

Sioux Lookout Hydro Inc.
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May 4, 2012

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

Re: Sioux Lookout Hydro Inc. - 2012 Smart Meter Cost Recovery Application

Dear Ms. Walli:

Please find attached two (2) hard copies of Sioux Lookout Hydro Inc.'s application for the recovery of its smart meter costs in a stand-alone application as it is currently subject to the Board's 3rd Generation Incentive Regulation Mechanism ("IRM")..

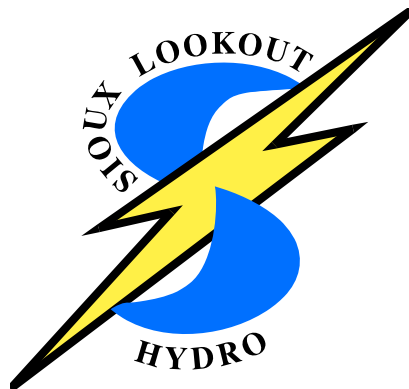
The complete application including Appendices and the Smart Meter Model Version 2.17 in excel format were submitted through the Board's web portal.

If you have any further questions, please do not hesitate to contact me at (807)737-3800 or via email at dkulchyski@tbaytel.net.

Sincerely,

Deanne Kulchyski
Acting President/CEO
Chief Financial Officer

Encl/



2012 SMART METER COST RECOVERY APPLICATION

ED-2002-0514

May 4, 2012

**SIOUX LOOKOUT HYDRO INCORPORATED
25 FIFTH AVENUE, P.O. BOX 908
SIOUX LOOKOUT, ON P8T 1B3**

Manager's Summary

Distributor Profile and Introduction

Sioux Lookout Hydro Inc. (SLHI) is a corporation incorporated pursuant to the Ontario Business Corporations Act. SLHI carries on the business of distributing electricity within the Municipality of Sioux Lookout.

SLHI is currently subject to the Board's 3rd Generation Incentive Regulation Mechanism and is not required to file a cost of service application until its 2013 rate application. Thus, SLHI is submitting a stand-alone Smart Meter Cost Recovery Application in accordance with the board's Smart Meter Funding and Cost Recovery Guideline – Final Disposition G-2011-0001(the "Guideline"). SLHI has utilized the 2012 Smart Meter Model released by Board Staff, version 2.17 in preparing its application, which is attached as Appendix A.

In this application SLHI is applying for recovery of its smart meter costs as at December 31, 2011. The costs up to December 31, 2011 have been audited by an independent auditor, and the audited financial statements are included in this application as Appendix B and were released on March 22, 2012.

The rate riders that have been calculated in this application are as follows and were allocated to the residential and general service less than 50 kW customer classes based on the cost methodology proposed in PowerStream's application EB-2011-0128:

- A Smart Meter Disposition Rider (SMDR) for all capital and operating, maintenance, and administrative (OM&A) expenses for meters installed up to December 31, 2011 of \$1.85 per month per Residential metered customer (charge) and \$2.16 per month per General Service less than 50 kW metered customer (charge) over a 24 month period. The request to collect this over a 24 month period is in keeping with the Stable for the Utility and Stable for the customers "Principles of Rate-Making".
- The Smart Meter Funding Adder (SMFA) has been \$2.91 since 2010 and as can be seen on Sheet 9, SMFA_SMDR_SMIRR, of the Model will approximate \$4.69 per month per metered customer when it is rolled into SLHI's rate base in its 2013 Cost of Service Application (COS). Additionally, the 2013 COS Application will address the cost to cover the "stranded meters" balance.
- A smart meter incremental revenue requirement rate rider (SMIRR) for the revenue requirement for the smart meters installed up to December 31, 2011 in 2012 of \$4.59 per month per Residential metered customer (charge) and \$5.31 per month per General Service less than 50 kW customer (charge) until smart meters are incorporated into SLHI's rate base in its next COS Application which is scheduled for May 1, 2013.

Smart Meter Program Status

As at December 31, 2010 SLHI had completed installation for 100% of its Residential and General Service less than 50 kW customers and expected to implement Time-of-use (TOU) billing in June 2011. The actual implementation of TOU billing was delayed until September 2011.

Procurement of Smart Meters and Installation Services

SLHI, via the Fairness Commissioner, monitored the London Hydro Smart Metering Consortium RFP process, and selected Elster Integrated Solutions, LLC (Elster) as its metering vendor. Following that decision and the formal recognition of the London Hydro process in Regulation 427/06, SLHI selected, via a competitive bid process, Ozz Corporation (Ozz) as its meter installation service provider. Shortly after that decision, Ozz was purchased by Olameter Inc. who then fulfilled the contractual obligations of the installation process. Finally, also through a competitive bid process, SLHI selected TBayTel as its cellular service provider for the backhauling of meter data from the Elster collector units into SLHI's billing system.

SLHI was part of the Northwest Group (Thunder Bay Hydro, Kenora Hydro, Fort Frances Power, Atikokan Hydro and Sioux Lookout Hydro), who contracted with Util-Assist Inc. (Util-Assist) to manage the various smart meter related procurements, develop the overall project plan and to monitor and guide the project through to time-of-use (TOU) bill production.

The Northwest Group contracted with Kinetiq Canada Ltd. (Kinetiq) to prove that the Elster automated metering infrastructure (AMI) system was meeting the provincial standard, to integrate the AMI data with the meter data management repository (MDM/R), to reconcile the meter data sent to the MDM/R matched the data received back to the utility, and finally to automate business processes so as to avoid increasing staffing in the Billing Department.

A copy of the letter from the Fairness Commissioner has been included as Appendix C as support that SLHI is authorized for smart meter activities.

Smart Meter Disposal Rate Rider (SMDR)

In this application, SLHI is seeking to true-up costs related to the 2,675 smart meters installed since inception of the smart meter implementation program up to December 31, 2011.

The table below provides a summary of the actual capital and OM&A costs:

Smart Meter Program Summary: As at December 31, 2011

TOTAL METERS INSTALLED: 2,675							
Rate Filing	2007	2008	2009	2010	2011	TOTAL	TOTAL
Smart Meter Unit Costs (AMI)	\$0.00	\$0.00	\$370,409.03	\$22,059.77	\$0.00	\$392,468.80	\$146.72
Smart Meter Other Unit Costs	\$4,146.89	\$17,305.20	\$101,207.22	\$16,345.59	\$13,087.73	\$152,092.63	\$56.86
Smart Meter Installation Costs Per Unit	\$0.00	\$0.00	\$36,802.85	\$0.00	\$0.00	\$36,802.85	\$13.76
Smart Meter Other Costs Per Unit	\$0.00	\$0.00	\$79,614.24	\$1,685.64	\$0.00	\$81,299.88	\$30.39
Smart Meter Unit Costs						\$662,664.16	\$247.72
AMI Computer Hardware Costs	\$0.00	\$0.00	\$43,199.97	\$7,990.85	\$0.00	\$51,190.82	\$19.14
AMI Computer Software Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Other Computer Hardware Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Other Computer Software Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Computer Hardware/Software Costs						\$51,190.82	\$19.14
Incremental AMI O&M Expenses	\$0.00	\$0.00	\$0.00	\$45,869.76	\$51,744.40	\$97,614.16	\$36.49
Incremental AMI Admin Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Incremental Other O&M Expenses	\$0.00	\$0.00	\$0.00	\$362.40	\$12,033.68	\$12,396.08	\$4.63
Incremental Other Admin Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Incremental OM&A Costs						\$110,010.24	\$41.13
Recoverable Rate Adder Costs:						\$823,865.22	\$315.86
MDM/R Cost:							
TOU Billing Budget	\$0.00	\$6,455.15	\$7,323.16	\$1,218.46	\$6,068.51	\$21,065.28	\$7.87
Total Smart Meter Costs	\$4,146.89	\$23,760.35	\$638,556.47	\$95,532.47	\$82,934.32	\$844,930.50	\$315.86
	2007	2008	2009	2010	2011	TOTAL	
CAPITAL	\$4,146.89	\$23,760.35	\$638,556.47	\$48,697.41	\$13,087.73	\$728,248.85	\$272.24
OPERATING	\$0.00	\$0.00	\$0.00	\$46,835.06	\$69,846.59	\$116,681.65	\$43.62
TOTAL	\$4,146.89	\$23,760.35	\$638,556.47	\$95,532.47	\$82,934.32	\$844,930.50	\$315.86

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Below is a summary of the Original Budgeted costs:

TOTAL METERS BUDGETED TO INSTALL:	2773						
Rate Filing	2007	2008	2009	2010	2011	TOTAL	TOTAL
Smart Meter Unit Costs (AMI)	\$0.00	\$0.00	\$269,624.11	\$2,927.09	\$2,927.09	\$275,478.29	\$99.34
Smart Meter Other Unit Costs	\$0.00	\$13,650.00	\$37,053.94	\$13,650.00	\$0.00	\$64,353.94	\$23.21
Smart Meter Installation Costs Per Unit	\$0.00	\$0.00	\$50,768.31	\$0.00	\$0.00	\$50,768.31	\$18.31
Smart Meter Other Costs Per Unit	\$0.00	\$2,211.30	\$90,799.11	\$0.00	\$0.00	\$93,010.41	\$33.54
Smart Meter Unit Costs						\$483,610.95	\$174.40
AMI Computer Hardware Costs	\$0.00	\$0.00	\$46,883.40	\$0.00	\$0.00	\$46,883.40	\$16.91
AMI Computer Software Costs	\$0.00	\$0.00	\$8,014.65	\$0.00	\$0.00	\$8,014.65	\$2.89
Other Computer Hardware Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Other Computer Software Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Computer Hardware/Software Costs						\$54,898.05	\$19.80
Incremental AMI O&M Expenses	\$0.00	\$0.00	\$28,891.09	\$42,202.36	\$29,101.22	\$100,194.67	\$36.13
Incremental AMI Admin Expenses	\$0.00	\$0.00	\$0.00	\$3,402.00	\$0.00	\$3,402.00	\$1.23
Incremental Other O&M Expenses	\$0.00	\$0.00	\$17,010.00	\$17,010.00	\$17,010.00	\$51,030.00	\$18.40
Incremental Other Admin Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Incremental OM&A Costs						\$154,626.67	\$55.76
Recoverable Rate Adder Costs:						\$823,865.22	\$297.10
MDM/R Cost:							
TOU Billing Budget	\$0.00	\$0.00	\$134,441.13	\$117,144.24	\$17,783.63	\$269,369.00	\$97.14
Total Budgeted Smart Meter Costs	\$0.00	\$15,861.30	\$683,485.74	\$196,335.69	\$66,821.94	\$962,504.67	\$347.10
	2007	2008	2009	2010	2011	TOTAL	
CAPITAL	\$0.00	\$15,861.30	\$621,614.47	\$95,957.09	\$2,927.09	\$736,359.95	\$265.55
OPERATING	\$0.00	\$0.00	\$61,871.27	\$100,378.60	\$63,894.85	\$226,144.72	\$81.55
TOTAL		\$15,861.30	\$683,485.74	\$196,335.69	\$66,821.94	\$962,504.67	\$347.10

To illustrate variances, SLHI has compared the Actual to the Original Budgeted Costs for the period of 2007 to 2011.

Variances in Actual to Budgeted Costs from 2007 to 2011

TOTAL METERS BUDGETED TO INSTALL:		2773 Meters Installed			2675		
Rate Filing	2007	2008	2009	2010	2011	TOTAL	TOTAL
Smart Meter Unit Costs (AMI)	\$0.00	\$0.00	\$100,784.92	\$19,132.68	-\$2,927.09	\$116,990.51	\$28.46
Smart Meter Other Unit Costs	\$4,146.89	\$3,655.20	\$64,153.28	\$2,695.59	\$13,087.73	\$87,738.69	\$21.35
Smart Meter Installation Costs Per Unit	\$0.00	\$0.00	-\$13,965.46	\$0.00	\$0.00	-\$13,965.46	-\$3.40
Smart Meter Other Costs Per Unit	\$0.00	-\$2,211.30	-\$11,184.87	\$1,685.64	\$0.00	-\$11,710.53	-\$2.85
Smart Meter Unit Costs						\$179,053.21	\$43.56
AMI Computer Hardware Costs	\$0.00	\$0.00	-\$3,683.43	\$7,990.85	\$0.00	\$4,307.42	\$1.05
AMI Computer Software Costs	\$0.00	\$0.00	-\$8,014.65	\$0.00	\$0.00	-\$8,014.65	-\$1.95
Other Computer Hardware Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Other Computer Software Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Computer Hardware/Software Costs						-\$3,707.23	-\$0.90
Incremental AMI O&M Expenses	\$0.00	\$0.00	-\$28,891.09	\$3,667.40	\$22,643.18	-\$2,580.51	-\$0.63
Incremental AMI Admin Expenses	\$0.00	\$0.00	\$0.00	-\$3,402.00	\$0.00	-\$3,402.00	-\$0.83
Incremental Other O&M Expenses	\$0.00	\$0.00	-\$17,010.00	-\$16,647.60	-\$4,976.32	-\$38,633.92	-\$9.40
Incremental Other Admin Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	
Incremental OM&A Costs						-\$44,616.43	-\$10.85
Recoverable Rate Adder Costs:						\$130,729.55	\$31.80
MDM/R Cost:							
TOU Billing Budget	\$0.00	\$6,455.15	-\$127,117.97	-\$115,925.78	-\$11,715.12	-\$248,303.72	-\$60.41
Total Budgeted Smart Meter Costs	\$4,146.89	\$7,899.05	-\$44,929.27	-\$100,803.22	\$16,112.38	-\$117,574.17	-\$28.60

	2007	2008	2009	2010	2011	TOTAL
CAPITAL	\$4,146.89	\$7,899.05	\$16,942.00	-\$47,259.68	\$10,160.64	-\$8,111.10
OPERATING	\$0.00	\$0.00	-\$61,871.27	-\$53,543.54	\$5,951.74	-\$109,463.07
TOTAL	\$4,146.89	\$7,899.05	-\$44,929.27	-\$100,803.22	\$16,112.38	-\$117,574.17

The explanations for the significant variances relating to the \$28.60 per meter favourable variance between Actual and the Original Budgeted Costs include:

- There was a small overall difference in the Capital Costs of \$1.97 per meter. The major differences can be attributed to:
 - Including incremental Operating Costs in the amount of \$60,842 during the initial phase of implementation in Capital Costs. At the time SLHI adhered to Canadian GAAP which states that "...incidental income or expense derived from property, plant and equipment prior to its substantial completion and readiness for use is always recognized as part of the cost of the asset." Therefore all incremental OM&A costs were recognized as capital until April 1, 2010 when the majority of the meters were installed and communicating with our Operational Data Store (ODS).
 - Additional variances can be attributed to additional costs for collectors which were budgeted at \$34,000 and actual costs were \$60,380. Twenty collectors were required due to Sioux Lookout's low density and large service territory.

- SLHI required more meter base adapters than was budgeted. The original budget included an amount of \$1,600 and actual costs came in at \$27,386.
- These unfavourable variances were mostly offset by savings from capital costs budgeted for MDR/R integration and TOU implementation in 2009 and 2010. Original budgeted figures were \$32,400 and \$21,600 respectively. The actual costs incurred were nil.
- The favourable variance between the budgeted to actual incremental operating costs of \$26.63 can be attributed to:
 - The incremental OM&A Costs recognized as capital reduced these expenses in 2009 to nil.
 - Cost savings incurred by implementing the ODS provided by Kinetiq compared to Original Cost estimates
 - Savings realized in the implementation of TOU, MDM/R integration and web presentment.
- The TOU Billing Budget favourable variance consists of the following:
 - MDM/R Costs not being incurred.
 - Web presentment costs which have been moved to operating costs in 2012
 - Lower customer education costs
 - Internal resources required for TOU modifications were less than anticipated.

In its 2010 IRM Application (EB-2009-0249) SLHI received approval to increase its smart meter funding adder to \$2.91 per month per metered customer. The table below illustrates the SMDR calculated from the funding adder revenue up to April 30, 2012 compared to the revenue requirement as calculated on Sheet 9, SMFA_ SMDR_ SMIRR, of the 2012 Smart Meter Model, including carrying charges:

Smart Meter Disposition Rate Rider As at December 31, 2011	
Revenue Requirement 2007	\$305
Revenue Requirement 2008	\$1,791
Revenue Requirement 2009	\$50,553
Revenue Requirement 2010	\$148,148
Revenue Requirement 2011	\$176,159
Total Revenue Requirement	\$376,956
Smart Meter Rate Adder	-\$248,945
Carrying Charges	-\$5,679
Smart Meter True-up	\$122,332
Average # of Metered Customers Jan to Dec 2011	2,696
Rate Rider \$/month/metered customer	\$1.89

The model calculates a uniform SMDR of \$1.89 per metered customer be incorporated into the rates commencing September 1, 2012 and repaid over a 24 month period with a sunset date of August 31, 2014. However, as per the Guideline SLHI has calculated the rate riders on the cost methodology proposed in PowerStream's application EB_2011-0128. The calculations for the SMDR are shown below:

	# of meters installed	%	Weighted Avg Price per Meter	Total Meter Costs	%
	A		B	A*B	
Residential	2309	85%	\$141.08	\$325,754	83%
GS < 50 kW	397	15%	\$168.06	\$66,720	17%
	2706	100%		\$392,474	100%

SMFA revenue collected by customer class from May 1, 2006 to December 31, 2011			
Class	S		%
Residential	\$182,591.36		84%
GS < 50 kW	\$30920.27		14%
GS > 50 kW	\$3737.88		2%
Total	\$217249.51		100%

Net Deferred Revenue Requirement as at December 31, 2011 \$122,332				
	SMDR \$		Forecasted Customers (2012)	SMDR
Residential	\$102,759	84%	2318	\$1.85
GS < 50 kW	\$19,573	16%	378	\$2.16
	\$122,332	100%	2696	24 months

Therefore SLHI is proposing a SMDR of \$1.85 per month per Residential metered customer and \$2.16 per month per General Service < 50 kW metered customer over a 24 month period.

Smart Meter Incremental Revenue Requirement Rate Rider (SMIRR)

SLHI is seeking a rate rider to recover the SMIRR associated with the smart meters installed up to December 31, 2011 to cover the incremental costs in 2012. Upon the Board's approval the proposed rate rider would be in place until this revenue requirement is incorporated into the distribution rates in SLHI's next COS Application which is scheduled for the May 1, 2013 rates.

The table below shows the incremental OM&A costs for 2012:

TOTAL METERS BUDGETED TO INSTALL:	2696		
Rate Filing	2012	TOTAL	TOTAL
Smart Meter Unit Costs (AMI)	\$0.00	\$0.00	\$0.00
Smart Meter Other Unit Costs	\$0.00	\$0.00	\$0.00
Smart Meter Installation Costs Per Unit	\$0.00	\$0.00	\$0.00
Smart Meter Other Costs Per Unit	\$0.00	\$0.00	\$0.00
Smart Meter Unit Costs		\$0.00	\$0.00
AMI Computer Hardware Costs	\$0.00	\$0.00	\$0.00
AMI Computer Software Costs	\$0.00	\$0.00	\$0.00
Other Computer Hardware Costs	\$0.00	\$0.00	
Other Computer Software Costs	\$0.00	\$0.00	
Computer Hardware/Software Costs		\$0.00	\$0.00
Incremental AMI O&M Expenses	\$16,380.00	\$16,380.00	\$6.08
Incremental AMI Admin Expenses	\$0.00	\$0.00	\$0.00
Incremental Other O&M Expenses	\$33,095.00	\$33,095.00	\$12.28
Incremental Other Admin Expenses	\$12,650.00	\$12,650.00	
Incremental OM&A Costs		\$62,125.00	\$23.04
Recoverable Rate Adder Costs:		\$62,125.00	\$23.04
MDM/R Cost:			
TOU Billing Budget/web presentment	\$10,000.00	\$10,000.00	\$3.71
Total Budgeted Smart Meter Costs	\$72,125.00	\$72,125.00	\$26.75
	2011	TOTAL	
CAPITAL	\$0.00	\$0.00	\$0.00
OPERATING	\$72,125.00	\$72,125.00	\$26.75
TOTAL	\$72,125.00	\$72,125.00	\$26.75

The 2012 forecasted incremental OM&A Costs above include the following:

- Elster software support charges
- Utili-Assist/N-Dimension Security Audit fees
- Equipment maintenance and license fees
- Cellular communication charges between the collectors and the AMI network
- ODS Operational charges from service provider Kinetiq

The 2012 forecasted TOU billing expenses include the following:

- Funding for web presentment. The costs would be considered outside the minimum functionality as specified in Ont Reg. 425/06. In order to provide maximum customer support for the Province's TOU initiative, SLHI believes that web presentment of TOU meter readings is critical. This communication channel will be key in the continued education of customers on both the TOU rates and in particular their individual consumption patterns. Being able to securely log in and monitor usage gives customers the ability to understand their usage patterns and modify them in order to conserve or shift consumption based on electricity rates. Smart meters are a conservation tool and customers understand this and are demanding access to their meter readings.

Based on the forecasted costs above, SLHI has calculated the SMIRR assuming a 12 month recovery period. SLHI plans to file its next cost of service application for its rate effective May 1, 2013. The SMIRR calculation from Sheet 9, SMFA_SMDR_SMIRR, of the 2012 Smart Meter Model is provided below:

Smart Meter Incremental Revenue Requirement Rate Rider	
Return	\$20,411
Amortization	\$58,060
OM&A	\$72,125
Subtotal	\$150,596
PILs	\$1,033
Incremental Revenue Requirement	\$151,629
2012 Forecasted Customers(Residential and GS < 50 kW)	2,696
Rate Rider \$/month/metered customer	\$4.69

The Return on Equity was excluded from the SMIRR calculation since we are currently collecting a return on stranded meter assets which are still included in our rate base. SLHI confirms that the actual tax rates were entered into Sheet 3, Cost of Service Parameters, of the Smart Meter Model in order to calculate PILs.

In order to provide class specific rate riders, SLHI has calculated the rate riders based on the cost methodology proposed in PowerStream's application EB-2011-0128. The revenue requirement is allocated as follows:

- The return and amortization is allocated based on the estimated capital costs for smart meters purchased by customer class (weighted average price used as the capital costs of meters installed by class is not available)
- The OM&A has been allocated based on the number of meters installed for each rate class
- PILs have been allocated based on the revenue requirement allocated to each class before PILs

	# of meters installed	%	Weighted Avg Price per Meter	Total Meter Costs	%
	A		B	A*B	
Residential	2309	85%	\$141.08	\$325,754	83%
GS < 50 kW	397	15%	\$168.06	\$66,720	17%
	2706	100%		\$392,474	100%

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Incremental Revenue							
	Return	Amortization	OM&A	Subtotal	PILs	Total	% Total
Residential	\$16,941.17	\$48,189.90	\$61,543.47	\$126,674.53	\$868.91	\$127,543.45	84%
GS < 50 kW	\$3,469.83	\$9,870.10	\$10,581.53	\$23,921.47	\$164.09	\$24,085.55	16%
Incremental Revenue Requirement for 2012	\$20,411.00	\$58,060.00	\$72,125.00	\$150,596.00	\$1,033.00	\$151,629.00	100%

	Forecasted Customers (2012)	SMIRR \$	SMIRR
Residential	2318	\$127,543	\$4.59
GS < 50 kW	378	\$24,086	\$5.31
	2696	\$151,629	12 months

Therefore SLHI is proposing a SMIRR of \$4.59 per month per residential metered customer and \$5.31 per month per General Service metered customer to be collected until this revenue requirement is incorporated into the distribution rates in SLHI's next COS Application which is scheduled for the May 1, 2013 rates .

Costs Beyond Minimum Functionality

SLHI has separated its costs for recovery in its application to identify costs beyond minimum functionality. These costs are detailed on Sheet 2, Smart Meter Costs, of the Smart Meter Model. The costs include TOU Customer education materials, staff training for TOU implementation and projected costs for web presentment for 2012.

SLHI believes these costs are required in SLHI's smart meter program and are incremental to SLHI's normal course of business.

Capital costs beyond minimum functionality: Relate to consulting fees in order to integrate with the MDM/R and TOU implementation. The contract ended December 31, 2011.

OM&A Costs beyond minimum functionality: Relate to web presentment costs. At the present time SLHI taking part in an RFP with the Northwest group to procure a vendor to provide a web presentment solution. The Northwest group includes Thunder Bay Hydro, Kenora Hydro, Fort Frances Power Corp, Atikokan Hydro and Sioux Lookout Hydro. The costs for 2012 are expected to be approximately \$10,000.

In the initial phase of the Smart Meter Program SLHI did not include any costs for meters relating to the installation of smart meters for the General Service over 50 kW Class in account 1555, as they were considered beyond minimum functionality. These costs were capitalized and included in account 1860 in 2009.

Stranded Meters

SLHI is not seeking disposition of its stranded meter costs at this time. SLHI continues to recover these costs by including the net book value of stranded meters in its rate base for rate-making purposes.

At its next COS Application, SLHI plans to request disposition of the stranded meter costs. As at December 31, 2011, the pooled residual net book value of SLHI's stranded meters are \$193,371.

See below for Appendix 2-R from Chapter 2 of the *Filing Requirements for Transmission and Distribution Rate Applications*, issued June 22, 2011.

Appendix 2-R Stranded Meter Treatment

Year	Notes	Gross Asset Value	Accumulated Amortization	Contributed Capital (Net of Amortization)	Net Asset	Proceeds on Disposition	Residual Net Book Value
		(A)	(B)	(C)	(D) = (A) - (B) - (C)	(E)	(F) = (D) - (E)
2006		\$ 294,462	\$ 42,198	\$ -	\$ 252,263		\$ 252,263
2007		\$ 294,462	\$ 53,977	\$ -	\$ 240,485		\$ 240,485
2008		\$ 294,462	\$ 65,755	\$ -	\$ 228,706		\$ 228,706
2009		\$ 294,462	\$ 77,534	\$ -	\$ 216,928		\$ 216,928
2010		\$ 294,462	\$ 89,312	\$ -	\$ 205,149		\$ 205,149
2011	(1)	\$ 294,462	\$ 101,091	\$ -	\$ 193,371		\$ 193,371

Conclusion

SLHI respectfully submits that the costs necessary to fulfill its obligations under the provincially mandated Smart Meter initiative have been prudently incurred in accordance with Board guidelines and that the proposed rate riders are just and reasonable. Appendix D includes the Bill Impacts for both a Residential and General Service < 50 kW customer which shows a \$7.28 /month or 6% increase and \$8.44/month or 3% increase respectively. SLHI requests that the Board approve these proposed rate riders at this time for implementation immediately thereafter.

APPENDIX A
SMART METER MODEL_V 2.17



Ontario Energy Board

Smart Meter Model

Choose Your Utility:

Sioux Lookout Hydro Inc.

St. Thomas Energy Inc.

Application Contact Information

Name: Deanne Kulchyski

Title: Chief Financial Officer

Phone Number: 807-737-3800

Email Address: slhydro@tbaytel.net

We are applying for rates effective: September 1, 2012

Last COS Re-based Year 2008

Legend

DROP-DOWN MENU

INPUT FIELD

CALCULATION FIELD

Copyright

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results. The use of any models and spreadsheets does not automatically imply Board approval. The onus is on the distributor to prepare, document and support its application. Board-issued Excel models and spreadsheets are offered to assist parties in providing the necessary information so as to facilitate an expeditious review of an application. The onus remains on the applicant to ensure the accuracy of the data and the results.



Distributors must enter all incremental costs related to their smart meter program and all revenues recovered to date in the applicable tabs except for those costs (and associated revenues) for which the Board has approved on a final basis, i.e. capital costs have been included in rate base and OM&A costs in revenue requirement.

For 2012, distributors that have completed their deployments by the end of 2011 are not expected to enter any capital costs. However, for OM&A, regardless of whether a distributor has deployments in 2012, distributors should enter the forecasted OM&A for 2012 for all smart meters in service.

Smart Meter Capital Cost and Operational Expense Data	2006	2007	2008	2009	2010	2011	2012 and later	Total
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
Smart Meter Installation Plan								
Actual/Planned number of Smart Meters installed during the Calendar Year								
Residential				2,229	36	30		2295
General Service < 50 kW				328	36	16		380
Actual/Planned number of Smart Meters installed (Residential and GS < 50 kW only)	0	0	0	2557	72	46	0	2675
Percentage of Residential and GS < 50 kW Smart Meter Installations Completed	0.00%	0.00%	0.00%	95.59%	98.28%	100.00%	0.00%	100.00%
Actual/Planned number of GS > 50 kW meters installed								0
Other (please identify)								0
Total Number of Smart Meters installed or planned to be installed	0	0	0	2557	72	46	0	2675
1 Capital Costs								
1.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)								
Asset Type Asset type must be selected to enable calculations								
1.1.1 Smart Meters (may include new meters and modules, etc.)	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
	Smart Meter			329,050	22,113			\$ 351,163
1.1.2 Installation Costs (may include socket kits, labour, vehicle, benefits, etc.)	Smart Meter			75,196	-2,059			\$ 73,137
1.1.3a Workforce Automation Hardware (may include fieldwork handhelds, barcode hardware, etc.)	Computer Hardware			7,402				\$ 7,402
1.1.3b Workforce Automation Software (may include fieldwork handhelds, barcode hardware, etc.)								\$ -
Total Advanced Metering Communications Devices (AMCD)	\$ -	\$ -	\$ -	\$ 411,648	\$ 20,054	\$ -	\$ -	\$ 431,702
1.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)								
Asset Type								
1.2.1 Collectors	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
	Smart Meter			55,455				\$ 55,455
1.2.2 Repeaters (may include radio licence, etc.)	Smart Meter				3,274			\$ 3,274
1.2.3 Installation (may include meter seals and rings, collector computer hardware, etc.)	Smart Meter			4,924	1,934			\$ 6,858
Total Advanced Metering Regional Collector (AMRC) (Includes LAN)	\$ -	\$ -	\$ -	\$ 60,379	\$ 5,208	\$ -	\$ -	\$ 65,587

1.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

1.3.1 Computer Hardware

1.3.2 Computer Software

1.3.3 Computer Software Licences & Installation (includes hardware and software)
(may include AS/400 disk space, backup and recovery computer, UPS, etc.)

Total Advanced Metering Control Computer (AMCC)

Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
Computer Hardware				13,181				\$ 13,181
Computer Software					864			\$ 864
Computer Software				24,498				\$ 24,498
	\$ -	\$ -	\$ -	\$ 37,679	\$ 864	\$ -	\$ -	\$ 38,543

1.4 WIDE AREA NETWORK (WAN)

1.4.1 Activation Fees

Total Wide Area Network (WAN)

Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
Smart Meter				11,155	1,775			\$ 12,930
	\$ -	\$ -	\$ -	\$ 11,155	\$ 1,775	\$ -	\$ -	\$ 12,930

1.5 OTHER AMI CAPITAL COSTS RELATED TO MINIMUM FUNCTIONALITY

1.5.1 Customer Equipment (including repair of damaged equipment)

1.5.2 AMI Interface to CIS

1.5.3 Professional Fees

1.5.4 Integration

1.5.5 Program Management

1.5.6 Other AMI Capital

Total Other AMI Capital Costs Related to Minimum Functionality

Total Capital Costs Related to Minimum Functionality

Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
								\$ -
Computer Software				18,702	6,676			\$ 25,378
Smart Meter		4,147	17,305	82,665	14,370			\$ 118,487
								\$ -
								\$ -
Smart Meter				21,919	616			\$ 22,535
	\$ -	\$ 4,147	\$ 17,305	\$ 123,286	\$ 21,662	\$ -	\$ -	\$ 166,400
	\$ -	\$ 4,147	\$ 17,305	\$ 644,147	\$ 49,563	\$ -	\$ -	\$ 715,162

1.6 CAPITAL COSTS BEYOND MINIMUM FUNCTIONALITY

(Please provide a descriptive title and identify nature of beyond minimum functionality costs)

1.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06

1.6.2 Costs for deployment of smart meters to customers other than residential and small general service

1.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.

Total Capital Costs Beyond Minimum Functionality

Total Smart Meter Capital Costs

Asset Type	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
Computer Software								\$ -
Smart Meter								\$ -
Smart Meter						13,088		\$ 13,088
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,088	\$ -	\$ 13,088
	\$ -	\$ 4,147	\$ 17,305	\$ 644,147	\$ 49,563	\$ 13,088	\$ -	\$ 728,250

2 OM&A Expenses

2.1 ADVANCED METERING COMMUNICATION DEVICE (AMCD)

2.1.1 Maintenance (may include meter reverification costs, etc.)

2.1.2 Other (please specify)

Cellular Communication to AMI Network fees

Total Incremental AMCD OM&A Costs

2.2 ADVANCED METERING REGIONAL COLLECTOR (AMRC) (includes LAN)

2.2.1 Maintenance

2.2.2 Other (please specify)

Total Incremental AMRC OM&A Costs

2.3 ADVANCED METERING CONTROL COMPUTER (AMCC)

2.3.1 Hardware Maintenance (may include server support, etc.)

2.3.2 Software Maintenance (may include maintenance support, etc.)

2.3.2 Other (please specify)

Elster SLA for support

Total Incremental AMCC OM&A Costs

2.4 WIDE AREA NETWORK (WAN)

2.4.1 WAN Maintenance

2.4.2 Other (please specify)

Total Incremental AMRC OM&A Costs

2.5 OTHER AMI OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY

2.5.1 Business Process Redesign

2.5.2 Customer Communication (may include project communication, etc.)

2.5.3 Program Management

2.5.4 Change Management (may include training, etc.)

2.5.5 Administration Costs

2.5.6 Other AMI Expenses

(please specify)

Total Other AMI OM&A Costs Related to Minimum Functionality

TOTAL OM&A COSTS RELATED TO MINIMUM FUNCTIONALITY

2.6 OM&A COSTS RELATED TO BEYOND MINIMUM FUNCTIONALITY

(Please provide a descriptive title and identify nature of beyond minimum functionality costs)

2.6.1 Costs related to technical capabilities in the smart meters or related communications infrastructure that exceed those specified in O.Reg 425/06

2.6.2 Costs for deployment of smart meters to customers other than residential and small general service

2.6.3 Costs for TOU rate implementation, CIS system upgrades, web presentation, integration with the MDM/R, etc.

Total OM&A Costs Beyond Minimum Functionality

Total Smart Meter OM&A Costs

	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Forecast	
								\$ -
					16,313	16,399	16,380	\$ 49,092
	\$ -	\$ -	\$ -	\$ -	\$ 16,313	\$ 16,399	\$ 16,380	\$ 49,092
					23			\$ 23
								\$ -
	\$ -	\$ -	\$ -	\$ -	\$ 23	\$ -	\$ -	\$ 23
								\$ -
					20,970	22,000	24,000	\$ 66,970
					8,564	7,620	9,095	\$ 25,279
	\$ -	\$ -	\$ -	\$ -	\$ 29,534	\$ 29,620	\$ 33,095	\$ 92,249
								\$ -
								\$ -
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
								\$ -
								\$ -
					362	12,034	8,090	\$ 20,486
								\$ -
								\$ -
						5,725	4,560	\$ 10,285
	\$ -	\$ -	\$ -	\$ -	\$ 362	\$ 17,758	\$ 12,650	\$ 30,770
	\$ -	\$ -	\$ -	\$ -	\$ 46,232	\$ 63,778	\$ 62,125	\$ 172,135
	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual	Audited Actual		
								\$ -
								\$ -
					603	6,069	10,000	\$ 16,671
	\$ -	\$ -	\$ -	\$ -	\$ 603	\$ 6,069	\$ 10,000	\$ 16,671
	\$ -	\$ -	\$ -	\$ -	\$ 46,835	\$ 69,846	\$ 72,125	\$ 188,806

3 Aggregate Smart Meter Costs by Category

3.1	Capital																
3.1.1	Smart Meter	\$	-	\$	4,147	\$	17,305	\$	580,364	\$	42,023	\$	13,088	\$	-	\$	656,927
3.1.2	Computer Hardware	\$	-	\$	-	\$	-	\$	20,583	\$	-	\$	-	\$	-	\$	20,583
3.1.3	Computer Software	\$	-	\$	-	\$	-	\$	43,200	\$	7,540	\$	-	\$	-	\$	50,740
3.1.4	Tools & Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
3.1.5	Other Equipment	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
3.1.6	Applications Software	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
3.1.7	Total Capital Costs	\$	-	\$	4,147	\$	17,305	\$	644,147	\$	49,563	\$	13,088	\$	-	\$	728,250
3.2	OM&A Costs																
3.2.1	Total OM&A Costs	\$	-	\$	-	\$	-	\$	-	\$	46,835	\$	69,846	\$	72,125	\$	188,806



Ontario Energy Board

Smart Meter Model

#N/A

	2006	2007	2008	2009	2010	2011	2012 and later
Cost of Capital							
Capital Structure¹							
Deemed Short-term Debt Capitalization			4.0%	4.0%	4.0%	4.0%	4.0%
Deemed Long-term Debt Capitalization	50.0%	50.0%	49.3%	52.7%	56.0%	56.0%	56.0%
Deemed Equity Capitalization	50.0%	50.0%	46.7%	43.3%	40.0%	40.0%	40.0%
Preferred Shares							
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of Capital Parameters							
Deemed Short-term Debt Rate			4.47%	4.47%	4.47%	4.47%	4.47%
Long-term Debt Rate (actual/embedded/deemed) ²	6.25%	6.25%	6.10%	6.10%	6.10%	6.10%	6.10%
Target Return on Equity (ROE)	9.0%	9.00%	8.57%	8.57%	8.57%	8.57%	0.00%
Return on Preferred Shares							
WACC	7.63%	7.63%	7.19%	7.10%	7.02%	7.02%	3.59%
Working Capital Allowance							
Working Capital Allowance Rate (% of the sum of Cost of Power + controllable expenses)	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	13.0%
Taxes/PILs							
Aggregate Corporate Income Tax Rate	18.62%	18.62%	14.84%	14.28%	12.79%	12.99%	12.99%
Capital Tax (until July 1st, 2010)	0.30%	0.225%	0.225%	0.225%	0.075%	0.00%	0.00%
Depreciation Rates (expressed as expected useful life in years)							
Smart Meters - years	15	15	15	15	15	15	15
- rate (%)	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%	6.67%
Computer Hardware - years	5	5	5	5	5	5	5
- rate (%)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Computer Software - years	5	5	5	5	5	5	5
- rate (%)	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Tools & Equipment - years	10	10	10	10	10	10	10
- rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Other Equipment - years	10	10	10	10	10	10	10
- rate (%)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
CCA Rates							
Smart Meters - CCA Class	47	47	47	47	47	47	47
Smart Meters - CCA Rate	8%	8%	8%	8%	8%	8%	8%
Computer Equipment - CCA Class	45	50	50	50	50	50	50
Computer Equipment - CCA Rate	45%	45%	45%	45%	45%	45%	45%
General Equipment - CCA Class	8	8	8	8	8	8	8
General Equipment - CCA Rate	20%	20%	20%	20%	20%	20%	20%
Applications Software - CCA Class							
Applications Software - CCA Rate							

Assumptions

¹ Planned smart meter installations occur evenly throughout the year.

² Fiscal calendar year (January 1 to December 31) used.

³ Amortization is done on a straight line basis and has the "half-year" rule applied.



	2006	2007	2008	2009	2010	2011	2012 and later
Net Fixed Assets - Smart Meters							
Gross Book Value							
Opening Balance		\$ -	\$ 4,147	\$ 21,452	\$ 601,816	\$ 643,839	\$ 656,927
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ 4,147	\$ 17,305	\$ 580,364	\$ 42,023	\$ 13,088	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ 4,147	\$ 21,452	\$ 601,816	\$ 643,839	\$ 656,927	\$ 656,927
Accumulated Depreciation							
Opening Balance		\$ -	\$ 138	\$ 992	\$ 21,767	\$ 63,289	\$ 106,648
Amortization expense during year	\$ -	\$ 138	\$ 853	\$ 20,776	\$ 41,522	\$ 43,359	\$ 43,795
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ 138	\$ 992	\$ 21,767	\$ 63,289	\$ 106,648	\$ 150,443
Net Book Value							
Opening Balance	\$ -	\$ -	\$ 4,009	\$ 20,460	\$ 580,049	\$ 580,550	\$ 550,279
Closing Balance	\$ -	\$ 4,009	\$ 20,460	\$ 580,550	\$ 580,550	\$ 550,279	\$ 506,484
Average Net Book Value	\$ -	\$ 2,004	\$ 12,235	\$ 300,255	\$ 580,299	\$ 565,414	\$ 528,381
Net Fixed Assets - Computer Hardware							
Gross Book Value							
Opening Balance		\$ -	\$ -	\$ -	\$ 20,583	\$ 20,583	\$ 20,583
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ -	\$ -	\$ 20,583	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ 20,583	\$ 20,583	\$ 20,583	\$ 20,583
Accumulated Depreciation							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 2,058	\$ 6,175	\$ 10,292
Amortization expense during year	\$ -	\$ -	\$ -	\$ 2,058	\$ 4,117	\$ 4,117	\$ 4,117
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ 2,058	\$ 6,175	\$ 10,292	\$ 14,408
Net Book Value							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 18,525	\$ 14,408	\$ 10,292
Closing Balance	\$ -	\$ -	\$ -	\$ 18,525	\$ 14,408	\$ 10,292	\$ 6,175
Average Net Book Value	\$ -	\$ -	\$ -	\$ 9,262	\$ 16,466	\$ 12,350	\$ 8,233
Net Fixed Assets - Computer Software (Including Applications Software)							
Gross Book Value							
Opening Balance		\$ -	\$ -	\$ -	\$ 43,200	\$ 50,740	\$ 50,740
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ -	\$ -	\$ 43,200	\$ 7,540	\$ -	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ 43,200	\$ 50,740	\$ 50,740	\$ 50,740
Accumulated Depreciation							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 4,320	\$ 13,714	\$ 23,862
Amortization expense during year	\$ -	\$ -	\$ -	\$ 4,320	\$ 9,394	\$ 10,148	\$ 10,148
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ 4,320	\$ 13,714	\$ 23,862	\$ 34,010
Net Book Value							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ 38,880	\$ 37,026	\$ 26,878
Closing Balance	\$ -	\$ -	\$ -	\$ 38,880	\$ 37,026	\$ 26,878	\$ 16,730
Average Net Book Value	\$ -	\$ -	\$ -	\$ 19,440	\$ 37,953	\$ 31,952	\$ 21,804
Net Fixed Assets - Tools and Equipment							
Gross Book Value							
Opening Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization expense during year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Book Value							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Net Book Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Fixed Assets - Other Equipment							
Gross Book Value							
Opening Balance		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions during year (from Smart Meter Costs)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accumulated Depreciation							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amortization expense during year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Book Value							
Opening Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing Balance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Average Net Book Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



Ontario Energy Board

Smart Meter Model

#N/A

	2006	2007	2008	2009	2010	2011	2012 and Later
Average Net Fixed Asset Values (from Sheet 4)							
Smart Meters	\$ -	\$ 2,004	\$ 12,235	\$ 300,255	\$ 580,299	\$ 565,414	\$ 528,381
Computer Hardware	\$ -	\$ -	\$ -	\$ 9,262	\$ 16,466	\$ 12,350	\$ 8,233
Computer Software	\$ -	\$ -	\$ -	\$ 19,440	\$ 37,953	\$ 31,952	\$ 21,804
Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Net Fixed Assets	\$ -	\$ 2,004	\$ 12,235	\$ 328,957	\$ 634,719	\$ 609,716	\$ 558,419
Working Capital							
Operating Expenses (from Sheet 2)	\$ -	\$ -	\$ -	\$ -	\$ 46,835	\$ 69,846	\$ 72,125
Working Capital Factor (from Sheet 3)	15%	15%	15%	15%	15%	15%	13%
Working Capital Allowance	\$ -	\$ -	\$ -	\$ -	\$ 7,025	\$ 10,477	\$ 9,376
Incremental Smart Meter Rate Base	\$ -	\$ 2,004	\$ 12,235	\$ 328,957	\$ 641,744	\$ 620,193	\$ 567,795
Return on Rate Base							
Capital Structure							
Deemed Short Term Debt	\$ -	\$ -	\$ 489	\$ 13,158	\$ 25,670	\$ 24,808	\$ 22,712
Deemed Long Term Debt	\$ -	\$ 1,002	\$ 6,032	\$ 173,360	\$ 359,377	\$ 347,308	\$ 317,965
Equity	\$ -	\$ 1,002	\$ 5,714	\$ 142,438	\$ 256,698	\$ 248,077	\$ 227,118
Preferred Shares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Capitalization	\$ -	\$ 2,004	\$ 12,235	\$ 328,957	\$ 641,744	\$ 620,193	\$ 567,795
Return on							
Deemed Short Term Debt	\$ -	\$ -	\$ 22	\$ 588	\$ 1,147	\$ 1,109	\$ 1,015
Deemed Long Term Debt	\$ -	\$ 63	\$ 368	\$ 10,575	\$ 21,922	\$ 21,186	\$ 19,396
Equity	\$ -	\$ 90	\$ 490	\$ 12,207	\$ 21,999	\$ 21,260	\$ -
Preferred Shares	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Return on Capital	\$ -	\$ 153	\$ 879	\$ 23,370	\$ 45,068	\$ 43,555	\$ 20,411
Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ 46,835	\$ 69,846	\$ 72,125
Amortization Expenses (from Sheet 4)							
Smart Meters	\$ -	\$ 138	\$ 853	\$ 20,776	\$ 41,522	\$ 43,359	\$ 43,795
Computer Hardware	\$ -	\$ -	\$ -	\$ 2,058	\$ 4,117	\$ 4,117	\$ 4,117
Computer Software	\$ -	\$ -	\$ -	\$ 4,320	\$ 9,394	\$ 10,148	\$ 10,148
Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Amortization Expense in Year	\$ -	\$ 138	\$ 853	\$ 27,154	\$ 55,032	\$ 57,623	\$ 58,060
Incremental Revenue Requirement before Taxes/PILs	\$ -	\$ 291	\$ 1,733	\$ 50,524	\$ 146,936	\$ 171,025	\$ 150,595
Calculation of Taxable Income							
Incremental Operating Expenses	\$ -	\$ -	\$ -	\$ -	\$ 46,835	\$ 69,846	\$ 72,125
Amortization Expense	\$ -	\$ 138	\$ 853	\$ 27,154	\$ 55,032	\$ 57,623	\$ 58,060
Interest Expense	\$ -	\$ 63	\$ 390	\$ 11,163	\$ 23,069	\$ 22,295	\$ 20,411
Net Income for Taxes/PILs	\$ -	\$ 90	\$ 490	\$ 12,207	\$ 21,999	\$ 21,260	\$ -
Grossed-up Taxes/PILs (from Sheet 7)	\$ -	\$ 14.31	\$ 57.90	\$ 28.84	\$ 783.95	\$ 2,670.82	\$ 1,033.33
Revenue Requirement, including Grossed-up Taxes/PILs	\$ -	\$ 305	\$ 1,791	\$ 50,553	\$ 147,720	\$ 173,695	\$ 151,629



Ontario Energy Board

Smart Meter Model

#N/A

For PILs Calculation

UCC - Smart Meters

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Audited Actual	2012 and later Forecast
Opening UCC	\$ -	\$ -	\$ 3,981.12	\$ 20,275.43	\$ 575,802.84	\$ 570,080.69	\$ 537,038.45
Capital Additions	\$ -	\$ 4,147.00	\$ 17,305.00	\$ 580,364.00	\$ 42,023.00	\$ 13,087.73	\$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	\$ -	\$ 4,147.00	\$ 21,286.12	\$ 600,639.43	\$ 617,825.84	\$ 583,168.42	\$ 537,038.45
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ 2,073.50	\$ 8,652.50	\$ 290,182.00	\$ 21,011.50	\$ 6,543.87	\$ -
Reduced UCC	\$ -	\$ 2,073.50	\$ 12,633.62	\$ 310,457.43	\$ 596,814.34	\$ 576,624.55	\$ 537,038.45
CCA Rate Class	47	47	47	47	47	47	47
CCA Rate	8%	8%	8%	8%	8%	8%	8%
CCA	\$ -	\$ 165.88	\$ 1,010.69	\$ 24,836.59	\$ 47,745.15	\$ 46,129.96	\$ 42,963.08
Closing UCC	\$ -	\$ 3,981.12	\$ 20,275.43	\$ 575,802.84	\$ 570,080.69	\$ 537,038.45	\$ 494,075.38

UCC - Computer Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Audited Actual	2012 and later Forecast
Opening UCC	\$ -	\$ -	\$ -	\$ -	\$ 49,431.83	\$ 33,031.00	\$ 18,167.05
Capital Additions Computer Hardware	\$ -	\$ -	\$ -	\$ 20,583.00	\$ -	\$ -	\$ -
Capital Additions Computer Software	\$ -	\$ -	\$ -	\$ 43,200.00	\$ 7,540.00	\$ -	\$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$ 63,783.00	\$ 56,971.83	\$ 33,031.00	\$ 18,167.05
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ 31,891.50	\$ 3,770.00	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -	\$ 31,891.50	\$ 53,201.83	\$ 33,031.00	\$ 18,167.05
CCA Rate Class	45	50	50	50	50	50	50
CCA Rate	45%	45%	45%	45%	45%	45%	45%
CCA	\$ -	\$ -	\$ -	\$ 14,351.18	\$ 23,940.82	\$ 14,863.95	\$ 8,175.17
Closing UCC	\$ -	\$ -	\$ -	\$ 49,431.83	\$ 33,031.00	\$ 18,167.05	\$ 9,991.88

UCC - General Equipment

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Audited Actual	2012 and later Forecast
Opening UCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA Rate Class	8	8	8	8	8	8	8
CCA Rate	20%	20%	20%	20%	20%	20%	20%
CCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

UCC - Applications Software

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Audited Actual	2012 and later Forecast
Opening UCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Additions Applications Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Retirements/Removals (if applicable)							
UCC Before Half Year Rule	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Half Year Rule (1/2 Additions - Disposals)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Reduced UCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA Rate Class	0	0	0	0	0	0	0
CCA Rate	0%	0%	0%	0%	0%	0%	0%
CCA	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Closing UCC	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -



PILs Calculation

	2006 Audited Actual	2007 Audited Actual	2008 Audited Actual	2009 Audited Actual	2010 Audited Actual	2011 Audited Actual	2012 and later Forecast
INCOME TAX							
Net Income	\$ -	\$ 90.20	\$ 489.65	\$ 12,206.97	\$ 21,998.99	\$ 21,260.22	\$ -
Amortization	\$ -	\$ 138.23	\$ 853.30	\$ 27,153.90	\$ 55,032.43	\$ 57,623.46	\$ 58,059.72
CCA - Smart Meters	\$ -	\$ 165.88	\$ 1,010.69	\$ 24,836.59	\$ 47,745.15	\$ 46,129.96	\$ 42,963.08
CCA - Computers	\$ -	\$ -	\$ -	\$ 14,351.18	\$ 23,940.82	\$ 14,863.95	\$ 8,175.17
CCA - Applications Software	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
CCA - Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Change in taxable income	\$ -	\$ 62.55	\$ 332.26	\$ 173.10	\$ 5,345.45	\$ 17,889.76	\$ 6,921.47
Tax Rate (from Sheet 3)	18.62%	18.62%	14.84%	14.28%	12.79%	12.99%	12.99%
Income Taxes Payable	\$ -	\$ 11.65	\$ 49.31	\$ 24.72	\$ 683.68	\$ 2,323.88	\$ 899.10
ONTARIO CAPITAL TAX							
Smart Meters	\$ -	\$ 4,008.77	\$ 20,460.47	\$ 580,048.87	\$ 580,550.03	\$ 550,278.91	\$ 506,483.79
Computer Hardware	\$ -	\$ -	\$ -	\$ 18,524.70	\$ 14,408.10	\$ 10,291.50	\$ 6,174.90
Computer Software (Including Application Software)	\$ -	\$ -	\$ -	\$ 38,880.00	\$ 37,026.00	\$ 26,878.00	\$ 16,730.00
Tools & Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Rate Base	\$ -	\$ 4,008.77	\$ 20,460.47	\$ 637,453.57	\$ 631,984.13	\$ 587,448.41	\$ 529,388.69
Less: Exemption	\$ -	\$ 4,008.77	\$ 20,460.47	\$ 637,453.57	\$ 631,984.13	\$ 587,448.41	\$ 529,388.69
Deemed Taxable Capital	\$ -	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00
Ontario Capital Tax Rate (from Sheet 3)	0.300%	0.225%	0.225%	0.225%	0.075%	0.000%	0.000%
Net Amount (Taxable Capital x Rate)	\$ -	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ -	\$ -
Change in Income Taxes Payable	\$ -	\$ 11.65	\$ 49.31	\$ 24.72	\$ 683.68	\$ 2,323.88	\$ 899.10
Change in OCT	\$ -	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ -	\$ -
PILs	\$ -	\$ 11.65	\$ 49.31	\$ 24.72	\$ 683.68	\$ 2,323.88	\$ 899.10
Gross Up PILs							
Tax Rate	18.62%	18.62%	14.84%	14.28%	12.79%	12.99%	12.99%
Change in Income Taxes Payable	\$ -	\$ 14.31	\$ 57.90	\$ 28.84	\$ 783.95	\$ 2,670.82	\$ 1,033.33
Change in OCT	\$ -	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.00	\$ -	\$ -
PILs	\$ -	\$ 14.31	\$ 57.90	\$ 28.84	\$ 783.95	\$ 2,670.82	\$ 1,033.33



#N/A

This worksheet calculates the funding adder revenues.

Account 1555 - Sub-account Funding Adder Revenues

Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	Funding Adder Revenues	Interest Rate	Interest	Closing Balance	Annual amounts	Board Approved Smart Meter Funding Adder (from Tariff)
2006 Q1			Jan-06	2006	01	\$ -		0.00%	\$ -	\$ -		
2006 Q2	4.14%	4.68%	Feb-06	2006	01	\$ -		0.00%	\$ -	\$ -		
2006 Q3	4.59%	5.05%	Mar-06	2006	01	\$ -		0.00%	\$ -	\$ -		
2006 Q4	4.59%	4.72%	Apr-06	2006	02	\$ -		4.14%	\$ -	\$ -		
2007 Q1	4.59%	4.72%	May-06	2006	02	\$ -	\$ 27.07	4.14%	\$ -	\$ 27.07		\$ 0.25
2007 Q2	4.59%	4.72%	Jun-06	2006	02	\$ 27.07	\$ 460.51	4.14%	\$ 0.09	\$ 487.67		\$ 0.25
2007 Q3	4.59%	5.18%	Jul-06	2006	03	\$ 487.58	\$ 703.68	4.59%	\$ 1.88	\$ 1,193.12		\$ 0.25
2007 Q4	5.14%	5.18%	Aug-06	2006	03	\$ 1,191.26	\$ 655.55	4.59%	\$ 4.56	\$ 1,851.37		\$ 0.25
2008 Q1	5.14%	5.18%	Sep-06	2006	03	\$ 1,846.81	\$ 595.32	4.59%	\$ 7.06	\$ 2,449.19		\$ 0.25
2008 Q2	4.08%	5.18%	Oct-06	2006	04	\$ 2,442.13	\$ 767.19	4.59%	\$ 9.34	\$ 3,218.66		\$ 0.25
2008 Q3	3.35%	5.43%	Nov-06	2006	04	\$ 3,209.32	\$ 641.53	4.59%	\$ 12.28	\$ 3,863.13		\$ 0.25
2008 Q4	3.35%	5.43%	Dec-06	2006	04	\$ 3,850.85	\$ 672.44	4.59%	\$ 14.73	\$ 4,538.02	\$ 4,573.21	\$ 0.25
2009 Q1	2.45%	6.61%	Jan-07	2007	01	\$ 4,523.29	\$ 711.00	4.59%	\$ 17.30	\$ 5,251.59		\$ 0.25
2009 Q2	1.00%	6.61%	Feb-07	2007	01	\$ 5,234.29	\$ 641.00	4.59%	\$ 20.02	\$ 5,896.31		\$ 0.25
2009 Q3	0.55%	5.67%	Mar-07	2007	01	\$ 5,875.29	\$ 676.00	4.59%	\$ 22.47	\$ 6,573.76		\$ 0.25
2009 Q4	0.55%	4.66%	Apr-07	2007	02	\$ 6,551.29	\$ 706.00	4.59%	\$ 25.06	\$ 7,282.35		\$ 0.25
2010 Q1	0.55%	4.34%	May-07	2007	02	\$ 7,257.29	\$ 659.00	4.59%	\$ 27.76	\$ 7,944.05		\$ 0.25
2010 Q2	0.55%	4.34%	Jun-07	2007	02	\$ 7,916.29	\$ 625.00	4.59%	\$ 30.29	\$ 8,571.57		\$ 0.25
2010 Q3	0.89%	4.66%	Jul-07	2007	02	\$ 8,541.29	\$ 733.00	4.59%	\$ 32.67	\$ 9,306.96		\$ 0.25
2010 Q4	1.20%	4.01%	Aug-07	2007	03	\$ 9,274.29	\$ 641.00	4.59%	\$ 35.47	\$ 9,950.76		\$ 0.25
2011 Q1	1.47%	4.29%	Sep-07	2007	03	\$ 9,915.29	\$ 611.00	4.59%	\$ 37.93	\$ 10,564.22		\$ 0.25
2011 Q2	1.47%	4.29%	Oct-07	2007	04	\$ 10,526.29	\$ 773.00	5.14%	\$ 45.09	\$ 11,344.38		\$ 0.25
2011 Q3	1.47%	4.29%	Nov-07	2007	04	\$ 11,299.29	\$ 610.00	5.14%	\$ 48.40	\$ 11,957.69		\$ 0.25
2011 Q4	1.47%	4.29%	Dec-07	2007	04	\$ 11,909.29	\$ 714.00	5.14%	\$ 51.01	\$ 12,674.30	\$ 8,493.46	\$ 0.25
2012 Q1	1.47%	4.29%	Jan-08	2008	01	\$ 12,623.29	\$ 686.00	5.14%	\$ 54.07	\$ 13,363.36		\$ 0.25
2012 Q2	4.29%	4.29%	Feb-08	2008	01	\$ 13,309.29	\$ 629.00	5.14%	\$ 57.01	\$ 13,996.30		\$ 0.25
2012 Q3	4.29%	4.29%	Mar-08	2008	01	\$ 13,938.29	\$ 725.00	5.14%	\$ 59.70	\$ 14,722.99		\$ 0.25
2012 Q4	4.29%	4.29%	Apr-08	2008	02	\$ 14,663.29	\$ 695.00	4.08%	\$ 49.86	\$ 15,408.15		\$ 0.25
			May-08	2008	02	\$ 15,358.29	\$ 610.00	4.08%	\$ 52.22	\$ 16,020.51		\$ 0.25
			Jun-08	2008	02	\$ 15,968.29	\$ 795.00	4.08%	\$ 54.29	\$ 16,811.58		\$ 0.25
			Jul-08	2008	03	\$ 16,763.29	\$ 603.90	3.35%	\$ 46.90	\$ 17,411.30		\$ 1.00
			Aug-08	2008	03	\$ 17,366.29	\$ 593.00	3.35%	\$ 48.48	\$ 18,007.77		\$ 1.00
			Sep-08	2008	03	\$ 17,959.29	\$ 777.00	3.35%	\$ 50.14	\$ 18,786.43		\$ 1.00
			Oct-08	2008	04	\$ 18,736.29	\$ 640.00	3.35%	\$ 52.31	\$ 19,428.60		\$ 1.00
			Nov-08	2008	04	\$ 19,376.29	\$ 586.00	3.35%	\$ 54.09	\$ 20,016.38		\$ 1.00
			Dec-08	2008	04	\$ 19,962.29	\$ 2,706.00	3.35%	\$ 55.73	\$ 22,724.02	\$ 10,679.70	\$ 1.00
			Jan-09	2009	01	\$ 22,668.29	\$ 2,222.24	2.45%	\$ 46.28	\$ 24,936.81		\$ 1.00
			Feb-09	2009	01	\$ 24,890.53	\$ 2,398.59	2.45%	\$ 50.82	\$ 27,339.94		\$ 1.00
			Mar-09	2009	01	\$ 27,289.12	\$ 3,516.39	2.45%	\$ 55.72	\$ 30,861.23		\$ 1.00
			Apr-09	2009	02	\$ 30,805.51	\$ 2,219.68	1.00%	\$ 25.67	\$ 33,050.78		\$ 1.00
			May-09	2009	02	\$ 33,025.09	\$ 2,583.59	1.00%	\$ 27.52	\$ 35,638.20		\$ 1.00
			Jun-09	2009	02	\$ 35,608.68	\$ 3,328.25	1.00%	\$ 29.67	\$ 38,966.60		\$ 1.00
			Jul-09	2009	03	\$ 38,936.93	\$ 2,332.84	0.55%	\$ 17.85	\$ 41,287.62		\$ 1.00
			Aug-09	2009	03	\$ 41,269.77	\$ 2,858.37	0.55%	\$ 18.92	\$ 44,127.06		\$ 1.00
			Sep-09	2009	03	\$ 44,108.14	\$ 2,637.44	0.55%	\$ 20.22	\$ 46,765.80		\$ 1.00
			Oct-09	2009	04	\$ 46,745.58	\$ 2,502.07	0.55%	\$ 21.43	\$ 49,269.08		\$ 1.00
			Nov-09	2009	04	\$ 49,247.65	\$ 2,965.52	0.55%	\$ 22.57	\$ 52,235.74		\$ 1.00
			Dec-09	2009	04	\$ 52,213.17	\$ 2,728.59	0.55%	\$ 23.93	\$ 54,965.69	\$ 32,634.07	\$ 1.00
			Jan-10	2010	01	\$ 54,941.76	\$ 2,289.89	0.55%	\$ 25.18	\$ 57,256.83		\$ 1.00
			Feb-10	2010	01	\$ 57,231.65	\$ 2,536.89	0.55%	\$ 26.23	\$ 59,794.77		\$ 1.00
			Mar-10	2010	01	\$ 59,769.54	\$ 3,305.52	0.55%	\$ 27.39	\$ 63,101.45		\$ 1.00
			Apr-10	2010	02	\$ 63,074.06	\$ 2,435.83	0.55%	\$ 28.91	\$ 65,538.80		\$ 1.00
			May-10	2010	02	\$ 65,509.89	\$ 3,336.48	0.55%	\$ 30.03	\$ 68,876.40		\$ 2.91
			Jun-10	2010	02	\$ 68,846.37	\$ 6,712.22	0.55%	\$ 31.55	\$ 75,590.14		\$ 2.91
			Jul-10	2010	03	\$ 75,558.59	\$ 7,059.09	0.89%	\$ 56.04	\$ 82,673.72		\$ 2.91
			Aug-10	2010	03	\$ 82,617.68	\$ 8,682.29	0.89%	\$ 61.27	\$ 91,361.24		\$ 2.91
			Sep-10	2010	03	\$ 91,299.97	\$ 7,510.64	0.89%	\$ 67.71	\$ 98,878.32		\$ 2.91
			Oct-10	2010	04	\$ 98,810.61	\$ 7,472.99	1.20%	\$ 98.81	\$ 106,382.41		\$ 2.91
			Nov-10	2010	04	\$ 106,283.60	\$ 8,732.73	1.20%	\$ 106.28	\$ 115,122.61		\$ 2.91
			Dec-10	2010	04	\$ 115,016.33	\$ 7,659.21	1.20%	\$ 115.02	\$ 122,790.56	\$ 68,408.20	\$ 2.91
			Jan-11	2011	01	\$ 122,675.54	\$ 8,789.73	1.47%	\$ 150.28	\$ 131,615.55		\$ 2.91
			Feb-11	2011	01	\$ 131,465.27	\$ 6,920.29	1.47%	\$ 161.04	\$ 138,546.60		\$ 2.91
			Mar-11	2011	01	\$ 138,385.56	\$ 8,076.08	1.47%	\$ 169.52	\$ 146,631.16		\$ 2.91
			Apr-11	2011	02	\$ 146,461.64	\$ 6,859.88	1.47%	\$ 179.42	\$ 153,500.94		\$ 2.91
			May-11	2011	02	\$ 153,321.52	\$ 9,109.92	1.47%	\$ 187.82	\$ 162,619.26		\$ 2.91
			Jun-11	2011	02	\$ 162,431.44	\$ 7,656.33	1.47%	\$ 198.98	\$ 170,286.75		\$ 2.91
			Jul-11	2011	03	\$ 170,087.77	\$ 7,302.33	1.47%	\$ 208.36	\$ 177,598.46		\$ 2.91
			Aug-11	2011	03	\$ 177,390.10	\$ 8,700.56	1.47%	\$ 217.30	\$ 186,307.96		\$ 2.91
			Sep-11	2011	03	\$ 186,090.66	\$ 7,488.96	1.47%	\$ 227.96	\$ 193,812.58		\$ 2.91
			Oct-11	2011	04	\$ 193,584.62	\$ 8,797.08	1.47%	\$ 237.14	\$ 202,618.84		\$ 2.91
			Nov-11	2011	04	\$ 202,381.70	\$ 7,086.44	1.47%	\$ 247.92	\$ 209,716.06		\$ 2.91
			Dec-11	2011	04	\$ 209,468.14	\$ 7,781.37	1.47%	\$ 256.60	\$ 217,506.11	\$ 97,016.31	\$ 2.91
			Jan-12	2012	01	\$ 217,249.51	\$ 8,297.99	1.47%	\$ 265.13	\$ 225,813.63		\$ 2.91
			Feb-12	2012	01	\$ 225,547.50	\$ 7,544.40	1.47%	\$ 276.30	\$ 233,368.20		\$ 2.91
			Mar-12	2012	01	\$ 233,091.90	\$ 7,926.30	1.47%	\$ 285.54	\$ 241,303.74		\$ 2.91
			Apr-12	2012	02	\$ 241,018.20	\$ 7,926.30	1.47%	\$ 295.25	\$ 249,239.75		\$ 2.91
			May-12	2012	02	\$ 248,944.50		0.00%	\$ -	\$ 248,944.50		
			Jun-12	2012	02	\$ 248,944.50		0.00%	\$ -	\$ 248,944.50		
			Jul-12	2012	03	\$ 248,944.50		0.00%	\$ -	\$ 248,944.50		
			Aug-12	2012	03	\$ 248,944.50		0.00%	\$ -	\$ 248,944.50		
			Sep-12	2012	03	\$ 248,944.50		0.00%	\$ -	\$ 248,944.50		
			Oct-12	2012	04	\$ 248,944.50		0.00%	\$ -	\$ 248,944.50		
			Nov-12	2012	04	\$ 248,944.50		0.00%	\$ -	\$ 248,944.50		
			Dec-12	2012	04	\$ 248,944.50		0.00%	\$ -	\$ 248,944.50	\$ 32,818.21	
Total Funding Adder Revenues Collected						\$	248,944.50	\$	5,678.66	\$	254,623.16	\$ 254,623.16



#N/A

This worksheet calculates the interest on OM&A and amortization/depreciation expense, based on monthly data.

Account 1556 - Sub-accounts Operating Expenses, Amortization Expenses, Carrying Charges

Prescribed Interest Rates	Approved Deferral and Variance Accounts	CWIP	Date	Year	Quarter	Opening Balance (Principal)	OM&A Expenses	Amortization / Depreciation Expense	Closing Balance (Principal)	(Annual) Interest Rate	Interest (on opening balance)	Cumulative Interest
2006 Q1	0.00%	0.00%	Jan-06	2006	Q1	\$ -			-	0.00%	-	-
2006 Q2	4.14%	4.68%	Feb-06	2006	Q1	-			-	0.00%	-	-
2006 Q3	4.59%	5.05%	Mar-06	2006	Q1	-			-	0.00%	-	-
2006 Q4	4.59%	4.72%	Apr-06	2006	Q2	-			-	4.14%	-	-
2007 Q1	4.59%	4.72%	May-06	2006	Q2	-			-	4.14%	-	-
2007 Q2	4.59%	4.72%	Jun-06	2006	Q2	-			-	4.14%	-	-
2007 Q3	4.59%	5.18%	Jul-06	2006	Q3	-			-	4.59%	-	-
2007 Q4	5.14%	5.18%	Aug-06	2006	Q3	-			-	4.59%	-	-
2008 Q1	5.14%	5.18%	Sep-06	2006	Q3	-			-	4.59%	-	-
2008 Q2	4.08%	5.18%	Oct-06	2006	Q4	-			-	4.59%	-	-
2008 Q3	3.35%	5.43%	Nov-06	2006	Q4	-			-	4.59%	-	-
2008 Q4	3.35%	5.43%	Dec-06	2006	Q4	-			-	4.59%	-	-
2009 Q1	2.45%	6.61%	Jan-07	2007	Q1	-			-	4.59%	-	-
2009 Q2	1.00%	6.61%	Feb-07	2007	Q1	-			-	4.59%	-	-
2009 Q3	0.55%	5.67%	Mar-07	2007	Q1	-			-	4.59%	-	-
2009 Q4	0.55%	4.66%	Apr-07	2007	Q2	-			-	4.59%	-	-
2010 Q1	0.55%	4.34%	May-07	2007	Q2	-			-	4.59%	-	-
2010 Q2	0.55%	4.34%	Jun-07	2007	Q2	-			-	4.59%	-	-
2010 Q3	0.89%	4.66%	Jul-07	2007	Q3	-			-	4.59%	-	-
2010 Q4	1.20%	4.01%	Aug-07	2007	Q3	-			-	4.59%	-	-
2011 Q1	1.47%	4.29%	Sep-07	2007	Q3	-			-	4.59%	-	-
2011 Q2	1.47%	4.29%	Oct-07	2007	Q4	-			-	5.14%	-	-
2011 Q3	1.47%	4.29%	Nov-07	2007	Q4	-			-	5.14%	-	-
2011 Q4	1.47%	4.29%	Dec-07	2007	Q4	-			-	5.14%	-	-
2012 Q1	1.47%	4.29%	Jan-08	2008	Q1	-			-	5.14%	-	-
2012 Q2	0.00%	4.29%	Feb-08	2008	Q1	-			-	5.14%	-	-
2012 Q3	0.00%	4.29%	Mar-08	2008	Q1	-			-	5.14%	-	-
2012 Q4	0.00%	4.29%	Apr-08	2008	Q2	-			-	4.08%	-	-
			May-08	2008	Q2	-			-	4.08%	-	-
			Jun-08	2008	Q2	-			-	4.08%	-	-
			Jul-08	2008	Q3	-			-	3.35%	-	-
			Aug-08	2008	Q3	-			-	3.35%	-	-
			Sep-08	2008	Q3	-			-	3.35%	-	-
			Oct-08	2008	Q4	-			-	3.35%	-	-
			Nov-08	2008	Q4	-			-	3.35%	-	-
			Dec-08	2008	Q4	-			-	3.35%	-	-
			Jan-09	2009	Q1	-			-	2.45%	-	-
			Feb-09	2009	Q1	-			-	2.45%	-	-
			Mar-09	2009	Q1	-			-	2.45%	-	-
			Apr-09	2009	Q2	-			-	1.00%	-	-
			May-09	2009	Q2	-			-	1.00%	-	-
			Jun-09	2009	Q2	-			-	1.00%	-	-
			Jul-09	2009	Q3	-			-	0.55%	-	-
			Aug-09	2009	Q3	-			-	0.55%	-	-
			Sep-09	2009	Q3	-			-	0.55%	-	-
			Oct-09	2009	Q4	-			-	0.55%	-	-
			Nov-09	2009	Q4	-			-	0.55%	-	-
			Dec-09	2009	Q4	-		\$ 27,302.22	27,302.22	0.55%	-	-
			Jan-10	2010	Q1	27,302.22	\$ 8,901.81		36,204.03	0.55%	12.51	12.51
			Feb-10	2010	Q1	36,204.03			36,204.03	0.55%	16.59	29.11
			Mar-10	2010	Q1	36,204.03			36,204.03	0.55%	16.59	45.70
			Apr-10	2010	Q2	36,204.03	\$ 377.68		36,581.71	0.55%	16.59	62.29
			May-10	2010	Q2	36,581.71	\$ 4,663.91		41,245.62	0.55%	16.77	79.06
			Jun-10	2010	Q2	41,245.62	\$ 6,390.33		47,635.95	0.55%	18.90	97.96
			Jul-10	2010	Q3	47,635.95	\$ 4,580.42		52,216.37	0.89%	35.33	133.29
			Aug-10	2010	Q3	52,216.37	\$ 8,566.71		60,783.08	0.89%	38.73	172.02
			Sep-10	2010	Q3	60,783.08	\$ 5,703.27		66,486.35	0.89%	45.08	217.10
			Oct-10	2010	Q4	66,486.35	\$ 3,549.09		70,035.44	1.20%	66.49	283.59
			Nov-10	2010	Q4	70,035.44	\$ 3,958.11		73,993.55	1.20%	70.04	353.62
			Dec-10	2010	Q4	73,993.55	\$ 6,212.24	\$ 53,375.52	133,581.31	1.20%	73.99	427.62
			Jan-11	2011	Q1	133,581.31	\$ 8,002.19		141,583.50	1.47%	163.64	591.26
			Feb-11	2011	Q1	141,583.50	\$ 7,718.45		149,301.95	1.47%	173.44	764.70
			Mar-11	2011	Q1	149,301.95	\$ 7,068.05		156,370.00	1.47%	182.89	947.59
			Apr-11	2011	Q2	156,370.00	\$ 5,212.10		161,582.10	1.47%	191.55	1,139.14
			May-11	2011	Q2	161,582.10	\$ 7,043.98		168,626.08	1.47%	197.94	1,337.08
			Jun-11	2011	Q2	168,626.08	\$ 2,512.90		171,138.98	1.47%	206.57	1,543.65
			Jul-11	2011	Q3	171,138.98	\$ 7,128.61		178,267.59	1.47%	209.65	1,753.29
			Aug-11	2011	Q3	178,267.59	\$ 3,883.26		182,150.85	1.47%	218.38	1,971.67
			Sep-11	2011	Q3	182,150.85	\$ 3,842.47		185,993.32	1.47%	223.13	2,194.81
			Oct-11	2011	Q4	185,993.32	\$ 2,499.07		188,492.39	1.47%	227.84	2,422.65
			Nov-11	2011	Q4	188,492.39	\$ 5,103.72		193,596.11	1.47%	230.90	2,653.55
			Dec-11	2011	Q4	193,596.11	\$ 3,763.28	\$ 55,996.05	253,355.44	1.47%	237.16	2,890.71
			Jan-12	2012	Q1	253,355.44			253,355.44	1.47%	310.36	3,201.07
			Feb-12	2012	Q1	253,355.44			253,355.44	1.47%	310.36	3,511.43
			Mar-12	2012	Q1	253,355.44			253,355.44	1.47%	310.36	3,821.79
			Apr-12	2012	Q2	253,355.44			253,355.44	1.47%	310.36	4,132.15
			May-12	2012	Q2	253,355.44			253,355.44	0.00%	-	4,132.15
			Jun-12	2012	Q2	253,355.44			253,355.44	0.00%	-	4,132.15
			Jul-12	2012	Q3	253,355.44			253,355.44	0.00%	-	4,132.15
			Aug-12	2012	Q3	253,355.44			253,355.44	0.00%	-	4,132.15
			Sep-12	2012	Q3	253,355.44			253,355.44	0.00%	-	4,132.15
			Oct-12	2012	Q4	253,355.44			253,355.44	0.00%	-	4,132.15
			Nov-12	2012	Q4	253,355.44			253,355.44	0.00%	-	4,132.15
			Dec-12	2012	Q4	253,355.44			253,355.44	0.00%	-	4,132.15
						\$ 116,681.65	\$ 136,673.79	\$ 253,355.44				



#N/A

This worksheet calculates the interest on OM&A and amortization/depreciation expense, in the absence of monthly data.

Year	OM&A (from Sheet 5)	Amortization Expense (from Sheet 5)	Cumulative OM&A and Amortization Expense	Average Cumulative OM&A and Amortization Expense	Average Annual Prescribed Interest Rate for Deferral and Variance Accounts (from Sheets 8A and 8B)	Simple Interest on OM&A and Amortization Expenses
2006	\$ -	\$ -	\$ -	\$ -	4.37%	\$ -
2007	\$ -	\$ 138.23	\$ 138.23	\$ 69.12	4.73%	\$ 3.27
2008	\$ -	\$ 853.30	\$ 991.53	\$ 564.88	3.98%	\$ 22.48
2009	\$ -	\$ 27,153.90	\$ 28,145.43	\$ 14,568.48	1.14%	\$ 165.72
2010	\$ 46,835.30	\$ 55,032.43	\$ 130,013.17	\$ 79,079.30	0.80%	\$ 630.66
2011	\$ 69,846.28	\$ 57,623.46	\$ 257,482.90	\$ 193,748.04	1.47%	\$ 2,848.10
2012	\$ 72,124.50	\$ 58,059.72	\$ 387,667.12	\$ 322,575.01	1.47%	\$ 4,741.85
Cumulative Interest to 2011						\$ 3,670.22
Cumulative Interest to 2012						\$ 8,412.07

#N/A

This worksheet calculates the Smart Meter Dispersion Rider and the Smart Meter Incremental Revenue Requirement Rate Rider, if applicable. This worksheet also calculates any new Smart Meter Funding Adder that a distributor may wish to request. However, please note that in many 2011 IRM decisions, the Board noted that current funding adders will cease on April 30, 2011 and that the Board's expectation is that distributors will file for a final review of prudence at the earliest opportunity. The Board also noted that the SMFA is a tool designed to provide advance funding and to mitigate the anticipated rate impact of smart meter costs when recovery of those costs is approved by the Board. The Board observed that the SMFA was not intended to be compensatory (return on and of capital) on a cumulative basis over the term the SMFA was in effect. The SMFA was initially designed to fund future investment, and not fully fund prior capital investment. Distributors that seek a new SMFA should provide evidence to support its proposal. This would include documentation of where the distributor is with respect to its smart meter deployment program, and reasons as to why the distributor's circumstances are such that continuation of the SMFA is warranted. Press the "UPDATE WORKSHEET" button after choosing the applicable adders/riders.

<input type="checkbox"/>	Smart Meter Funding Adder (SMFA)
<input checked="" type="checkbox"/>	Smart Meter Disposition Rider (SMDR)
<input checked="" type="checkbox"/>	Smart Meter Incremental Revenue Requirement Rate Rider (SMIRR)

The SMIRR is calculated based on the incremental revenue requirement associated with the recovery of capital related costs to December 31, 2012 and associated OM&A.

[illegible]

Years for collection or refunding

Deferred Incremental Revenue Requirement from 2006 to December 31, 2011	\$	376,955.19
plus Interest on OM&A and Amortization		
SMFA Revenues collected from 2006 to 2012 test year (inclusive)	\$	254,623.16
Plus Simple Interest on SMFA Revenues		

Net Deferred Revenue Requirement	\$	122,332.03
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SMDR	September 1, 2012 to August 31, 2014	\$	1.89
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Check: Forecasted SMDR Revenues	\$	122,290.56
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Incremental Revenue Requirement for 2012

\$ 151,628.63

SMIRR

\$ 4.69 **Match**

Check: Forecasted SMIRR Revenues

\$ 151,730.88

APPENDIX B

2011 AUDITED FINANCIAL STATEMENTS

Sioux Lookout Hydro Inc.
Financial Statements
For the year ended December 31, 2011

Sioux Lookout Hydro Inc.
Financial Statements
For the year ended December 31, 2011

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Sioux Lookout Hydro Inc.

We have audited the accompanying financial statements of Sioux Lookout Hydro Inc., which comprise the balance sheet as at December 31, 2011, and the statements of retained earnings, operations and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Sioux Lookout Hydro Inc. for the year ended December 31, 2011 and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

Dryden, Ontario
March 22, 2012

Sioux Lookout Hydro Inc. Balance Sheet

December 31	2011	2010
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Assets

Current

Cash and bank	\$ 944,586	\$ 793,425
Accounts receivable	787,347	818,462
Unbilled revenue	1,135,299	1,134,908
Inventory (Note 1)	61,659	44,830
Prepaid expenses	35,711	35,783
Taxes receivable	15,111	16,493
	2,979,713	2,843,901

Regulatory assets (Note 3)	98,340	184,735
Property, plant and equipment (Note 4)	4,467,728	4,528,276
Future income tax assets	136,243	133,236

	\$ 7,682,024	\$ 7,690,148
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Liabilities and Shareholder's Equity

Current

Bank indebtedness (Note 5)	\$ 2,606,819	\$ 2,830,520
Accounts payable and accrued liabilities	1,547,188	1,424,508
Employee benefits payable (Note 6)	120,488	125,526
Customer deposits	137,538	134,816
Due to related parties (Note 2)	250,000	212,956
	4,662,033	4,728,326

Shareholder's equity

Share capital (Note 7)	2,789,823	2,789,823
Retained earnings	230,168	171,999
	3,019,991	2,961,822

	\$ 7,682,024	\$ 7,690,148
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On behalf of the Board:

_____ Director

_____ Director

Sioux Lookout Hydro Inc.
Statement of Retained Earnings

For the year ended December 31	2011	2010
Retained earnings , beginning of year	\$ 171,999	\$ 88,054
Net income for the year	308,169	296,901
Dividends	<u>(250,000)</u>	<u>(212,956)</u>
Retained earnings , end of year	<u>\$ 230,168</u>	<u>\$ 171,999</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc. Statement of Operations

For the year ended December 31	2011		2010	
Revenue				
Sale of energy				
Residential and general	\$ 7,765,733	98.2 %	\$ 6,748,600	97.1 %
Street lighting	141,197	1.8 %	124,644	1.8 %
Unbilled revenue adjustment	390	- %	74,608	1.1 %
	<u>7,907,320</u>	<u>100 %</u>	<u>6,947,852</u>	<u>100 %</u>
Cost of bulk power purchased	<u>6,168,149</u>	<u>78.0 %</u>	<u>5,214,871</u>	<u>75.1 %</u>
Gross margin on energy sold	<u>1,739,171</u>	<u>22.0 %</u>	<u>1,732,981</u>	<u>24.9 %</u>
Other operating revenue (Note 9)	<u>133,029</u>	<u>1.8 %</u>	<u>130,154</u>	<u>1.9 %</u>
	<u>1,872,200</u>	<u>23.8 %</u>	<u>1,863,135</u>	<u>26.7 %</u>
Expenditures				
Administration	514,471	6.4 %	474,648	6.8 %
Amortization	279,372	3.5 %	282,949	4.1 %
Interest and bank charges	144,873	1.9 %	161,091	2.3 %
Operation maintenance	595,583	7.6 %	635,137	9.1 %
	<u>1,534,299</u>	<u>19.4 %</u>	<u>1,553,825</u>	<u>22.3 %</u>
Income before other item and payment in lieu of taxes	<u>337,901</u>	<u>4.3 %</u>	<u>309,310</u>	<u>4.4 %</u>
Other item				
Loss on impairment of goodwill (Note 15)	-	- %	-	- %
Income before payment in lieu of taxes	<u>337,901</u>	<u>4.3 %</u>	<u>309,310</u>	<u>4.4 %</u>
Payment in lieu of taxes				
Payment in lieu of taxes	32,739	0.4 %	32,449	0.5 %
Future payment in lieu recoverable	(3,007)	- %	(20,040)	(0.3) %
	<u>29,732</u>	<u>0.4 %</u>	<u>12,409</u>	<u>0.2 %</u>
Net income for the year	<u>\$ 308,169</u>	<u>3.9 %</u>	<u>\$ 296,901</u>	<u>4.2 %</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc. Statement of Cash Flows

For the year ended December 31	2011	2010
Cash provided by (used in)		
Operating activities		
Net income for the year	\$ 308,169	\$ 296,901
Items not involving cash		
Amortization of property, plant and equipment (Note 12)	304,303	344,552
Future income taxes recovered	(3,007)	(20,040)
Gain on disposal of property, plant and equipment	-	(633)
	<u>609,465</u>	<u>620,780</u>
Changes in non-cash working capital balances		
Accounts receivable	31,115	(298,953)
Unbilled revenue	(391)	(74,607)
Inventory	(16,829)	7,877
Prepaid expenses	72	(752)
Accounts payable and accrued liabilities	122,680	64,836
Employee benefits payable	(5,038)	8,892
Taxes receivable	1,383	(82,379)
Customer deposits	2,720	4,149
	<u>745,177</u>	<u>249,843</u>
Investing activities		
Purchase of property, plant and equipment	(243,754)	(297,666)
Increase in regulatory assets (liabilities)	86,395	466,026
Proceeds on sale of property, plant and equipment	-	613
	<u>(157,359)</u>	<u>168,973</u>
Financing activities		
Decrease in bank indebtedness	(223,701)	(221,973)
Dividends paid	-	(212,956)
Due to/from related parties	(212,956)	(199,130)
	<u>(436,657)</u>	<u>(634,059)</u>
Increase (decrease) in cash during the year	151,161	(215,243)
Cash and bank, beginning of year	793,425	1,008,668
Cash and bank, end of year	\$ 944,586	\$ 793,425

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Sioux Lookout Hydro Inc.

Summary of Significant Accounting Policies

December 31, 2011

Nature of Business	The company is incorporated under the laws of ON and is licensed by the Ontario Energy Board (OEB) as an electricity distributor.																		
Inventory	Inventory is stated at the lower of cost and net replacement cost. Cost is generally determined on the average cost basis.																		
Property, plant and equipment	<p>Property, plant and equipment are recorded at cost less accumulated amortization. Amortization is provided on a straight line basis over the assets estimated useful life.</p> <table><tr><td>Buildings</td><td>- 25</td><td>years</td></tr><tr><td>Distribution system - overhead</td><td>- 25</td><td>years</td></tr><tr><td>Distribution system - underground</td><td>- 25 and 35</td><td>years</td></tr><tr><td>Distribution transformers</td><td>- 25 and 35</td><td>years</td></tr><tr><td>Distribution meters</td><td>- 25 and 35</td><td>years</td></tr><tr><td>Other equipment - various</td><td>- from 4 to 10</td><td>years</td></tr></table>	Buildings	- 25	years	Distribution system - overhead	- 25	years	Distribution system - underground	- 25 and 35	years	Distribution transformers	- 25 and 35	years	Distribution meters	- 25 and 35	years	Other equipment - various	- from 4 to 10	years
Buildings	- 25	years																	
Distribution system - overhead	- 25	years																	
Distribution system - underground	- 25 and 35	years																	
Distribution transformers	- 25 and 35	years																	
Distribution meters	- 25 and 35	years																	
Other equipment - various	- from 4 to 10	years																	
Regulatory Assets and Liabilities	In accordance with the Canadian Institute of Chartered Accountants Accounting Guideline 19 "disclosure by Entities Subject to Rate Regulations" ("AcG-19") certain costs and variance accounts balances deemed to be "regulatory assets" or "regulatory liabilities" in the local distribution corporation are reflected separately on the company's balance sheet until the manner and timing of disposition is determined by the OEB .																		
Customer Deposits	Customer deposits are cash collections from customers to guarantee the payment of energy bills.																		

Sioux Lookout Hydro Inc.

Summary of Significant Accounting Policies

December 31, 2011

Revenue Recognition

Revenue from the sale of electricity is recorded on a basis of cyclical billings and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed. All these charges are flowed through to third parties.

The amounts billed to customers for distribution services is according to rates, both fixed and by volume of power, as approved by the Ontario Energy Board.

Pole rental revenues which is included in other operating revenue is according to rates per pole, as established by the Ontario Energy Board and is recognized as revenue as service is performed.

Late payment charges and interest income is recognized as revenue when earned.

Other miscellaneous income is recognized as service is performed.

Capital Contributions and Grants

Capital contributions are set up as a capital asset contra account, contributions and grants. This account is amortized on the same basis as the related capital assets.

Payment in Lieu of Taxes

The company accounts for payment in lieu of taxes using the liability payable method based on taxable income. Future income taxes arise from temporary differences in the accounting and tax basis of assets and liabilities. Future tax assets and liabilities are provided based on substantively enacted tax rates that will be in effect when the differences are expected to reverse.

Sioux Lookout Hydro Inc. Summary of Significant Accounting Policies

December 31, 2011

Basis of Accounting

Revenue and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they are earned and measurable; expenditures are the cost of goods and services acquired in the period whether or not payment has been made or invoices received.

Use of Estimates

The preparation of financial statements in accordance with accounting policies established for electric utilities in the Province of Ontario requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Sioux Lookout Hydro Inc.

Summary of Significant Accounting Policies

December 31, 2011

Financial Instruments

The company utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of the financial instruments approximate their carrying values, unless otherwise noted.

All transactions related to financial instruments are recorded on a trade date basis.

Handbook Section 3862 establishes a fair value hierarchy which includes three levels of inputs that may be used to measure fair value.

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis;
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or can be corroborated by observable market data for substantially the full term of the assets or liabilities; and
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The company classifies its financial instruments into one of the following categories based on the purpose for which the asset was acquired. There were no transfers between Level 1 and 2 in the year. There were no investments classified as Level 2 or 3. The company's accounting policy for each category is as follows:

Held-for-Trading

This category is comprised of cash and bank (classified as Level 1). They are carried in the balance sheet at fair value with changes in fair value recognized in the statement of operations. Transaction costs related to instruments classified as held-for-trading are expensed as incurred.

Sioux Lookout Hydro Inc.

Summary of Significant Accounting Policies

December 31, 2011

Financial Instruments (continued) Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates or on demand. They arise principally through the provision of goods and services to customers (accounts receivable and unbilled revenue), but also incorporate other types of contractual monetary assets. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest method, less any provision for impairment. Transaction costs related to loans and receivables are expensed as incurred.

Other Financial Liabilities

Other financial liabilities includes all financial liabilities other than those classified as held-for-trading and comprise accounts payable and accrued liabilities, due to related parties, and bank borrowings. These liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs related to other financial liabilities are expensed as incurred.

Employee Future Benefits

The company provides a pension plan for its full-time employees through the Ontario Municipal Employees Retirement System (OMERS). OMERS is a multi-employer, contributory, defined benefit pension plan established in 1962 by the Province of Ontario for employees of municipalities, local boards, and school boards in Ontario. Both participating employers and employees are required to make plan contributions based on participating employees contributory earnings. The company recognizes the expense related to this plan as contributions are made.

Employee future benefits other than pension provided by the company include the payments of the premiums on medical, dental and life insurance benefits, and accumulated sick leave credits. These plans provide benefits to employees when they are no longer providing active service. Employee future benefit expenses is recognized over the period from the entitlement date to the employees retirement date.

Sioux Lookout Hydro Inc.

Summary of Significant Accounting Policies

December 31, 2011

New Accounting Pronouncements

On February 13, 2008, the AcSB confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. A limited number of converged or IFRS-based standards will be incorporated into Canadian GAAP prior to 2011, with the remaining standards to be adopted at the change over date.

The Corporation has an internal initiative to govern the conversion process and is currently in the process of evaluating the potential impact of the conversion to IFRS on its financial statements. At this time, the Corporation believes that the impact on its financial statements could be material.

On September 10, 2010, the AcSB granted an optional one year deferral for IFRS adoption for entities subject to rate regulation. This decision came in light of the uncertainty created by the International Accounting Standards Board ("IASB") in regard to the rate-regulated project which is assessing the potential recognition of regulatory assets and regulatory liabilities under IFRS. Subsequently, the Canadian Securities Administrators announced that entities subject to rate regulation may defer the adoption of IFRS for up to one year, consistent with the one year deferral granted by the AcSB.

Given the continued uncertainty around the timing, scope and eventual adoption of a rate-regulated accounting ("RRA") standard under IFRS and the potential material impact of RRA on the Corporation's financial statements, the Corporation has decided to elect the optional one-year deferral of its adoption of IFRS. Accordingly, the Corporation will continue to prepare its financial statements in accordance with Canadian GAAP accounting standards in Part V of the CICA Handbook for 2011.

As a result of these developments related to IFRS and the uncertainty regarding the impact of IFRS on the OEB electricity distribution rates application process, the Corporation cannot reasonably quantify the full impact that adopting IFRS would have on its future financial position and results of operations. Although the Corporation has completed a detailed assessment of the accounting and disclosure differences between Canadian GAAP and IFRS, in light of the one-year deferral, this assessment will be revisited due to changes to standards during this period. The Corporation will continue to actively monitor IASB developments with respect to RRA and non-RRA IFRS developments and their potential impacts.

Sioux Lookout Hydro Inc. Notes to Financial Statements

December 31, 2011

1. Inventory

	<u>2011</u>	<u>2010</u>
Balance, beginning of year	\$ 44,830	\$ 52,707
Purchases	123,925	100,773
Sold to customer	(4,254)	-
Transfer to capital assets	<u>(102,842)</u>	<u>(108,650)</u>
Balance, end of year	<u>\$ 61,659</u>	<u>\$ 44,830</u>

2. Due to Related Parties

At the end of the year the amounts due to related parties are as follows:

	<u>2011</u>	<u>2010</u>
Due to Shareholder:		
Corporation of the Municipality of Sioux Lookout	<u>\$ 250,000</u>	<u>\$ 212,956</u>

These balances are unsecured, interest free, payable on demand and have arisen from the transfer of assets, dividends declared and provision of services referred to below.

There was a dividend declared and payable of \$250,000 (2010 - \$212,956). During the year the company billed electricity and services to the shareholder in the amount of \$707,274 (2010 - \$749,517).

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties), which approximates the arm's length equivalent value for sales of product.

Sioux Lookout Hydro Inc. Notes to Financial Statements

December 31, 2011

3. Regulatory Assets (Liabilities)

Under Bill 210, certain costs and variance account balances are deemed to be "regulatory assets (liabilities)" in accordance with the OEB Accounting Procedures Handbook. These assets are to be reflected on the Corporation's balance sheet. The OEB has granted the Corporation permission to recover the regulatory assets when establishing its distribution rates.

	2011	2010
Retail settlement variances	\$ 11,986	\$ 13,471
Wholesale market service variances	(194,661)	(185,064)
Network charges variances	(11,891)	(4,281)
Connection charges variances	(6,364)	285,994
Power charges variances	(268,785)	(786,312)
Other regulatory assets	19,765	17,144
Smart meter rate adder funding	(198,908)	(114,667)
Smart meter deferral	843,996	762,066
Disposition and recovery of regulatory balances	(96,798)	196,384
	\$ 98,340	\$ 184,735

4. Property, plant and equipment

	2011		2010	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Buildings	\$ 91,864	\$ 41,022	\$ 91,864	\$ 37,347
Distribution system-overhead	4,553,456	1,661,162	4,388,392	1,479,023
Distribution system				
- underground	1,061,094	373,598	1,001,186	331,154
Distribution transformers	1,607,741	587,435	1,545,612	523,126
Distribution meters	454,082	126,508	447,604	114,629
Other equipment - various	806,831	652,138	774,590	617,002
Contributions and grants	(891,191)	(205,212)	(817,216)	(169,933)
Construction in progress	20,502	-	28,592	-
	\$ 7,704,379	\$ 3,236,651	\$ 7,460,624	\$ 2,932,348
Net book value		\$ 4,467,728		\$ 4,528,276

Sioux Lookout Hydro Inc. Notes to Financial Statements

December 31, 2011

5. Bank Indebtedness

	2011	2010
Demand installment loan, repayable at \$5,814 per month including interest at 4.7%, secured by a general security agreement covering all assets; due 2019	\$ 661,830	\$ 699,530
Demand installment loan, repayable at \$15,500 per month plus interest at prime, secured by a general security agreement covering all assets; due 2022	1,944,989	2,130,990
	<u>\$ 2,606,819</u>	<u>\$ 2,830,520</u>

The demand installment loans are secured by a general security agreement covering all assets and are guaranteed by Corporation of the Municipality of Sioux Lookout.

The company has an unused operating line of credit of \$175,000 with terms of due on demand and bears interest at the bank's prime rate calculated and payable monthly.

At December 31, 2011 the fair value of the bank indebtedness was \$2,183,280 calculated based on the amount of future cash flows associated with each instrument discounted using 5% which is an estimate of what the company's current borrowing rate for similar debt instruments of comparable maturity would be.

The agreement governing the demand installment loan facility contains certain covenants regarding (i) debt servicing ratios, (ii) negative pledge where no lien can be assigned against assets, and (iii) the bank must approve any material change to the company.

6. Employee Benefits Payable

	2011	2010
Vacation pay	\$ 33,495	\$ 34,806
Vested sick leave	43,292	42,234
Banked overtime	4,472	2,498
Post employment benefits	39,229	45,988
	<u>\$ 120,488</u>	<u>\$ 125,526</u>

The post employment benefits is estimated based on the premiums paid to employees from date eligible to retire, until age 65. The estimate assumes an inflation rate of 3.46% and a discount rate of 4%.

Sioux Lookout Hydro Inc. Notes to Financial Statements

December 31, 2011

7. Share Capital

The authorized class A preference share capital of the company is an unlimited number of non-voting shares, with a stated value equal to the consideration received on issue, redeemable and retractable at \$1,000 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class B preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at \$100 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class C preference share capital of the company is an unlimited number of non-voting shares, redeemable and retractable at \$1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized class D preference share capital of the company is an unlimited number of voting shares, redeemable and retractable at \$1 per share, and entitled to a non-cumulative annual dividend of 6%.

The authorized common share capital of the company is an unlimited number of shares.

The issued share capital is as follows:

	<u>2011</u>	<u>2010</u>
100 Common shares	<u>\$ 2,789,823</u>	<u>\$ 2,789,823</u>

8. Financial Income and Expense

	<u>2011</u>	<u>2010</u>
Interest on assets held-for-trading	<u>\$ 21,163</u>	<u>\$ 13,536</u>
Interest expense on financial liabilities measured at amortized cost	<u>32,073</u>	<u>30,521</u>
Interest expense on financial assets measured at fair value	<u>112,800</u>	<u>108,122</u>
	<u>144,873</u>	<u>138,643</u>
Net finance costs	<u>\$ (123,710)</u>	<u>\$ (125,107)</u>

Sioux Lookout Hydro Inc. Notes to Financial Statements

December 31, 2011

9. Other Operating Revenue

	<u>2011</u>	<u>2010</u>
Late payment charges	\$ 38,119	\$ 37,665
Interest income	21,163	13,536
Pole rentals	43,194	40,279
Change in occupancy charges	16,560	16,260
Sentinel light rental	10,147	9,838
Sundry	3,846	12,576
	<u>\$ 133,029</u>	<u>\$ 130,154</u>

10. Pension Agreement

The company makes contributions to the Ontario Municipal Employers Retirement Fund (OMERS), which is a multi-employer plan, on behalf of eight members of its staff. The plan is a deferred benefit plan which specifies the amount of the retirement benefit to be received by the employee based on the length of service and rate of pay.

During the year ended December 31, 2011 the Board contributed \$50,233 (2010 - \$42,407) to the plan. As this is a multi-employer pension plan, these contributions are the Board's pension benefit expenses. No pension liability for this type of plan is included in the Board's financial statements.

11. Supplementary Cash Flow Information

	<u>2011</u>	<u>2010</u>
Interest paid	\$ 144,873	\$ 138,643
Payment in lieu of taxes paid	<u>\$ 47,850</u>	<u>\$ 52,304</u>

Sioux Lookout Hydro Inc. Notes to Financial Statements

December 31, 2011

12. Amortization of Property, plant and equipment

	2011	2010
Amortization of building and distribution equipment	\$ 304,446	\$ 300,774
Amortization of office equipment	8,673	8,009
Amortization of contributions and grants	(35,278)	(28,177)
	<u>277,841</u>	<u>280,606</u>
Amortization of other capital assets included in relevant expense categories		
Rolling stock	14,790	46,249
Operations and maintenance	10,141	15,353
Sentinel lights	1,531	2,344
	<u>\$ 304,303</u>	<u>\$ 344,552</u>

13. Commitments

The company has entered into an operating lease for certain equipment (Altec Aerial Device). The equipment is leased at \$3,176 per month under a lease expiring in 2013.

The minimum annual lease payments for the next two years are as follows:

2012	\$ 38,112
2013	\$ 25,408

14. Fair Value of Financial Instruments

The fair values of cash and cash equivalents, accounts receivable, unbilled revenue, and accounts payable and accrued liabilities approximate their carrying amounts because of the short-term maturity of these instruments.

The fair value of the due to related parties amount has not been determined as disclosed in Note 2.

The fair value of bank indebtedness is disclosed in Note 5.

Sioux Lookout Hydro Inc. Notes to Financial Statements

December 31, 2011

15. Financial Instrument Risk Exposure and Management

The Board has overall responsibility for the determination of the company's risk management objectives and policies while retaining ultimate responsibility for them. It has delegated the authority for designing and operating processes that ensure the effectiveness of the objectives and policies to the company's finance function. The Board receives quarterly financial reports from the manager through which it reviews the effectiveness of the processes put in place and the results of operations.

Credit Risk

The company has a policy it follows to ensure that the accounts receivables are collected on a timely basis. When a customer account goes into arrears Thunder Bay Hydro Inc. calls the customer in an effort to secure payment. In the event that the calls fail, Sioux Lookout Hydro Inc. will follow up with a letter that explains to the customer the ramifications of not paying their account. Once several days pass the services provided to the customer will be cut off. This process is followed unless the Board directs management to exclude certain customers groups from having their services cut off.

If a customer leaves their residence and the above collection process is not successful, Sioux Lookout Hydro Inc. will engage the services of a collection bureau to pursue these customer accounts. When an account is transferred to a collection bureau management sets these accounts up as doubtful accounts. At year end the allowance for doubtful accounts balance was \$58,702 (2010 - \$90,548). When all avenues to collect outstanding receivables have been exhausted management, with Board approval, will write off the receivables. During the year the company wrote off \$ 35,849 of outstanding receivables (2010 - \$nil).

Sioux Lookout Hydro Inc. is in the normal course of operations, exposed to credit risk from having bank account balances over the amounts insured by the Canadian Deposit Insurance Corporation. The interest rate on the bank account is prime less 2%.

Liquidity Risk

The company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. Management reconciles its bank on a monthly basis and it funds temporary cash shortages through a line of credit with the bank.

Sioux Lookout Hydro Inc. Notes to Financial Statements

December 31, 2011

15. Financial Instrument Risk Exposure and Management (continued)

The following table illustrates the contractual maturity analysis of the company's financial liabilities. It is prepared on a gross basis and assumes the bank demand loan is repaid according to the installment schedule and prevailing interest rates (prime).

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>Thereafter</u>	<u>Total</u>
Non-derivative							
financial instruments	\$ 311,665	\$ 305,985	\$ 300,405	\$ 294,825	\$ 289,245	\$ 1,628,457	\$3,130,482

Market Risk

Market risk arises from the company's floating rate demand loan and fixed rate loans.

The annualised effect of a 1.0% decrease in the interest rate at the balance sheet date on the floating rate demand loan carried at that date would, all other variables held constant, have resulted in an increase in post-tax profit for the year of \$31,500. A 1.0% increase in the interest rate would, on the same basis, have decreased post-tax profit by the same amount.

The annualised effect of a 1.0% decrease in the interest rate at the balance sheet on the fixed rate loan carried at that date would, all other variables held constant, have resulted in a decrease in the fair value of the loan of \$44,000. A 1.0% increase in the interest rate would, on the same basis, have increased the fair value by the same amount.

Sioux Lookout Hydro Inc. Notes to Financial Statements

December 31, 2011

16. Capital Disclosures

Sioux Lookout Hydro Inc. manages its capital in a manner consistent with the risk characteristics of the assets it holds. All financing, including equity and debt are analyzed by management and approved by the board of directors.

The company's objectives when managing capital are:

- a) to safeguard the company's ability to continue as a going concern and provide returns for shareholders;
- b) to maintain a safe and reliable electricity distribution system.

The company is meeting its objective of managing capital through its detailed review and preparing short-term and long-term cash flow analysis to ensure an adequate amount of liquidity and monthly review of financial results.

There have been no changes in the company's approach to capital management from the previous years.

APPENDIX C

FAIRNESS COMMISSIONER LETTER

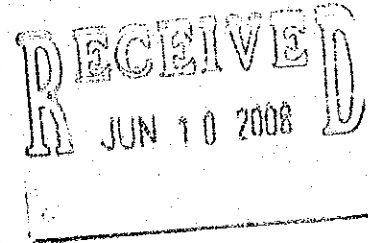


PRP International, Inc.

Fairness Advisory Services

May 30, 2008

Mr. Gord Maki
President and CEO
Sioux Lookout Hydro Inc.
25 Fifth Avenue, P.O. Box 908
Sioux Lookout, ON P8T 1B3



Dear Mr. Maki:

Subject: Attestation of the Fairness Commissioner
Advanced Metering Infrastructure RFP, August 2007
London Hydro & Consortium of LDCs Smartmetering Project

PRP International, Inc. is pleased to submit its letter report of the Fairness Commissioner for the noted Request for Proposal (RFP) evaluation and selection phase. This judgment is being provided for the information and use of each Consortium LDC Sponsor, in their consideration of the report from the Evaluation Phase, for this competitive transaction.

"It is the judgment of PRP International, Inc., as the Fairness Commissioner, that the determinations of the two (2) highest ranked Proponents for the "Group of the Northern Five LDCs" (Sioux Lookout Hydro Inc., Atikokan Hydro Inc., Fort Francis Hydro Power Corporation, Kenora Hydro Electric Corporation Ltd, and Thunder Bay Hydro Electricity Distribution) requirements are:

- Elster Metering, as the recommended Preferred Proponent, based on its highest ranking, and*
- KTI/Sensus Limited being the second ranked Proponent.*

These determinations were made in a fair (objective and competent) manner and consistent with the evaluation and selection processes set out in the RFP, issued August 14, 2007."

A detailed report for your records will be submitted to you, by August 31, 2008. Should you have any questions or require clarification of any matter contained in this letter report, please contact the undersigned.

Yours truly,

Peter Sorensen
President

cc: Mr. Gary Rains, RFP Project Director

APPENDIX D

BILL IMPACTS

Appendix c

Bill Impacts

Residential

Monthly Rates and Charges	Metric	Current Rate	Applied For Rate
Service Charge	\$	24.26	24.26
Service Charge Rate Adder(s)	\$	1.85	1.85
Service Charge Rate Rider(s)	\$	-	4.59
Distribution Volumetric Rate	\$/kWh	0.0104	0.0104
Distribution Volumetric Rate Adder(s)	\$/kWh	-0.0035	-0.0035
Low Voltage Volumetric Rate	\$/kWh	0.0030	0.0030
Distribution Volumetric Rate Rider(s)	\$/kWh	-	-
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0055	0.0055
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0013	0.0013
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011	0.0011
Special Purpose Charge	\$/kWh	-	-
Standard Supply Service – Administration Charge (if applicable)	\$/kWh	0.25	0.25

Consumption	800	kWh	0	kW
RPP Tier One	600	kWh	Load Factor	

Loss Factor 1.0642

Residential	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Energy First Tier (kWh)	600	0.0650	39.00	600	0.0650	39.00	0.00	0.0%	30.40%
Energy Second Tier (kWh)	252	0.0750	18.90	252	0.0750	18.90	0.00	0.0%	14.73%
Sub-Total: Energy			57.90			57.90	0.00	0.0%	45.13%
Service Charge	1	24.26	24.26	1	24.26	24.26	0.00	0.0%	18.91%
Service Charge Rate Adder(s)	1	0.00	0.00	1	1.85	1.85	1.85	0.0%	1.44%
Service Charge Rate Rider(s)	1	0.00	0.00	1	4.59	4.59	4.59	0.0%	3.58%
Distribution Volumetric Rate	800	0.0104	8.32	800	0.0104	8.32	0.00	0.0%	6.49%
Distribution Volumetric Rate Adder(s)	800	-0.0035	-2.80	800	-0.0035	-2.80	0.00	0.0%	-2.18%
Low Voltage Volumetric Rate	800	0.0030	2.40	800	0.0030	2.40	0.00	0.0%	1.87%
Distribution Volumetric Rate Rider(s)	800	0.0000	0.00	800	0.0000	0.00	0.00	0.0%	0.00%
Total: Distribution			32.18			38.62	6.44	20.0%	30.10%
Retail Transmission Rate – Network Service Rate	852	0.0055	4.69	852	0.0055	4.69	0.00	0.0%	3.65%
Retail Transmission Rate – Line and Transformation Connection Service Rate	852	0.0013	1.11	852	0.0013	1.11	0.00	0.0%	0.86%
Total: Retail Transmission			5.79			5.79	0.00	0.0%	4.52%
Sub-Total: Delivery (Distribution and Retail Transmission)			37.97			44.41	6.44	17.0%	34.62%
Wholesale Market Service Rate	852	0.0052	4.43	852	0.0052	4.43	-0.00	(0.0)%	3.45%
Rural Rate Protection Charge	852	0.0011	0.94	852	0.0011	0.94	0.00	0.0%	0.73%
Special Purpose Charge	852	0.0000	0.00	852	0.0000	0.00	0.00	0.0%	0.00%
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25	1	0.25	0.25	0.00	0.0%	0.19%
Sub-Total: Regulatory			5.62			5.62	-0.00	(0.0)%	4.38%
Debt Retirement Charge (DRC)	800	0.00700	5.60	800	0.00700	5.60	0.00	0.0%	4.37%
Total Bill before Taxes			107.09			113.53	6.44	6.0%	88.50%
HST	107.09	13%	13.92	113.53	13%	14.76	0.84	6.0%	11.50%
Total Bill			121.01			128.29	7.28	6.0%	100.00%

Appendix c

Bill Impacts

General Service Less Than 50 kW

Monthly Rates and Charges	Metric	Current Rate	Applied For Rate
Service Charge	\$	43.11	43.11
Service Charge Rate Adder(s)	\$		2.16
Service Charge Rate Rider(s)	\$	-	5.31
Distribution Volumetric Rate	\$/kWh	0.0082	0.0082
Distribution Volumetric Rate Adder(s)	\$/kWh	- 0.0028	0.0028
Low Voltage Volumetric Rate	\$/kWh	0.0027	0.0027
Distribution Volumetric Rate Rider(s)	\$/kWh		
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0050	0.0050
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0011	0.0011
Wholesale Market Service Rate	\$/kWh	0.0052	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011	0.0011
Special Purpose Charge	\$/kWh		
Standard Supply Service – Administration Charge (if applicable)	\$/kWh	0.25	0.25

Consumption	2,000 kWh	0 kW
RPP Tier One	750 kWh	Load Factor

Loss Factor 1.0642

General Service Less Than 50 kW	Volume	RATE \$	CHARGE \$	Volume	RATE \$	CHARGE \$	\$	%	% of Total Bill
Energy First Tier (kWh)	750	0.0650	48.75	750	0.0650	48.75	0.00	0.0%	17.86%
Energy Second Tier (kWh)	1,379	0.0750	103.43	1,379	0.0750	103.43	0.00	0.0%	37.90%
Sub-Total: Energy			152.18			152.18	0.00	0.0%	55.76%
Service Charge	1	43.11	43.11	1	43.11	43.11	0.00	0.0%	14.70%
Service Charge Rate Adder(s)	1	0.00	0.00	1	2.16	2.16	2.16	0.0%	0.74%
Service Charge Rate Rider(s)	1	0.00	0.00	1	5.31	5.31	5.31	0.0%	1.81%
Distribution Volumetric Rate	2,000	0.0082	16.40	2,000	0.0082	16.40	0.00	0.0%	5.59%
Distribution Volumetric Rate Adder(s)	2,000	-0.0028	-5.60	2,000	-0.0028	-5.60	0.00	0.0%	-1.91%
Low Voltage Volumetric Rate	2,000	0.0027	5.40	2,000	0.0027	5.40	0.00	0.0%	1.84%
Distribution Volumetric Rate Rider(s)	2,000	0.0000	0.00	2,000	0.0000	0.00	0.00	0.0%	0.00%
Total: Distribution			59.31			66.78	7.47	12.6%	22.76%
Retail Transmission Rate – Network Service Rate	2,129	0.0050	10.65	2,129	0.0050	10.65	0.00	0.0%	3.63%
Retail Transmission Rate – Line and Transformation Connection Service Rate	2,129	0.0011	2.34	2,129	0.0011	2.34	0.00	0.0%	0.80%
Total: Retail Transmission			12.99			12.99	0.00	0.0%	4.43%
Sub-Total: Delivery (Distribution and Retail Transmission)			72.30			79.77	7.47	10.3%	27.19%
Wholesale Market Service Rate	2,129	0.0052	11.07	2,129	0.0052	11.07	-0.00	(0.0)%	3.77%
Rural Rate Protection Charge	2,129	0.0011	2.34	2,129	0.0011	2.34	0.00	0.0%	0.80%
Special Purpose Charge	2,129	0.0000	0.00	2,129	0.0000	0.00	0.00	0.0%	0.00%
Standard Supply Service – Administration Charge (if applicable)	1	0.25	0.25	1	0.25	0.25	0.00	0.0%	0.09%
Sub-Total: Regulatory			13.66			13.66	-0.00	(0.0)%	4.66%
Debt Retirement Charge (DRC)	2,000	0.00700	14.00	2,000	0.00700	14.00	0.00	0.0%	4.77%
Total Bill before Taxes			252.14			259.61	7.47	3.0%	88.50%
HST	252.14	13%	32.78	259.61	13%	33.75	0.97	3.0%	11.50%
Total Bill			284.92			293.36	8.44	3.0%	100.00%