	531,397	2,294,655	0	2,826,052
General Service 50 to 999 kW	515	0	1,023,682	230.36	0.0000	2.7620	1,423,625	0	2,827,410	4,251,034
General Service 1,000 to 4,999 kW	37	0	864,467	613.29	0.0000	1.9595	272,301	0	1,693,923	1,966,224
Large Use	4	0	471,742	897.69	0.0000	2.1526	43,089	0	1,015,472	1,058,561
Unmetered Scattered Load	591	2,336,603	0	5.42	0.0248	0.0000	38,439	57,948	0	96,386
Sentinel Lighting	30	0	352	6.46	0.0000	7.1400	2,326	0	2,513	4,839
Street Lighting	13,670	0	25,194	0.14	0.0000	3.3078	22,966	0	83,337	106,302
							9,375,735	8,185,910	5,622,655	23,184,299



Name of LDC: Guelph Hydro Electric Systems Inc.
File Number: IRM3
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Detailed Re-Based Revenue From Rates

Last COS Re-based Year

2008

Last COS OEB Application Number

EB-2007-0742

Applicants Rate Base		Last Rate Re-based Amount	
Average Net Fixed Assets			
Gross Fixed Assets - Re-based Opening	\$ 123,637,713	A	
Add: CWIP Re-based Opening	\$ -	B	
Re-based Capital Additions	\$ 7,298,949	C	
Re-based Capital Disposals	-\$ 995,146	D	
Re-based Capital Retirements	\$ -	E	
Deduct: CWIP Re-based Closing	\$ -	F	
Gross Fixed Assets - Re-based Closing	\$ 129,941,516	G	
Average Gross Fixed Assets			\$ 126,789,615 $H = (A + G) / 2$
Accumulated Depreciation - Re-based Opening	\$ 37,841,267	I	
Re-based Depreciation Expense	\$ 5,984,160	J	
Re-based Disposals	-\$ 552,335	K	
Re-based Retirements	\$ -	L	
Accumulated Depreciation - Re-based Closing	\$ 43,273,092	M	
Average Accumulated Depreciation			\$ 40,557,180 $N = (I + M) / 2$
Average Net Fixed Assets			\$ 86,232,435 $O = H - N$
Working Capital Allowance			
Working Capital Allowance Base	\$ 125,742,305	P	
Working Capital Allowance Rate	15.0%	Q	
Working Capital Allowance			\$ 18,861,346 $R = P * Q$
Rate Base			\$ 105,093,781 $S = O + R$
Return on Rate Base			
Deemed ShortTerm Debt %	4.00%	T	\$ 4,203,751 $W = S * T$
Deemed Long Term Debt %	56.00%	U	\$ 58,852,517 $X = S * U$
Deemed Equity %	40.00%	V	\$ 42,037,512 $Y = S * V$
Short Term Interest	4.47%	Z	\$ 187,908 $AC = W * Z$
Long Term Interest	6.10%	AA	\$ 3,590,004 $AD = X * AA$
Return on Equity	8.57%	AB	\$ 3,602,615 $AE = Y * AB$
Return on Rate Base			\$ 7,380,526 $AF = AC + AD + AE$
Distribution Expenses			
OM&A Expenses	\$ 9,325,109	AG	
Amortization	\$ 5,637,037	AH	
Ontario Capital Tax (F1.1 Z-Factor Tax Changes)	\$ 239,079	AI	
Grossed Up PILs (F1.1 Z-Factor Tax Changes)	\$ 1,971,258	AJ	
Low Voltage	\$ 92,876	AK	
Transformer Allowance	\$ 319,608	AL	
	\$ -	AM	
	\$ -	AN	
	\$ -	AO	
			\$ 17,584,967 $AP = \text{SUM} (AG : AO)$
Revenue Offsets			
Specific Service Charges	-\$ 248,600	AQ	
Late Payment Charges	-\$ 100,000	AR	
Other Distribution Income	-\$ 125,213	AS	
Other Income and Deductions	-\$ 1,391,500	AT	-\$ 1,865,313 $AU = \text{SUM} (AQ : AT)$
Revenue Requirement from Distribution Rates			\$ 23,100,180 $AV = AF + AP + AU$
Rate Classes Revenue			
Rate Classes Revenue - Total (B1.1 Re-based Revenue - Gen)			\$ 23,184,299 AW

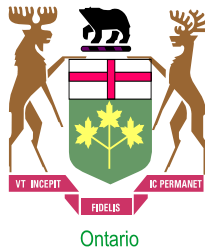


Name of LDC: Guelph Hydro Electric Systems Inc.
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Load Actual - Most Recent Year

Please enter 2009 Audited RRR on this page

Rate Class	Fixed Metric	Vol Metric	Billed Customers or Connections A	Billed kWh B	Billed kW C	Base Service Charge D	Base Distribution Volumetric Rate kWh E	Base Distribution Volumetric Rate kW F	Service Charge Revenue G = A * D * 12	Distribution Volumetric Rate Revenue kWh H = B * E	Distribution Volumetric Rate Revenue kW I = C * F	Total Revenue by Rate Class J = G + H + I
Residential	Customer	kWh	44,584	352,708,669	0	\$13.27	\$0.0163	\$0.0000	\$7,099,477	\$5,749,151	\$0	\$12,848,628
General Service Less Than 50 kW	Customer	kWh	3,624	141,492,398	0	\$12.26	\$0.0157	\$0.0000	\$533,126	\$2,221,431	\$0	\$2,754,557
General Service 50 to 999 kW	Customer	kW	538	368,795,357	1,000,754	\$230.36	\$0.0000	\$2.7620	\$1,485,822	\$0	\$2,764,083	\$4,249,905
General Service 1,000 to 4,999 kW	Customer	kW	41	373,502,975	893,555	\$613.29	\$0.0000	\$1.9595	\$301,739	\$0	\$1,750,921	\$2,052,660
Large Use	Customer	kW	4	237,183,984	439,421	\$897.69	\$0.0000	\$2.1526	\$43,089	\$0	\$945,897	\$988,986
Unmetered Scattered Load	Connection	kWh	582	2,424,418	0	\$5.42	\$0.0248	\$0.0000	\$37,870	\$60,126	\$0	\$97,995
Sentinel Lighting	Connection	kW	28	101,502	275	\$6.46	\$0.0000	\$7.1400	\$2,177	\$0	\$1,962	\$4,139
Street Lighting	Connection	kW	12,860	9,321,265	26,052	\$0.14	\$0.0000	\$3.3078	\$21,605	\$0	\$86,174	\$107,779
									\$9,524,904	\$8,030,708	\$5,549,037	\$23,104,648



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Current Revenue from Rates

This sheet is used to determine the applicants most current alloc
 (after the most recent revenue cost ratio adjustment, if applicable
 calculate the incremental capital rate riders.

Rate Class	Fixed Metric
Residential	Customer
General Service Less Than 50 kW	Customer
General Service 50 to 999 kW	Customer
General Service 1,000 to 4,999 kW	Customer
Large Use	Customer
Unmetered Scattered Load	Connection
Sentinel Lighting	Connection
Street Lighting	Connection

C.

ation of revenues
e) to be used to

Vol Metric	Current Base Service Charge A	Current Base Distribution Volumetric Rate kWh B	Current Base Distribution Volumetric Rate kW C	Re-based Billed Customers or Connections D
kWh	13.39	0.0164		44,220
kWh	12.24	0.0156		3,612
kW	230.28		2.7615	515
kW	618.96		1.9777	37
kW	905.99		2.1725	4
kWh	5.47	0.0250		591
kW	6.52		7.2063	30
kW	0.23		5.5465	13,670

		Current Base	Current Base	Current Base	
		Service	Distribution	Distribution	Total Current
Re-based	Re-based	Charge	Volumetric	Volumetric	Base
Billed kWh	Billed kW	Revenue	Rate kWh	Rate kW	Revenue
E	F	G = A * D *12	H = B * E	I = C * F	J = G + H + I
357,871,626	0	7,105,270	5,869,095	0	12,974,364
146,156,347	0	530,531	2,280,039	0	2,810,570
0	1,023,682	1,423,130	0	2,826,898	4,250,028
0	864,467	274,818	0	1,709,656	1,984,475
0	471,742	43,488	0	1,024,859	1,068,347
2,336,603	0	38,793	58,415	0	97,208
0	352	2,347	0	2,537	4,884
0	25,194	37,729	0	139,739	177,468
		9,456,106	8,207,549	5,703,689	23,367,344

Service Charge % Total Revenue L = G / \$K	Distribution Volumetric Rate % Total Revenue M = H / \$K	Distribution Volumetric Rate % Total Revenue N = I / \$K	Total % Revenue O = J / \$K
30.4%	25.1%	0.0%	55.5%
2.3%	9.8%	0.0%	12.0%
6.1%	0.0%	12.1%	18.2%
1.2%	0.0%	7.3%	8.5%
0.2%	0.0%	4.4%	4.6%
0.2%	0.2%	0.0%	0.4%
0.0%	0.0%	0.0%	0.0%
0.2%	0.0%	0.6%	0.8%
40.5%	35.1%	24.4%	100.0%



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Threshold Parameters

Price Cap Index

Price Escalator (GDP-IPI)	1.30%
Less Productivity Factor	-0.72%
Less Stretch Factor	-0.40%

Price Cap Index 0.18%

Growth

ICM Billing Determinants for Growth - Numerator : 2009 Audited RRR	<u>\$23,104,648</u>	A
ICM Billing Determinants for Growth - Denominator : 2008 Re-Based Forecast	<u>\$23,184,299</u>	B

Growth -0.34% C = A / B



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Threshold Test

Year	2008	
Status	Re-Basing	
Price Cap Index	0.18%	A
Growth	-0.34%	B
Dead Band	20%	C
Average Net Fixed Assets		
Gross Fixed Assets Opening	\$ 123,637,713	
Add: CWIP Opening	\$ -	
Capital Additions	\$ 7,298,949	
Capital Disposals	-\$ 995,146	
Capital Retirements	\$ -	
Deduct: CWIP Closing	\$ -	
Gross Fixed Assets - Closing	\$ 129,941,516	
Average Gross Fixed Assets	<u>\$ 126,789,615</u>	
Accumulated Depreciation - Opening	\$ 37,841,267	
Depreciation Expense	\$ 5,984,160	D
Disposals	-\$ 552,335	
Retirements	\$ -	
Accumulated Depreciation - Closing	\$ 43,273,092	
Average Accumulated Depreciation	<u>\$ 40,557,180</u>	
Average Net Fixed Assets	<u>\$ 86,232,435</u>	E
Working Capital Allowance		
Working Capital Allowance Base	\$ 125,742,305	
Working Capital Allowance Rate	15%	
Working Capital Allowance	<u>\$ 18,861,346</u>	F
Rate Base	<u>\$ 105,093,781</u>	G = E + F
Depreciation	D \$ 5,984,160	H
Threshold Test	117.12%	I = 1 + (G / H) * (B + A * (1 + B)) + C
Threshold CAPEX	\$ 7,008,454	J = H * I



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Summary of Incremental Capital Projects

Number of ICP's

1

Project ID #	Incremental Capital Non-Discretionary Project Description	Incremental Capital CAPEX	Amortization Expense	CCA
ICP 1	Municipal Transformer Station 115 kV to 13.8 kV	5,450,000	169,476	413,000
		<u>5,450,000</u>	<u>169,476</u>	<u>413,000</u>



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Incremental Capital Adjustment

Current Revenue Requirement

Current Revenue Requirement - Total	\$	23,100,180	A
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Return on Rate Base

Incremental Capital CAPEX		\$	5,450,000	B	
Depreciation Expense		\$	169,476	C	
Incremental Capital CAPEX to be included in Rate Base		\$	5,280,524	D = B - C	
Deemed ShortTerm Debt %	4.0%	E	\$	211,221	G = D * E
Deemed Long Term Debt %	56.0%	F	\$	2,957,093	H = D * F
Short Term Interest	4.47%	I	\$	9,442	K = G * I
Long Term Interest	6.10%	J	\$	180,383	L = H * J
Return on Rate Base - Interest		\$	189,824	M = K + L	
Deemed Equity %	40.0%	N	\$	2,112,210	P = D * N
Return on Rate Base -Equity	8.57%	O	\$	181,016	Q = P * O
Return on Rate Base - Total		\$	370,841	R = M + Q	

Amortization Expense

Amortization Expense - Incremental	C	\$	169,476	S
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Grossed up PIL's

Regulatory Taxable Income	O	\$	181,016	T
Add Back Amortization Expense	S	\$	169,476	U
Deduct CCA		\$	413,000	V
Incremental Taxable Income		-\$	62,507	W = T + U - V
Current Tax Rate (F1.1 Z-Factor Tax Changes)	28.2%	X		Y = W * X
PIL's Before Gross Up		-\$	17,657	Z = Y / (1 - X)
Incremental Grossed Up PIL's		-\$	24,609	

Ontario Capital Tax

Incremental Capital CAPEX		\$	5,450,000	AA
Less : Available Capital Exemption (if any)		\$	11,000,000	AB
Incremental Capital CAPEX subject to OCT		-\$	5,550,000	AC = AA - AB
Ontario Capital Tax Rate (F1.1 Z-Factor Tax Changes)	0.000%	AD		AE = AC * AD
Incremental Ontario Capital Tax		\$	-	

Incremental Revenue Requirement

Return on Rate Base - Total	Q	\$	370,841	AF
Amortization Expense - Total	S	\$	169,476	AG
Incremental Grossed Up PIL's	Z	-\$	24,609	AH
Incremental Ontario Capital Tax	AE	\$	-	AI
Incremental Revenue Requirement		\$	515,708	AJ = AF + AG + AH + AI



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Calculation of Incremental Capital Rate Rider - Option A Fixed and Variable

Rate Class	Distribution			Distribution			Total Revenue by Rate Class G = D + E + F	Billed Customers or Connections			Distribution		
	Service Charge %	Volumetric Rate % Revenue	Volumetric Rate % Revenue	Service Charge Revenue	Volumetric Rate Revenue	Volumetric Rate Revenue		H	Billed kWh I	Billed kW J	Service Charge Rider	Volumetric Rate kWh Rate Rider	Volumetric Rate kW Rate Rider
	A	B	C	D = \$N * A	E = \$N * B	F = \$N * C					K = D / H / 12	L = E / I	M = F / J
Residential	30.4%	25.1%	0.0%	#####	\$ 129,528.66	\$ -	\$ 286,339.24	44,220	#####	0	\$0.295512	\$0.000362	
General Service Less Than 50 kW	2.3%	9.8%	0.0%	\$ 11,708.61	\$ 50,319.59	\$ -	\$ 62,028.19	3,612	#####	0	\$0.270132	\$0.000344	
General Service 50 to 999 kW	6.1%	0.0%	12.1%	\$ 31,407.94	\$ -	\$ 62,388.55	\$ 93,796.49	515	0	#####	\$5.082191		\$0.060945
General Service 1,000 to 4,999 kW	1.2%	0.0%	7.3%	\$ 6,065.13	\$ -	\$ 37,731.46	\$ 43,796.59	37	0	864,467	\$13.660209		\$0.043647
Large Use	0.2%	0.0%	4.4%	\$ 959.75	\$ -	\$ 22,618.26	\$ 23,578.01	4	0	471,742	\$19.994851		\$0.047946
Unmetered Scattered Load	0.2%	0.2%	0.0%	\$ 856.15	\$ 1,289.20	\$ -	\$ 2,145.35	591	2,336,603	0	\$0.120721	\$0.000552	
Sentinel Lighting	0.0%	0.0%	0.0%	\$ 51.80	\$ -	\$ 55.98	\$ 107.78	30	0	352	\$0.143894		\$0.159040
Street Lighting	0.2%	0.0%	0.6%	\$ 832.67	\$ -	\$ 3,083.98	\$ 3,916.64	13,670	0	25,194	\$0.005076		\$0.122409
				#####	\$ 181,137.45	\$ 125,878.22	\$ 515,708.30						

N

Enter the above rate riders onto sheet
 "J2.8 Incremental Capital Rate Rider"
 of the 2011 OEB IRM3 Rate
 Generator.



Name of LDC: Guelph Hydro Electric Systems Inc.
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Calculation of Incremental Capital Rate Rider - Option B Variable

Rate Class	Total Revenue \$ by Rate Class A	Total Revenue % by Rate Class B = A / \$H	Total Incremental Capital \$ by Rate Class C = \$I * B	Billed kWh D	Billed kW E	Distributio n Volumetric Rate kWh Rate Rider F = C / D	Distributio n Volumetric Rate kW Rate Rider G = C / E
Residential	\$12,974,364	55.52%	\$286,339	#####	0	\$0.0008	
General Service Less Than 50 kW	\$2,810,570	12.03%	\$62,028	#####	0	\$0.0004	
General Service 50 to 999 kW	\$4,250,028	18.19%	\$93,796	0	#####		\$0.0916
General Service 1,000 to 4,999 kW	\$1,984,475	8.49%	\$43,797	0	864,467		\$0.0507
Large Use	\$1,068,347	4.57%	\$23,578	0	471,742		\$0.0500
Unmetered Scattered Load	\$97,208	0.42%	\$2,145	2,336,603	0	\$0.0009	
Sentinel Lighting	\$4,884	0.02%	\$108	0	352		\$0.3062
Street Lighting	\$177,468	0.76%	\$3,917	0	25,194		\$0.1555
	\$23,367,344	100.00%	\$515,708				
	H		I				

Enter the above rate riders onto
Sheet
"J2.8 Incremental Capital Rate
Rider"