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April 9, 2012

Michael R. Buonaguro
34 King Street East, Suite 1102
Toronto, Ontario M5C 2X8
Canada

Dear Sir:

**Re: VECC Interrogatories
2012 Electricity Distribution Rates
Atikokan Hydro Inc.
Board File No. EB-2011-0293**

Atikokan Hydro Inc. is pleased to submit its responses to Procedural Order 2 for Board Staff and VECC Interrogatories regarding EB-2011-0293 Cost of Service study.

The Application includes the following Exhibits:

Atikokan_Hydro_suppl_IRs_Bd_staff_20120409.pdf

Atikokan_CoS 2012_ Rev Reqt Work Form_BrdStf 78.xls

AtiAtikokan_IRR_Bdstaff_Cos 2012_EDDVAR_Continuity_Schedule_IRR_2nd_Roundf_70.xls

VECC_IR_Atkikokan_20120409.pdf

These responses have been filed electronically with the Board today and two (2) paper copies will be delivered to the Board Secretary.

If you require further information please contact me.

Regards,

A handwritten signature in cursive script that reads "Wilf Thorburn".

**Wilf Thorburn
CEO Secretary/Treasurer
Atikokan Hydro Inc.**

ATIKOKAN HYDRO INC. (Atikokan)
2012 RATE APPLICATION (EB-2011-0293)

VECC INTERROGATORIES (ROUND #2)

LOAD FORECAST

1. Reference: OEB #10

- a) Please Indicate whether or not Atikokan is proposing to change its customer count forecast (from that presented in the original application) and, correspondingly, its forecast of both purchased power and usage by class for 2011 and 2012.
- b) If yes, please update tables 3-6 and 3-9 through 3-18 from the original application.

Response:

- a) Atikokan is not proposing to change its customer count forecast (from that presented in the original application) and, correspondingly, its forecast of both purchased power and usage by class for 2011 and 2012.
- b) Not applicable

2. Reference: VECC #7 a) and c)

- Please provide the Q1 and Q2 2011 CDM Status Reports for Atikokan.
- Based on the results reported in these status reports please estimate the savings achieved by April 31, 2011 from Atikokan's 2011 CDM programs.

Response

- Q1 2011 CDM Status Reports for Atikokan

Initiative Detail

Table 3 identifies the participation and resource savings results for each initiative, grouped by Program. All Resource Savings are Net and Presented are at the End-User Level.

Table 3: Initiative and Program Level Savings

#	Initiative	Activity			Net Peak Demand Savings (MW)			Net Energy Savings (MWh)			Program-to-Date Cumulative Towards 2014 Target
		Unit	Incremental (Current Quarter)	Program-to-Date (2011-to-Date)	Incremental (Current Quarter)	YTD Incremental (2011-to-Date)	Program-to-Date Annual Towards 2014 Target	Incremental (Current Quarter)	YTD Incremental (2011-to-Date)		
Consumer Program											
1	Appliance Retirement	Appliances	0	0	0.00	0.00	0.00	0	0	0	
2	Appliance Exchange	Appliances	0	0	0.00	0.00	0.00	0	0	0	
3	HVAC Incentives	Equipment	0	0	0.00	0.00	0.00	0	0	0	
4	Conservation Instant Coupon Booklet	Items	0	0	0.00	0.00	0.00	0	0	0	
5	31 Annual Retailer Event	Items	0	0	0.00	0.00	0.00	0	0	0	
6	Residential Demand Response	Devices	0	0	0.00	0.00	0.00	0	0	0	
7	Microstream Electronics	Items	0	0	0.00	0.00	0.00	0	0	0	
8	Microstream Pool Equipment	Items	0	0	0.00	0.00	0.00	0	0	0	
9	Residential New Construction	Houses	0	0	0.00	0.00	0.00	0	0	0	
Consumer Program Total					0.00	0.00	0.00	0	0	0	
Business Program											
10	Electricity Retrofit Incentive	Items	0	0	0.00	0.00	0.00	0	0	0	
11	Direct Installed Lighting	Items	0	0	0.00	0.00	0.00	0	0	0	
12	Direct Service Space Cooling	Equipment	0	0	0.00	0.00	0.00	0	0	0	
13	Building Commissioning	Buildings	0	0	0.00	0.00	0.00	0	0	0	
14	New Construction	Buildings	0	0	0.00	0.00	0.00	0	0	0	
15	Small Commercial Demand Response	Devices	0	0	0.00	0.00	0.00	0	0	0	
16	Demand Response 1	Facilities	0	0	0.00	0.00	0.00	0	0	0	
17	Demand Response 2	Facilities	0	0	0.00	0.00	0.00	0	0	0	
Business Program Total					0.00	0.00	0.00	0	0	0	
Industrial Program											
18	Process & System Upgrades	Projects	0	0	0.00	0.00	0.00	0	0	0	
19	Monitoring & Targeting	Projects	0	0	0.00	0.00	0.00	0	0	0	
20	Energy Manager	Managers	0	0	0.00	0.00	0.00	0	0	0	
21	Industrial Electricity Retrofit	Measures	0	0	0.00	0.00	0.00	0	0	0	
22	Demand Response 1	Projects	0	0	0.00	0.00	0.00	0	0	0	
23	Demand Response 2	Projects	0	0	0.00	0.00	0.00	0	0	0	
Industrial Program Total					0.00	0.00	0.00	0	0	0	
Low-Income Consumer Program											
24	All Incentives	Items	0	0	0.00	0.00	0.00	0	0	0	
Low-Income Consumer Total					0.00	0.00	0.00	0	0	0	
Portfolio Total					0.00	0.00	0.00	0	0	0	

There was no activity in Q1 2011

ii. Q2 2011 CDM Status Reports for Atikokan

Initiative Detail: Atikokan Hydro Inc.

All results are NET and presented at the end-user level

Table 3: Initiative and Program Level Savings Atikokan Hydro Inc.

Table 3: Initiative and Program Level Savings

#	Initiative	Activity			Net Peak Demand Savings (kW)			Net Energy Savings (kWh)		
		Unit	Incremental (Current Quarter)	Program-to-Date:	Incremental (Current Quarter)	YTD Incremental (2011-to-Date)	Program-to-Date: projected annual savings in 2014	Incremental (Current Quarter)	YTD Incremental (2011-to-Date)	Program-to-Date: projected cumulative savings in 2014
Consumer Program										
1	Appliance Retirement	Appliances	0	0	0.0	0.0	0.0	0	0	0
2	Appliance Exchange	Appliances								
3	HVAC Incentives	Equipment	0	0	0.0	0.0	0.0	0	0	0
4	Conservation Instant Coupon Booklet	Items								
5	Bi-Annual Retailer Event	Items								
6	Residential Demand Response	Devices	0	0	0.0	0.0	0.0	0	0	0
7	Midstream Electronics	Items	0	0	0.0	0.0	0.0	0	0	0
8	Midstream Pool Equipment	Items	0	0	0.0	0.0	0.0	0	0	0
9	Residential New Construction	Houses	0	0	0.0	0.0	0.0	0	0	0
Consumer Program Total					0.0	0.0	0.0	0	0	0
Business Program										
10	Electricity Retrofit Incentive	Items								
11	Direct Installed Lighting	Items	0	0	0.0	0.0	0.0	0	0	0
12	Direct Service Space Cooling	Equipment	0	0	0.0	0.0	0.0	0	0	0
13	Building Commissioning	Buildings	0	0	0.0	0.0	0.0	0	0	0
14	New Construction	Buildings	0	0	0.0	0.0	0.0	0	0	0
15	Small Commercial Demand Response	Devices	0	0	0.0	0.0	0.0	0	0	0
16	Demand Response 1	Facilities	0	0	0.0	0.0	0.0	0	0	0
17	Demand Response 3	Facilities	0	0	0.0	0.0	0.0	0	0	0
Business Program Total					0.0	0.0	0.0	0	0	0
Industrial Program										
18	Process & System Upgrades	Projects	0	0	0.0	0.0	0.0	0.0	0	0
19	Monitoring & Targeting	Projects	0	0	0.0	0.0	0.0	0.0	0	0
20	Energy Manager	Managers	0	0	0.0	0.0	0.0	0.0	0	0
21	Industrial Electricity Retrofit	Measures								
22	Demand Response 1	Projects	0	0	0.0	0.0	0.0	0.0	0	0
23	Demand Response 3	Projects	0	0	0	0	0	0	0	0
Industrial Program Total					0	0	0.0	0	0	0
Home Assistance Program										
24	Home Assistance Program	Units	0	0	0.0	0.0	0.0	0	0	0
Home Assistance Program Total					0.0	0.0	0.0	0	0	0
Tier 1 Portfolio Total					0	0	0	0	0	0
Pre-2011 Programs completed in 2011		Projects	0	0	0	0	0.2	469	1,788	7,153

Atikokan Hydro Inc.

OPA Q2 2011 CDM Status Report (Revised)



There was no activity in Q2 of 2011

- b) Based on the results reported in these status reports the savings achieved by April 31, 2011 from Atikokan's 2011 CDM programs is zero.

3. Reference: VECC #8 b)

- a) Using the equation estimated in response to VECC #8 b) please provide a table similar to Table 3-6 in the original Application.

Response:

The following table provides the requested information.

Table 3-6: Total System Purchases Excluding Large Use			
Year	Actual	Predicted	% Difference
Purchased Energy (GWh)			
2003	28.0	28.1	0.5%
2004	29.0	27.4	(5.6%)
2005	27.3	26.6	(2.4%)
2006	24.9	25.8	3.7%
2007	25.7	25.9	1.0%
2008	25.8	25.9	0.1%
2009	25.1	25.4	1.4%
2010	24.1	24.1	(0.1%)
2011 Normalized Bridge		24.8	
2012 Normalized Test		25.0	
2011 Weather Normal - 10 year average		25.0	
2011 Weather Normal - 20 year trend		25.1	

REVENUE OFFSETS

4. Reference: VECC #12

- a) Apart from the revenues from MicroFit charges are there any other revenues that are recorded in Account #4235 and not reported in Table 3-34? If yes, please itemize and provide the values for 2010-2012 inclusive.

Response:

- a) Other than MicroFit charges there are no other revenues recorded in Account #4235 and not reported in Table 3-34.

b) COST ALLOCATION

5. Reference: VECC #21

- a) Please update Table 7-3 from the original application to reflect the results of the revised 2012 cost allocation.
- b) What is the new revenue 2012 deficiency created by reducing the GS<50 revenue to cost ratio to 120%?
- c) What (common) revenue to cost ratio would the GS>50 and Street Light classes need to be increased to in order to eliminate this deficiency (assuming the Residential ratio is unchanged)?
- d) What would be the bill impacts on the GS>50 and Street Light classes if the ratios were adjusted as per part c) above?

Response:

- a) The updated Table 7-3 from the original application to reflect the results of the revised 2012 cost allocation is as follows.

Table 7-3 Revenue to Cost Ratios - (Consistent with Appendix 2-O: Revenue to Cost Ratios)							
Class	2010 IRM Application	2012 Updated Cost Allocation Study	2012 Proposed Ratios	2013 Proposed Ratios	2014 Proposed Ratios	Board Targets Min to Max	
Residential	101.0%	97.3%	97.3%	97.3%%	97.3%	85.0%	115.0%
GS < 50 kW	100.0%	128.8%	120.0%	120.0%	120.0%	80.0%	120.0%
GS > 50 kW	80.0%	89.0%	90.6%	90.6%	90.6%	80.0%	120.0%
Sentinel Lighting	70.0%						
Street Lighting	70.0%	75.8%	90.6%	90.6%	90.6%	70.0%	120.0%
Unmetered Scattered Load	80.0%						

- b) When the GS<50 revenue to cost ratio is reduced to 120% the short fall in revenue is \$25,062.
- c) The common revenue to cost ratio that the GS>50 and Street Light classes would need to be increased to in order to eliminate the short fall in b), assuming the Residential ratio is unchanged is 90.6%. Please note this was the approach used to adjust the revenue to cost ratios from the revised cost allocation study.
- d) The bill impacts on the GS>50 and Street Light classes if the ratios were adjusted as per part c) are provided below.

GENERAL SERVICE > 50 kW

		2011 BILL			2012 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
Consumption	Monthly Service Charge			440.74			607.88	167.14	37.92%
	Distribution (kW)	100	1.7161	171.61	100	2.3684	236.84	65.23	38.01%
	Late Payment Rate Rider			2.51			0.00	(2.51)	(100.00%)
	Smart Meter Rider (per month)			3.50			3.50	0.00	0.00%
	LRAM & SSM Rider (kW)	0		0.00	0	0.0000	0.00	0.00	#DIV/0!
	Stranded Meter Rider (per month)			0.00			0.39	0.39	#DIV/0!
	Deferral & Variance Acct (kW)	100	(0.6885)	(68.85)	100	0.0000	0.00	68.85	(100.00%)
	Distribution Sub-Total			549.51			848.61	299.10	54.43%
	Retail Transmission (kW)	100	3.4465	344.65	100	3.5294689	352.95	8.30	2.41%
	Delivery Sub-Total			894.16			1,201.55	307.39	34.38%
	Other Charges (kWh)	32,259	0.0130	419.68	32,335	0.0128	413.71	(5.97)	(1.42%)
	Cost of Power Commodity (kWh)	32,259	0.0684	2,205.55	32,335	0.0684	2,210.75	5.20	0.24%
	SPC (kWh)	32,259	0.0000	0.00	32,259	0.0000	0.00	0.00	#DIV/0!
	Total Bill Before Taxes			3,519.39			3,826.01	306.62	8.71%
	HST		13.00%	457.52		13.00%	497.38	39.86	8.71%
	Total Bill			3,976.91			4,323.40	346.48	8.71%

GENERAL SERVICE > 50 kW

		2011 BILL			2012 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
Consumption	Monthly Service Charge			440.74			607.88	167.14	37.92%
	Distribution (kW)	250	1.7161	429.03	250	2.3684	592.10	163.08	38.01%
	Late Payment Rate Rider			2.51			0.00	(2.51)	(100.00%)
	Smart Meter Rider (per month)			3.50			3.50	0.00	0.00%
	LRAM & SSM Rider (kW)	0		0.00	0	0.0000	0.00	0.00	#DIV/0!
	Stranded Meter Rider (per month)			0.00			0.39	0.39	#DIV/0!
	Deferral & Variance Acct (kW)	250	(0.6885)	(172.13)	250	0.0000	0.00	172.13	(100.00%)
	Distribution Sub-Total			703.65			1,203.87	500.22	71.09%
	Retail Transmission (kW)	250	3.4465	861.63	250	3.5294689	882.37	20.74	2.41%
	Delivery Sub-Total			1,565.28			2,086.24	520.96	33.28%
	Other Charges (kWh)	80,648	0.0130	1,049.21	80,838	0.0128	1,034.28	(14.93)	(1.42%)
	Cost of Power Commodity (kWh)	80,648	0.0684	5,513.87	80,838	0.0684	5,526.87	13.00	0.24%
	SPC (kWh)	80,648	0.0000	0.00	80,648	0.0000	0.00	0.00	#DIV/0!
	Total Bill Before Taxes			8,128.35			8,647.38	519.03	6.39%
	HST		13.00%	1,056.69		13.00%	1,124.16	67.47	6.39%
	Total Bill			9,185.04			9,771.54	586.50	6.39%

GENERAL SERVICE > 50 kW

		2011 BILL			2012 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
Consumption 100,000 kWh 350 kW	Monthly Service Charge			440.74			607.88	167.14	37.92%
	Distribution (kW)	350	1.7161	600.64	350	2.3684	828.94	228.31	38.01%
	Late Payment Rate Rider			2.51			0.00	(2.51)	(100.00%)
	Smart Meter Rider (per month)			3.50			3.50	0.00	0.00%
	LRAM & SSM Rider (kW)	0		0.00	0	0.0000	0.00	0.00	#DIV/0!
	Stranded Meter Rider (per month)			0.00			0.39	0.39	#DIV/0!
	Deferral & Variance Acct (kW)	350	(0.6885)	(240.98)	350	0.0000	0.00	240.98	(100.00%)
	Distribution Sub-Total			806.41			1,440.71	634.30	78.66%
	Retail Transmission (kW)	350	3.4465	1,206.28	350	3.5294689	1,235.31	29.04	2.41%
	Delivery Sub-Total			2,012.69			2,676.02	663.34	32.96%
	Other Charges (kWh)	107,530	0.0130	1,398.95	107,784	0.0128	1,379.04	(19.91)	(1.42%)
	Cost of Power Commodity (kWh)	107,530	0.0684	7,351.83	107,784	0.0684	7,369.16	17.33	0.24%
	SPC (kWh)	107,530	0.0000	0.00	107,530	0.0000	0.00	0.00	#DIV/0!
	Total Bill Before Taxes			10,763.46			11,424.22	660.76	6.14%
	HST		13.00%	1,399.25		13.00%	1,485.15	85.90	6.14%
Total Bill				12,162.71			12,909.37	746.66	6.14%

GENERAL SERVICE > 50 kW

		2011 BILL			2012 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
Consumption 800,000 kWh 2,000 kW	Monthly Service Charge			440.74			607.88	167.14	37.92%
	Distribution (kW)	2,000	1.7161	3,432.20	2,000	2.3684	4,736.80	1,304.60	38.01%
	Late Payment Rate Rider			2.51			0.00	(2.51)	(100.00%)
	Smart Meter Rider (per month)			3.50			3.50	0.00	0.00%
	LRAM & SSM Rider (kW)	0		0.00	0	0.0000	0.00	0.00	#DIV/0!
	Stranded Meter Rider (per month)			0.00			0.39	0.39	#DIV/0!
	Deferral & Variance Acct (kW)	2,000	(0.6885)	(1,377.00)	2,000	0.0000	0.00	1,377.00	(100.00%)
	Distribution Sub-Total			2,501.95			5,348.57	2,846.62	113.78%
	Retail Transmission (kW)	2,000	3.4465	6,893.00	2,000	3.5294689	7,058.94	165.94	2.41%
	Delivery Sub-Total			9,394.95			12,407.51	3,012.56	32.07%
	Other Charges (kWh)	860,240	0.0130	11,191.56	862,268	0.0128	11,032.29	(159.27)	(1.42%)
	Cost of Power Commodity (kWh)	860,240	0.0684	58,814.61	862,268	0.0684	58,953.28	138.67	0.24%
	SPC (kWh)	860,240	0.0000	0.00	860,240	0.0000	0.00	0.00	#DIV/0!
	Total Bill Before Taxes			79,401.12			82,393.07	2,991.95	3.77%
	HST		13.00%	10,322.15		13.00%	10,711.10	388.95	3.77%
Total Bill				89,723.26			93,104.17	3,380.91	3.77%

Street Lighting

		2011 BILL			2012 BILL			IMPACT	
		Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	Change \$	Change %
Billing Determinants 1 Connections 62.47 kWh 0.17 kW	Monthly Service Charge	1	8.1300	8.13	1	13.4460	13.45	5.32	65.39%
	Distribution (kW)	0	10.0266	1.70	0	16.5828	2.82	1.11	65.39%
	Late Payment Rate Rider			0.00			0.00	0.00	#DIV/0!
	LRAM & SSM Rider (kW)	0		0.00	0	0.0000	0.00	0.00	#DIV/0!
	Deferral & Variance Acct (kW)	0	(0.5742)	0.00	0	0.0000	0.00	0.00	#DIV/0!
	Distribution Sub-Total			9.83			16.27	6.43	65.39%
	Retail Transmission (kW)	0	2.6233	0.00	0	2.6857004	0.00	0.00	#DIV/0!
	Delivery Sub-Total			9.83			16.27	6.43	65.39%
	Other Charges (kWh)	67	0.0130	0.87	67	0.0128	0.86	(0.01)	(1.42%)
	Cost of Power Commodity (kWh)	67	0.0684	4.59	67	0.0684	4.60	0.01	0.24%
	SPC (kWh)	67	0.0000	0.00	67	0.0000	0.00	0.00	#DIV/0!
	Total Bill Before Taxes			15.30			21.73	6.43	42.02%
	HST		13.00%	1.99		13.00%	2.82	0.84	42.02%
Total Bill				17.29			24.55	7.26	42.02%

RATE DESIGN

6. Reference: OEB #21

- a) Is Atikokan now proposing to increase the transformer allowance to \$0.24 / kW or \$0.31 / kW?

Response:

- a) Atikokan is now proposing to increase the transformer allowance to \$0.24 / kW.

7. Reference: OEB #24

- a) Does the response to OEB #24 reflect the updated revenue requirements (per OEB #58)?
- b) Does the response to OEB #24 reflect the results of the updated cost allocation (per VECC #21) and, if so, what is the associated revenue to cost ratio used for Residential for 2012?

Response:

- a) The response to OEB #24 does reflect the updated revenue requirements (per OEB #58)
- b) The response to OEB #24 does reflect the results of the updated cost allocation (per VECC #21) and the associated revenue to cost ratio used for Residential for 2012 is 97.3%

SMART METERS

8. Reference: OEB #40

- a) In reference to the Table shown at (d) of the responses – please provide the installation costs separate from the Total costs for the REX 2 meters for the Residential and (separately) GS <50 class.

Response:

- a) The installation costs separate from the Total costs for the REX 2 meters for the Residential and (separately) GS <50 class are provided in the following table. The installation costs for a residential Rex 2 meter is \$24.49 per meter. The installation costs for a Rex 2 commercial meter is \$24.49. The costs are identical because the same meter is being installed in a similar socket meter base. Atikokan had eliminated “A” base meters and replaced them with socket meters and adapters as a safety issue in the early 1990s, resulting in a less expensive conversion to smart meters for the commercial class of customer during the smart meter installation.

Smart Meter Cost Comparison			
Types of meters - customer classes	Customer count	Cost	Average cost per meter
Total cost of meters including GS>50		506,697.13	
cost GS>50 A3RL meters		17,170.70	
Installation of A3RL meters [>50]		4,897.52	
Total cost or A3RL [GS>50] meters + installation		22,068.22	
Cost GS <50 A3TL meters		33,496.04	
Installation of A3TL meters [<50]		7,421.54	
Total cost or A3TL [GS<50] meters + installation		40,917.58	
Cost of GS<50 Rex 2 meters		40,589.87	
Installations costs of GS <50 Rex 2 meters		3,893.17	
Total cost of commercial Rex 2 meters		44,483.04	
Total Cost of GS<50		85,400.62	
Total Cost of Residential Rex 2 meters		364,287.69	
Installation costs of Residential Rex 2 meters		34,940.61	
Total Cost of Residential Rex 2 meters		399,228.29	
Installation costs of Residential and Commercial Rex 2		38,833.78	
Total cost of residential and Commercial Rex 2 meters [less installation]		404,877.56	
Total cost of residential and Commercial Rex 2 meters [with installation]		443,711.33	
Total number of meters installed	1673		
Total Rex 2 meters installed -residential & commercial	1586		
Total Rex 2 meters installed for Residential	1427		
Total Rex 2 meters installed for GS<50	159		
Total A3TL commercial customers	65		
Total number of GS<50 meters installed	224		
Total A3RL commercial customers GS>50	22		
Installation cost per Rex 2 meter			24.49
Cost / meter for residential & commercial Rex 2 meters			255.28
Total Installed cost per meter for residential Rex 2 meters			279.77
Total Installed cost per meter for GS<50			381.25
Total Installed Cost / meter for GS >50 with A3RL meters			1,003.10
Operating Expenses		224,207.13	
Cost per meter			134.02
Total Cost per meter			
Residential			413.78
GS<50 kW			515.27
GS> 50 kW			1,137.12

DEPRECIATION/AMORTIZATION

9. Reference: OEB # 49

- a) Please provide a table for 2012 if the proposed useful lives of all assets were set to the typical figure from the Kinetrics study. To assist in the response a copy of the IR response to a similar request in EB-2011-0123 is provided below.

EB-2011-0123
Guelph Hydro Electric Systems Inc.
Part 2_ Responses to Energy Probe Interrogatories
Delivered October 11, 2011

Appendix 2-M - Depreciation and Amortization Expense											
2012 Test Year											
Account	Description	Opening Balance	Less Fully Depreciated ⁽¹⁾	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	Depreciation Expense	Average typical useful life of individual components (Kinetrics)	Depreciation using Kinetrics Typical useful lives
		(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + 0.5 x (d) ⁽²⁾	(f)	(g) = 1 / (f)	(h) = (e) / (f)		Difference
1815	Transformer Station Equipment >50 kV	\$9,983,177		\$9,983,177	\$0	\$9,983,177	30	0.03	\$332,779	40	\$349,579
1820	Substation Equipment	\$1,708,887		\$1,708,887	\$0	\$1,708,887	30	0.03	\$56,963	40	\$42,722
1825	Storage Battery Equipment	\$0		\$0	\$0	\$0					
1830	Poles, Towers & Fixtures	\$23,598,735		\$23,598,735	\$1,458,598	\$24,328,034	40	0.03	\$608,201	50	\$486,561
1835	OH Conductors & Devices	\$19,104,801		\$19,104,801	\$1,364,027	\$19,786,814	40	0.03	\$494,670	60	\$329,780
1840	UG Conduit	\$40,546,142		\$40,546,142	\$2,666,116	\$41,879,200	40	0.03	\$1,046,980	40	\$1,046,980
1845	UG Conductors & Devices	\$38,418,577		\$38,418,577	\$2,373,457	\$39,605,304	40	0.03	\$990,133	40	\$990,133
1850	Line Transformers	\$19,221,601		\$19,221,601	\$1,076,643	\$19,759,923	25	0.04	\$790,397	40	\$493,998
1855	Services (OH & UG)	\$7,452,758		\$7,452,758	\$278,723	\$7,592,119	40	0.03	\$189,803	40	\$189,803
1860	Meters	\$14,725,108		\$14,725,108	\$625,000	\$15,037,608	25	0.04	\$601,504	30	\$501,254
1861	Smart Meters			\$0	\$0	\$0	15	0.07	\$0	15	\$0
	Total	\$174,759,786		\$174,759,786	\$9,842,564	\$179,681,068			\$5,111,424		\$4,330,810
											(\$780,634)
Notes:											
⁽¹⁾ This adjusts for assets still on the books but which have been fully amortized or depreciated. ⁽²⁾ Applicable for the standard Board policy of the "half-year" rule, that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.											

Response:

The following table provides the impact on 2012 depreciation if the proposed useful lives of all assets were set to the typical figure from the Kinetrics study.

Account	Description	Average Useful Life of Individual Components assumed in the Application	Depreciation Expense	Average Typical Useful Life of Individual Components (Kinetrics)	Depreciation Using Kinetrics Typical Useful Lives	Difference
1820	Distribution Station Equipment <50 kV	45	\$14,660	50	\$14,353	(\$307)
1830	Poles, Towers & Fixtures	45	\$62,485	45	\$62,485	\$0
1850	Line Transformers	45	\$4,971	40	\$6,789	\$1,818
	Total		\$82,116		\$83,627	\$1,511