

November 17, 2011

EMAIL, COURIER & RESS

Ontario Energy Board
27th Floor
2300 Yonge Street
Toronto ON M4P 1E4

Attention: Board Secretary

Dear Ms. Walli:

Re: Great Lakes Power Transmission LP - EB-2010-0291 - Revisions to 2012 Revenue Requirement and Updates to Account Balances

We are counsel to Great Lakes Power Transmission LP ("GLPT"). This letter is in response to Board staff's request that GLPT revise its 2012 Revenue Requirement Work Form and provide various 2011 account balances.

GLPT filed its 2012 Revenue Requirement Work Form with the Board as part of GLPT's Settlement Agreement in EB-2010-0291. In its Decision and Order in that proceeding (the "Decision and Order"), the Board stated that, as a result of the Settlement Agreement, GLPT's 2012 Transmission Revenue Requirement "is subject to change based on an adjustment that will be implemented with respect to the Cost of Capital as set out in Section 2.2 and Section 2.3 of the Approved Settlement, for the Cost of Debt and Cost of Equity, respectively." Subsequently, on November 10, 2011, the Board issued Cost of Capital Parameter Updates for 2012 Cost of Service Applications with Rates Effective January 1, 2012 (the "Cost of Capital Update"). Further to the Decision and Order, and to reflect the Cost of Capital Update, GLPT has prepared a revised 2012 Revenue Requirement Work Form, which is attached hereto as Appendix A.

Board staff also requested that GLPT provide the 2011 account balances for the following accounts: (1) Deferral Account 1574 and its subaccounts; (2) Deferral Account 1505; and (3) the two new subaccounts of Deferral Account 1508 approved in the Decision and Order. Those balances are set out below.

1. **Deferral Account 1574:** The forecasted December 31, 2011 balance for Deferral Account 1574 is \$2,125,609. This balance is inclusive of the "Aggregate Regulatory Liability Balance" with an estimated remaining balance of \$1,737,669, and the estimated revenue sufficiency collected in 2011 of \$387,940 that resulted from the use of GLPT's 2010 revenue requirement in the 2011 uniform transmission rate ("UTR"). The forecasted balance includes all amounts to be paid back over the three year term (which has 2 years remaining). As calculated in the spreadsheet attached hereto as Appendix B, the annual payback has increased from \$868,835 to \$1,062,805 in order for GLPT to pay back the 2011 over-collection of \$387,940 over the next two years. These forecasts are

based on the Board-approved revenue requirements and annual payback figures that were used in the 2011 UTR. Although peak load (volume) variances YTD in 2011 have resulted in actual values that differ from the forecast values, such differences have not been and are not expected to be material; therefore, the Board-approved forecast values have been used here.

2. **Deferral Account 1505:** The balance of Deferral Account 1505 will reflect the 5-year disbursal and any activity related to the Third Line Redevelopment retirement. The forecasted December 31, 2011 balance for Deferral Account 1505 is \$2,451,120. This entire balance relates to the 5-year disbursal, as no activity has yet taken place regarding the Third Line project. As noted above, peak load (volume) variances YTD in 2011 have resulted in actual values that differ from the forecast values, but the differences have not been and are not expected to be material, and as a result the Board-approved forecast values have been used here.

With respect to the Third Line project, according to the Settlement Agreement, GLPT is to collect the December 31, 2012 forecasted book value of \$863,369 over a one year period in 2012 (which is to be applied as credits to Deferral Account 1505). When the Third Line project is completed and the existing assets are taken out of service and retired, this account will be debited and any variances between the actual write-off and the forecast amount will be tracked.

3. **Two new subaccounts of Deferral Account 1508:** The two new subaccounts of Deferral Account 1508 related to IFRS. There have been no additions to these subaccounts. GLPT will adopt IFRS in 2012 and will assess the impacts of doing so as 2012 progresses.

Should you have any questions or concerns, please do not hesitate to contact me.

Yours truly,



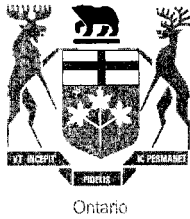
Tyson Dyck

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cc: N. Mikhail, Board Staff
D. Fecteau, GLPT LP
C. Keizer, Torys LLP

APPENDIX A

REVISED 2012 REVENUE REQUIREMENT WORK FORM



REVENUE REQUIREMENT WORK FORM

Name of LDC: (1)
File Number:
Rate Year: Version: 2.11

Table of Content

<u>Sheet</u>	<u>Name</u>
A	<u>Data Input Sheet</u>
1	<u>Rate Base</u>
2	<u>Utility Income</u>
3	<u>Taxes/PILS</u>
4	<u>Capitalization/Cost of Capital</u>
5	<u>Revenue Sufficiency/Deficiency</u>
6	<u>Revenue Requirement</u>
7A	<u>Bill Impacts -Residential</u>
7B	<u>Bill Impacts - GS < 50 kW</u>

Notes:

- (1) Pale green cells represent inputs
- (2) Pale yellow cells represent drop-down lists
- (3) **Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.**
- (4) **Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel format.**

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REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission
 File Number: EB-2010-0291
 Rate Year: 2012

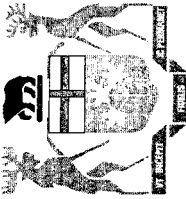
Data Input (1)

	<u>Initial Application</u>		(7)		<u>Per Board Decision</u>
1 Rate Base					
Gross Fixed Assets (average)	\$310,441,837		\$ 310,441,837		\$310,441,837
Accumulated Depreciation (average)	(\$94,181,623) (5)		-\$ 94,181,623		(\$94,181,623)
Allowance for Working Capital:					
Controllable Expenses	\$9,455,625		\$ 9,455,625		\$9,455,625
Cost of Power	\$ -				\$0
Working Capital Rate (%)	5.43%		5.43%		5.43%
2 Utility Income					
Operating Revenues:					
Distribution Revenue at Current Rates	\$35,141,618	(\$387,940)	\$34,753,678	\$0	\$34,753,678
Distribution Revenue at Proposed Rates	\$36,372,546	\$0	\$36,372,546	(\$312,522)	\$36,060,024
Other Revenue:					
Specific Service Charges					
Late Payment Charges					
Other Distribution Revenue					
Other Income and Deductions	\$31,100	\$0	\$31,100	\$0	\$31,100
Operating Expenses:					
OM+A Expenses	\$9,455,625		\$ 9,455,625		\$9,455,625
Depreciation/Amortization	\$8,408,468		\$ 8,408,468		\$8,408,468
Property taxes	\$271,271		\$ 271,271		\$271,271
Capital taxes	\$0		\$0		\$0
Other expenses					
3 Taxes/PILs					
Taxable Income:					
Adjustments required to arrive at taxable income	(\$4,620,253) (3)		(\$4,620,253)		(\$4,620,253)
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$985,922		\$985,922		\$931,295
Income taxes (grossed up)	\$1,336,844		\$1,336,844		\$1,262,773
Capital Taxes	\$ - (6)		\$ - (6)		\$ - (6)
Federal tax (%)	15.00%		15.00%		15.00%
Provincial tax (%)	11.25%		11.25%		11.25%
Income Tax Credits	\$ -		\$ -		\$ -
4 Capitalization/Cost of Capital					
Capital Structure:					
Long-term debt Capitalization Ratio (%)	56.0%		56.0%		56.0%
Short-term debt Capitalization Ratio (%)	4.0% (2)		4.0% (2)		4.0% (2)
Common Equity Capitalization Ratio (%)	40.0%		40.0%		40.0%
Preferred Shares Capitalization Ratio (%)	100.0%		100.0%		100.0%
Cost of Capital					
Long-term debt Cost Rate (%)	6.87%		6.87%		6.87%
Short-term debt Cost Rate (%)	2.43%		2.43%		2.08%
Common Equity Cost Rate (%)	9.66%		9.66%		9.42%
Preferred Shares Cost Rate (%)					

Notes:

Data inputs are required on on this Sheet A. Data Input Sheet, and on Sheets 7A and 7B, for Bill IMPacts. Data on this input sheet complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the data. Notes should be put on the applicable pages to

- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- (2) 4.0% unless an Applicant has proposed or been approved for another amount.
- (3) Net of addbacks and deductions to arrive at taxable income.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) Not applicable as of July 1, 2010
- (7) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.



Ontario

REVENUE REQUIREMENT WORK FORM

Name of LDC: Great Lakes Power Transmission LP

File Number: EB-2010-0291

Rate Year: 2012

Version: 2.11

Line No.	Particulars	Initial Application	Rate Base	Per Board Decision
1	Gross Fixed Assets (average) (3)	\$310,441,837	\$310,441,837	\$310,441,837
2	Accumulated Depreciation (average) (3)	(\$94,181,623)	(\$94,181,623)	(\$94,181,623)
3	Net Fixed Assets (average) (3)	\$216,260,214	\$216,260,214	\$216,260,214
4	Allowance for Working Capital (1)	\$513,799	\$513,799	\$513,799
5	Total Rate Base	\$216,774,013	\$216,774,013	\$216,774,013

Allowance for Working Capital - Derivation				
6	Controllable Expenses	\$9,455,625	\$9,455,625	\$9,455,625
7	Cost of Power	\$-	\$-	\$-
8	Working Capital Base	\$9,455,625	\$9,455,625	\$9,455,625
9	Working Capital Rate % (2)	5.43%	5.43%	5.43%
10	Working Capital Allowance	\$513,799	\$513,799	\$513,799

Notes

- (2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
- (3) Average of opening and closing balances for the year.



REVENUE REQUIREMENT WORK FORM
 Name of LDC: Great Lakes Power Transmission LP
 File Number: EB-2010-0291
 Rate Year: 2012

Version: 2.11

Utility income

Line No.	Particulars	Initial Application		Per Board Decision
Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)	\$36,372,546	\$0	\$36,060,024
2	Other Revenue	(1) \$31,100	(\$62,200)	\$31,100
3	Total Operating Revenues	\$36,403,646	(\$62,200)	\$36,091,124
Operating Expenses:				
4	OM+A Expenses	\$9,455,625	\$-	\$9,455,625
5	Depreciation/Amortization	\$8,408,468	\$-	\$8,408,468
6	Property taxes	\$271,271	\$-	\$271,271
7	Capital taxes	\$-	\$-	\$-
8	Other expense	\$-	\$-	\$-
9	Subtotal (lines 4 to 8)	\$18,135,364	\$-	\$18,135,364
10	Deemed Interest Expense	\$8,555,290	\$-	\$8,524,942
11	Total Expenses (lines 9 to 10)	\$26,690,654	\$-	\$26,660,306
12	Utility income before income taxes	\$9,712,992	(\$62,200)	\$9,430,818
13	Income taxes (grossed-up)	\$1,336,844	\$-	\$1,262,773
14	Utility net income	\$8,376,148	(\$62,200)	\$8,168,045
Notes				
(1)	Other Revenues / Revenue Offsets			
	Specific Service Charges	\$-	\$-	\$-
	Late Payment Charges	\$-	\$-	\$-
	Other Distribution Revenue	\$-	\$-	\$-
	Other Income and Deductions	\$31,100	\$-	\$31,100
	Total Revenue Offsets	\$31,100	\$-	\$31,100



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP
 File Number: EB-2010-0291
 Rate Year: 2012

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$8,376,148	\$8,376,148	\$8,168,045
2	Adjustments required to arrive at taxable utility income	(\$4,620,253)	(\$4,620,253)	(\$4,620,253)
3	Taxable income	<u>\$3,755,895</u>	<u>\$3,755,895</u>	<u>\$3,547,792</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	\$985,922	\$985,922	\$931,295
5	Capital taxes	\$ - (1)	\$ - (1)	\$ - (1)
6	Total taxes	<u>\$985,922</u>	<u>\$985,922</u>	<u>\$931,295</u>
7	Gross-up of Income Taxes	<u>\$350,922</u>	<u>\$350,922</u>	<u>\$331,478</u>
8	Grossed-up Income Taxes	<u>\$1,336,844</u>	<u>\$1,336,844</u>	<u>\$1,262,773</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$1,336,844</u>	<u>\$1,336,844</u>	<u>\$1,262,773</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.25%	11.25%	11.25%
13	Total tax rate (%)	<u>26.25%</u>	<u>26.25%</u>	<u>26.25%</u>

Notes

(1) Capital Taxes not applicable after July 1, 2010 (i.e. for 2011 and later test years)



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP

File Number: EB-2010-0291

Rate Year: 2012

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio	Cost Rate	Return	
Initial Application					
		(%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	56.00%	\$121,393,447	6.87%	\$8,344,586
2	Short-term Debt	4.00%	\$8,670,961	2.43%	\$210,704
3	Total Debt	60.00%	\$130,064,408	6.58%	\$8,555,290
Equity					
4	Common Equity	40.00%	\$86,709,605	9.66%	\$8,376,148
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$86,709,605	9.66%	\$8,376,148
7	Total	100.00%	\$216,774,013	7.81%	\$16,931,438

		(%)	(\$)	(%)	(\$)
Debt					
1	Long-term Debt	56.00%	\$121,393,447	6.87%	\$8,344,586
2	Short-term Debt	4.00%	\$8,670,961	2.43%	\$210,704
3	Total Debt	60.00%	\$130,064,408	6.58%	\$8,555,290
Equity					
4	Common Equity	40.00%	\$86,709,605	9.66%	\$8,376,148
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$86,709,605	9.66%	\$8,376,148
7	Total	100.00%	\$216,774,013	7.81%	\$16,931,438

Per Board Decision					
		(%)	(\$)	(%)	(\$)
Debt					
8	Long-term Debt	56.00%	\$121,393,447	6.87%	\$8,344,586
9	Short-term Debt	4.00%	\$8,670,961	2.08%	\$180,356
10	Total Debt	60.00%	\$130,064,408	6.55%	\$8,524,942
Equity					
11	Common Equity	40.00%	\$86,709,605	9.42%	\$8,168,045
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	40.00%	\$86,709,605	9.42%	\$8,168,045
14	Total	100.00%	\$216,774,013	7.70%	\$16,692,986

Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.



REVENUE REQUIREMENT WORK FORM
 Name of LDC: Great Lakes Power Transmission LP
 File Number: EB-2010-0291
 Rate Year: 2012

Version: 2.11

Revenue Sufficiency/Deficiency

Line No.	Particulars	Initial Application		Per Board Decision			
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$1,230,928		\$1,618,868		\$1,306,346
2	Distribution Revenue	\$35,141,618	\$35,141,618	\$34,753,678	\$34,753,678	\$34,753,678	\$34,753,678
3	Other Operating Revenue	\$31,100	\$31,100	\$31,100	\$31,100	\$31,100	\$31,100
	Offsets - net						
4	Total Revenue	\$35,172,718	\$36,403,646	\$34,784,778	\$36,403,646	\$34,784,778	\$36,091,124
5	Operating Expenses	\$18,135,364	\$18,135,364	\$18,135,364	\$18,135,364	\$18,135,364	\$18,135,364
6	Deemed Interest Expense	\$8,555,290	\$8,555,290	\$8,555,290	\$8,555,290	\$8,524,942	\$8,524,942
	Total Cost and Expenses	\$26,690,654	\$26,690,654	\$26,690,654	\$26,690,654	\$26,660,306	\$26,660,306
7	Utility Income Before Income Taxes	\$8,482,064	\$9,712,992	\$8,094,124	\$9,712,992	\$8,124,472	\$9,430,818
8	Tax Adjustments to Accounting Income per 2009 PILs	(\$4,620,253)	(\$4,620,253)	(\$4,620,253)	(\$4,620,253)	(\$4,620,253)	(\$4,620,253)
9	Taxable Income	\$3,861,811	\$5,092,739	\$3,473,871	\$5,092,739	\$3,504,219	\$4,810,565
10	Income Tax Rate	26.25%	26.25%	26.25%	26.25%	26.25%	26.25%
11	Income Tax on Taxable Income	\$1,013,725	\$1,336,844	\$911,891	\$1,336,844	\$919,858	\$1,262,773
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	\$7,468,339	\$8,376,148	\$7,182,233	\$8,376,148	\$7,204,615	\$8,168,045
14	Utility Rate Base	\$216,774,013	\$216,774,013	\$216,774,013	\$216,774,013	\$216,774,013	\$216,774,013
	Deemed Equity Portion of Rate Base	\$86,709,605	\$86,709,605	\$86,709,605	\$86,709,605	\$86,709,605	\$86,709,605
15	Income/Equity Rate Base (%)	8.61%	9.66%	8.28%	9.66%	8.31%	9.42%
16	Target Return - Equity on Rate Base	9.66%	9.66%	9.66%	9.66%	9.42%	9.42%
17	Sufficiency/Deficiency in Return on Equity	-1.05%	0.00%	-1.38%	0.00%	-1.11%	0.00%
18	Indicated Rate of Return	7.39%	7.81%	7.26%	7.81%	7.26%	7.70%
19	Requested Rate of Return on Rate Base	7.81%	7.81%	7.81%	7.81%	7.70%	7.70%
20	Sufficiency/Deficiency in Rate of Return	-0.42%	0.00%	-0.55%	0.00%	-0.44%	0.00%
21	Target Return on Equity	\$8,376,148	\$8,376,148	\$8,376,148	\$8,376,148	\$8,168,045	\$8,168,045
22	Revenue Deficiency/(Sufficiency)	\$907,809	\$ -	\$1,193,915	\$0	\$963,430	\$ -
23	Gross Revenue Deficiency/(Sufficiency)	\$1,230,928 (1)		\$1,618,868 (1)		\$1,306,346 (1)	

Notes:

(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)



REVENUE REQUIREMENT WORK FORM

Version: 2.11

Name of LDC: Great Lakes Power Transmission LP
 File Number: EB-2010-0291
 Rate Year: 2012

Revenue Requirement

Line No.	Particulars	Application		Per Board Decision
1	OM&A Expenses	\$9,455,625	\$9,455,625	\$9,455,625
2	Amortization/Depreciation	\$8,408,468	\$8,408,468	\$8,408,468
3	Property Taxes	\$271,271	\$271,271	\$271,271
4	Capital Taxes	\$ -	\$ -	\$ -
5	Income Taxes (Grossed up)	\$1,336,844	\$1,336,844	\$1,262,773
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$8,555,290	\$8,555,290	\$8,524,942
	Return on Deemed Equity	\$8,376,148	\$8,376,148	\$8,168,045
8	Distribution Revenue Requirement before Revenues	<u>\$36,403,646</u>	<u>\$36,403,646</u>	<u>\$36,091,124</u>
9	Distribution revenue	\$36,372,546	\$36,372,546	\$36,060,024
10	Other revenue	\$31,100	\$31,100	\$31,100
11	Total revenue	<u>\$36,403,646</u>	<u>\$36,403,646</u>	<u>\$36,091,124</u>
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$ - (1)</u>	<u>\$0 (1)</u>	<u>\$ - (1)</u>

Notes

(1) Line 11 - Line 8

APPENDIX B
SPREADSHEET REGARDING DEFERRAL ACCOUNTS

EB-2010-0291 Great Lakes Power Transmission (GLPT)

Reference: OEB Decision and Order dated Feb 2, 2011

Approved Charge Determinant (MW)

	Network	Line Connection	Transformation Connection
	3,954,620	2,937,438	985,415

A **Approved 2012 Rev Req** **36,060,024**

Pre-Change Period

B	Current Approved Rev Req	35,141,618
C	Rev Req Effective Jan 1, 2011	34,753,678
D = C - B	Forecast 2011 Over-collected Revenue	(387,940)

E Forecast Dec 31, 2010 Balance in 1574 2,606,504
 F Less: 2011 Annual Disposition (868,835)
 D Add: Forecast 2011 Over-collected Revenue 387,940
 Forecast Dec 31, 2011 Balance in 1574 2,125,609
Remaining Annual Disposition of 1574 1,062,805

To be disposed over 2 years with appropriate interest

I Forecast Dec 31, 2010 Balance in 1505 3,063,900
 J Less: 2011 Annual Disposition (612,780)
 K = I + J Forecast Dec 31, 2011 Balance in 1505 2,451,120
Remaining Annual Disposition of 1505 612,780

To be disposed over 4 years, with appropriate interest

A	Rates Rev Req for UTR effective Jan 1 2012	
H	Approved 2012 rev req	36,060,024
L	Less Account 1574 annual disposition	(1,062,805)
M	Less Account 1505 annual disposition	(612,780)
	Add Collection of Third Line Write-off	863,369
	2012 Rates Rev Req =	35,247,808

N = A+H+L+M