



Ontario Energy Board
P.O. Box 2319
27th Floor
2300 Yonge Street
Toronto, ON M4P 1E4

June 21, 2011

Attention: Board Secretary

Re: Kenora Hydro Electric Corporation Ltd. – EB-2010-0135

Enclosed please find Kenora Hydro's submission in response to the OEB (June 15, 2011) and VECC (June 13, 2011) comments on Kenora Hydro's Draft Rate Order. Copies have been filed through the OEB Portal, as well as e-mailed to contacts at VECC.

Should you require additional information, please contact me directly.

Yours truly,

A handwritten signature in black ink, appearing to read "David Sinclair", with a stylized flourish at the end.

David Sinclair
President & CEO
Kenora Hydro
Phone 807-467-2075
Fax 807-467-2068
e-mail dsinclair@kenora.ca

KENORA HYDRO ELECTRIC CORPORATION LTD.
COMMENTS ON DRAFT RATE ORDER
EB-2010-0135

MANAGER'S SUMMARY

The sections that follow detail the changes and modifications made to the models and calculations used to determine the final Tariff of Rates and Charges for Kenora Hydro, to be effective July 1, 2011, based on comments from the Board (June 15, 2011) and VECC (June 13, 2011) on the Draft Rate Order of May 25, 2011:

- Stranded Meters – correction of error in opening UCC balance, and related income tax adjustment
- Changes to Load Forecast – from Original to DRO – Detailed changes to Models
- Tariff of Rates and Charges – modifications by OEB accepted
- Other – details of OEB RRWF Model error
- Details of revision to Deferral/Variance Riders from Original filing to DRO
- Monthly Service Charges – split/variable portions
- Revenue to Cost Ratios
- Updated Cost of Power and Working capital allowance values from DRO
- Updated Revenue Requirement Work Form
- Revised customer impact sheets
- Revised Tariff of Rates and Charges

STRANDED METERS

The OEB has noted that Kenora Hydro has made an error by removing the NBV of the stranded assets from the UCC for tax purposes. Kenora agrees, and has updated the working papers for CCA/UCC for 2011, removing the previous adjustment for Stranded assets. The UCC balance now still includes any remaining UCC for the Stranded Meters.

As filed in the DRO

CCA Continuity Schedule (2011)										
Class	Class Description	UCC Prior Year Ending Balance	UCC Bridge Year Opening Balance	Additions	UCC Before 1/2 Yr Adjustment	{1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	4,432,267	4,432,267	0	4,432,267	0	4,432,267	4%	177,291	4,254,977
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
6	Buildings (No footings below ground)	0	0	0	0	0	0	10%	0	0
8	General Office/Stores Equip	40,606	40,606	5,500	46,106	2,750	43,356	20%	8,671	37,435
10	Computer Hardware/ Vehicles	179,367	179,367	152,000	331,367	76,000	255,367	30%	76,610	254,757
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	57,297	57,297	2,000	59,297	1,000	58,297	100%	58,297	1,000
3		0	0	0	0	0	0	5%	0	0
		0	0	0	0	0	0	0%	0	0
13.3	Lease # 3	0	0	0	0	0	0		0	0
13.4	Lease # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	1,052	1,052	0	1,052	0	1,052	45%	473	579
50	Computers & Systems Hardware acq'd post Mar 19/07	202	202	0	202	0	202	55%	111	91
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	5,364,017	5,364,017	749,000	6,113,017	374,500	5,738,517	8%	459,081	5,653,936
	SUB-TOTAL - UCC	10,074,809	10,074,809	908,500	10,983,309	454,250	10,529,059		780,535	10,202,774

Revised based on OEB direction June 15, 2011

CCA Continuity Schedule (2011)										
Class	Class Description	UCC Prior Year Ending Balance	UCC Bridge Year Opening Balance	Additions	UCC Before 1/2 Yr Adjustment	{1/2 Additions Less Disposals}	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	4,432,267	4,432,267	0	4,432,267	0	4,432,267	4%	177,291	4,254,977
2	Distribution System - pre 1988	0	0	0	0	0	0	6%	0	0
6	Buildings (No footings below ground)	0	0	0	0	0	0	10%	0	0
8	General Office/Stores Equip	40,606	40,606	5,500	46,106	2,750	43,356	20%	8,671	37,435
10	Computer Hardware/ Vehicles	179,367	179,367	152,000	331,367	76,000	255,367	30%	76,610	254,757
10.1	Certain Automobiles	0	0	0	0	0	0	30%	0	0
12	Computer Software	57,297	57,297	2,000	59,297	1,000	58,297	100%	58,297	1,000
3		0	0	0	0	0	0	5%	0	0
		0	0	0	0	0	0	0%	0	0
13.3	Lease # 3	0	0	0	0	0	0		0	0
13.4	Lease # 4	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	1,052	1,052	0	1,052	0	1,052	45%	473	579
50	Computers & Systems Hardware acq'd post Mar 19/07	202	202	0	202	0	202	55%	111	91
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	5,536,884	5,536,884	749,000	6,285,884	374,500	5,911,384	8%	472,911	5,812,974
	SUB-TOTAL - UCC	10,247,676	10,247,676	908,500	11,156,176	454,250	10,701,926		794,364	10,361,812

The opening UCC was \$ 10,074,809. The Stranded Asset error of removing the NBV of \$ 172,867 from the UCC has been corrected, resulting in an opening UCC of \$ 10,247,676. PILs in the DRO were \$ 22,205, revised to \$ 20,148 due to this change plus the increase in WCA due to the revision of the COP as detailed below.

The PILS in the DRO were:

2011 Capital Taxes			2011 PILs Schedule			2011 Total Taxes	
Description	OCT	LCT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	10,004,600	8,733,784	Accounting Income	11' Rev Def	405,581	Total PILs	22,205
Exemption	(15,000,000)	(50,000,000)	Tax Adj to Accounting Income	11' Rev Def	(262,322)	Net Capital Tax Payable	-
Deemed Taxable Capital	(4,995,400)	(41,266,216)	Taxable Income		143,259	PILs including Capital Taxes	22,205
Rate	0.000%	0.000%	Combined Income Tax Rate	PILs Rates	15.500%		
Gross Tax Payable	0	0	Total Income Taxes		22,205		
Surtax	0	0	Investment Tax Credits		-		
Net Capital Tax Payable	0	0	Apprentice Tax Credits		-		
			Other Tax Credits		-		
			Total PILs		22,205		

REVISED in this submission to:

2011 Capital Taxes			2011 PILs Schedule			2011 Total Taxes	
Description	OCT	LCT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	10,072,845	8,733,784	Accounting Income	11' Rev Def	406,139	Total PILs	20,148
Exemption	(15,000,000)	(50,000,000)	Tax Adj to Accounting Income	11' Rev Def	(276,152)	Net Capital Tax Payable	-
Deemed Taxable Capital	(4,927,155)	(41,266,216)	Taxable Income		129,988	PILs including Capital Taxes	20,148
Rate	0.000%	0.000%	Combined Income Tax Rate	PILs Rates	15.500%		
Gross Tax Payable	0	0	Total Income Taxes		20,148		
Surtax	0	0	Investment Tax Credits		-		
Net Capital Tax Payable	0	0	Apprentice Tax Credits		-		
			Other Tax Credits		-		
			Total PILs		20,148		

This summary details the change in the underlying tax adjustments to arrive at the revised "Tax to Accounting Income" in the PILs calculation above. This is the change in the CCA as a result of adding back the NBV of the Stranded Assets into the UCC.

Summary From "Tax Adjustments 2011" in Revenue Requirement Model						
Line Item on Schedule				ORIGINAL	DRO	REVISED
103	Interest & Penalties on taxes			500	500	500
104	Amortization of tangible assets			533,590	584,096	584,096
121	Meals			675	675	675
126	Reserves From F/S			164,477	165,644	165,644
401	Gain on Disposal			(20,000)	(20,000)	(20,000)
403	CCA			(759,194)	(780,535)	(794,364)
405	CEC			(60,432)	(60,432)	(60,432)
414	Reserves From F/S			(152,270)	(152,270)	(152,270)
	Tax Adjustments			(292,655)	(262,322)	(276,152)

2011 LOAD FORECAST

In the load forecast model, there are several steps that have taken place within the calculations of the Model to arrive at the final kWh by class, taking into account both the change in the customer count and the altered CDM savings kWh. The first table presented below shows the original kWh (including 1,250,000 kWh CDM target) and customer count, before the counts and kWh were revised for the final decision. The narrative will explain each step. Following the explanation of the original model, the revisions will then be detailed.

Step 1: Based on historical inputs and weather data, the Load Data Model calculates the expected Weather-Normalized predicted total kWh purchases and sales. At the original customer counts and with 1,250,000 kWh target CDM, the total expected sales was 107,843,067 kWh.

Step 2: The Model now calculates Non-Weatherized sales by applying the forecasted use by customer by class for the year by the number of forecasted customers. In the case of the Residential class, the Non-Weatherized amount is 8,414 kWh/year/customer times 4,674 customers for a total of 39,324,981 kWh.

Step 3: The Model calculates the kWh by class which would be weather sensitive. In this case, the Residential class is 92.6% of 39,324,981 kWh, so 36,425,827 kWh are determined to be 'Weather-sensitive'. These are the kWh that will receive their allocated portion of the required adjustment in kWh to make the data "Weather-Normalized".

Step 4: The difference between the Weather-Normalized vs Non-Weather-Normalized data – in this case 1,854,964 kWh (109,093,068 – 110,948,032) is now allocated out to the three classes, Residential, GS <50 and GS >50. This is done on a percentage of Sensitive kWh to total sensitive kWh to be allocated from Step 3. So, total Step 3 = 97,502,078, Residential Sensitive is 36,425,827 kWh, so 37% of the required adjustment will be allocated to the Residential class, and so on by class.

Step 5: The 1,250,000 kWh savings now must be allocated out to the classes. This allocation is done based on the calculation of Non-Weather Normalized kWh by class. The kWh allocated to the class, as a percentage of the total Non-Weather Normalized kWh, is the basis for the allocation of the CDM target. In the case of the Residential class, 35% of the CDM target is allocated to the Residential class. (Non-Weatherized kWh = 39,324,981 / Total Non-Weatherized 110,948,032 kWh = 35.4% so 1,250,000 * .35444 = 443,056 rounded).

Step 6: The Model now simply adds up the previous adjustments and leaves a total by class kWh expected sales.

	Application					
	Step One: Determine Total Billed Amount	Step Two: Determine Class kWh based on forecasted usage per customer and number of customers - Billed Non Weather Normalized	Step Three: Determine Weather Sensitive kWhs	Step Four: Allocate Difference between Billed Weather Normalized and Billed Non- Weather Normalized Forecast	Step Five: Allocate CDM	Step Six: Total for kWh with conversion to kW for applicable classes
Predicted Weather Normalized kWh Purchases	113,784,070					
Loss Factor	1.0430					
Billed Weather Normalized kWh	109,093,068					
CDM	(1,250,000)					
Net Billed Weather Normalized kWh	107,843,068					
By Class						
Residential						
Usage per Customer		8,414		(148)	(95)	8,171
Customers		4,674		4,674	4,674	4,674
kWh		39,324,981		(692,996)	(443,056)	38,188,928
Weather Sensitive %			92.6%			
Weather Sensitive kWh			36,425,827			
GS<50						
Usage per Customer		32,750		(577)	(369)	31,804
Customers		703		703	703	703
kWh		23,024,571		(405,746)	(259,407)	22,359,418
Weather Sensitive %			92.6%			
Weather Sensitive kWh			21,327,132			
GS>50						
Usage per Customer		624,912		(10,136)	(7,041)	607,736
Customers		75		75	75	75
kWh		46,623,573		(756,221)	(525,286)	45,342,066
kW						116,530
Weather Sensitive %			85.3%			
Weather Sensitive kWh			39,749,119			
SLR						
Usage per Connection		3,325		0	(37)	3,287
Connections		550		550	550	550
kWh		1,828,577		0	(20,602)	1,807,975
kW						5,737
Weather Sensitive %			0.0%			
Weather Sensitive kWh			0			
USL						
Usage per Connection		4,894		0	(55)	4,839
Connections		30		30	30	30
kWh		146,330		0	(1,649)	144,681
Weather Sensitive %			0.0%			
Weather Sensitive kWh			0			
Total						
Usage per Customer/Connection		18,395		(308)	(207)	17,881
Customer/Connections		6,031		6,031	6,031	6,031
kWh		110,948,032		(1,854,964)	(1,250,000)	107,843,068
kW from applicable classes						122,267
Difference between Billed Weather Normalized kWh and Billed Non Weather Normalized kWh		(1,854,964)				
Weather Sensitive kWh			97,502,078			

To achieve the final results, inputs were made in the Model to update the customer counts by class to match the Decision, and change the input of total kWh expected CDM savings. The Model performed the exact same calculations as detailed above. The resulting steps are:

Step 1: The changes made to the Model were for the kWh due to increased counts and CDM.

Step2: Maintaining the same per customer use by class, the Non-Weatherized amount is determined based on the number of customers outlined in the Decision.

Step 3 & 4 : As above, the difference between the Weather-Normalized vs Non-Weather-Normalized data of 156,022 is allocated out.

Step 5: The CDM is allocated by % by class, as above.

Step 6: The total change, as indicated in the table in the original decision, has resulted.

	Decision					
	Step One: Determine Total Billed Amount	Step Two: Determine Class kWh based on forecasted usage per customer and number of customers - Billed Non Weather Normalized	Step Three: Determine Weather Sensitive kWhs	Step Four: Allocate Difference between Billed Weather Normalized and Billed Non- Weather Normalized Forecast	Step Five Allocate CDM	Step Six: Total for kWh with conversion to kW for applicable classes
Predicted Weather Normalized kWh Purchases	114,506,668					
Loss Factor	1.0430					
Billed Weather Normalized kWh CDM	109,785,875 (522,000)					
Net Billed Weather Normalized kWh	109,263,875					
By Class						
Residential						
Usage per Customer		8,414		13	(40)	8,387
Customers		4,731		4,731	4,731	4,731
kWh		39,806,944		59,619	(189,540)	39,677,024
Weather Sensitive %			92.6%			
Weather Sensitive kWh			36,872,259			
GS<50						
Usage per Customer		32,750		49	(156)	32,643
Customers		736		736	736	736
kWh		24,104,155		36,101	(114,771)	24,025,485
Weather Sensitive %			92.6%			
Weather Sensitive kWh			22,327,126			
GS>50						
Usage per Customer		624,912		861	(2,976)	622,798
Customers		70		70	70	70
kWh		43,743,848		60,301	(208,285)	43,595,864
kW						112,043
Weather Sensitive %			85.3%			
Weather Sensitive kWh			37,293,997			
SLR						
Usage per Connection		3,325		0	(16)	3,309
Connections		550		550	550	550
kWh		1,828,577		0	(8,707)	1,819,870
kW						5,775
Weather Sensitive %			0.0%			
Weather Sensitive kWh			0			
USL						
Usage per Connection		4,894		0	(23)	4,871
Connections		30		30	30	30
kWh		146,330		0	(697)	145,633
Weather Sensitive %			0.0%			
Weather Sensitive kWh			0			
Total						
Usage per Customer/Connection		17,922		26	(85)	17,863
Customer/Connections		6,117		6,117	6,117	6,117
kWh		109,629,854		156,022	(522,000)	109,263,875
kW from applicable classes						117,818
Difference between Billed Weather Normalized kWh and Billed Non Weather Normalized kWh		156,022				
Weather Sensitive kWh			96,493,381			

The table that follows details the movement from the Application to the Decision tables, as detailed above.

	Difference					
	Usage Per Customer/Connection Calculated not Compared					
	Step One: Determine Total Billed Amount	Step Two: Determine Class kWh based on forecasted usage per customer and number of customers - Billed Non Weather Normalized	Step Three: Determine Weather Sensitive kWhs	Step Four: Allocate Difference between Billed Weather Normalized and Billed Non- Weather Normalized Forecast	Step Five: Allocate CDM	Step Six: Total for kWh with conversion to kW for applicable classes
Predicted Weather Normalized kWh Purchases	722,598					
Loss Factor	1.0430					
Billed Weather Normalized kWh	692,807					
CDM	728,000					
Net Billed Weather Normalized kWh	1,420,807					
By Class						
Residential						
Usage per Customer		8,414		13,139	4,426	25,979
Customers		57		57	57	57
kWh		481,963		752,616	253,516	1,488,095
Weather Sensitive %			92.6%			
Weather Sensitive kWh			446,431			
GS<50						
Usage per Customer		32,750		13,404	4,388	50,542
Customers		33		33	33	33
kWh		1,079,584		441,847	144,636	1,666,067
Weather Sensitive %			92.6%			
Weather Sensitive kWh			999,994			
GS>50						
Usage per Customer		624,912		(177,189)	(68,790)	378,933
Customers		(5)		(5)	(5)	(5)
kWh		(2,879,726)		816,523	317,001	(1,746,202)
kW						-4,487
Weather Sensitive %			85.3%			
Weather Sensitive kWh			(2,455,122)			
SLR						
Usage per Connection		0				
Connections		0		0	0	0
kWh		0		0	11,895	11,895
kW						38
Weather Sensitive %			0.0%			
Weather Sensitive kWh			0			
USL						
Usage per Connection		0				
Connections		0		0	0	0
kWh		0		0	952	952
Weather Sensitive %			0.0%			
Weather Sensitive kWh			0			
Total						
Usage per Customer/Connection		(15,393)		23,483	8,501	16,591
Customer/Connections		86		86	86	86
kWh		(1,318,178)		2,010,985	728,000	1,420,807
kW from applicable classes						-4,450
Difference between Billed Weather Normalized kWh and Billed Non Weather Normalized kWh		2,010,985				
Weather Sensitive kWh			(1,008,696)			

Looking at the historical actual, the total resulting kWh by class are reasonable. From the Model results, the total expected kWh sales expected in 2011 has increased from 2009, so the impact of the increased kWh total, adjustments for Weather-Normalizing, altering the counts, and the CDM target have not dramatically changed the expected annual per customer use by class when compared to the most recent historical information as presented in the original filing.

Class	2009 Counts	2009 Usage	Forecast Counts	Forecast Usage
Res	4,783	8,344	4,731	8,387
GS<50	713	33,153	736	32,643
GS>50	70	620,775	70	622,796
ST	550	3,074	550	3,309
USL	28	5,624	30	4,871

After close scrutiny of the Model, Kenora Hydro believes that the original presentation of the table for the changes in the Draft Order was flawed, and should not have been presented in such a condensed state. Kenora Hydro originally adjusted the Load model in two stages, trying to capture the results of the changes individually for each stage in the table. This was not an appropriate approach, as the complexity of the model was not adequately captured in the table.

TARIFF OF RATES & CHARGES

Kenora accepts the wording changes to the draft Rate Order, to maintain consistency with other utilities. The wording for the Disconnect/Reconnect charge in the Specific Service Charges sheet is also accepted as updated. The Tariff of Rates and Charges has been included as an appendix here, and will be e-mailed in Word format to the OEB.

OTHER

The OEB has noted that in the Revenue Requirement Work Form, there is an adjustment column that is showing a reduction of (717,162) for Other Revenue. This is an issue within the OEB generated RRWF. There is an error in the locked, calculated cell for the adjustment column. The cell is in effect taking the Settlement amount and adding the Initial amount and showing a negative result of that addition, rather than correctly taking the difference between these two numbers. The error does not impact any results.



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.

File Number: EB-2010-0135

Rate Year: 2011

		Utility income								
Line No.	Particulars	Initial Application							Per Board Decision	
<u>Operating Revenues:</u>										
1	Distribution Revenue (at Proposed Rates)	\$2,850,945		(\$133,660)		\$2,717,285		\$ -		\$2,717,285
2	Other Revenue	(1) \$357,246		(\$717,162)		\$359,916		\$ -		\$359,916
3	Total Operating Revenues	\$3,208,191		(\$850,822)		\$3,077,201		\$ -		\$3,077,201

This same error can be seen in Niagara's RRWF.



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Niagara Peninsula Energy Inc.

File Number: EB-2010-0138

Rate Year: 2011

		Utility income								
Line No.	Particulars	Initial Application		Adjustments		Settlement Agreement		Adjustments		Per Board Decision
Operating Revenues:										
1	Distribution Revenue (at Proposed Rates)	\$30,235,583		(\$416,718)		\$29,818,865		(\$804,844)		\$29,014,020
2	Other Revenue	(1) \$2,185,747		(\$4,147,493)		\$1,961,747		\$ -		\$1,961,747
3	Total Operating Revenues	\$32,421,330		(\$4,564,212)		\$31,780,611		(\$804,844)		\$30,975,767

OTHER - continued

For the record, page 18, line 2 of the Draft Rate Order, the \$196,666 Smart Meter balance is the updated number, not the original number. This was a typographical error with no impact on the resulting rates.

DEFERRAL AND VARIANCE ACCOUNT RATE RIDERS

The first step of changing the recovery for the deferral and variance accounts was to change the customer counts, kWh and kW to match the updated load forecast:

Base of calculation for ORIGINAL deferral and variance disposition:

2011 Data By Class	kW	kWhs	Total Class Cust. Num.'s	Number of Metered Customers	Dx Revenue
RESIDENTIAL CLASS		31,356,177	3,838	3,838	\$ 1,369,314
RESIDENTIAL CLASS - NON RPP CUSTOMERS		6,832,751	836	836	\$ 298,266
GENERAL SERVICE <50 KW CLASS		19,676,254	619	619	\$ 409,949
GENERAL SERVICE <50 KW CLASS - NON RPP CUSTOMERS		2,683,164	84	84	\$ 64,365
GENERAL SERVICE >50 KW NON TIME OF USE	43,062	16,921,453	28	28	\$ 241,720
GENERAL SERVICE >50 KW NON TIME OF USE - NON RPP CUSTOMERS	73,468	28,420,613	47	47	\$ 405,744
UNMETERED & SCATTERED LOADS		141,479	2	0	\$ 6,591
UNMETERED & SCATTERED LOADS - NON RPP CUSTOMERS		3,202	1	0	\$ 150
STREET LIGHTING	5,737	1,807,975	3	0	\$ 53,970
Totals	122,267	107,843,068	5,458	5,452	\$ 2,850,069

Base of calculation for REVISED deferral and variance disposition:

2011 Data By Class	kW	kWhs	Total Class Cust. Num.'s	Number of Metered Customers	Dx Revenue
RESIDENTIAL CLASS		32,578,805	3,885	3,885	\$ 1,308,649
RESIDENTIAL CLASS - NON RPP CUSTOMERS		7,098,219	846	846	\$ 298,266
GENERAL SERVICE <50 KW CLASS		21,142,427	648	648	\$ 399,629
GENERAL SERVICE <50 KW CLASS - NON RPP CUSTOMERS		2,883,058	88	88	\$ 64,365
GENERAL SERVICE >50 KW NON TIME OF USE	41,814	16,269,977	26	26	\$ 181,268
GENERAL SERVICE >50 KW NON TIME OF USE - NON RPP CUSTOMERS	70,229	27,325,887	44	44	\$ 405,744
UNMETERED & SCATTERED LOADS		142,415	2	0	\$ 6,167
UNMETERED & SCATTERED LOADS - NON RPP CUSTOMERS		3,218	1	0	\$ 150
STREET LIGHTING	5,775	1,819,870	3	0	\$ 52,119
Totals	117,817	109,263,875	5,543	5,537	\$ 2,716,357

The same proportion of customer counts and kWh was maintained, ie, the same % of customer count and kWh of RPP vs Non-RPP from the original filing was maintained in the revised table.

The original calculation of the disposition over 4 years:

Exhibit 9 - Table 3 - Method of Disposition									
Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS > 50 Non TOU	Unmetered Load	Street Lighting	Total	
WMSC - Account 1580	\$ (334,083)	kWh	\$ (118,304)	\$ (69,266)	\$ (140,463)	\$ (448)	\$ (5,601)	\$ (334,083)	
One-Time WMSC - Account 1582	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Network - Account 1584	\$ (6,684)	kWh	\$ (2,367)	\$ (1,386)	\$ (2,810)	\$ (9)	\$ (112)	\$ (6,684)	
Connection - Account 1586	\$ (510,363)	kWh	\$ (180,728)	\$ (105,815)	\$ (214,580)	\$ (685)	\$ (8,556)	\$ (510,363)	
Power - Account 1588	\$ 91,860	kWh	\$ 32,529	\$ 19,046	\$ 38,622	\$ 123	\$ 1,540	\$ 91,859	
Global Adjustment Account 1588	\$ 156,659	kWh non RPP	\$ 28,213	\$ 11,079	\$ 117,353	\$ 13	\$ -	\$ 156,659	
Subtotal - RSVA	\$ (602,612)		\$ (240,656)	\$ (146,343)	\$ (201,878)	\$ (1,006)	\$ (12,729)	\$ (602,612)	
Other Regulatory Assets - Account 1508	\$ 81,095	kwh	\$ 28,717	\$ 16,814	\$ 34,096	\$ 109	\$ 1,360	\$ 81,095	
Retail Cost Variance Account - Acct 1518	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Retail Cost Variance Account (STR) Acct 1548	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Low Voltage - Account 1550	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Regulatory Asset Recovery 1590	\$ -	kwh	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Subtotal - Non RSVA, Variable	\$ 81,095		\$ 28,717	\$ 16,814	\$ 34,096	\$ 109	\$ 1,360	\$ 81,095	
Smart Meters Revenue and Capital, 1555 (Fixed)	\$ -	# of Metered Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Smart Meter Expenses, 1556 (Fixed)	\$ -	# of Metered Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Subtotal - Non RSVA Fixed	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total to be Recovered w/o GA	\$ (678,176)		\$ (240,153)	\$ (140,608)	\$ (285,136)	\$ (910)	\$ (11,370)	\$ (678,176)	
Global Adjustment to recover from Non-RPP Customers	\$ 156,659		\$ 28,213	\$ 11,079	\$ 117,353	\$ 13	\$ -	\$ 156,659	
Total to be Recovered	\$ (521,517)		\$ (211,939)	\$ (129,529)	\$ (167,782)	\$ (897)	\$ (11,370)	\$ (521,517)	
Balance to be collected or refunded, Variable	\$ (678,176)		\$ (240,153)	\$ (140,608)	\$ (285,136)	\$ (910)	\$ (11,370)	\$ (678,176)	
Balance to be collected or refunded, Variable - GA	\$ 156,659		\$ 28,213	\$ 11,079	\$ 117,353	\$ 13	\$ -	\$ 156,659	
Number of years for Variable	4								
Number of years for Variable - GA	4								
Balance to be collected (refunded)/yr, Variable	\$ (169,544)		\$ (60,038)	\$ (35,152)	\$ (71,284)	\$ (227)	\$ (2,842)	\$ (169,544)	
Balance to be collected (refunded)/yr, variable - GA	\$ 39,165		\$ 7,053	\$ 2,770	\$ 29,338	\$ 3	\$ -	\$ 39,165	
Class			Residential	GS < 50 KW	GS > 50 Non TOU	Unmetered Load	Street Lighting		
Deferral and Variance Account Rate Riders (without GA), Variable			\$ (0.0016)	\$ (0.0016)	\$ (0.6117)	\$ (0.0016)	\$ (0.4954)		
Billing Determinants			kWh	kWh	kW	kWh	kW		
Global Adjustment - kwh of Non RPP Customers			0.001032	0.001032	0.001032	0.001032	\$ -		
Billing Determinants			Non-RPP kWh	Non-RPP kWh	Non-RPP kWh	Non-RPP kWh			

Updated calculation to reflect counts, kW and kWh. Disposal over 10/12 of year.

Exhibit 9 - Table 3 - Method of Disposition									
Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS > 50 Non TOU	Unmetered Load	Street Lighting	Total	
WMSC - Account 1580	\$ (334,083)	kWh	\$ (121,316)	\$ (73,460)	\$ (133,298)	\$ (445)	\$ (5,564)	\$	(334,083)
One-Time WMSC - Account 1582	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
Network - Account 1584	\$ (6,684)	kWh	\$ (2,427)	\$ (1,470)	\$ (2,667)	\$ (9)	\$ (111)	\$	(6,684)
Connection - Account 1586	\$ (510,363)	kWh	\$ (185,328)	\$ (112,221)	\$ (203,633)	\$ (680)	\$ (8,500)	\$	(510,363)
Power - Account 1588	\$ 91,860	kWh	\$ 33,357	\$ 20,199	\$ 36,652	\$ 122	\$ 1,530	\$	91,859
Global Adjustment Account 1588	\$ 156,659	kWh non RPP	\$ 29,804	\$ 12,105	\$ 114,736	\$ 14	\$ -	\$	156,659
Subtotal - RSVA	\$ (602,612)		\$ (245,910)	\$ (154,847)	\$ (188,210)	\$ (999)	\$ (12,646)	\$	(602,612)
Other Regulatory Assets - Account 1508	\$ 81,095	kwh	\$ 29,448	\$ 17,832	\$ 32,357	\$ 109	\$ 1,351	\$	81,095
Retail Cost Variance Account - Acct 1518	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
Retail Cost Variance Account (STR) Acct 1548	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
Low Voltage - Account 1550	\$ -	kWh	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
Regulatory Asset Recovery 1590	\$ -	kwh	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
Subtotal - Non RSVA, Variable	\$ 81,095		\$ 29,448	\$ 17,832	\$ 32,357	\$ 109	\$ 1,351	\$	81,095
Smart Meters Revenue and Capital, 1555 (Fixed)	\$ -	# of Metered Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
Smart Meter Expenses, 1556 (Fixed)	\$ -	# of Metered Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
Subtotal - Non RSVA Fixed	\$ -		\$ -	\$ -	\$ -	\$ -	\$ -	\$	-
Total to be Recovered w/o GA	\$ (678,176)		\$ (246,266)	\$ (149,121)	\$ (270,590)	\$ (904)	\$ (11,296)	\$	(678,176)
Global Adjustment to recover from Non-RPP Customers	\$ 156,659		\$ 29,804	\$ 12,105	\$ 114,736	\$ 14	\$ -	\$	156,659
Total to be Recovered	\$ (521,517)		\$ (216,462)	\$ (137,015)	\$ (155,854)	\$ (890)	\$ (11,296)	\$	(521,517)
Balance to be collected or refunded, Variable	\$ (678,176)		\$ (246,266)	\$ (149,121)	\$ (270,590)	\$ (904)	\$ (11,296)	\$	(678,176)
Balance to be collected or refunded, Variable - GA	\$ 156,659		\$ 29,804	\$ 12,105	\$ 114,736	\$ 14	\$ -	\$	156,659
Number of years for Variable	0.833								
Number of years for Variable - GA	0.833								
Balance to be collected (refunded)/yr, Variable	\$ (678,176)		\$ (246,266)	\$ (149,121)	\$ (270,590)	\$ (904)	\$ (11,296)	\$	(678,176)
Balance to be collected (refunded)/yr, variable - GA	\$ 156,659		\$ 29,804	\$ 12,105	\$ 114,736	\$ 14	\$ -	\$	156,659
Class			Residential	GS < 50 KW	GS > 50 Non TOU	Unmetered Load	Street Lighting		
Deferral and Variance Account Rate Riders (without GA), Variable			\$ (0.0074)	\$ (0.0074)	\$ (2.8981)	\$ (0.0074)	\$ (2.3472)		
Billing Determinants			kWh	kWh	kW	kWh	kW		
Global Adjustment - kwh of Non RPP Customers			0.005039	0.005039	0.005039	0.005039	\$ -		
Billing Determinants			Non-RPP kWh	Non-RPP kWh	Non-RPP kWh	Non-RPP kWh			

To calculate the revised riders, take the revised kWh for the class, take 10/12 to estimate a 10 month consumption period for recovery, then divide the calculated balance by class into the consumption. For the Residential class:

Consumption 39,677,024 kWh * 10/12 year = 33,064,185 kWh

Calculated Recovery by Residential Class = \$246,266 / 33,064,185 kWh = \$0.0074/kWh

The change in customer counts plus the revised kWh for the classes, plus the recovery period of 10 months have all impacted the calculation of the recovery from the Original filing to the DRO.

MONTHLY SERVICE CHARGES AND VARIABLE RATES

VECC commented that in the DRO there was no evidence that the fixed/variable split had been maintained from the original filing as accepted by the OEB.

The Rate Design Model calculated the original fixed/variable split, the revised calculation was not altered within the model, the revised percentages come directly from the Model's calculation.

ORIGINAL FILING

Distribution Rate Allocation Between Fixed & Variable Rates For 2011 Test Year										
Customer Class	Total Net Rev. Requirement	Rev Requirement %	Proposed Fixed Rate	Resulting Variable Rate	Total Fixed Revenue	Total Variable Revenue	Transformer Allowance	Gross Distribution Revenue	LV & Wheeling Charges	Total
Residential	1,669,017	58.54%	19.86	\$0.0145	\$ 1,113,992	\$ 555,026		1,669,017	0	1,669,017
GS < 50 kW	473,758	16.62%	39.79	\$0.0062	\$ 335,669	\$ 138,089		473,758	0	473,758
GS >50	647,465	22.71%	528.38	\$1.6794	\$ 473,057	\$ 174,408	\$ 21,295	668,760	0	668,760
Street Lighting	53,970	1.89%	5.20	\$3.4214	\$ 34,342	\$ 19,629		53,970	0	53,970
USL	6,734	0.24%	16.65	\$0.0053	\$ 5,974	\$ 760		6,734	0	6,734
TOTAL	2,850,945	100.00%			\$ 1,963,034	\$ 887,911	\$ 21,295	\$ 2,872,240	\$ -	\$ 2,872,240
Forecast Fixed/Variable Ratios					68.345%	30.914%	0.741%	100.000%		

Fixed Charge Analysis						
Customer Class	Current Volumetric Split	Current Fixed Charge Split	Total	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	2010 Rates From OEB Approved Tariff	Minimum System with PLCC Adjustment (Ceiling Fixed Charge From Cost Allocation Model)
Residential	33.25%	66.75%	100.00%	19.86	13.53	18.69
GS < 50 kW	29.15%	70.85%	100.00%	39.79	25.77	30.85
GS >50	26.94%	73.06%	100.00%	528.38	372.26	81.69
Street Lighting	36.37%	63.63%	100.00%	5.20	3.54	6.40
USL	11.28%	88.72%	100.00%	16.65	13.00	9.71

REVISED through DRO comments

Customer Class	Total Net Rev. Requirement	Rev Requirement %	Proposed Fixed Rate	Resulting Variable Rate	Total Fixed Revenue	Total Variable Revenue	Transformer Allowance	Gross Distribution Revenue	LV & Wheeling Charges	Total
Residential	1,610,270	59.22%	18.77	\$0.0137	\$ 1,065,431	\$ 544,838		1,610,270	0	1,610,270
GS < 50 kW	463,061	17.03%	36.86	\$0.0057	\$ 325,586	\$ 137,475		463,061	0	463,061
GS >50	588,203	21.63%	509.19	\$1.6224	\$ 427,722	\$ 160,480	\$ 21,295	609,498	0	609,498
Street Lighting	51,141	1.88%	4.92	\$3.2343	\$ 32,464	\$ 18,677		51,141	0	51,141
USL	6,313	0.23%	15.60	\$0.0049	\$ 5,596	\$ 716		6,313	0	6,313
TOTAL	2,718,987	100.00%			\$ 1,856,799	\$ 862,188	\$ 21,295	\$ 2,740,282	\$ -	\$ 2,740,282
Forecast Fixed/Variable Ratios					67.759%	31.463%	0.777%	100.000%		

Fixed Charge Analysis						
Customer Class	Current Volumetric Split	Current Fixed Charge Split	Total	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	2010 Rates From OEB Approved Tariff	Minimum System with PLCC Adjustment (Ceiling Fixed Charge From Cost Allocation Model)
Residential	33.84%	66.16%	100.00%	18.77	13.53	20.85
GS < 50 kW	29.69%	70.31%	100.00%	36.86	25.77	32.30
GS >50	27.28%	72.72%	100.00%	509.19	372.26	82.04
Street Lighting	36.52%	63.48%	100.00%	4.92	3.54	6.26
USL	11.35%	88.65%	100.00%	15.60	13.00	9.08

The Revenue Requirement Model has updated the volumetric and fixed percentage splits for all classes, based on the changes from the Original filing through the DRO, to this final submission. The changes in customer counts and projected kWh by class for altered CDM targets (made in the DRO) have modified the percentages volumetric/split slightly, however, there have been no material differences in those percentages in any class.

REVENUE TO COST RATIOS

VECC commented that the DRO indicated a change in the previously agreed on 80% for GS<50, and that the Streetlight class had been altered by something more than a rounding issue.

ORIGINAL Revenue to Cost Ratios

Cost Allocation Based Calculations												
Class	Revenue Requirement - 2011 Cost Allocation Model	2010 Base Revenue Allocated Based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2011 Cost Allocation Model	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2011 Cost Allocation Model	Proposed Revenue to Cost Ratio	Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue	Board Target Low	Board Target High
Residential	1,875,272	1,669,122	218,819	1,887,941	100.7%	100.68%	100.67%	1,887,836	218,819	1,669,017	85%	115%
GS < 50 kW	683,802	450,491	73,284	523,774	76.6%	76.60%	80.00%	547,042	73,284	473,758	80%	120%
GS >50	567,693	669,707	59,440	729,147	128.4%	128.44%	124.52%	706,905	59,440	647,465	80%	180%
Street Lighting	76,164	53,907	5,179	59,086	77.6%	77.58%	77.66%	59,149	5,179	53,970	70%	120%
USL	5,260	7,718	524	8,243	156.7%	156.72%	138.00%	7,258	524	6,734	80%	120%
TOTAL	3,208,191	2,850,945	357,246	3,208,191	100.0%	100.0%		3,208,191	357,246	2,850,945		

Revenue to Cost Ratios as in the DRO

Cost Allocation Based Calculations												
Class	Revenue Requirement - 2011 Cost Allocation Model	2010 Base Revenue Allocated Based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2011 Cost Allocation Model	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2011 Cost Allocation Model	Proposed Revenue to Cost Ratio	Proposed Revenue	Misc Revenue	Proposed Base Revenue	Board Target Low	Board Target High
Residential	1,811,016	1,612,173	222,677	1,834,850	101.3%	101.32%	101.02%	1,829,416	222,677	1,606,740	85%	115%
GS < 50 KW	672,816	449,524	75,495	525,019	78.0%	78.03%	80.35%	540,596	75,495	465,101	80%	120%
GS >50	514,980	597,169	56,043	653,212	126.8%	126.84%	124.87%	643,047	56,043	587,005	80%	180%
Street Lighting	73,423	51,112	5,157	56,269	76.6%	76.64%	78.01%	57,276	5,157	52,118	70%	120%
USL	4,967	7,306	545	7,851	158.1%	158.07%	138.23%	6,866	545	6,321	80%	120%
TOTAL	3,077,201	2,717,285	358,916	3,077,201	100.0%	100.0%		3,077,201	358,916	2,717,285		

When the Cost Allocation Model was altered for the updated revenue, costs, rate base and expected kWh sales by class to reach the Draft Rate Order, the revenue to cost ratios that were assigned to each class from the Cost Allocation Model had all been slightly changed, as was anticipated given the additions and reductions in customer counts, kWh and rate base. As the OEB comments to the DRO resulted in Kenora Hydro making changes to the revenue requirement and therefore all the models did require updating, the revised “Proposed Revenue to Cost Ratio” figures have now been set to maintain the GS<50 class at 80%, as was previously accepted by the Board. The revised revenue must be allocated out for recovery from all the classes, maintaining the GS<50 class at 80%, and slightly reducing the Streetlight class from 138.23% in the DRO to 138.0%. This has created some movement in the proposed revenue to cost ratios for all classes. The proposed revenue to cost ratios are now more ‘in-line’ with the revenue to cost ratios provided by the 2011 Cost Allocation Model, and satisfy VECC’s concerns with the GS<50 and Streetlight ratios.

Updated Revenue to Cost Ratios based on DRO comments:

Cost Allocation Based Calculations												
Class	Revenue Requirement - 2011 Cost Allocation Model	2010 Base Revenue Allocated Based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2011 Cost Allocation Model	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2011 Cost Allocation Model	Proposed Revenue to Cost Ratio	Proposed Revenue	Misc Revenue	Proposed Base Revenue	Board Target Low	Board Target High
Residential	1,811,876	1,613,184	222,677	1,835,860	101.3%	101.32%	101.16%	1,832,947	222,677	1,610,270	85%	115%
GS < 50 kW	673,195	449,806	75,495	525,301	78.0%	78.03%	80.00%	538,556	75,495	463,061	80%	120%
GS >50	515,396	597,544	56,043	653,586	126.8%	126.81%	125.00%	644,245	56,043	588,203	80%	180%
Street Lighting	73,468	51,144	5,157	56,301	76.6%	76.63%	76.63%	56,299	5,157	51,141	70%	120%
USL	4,969	7,311	545	7,855	158.1%	158.08%	138.00%	6,857	545	6,313	80%	120%
TOTAL	3,078,904	2,718,988	359,916	3,078,904	100.0%	100.0%		3,078,904	359,916	2,718,987		

COST OF POWER CALCULATION

VECC had requested additional support for the derivation of the pricing in the application. The cost of power was submitted as follows:

RPP Rates

Residential, GS<50 and GS>50 RPP customers = \$0.068 / kWh. Kenora Hydro had based the COP on the Tier 1 rate of May 1, 2011.

Kenora Hydro has updated the RPP rates to reflect the OEB Regulated Price Plan Price Report for May 1, 2011 to April 30, 2012, dated April 19, 2011.

Table ES-1: Average RPP Supply Cost Summary (for the 12 months from May 1, 2011)

<i>RPP Supply Cost Summary</i>		
for the period from May 1, 2011 through April 30, 2012		
Forecast Wholesale Electricity Price		\$40.15
Load-Weighted Price for RPP Consumers (\$ / MWh)		\$43.41
Impact of the Global Adjustment (\$ / MWh)	+	\$28.22
Total Contract Cost		\$71.27
Market Value		(\$43.05)
Adjustment to Address Bias Towards Unfavourable Variance (\$ / MWh)	+	\$1.00
Adjustment to Clear Existing Variance (\$ / MWh)	+	\$0.35
Average Supply Cost for RPP Consumers (\$ / MWh)	=	\$72.98

The rate of \$0.07298 is now used in this final submission for all classes of RPP customers.

Non- RPP Rates

The estimated COP for the GS>50 class of customers was set at \$0.0758/kWh. This was derived from the actual May 2011 Provincial HOEP of \$0.0259, plus the Global Adjustment for May of \$0.04994. Both prices were taken from the IESO website - Market Data - HOEP Monthly Averages - May 2011 ; and the GA from the IESO Website – Settlements - Global Adjustment, the table for 2011. At the time of preparation the latest available GA estimate was \$0.04994, the final GA for the month on the website now appears at \$0.05005. The original amount used for GA will not be altered as any difference will be immaterial. Total COP for all Non-RPP classes will be \$0.0758. This rate has now replaced the former \$0.068 used for the Non-RPP Residential and GS<50 customers in error in the DRO.

The revised COP Working paper follows. The DRO supported a \$ 1,425,697 WCA for COP, the updated pricing now indicates a requirement of \$ 1,493,941. This new WC requirement was updated throughout the revenue requirement calculations.

Cost of Power calculation from the DRO

<u>Electricity - Commodity</u>	2011 Forecasted Metered kWhs	2011 Loss Factor			
Class per Load Forecast			2011		
Residential	32,578,805	1.0430	33,979,693	\$0.0680	\$2,310,619
Residential - Non - RPP	7,098,219	1.0430	7,403,442	\$0.0680	\$503,434
Street Lighting	1,819,870	1.0430	1,898,124	\$0.0680	\$129,072
GS<50kW	21,142,427	1.0430	22,051,551	\$0.0680	\$1,499,505
GS<50 kW - Non - RPP	2,883,058	1.0430	3,007,029	\$0.0680	\$204,478
GS>50kW - RPP	16,269,977	1.0430	16,969,586	\$0.0680	\$1,153,932
GS>50kW - Non - RPP	27,325,887	1.0430	28,500,900	\$0.0758	\$2,160,368
Unmetered Scattered Load	142,740	1.0430	148,878	\$0.0680	\$10,124
Unmetered Scattered Load - Non - RPP	2,893	1.0430	3,017	\$0.0680	\$205
TOTAL	109,263,875		113,962,222		\$7,971,738
<u>Transmission - Network</u>		Volume Metric			
Class per Load Forecast			2011		
Residential		kWh	41,383,136	\$0.0059	\$244,160
Street Lighting		kW	5,775	\$1.6330	\$9,430
GS<50kW		kWh	25,058,581	\$0.0052	\$130,305
GS>50kW		kW	112,043	\$2.1657	\$242,650
Unmetered Scattered Load		kWh	151,895	\$0.0052	\$790
TOTAL					\$627,336
<u>Transmission - Connection</u>		Volume Metric			
Class per Load Forecast			2011		
Residential		kWh	41,383,136	\$0.0016	\$66,213
Street Lighting		kW	5,775	\$0.4200	\$2,425
GS<50kW		kWh	25,058,581	\$0.0014	\$35,082
GS>50kW		kW	112,043	\$0.5434	\$60,884
Unmetered Scattered Load		kWh	151,895	\$0.0014	\$213
TOTAL					\$164,817
<u>Wholesale Market Service</u>					
Class per Load Forecast			2011		
Residential			41,383,136	\$0.0052	\$215,192
Street Lighting			1,898,124	\$0.0052	\$9,870
GS<50kW			25,058,581	\$0.0052	\$130,305
GS>50kW			45,470,486	\$0.0052	\$236,447
Unmetered Scattered Load			151,895	\$0.0052	\$790
TOTAL			113,962,222		\$592,604
<u>Rural Rate Assistance</u>					
Class per Load Forecast			2011		
Residential			41,383,136	\$0.0013	\$53,798
Street Lighting			1,898,124	\$0.0013	\$2,468
GS<50kW			25,058,581	\$0.0013	\$32,576
GS>50kW			45,470,486	\$0.0013	\$59,112
Unmetered Scattered Load			151,895	\$0.0013	\$197
TOTAL			113,962,222		\$148,151
	2011	Allowance for Working Capital			
4705-Power Purchased	\$7,971,738				
4708-Charges-WMS	\$592,604				
4714-Charges-NW	\$627,336	15%			
4716-Charges-CN	\$164,817				
4730-Rural Rate Assistance	\$148,151				
TOTAL	9,504,645	1,425,697			

REVISED Cost of Power Calculation – updated Cost of Commodity:

<u>Electricity - Commodity</u>	2011 Forecasted Metered kWhs	2011 Loss Factor			
Class per Load Forecast			2011		
Residential - RPP	32,578,805	1.0430	33,979,693	\$0.07298	\$2,479,838
Residential - Non - RPP	7,098,219	1.0430	7,403,442	\$0.07580	\$561,181
Street Lighting - RPP	1,819,870	1.0430	1,898,124	\$0.07298	\$138,525
GS<50kW - RPP	21,142,427	1.0430	22,051,551	\$0.07298	\$1,609,322
GS<50 kW - Non - RPP	2,883,058	1.0430	3,007,029	\$0.07580	\$227,933
GS>50kW - RPP	16,269,977	1.0430	16,969,586	\$0.07298	\$1,238,440
GS>50kW - Non - RPP	27,325,887	1.0430	28,500,900	\$0.07580	\$2,160,368
Unmetered Scattered Load - RPP	142,740	1.0430	148,878	\$0.07298	\$10,865
Unmetered Scattered Load - Non - RPP	2,893	1.0430	3,017	\$0.07580	\$229
TOTAL	109,263,875		113,962,222		\$8,426,702
<u>Transmission - Network</u>		Volume			
Class per Load Forecast		Metric	2011		
Residential		kWh	41,383,136	\$0.0059	\$244,160
Street Lighting		kW	5,775	\$1.6330	\$9,430
GS<50kW		kWh	25,058,581	\$0.0052	\$130,305
GS>50kW		kW	112,043	\$2.1657	\$242,650
Unmetered Scattered Load		kWh	151,895	\$0.0052	\$790
TOTAL					\$627,336
<u>Transmission - Connection</u>		Volume			
Class per Load Forecast		Metric	2011		
Residential		kWh	41,383,136	\$0.0016	\$66,213
Street Lighting		kW	5,775	\$0.4200	\$2,425
GS<50kW		kWh	25,058,581	\$0.0014	\$35,082
GS>50kW		kW	112,043	\$0.5434	\$60,884
Unmetered Scattered Load		kWh	151,895	\$0.0014	\$213
TOTAL					\$164,817
<u>Wholesale Market Service</u>					
Class per Load Forecast			2011		
Residential			41,383,136	\$0.0052	\$215,192
Street Lighting			1,898,124	\$0.0052	\$9,870
GS<50kW			25,058,581	\$0.0052	\$130,305
GS>50kW			45,470,486	\$0.0052	\$236,447
Unmetered Scattered Load			151,895	\$0.0052	\$790
TOTAL			113,962,222		\$592,604
<u>Rural Rate Assistance</u>					
Class per Load Forecast			2011		
Residential			41,383,136	\$0.0013	\$53,798
Street Lighting			1,898,124	\$0.0013	\$2,468
GS<50kW			25,058,581	\$0.0013	\$32,576
GS>50kW			45,470,486	\$0.0013	\$59,112
Unmetered Scattered Load			151,895	\$0.0013	\$197
TOTAL			113,962,222		\$148,151
	2011	Allowance for Working Capital 15%			
4705-Power Purchased	\$8,426,702				
4708-Charges-WMS	\$592,604				
4714-Charges-NW	\$627,336				
4716-Charges-CN	\$164,817				
4730-Rural Rate Assistance	\$148,151				
TOTAL	9,959,609	1,493,941			

Working Capital Allowance as in the DRO:

WORKING CAPITAL ALLOWANCE FOR 2011	
Distribution Expenses	
Distribution Expenses - Operation	198,090
Distribution Expenses - Maintenance	395,649
Billing and Collecting	536,508
Community Relations	-
Administrative and General Expenses	840,809
Taxes Other than Income Taxes	13,260
Less: Capital Taxes within 6105	
Total Eligible Distribution Expenses	1,984,317
Power Supply Expenses	9,504,645
Total Working Capital Expenses	11,488,962
Working Capital Allowance rate of 15%	1,723,344

REVISED from DRO to this final submission:

WORKING CAPITAL ALLOWANCE FOR 2011	
Distribution Expenses	
Distribution Expenses - Operation	198,090
Distribution Expenses - Maintenance	395,649
Billing and Collecting	536,508
Community Relations	-
Administrative and General Expenses	840,809
Taxes Other than Income Taxes	13,260
Less: Capital Taxes within 6105	
Total Eligible Distribution Expenses	1,984,317
Power Supply Expenses	9,959,609
Total Working Capital Expenses	11,943,925
Working Capital Allowance rate of 15%	1,791,589

The only revision in the WCA calculation is the result of the increased power supply expense.

Rate Base Calculation- as in the DRO

RATE BASE CALCULATION FOR 2011	
Fixed Assets Opening Balance 2011	8,119,054
Fixed Assets Closing Balance 2011	8,443,458
Average Fixed Asset Balance for 2011	8,281,256
Working Capital Allowance	1,723,344
Rate Base	10,004,600
Regulated Rate of Return	5.51%
Regulated Return on Capital	551,213
Deemed Interest Expense	167,837
Deemed Return on Equity	383,376

Rate Base Calculation – UPDATED from DRO comments (WCA increase)

RATE BASE CALCULATION FOR 2011	
Fixed Assets Opening Balance 2011	8,119,054
Fixed Assets Closing Balance 2011	8,443,458
Average Fixed Asset Balance for 2011	8,281,256
Working Capital Allowance	1,791,589
Rate Base	10,072,845
Regulated Rate of Return	5.51%
Regulated Return on Capital	554,973
Deemed Interest Expense	168,982
Deemed Return on Equity	385,991

DRO MODIFICATIONS – REVENUE DEFICIENCY

With the change in the UCC to add back the NBV of the Stranded Assets previously removed from the UCC, the change in working capital requirement due to the updated cost of power, the end change in the revenue deficiency was an increase in revenue deficiency of \$1,703, from \$(760,567) in the DRO to \$(762,270) in this submission.

OEB RRWF as in the DRO:



REVENUE REQUIREMENT WORK FORM

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Rate Year: 2011

Version: 2.11

Revenue Sufficiency/Deficiency							
Line No.	Particulars	Initial Application				Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$909,070		\$760,567		\$760,567
2	Distribution Revenue	\$1,941,875	\$1,941,875	\$1,956,719	\$1,956,718	\$1,956,719	\$1,956,718
3	Other Operating Revenue	\$357,246	\$357,246	\$359,916	\$359,916	\$359,916	\$359,916
	Offsets - net						
4	Total Revenue	\$2,299,121	\$3,208,191	\$2,316,635	\$3,077,201	\$2,316,635	\$3,077,201
5	Operating Expenses	\$2,545,005	\$2,545,005	\$2,503,783	\$2,503,783	\$2,503,783	\$2,503,783
6	Deemed Interest Expense	\$236,259	\$236,259	\$167,837	\$167,837	\$167,837	\$167,837
	Total Cost and Expenses	\$2,781,264	\$2,781,264	\$2,671,620	\$2,671,620	\$2,671,620	\$2,671,620
7	Utility Income Before Income Taxes	(\$482,143)	\$426,927	(\$354,985)	\$405,581	(\$354,985)	\$405,581
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$292,655)	(\$292,655)	(\$262,322)	(\$262,322)	(\$262,322)	(\$262,322)
9	Taxable Income	(\$774,798)	\$134,272	(\$617,307)	\$143,259	(\$617,307)	\$143,259
10	Income Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
11	Income Tax on Taxable Income	(\$120,094)	\$20,812	(\$95,683)	\$22,205	(\$95,683)	\$22,205
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$362,049)	\$406,115	(\$259,303)	\$383,376	(\$259,303)	\$383,376
14	Utility Rate Base	\$10,307,488	\$10,307,488	\$10,004,600	\$10,004,600	\$10,004,600	\$10,004,600
	Deemed Equity Portion of Rate Base	\$4,122,995	\$4,122,995	\$4,001,840	\$4,001,840	\$4,001,840	\$4,001,840
15	Income/Equity Rate Base (%)	-8.78%	9.85%	-6.48%	9.58%	-6.48%	9.58%
16	Target Return - Equity on Rate Base	9.85%	9.85%	9.58%	9.58%	9.58%	9.58%
17	Sufficiency/Deficiency in Return on Equity	-18.63%	0.00%	-16.06%	0.00%	-16.06%	0.00%
18	Indicated Rate of Return	-1.22%	6.23%	-0.91%	5.51%	-0.91%	5.51%
19	Requested Rate of Return on Rate Base	6.23%	6.23%	5.51%	5.51%	5.51%	5.51%
20	Sufficiency/Deficiency in Rate of Return	-7.45%	0.00%	-6.42%	0.00%	-6.42%	0.00%
21	Target Return on Equity	\$406,115	\$406,115	\$383,376	\$383,376	\$383,376	\$383,376
22	Revenue Deficiency/(Sufficiency)	\$768,164	(\$0)	\$642,679	(\$0)	\$642,679	(\$0)
23	Gross Revenue Deficiency/(Sufficiency)	\$909,070 (1)		\$760,567 (1)		\$760,567 (1)	

RRWF after altering the UCC and the WCA for the COP:



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.

File Number: EB-2010-0135

Rate Year: 2011

Revenue Sufficiency/Deficiency						
Line No.	Particulars	Initial Application		Per Board Decision		
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	
1	Revenue Deficiency from Below		\$909,070		\$762,270	
2	Distribution Revenue	\$1,941,875	\$1,941,875	\$1,956,719	\$1,956,718	\$1,956,718
3	Other Operating Revenue	\$357,246	\$357,246	\$359,916	\$359,916	\$359,916
	Offsets - net					
4	Total Revenue	\$2,299,121	\$3,208,191	\$2,316,635	\$3,078,904	\$3,078,904
5	Operating Expenses	\$2,545,005	\$2,545,005	\$2,503,783	\$2,503,783	\$2,503,783
6	Deemed Interest Expense	\$236,259	\$236,259	\$168,982	\$168,982	\$168,982
	Total Cost and Expenses	\$2,781,264	\$2,781,264	\$2,672,765	\$2,672,765	\$2,672,765
7	Utility Income Before Income Taxes	(\$482,143)	\$426,927	(\$356,130)	\$406,139	(\$356,130)
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$292,655)	(\$292,655)	(\$276,152)	(\$276,152)	(\$276,152)
9	Taxable Income	(\$774,798)	\$134,272	(\$632,282)	\$129,987	(\$632,282)
10	Income Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%
11	Income Tax on Taxable Income	(\$120,094)	\$20,812	(\$98,004)	\$20,148	(\$98,004)
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$362,049)	\$406,115	(\$258,126)	\$385,991	(\$258,126)
14	Utility Rate Base	\$10,307,488	\$10,307,488	\$10,072,845	\$10,072,845	\$10,072,845
	Deemed Equity Portion of Rate Base	\$4,122,995	\$4,122,995	\$4,029,138	\$4,029,138	\$4,029,138
15	Income/Equity Rate Base (%)	-8.78%	9.85%	-6.41%	9.58%	-6.41%
16	Target Return - Equity on Rate Base	9.85%	9.85%	9.58%	9.58%	9.58%
17	Sufficiency/Deficiency in Return on Equity	-18.63%	0.00%	-15.99%	0.00%	-15.99%
18	Indicated Rate of Return	-1.22%	6.23%	-0.88%	5.51%	-0.88%
19	Requested Rate of Return on Rate Base	6.23%	6.23%	5.51%	5.51%	5.51%
20	Sufficiency/Deficiency in Rate of Return	-7.45%	0.00%	-6.39%	0.00%	-6.39%
21	Target Return on Equity	\$406,115	\$406,115	\$385,991	\$385,991	\$385,991
22	Revenue Deficiency/(Sufficiency)	\$768,164	(\$0)	\$644,118	(\$0)	\$644,118
23	Gross Revenue	\$909,070 (1)		\$762,270 (1)		\$762,270 (1)
	Deficiency/(Sufficiency)					

Complete RRFW follows:



REVENUE REQUIREMENT WORK FORM

Name of LDC: Kenora Hydro Electric Corporation
File Number: EB-2010-0135
Rate Year: 2011

Version: 2.11

Data Input (1)									
	Initial Application			(7)				Per Board Decision	
1 Rate Base									
Gross Fixed Assets (average)	\$15,908,919		(\$753,481)	\$	15,155,438			\$15,155,438	
Accumulated Depreciation (average)	(\$7,236,379)	(5)	\$362,197	-\$	6,874,182			(\$6,874,182)	
Allowance for Working Capital:									
Controllable Expenses	\$2,076,045		(\$91,728)	\$	1,984,317			\$1,984,317	
Cost of Power	\$8,823,607		\$1,136,002	\$	9,959,609			\$9,959,609	
Working Capital Rate (%)	15.00%				15.00%			15.00%	
2 Utility Income									
Operating Revenues:									
Distribution Revenue at Current Rates	\$1,941,875		\$14,844	\$	1,956,719				
Distribution Revenue at Proposed Rates	\$2,850,945		(\$131,957)		\$2,718,988		\$0	\$2,718,988	
Other Revenue:									
Specific Service Charges	\$37,000		\$0		\$37,000		\$0	\$37,000	
Late Payment Charges	\$43,000		\$0		\$43,000		\$0	\$43,000	
Other Distribution Revenue	\$161,040		\$20,000		\$181,040		\$0	\$181,040	
Other Income and Deductions	\$116,206		(\$17,330)		\$98,876		\$0	\$98,876	
Operating Expenses:									
OM+A Expenses	\$2,062,785		(\$91,728)	\$	1,971,057			\$1,971,057	
Depreciation/Amortization	\$468,960		\$50,506	\$	519,466			\$519,466	
Property taxes	\$13,260			\$	13,260			\$13,260	
Capital taxes									
Other expenses									
3 Taxes/PILs									
Taxable Income:									
Adjustments required to arrive at taxable income	(\$292,655)	(3)		(\$276,152)				(\$276,152)	
Utility Income Taxes and Rates:									
Income taxes (not grossed up)	\$17,586			\$	17,025			\$17,025	
Income taxes (grossed up)	\$20,812				\$20,148			\$20,148	
Capital Taxes		(6)				(6)			(6)
Federal tax (%)	11.00%				11.00%			11.00%	
Provincial tax (%)	4.50%				4.50%			4.50%	
Income Tax Credits									
4 Capitalization/Cost of Capital									
Capital Structure:									
Long-term debt Capitalization Ratio (%)	56.0%			56.0%				56.00%	
Short-term debt Capitalization Ratio (%)	4.0%	(2)		4.0%	(2)			4.00%	(2)
Common Equity Capitalization Ratio (%)	40.0%			40.0%				40.00%	
Preferred Shares Capitalization Ratio (%)									
	100.0%			100.0%				100.0%	
Cost of Capital									
Long-term debt Cost Rate (%)	3.95%			2.82%				2.82%	
Short-term debt Cost Rate (%)	2.07%			2.46%				2.46%	
Common Equity Cost Rate (%)	9.85%			9.58%				9.58%	
Preferred Shares Cost Rate (%)									



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.

File Number: EB-2010-0135

Rate Year: 2011

Rate Base									
Line No.	Particulars		Initial Application						Per Board Decision
1	Gross Fixed Assets (average) (3)		\$15,908,919		(\$753,481)		\$15,155,438		\$15,155,438
2	Accumulated Depreciation (average) (3)		(\$7,236,379)		\$362,197		(\$6,874,182)		(\$6,874,182)
3	Net Fixed Assets (average) (3)		\$8,672,540		(\$391,284)		\$8,281,256		\$8,281,256
4	Allowance for Working Capital (1)		\$1,634,948		\$156,641		\$1,791,589		\$1,791,589
5	Total Rate Base		\$10,307,488		(\$234,643)		\$10,072,845		\$10,072,845

(1) Allowance for Working Capital - Derivation									
6	Controllable Expenses		\$2,076,045		(\$91,728)		\$1,984,317		\$1,984,317
7	Cost of Power		\$8,823,607		\$1,136,002		\$9,959,609		\$9,959,609
8	Working Capital Base		\$10,899,652		\$1,044,274		\$11,943,926		\$11,943,926
9	Working Capital Rate % (2)		15.00%		0.00%		15.00%		15.00%
10	Working Capital Allowance		\$1,634,948		\$156,641		\$1,791,589		\$1,791,589



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.

File Number: EB-2010-0135

Rate Year: 2011

		Utility income					
Line No.	Particulars	Initial Application				Per Board Decision	
Operating Revenues:							
1	Distribution Revenue (at Proposed Rates)	\$2,850,945	(\$131,957)	\$2,718,988	\$ -	\$2,718,988	
2	Other Revenue	(1) \$357,246	(\$717,162)	\$359,916	\$ -	\$359,916	
3	Total Operating Revenues	\$3,208,191	(\$849,119)	\$3,078,904	\$ -	\$3,078,904	
Operating Expenses:							
4	OM+A Expenses	\$2,062,785	(\$91,728)	\$1,971,057	\$ -	\$1,971,057	
5	Depreciation/Amortization	\$468,960	\$50,506	\$519,466	\$ -	\$519,466	
6	Property taxes	\$13,260	\$ -	\$13,260	\$ -	\$13,260	
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	
9	Subtotal (lines 4 to 8)	\$2,545,005	(\$41,222)	\$2,503,783	\$ -	\$2,503,783	
10	Deemed Interest Expense	\$236,259	(\$67,277)	\$168,982	\$ -	\$168,982	
11	Total Expenses (lines 9 to 10)	\$2,781,264	(\$108,499)	\$2,672,765	\$ -	\$2,672,765	
12	Utility income before income taxes	\$426,927	(\$740,620)	\$406,139	\$ -	\$406,139	
13	Income taxes (grossed-up)	\$20,812	(\$664)	\$20,148	\$ -	\$20,148	
14	Utility net income	\$406,115	(\$739,956)	\$385,991	\$ -	\$385,991	

Notes

(1)	Other Revenues / Revenue Offsets						
	Specific Service Charges	\$37,000	\$ -	\$37,000	\$ -	\$37,000	
	Late Payment Charges	\$43,000	\$ -	\$43,000	\$ -	\$43,000	
	Other Distribution Revenue	\$161,040	\$20,000	\$181,040	\$ -	\$181,040	
	Other Income and Deductions	\$116,206	(\$17,330)	\$98,876	\$ -	\$98,876	
	Total Revenue Offsets	\$357,246	\$2,670	\$359,916	\$ -	\$359,916	



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.

File Number: EB-2010-0135

Rate Year: 2011

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision	
<u>Determination of Taxable Income</u>					
1	Utility net income before taxes	\$406,115		\$385,991	\$385,991
2	Adjustments required to arrive at taxable utility income	(\$292,655)		(\$276,152)	(\$276,152)
3	Taxable income	\$113,460		\$109,839	\$109,839
<u>Calculation of Utility income Taxes</u>					
4	Income taxes	\$17,586		\$17,025	\$17,025
5	Capital taxes	\$ - (1)		\$ - (1)	\$ -
6	Total taxes	\$17,586		\$17,025	\$17,025
7	Gross-up of Income Taxes	\$3,226		\$3,123	\$3,123
8	Grossed-up Income Taxes	\$20,812		\$20,148	\$20,148
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$20,812		\$20,148	\$20,148
10	Other tax Credits	\$ -		\$ -	\$ -
<u>Tax Rates</u>					
11	Federal tax (%)	11.00%		11.00%	11.00%
12	Provincial tax (%)	4.50%		4.50%	4.50%
13	Total tax rate (%)	15.50%		15.50%	15.50%



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.
 File Number: EB-2010-0135
 Rate Year: 2011

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
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Initial Application					
		(%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	56.00%	\$5,772,193	3.95%	\$227,725
2	Short-term Debt	4.00%	\$412,300	2.07%	\$8,535
3	Total Debt	60.00%	\$6,184,493	3.82%	\$236,259
Equity					
4	Common Equity	40.00%	\$4,122,995	9.85%	\$406,115
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$4,122,995	9.85%	\$406,115
7	Total	100.00%	\$10,307,488	6.23%	\$642,374

		(%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	56.00%	\$5,640,793	2.82%	\$159,070
2	Short-term Debt	4.00%	\$402,914	2.46%	\$9,912
3	Total Debt	60.00%	\$6,043,707	2.80%	\$168,982
Equity					
4	Common Equity	40.00%	\$4,029,138	9.58%	\$385,991
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$4,029,138	9.58%	\$385,991
7	Total	100.00%	\$10,072,845	5.51%	\$554,973

Per Board Decision					
		(%)	(\$)	(%)	(\$)
Debt					
8	Long-term Debt	56.00%	\$5,640,793	2.82%	\$159,070
9	Short-term Debt	4.00%	\$402,914	2.46%	\$9,912
10	Total Debt	60.00%	\$6,043,707	2.80%	\$168,982
Equity					
11	Common Equity	40.00%	\$4,029,138	9.58%	\$385,991
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	40.00%	\$4,029,138	9.58%	\$385,991
14	Total	100.00%	\$10,072,845	5.51%	\$554,973



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.
File Number: EB-2010-0135
Rate Year: 2011

		Revenue Sufficiency/Deficiency					
		Initial Application				Per Board Decision	
Line No.	Particulars	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$909,070		\$762,270		\$762,270
2	Distribution Revenue	\$1,941,875	\$1,941,875	\$1,956,719	\$1,956,718	\$1,956,719	\$1,956,718
3	Other Operating Revenue	\$357,246	\$357,246	\$359,916	\$359,916	\$359,916	\$359,916
	Offsets - net						
4	Total Revenue	\$2,299,121	\$3,208,191	\$2,316,635	\$3,078,904	\$2,316,635	\$3,078,904
5	Operating Expenses	\$2,545,005	\$2,545,005	\$2,503,783	\$2,503,783	\$2,503,783	\$2,503,783
6	Deemed Interest Expense	\$236,259	\$236,259	\$168,982	\$168,982	\$168,982	\$168,982
	Total Cost and Expenses	\$2,781,264	\$2,781,264	\$2,672,765	\$2,672,765	\$2,672,765	\$2,672,765
7	Utility Income Before Income Taxes	(\$482,143)	\$426,927	(\$356,130)	\$406,139	(\$356,130)	\$406,139
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$292,655)	(\$292,655)	(\$276,152)	(\$276,152)	(\$276,152)	(\$276,152)
9	Taxable Income	(\$774,798)	\$134,272	(\$632,282)	\$129,987	(\$632,282)	\$129,987
10	Income Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
11	Income Tax on Taxable Income	(\$120,094)	\$20,812	(\$98,004)	\$20,148	(\$98,004)	\$20,148
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$362,049)	\$406,115	(\$258,126)	\$385,991	(\$258,126)	\$385,991
14	Utility Rate Base	\$10,307,488	\$10,307,488	\$10,072,845	\$10,072,845	\$10,072,845	\$10,072,845
	Deemed Equity Portion of Rate Base	\$4,122,995	\$4,122,995	\$4,029,138	\$4,029,138	\$4,029,138	\$4,029,138
15	Income/Equity Rate Base (%)	-8.78%	9.85%	-6.41%	9.58%	-6.41%	9.58%
16	Target Return - Equity on Rate Base	9.85%	9.85%	9.58%	9.58%	9.58%	9.58%
17	Sufficiency/Deficiency in Return on Equity	-18.63%	0.00%	-15.99%	0.00%	-15.99%	0.00%
18	Indicated Rate of Return	-1.22%	6.23%	-0.88%	5.51%	-0.88%	5.51%
19	Requested Rate of Return on Rate Base	6.23%	6.23%	5.51%	5.51%	5.51%	5.51%
20	Sufficiency/Deficiency in Rate of Return	-7.45%	0.00%	-6.39%	0.00%	-6.39%	0.00%
21	Target Return on Equity	\$406,115	\$406,115	\$385,991	\$385,991	\$385,991	\$385,991
22	Revenue Deficiency/(Sufficiency)	\$768,164	(\$0)	\$644,118	(\$0)	\$644,118	(\$0)
23	Gross Revenue	\$909,070	(1)	\$762,270	(1)	\$762,270	(1)
	Deficiency/(Sufficiency)						



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Kenora Hydro Electric Corporation Ltd.

File Number: EB-2010-0135

Rate Year: 2011

Revenue Requirement							
Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	\$2,062,785		\$1,971,057		\$1,971,057	
2	Amortization/Depreciation	\$468,960		\$519,466		\$519,466	
3	Property Taxes	\$13,260		\$13,260		\$13,260	
4	Capital Taxes	\$ -		\$ -		\$ -	
5	Income Taxes (Grossed up)	\$20,812		\$20,148		\$20,148	
6	Other Expenses	\$ -					
7	Return						
	Deemed Interest Expense	\$236,259		\$168,982		\$168,982	
	Return on Deemed Equity	\$406,115		\$385,991		\$385,991	
8	Distribution Revenue Requirement before Revenues	<u>\$3,208,191</u>		<u>\$3,078,904</u>		<u>\$3,078,904</u>	
9	Distribution revenue	\$2,850,945		\$2,718,988		\$2,718,988	
10	Other revenue	<u>\$357,246</u>		<u>\$359,916</u>		<u>\$359,916</u>	
11	Total revenue	<u>\$3,208,191</u>		<u>\$3,078,904</u>		<u>\$3,078,904</u>	
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>(\$0) (1)</u>		<u>(\$0) (1)</u>		<u>(\$0) (1)</u>	

SAMPLE RATE IMPACTS

Residential 800 kWh

RESIDENTIAL											
		2010 BILL			2011 BILL			IMPACT			
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill	
Consumption		Monthly Service Charge		13.53			18.77	5.24	38.73%	15.49%	
	800 kWh	Distribution (kWh)	800	0.0099	7.92	800	0.0137	10.96	3.04	38.38%	9.04%
		Stranded Asset Rider (per month)	800	0.0000	0.00	0	3.1200	3.12	(100.00%)	2.57%	
		Smart Meter Adder (per month)		1.0000	1.00		0.0000	0.00	(1.00)	(100.00%)	0.00%
		Smart Meter Rider (per month)			0.00			3.55	3.55	100.00%	2.93%
		Deferral & Variance Acct (kWh)	800	0.0000	0.00	800	(0.0074)	(5.96)	(5.96)	(100.00%)	(4.92%)
		Distribution Sub-Total			22.45			30.44	7.99	35.61%	25.12%
		Retail Transmisssion (kWh)	834	0.0075	6.26	834	0.007497	6.26	(0.00)	(0.04%)	5.16%
		Delivery Sub-Total			28.71			36.70	7.99	27.83%	30.28%
		WMS (kWh)	834	0.0065	5.42	834	0.0065	5.42	0.00	0.00%	4.48%
		Debt Retirement (kWh)	800	0.0070	5.60	800	0.0070	5.60	0.00	0.00%	4.62%
		Late Payment Settlement (per month)	800	0.0000	0.00		0.2000	0.20	0.20	100.00%	0.17%
		Special Purpose Charge (kWh)	800	0.0004	0.30	0	0.0000	0.00	(0.30)	(100.00%)	0.00%
		Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0680	40.80	1.80	4.62%	33.67%
		Cost of Power Commodity (kWh)	234	0.0750	17.58	234	0.0790	18.52	0.94	5.33%	15.28%
		Total Bill Before Taxes			96.61			107.24	10.63	11.00%	88.50%
		HST		13.00%	12.56		13.00%	13.94	1.38	11.00%	11.50%
		Total Bill			109.17			121.18	12.01	11.00%	100.00%

General Service <50 kW 2,000 kWh

GENERAL SERVICE < 50 kW										
		2010 BILL			2011 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Consumption	Monthly Service Charge			25.77			36.86	11.09	43.03%	13.60%
2,000 kWh	Distribution (kWh)	2,000	0.0040	8.00	2,000	0.0057	11.40	3.40	42.50%	4.20%
	Stranded Asset Rider (per month)	2,000	0.0000	0.00	0	3.1200	3.12	3.12	(100.00%)	1.15%
	Smart Meter Adder (per month)		1.0000	1.00		0.0000	0.00	(1.00)	(100.00%)	0.00%
	Smart Meter Rider (per month)			0.00			3.55	3.55	100.00%	1.31%
	Deferral & Variance Acct (kWh)	2,000	0.0000	0.00	2,000	(0.0074)	(14.90)	(14.90)	(100.00%)	(5.49%)
	Distribution Sub-Total			34.77			40.04	5.27	15.14%	14.77%
	Retail Transmission (kWh)	2,086	0.0066	13.77	2,086	0.006597	13.76	(0.01)	(0.04%)	5.08%
	Delivery Sub-Total			48.54			53.80	5.26	10.84%	19.84%
	WMS (kWh)	2,086	0.0065	13.56	2,086	0.0065	13.56	0.00	0.00%	5.00%
	Debt Retirement (kWh)	2,000	0.0070	14.00	2,000	0.0070	14.00	0.00	0.00%	5.16%
	Late Payment Settlement (per month)	2,000	0.0000	0.00		0.3700	0.37	0.37	100.00%	0.14%
	Special Purpose Charge (kWh)	2,000	0.0004	0.75	0	0.0000	0.00	(0.75)	(100.00%)	0.00%
	Cost of Power Commodity (kWh)	600	0.0650	39.00	600	0.0680	40.80	1.80	4.62%	15.05%
	Cost of Power Commodity (kWh)	1,486	0.0750	111.45	1,486	0.0790	117.39	5.94	5.33%	43.30%
	Total Bill Before Taxes			227.29			239.92	12.63	5.56%	88.50%
	HST		13.00%	29.55		13.00%	31.19	1.64	5.56%	11.50%
	Total Bill			256.84			271.11	\$14.27	5.56%	100.00%

General Service > 50 kW, 30,000 kWh

GENERAL SERVICE > 50 kW										
			2010 BILL			2011 BILL			IMPACT	
			Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change % % of Total Bill
Consumption		Monthly Service Charge			372.26			509.19	136.93	36.78%
30,000 kWh		Distribution (kW)	100	1.2372	123.72	100	1.6224	162.24	38.52	31.13%
100 kW										
		Stranded Asset Rider (per month)	100	0.0000	0.00	0	3.1200	3.12	3.12	(100.00%)
		Smart Meter Adder (per month)		1.0000	1.00		0.0000	0.00	(1.00)	(100.00%)
		Smart Meter Rider (per month)			0.00			3.55	3.55	100.00%
		Deferral & Variance Acct (kW)	100	0.0000	0.00	100	(2.8981)	(289.81)	(289.81)	(100.00%)
		Distribution Sub-Total			496.98			388.29	(108.69)	(21.87%)
		Retail Transmission (kW)	100	2.7103	271.03	100	2.709058	270.91	(0.12)	(0.05%)
		Delivery Sub-Total			768.01			659.20	(108.81)	(14.17%)
		WMS (kWh)	31,290	0.0065	203.39	31,290	0.0065	203.39	0.00	0.00%
		Debt Retirement (kWh)	30,000	0.0070	210.00	30,000	0.0070	210.00	0.00	0.00%
		Late Payment Settlement (per month)	0	0	0		5.1600	5.1600	5.16	100.00%
		Special Purpose Charge (kWh)	30,000	0.0004	11.19	0	0.0000	0.00	(11.19)	(100.00%)
		Cost of Power Commodity (kWh)	31,290	0.0650	2,033.85	31,290	0.0758	2,371.78	337.93	16.62%
		Total Bill Before Taxes			3,226.44			3,449.53	222.97	6.91%
		HST		13.00%	419.44		13.00%	448.44	29.00	6.91%
		Total Bill			3,645.87			3,897.97	251.97	6.91%

Unmetered Scattered Load 10,000 kWh

UNMETERED SCATTERED LOAD												
				2010 BILL			2011 BILL			IMPACT		
				Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption			Monthly Service Charge			13.00			15.60	2.60	19.99%	1.52%
10,000 kWh			Distribution (kWh)	10,000	0.0041	41.00	10,000	0.0049	49.00	8.00	19.51%	4.79%
			Low Voltage Rider (kWh)	10,000	0.0000	0.00	10,000	0.0000	0.00	0.00	0.00%	0.00%
			Deferrral & Variance Acct (kWh)	10,000	0.0000	0.00	10,000	(0.0074)	(74.49)	(74.49)	(100.00%)	(7.28%)
			Distribution Sub-Total			54.00			(9.89)	(63.89)	(118.32%)	(0.97%)
			Retail Transmisssion (kWh)	10,430	0.0066	68.84	10,430	0.006597	68.81	(0.03)	(0.04%)	6.72%
			Delivery Sub-Total			122.84			58.92	(63.92)	(52.03%)	5.76%
			WMS (kWh)	10,430	0.0065	67.80	10,430	0.0065	67.80	0.00	0.00%	6.62%
			Debt Retirement (kWh)	10,000	0.0070	70.00	10,000	0.0070	70.00	0.00	0.00%	6.84%
			Cost of Power Commodity (kWh)	10,430	0.0650	677.95	10,430	0.0680	709.24	31.29	4.62%	69.28%
			Total Bill Before Taxes			938.58			905.95	(32.66)	(3.48%)	88.50%
			HST		13.00%	122.02		13.00%	117.77	(4.24)	(3.48%)	11.50%
			Total Bill			1,060.60			1,023.73	(36.90)	(3.48%)	100.00%

Streetlights per connection

STREET LIGHTING												
			2010 BILL			2011 BILL			IMPACT			
			Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill	
Billing Determinants			Monthly Service Charge	1	3.5400	3.54	1	4.9188	4.92	1.38	38.95%	40.48%
1 Connections			Distribution (kW)	0	2.3277	0.39	0	3.2343	0.54	0.15	38.95%	4.40%
62.47 kWh			Low Voltage Rider (kW)	0	0	0	0	0.0000	0.00	0.00	0.00%	0.00%
0.17 kW			LRAM & SSM Rider (kW)	0	0.0000	0.00	0	0.0000	0.00	0.00	0.00%	0.00%
			Deferrral & Variance Acct (kW)	0	0.0000	0.00	0	(2.3472)	(0.39)	(0.39)	(100.00%)	(3.20%)
			Distribution Sub-Total			3.93			5.07	1.14	29.05%	41.69%
			Retail Transmisssion (kW)	0	2.0542	0.34	0	2.053295	0.34	(0.00)	(0.04%)	2.80%
			Delivery Sub-Total			4.27			5.41	1.14	26.73%	44.48%
			WMS (kWh)	65	0.0065	0.42	65	0.0065	0.42	0.00	0.00%	3.49%
			Late Payment Settlement (per month)	0	0.0000	0.00	1	0.0600	0.06	0.06	100.00%	0.49%
			Debt Retirement (kWh)	62	0.0070	0.43	62	0.0070	0.43	0.00	0.00%	3.57%
			Cost of Power Commodity (kWh)	65	0.0650	4.24	65	0.0680	4.43	0.20	4.62%	36.46%
			Total Bill Before Taxes			9.36			10.75	1.40	14.91%	88.50%
			HST		13.00%	1.22		13.00%	1.40	0.18	14.91%	11.50%
			Total Bill			10.57			12.15	1.58	14.91%	100.00%

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date July 1, 2011

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

EB-2010-0135

RESIDENTIAL SERVICE CLASSIFICATION

All services supplied to single-family dwelling units for domestic or household purposes shall be classified as residential service. Subclasses would be:

- Overhead
 - Transformers not on private property
 - Transformers on private property
- Underground
 - Transformers not on private property
 - Transformers on private property

Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for the Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	18.77
Rate Rider for Smart Meter Variance Account Disposition– effective until April 30, 2012	\$	3.55
Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2012	\$	3.12
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.20
Distribution Volumetric Rate	\$/kWh	0.0137
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	(0.0074)
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012	\$/kWh	0.0050
Applicable only for Non-RPP customers		
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0059
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0016

MONTHLY RATES AND CHARGES – Regulatory Component

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

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date July 1, 2011

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

EB-2010-0135

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

All services other than those designated as residential service, municipal street lighting service. This includes combination type services where a variety of uses are made of the same service by the Customer (e.g. General Service less than 50 kVA combined with residential service). Subclasses would be:

Demand less than 50 kVA - (100A @ 120/208V; 100A @ 120/240V, 60A @ 347/600V)

Demand equal to 50 kVA, up to 500 kVA - (1600A @ 120/208V; 600A @ 347/600V; 600A @ 120/240V)

Demand equal to 500 kVA, up to 5,000 kVA - (greater than 1600A @ 120/208V OR greater than 600A @ 347/600V and service from the 44 kV distribution system)

For new installations, demand sizing is based on the main switch size in amps converted to kVA. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for the Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	36.86
Rate Rider for Smart Meter Variance Account Disposition– effective until April 30, 2012	\$	3.55
Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2012	\$	3.12
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.37
Distribution Volumetric Rate	\$/kWh	0.0057
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	(0.0074)
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012	\$/kWh	0.0050
Applicable only for Non-RPP customers		
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0014

MONTHLY RATES AND CHARGES – Regulatory Component

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

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date July 1, 2011

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

EB-2010-0135

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

All services other than those designated as residential service, municipal street lighting service. This includes combination type services where a variety of uses are made of the same service by the Customer (e.g. General Service less than 50 kVA combined with residential service). Subclasses would be:

Demand less than 50 kVA - (100A @ 120/208V; 100A @ 120/240V, 60A @ 347/600V)

Demand equal to 50 kVA, up to 500 kVA - (1600A @ 120/208V; 600A @ 347/600V; 600A @ 120/240V)

Demand equal to 500 kVA, up to 5,000 kVA - (greater than 1600A @ 120/208V OR greater than 600A @ 347/600V and service from the 44 kV distribution system)

For new installations, demand sizing is based on the main switch size in amps converted to kVA. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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

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

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

It should be noted that this schedule does not list any charges, assessments, or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, charges for the Ministry of Energy Conservation and Renewable Energy Program, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	509.19
Rate Rider for Smart Meter Variance Account Disposition– effective until April 30, 2012	\$	3.55
Rate Rider for Recovery of Stranded Meter Assets – effective until April 30, 2012	\$	3.12
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	5.16
Distribution Volumetric Rate	\$/kW	1.6224
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	(2.8981)
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012	\$/kWh	0.0050
Applicable only for Non-RPP customers		
Retail Transmission Rate – Network Service Rate	\$/kW	2.1657
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.5434

MONTHLY RATES AND CHARGES – Regulatory Component

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

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date July 1, 2011

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

EB-2010-0135

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

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

APPLICATION

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

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

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	15.60
Distribution Volumetric Rate	\$/kWh	0.0049
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kWh	(0.0074)
Rate Rider for Global Adjustment Sub-Account Disposition (2011) – effective until April 30, 2012		
Applicable only for Non-RPP customers	\$/kWh	0.0050
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0014

MONTHLY RATES AND CHARGES – Regulatory Component

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

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date July 1, 2011

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

EB-2010-0135

STREET LIGHTING SERVICE CLASSIFICATION

All service supplied to any electrical street lighting equipment owned by, or operated for, the City of Kenora that is used to illuminate roadways and sidewalks, etc. The street light equipment is not metered, and they turn on and off by photoelectric cells. The consumption will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	4.92
Rate Rider for Recovery of Late Payment Penalty Litigation Costs – effective until April 30, 2012	\$	0.06
Distribution Volumetric Rate	\$/kW	3.2343
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2012	\$/kW	(2.3472)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6330
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.4200

MONTHLY RATES AND CHARGES – Regulatory Component

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

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date July 1, 2011

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EB-2010-0135

microFIT GENERATOR SERVICE CLASSIFICATION

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

APPLICATION

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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date July 1, 2011

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EB-2010-0135

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

APPLICATION

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Customer Administration		
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Duplicate Invoices for Previous Billing	\$	15.00
Request for Other Billing Information	\$	15.00
Easement Letter	\$	15.00
Income Tax Letter	\$	15.00
Account History	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	25.00
Returned Cheque (plus bank charges)	\$	25.00
Legal Letter Charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Disconnect/Reconnect Charge - At Meter During Regular Hours	\$	65.00
Disconnect/Reconnect Charge - At Meter After Regular Hours	\$	185.00
Disconnect/Reconnect Charge - At Pole During Regular Hours	\$	185.00
Disconnect/Reconnect Charge - At Pole After Regular Hours	\$	415.00
Install/Remove load control device - During Regular Hours	\$	65.00
Install/Remove load control device - After Regular Hours	\$	185.00
Disconnect/Reconnect Charge at customer's request – At Meter During Regular Hours	\$	65.00
Service call – customer owned equipment	\$	65.00
Service call – After Regular Hours	\$	165.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Kenora Hydro Electric Corporation Ltd.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date July 1, 2011

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EB-2010-0135

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

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

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

LOSS FACTORS

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

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0430
Total Loss Factor – Secondary Metered Customer > 5,000 kW	NA
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0325
Total Loss Factor – Primary Metered Customer > 5,000 kW	NA