

OEB File No. EB-2007-0710

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an application by Oshawa PUC Networks Inc. pursuant to section 78 of the Ontario Energy Board Act, 1998 for an order approving just and reasonable distribution rates and other charges for electricity distribution to be effective May 1, 2008.

**SUBMISSION OF
OSHAWA PUC NETWORKS INC**

January 25, 2008

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INTRODUCTION

On October 3, 2007 Oshawa PUC Networks Inc. (“OPUCN”) submitted an application to the Ontario Energy Board seeking an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2008. Since then OPUCN has answered over 100 interrogatories from interveners and Board staff. This submission summarizes OPUCN’s rate application and responds to concerns articulated in submissions by Board staff and interveners concerning the application. This process has led to some updates to the original rate application where OPUCN feels that such updates are necessary to achieve just and reasonable rates. These changes are summarized in this submission.

OPUCN has filed all the information available so that the rates requested will ensure that OPUCN maintains a safe and efficient system and continues to distribute electricity reliably to our ratepayers. OPUCN has carefully balanced the revenue required to maintain this system with our commitment to provide service at rates which are fair and reasonable for our ratepayers.

A review of the record submitted in support of this rate application demonstrates that OPUCN has satisfied the burden of proof on it as Applicant.

RELIEF SOUGHT

The relief sought by OPUCN will result in just and reasonable rates effective May 1, 2008.

OPUCN hereby applies for an order or orders granting approval of:

- a. its forecasted distribution revenue requirement of \$19,859,912;
- b. distribution rates that allow OPUCN to recover its forecasted distribution revenue requirement, effective May 1, 2008;
- c. the dispersal of Regulatory Asset, deferral and variance account balances and the recovery of those balances with a rate adder;
- d. OPUCN's current distribution rates becoming interim effective May 1, 2008; and a rate adder for recovery of any deferred revenue requirement from May 1, 2008 until a new rate order issued by the Board becomes effective should there be any delay in issuing a new rate order;
- e. approval for a Regulatory Asset Deferral Account to record intervenor and other costs for this rate application, which have yet to be determined;

Distribution Revenue Requirement

OPUCN has reviewed all interrogatories and submissions and has made changes in the calculation of its revenue requirement. These changes are summarized here. More detailed explanations follow in this submission.

Original Revenue Requirement		\$20,442,367
Changes in revenue due to amended load forecast	(15,443)	
RTR changes and other rate base adjustments	(30,833)	
OM&A Reductions	(445,936)	
Change PILs to reflect federal and provincial tax changes and changes in Taxable Income	(90,947)	
Changes in CCA rate for computer purchases	704	
Total Changes		
New Revenue Requirement		\$19,859,912

APPLICATION SUMMARY

Rate Base

OPUCN calculated its 2008 rate base for the Application as \$64,758,238. After consideration of the interrogatories and submissions from Board staff and interveners OPUCN has revised its allowance for working capital, and thus rate base and has amended its 2008 rate base calculation to \$64,146,136. A detailed explanation of the change follows.

Gross Assets and Depreciation

OPUCN filed continuity statements detailing gross asset value, depreciation, and net book value of all assets for 2008. Total values are as follows:

Gross Asset Value	\$127,599,312.
Depreciation	(74,789,694)
Net Book Value	52,809,618

OPUCN follows all APH guidelines for depreciation and makes no request for exceptions to the guidelines.

Response to Submissions

VECC expressed reservations about differences between a detailed schedule prepared in response to its interrogatory #4 and the asset continuity schedule submitted in the application at Exhibit 2, Tab 2, Schedule 1 and in response to Board staff interrogatories. These differences are due to the effects of asset disposals which are not considered to be either Expenditures or Additions and so do not appear in the schedule submitted to VECC. The amounts of disposals are included in the Asset Continuity statements in the application in order to reconcile the amounts with those from the audited financial statements.

Capital Budget

OPUCN requires a capital budget of approximately \$10.99 million for the 2008 rate year. A complete explanation of project categorization and an explanation of the process by which projects are included in the capital plan are contained in the Application at Exhibit 2, Tab 1.

Response to submissions

Board staff and VECC have suggested that there is not enough detail supplied in the rate application as to the way in which OPUCN decides which capital projects should be included in the capital plan. OPUCN has developed a comprehensive practice for establishing its annual distribution system capital and maintenance program. The program was developed to monitor the distribution system and ensure its reliability and safety. The capital projects that constitute the 2008 asset investment plan (AIP) are

projects that scored in the “red” and “yellow” risk areas of the scoring matrix. These are the top two risk levels, indicating this if these projects are not completed there exists a high possibility of a negative occurrence with severe consequences for the system, workforce, or public. There are a number of “yellow” risk projects that are not part of the 2008 AIP, as a decision was made to exclude them and accept the risk associated with not completing them in the interests of developing a prudent, affordable capital plan. More information is available in detail in the application at Exhibit 2, Tab 3, Schedule 1, 4.0: Asset Investment Tool and 5.0 Annual Capital Plan.

Service Reliability Indices

Board staff has expressed concern about the reliability indices submitted in the application. Upon review, OPUCN discovered an error in its reliability indices reporting for 2004. The revised indices are provided below.

Reliability Indices			
	SAIDI	SAIFI	CAIDI
2002	1.707	1.422	1.201
2003	1.505	1.221	1.233
2004	1.337	0.993	1.346
2005	1.122	1.142	0.982
2006	2.268	1.289	1.760
2007	1.782	1.158	1.539
Recent 3 years Average	1.724	1.196	1.427
OPUCN Target	Less than 65 min	Less than 1	Less than 65 min

It is important to note that the higher outage duration time for 2006 was due to a lengthy outage caused by a substation breaker failure. A large majority of OPUCN’s substation breakers are in excess of 30 years of age and, despite being well maintained are reaching the end of their useful life. OPUCN has a planned substation breaker replacement program, and over an 8 year period will replace these high risk assets with improved technology breakers now available on the market. The first year of the breaker replacement program is included in the 2008 budget.

OPUCN believes that its distribution system reliability performance is reasonable given the age and configuration of the system but strives to improve reliability as much as possible. OPUCN has targeted average system outage duration of less than 65 minutes. In order to achieve this reliability metric OPUCN utilizes information on outage causation during the creation of its annual distribution system maintenance and capital

plans. The recommendations of the Kinectrics Asset Condition Report provide an important additional set of criteria which are also used to determine priority projects to target system reliability. Worst performing feeders are identified and the causation for their performance is analyzed and then used in determining where to perform maintenance and capital replacement. A comprehensive description of OPUCN's practice for developing annual capital and maintenance plans is included in Exhibit 2, Tab 3, Schedule 1, 4.0: Asset Investment Tool and 5.0: Annual Capital Plan.

Board staff and interveners were specifically interested in the value in which OPUCN placed on the recommendations of the Kinectrics Asset Condition Report and measures we are taking to implement its recommendations. The following is a non-comprehensive list of programs which have been undertaken in response to recommendations made in the report.

- An ongoing program of underground cable replacement
- A program to introduce secondary oil containment systems to the substations
- An ongoing five year program to replace older electro-mechanical feeder relays with electronic relays
- The pole condition study and replacement program detailed in the application and elsewhere in this submission
- Ongoing refurbishment of vaults and manholes
- An ongoing fleet replacement program

Exhibit 2, Tab 3, Schedule 2 in the Application indicates that enhancement projects consistently account for over 70% of OPUCN's capital budget. Of those projects, the majority are designed specifically to enhance the reliability and safety of the system. In addition, the application pays particular attention to the most costly projects proposed for 2007 and 2008. Of these five projects four are needed to enhance the reliability and safety of the system: the overhead circuit upgrade in 2007, the pole replacement programs in 2007 and 2008, and the replacement of the SCADA system in 2008.

Rate Year	Capital Budget	Enhancement Projects	Reliability/ Safety Projects	% Enhancements/ Capital Budget	% Reliability/ Safety / Enhancements
2006	4,411,526	3,955,033	3,905,888	89.7%	98.8%
2007	7,416,767	10,993,345	3,828,891	67.5%	51.6%
2008	5,928,808	8,574,435	3,221,893	69%	54.3%

Distribution Loss Factor

Board staff has expressed concern about the increase in OPUCN's Distribution Loss Factor and asked how we intend to address this issue. OPUCN plans to take the following actions to decrease the distribution loss factor on its system:

- Perform a system optimization study in order to configure the distribution system in its most efficient state
- Continue its practice to purchase transformers with optimum loss factors
- Continue its program of working with local law enforcement agencies to identify and investigate theft of energy occurrences
- Upon implementation of smart metering, utilize a transformer metering device to compare transformer energy delivered with the summation of metering data for each service supplied, in order to identify theft of energy occurrences

Allowance for Working Capital

OPUCN follows APH guidelines by calculating an allowance for working capital as 15% of the sum of OM&A expenses and the cost of power, which includes Transmission Charges. Hydro One announced decreases in these rates after the application was submitted. OPUCN also changed its load forecast as detailed below. To account for these changes OPUCN has amended its projection for cost of power and recalculated its allowance for working capital to be \$14,649,023, a decrease of \$598,525 from the originally proposed amount of \$15,247,548.

Response to Submissions

VECC expressed a concern that the forecast used by OPUCN for cost of power is higher than that presented in the October Navigant report prepared to support the November 1, 2007 RPP prices. There is no generally accepted method for forecasting what the cost of power will be in a future period. OPUCN submits that, although the approach advocated by VECC may be reasonable, it is no more reasonable than that adopted by OPUCN and we respectfully decline to change our forecast methodology.

AMPCO suggests in its submission that the 15% ratio used to calculate the allowance for working capital be reduced to 11.6% to reflect the percentage used by Hydro One as the result of its specific lead / lag study. OPUCN submits that since the filing guidelines advocate a 15% ratio it would be arbitrary to apply the 11.6% ratio to our application in the absence of a lead / lag study for OPUCN.

Operating Revenue

Load Forecasting

OPUCN is forecasting a load of 1,141,200,095 kWh for 2008. This is a reduction from the load forecast of 1,166,401,141 kWh filed in the rate application. The originally filed load forecast was calculated using loads and weatherization factors from the Cost Allocation Study conducted in 2006. OPUCN has reconsidered the use of 2004 data in light of interrogatories from Board staff and other interveners and was able to obtain weatherization factors from HONI which apply to 2006. OPUCN applied these factors to 2006 loads and calculated a load forecast which we believe is more reliable. Specifics of the load forecast may be found in the responses to Board staff interrogatories 15b, 15c, and 15d.

Response to Submissions

VECC has expressed concern that the forecast of a customer increase of approximately 1.2% per annum may be understated when considered in light of the average growth over the 2002 – 2006 period which was 1.7%. OPUCN would like to point out that it forecast a 1.4% growth rate in its application, but concedes that this is still below the 1.7% average.

The forecast for Residential growth in Oshawa was based on historical growth patterns, City of Oshawa growth forecasts as detailed in the official plan, Statistics Canada forecasts, and consultations with developers in Oshawa to ascertain their development plans for the forecast period. During the first eight months of 2007 local media published reports of monthly housing start reductions of 40-55%. This suggests that historical growth patterns will not be sustained. OPUCN would like to point out at this time that the residential growth rate just announced for 2007 is an increase of 1.5% over 2006. Another factor impacting residential growth forecasts is the major layoff in area automotive manufacturing firms and a general downturn in the automotive sector. Given these factors OPUCN believes that its growth forecasts through 2008 are prudent and that growth rates approximating historical averages are unlikely to be sustained.

Other Revenue

OPUCN forecasts that Distribution revenues will be offset by other revenues of 1,601,656 in 2008.

Operating Costs

OPUCN is proposing the recovery of the following operating costs for 2008.

Operation (Working Capital)	\$ 442,737
Maintenance (Working Capital)	1,028,671
Total Operations and Maintenance	<u>\$1,471,408</u>
Billing and Collections	\$2,248,345
Community Relations	1,000,216
Administration and General Expenses	5,429,644
Total OM&A	<u>\$10,149,613</u>
Property Taxes	196,514
Total Distribution Expenses	<u>\$10,346,127</u>

Operations, Maintenance, and Administration

OPUCN is seeking to recover OM&A costs of \$10,346,127 in 2008. This represents a change of (\$445,936) compared to our original filing. Changes were made after consideration of interrogatories and submissions from Board staff and interveners. Changes made include:

Original OM&A Total	USofA		\$10,792,063
Remove Capital Tax	6105	(148,936)	
Remove CDM from Administration and General Expenses	5655	(297,000)	
Total Changes			(445,936)
Amended OM&A Total			10,346,127

Response to Submissions

Board staff had some difficulty in reconciling the figures presented and found unexplained cost increases for 2006, 2007, and 2008 when it prepared a table of cost drivers (Table 5 in the Board staff submission). OPUCN submits the information in the following table following the format used in the Board staff submission to detail the cost drivers and to explain the cost increases identified by Board staff. It will be noted that there is a minimal unexplained in the 2006 Actual (\$2,385) and that there are no differences left unexplained for 2007 and 2008. To assist the Board, further explanations and references to explanations in the pre-filed evidence are included in the following table.

OPUCN further submits that the fact that differences are explained should be sufficient reason for rejecting the arguments made in the VECC and SEC submissions that OM&A costs be arbitrarily reduced by almost 10% when calculating revenue requirement.

Usof A Account					
		2006	2007	2008	Additional Information
	Opening Balance	8,848,125	8,624,720	9,585,195	
5085	New Pole Testing Program		79,400	(79,400)	One time expense removed from 2008
5335	Recovery of DRC on Bad Debt W/O	71,690			Increase from approved EDR 2006
5605	Accrual for Future Benefits		193,000	47,000	E4/2/6 & Board staff IR #26
5605	Management Incentive Program		65,000	60,000	E4/2/6 & Board staff IR #25
5610	Regulatory Filing Costs 2008			150,600	
5020	Two Large Capital Projects (GM Sports Center and MTO 401 Interchange)	(312,370)			
5605	One Time Rebate in Health Insurance	(231,814)			
5640	Additional Directors and Officers Insurance Coverage + MEARIE Insurance Liability Premium Increase		51,165	21,028	
5414	CDM Expenses	222,319	74,681	70,000	Since removed
5005	Salary/ Benefits - Hiring of New Engineer - as approved by EDR 2006		89,700		
5635	Increase premium in property insurance (MS Station Fire/ increased coverage as per Marsh Report)		41,165	11,748	

5420	Increases in Safety Department (in particular Staff Safety Training)		68,700		
5630	Increases in Legal and Audit, and Tax Preparation Costs		28,200		
5610	Return of Staff Member from Leave		27,100		
5620	Return of Staff Member from Leave		35,300		
5425	Return of Staff Member from Leave			12,500	
5630	Inclusion of Capital Taxes	241,985			
5335	Reduction in Bad Debts Expense 2006	(123,600)			
5635	Increase in Property Insurance - Change in Coverage to reflect proper Replacement Value.	24,000			
5020	Wages- Hire of 2 Apprentice Linesmen- Start Date due to length of time to hire - July 1, 2008			69,400	Exhibit 4/2/6/4
5020	Delay in Hiring 1 Linesmen (to replace Staff Member Retired in beginning 2007).			67,400	Position vacant since beginning 2007, filled January 2008
5020	Benefits- Hire of 2 Apprentice Linesmen - Start Date due to length of time to hire - July 1, 2008			27,100	Exhibit 4/2/6/4
5020	Benefits -Delay in Hiring Linesmen (to replace Staff Member Retired in beginning 2007).			26,300	Position vacant since beginning 2007, filled January 2008
5065	Wages & Benefits -Hire of Meter Apprentice			74,000	Exhibit 4/2/6/3
5085	Wages and Benefits - Hire of Junior Technical Services Technician			86,800	Exhibit 4/2/6/4
5405	Wages - Hire of Customer Services Supervisor			60,700	Exhibit 4/2/6/2

5425	Benefits - Hire of Customer Services Supervisor			26,800	Exhibit 4/2/6/4
5610	Wages/ Benefits hire new Project Engineer			104,100	Exhibit 4/2/6/2
5630	Contractor – Financial & Accounting			70,000	Exhibit 4/2/2/8
5630	Contractor - IT			30,000	Exhibit 4/2/2/8
5630	Contractor - Human Resources			50,000	Exhibit 4/2/2/8
5625	Increases to Capital / Cost Allocation (via Annual Study for Allocations in 2006)	(118,000)			
5020/5085	Cost Allocation Adjustments Related to Staffing Changes (amounts applied to capital)	-	(71,760)	(152,160)	This represents the portion of increased FTE costs attributable to capital.
	Inflationary Increase on OMA (5 % Health Insurance, Other 3% Union and Inflationary Increase)		278,824	293,552	
	Unexplained Differences	2,385	0	0	
		8,624,720	9,585,195	10,792,063	

OPUCN is pleased to supply additional commentary on the following matters identified by Board staff and interveners in their submissions.

Increase in Compensation and Staffing

The application is quite clear that OPUCN is applying for increases in staff and an inflationary/ union wage increase. As with all distributors in North America the major concern going into the near future is the need to replace the high number of experienced employees who will be retiring in the next five to ten years. Succession planning is necessary in order to hire new staff and allow sufficient time for training them to the levels necessary to enable them to work effectively and safely in a very dangerous industry before their mentors retire from the industry. The difficulty in hiring staff and the inability to do so without adequate provision for compensating and training them has led to a situation at OPUCN whereby experienced staff has very heavy work loads and are unable to take on new responsibilities and perform them to the necessary standard. This has already led to a bottleneck and will shortly affect the quality of service which OPUCN can provide its customers. Please refer to Exhibit 4, Tab2, Schedule 6 of the rate application for more details on the need for new staff.

Board staff questioned what appears to be a large percentage increase in compensation costs. These costs are driven by the need to hire additional staff necessary to maintain and improve service and operations. The proposed hirings amount to \$543,000 in salaries/ wages and benefits in the test year. The remaining increase in total labour cost is associated with inflationary increases (union contract increase of 3%, health insurance cost increase of 5%), and the changes for Future Benefit accruals.

In its submission (on page 13) Board staff indicated that it seemed that all compensation costs were proposed to be expensed through the OM&A. OPUCN does intend to capitalize these costs as per our capitalization policy filed as Exhibit 2, Tab 3, Schedule 4 but did not submit the details initially with the Application. OPUCN regrets the confusion this omission has caused. The following tables identify how these costs are actually accounted for.

Total of Costs charged to O&M (\$):

	<u>2006 Board Approved</u>	<u>2006 Actual</u>	<u>2007 Bridge</u>	<u>2008 Test</u>
Capitalized	3,815,760	3,994,155	4,525,861	5,095,133
OM&A	3,467,614	3,522,720	3,991,667	4,275,889
TOTAL				
Total Compensation	<u>7,283,374</u>	<u>7,516,875</u>	<u>8,517,527</u>	<u>9,371,022</u>
Capitalized	52.4%	53.1%	53.1%	54.4%
OM&A	47.6%	46.9%	46.9%	45.6%

Total Compensation as a percentage of total OM&A

	<u>2006 Board Approved</u>	<u>2006 Actual</u>	<u>2007 Bridge</u>	<u>2008 Test</u>
OM&A Labour	3,467,614	3,522,720	3,991,667	4,275,889
Total OM&A Changes	8,702,406	8,014,697	9,192,195	10,446,613
Labour as a percent of OM&A	39.8%	44.0%	43.4%	40.9%

Year over Year Change in total Compensation

	<u>2006 Board Approved</u>	<u>2006 Actual</u>	<u>2007 Bridge</u>	<u>2008 Test</u>
OM&A	3,467,614	3,522,720	3,991,667	4,275,889
Annual Labour				
Changes		55,105	468,947	284,223
% Change		1.6%	11.7%	6.6%

Another area of confusion would appear to be that of the Future Benefits accrual for 2007. This amount should have been reported to be \$193,000. This is an incremental amount for making a prudent provision for future benefits to meet OPUCN's commitments to its employees for post retirement benefits.

In their submission, Board staff noted that there is a need for more clarity on the issue of the \$232,000 rebate of health insurance costs received in 2006. This rebate was for the years 2002, 2003, and 2004 and was reflected in the Audited Financial Statements for 2006. It was a one time rebate and future rebates are not anticipated. The rebate was applied in 2006 and for that reason the benefit costs for 2006 were significantly lower than expected. The projections for 2007 and 2008 reflect normal benefit cost levels. For this reason OPUCN does not believe it would be prudent to revise its as-filed forecast for benefit costs for 2007 and 2008.

Operational Cost Drivers

There was some concern expressed by Board staff that the amount of \$79,400 included in account 5085 for a new pole testing program was not adequately explained. In June 2004, a major power outage occurred on OPUCN's distribution system. There were about 1,000 customers affected, some for almost twenty-four (24) hours. The root cause of the failure was an internally damaged pole (due to the action of carpenter ants) that resulted in a cascade failure of several poles on a feeder. The event could have been avoided if the damaged pole had been identified and replaced at an earlier stage.

This incident triggered the immediate start of a pole testing program already under consideration due to a recommendation contained in the Kinetrics Asset Condition Report. The rationale behind the program is reliability centered preventive maintenance. All of OPUCN's wood distribution poles were tested by a third party utilizing non-destructive testing methods, in order to identify poles that required immediate replacement and to provide a life prediction on the remaining poles.

A capital replacement program was initiated to replace the poles identified as requiring immediate replacement. The data collected on the remainder of the poles is utilized in determining and prioritizing distribution system enhancement projects each year.

The pole replacement program ensures compliance with safety requirements as outlined in Ontario Regulation 22/04 and the Canadian Standards Association, CSA Standard 015-05.

Regulatory Expenses and CDM

OPUCN has considered the concerns expressed by Board staff and interveners in consideration of the inclusion of an amount of \$297,000 for CDM in the revenue requirement for this rate application. OPUCN agrees with the arguments made and is removing this amount from CDM expenses.

The remaining amount in the Regulatory Expenses and CDM category is \$150,600 in costs associated with the preparation of this 2008 rate application. These are incremental consulting and legal costs attributable to the rate application process and do not include salaries or wages for OPUCN staff. The consulting costs include assistance with complying with OEB filing requirements and other related costs for presenting an appropriate rate case.

OPUCN notes that these regulatory costs do not include provision for the reimbursement of intervenor costs and possibly other amounts which are unknown at this time. For this reason, OPUCN believes that it is prudent to request approval for a Regulatory Assets Deferral Account to record these costs for disposal at some future date.

Meter Reading and Smart Meter Costs

OPUCN has not yet moved into the procurement phase of its smart meter implementation plan. Therefore this submission does not include a change in the current smart meter adder. In response to a concern expressed by VECC, OPUCN would like to clarify that this amount is not included in the fixed portion of our distribution rates and there is no intention of including it there.

Forecasted OM&A Costs in Interrogatories

Board staff correctly noted that there were significant differences in forecasted OM&A costs identified in Board staff interrogatory 32 and VECC interrogatory 16. Due to an error in the variance analysis model, the correct data for OM&A was not transferred appropriately and so is not accurately presented in the response to VECC interrogatory 16. As was explained in the reply to Board staff interrogatories, the variance analysis model has been abandoned from further use and the forecasts were recalculated manually, as was done with the schedule presented in Board staff interrogatory 32. The correct table for VECC Q # 16 is shown below. Totals now agree with Board Staff OM&A totals as presented in Board staff interrogatory 32. OPUCN regrets the error.

		<u>2007 Bridge</u>	<u>2008 Test</u>	<u>Variance form 2007 Bridge</u>		
Code	Operation (Working Capital)					
5005	Operation Supervision and Engineering	372,516	384,274	11,757	3%	
5010	Load Dispatching	-	-	-	0%	
5012	Station Buildings and Fixtures Expense	-	-	-	0%	
5014	Transformer Station Equipment - Operation Labour	-	-	-	0%	
5015	Transformer Station Equipment - Operation Supplies and Expenses	-	-	-	0%	
5016	Distribution Station Equipment - Operation Labour	-	-	-	0%	
5017	Distribution Station Equipment - Operation Supplies and Expenses	-	-	-	0%	
5020	Overhead Distribution Lines and Feeders - Operation Labour	(81,483)	109,267	190,750	- 234%	2 new linesman (wages and benefits), Union increase/ inflationary, cost allocation changes
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	(182,304)	(165,705)	16,599	-9%	Inflationary Increase with offset Cost allocation adjustments (Rolling Stock)
5030	Overhead Subtransmission Feeders - Operation	-	-	-	0%	
5035	Overhead Distribution Transformers- Operation	-	-	-	0%	
5040	Underground Distribution Lines and Feeders - Operation Labour	7,751	7,984	233	3%	
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	193	199	6	3%	
5050	Underground Subtransmission Feeders				0%	

	- Operation	-	-	-		
5055	Underground Distribution Transformers - Operation	-	-	-	0%	
5060	Street Lighting and Signal System Expense	-	-	-	0%	
5065	Meter Expense	52,211	127,559	75,348	144%	New meter apprentice
5070	Customer Premises - Operation Labour	-	-	-	0%	
5075	Customer Premises - Materials and Expenses	-	-	-	0%	
5085	Miscellaneous Distribution Expense	(127,912)	(20,840)	107,072	-84%	New Junior Service technical Technician
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-	0%	
5095	Overhead Distribution Lines and Feeders - Rental Paid	-	-	-	0%	
5096	Other Rent	-	-	-	0%	
	Sub-Total	40,972	442,737	401,765	981%	
					0%	
	Maintenance (Working Capital)				0%	
5105	Maintenance Supervision and Engineering	218,220	225,076	6,856	3%	
5110	Maintenance of Buildings and Fixtures - Distribution Stations	19,891	20,487	597	3%	
5112	Maintenance of Transformer Station Equipment	-	-	-	0%	
5114	Maintenance of Distribution Station Equipment	129,470	133,354	3,884	3%	
5120	Maintenance of Poles, Towers and Fixtures	477,847	492,183	14,336	3%	
5125	Maintenance of Overhead Conductors and Devices	-	-	-	0%	

5130	Maintenance of Overhead Services	-	-	-	0%	
5135	Overhead Distribution Lines and Feeders - Right of Way	-	-	-	0%	
5145	Maintenance of Underground Conduit	122,982	126,671	3,689	3%	
5150	Maintenance of Underground Conductors and Devices	-	-	-	0%	
5155	Maintenance of Underground Services	30,000	30,900	900	3%	
5160	Maintenance of Line Transformers	-	-	-	0%	
5165	Maintenance of Street Lighting and Signal Systems	-	-	-	0%	
5170	Sentinel Lights - Labour	-	-	-	0%	
5172	Sentinel Lights - Materials and Expenses	-	-	-	0%	
5175	Maintenance of Meters	-	-	-	0%	
5178	Customer Installations Expenses- Leased Property	-	-	-	0%	
5185	Water Heater Rentals - Labour	-	-	-	0%	
5186	Water Heater Rentals - Materials and Expenses	-	-	-	0%	
5190	Water Heater Controls - Labour	-	-	-	0%	
5192	Water Heater Controls - Materials and Expenses	-	-	-	0%	
5195	Maintenance of Other Installations on Customer Premises	-	-	-	0%	
	Sub-Total	998,410	1,028,671	30,262	3%	
					0%	

	Billing and Collections				0%	
5305	Supervision	212,111	218,582	6,471	3%	
5310	Meter Reading Expense	406,158	417,950	11,792	3%	
5315	Customer Billing	886,869	913,569	26,700	3%	
5320	Collecting	395,466	407,783	12,317	3%	
5325	Collecting- Cash Over and Short	-	-	-	0%	
5330	Collection Charges	-	-	-	0%	
5335	Bad Debt Expense	282,000	290,460	8,460	3%	
5340	Miscellaneous Customer Accounts Expenses	-	-	-	0%	
	Sub-Total	2,182,604	2,248,345	65,741	3%	
					0%	
	Community Relations				0%	
5405	Supervision	105,594	169,589	63,995	61%	new CSR Supervisor
5410	Community Relations - Sundry	23,200	23,896	696	3%	
5415	Energy Conservation	-	-	-	0%	
5420	Community Safety Program	276,902	285,376	8,474	3%	
5425	Miscellaneous Customer Service and Informational Expenses	478,470	521,354	42,884	9%	new CSR Supervisor Benefits
5505	Supervision	-	-	-	0%	
5510	Demonstrating and Selling Expense	-	-	-	0%	

5515	Advertising Expense	-	-	-	0%	
5520	Miscellaneous Sales Expense	-	-	-	0%	
	Sub-Total	884,166	1,000,216	116,049	13%	
					0%	
	Administrative and General Expenses				0%	
5605	Executive Salaries and Expenses	1,803,112	1,902,281	99,169	5%	Health Insurance Increase (at 5%) plus Future Benefits accrual
5610	Management Salaries and Expenses	726,591	951,099	224,508	31%	New Project Engineer/ Regulatory Costs for 2008 Filing/ Incentive program
5615	General Administrative Salaries and Expenses	686,448	756,560	70,112	10%	Manager back from Leave.
5620	Office Supplies and Expenses	165,149	170,103	4,954	3%	
5625	Administrative Expense Transferred Credit	(638,000)	(638,000)	-	0%	
5630	Outside Services Employed	373,008	530,198	157,190	42%	New Finance Contractor/ It Contractor
5635	Property Insurance	104,669	116,766	12,097	12%	Additional Coverage / higher premium due to MS Station fire in 2006.
5640	Injuries and Damages	153,531	175,190	21,659	14%	Additional coverage as per independent insurance review for Directors and Officers insurance.
5645	Employee Pensions and Benefits	455,253	476,312	21,059	5%	Medical Insurance for Retirees - 5% increase in premiums
5650	Franchise Requirements	-	-	-	0%	
5655	Regulatory Expenses	429,818	442,713	12,895	3%	
5660	General Advertising Expenses	1,579	1,626	47	3%	
5665	Miscellaneous General Expenses	64,325	66,255	1,930	3%	

5670	Rent	264,000	264,000	-	0%	
5675	Maintenance of General Plant	496,560	511,542	14,982	3%	
5680	Electrical Safety Authority Fees	-	-	-	0%	
5685	Independent Market Operator Fees and Penalties	-	-	-	0%	
	Sub-Total	5,086,042	5,726,644	640,602	13%	
		9,192,195	10,446,612	1,254,418		

Board staff raised concerns about the amount of \$154,000 included in account 5605 for a Conservation Services Department. OPUCN would like to point out that this is not a new department and there are no new incremental costs associated with it. An existing department was renamed and its manager took on additional responsibilities in assisting customers in their conservation efforts and in managing conservation and demand management projects sponsored by the government. Renaming the department and assigning these responsibilities serve to emphasize OPUCN's commitment to the promotion of conservation and demand management and supporting government initiatives and assisting our customers in their efforts in these important areas.

Taxes included in OM&A

OPUCN is seeking to recover Tax costs of \$196,514 in 2008. This represents a change of \$148,936 compared to our original filing. Changes were made after consideration of interrogatories and submissions from Board staff and interveners. Changes made include:

Original Tax Total		\$345,450
Remove capital tax	(148,936)	
Total Changes		
Amended OM&A Total		\$196,514

Payments in Lieu of Taxes (PILs)

In order to ensure compliance with OEB requirements concerning the calculation of PILs, OPUCN has applied the new federal income tax rate announced on November 7, 2007 (changed from 20.5% to 19.5%) and changes to the Ontario Capital Tax exemption amount (from \$15.0 million to \$12.5 million in 2008) to its tax calculations. In addition we have increased the CCA rate for computer purchases from 45% to 55% in response to CCA changes. These new rates result in a PILs amount of \$1,845,652.

Deferral and Variance Accounts

OPUCN requests that the following accounts be disposed of as of April 30, 2008 over a two year period.

Account	Amount
1508 Other Regulatory Assets	(21,501)
1562 Deferred Payments in Lieu of Taxes	812,655
1580 RSVA – Wholesale Market Service Charge	(719,903)
1582 RSVA – One-time Wholesale Market Service	67,041
1584 RSVA – Retail Transmission Network Charge	3,175,027
1586 RSVA – Retail Transmission Connection Charge	(1,703,767)
1588 RSVA Power	128,602
1590 Recovery of Regulatory Asset Balances (RARA + interest)	644,575
Total of these accounts	2,382,728

Response to Submissions

The Board staff Submission raised issues with the treatment and balance calculations for several deferral and variance accounts for which OPUCN is seeking disposition. Board staff noted what appeared to be inconsistencies in the record between the application and responses to interrogatories 52, 53, and 48 and have invited clarification of these differences. OPUCN submits the following clarifications.

The first inconsistency noted was in the account used when disposing of an amount of (\$21,501) for Miscellaneous Deferred Debts. OPUCN is applying to return this amount to our customers in relation to the RP-2004-0080/ EB-2004-0236 decision "Loss of Major Customer". OPUCN suggests that at this time account 1508 "Other Regulatory Assets" be used to identify this balance and not account 1525 as reflected in OEB interrogatory response in Appendix C. Under the guidelines for EDR 2006 no request was permitted to dispose of this account in the EDR 2006 filing.

The Board submission noted that the supporting calculations requested for Account 1508 – "Other Regulatory Assets" do not appear to have been submitted along with the request to return the over collection of \$21,501 to our customers. This account, referred to as the Acsys Deferral Account, represents an over collection as the result of using a Board approved rate adjustment, effective July 1, 2005, to compensate for the loss of a major customer (Acsys Systems Ltd.). In January 2005, the revenue collected with reference to the decision reached the limit of \$277,500. Collections of distribution revenues over the \$277,500 were applied to the Acsys Deferral Account as follows.

Read Dates		Distribution Service Charge	Revenue Volumetric	SSS Admin.	Total (\$)	Usage KW	kWh
2/1/2005	January	2,135.89	6,836.94	0.26	8,973.09	1379.32	545488
3/1/2005	February	1,929.19	5,251.66	0.23	7,181.08	1059.49	347416
3/15/2005	March - Final billing	964.60	4,382.21	0.12	5,346.93	884.09	149828
		5,029.68	16,470.81	0.61	21,501.10	3322.9	1042732

The spreadsheet submitted in response to Board staff Interrogatory 48, found at Appendix C of the OPUCN response, printed out over three (3) pages and this seems to have caused some difficulty in identifying some of the required data. Board staff indicated that they could not find forecasts of principal balances for accounts 1580, 1584, and 1586 in this response. OPUCN requests that the "Forecasted Transactions Excluding Interest from Jan 1, 2007 to Dec 31, 2007" column be referenced to obtain these balances. This column is on page 3 of Appendix C of OPUCN's response to the Board staff interrogatories. There was also confusion created by the layout of the spreadsheet in regards to the disposition of account 1588 in the amount of \$210,554. The information can be found in the column identified as "Closing Principal Balance as of Dec 31, 2008" on page 3 of Appendix C. The template used to submit the information identifies 188 as RSVA =POWER - Sub-Account - Global Adjustment. This is a sub-account of 1588, but should not include the term Global Adjustment in its description. Board staff also identified inconsistencies in accounts 1590 and 1592. Account 1590, in the amount of \$59,208 and Account 1592 in the amount of \$144,447 are associated with interest on the RARA account. Explanations for these two accounts are contained in OPUCN's

response to Interrogatory number 47, on pages 147 and 148. As the two accounts are associated with RARA and record interest/ carrying charges on the RARA account, OPUCN feels that it is prudent to include these balances in the “Line Recovery of Regulatory Asset Balances” account 1590 on Page 2 of Appendix C in the column entitled "Interest Jan 1 to December 31, 2006". Including this amount in this manner results in a matching of the disposal amounts between the prefiled evidence and the responses to Interrogatories 48, 52, and 53.

On page 8 of their Submission, Board staff had further questions about the treatment of account 1590 – “Recovery of Regulatory Asset Balances”. The first anomaly for which the Board staff suggests explanation is that in the prefiled evidence and in response to interrogatories 52 and 53 the balance in this account is calculated to be \$59,208 while in the reply to interrogatory 48 the balance is calculated as \$645,168. The amount of \$645,168 reflects the projected remaining balance in the Recovery of Regulatory Asset Account (RARA) at the end of April 30, 2008. The amount, of \$59,208, is associated with 1590 account but is the amount of carrying charges for the RARA from May 1, 2006 up to December 31, 2006. The OEB did not provide LDCs allowance to include these carrying charges in RARA account at the time of filing of EDR 2006. Approval to book these amounts to the RARA account has since been forthcoming.

The amount, \$59,208, associated with the 1590 account is being sought for disposal in our application. This amount, identified above, is indicated in Board interrogatory replies 48, 52, and 53. OPUCN understands that the Phase 2 decision for the Review and Recovery of Regulatory Assets of the five large distributors indicates that distributors should dispose of the RARA account balance as at April 30, 2008 once verification of the account balance has been finalized and verified. OPUCN suggests that the OEB consider our application request for disposition of this account based on recovery projections to April 1, 2008. These projections are based on the approved recovery rate and forecasted load. The amount of the forecasted disposition was \$440,920 in the Application. Using the new load forecast the amount is now \$445,106. Although there will certainly be a difference in this forecasted amount to actual resulting balance on April 1, 2008, OPUCN believes that the difference will not be material and can be dealt with at a later date. The request for disposition of the forecasted amount is made to relieve both the Board staff and OPUCN of the work involved in submitting an additional rate application at a later date.

The Treatment of RARA Interest, and response to Board interrogatory 47, was to utilize the account 1592 only for the purpose of differentiating this forecasted amount from the total. The balance is in fact associated with RARA and account 1590-Recovery of Regulatory Asset Balances. The balance should not be associated with PILS and Tax Variance and should be correctly included in account 1590 (as identified in interrogatory response Appendix C.) OPUCN records this balance to 1590 in OEB RRR filings, to comply with APH requirements. OPUCN regrets this confusion.

OPUCN's application proposed recovering balances in the Regulatory Asset accounts over a two year period. Board staff has asked OPUCN to recalculate those proposed rate riders using a shorter period, which OPUCN has done using a period of one year. OPUCN agrees that there is merit to a review of a shorter period of recovery for Regulatory Asset recovery. The projected total rate impact does not appear to significantly burden customer classes. In addition, the shorter period of recovery will address concerns about the lengthy period of time before OPUCN is able to lessen or eliminate balances for Regulatory Asset/ Liability accounts. The table below shows the calculation of the rider required to recover the balances over a one year term. The calculations are based on the revised load forecast, as per OPUCN's response to Board staff interrogatory number 15. OPUCN awaits guidance from the Board as to its preferred disposal term.

	Residential	GS < 50 KW	GS > 50 to 999	Intermediate	Large Users	Small Scattered Load	Sentinel Lighting	Street Lighting
Projected 2008 Rate Riders	0.0024	0.0023	0.7284	0.7487	0.7490	0.0001	0.0046	0.8973
Rate Determinant	kWh	kWh	kW	kW	kW	kW	kWh	kW

Cost of Capital and Rate of Return

OPUCN proposes a capital structure which conforms to the provisions of the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors, issued December 20, 2006. Specifically, OPUCN proposes:

- A capital structure of 53.3% debt (composed of 49.3% long-term debt and 4.0% short-term debt) and 46.7% equity;
- A short term debt rate of 4.77%, to be updated in accordance with section 2.2.2 of the report;
- A long-term debt rate of 6.70%;
- A Return on Equity of 8.79%, to be updated in accordance with the methodology in Appendix B of the report;
- A weighted average Cost of Capital of 7.60%, subject to change as the short-term debt rate and ROE are updated per the report at the time of the Board's decision.

Board staff shares OPUCN's view that the proposed Capital Structure is consistent with the Board's report.

Calculation of Revenue Deficiency or Surplus

OPUCN has revised its revenue sufficiency / deficiency calculation to reflect the format requested by OEB staff. The changes detailed in this submission and the incorporation of the change in format result in a revenue deficiency of \$2,583,445. Calculations showing the rate impact of these changes are at Appendix A of this submission.

Applicants Rate Base			
Beg. Net Fixed Assets	46,211,762		
End Net Fixed Assets	52,809,618		
Average Net Fixed Assets		49,510,690	
Working Capital Allowance Base	97,590,153		A/B
Working Capital Allowance	15%	14,649,213	
Rate Base		64,149,213	
Return on Rate Base			
Deemed Short Term Debt %	4.00%	2,565,969	
Deemed Long Term Debt %	49.33%	31,644,807	
Deemed Equity %	46.67%	29,38,438	
Short Term Interest	4.77%	122,397	
Long Term Interest	6.70%	2,120,202	
Return on Equity	8.79%	2,631,680	
Return on Rate Base		4,874,278	
Distribution Expenses			
OM&A Expenses	10,346,127		C/D
Transformer Allowance	239,375		
Amortization	4,395,490		
PILS	1,845,673		E/F
		16,826,665	
Variance / Deferral Account Rate Adders			
Low Voltage	n/a		
Smart Meters		167,252	
Incremental CDM	n/a		167,252
Revenue Offsets			
Specific Service Charges	704,147		
Late Payment	198,733		
Other Distribution Income	698,776		
Other Income and Deductions	0	1,601,656	

Revenue Requirement from Distribution Rates	<u>20,266,539</u>
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Variance / Deferral Account Rate Adders
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Regulatory Assets	1 Year Period Recovery	2,382,728
LRAM & SSM	1 Year Period Recovery	147,025

Revenue Requirement from Rate Riders	<u>2,529,753</u>
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Revenue Requirement from Distribution Rates	20,266,539
2008 Forecast Billing Determinates Time Current Rates	<u>17,753,964</u>
Revenue Sufficiency/ Deficiency	<u><u>2,512,575</u></u>

Listing of Changes to Application (January 16, 2008)

	USofA	
A)	4705/4708/4714/4716	Change in Load Forecast - Result of Improved Methodology Retail kWh load forecast 2008 old = 1,165,401,141 new = 1,141,200,154 (converted to wholesale kWhs for projections purposes)
		Retail Transmission Rate (RTR) Changes (per Hydro One Announcement- Nov 07)
B)	4714 RTNS	Transmission Network
	4716 TCS	Transmission Connection
C)	6105 Other taxes -Other than Income Tax	Elimination of Ontario Capital Tax from OM&A \$148,936
D)	5655 Regulatory Costs	Elimination of CDM in 2008 OM&A 297,000
E)	6110 PILS	Federal Income Tax Rate Change announced Nov 07 (from 20.5% to 19.5% in 2008)
	6110 PILS	Ontario Capital Tax (OCT) change in exception amount \$12.5m to \$15.0m in 2008.
F)	6110 PILS	Change in CCA Rate Computer Purchases CCA Rate 45% to new 55%

Cost Allocation

In its original filing, OPUCN did not propose changing its distribution rates to implement the findings of its Cost Allocation Study. At the time of filing there was no definitive guidance from the Board on the application of the results of the study undertaken in 2006. Since the Application was filed, the Board has issued such guidance. OPUCN is not proposing to apply those guidelines at this time. In response to interrogatories from the Board staff and other interveners, OPUCN recalculated the cost allocation between customer classes to reflect the ranges recommended in the Board report. The amended cost ratios and associated rate impact calculations are included in this Submission at Appendix B. OPUCN suggests that, if the Board wishes OPUCN to base its rates on the costs ratios as calculated in Appendix B that consideration be given to mitigating the effects of these changes by phasing the changes in over a period of three or more years in order to avoid sudden rate shock to the residential and street lighting customer classes. OPUCN awaits Board direction on this matter.

Rate Design

OPUCN seeks an order by the Board authorizing OPUCN to charge the rates and charges set out below. These rates will recover the OPUCN's revenue requirement of \$19,589,912. OPUCN proposes:

1. Maintenance of the current customer classes;
2. Recovery of deferral and variance account balances calculated at Exhibit 5, Tab 1, Schedule of the rate application as well as LRAM and SSM amounts calculated at Exhibit 9, Tab 1, Schedule 2. The recovery of these amounts over a one year period has been included in the bill impact calculations set out in Appendix A.
3. Maintenance of the existing transformer allowance until such times as the Board is able to complete its Rate Redesign process and address this allowance globally;
4. Maintenance of the current Specific Service Charges and Regulated Rates and Charges;
5. Changes in our Total Loss Factor.
6. Changes in Transformation Connections and Transformation Network Services charges to reflect reductions in these charges announced by Hydro One Networks in November 2007.

The tariff sheet in Appendix A was prepared to incorporate these proposals. Please note that this tariff sheet does not implement the results of the Cost Allocation Study in compliance with the Board report "Application of Cost Allocation for Electricity Distributors" issued November 28, 2007.

Response to Submissions

In its submission VECC expresses a concern that the use of Smart Meter rate adder may already be included in the fixed monthly charge, and the regulatory asset rate rider may

be included in the variable rates. OPUN regrets that in answering the VECC interrogatory #23 the Approved Rate Schedule of the OEB was presented and the reply should have made mention that in fact neither the smart meter rate adder nor the regulatory asset rate rider was used in the calculations of Base Revenues (at current Rates) as contained in table at Exhibit 9, Tab 1, Schedule 2. OPUCN agrees with VECC as to treatment of the riders and confirms that these riders were in fact not used in calculations.

Calculation of LRAM and SSM

OPUCN is seeking to recover \$49,788.00 in relation to LRAM, and \$97,237.01 in relation to Shared Savings Mechanism (SSM), for a total of \$147,025.01. Both the LRAM and SSM amounts relate to fiscal year 2006. OPUCN is seeking to include this recovery in the rate adder requested for the recovery of variance account balances.

Response to Submissions

Board staff, in their submission, requested further detail as to how these amounts were calculated. OPUCN provided the summary of the Enerspectrum Group Report in its application to address the methodology used for the LRAM and SSM calculations. In order to address the concerns of Board staff we are pleased to include an electronic file as to how amounts for LRAM and SSM were determined. These provide detailed models and documentation as requested by Board staff. In addition, please find attached at Appendix C a summary of this information.

APPENDIX A – RATE IMPACT CALCULATIONS AND TARRIF SHEET – NO CHANGES TO COST ALLOCATION BY CLASS

PROPOSED RATE SCHEDULE

Customer Rate Class	Metric	Rate
Residential (R1)		
Distribution	Customer	8.23
Distribution	kWh	0.0121
Smart Meter Adder	Meter	0.2700
Regulatory Asset Recovery	kWh	0.0024
SSM and LRAM Rate Rider	kWh	0.0003
Retail Transmission - Network	kWh	0.0039
Retail Transmission - Line and Transformation		
Connection	kWh	0.0049
Wholesale Market Service	kWh	0.0052
Rural Rate Protection Charge	kWh	0.0010
RPP Administrative Charge	RPP Customer	0.2500
GS <50 (C1)		
Distribution	Customer	9.88
Distribution	kWh	0.0202
Smart Meter Adder	Meter	0.2700
Regulatory Asset Recovery	kWh	0.0023
Retail Transmission - Network	kWh	0.0035
Retail Transmission - Line and Transformation		
Connection	kWh	0.0044
Wholesale Market Service	kWh	0.0052
Rural Rate Protection Charge	kWh	0.0010
RPP Administrative Charge	RPP Customer	0.2500

GS>50 kW < 1000 kW		
Distribution	Customer	45.40
Distribution	kW	3.9555
Smart Meter Adder	Meter	0.2700
Regulatory Asset Recovery	kW	0.7284
Retail Transmission - Network (Non-Interval Metered)	kW	1.2697
Retail Transmission - Line and Transformation Connection (Non-Interval Metered)	kW	1.5818
Retail Transmission - Network (Interval Metered)	kW	1.6274
Retail Transmission - Line and Transformation Connection (Interval Metered)	kW	2.0091
Wholesale Market Service	kWh	0.0052
Rural Rate Protection Charge	kWh	0.0010
RPP Administrative Charge	RPP Customer	0.2500
GS>1000 kW < 5000 kW (I2 -Intermediate)		
Distribution	Customer	2,183.85
Distribution	kW	4.8506
Smart Meter Adder	Meter	0.2700
Regulatory Asset Recovery	kW	0.7487
Retail Transmission - Network	kW	1.6274
Retail Transmission - Line and Transformation Connection	kW	2.0091
Wholesale Market Service	kWh	0.0052
Rural Rate Protection Charge	kWh	0.0010
RPP Administrative Charge	RPP Customer	0.2500
Large Use >5MW (I3)		
Distribution	Customer	11,759.19
Distribution	kW	3.2330

Smart Meter Adder	Meter	0.2700
Regulatory Asset Recovery	kW	0.7490
Retail Transmission - Network	kW	1.7339
Retail Transmission - Line and Transformation Connection	kW	2.0091
Wholesale Market Service	kWh	0.0052
Rural Rate Protection Charge	kWh	0.0010
RPP Administrative Charge	RPP Customer	0.2500
Street Light		
Distribution	Connection	0.53
Distribution	kW	8.3033
Smart Meter Adder	Meter	0.2700
Regulatory Asset Recovery	kW	0.8973
Retail Transmission - Network	kW	0.8609
Retail Transmission - Line and Transformation Connection	kW	1.8254
Wholesale Market Service	kWh	0.0052
Rural Rate Protection Charge	kWh	0.0010
RPP Administrative Charge	RPP Customer	0.2500
Sentinel		
Distribution	Connection	2.76
Distribution	kW	6.2577
Smart Meter Adder	Meter	0.2700
Regulatory Asset Recovery	kW	0.0046
Retail Transmission - Network	kW	0.8757
Retail Transmission - Line and Transformation Connection	kW	1.8569
Wholesale Market Service	kWh	0.0052
Rural Rate Protection Charge	kWh	0.0010
RPP Administrative Charge	RPP Customer	0.2500

Unmetered Scattered Load (USL)		
Distribution	Connection	4.94
Distribution	kWh	0.0206
Regulatory Asset Recovery	kWh	0.0001
Retail Transmission - Network	kWh	0.0035
Retail Transmission - Line and Transformation		
Connection	kWh	0.0044
Wholesale Market Service	kWh	0.0052
Rural Rate Protection Charge	kWh	0.0010
RPP Administrative Charge	RPP Customer	0.2500

Oshawa PUC Networks Inc. EB-2007-0710

Bill Impacts (Rate Application 2008)

RPP Pricing (Summer)

Residential (R1)				0.053	Under	0.062	Over
1,000	kWh Consumption	TLF	1.04660	600	kWh RPP Limit		

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				7.36			8.23	0.87	11.9%	0.8%
Distribution	kWh	1,000	0.01080	10.80	1,000	0.01208	12.08	1.28	11.9%	1.2%
Sub-Total				18.16			20.31	2.15	11.9%	2.0%
Regulatory Asset Recovery	kWh	1,000	0.00120	1.20	1,000	0.00240	2.40	1.20	100.0%	1.1%

LRAM/ SSM Recovery	kWh	1,047	0.00000	0.00	1,000	0.00030	0.30	0.30	0.0%	1.1%
Retail Transmission - Network	kWh	1,047	0.00590	6.17	1,047	0.00390	4.08	(2.09)	-33.9%	-2.0%
Retail Transmission - Line and Transformation Connection	kWh	1,047	0.00450	4.71	1,047	0.00490	5.13	0.42	8.9%	0.4%
Wholesale Market Service	kWh	1,047	0.00520	5.44	1,047	0.00520	5.44	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	1,047	0.00100	1.05	1,047	0.00100	1.05	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	600	0.05300	31.80	600	0.05300	31.80	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	447	0.06200	27.69	447	0.06200	27.69	0.00	0.0%	0.0%
Total Bill				103.22			105.20	1.98	1.9%	1.9%

GS <50 (C1)

3,400 kWh Consumption TLF 1.04660

		2007 BILL	2008 BILL	IMPACT
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	Metric	Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				8.83			9.88	1.05	11.9%	0.3%
Distribution	kWh	3,400	0.01810	61.54	3,400	0.02025	68.84	7.30	11.9%	1.9%
Sub-Total				70.37			78.72	8.35	11.9%	2.2%
Regulatory Asset Recovery	kWh	3,400	0.00090	3.06	3,400	0.00230	7.82	4.76	155.6%	1.3%
Retail Transmission - Network	kWh	3,558	0.00530	18.86	3,558	0.00350	12.45	(6.41)	-34.0%	-1.7%
Retail Transmission - Line and Transformation Connection	kWh	3,558	0.00410	14.59	3,558	0.00440	15.66	1.07	7.3%	0.3%
Wholesale Market Service	kWh	3,558	0.00520	18.50	3,558	0.00520	18.50	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	3,558	0.00100	3.56	3,558	0.00100	3.56	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	3,400	0.00700	23.80	3,400	0.00700	23.80	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	600	0.05300	31.80	600	0.05300	31.80	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	2,958	0.06200	183.42	2,958	0.06200	183.42	0.00	0.0%	0.0%
Total Bill				367.96			375.73	7.77	2.1%	2.1%

GS>50 kW < 1000 kW (Interval)

135 kW Consumption TLF 1.04660
kWh
55,000 Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				40.59			45.40	4.81	11.9%	0.1%
Distribution	kW	135	3.53610	477.37	135	3.95555	534.00	56.63	11.9%	1.0%
Sub-Total				517.96			579.40	61.44	11.9%	1.1%
Regulatory Asset Recovery	kW	135	0.40430	54.58	135	0.72840	98.33	43.75	80.2%	0.8%
Retail Transmission - Network	kW	135	2.44410	329.95	135	1.62740	219.70	(110.25)	-33.4%	-2.0%
Retail Transmission - Line and Transformation Connection	kW	135	1.85650	250.63	135	2.00910	271.23	20.60	8.2%	0.4%
Wholesale Market Service	kWh	57,563	0.00520	299.33	57,563	0.00520	299.33	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	57,563	0.00100	57.56	57,563	0.00100	57.56	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	55,000	0.00700	385.00	55,000	0.00700	385.00	0.00	0.0%	0.0%

Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	57,563	0.06200	3,568.91	57,563	0.06200	3,568.91	0.00	0.0%	0.0%
Total Bill				5,463.92			5,479.46	15.54	0.3%	0.3%

GS>1000 kW < 5000 kW (I2 -Intermediate)

1,625 kW Consumption TLF 1.04660
842,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				1,952.27			2,183.85	231.58	11.9%	0.3%
Distribution	kW	1,625	4.33620	7,046.33	1,625	4.85055	7,882.15	835.82	11.9%	1.0%
Sub-Total				8,998.60			10,065.99	1,067.40	11.9%	1.3%
Regulatory Asset Recovery	kW	1,625	0.08200	133.25	1,625	0.74870	1,216.64	1,083.39	813.0%	1.3%
Retail Transmission - Network	kW	1,625	2.44410	3,971.66	1,625	1.62740	2,644.53	(1,327.14)	-33.4%	-1.6%
Retail Transmission - Line and Transformation Connection	kW	1,625	1.85650	3,016.81	1,625	2.00910	3,264.79	247.98	8.2%	0.3%

Wholesale Market Service	kWh	881,237	0.00520	4,582.43	881,237	0.00520	4,582.43	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	881,237	0.00100	881.24	881,237	0.00100	881.24	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	842,000	0.00700	5,894.00	842,000	0.00700	5,894.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	881,237	0.06200	54,636.71	881,237	0.06200	54,636.71	0.00	0.0%	0.0%
Total Bill				82,114.70			83,186.32	1,071.62	1.3%	1.3%

Large Use >5MW (I3)

7,900 kW Consumption TLF 1.01460
3,600,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				10,512.24			11,759.19	1,246.95	11.9%	0.4%
Distribution	kW	7,900	2.89020	22,832.58	7,900	3.23303	25,540.94	2,708.36	11.9%	0.9%
Sub-Total				33,344.82			37,300.13	3,955.31	11.9%	1.3%
Regulatory Asset Recovery	kW	135	0.28600	38.61	135	0.74900	101.12	62.51	161.9%	0.0%
Retail Transmission - Network	kW	135	2.60410	351.55	135	1.73390	234.08	(117.48)	-33.4%	0.0%

Retail Transmission - Line and Transformation Connection	kW	135	2.02580	273.48	135	2.19230	295.96	22.48	8.2%	0.0%
Wholesale Market Service	kWh	3,652,560	0.00520	18,993.31	3,652,560	0.00520	18,993.31	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	3,652,560	0.00100	3,652.56	3,652,560	0.00100	3,652.56	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	3,600,000	0.00700	25,200.00	3,600,000	0.00700	25,200.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	3,652,560	0.06200	226,458.72	3,652,560	0.06200	226,458.72	0.00	0.0%	0.0%
Total Bill				308,313.06			312,235.87	3,922.82	1.3%	1.3%

Unmetered Scattered Load (USL)

770 kWh
Consumption TLF 1.04660

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				4.42			4.94	0.52	11.9%	0.6%
Distribution	kWh	770	0.01840	14.17	770	0.02058	15.85	1.68	11.9%	2.0%
Sub-Total				18.59			20.79	2.20	11.9%	2.7%

Regulatory Asset Recovery	kWh	770	0.00220	1.69	770	0.00010	0.08	(1.62)	-95.5%	-2.0%
Retail Transmission - Network	kWh	806	0.00530	4.27	806	0.00350	2.82	(1.45)	-34.0%	-1.8%
Retail Transmission - Line and Transformation Connection	kWh	806	0.00410	3.30	806	0.00440	3.55	0.24	7.3%	0.3%
Wholesale Market Service	kWh	806	0.00520	4.19	806	0.00520	4.19	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	806	0.00100	0.81	806	0.00100	0.81	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	770	0.00700	5.39	806	0.00700	5.64	0.25	4.7%	0.3%
Cost of Power Commodity	kWh	600	0.05300	31.80	600	0.05300	31.80	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	206	0.06200	12.76	206	0.06200	12.76	0.00	0.0%	0.0%
Total Bill				82.81			82.44	(0.37)	-0.4%	-0.4%

Sentinel

0.14 kW Consumption TLF 1.04660
42 kWh Consumption

		2007 BILL	2008 BILL	IMPACT
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	Metric	Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				2.47			2.76	0.29	11.9%	4.0%
Distribution	kW	0.14	5.59410	0.78	0.14	6.25766	0.88	0.09	11.9%	1.3%
Sub-Total				3.25			3.64	0.39	11.9%	5.3%
Regulatory Asset Recovery	kW	0.14	0.17480	0.02	0.14	0.00460	0.00	(0.02)	-97.4%	-0.3%
Retail Transmission - Network	kW	0.14	1.31520	0.18	0.14	0.87570	0.12	(0.06)	-33.4%	-0.8%
Retail Transmission - Line and Transformation Connection	kW	0.14	1.71580	0.24	0.14	1.85690	0.26	0.02	8.2%	0.3%
Wholesale Market Service	kWh	44	0.00520	0.23	44	0.00520	0.23	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	44	0.00100	0.04	44	0.00100	0.04	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	42	0.00700	0.29	42	0.00700	0.29	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	44	0.06200	2.73	44	0.06200	2.73	0.00	0.0%	0.0%
Total Bill				6.99			7.31	0.32	4.6%	4.4%

Street Light

0.45 kW Consumption TLF 1.04660
70 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				0.47			0.53	0.06	11.9%	0.5%
Distribution	kW	0.45	7.42280	3.37	0.45	8.30328	3.77	0.40	11.9%	3.5%
Sub-Total				3.84			4.30	0.46	11.9%	4.0%
Regulatory Asset Recovery	kW	0.45	0.17480	0.08	0.45	0.89730	0.41	0.33	413.3%	2.9%
Retail Transmission - Network	kW	0.45	1.29290	0.59	0.45	0.86090	0.39	(0.20)	-33.4%	-1.7%
Retail Transmission - Line and Transformation Connection	kW	0.45	1.68670	0.77	0.45	1.82540	0.83	0.06	8.2%	0.6%
Wholesale Market Service	kWh	74	0.00520	0.38	74	0.00520	0.38	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	74	0.00100	0.07	74	0.00100	0.07	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	70	0.00700	0.49	70	0.00700	0.49	0.00	0.0%	0.0%

Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	74	0.06200	4.56	74	0.06200	4.56	0.00	0.0%	0.0%
Total Bill				10.78			11.43	0.65	6.0%	5.7%

APPENDIX B – RATE IMPACT CALCULATIONS WITH COST ALLOCATION CHANGES

Oshawa PUC Network Inc.
Rates Adjusted to Cost Allocation Revenue to Cost Ratio Limits

Customer Class	Revenue to Cost Ratio Filing Run 2	Revenue to Cost Ratio Before Adjustments	Revenue to Cost Ratio After Cost Allocation Adjustments	Base Rates After Cost Allocation		Total Rate Impact with Cost Allocation
				Fixed	Variable	
Residential (R1)	0.89	0.89	0.95	8.86	0.0130	3.3%
GS <50 (C1)	1.30	1.32	1.20	8.96	0.0184	0.1%
GS>50 kW < 1000 kW (I1)	1.01	1.01	1.04	45.40	3.9555	0.3%
GS>1000 kW < 5000 kW (I2 - Intermediate)	3.34	3.48	1.80	1128.34	2.5062	-4.8%
Large Use >5MW (I3)	2.57	2.04	1.15	6634.36	1.8240	-4.2%
Street Light	0.23	0.31	0.70	1.18	18.6279	35.7%
Sentinel	0.55	0.50	0.70	3.83	8.6811	19.8%
Unmetered Scattered Load (USL)	1.32	1.62	1.20	3.66	0.0152	-7.5%

Bill Impacts (Rate Application 2008)

RPP Pricing (Summer)

Residential
(R1)

With Cost Allocations

0.053 Under 0.062 Over

1,000 kWh Consumption TLF 1.04660 **600** kWh RPP Limit

		2007 BILL	2008 BILL	IMPACT
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	Metric	Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				7.36			8.86	1.50	20.4%	1.4%
Distribution	kWh	1,000	0.01080	10.80	1,000	0.01300	13.00	2.20	20.4%	2.1%
Sub-Total				18.16			21.86	3.70	20.4%	3.5%
Regulatory Asset Recovery	kWh	1,000	0.00120	1.20	1,000	0.00240	2.40	1.20	100.0%	1.1%
LRAM/ SSM Recovery	kWh	1,047	0.00000	0.00	1,000	0.00030	0.30	0.30	#DIV/0!	1.1%
Retail Transmission - Network	kWh	1,047	0.00590	6.17	1,047	0.00390	4.08	(2.09)	-33.9%	-2.0%
Retail Transmission - Line and Transformation Connection	kWh	1,047	0.00450	4.71	1,047	0.00490	5.13	0.42	8.9%	0.4%
Wholesale Market Service	kWh	1,047	0.00520	5.44	1,047	0.00520	5.44	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	1,047	0.00100	1.05	1,047	0.00100	1.05	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	1,000	0.00700	7.00	1,000	0.00700	7.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	600	0.05300	31.80	600	0.05300	31.80	0.00	0.0%	0.0%

Cost of Power Commodity	kWh	447	0.06200	27.69	447	0.06200	27.69	0.00	0.0%	0.0%
Total Bill				103.22			106.75	3.53	3.4%	3.3%

GS <50 (C1)

3,400 kWh Consumption TLF 1.04660

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				8.83			8.96	0.13	1.5%	0.0%
Distribution	kWh	3,400	0.01810	61.54	3,400	0.01837	62.45	0.91	1.5%	0.2%
Sub-Total				70.37			71.41	1.04	1.5%	0.3%
Regulatory Asset Recovery	kWh	3,400	0.00090	3.06	3,400	0.00230	7.82	4.76	155.6%	1.3%
Retail Transmission - Network	kWh	3,558	0.00530	18.86	3,558	0.00350	12.45	(6.41)	-34.0%	-1.7%
Retail Transmission - Line and Transformation Connection	kWh	3,558	0.00410	14.59	3,558	0.00440	15.66	1.07	7.3%	0.3%
Wholesale Market Service	kWh	3,558	0.00520	18.50	3,558	0.00520	18.50	0.00	0.0%	0.0%

Rural Rate Protection Charge	kWh	3,558	0.00100	3.56	3,558	0.00100	3.56	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	3,400	0.00700	23.80	3,400	0.00700	23.80	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	600	0.05300	31.80	600	0.05300	31.80	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	2,958	0.06200	183.42	2,958	0.06200	183.42	0.00	0.0%	0.0%
Total Bill				367.96			368.42	0.46	0.1%	0.1%

GS>50 kW < 1000 kW (Interval)

135 kW Consumption TLF 1.04660
55,000 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				40.59			45.40	4.81	11.9%	0.1%
Distribution	kW	135	3.53610	477.37	135	3.95555	534.00	56.63	11.9%	1.0%
Sub-Total				517.96			579.40	61.44	11.9%	1.1%
Regulatory Asset Recovery	kW	135	0.40430	54.58	135	0.72840	98.33	43.75	80.2%	0.8%

Retail Transmission - Network	kW	135	2.44410	329.95	135	1.62740	219.70	(110.25)	-33.4%	-2.0%
Retail Transmission - Line and Transformation Connection	kW	135	1.85650	250.63	135	2.00910	271.23	20.60	8.2%	0.4%
Wholesale Market Service	kWh	57,563	0.00520	299.33	57,563	0.00520	299.33	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	57,563	0.00100	57.56	57,563	0.00100	57.56	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	55,000	0.00700	385.00	55,000	0.00700	385.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	57,563	0.06200	3,568.91	57,563	0.06200	3,568.91	0.00	0.0%	0.0%
Total Bill				5,463.92			5,479.46	15.54	0.3%	0.3%

GS>1000 kW < 5000 kW (I2 -Intermediate)

1,625 kW Consumption TLF 1.04660
842,000 kWh Consumption

		2007 BILL			2008 BILL			IMPACT		
	Metric	Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill

Monthly Service Charge				1,952.27			1,128.34	(823.93)	-42.2%	-1.1%
Distribution	kW	1,625	4.33620	7,046.33	1,625	2.50616	4,072.51	(2,973.82)	-42.2%	-3.8%
Sub-Total				8,998.60			5,200.84	(3,797.75)	-42.2%	-4.8%
Regulatory Asset Recovery	kW	1,625	0.08200	133.25	1,625	0.74870	1,216.64	1,083.39	813.0%	1.4%
Retail Transmission - Network	kW	1,625	2.44410	3,971.66	1,625	1.62740	2,644.53	(1,327.14)	-33.4%	-1.7%
Retail Transmission - Line and Transformation Connection	kW	1,625	1.85650	3,016.81	1,625	2.00910	3,264.79	247.98	8.2%	0.3%
Wholesale Market Service	kWh	881,237	0.00520	4,582.43	881,237	0.00520	4,582.43	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	881,237	0.00100	881.24	881,237	0.00100	881.24	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	842,000	0.00700	5,894.00	842,000	0.00700	5,894.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	881,237	0.06200	54,636.71	881,237	0.06200	54,636.71	0.00	0.0%	0.0%
Total Bill				82,114.70			78,321.17	(3,793.53)	-4.6%	-4.8%

Large Use >5MW (I3)

7,900 kW Consumption TLF 1.01460
kWh
3,600,000 Consumption

		2007 BILL	2008 BILL	IMPACT
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	Metric	Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				10,512.24			6,634.36	(3,877.88)	-36.9%	-1.3%
Distribution	kW	7,900	2.89020	22,832.58	7,900	1.82403	14,409.83	(8,422.75)	-36.9%	-2.8%
Sub-Total				33,344.82			21,044.19	(12,300.63)	-36.9%	-4.2%
Regulatory Asset Recovery	kW	135	0.28600	38.61	135	0.74900	101.12	62.51	161.9%	0.0%
Retail Transmission - Network	kW	135	2.60410	351.55	135	1.73390	234.08	(117.48)	-33.4%	0.0%
Retail Transmission - Line and Transformation Connection	kW	135	2.02580	273.48	135	2.19230	295.96	22.48	8.2%	0.0%
Wholesale Market Service	kWh	3,652,560	0.00520	18,993.31	3,652,560	0.00520	18,993.31	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	3,652,560	0.00100	3,652.56	3,652,560	0.00100	3,652.56	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	3,600,000	0.00700	25,200.00	3,600,000	0.00700	25,200.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	3,652,560	0.06200	226,458.72	3,652,560	0.06200	226,458.72	0.00	0.0%	0.0%
Total Bill				308,313.06			295,979.93	(12,333.12)	-4.0%	-4.2%

Unmetered Scattered Load (USL)

770 kWh
Consumption TLF 1.04660

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				4.42			3.66	(0.76)	-17.2%	-1.0%
Distribution	kWh	770	0.01840	14.17	770	0.01523	11.73	(2.44)	-17.2%	-3.2%
Sub-Total				18.59			15.39	(3.20)	-17.2%	-4.2%
Regulatory Asset Recovery	kWh	770	0.00220	1.69	770	0.00010	0.08	(1.62)	-95.5%	-2.1%
Retail Transmission - Network	kWh	806	0.00530	4.27	806	0.00350	2.82	(1.45)	-34.0%	-1.9%
Retail Transmission - Line and Transformation Connection	kWh	806	0.00410	3.30	806	0.00440	3.55	0.24	7.3%	0.3%
Wholesale Market Service	kWh	806	0.00520	4.19	806	0.00520	4.19	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	806	0.00100	0.81	806	0.00100	0.81	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	770	0.00700	5.39	806	0.00700	5.64	0.25	4.7%	0.3%
Cost of Power Commodity	kWh	600	0.05300	31.80	600	0.05300	31.80	0.00	0.0%	0.0%

Cost of Power Commodity	kWh	206	0.06200	12.76	206	0.06200	12.76	0.00	0.0%	0.0%
Total Bill				82.81			77.04	(5.77)	-7.0%	-7.5%

Sentinel

0.14 kW Consumption TLF 1.04660

42 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				2.47			3.83	1.36	55.2%	15.6%
Distribution	kW	0.14	5.59410	0.78	0.14	8.68114	1.22	0.43	55.2%	5.0%
Sub-Total				3.25			5.05	1.80	55.2%	20.6%
Regulatory Asset Recovery	kW	0.14	0.17480	0.02	0.14	0.00460	0.00	(0.02)	-97.4%	-0.3%
Retail Transmission - Network	kW	0.14	1.31520	0.18	0.14	0.87570	0.12	(0.06)	-33.4%	-0.7%
Retail Transmission - Line and Transformation Connection	kW	0.14	1.71580	0.24	0.14	1.85690	0.26	0.02	8.2%	0.2%
Wholesale Market Service	kWh	44	0.00520	0.23	44	0.00520	0.23	0.00	0.0%	0.0%

Rural Rate Protection Charge	kWh	44	0.00100	0.04	44	0.00100	0.04	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	42	0.00700	0.29	42	0.00700	0.29	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	44	0.06200	2.73	44	0.06200	2.73	0.00	0.0%	0.0%
Total Bill				6.99			8.72	1.73	24.7%	19.8%

Street Light

0.45 kW Consumption TLF 1.04660
70 kWh Consumption

	Metric	2007 BILL			2008 BILL			IMPACT		
		Volume	Rate \$	Charge \$	Volume	Rate \$	Charge \$	Change \$	Change %	% of Total Bill
Monthly Service Charge				0.47			1.18	0.71	151.0%	4.2%
Distribution	kW	0.45	7.42280	3.37	0.45	18.62792	8.46	5.09	151.0%	30.3%
Sub-Total				3.84			9.64	5.80	151.0%	34.6%
Regulatory Asset Recovery	kW	0.45	0.17480	0.08	0.45	0.89730	0.41	0.33	413.3%	2.0%
Retail Transmission - Network	kW	0.45	1.29290	0.59	0.45	0.86090	0.39	(0.20)	-33.4%	-1.2%

Retail Transmission - Line and Transformation Connection	kW	0.45	1.68670	0.77	0.45	1.82540	0.83	0.06	8.2%	0.4%
Wholesale Market Service	kWh	74	0.00520	0.38	74	0.00520	0.38	0.00	0.0%	0.0%
Rural Rate Protection Charge	kWh	74	0.00100	0.07	74	0.00100	0.07	0.00	0.0%	0.0%
Debt Retirement Charge	kWh	70	0.00700	0.49	70	0.00700	0.49	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	0	0.05300	0.00	0	0.05300	0.00	0.00	0.0%	0.0%
Cost of Power Commodity	kWh	74	0.06200	4.56	74	0.06200	4.56	0.00	0.0%	0.0%
Total Bill				10.78			16.77	5.99	55.6%	35.7%

APPENDIX C – LRAM AND SSM CALCULATIONS

The following pages are reproduced from the summary information from the model used to calculate LRAM and SSM amounts for recovery. The calculations are based on the approved TRC model issued by the Board. Board staff requires access to the calculations in order to validate the process used. The electronic submission system does not allow the submission of the spreadsheets on which the model is based. For that reason, the model has been submitted separately from this application.

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Revised LRAM Calculations	1
Library Watt Reader Program – CFL GiveAway	2
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Every Kilowatt Counts (Fall/Winter)	6
Residential 155 Colbourne Replace Bulk with Individual Meters	7
OEB Tables	8

Assumptions Used		EnerSpectrum TRC	EKC Calculator (Spring)	EKC Calculator (Fall)	Energyspectrum TRC NPV\$	EKC Spring Calculator NPV\$	EKC Fall Calculator NPV\$
Product							
EKC Program							
CFL			4.3 yr life expectancy - coupon redemption values are multiplied by 2.77 to give total number of bulbs purchased				
Ceiling Fans		4	20 years life expectancy			\$103,305 (EKC)	
Timers			20 years life expectancy			\$20,658 (EKC)	
Pstats (space heating, space cooling)		18	15 years life expectancy			\$54,431 (EKC)	
						\$40,139 (EKC)	
Pstats (baseboard)							
Dimmers		18 yr life expectancy		18 yr life expectancy. Represents 25% of total number of main room baseboard thermostats in home			
		10 yr life expectancy		10 yr life expectancy	19.6 (EKC)		
		4 yr life expectancy		4 yr life expectancy. Average number of CFL's purchased per coupon was calculated to be			
CFL				2.86 units/coupon	171.1 (EKC)		
LED lights (minis & 5 watt)		30 yr life expectancy		30 yr life expectancy. LED results are split between 5 watt and mini light replacement	88.9 (EKC)		
Motion Sensors		20 yr life expectancy		20 yr life expectancy	7.5 (EKC)		
		18 yr life expectancy		18 yr life expectancy. Represents electric heated homes - central air or boiler - 11%	685.5 (EKC)		
Prog Thermostats (space heating)				18 yr life expectancy. Represents electric heated homes - central air or boiler - 46%			
Prog Thermostats (space cooling)		18 yr life expectancy					
Watt Reader Program							\$3.1
CFL's		4 yr life expectancy					
Christmas Light Retrofit Program							
CFL's		30 yr life expectancy					-\$3.2
Retrofit Non-Profit Housing							

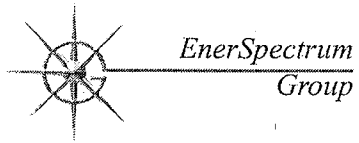
2007 Residential Load and Revenue Impacts						
Program	Load Impact				Rate	Revenue Impact
	NET		GROSS			
	kWh	kW	kWh	kw		
Library Watt Reader Program	13,154	3	14,616	3	\$0.0107	\$141
Every Kilowatt Counts (Spring)	1,674,492	107	1,851,281	458	\$0.0107	\$17,917
Every Kilowatt Counts (Fall/Winter)	2,517,375	48	2,793,318	719	\$0.0107	\$26,936
Residential 155 Colbourne Replace Bulk with Individual Meters	4,800	2	4,800	2	\$0.0107	\$51
Total	4,209,822	159	4,664,015	1,182		\$45,045

Program	NPV (k\$)
Library Watt Reader Program	3.1
Retrofit Non-profit Housing TOTAL	32.1
T8	7.8
CFL's	1.1
15W CFL Socket Replace	14.0
Exit Lights	9.2
Christmas Light Retrofit OPUC	11.6
Every Kilowatt Counts (Spring) TOTAL	477.9
Ceiling Fans	27.9
Timers	83.4
Programmable Thermostats	54.2
CFL's	312.4
Every Kilowatt Counts (Fall/Winter) TOTAL	715.9
CFL's	489.3
Dimmers	19.6
Motion Sensors	7.5
Baseboard Programmable Thermostats	19.7
Programmable Thermostats	121.4
LED's	58.4
Residential 155 Colbourne Replace Bulk with Individual Meters	1.7
TOTAL	1,242.3

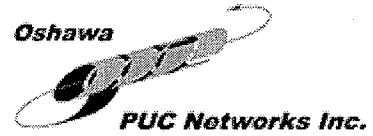
T-8 Replacement
13w CFL Fixture
15w CFL Socket Replace
Exit Lights

5 yr life expectancy
3 yr life expectancy
2 yr life expectancy
25 yr life expectancy

\$12.7
\$1.1
\$14.0
\$9.2



Oshawa PUC Networks Inc.

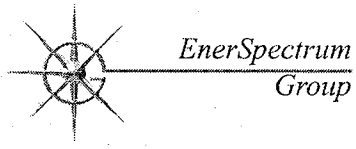


January 16, 2008

Assumptions:

Library Watt Reader Program assumptions derived from email to Michael Chase dated March 21, 2007.

140 - 15W CFL screw in bulbs from OEB Residential tables line 16 were assumed.



Oshawa PUC Networks Inc.



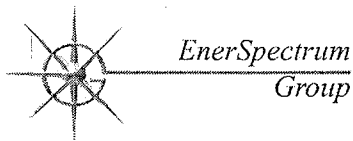
January 16, 2008

Assumptions:

Christmas Light Retrofit OPUC Program taken from email to Michael Chase dated March 21, 2007.

900 LED Christmas Lights from OEB tables were assumed.

Reference OEB published Residential table line 22.



Oshawa PUC Networks Inc.



January 16, 2008

Assumptions:

Every Kilowatt Counts Program (Fall) taken from Fall Every Kilowatt Counts Final Results report:

CFL's – A total of Direct Mail + Instore Coupons. Coupon redemption values are multiplied by 2.86 to give total number of bulbs purchased. Mearie Program Report 2006.

Baseboard Programmable Thermostats: Represents 25% of total number of main room baseboard thermostats in home.

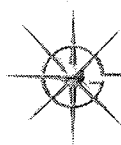
Programmable Thermostats: Represents electric heated homes – Space Heating savings assumed for 11% of total installed programmable thermostats, Space Cooling 46% - Mearie Program Report Spring 2006, page 62.

LED's: Results are split 50% between 5 watt and mini light replacement.

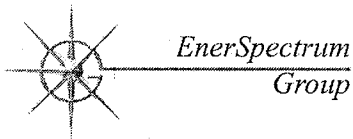
All assumptions consistent with OEB published tables

NPV Calculations:

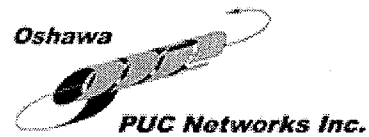
CFL's	489.3	OEB Residential table line 16
Dimmers	19.6	OEB Residential table line 23
Motion Sensors	7.5	OEB Residential table line 24
Baseboard Prog Thermostats	19.7	OEB Residential table line 56
Programmable Thermostats	121.4	OEB Residential table lines 55 & 56
LED's	58.4	OEB Residential table lines 22 & 23
Total NPV	715.9	



EnerSpectrum
Group



Oshawa PUC Networks Inc.



January 16, 2008

Assumptions:

Every Kilowatt Counts Program (Spring) taken from Spring Every Kilowatt Counts Final Results report:

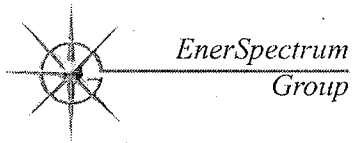
Programmable Thermostats – Represents electric heated homes: Space Heating savings assumed for 11% of total installed programmable thermostats, Space Cooling 46% - Mearie Program Report Spring 2006, page 62.

CFL's – A total of Direct Mail + Instore Coupons. Coupon redemption values are multiplied by 2.77 to give total number of bulbs purchased - Mearie Program Report Spring 2006.

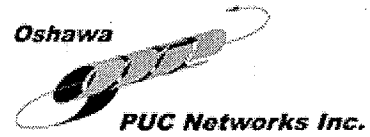
All assumptions consistent with OEB published tables.

NPV Calculations:

Ceiling Fans	27.9	OEB Residential table line 52
Timers	83.4	OEB Residential table line 22
Programmable Thermostats	54.2	OEB Residential table line 55
CFL's	312.4	OEB Residential table line 16
Total NPV	477.9	



Oshawa PUC Networks Inc.

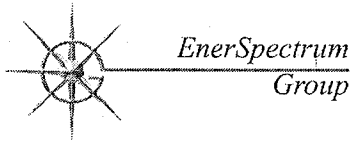


January 16, 2008

Assumptions:

Residential 155 Colbourne Replace Bulk with Individual Meters Program qty 8 taken from documentation provided.

8 individual meters from OEB Residential tables line 60 were assumed.



Oshawa PUC Networks Inc.



January 16, 2008

Assumptions:

Retrofit Non-profit Housing Program taken from sheet in binder from OPUC staff.

NPV Calculations:

Exit Lights	9.2	OEB Commercial table line 10
15W CFL	14.0	OEB Commercial table line 5
13W CFL	1.1	OEB Commercial table line 6
T8's	7.8	OEB Commercial table lines 1 and 2
Total NPV	32.1	

Fall Every Kilowatt Counts Final Results

Table1 - Direct Mail Totals

	All products	BaseBoard pStats	Dimmers	Energy Star CFL's	Motion Sensor Switch	pStat	Seasonal LEDs
Province wide program total	1108680	7503	24900	538753	8931	50430	477143
Province wide direct mail	144146	1833	8482	72037	3961	14843	42990
Province wide in-store	964534	5670	16418	466716	4970	35587	434153
Oshawa PUC Networks	1539	17	84	811	48	163	416

Table 2 - In-Store Coupon Totals

	All products	Baseboard pStats	Dimmers	Energy Star CFL's	Motion Sensor Switch	pStat	Seasonal LEDs
Acton	1465	1	19	633	4	13	795
Ailsa Craig	35						35
Ajax	6566	36	244	2905	33	355	2993
Alban	16			16			
Alexandria	1962	6	1	732	0	47	1176
Alfred	294	12	0	115	0	9	158
Allenford	19			17		1	1
Alliston	1053	18	57	421	7	52	498
Almonte	409	4	7	180	5	12	201
Amherstburg	1300	4	27	730	0	73	466
Ancaster	4885	44	220	2617	96	200	1708
Angus	1258	3	6	474	0	9	766
Apsley	117	0	0	62	0	8	47
Arkona	5			3			2
Arnprior	1592	2	3	542	4	11	1030
Arthur	149		1	66		7	75
Atlanta	4341	45	352	3029	91	230	594
Atwood	18			4			14
Auburn	44			44			
Aurora	4076	52	78	2035	36	225	1650
Aylmer	1212	1	4	421	0	35	751
Bancroft	1378	20	11	316	10	29	992
Barrhaven	2246	3	142	1106	72	87	836
Barrie	16438	188	410	7962	172	975	6731
Barry's Bay	396	0	0	186	0	5	205
Bayfield	3			3			
Beamsville	393	2	0	307	0	6	78
Beaverton	303	2	0	157	0	1	143
Belgrave	59			59			
Belle River	872	1	11	315	4	26	515
Belleville	5587	30	90	2200	43	199	3025
Binbrook	6			6			

Fall Every Kilowatt Counts Final Results

Table 2 - In-Store Coupon Totals

	All products	Baseboard pStats	Dimmers	Energy Star CFL's	Motion Sensor Switch	pStat	Seasonal LEDs
Niagara On The Lake	6			6			
Nipigon	65			59		1	5
Noelville	83	0	0	40	0	0	43
North Bay	5685	109	87	2962	36	252	2239
North Gower	18			17		1	
Norwich	296	1	6	218		10	61
Norwood	241	1	1	102		7	130
Oakville	7179	33	265	2754	43	406	3678
Odessa	116		1	74	1	8	32
Omeme	29			27		2	
Orangeville	6081	12	109	3771	26	141	2022
Orillia	4328	48	72	2040	47	141	1980
Orleans	3334	46	218	1553	66	97	1354
Oshawa	13124	66	242	7436	53	546	4781
Ottawa	23071	208	225	8872	71	513	13182
Owen Sound	4554	60	103	2272	36	134	1949
Paris	1150	2	13	384	3	28	720
Parkhill	270	0	0	262	2	3	3
Parry Sound	1603	17	12	373	2	40	1159
Pefferlaw	145	4	2	24	1	12	102
Pembroke	7885	43	52	5994	13	133	1650
Penetanguishene	79			22		2	55
Perth	1693	8	13	1166	4	54	448
Peterborough	8815	62	180	4498	76	306	3693
Petrolia	1052	0	4	280	8	16	744
Pickering	4800	3	5	1665	1	88	3038
Picton	1081	7	14	304	0	24	732
Plevna	19			19			
Point Edward	181	4	4	118	2	3	50
Pointe Aux Roches	19			15		4	
Pontypool	50			32	2		16
Port Colborne	1444	5	13	687	2	105	632
Port Dover	107		3	29		1	74
Port Elgin	523	5	5	116	3	12	382
Port Hope	1134	17	24	514	11	36	532
Port Loring	77			30		9	38
Port Mcnicoll	14		1	11		2	
Port Perry	3303	7	13	493	7	76	2707
Port Rowan	113	0	13	58	0	7	35
Port Stanley	210		2	44	1		163
Powassan	152	0	0	125	0	2	25

Spring Every Kilowatt Counts Final Results

Table1 - Direct Mail Totals

	All products	BaseBoard pStats	Dimmers	Energy Star CFL's	Motion Sensor Switch	pStat
Province wide program total	1108680	7503	24900	538753	8931	50430
Province wide direct mail	144146	1833	8482	72037	3961	14843
Province wide in-store	964534	5670	16418	466716	4970	35587
Oshawa PUC Networks	1539	17	84	811	48	163

Table 2 - In-Store Coupon Totals

	All products	Baseboard pStats	Dimmers	Energy Star CFL's	Motion Sensor Switch	pStat
Acton	1465	1	19	633	4	13
Ailsa Craig	35					
Ajax	6566	36	244	2905	33	355
Alban	16			16		
Alexandria	1962	6	1	732	0	47
Alfred	294	12	0	115	0	9
Allenford	19			17		1
Alliston	1053	18	57	421	7	52
Almonte	409	4	7	180	5	12
Amherstburg	1300	4	27	730	0	73
Ancaster	4885	44	220	2617	96	200
Angus	1258	3	6	474	0	9
Apsley	117	0	0	62	0	8
Arkona	5			3		
Arnprior	1592	2	3	542	4	11
Arthur	149		1	66		7
Atlanta	4341	45	352	3029	91	230
Atwood	18			4		
Auburn	44			44		
Aurora	4076	52	78	2035	36	225
Aylmer	1212	1	4	421	0	35
Bancroft	1378	20	11	316	10	29
Barhaven	2246	3	142	1106	72	87
Barrie	16438	188	410	7962	172	975
Barry's Bay	396	0	0	186	0	5
Bayfield	3			3		
Beamsville	393	2	0	307	0	6
Beaverton	303	2	0	157	0	1
Belgrave	59			59		

Spring Every Kilowatt Counts Final Results

Table 2 - In-Store Coupon Totals

	All products	Baseboard pStats	Dimmers	Energy Star CFL's	Motion Sensor Switch	pStat
Milverton	66			5		1
Minden	690	2	11	455	4	8
Mississauga	26703	164	469	12023	105	1217
Mitchell	205	2	0	91	2	1
Moonbeam	32			17	1	1
Morrisburg	1033	4	0	383	1	20
Mount Albert	122		1	43		
Mount Brydges	25			11		
Mount Forest	779	2	1	316	1	17
Napanee	2993	27	12	1303	2	73
Nepean	17497	213	408	3181	131	406
Nestor Falls	8			8		
New Hamburg	414	2	3	167		2
New Liskeard	1704	8	8	537	3	97
Newbury	906	1	1	468	3	16
Newcastle	336	5	16	139	6	16
Newmarket	12539	65	225	2900	54	289
Niagara Falls	10585	47	122	5408	52	379
Niagara On The Lake	6			6		
Nipigon	65			59		1
Noelville	83	0	0	40	0	0
North Bay	5685	109	87	2962	36	252
North Gower	18			17		1
Norwich	296	1	6	218		10
Norwood	241	1	1	102		7
Oakville	7179	33	265	2754	43	406
Odessa	116		1	74	1	8
Omamee	29			27		2
Orangeville	6081	12	109	3771	26	141
Orillia	4328	48	72	2040	47	141
Orleans	3334	46	218	1553	66	97
Oshawa	13124	66	242	7436	53	546
Ottawa	23071	208	225	8872	71	513
Owen Sound	4554	60	103	2272	36	134
Paris	1150	2	13	384	3	28
Parkhill	270	0	0	262	2	3
Parry Sound	1603	17	12	373	2	40
Pefferlaw	145	4	2	24	1	12