



March 21, 2011

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

Dear Ms. Walli:

**Re: OEB File Number EB-2010-0104
Oakville Hydro Electricity Distribution Inc.
2011 Distribution Rate Adjustment Application**

Please find accompanying this letter, two copies of Oakville Hydro's updated Incremental Capital Project Worksheet and Incremental Capital Workform reflecting the Ontario Energy Board's findings in its Decision and Order in this proceeding issued March 14, 2011.

As noted in the attached submission, Oakville Hydro has allocated the approved capital costs in the same proportion as the updated capital costs filed by OHEDI in response to School Energy Coalition interrogatory number three in order to calculate depreciation and capital cost allowance. Should the Board find that this methodology is not appropriate, OHEDI respectfully requests that Board Staff make the necessary updates.

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

Respectfully Submitted,

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IN THE MATTER of the *Ontario Energy Board Act 1998*,
Schedule B to the *Energy Competition Act*, 1998, S.O. 1998,
c.15;

AND IN THE MATTER OF an Application by Oakville
Hydro Electricity Distribution Inc. for an Order or Orders
approving just and reasonable rates and other service charges
for the distribution of electricity, effective on May 1, 2011.

Introduction

Oakville Hydro Electricity Distribution Inc. (“OHEDI”) filed an application with the Ontario Energy Board (the “Board”) on September 17, 2010 under section 78 of the Ontario Energy Board Act, 1998 (the “OEB Act”), seeking approval for changes to its rates effective May 1, 2011 (the “Application”). The Application was filed under the Board’s 3rd Generation Incentive Regulation Mechanism and included a request for an Incremental Capital Module (“ICM”) Adjustment as provided for in the Chapter 3 of the Board’s Filing Requirements for Transmission and Distribution Applications issued July 9, 2010.

On March 14, 2011 the Board issued its Decision and Order with respect to the following:

- Price Cap Index Adjustment;
- Changes in the Federal and Provincial Income Tax Rates;
- Smart Meter Funding Adder;
- Revenue-to-Cost Ratios;
- Retail Transmission Service Rates;
- Review and Disposition of Group 1 Deferral and Variance Accounts;
- Late Payment Penalty Litigation Costs; and
- Incremental Capital Module.

In its Decision, the Board found that the incremental capital amount eligible for recovery was \$19,467,183. The Board directed OHEDI to file an updated Incremental Capital Project Worksheet and an updated Incremental Capital Workform reflecting the approved incremental capital claim of \$19,467,183 (reduced by depreciation to determine the rate base amount), Oakville Hydro's Board-approved 2010 Cost of Capital parameters, and the 2011 PILs rates.

In accordance with the Board's direction, OHEDI has updated its Incremental Capital Project Worksheet and Incremental Capital Workform to reflect the Board's findings. For the purpose of calculating depreciation and capital cost allowance in the Incremental Capital Project Worksheet, OHEDI has prorated the approved expenditures in the same proportion as its updated capital costs of \$21,360,209¹ as set out in the following table.

Incremental Capital Project Summary

North Oakville TS Project

Component	Capital Costs			Depreciation	
	Forecast	% of Total	Board Approved	Rate	Amount
Substation Equipment	2,089,807	9.8%	1,904,600	4%	76,184
TS Switchgear - Gas	3,132,875	14.7%	2,855,227	3%	85,657
TS Transformer	6,460,994	30.2%	5,888,395	3%	176,652
Revenue Meters	463,431	2.2%	422,360	4%	16,894
SCADA & DC Systems	134,630	0.6%	122,698	10%	12,270
UG Cable	283,476	1.3%	258,353	4%	10,334
Duct & Civil	1,961,483	9.2%	1,787,649	2%	35,753
Building	4,395,414	20.6%	4,005,875	2%	80,118
Land	1,367,700	6.4%	1,246,489	-	-
Construction Contingency	720,000	3.4%	656,191	3%	19,686
HV Commissioning	110,000	0.5%	100,251	3%	3,008
CCRA Capital Contribution	240,400	1.1%	219,095	4%	8,764
Total	21,360,209	100%	19,467,183		525,319

As shown in the following table, the amount to be included in rate base is \$18,941,864 and the incremental revenue requirement is \$1,818,850.

¹ See Oakville Hydro's response to SEC IR#3.

Incremental Capital Adjustment

Return on Rate Base					
Incremental Capital CAPEX			\$	19,467,183	B
Depreciation Expense			\$	525,319	C
Incremental Capital CAPEX to be included in Rate Base			\$	18,941,864	D = B - C
Deemed ShortTerm Debt %	4.0%	E	\$	757,675	G = D * E
Deemed Long Term Debt %	56.0%	F	\$	10,607,444	H = D * F
Short Term Interest	2.07%	I	\$	15,684	K = G * I
Long Term Interest	5.87%	J	\$	622,657	L = H * J
Return on Rate Base - Interest			\$	638,341	M = K + L
Deemed Equity %	40.0%	N	\$	7,576,746	P = D * N
Return on Rate Base -Equity	9.85%	O	\$	746,309	Q = P * O
Return on Rate Base - Total			\$	1,384,650	R = M + Q

Amortization Expense					
Amortization Expense - Incremental		C	\$	525,319	S

Grossed up PIL's					
Regulatory Taxable Income		O	\$	746,309	T
Add Back Amortization Expense		S	\$	525,319	U
Deduct CCA			\$	1,503,054	V
Incremental Taxable Income			-\$	231,426	W = T + U - V
Current Tax Rate (F1.1 Z-Factor Tax Changes)	28.3%	X			
PIL's Before Gross Up			-\$	65,378	Y = W * X
Incremental Grossed Up PIL's			-\$	91,119	Z = Y / (1 - X)

Ontario Capital Tax					
Incremental Capital CAPEX			\$	19,467,183	AA
Less : Available Capital Exemption (if any)			\$	-	AB
Incremental Capital CAPEX subject to OCT			\$	19,467,183	AC = AA - AB
Ontario Capital Tax Rate (F1.1 Z-Factor Tax Changes)	0.000%	AD			
Incremental Ontario Capital Tax			\$	-	AE = AC * AD

Incremental Revenue Requirement					
Return on Rate Base - Total		Q	\$	1,384,650	AF
Amortization Expense - Total		S	\$	525,319	AG
Incremental Grossed Up PIL's		Z	-\$	91,119	AH
Incremental Ontario Capital Tax		AE	\$	-	AI
Incremental Revenue Requirement			\$	1,818,850	AJ = AF + AG + AH + AI

APPENDIX 1

Incremental Capital Project Worksheet



Oakville Hydro Electricity Distribution Inc.

ED-2003-0135

EB-2010-0104

Version : 1.0

Incremental Capital Project Summary

Name or General Description of Project

North Oakville TS Project

Details of Project

Design and construct a municipal transformer station in North Oakville

Asset Component		Capital Cost	Depreciation Rate	CCA Class	CCA Rate	
1	TS Switchgear - Gas, Transformer	9,500,064	3%	47	8%	
2	Substation Equipment, Underground Cable, Meters, Capital Contribution	2,804,408	4%	47	8%	
3	Duct & Civil, Building	5,793,524	2%	47	8%	
4	SCADA & DC Systems	122,698	10%	45	45%	
5	Land	1,246,489				
		2011	2012	2013	2014	2015
Closing Net Fixed Asset		18,941,864	18,416,546	17,891,227	17,365,909	16,840,590
Amortization Expense		525,319	525,319	525,319	525,319	525,319
CCA		1,503,054	1,362,380	1,242,154	1,136,602	1,042,275



Oakville Hydro Electricity Distribution Inc.

ED-2003-0135

EB-2010-0104

Version : 1.0

Fixed Asset Amortization and UCC 1

Name or General Description of Project

North Oakville TS Project

Asset Component

TS Switchgear - Gas, Transformer

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	2012	2013	2014	2015
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Opening Capital Investment	\$ -	#####	#####	#####	#####
Capital Investment	#####	\$ -	\$ -	\$ -	\$ -
Closing Capital Investment	#####	#####	#####	#####	#####
Opening Accumulated Amortization	\$ -	\$ 285,002	\$ 570,004	\$ 855,006	#####
Amortization	3% \$ 285,002	\$ 285,002	\$ 285,002	\$ 285,002	\$ 285,002
Closing Accumulated Amortization	\$ 285,002	\$ 570,004	\$ 855,006	#####	#####
Opening Net Fixed Assets	\$ -	#####	#####	#####	#####
Closing Net Fixed Assets	#####	#####	#####	#####	#####
Average Net Fixed Assets	#####	#####	#####	#####	#####

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	2012	2013	2014	2015
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
Opening UCC	\$ -	#####	#####	#####	#####
Capital Additions	#####	\$ -	\$ -	\$ -	\$ -
UCC Before Half Year Rule	#####	#####	#####	#####	#####
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	#####	#####	#####	#####	#####
CCA Rate Class	47				
CCA Rate	8%				
CCA	\$ 760,005	\$ 699,205	\$ 643,268	\$ 591,807	\$ 544,462
Closing UCC	#####	#####	#####	#####	#####



Oakville Hydro Electricity Distribution Inc.

ED-2003-0135

EB-2010-0104

Version : 1.0

Fixed Asset Amortization and UCC 1

Name or General Description of Project

North Oakville TS Project

Asset Component

Substation Equipment, Underground Cable, Meters, Capital Contribution

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	2012	2013	2014	2015
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
	\$ -	#####	#####	#####	#####
	#####	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####
	\$ -	\$ 112,176	\$ 224,353	\$ 336,529	\$ 448,705
4%	\$ 112,176	\$ 112,176	\$ 112,176	\$ 112,176	\$ 112,176
	\$ 112,176	\$ 224,353	\$ 336,529	\$ 448,705	\$ 560,882
	\$ -	#####	#####	#####	#####
	#####	#####	#####	#####	#####
	#####	#####	#####	#####	#####

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	2012	2013	2014	2015
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
	\$ -	#####	#####	#####	#####
	#####	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####
	\$ -	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####
47					
8%	\$ 224,353	\$ 206,404	\$ 189,892	\$ 174,701	\$ 160,725
	#####	#####	#####	#####	#####



Oakville Hydro Electricity Distribution Inc.

ED-2003-0135

EB-2010-0104

Version : 1.0

Fixed Asset Amortization and UCC 1

Name or General Description of Project

North Oakville TS Project

Asset Component

Duct & Civil, 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	2012	2013	2014	2015
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
	\$ -	#####	#####	#####	#####
	#####	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####
	\$ -	\$ 115,870	\$ 231,741	\$ 347,611	\$ 463,482
2%	\$ 115,870	\$ 115,870	\$ 115,870	\$ 115,870	\$ 115,870
	\$ 115,870	\$ 231,741	\$ 347,611	\$ 463,482	\$ 579,352
	\$ -	#####	#####	#####	#####
	#####	#####	#####	#####	#####
	#####	#####	#####	#####	#####

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	2012	2013	2014	2015
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
	\$ -	#####	#####	#####	#####
	#####	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####
	\$ -	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####
47					
8%	\$ 463,482	\$ 426,403	\$ 392,291	\$ 360,908	\$ 332,035
	#####	#####	#####	#####	#####



Oakville Hydro Electricity Distribution Inc.

ED-2003-0135

EB-2010-0104

Version : 1.0

Fixed Asset Amortization and UCC 1

Name or General Description of Project

North Oakville TS Project

Asset Component

SCADA & DC Systems

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	\$ -	\$ 122,698	\$ 122,698	\$ 122,698	\$ 122,698
Capital Investment	\$ 122,698	\$ -	\$ -	\$ -	\$ -
Closing Capital Investment	\$ 122,698	\$ 122,698	\$ 122,698	\$ 122,698	\$ 122,698
Opening Accumulated Amortization	\$ -	\$ 12,270	\$ 24,540	\$ 36,809	\$ 49,079
Amortization	\$ 12,270	\$ 12,270	\$ 12,270	\$ 12,270	\$ 12,270
Closing Accumulated Amortization	\$ 12,270	\$ 24,540	\$ 36,809	\$ 49,079	\$ 61,349
Opening Net Fixed Assets	\$ -	\$ 110,428	\$ 98,159	\$ 85,889	\$ 73,619
Closing Net Fixed Assets	\$ 110,428	\$ 98,159	\$ 85,889	\$ 73,619	\$ 61,349
Average Net Fixed Assets	\$ 55,214	\$ 104,293	\$ 92,024	\$ 79,754	\$ 67,484

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	\$ -	\$ 67,484	\$ 37,116	\$ 20,414	\$ 11,228
Capital Additions	\$ 122,698	\$ -	\$ -	\$ -	\$ -
UCC Before Half Year Rule	\$ 122,698	\$ 67,484	\$ 37,116	\$ 20,414	\$ 11,228
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	\$ 122,698	\$ 67,484	\$ 37,116	\$ 20,414	\$ 11,228
CCA Rate Class	45				
CCA Rate	45%				
CCA	\$ 55,214	\$ 30,368	\$ 16,702	\$ 9,186	\$ 5,052
Closing UCC	\$ 67,484	\$ 37,116	\$ 20,414	\$ 11,228	\$ 6,175



Oakville Hydro Electricity Distribution Inc.

ED-2003-0135

EB-2010-0104

Version : 1.0

Fixed Asset Amortization and UCC 5

Name or General Description of Project

North Oakville TS Project

Asset Component

Land

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	2012	2013	2014	2015
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
	\$ -	#####	#####	#####	#####
	#####	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####
	\$ -	\$ -	\$ -	\$ -	\$ -
0%	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -
	\$ -	#####	#####	#####	#####
	#####	#####	#####	#####	#####
	\$ 623,245	#####	#####	#####	#####

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	2012	2013	2014	2015
	Forecasted	Forecasted	Forecasted	Forecasted	Forecasted
	\$ -	#####	#####	#####	#####
	#####	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####
	\$ -	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####
0					
0%	\$ -	\$ -	\$ -	\$ -	\$ -
	#####	#####	#####	#####	#####

Appendix 2

Incremental Capital Workform



Name of LDC: Oakville Hydro Electricity Distribution Inc.
File Number: IRM3
Effective Date: May 1, 2011
Version : 1.0

LDC Information

Applicant Name	Oakville Hydro Electricity Distribution Inc.
OEB Application Number	IRM3
LDC Licence Number	ED-2003-0135
Applied for Effective Date	May 1, 2011
Stretch Factor Group	II
Stretch Factor Value	0.4%
Last COS Re-based Year	2010
Last COS OEB Application Number	EB-2009-0271
ICM Billing Determinants for Growth - Numerator	2010 Re-Based Forecast
ICM Billing Determinants for Growth - Denominator	2009 Audited RRR



Name of LDC: Oakville Hydro Electricity Distribution Inc.
File Number: IRM3
Effective Date: May 1, 2011
Version : 1.0

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Purpose of Sheet

Enter LDC Data

Table of Contents

Set Up Rate Classes and enter Re-Based Billing Determinants and Tariff Rates

Removal of Rate Adders

Calculated Re-Based Revenue From Rates

Detailed Re-Based Revenue From Rates

Enter Billing Determinants for most recent actual year

Enter Current Rates to calculate current rate allocation

Shows calculation of Price Cap and Growth used for incremental capital threshold calculation

Input sheet to calculate Threshold and Incremental Capital

Summary of Incremental Capital Projects

Shows Calculation of Incremental Capital Revenue Requirement

Option A - Calculation of Incremental Capital Rate Rider - Fixed & Variable Split

Option B - Calculation of Incremental Capital Rate Rider - Variable Allocation



Name of LDC: Oakville Hydro Electricity Distribution Inc.
File Number: IRM3
Effective Date: May 1, 2011
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Rate Class and Re-Based Billing Determinants & Rates

Last COS Re-based Year				2010					
Last COS OEB Application Number				EB-2009-0271					
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	58,617	557,127,208		13.25	0.0145	
GSLT50	General Service Less Than 50 kW	Customer	kWh	5,109	173,390,609		32.54	0.0143	
GSGT50	General Service 50 to 999 kW	Customer	kW	833	594,844,951	1,670,520	116.64		3.6216
GSGT50	General Service 1,000 to 4,999 kW	Customer	kW	17	147,132,426	353,675	3,417.13		1.8664
USL	Unmetered Scattered Load	Connection	kWh	696	3,881,044		11.40	0.0106	
Sen	Sentinel Lighting	Connection	kW	227	135,511	389	1.48		25.0161
SL	Street Lighting	Connection	kW	16,783	11,730,313	33,349	1.70		10.3987
NA	Rate Class 8	NA	NA						
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: Oakville Hydro Electricity Distribution Inc.
File Number: IRM3
Effective Date: May 1, 2011
Version : 1.0

Removal of Rate Adders

Last COS Re-based Year	2010
Last COS OEB Application Number	EB-2009-0271

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	13.25	0.0145	0.0000	0.00	0.0000	0.0000
General Service Less Than 50 kW	32.54	0.0143	0.0000	0.00	0.0000	0.0000
General Service 50 to 999 kW	116.64	0.0000	3.6216	0.00	0.0000	0.0000
General Service 1,000 to 4,999 kW	3,417.13	0.0000	1.8664	0.00	0.0000	0.0000
Unmetered Scattered Load	11.40	0.0106	0.0000	0.00	0.0000	0.0000
Sentinel Lighting	1.48	0.0000	25.0161	0.00	0.0000	0.0000
Street Lighting	1.70	0.0000	10.3987	0.00	0.0000	0.0000



Name of LDC: Oakville Hydro Electricity Distribution Inc.
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Calculated Re-Based Revenue From Rates

Last COS Re-based Year **2010**

Last COS OEB Application Number **EB-2009-0271**

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 *12 G	Distribution Volumetric Rate Revenue kWh H = B * E	Distribution Volumetric Rate Revenue kW I = C * F	Revenue Requireme nt from Rates J
Residential	58,617	557,127,208	0	13.25	0.0145	0.0000	9,320,103	8,078,345	0	17,398,448
General Service Less Than 50 kW	5,109	173,390,609	0	32.54	0.0143	0.0000	1,994,962	2,479,486	0	4,474,448
General Service 50 to 999 kW	833	594,844,951	1,670,520	116.64	0.0000	3.6216	1,165,933	0	6,049,955	7,215,889
General Service 1,000 to 4,999 kW	17	147,132,426	353,675	3,417.13	0.0000	1.8664	697,095	0	660,099	1,357,194
Unmetered Scattered Load	696	3,881,044	0	11.40	0.0106	0.0000	95,213	41,139	0	136,352
Sentinel Lighting	227	135,511	389	1.48	0.0000	25.0161	4,032	0	9,731	13,763
Street Lighting	16,783	11,730,313	33,349	1.70	0.0000	10.3987	342,373	0	346,786	689,159
							13,619,711	10,598,969	7,066,572	31,285,252



Name of LDC: Oakville Hydro Electricity Distribution Inc.
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Detailed Re-Based Revenue From Rates

Last COS Re-based Year 2010

Last COS OEB Application Number EB-2009-0271

Applicants Rate Base

Average Net Fixed Assets

Gross Fixed Assets - Re-based Opening
 Add: CWIP Re-based Opening
 Re-based Capital Additions
 Re-based Capital Disposals
 Re-based Capital Retirements
 Deduct: CWIP Re-based Closing
 Gross Fixed Assets - Re-based Closing
 Average Gross Fixed Assets

\$ 187,960,573 A
 \$ 7,285,640 B
 \$ 14,721,227 C
 D
 E
 F
 \$ 202,681,800 G

\$ 195,321,187 H = (A + G) / 2

Accumulated Depreciation - Re-based Opening
 Re-based Depreciation Expense
 Re-based Disposals
 Re-based Retirements
 Accumulated Depreciation - Re-based Closing
 Average Accumulated Depreciation

\$ 79,297,219 I
 \$ 9,807,682 J
 K
 L
 \$ 89,104,901 M

\$ 84,201,060 N = (I + M) / 2

Average Net Fixed Assets

\$ 111,120,127 O = H - N

Working Capital Allowance

Working Capital Allowance Base
 Working Capital Allowance Rate

\$ 131,677,443 P
 15.0% Q

\$ 19,751,616 R = P * Q

Working Capital Allowance

Rate Base

\$ 130,871,743 S = O + R

Return on Rate Base

Deemed ShortTerm Debt %
 Deemed Long Term Debt %
 Deemed Equity %

4.00% T
 56.00% U
 40.00% V

\$ 5,234,870 W = S * T
 \$ 73,288,176 X = S * U
 \$ 52,348,697 Y = S * V

Short Term Interest

2.07% Z

\$ 108,362 AC = W * Z

Long Term Interest

5.87% AA

\$ 4,302,016 AD = X * AA

Return on Equity

9.85% AB

\$ 5,156,347 AE = Y * AB

Return on Rate Base

\$ 9,566,724 AF = AC + AD + AE

Distribution Expenses

OM&A Expenses
 Amortization
 Ontario Capital Tax (F1.1 Z-Factor Tax Changes)
 Grossed Up PILS (F1.1 Z-Factor Tax Changes)
 Low Voltage
 Transformer Allowance

\$ 11,839,403 AG
 \$ 9,807,682 AH
 \$ 86,904 AI
 \$ 1,899,098 AJ
 AK
 \$ 113,555 AL

AM
 AN
 AO
 \$ 23,746,642 AP = SUM (AG : AO)

Revenue Offsets

Specific Service Charges
 Late Payment Charges
 Other Distribution Income
 Other Income and Deductions

-\$ 342,325 AQ
 -\$ 256,834 AR
 -\$ 636,130 AS
 -\$ 827,874 AT

-\$ 2,063,163 AU = SUM (AQ : AT)

Revenue Requirement from Distribution Rates

\$ 31,250,204 AV = AF + AP + AU

Rate Classes Revenue

Rate Classes Revenue - Total (B1.1 Re-based Revenue - Gen)

\$ 31,285,252 AW



Name of LDC: Oakville Hydro Electricity Distribution 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			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
			or Connections A	Billed kWh B	Billed kW C							
Residential	Customer	kWh	56,419	555,127,459	0	\$13.25	\$0.0145	\$0.0000	\$8,970,621	\$8,049,348	\$0	\$17,019,969
General Service Less Than 50 kW	Customer	kWh	4,887	170,241,898	0	\$32.54	\$0.0143	\$0.0000	\$1,908,276	\$2,434,459	\$0	\$4,342,735
General Service 50 to 999 kW	Customer	kW	855	584,050,240	1,564,795	\$116.64	\$0.0000	\$3.6216	\$1,196,726	\$0	\$5,667,062	\$6,863,788
General Service 1,000 to 4,999 kW	Customer	kW	18	147,437,802	357,797	\$3,417.13	\$0.0000	\$1.8664	\$738,100	\$0	\$667,792	\$1,405,892
Unmetered Scattered Load	Connection	kWh	679	3,936,855	0	\$11.40	\$0.0106	\$0.0000	\$92,887	\$41,731	\$0	\$134,618
Sentinel Lighting	Connection	kW	183	133,918	30,957	\$1.48	\$0.0000	\$25.0161	\$3,250	\$0	\$774,423	\$777,673
Street Lighting	Connection	kW	16,286	11,085,581	2,363	\$1.70	\$0.0000	\$10.3987	\$332,234	\$0	\$24,572	\$356,807
									\$13,242,095	\$10,525,538	\$7,133,849	\$30,901,482



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Current Revenue from Rates

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

Rate Class	Fixed Metric	Vol Metric	Current Base Distribution		Re-based Billed Customers or Connections D	Re-based Billed kWh E	Re-based Billed kW F	Current Base Service Charge Revenue G = A * D *12	Current Base Distribution Volumetric Rate kWh Revenue H = B * E	Current Base Distribution Volumetric Rate kW Revenue I = C * F	Total Current Base Revenue J = G + H + I	Service Charge % Total Revenue L = G / \$K	Distribution Rate % Total Revenue M = H / \$K	Distribution Rate % Total Revenue N = I / \$K	Total % Revenue \$K
			Current Base Service Charge A	Volumetric Rate kWh B											
Residential	Customer	kWh	13.25	0.0145	58,617	#####	0	9,320,103	8,078,345	0	17,398,448	29.8%	25.8%	0.0%	55.6%
General Service Less Than 50 kW	Customer	kWh	32.54	0.0143	5,109	#####	0	1,994,962	2,479,486	0	4,474,448	6.4%	7.9%	0.0%	14.3%
General Service 50 to 999 kW	Customer	kW	116.64		833	#####	#####	1,165,933	0	6,049,955	7,215,889	3.7%	0.0%	19.3%	23.1%
General Service 1,000 to 4,999 kW	Customer	kW	3,417.13		17	#####	353,675	697,095	0	660,099	1,357,194	2.2%	0.0%	2.1%	4.3%
Unmetered Scattered Load	Connection	kWh	11.40	0.0106	696	3,881,044	0	95,213	41,139	0	136,352	0.3%	0.1%	0.0%	0.4%
Sentinel Lighting	Connection	kW	1.48		227	135,511	389	4,032	0	9,731	13,763	0.0%	0.0%	0.0%	0.0%
Street Lighting	Connection	kW	1.70		16,783	11,730,313	33,349	342,373	0	346,786	689,159	1.1%	0.0%	1.1%	2.2%
												43.5%	33.9%	22.6%	100.0%

Enter the values from Sheet
"C7.1 Base Dist Rates Gen"
of the 2011 OEB IRM3 Rate Generator if no
Revenue Cost Ratio Adjustment in 2011
Or
Enter the values from Sheet
"C1.8 Proposed F V Rates"
of the 2011 IRM3 Revenue Cost Ratio Adjustment
Workform if Revenue Cost Ratio Adjustment in 2011



Name of LDC: Oakville Hydro Electricity Distribution Inc.
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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 : 2010 Re-Based Forecast	<u>\$31,285,252</u>	A
ICM Billing Determinants for Growth - Denominator : 2009 Audited RRR	<u>\$30,901,482</u>	B

Growth 1.24% C = A / B



Name of LDC: Oakville Hydro Electricity Distribution Inc.
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Threshold Test

Year	2010	
Status	Re-Basing	
Price Cap Index	0.18%	A
Growth	1.24%	B
Dead Band	20%	C
Average Net Fixed Assets		
Gross Fixed Assets Opening	\$ 187,960,573	
Add: CWIP Opening	\$ 7,285,640	
Capital Additions	\$ 14,721,227	
Capital Disposals	\$ -	
Capital Retirements	\$ -	
Deduct: CWIP Closing	-\$ 7,285,640	
Gross Fixed Assets - Closing	\$ 202,681,800	
Average Gross Fixed Assets	<u>\$ 195,321,187</u>	
Accumulated Depreciation - Opening	\$ 79,297,219	
Depreciation Expense	\$ 9,807,682	D
Disposals	\$ -	
Retirements	\$ -	
Accumulated Depreciation - Closing	\$ 89,104,901	
Average Accumulated Depreciation	<u>\$ 84,201,060</u>	
Average Net Fixed Assets	<u>\$ 111,120,127</u>	E
Working Capital Allowance		
Working Capital Allowance Base	\$ 131,677,443	
Working Capital Allowance Rate	15%	
Working Capital Allowance	<u>\$ 19,751,616</u>	F
Rate Base	<u>\$ 130,871,743</u>	G = E + F
Depreciation	D \$ 9,807,682	H
Threshold Test	139.00%	I = 1 + (G / H) * (B + A * (1 + B)) + C
Threshold CAPEX	\$ 13,633,026	J = H * I



Name of LDC: Oakville Hydro Electricity Distribution Inc.
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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	North Oakville Transformer Stations	19,467,183	525,319	1,503,054
		19,467,183	525,319	1,503,054



Name of LDC: Oakville Hydro Electricity Distribution Inc.
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Incremental Capital Adjustment

Current Revenue Requirement

Current Revenue Requirement - Total	\$	31,250,204	A
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Return on Rate Base

Incremental Capital CAPEX		\$	19,467,183	B
Depreciation Expense		\$	525,319	C
Incremental Capital CAPEX to be included in Rate Base		\$	18,941,864	D = B - C
Deemed ShortTerm Debt %	4.0%	E	\$ 757,675	G = D * E
Deemed Long Term Debt %	56.0%	F	\$ 10,607,444	H = D * F
Short Term Interest	2.07%	I	\$ 15,684	K = G * I
Long Term Interest	5.87%	J	\$ 622,657	L = H * J
Return on Rate Base - Interest		\$	638,341	M = K + L
Deemed Equity %	40.0%	N	\$ 7,576,746	P = D * N
Return on Rate Base -Equity	9.85%	O	\$ 746,309	Q = P * O
Return on Rate Base - Total		\$	1,384,650	R = M + Q

Amortization Expense

Amortization Expense - Incremental	C	\$	525,319	S
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Grossed up PIL's

Regulatory Taxable Income	O	\$	746,309	T
Add Back Amortization Expense	S	\$	525,319	U
Deduct CCA		\$	1,503,054	V
Incremental Taxable Income		-\$	231,426	W = T + U - V
Current Tax Rate (F1.1 Z-Factor Tax Changes)	28.3%	X		Y = W * X
PIL's Before Gross Up		-\$	65,378	Z = Y / (1 - X)
Incremental Grossed Up PIL's		-\$	91,119	

Ontario Capital Tax

Incremental Capital CAPEX		\$	19,467,183	AA
Less : Available Capital Exemption (if any)		\$	-	AB
Incremental Capital CAPEX subject to OCT		\$	19,467,183	AC = AA - AB
Ontario Capital Tax Rate (F1.1 Z-Factor Tax Changes)	0.000%	AD		
Incremental Ontario Capital Tax		\$	-	AE = AC * AD

Incremental Revenue Requirement

Return on Rate Base - Total	Q	\$	1,384,650	AF
Amortization Expense - Total	S	\$	525,319	AG
Incremental Grossed Up PIL's	Z	-\$	91,119	AH
Incremental Ontario Capital Tax	AE	\$	-	AI
Incremental Revenue Requirement		\$	1,818,850	AJ = AF + AG + AH + AI



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

Rate Class	Service Charge % Revenue A	Distribution Volumetric Rate % Revenue B \$/kWh	Distribution Volumetric Rate % Revenue C \$/kW	Service Charge Revenue D = 5N * A \$	Distribution Volumetric Rate Revenue E = 5N * B \$/kWh	Distribution Volumetric Rate Revenue F = 5N * C \$/kW	Total Revenue by Rate Class G = D + E + F \$	Billed Customers or Connections H	Billed kWh I	Billed kW J	Service Charge Rate Rider K = D / H / 12 \$	Distribution Volumetric Rate kWh Rate Rider L = E / I \$	Distribution Volumetric Rate kW Rate Rider M = F / J \$
Residential	29.0%	25.0%	0.0%	\$ 541,346.56	\$ 405,635.00	-	\$ 1,011,504.24	58,617	891,127,228	0	\$0.773253	\$0.000943	
General Service Less Than 50 kW	6.4%	7.9%	0.0%	\$ 115,982.35	\$ 144,151.30	-	\$ 260,133.24	5,109	173,390,809	0	\$1.891708	\$0.000821	
General Service 50 to 999 kW	7.7%	0.0%	19.2%	\$ 47,784.00	-	\$ 391,728.87	\$ 439,512.86	833	254,844,401	1,875,526	\$0.781171	\$0.000000	\$0.2310001
General Service 1,000 to 4,999 kW	2.2%	0.0%	2.1%	\$ 40,527.41	-	\$ 38,376.58	\$ 78,904.00	17	147,132,436	323,875	\$198.663768	\$0.000000	\$0.1080008
Unmetered Scattered Load	0.0%	0.0%	0.0%	\$ 5,535.45	-	\$ 2,391.73	\$ 7,927.17	696	3,881,044	0	\$0.662769	\$0.000016	
Street Lighting	0.0%	0.0%	0.0%	\$ 236.38	-	\$ 565.75	\$ 802.14	227	135,311	389	\$0.086544	\$0.000000	\$1.4543376
Street Lighting	1.1%	0.0%	1.1%	\$ 19,895.78	-	-	\$ 20,151.23	16,783	11,730,313	33,348	\$0.086834	\$0.000000	\$0.604006
				\$ 821,677.92	\$ 616,186.63	\$ 458,923.45	\$ 1,896,787.99						

N

Enter the above rate riders into Sheet
"J2.8 Incremental Capital Rate Rider"
of the 2011 CRR (IRM3) Rate Generator.



Name of LDC: Oakville Hydro Electricity Distribution 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	Distribution Volumetric Rate kWh Rate Rider F = C / D	Distribution Volumetric Rate kW Rate Rider G = C / E
Residential	\$17,398,448	55.61%	\$1,011,504	557,127,208	0	\$0.0018	
General Service Less Than 50 kW	\$4,474,448	14.30%	\$260,134	173,390,609	0	\$0.0015	
General Service 50 to 999 kW	\$7,215,889	23.06%	\$419,515	594,844,951	1,670,520		\$0.2511
General Service 1,000 to 4,999 kW	\$1,357,194	4.34%	\$78,904	147,132,426	353,675		\$0.2231
Unmetered Scattered Load	\$136,352	0.44%	\$7,927	3,881,044	0	\$0.0020	
Sentinel Lighting	\$13,763	0.04%	\$800	135,511	389		\$2.0569
Street Lighting	\$689,159	2.20%	\$40,066	11,730,313	33,349		\$1.2014
	\$31,285,252	100.00%	\$1,818,850				
	H		I			Enter the above rate riders onto Sheet "J2.8 Incremental Capital Rate Rider" of the 2011 OEB RM3 Rate Generator.	