

Response to Energy Probe Interrogatories

Grimsby Power Inc.

2012 Distribution Rate Application

Board File No. EB-2011-0273

November 9, 2011

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Interrogatory # 1 - Ref: Exhibit 1, page 15

Please confirm that GPI has been recording the input tax credits it receives on distribution revenue requirement items that were previously subject to the PST and become subject to the HST as of July 1, 2010 and not as of July 1, 2011 as stated in the evidence. If this cannot be confirmed, please indicate why the July 1, 2011 date is appropriate.

Grimsby Power Inc.'s Response:

Please refer to Board staff IR # 55(b) (iii).

Interrogatory # 2 - Ref: Exhibit 1, page 26

- a) Are any of the costs associated with the Board of Directors of the affiliates shown in Chart 1.2 included in the revenue requirement for GPI in the 2012 test year? If yes, please identify the amount associated with each of the affiliates that is included in the GPI revenue requirement.

Grimsby Power Inc.'s Response:

Costs associated with the Board of Directors of the affiliates shown in Chart 1.2 are not included in Grimsby Power Inc.'s revenue requirement.

- b) Are any of the costs of the Board of Directors of the Town of Grimsby FortisOntario Inc. included in the GPI 2012 revenue requirement? If yes, please provide the amount.

Grimsby Power Inc.'s Response:

The Town of Grimsby does not have a Board of Directors but instead has a Town Council. Notwithstanding this, there are no costs from the Town Council in Grimsby Power Inc.'s revenue requirement.

There are no costs associated with the Board of Directors of FortisOntario Inc. in Grimsby Power Inc.'s revenue requirement.

- c) What percentage of GPI does each of Niagara Power Inc. and Town of Grimsby FortisOntario Inc. own?

Grimsby Power Inc.'s Response:

The Town of Grimsby owns 90% of the Niagara Power Inc. shares in Grimsby Power Inc.

FortisOntario Inc. owns 10% of the Niagara Power Inc. shares in Grimsby Power Inc.

Interrogatory # 3 - Ref: Exhibit 1, Table 1.3

- a) Please update Table 1.3 to reflect data from the 2010 OEB Yearbook of Electricity Distributors published in August 2011.

Grimsby Power Inc.'s Response:

Exhibit 1 – Table 1.3 – Revised with data from 2010 OEB Yearbook:

Small Southern Medium-High Undergrounding with Rapid Growth	Grimsby Power (2012)	Grimsby Power	Orangeville Hydro	Niagara-on-the- Lake Hydro	Cooperative Hydro Embrun	Centre Wellington Hydro
Residential Customers	9703	9379	9963	6537	1777	5692
General Service <50kw Customers	683	662	1163	1224	170	709
General Service >50kw Customers	100	110	130	121	11	62
Total Customers	10486	10151	11256	7882	1958	6463
Expenses						
Operating	\$ 478,166	\$ 179,324	\$ 392,746	\$ 350,388	\$ 20,827	\$ 356,562
Maintenance	\$ 460,674	\$ 397,852	\$ 425,049	\$ 394,912	\$ 36,633	\$ 275,059
Administration	\$ 1,657,417	\$ 1,203,411	\$ 1,821,925	\$ 1,024,249	\$ 415,399	\$ 1,098,759
Other	\$ 27,540	\$ 25,130	\$ 6,286	\$ 31,673	\$ 2,350	\$ 112,510
Total OM&A Expenses	\$ 2,623,797	\$ 1,805,717	\$ 2,646,006	\$ 1,801,222	\$ 475,209	\$ 1,842,890
OM&A Per Customer (2010 OEB Yearbook)	\$ 250.22	\$ 177.89	\$ 235.08	\$ 228.52	\$ 242.70	\$ 285.14
Percent Difference from Grimsby Power			32.1%	28.5%	36.4%	60.3%
OM&A Per Customer (2009 OEB Yearbook)	\$ 250.22	\$ 177.19	\$ 214.76	\$ 236.76	\$ 211.57	\$ 270.02

A reference to the previous table is included – OM&A Per Customer (2009 OEB Yearbook).

- b) Please confirm that the 2012 OM&A forecast for GPI is based on MIFRS.

Grimsby Power Inc.'s Response:

The data for Grimsby Power Inc. in Table 1.3 is presented in CGAAP format. The OEB 2010 Yearbook of Electricity Distributors does not reference whether data is presented in CGAAP or IFRS format. However, as utilities are not required to report in IFRS until 2012 Grimsby Power Inc. believes the data for utilities is presented in CGAAP.

- c) Please provide the updated version of Table 1.3 requested in (a) above, but using the CGAAP OM&A forecast for 2012 for GPI.

Grimsby Power Inc.'s Response:

See response to Interrogatory # 2(b) above.

Interrogatory # 4 - Ref: Exhibit 2, Table 2.1

- a) Please explain the significant increase in accumulated depreciation shown in 2011 and 2012 (CGAAP) relative to the increases in previous years.

Grimsby Power Inc.'s Response:

The "Closing Balance" in the table below represents the "Accumulated Depreciation" row in Table 2.1 Summary of Rate Base. The "significant increase" in accumulated depreciation is related to smart meters and the detail of this is shown below:

	Opening Balance	Fixed Assets		Smart Meters		Closing Balance	Difference Closing-Opening
		Depreciation	Disposal	Depreciation	Disposal		
2006	9,372,477	852,392	(34,849)			10,190,021	
2007	10,190,021	855,993	(94,043)			10,951,970	761,950
2008	10,951,970	875,311	(3,848)			11,823,433	871,463
2009	11,823,433	967,542	(381,862)			12,409,113	585,680
2010	12,409,113	975,166	(5,356)		(678,430)	12,700,493	291,380
2011	12,700,493	1,024,722	(10,773)	153,138	(15,109)	13,852,471	1,151,978
2012	13,852,471	1,033,182		102,802		14,988,455	1,135,984

The increase in the accumulated depreciation is the result of the smart meter depreciation booked as follows:

- 2011 \$153,138
- 2012 \$102,802

The amount of \$153,138 booked at the end of 2011 is the result of the OM&A Smart Meters Deferral Account disposition, which contains the smart meter depreciation as follows:

- 2009 \$6,040
- 2010 \$50,865
- 2011 \$96,233

- b) Is the increase in accumulated depreciation in 2011 partially related to the significant increase of approximately \$2.9 million in gross fixed assets in that year?

Grimsby Power Inc.'s Response:

The increase in accumulated depreciation in 2011 has two sources:

- Projects budgeted for this year of \$1,440,053, and
- Smart Meters Project of \$1,510,225.

- c) Are the figures shown for the 2001 Bridge Year based on CGAAP or MIFRS?

Grimsby Power Inc.'s Response:

The figures for the 2011 Bridge Year are based on CGAAP.

- d) The average net book value for the 2012 CGAAP year appears to be the average of 2011 and 2012 CGAAP closing balances. The average net book value for the 2012 IFRS year appears to be the average of 2011 and 2012 IFRS closing balances. Given that the ending balance in 2011 is either CGAAP or MIFRS, please explain why it is appropriate to include the same figures for 2011 in the calculation of the average net book value for both versions of 2012.

Grimsby Power Inc.'s Response:

In the preparation of the rate application it was not clear as to how to treat the closing and opening balances from 2011 CGAAP to 2012 MIFRS. However, it is now Grimsby Power Inc.'s understanding that 2011 will be restated in MIFRS format which will form the basis for 2012. Therefore, it would not be appropriate to calculate the average net book value for the 2012 MIFRS based on the closing balance in 2011 in CGAAP format.

- e) Please provide the closing gross fixed asset value, the closing accumulated depreciation and the closing net book value figures for 2011 assuming 2011 was also based on MIFRS.

Grimsby Power Inc.'s Response:

Please refer to Board staff IR # 57(a).

- f) Please confirm that the decrease in net book value in 2010 is the result of the removal of meters from the rate base.

Grimsby Power Inc.'s Response:

Grimsby Power confirms that the decrease in net book value in 2010 is the result of the meters disposal.

Interrogatory # 5 - Ref: Exhibit 2, pages 14-15

The evidence indicates that GPI has adjusted its 2012 budget to account for the calculated savings from the implementation of the HST. Has GPI adjusted its 2011 capital expenditure budget to account for the calculated savings from the implementation of the HST? If not, why not?

Grimsby Power Inc.'s Response:

In Exhibit 2 – Page 15 of 65 below Table 2.4 it states that “The savings in tax has been accounted for by subtracting the dollar values indicated in Table 2.4 above from GL #1830 (\$ 42,682.48) and GL #5160 (\$ 18,011.90)”.

Interrogatory # 6 - Ref: Exhibit 2, Table 2.17

Please explain the significant increase in Contributions and Grants shown in Table 2.17 for 2010 as compared to the amounts recorded in previous years.

Grimsby Power Inc.'s Response:

Referring to Exhibit 2 – Page 20 of 65 - Table 2.7 Capital Additions 2006 to 2012 Test Year which shows USoA Line 1995 – Contributions and Grants on a year to year basis. The values on a year to year basis are highly variable particularly in 2007 and 2010.

Table 2.17 2010 Fixed Asset Continuity Schedule details the amounts for 2010. The 2010 Contributions and Grants are derived from:

- \$822,973 assumed plant, the fixed assets additions resulted from new subdivisions development during 2008,2009, and 2010
- \$44,369 is the 2010 contributed capital from other sources

Contributions and Grants are not always recognized in the same year that they are received. In 2010 Grimsby Power Inc. recognized the contributions and grants for the period 2008-2010 which increased the value in 2010 as compared with adjacent years. A similar situation occurred in 2007.

Interrogatory # 7 - Ref: Exhibit 2, Tables 2.32 & 2.33

- a) Please confirm that the cost of power that reflects the average of the Q3 through Q2 figures shown in Table 1 of the Regulated Price Plan Price Report dated April 19, 2011 is \$39.485 per MWH.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. confirms that the cost of power that reflects the average of the Q3 through Q2 figures shown in Table 1 of the Regulated Price Plan Price Report dated April 19, 2011 is \$39.485 per MWH.

- b) Please adjust the RPP and non-RPP prices for the reduction in the Ontario Electricity Market Price Forecast from \$40.15 to \$39.485 of \$0.6650 per MWH and recalculate the cost of power for 2012 shown in Tables 2.32 and 2.33.

Grimsby Power Inc.'s Response:

**Table 2.32 2012 Test Year Cost of Power Forecast Calculation -
Recalculated**

<u>2012 Load Forecast</u>	kWh	kW	2010 %RPP
Residential	92,606,843		86%
General Service < 50 kW	18,314,894		80%
General Service 50 to 4,999 kW	68,877,755	188,723	6%
Street Lighting	1,578,145	4,403	0%
Unmetered Scattered Load	355,293		100%
TOTAL	181,732,931	193,126	

<u>Electricity - Commodity RPP</u>	2012 Forecasted Metered	2012 Loss Factor	2012		
Class per Load Forecast RPP					
Residential	79,882,431	1.0526	84,084,247	\$0.07232	\$6,080,552
General Service < 50 kW	14,668,259	1.0526	15,439,809	\$0.07232	\$1,116,530
General Service 50 to 4,999 kW	4,128,136	1.0526	4,345,276	\$0.07232	\$314,229
Street Lighting	0	1.0526	0	\$0.07232	\$0
Unmetered Scattered Load	354,218	1.0526	372,850	\$0.07232	\$26,963
TOTAL	99,033,044		104,242,182		\$7,538,273

<u>Electricity - Commodity Non-RPP</u>	2012 Forecasted Metered	2012 Loss Factor	2012		
Class per Load Forecast					
Residential	12,724,411	1.0526	13,393,715	\$0.06771	\$906,822
General Service < 50 kW	3,646,635	1.0526	3,838,448	\$0.06771	\$259,882
General Service 50 to 4,999 kW	64,749,619	1.0526	68,155,449	\$0.06771	\$4,614,465
Street Lighting	1,578,145	1.0526	1,661,156	\$0.06771	\$112,469
Unmetered Scattered Load	1,076	1.0526	1,132	\$0.06771	\$77
TOTAL	82,699,887		87,049,901		\$5,893,714

<u>Transmission - Network</u>		Volume Metric	2012		
Class per Load Forecast					
Residential		kWh	97,477,963	\$0.0066	\$647,149
General Service < 50 kW		kWh	19,278,258	\$0.0061	\$117,141
General Service 50 to 4,999 kW		kW	188,723	\$2.4546	\$463,239
Street Lighting		kW	4,403	\$1.8512	\$8,151
Unmetered Scattered Load		kWh	373,982	\$0.0061	\$2,272
TOTAL					\$1,237,952

<u>Transmission - Connection</u>		Volume Metric	2012		
Class per Load Forecast					
Residential		kWh	97,477,963	\$0.0054	\$525,792
General Service < 50 kW		kWh	19,278,258	\$0.0047	\$91,253
General Service 50 to 4,999 kW		kW	188,723	\$1.9125	\$360,940
Street Lighting		kW	4,403	\$1.4785	\$6,510
Unmetered Scattered Load		kWh	373,982	\$0.0047	\$1,770
TOTAL					\$986,265

<u>Wholesale Market Service</u>			2012		
Class per Load Forecast					
Residential		kWh	97,477,963	\$0.0052	\$506,885
General Service < 50 kW		kWh	19,278,258	\$0.0052	\$100,247
General Service 50 to 4,999 kW		kWh	72,500,725	\$0.0052	\$377,004
Street Lighting		kWh	1,661,156	\$0.0052	\$8,638
Unmetered Scattered Load		kWh	373,982	\$0.0052	\$1,945
TOTAL			191,292,083		\$994,719

<u>Rural Rate Assistance</u>			2012		
Class per Load Forecast					
Residential		kWh	97,477,963	\$0.0013	\$126,721
General Service < 50 kW		kWh	19,278,258	\$0.0013	\$25,062
General Service 50 to 4,999 kW		kWh	72,500,725	\$0.0013	\$94,251
Street Lighting		kWh	1,661,156	\$0.0013	\$2,160
Unmetered Scattered Load		kWh	373,982	\$0.0013	\$486
TOTAL			191,292,083		\$248,680

Table 2.33 2012 Test Year Cost of Power Summary - Recalculated

2012	
4705-Power Purchased	\$13,431,987
4708-Charges-WMS	\$994,719
4714-Charges-NW	\$1,237,952
4716-Charges-CN	\$986,265
4730-Rural Rate Assistance	\$248,680
4750-Low Voltage	\$130,000
TOTAL	17,029,602

Interrogatory # 8 - Ref: Exhibit 2, Table 2.7

Please explain why there is no figure for Account 1995 Contributions and Grants in the 2012 IFRS Test Year column. Please explain how the contributions and grants of \$150,000 shown in the 2012 CGAAP Test Year column have been reflected in the 2012 revenue requirement under MIFRS.

Grimsby Power Inc.'s Response:

MIFRS requires customer contributions to be recorded as deferred revenue instead of as an offset to capital cost.

The amount of \$150,000 that represents the 2012 Contributed Capital under MIFRS was reclassified to the Deferred Revenue account. Most of the Capital Contribution is from Underground Conduit and Conductors with a useful life (under MIFRS) of 70 and 35 years respectively. By using an average of useful life equal to 50 years, the 2012 portion would be \$3,000. By applying the half year rule, the impact on revenue requirement for 2012 MIFRS would be \$1,500.

Interrogatory # 9 - Ref: Exhibit 2, Tables 2.19 & 2.20

- a) Please provide an updated Table 2.19 that reflects the most recent year-to-date capital expenditures for the bridge year, along with projections for the remainder of the year.

Grimsby Power Inc.'s Response:

Table 2.19 2011 Bridge Year Fixed Asset Continuity Schedule – YTD to 30-Sep-2011 and Year End Projections

Appendix 2-B

Fixed Asset Continuity Schedule

Year ¹

30-Sep-11

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1905	Land		\$ -			\$ -			\$ -		\$ -
47	1908	Buildings		\$ -			\$ -			\$ -		\$ -
13	1810	Leasehold Improvements		\$ -			\$ -			\$ -		\$ -
47	1815	Transformer Station Equipment >50 kV		\$ -			\$ -			\$ -		\$ -
47	1820	Distribution Station Equipment <50 kV		\$ 143,555			\$ 143,555	-\$ 143,555		\$ -		\$ -
47	1825	Storage Battery Equipment		\$ -			\$ -			\$ -		\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 7,472,266	\$ 116,579		\$ 7,588,844	-\$ 4,318,324	-\$ 223,728	\$ -	\$ 4,542,053	\$ 3,046,792
47	1835	Overhead Conductors & Devices	4.00%	\$ 2,115,766	\$ 208,178		\$ 2,323,943	-\$ 444,451	-\$ 69,945	\$ -	\$ 514,396	\$ 1,809,548
47	1840	Underground Conduit	4.00%	\$ 5,110,882			\$ 5,110,882	-\$ 2,822,893	-\$ 141,951	\$ -	\$ 2,964,843	\$ 2,146,039
47	1845	Underground Conductors & Devices	4.00%	\$ 1,803,450	\$ 19,895		\$ 1,823,345	-\$ 379,539	-\$ 57,752	\$ -	\$ 437,291	\$ 1,386,054
47	1850	Line Transformers	4.00%	\$ 7,419,309	\$ 108,487	-\$ 5,621	\$ 7,527,174	-\$ 3,584,270	-\$ 224,055	\$ 4,722	\$ 3,803,603	\$ 3,718,571
47	1855	Services (Overhead & Underground)	4.00%	\$ 1,905,381	\$ 40,677		\$ 1,946,058	-\$ 397,145	-\$ 58,779	\$ -	\$ 455,924	\$ 1,490,134
47	1860	Meters	4.00%	\$ 388,952	\$ 33,306	-\$ 20,896	\$ 401,362	-\$ 68,285	-\$ 11,069	\$ 13,246	\$ 66,108	\$ 335,254
47	1860	Meters (Smart Meters)	6.67%	\$ -			\$ 1,485,746			\$ -	\$ 148,304	\$ 1,337,442
N/A	1905	Land		\$ 111,556			\$ 111,556			\$ -		\$ 111,556
CEC	1906	Land Rights		\$ -			\$ -			\$ -		\$ -
47	1908	Buildings & Fixtures	2.00%	\$ 755,681	\$ 27,915		\$ 783,596	-\$ 343,794	-\$ 14,870	\$ -	\$ 358,664	\$ 424,932
13	1910	Leasehold Improvements		\$ -			\$ -			\$ -		\$ -
8	1915	Office Furniture & Equipment (10 years)	10.00%	\$ 137,239	\$ 840		\$ 138,079	-\$ 112,165	-\$ 3,746	\$ -	\$ 115,911	\$ 22,168
8	1915	Office Furniture & Equipment (5 years)		\$ -			\$ -			\$ -		\$ -
45	1920	Computer Equipment - Hardware	33.33%	\$ 129,178	\$ 4,794		\$ 133,972	-\$ 98,650	-\$ 15,827	\$ -	\$ 114,477	\$ 19,496
12	1925	Computer Software	20.00%	\$ 467,221	\$ 3,295		\$ 470,516	-\$ 269,059	-\$ 76,615	\$ -	\$ 345,755	\$ 124,842
10	1930	Transportation Equipment	20.00%	\$ 745,593	\$ 17,111		\$ 762,704	-\$ 722,130	-\$ 12,736	\$ -	\$ 734,866	\$ 27,838
8	1935	Stores Equipment		\$ 47,086			\$ 47,086	-\$ 47,086		\$ -	\$ 47,086	\$ -
8	1940	Tools, Shop & Garage Equipment	10.00%	\$ 156,678	\$ 5,183		\$ 161,861	-\$ 99,425	-\$ 6,204	\$ -	\$ 105,629	\$ 56,232
8	1945	Measurement & Testing Equipment	20.00%	\$ 70,448			\$ 70,448	-\$ 55,176	-\$ 5,884	\$ -	\$ 61,059	\$ 9,389
8	1950	Power Operated Equipment		\$ -			\$ -			\$ -	\$ -	\$ -
8	1955	Communications Equipment		\$ -			\$ -			\$ -	\$ -	\$ -
8	1955	Communication Equipment (Smart Meters)	20.00%	\$ -			\$ 33,146			\$ -	\$ 5,765	\$ 27,381
8	1960	Miscellaneous Equipment		\$ -			\$ -			\$ -	\$ -	\$ -
47	1975	Load Management Controls Utility Premises		\$ -			\$ -			\$ -	\$ -	\$ -
47	1980	System Supervisor Equipment		\$ -			\$ -			\$ -	\$ -	\$ -
47	1985	Miscellaneous Fixed Assets		\$ -			\$ -			\$ -	\$ -	\$ -
47	1995	Contributions & Grants	4.00%	-\$ 4,977,193	-\$ 53,673	-\$ 5,030,866		\$ 1,205,453	\$ 153,816	\$ 1,359,269	\$ 3,671,597	
WIP	2055	Construction Work in Progress		\$ 4,740	-\$ 4,740	\$ 0				\$ -	\$ 0	
				\$ -								
		Total		\$ 24,007,789	\$ 527,846	-\$ 26,517	\$ 26,028,011	-\$ 12,700,493	-\$ 769,346	\$ 17,968	\$ 13,605,941	\$ 12,422,070

10

Transportation

8

Stores Equipment

Less: Fully Allocated Depreciation

Transportation

Stores Equipment

Net Depreciation

-\$ 769,346

Grimsby Power is expecting to spend the budgeted amounts on each asset class except the software amount of \$220,000 budgeted for the ERP Software Implementation. In 2011 a project (Ridge Road West) from 2010 was partially carried over. The completion of this year's capital projects is slightly behind schedule due to resource issues. However, resources have been secured for the fall construction season and it is projected that the budget will be spent.

b) For each column shown in Table 2.20, please provide the actual amount spent year-to-date.

Grimsby Power Inc.'s Response:

Table 2.20 2011 Bridge Year Capital Projects - YTD to 30-Sep-2011

Appendix 2-A

Tables in the format outlined below covering all relevant accounts should be submitted for the Test Year, Bridge Year and the relevant historical years.

Year: 30-Sep-11 (Actual, Bridge and Test Years)

USoA #	Description	CCA Class	Elmtree East Rabbit - C229W to C237R	Padmount Transformers	Primary Cable Silicone Injection	Ridge Road East Rabbit - to C237R	Service Work	Elmtree - Mountain to Allen	ERP Implementation - Back Office Software	Replace Existing HVAC Equipment	General Plant Under Threshold	Distribution Plant Under Threshold	Contributions and Grants	Total
1830	Poles, Towers, & Fixtures	47	\$ 12,842					\$ 45,833				\$ 57,904		\$ 116,579
1835	Overhead Conductors & Devices	47	\$ 30,013					\$ 64,666				\$ 113,499		\$ 208,178
1840	Underground Conduit	47										\$ 9,775		\$ 9,775
1845	Underground Conductors & Devices	47			\$ 10,121									\$ 10,121
1850	Line Transformers	47	\$ 24,940	\$ 3,715	\$ 1,295			\$ 21,095				\$ 57,441		\$ 108,486
1855	Services	47					\$ 12,345	\$ 11,574				\$ 16,757		\$ 40,677
1860	Metering	47										\$ 33,306		\$ 33,306
1908	Buildings & Fixtures	47									\$ 27,915			\$ 27,915
1915	Office Furniture & Equipment	8									\$ 840			\$ 840
1920	Computer Equipment Hardware	45									\$ 4,794			\$ 4,794
1925	Computer Software	12									\$ 3,295			\$ 3,295
1930	Transportation Equipment	10									\$ 17,111			\$ 17,111
1940	Tools, Shop, & Garage Equipment	8									\$ 5,183			\$ 5,183
1945	Measurement & Test Equipment	8												\$ -
1955	Communication Equipment	8												\$ -
1995	Contributions & Grants	47											-\$ 53,673	-\$ 53,673
2055	Construction Work in Progress											-\$ 4,740		-\$ 4,740
Total			\$ 67,795	\$ 3,715	\$ 11,416	\$ -	\$ 12,345	\$ 143,168	\$ -	\$ -	\$ 59,138	\$ 283,942	-\$ 53,673	\$ 527,846

- c) Please indicate if each of the projects listed in Table 2.20 is still expected to be completed and placed into service by the end of 2011.

Grimsby Power Inc.'s Response:

Grimsby Power is expecting all the projects to be completed and in service by the end of 2011 except:

- The ERP Implementation Back Office Software Project
- The Ridge Road East – Rabbit to C237R Project (this project is delayed as a result of the Ridge Road West project in 2010 being carried over into 2011)

- d) Please explain the decrease in Contributions and Grants in 2011 as compared to that recorded in 2010.

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 6 in conjunction with this response.

In 2010 Grimsby Power recognized the contribution from the developers for 3 years: 2008, 2009 and 2010. In 2011 only one year of contributions is estimated to be recognized.

- e) Please explain how the additions to gross assets of \$1,499,556 and the accumulated depreciation figure of \$148,870 for smart meters shown in Table 2.19 have been calculated. If these figures are explained elsewhere in the evidence, please provide the reference.

Grimsby Power Inc.'s Response:

Please refer to Board IR # 3.

The detail of the accumulated depreciation is shown in the table below – middle four rows:

		2006	2007	2008	2009	2010	2011
Net Fixed Assets		Actual	Actual	Actual	Actual	Actual	Forecasted
Opening Capital Investment		\$ -	\$ -	\$ -	\$ -	\$ 181,194	\$ 1,302,082
Capital Investment		\$ -	\$ -	\$ -	\$ 181,194	\$ 1,120,888	\$ 197,475
Closing Capital Investment		\$ -	\$ -	\$ -	\$ 181,194	\$ 1,302,082	\$ 1,499,556
Opening Accumulated Amortization		\$ -	\$ -	\$ -	\$ -	\$ 6,040	\$ 55,482
Amortization Year One	15 years	\$ -	\$ -	\$ -	\$ 6,040	\$ 37,363	\$ 6,582
Amortization Thereafter		\$ -	\$ -	\$ -	\$ -	\$ 12,080	\$ 86,805
Closing Accumulated Amortization		\$ -	\$ -	\$ -	\$ 6,040	\$ 55,482	\$ 148,870
Opening Net Fixed Assets		\$ -	\$ -	\$ -	\$ -	\$ 175,154	\$ 1,246,599
Closing Net Fixed Assets		\$ -	\$ -	\$ -	\$ 175,154	\$ 1,246,599	\$ 1,350,686
Average Net Fixed Assets		\$ -	\$ -	\$ -	\$ 87,577	\$ 710,877	\$ 1,298,643

Interrogatory # 10 - Ref: Exhibit 3, page 11 & Tables 3.5 & 3.6

For each of the equations requested below, please provide the regression statistics in the same format as shown on page 11, the statistical results as shown in Table 3.5 and the 2012 forecasts using the three different weather normal approaches.

- a) Include a trend variable that starts with a value of 1 in January 1999 and increases in increments 1 per month to a value of 144 in December 2010.**

Grimsby Power Inc.'s Response:

Based on the above Regression (10a), Grimsby Power Inc.'s Monthly Predicted KWh Purchases are:

= Heating Degree Days * 2,998
+ Cooling Degree Days * 37,242
+ Number of Days in Month * 449,118
+ Spring Fall Flag * (847,043)
+ Number of Customers * 372
+ Trend Variable * 19,568
+ Intercept of (5,750,440)

The statistics based on this regression are as follows:

Statistical Results of Regression Analysis
Additional Trend Variable

Statistic	Value
R Square	93.00%
Adjusted R Square	92.69%
F-Test	303.3
T-stats by Coefficient	
Intercept	(2.40)
Heating Degree Days	10.92
Cooling Degree Days	17.60
Number of Days in Month	8.40
Spring Fall Flag	(7.32)
Number of Customers	1.59
Trend Variable	3.96

The 2012 forecasts based on this regression are as follows:

Interrogatory 10-a)

2012 Forecast under the three different weather normal approaches

Model Approach			
	Base	10-Year Average	20-year Trend
2012 Forecast	195,506,500	195,992,863	196,485,395

- b) Include the trend variable noted in (a) above, but exclude the number of customers as an explanatory variable.**

Based on the above Regression (10b), Grimsby Power Inc.'s Monthly Predicted KWh Purchases are:

$$\begin{aligned}
 &= \text{Heating Degree Days} * 3,023 \\
 &+ \text{Cooling Degree Days} * 37,411 \\
 &+ \text{Number of Days in Month} * 448,371 \\
 &+ \text{Spring Fall Flag} * (841,054) \\
 &+ \text{Trend Variable} * 27,240 \\
 &+ \text{Intercept of } (2,939,028)
 \end{aligned}$$

The statistics based on this regression are as follows:

Statistical Results of Regression Analysis
Trend Variable Replaces Nbr of Customers

Statistic	Value
R Square	92.87%
Adjusted R Square	92.61%
F-Test	359.5
T-stats by Coefficient	
Intercept	(1.81)
Heating Degree Days	10.97
Cooling Degree Days	17.61
Number of Days in Month	8.34
Spring Fall Flag	(7.23)
Trend Variable	26.77

The 2012 forecasts based on this regression are as follows:

Interrogatory 10-b)

2012 Forecast under the three different weather normal approaches

	Model Approach		
	Base	10-Year Average	20-year Trend
2012 Forecast	197,368,671	197,856,351	198,350,713

Interrogatory # 11 - Ref: Exhibit 3, page 10

Please provide the data used and the forecasts for HDD and CDD using the 20 year trend methodology in an Excel spreadsheet. Please provide an explanation of how the 20 year trend was estimated.

Grimsby Power Inc.'s Response:

An excel spreadsheet titled "10 year and 20 year Weather Data – GPI" has been provided and filed with this Interrogatory. Weather data for cooling degree days (CDD) and heating degree days (HDD) from 1991 thru 2010 has been tabulated in the spreadsheet for each month of each year. The 20 year trend is calculated by using the excel function "Trend". The trend function utilizes data from 1991 thru 2010 to calculate the trend value.

Interrogatory # 12 - Ref: Exhibit 3, Table 3.3

For each rate class shown in Table 3.3, please provide the actual number of customers/connections for the most recent month available in 2011, along with the corresponding number of customers/connections for the corresponding month in 2010.

Grimsby Power Inc.'s Response:

Most Recent Month	Residential	GS<50	GS>50	Streetlights	USL
30-Sep-2011	9457	673	111	2546	81
Corresponding Month in 2010	Residential	GS<50	GS>50	Streetlights	USL
30-Sep-2010	9314	671	102	2520	79

Interrogatory # 13 - Ref: Exhibit 3, Table 3.33

Please provide the most recent year-to-date figure available for 2011 for each line shown in Table 3.33. Please also provide the figures by account for the corresponding period in 2010.

Grimsby Power Inc.'s Response:

Table 3.33 Summary of Other Operating Revenue (Board Appendix 2-C) – YTD 30-Sep-2011

USoA #	USoA Description	YTD 2010 Sept	YTD 2011 Sept
4235	Specific Service Charges	\$ 42,640	\$ 39,587
4225	Late Payment Charges	\$ 40,381	\$ 37,172
4080	SSS Admin Fees	\$ 19,606	\$ 20,469
4082	Retail Services Revenues	\$ 12,434	\$ 8,154
4084	STR Revenues	\$ 450	\$ 350
4210	Rent from Electric Property	\$ 49,033	\$ 49,894
4325	Revenues from Merchandise, Jobbing, Etc	\$ 50,984	\$ 19,820
4355	Gain on Disposition of Utility & Other Property	\$ -	\$ 595
4375	Revenues from Non-Utility & Other Property	\$ 113,558	\$ 184,388
4380	Expenses of Non-Utility Operations	-\$ 101,080	-\$ 63,578
4390	Miscellaneous Non-Operating Income	\$ 3,583	\$ 5,035
4405	Interest and Dividend Income	\$ 5,092	\$ 11,235
	Specific Service Charges	\$ 42,640	\$ 39,587
	Late Payment Charges	\$ 40,381	\$ 37,172
	Other Operating Revenues	\$ 81,523	\$ 78,867
	Other Income or Deductions	\$ 72,137	\$ 157,495
	Total	\$ 236,681	\$ 313,121

Interrogatory # 14 - Ref: Exhibit 3, Table 3.33 & Exhibit 2, page 51

- a) **Why is there no revenue shown for Gain on Disposition of Utility & Other Property in Table 3.33 when the evidence at page 51 of Exhibit 2 indicates that 2 large vehicles are being replaced in 2012?**

Grimsby Power Inc.'s Response:

This Interrogatory is related to Board Staff Interrogatory # 17. Please review the Board Staff Interrogatory in conjunction this Interrogatory.

The disposal of two bucket trucks will be in 2013. Therefore, no revenue has been shown in Table 3.33.

The disposal of each bucket truck will be accomplished by sending them to a public auction. The gain from this disposal is dependent on the bid price at the time of the auction and is unknown at this time.

- b) **What is the net book value in 2012 of all the vehicles forecast to be replaced in 2012?**

Grimsby Power Inc.'s Response:

The net book value for all vehicles forecasted to be replaced in 2012 is zero dollars.

- c) **What is the scrap or trade-in value of all the vehicles forecast to be replaced in 2012? How is this revenue treated for accounting and regulatory purposes?**

Grimsby Power Inc.'s Response:

Please refer to Interrogatory Response to #14(a) above. The revenue is zero and requires no accounting treatment.

Interrogatory # 15 - Ref: Exhibit 4, page 3

- a) Please update the second table on page 3 to reflect the most recent year to date actuals available for 2011, along with the forecast for the remainder of 2011.

Grimsby Power Inc.'s Response:

Table 4.1 Summary of OM&A Expenses and Year over Year Comparisons (Board Appendix 2-E)

	YTD Sep 2011	YE 2011	Variance	Percentage Change
	Actuals	Forecast	\$	%
Operations	\$ 231,511	\$ 271,866	\$ 40,355	22.50%
Maintenance	\$ 246,568	\$ 418,385	\$ 171,817	43.19%
Billing and Collecting	\$ 358,375	\$ 504,524	\$ 146,149	28.84%
Community Relations	\$ 6,835	\$ 16,500	\$ 9,665	82.26%
Administrative and General	\$ 745,180	\$ 869,244	\$ 124,064	17.47%
Total OM&A Expenses	\$ 1,588,469	\$ 2,080,519	\$ 492,050	27.25%

- b) Please provide a version of the last table on page 3 that uses the 2012 CGAPP numbers in place of the 2012 IFRS figures.

Grimsby Power Inc.'s Response:

Total OM&A Comparison

	2010 Actuals	2012 CGAAP Forecast	Variance \$	Percentage Change %
Test Year versus Most	\$ 1,805,717	\$ 2,459,977	\$ 654,260	36.23%
	2006 Board-approved	2012 CGAAP Forecast	Variance \$	Percentage Change %
Test Year versus LRY Board-	\$ 1,550,966	\$ 2,459,977	\$ 909,011	58.61%
Simple average of % variance for all years				8.80%
Compound annual growth rate for all years				9.66%

- c) What is the annual compound growth rate for total OM&A expenses between 2006 and 2010?

Grimsby Power Inc.'s Response:

The annual compound growth rate for actual total OM&A expenses between 2006 and 2010 is 4.58%. The calculation is shown in the table below:

Calculation of Compound Annual Growth Rate	Values
2006 OM&A Expense (A)	\$ 1,509,565
2010 OM&A Expense (B)	\$ 1,805,717
$B/A = C$	1.196183669
# of years of compounding	4
$1/\# \text{ of years of compounding (D)}$	0.25
$C^{1/D} = E$	1.045801998
$1-E$	0.045801998
Percentage	4.580199797

- d) What is the annual compound growth rate for the inflation rate over the 2006 through 2010 period?

Grimsby Power Inc.'s Response:

The annual compound growth rate for the Canada CPI over the four year period from 2006 to 2010 is 1.65%. The calculation is shown in the table below:

Calculation of Compound Annual Growth Rate for Canada CPI	Values
2006 Inflation Base (A)	109.1
2010 Inflation Base (B)	116.5
$B/A = C$	1.067827681
# of years of compounding	4
$1/\# \text{ of years of compounding (D)}$	0.25
$C^{1/D} = E$	1.016541922
$1-E$	0.016541922
Percentage	1.65419223

e) What inflation rate is GPI forecast for 2011 and 2012?

Grimsby Power Inc.'s Response:

Please refer to Board IR # 13.

f) Please provide a table that shows that actual year-to-date expenses for the most recent period available in 2011, along with the expenses incurred in the corresponding period in 2010, in the same level of detail as shown in the second table on page 3.

Grimsby Power Inc.'s Response:

**Table 4.1 Summary of OM&A Expenses and Year over Year Comparisons
(Board Appendix 2-E)**

	YTD Sep 30, 2010	YTD Sep 30, 2011	Variance	Percentage Change
	Actuals	Actuals	\$	%
Operations	\$ 128,031	\$ 231,511	\$ 103,480	80.82%
Maintenance	\$ 278,807	\$ 246,568	-\$ 32,239	-11.56%
Billing and Collecting	\$ 356,526	\$ 358,375	\$ 1,849	0.52%
Community Relations	\$ 9,249	\$ 6,835	-\$ 2,414	-26.10%
Administrative and General	\$ 523,891	\$ 745,180	\$ 221,289	42.24%
Total OM&A Expenses	\$ 1,296,504	\$ 1,588,469	\$ 291,965	22.52%

Interrogatory # 16 - Ref: Exhibit 4, page 5

- a) When was the 2011 OM&A budget, as contained in the application, approved by the Board of Directors?

Grimsby Power Inc.'s Response:

The 2011 OM&A budget as contained in the application was approved by the Grimsby Power Inc. Board of Directors on December 3, 2010.

- b) When was the 2012 OM&A budget, as contained in the application, approved by the Board of Directors?

Grimsby Power Inc.'s Response:

The 2012 OM&A budget as contained in the application was approved by the Grimsby Power Inc. Board of Directors on May 13, 2011.

Interrogatory # 17 - Ref: Exhibit 4, page 12

- a) Please provide an update to the manual meter reading, MDMR and smart meter data transmission in 2011.

Grimsby Power Inc.'s Response:

The smart meter data transmission efficiency was corrected in May 2011 by the installation of a second TGB. This corrected a poor transmission efficiency which would have (if it continued) delayed the conversion to automatic meter reading. The current data transmission efficiency is meeting or exceeding targets in 5 of 6 performance measurements. Grimsby Power Inc. will be working with Sensus/KTI to optimize our smart meter communication network; however the timing of this initiative has yet to be established.

Grimsby Power Inc.'s Operational Data Store (ODS) (Harris Metersense) became operational in July 2011 and has been utilized for meter reading since August 2011. Manual meter reading of smart meters ended in August 2011.

Integration with the MDM/R and conversion to time of use (TOU) rates is currently in progress. TOU billing is scheduled to commence at the end of February 2012.

- b) The evidence indicates that the 2012 budget contains expenses for a check read of all meters once in the calendar year. Is this annual check expected to continue for 2013 through 2015 as well? What is the cost associated with the check read of all meters once in the calendar year included in the 2012 forecast?

Grimsby Power Inc.'s Response:

When the 2012 forecast (budget) was prepared it was anticipated that a check read would be occur annually (2012 to 2015) to provide confirmation that the smart meters were performing as expected. The cost associated with this check read is contained in the 2012 budget at a cost of \$5,916.

Interrogatory # 18 - Ref: Exhibit 4, page 15

Please provide GPI's policy related to travel, meal and hospitality expenses.

Grimsby Power Inc.'s Response:

Grimsby Power Inc.'s policy related to travel and expenses is included as Appendix 1 to this Interrogatory.

Interrogatory # 19 - Ref: Exhibit 4, Tables 4.3 through 4.7

Please update the 2011 bridge year column in Tables 4.3 through 4.7 to reflect the most recent year-to-date figures available for 2011, along with the forecast for the remainder of the bridge year.

Grimsby Power Inc.'s Response:

Detailed OM&A Expense Tables (Board Appendix 2-F) – YTD Comparisons

Table 4.3 Detailed Account by Account Operation Expenses

Account	Description	YTD Actual Sept 2011	YE 2011 Forecast
Operations			
5005	Operation Supervision and Engineering	\$ 33,118	\$ 63,825
5012	Station Buildings and Fixtures Expense	\$ 794	\$ -
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$ 43,248	\$ 28,427
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	\$ 45,490	\$ 9,650
5035	Overhead Distribution Transformers - Operation	\$ -	\$ -
5040	Underground Distribution Lines and Feeders - Operation Labour	\$ 21,740	\$ 32,874
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	\$ -	\$ -
5055	Underground Distribution Transformers - Operation	\$ -	\$ -
5065	Meter Expense	\$ 626	\$ -
5070	Customer Premises - Operation Labour	\$ 6,867	\$ 4,687
5075	Customer Premises - Operation Materials and Expenses	\$ -	\$ -
5085	Miscellaneous Distribution Expenses	\$ 60,524	\$ 106,903
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$ 19,104	\$ 25,500
Total - Operations		\$ 231,511	\$ 271,866

Table 4.4 Detailed Account by Account Maintenance Expenses

Account	Description	YTD Sept 2011	YE 2011 Forecast
Maintenance			
5105	Maintenance Supervision and Engineering	\$ 27,502	\$ 55,325
5114	Maintenance of Distribution Station Equipment	\$ 2,623	\$ 800
5120	Maintenance of Poles, Towers and Fixtures	\$ 49,551	\$ 64,082
5125	Maintenance of Overhead Conductors and Devices	\$ 31,188	\$ 99,159
5130	Maintenance of Overhead Services	\$ 21,888	\$ 40,193
5135	Overhead Distribution Lines and Feeders - Right of Way	\$ 11,631	\$ 40,268
5145	Maintenance of Underground Conduit	\$ 575	
5150	Maintenance of Underground Conductors and Devices	\$ 4,788	
5155	Maintenance of Underground Services	\$ 6,132	\$ 11,162
5160	Maintenance of Line Transformers	\$ 79,776	\$ 93,164
5175	Maintenance of Meters	\$ 10,915	\$ 14,232
Total - Maintenance		\$ 246,568	\$ 418,385

Table 4.5 Detailed Account by Account Billing and Collecting Expenses

Account	Description	YTD Sept 2011	YE 2011 Forecast
<i>Billing and Collecting</i>			
5305	Supervision	\$ 7,740	\$ 4,660
5310	Meter Reading Expense	\$ 74,002	\$ 87,665
5315	Customer Billing	\$ 262,873	\$ 357,358
5320	Collecting	\$ 13,695	\$ 42,935
5325	Collecting - Cash Over and Short	\$ -	\$ -
5330	Collection charges	\$ 66	\$ 5,906
5335	Bad Debt Expense	\$ -	\$ 6,000
Total - Billing and Collecting		\$ 358,375	\$ 504,524

Table 4.6 Detailed Account by Account Community Relations Expenses

Account	Description	YTD Sept 2011	YE 2011 Forecast
<i>Community Relations</i>			
5410	Community Relations - Sundry	\$ 6,144	\$ 12,000
5415	Energy Conservation	\$ -	\$ -
5515	Advertising Expenses	\$ 691	\$ 4,500
Total - Community Relations		\$ 6,835	\$ 16,500

Table 4.7 Detailed Account by Account General & Administrative Expenses

Account	Description	YTD Sept 2011	YE 2011 Forecast
Administrative and General Expenses			
5615	General Administrative Salaries and Expenses	\$ 452,100	\$ 528,970
5620	Office Supplies and Expenses	\$ 28,697	\$ 32,325
5630	Outside Services Employed	\$ 37,461	\$ 47,920
5635	Property Insurance	\$ 18,158	\$ 22,000
5640	Injuries and Damages		\$ -
5645	Employee Pensions and Benefits	\$ 3,773	\$ 5,880
5655	Regulatory Expenses	\$ 55,843	\$ 26,500
5665	Miscellaneous General Expenses	\$ 51,109	\$ 88,790
5675	Maintenance of General Plant	\$ 72,161	\$ 80,885
5680	Electrical Safety Authority Fees	\$ 3,600	\$ 5,000
Total - Administrative and General Expenses		\$ 722,903	\$ 838,270
Account	Description	YTD Sept 2011	YE 2011 Forecast
Taxe Other Than Income Taxes			
6105	Taxes Other Than Income Taxes	\$ 18,303	\$ 27,000
Total - Other Than Income Taxes		\$ 18,303	\$ 27,000
Account	Description	YTD Sept 2011	YE 2011 Forecast
Other Deductions			
6205	Donations - LEAP program	\$ 3,974	\$ 3,974
Total - Other Deductions		\$ 3,974	\$ 3,974

Interrogatory # 20 - Ref: Exhibit 4, Table 4.9

a) Are any of the line items included in 2012 in Table 4.9 one-time costs?

Grimsby Power Inc.'s Response:

On Page 22 of 66 under "HR Consultant" it notes that a consultant will be used to assist with negotiations and a review of compensation. These specific areas of note are what have been identified for 2012 only. Budgets beyond 2012 have not yet been formalized so specific action items requiring the use of an HR Consultant have not been identified. However, since Grimsby Power Inc. does not have a specific resource dedicated to the HR role it does need the availability of this type of expertise for various HR related issues. This item is therefore, an ongoing cost.

On Page 22 of 66 under "Training" it is noted that Grimsby Power Inc. is increasing its training program. It is expected that this increased level of training will need to be sustained as an ongoing cost at the level indicated.

All other items listed in Table 4.9 are ongoing costs.

b) Do any of the line items included in 2012 in Table 4.9 include some one-time costs?
If yes, please quantify the one-time costs included for 2012.

Grimsby Power Inc.'s Response:

See response to Interrogatory # 20(a) above.

Interrogatory # 21 - Ref: Exhibit 4, Table 4.10

a) Are any of the costs shown in Table 4.10 one-time costs? If yes, please identify.

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 15(d) which relates to the MDMR costs noted in Table 4.10.

All other costs noted in Table 4.10 are ongoing costs.

b) How has GPI forecast each of the line items shown Table 4.10?

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 15(a) which relates to a line item correction in Table 4.10.

Please refer to Board Staff IR # 15(d) which relates to the MDMR costs noted in Table 4.10.

The annual AMI Software Support fee is a cost associated with the licensing of SAP AMI Software which was required to support the transition to time of use rates.

The KTI/Sensus Meter Fees are calculated as follows:

- $10,400 \text{ customers} \times \$0.10/\text{meter/month} \times 12 \text{ months} \times 2\% \text{ inflation} = \$12,730$

The KTI/Sensus TGB Fees are calculated as follows:

- $12 \text{ months} \times \$2,600/\text{month} \times 2\% \text{ inflation} = \$31,824$

Interrogatory # 22 - Ref: Exhibit 4, page 23

GPI indicates that the HST reduction of \$18,723 to expenses in 2012 is based on the savings incurred over the period July 1, 2010 through December 31, 2011. Please explain how this estimate has been calculated and how the 18 month period of July 2010 through December 2011 was used to estimate the reduction in calendar 2012.

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 55 (b) (ii) (b).

Interrogatory # 23 - Ref: Exhibit 4, page 30

Please confirm that GPI has reduced the capital expenditure forecast for 2012 by \$169,494, the same amount of the increase in the OM&A expenses related to the movement from CGAAP to IFRS. If this cannot be confirmed, please reconcile the change in OM&A to the change in capital expenditures.

Grimsby Power Inc.'s Response:

In Exhibit 4 – Page 30 of 66 under “Miscellaneous Distribution Expense (IFRS)” it notes \$ 169,494 was redirected to account 5085. This total amount was stated in error. The values should be as follows:

- Truck Maintenance and Repair \$53,333
- Stores \$46,009
- Engineering \$106,350

- Total \$205,692

The above values represent the expenses that could no longer be allocated under MIFRS. Under CGAAP these costs were allocated to both OM&A and Capital. Under MIFRS the redistribution of costs results in a net movement of expense from Capital to OM&A. The Truck Maintenance and Repair expense is reflected in Grimsby Power Inc.'s 2012 budget under equipment cost. Stores and Engineering expenses are reflected in the costs of material. The detailed movement of cost is noted in the table below:

	CGAAP Material	MIFRS Material	Material Difference	CGAAP Equipment	MIFRS Equipment	Equipment Difference	Total CGAAP	Total MIFRS	Total Difference
Capital	\$ 520,771	\$ 378,751	\$ 142,020	\$ 53,940	\$ 35,152	\$ 18,788	\$ 574,711	\$ 413,903	\$ 160,808
OM&A	\$ 37,913	\$ 27,574	\$ 10,339	\$ 90,572	\$ 59,038	\$ 31,534	\$ 128,485	\$ 86,612	\$ 41,873
Totals	\$ 558,685	\$ 406,325	\$ 152,359	\$ 144,512	\$ 94,190	\$ 50,322	\$ 703,197	\$ 500,515	\$ 202,682

Overall \$160,808 or approximately 79% of the ineligible costs have been removed from capital and placed in OM&A.

The Total Difference of \$202,682 is slightly different than the \$205,692 because a small portion of cost is allocated to chargeable work which does not impact Capital or OM&A.

Grimsby Power Inc. confirms that the fixed assets additions on the 2012 MIFRS version have reduced by \$ 160,808 and the same amount has increased the OM&A expenses.

Interrogatory # 24 - Ref: Exhibit 4, Table 4.14

- a) Please explain the 25% increase in 2012 shown for line 3 in Table 4.14.

Grimsby Power Inc.'s Response:

Grimsby Power has allotted for an increase in spending from \$800 to \$1,000 in the amount that is paid for cost awards.

- b) What is the \$5,000 shown in 2012 at line 6 (account 5655) related to?

Grimsby Power Inc.'s Response:

In 2012 Grimsby Power Inc. will be required to file an IRM 3 Application. This will be the first time Grimsby Power Inc. will have filed an IRM 3 Application and it is anticipated that consultants will be required to assist Grimsby Power Inc. with this filing.

- c) Please provide a breakdown of the \$100,000 related to the cost of service application into its components (legal, consulting, intervenors, etc.).

Grimsby Power Inc.'s Response:

In the preparation of Grimsby Power Inc.'s budget \$100,000 was set aside to cover the costs of third party support for the cost of service rate application. The value is not based on analysis as Grimsby Power Inc. has no experience with executing a cost of service process.

The actual costs to date are as follows:

- | | |
|------------------------------|----------|
| • Rates Consulting and Legal | \$35,329 |
| • Financial Consulting | \$2,350 |

Interrogatory # 25 - Ref: Exhibit 4, page 41

- a) What is the status of the formal incentive or bonus plan that GPI planned to create in 2011?

Grimsby Power Inc.'s Response:

Grimsby Power Inc. planned to create a formal incentive or bonus plan in 2011. However, due to additional requirements to file the Cost of Service rate application and other unanticipated priorities work on this plan has been delayed. This work will be delayed until early in 2012.

- b) What is the cost of the formal incentive or bonus plan included in the 2012 revenue requirement?

Grimsby Power Inc.'s Response:

Please refer to Exhibit 4 – Page 43 of 66 – Table 4.24 under the heading “Compensation – Average Yearly Incentive Pay”. The cost of 2012’s incentive plan is budgeted at \$28,644. This amount however, has not been included in Grimsby Power Inc.’s 2012 revenue requirement.

Interrogatory # 26 - Ref: Exhibit 4, Tables 4.24 & 4.25

- a) Please indicate the amount of total compensation charged to OM&A and the amount capitalized as shown in Table 4.24 in 2012 under IFRS.

Grimsby Power Inc.'s Response:

Referring to IR # 23 the Labour portion of the Stores and Engineering costs are as follows:

- Stores \$43,689
- Engineering \$95,350

- Total \$139,039

Since approximately 79% of the ineligible cost has been removed from capital and placed in OM&A it would follow that the same percentage would be applicable to the Labour portion. Therefore, 79% of \$139,039 or \$109,841 would be removed from capital and placed in OM&A. This change would be reflected in Table 4.24.

- b) Please explain the relative high average yearly overtime for union employees relative to the average base wages.

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 19 for corrections to this table.

As per Table 4.24 (revised) the average union base wage for 2012 is \$62,895. The average overtime in this same period is \$3,087.

- c) How is the incentive pay determined? What are the factors that are used to determine the amount of incentive pay for the management group?

Grimsby Power Inc.'s Response:

Please refer to Interrogatory # 25(a) in conjunction with this Interrogatory.

Incentive pay up to this point in time has been at the discretion of the Grimsby Power Inc. Board of Directors (Board). The board bases the amount of incentive on an assessment of overall individual performance and impact of this performance on corporate success. The assessment is of a qualitative nature.

- d) How has GPI forecast the 2011 and 2012 incentive pay amounts? In particular, what percentage of the maximum incentive pay has been included in the 2011 and 2012 years?

Grimsby Power Inc.'s Response:

Please refer to Interrogatory # 25(a) in conjunction with this Interrogatory.

In 2011, incentive pay (for 2010 performance) was distributed in the amount of \$27,000. This amount was used as the base amount to calculate 2011 and 2012. The 2011 and 2012 amounts are based on a 3% increase per year to this amount as calculated below:

- \$27,000 times 1.03% = \$27,810
- \$27,810 times 1.03% = \$28,644

The second part of this question assumes that a framework is in place to arrive at a discrete amount of incentive pay. As this framework has not been established the reference to a "maximum amount" is erroneous.

- e) What is the impact on the 2012 revenue requirement if the percentage wage/salary increase shown in Table 4.25 is reduced from 3% to 2% for the management/non-union group (effective January 2012)?

Grimsby Power Inc.'s Response:

Referring to Table 4.24 the total salary and wages noted for the Management staff in 2012 is \$543,313. A change in percent increase from 3% to 2% has the effect of reducing this cost to \$538,038 for a difference of \$5,275.

The salary and wages for Management and Non-Union staff are contained in the OM&A accounts. Making the above adjustment within the Power Revenue Requirement Model calculates a change in Revenue Deficiency from \$812,776 to \$807,438 a reduction of \$5,338.

- f) What is the impact on the 2012 revenue requirement if the percentage wage/salary increase shown in Table 4.25 is reduced from 3% to 2% for the union group (effective June, 2012)?

Grimsby Power Inc.'s Response:

Referring to Table 4.24 the total salary and wages noted for the Union staff in 2012 is \$691,844. A change in percent increase from 3% to 2% effective June 1, 2012 has the effect of reducing this cost to \$687,926 for a difference of \$3,918.

The salary and wages for Union staff is contained in both OM&A and capital accounts. However, only 10% of Total Compensation is capital. Therefore, for the purposes of this question the entire \$3,918 difference will be assumed to be OM&A – the capital portion of this difference is insignificant. Making the above adjustment within the Revenue Requirement Model calculates a change in Revenue Deficiency from \$812,776 to \$808,811 a reduction of \$3,965.

Interrogatory # 27 - Ref: Exhibit 4, pages 51 & 52

Please confirm that GPI has used the full year depreciation methodology for 2006 through 2011 and the half year methodology for 2012 only.

Grimsby Power Inc.'s Response:

Grimsby Power confirms that full year depreciation has used for 2006 through 2011 and the half year methodology for 2012 only.

Interrogatory # 28 - Ref: Exhibit 4, Tables 4.35 & 4.36 & page 4

- a) Please explain why the capital additions shown in Table 4.36 (IFRS) are only about \$9,000 lower than the additions shown in Table 4.35 (CGAAP) and explain how this amount reflects the increase of \$163,820 in OM&A expenses shown in the tables on page 4 of Exhibit 4.

Grimsby Power Inc.'s Response:

	CGAAP	MIFRS	Difference
Capital additions	1,467,648	1,306,840	160,808
Contributions & Grants	(150,000)		(150,000)
Total	\$ 1,317,648	\$ 1,306,840	\$ 10,808

The difference of \$160,808 between 2012 CGAAP and 2012 MIFRS is the result of the reduction in the capitalized overhead. Please refer to IR # 23 for a further explanation.

In addition to this, capital contributions have been reclassified in the Deferred Revenue account (see IR # 8 for a further explanation); the difference between CGAAP and MIFRS is reduced to \$10,808.

- b) Please explain why the column labelled "Less Fully Depreciated" is \$7,057 less in Table 4.36 (IFRS) than in Table 4.35 (CGAAP), an amount equivalent to the fully depreciated amount shown in Table 4.35 for Contributions & Grants.

Grimsby Power Inc.'s Response:

Under MIFRS the fully depreciated amount would not be part of the capital cost; it would be part of the calculation for the Deferred Revenue amortization to income during 2012.

Interrogatory # 29 - Ref: Exhibit 4, Table 4.38

- a) Please explain why there are no deductions for "Reserves @Beginning of the Year" shown for 2011 and 2012.

Grimsby Power Inc.'s Response:

At the time of Rate Application submission these values were unknown and therefore the deduction values were left blank.

- b) Please explain why there are no additions for "Other Reserves from Schedule 13" shown for 2011 and 2012.

Grimsby Power Inc.'s Response:

Please refer to IR 29(a) above.

- c) What is the impact on "Income for Tax Purposes" in 2012 if the items noted above in parts (a) and (b) are included in the calculation?

Grimsby Power Inc.'s Response:

Not Applicable

- d) Will GPI qualify for any apprenticeship tax credits in 2012?

Grimsby Power Inc.'s Response:

Grimsby Power will qualify for an apprenticeship tax credit in 2012.

- e) Does GPI have any positions that qualify for the Ontario Co-Operative Education Tax Credit? If yes, why has no credit been claimed?

Grimsby Power Inc.'s Response:

Grimsby Power Inc. does not have any positions that qualify for the Ontario Co-operative Education Tax Credit.

f) Please explain how the tax rate of 15.50% for 2012 has been determined.

Grimsby Power Inc.'s Response:

Grimsby Power Inc. used the combined effective tax rate for the small business provided by the OEB Model "Test_year_Income_Tax_PILs_Workform".

On the first \$500,000 of active business income, the percentage applied is 15.5% and is comprised of:

- Federal small business rate at 11%
- Ontario small business rate at 4.50%

Interrogatory # 30 - Ref: Exhibit 5, pages 5-7 & Table 5.9

- a) Is the blended interest rate of 3% referred to on page 5 a forecast of the prime interest rate for 2012?

Grimsby Power Inc.'s Response:

Please refer to Board Staff Interrogatory # 30 (a)

- b) With respect to each of the loans from TD Commercial Banking noted on page 6, please provide the average outstanding balance in 2012 along with the interest rate payable and show how the principal amount of \$2,493,333 shown in Table 5.9 for 2012 has been derived. Please also show how the blended rate of 3.0% has been estimated.

Grimsby Power Inc.'s Response:

Please refer to Board Staff Interrogatory # 30 (b).

- c) The interest rate on the 15 term loans from TD Commercial Banking are described as a rate of Prime Rate plus 0.50% per annum. Do the rates fluctuate over the term of these loans as the prime rate fluctuates or were fixed interest rates set for the term of these loans based on the prime rate (plus 50 basis points) at the time the term loans were entered into?

Grimsby Power Inc.'s Response:

In Exhibit 5 – Page 6 of 8 the second bullet describes one 15 year term loan.

This loan is a variable rate loan based on the prime rate plus 0.5% per annum. As the prime rate changes so does the interest rate Grimsby Power Inc. pays to TD Commercial Banking. There are no fixed terms.

- d) At page 7 of the evidence it is stated "that as of the date of filing this application the 2011 operating loan for \$1.5 million has not been organized." Please explain what this means and how it relates to the statement on page 6 that "on May 1, 2011, Grimsby Power Inc. entered into a 15 year, term loan at a rate of Prime Rate plus 0.50% per annum in the amount of \$1,600,000."

Grimsby Power Inc.'s Response:

Please refer to Board Staff Interrogatory # 30.

On May 1, 2011 Grimsby Power Inc. entered into a term loan for \$1,600,000. This loan is related to activity which took place in 2010. This term loan of \$1,600,000 is unrelated to the reference to a term for \$1,500,000. The term loan of \$1,500,000 relates to activity in 2011.

- e) Please provide copies of the term loan agreements with TD Commercial Bank.

Grimsby Power Inc.'s Response:

The loan agreement has been included as Appendix 2 to this Interrogatory.

- f) Please explain why the principal associated with the TD Commercial Bank declines between 2011 and 2012, as shown in Table 5.9.

Grimsby Power Inc.'s Response:

Please refer to Board Staff Interrogatory # 30.

- g) Please confirm that the Promissory Note from the Town of Grimsby can be called in calendar 2012. If this cannot be confirmed, please explain why.

Grimsby Power Inc.'s Response:

The promissory note is included in Grimsby Power Inc.'s rate application as Exhibit 5 – Appendix 5.1. The third paragraph from the bottom states:

"At the option of the Town, on one year's prior written notice to the Corporation, the Maturity Date and any of the terms of this Promissory Note may be revised, changed or restated by the Town in consultation with the Corporation."

If the Town of Grimsby were to provide the appropriate notice as stated in the Promissory Note before the end of the calendar year 2011 it is conceivable that the note could be "called" in 2012.

- h) What is the current rate available from Infrastructure Ontario for a 15 year term loan?**

Grimsby Power Inc.'s Response:

Please refer to Interrogatory # 30(i) below.

The current rates available to an LDC as posted on the Infrastructure Ontario website are shown in a screenshot from IO's website in Appendix 3 to this Interrogatory.

- i) Has GPI had any discussions with Infrastructure Ontario related to obtaining financing in the past? If not, why not?**

Grimsby Power Inc.'s Response:

Infrastructure Ontario (IO) was contacted to inquire about lending Grimsby Power Inc. funds. IO's loan program guidelines for Municipal Corporations states that an eligible applicant:

*"If your municipal corporation is incorporated pursuant to:
Section 142 of the Electricity Act, 1998, all shares of which are held by
one or more municipal corporations, or"*

In terms of Grimsby Power Inc., "all shares" are not owned by the municipality and therefore, GPI is not eligible for an Infrastructure Ontario loan. This was confirmed verbally by Mr. Anthony Pizans of IO on February 19th, 2010 who stated "there are no exceptions".

Interrogatory # 31 - Ref: Exhibit 6, Table 6.1

- a) Please provide a version of Table 6.1 that calculates the revenue deficiency in 2012 based on CGAAP.

Grimsby Power Inc.'s Response:

Please refer to Board Staff Interrogatory # 58 (e) (i).

- b) Please provide a summary of the difference in the table requested in (a) above and Table 6.1 shown in Exhibit 6 that highlights the differences in the components of the revenue deficiency between CGAAP and IFRS.

Grimsby Power Inc.'s Response:

Please refer to Board Staff Interrogatory # 58 (e) (i).

Interrogatory # 32 - Ref: Exhibit 7

Has GPI used the cost allocation model released by the OEB in August 2011? If not, please update the cost allocation evidence to reflect use of the most recent model available from the OEB.

Grimsby Power Inc.'s Response:

In its original application Grimsby Power Inc. did not use the OEB's revised cost allocation model. Grimsby Power Inc. has therefore, included the revised cost allocation model as Appendix 4 to this interrogatory.

Interrogatory # 33 - Ref: Exhibit 7, page 3 and Table 7.3

- a) Please confirm that in addition to the street lighting class, the USL class is also outside of the Board's approved ranges.

Grimsby Power Inc.'s Response:

Based on Table 7.3 the Status Quo Ratios for the Street Lighting and USL classes are out of the Boards policy ranges.

- b) Please confirm that GPI proposes to move the USL class to the floor of the Board approved range for this class in 2012.

Grimsby Power Inc.'s Response:

The proposed Revenue to Cost Ratios are detailed in Table 7.5. Grimsby Power Inc. is proposing to move the USL class to the floor of the Boards policy range in 2012.

Interrogatory # 34 - Ref: Exhibit 8, Table 8.4

Please confirm that the second last column in Table 8.4 should be labelled "2012 Test Year Customers" and not "2011 Test Year Customers".

Grimsby Power Inc.'s Response:

The column in Table 8.4 labeled "2011 Test Year Customers" is labeled in error and should be "2012 Test Year Customers".

Interrogatory # 35 - Ref: Exhibit 8, pages 3-4

- a) Please confirm that for a number of rate classes, the existing MSC is higher than the ceiling shown in Table 8.5.

Grimsby Power Inc.'s Response:

Please refer to VECC IR # 28(a)

- b) Please explain why GPI believes it is appropriate to increase the MSC for classes where it is already in excess of the ceiling.

Grimsby Power Inc.'s Response:

Please refer to VECC IR # 28(b)

- c) For the 2011 cost of service rate applications noted on page 3 (Hydro One Brampton, Kenora Hydro and Horizon Utilities) please indicate whether the continuation of the current fixed/variable proportions included moving MSCs that were already in excess of the ceiling, as defined by the OEB.

Grimsby Power Inc.'s Response:

There were several instances in the above rate applications where the MSCs that were already above the OEB-defined ceiling were proposed to move higher. Refer to VECC Question #28-b) for references that these applications intended to maintain the fixed/variable split. The following table provides examples of these instances:

2011 Cost of Service Applications - Instances where a Rate Increase was Proposed when the Existing Rate was above the MSC Ceiling

Distributor	Rate Class	MSC Ceiling	Existing Fixed Rate	Proposed Fixed Rate	Reference
Hydro One Brampton	GS>50	92.70	101.56	121.31	EB-2010-0132
Kenora Hydro	GS>50	81.69	372.26	528.38	EB-2010-0135
Horizon Utilities	GS<50	21.05	27.45	33.87	EB-2010-0131
Horizon Utilities	GS>50	122.54	250.33	332.50	EB-2010-0131

Interrogatory # 36 - Ref: Exhibit 8, Table 8.10

The Standard Supply Service charges are shown in Table 8.10 as \$0.025. Should these charges be \$0.25?

Grimsby Power Inc.'s Response:

The "Standard Supply Service" charge shown in Table 8.10 should be \$0.25.

This is also the case for this same line item in Table 1.1.

Interrogatory # 37 - Ref: Exhibit 9, Tables 9.3, 9.7 & 9.8

- a) Please confirm that GPI is still unable to use a separate rate rider to dispose of the Global Adjustment amount to non-RPP customers.

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 52 & 53.

- b) What is the current expectation of when GPI will have the ability to use a separate rate rider to dispose of the Global Adjustment amount to non-RPP customers?

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 52 & 53.

- c) Please provide versions of Tables 9.3, 9.7 & 9.8 that reflect the removal of the Global Adjustment amount under the assumption that this amount would be recovered from the appropriate customers at some point in the future when GPI has the capability to use a separate rate rider.

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 52.

Interrogatory # 38 - Ref: Exhibit 9, pages 22-23 & Exhibit 8, page 22

- a) Given the significant cost impact of the stranded meter rate rider of \$3.18 per metered customers, why has GPI proposed a recovery over only 1 year?

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 41(b).

- b) Please show the total bill impact on a residential customer consuming 800 kWh per month (see page 22 of Exhibit 8) if the stranded meter costs are recovered over a 2 year period.

Grimsby Power Inc.'s Response:

Please refer to Board Staff IR # 45(c).

The differential between a one year and two year rate rider is as follows:

- | | |
|-----------------------|--------|
| • One year Rate Rider | \$3.21 |
| • Two year Rate Rider | \$1.61 |
| • Difference | \$1.60 |

As this is a charge per month the total bill impact per affected rate class is a reduction in the total bill of \$1.60.

List of Appendices

APPENDIX 1 – GPI – Travel and Expenses – Policies & Procedures

APPENDIX 2 – Loan Agreement with TD Bank

APPENDIX 3 – Infrastructure Ontario Interest Rates

APPENDIX 4 – Cost Allocation Model

APPENDIX 1

GRIMSBY POWER INCORPORATED

Company Policies and Procedures

Section:	Travel and Expenses
PURPOSE	This policy sets out the guidelines and procedures for reimbursing employees and Directors of Grimsby Power Incorporated for expenses incurred when attending to business related to the Corporation including attendance at conferences, conventions and seminars.
SCOPE	<p>Attendance - Attendance at conferences will be subject to budget parameters.</p> <p>Conference, convention and seminar attendance is limited to the province of Ontario unless authorized by the Board of Directors.</p> <p>For reimbursement of approved expenses all receipts must accompany the expense report.</p> <p>Transportation – When making travel arrangements, employees and Directors are encouraged to consider the most economical and cost-effective alternatives. Where practical, employees and Directors are asked to share expenses by car pooling.</p> <p>Employees are required to use a company vehicle when travelling on company business. Should a vehicle not be available, the employee shall inform his/her supervisor to gain permission to use his/her own vehicle. Officers and Directors are required to use their own vehicle and will be reimbursed for mileage.</p> <p>Mileage – Mileage shall be at an approved rate.</p> <p>Parking Costs – Costs to park while engaged on company business will be reimbursed. Parking fines will not be the responsibility of Grimsby Power.</p> <p>Accommodations –When making arrangements for accommodations, employees and directors are reminded to request conference or corporate room rates. Hotel or room accommodation is to be a single room rate.</p> <p>Re-imbursement for hotel accommodations will be paid out based on the set rate established for a single room at the conference rate. Any upgrades to accommodations will be at the expense of the employee or Director.</p>

GRIMSBY POWER INCORPORATED
Company Policies and Procedures

Section:	Travel and Expenses
	<p>Phone – When necessary to charge personal telephone calls to your hotel accommodations account, a maximum of one daily call home will be recoverable.</p> <p>Meals – When meals are not included in the cost of the meeting registration, the Corporation will cover a reasonable expense. A maximum of one alcoholic beverage is allowed to be expensed for an after hours meal. This is in keeping with our no drinking policy.</p> <p>When meals are included in the registration cost of any meeting, there shall be no additional expense claimed.</p> <p>Companions – Companions, spouses, etc. are not provided for unless previously approved by the Board of Directors.</p>

APPENDIX 2



Commercial Banking

Commercial Banking Centre
40 King Street
St. Catharines, Ontario
L2R 3H4


Telephone No.: 905 685-7631

Fax No.: 905 685-7053

April 4, 2011

APR 20 2011

Grimsby Power Incorporated
231 Roberts Road
Grimsby, Ont
L3M 5N2

Attention: Doug Curtiss, CEO 

Dear Mr. Curtiss:

Re: Rate and Payment Terms Notice
Loan \$1,600,000. (the "Loan") 3520-9206681-09

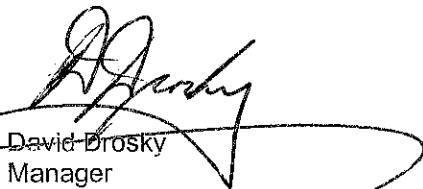
Further to the Letter Agreement signed by Grimsby Power Incorporated and The Toronto-Dominion Bank, through its 40 King Street branch in St. Catharines, Ontario, and dated March 31, 2010, a drawdown under Facility #4 was funded in the amount of \$ 1,600,000. on March 31, 2011 at a floating rate of Prime Rate plus 0.50% per annum. On the date of funding, Prime Rate was 3.00% per annum.

Based on the agreed amortization period of 15 years, monthly principal payments of \$8,888.89 + interest are due on the 1st day of each successive month commencing on May 1, 2011.

Please call at anytime should there be any questions or clarification required

We value and appreciate your business.

Yours truly,


David Brosky
Manager



Commercial Banking

Commercial Banking Centre
40 King Street
St. Catharines, Ontario
L2R 3H4

Telephone No.: 905 685-7631
Fax No.: 905 685-7053

March 31, 2010

Grimsby Power Incorporated
231 Roberts Road
Grimsby, Ontario
L3M 5N2

Attention: Doug Curtiss, CEO

Dear Mr. Curtiss:

We are pleased to offer the Borrower the following credit facilities (the "Facilities"), subject to the following terms and conditions.

BORROWER

Grimsby Power Incorporated (the "Borrower")

LENDER

The Toronto-Dominion Bank (the "Bank"), through its 40 King Street branch, in St. Catharines, Ontario.

CREDIT LIMIT

- 1) CDN\$1,000,000.
- 2) CDN\$ 964,845.
- 3) CDN\$1,600,000.
- 4) CDN\$1,600,000. as reduced pursuant to the section headed "Repayment and Reduction of Amount of Credit Facility".

**TYPE OF CREDIT
AND BORROWING
OPTIONS**

- 1) Operating Loan available at the Borrower's option by way of:
 - Prime Rate Based Loans in CDN\$ ("Prime Based Loans")
- 2) Letter of Credit
 - Letters of Credit (L/C's) in CDN\$

- 3) Operating Demand Loan available at the Borrower's option by way of:
 - Prime Rate Based Loans in CDN\$ ("Prime Based Loans")
- 4) Committed Reducing Term Loan available at the Borrower's option by way of:
 - Fixed Rate Term Loan in CDN\$
 - Floating Rate Term Loan available by way of:
 - Prime Rate Based Loans in CDN\$ ("Prime Based Loans")
 - Bankers Acceptances in CDN\$ or US\$ ("B/As")

PURPOSE

- 1) To finance working capital.
- 2) To satisfy IESO (formerly IMO) Prudential requirement.
- 3) To assist with Fiscal 2010 capital expenditures.
- 4) To retire facility #3 in full prior to December 31, 2010.

TENOR

- 1,2,3) Uncommitted
- 4) Committed

CONTRACTUAL TERM

- 1,3) No term
- 2) One year automatic renewal clause
- 4) Fixed Rate: Up to 5 years from date of drawdown
Floating Rate: Up to one year from the date of drawdown

AMORTIZATION

- 4) Up to 15 years from date of drawdown

INTEREST RATES AND FEES

Advances shall bear interest and fees as follows:

- 1) Operating Loan:
 - Prime Based Loans: Prime Rate + 0.00% per annum
- 2) Letter of Credit
 - L/Gs: 0.60% per annum
- 3) Operating Demand Loan:
 - Prime Based Loans: Prime Rate + 0.00% per annum
- 4) Committed Reducing Term Loan:
 - Fixed Rate Term Loans: as determined by the Bank, in its sole discretion, for the Rate Term selected by the Borrower, and as set out in the Rate and Payment Terms Notice applicable to that Fixed Rate Term Loan.
 - Floating Rate Term Loans available by way of:
 - Prime Based Loans: Prime Rate + 0.50% per annum
 - B/As: Stamping Fee at 1.40% per annum

For all Facilities, interest payments will be made in accordance with Schedule "A" attached hereto unless otherwise stated in this Letter or in the Rate and Payment Terms Notice applicable for a particular drawdown. Information on interest rate and fee definitions, interest rate calculations and payment is set out in the Schedule "A" attached hereto.

**ARRANGEMENT
FEE**

\$1,000.

DRAWDOWN

- 1) On a revolving basis.
- 2) Upon presentation by the beneficiary of full set of documents as conditioned in the Letter of Credit.
- 3) Upon satisfaction of disbursement conditions.
- 4) Single Draw to retire Facility # 3.

B/As: Minimum initial drawdown of \$500,000 with minimum multiple drawdowns of \$100,000 thereafter to a maximum of \$1,600,000. B/A term up to 180 days subject to availability. Advanced notice of 3 business days required for B/A's.

Notice periods, minimum amounts of draws, interest periods and terms for Banker's Acceptances and other similar details are set out in the Schedule "A" attached hereto.

**BUSINESS CREDIT
SERVICE**

The Borrower will have access to the Operating Loan (Facility 1) via Loan Account Number 3520-9206681 (the "Loan Account") up to the Credit Limit of the Operating Loan by withdrawing funds from the Borrower's Current Account Number 3520-5206681 (the "Current Account"). The Borrower agrees that each advance from the Loan Account will be in an amount equal to \$10,000 (the "Transfer Amount") or a multiple thereof. If the Transfer Amount is NIL, the Borrower agrees that an advance from the Borrower's Loan Account may be in an amount sufficient to cover the debits made to the Current Account.

The Borrower agrees that:

- a) all other overdraft privileges which have governed the Borrower's Current Account are hereby canceled.
- b) all outstanding overdraft amounts under any such other agreements are now included in indebtedness under this Agreement.

The Bank may, but is not required to, automatically advance the Transfer Amount or a multiple thereof or any other amount from the Loan Account to the Current Account in order to cover the debits made to the Current Account if the amount in the Current Account is insufficient to cover the debits. The Bank may, but is not required to, automatically and without notice apply the funds in the Current Account in amounts equal to the Transfer Amount or any multiple thereof or any other amount to repay the outstanding amount in the Loan Account.

**REPAYMENT AND
REDUCTION OF
AMOUNT OF CREDIT
FACILITY**

- 1) On demand. If the Bank demands repayment, the Borrower will pay to the Bank all amounts outstanding under the Operating Loan, including without limitation, the amount of all unmatured B/As. All costs to the Bank and all loss suffered by the Bank in re-employing the amounts so repaid will be paid by the Borrower.
- 2) On demand. If the Bank demands repayment, the Borrower will pay to the Bank the amount of all drawn and undrawn L/G's and L/C's.
- 3) On demand, Interest only monthly with repayment in full via facility # 4 by December 31, 2010.
- 4) Floating Rate: Equal monthly principal payments plus interest.
Fixed Rate: Equal monthly blended payments of principal and interest

PREPAYMENT

- 3) Floating Rate Loan: Permitted in whole or in part at any time without a prepayment penalty.
- 4) Floating Rate: Fully open. No prepayment penalty applies.
Fixed Rate: Permitted in whole or in part at anytime, subject to standard prepayment penalty.

SECURITY

The following security shall be provided, shall, unless otherwise indicated, support all present and future indebtedness and liability of the Borrower and the grantor of the security to the Bank including without limitation indebtedness and liability under guarantees, foreign exchange contracts, cash management products, and derivative contracts, shall be registered in first position, and shall be on the Bank's standard form, supported by resolutions and solicitor's opinion, all acceptable to the Bank:

- a) General Security Agreement ("GSA")
- b) Assignment of fire insurance on inventory and equipment.
- c) Assignment of liability insurance.
- d) Postponement Agreement executed by TD Bank, Grimsby Power Incorporated and Corporation of the Town of Grimsby.

All persons and entities required to provide a guarantee shall be referred to in this Agreement individually as a "Surety" and/or "Guarantor" and collectively as the "Guarantors";

All of the above security and guarantees shall be referred to collectively in this Agreement as "Bank Security".

**DISBURSEMENT
CONDITIONS**

The obligation of the Bank to permit any drawdown hereunder is subject to the Standard Disbursement Conditions contained in Schedule "A" and the following additional drawdown conditions:

Facility #3

- 1) Borrower's Environmental Questionnaire, satisfactory to the Bank.
- 2) Copy of invoice(s) / purchase order(s) to be provided supporting each loan Advance.
- 3) Up to a maximum of 4 draws.

REPRESENTATIONS AND WARRANTIES

All representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect. The Borrower makes the Standard Representations and Warranties set out in Schedule "A"

POSITIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Positive Covenants set out in Schedule "A" and in addition will:

- a) Comply with all applicable environmental regulations at all times.
- b) Comply with all contractual obligations and laws, including payment of taxes, at all times.
- c) Maintain adequate liability insurance.
- d) File all OEB rate submissions as outlined in business plan
- e) Transfer pricing between affiliates to be in accordance with Affiliate Relationship Code and approved by the OEB, and no compliance orders from the OEB to exist under any OEB Code of Conducts.
- f) LDC to remain in the regulated business of electricity distribution and maintain all requisite licenses to do so.
- g) Comply with all terms of all licenses and immediately advise the Bank if the OEB shall notify the Borrower of a default under a license or if the license is amended, cancelled, suspended or revoked. (Any such occurrences will be an event of default)
- h) Comply with Affiliate Relationship Code (legislated by OEB)
- i) All existing indebtedness (beyond that permitted under Financial Covenants below), is held direct or indirect, secured or unsecured, with no acceleration rights by municipal shareholders and is bound by distribution restrictions outlined by Negative Covenants below.

Reporting:

- a) Provide audited annual financial statements within 120 days of fiscal year end for Grimsby Power Incorporated and Niagara Power Inc.
- b) Provide annually within 120 days of fiscal year end an updated 1 year business plan for Grimsby Power Incorporated. The business plan will include an income statement, statement of changes in financial position and schedule of capital expenditures.
- c) Provide unaudited quarterly financial statements within 45 days of Q1, Q2 and Q3 (Q4 not required) for Grimsby Power Incorporated. Quarterly financial statements submissions to be accompanied by a Certificate of No Default, which details compliance calculations outlined under financial conditions.

NEGATIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will and will ensure that its subsidiaries and each of the Guarantors will observe the Standard Negative Covenants set out in Schedule "A" and will not:

- a) Change its status as a Limited Distribution Company
- b) Change its ownership/control without the Bank's prior written consent.
- c) Undertake further material outside investments, mergers, amalgamations or consolidations without the Bank's prior written consent.

- d) Undertake additional debt or guarantees without the Bank's prior written consent.
- e) Repay shareholder debt, beyond the permitted distributions outlined below without the Bank's prior written consent.
- f) Make distributions beyond (EBITDA- Cash Taxes- Unfinanced Capex (net of contributed capital) – Interest Costs- Principal, if any) on a combined basis with Niagara West Transformation Corporation, providing Debt Service Coverage Ratio test exceeds 1.25x and no other default has occurred.

PERMITTED LIENS

Permitted Liens as referred to in Schedule "A" are:

- a) Purchase Money Security Interest, not to exceed at any time \$250,000. for the Borrower.

FINANCIAL COVENANTS

The Borrower agrees at all times to:

- a) Maintain a Minimum Debt Service Coverage (DSC) ratio of not less than 1.25x
DSC defined as:

$$\frac{\text{Free Cash Flow (Combined) (FCF)*}}{\text{Total Cash Interest Expense** + Mandatory principal payments}}$$

** Free Cash Flow (FCF) is defined as:*

EBITDA less Cash taxes less 40% CAPEX (net of Contributed capital). To be calculated as the sum of the FCF of the Borrower and its pro rata share of the FCF generated by the NWTC joint venture (net of any contra and related amounts)

*** Total Cash Interest Expense (combined) is calculated as the interest expense sum of the Borrower's direct obligations and its pro rata share of the NWTC joint venture obligations (net of accrual of any shareholder debt interest).*

To be tested on a rolling four quarter basis.

- b) Maintain a maximum Debt* to Capitalization** of 0:60:1

** Debt is defined as all third party interest bearing debt and non-interest bearing debt, including guarantees, not subordinated to these credit facilities.*

*** Capitalization is defined as the sum of total Debt, Guarantees, Shareholders' equity, Contributed capital, and Preference share capital net of any Goodwill and other intangible assets such as deferred transition costs.*

Funded Debt and Capitalization to be calculated on a combined basis with the Borrower and its pro rata share of NWTC

To be tested quarterly.

EVENTS OF DEFAULT

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the Standard Events of Default contained in Schedule "A" attached hereto and after any one of the following additional Events of Default:

- i) Any material adverse change in the legislation or regulation of the electrical distribution business in Ontario.
- ii) Material judgments.
- iii) Loss of OEB license.
- iv) Cross default with Niagara West Transformation Corporation.

ANCILLARY FACILITIES

As at the date of this Agreement, the following uncommitted ancillary products are made available. These products may be subject to other agreements.

- 1) TD Visa Business card(s) for an aggregate amount of \$67,500.
- 2) Spot Foreign Exchange Facility which allows the Borrower to enter into US\$1,000,000. for settlement on a spot basis.
- 3) Certain treasury products, such as forward foreign exchange transactions, and/or interest rate and currency and/or commodity swaps.

The Borrower agrees that treasury products will be used to hedge its risk and will not be used for speculative purposes.

The paragraph headed "FX CLOSE OUT" as set out in Schedule "A" shall apply to FX Transactions.

For the Borrower's information only, the Bank advises the Borrower that, as at the day of this Agreement only, the Bank would, if requested by the Borrower, make available to the Borrower forward foreign exchange contracts in an aggregate amount of up to \$1,500,000. for periods of up to 12 months. This limit and term is subject to change at any time at the discretion of the Bank and without prior notice to the Borrower. The Borrower must contact the Bank from time to time, to obtain information about the Borrower's then current forward foreign exchange limit.

AVAILABILITY OF OPERATING LOAN

The Operating Loan is uncommitted, made available at the Bank's discretion, and is not automatically available upon satisfaction of the terms and conditions, conditions precedent, or financial tests set out herein.

The occurrence of an Event of Default is not a precondition to the Bank's right to accelerate repayment and cancel the availability of the Operating Loan.

SCHEDULE "A" - STANDARD TERMS AND CONDITIONS

Schedule "A" sets out the Standard Terms and Conditions ("Standard Terms and Conditions") which apply to these credit facilities. The Standard Terms and Conditions, including the defined terms set out therein, form part of this Agreement, unless this letter states specifically that one or more of the Standard Terms and Conditions do not apply or are modified.

We trust you will find these facilities helpful in meeting your ongoing financing requirements. We ask that if you wish to accept this offer of financing (which includes the Standard Terms and Conditions), please do so by signing and returning the attached duplicate copy of this letter to the undersigned. This offer will expire if not accepted in writing and received by the Bank on or before **April 9, 2010.**

Yours truly,

THE TORONTO-DOMINION BANK





David Drosky
Manager

Greg Heekman
Manager Commercial Credit

TO THE TORONTO-DOMINION BANK:

Grimsby Power Incorporated hereby accepts the foregoing offer this 4th day of April, 2010. The Borrower confirms that, except as may be set out above, the credit facilities detailed herein shall not be used by or on behalf of any third party.



Doug Curtiss - CEO

MIOARA DOMOKOS - DIRECTOR OF FINANCE

cc. Guarantor(s)

The Bank is providing the guarantor(s) with a copy of this letter as a courtesy only. The delivery of a copy of this letter does not create any obligation of the Bank to provide the guarantor(s) with notice of any changes to the credit facilities, including without limitation, changes to the terms and conditions, increases or decreases in the amount of the credit facilities, the establishment of new credit facilities or otherwise. The Bank may, or may not, at its option, provide the guarantor(s) with such information, provided that the Bank will provide such information upon the written request of the guarantor.

SCHEDULE A
STANDARD TERMS AND CONDITIONS

1. INTEREST RATE DEFINITIONS

Prime Rate means the rate of interest per annum (based on a 365 day year) established and reported by the Bank to the Bank of Canada from time to time as the reference rate of interest for determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness in Canada for Canadian dollar loans made by it in Canada.

The Stamping Fee rate per annum for CDN\$ B/As is based on a 365 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance. The Stamping Fee rate per annum for US\$ B/As is based on a 360 day year and the Stamping Fee is calculated on the Face Amount of each B/A presented to the Bank for acceptance.

LIBOR means the rate of interest per annum (based on a 360 day year) as determined by the Bank (rounded upwards, if necessary to the nearest whole multiple of 1/16th of 1%) at which the Bank may make available United States dollars which are obtained by the Bank in the Interbank Euro Currency Market, London, England at approximately 11:00 a.m. (Toronto time) on the second Business Day before the first day of, and in an amount similar to, and for the period similar to the interest period of, such advance.

USBR means the rate of interest per annum (based on a 365 day year) established by the Bank from time to time as the reference rate of interest for the determination of interest rates that the Bank charges to customers of varying degrees of creditworthiness for US dollar loans made by it in Canada.

Any interest rate based on a period less than a year expressed as an annual rate for the purposes of the Interest Act (Canada) is equivalent to such determined rate multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by the number of days in the period upon which it was based.

2. INTEREST CALCULATION AND PAYMENT

Interest on Prime Based Loans and USBR Loans is calculated daily (including February 29 in a leap year) and payable monthly in arrears based on the number of days the subject loan is outstanding unless otherwise provided in the Rate and Payment Terms Notice. Interest is charged on February 29 in a leap year.

The Stamping Fee is calculated based on the amount and the term of the B/A and payable upon acceptance by the Bank of the B/A. The net proceeds received by the Borrower on a B/A advance will be equal to the Face Amount of the B/A discounted at the Bank's then prevailing B/A discount rate for CDN\$ B/As or US\$ B/As as the case may be, for the specified term of the B/A less the B/A Stamping Fee.

Interest on LIBOR Loans is calculated and payable on the earlier of contract maturity or quarterly in arrears, for the number of days in the LIBOR interest period.

L/C and L/G fees are payable at the time set out in the Letter of Credit Indemnity Agreement applicable to the issued L/C or L/G.

Interest on Fixed Rate Term Loans is compounded monthly and payable monthly in arrears unless otherwise provided in the Rate and Payment Terms Notice.

Interest is payable both before and after maturity or demand, default and judgment.

Each payment under this Agreement shall be applied first in payment of costs and expenses, then interest and fees and the balance, if any, shall be applied in reduction of principal.

For loans not secured by real property, all overdue amounts of principal and interest and all amounts outstanding in excess of the Credit Limit shall bear interest from the date on which the same became due or from when the excess was incurred, as the case may be, until the date of payment or until the date the excess is repaid at 21% per annum, or such lower interest rate if the Bank agrees to a lower interest rate in writing. Nothing in this clause shall be deemed to authorize the Borrower to incur loans in excess of the Credit Limit.

3. DRAWDOWN PROVISIONS

Prime Based and USBR Loans

There is no minimum amount of drawdown by way of Prime Based Loans and USBR Loans, except as stated in the section of the Agreement titled "Business Credit Services Agreement", if that section of the Agreement has not been deleted. The Borrower shall provide the Bank with 3 Business Days' notice of a requested Prime Based Loan or USBR Loan over \$1,000,000.

B/As

The Borrower shall advise the Bank of the requested term or maturity date for B/As issued hereunder. The Bank shall have the discretion to restrict the term or maturity dates of B/As. In no event shall the term of the B/A exceed the Contractual Term Maturity Date. The minimum amount of a drawdown by way of B/As is \$1,000,000 and in multiples of \$100,000 thereafter. The Borrower shall provide the Bank with 3 Business Days' notice of a requested B/A drawdown.

The Borrower shall pay to the Bank the full amount of the B/A at the maturity date of the B/A.

The Borrower appoints the Bank as its attorney to and authorizes the Bank to (i) complete, sign, endorse, negotiate and deliver B/As on behalf of the Borrower in handwritten form, or by facsimile or mechanical signature or otherwise, (ii) accept such B/As, and (iii) purchase, discount, and/or negotiate B/As.

LIBOR

The Borrower shall advise the Bank of the requested LIBOR contract maturity period. The Bank shall have the discretion to restrict the LIBOR contract maturity. In no event shall the term of the LIBOR contract exceed the Contractual Term Maturity Date. The minimum amount of a drawdown by way of a LIBOR Loan is \$1,000,000, and shall be in multiples of \$100,000 thereafter. The Borrower will provide the Bank with 3 Business Days' notice of a requested LIBOR Loan.

L/C and/or L/G

The Bank shall have the discretion to restrict the maturity date of L/Gs or L/Cs.

B/A - Prime Conversion

The Borrower will provide the Bank with at least 3 Business Days' notice of its intention either to convert a B/A to a Prime Based Loan or vice versa, failing which, the Bank may decline to accept such additional B/As or may charge interest on the amount of Prime Based Loans resulting from maturity of B/As at the rate of 115% of the rate applicable to Prime Based Loans for the 3 Business Day period immediately following such maturity. Thereafter, the rate shall revert to the rate applicable to Prime Based Loans.

Cash Management

The Bank may, and the Borrower hereby authorizes the Bank to, drawdown under the Operating Loan to satisfy any obligations of the Borrower to the Bank in connection with any cash management service provided by the Bank to the Borrower. The Bank may drawdown under the Operating Loan even if the drawdown results in amounts outstanding in excess of the Credit Limit.

Notice

Prior to each drawdown and at least 10 days prior to each Rate Term Maturity, the Borrower will advise the Bank of its selection of drawdown options from those made available by the Bank. The Bank will, after each

drawdown, other than drawdowns by way of BA, LIBOR Loan or under the operating loan, send a Rate and Payment Terms Notice to the Borrower.

4. PREPAYMENT

Fixed Rate Term Loans

10% Prepayment Option Chosen.

- (a) Once, each calendar year, ("Year"), the Borrower may, provided that an Event of Default has not occurred, prepay in one lump sum, an amount of principal outstanding under a Fixed Rate Term Loan not exceeding 10% of the original amount of the Fixed Rate Term Loan, upon payment of all interest accrued to the date of prepayment without paying any prepayment charge. If the prepayment privilege is not used in one Year, it cannot be carried forward and used in a later Year.
- (b) Provided that an Event of Default has not occurred, the Borrower may prepay more than 10% of the original amount of a Fixed Rate Term Loan in any Year, upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:
 - i) three months' interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and
 - ii) the Interest Rate Differential, being the amount by which:
 - a. the total amount of interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to the Fixed Rate Term Loan being prepaid calculated for the period of time from the prepayment date until the Rate Term Maturity Date for the Fixed Rate Term Loan being prepaid (the "Remaining Term"), exceeds
 - b. the total amount of interest on the amount of the prepayment (the amount of prepayment is the amount of prepayment exceeding the 10% limit described in Section 4(a)) using the interest rate applicable to a fixed rate term loan that the Bank would make to a borrower for a comparable facility on the prepayment date, calculated for the Remaining Term.

10% Prepayment Option Not Chosen.

- (c) The Borrower may, provided that an Event of Default has not occurred, prepay all or any part of the principal then outstanding under a Fixed Rate Term Loan upon payment of all interest accrued to the date of prepayment and an amount equal to the greater of:
 - i) three months' interest on the amount of the prepayment using the interest rate applicable to the Fixed Rate Term Loan being prepaid; and
 - ii) the Interest Rate Differential, being the amount by which:

- a. the total amount of interest on the amount of the prepayment using the interest rate applicable to the Fixed Rate Term Loan being prepaid calculated for the period of time from the prepayment date until the Rate Term Maturity Date for the Fixed Rate Term Loan being prepaid (the "Remaining Term"), exceeds
- b. the total amount of interest on the amount of the prepayment using the interest rate applicable to a fixed rate term loan that the Bank would make to a borrower for a comparable facility on the prepayment date, calculated for the Remaining Term.

Floating Rate Term Loans

The Borrower may prepay the whole or any part of the principal outstanding under a Floating Rate Term Loan, at any time without the payment of prepayment charges.

5. STANDARD DISBURSEMENT CONDITIONS

The obligation of the Bank to permit any drawdowns hereunder at any time is subject to the following conditions precedent:

- a) The Bank shall have received the following documents which shall be in form and substance satisfactory to the Bank:
 - i) A copy of a duly executed resolution of the Board of Directors of the Borrower empowering the Borrower to enter into this Agreement;
 - ii) A copy of any necessary government approvals authorizing the Borrower to enter into this Agreement;
 - iii) All of the Bank Security and supporting resolutions and solicitors' letter of opinion required hereunder;
 - iv) The Borrower's compliance certificate certifying compliance with all terms and conditions hereunder;
 - v) all operation of account documentation; and
 - vi) For drawdowns under the Facility by way of L/C or L/G, the Bank's standard form Letter of Credit Indemnity Agreement
- b) The representations and warranties contained in this Agreement are correct.
- c) No event has occurred and is continuing which constitutes an Event of Default or would constitute an Event of Default, but for the requirement that notice be given or time elapse or both.
- d) The Bank has received the arrangement fee payable hereunder (if any) and the Borrower has paid all legal and other expenses incurred by the Bank in connection with the Agreement or the Bank Security.

6. STANDARD REPRESENTATIONS AND WARRANTIES

The Borrower hereby represents and warrants, which representations and warranties shall be deemed to be continually repeated so long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, that:

- a) The Borrower is a duly incorporated corporation, a limited partnership, partnership, or sole proprietorship, duly organized, validly existing and in good standing under the laws of the jurisdiction where the Branch/Centre is located and each other jurisdiction where the Borrower has property or assets or carries on business and the Borrower has adequate corporate power and authority to carry on its business, own property, borrow monies and enter into agreements therefore, execute and deliver the Agreement, the Bank Security, and documents required hereunder, and observe and perform the terms and provisions of this Agreement.

- b) There are no laws, statutes or regulations applicable to or binding upon the Borrower and no provisions in its charter documents or in any by-laws, resolutions, contracts, agreements, or arrangements which would be contravened, breached, violated as a result of the execution, delivery, performance, observance, of any terms of this Agreement.
- c) No Event of Default has occurred nor has any event occurred which, with the passage of time or the giving of notice, would constitute an Event of Default under this Agreement or which would constitute a default under any other agreement.
- d) There are no actions, suits or proceedings, including appeals or applications for review, or any knowledge of pending actions, suits, or proceedings against the Borrower and its subsidiaries, before any court or administrative agency which would result in any material adverse change in the property, assets, financial condition, business or operations of the Borrower.
- e) All material authorizations, approvals, consents, licenses, exemptions, filings, registrations and other requirements of governmental, judicial and public bodies and authorities required to carry on its business have been or will be obtained or effected and are or will be in full force and effect.
- f) The financial statements and forecasts delivered to the Bank fairly present the present financial position of the Borrower, and have been prepared by the Borrower and its auditors in accordance with Canadian Generally Accepted Accounting Principles consistently applied.
- g) All of the remittances required to be made by the Borrower to the federal government and all provincial and municipal governments have been made, are currently up to date and there are no outstanding arrears. Without limiting the foregoing, all employee source deductions (including income taxes, Employment Insurance and Canada Pension Plan), sales taxes (both provincial and federal), corporate income taxes, corporate capital taxes, payroll taxes and Workers' Compensation dues are currently paid and up to date.

7. STANDARD POSITIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will, and will ensure that its subsidiaries and each of the Guarantors will:

- a) Pay all amounts of principal, interest and fees on the dates, times and place specified herein, under the Rate and Payment Terms Notice, and under any other agreement between the Bank and the Borrower.
- b) Advise the Bank of any change in the amount and the terms of any credit arrangement made with other lenders or any action taken by another lender to recover amounts outstanding with such other lender.
- c) Advise promptly after the happening of any event which will result in a material adverse change in the financial condition, business, operations, or prospects of the Borrower or the occurrence of any Event of Default or default under this Agreement or under any other agreement for borrowed money.
- d) Do all things necessary to maintain in good standing its corporate existence and preserve and keep all material agreements, rights, franchises, licenses, operations, contracts or other arrangements in full force and effect.
- e) Take all necessary actions to ensure that the Bank Security and its obligations hereunder will rank ahead of all other indebtedness of and all other security granted by the Borrower.
- f) Pay all taxes, assessments and government charges unless such taxes, assessments, or charges are being contested in good faith and appropriate reserves shall be made with funds set aside in a separate trust fund.
- g) Provide the Bank with information and financial data as it may request from time to time.
- h) Maintain property, plant and equipment in good repair and working condition.
- i) Inform the Bank of any actual or probable litigation and furnish the Bank with copies of details of any litigation or other proceedings, which might affect the financial condition, business, operations, or prospects of the Borrower.
- j) Provide such additional security and documentation as may be required from time to time by the Bank or its solicitors.

- k) Continue to carry on the business currently being carried on by the Borrower its subsidiaries and each of the Guarantors at the date hereof.
- l) Maintain adequate insurance on all of its assets, undertakings, and business risks.
- m) Permit the Bank or its authorized representatives full and reasonable access to its premises, business, financial and computer records and allow the duplication or extraction of pertinent information therefrom and
- n) Comply with all applicable laws.

8. STANDARD NEGATIVE COVENANTS

So long as any amounts remain outstanding and unpaid under this Agreement or so long as any commitment under this Agreement remains in effect, the Borrower will not and will ensure that its subsidiaries and each of the Guarantors will not:

- a) Create, incur, assume, or suffer to exist, any mortgage, deed of trust, pledge, lien, security interest, assignment, charge, or encumbrance (including without limitation, any conditional sale, or other title retention agreement, or finance lease) of any nature, upon or with respect to any of its assets or undertakings, now owned or hereafter acquired, except for those Permitted Liens, if any, set out in the Letter.
- b) Create, incur, assume or suffer to exist any other indebtedness for borrowed money (except for indebtedness resulting from Permitted Liens, if any) or guarantee or act as surety or agree to indemnify the debts of any other Person.
- c) Merge or consolidate with any other Person, or acquire all or substantially all of the shares, assets or business of any other Person.
- d) Sell, lease, assign, transfer, convey or otherwise dispose of any of its now owned or hereafter acquired assets (including, without limitation, shares of stock and indebtedness of subsidiaries, receivables and leasehold interests), except for inventory disposed of in the ordinary course of business.
- e) Terminate or enter into a surrender of any lease of any property mortgaged under the Bank Security.
- f) Cease to carry on the business currently being carried on by each of the Borrower, its subsidiaries, and the Guarantors at the date hereof.
- g) Permit any change of ownership or change in the capital structure of the Borrower.

9. ENVIRONMENTAL

The Borrower represents and warrants (which representation and warranty shall continue throughout the term of this Agreement) that the business of the Borrower, its subsidiaries and each of the Guarantors is being operated in compliance with applicable laws and regulations respecting the discharge, omission, spill or disposal of any hazardous materials and that any and all enforcement actions in respect thereto have been clearly conveyed to the Bank.

The Borrower shall, at the request of the Bank from time to time, and at the Borrower's expense, obtain and provide to the Bank an environmental audit or inspection report of the property from auditors or inspectors acceptable to the Bank.

The Borrower hereby indemnifies the Bank, its officers, directors, employees, agents and shareholders, and agrees to hold each of them harmless from all loss, claims, damages and expenses (including legal and audit expenses) which may be suffered or incurred in connection with the indebtedness under this Agreement or in connection with the Bank Security.

10. STANDARD EVENTS OF DEFAULT

The Bank may accelerate the payment of principal and interest under any committed credit facility hereunder and cancel any undrawn portion of any committed credit facility hereunder, at any time after the occurrence of any one of the following Events of Default:

- a) Non-payment of principal outstanding under this Agreement when due or non-payment of interest or fees outstanding under this Agreement within 3 Business Days of when due.

- b) If any representation, warranty or statement made hereunder or made in connection with the execution and delivery of this Agreement or the Bank Security is false or misleading at any time.
- c) If any representation or warranty made or information provided by the Guarantor to the Bank from time to time, including without limitation, under or in connection with the Personal Financial Statement and Privacy Agreement provided by the Guarantor, is false or misleading at any time.
- d) If there is a breach or non-performance or non-observance of any term or condition of this Agreement or the Bank Security and, if such default is capable to being remedied, the default continues unremedied for 5 Business Days after the occurrence.
- e) If the Borrower, any one of its subsidiaries, or, if any of the Guarantors makes a general assignment for the benefit of creditors, files or presents a petition, makes a proposal or commits any act of bankruptcy, or if any action is taken for the winding up, liquidation or the appointment of a liquidator, trustee in bankruptcy, custodian, curator, sequestrator, receiver or any other officer with similar powers or if a judgment or order shall be entered by any court approving a petition for reorganization, arrangement or composition of or in respect of the Borrower, any of its subsidiaries, or any of the Guarantors or if the Borrower, any of its subsidiaries, or any of the Guarantors is insolvent or declared bankrupt.
- f) If there exists a voluntary or involuntary suspension of business of the Borrower, any of its subsidiaries, or any of the Guarantors.
- g) If action is taken by an encumbrancer against the Borrower, any of its subsidiaries, or any of the Guarantors to take possession of property or enforce proceedings against any assets.
- h) If any final judgment for the payment of monies is made against the Borrower, any of its subsidiaries, or any of the Guarantors and it is not discharged within 30 days from the imposition of such judgment.
- i) If there exists an event, the effect of which with lapse of time or the giving of notice, will constitute an event of default or a default under any other agreement for borrowed money in excess of the Cross Default Threshold entered into by the Borrower, any of its subsidiaries, or any of the Guarantors.
- j) If the Borrower, any one of its subsidiaries, or any of the Guarantors default under any other present or future agreement with the Bank or any of the Bank's subsidiaries, including without limitation, any other loan agreement, forward foreign exchange transactions, interest rate and currency and/or commodity swaps.
- k) If the Bank Security is not enforceable or if any party to the Bank Security shall dispute or deny any liability or any of its obligations under the Bank Security, or if any Guarantor terminates a guarantee in respect of future advances.
- l) If, in the Bank's determination, a material adverse change occurs in the financial condition, business operations or prospects of the Borrower, any of the Borrower's subsidiaries, or any of the Guarantors.

11. ACCELERATION

If the Bank accelerates the payment of principal and interest hereunder, the Borrower shall immediately pay to the Bank all amounts outstanding hereunder, including without limitation, the amount of unmatured B/As and LIBOR Loans and the amount of all drawn and undrawn L/Gs and L/Cs. All cost to the Bank of unwinding LIBOR Loans and all loss suffered by the Bank in re-employing amounts repaid will be paid by the Borrower.

The Bank may demand the payment of principal and interest under the Operating Loan (and any other uncommitted facility) hereunder and cancel any undrawn portion of the Operating Loan (and any other uncommitted facility) hereunder, at any time whether or not an Event of Default has occurred.

12. CURRENCY INDEMNITY

US\$ loans must be repaid with US\$ and CDN\$ loans must be repaid with CDN\$ and the Borrower shall indemnify the Bank for any loss suffered by the Bank if US\$ loans are repaid with CDN\$ or vice versa, whether such payment is made pursuant to an order of a court or otherwise.

13. TAXATION ON PAYMENTS

All payments made by the Borrower to the Bank will be made free and clear of all present and future taxes (excluding the Bank's income taxes), withholdings or deductions of whatever nature. If these taxes, withholdings or deductions are required by applicable law and are made, the Borrower, shall, as a separate and independent obligation, pay to the Bank all additional amounts as shall fully indemnify the Bank from any such taxes, withholdings or deductions.

14. REPRESENTATION

No representation or warranty or other statement made by the Bank concerning any of the credit facilities shall be binding on the Bank unless made by it in writing as a specific amendment to this Agreement.

15. CHANGING THE AGREEMENT

- a) The Bank may, from time to time, unilaterally change the provisions of this Agreement where (i) the provisions of the Agreement relate to the Operating Loan (and any other uncommitted facility) or (ii) such change is for the benefit of the Borrower, or made at the Borrower's request, including without limitation, decreases to fees or interest payable hereunder or (iii) where such change makes compliance with this Agreement less onerous to the Borrower, including without limitation, release of security. These changes can be made by the Bank providing written notice to the Borrower of such changes in the form of a specific waiver or a document constituting an amending agreement. The Borrower is not required to execute such waiver or amending agreement, unless the Bank requests the Borrower to sign such waiver or amending agreement. A change in the Prime Rate and USBR is not an amendment to the terms of this Agreement that requires notification to be provided to the Borrower.
- b) Changes to the Agreement, other than as described in a) above, including changes to covenants and fees payable by the Borrower, are required to be agreed to by the Bank and the Borrower in writing, by the Bank and the Borrower each signing an amending agreement.
- c) The Bank is not required to notify a Guarantor of any change in the Agreement, including any increase in the Credit Limit.

16. ADDED COST

If the introduction of or any change in any present or future law, regulation, treaty, official or unofficial directive, or regulatory requirement, (whether or not having the force of law) or in the interpretation or application thereof, relates to:

- i) the imposition or exemption of taxation of payments due to the Bank or on reserves or deemed reserves in respect of the undrawn portion of any Facility or loan made available hereunder; or,
- ii) any reserve, special deposit, regulatory or similar requirement against assets, deposits, or loans or other acquisition of funds for loans by the Bank; or,
- iii) the amount of capital required or expected to be maintained by the Bank as a result of the existence of the advances or the commitment made hereunder;

and the result of such occurrence is, in the sole determination of the Bank, to increase the cost of the Bank or to reduce the income received or receivable by the Bank hereunder, the Borrower shall, on demand by the Bank, pay to the Bank that amount which the Bank estimates will compensate it for such additional cost or reduction in income and the Bank's estimate shall be conclusive, absent manifest error.

17. EXPENSES

The Borrower shall pay, within 5 Business Days following notification, all fees and expenses (including but not limited to all legal fees) incurred by the Bank in connection with the preparation, registration and ongoing administration of this Agreement and the Bank Security and with the enforcement of the Bank's rights and remedies under this Agreement and the Bank Security whether or not any amounts are advanced under the Agreement. These fees and expenses shall include, but not be limited, to all outside counsel fees and expenses and all in-house legal fees and expenses, if in-house counsel are used, and all outside professional advisory fees and expenses. The Borrower shall pay interest on unpaid amounts due pursuant to this paragraph at the All-In Rate plus 2% per annum.

Without limiting the generality of Section 24, the Bank or its agent, is authorized to debit any of the Borrower's accounts with the amount of the fees and expenses owed by the Borrower hereunder, including the registration fee in connection with the Bank Security, even if that debiting creates an overdraft in any such account. If there are insufficient funds in the Borrower's accounts to reimburse the Bank or its agent for payment of the fees and expenses owed by the Borrower hereunder, the amount debited to the Borrower's accounts shall be deemed to be a Prime Based Loan under the Operating Loan.

The Borrower will, if requested by the Bank, sign a Pre-Authorized Payment Authorization in a format acceptable to the Bank to permit the Bank's agent to debit the Borrower's accounts as contemplated in this Section.

18. NON WAIVER

Any failure by the Bank to object to or take action with respect to a breach of this Agreement or any Bank Security or upon the occurrence of an Event of Default shall not constitute a waiver of the Bank's right to take action at a later date on that breach. No course of conduct by the Bank will give rise to any reasonable expectation which is in any way inconsistent with the terms and conditions of this Agreement and the Bank Security or the Bank's rights thereunder.

19. EVIDENCE OF INDEBTEDNESS

The Bank shall record on its records the amount of all loans made hereunder, payments made in respect thereto, and all other amounts becoming due to the Bank under this Agreement. The Bank's records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Bank pursuant to this Agreement.

The Borrower will sign the Bank's standard form Letter of Credit Indemnity Agreement for all L/Cs and L/Gs issued by the Bank.

With respect to chattel mortgages taken as Bank Security, this Agreement is the Promissory Note referred to in same chattel mortgage, and the indebtedness incurred hereunder is the true indebtedness secured by the chattel mortgage.

20. ENTIRE AGREEMENTS

This Agreement replaces any previous letter agreements dealing specifically with terms and conditions of the credit facilities described in the Letter. Agreements relating to other credit facilities made available by the Bank continue to apply for those other credit facilities. This Agreement, and if applicable, the Letter of Credit Indemnity Agreement, are the entire agreements relating to the Facilities described in this Agreement.

21. ASSIGNMENT

The Bank may assign or grant participation in all or part of this Agreement or in any loan made hereunder without notice to and without the Borrower's consent.

The Borrower may not assign or transfer all or any part of its rights or obligations under this Agreement.

22. RELEASE OF INFORMATION

The Borrower hereby irrevocably authorizes and directs the Borrower's accountant, (the "Accountant") to deliver all financial statements and other financial information concerning the Borrower to the Bank and agrees that the Bank and the Accountant may communicate directly with each other.

23. FX CLOSE OUT

The Borrower hereby acknowledges and agrees that in the event any of the following occur: (i) Default by the Borrower under any forward foreign exchange contract ("FX Contract"); (ii) Default by the Borrower in payment of monies owing by it to anyone, including the Bank; (iii) Default in the performance of any other obligation of the Borrower under any agreement to which it is subject; or (iv) the Borrower is adjudged to be or voluntarily becomes bankrupt or insolvent or admits in writing its inability to pay its debts as they come due or has a receiver

appointed over its assets, the Bank shall be entitled without advance notice to the Borrower to close out and terminate all of the outstanding FX Contracts entered into hereunder, using normal commercial practices employed by the Bank, to determine the gain or loss for each terminated FX contract. The Bank shall then be entitled to calculate a net termination value for all of the terminated FX Contracts which shall be the net sum of all the losses and gains arising from the termination of the FX Contracts which net sum shall be the "Close Out Value" of the terminated FX Contracts. The Borrower acknowledges that it shall be required to forthwith pay any positive Close Out Value owing to the Bank and the Bank shall be required to pay any negative Close Out Value owing to the Borrower, subject to any rights of set-off to which the Bank is entitled or subject.

24. SET-OFF

In addition to and not in limitation of any rights now or hereafter granted under applicable law, the Bank may at any time and from time to time without notice to the Borrower or any other Person, any notice being expressly waived by the Borrower, set-off and compensate and apply any and all deposits, general or special, time or demand, provisional or final, matured or unmatured, in any currency, and any other indebtedness or amount payable by the Bank (irrespective of the place of payment or booking office of the obligation), to or for the credit of or for the Borrower's account, including without limitation, any amount owed by the Bank to the Borrower under any FX Contract or other treasury or derivative product, against and on account of the indebtedness and liability under this Agreement notwithstanding that any of them are contingent or unmatured or in a different currency than the indebtedness and liability under this Agreement.

When applying a deposit or other obligation in a different currency than the indebtedness and liability under this Agreement to the indebtedness and liability under this Agreement, the Bank will convert the deposit or other obligation to the currency of the indebtedness and liability under this Agreement using the Bank's noon spot rate of exchange for the conversion of such currency.

25. LIMITATION ACT

The Borrower and the Bank hereby agree that the limitation period for commencement of any court action or proceeding against the Borrower with respect to demand loans shall be six (6) years rather than the period of time that is set out in the applicable limitation legislation.

26. MISCELLANEOUS

- i) The Borrower has received a signed copy of this Agreement;
- ii) If more than one Person, firm or corporation signs this Agreement as the Borrower, each party is jointly and severally liable hereunder, and the Bank may require payment of all amounts payable under this Agreement from any one of them, or a portion from each, but the Bank is released from any of its obligations by performing that obligation to any one of them. Each Borrower hereby acknowledges that each Borrower is an agent of each other Borrower and payment by any Borrower hereunder shall be deemed to be payment by the Borrower making the payment and by each other Borrower. Each payment, including interest payments, made will constitute an acknowledgement of the indebtedness and liability hereunder by each Borrower;
- iii) Accounting terms will (to the extent not defined in this Agreement) be interpreted in accordance with accounting principles established from time to time by the Canadian Institute of Chartered Accountants (or any successor) consistently applied, and all financial statements and information provided to the Bank will be prepared in accordance with those principles;
- iv) This Agreement is governed by the law of the Province or Territory where the Branch/Centre is located.
- v) Unless stated otherwise, all amounts referred to herein are in Canadian dollars

27. DEFINITIONS

Capitalized Terms used in this Agreement shall have the following meanings:

"All-In Rate" means the greater of the Interest Rate that the Borrower pays for Prime Based Loans (which for greater certainty includes the percent per annum added to the Prime Rate) or the highest fixed rate paid for Fixed Rate Term Loans.

"Agreement" means the agreement between the Bank and the Borrower set out in the Letter and this Schedule "A" - Standard Terms and Conditions.

"Business Day" means any day (other than a Saturday or Sunday) that the Branch/Centre is open for business.

"Branch/Centre" means The Toronto-Dominion Bank branch or banking centre noted on the first page of the Letter, or such other branch or centre as may from time to time be designated by the Bank.

"Contractual Term Maturity Date" means the last day of the Contractual Term period. If the Letter does not set out a specific Contractual Term period but rather refers to a period of time up to which the Contractual Term Maturity Date can occur, the Bank and the Borrower must agree on a Contractual Term Maturity Date before first drawdown, which Contractual Term Maturity Date will be set out in the Rate and Payments Terms Notice.

"Cross Default Threshold" means the cross default threshold set out in the Letter. If no such cross default threshold is set out in the Letter it will be deemed to be zero.

"Face Amount" means, in respect of:

- (i) a B/A, the amount payable to the holder thereof on its maturity;
- (ii) A L/C or L/G, the maximum amount payable to the beneficiary specified therein or any other Person to whom payments may be required to be made pursuant to such L/C or L/G.

"Fixed Rate Term Loan" means any drawdown in Canadian dollars under a Credit Facility at an interest rate which is fixed for a Rate Term at such rate as is determined by the Bank as its sole discretion.

"Inventory Value" means, at any time of determination, the total value (based on the lower of cost or market) of the Borrower's inventories that are subject to the Bank Security (other than (i) those inventories supplied by trade creditors who at that time have not been fully paid and would have a right to repossess all or part of such inventories if the Borrower were then either bankrupt or in receivership, (ii) those inventories comprising work in process and (iii) those inventories that the Bank may from time to time designate in its sole discretion) minus the total amount of any claims, liens or encumbrances on those inventories having or purporting to have priority over the Bank.

"Letter" means the letter from the Bank to the Borrower to which this Schedule "A" - Standard Terms and Conditions is attached.

"Letter of Credit" or "L/C" means a documentary letter of credit or similar instrument in form and substance satisfactory to the Bank.

"Letter of Guarantee" or "L/G" means a stand-by letter of guarantee or similar instrument in form and substance satisfactory to the Bank.

"Person" includes any individual, sole proprietorship, corporation, partnership, joint venture, trust, unincorporated association, association, institution, entity, party, or government (whether national, federal, provincial, state, municipal, city, county, or otherwise and including any instrumentality, division, agency, body, or department thereof).

"Purchase Money Security Interest" means a security interest on equipment which is granted to a lender or to the seller of such equipment in order to secure the purchase price of such equipment or a loan to acquire such equipment, provided that the amount secured by the security interest does not exceed the cost of the equipment, the Borrower provides written notice to the Bank prior to the creation of the security interest, and the creditor under the security interest has, if requested by the Bank, entered into an inter-creditor agreement with the Bank, in a format acceptable to the Bank.

"Rate Term" means that period of time as selected by the Borrower from the options offered to it by the Bank, during which a Fixed Rate Term Loan will bear a particular interest rate. If no Rate Term is selected, the Borrower will be deemed to have selected a Rate Term of 1 year.

"Rate Term Maturity" means the last day of a Rate Term which day may never exceed the Contractual Term Maturity Date.

"Rate and Payment Terms Notice" means the notice sent by the Bank setting out the interest rate and payment terms for a particular drawdown.

"Receivable Value" means, at any time of determination, the total value of those of the Borrower's trade accounts receivable that are subject to the Bank Security other than (i) those accounts then outstanding for 90 days, (ii) those accounts owing by Persons, firms or corporations affiliated with the Borrower, (iii) those accounts that the Bank may from time to time designate in its sole discretion, (iv) those accounts subject to any claim, liens, or encumbrance having or purporting to have priority over the Bank, (v) those accounts which are subject to a claim of set-off by the obligor under such account, MINUS the total amount of all claims, liens, or encumbrances on those receivables having or purporting to have priority over the Bank.

"Receivables/Inventory Summary" means a summary of the Borrower's trade account receivables and inventories, in form as the Bank may require and certified by a senior officer/representative of the Borrower.

"US\$ Equivalent" means, on any date, the equivalent amount in United States Dollars after giving effect to a conversion of a specified amount of Canadian Dollars to United States Dollars at the Bank's noon spot rate of exchange for Canadian Dollars to United States Dollars established by the Bank for the day in question.

APPENDIX 3

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[Home](#) [About Us](#) [What We Do](#) [Doing Business With Us](#) [Careers](#) [News](#)**Projects****Loans****Lending Rates**[Loan Payment Calculator](#)[Contact Customer](#)[Relations](#)[Strategic Partnership](#)[Program](#)[Frequently Asked](#)[Questions - Loans](#)**Buildings****Lands**[Home](#) [What We Do](#) [Loans](#)**Lending Rates: Local Distribution Companies****Indicative Lending Rates as of October 12, 2011****

	Term	Construction	Serial	Amortizer
Loan Payment Calculator	1 Month	1.75%	-	-
Contact Customer	5 Year	-	2.25%	2.35%
Relations	10 Year	-	3.13%	3.23%
Strategic Partnership	15 Year	-	3.61%	3.71%
Program	20 Year	-	3.89%	3.99%
Frequently Asked	25 Year	-	4.07%	4.17%
Questions - Loans	30 Year	-	4.18%	4.28%
	35 Year	-	4.25%	4.35%
	40 Year	-	4.29%	4.39%

About our Lending Rates

Our online lending rates are updated frequently as we track the movement of our cost of borrowing in the capital markets.

Debentures - rates on debentures are fixed for the entire life of the loan once the debenture is purchased by Infrastructure Ontario. Clients seeking debenture terms longer than 30 years for amounts greater than \$25 million, are subject to capital market conditions. Please contact Infrastructure Ontario for details.

Construction Loans - for construction loans, rates float throughout the term of the loan until they are replaced by a debenture. Construction loan requests over \$75 million are subject to funding availability and interest rates may vary from those posted.

****These interest rates are the all-in cost for loans of the term and type selected**

Infrastructure Ontario

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APPENDIX 4



2012 COST ALLOCATION
Grimsby Power Incorporated
EB-2011-0273
September-30-11

Sheet I6.1 Revenue Worksheet - Response to Board Staff Interrogatory X

Total kWhs from Load Forecast	181,732,931
-------------------------------	-------------

Total kW from Load Forecast	193,126
-----------------------------	---------

Deficiency from RRWF	- 812,776
----------------------	-----------

Miscellaneous Revenue	339,741
-----------------------	---------

			1	2	3	7	9
	ID	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
Billing Data							
Forecast kWh	CEN	181,732,931	92,606,843	18,314,894	68,877,755	1,578,145	355,293
Forecast kW	CDEM	193,126	-	-	188,723	4,403	-
Forecast kW, included in CDEM, of customers receiving line transformer allowance		55,000			55,000		
Optional - Forecast kWh, included in CEN, from customers that receive a line transformation allowance on a kWh basis. In most cases this will not be applicable and will be left blank.		-					
KWh excluding KWh from Wholesale Market Participants	CEN EWMP	181,732,931	92,606,843	18,314,894	68,877,755	1,578,145	355,293
kWh - 30 year weather normalized amount		181,732,931	92,606,843	18,314,894	68,877,755	1,578,145	355,293
Existing Monthly Charge			\$15.11	\$25.56	\$165.08	\$0.66	\$12.78
Existing Distribution kWh Rate			\$0.0086	\$0.0100			\$0.0099
Existing Distribution kW Rate					\$1.4136	\$3.2363	
Existing TFOA Rate					\$0.60		
Additional Charges							
Distribution Revenue from Rates		\$3,463,927	\$2,555,823	\$392,621	\$465,269	\$34,428	\$15,786
Transformer Ownership Allowance		\$33,000	\$0	\$0	\$33,000	\$0	\$0
Net Class Revenue	CREV	\$3,430,927	\$2,555,823	\$392,621	\$432,269	\$34,428	\$15,786
Data Mismatch Analysis							
Revenue with 30 year weather normalized kWh		3,430,927	2,555,823	392,621	432,269	34,428	15,786

Weather Normalized Data from Hydro One

	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
kWh - 30 year weather normalized amount	181,732,931	92,606,843	18,314,894	68,877,755	1,578,145	355,293
Loss Factor		1.0000	1.0000	1.0000	1.0000	1.0000



2012 COST ALLOCATION
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Sheet I6.2 Customer Data Worksheet - Response to Board Staff Interrogatory X

			1	2	3	7	9
	ID	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
	Billing Data						
Bad Debt 3 Year Historical Average	BDHA	\$6,000	\$1,639	\$521	\$3,839	\$0	\$0
Late Payment 3 Year Historical Average	LPHA	\$55,000	\$38,095	\$4,920	\$11,519	\$180	\$287
Number of Bills	CNB	126,821	116,440	8,195	1,202	24	960
Number of Devices						2,548	80
Number of Connections (Unmetered)	CCON	2,037				1,957	80
Total Number of Customers	CCA	10,486	9,703	683	100		
Bulk Customer Base	CCB	-					
Primary Customer Base	CCP	10,486	9,703	683	100		
Line Transformer Customer Base	CCLT	10,479	9,703	683	93		
Secondary Customer Base	CCS	10,386	9,703	683	-		
Weighted - Services	CWCS	11,003	9,703	1,024	-	196	80
Weighted Meter -Capital	CWMC	1,520,517	1,261,430	140,686	118,400	-	-
Weighted Meter Reading	CWMR	10,557	9,703	683	171	-	-
Weighted Bills	CWNB	136,004	116,440	8,195	8,417	72	2,880

Bad Debt Data

Historic Year: 2009	6,000	1,639	521	3,839		
Historic Year: 2010	6,000	1,639	521	3,839		
Historic Year: 2011	6,000	1,639	521	3,839		
Three-year average	6,000	1,639	521	3,839	-	-



2012 COST ALLOCATION
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Sheet I8 Demand Data Worksheet - Response to Board Staff Interrogator

This is an input sheet for demand allocators.

CP TEST RESULTS	4 CP
NCP TEST RESULTS	4 NCP

Co-incident Peak	Indicator
1 CP	CP 1
4 CP	CP 4
12 CP	CP 12

Non-co-incident Peak	Indicator
1 NCP	NCP 1
4 NCP	NCP 4
12 NCP	NCP 12

Customer Classes		Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load
CO-INCIDENT PEAK							
1 CP							
Transformation CP	TCP1	38,218	20,870	5,300	12,010	-	39
Bulk Delivery CP	BCP1	38,218	20,870	5,300	12,010	-	39
Total Sytem CP	DCP1	38,218	20,870	5,300	12,010	-	39
4 CP							
Transformation CP	TCP4	141,141	78,635	20,222	42,133	-	151
Bulk Delivery CP	BCP4	141,141	78,635	20,222	42,133	-	151
Total Sytem CP	DCP4	141,141	78,635	20,222	42,133	-	151
12 CP							
Transformation CP	TCP12	360,068	193,492	45,271	118,128	2,689	487
Bulk Delivery CP	BCP12	360,068	193,492	45,271	118,128	2,689	487
Total Sytem CP	DCP12	360,068	193,492	45,271	118,128	2,689	487
NON CO INCIDENT PEAK							
1 NCP							
Classification NCP from Load Data Provider	DNCP1	41,601	22,449	5,757	12,951	387	56
Primary NCP	PNCP1	41,601	22,449	5,757	12,951	387	56
Line Transformer NCP	LTNCP1	40,696	22,449	5,757	12,047	387	56
Secondary NCP	SNCP1	28,649	22,449	5,757	-	387	56
4 NCP							
Classification NCP from Load Data Provider	DNCP4	150,999	80,495	21,264	47,522	1,525	192
Primary NCP	PNCP4	150,999	80,495	21,264	47,522	1,525	192
Line Transformer NCP	LTNCP4	147,679	80,495	21,264	44,202	1,525	192
Secondary NCP	SNCP4	103,476	80,495	21,264	-	1,525	192
12 NCP							
Classification NCP from Load Data Provider	DNCP12	380,763	199,166	47,497	129,156	4,435	509
Primary NCP	PNCP12	380,763	199,166	47,497	129,156	4,435	509
Line Transformer NCP	LTNCP12	371,740	199,166	47,497	120,133	4,435	509
Secondary NCP	SNCP12	251,606	199,166	47,497	-	4,435	509



2012 COST ALLOCATION
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Sheet 01 Revenue to Cost Summary Worksheet - Response to Board Staff Interrogatory X

Instructions:

Please see the first tab in this workbook for detailed instructions

Class Revenue, Cost Analysis, and Return on Rate Base

			1	2	3	7	9
Rate Base Assets		Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
crev mi	Distribution Revenue at Existing Rates	\$3,430,927	\$2,555,823	\$392,621	\$432,269	\$34,428	\$15,786
	Miscellaneous Revenue (mi)	\$339,741	\$244,721	\$32,899	\$48,145	\$11,351	\$2,625
		Miscellaneous Revenue Input equals Output					
Total Revenue at Existing Rates		\$3,770,668	\$2,800,544	\$425,520	\$480,414	\$45,778	\$18,411
Factor required to recover deficiency (1 + D)		1.2369					
Distribution Revenue at Status Quo Rates		\$4,243,703	\$3,161,289	\$485,632	\$534,672	\$42,584	\$19,526
Miscellaneous Revenue (mi)		\$339,741	\$244,721	\$32,899	\$48,145	\$11,351	\$2,625
Total Revenue at Status Quo Rates		\$4,583,444	\$3,406,011	\$518,531	\$582,817	\$53,934	\$22,151
Expenses							
di	Distribution Costs (di)	\$885,961	\$558,584	\$113,164	\$173,055	\$38,701	\$2,458
cu	Customer Related Costs (cu)	\$641,131	\$554,238	\$41,059	\$36,048	\$955	\$8,831
ad	General and Administration (ad)	\$1,096,705	\$794,705	\$111,898	\$152,966	\$29,292	\$7,845
dep	Depreciation and Amortization (dep)	\$709,099	\$461,102	\$85,354	\$132,813	\$28,371	\$1,459
INPUT	PILs (INPUT)	\$62,299	\$39,903	\$7,689	\$11,955	\$2,613	\$139
INT	Interest	\$562,216	\$360,100	\$69,389	\$107,888	\$23,585	\$1,255
Total Expenses		\$3,957,412	\$2,768,632	\$428,553	\$614,724	\$123,516	\$21,987
Direct Allocation		\$0	\$0	\$0	\$0	\$0	\$0
NI	Allocated Net Income (NI)	\$626,032	\$400,974	\$77,265	\$120,134	\$26,262	\$1,398
	Revenue Requirement (includes NI)	\$4,583,444	\$3,169,606	\$505,818	\$734,858	\$149,778	\$23,385
		Revenue Requirement Input equals Output					
Rate Base Calculation							
Net Assets							
dp	Distribution Plant - Gross	\$24,385,228	\$15,223,624	\$3,068,282	\$4,945,588	\$1,092,095	\$55,639
gp	General Plant - Gross	\$3,191,653	\$2,044,254	\$393,914	\$612,468	\$133,889	\$7,127
accum dep	Accumulated Depreciation	(\$14,207,021)	(\$8,704,480)	(\$1,812,087)	(\$2,992,422)	(\$665,121)	(\$32,911)
co	Capital Contribution	\$0	\$0	\$0	\$0	\$0	\$0
Total Net Plant		\$13,369,860	\$8,563,398	\$1,650,108	\$2,565,635	\$560,864	\$29,855
Directly Allocated Net Fixed Assets		\$0	\$0	\$0	\$0	\$0	\$0
COP	Cost of Power (COP)	\$17,156,811	\$8,742,709	\$1,729,049	\$6,502,523	\$148,988	\$33,542
	OM&A Expenses	\$2,623,797	\$1,907,527	\$266,121	\$362,068	\$68,947	\$19,134
	Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0
	Subtotal	\$19,780,608	\$10,650,236	\$1,995,170	\$6,864,592	\$217,935	\$52,676
Working Capital		\$2,967,091	\$1,597,535	\$299,275	\$1,029,689	\$32,690	\$7,901
Total Rate Base		\$16,336,952	\$10,160,933	\$1,949,384	\$3,595,323	\$593,554	\$37,757
		Rate Base Input equals Output					
Equity Component of Rate Base		\$6,534,781	\$4,064,373	\$779,754	\$1,438,129	\$237,422	\$15,103
Net Income on Allocated Assets		\$626,032	\$637,379	\$89,979	(\$31,907)	(\$69,582)	\$164
Net Income on Direct Allocation Assets		\$0	\$0	\$0	\$0	\$0	\$0
Net Income		\$626,032	\$637,379	\$89,979	(\$31,907)	(\$69,582)	\$164
RATIOS ANALYSIS							
REVENUE TO EXPENSES STATUS QUO%		100.00%	107.46%	102.51%	79.31%	36.01%	94.72%
EXISTING REVENUE MINUS ALLOCATED COSTS		(\$812,776)	(\$369,061)	(\$80,297)	(\$254,444)	(\$104,000)	(\$4,974)
		Deficiency Input equals Output					
STATUS QUO REVENUE MINUS ALLOCATED COSTS		\$0	\$236,405	\$12,714	(\$152,041)	(\$95,844)	(\$1,234)
RETURN ON EQUITY COMPONENT OF RATE BASE		9.58%	15.68%	11.54%	-2.22%	-29.31%	1.09%



2012 COST ALLOCATION
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Sheet 02 Monthly Fixed Charge Min. & Max. Worksheet - Response to Board Staff Interrogatory 1

Output sheet showing minimum and maximum level for Monthly Fixed Charge

Summary

	1	2	3	7	9
	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
Customer Unit Cost per month - Avoided Cost	\$6.00	\$6.81	\$30.14	\$0.00	\$8.61
Customer Unit Cost per month - Directly Related	\$9.61	\$10.76	\$51.79	\$0.03	\$14.93
Customer Unit Cost per month - Minimum System with PLCC Adjustment	\$15.37	\$17.43	\$61.38	\$6.34	\$20.69
Existing Approved Fixed Charge	\$15.11	\$25.56	\$165.08	\$0.66	\$12.78

Information to be Used to Allocate PILs, ROD, ROE and A&G

	1	2	3	7	9
	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
General Plant - Gross Assets	\$3,191,653	\$2,044,254	\$393,914	\$612,468	\$133,889
General Plant - Accumulated Depreciation	(\$2,004,934)	(\$1,284,160)	(\$247,449)	(\$384,741)	(\$84,107)
General Plant - Net Fixed Assets	\$1,186,719	\$760,094	\$146,465	\$227,728	\$49,783
General Plant - Depreciation	\$167,689	\$107,405	\$20,696	\$32,179	\$7,035
Total Net Fixed Assets Excluding General Plant	\$12,183,141	\$7,803,304	\$1,503,643	\$2,337,907	\$511,081
Total Administration and General Expense	\$1,096,705	\$794,705	\$111,898	\$152,966	\$29,292
Total O&M	\$1,527,092	\$1,112,822	\$154,223	\$209,103	\$39,655

Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load	
1860	Distribution Plant							
	Meters	\$1,719,942	\$1,426,875	\$159,138	\$133,929	\$0	\$0	CWMC
	Accumulated Amortization							
	Accum. Amortization of Electric Utility Plant - Meters only	(\$226,409)	(\$187,830)	(\$20,949)	(\$17,630)	\$0	\$0	
	Meter Net Fixed Assets	\$1,493,533	\$1,239,045	\$138,190	\$116,299	\$0	\$0	
	Misc Revenue							
4082	Retail Services Revenues	(\$25,591)	(\$18,605)	(\$2,596)	(\$3,531)	(\$672)	(\$187)	CWNB
4084	Service Transaction Requests (STR) Revenues	(\$800)	(\$582)	(\$81)	(\$110)	(\$21)	(\$6)	CWNB
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
4220	Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0	NFA
4225	Late Payment Charges	(\$55,000)	(\$38,095)	(\$4,920)	(\$11,519)	(\$180)	(\$287)	LPFA
	Sub-total	(\$81,391)	(\$57,282)	(\$7,596)	(\$15,160)	(\$874)	(\$479)	
	Operation							
5065	Meter Expense	\$0	\$0	\$0	\$0	\$0	\$0	CWMC
5070	Customer Premises - Operation Labour	\$4,701	\$3,642	\$256	\$38	\$735	\$30	CCA
5075	Customer Premises - Materials and Expenses	\$0	\$0	\$0	\$0	\$0	\$0	CCA
	Sub-total	\$4,701	\$3,642	\$256	\$38	\$735	\$30	
	Maintenance							
5175	Maintenance of Meters	\$48,178	\$39,969	\$4,458	\$3,752	\$0	\$0	1860
	Billing and Collection							
5310	Meter Reading Expense	\$166,644	\$153,165	\$10,780	\$2,699	\$0	\$0	CWMB
5315	Customer Billing	\$360,711	\$308,823	\$21,736	\$22,323	\$191	\$7,638	CWNB
5320	Collecting	\$43,983	\$37,656	\$2,650	\$2,722	\$23	\$931	CWNB
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
5330	Collection Charges	\$6,630	\$5,676	\$400	\$410	\$4	\$140	CWNB
	Sub-total	\$577,968	\$505,320	\$35,566	\$28,154	\$218	\$8,710	
	Total Operation, Maintenance and Billing	\$630,847	\$548,931	\$40,280	\$31,944	\$952	\$8,740	
	Amortization Expense - Meters	\$110,147	\$91,379	\$10,191	\$8,577	\$0	\$0	
	Allocated PILs	\$6,959	\$5,774	\$644	\$542	\$0	\$0	
	Allocated Debt Return	\$62,805	\$52,103	\$5,811	\$4,890	\$0	\$0	
	Allocated Equity Return	\$69,933	\$58,017	\$6,471	\$5,446	\$0	\$0	
	Total	\$799,301	\$698,922	\$55,801	\$36,238	\$79	\$8,261	

Scenario 2

Accounts included in Directly Related Customer Costs Plus General Administration Allocation

USoA Account #	Accounts	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load	
1860	Distribution Plant							
	Meters	\$1,719,942	\$1,426,875	\$159,138	\$133,929	\$0	\$0	CWMC
	Accumulated Amortization							
	Accum. Amortization of Electric Utility Plant - Meters only	(\$226,409)	(\$187,830)	(\$20,949)	(\$17,630)	\$0	\$0	
	Meter Net Fixed Assets	\$1,493,533	\$1,239,045	\$138,190	\$116,299	\$0	\$0	
	Allocated General Plant Net Fixed Assets	\$145,480	\$120,691	\$13,461	\$11,328	\$0	\$0	
	Meter Net Fixed Assets Including General Plant	\$1,639,014	\$1,359,736	\$151,650	\$127,627	\$0	\$0	
	Misc Revenue							
4082	Retail Services Revenues	(\$25,591)	(\$18,605)	(\$2,596)	(\$3,531)	(\$672)	(\$187)	CWNB
4084	Service Transaction Requests (STR) Revenues	(\$800)	(\$582)	(\$81)	(\$110)	(\$21)	(\$6)	CWNB
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
4220	Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0	NFA
4225	Late Payment Charges	(\$55,000)	(\$38,095)	(\$4,920)	(\$11,519)	(\$180)	(\$287)	LPHA
	Sub-total	(\$81,391)	(\$57,282)	(\$7,596)	(\$15,160)	(\$874)	(\$479)	
	Operation							
5065	Meter Expense	\$0	\$0	\$0	\$0	\$0	\$0	CWMC
5070	Customer Premises - Operation Labour	\$4,701	\$3,642	\$256	\$38	\$735	\$30	CCA
5075	Customer Premises - Materials and Expenses	\$0	\$0	\$0	\$0	\$0	\$0	CCA
	Sub-total	\$4,701	\$3,642	\$256	\$38	\$735	\$30	
	Maintenance							
5175	Maintenance of Meters	\$48,178	\$39,969	\$4,458	\$3,752	\$0	\$0	1860
	Billing and Collection							
5310	Meter Reading Expense	\$166,644	\$153,165	\$10,780	\$2,699	\$0	\$0	CWMR
5315	Customer Billing	\$360,711	\$308,823	\$21,736	\$22,323	\$191	\$7,638	CWNB
5320	Collecting	\$43,983	\$37,656	\$2,650	\$2,722	\$23	\$931	CWNB
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0	CWNB
5330	Collection Charges	\$6,630	\$5,676	\$400	\$410	\$4	\$140	CWNB
	Sub-total	\$577,968	\$505,320	\$35,566	\$28,154	\$218	\$8,710	
	Total Operation, Maintenance and Billing	\$630,847	\$548,931	\$40,280	\$31,944	\$952	\$8,740	
	Amortization Expense - Meters	\$110,147	\$91,379	\$10,191	\$8,577	\$0	\$0	
	Amortization Expense - General Plant assigned to Meters	\$20,557	\$17,054	\$1,902	\$1,601	\$0	\$0	
	Admin and General	\$451,381	\$392,011	\$29,225	\$23,368	\$703	\$6,074	
	Allocated PILs	\$7,637	\$6,336	\$707	\$595	\$0	\$0	
	Allocated Debt Return	\$68,922	\$57,178	\$6,377	\$5,367	\$0	\$0	
	Allocated Equity Return	\$76,745	\$63,668	\$7,101	\$5,976	\$0	\$0	
	Total	\$1,284,847	\$1,119,276	\$88,187	\$62,266	\$782	\$14,335	

Scenario 3

Minimum System Customer Costs Adjusted for PLCC - High Limit Fixed Customer Charge

USoA Account #	Accounts	Total	1 Residential	2 GS <50	3 GS>50-Regular	7 Street Light	9 Unmetered Scattered Load	
	Distribution Plant							
1565	Conservation and Demand Management	\$0	\$0	\$0	\$0	\$0	\$0	CDMPP
1830	Expenditures and Recoveries	\$0	\$0	\$0	\$0	\$0	\$0	#N/A
	Poles, Towers and Fixtures	\$0	\$0	\$0	\$0	\$0	\$0	BCP
	Poles, Towers and Fixtures - Subtransmission Bulk	\$0	\$0	\$0	\$0	\$0	\$0	
1830-3	Delivery	\$0	\$0	\$0	\$0	\$0	\$0	
1830-4	Poles, Towers and Fixtures - Primary	\$1,905,794	\$1,476,630	\$103,929	\$15,248	\$297,812	\$12,174	PNCP
1830-5	Poles, Towers and Fixtures - Secondary	\$476,448	\$372,135	\$26,192	\$0	\$75,054	\$3,068	SNCP
1835	Overhead Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	#N/A
	Overhead Conductors and Devices -	\$0	\$0	\$0	\$0	\$0	\$0	BCP
1835-3	Subtransmission Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	
1835-4	Overhead Conductors and Devices - Primary	\$566,051	\$438,583	\$30,869	\$4,529	\$88,455	\$3,616	PNCP
1835-5	Overhead Conductors and Devices - Secondary	\$141,513	\$110,530	\$7,779	\$0	\$22,292	\$911	SNCP
1840	Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0	#N/A
1840-3	Underground Conduit - Bulk Delivery	\$0	\$0	\$0	\$0	\$0	\$0	BCP
1840-4	Underground Conduit - Primary	\$1,162,473	\$900,697	\$63,393	\$9,301	\$181,656	\$7,426	PNCP
1840-5	Underground Conduit - Secondary	\$129,164	\$100,885	\$7,101	\$0	\$20,347	\$832	SNCP
1845	Underground Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0	#N/A
	Underground Conductors and Devices - Bulk	\$0	\$0	\$0	\$0	\$0	\$0	BCP
1845-3	Delivery	\$0	\$0	\$0	\$0	\$0	\$0	
1845-4	Underground Conductors and Devices - Primary	\$362,507	\$280,875	\$19,769	\$2,900	\$56,648	\$2,316	PNCP
								SNCP
1845-5	Underground Conductors and Devices - Secondary	\$3,662	\$2,860	\$201	\$0	\$577	\$24	
1850	Line Transformers	\$2,180,786	\$1,690,642	\$118,992	\$16,238	\$340,975	\$13,939	LTNCP
1855	Services	\$465,542	\$410,535	\$43,342	\$0	\$8,280	\$3,385	CWCS
1860	Meters	\$1,719,942	\$1,426,875	\$159,138	\$133,929	\$0	\$0	CWMC
1880	IFRS Placeholder Asset Account	\$0	\$0	\$0	\$0	\$0	\$0	0
	Sub-total	\$9,113,882	\$7,211,246	\$580,704	\$182,146	\$1,092,095	\$47,690	
	Accumulated Amortization							
	Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	(\$3,996,839)	(\$3,118,997)	(\$229,220)	(\$43,442)	(\$581,014)	(\$24,166)	
	Customer Related Net Fixed Assets	\$5,117,042	\$4,092,250	\$351,484	\$138,704	\$511,081	\$23,524	
	Allocated General Plant Net Fixed Assets	\$498,434	\$398,612	\$34,237	\$13,511	\$49,783	\$2,291	

Customer Related NFA Including General Plant							
	\$5,615,476	\$4,490,862	\$385,721	\$152,214	\$560,864	\$25,815	
Misc Revenue							
4082	Retail Services Revenues	(\$25,591)	(\$18,605)	(\$2,596)	(\$3,531)	(\$672)	(\$187) CWNB
4084	Service Transaction Requests (STR) Revenues	(\$800)	(\$582)	(\$81)	(\$110)	(\$21)	(\$6) CWNB
4090	Electric Services Incidental to Energy Sales	\$0	\$0	\$0	\$0	\$0	\$0 CWNB
4220	Other Electric Revenues	\$0	\$0	\$0	\$0	\$0	\$0 NFA
4225	Late Payment Charges	(\$55,000)	(\$38,095)	(\$4,920)	(\$11,519)	(\$180)	(\$287) LPHA
4235	Miscellaneous Service Revenues	\$0	\$0	\$0	\$0	\$0	\$0 CWNB
Sub-total		(\$81,391)	(\$57,282)	(\$7,596)	(\$15,160)	(\$874)	(\$479)
Operating and Maintenance							
5005	Operation Supervision and Engineering	\$18,195	\$14,234	\$1,037	\$119	\$2,687	\$117 1815-1855
5010	Load Dispatching	\$0	\$0	\$0	\$0	\$0	\$0 1815-1855
5020	Overhead Distribution Lines and Feeders - Operation Labour	\$11,280	\$8,754	\$616	\$72	\$1,765	\$72 1830 & 1835
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	\$3,603	\$2,796	\$197	\$23	\$564	\$23 1830 & 1835
5035	Overhead Distribution Transformers- Operation	\$0	\$0	\$0	\$0	\$0	\$0 1850
5040	Underground Distribution Lines and Feeders - Operation Labour	\$9,347	\$7,247	\$510	\$69	\$1,462	\$60 1840 & 1845
5045	Underground Distribution Lines & Feeders - Operation Supplies & Expenses	\$0	\$0	\$0	\$0	\$0	\$0 1840 & 1845
5055	Underground Distribution Transformers - Operation	\$0	\$0	\$0	\$0	\$0	\$0 1850
5065	Meter Expense	\$0	\$0	\$0	\$0	\$0	\$0 CWMC
5070	Customer Premises - Operation Labour	\$4,701	\$3,642	\$256	\$38	\$735	\$30 CCA
5075	Customer Premises - Materials and Expenses	\$0	\$0	\$0	\$0	\$0	\$0 CCA
5085	Miscellaneous Distribution Expense	\$91,887	\$71,885	\$5,239	\$599	\$13,572	\$593 1815-1855
5090	Underground Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$0	\$0	\$0	\$0 1840 & 1845
5095	Overhead Distribution Lines and Feeders - Rental Paid	\$7,727	\$5,997	\$422	\$49	\$1,209	\$49 1830 & 1835
5096	Other Rent	\$0	\$0	\$0	\$0	\$0	\$0 O&M
5105	Maintenance Supervision and Engineering	\$15,432	\$12,073	\$880	\$101	\$2,279	\$100 1815-1855
5120	Maintenance of Poles, Towers and Fixtures	\$12,034	\$9,339	\$657	\$77	\$1,884	\$77 1830
5125	Maintenance of Overhead Conductors and Devices	\$24,851	\$19,286	\$1,357	\$159	\$3,890	\$159 1835
5130	Maintenance of Overhead Services	\$67,233	\$59,289	\$6,259	\$0	\$1,196	\$489 1855
5135	Overhead Distribution Lines and Feeders - Right of Way	\$23,296	\$18,079	\$1,272	\$149	\$3,646	\$149 1830 & 1835
5145	Maintenance of Underground Conduit	\$0	\$0	\$0	\$0	\$0	\$0 1840
5150	Maintenance of Underground Conductors and Devices	\$0	\$0	\$0	\$0	\$0	\$0 1845
5155	Maintenance of Underground Services	\$13,817	\$12,184	\$1,286	\$0	\$246	\$100 1855
5160	Maintenance of Line Transformers	\$27,505	\$21,323	\$1,501	\$205	\$4,301	\$176 1850
5175	Maintenance of Meters	\$48,178	\$39,969	\$4,458	\$3,752	\$0	\$0 1860
Sub-total		\$379,087	\$306,097	\$25,949	\$5,411	\$39,435	\$2,194
Billing and Collection							
5305	Supervision	\$4,284	\$3,668	\$258	\$265	\$2	\$91 CWNB
5310	Meter Reading Expense	\$166,644	\$153,165	\$10,780	\$2,699	\$0	\$0 CWMR
5315	Customer Billing	\$360,711	\$308,823	\$21,736	\$22,323	\$191	\$7,638 CWNB
5320	Collecting	\$43,983	\$37,656	\$2,650	\$2,722	\$23	\$931 CWNB
5325	Collecting- Cash Over and Short	\$0	\$0	\$0	\$0	\$0	\$0 CWNB
5330	Collection Charges	\$6,630	\$5,676	\$400	\$410	\$4	\$140 CWNB
5335	Bad Debt Expense	\$6,000	\$1,639	\$521	\$3,839	\$0	\$0 BDHA
5340	Miscellaneous Customer Accounts Expenses	\$0	\$0	\$0	\$0	\$0	\$0 CWNB
Sub-total		\$588,252	\$510,627	\$36,345	\$32,259	\$220	\$8,801
Sub Total Operating, Maintenance and Billing		\$967,339	\$816,724	\$62,294	\$37,670	\$39,655	\$10,995
Amortization Expense - Customer Related		\$255,316	\$205,010	\$18,496	\$9,537	\$21,337	\$937
Amortization Expense - General Plant assigned to Meters		\$70,431	\$56,326	\$4,838	\$1,909	\$7,035	\$324
Admin and General		\$692,939	\$583,251	\$45,198	\$27,557	\$29,292	\$7,641
Allocated PILs		\$26,166	\$20,926	\$1,797	\$709	\$2,613	\$120
Allocated Debt Return		\$236,136	\$188,845	\$16,220	\$6,401	\$23,585	\$1,086
Allocated Equity Return		\$262,940	\$210,281	\$18,061	\$7,127	\$26,262	\$1,209
PLCC Adjustment for Line Transformer		\$63,417	\$58,271	\$4,106	\$561	\$0	\$479
PLCC Adjustment for Primary Costs		\$147,956	\$135,871	\$9,580	\$1,388	\$0	\$1,117
PLCC Adjustment for Secondary Costs		\$43,101	\$39,952	\$2,776	\$0	\$0	\$374
Total		\$2,175,402	\$1,789,989	\$142,846	\$73,801	\$148,905	\$19,862

Below: Grouping to avoid disclosure

Scenario 1

Accounts included in Avoided Costs Plus General Administration Allocation

Accounts	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
Distribution Plant						
CWMC	\$ 1,719,942	\$ 1,426,875	\$ 159,138	\$ 133,929	\$ -	\$ -
Accumulated Amortization						
Accum. Amortization of Electric Utility Plant - Meters only	\$ (226,409)	\$ (187,830)	\$ (20,949)	\$ (17,630)	\$ -	\$ -
Meter Net Fixed Assets	\$ 1,493,533	\$ 1,239,045	\$ 138,190	\$ 116,299	\$ -	\$ -
Misc Revenue						
CWNB	\$ (26,391)	\$ (19,187)	\$ (2,677)	\$ (3,642)	\$ (693)	\$ (192)

USoA Account #	Accounts	Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load
	<u>Distribution Plant</u>						
	CDMPP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Poles, Towers and Fixtures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	BCP	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	PNCP	\$ 3,996,825	\$ 3,096,784	\$ 217,960	\$ 31,978	\$ 624,571	\$ 25,532
	SNCP	\$ 750,787	\$ 586,410	\$ 41,273	\$ -	\$ 118,269	\$ 4,835
	Overhead Conductors and Devices	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	LTNCP	\$ 2,180,786	\$ 1,690,642	\$ 118,992	\$ 16,238	\$ 340,975	\$ 13,939
	CWCS	\$ 465,542	\$ 410,535	\$ 43,342	\$ -	\$ 8,280	\$ 3,385
	CWMC	\$ 1,719,942	\$ 1,426,875	\$ 159,138	\$ 133,929	\$ -	\$ -
	<u>Sub-total</u>	<u>\$ 9,113,882</u>	<u>\$ 7,211,246</u>	<u>\$ 580,704</u>	<u>\$ 182,146</u>	<u>\$ 1,092,095</u>	<u>\$ 47,669</u>

Accum. Amortization of Electric Utility Plant -Line Transformers, Services and Meters	\$	(3,996,839)	\$	(3,118,997)	\$	(229,220)	\$	(43,442)	\$	(581,014)	\$	(24,166)
Customer Related Net Fixed Assets	\$	5,117,042	\$	4,092,250	\$	351,484	\$	138,704	\$	511,081	\$	23,524
Allocated General Plant Net Fixed Assets	\$	498,434	\$	398,612	\$	34,237	\$	13,511	\$	49,783	\$	2,291
Customer Related NFA Including General Plant	\$	5,615,476	\$	4,490,862	\$	385,721	\$	152,214	\$	560,864	\$	25,815
Misc Revenue												
CWNB	\$	(26,391)	\$	(19,187)	\$	(2,677)	\$	(3,642)	\$	(693)	\$	(192)
NFA	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
LPFA	\$	(55,000)	\$	(38,095)	\$	(4,920)	\$	(11,519)	\$	(180)	\$	(287)
Sub-total	\$	(81,391)	\$	(57,282)	\$	(7,596)	\$	(15,160)	\$	(874)	\$	(479)
Operating and Maintenance												
1815-1855	\$	125,514	\$	98,191	\$	7,156	\$	818	\$	18,539	\$	810
1830 & 1835	\$	45,906	\$	35,626	\$	2,507	\$	294	\$	7,185	\$	294
1850	\$	27,505	\$	21,323	\$	1,501	\$	205	\$	4,301	\$	176
1840 & 1845	\$	9,347	\$	7,247	\$	510	\$	69	\$	1,462	\$	60
CWMC	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
CCA	\$	4,701	\$	3,642	\$	256	\$	38	\$	735	\$	30
O&M	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1830	\$	12,034	\$	9,339	\$	657	\$	77	\$	1,884	\$	77
1835	\$	24,851	\$	19,286	\$	1,357	\$	159	\$	3,890	\$	159
1855	\$	81,050	\$	71,473	\$	7,546	\$	-	\$	1,442	\$	589
1840	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1845	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
1860	\$	48,178	\$	39,969	\$	4,458	\$	3,752	\$	-	\$	-
Sub-total	\$	379,087	\$	306,097	\$	25,949	\$	5,411	\$	39,435	\$	2,194
Billing and Collection												
CWNB	\$	415,608	\$	355,823	\$	25,044	\$	25,720	\$	220	\$	8,801
CWMR	\$	166,644	\$	153,165	\$	10,780	\$	2,699	\$	-	\$	-
BDHA	\$	6,000	\$	1,639	\$	521	\$	3,839	\$	-	\$	-
Sub-total	\$	588,252	\$	510,627	\$	36,345	\$	32,259	\$	220	\$	8,801
Sub Total Operating, Maintenance and Billing	\$	967,339	\$	816,724	\$	62,294	\$	37,670	\$	39,655	\$	10,995
Amortization Expense - Customer Related	\$	255,316	\$	205,010	\$	18,496	\$	9,537	\$	21,337	\$	937
Amortization Expense - General Plant assigned to Meters	\$	70,431	\$	56,326	\$	4,838	\$	1,909	\$	7,035	\$	324
Admin and General	\$	692,939	\$	583,251	\$	45,198	\$	27,557	\$	29,292	\$	7,641
Allocated PILs	\$	26,166	\$	20,926	\$	1,797	\$	709	\$	2,613	\$	120
Allocated Debt Return	\$	236,136	\$	188,845	\$	16,220	\$	6,401	\$	23,585	\$	1,086
Allocated Equity Return	\$	262,940	\$	210,281	\$	18,061	\$	7,127	\$	26,262	\$	1,209
PLCC Adjustment for Line Transformer	\$	63,417	\$	58,271	\$	4,106	\$	561	\$	-	\$	479
PLCC Adjustment for Primary Costs	\$	147,956	\$	135,871	\$	9,580	\$	1,388	\$	-	\$	1,117
PLCC Adjustment for Secondary Costs	\$	43,101	\$	39,952	\$	2,776	\$	-	\$	-	\$	374
Total	\$	2,175,402	\$	1,789,989	\$	142,846	\$	73,801	\$	148,905	\$	19,862