



**CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.**

1500 Bishop Street, P.O. Box 1060, Cambridge, ON N1R 5X6

February 15, 2012

Ms. Kirsten Walli, Board Secretary  
Ontario Energy Board  
P.O Box 2319  
2300 Yonge Street  
Toronto, Ontario  
M4P 1E4

**Dear Ms. Walli:**

**Re: Cambridge and North Dumfries Hydro Inc.  
Quarterly Report On The Implementation Of The New CIS/Billing System  
EB-2009-0260**

In accordance with the Board's Decision regarding Cambridge and North Dumfries Hydro Inc. 2010 Cost of Service Rate Application (EB-2009-0260), we have been reporting on a quarterly basis as to the status of our CIS/Billing System and the associated variance account. Our last such letter was submitted on November 3, 2011 for the period July to September 2011. In the report attached to the letter, we stated that the go-live date of the system was May 9, 2011 and that the balance as of September 30, 2011 in account 2425, Other Deferred Credits, Sub-account: Over-Recovery of Capital Expenditures variance account was \$123,773.00.

While the status of the new billing system has not changed, as part of our year end verification process, we have determined that the amounts reported in the variance account in our previous reports were incorrect. The revenue requirement does not decrease as a result of the removal of the \$1.85 million of capital expenditures, or when the actual capital expenditures of \$1,016,037 are entered into the models, but rather increases, because of the impact of 100% CCA taken on computer software. The variance account is a debit balance, indicating that customers owe a balance of \$99,181.51 as of December 31, 2011 and as explained in more detail below. We had recorded the transactions under the mistaken assumption that the revenue requirement had decreased. Please see the table below that indicates the derivation of the differences in revenue requirement under both scenarios.

2010 Service Revenue Requirement for the Forecasted CIS Expenditures					
	A	B	B-A=C		
	AS FILED				
	With	Without			
	CIS/Billing	CIS/Billing	Difference		
	System	System			
OM&A Expenses	10,032,108	10,032,108	-		
Amortization Expenses	6,384,985	6,199,985	(185,000)		
Total Distribution Expenses	16,417,093	16,232,093	(185,000)		
Regulated Return On Capital	7,167,215	7,110,448	(56,767)		
Capital Taxes	67,581	66,957	(624)		
PILs	1,039,587	1,368,546	328,959		
<b>Service Revenue Requirement</b>	<b>24,691,476</b>	<b>24,778,044</b>	<b>86,568</b>		
Brackets indicate a decrease in revenue requirement, no brackets an increase. The amount to be added to customers revenue for 2010 is \$86,568 from May 01, 2010 to April 30, 2011, or \$7,214 per month.					

2010 Service Revenue Requirement for the Forecasted CIS Expenditures					
	A	D	D-A=E		
	AS FILED				
	With	With			
	CIS/Billing	\$1,016,037			
	System	actual costs	Difference		
OM&A Expenses	10,032,108	10,032,108	-		
Amortization Expenses	6,384,985	6,301,589	(83,396)		
Total Distribution Expenses	16,417,093	16,333,697	(83,396)		
Regulated Return On Capital	7,167,215	7,141,625	(25,590)		
Capital Taxes	67,581	67,300	(281)		
PILs	1,039,587	1,165,649	126,062		
<b>Service Revenue Requirement</b>	<b>24,691,476</b>	<b>24,708,271</b>	<b>16,795</b>		
Brackets indicate a decrease in revenue requirement, no brackets an increase. The amount to be added to customers revenue beginning May 1, 2011 and beyond is \$16,795, or \$1,400 per month.					

The balance in account 2425 at December 31, 2011 is a debit (owing from customers) of \$99,181.51, comprised of \$86,568 (12 months recovery of \$7,214 per month for the period May 1, 2010 to April 30, 2011) and \$11,200 (8 months recovery of \$1,400 per month for the period May 1, 2011 to December 31, 2011) plus carrying charges of \$1,413.51. Please see the spreadsheet below for the monthly calculations.

Calculation of Principle and Carrying Charges In Variance Account 2425 to December 31, 2011							
Year: 2010		Principle		Approved Interest rate	Interest		Total Variance
		Amount	Cumulative		Monthly	Cumulative	
January		\$0.00	\$0.00	0.55%	\$0.00	\$0.00	\$0.00
February		\$0.00	\$0.00	0.55%	\$0.00	\$0.00	\$0.00
March		\$0.00	\$0.00	0.55%	\$0.00	\$0.00	\$0.00
April		\$0.00	\$0.00	0.55%	\$0.00	\$0.00	\$0.00
May		\$7,214.00	\$7,214.00	0.55%	\$0.00	\$0.00	\$7,214.00
June		\$7,214.00	\$14,428.00	0.55%	\$3.31	\$3.31	\$14,431.31
July		\$7,214.00	\$21,642.00	0.89%	\$10.70	\$14.01	\$21,656.01
August		\$7,214.00	\$28,856.00	0.89%	\$16.05	\$30.06	\$28,886.06
September		\$7,214.00	\$36,070.00	0.89%	\$21.40	\$51.46	\$36,121.46
October		\$7,214.00	\$43,284.00	1.20%	\$36.07	\$87.53	\$43,371.53
November		\$7,214.00	\$50,498.00	1.20%	\$43.28	\$130.81	\$50,628.81
December		\$7,214.00	\$57,712.00	1.20%	\$50.50	\$181.31	\$57,893.31
Year: 2011							
January		\$7,214.00	\$64,926.00	1.47%	\$70.70	\$252.01	\$65,178.01
February		\$7,214.00	\$72,140.00	1.47%	\$79.53	\$331.54	\$72,471.54
March		\$7,214.00	\$79,354.00	1.47%	\$88.37	\$419.91	\$79,773.91
April		\$7,214.00	\$86,568.00	1.47%	\$97.21	\$517.12	\$87,085.12
May		\$1,400.00	\$87,968.00	1.47%	\$106.05	\$623.17	\$88,591.17
June		\$1,400.00	\$89,368.00	1.47%	\$107.76	\$730.93	\$90,098.93
July		\$1,400.00	\$90,768.00	1.47%	\$109.48	\$840.41	\$91,608.41
August		\$1,400.00	\$92,168.00	1.47%	\$111.19	\$951.60	\$93,119.60
September		\$1,400.00	\$93,568.00	1.47%	\$112.91	\$1,064.50	\$94,632.50
October		\$1,400.00	\$94,968.00	1.47%	\$114.62	\$1,179.12	\$96,147.12
November		\$1,400.00	\$96,368.00	1.47%	\$116.34	\$1,295.46	\$97,663.46
December		\$1,400.00	\$97,768.00	1.47%	\$118.05	\$1,413.51	\$99,181.51

The monthly charge of \$1,400 plus carrying charges will continue to be added to this variance account until the next rebasing period.

Please see the table below that shows the basis upon which the quarterly reporting had been made, including the balance in the account of \$123,773 as of September 30, 2011.

Calculation of Principle and Carrying Charges In Variance Account 2425							
Original Calculation and Reporting							
Year: 2010	Principle		Approved	Interest		Total Variance	
	Amount	Cumulative	Interest rate	Monthly	Cumulative		
January	\$0.00	\$0.00	0.55%	\$0.00	\$0.00	\$0.00	
February	\$0.00	\$0.00	0.55%	\$0.00	\$0.00	\$0.00	
March	\$0.00	\$0.00	0.55%	\$0.00	\$0.00	\$0.00	
April	\$0.00	\$0.00	0.55%	\$0.00	\$0.00	\$0.00	
May	(\$7,214.00)	(\$7,214.00)	0.55%	\$0.00	\$0.00	(\$7,214.00)	
June	(\$7,214.00)	(\$14,428.00)	0.55%	(\$3.31)	(\$3.31)	(\$14,431.31)	
July	(\$7,214.00)	(\$21,642.00)	0.89%	(\$10.70)	(\$14.01)	(\$21,656.01)	
August	(\$7,214.00)	(\$28,856.00)	0.89%	(\$16.05)	(\$30.06)	(\$28,886.06)	
September	(\$7,214.00)	(\$36,070.00)	0.89%	(\$21.40)	(\$51.46)	(\$36,121.46)	
October	(\$7,214.00)	(\$43,284.00)	1.20%	(\$36.07)	(\$87.53)	(\$43,371.53)	
November	(\$7,214.00)	(\$50,498.00)	1.20%	(\$43.28)	(\$130.81)	(\$50,628.81)	
December	(\$7,214.00)	(\$57,712.00)	1.20%	(\$50.50)	(\$181.31)	(\$57,893.31)	
Year: 2011							
January	(\$7,214.00)	(\$64,926.00)	1.47%	(\$70.70)	(\$252.01)	(\$65,178.01)	
February	(\$7,214.00)	(\$72,140.00)	1.47%	(\$79.53)	(\$331.54)	(\$72,471.54)	
March	(\$7,214.00)	(\$79,354.00)	1.47%	(\$88.37)	(\$419.91)	(\$79,773.91)	
April	(\$7,214.00)	(\$86,568.00)	1.47%	(\$97.21)	(\$517.12)	(\$87,085.12)	
May	(\$7,214.00)	(\$93,782.00)	1.47%	(\$106.05)	(\$623.17)	(\$94,405.17)	
June	(\$7,214.00)	(\$100,996.00)	1.47%	(\$114.88)	(\$738.05)	(\$101,734.05)	
July	(\$7,214.00)	(\$108,210.00)	1.47%	(\$123.72)	(\$861.77)	(\$109,071.77)	
August	(\$7,214.00)	(\$115,424.00)	1.47%	(\$132.56)	(\$994.33)	(\$116,418.33)	
September	(\$7,214.00)	(\$122,638.00)	1.47%	(\$141.39)	(\$1,135.72)	<b>(\$123,773.72)</b>	

Unless otherwise notified, we will continue to report in this matter on a quarterly basis as per the Board Decision. Should you require any additional information or clarification, please contact me at 519.621.8405 ext. 2355.

Two copies of this letter have been forwarded to your attention via courier and this letter has been filed in RESS.

Yours truly,

**CAMBRIDGE & NORTH DUMFRIES HYDRO INC.**

*Original signed by John Grotheer*

John W. Grotheer, CMA  
President & CEO