

March 19, 2012

Kirsten Walli
Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge St., 27th Floor
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: Norfolk Power Distribution Inc.
2012 Electricity Distribution Revenue Requirement and Rates
Board File No. EB-2011-0272**

Norfolk Power Distribution Inc (Norfolk) submitted a draft Rate Order on March 8, 2012 in accordance with the Board's Decision with Reasons issued February 14, 2012. Norfolk has received comments on the draft Rate Order from Board Staff and Energy Probe. In the response below, Norfolk has addressed the comments from both parties. In some instances the issues raised have required changes to the draft Rate Order and Norfolk has submitted a revised draft Rate Order with this letter.

BOARD STAFF

Board staff provided five comments which have been reproduced below followed by Norfolk's response.

1) Board staff notes that the Proposed Tariff of Rates and Charges includes Retail Transmission Rates that are not consistent with those filed in the Settlement Agreement accepted by the Board. Board staff submits that Norfolk Power should either correct or explain this discrepancy.

Response:

Norfolk has revised the draft Rate Order to reflect the Retail Transmission Rates found in Section 8.2, page 37 of the Settlement Agreement accepted by the Board.

2) Board staff also notes that the Rate Rider for LRAM recovery for the Residential class also does not correspond to the Rate Rider shown in the Settlement Agreement accepted by the Board. Board staff submits that Norfolk Power should either correct or explain this discrepancy.

Response:

Norfolk notes the Rate Rider for LRAM recovery for the Residential class is consistent with the Rate Rider provided in Section 10.1, page 43 of the Settlement Agreement accepted by the Board.

Norfolk notes that Appendix I of the Settlement Agreement shows an incorrect Rate Rider for LRAM recovery for the Residential class, as it omits one decimal place.

Norfolk submits the correct Rate Rider is the one provided in Section 10.1, page 43 of the Settlement Agreement, which has been included in the draft Rate Order.

3) Board staff also notes that the Rate Rider for Deferral/Variance Account Disposition (2012) for the USL class is \$0.0001 on the Tariff Sheet submitted in the draft Rate Order while on page 40 of the Settlement Agreement this amount is shown as -\$0.0001. Board staff submits that Norfolk Power should either correct or explain this discrepancy.

Response:

Norfolk agrees the correct Rate Rider for Deferral/Variance Account Disposition for USL class is -\$0.0001, as found on page 40 of the Settlement Agreement accepted by the Board. Norfolk has revised the draft Rate Order accordingly.

4) Board staff further notes that draft Rate Order shows the bill impacts for the Residential and General Service <50 kW classes in the RRWF, but does not show the impacts on the remaining classes. Board staff submits that Norfolk Power should provide the bill impacts for the remaining classes.

Response:

Norfolk has provided the bill impacts for all classes as Appendix A to this letter.

5) Board staff submits that, as the Revenue Requirement was adjusted to account for the new cost of capital parameters, Norfolk Power provide a revised PILS calculation (Appendix F of the Settlement Agreement) that corresponds to the rates included in the draft Rate Order.

Response:

Norfolk has provided the revised PILS calculation as requested as Appendix B to this letter.

ENERGY PROBE

Energy Probe, in its letter dated March 9, 2012, noted the adjustments to the revenue to cost ratios as agreed to in section 7.1 of the Settlement Agreement, and requested confirmation that these adjustments were made in the calculation of the rates after adjustment for the cost of capital parameters issued by the Board on March 2, 2012.

Response:

Norfolk confirms the appropriate adjustments to the revenue to cost ratios have been made. The starting revenue to cost ratios calculated in the model have changed slightly due to the change in revenue requirement. The revenue to cost ratio for the General Service > 50kW class has been moved up to 80%, which is the bottom of the Board approved range. Norfolk has provided the following table containing the adjusted revenue to cost ratios.

Class	Revenue Requirement - 2012 Cost Allocation Model	2012 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2012 Cost Allocation Model	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2012 Cost Allocation Model	Proposed Revenue to Cost Ratio
Residential	7,563,717	7,482,419	363,242	7,845,661	103.7%	103.7%	103.7%
GS < 50 kW	2,037,460	2,164,382	94,138	2,258,520	110.8%	110.8%	109.9%
GS > 50	2,263,172	1,733,574	63,171	1,796,744	79.4%	79.4%	80.0%
Sentinel Lights	53,629	46,277	2,773	49,050	91.5%	91.5%	91.5%
Street Lighting	198,559	162,144	9,246	171,390	86.3%	86.3%	86.3%
USL	17,432	32,820	1,116	33,936	194.7%	194.7%	109.9%
Embedded Distributor	36,886	15,503	51	15,554	42.2%	42.2%	100.0%
TOTAL	12,170,855	11,637,118	533,737	12,170,855	100.0%	100.0%	

Class	Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue	Board Target Low	Board Target High
Residential	7,845,661	363,242	7,482,419	85%	115%
GS < 50 kW	2,238,182	94,138	2,144,044	80%	120%
GS > 50	1,810,537	63,171	1,747,367	80%	120%
Sentinel Lights	49,050	2,773	46,277	80%	120%
Street Lighting	171,390	9,246	162,144	70%	120%
USL	19,149	1,116	18,033	80%	120%
Embedded Distributor	36,886	51	36,835	80%	120%
TOTAL	12,170,855	533,737	11,637,118		

Consistent with the responses above, Norfolk has made the appropriate changes to its draft Rate Order, which it submits with this letter.

Sincerely,

A handwritten signature in blue ink, appearing to read "B Randall". The signature is fluid and cursive, with the first name "Brad" and last name "Randall" clearly distinguishable.

Brad Randall, P.Eng
President & CEO
Norfolk Power Distribution Inc.

Appendix A Bill Impact by Customer Class

Residential

Consumption 800 kWh

	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1 Monthly Service Charge	monthly	\$ 20.7700	1	\$ 20.77	\$ 20.7700	1	\$ 20.77	\$ -	0.00%
2 Smart Meter Rate Adder	monthly	\$ 1.0000	1	\$ 1.00	\$ -	1	\$ -	\$ -1.00	-100.00%
3 Service Charge Rate Adder(s)	monthly		1	\$ -		1	\$ -	\$ -	
4 Service Charge Rate Rider(s)	monthly		1	\$ -	\$ 1.0300	1	\$ 1.03	\$ 1.03	
5 Distribution Volumetric Rate	per kWh	\$ 0.0190	800	\$ 15.20	\$ 0.0217	800	\$ 17.36	\$ 2.16	14.21%
6 Low Voltage Rate Adder	per kWh	\$ 0.0007	800	\$ 0.56	\$ 0.0009	800	\$ 0.72	\$ 0.16	28.57%
7 Volumetric Rate Adder(s)			800	\$ -		800	\$ -	\$ -	
8 Volumetric Rate Rider(s)			800	\$ -		800	\$ -	\$ -	
9 Smart Meter Disposition Rider	monthly		800	\$ -		800	\$ -	\$ -	
10 LRAM & SSM Rate Rider	per kWh	\$ 0.0023	800	\$ 1.84	\$ 0.0000	800	\$ 0.03	\$ -1.81	-98.26%
11 Deferral/Variance Account Disposition Rate Rider	per kWh	-\$ 0.0044	800	-\$ 3.52	\$ 0.0003	800	\$ 0.24	\$ 3.76	-106.82%
12 Rate Rider for Tax Change	per kWh	-\$ 0.0006	800	-\$ 0.48		800	\$ -	\$ 0.48	-100.00%
13 Z Factor	per kWh			\$ -	\$ -	800	\$ -	\$ -	
14 PP&E Rider				\$ -		800	\$ -	\$ -	
15 PILS Rate Rider				\$ -	\$ 0.0006	800	\$ 0.48	\$ 0.48	
16 Sub-Total A - Distribution				\$ 35.37			\$ 40.63	\$ 5.26	14.88%
17 RTSR - Network	per kWh	\$ 0.0066	844.8	\$ 5.58	\$ 0.0069	845.12	\$ 5.83	\$ 0.26	4.59%
18 RTSR - Line and Transformation Connection		\$ 0.0041	844.8	\$ 3.46	\$ 0.0036	845.12	\$ 3.04	\$ -0.42	-12.16%
19 Sub-Total B - Delivery (including Sub-Total A)				\$ 44.41			\$ 49.51	\$ 5.10	11.48%
20 Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	844.8	\$ 4.39	\$ 0.0052	845.12	\$ 4.39	\$ 0.00	0.04%
21 Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	844.8	\$ 1.10	\$ 0.0011	845.12	\$ 0.93	\$ -0.17	-15.35%
22 Special Purpose Charge			844.8	\$ -		845.12	\$ -	\$ -	
23 Standard Supply Service Charge	per kWh	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24 Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	800	\$ 5.60	\$ 0.0070	800	\$ 5.60	\$ -	0.00%
25 Energy	per kWh		844.8	\$ -		845.12	\$ -	\$ -	
26 Energy	per kWh	\$ 0.0790	244.8	\$ 19.34	\$ 0.0790	244.8	\$ 19.34	\$ -	0.00%
27 Energy	per kWh	\$ 0.0680	600	\$ 40.80	\$ 0.0680	600	\$ 40.80	\$ -	0.00%
28 Total Bill (before Taxes)				\$ 115.89			\$ 120.82	\$ 4.93	4.25%
29 HST		13%		\$ 15.07	13%		\$ 15.71	\$ 0.64	4.25%
30 Total Bill (including Sub-total B)				\$ 130.96			\$ 136.53	\$ 5.57	4.25%
31 Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 13.10	-10%		-\$ 13.65	-\$ 0.55	4.20%
32 Total Bill (including OCEB)				\$ 117.86			\$ 122.88	\$ 5.02	4.26%
33 Loss Factor (%)	Note 1		5.60%			5.64%			

General Service < 50 kW

Consumption 2000 kWh

	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1 Monthly Service Charge	monthly	\$ 49.7400	1	\$ 49.74	\$ 49.7400	1	\$ 49.74	\$ -	0.00%
2 Smart Meter Rate Adder	monthly	\$ 1.0000	1	\$ 1.00	\$ -	1	\$ -	\$ -1.00	-100.00%
3 Service Charge Rate Adder(s)	monthly		1	\$ -		1	\$ -	\$ -	
4 Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5 Distribution Volumetric Rate	per kWh	\$ 0.0139	2000	\$ 27.80	\$ 0.0155	2000	\$ 31.00	\$ 3.20	11.51%
6 Low Voltage Rate Adder	per kWh	\$ 0.0006	2000	\$ 1.20	\$ 0.0008	2000	\$ 1.60	\$ 0.40	33.33%
7 Volumetric Rate Adder(s)			2000	\$ -		2000	\$ -	\$ -	
8 Volumetric Rate Rider(s)			2000	\$ -		2000	\$ -	\$ -	
9 Smart Meter Disposition Rider	monthly		2000	\$ -	\$ 4.3500	1	\$ 4.35	\$ 4.35	
10 LRAM & SSM Rider	per kWh	\$ 0.0007	2000	\$ 1.40	\$ 0.0001	2000	\$ 0.20	\$ -1.20	-85.71%
11 Deferral/Variance Account Disposition Rate Rider	per kWh	\$ -0.0045	2000	\$ -9.00	\$ -0.0002	2000	\$ -0.40	\$ 8.60	-95.56%
12 Rate Rider for Tax Change	per kWh	\$ -0.0004	2000	\$ -0.80		2000	\$ -	\$ 0.80	-100.00%
13 Z Factor	per kWh			\$ -		2000	\$ -	\$ -	
14 PP&E Rider				\$ -		2000	\$ -	\$ -	
15 PILS Rate Rider				\$ -	\$ 0.0004	2000	\$ 0.80	\$ 0.80	
16 Sub-Total A - Distribution				\$ 71.34			\$ 87.29	\$ 15.95	22.36%
17 RTSR - Network	per kWh	\$ 0.0060	2112	\$ 12.67	\$ 0.0063	2112.8	\$ 13.31	\$ 0.64	5.04%
18 RTSR - Line and Transformation Connection	per kWh	\$ 0.0036	2112	\$ 7.60	\$ 0.0031	2112.8	\$ 6.55	\$ -1.05	-13.86%
19 Sub-Total B - Delivery (including Sub-Total A)				\$ 91.62			\$ 107.15	\$ 15.54	16.96%
20 Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	2112	\$ 10.98	\$ 0.0052	2112.8	\$ 10.99	\$ 0.00	0.04%
21 Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	2112	\$ 2.75	\$ 0.0011	2112.8	\$ 2.32	\$ -0.42	-15.35%
22 Special Purpose Charge			2112	\$ -		2112.8	\$ -	\$ -	
23 Standard Supply Service Charge	per kWh	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24 Debt Retirement Charge (DRC)		\$ 0.0070	2000	\$ 14.00	\$ 0.0070	2000	\$ 14.00	\$ -	0.00%
25 Energy	per kWh	\$ 0.0680	600	\$ 40.80	\$ 0.0680	600	\$ 40.80	\$ -	0.00%
26 Energy	per kWh	\$ 0.0790	1512	\$ 119.45	\$ 0.0790	1512	\$ 119.45	\$ -	0.00%
27				\$ -			\$ -	\$ -	
28 Total Bill (before Taxes)				\$ 279.84			\$ 294.96	\$ 15.12	5.40%
29 HST		13%		\$ 36.38	13%		\$ 38.34	\$ 1.97	5.40%
30 Total Bill (including Sub-total B)				\$ 316.22			\$ 333.30	\$ 17.08	5.40%
31 Ontario Clean Energy Benefit (OCEB)		-10%		\$ -31.62	-10%		\$ -33.33	\$ -1.71	5.41%
32 Total Bill (including OCEB)				\$ 284.60			\$ 299.97	\$ 15.37	5.40%
33 Loss Factor	(1)		5.60%			5.64%			

GENERAL SERVICE > 50 kW

		2011 BILL			2012 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption	Monthly Service Charge			244.38			244.38	0.00	0.00%	6.01%
30,000 kWh	Distribution (kW)	100	3.6285	362.85	100	3.9413	394.13	31.28	8.62%	9.69%
100 kW	Tax Change Rider	100	(0.0589)	(5.89)	100	0.0000	0.00	5.89	(100.00%)	0.00%
	Low Voltage Rider (kW)	100	0.2622	26.22	100	0.3050	30.50	4.28	16.32%	0.75%
	Smart Meter Adder/Rider (per month)			1.00			(0.10)			
	LRAM & SSM Rider (kW)	100	0.1090	10.90	100	0.0003	0.03	(10.87)	(99.76%)	0.00%
	GEA Plan (per month) Adder						0.00	0.00	#DIV/0!	0.00%
	Deferral & Variance Acct (kW)	100	(2.1576)	(215.76)	100	(0.2616)	(26.16)	189.60	(87.88%)	(0.64%)
	Distribution Sub-Total			423.70			642.78	220.18	51.97%	16.81%
	Retail Transmission (kW)	100	3.8688	386.88	100	3.8006	380.06	(6.82)	(1.76%)	9.35%
	Delivery Sub-Total			810.58			1,022.84	213.36	26.32%	25.16%
	Other Charges (kWh)	31,680	0.0131	415.92	31,680	0.0129	409.50	(6.42)	(1.54%)	10.07%
	Cost of Power Commodity (kWh)	31,680	0.0684	2,165.96	31,680	0.0684	2,165.96	0.00	0.00%	53.27%
	Total Bill Before Taxes			3,392.46			3,698.30	206.94	6.10%	88.50%
	GST		13.00%	441.02		13.00%	467.78	26.76	6.07%	11.50%
	Total Bill			3,833.48			4,066.08	233.70	6.10%	100.00%

Unmetered Scattered

		2011 BILL			2012 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Consumption	Monthly Service Charge			26.55			15.42	(11.13)	(41.90%)	20.00%
500 kWh	Distribution (kW)	500	0.0149	7.45	500	0.0087	4.35	(3.10)	(41.61%)	5.64%
	Tax Change Rider	500	(0.0007)	-0.35	500	0.0000	0.00	0.35	(100.00%)	0.00%
	Low Voltage Rider (kW)	500	0.0006	0.30	500	0.0008	0.40	0.10	33.55%	#DIV/0!
	LRAM & SSM Rider (kW)	500	0.0000	0.00	500	0.0000	0.00	0.00	#DIV/0!	0.00%
	GEA Plan (per month) Adder			0.00			0.00	0.00	#DIV/0!	0.00%
	Deferral & Variance Acct (kW)	500	(0.0050)	(2.50)	500	0.0004	0.20	2.70	(108.00%)	0.26%
	Distribution Sub-Total			31.45			20.38	(11.07)	(35.21%)	26.41%
	Retail Transmission (kWh)	528	0.0096	5.07	528	0.0094	4.96	(0.11)	(2.08%)	6.43%
	Delivery Sub-Total			36.52			25.34	-11.18	(30.62%)	32.85%
	Other Charges (kWh)	528	0.0131	6.93	528	0.0129	6.83	(0.11)	(1.54%)	8.85%
	Cost of Power Commodity (kWh)	528	0.0684	36.10	528	0.0684	36.10	0.00	0.00%	46.80%
	Total Bill Before Taxes			79.56			68.26	-11.18	(14.06%)	88.50%
	GST		13.00%	10.34		13.00%	8.87	(1.47)	(14.19%)	11.50%
	Total Bill			89.89			77.14	-12.65	(14.07%)	100.00%

Sentinel Lighting

		2011 BILL			2012 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Billing 1 Connect 135.00 kWh 0.30 kW	Monthly Service Charge			6.15			6.50	0.35	5.73%	22.68%
	Distribution (kW)	0.3	18.2916	5.49	0.3	19.3402	5.80	0.31	5.73%	22.68%
	Tax Change Rider	0.3	(1.2663)	(0.38)	0.3	0.0000	0.00	0.38	(100.00%)	20.24%
	Low Voltage Rider (kW)	0.3	0.2024	0.06	0.3	0.2407	0.07	0.01	18.92%	0.25%
	LRAM & SSM Rider (kW)	0.3	0.0000	0.00	0.3	0.0000	0.00	0.00	#DIV/0!	0.00%
	GEA Plan (per month) Adder			0.00			0.00	0.00	#DIV/0!	0.00%
	Deferral & Variance Acct (kW)	0.3	(1.2486)	(0.37)	0	1.7636	0.53	0.90	(241.25%)	1.85%
	Distribution Sub-Total			10.94			12.91	1.96	17.93%	67.70%
	Retail Transmission (kW)	0.3	2.9771	0.89	0.3	2.9197	0.88	(0.02)	(1.93%)	3.06%
	Delivery Sub-Total			11.84			13.78	1.94	16.43%	48.07%
	Other Charges (kWh)	143	0.0131	1.87	143	0.0129	1.84	(0.03)	(1.54%)	6.43%
	Cost of Power Commodity (kWh)	143	0.0684	9.75	143	0.0684	9.75	0.00	0.00%	34.00%
	Total Bill Before Taxes			23.46			25.37	1.92	8.17%	88.50%
	GST		13.00%	3.05		13.00%	3.30	0.25	8.17%	11.50%
	Total Bill			26.50			28.67	2.17	8.17%	100.00%

Street Lighting

		2011 BILL			2012 BILL			IMPACT		
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %	% of Total Bill
Billing 1 Connect 65.00 kWh 0.20 kW	Monthly Service Charge			1.85			1.96	0.11	5.74%	17.86%
	Distribution (kW)	0.2	6.9907	1.40	0.2	7.3914	1.48	0.08	5.73%	13.49%
	Tax Change Rider	0.2	(1.2663)	(0.25)	0.2	0.0000	0.00			
	Low Voltage Rider (kW)	0.2	0.1999	0.04	0.2	0.2358	0.05	0.01	17.95%	0.43%
	LRAM & SSM Rider (kW)	0.2	0.0000	0.00	0.2	0.0000	0.00	0.00	#DIV/0!	0.00%
	GEA Plan (per month) Adder			0.00			0.00	0.00	#DIV/0!	0.00%
	Deferral & Variance Acct (kW)	0.2	(1.5276)	-0.31	0.2	0.2731	0.05	0.36	(117.88%)	0.50%
	Distribution Sub-Total			2.73			3.54	0.55	20.28%	32.28%
	Retail Transmission (kW)	0.2	2.9448	0.59	0.2	2.8899	0.58	(0.01)	(1.86%)	5.28%
	Delivery Sub-Total			3.32			4.11	0.54	16.35%	37.56%
	Other Charges (kWh)	69	0.0131	0.90	69	0.0129	0.89	(0.01)	(1.54%)	8.10%
	Cost of Power Commodity (kWh)	69	0.0684	4.69	69	0.0684	4.69	0.00	0.00%	42.84%
	Total Bill Before Taxes			8.91			9.69	0.53	5.93%	88.50%
	GST		13.00%	1.16		13.00%	1.26	0.10	8.77%	11.50%
	Total Bill			10.07			10.95	0.63	6.26%	100.00%

Appendix B Revised PILS Calculation

CCA Continuity Schedule (2012)

Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV	UCC Bridge Year Opening Balance	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	24,424,343	0	0	24,424,343	0	0	24,424,343	0	24,424,343	4%	976,974	23,447,369
2	Distribution System - pre 1988	0	0	0	0	0	0	0	0	0	6%	0	0
6	Buildings (No footings below ground)	0	0	0	0	0	0	0	0	0	10%	0	0
8	General Office/Stores Equip	882,389	0	0	882,389	91,365	0	973,754	45,683	928,071	20%	185,614	788,139
10	Computer Hardware/ Vehicles	474,741	0	0	474,741	120,955	0	595,696	60,478	535,218	30%	160,565	435,130
10.1	Certain Automobiles	0	0	0	0	0	0	0	0	0	30%	0	0
12	Computer Software	5,000	0	0	5,000	134,918	0	139,918	67,459	72,459	100%	72,459	67,459
3		2,550,011	0	0	2,550,011	0	0	2,550,011	0	2,550,011	5%	127,501	2,422,510
		0	0	0	0	0	0	0	0	0		0	0
13.3	Lease # 3	0	0	0	0	0	0	0	0	0		0	0
13.4	Lease # 4	0	0	0	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	8,920	0	0	8,920	0	0	8,920	0	8,920	45%	4,014	4,906
50	Computers & Systems Hardware acq'd post Mar 19/07	40,343	0	0	40,343	40,000	0	80,343	20,000	60,343	55%	33,189	47,154
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	24,814,769			24,814,769	3,504,680	0	28,319,449	1,752,440	26,567,209	8%	2,125,377	26,194,272
	SUB-TOTAL - UCC	53,200,516	0	0	53,200,516	3,892,118	0	57,092,634	1,946,059	55,146,575		3,685,693	53,406,941
CEC	Goodwill	0	0	0	0								
CEC	Land Rights	0	0	0	0								
CEC	FMV Bump-up	0	0	0	0								
	SUB-TOTAL - CEC	0	0	0	0								

Cumulative Eligible Capital Calculation			
Cumulative Eligible Capital			191,616
<u>Additions:</u>			
Cost of Eligible Capital Property Acquired during the year	0		
Other Adjustments	0		
Subtotal	$0 \times 3/4 =$	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday December 31, 2002	$0 \times 1/2 =$	0	
		0	191,616
Amount transferred on amalgamation or wind-up of subsidiary	0		0
Subtotal			191,616
<u>Deductions:</u>			
Projected proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during the year			
Other Adjustments	0		
Subtotal	$0 \times 3/4 =$	0	191,616
Cumulative Eligible Capital Balance			191,616
CEC Deduction	7%		13,413
Cumulative Eligible Capital - Closing Balance			178,203

CONTINUITY OF RESERVES FOR 2012

Description	Adjusted Utility Balance	Additions	Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0			0	0	
Tax Reserves Not Deducted for accounting purposes						
Reserve for doubtful accounts ss. 20(1)(l)	0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0			0	0	
Other tax reserves	0			0	0	
Total	0	0	0	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)						
General Reserve for Inventory Obsolescence (non-specific)	0			0	0	
General reserve for bad debts	0			0	0	
Accrued Employee Future Benefits:	0			0	0	
- Medical and Life Insurance	0			0	0	
- Short & Long-term Disability	0			0	0	
- Accumulated Sick Leave	0			0	0	
- Termination Cost	0			0	0	
- Other Post-Employment Benefits	945,200	90,500		1,035,700	90,500	
Provision for Environmental Costs	0			0	0	
Restructuring Costs	0			0	0	
Accrued Contingent Litigation Costs	0			0	0	
Accrued Self-Insurance Costs	0			0	0	
Other Contingent Liabilities	0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0			0	0	
Other	952,575			952,575	0	
Total	1,897,775	90,500	0	1,988,275	90,500	0

Determination of Tax Adjustments to Accounting Income for 2012

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	2,407,405	0	2,407,405
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121		0	0
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	0	0	0
Reserves from financial statements- balance at end of year	126	1,988,275	0	1,988,275
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Other Additions (Apprenticeship Tax Credits)	295	22,000	0	22,000
Total Additions		4,417,680	0	4,417,680

Determination of Tax Adjustments to Accounting Income for 2012

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Deductions:				
Gain on disposal of assets per financial statements	401		0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	3,685,693	0	3,685,693
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	13,413	0	13,413
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	1,897,775	0	1,897,775
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Other Deductions	394	0	0	0
Total Deductions		5,596,881	0	5,596,881
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		(1,179,201)	0	(1,179,201)

2012 Capital Taxes			2012 PILs Schedule			2012 Total Taxes	
Description	OCT	LCT	Description	Source or Input	Tax Payable	Description	Tax Payable
Total Rate Base	59,453,947	59,453,947	Accounting Income	10' Rev Def	2,439,200	Total PILs	270,320
Exemption	-15,000,000	0	Tax Adj to Accounting Income	10' Rev Def	(1,179,201)	Net Capital Tax Payable	-
Deemed Taxable Capital	44,453,947	59,453,947	Taxable Income		1,259,998	PILs including Capital Taxes	270,320
Rate	0.000%	0.000%	Combined Income Tax Rate	PILs Rates	23.200%		
Gross Tax Payable	0	0	Total Income Taxes		292,320		
Surtax	0	0	Investment Tax Credits				
Net Capital Tax Payable	0	0	Apprentice Tax Credits		22,000		
			Other Tax Credits				
			Total PILs		270,320		