

IN THE MATTER OF the *Ontario Energy Board Act, 1998*, S.O. 1998, c.15, (Schedule B);

AND IN THE MATTER OF an application by Wellington North Power Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2012.

WELLINGTON NORTH POWER INC. (“WNP”)

PROPOSED SETTLEMENT AGREEMENT

FILED: SEPTEMBER 7, 2012

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EB-2011-0249

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PROPOSED SETTLEMENT AGREEMENT
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INTRODUCTION:

Wellington North Power Inc. (“WNP”) carries on the business of distributing electricity within the urban areas of the former town of Mount Forest, the former village of Arthur and the former village of Holstein.

WNP filed an application with the Ontario Energy Board (the “Board”) on April 13, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), seeking approval for changes to the rates that WNP charges for electricity distribution, to be effective May 1, 2012 (the “Application”). The Board assigned the application File Number EB-2011-0249.

Two parties requested and were granted intervenor status: the Vulnerable Energy Consumers’ Coalition (“VECC”), and Energy Probe Research Foundation (“EP”). These parties are referred to collectively as the “Intervenors”.

In Procedural Order No. 1, issued on May 24, 2012, the Board approved the Intervenors in this proceeding, set dates for interrogatories and interrogatory responses and made its determination regarding the cost eligibility of the Intervenors.

In Procedural Order No. 3, issued on July 18, 2012, the Board set dates for supplemental interrogatories and responses (July 25 and August 8, 2012, respectively); a Settlement Conference (August 22, 2012, continuing August 23, 2012 if necessary); and the filing of any Settlement Proposal arising out of the

Settlement Conference (September 7, 2012). There is no Board-approved Issues List for this proceeding. WNP filed responses to both the original and supplemental interrogatories.

The evidence in this proceeding (referred to here as the “Evidence”) consists of the application, including updates to the Application, and WNP’s responses to the initial and supplemental interrogatories. The Appendices to this Settlement Agreement (the “Agreement”) are also included in the Evidence. The Settlement Conference was duly convened in accordance with the Procedural Order No. 3, with Mr. Chris Haussmann as facilitator. The Settlement Conference was held on August 22, 2012.

WNP and the following Intervenors participated in the Settlement Conference:

- Energy Probe and
- VECC.

WNP and the Intervenors are collectively referred to below as the “Parties”.

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Board’s *Settlement Conference Guidelines* (the “Guidelines”). The Parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement Conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Agreement.

The role adopted by Board Staff in the Settlement Conference is set out in page 5 of the Guidelines. Although Board staff is not a party to this Agreement, as noted in the Guidelines, Board staff who did participate in the Settlement Conference are bound by the same confidentiality standards that apply to the Parties to the proceeding.

A COMPLETE SETTLEMENT HAS BEEN REACHED ON ALL ISSUES IN THIS PROCEEDING:

The Parties are pleased to advise the Board that a complete settlement has been reached on all issues in this proceeding. This document comprises the Proposed Settlement Agreement, and it is presented jointly

by WNP, EP and VECC to the Board. It identifies the settled matters, and contains such references to the Evidence as are necessary to assist the Board in understanding the Agreement. The Parties confirm that the Evidence filed to date in respect of each settled issue, as supplemented in some instances by additional information recorded in this Agreement, supports the settlement of the matters identified in this Agreement. In addition, the Parties agree that the Evidence, supplemented where necessary by the additional information appended to this Agreement, contains sufficient detail, rationale and quality of information to allow the Board to make findings in keeping with the settlement reached by the Parties.

The Parties explicitly request that the Board consider and accept this Proposed Settlement Agreement as a package. None of the matters in respect of which a settlement has been reached is severable. Numerous compromises were made by the Parties with respect to various matters to arrive at this comprehensive Agreement. The distinct issues addressed in this proposal are intricately interrelated, and reductions or increases to the agreed-upon amounts may have financial consequences in other areas of this proposal which may be unacceptable to one or more of the Parties. If the Board does not accept the Agreement in its entirety, then there is no Agreement unless the Parties agree that those portions of the Agreement that the Board does accept may continue as a valid settlement.

It is further acknowledged and agreed that none of the Parties will withdraw from this Agreement under any circumstances, except as provided under Rule 32.05 of the *Board's Rules of Practice and Procedure*.

It is also agreed that this Agreement is without prejudice to any of the Parties re-examining these issues in any subsequent proceeding and taking positions inconsistent with the resolution of these issues in this Agreement. However, none of the Parties will, in any subsequent proceeding, take the position that the resolution therein of any issue settled in this Agreement, if contrary to the terms of this Agreement, should be applicable for all or any part of the 2012 Test Year.

References to the Evidence supporting this Agreement on each issue are set out in each section of the Agreement. The Appendices to the Agreement provide further evidentiary support. The Parties agree that this Agreement and the Appendices form part of the record in EB-2011-0249. The Appendices were prepared by the Applicant. The Intervenors are relying on the accuracy and completeness of the Appendices in entering into this Agreement. Appendix I to this Agreement – Proposed Schedule of 2012 Tariff of Rates and Charges (Updated) – is a proposed schedule of Rates and Charges that WNP will use as the basis for its draft Rate Order following Board approval of this Agreement.

The Parties believe that the Agreement represents a balanced proposal that protects the interests of WNP's customers, employees and shareholder and promotes economic efficiency and cost effectiveness. It also provides the resources which will allow WNP to manage its assets so that the highest standards of performance are achieved and customers' expectations for the safe and reliable delivery of electricity at reasonable prices are met.

The Parties have agreed that the effective date of the rates resulting from this proposed Agreement is October 1, 2012 (referred to below as the "Effective Date"). The Parties agree that WNP may establish a rate rider that would allow it to recover that portion of the Revenue Deficiency that would have been recovered between October 1, 2012 and the Board-Approved implementation date for WNP's rates for the 2012 rate year.

ORGANIZATION AND SUMMARY OF THE SETTLEMENT AGREEMENT:

As noted above, there is no Board-approved Issues List for this proceeding. For the purposes of organizing this Agreement, the Parties have used the Issues List in the Guelph Hydro Electric Systems Inc. proceeding (EB-2011-0123) as a guide, as that Issues List addresses all of the revenue requirement components, load forecast, deferral and variance account dispositions, cost allocation and rate design and other issues that are also relevant to determining WNP's 2012 distribution rates.

The following Appendices accompany this Settlement Agreement:

Appendix A – Summary of Significant Changes
Appendix B – Continuity Tables (Updated)
Appendix C – Cost of Power Calculation (Updated)
Appendix D – 2012 Customer Load Forecast (Updated)
Appendix E – 2012 Other Revenue (Updated)
Appendix F – 2012 PILS (Updated)
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Appendix N – Feasibility Study of WNP Building Facilities
Appendix O – Heating and Air Conditioning Violation Report at WNP's Offices

UNSETTLED MATTERS:

There are no unsettled matters in this proceeding.

OVERVIEW OF THE SETTLED MATTERS:

This Agreement will allow WNP to continue to make the necessary investments in maintenance and operation expenditures as well as capital investments to maintain the safety and reliability of the electricity distribution service that it provides.

This Agreement will also allow WNP to: maintain current capital investment levels and, where required, appropriately increase capital investment levels in infrastructure to ensure a reliable distribution system; manage current and future staffing levels, skills and training to ensure regulatory compliance with Codes and Regulations; promote conservation programs including the Ministry of Energy directives as a condition of WNP's distribution licence; and continue to provide the high level of customer service that WNP's customers have come to expect.

The Parties agree that no rate classes face bill impacts as a result of this agreement that require mitigation efforts beyond those set out in this Agreement.

In this Agreement, except where otherwise expressly stated, all dollar figures are calculated and expressed using Canadian Generally Accepted Accounting Principles ("CGAAP"). The Parties acknowledge that WNP is not converting to International Financial Reporting Standards ("IFRS") in the 2012 Test Year, and that the Board is not requiring this conversion for the 2012 Test Year, as a result of the decision by the Canadian Accounting Standards Board to defer the mandatory changeover to IFRS to January 1, 2013, as discussed in the Board's correspondence to all licensed electricity distributors and transmitters and other interested parties dated April 30, 2012.

The revised Service Revenue Requirement for the 2012 Test Year is \$2,366,300 which reflects the updated cost of capital parameters (ROE and Deemed ST Debt rate) issued by the Board on March 2, 2012 applicable to applications for rebasing effective May 1, 2012. The long term debt rate was agreed to be 4.42%, for the purpose of settlement. Compared to the forecast 2012 revenue at current rates, of \$1,709,309, the revised Service Revenue Requirement represents a deficiency of \$506,999 which is \$215,186 lower than the revenue deficiency of \$722,184 set out in WNP's pre-filed evidence. The changes are detailed in the table below:

	Original as per Application (A)	Settlement Submission (B)	Difference (C = B-A)
Service Revenue Requirement	\$2,549,156	\$2,366,300	(\$182,856)
Revenue OffSet	\$141,585	\$149,992	\$8,408
Base Revenue Requirement	\$2,407,571	\$2,216,307	(\$191,263)
Revenue at Existing Rates	\$1,685,387	\$1,709,309	\$23,922
Revenue Deficiency	\$722,184	\$506,999	(\$215,186)

Through the settlement process, WNP has agreed to certain adjustments from its original 2012 Application and subsequent updated Evidence. Any such changes are described in the sections below.

1. GENERAL

- 1.1 Has WNP responded appropriately to all relevant Board directions from previous proceedings?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 1, Tab 1 Schedule 16

For the purposes of settlement the Parties accept the Evidence of the Applicant that there were no outstanding obligations or orders from previous Board decisions.

- 1.2 Are WNP's economic and business planning assumptions for 2012 appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 1, Tab 2, Schedule 2

For the purposes of settlement, the Parties accept WNP's economic and business planning assumptions for 2012.

- 1.3 Is service quality, based on the Board specified performance assumptions for 2012, appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 2, Tab 7 Schedule 1 VECC IR #8

For the purposes of settlement, the Parties accept WNP's evidence with respect to the acceptability of its service quality, based on the Board-specified indicators.

- 1.4 What is the appropriate effective date for any new rates flowing from this Application? If that effective date is prior to the date new rates are actually implemented, what adjustments should be implemented to reflect the sufficiency or deficiency during the period from effective date to implementation date?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Settlement Agreement Energy Probe IR #1

For the purpose of settlement, the Parties accept that the appropriate effective date of the new rates flowing from this Application is October 1, 2012. The Parties accept that in the event that WNP's final rate order is not available in time for October 1st implementation, it would be appropriate to implement a rate rider over the remainder of the Rate Year that will enable WNP to recover or refund, as the case may be, the difference between the new Board-approved revenue, and its revenue at existing rates, for the

[illegible]

2. RATE BASE

2.1 Is the proposed rate base for the test year appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 2, Tab 1, Schedule 1 Board Staff IR #4, #5, #6, #7 Energy Probe Supplementary IR #3

For the purposes of settlement, the Parties have agreed that WNP's Rate Base is \$7,489,318 for the 2012 Test Year under CGAAP. A full calculation of this agreed Rate Base is set out later in this section in the table titled "Rate Base".

The revised Rate Base value reflects the following:

- The Parties have agreed that WNP's Working Capital Allowance will be reduced from 15% of the sum of cost of power and controllable expenses to 14%. The calculation of the Working Capital Allowance is discussed in further detail below, under item 2.2. The revised value of the Working Capital Allowance is \$1,626,419.
- 2012 capital expenditures (net of contributions) for rate making purposes will be \$760,000 (CGAAP), as set out below in Section 2.3 "Capital Expenditure for Test Year".
- With respect to its Cost of Power, the Parties have agreed for the purposes of settlement to accept:
 - The Load Forecast as described in Section 3 of this Agreement.
 - The Cost of Power will be an RPP price of \$80.69/MWh and a Non-RPP price of \$78.77/MWh based on the April 2, 2012 Regulated Price Plan Price Report for May 1, 2012 to April 30, 2013. The \$80.69/MWh is outlined in Table E3-1 on

page 3 of the report and the \$78.77/MWh reflects the Forecast Wholesale Electricity Price of \$21.05/MWh plus the impact of the Global Adjustment (\$57.72/MWh) also shown in Table E3-1. Please see Appendix C for the detailed Cost of Power calculation.

Agreed-upon adjustments to WNP's proposed Rate Base under CGAAP are set out in the following table:

	Rate Base		
	Initial Application	Adjustments	Settlement Agreement
Gross Fixed Assets (average)	\$12,256,658	\$11,639	\$12,268,297
Accumulated Depreciation (average)	(\$6,453,505)	\$48,107	(\$6,405,398)
Net Fixed Assets (average)	\$5,803,153	\$59,746	\$5,862,899
Allowance for Working Capital	\$1,762,445	(\$136,026)	\$1,626,419
Total Rate Base	\$7,565,598	(\$76,280)	\$7,489,318

2.2 Is the working capital allowance for the test year appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 2, Tab 1, Schedule 1

Board Staff IR #5

Energy Probe IR #11

VECC IR #6

For the purposes of settlement, the Parties agree to the following Working Capital Allowance calculated based on 14% of the OM&A expenses of \$1,500,000 (CGAAP), plus property tax of \$12,006, and Cost of Power of \$10,105,275. The Parties have agreed that the following adjustments, reflecting the settled matters, will be made to WNP's Working Capital Allowance calculation:

Allowance for Working Capital			
	Initial Application	Adjustments	Settlement Agreement
Controllable Expenses	\$1,716,475	(\$204,469)	\$1,512,006
Cost of Power	\$10,033,158	\$72,117	\$10,105,275
Working Capital Base	\$11,749,633	(\$132,352)	\$11,617,281
Working Capital Rate %	15%	-1%	14%
Working Capital Allowance	\$1,762,445	(\$136,026)	\$1,626,419

2.3 Is the capital expenditure forecast for the test year appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 2, Tab 5, Schedule 6
Board Staff IR #8, #9, #10, #11, #12, #13
Energy Probe # 7 and Supplementary IR # 15
VECC IR # 1

For the purposes of obtaining complete settlement of all issues, the Parties agree that the 2012 Test Year net capital expenditures will be \$760,000 under CGAAP, a reduction of approximately \$223,000 from the Test Year net capital expenditures of \$983,803 proposed in the Application.

The Parties have agreed that the adjustment will be based on an “envelope” approach, so that any determination of potential budget reductions to reflect the Board-approved 2012 capital expenditures will be at the discretion of WNP. WNP has considered potential adjustments to its capital budget, and on a preliminary basis, and without prejudice to its discretion to adjust its capital expenditures as it may consider necessary and appropriate, WNP is considering withdrawing or re-scoping the following projects from its 2012 Capital Budget Plan:

2012 CapEx Project	Initial Application	Adjustment as a result of Settlement of Issues	CapEx Summary
Shop addition involving adding 2 bays to the existing building to allow conversion of the west-side shop for office space	\$200,000	\$0 Removed from CapEx plan. TWNP has hired a structural engineer to assess the state of the buildings at its main office location at Mount Forest. This independent assessment has stated that the building needs to be gutted or a new-build is required due to the poor state of the structure and internal components.	Application: \$983,803 Less: \$200,000 Balance: \$783,803
Installation of Security camera at the front	\$4,000	\$0	Less: \$4,000

counter and yard for staff and customer safety		Due to building renovation required	Balance: \$779,803
Garland watertight roof to install a new roof as the current roof is leaking	\$66,000	Reduced to \$15,000 to patch existing roof as an interim measure	Less: \$66,000 Add: \$15,000 Balance: \$728,803
Accessibility to make the building more accessible at the front Entrance, Close in Stairway to Operations, Washroom Alterations and Flooring stabilization	\$40,000	Reduced to \$10,000 to address urgent issues to ensure the safety of employees and customers	Less: \$40,000 Add: \$10,000 Balance: \$698,803
West shed insulation and heating for truck and inventory storage	\$12,000	Reduced to \$8,197 to insulate garage doors as an interim measure until a decision on whether to renovate or new-build at the site	Less: \$12,000 Add: \$8,197 Balance: \$695,000
New Item: Building repairs as an interim measure including separate furnace room and new furnace	\$25,000	Current furnace was condemned in July 2012 as unsafe, due to limited ventilation and not being housed in a separate room thereby causing a fire risk	Add: \$25,000 Balance: \$720,000
New Item; Building Renovation Engineering Assessment	\$40,000	Professional and independent assessment of WNP's main building at Queen St, Mount Forest. Independent assessment to assess whether the existing structure and foundations can be adapted to meet obligations and safety standards OR whether new-build is the more viable option	Add: \$40,000 Balance: \$760,000

2.4 Is the capitalization policy and allocation procedure appropriate?

Status: Complete Settlement

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 2, Tab 8, Schedule 1

For the purpose of obtaining complete settlement of all issues, the Parties have accepted WNP's capitalization policy, as set out in Appendix K to this Settlement Agreement.

3. LOAD FORECAST AND OPERATING REVENUE

3.1 Is the load forecast methodology including weather normalization appropriate?

Status: Complete Settlement

Supporting Parties: WNP, EP, VECC

Evidence: Application, Exhibit 3, Tab 2, Schedule 1
Board Staff IR ##6, 14, #15, #16
Energy Probe IR #13, #14, #15, #16, #17
Energy Probe Supplementary IR #3, #17
VECC IR #9, #10, #11, #12, #13

For the purposes of settlement, the Parties accept WNP's load forecast methodology including weather normalization as contained in its Application and as modified through the settlement process, and its power purchased forecast of 106,961,099 kWh (before CDM adjustment) and billed consumption forecast of 99,815,269 kWh in the 2012 Test Year (before CDM adjustment). (The billed consumption forecast after CDM adjustment is 98,911,269 kWh in the 2012 Test.)

3.2 Are the proposed customers/connections and load forecasts (both kWh and kW) for the test year appropriate?

Status: Complete Settlement

Supporting Parties: WNP, EP, VECC

Evidence: Application, Exhibit 3, Tab 2, Schedule 1
Energy Probe IR #17
VECC IR #11, #39, #41, #42, #43, #44
Energy Probe Supplementary IR #3, #17

For the purposes of settlement, the Parties agree with WNP's customers/connections and load forecasts (both kWh and kW) for the 2012 test year, as modified through the settlement process with respect to all of WNP's customer classes including the three sensitive customers as set forth in Appendix D.

For the purposes of settlement, the Parties agreed with the kW / kWh ratios as illustrated in the table below. This supersedes Table 3-24 from Exhibit 3, Tab 2, Schedule 1 of WNP's Application and represents the kW /kWh ratios that were provided in WNP's response to Energy Probe Supplementary IR #6a:

kW / kWh Ratios - history based (2004 to 2010)				
Year	General Service 50 - 999 kW	General Service 1,000 - 4,999 kW	Streetlights	Sentinel Lights
2004	0.186%	0.219%	0.274%	0.278%
2005	0.192%	0.220%	0.274%	0.278%
2006	0.206%	0.232%	0.275%	0.278%
2007	0.298%	0.229%	0.229%	0.232%
2008	0.293%	0.240%	0.273%	0.282%
2009	0.310%	0.220%	0.275%	0.282%
2010	0.299%	0.229%	0.275%	0.278%
Average	0.255%	0.22689%	0.268%	0.272%

The table below summarises the kW (after CDM adjustment) that have been applied and agreed by all Parties:

	Information Agreed by all Parties at Settlement Conference	
	2012 Test Year	
	Billed kWh (after CDM adjustment)	Billed kW
3 Sensitive Customers:	29,114,814	66,059
Other Customers:		
Residential	24,876,519	
General Service < 50 kW	10,703,832	
General Service 50 - 999 kW	19,816,501	50,979
General Service 1,000 - 4,999 kW	13,654,427	31,867
Street Lights	711,946	1,925
Sentinel Lights	29,261	80
Unmetered Loads	3,969	
Sub-total of Other Customers:	69,796,455	84,852
Total	98,911,269	150,910

For the Board's reference and as per WNP's Application Exhibit 3, Tab 3, Schedule 1, the LDC observed that three automotive manufacturing customers were affecting the Purchase Load volume for the year of 2009 as a consequence of the Global Economic recession. (These customers' consumption behaviour, shift pattern and hours of operation were altered in late 2008 and during 2009. It has taken until early 2011 for these customers to return to a stable / "normal" consumption pattern.) Consequently, for these three customers, WNP took the following approach to create a kWh Predicted Purchase for 2011 and 2012:

- Reviewed the actual usage for these customers for the period of 2004 to 2010 inclusive, using actual billed data;
- Calculated the average Billed kWh for 2004 to 2010 and re-confirmed that 2009 is reducing the average. In 2009, these three customers were affected by the 2008/2009 recession, namely their shift patterns were significantly reduced which in-turn reduced their energy consumption for this year;
- In view of the above point, calculated the average Billed kWh for 2004 to 2010, excluding 2009;
- Decided that billed amount is being held constant using the average of Billed kWh for 2004-2010 excluding 2009 to derive the Predicted Purchase Load for 2011 Bridge Year and 2012 Test Year;
- During the Interrogatory process, WNP were asked to present billed kWh data for these three customers in a variety of methods, including 2011 actual data; using annual averages and excluding 2004 year; and, using annual averages and excluding both 2004 and 2009 years. These techniques assisted in determining the most reasonable approach in creating a billed kW / kWh and purchase load forecast that could be applied for the 2012 Test Year;
- As a result of the settlement, it was accepted to use the Total Billed kWh actual data for the period May 2011 to June 2012 plus 4.5 GWh for these three sensitive customers. The update table below supersedes the information supplied in the WNP's initial Application and reflects the information accepted by all Parties:

Table 3-15

Forecast applied for the Three Sensitive Customers:

Year	Total Billed (kWh)	Average Billed kWh per customer (Total Billed / 3 customers)	Predicted Purchase kWh
2004	20,831,385	6,943,795	
2005	25,428,234	8,476,078	
2006	25,642,352	8,547,451	
2007	26,300,386	8,766,795	
2008	23,661,505	7,887,168	
2009	19,493,387	6,497,796	
2010	25,825,024	8,608,341	
2004 - 2010 Average	23,883,182	7,961,061	
2005 - 2010 Average (Excluding 2009)	24,614,814	8,204,938	
2011 Bridge	24,614,814	Total Loss Factor: 1.0699	26,335,390
2012 Test Year	29,114,814	Total Loss Factor: 1.0716	31,199,435
Note: 2012 Test Year is original application plus 4.5 GWh 2012 Test Year Predicted Purchase has had loss factor of 1.0717 applied (derived from Distribution Loss Factor of 1.0362 being applied as agreed at Settlement Conference)			

Regarding all the “other” customers, WNP applied the methodology as described in Exhibit 2 of the LDC’s application. The table below is a revised version of Table 3-14 of Exhibit 3, Tab 2, Schedule 1 of WNP’s Application and is the method that was accepted by all Parties. This revised table is based upon 2011 actual purchase data, 2011 actual heating and cooling degree days and the inclusion of number of customers as an explanatory variable (as per WNP’s response to Energy Probe Supplementary IR #3b):

Model F - All WNP portfolio excluding 3 x Sensitive customers			
Actual vs. Predicted Purchases (kWh)			
Year	Actual	Predicted	% Difference
2004	72,890,680	71,756,001	-1.6%
2005	71,971,867	73,201,167	1.7%
2006	72,292,023	72,109,118	-0.3%
2007	73,766,416	73,793,223	0.0%
2008	75,194,816	74,271,879	-1.2%
2009	72,559,407	73,825,625	1.7%
2010	74,978,072	74,912,785	-0.1%
2011 Bridge - Actual	76,384,759	76,168,243	-0.3%
2012 Test		75,761,939	

For the Board’s reference, WNP has provided its revised forecast at Appendix D – 2012 Customer Load Forecast.

3.3 Is the impact of CDM appropriately reflected in the load forecast?

Status: Complete Settlement

Supporting Parties: WNP, EP, VECC

Evidence: Application, Exhibit 3, Tab 2, Schedule 1, page 349
Board Staff IR #2
VECC IR #14
Board Staff Supplementary IR #56

For the purposes of settlement, the Parties agree that the CDM adjustments as presented in the Application are appropriate. The 2012 forecast has been adjusted to reflect 904,000 kWh savings at the power-purchased level from 2012 CDM programs. The forecast CDM volumes in kWh and kW as applicable, by rate class at the adjusted levels are provided in the table below:

CDM Billed kWh Adjustment (kWh)		
	2011	2012
Forecasted kWh Billed prior to CDM Adjustment	95,695,396	99,815,269
CDM kWh Target Savings for 2011	-452,000	
CDM kWh Target Savings for 2012		-904,000
Forecasted kWh Billed after CDM Adjustment	95,243,396	98,911,269

The table below illustrates the allocation CDM savings across the rate classes by both kWh and kW:

Customer Class	kWh				kW		
	2012 Weather Normal Billed kWh	CDM kWh Reduction	Adjusted Billed kWh with CDM Applied		2012 Weather Normal Billed kW	CDM kW Reduction	Adjusted Billed kWh with CDM Applied
Residential	25,103,878	(227,359)	24,876,519				
General Service < 50 kW	10,801,659	(97,828)	10,703,832				
General Service 50 - 999 kW	19,997,614	(181,113)	19,816,501		50,979	(462)	50,517
General Service 1,000 - 4,999 kW	43,160,131	(390,890)	42,769,242		97,926	(887)	97,039
Street Lights	718,453	(6,507)	711,946		1,925	(17)	1,907
Sentinel Lights	29,529	(267)	29,261		80	(1)	80
Unmetered Loads	4,006	(36)	3,969				
	0						
	99,815,269	(904,000)	98,911,269		150,910	(1,367)	149,544
2012 CDM Target		904,000 kWh					

(Note: the above table represents kW / kWh ratios as described above in Section 3.2: "Proposed customers/connections and load forecasts".)

3.4 Is the proposed forecast of test year throughput revenue appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application, Exhibit 3, Tab 3, Schedule 1
VECC IR #16

For the purposes of settlement, the Parties agree on the following throughput revenue:

Base Revenue Requirement:	
Service Revenue Requirement:	\$2,366,300
Less: Revenue Offsets:	(\$149,992)
Base Revenue Requirement:	\$2,216,307

3.5 Is the test year forecast of other revenues appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application, Exhibit 3, Tab 3, Schedule 2, page 359
VECC IR #45

For the purposes of settlement, the Parties accept WNP's test year forecast of a total of \$149,992 in Other Distribution Revenue, as set out in WNP's response to VECC IR #45.

For the Board's reference, WNP has reproduced its forecast at Appendix E – 2012 Other Revenue.

4. OPERATING COSTS

4.1 Is the overall OM&A forecast for the test year appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 4, Tab 2, Schedule 1 – 11 Board Staff IR #19, #20, #21, #63, #64 Energy Probe IR #3, #21, #23, #24, #25, #26 VECC #48

For the purposes of settlement, the Parties agree that the 2012 OM&A for the Test Year should be \$1,500,000 (CGAAP). The Parties rely on WNP's view that it can safely and reliably operate the distribution system based on the total OM&A budget proposed. The Parties have agreed that the adjustment will be based on an "envelope" approach, so that any determination of potential budget reductions to reflect the Board-approved 2012 OM&A will be at the discretion of WNP.

As a result of the settlement, the OM&A Cost per Customer and FTEE is as shown in the table below:

OM&A Cost per Customer and FTEE						
	2008 Board Approved (Rebasing Year)	2008 Actual	2009 Actual (year 2)	2010 Actual (year 3)	2011 Bridge Year	2012 Test Year
Number of Customers / Connections	4,502	4,479	4,478	4,519	4,546	4,597
Total OM&A	\$1,186,866	\$1,188,784	\$1,148,466	\$1,254,152	\$1,565,813	\$1,500,000
OM&A cost per Customer	\$263.63	\$265.40	\$256.48	\$277.54	\$344.47	\$326.27
Number of FTEEs	10.5	10.5	10.5	11.5	12.5	13.5
Customer / FTEEs	428.76	426.59	426.45	392.94	363.65	340.55
OM&A cost per FTEE	\$113,035	\$113,217	\$109,378	\$109,057	\$125,265	\$111,111

4.2 Is the proposed level of depreciation/amortization expense for the test year appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 2, Tab 3, Schedule 3 Board Staff IR #49 Energy Probe IR #28 Energy Probe Supplementary IR #14

For the purposes of settlement, the Parties accept the useful lives proposed by WNP in the table below and the depreciation expense reported in the continuity schedules in Appendix B. The Parties have agreed that the proposed level of depreciation/amortization expense of \$387,630 for the 2012 Test Year is appropriate.

As cited in per WNP's Application, the LDC adopted the revised depreciation periods as indicated by the Kinectrics Study that was commissioned by the OEB. WNP has implemented the mid-range Typical Useful Life depreciation periods for its assets. WNP implemented this depreciation approach effective from January 2012 and applied it to the Test Year in its evidence. The table below on the following page summarizes the Kinectrics depreciation periods that WNP's has adopted.

WNP filed its 2012 Cost of Service rate Application using Modified IFRS, as directed by the Board, with the intention of transitioning to Modified IFRS on January 1, 2012. Since filing its Application, there have been communication updates from the OEB and the Accounting Standards Board (AcSB) regarding the transition to IFRS for regulated entities / utilities. As a result of these updates, WNP has decided to defer its transition to IFRS and is using CGAAP accounting principles for the 2012 Test Year.

It was agreed by all Parties that as WNP were operating under CGAAP accounting principles in the Test Year (not Modified IFRS), the LDC is not required to calculate and apply a PP&E adjustment.

Depreciation Rates that have been adopted by WNP effective from 2012:

Model used for 2012 COS Application		Previous Dep'n (years)	Kinectrics Mid-range Depreciation Duration (years)
1808	Buildings and Fixtures	50	60
1810	Leasehold Improvements	0	0
1815	Transformer Station Equipment - Normally Primary above 50 kV	0	0
1820	Distribution Station Equipment - Normally Primary below 50 kV	30	45
1825	Storage Battery Equipment	0	0
1830	Poles, Towers and Fixtures	25	45
1835	Overhead Conductors and Devices	25	60
1840	Underground Conduit	25	40
1845	Underground Conductors and Devices	25	50
1850	Line Transformers	25	40
1855	Services	25	25
1860	Meters	25	25
1865	Other Installations on Customer's Premises	0	0
1905	Land	0	0
1906	Land Rights	0	0
1908	Buildings and Fixtures	0	0
1910	Leasehold Improvements	0	0
1915	Office Furniture and Equipment	10	8
1920	Computer Equipment - Hardware	5	5
1925	Computer Software	5	5
1930	Transportation Equipment	5	5
1935	Stores Equipment	0	0
1940	Tools, Shop and Garage Equipment	10	8
1945	Measurement and Testing Equipment	0	0
1950	Power Operated Equipment	0	0
1955	Communication Equipment	5	8
1960	Miscellaneous Equipment	0	0
1970	Load Management Controls - Customer Premises	0	0
1975	Load Management Controls - Utility Premises		0
1980	System Supervisory Equipment	15	15
1985	Sentinel Lighting Rentals	0	0
1990	Other Tangible Property	0	0
1995	Contributions and Grants	25	45

2012 Depreciation Expense

		Year:		2012	With Smart Meter Costs included in Opening Balances as per BdStaff Depreciation rates amended as per mid-life Kinectrics TUL		Supp IR#58			
Account	Description	Opening Balance	Less Fully Depreciated ¹	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	Depreciation Expense	Did Depreciation Rate Change (Yes/No)? ³
		(a)	(b)	(c) = (a) - (b)	(d)	(e) = (c) + ½ x (d) ²	(f)	(g) = 1 / (f)	(h) = (e) / (f)	
1805	Land	\$ 41,988		\$ 41,988						No
1806	Land Rights	\$ 6,821		\$ 6,821		\$6,821				No
1808	Buildings and Fixtures	\$ 444,880	\$ 35,339	\$ 409,541	\$ 98,197	\$458,639	60	2%	\$ 7,644	Yes
1810	Leasehold Improvements	\$ -	\$ -	\$ -	\$ -	\$0				No
1815	Transformer Station Equipment - Normally Primary above 50 kV	\$ -	\$ -	\$ -	\$ -	\$0				No
1820	Distribution Station Equipment - Normally Primary below 50 kV	\$ 1,009,858	\$ 227,822	\$ 782,036	\$ 10,191	\$787,131	45	2%	\$ 17,492	Yes
1825	Storage Battery Equipment	\$ -	\$ -	\$ -	\$ -	\$0				No
1830	Poles, Towers and Fixtures	\$ 2,713,809	\$ 1,665,218	\$ 1,048,591	\$ 131,606	\$1,114,394	45	2%	\$ 24,764	Yes
1835	Overhead Conductors and Devices	\$ 1,980,900	\$ 445,949	\$ 2,426,848	\$ 186,405	\$2,520,051	60	2%	\$ 42,001	Yes
1840	Underground Conduit	\$ 151,262	\$ 251,488	\$ 402,750	\$ 13,390	\$409,445	40	3%	\$ 10,236	Yes
1845	Underground Conductors and Devices	\$ 468,960	\$ 340,219	\$ 128,740	\$ 23,993	\$140,737	50	2%	\$ 2,815	Yes
1850	Line Transformers	\$ 1,182,942	\$ 12,035	\$ 1,194,977	\$ 84,333	\$1,237,143	40	3%	\$ 30,929	Yes
1855	Services	\$ 547,966	\$ 294,721	\$ 253,245	\$ 60,292	\$283,391	25	4%	\$ 11,336	No
1860	Meters	\$ 712,464	\$ 88,660	\$ 623,804	\$ 16,391	\$632,000	25	4%	\$ 25,280	No
1860	Smart Meters	\$ 629,564	\$ -	\$ 629,564	\$ 1,200	\$630,164	15	7%	\$ 42,011	No
1865	Other Installations on Customer's Premises					\$0				No
1905	Land					\$0				No
1906	Land Rights					\$0				No
1908	Buildings and Fixtures					\$0				No
1910	Leasehold Improvements					\$0				No
1915	Office Furniture and Equipment	\$ 149,740	\$ 57,904	\$ 91,836	\$ 2,500	\$93,086	8	13%	\$ 11,636	Yes
1920	Computer Equipment - Hardware	\$ 423,680	\$ 252,241	\$ 171,439	\$ 28,000	\$185,439	5	20%	\$ 37,088	No
1925	Computer Software	\$ 869,585	\$ 399,211	\$ 470,374	\$ 73,500	\$507,124	5	20%	\$ 101,425	No
1930	Transportation Equipment	\$ 751,812	\$ 418,832	\$ 332,981		\$332,981	5	20%	\$ 66,596	No
1935	Stores Equipment	\$ 14,807	\$ 17,457	\$ 32,263		\$32,263	8	13%	\$ 4,033	Yes
1940	Tools, Shop and Garage Equipment	\$ 91,579	\$ 91,579	\$ -		\$0	8	13%	\$ -	Yes
1945	Measurement and Testing Equipment	\$ 1,964	\$ -	\$ 1,964		\$1,964				No
1950	Power Operated Equipment	\$ -	\$ -	\$ -		\$0				No
1955	Communication Equipment	\$ 25,286	\$ 24,020	\$ 1,266		\$1,266	5	20%	\$ 253	Yes
1960	Miscellaneous Equipment	\$ -	\$ -	\$ -		\$0				No
1970	Load Management Controls - Customer Premises	\$ -	\$ -	\$ -		\$0				No
1975	Load Management Controls - Utility Premises	\$ -	\$ -	\$ -		\$0				No
1980	System Supervisory Equipment	\$ 344,317	\$ 89,091	\$ 433,408	\$ 30,000	\$448,408	15	7%	\$ 29,894	No
1985	Sentinel Lighting Rentals	\$ -	\$ -	\$ -						No
1990	Other Tangible Property	\$ -	\$ -	\$ -		\$0				No
1995	Contributions and Grants	\$ 420,514	\$ 109,158	\$ 311,356		\$311,356	45	2%	\$ 6,919	Yes
2005	Property under Capital Lease	\$ -	\$ -	\$ -		\$0				No
Total		\$ 12,143,669	\$ 2,970,590	\$ 9,173,079	\$ 760,000	\$ 9,511,091				458,512
Less: Fully Allocated Depreciation:										
	Transportation		\$ 66,596							
	Stores		\$ 4,033							
	Misc Tools		0							
	Communication		253							
	Net Depreciation	\$	387,630							

It was also agreed by all Parties that for CCA, the closing UCC balances for 2011 are used as Opening 2012 UCC balances and for 2012, additions for computer hardware is attributed to CCA Class 50 (rather than Class10). A copy of 2012 CCA Schedule is shown below:

CCA Continuity Schedule (2012)													
Class	Class Description	UCC Prior Year Ending Balance	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC Bridge Year Opening	Additions	Dispositions	UCC Before 1/2 Yr Adjustment	1/2 Year Rule (1/2 Additions Less Disposals)	Reduced UCC	Rate %	CCA	UCC Ending Balance
1	Distribution System - 1988 to 22-Feb-2005	3,578,528	0	0	3,578,528	0	0	3,578,528	0	3,578,528	4%	143,141	3,435,387
2	Distribution System - pre 1988	0	0	0	0	0	0	0	0	0	6%	0	0
6	Buildings (No footings below ground)	0	0	0	0	0	0	0	0	0	10%	0	0
8	General Office/Stores Equip	64,902	0	0	64,902	2,500	0	67,402	1,250	66,152	20%	13,230	54,171
10	Computer Hardware/ Vehicles	148,424	0	0	148,424	0	0	148,424	0	148,424	30%	44,527	103,897
10.1	Certain Automobiles	0	0	0	0	0	0	0	0	0	30%	0	0
12	Computer Software	136,253	0	0	136,253	73,500	0	209,753	36,750	173,003	100%	173,003	36,750
3		0	0	0	0	0	0	0	0	0	5%	0	0
		0	0	0	0	0	0	0	0	0	0%	0	0
13.3	Lease # 3	0	0	0	0	0	0	0	0	0		0	0
13.4	Lease # 4	0	0	0	0	0	0	0	0	0		0	0
14	Franchise	0	0	0	0	0	0	0	0	0		0	0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	0	0	0	0	0	0	0	0	0	8%	0	0
43.1	Certain Energy-Efficient Electrical Generating Equipment	0	0	0	0	0	0	0	0	0	30%	0	0
45	Computers & Systems Hardware acq'd post Mar 22/04	408	0	0	408	0	0	408	0	408	45%	183	224
50	Computers & Systems Hardware acq'd post Mar 19/07	21,555	0	0	21,555	28,000	0	49,555	14,000	35,555	55%	19,555	30,000
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	0	0	0	0	0	0	0	0	0	30%	0	0
47	Distribution System - post 22-Feb-2005	3,128,854	0	0	3,128,854	656,000	510,744	3,274,110	72,628	3,201,482	8%	256,119	3,017,991
	SUB-TOTAL - UCC	7,078,923	0	0	7,078,923	760,000	510,744	7,328,179	124,628	7,203,551		649,759	6,678,420

4.3 Are the 2012 compensation costs and employee levels appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 4, Tab 2, Schedule 2
Board Staff IR #19, #20, #20
VECC IR #25, #27, #28

For the purpose of settlement, and subject to the overall reduction in 2012 Test Year OM&A discussed above, the Parties accept WNP's forecast 2012 Test Year compensation costs and employee levels.

4.4 Is the test year forecast of property taxes appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 4, Tab 1, Schedule 1

WNP has forecasted an amount of \$12,006 in property taxes that will be payable in the 2012 Test Year.

For the purposes of settlement, the Parties have accepted WNP's 2012 Test Year forecast of property taxes.

4.5 Is the test year forecast of PILs appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 4, Tab 1, Schedule 1

For the purpose of settlement, the parties accept WNP's 2012 Test Year PILs forecast as set out in Appendix F to this Settlement Agreement. (As mention above in Section 4.2: "Proposed level of depreciation/amortization expense for the test year", it was also agreed by all Parties that for CCA, the closing UCC balances for 2011 are used as Opening 2012 UCC balances and for 2012, additions for computer hardware is attributed to CCA Class 50 (rather than Class10).

Please see Appendix F – 2012 PILs (Updated), for additional details.

5. CAPITAL STRUCTURE AND COST OF CAPITAL

5.1 Is the proposed capital structure, rate of return on equity and short term debt rate appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 5, Tab 1, Schedule 1
Energy Probe IR #30, #31 and Supplementary IR #12
VECC IR #30
Board Staff IR #24, #65

For the purposes of settlement, the Parties have agreed that WNP's proposed capital structure of 56% long term debt, 4% short term debt, and 40% equity is appropriate.

This Settlement Agreement has been prepared using the Board's updated Cost of Capital Parameters for ROE (9.12%) and short term debt (2.08%) for cost of service applications for rates effective May 1, 2012, issued on March 2, 2012. These updated parameters will also be incorporated into the Draft Rate Order to be prepared following the issuance of the Board's Decision on the Settlement Agreement. . (Long-term debt is addressed separately in Section 5.2.)

Please refer to Appendix G – 2012 Cost of Capital.

Deemed Capital Structure for 2012 Test Year				
	(%)	(\$)	(%)	(\$)
Debt				
1 Long-term Debt	56.0%	\$4,194,018	4.42%	\$185,189
2 Short-term Debt	4.0%	\$299,573	2.08%	\$6,231
3 Total Debt	60.0%	\$4,493,591	4.26%	\$191,420
Equity				
4 Common Equity	40.0%	\$2,995,727	9.12%	\$273,210
5 Preferred Shares		\$ -		\$ -
6 Total Equity	40.0%	\$2,995,727	9.12%	\$273,210
7 Total	100.0%	\$7,489,318	6.20%	\$464,631

5.2 Is the proposed long term debt rate appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 4, Tab 1, Schedule 1 VECC IR #30 Board Staff IR 24, #65

For the purposes of settlement, the Parties agreed to WNP's long term debt rate of 4.42%. The calculation of the long term debt rate is set out in Appendix G to this Agreement.

6. SMART METERS

- 6.1 Is the proposed inclusion of the smart meter costs in the 2012 revenue requirement appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 10 Board Staff IR #30, #31, #58 Energy Probe IR #37

For the purposes of settlement, the Parties accept WNP's proposed inclusion of Smart Meter costs in the 2012 revenue requirement as appropriate.

- 6.2 Is the proposed disposition of the balances in variance accounts 1555 and 1556 appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 10 Board Staff IR #28, #29, #30, #31, #32; #33, #34, #35, #36, #37, #40 Board Staff Supplementary IR #66, #67

For the purposes of settlement, the Parties accept that WNP's proposed disposition of the balances in variance accounts 1555 and 1556 is appropriate. With respect to the methodology for calculating smart meter-related riders, the parties have agreed that WNP will calculate class specific Smart Meter Disposition Riders based on the actual Smart Meter Funding Adder revenues billed by each rate class (as calculated in response to WNP's response to Board Staff IR #67 and as per WNP's Smart Meter Model v2.17 August 3, 2012). The Parties have agreed that WNP will recover the residual deferred Smart Meter revenue requirement over a 19-month period on the basis provided in the following table:

Smart Meter Disposition Rider Calculation

Smart Meter Actual Cost Recovery Rate Rider - Smart Meter Disposition Rider (SMDR) (Calculated by SMFA revenues billed by rate class)			
Allocators	Total	Residential	GS < 50kW
Smart Meter Unit Cost		\$224.18	\$735.94
Smart Meter Cost	\$1,067,966	\$708,459	\$359,508
Allocation of Smart Meter Costs	100.00%	66.3%	33.7%
Number of meters installed	3,649	3,160	489
Allocation of Number of meters installed	100.00%	86.6%	13.4%
Total Return (Deemed Interest plus Return on Equity)	\$ 118,163	\$ 78,386	\$ 39,777
Amortization	\$ 221,355	\$ 146,841	\$ 74,514
OM&A	\$ 87,888	\$ 76,122	\$ 11,767
Total Before PILs	\$ 427,407	\$ 301,349	\$ 126,058
PILs	(\$4,764)	(\$3,359)	(\$1,405)
Total Revenue Requirement 2006 to 2011	\$ 422,642	\$ 297,990	\$ 124,653
Smart Meter Rate Adder (Calculated by SMFA Revenues billed by rate class)	(\$281,316)	(\$242,560)	(\$38,757)
Carrying Charge	\$ 4,698	\$4,051	\$647
Smart Meter True-up:	\$146,024	\$59,480	\$86,544
Metered Customers	3,649	3,160	489
	Total	Residential	GS < 50kW
Recovery Period in Months	19	19	19
Rate Rider to Recover Smart Meter Costs	\$2.11	\$0.9906	\$9.3242

Through the settlement process, it was agreed by all Parties that WNP will recover the residual deferred Smart Meter revenue requirement over a two-year period. As indicated in Section 1.4, the Parties accept an effective date of October 1, 2012 for new rates. Consequently, in keeping consistency with the Board's approach of Rider's having an expiry date of April 30, all Parties agree that a recovery period 19 months is applied for the period of October 1, 2012 to April 30, 2014. The table above represents the recovery over 19 months.

6.3 Is the proposal related to Stranded Meters appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 10
Board Staff IR #38, #39
Energy Probe IR #38
VECC IR #37c

For the purposes of settlement, the Parties accept the stranded meter value of \$201,233 as presented in the following table. The Parties accept the proposal for recovery of that amount through a rate rider of \$1.830 per metered Residential customer per month, and a rate rider of \$9.844 per metered General Service < 50 kW customer per month over a 19-month period as illustrated below:

	Mechanical Meter Cost	Installation Cost	Material & Installation Cost	Weighting Ratio
Residential	\$75	\$100	\$175	23%
General Service < 50kW	\$300	\$300	\$600	77%
			<u>\$775</u>	
	Customer Numbers	Weighting Ratio		
Residential	3,160	87%		
General Service < 50kW	489	13%		
	<u>3,649</u>			
	Residential	General Service <50 kW		
Customer Number weighting	87%	13%		
Purchase & Install weighting	23%	77%		
Allocator	55%	45%		
Net Book Value Segregated by Rate Class:	Residential	GS <50 kW	Total	
	\$109,865	\$91,367	\$ 201,233	
Number of Metered Customers:	3,160	489	3,649	
Rate Rider to Recover Stranded Meter Costs:	\$1.830	\$9.844		
Recovery period (months):	19	19		

Through the settlement process, it was agreed by all Parties that WNP will recover Stranded Meter costs over a two-year period. As indicated in Section 1.4, the Parties accept an effective date of October 1, 2012 for new rates. Consequently, in keeping consistency with the Board's approach of Rider's having an expiry date of April 30, all Parties agree that a recovery period 19 months is applied for the period of October 1, 2012 to April 30, 2014. The table above represents the recovery over 19 months.

7. COST ALLOCATION

7.1 Is WNP's cost allocation appropriate?

Status: Complete Settlement

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 7
Board Staff IR #25, #26, #27

The Parties have agreed for the purposes of settlement that the revenue-to-cost ratios for the 2012 Test Year, reflecting the agreed-upon 2012 Test Year Revenue Requirement, will be as set out in the following tables:

Class	Revenue Requirement - 2012 Cost Allocation Model	2012 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2012 Cost Allocation Model	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2012 Cost Allocation Model	Proposed Revenue to Cost Ratio
Residential	\$ 1,233,157	\$ 1,130,849	\$ 90,940	\$ 1,221,789	99.08%	99.08%	99.08%
GS < 50 kW	\$ 455,611	\$ 378,454	\$ 34,448	\$ 412,903	90.63%	90.63%	95.36%
GS 50 - 999 kW	\$ 257,181	\$ 350,626	\$ 10,511	\$ 361,137	140.42%	140.42%	120.00%
GS 1,000 - 4,999 kW	\$ 319,770	\$ 260,643	\$ 8,949	\$ 269,593	84.31%	84.31%	95.36%
Sentinel Lights	\$ 2,236	\$ 10,421	\$ 136	\$ 10,557	472.05%	472.05%	120.00%
Street Lighting	\$ 98,136	\$ 85,177	\$ 4,990	\$ 90,168	91.88%	91.88%	95.36%
Unmetered Scattered Loads	\$ 208	\$ 137	\$ 18	\$ 155	74.42%	74.42%	95.36%
TOTAL	\$ 2,366,300	\$ 2,216,307	\$ 149,992	\$ 2,366,300	100.0%	100.0%	

Class	Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue	Board Target Low	Board Target High
Residential	1,221,789	\$ 90,940	\$ 1,130,849	85%	115%
GS < 50 kW	434,484	\$ 34,448	\$ 400,036	80%	120%
GS 50 - 999 kW	308,618	\$ 10,511	\$ 298,107	80%	120%
GS 1,000 - 4,999 kW	304,942	\$ 8,949	\$ 295,993	80%	120%
Sentinel Lights	2,684	\$ 136	\$ 2,548	80%	120%
Street Lighting	93,585	\$ 4,990	\$ 88,595	70%	120%
Unmetered Scattered Loads	199	\$ 18	\$ 181	80%	120%
TOTAL	2,366,300	\$ 149,992	\$ 2,216,308		

Please see Appendix L – Cost Allocation Sheet O1 for additional information.

7.2 Are the proposed revenue-to-cost ratios for each class appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 7

The Parties have agreed for the purposes of settlement that the revenue-to-cost ratios for the 2012 Test Year, as set out under issue 7.1, above, are appropriate.

For the purposes of settlement, the Parties have agreed that WNP will make certain adjustments to the cost allocation proposed in the Application. Specifically, the Parties have agreed that WNP will move outliers (in this case, the General Service 50-999 kW and Sentinel Lights whose revenue-to-cost ratios are above the approved ranges) to the upper boundaries of their ranges as applicable, after which adjustments will be made to the rate classes that have revenue to cost ratios below 100% to maintain revenue neutrality. The approach to be followed in this regard is that the rate class with the lowest revenue-to-cost ratio will be increased to achieve revenue neutrality or to the level of the rate class with the next lowest revenue-to-cost ratio which ever occurs first. If the rate class with the lowest revenue-to-cost ratio is increased to the level of the rate class with the next lowest revenue-to-cost ratio, then the ratio of these two classes will be increased to achieve revenue neutrality or to the level of the class with the next lowest ratio, and this approach will continue until revenue neutrality is achieved. More specifically, in this case, as illustrated in the first table under Issue 7.1, above, the effect of this approach is that revenue-to-cost ratios of the Unmetered Scattered Load, the GS 1,000-4,999 kW and the GS < 50 kW classes are being increased to match the 91.88% revenue-to-cost ratio of the Street Lighting class, and that ratio is then being increased to 95.36% for each of these four classes to achieve revenue neutrality. All movement of outliers to the upper boundaries of their ranges will take place in one adjustment in the 2012 test year. For the purposes of settlement, the Parties accept the revised proposed revenue-to-cost ratios with the adjustments referred to above.

8. RATE DESIGN

8.1 Are the fixed-variable splits for each class appropriate?

Status: Complete Settlement

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 8 Tab 1 Schedule 2, table 8-5
VECC IR#31

For the purposes of settlement, the Parties have accepted that the 2012 monthly service charge for each customer class (the “MSC”) will maintain the current fixed-variable splits.

The Parties accept the customer charges and the fixed-variable splits for each class presented in the tables below.

Fixed Charge Analysis								
Customer Class	Current Volumetric Split	Current Fixed Charge Split	Total	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	2011 Rates From OEB Approved Tariff	Minimum System with PLCC Adjustment (Ceiling Fixed Charge From Cost Allocation Model)	Target Fixed Charge Split	Fixed Charge with Target Split
Residential	39.65%	60.35%	100.00%	\$ 18.00	\$ 13.88	\$ 22.09	60.35%	\$ 18.00
GS < 50 kW	44.01%	55.99%	100.00%	\$ 38.21	\$ 27.88	\$ 56.95	55.99%	\$ 38.21
GS 50 - 999 kW	56.29%	43.71%	100.00%	\$ 268.64	\$ 243.69	\$ 140.45	43.71%	\$ 268.64
GS 1,000 - 4,999 kW	60.95%	39.05%	100.00%	\$ 2,195.63	\$ 1,491.13	\$ 266.14	39.05%	\$ 2,195.63
Sentinel Lights	59.58%	40.42%	100.00%	\$ 5.11	\$ 16.11	\$ 8.79	40.42%	\$ 5.11
Street Lighting	16.77%	83.23%	100.00%	\$ 6.93	\$ 5.14	\$ 9.13	83.23%	\$ 6.93
Unmetered Scattered Loads	31.19%	68.81%	100.00%	\$ 17.61	\$ 10.30	\$ 24.35	68.81%	\$ 17.61

The parties agree to the following fixed and variable rates.

2012 Test Year - Base Revenue Distribution Rates				
Customer Class	Connection	Customer	kW	kWh
Residential	0.00	18.00	0.0000	0.0180
GS < 50 kW	0.00	38.21	0.0000	0.0164
GS 50 - 999 kW	0.00	268.64	3.5679	0.0000
GS 1,000 - 4,999 kW	0.00	2,195.63	1.8423	0.0000
Sentinel Lights	5.11	0.00	18.8680	0.0000
Street Lighting	6.93	0.00	7.7198	0.0000
Unmetered Scattered Loads	0.00	17.61	0.0000	0.0142

8.2 Are the proposed retail transmission service rates (“RTSR”) appropriate?

Status: Complete Settlement

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 8, Tab 2, Schedule 1, Table 8-7
VECC IR #32

For the purposes of settlement the Parties have agreed that the following Retail Transmission Service Rates (“RTSRs”), based on the updated Uniform Transmission Rates issued by the Board on December 20, 2011 in EB-2011-0268, are appropriate.

Rate Class	Unit	Proposed RTSR		Proposed RTSI
		Network		Connection
Residential	kWh	\$	0.0054	\$ 0.0038
General Service Less Than 50 kW	kWh	\$	0.0050	\$ 0.0032
General Service 50 to 999 kW	kW	\$	2.0539	\$ 1.2703
General Service 1,000 to 4,999 kW	kW	\$	2.1816	\$ 1.3926
Unmetered Scattered Load	kWh	\$	0.0050	\$ 0.0032
Sentinel Lighting	kW	\$	1.5568	\$ 1.0026
Street Lighting	kW	\$	1.5490	\$ 0.9821

8.3 Are the proposed LV rates appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 8, Tab 7, Schedule 1 Table 8-12
Board Staff IR #26
VECC IR # 33
VECC Supplementary IR #46

For the purposes of settlement, the Parties have agreed that the following LV rates, as set out in the table below, are appropriate.

RATES - Low Voltage Adjustment						
Customer Class	LV Adj. Allocated	Calculated kWh	Calculated kW	Volumetric Rate Type	LV / Adj. Rates/kWh	LV Adj. Rates / kW
Residential	\$ 44,910.10	24,876,519	0	kWh	\$ 0.0018	
GS < 50 kW	\$ 16,190.26	10,703,832	0	kWh	\$ 0.0015	
GS 50 - 999 kW	\$ 30,841.18	19,816,501	50,979	kW		\$ 0.6050
GS 1,000 - 4,999 kW	\$ 64,948.06	42,769,242	97,926	kW		\$ 0.6632
Sentinel Lights	\$ 38.41	29,261	80	kW		\$ 0.4775
Street Lighting	\$ 900.28	711,946	1,925	kW		\$ 0.4677
Unmetered Scattered Loads	\$ 6.00	3,969	0	kWh	\$ 0.0015	
Total	\$157,834.29	98,911,269	150,910			

9. DEFERRAL AND VARIANCE ACCOUNTS

9.1 Are the account balances, cost allocation methodology and disposition period appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 9 Board Staff IR #45, #50, #51, #53, #73, #75 Energy Probe IR #36 VECC IR #20

For the purposes of settlement, the Parties have agreed that the account balances, cost allocation methodology and disposition period for the deferral and variance accounts as presented in the evidence cited above, adjusted for the matters discussed below, are appropriate

- The Parties have agreed that the balance in Account 1562 for PILS – recovery of \$8,270 will be disposed of. The continuity schedule was revised to exclude interest related to customer deposits.
- The Parties have agreed that WNP has appropriately calculated the Stranded Meter Rider in the amount of \$1.83 per metered Residential and \$9.84 per General Service < 50 kW customer per month over a 19-month period, as discussed in item 6.3, above.
- The Parties have agreed that WNP has appropriately calculated the Smart Meter Disposition Rider in the amount of \$0.99 per metered Residential and \$9.32 per General Service < 50 kW customer per month over a 19-month period, as discussed in item 6.2, above.
- The Parties have agreed that the balance in Account 1521 for Special Purpose Charge will be refunded to customers – disposal of \$(1,245).

- The Parties have agreed that the balance in Account 1592, sub account HST/OVAT ITC, in Group 2 Accounts will be refunded to customers – disposal of \$(3,780) which takes in to consideration the 50% return disposal calculation being applied. It was also agreed by all parties that WNP would stop using Account 1592, sub account HST/OVAT ITC with effect from the date that the LDC's 2012 rates are approved).
- The Parties have agreed to WNP's recovery, in this proceeding, of the sum of \$14,118 currently tracked in Account 1508, representing its costs of transition to International Financial Reporting Standards as at December 31, 2010. The Intervenor further acknowledge that WNP may apply to the Board for the recovery of the balance of these transition costs at a later date, and that while their positions, if any, on the merits of that future application will be determined following the commencement of such a proceeding, they will not oppose the making of such an application by WNP.
- The Parties have agreed that in Account 1588 – RSVA Power + Global Adjustment balance of \$(421,098) will be disposed of at this time.

The table below summarises the Parties' agreement with respect to the disposal of the balances of the accounts:

Account Description	Account Number	Principal Amounts as of Dec-31 2010	Recoveries in 2011	Interest to Dec 31-10	Interest Jan-1 to Dec 31-11	Interest Jan 1-11 to Apr 30-12	Total Claim
RSVA - Wholesale Market Service Charge	1580	\$ (135,016)		\$ (597)	\$ (1,985)	\$ (662)	\$ (138,259)
					\$ -	\$ -	\$ -
RSVA - Retail Transmission Network Charge	1584	\$ 40,517		\$ 135	\$ 596	\$ 199	\$ 41,446
RSVA - Retail Transmission Connection Charge	1586	\$ (357,615)		\$ (5,236)	\$ (5,257)	\$ (1,752)	\$ (369,860)
RSVA - Power - (excluding GA)	1588	\$ (405,043)		\$ (25,923)	\$ (5,954)	\$ (1,985)	\$ (438,904)
RSVA - Power - Global Adjustment	1588	\$ 451,628		\$ 23,998	\$ 6,639	\$ 2,213	\$ 484,478
Sub-Totals		\$ (405,528)		\$ (7,622)	\$ (5,961)	\$ (1,987)	\$ (421,098)
Other Regulatory Assets	1508	\$ 13,739		\$ 109	\$ 202	\$ 67	\$ 14,118
Retail Cost Variance Account - Retail	1518	\$ 160,781		\$ 3,744	\$ 2,363	\$ 788	\$ 167,676
Retail Cost Variance Account - STR	1548	\$ 5,374		\$ (91)	\$ 79	\$ 26	\$ 5,388
Deferred PILs (as per submission)	1562	\$ 4,406		\$ 3,778	\$ 65	\$ 22	\$ 8,270
Special Purpose Variance	1521	\$ 14,118	\$ (15,521)	\$ 133	\$ 27	\$ (2)	\$ (1,245)
Low Voltage	1550	\$ (126,645)		\$ (2,786)	\$ (1,862)	\$ (621)	\$ (131,913)
Misc. Deferred Debits	1525	\$ 275		\$ (275)	\$ 4	\$ 1	\$ 5
Disposition of 2008 Reg Balances	1595	\$ (7,836)		\$ 3,894	\$ (115)	\$ (38)	\$ (4,096)
HST/OVAT ITC	1592	\$ (3,581)		\$ (6)	\$ (119)	\$ (75)	\$ (3,780)
Sub-Totals		\$ 60,632	\$ (15,521)	\$ 8,498	\$ 644	\$ 169	\$ 54,423
Totals per column		\$ (344,896)	\$ (15,521)	\$ 876	\$ (5,317)	\$ (1,818)	\$ (366,676)

9.2 Are the proposed rate riders to dispose of the account balances appropriate?

Status: **Complete Settlement**

Supporting Parties: WNP, EP, VECC

Evidence: Application: Exhibit 9 Tab 8
Board Staff IR #53, #74

For the purposes of settlement, the Parties accept the proposed rate riders to dispose of those account balances that are the subject of disposition at this time. The Parties have agreed to a disposition period of 19-month period. The Parties' acceptance of a 19-month period payout on DVA balances will allow WNP to return outstanding amounts to its customers while maintaining an appropriate cash flow position.

Through the settlement process, it was agreed by all Parties that WNP will dispose of Deferral and Variance accounts over a two-year period. As indicated in Section 1.4, the Parties accept an effective date of October 1, 2012 for new rates. Consequently, in keeping consistency with the Board's approach of Dispositions having an expiry date of April 30, all Parties agree that a disposition period 19 months is applied for the period of October 1, 2012 to April 30, 2014.

The rate rider calculations are set out in the table below and reflect the disposition period of 19 months:

Note:

In the table, the number of years is shown as 1.583. This has been calculated by:

[A] May 1, 2012 to 30 April, 2014	= 24 months
[B] October 1, 2012 to April 30, 2014	= 19 months
[C] Ratio [B] / [A]	= $[19/24] = 0.79167$
[D] 2 years x Ratio [C]	= $[2 \times 0.79167] = 1.583$

Deferral and Variance Account Disposition:

Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS 50 - 999 kW	GS 1,000 - 4,999	Street Lighting	Sentinel Lighting	Unmetered Scattered Load	Total
1580	\$ (138,259)	kWh	\$ (34,773)	\$ (14,962)	\$ (27,700)	\$ (59,783)	\$ (995)	\$ (41)	\$ (6)	\$ (138,259)
1550	\$ (131,913)	kWh	\$ (33,177)	\$ (14,275)	\$ (26,428)	\$ (57,039)	\$ (949)	\$ (39)	\$ (5)	\$ (131,913)
1584	\$ 41,446	kWh	\$ 10,424	\$ 4,485	\$ 8,304	\$ 17,921	\$ 298	\$ 12	\$ 2	\$ 41,446
1586	\$ (369,860)	kWh	\$ (93,021)	\$ (40,025)	\$ (74,100)	\$ (159,927)	\$ (2,662)	\$ (109)	\$ (15)	\$ (369,860)
1588 Excl GA	\$ (438,904)	kWh	\$ (110,386)	\$ (47,497)	\$ (87,933)	\$ (189,782)	\$ (3,159)	\$ (130)	\$ (18)	\$ (438,904)
1588 - Global Adjustment	\$ 484,478	kwh - Non RPP	\$ 26,313	\$ 10,411	\$ 131,993	\$ 310,377	\$ 5,167	\$ 212	\$ 5	\$ 484,478
1595	\$ (4,096)	kWh	\$ (1,030)	\$ (443)	\$ (821)	\$ (1,771)	\$ (29)	\$ (1)	\$ (0)	\$ (4,096)
Subtotal - RSVA	\$ (557,108)		\$ (235,649)	\$ (102,306)	\$ (76,685)	\$ (140,005)	\$ (2,331)	\$ (96)	\$ (37)	\$ (557,108)
1508	\$ 14,118	Dx Revenue	\$ 7,158	\$ 2,532	\$ 1,976	\$ 1,874	\$ 561	\$ 16	\$ 1	\$ 14,118
1518	\$ 167,676	# of Customers	\$ 142,662	\$ 22,052	\$ 1,824	\$ 198	\$ 135	\$ 758	\$ 45	\$ 167,676
1548	\$ 5,388	# of Customers	\$ 4,584	\$ 709	\$ 59	\$ 6	\$ 4	\$ 24	\$ 1	\$ 5,388
1525	\$ 5	# of Customers	\$ 5	\$ 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5
1562	\$ 8,270	Dx Revenue	\$ 4,193	\$ 1,483	\$ 1,157	\$ 1,097	\$ 328	\$ 9	\$ 1	\$ 8,270
1521	\$ (1,245)	Dx Revenue	\$ (631)	\$ (223)	\$ (174)	\$ (165)	\$ (49)	\$ (1)	\$ (0)	\$ (1,245)
1592	\$ (3,780)	# of Customers	\$ (3,216)	\$ (497)	\$ (41)	\$ (4)	\$ (3)	\$ (17)	\$ (1)	\$ (3,780)
Subtotal - Non RSVA, Variable	\$ 190,432		\$ 154,755	\$ 26,057	\$ 4,801	\$ 3,006	\$ 977	\$ 790	\$ 47	\$ 190,432
Total to be Recovered	\$ (366,676)		\$ (80,894)	\$ (76,249)	\$ (71,883)	\$ (136,999)	\$ (1,354)	\$ 694	\$ 10	\$ (366,676)
Balance to be collected or refunded (Excl GA & Smart Meters)	\$ (851,153)		\$ (107,207)	\$ (86,660)	\$ (203,876)	\$ (447,376)	\$ (6,521)	\$ 482	\$ 5	\$ (851,153)
Number of years for Variable	1.583									
Balance to be collected or refunded per year, Variable	\$ (537,570)		\$ (67,710)	\$ (54,733)	\$ (128,764)	\$ (282,553)	\$ (4,118)	\$ 304	\$ 3	\$ (537,570)
Class										
Deferral and Variance Account Rate Riders, Variable (Excluding Global Adjustment)										
Billing Determinants										
Global Adjustment Balance to be collected or refunded	\$ 484,478		\$ 26,313	\$ 10,411	\$ 131,993	\$ 310,377	\$ 5,167	\$ 212	\$ 5	\$ 484,478
Number of years for Variable	1.583									
Balance to be collected or refunded per year, Variable	\$ 305,986		\$ 16,619	\$ 6,575	\$ 83,364	\$ 196,027	\$ 3,263	\$ 134	\$ 3	\$ 305,986
Global Adjustment Rate Rider										
Billing Determinants										
Pro-rating Disposition over 19 months:										
May 1, 2012 to 30 April, 2014	24 months									
Oct 1, 2012 to 30 April, 2014	19 months									
Ratio:	0.79167									
2 years x Ratio	1.58333									
As part of Settlement Conference process, agreed Disposition over 2 years. New rates implemented on 1st October 2012, disposition period is 19 months (until 30 April 2014). Above calculation is pro-rating 2 years over 19 months										

Note:

As part of the settlement process, it was agreed by all Parties that any reference to IESO Smart Metering Charge of \$0.81 would be removed from WNP's evidence. This was accepted by all Parties on the understanding that:

- A process and method to recover this charge will be issued by the OEB in due course;
 - The recoverable monthly amount had not been finalized as at the date of this Agreement.
- (Reference: Notice of Application by Smart Metering Entity for Approval of a Smart Metering Charge (EB-2012-0100) and Notice of Proceeding to Determine the Appropriate Recovery and Allocation of the Smart Metering Charge (EB-2012-0211)).

10. GREEN ENERGY ACT PLAN

10.1 Is WNP's Green Energy Act Plan, including the Smart Grid component of the plan appropriate?

Status:	Complete Settlement
Supporting Parties:	WNP, EP, VECC
Evidence:	Application: Exhibit 2 Tab 9 Schedule 1 Board Staff IR #41, #42, #43, #44 Board Staff Supplementary IR #68, #69, #70, #71, #72

For the purposes of settlement, the Parties accept WNP's basic Green Energy Act Plan as set out in the Application.

Appendix A – Summary of Significant Changes

	Original Application	Settlement Agreement	Difference
Rate Base:			
Gross Fixed Assets (Average)	\$12,256,658	\$12,268,297	\$11,639
Accumulated Depreciation (Average)	(\$6,453,505)	(\$6,405,398)	\$48,107
Allowance for Working Capital	\$1,762,445	\$1,626,419	(\$136,026)
Controllable Expenses	\$1,716,475	\$1,512,006	(\$204,469)
Cost of Power	\$10,033,158	\$10,105,275	\$72,117
Utility Income:			
Operating Revenue:			
Distribution Revenue at Current Rates	\$1,685,387	\$1,709,309	\$23,922
Distribution Revenue at Proposed Rates	\$2,407,571	\$2,216,308	(\$191,263)
Other Revenue			
Specific Service Charges	\$45,871	\$57,043	\$11,172
Late Payment Charges	\$26,047	\$26,047	\$0
Other Distribution Revenue	\$54,895	\$57,085	\$2,190
Other Income and Deductions	\$14,773	\$9,818	(\$4,955)
Operating Expenses			
OM&A Expenses	\$1,704,469	\$1,500,000	(\$204,469)
Depreciation	\$358,142	\$387,630	\$29,488
Property Taxes	\$12,006	\$12,006	\$0
Taxes / PILS			
Adjustment required to arrive at taxable income	(\$247,778)	(\$262,128)	(\$14,350)
Utility Income Taxes & Rates:			
Income Taxes (not grossed up)	\$4,373.35	\$1,717.71	(\$2,655.64)
Income Taxes (grossed up)	\$5,175.57	\$2,032.79	(\$3,142.77)
Federal Tax (%)	11.00%	11.00%	0.00%
Provincial Tax (%)	4.50%	4.50%	0.00%
Cost of Capital			
Long-term debt cost rate	56.00%	56.00%	0.00%
Short Term cost rate	4.00%	4.00%	0.00%
Equity Cost Rate	40.00%	40.00%	0.00%

Stepped Comparison Table

Wellington North Power Inc Stepped Table - Summary of Changes														Stage	
	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital Allowance %	Working Capital	Working Capital Allowance	Amortization	PILs	OM&A (including Taxes other than Income Tax)	Service Revenue Requirement	Base Revenue Requirement	Gross Revenue Deficiency			
Original Submission	\$469,363	6.20%	\$7,666,698	15%	\$11,749,633	\$1,762,446	\$368,142	\$5,176	\$1,716,476	\$2,648,166	\$2,407,671	\$722,184	Initial Application	Driver	
COP RPP Update using calculations from RPP Report effective May 1, 2012	\$475,202	6.20%	\$7,659,715	15%	\$12,377,082	\$1,856,562	\$358,142	\$5,805	\$1,716,475	\$2,555,624	\$2,414,040	\$728,653	Interrogatories	Board Staff IR #5 Board Staff IR #7b	
Change	\$5,839	0%	\$94,117	0%	\$627,449	\$94,117	\$0	\$630	\$0	\$6,469	\$6,469	\$6,469			
Update of 2011 Actual Expenses	\$474,138	6.20%	\$7,642,568	15%	\$12,377,082	\$1,856,562	\$358,142	(\$1,624)	\$1,716,475	\$2,547,131	\$2,405,546	\$720,159	Interrogatories	Energy Probe IR #18 Energy Probe IR #22a	
Change	(\$1,064)	0%	-\$17,147	0%	\$0	\$0	\$0	(\$7,430)	\$0	(\$8,494)	(\$8,494)	(\$8,494)			
Including Smart Meter Charge cost (\$35,283) in CoP a/c 4708 and 4062	\$474,409	6.20%	\$7,646,932	15%	\$12,406,179	\$1,860,927	\$358,142	(\$1,595)	\$1,716,475	\$2,547,431	\$2,405,846	\$721,151	Interrogatories	Energy Probe IR #4b	
Change	\$271	0%	\$4,364	0%	\$29,097	\$4,365	\$0	\$29	\$0	\$300	\$300	\$991			
Correcting Regulatory a/c 5655 (annual recovery of costs)	\$473,462	6.20%	\$7,631,663	15%	\$12,304,381	\$1,845,657	\$358,142	(\$1,697)	\$1,614,677	\$2,444,583	\$2,302,998	\$618,303	Interrogatories	Energy Probe IR #25b	
Change	-\$947	0%	(\$15,270)	0%	(\$101,798)	(\$15,270)	\$0	(\$102)	-\$101,798	(\$102,848)	(\$102,848)	(\$102,848)			
COP adjustment of Loss factor using 5 yr average (not 6 yr)	\$473,452	6.20%	\$7,631,513	15%	\$12,303,382	\$1,845,507	\$358,142	(\$1,698)	\$1,614,677	\$2,444,573	\$2,302,988	\$617,851	Interrogatories	Board Staff IR #27 Energy Probe IR #33c	
Change	-\$9	0%	(\$150)	0%	(\$999)	(\$150)	\$0	(\$1)	\$0	(\$10)	(\$10)	(\$452)			
Amending accounts 4235 and 4210 with projected Specific Charge values	\$473,452	6.20%	\$7,631,608	15%	\$12,303,351	\$1,845,603	\$358,142	(\$1,698)	\$1,614,677	\$2,444,572	\$2,297,103	\$611,966	Interrogatories	Energy Probe IR #20e	
Change	\$0	0%	-\$4	0%	-\$30	-\$5	\$0	\$0	\$0	\$0	(\$5,886)	(\$5,886)			
Updating FA Cont Schedules with 2011 Additions which adjusted 2012 Opening Balance	\$476,077	6.20%	\$7,673,816	15%	\$12,303,154	\$1,845,473	\$347,629	(\$5,070)	\$1,614,677	\$2,433,312	\$2,278,364	\$693,286	Interrogatories	Board Staff IR #7b	
Change	\$2,625	0%	\$42,308	0%	-\$197	-\$30	-\$10,513	-\$3,372	\$0	(\$11,261)	(\$18,738)	-\$18,680			
Removal of Cost of Power Adjustments of \$1,087,751.19 from Account 4710	\$465,954	6.20%	\$7,510,653	15%	\$11,215,403	\$1,682,310	\$347,629	(\$6,162)	\$1,614,677	\$2,422,097	\$2,267,150	\$582,072	Supplemental Interrogatories	Energy Probe Supp IR #16	
Change	(\$10,122)	0%	(\$163,163)	0%	(\$1,087,751)	(\$163,163)	\$0	-\$1,092	\$0	(\$11,214)	(\$11,214)	(\$11,214)			
Recalculation of PP&E Values for transition between "former" depreciation rates and "proposed" depreciation rates with Smart Meter Costs being included in 2012 Continuity Schedules (Smart Meter Costs excluded from 2011 FA Continuity Schedules as requested by Board Staff Supp IR#58)	\$474,983	6.20%	\$7,656,178	15%	\$11,215,403	\$1,682,310	\$344,035	(\$5,848)	\$1,614,677	\$2,427,847	\$2,272,899	\$587,821	Supplemental Interrogatories	Board Staff Supp IR#58 Energy Probe Supp IR #14	
Change	\$9,028	0%	\$145,525	0%	\$0	\$0	-\$3,594	\$315	\$0	\$5,749	\$5,749	\$5,749			
Amending account 4405 to show interest / dividend excluding Interest associated to Deferral / Variance accounts	\$474,983	6.20%	\$7,656,178	15%	\$11,215,403	\$1,682,310	\$344,035	(\$5,848)	\$1,614,677	\$2,427,847	\$2,277,854	\$692,776	Clarification points at Settlement Conference	Energy Probe Component #8 - Other Revenue (of Settlement Conference)	
Change	\$0	0%	\$0	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$4,955	\$4,955			

Stepped Comparison Table (continued):

Wellington North Power Inc Stepped Table - Summary of Changes													Stage	
	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital Allowance %	Working Capital	Working Capital Allowance	Amortization	PILs	OM&A (including Taxes other than Income Tax)	Service Revenue Requirement	Base Revenue Requirement	Gross Revenue Deficiency		
Removal of PP&E Adjustment that was calculated for transition to Modified IFRS. Agreed by Board Staff and Intervenor that this adjustment is not required as WNP deferred transition to IFRS and did not transfer to Modified IFRS in 2012 Test Year. For the 2012 Test Year, WNP are still operating under CGAAP (not IFRS) Change	\$474,983 \$0	6.20% 0%	\$7,656,178 \$0	15% 0%	\$11,215,403 \$0	\$1,682,310 \$0	\$389,495 \$45,461	\$2,491 \$0,339	\$1,614,677 \$0	\$2,481,646 \$53,000	\$2,331,654 \$53,000	\$646,575 \$53,000	Clarification points at Settlement Conference	WNP Board Staff Energy Probe VECC Component #9 - Modified IFRS PP&E (of Settlement Conference) [WNP 2012 Test Year is under CGAAP]
Reduction of CapEx spending in 2012 Test Year from \$983,803 to \$760,000 Change	\$468,098 (\$6,884)	6.20% 0%	\$7,545,209 (\$110,969)	15% 0%	\$11,215,403 \$0	\$1,682,310 \$0	\$387,630 (\$1,865)	\$3,049 \$557	\$1,614,677 \$0	\$2,473,454 (\$8,192)	\$2,323,462 (\$8,192)	\$638,383 (\$8,192)	Settlement Conference	Component #2 - Capital Spending (of Settlement Conference)
Reduction of Working Capital Allowance from 15% to 14% Change	\$461,140 (\$6,950)	6.20% 0%	\$7,433,055 (\$112,154)	14% -1%	\$11,215,403 \$0	\$1,570,156 -\$112,154	\$387,630 \$0	\$2,298 (\$750)	\$1,614,677 \$0	\$2,465,746 (\$7,708)	\$2,315,753 (\$7,708)	\$630,675 (\$7,708)	Settlement Conference	Component #4 - Working Capital (of Settlement Conference)
Reduction of OM&A Expenses Change	\$460,249 (\$892)	6.20% 0%	\$7,418,681 (\$14,374)	14% 0%	\$11,112,732 (\$102,671)	\$1,555,783 (\$14,374)	\$387,630 \$0	\$2,202 (\$96)	\$1,512,006 (\$102,671)	\$2,362,087 (\$103,659)	\$2,212,094 (\$103,659)	\$527,016 (\$103,659)	Settlement Conference	Component #6 - OM&A (of Settlement Conference)
Load Forecast Three "sensitive" customers increase Purchases by 4.5 GWh and Other customers at 75,761 GWh Change	\$465,270 \$5,021	6.20% 0%	\$7,499,614 \$80,933	14% 0%	\$11,690,824 \$578,092	\$1,636,715 \$80,933	\$387,630 \$0	\$2,744 \$542	\$1,512,006 \$0	\$2,367,650 \$5,563	\$2,217,657 \$5,563	\$496,211 (\$30,806)	Settlement Conference	Component #10 & 11- Load Forecast and Distribution Loss Factor (of Settlement Conference)
CCA Adjustment reflecting: a) the 2012 new additions for computer hardware to be allocated to CCA Class 80 with a CCA rate of 55% and b) ensuring 2012 UCC Opening position equals UCC Ending Balance of 2011 Change	\$465,270 \$0	6.20% 0%	\$7,499,614 \$0	14% 0%	\$11,690,824 \$0	\$1,636,715 \$0	\$387,630 \$0	\$2,102 (\$642)	\$1,512,006 \$0	\$2,367,008 (\$642)	\$2,217,015 (\$642)	\$495,669 (\$642)	Settlement Conference	Component #7 - Tax Change by re-allocating CCA (of Settlement Conference)
Load Forecast adjustment to apply kWh/KW ratio for 2012 Test Year as 0.226890% as per Energy Probe Supp IR 6a Change	\$464,937 (\$332)	6.20% 0%	\$7,494,268 (\$5,356)	14% 0%	\$11,692,664 (\$38,280)	\$1,631,359 (\$5,356)	\$387,630 \$0	\$2,066 (\$36)	\$1,512,006 \$0	\$2,366,639 (\$368)	\$2,216,647 (\$368)	\$507,338 \$11,769	Settlement Conference	Component #10 - Bill Demand Determinant as per WNP's response to Energy Probe Supp IR 6a (of Settlement Conference)
Removal of IESO Smart Metering Charge from COP (account 4708 and 4062) Change	\$464,631 (\$306)	6.20% 0%	\$7,489,318 (\$4,940)	14% 0%	\$11,617,281 (\$35,283)	\$1,626,419 (\$4,940)	\$387,630 \$0	\$2,033 (\$33)	\$1,512,006 \$0	\$2,366,300 (\$340)	\$2,216,307 (\$340)	\$506,999 (\$340)	Settlement Conference	Component #10 - Removal of IESO Smart Metering Charges as advised by Board Staff
Position After Settlement Conference	\$464,631	\$0	\$7,489,318	\$0	\$11,617,281	\$1,626,419	\$387,630	\$2,033	\$1,512,006	\$2,366,300	\$2,216,307	\$506,999		
Change between Settlement Conference (Aug) and Initial Filing (April)	(\$4,732) -1.01%	0.00% 0.00%	(\$6,280) -1.01%	-1.00% -6.67%	(\$132,352) -1.13%	(\$136,026) -7.72%	\$29,488 0.23%	(\$3,143) -60.72%	(\$204,489) -11.91%	(\$182,856) -7.17%	(\$191,263) -7.94%	(\$215,186) -29.80%		

Less: Fully Allocated Depreciation	
Transportation	\$ 66,596
Stores & Garage Equipment	\$ 4,033
Communications	\$ 253
Amount for 2012 Operating under IFRS	\$0
Net Depreciation to Inc. Stmt	\$ 387,630

Appendix C – Cost of Power (Updated)

2012 Load Forecast	kWh	kW	2010 %RPP	2010 % Non-RPP
Residential	24,876,519		85%	15%
General Service < 50 kW	10,703,832		87%	13%
General Service 50 to 999 kW	19,916,501	50,979	8%	92%
Intermediate 1,000 to 4,999 kW	42,769,242	97,926	0%	100%
Street Lighting	711,946	1,925	0%	100%
Sentinel Lighting	29,261	80	0%	100%
Unmetered Scattered Load	3,969		83%	17%
TOTAL	98,911,269	150,910		

Electricity - Commodity RPP	2012 Forecasted	2012 Loss		
Class per Load Forecast RPP	Metered kWhs	Factor	2012	
Residential	21,250,588	1.0716	22,771,929	\$0.08069
General Service < 50 kW	9,269,244	1.0716	9,932,835	\$0.08069
General Service 50 to 999 kW	1,628,128	1.0716	1,744,687	\$0.08069
General Service 1,000 to 4,999 kW	0	1.0716	0	\$0.08069
Street Lighting	0	1.0716	0	\$0.08069
Sentinel Lighting	0	1.0716	0	\$0.08069
Unmetered Scattered Load	3,306	1.0716	3,543	\$0.08069
TOTAL	32,151,267		34,452,993	\$2,780,012

Electricity - Commodity Non-RPP	2012 Forecasted	2012 Loss		
Class per Load Forecast	Metered kWhs	Factor	2012	
Residential	3,625,931	1.0716	3,885,513	\$0.07877
General Service < 50 kW	1,434,587	1.0716	1,537,290	\$0.07877
General Service 50 to 999 kW	18,188,373	1.0716	19,490,489	\$0.07877
General Service 1,000 to 4,999 kW	42,769,242	1.0716	45,831,115	\$0.07877
Street Lighting	711,946	1.0716	762,915	\$0.07877
Sentinel Lighting	29,261	1.0716	31,356	\$0.07877
Unmetered Scattered Load	663	1.0716	710	\$0.07877
TOTAL	66,760,003		71,539,388	\$5,635,158

Transmission - Network	Volume		
Class per Load Forecast	Metric	2012	
Residential	kWh	26,657,442	\$0.0054
General Service < 50 kW	kWh	11,470,125	\$0.0050
General Service 50 to 999 kW	kW	50,979	\$2.0539
General Service 1,000 to 4,999 kW	kW	97,926	\$2.1816
Street Lighting	kW	1,925	\$1.5490
Sentinel Lighting	kW	80	\$1.5568
Unmetered Scattered Load	kWh	4,253	\$0.0050
TOTAL			\$523,932

Transmission - Connection	Volume		
Class per Load Forecast	Metric	2012	
Residential	kWh	26,657,442	\$0.0038
General Service < 50 kW	kWh	11,470,125	\$0.0032
General Service 50 to 999 kW	kW	50,979	\$1.2703
General Service 1,000 to 4,999 kW	kW	97,926	\$1.3926
Street Lighting	kW	1,925	\$0.9821
Sentinel Lighting	kW	80	\$1.0026
Unmetered Scattered Load	kWh	4,253	\$0.0032
TOTAL			\$340,588

Wholesale Market Service	Volume		
Class per Load Forecast	Metric	2012	
Residential	kWh	26,657,442	\$0.0052
General Service < 50 kW	kWh	11,470,125	\$0.0052
General Service 50 to 999 kW	kW	21,235,175	\$0.0052
General Service 1,000 to 4,999 kW	kW	45,831,115	\$0.0052
Street Lighting	kW	762,915	\$0.0052
Sentinel Lighting	kW	31,356	\$0.0052
Unmetered Scattered Load	kWh	4,253	\$0.0052
TOTAL		105,992,381	\$551,160

Rural Rate Assistance	Volume		
Class per Load Forecast	Metric	2012	
Residential	kWh	26,657,442	\$0.0011
General Service < 50 kW	kWh	11,470,125	\$0.0011
General Service 50 to 999 kW	kW	21,235,175	\$0.0011
General Service 1,000 to 4,999 kW	kW	45,831,115	\$0.0011
Street Lighting	kW	762,915	\$0.0011
Sentinel Lighting	kW	31,356	\$0.0011
Unmetered Scattered Load	kWh	4,253	\$0.0011
TOTAL		105,992,381	\$116,592

Low Voltage	Volume	Volume	Rate p/ unit
Class per Load Forecast	Metric	2012	
Residential	kWh	24,876,519	\$0.0018
General Service < 50 kW	kWh	10,703,832	\$0.0015
General Service 50 to 999 kW	kW	50,979	\$0.6050
General Service 1,000 to 4,999 kW	kW	97,926	\$0.6632
Street Lighting	kW	1,925	\$0.4677
Sentinel Lighting	kW	80	\$0.4775
Unmetered Scattered Load	kWh	3,969	\$0.0015
TOTAL			\$157,834

Cost of Power Account		2012
4705-Power Purchased	\$8,415,170	
4708-Charges-WMS	\$551,160	
4714-Charges-KW	\$523,932	
4716-Charges-CN	\$340,588	
4730-Rural Rate Assistance	\$116,592	
4750-Low Voltage	\$157,834	
Sub Total	10,105,275	
IESO Smart Metering Charge	\$0	
4710- Cost of Power Adjustment	\$0	
TOTAL	\$10,105,275	

Appendix D – 2012 Customer Class Load Forecast (Updated)

Wellington North Power Inc. Weather Normal Load Forecast for 2012 Rate Application									
	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Weather Normal	2012 Weather Normal
Actual kWh Purchases	95,178,179	99,177,535	99,726,775	101,905,199	100,510,261	93,415,382	102,608,265		
Predicted kWh Purchases	97,333,777	98,813,452	97,715,091	99,389,675	99,730,897	99,234,569	100,520,650	102,503,633	106,961,099
% Difference	2.3%	-0.4%	-2.0%	-2.5%	-0.8%	6.2%	-2.0%		
Billed kWh	89,194,708	92,239,845	93,628,881	95,248,613	93,521,080	86,446,481	96,062,450	95,243,396	98,911,269
By Class									
Residential									
Customers	2,825	2,869	2,923	2,959	3,002	3,037	3,073	3,116	3,160
kWh	24,384,437	25,217,181	25,227,824	25,023,794	25,142,788	25,158,787	25,200,723	25,348,074	24,876,519
General Service < 50 kW									
Customers	452	462	460	455	464	468	479	484	489
kWh	12,478,963	12,036,675	11,886,853	11,930,026	11,678,034	11,573,828	11,323,787	11,145,746	10,703,832
General Service 50 - 999 kW									
Customers	38	40	38	39	41	43	40	40	40
kWh	22,994,865	23,752,850	24,784,448	24,233,832	25,169,769	20,973,876	20,890,084	20,543,460	19,816,501
kW	42,829	45,546	51,134	72,261	73,818	64,960	62,456	52,619	50,979
General Service 1,000 - 4,999 kW									
Customers	9	5	5	4	4	5	5	5	4
kWh	28,467,921	30,363,260	30,857,138	33,212,587	30,725,657	27,961,217	37,885,731	37,453,277	42,769,242
kW	82,224	87,633	91,294	70,180	68,718	73,937	85,226	81,856	97,926
Street Lights									
Customers	942	942	942	942	942	900	900	893	886
kWh	727,714	728,596	731,832	727,707	748,942	738,099	720,757	716,205	711,946
kW	1,996	1,998	2,010	1,669	2,048	2,026	1,981	1,928	1,925
Sentinel Lights									
Connections	41	23	23	24	24	22	21	19	17
kWh	38,904	39,379	38,909	38,081	36,606	33,138	31,636	30,420	29,261
kW	108	109	108	88	103	93	88	83	80
Unmetered Loads									
Connections	12	13	13	9	2	2	1	1	1
kWh	101,904	101,904	101,877	82,586	19,284	7,536	9,732	6,214	3,969
Total									
Customer/Connections	4,318	4,354	4,405	4,431	4,479	4,478	4,519	4,558	4,597
kWh	89,194,708	92,239,845	93,628,881	95,248,613	93,521,080	86,446,481	96,062,450	95,243,396	98,911,269
kW from applicable classes	127,158	135,287	144,547	144,199	144,687	141,016	149,751	136,487	150,910

Appendix E – 2012 Other Revenue (Updated)

Summary of Other Distribution Revenue							
Expense Description	2008 Board Approved	2008 Actual	Variance from 2008 Board Approved	2009 Actual	2010 Actual	2011 Bridge	2012 Test
Other Distribution Revenue							
4082-Retail Services Revenues	7,312	7,565	253	7,944	8,591	7,521	8,679
4084-Service Transaction Requests (STR) Revenues	193	156	(38)	118	221	157	199
4210-Rent from Electric Property	32,886	36,281	3,395	34,597	30,617	30,334	27,267
4090- Electric Services Incidental to Energy Sales	11,487	20,194	8,707	11,901	0	0	0
4325-Other Electric Revenues	14,482	2,945	(11,537)	9,278	2,681	38,286	26,527
4330-Costs & Expenses of Merchandising & Jobbing	0	0	0	(510)	(1,024)	(29,237)	(21,928)
4225-Late Payment Charges	18,033	18,614	581	20,947	20,833	26,047	26,047
4235-Miscellaneous Service Revenues	54,450	61,681	7,231	65,097	58,820	45,870	57,043
4350-Losses from Disposition of Future Use Utility Plant	0	0	0	0	0	0	0
4355-Gain on Disposition of Utility and Other Property	0	20,100	20,100	233,782	16,713	134	0
4360-Loss on Disposition of Utility and Other Property	0	0	0	0	0	0	0
4375- Revenues from Non-Utility Operations	126,864	131,943	5,079	260,539	134,925	138,883	141,661
4380-Expenses from Non-Utility Operations	(80,962)	(99,996)	(19,034)	(252,966)	(122,267)	(136,532)	(139,262)
4385-Non-Utility Rental Income	0	9,473	9,473	0	0	0	0
4390-Miscellaneous Non-Operating Income	4,673	0	(4,673)	(8,569)	150	880	150
4405-Interest and Dividend Income	20,197	20,510	313	5,216	5,553	7,896	9,818
Sub-Total	209,615	229,466	19,852	387,372	155,812	130,239	136,200
4080-Distribution Services Revenue- SSS Admin Fee	21,795	13,438	(8,357)	13,433	13,557	13,673	13,792
Total	231,409	242,904	11,494	400,805	169,369	143,912	149,992
Specific Service Charges	54,450	61,681	7,231	65,097	58,820	45,870	57,043
Late Payment Charges	18,033	18,614	581	20,947	20,833	26,047	26,047
Other Distribution Revenues	88,155	80,579	(7,576)	76,761	54,642	60,733	54,537
Other Income and Expenses	70,772	82,030	11,258	238,001	35,073	11,262	12,366
Total	231,409	242,904	11,494	400,805	169,369	143,912	149,992

Appendix F – 2012 PILS (Updated)

2012 PILs Schedule			2012 Total Taxes	
Description	Source or Input	Tax Payable	Description	Tax Payable
Accounting Income	12' Rev Def	275,243	Total PILs	2,033
Tax Adj to Accounting Income	12' Rev Def	(262,128)	Net Capital Tax Payable	-
Taxable Income		13,115	PILs including Capital Taxes	2,033
Combined Income Tax Rate	PILs Rates	15.500%		
Total Income Taxes		2,033		
Investment Tax Credits				
Apprentice Tax Credits				
Other Tax Credits				
Total PILs		2,033		

Appendix G – 2012 Cost of Capital (Updated)

Debt & Capital Cost Structure								
Weighted Debt Cost								
Description	Debt Holder	Affiliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Promissory Note	Twp of Wellington North	Y	November 1, 2001	\$ 1,285,016		6.10%	2008	\$ 78,386
Promissory Note	Twp of Wellington North	Y	November 1, 2001	\$ 1,185,016		6.10%	2009	\$ 72,286
Promissory Note	Twp of Wellington North	Y	November 1, 2001	\$ 1,085,016		6.10%	2010	\$ 66,186
Promissory Note	Twp of Wellington North	Y	November 1, 2001	\$ 985,016		6.10%	2011	\$ 60,086
Promissory Note	Twp of Wellington North	Y	November 1, 2001	\$ 885,016		4.41%	2012	\$ 39,029
								\$ -
Smart Meter Funding	Infrastructure Ontario	N	February 2, 2010	\$ 876,143		1.10%	2010	\$ 9,642
Smart Meter Funding	Infrastructure Ontario	N	February 2, 2010	\$ 1,166,657	15	4.42%	2011	\$ 30,080
Smart Meter Funding	Infrastructure Ontario	N	February 2, 2010	\$ 1,107,462	15	4.42%	2012	\$ 48,950
2008 Total Long Term Debt				\$ 1,285,016	Total Interest Cost for 2008: \$ 78,386			
				Weighted Debt Cost Rate for 2008: 6.10%				
2009 Total Long Term Debt				\$ 1,185,016	Total Interest Cost for 2009: \$ 72,286			
				Weighted Debt Cost Rate for 2009: 6.10%				
2010 Total Long Term Debt				\$ 1,961,159	Total Interest Cost for 2010: \$ 75,828			
				Weighted Debt Cost Rate for 2010: 3.87%				
2011 Total Long Term Debt				\$ 2,151,673	Total Interest Cost for 2011: \$ 90,166			
				Weighted Debt Cost Rate for 2011: 4.19%				
2012 Total Long Term Debt				\$ 1,992,478	Total Interest Cost for 2012: \$ 87,979			
				Weighted Debt Cost Rate for 2012: 4.42%				

Deemed Capital Structure for 2012 Test Year				
	(%)	(\$)	(%)	(\$)
Debt				
1 Long-term Debt	56.0%	\$4,194,018	4.42%	\$185,189
2 Short-term Debt	4.0%	\$299,573	2.08%	\$6,231
3 Total Debt	60.0%	\$4,493,591	4.26%	\$191,420
Equity				
4 Common Equity	40.0%	\$2,995,727	9.12%	\$273,210
5 Preferred Shares		\$ -		\$ -
6 Total Equity	40.0%	\$2,995,727	9.12%	\$273,210
7 Total	100.0%	\$7,489,318	6.20%	\$464,631

Appendix H – 2012 Revenue Deficiency (Updated)

Description	2011 Bridge Actual	2012 Test Existing Rates	2012 Test - Required Revenue
Revenue			
Revenue Deficiency			506,999
Distribution Revenue	1,827,699	1,709,309	1,709,309
Other Operating Revenue (Net)	102,251	149,992	149,992
Total Revenue	1,929,951	1,859,301	2,366,300
Costs and Expenses			
Administrative & General, Billing & Collecting	1,035,357	998,714	998,714
Operation & Maintenance	530,456	501,286	501,286
Depreciation & Amortization	266,033	387,630	387,630
Property Taxes	12,204	12,006	12,006
Capital Taxes	0	0	0
Deemed Interest	234,159	191,420	191,420
Total Costs and Expenses	2,078,208	2,091,057	2,091,057
Less OCT Included Above	0	0	0
Total Costs and Expenses Net of OCT	2,078,208	2,091,057	2,091,057
Utility Income Before Income Taxes	(148,258)	(231,755)	275,243
Income Taxes			
Corporate Income Taxes	(98,409)	(76,552)	2,033
Total Income Taxes	(98,409)	(76,552)	2,033
Utility Net Income	(49,849)	(155,203)	273,210
Capital Tax Expense Calculation:			
Total Rate Base	6,492,143	7,489,318	7,489,318
Exemption	15,000,000	15,000,000	15,000,000
Deemed Taxable Capital	(8,507,857)	(7,510,682)	(7,510,682)
Ontario Capital Tax	0	0	0
Income Tax Expense Calculation:			
Accounting Income	(148,258)	(231,755)	275,243
Tax Adjustments to Accounting Income	(486,640)	(262,128)	(262,128)
Taxable Income	(634,898)	(493,884)	13,115
Income Tax Expense	(98,409)	(76,552)	2,033
Tax Rate Reflecting Tax Credits	15.50%	15.50%	15.50%
Actual Return on Rate Base:			
Rate Base	6,492,143	7,489,318	7,489,318
Interest Expense	234,159	191,420	191,420
Net Income	(49,849)	(155,203)	273,210
Total Actual Return on Rate Base	184,310	36,217	464,631
Actual Return on Rate Base	2.84%	0.48%	6.20%
Required Return on Rate Base:			
Rate Base	6,492,143	7,489,318	7,489,318
Return Rates:			
Return on Debt (Weighted)	6.01%	4.26%	4.26%
Return on Equity	8.57%	9.12%	9.12%
Deemed Interest Expense	234,159	191,420	191,420
Return On Equity	222,551	273,210	273,210
Total Return	456,709	464,631	464,631
Expected Return on Rate Base	7.03%	6.20%	6.20%
Revenue Deficiency After Tax	272,399	428,414	0
Revenue Deficiency Before Tax	322,366	506,999	0
Tax Exhibit			2012
Deemed Utility Income			273,210
Tax Adjustments to Accounting Income			(262,128)
Taxable Income prior to adjusting revenue to PILs			11,082
Tax Rate			15.50%
Total PILs before gross up			1,718
Grossed up PILs			\$2,033

Appendix I – Draft Tariff of Rates and Charges (Updated)

Wellington North Power Inc. TARIFF OF RATES AND CHARGES Effective and Implementation Date October 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0249

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to the supply of electrical energy to Customers residing in residential dwelling units. Energy is generally supplied as a single phase, 3-wire, 60-Hertz, having a nominal voltage of 120/240 Volts. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by the distributor and that are not subject to Board approval, such as the Debt Retirement, charges for Minister of Energy Conservation and Renewable Energy Programs, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	18.00
Smart Meter Funding Adder Per Month – effective until April 30, 2014	\$	0.9906
Stranded Meter Rate Rider Per Month – effective until April 30, 2014	\$	1.8297
Distribution Volumetric Rate	\$/kWh	0.0180
Low Voltage Service Rate Rider	\$/kWh	0.0018
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0058)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0027)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Mechanism (SSM Recovery) – effective until April 30, 2014	\$/kWh	0.0004
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0038

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Wellington North Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date October 1, 2012

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2011-0249

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to customers in General Service buildings with a connected load of less than 50 kW, and Town Houses and Condominiums that require centralized bulk metering. General Service buildings are defined as buildings that are used for purposes other than single-family dwellings. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by the distributor and that are not subject to Board approval, such as the Debt Retirement, charges for Minister of Energy Conservation and Renewable Energy Programs, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	38.21
Smart Meter Funding Adder Per Month – effective until April 30, 2014	\$	9.3242
Stranded Meter Rate Rider Per Month – effective until April 30, 2014	\$	9.8439
Distribution Volumetric Rate	\$/kWh	0.0164
Low Voltage Service Rate Rider	\$/kWh	0.0015
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0042)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(0.0051)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Mechanism (SSM Recovery) – effective until April 30, 2014	\$/kWh	0.0022
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0050
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0032

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Wellington North Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date October 1, 2012

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EB-2011-0249

GENERAL SERVICE 50 TO 999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecasted to be equal to or greater than, 50 kW but less than 1000 kW. Further servicing details are available in the distributor's Conditions of Service

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by the distributor and that are not subject to Board approval, such as the Debt Retirement, charges for Minister of Energy Conservation and Renewable Energy Programs, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	268.69
Distribution Volumetric Rate	\$/kWh	3.5679
Low Voltage Service Rate Rider	\$/kWh	0.6050
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0995)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	(2.5258)
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery / Shared Mechanism (SSM Recovery) – effective until April 30, 2014	\$/kWh	0.2897
Retail Transmission Rate – Network Service Rate	\$/kWh	2.0539
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	1.2703

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Wellington North Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date October 1, 2012

This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors

EB-2011-0249

GENERAL SERVICE 1,000 TO 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecasted to be equal to or greater than, 1000 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by the distributor and that are not subject to Board approval, such as the Debt Retirement, charges for Minister of Energy Conservation and Renewable Energy Programs, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	2,195.63
Distribution Volumetric Rate	\$/kW	1.8423
Low Voltage Service Rate Rider	\$/kW	0.6632
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	0.2871
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(2.8854)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	2.1816
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	1.3926

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Wellington North Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date October 1, 2012

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EB-2011-0249

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, decorative street lighting, billboards, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. Further service details are available in the distributors Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by the distributor and that are not subject to Board approval, such as the Debt Retirement, charges for Minister of Energy Conservation and Renewable Energy Programs, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	17.61
Distribution Volumetric Rate	\$/kWh	0.0142
Low Voltage Service Rate Rider	\$/kWh	0.0015
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kWh	(0.0065)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kWh	0.0009
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kWh	0.0050
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0032

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Wellington North Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date October 1, 2012

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EB-2011-0249

SENTINEL LIGHTING SERVICE CLASSIFICATION

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by the distributor and that are not subject to Board approval, such as the Debt Retirement, charges for Minister of Energy Conservation and Renewable Energy Programs, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.11
Distribution Volumetric Rate	\$/kW	18.88680
Low Voltage Service Rate Rider	\$/kW	0.4775
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(5.3293)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	3.7824
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	1.5568
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.0026

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Wellington North Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date October 1, 2012

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EB-2011-0249

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts for roadway lighting with a Municipality, Regional Municipality, and Ministry of Transportation. The consumption for these customers will be based on the calculation connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by the distributor and that are not subject to Board approval, such as the Debt Retirement, charges for Minister of Energy Conservation and Renewable Energy Programs, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	6.93
Distribution Volumetric Rate	\$/kW	7.7198
Low Voltage Service Rate Rider	\$/kW	0.4677
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2014	\$/kW	(1.7072)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2014	\$/kW	(2.1396)
Retail Transmission Rate – Network Service Rate – Interval Metered	\$/kW	1.5490
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	\$/kW	0.9821

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Wellington North Power Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date October 1, 2012

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EB-2011-0249

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further service details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by the distributor and that are not subject to Board approval, such as the Debt Retirement, charges for Minister of Energy Conservation and Renewable Energy Programs, the Provincial Benefit and any applicable taxes.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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Wellington North Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date October 1, 2012

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EB-2011-0249

ALLOWANCES

Transformer Allowance for Ownership – per kW of billing demand/month	\$	(0.60)
Primary Metering Allowance for transformer loss – applied to measured demand and energy	%	(1.00)

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes, Guidelines or Orders of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code, Guideline or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

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Specific Service Charges

Customer Administration:		
Notification charge	\$	15.00
Account history	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account:		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter – during regular hours	\$	65.00
Disconnect/Reconnect at meter – after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Interval Meter Load Management Tool	\$	50.00
Service call – customer-owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service install & remove – overhead – no transformer	\$	500.00
Specific Charge for Access to the Power Poles – per pole/year	\$	22.35

Wellington North Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date October 1, 2012

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EB-2011-0249

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of the schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or Code of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

It should be noted that this schedule does not list any charges or assessments that are required by law to be charged by the distributor and that are not subject to Board approval, such as the Debt Retirement, charges for Minister of Energy Conservation and Renewable Energy Programs, the Provincial Benefit and any applicable taxes.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$ / cust.	0.50
Distributor-consolidated billing charge, per customer, per retailer	\$ / cust.	0.30
Retailer-consolidated billing credit, per customer, per retailer	\$ / cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party:		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0716
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0609
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A

Appendix J - Updated Customer Impact - Residential (Updated)

Wellington North Power Inc. Bill Impacts - Residential									
<input checked="" type="radio"/> Application of New Loss Factor to all applicable items <input type="radio"/> Application of new Loss Factor to Delivery									
Consumption		800 kWh							
	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1 Monthly Service Charge	monthly	\$ 13.8800	1	\$ 13.88	\$ 18.0000	1	\$ 18.00	\$ 4.12	29.68%
2 Smart Meter Rate Adder	monthly	\$ 2.5000	1	\$ 2.50	\$ 0.9906	1	\$ 0.99	\$ -1.51	-60.38%
3 Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4 Service Charge Rate Rider(s)	monthly	\$ 0.1500	1	\$ 0.15		1	\$ -	\$ 0.15	-100.00%
5 Distribution Volumetric Rate	per kWh	\$ 0.0139	800	\$ 11.12	\$ 0.0180	800	\$ 14.40	\$ 3.28	29.50%
6 Low Voltage Rate Adder	per kWh	\$ 0.0016	800	\$ 1.28	\$ 0.0018	800	\$ 1.44	\$ 0.16	12.83%
7 Volumetric Rate Adder(s)			800	\$ -		800	\$ -	\$ -	
8 Volumetric Rate Rider(s)			800	\$ -		800	\$ -	\$ -	
9 Smart Meter Disposition Rider			800	\$ -		800	\$ -	\$ -	
10 LRAM & SSM Rate Rider	per kWh	\$ 0.0004	800	\$ 0.32	\$ 0.0004	800	\$ 0.32	\$ -	0.00%
11 Deferral/Variance Account Disposition Rate Rider	per kWh	-\$ 0.0058	800	-\$ 4.64	-\$ 0.0085	800	-\$ 6.82	-\$ 2.18	46.93%
12 Stranded Meter Rate Rider	monthly			\$ -	\$ 1.8297	1	\$ 1.83	\$ 1.83	
13				\$ -			\$ -	\$ -	
14 Mitigation Rider				\$ -		800	\$ -	\$ -	
15				\$ -			\$ -	\$ -	
16 Sub-Total A - Distribution				\$ 24.61			\$ 30.17	\$ 5.56	22.58%
17 RTSR - Network	per kWh	\$ 0.0053	855.886	\$ 4.54	\$ 0.0054	857.272	\$ 4.66	\$ 0.12	2.68%
18 RTSR - Line and Transformation Connection	per kWh	\$ 0.0037	855.886	\$ 3.17	\$ 0.0038	857.272	\$ 3.25	\$ 0.08	2.61%
19 Sub-Total B - Delivery (including Sub-Total A)				\$ 32.31			\$ 38.07	\$ 5.76	17.83%
20 Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	855.886	\$ 4.45	\$ 0.0052	857.272	\$ 4.46	\$ 0.01	0.16%
21 Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	855.886	\$ 1.11	\$ 0.0011	857.272	\$ 0.94	-\$ 0.17	-15.25%
22 Special Purpose Charge			855.886	\$ -		857.272	\$ -	\$ -	
23 Standard Supply Service Charge	monthly	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24 Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	800	\$ 5.60	\$ 0.0070	800	\$ 5.60	\$ -	0.00%
25 Energy	per kWh	\$ 0.0807	855.886	\$ 69.06	\$ 0.0807	857.272	\$ 69.17	\$ 0.11	0.16%
26 Smart Metering Charge (IESO)	monthly			\$ -			\$ -	\$ -	
27				\$ -			\$ -	\$ -	
28 Total Bill (before Taxes)				\$ 112.79			\$ 118.50	\$ 5.71	5.06%
29 HST		13%		\$ 14.66	13%		\$ 15.40	\$ 0.74	5.06%
30 Total Bill (including Sub-total B)				\$ 127.45			\$ 133.90	\$ 6.45	5.06%
31 Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 12.75	-10%		-\$ 13.39	-\$ 0.64	5.02%
32 Total Bill (including OCEB)				\$ 114.70			\$ 120.51	\$ 5.81	5.07%
33 Loss Factor (%)	Note 1	6.99%			7.16%				

Updated Customer Impact - General Service < 50 kW (Updated)

Wellington North Power Inc. Bill Impacts - General Service < 50 kW									
<input type="radio"/> Application of New Loss Factor to all applicable items <input type="radio"/> Application of new Loss Factor to Deliverables									
Consumption		2000 kWh							
	Charge Unit	Current Board-Approved			Proposed			Impact	
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1 Monthly Service Charge	monthly	\$ 27.8800	1	\$ 27.88	\$ 38.2100	1	\$ 38.21	\$ 10.33	37.05%
2 Smart Meter Rate Adder	monthly	\$ 2.5000	1	\$ 2.50	\$ 9.3242	1	\$ 9.32	\$ 6.82	272.97%
3 Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4 Service Charge Rate Rider(s)	monthly	\$ 0.3300	1	\$ 0.33		1	\$ -	\$ -0.33	-100.00%
5 Distribution Volumetric Rate	per kWh	\$ 0.0120	2000	\$ 24.00	\$ 0.0164	2000	\$ 32.80	\$ 8.80	36.67%
6 Low Voltage Rate Adder	per kWh	\$ 0.0015	2000	\$ 3.00	\$ 0.0015	2000	\$ 3.03	\$ 0.03	0.84%
7 Volumetric Rate Adder(s)			2000	\$ -		2000	\$ -	\$ -	
8 Volumetric Rate Rider(s)			2000	\$ -		2000	\$ -	\$ -	
9 Smart Meter Disposition Rider			2000	\$ -		2000	\$ -	\$ -	
10 LRAM & SSM Rider	per kWh	\$ 0.0022	2000	\$ 4.40	\$ 0.0022	2000	\$ 4.40	\$ -	0.00%
11 Deferral/Variance Account Disposition Rate Rider	per kWh	\$ 0.0042	2000	\$ 8.40	\$ 0.0093	2000	\$ 18.63	\$ 10.23	121.75%
12 Stranded Meter Rate Rider	monthly			\$ -	\$ 9.8439	1	\$ 9.84	\$ 9.84	
13				\$ -			\$ -	\$ -	
14				\$ -			\$ -	\$ -	
15				\$ -			\$ -	\$ -	
16 Sub-Total A - Distribution				\$ 53.71			\$ 78.98	\$ 25.27	47.04%
17 RTSR - Network	per kWh	\$ 0.0049	2139.72	\$ 10.48	\$ 0.0050	2143.18	\$ 10.77	\$ 0.28	2.68%
18 RTSR - Line and Transformation Connection	per kWh	\$ 0.0031	2139.72	\$ 6.63	\$ 0.0032	2143.18	\$ 6.81	\$ 0.17	2.61%
19 Sub-Total B - Delivery (including Sub-Total A)				\$ 70.83			\$ 96.55	\$ 25.72	36.32%
20 Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	2139.72	\$ 11.13	\$ 0.0052	2143.18	\$ 11.14	\$ 0.02	0.16%
21 Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	2139.72	\$ 2.78	\$ 0.0011	2143.18	\$ 2.36	\$ -0.42	-15.25%
22 Special Purpose Charge			2139.72	\$ -		2143.18	\$ -	\$ -	
23 Standard Supply Service Charge	monthly	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24 Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	2000	\$ 14.00	\$ 0.0070	2000	\$ 14.00	\$ -	0.00%
25 Energy	per kWh	\$ 0.0807	750	\$ 60.52	\$ 0.0807	750	\$ 60.52	\$ -	0.00%
26	monthly	\$ 0.0807	1389.72	\$ 112.14	\$ 0.0807	1393.18	\$ 112.42	\$ 0.28	0.25%
27 Smart Metering Charge (IESO)				\$ -			\$ -	\$ -	
28 Total Bill (before Taxes)				\$ 271.64			\$ 297.23	\$ 25.59	9.42%
29 HST		13%		\$ 35.31	13%		\$ 38.64	\$ 3.33	9.42%
30 Total Bill (including Sub-total B)				\$ 306.95			\$ 335.87	\$ 28.92	9.42%
31 Ontario Clean Energy Benefit (OCEB)		-10%		\$ -30.70	-10%		\$ -33.59	\$ -2.89	9.41%
32 Total Bill (including OCEB)				\$ 276.25			\$ 302.28	\$ 26.03	9.42%
33 Loss Factor	(1)		6.99%			7.16%			

Appendix K – Capitalization Policy

WNP DISTRIBUTION INC.

Intent

This policy has been developed to ensure that WNP Group of Companies properly accounts for the investment in its property, plant and equipment and the changes in such investments. These guidelines were written in accordance with Generally Accepted Accounting Principles (GAAP) and amended to include changes with respect to International Financial Reporting Standards (IFRS) where required, auditor requirements and Ontario Energy Board's Accounting Procedures Handbook.

Capitalization Guidelines

A capital asset is broadly defined as being one that will provide future economic benefits to the organization. The definition in the OEB Handbook includes items which:

1. are held for use in the production or supply of goods and services, for rental to others, for administrative purposes or for the development, construction, maintenance or repair of other capital assets;
2. have been acquired, constructed or developed with the intention of being used on a continuing basis; **and**,
3. are not intended for sale in the ordinary course of business.

Fixed assets have a useful life of more than one year and are subject to depreciation. Any directly attributable expenditures to acquire, construct or better that asset, should therefore be capitalized. All other expenditures should be expensed as a period expense in the year they occur.

Professional judgment must be used to determine when an expense is classified as capital or an operating expense. A betterment (capitalized) will enhance the service potential of an existing asset by increasing its service capacity, lowering the operational costs associated with the asset, extending the useful life of the asset, or improving the output of that asset. If the expenditure does not meet these tests, it will likely be considered an expense. Period expenses generally do not result in an improvement to the existing asset but rather, the expense is required to keep the asset operating in the same capacity as it was originally.

In order to be capitalized, an item must meet the minimum threshold requirement of five hundred dollars (\$500.00) unless it is a small vital component in a larger capital asset (i.e. ties at the base of a pole), then the item should still be capitalized. The minimum threshold may be overridden, based on justified professional judgment.

Value

The value of a capital asset is the cash price equivalent at the purchase date. The cash price of a capital asset includes:

- a) its purchase price, including an importing duties and non-refundable taxes, after deducting trade discounts and rebates.
- b) any costs directly attributed to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the WNP Group of Companies.
- c) the initial estimate of the costs of dismantling and removing the item and restoring the site as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Residual Value & Useful Life

WNP Group of Companies will review at least annually the residual value and useful life of each asset. Reviews ensure that the carrying amount does not differ materially from what would be determined using fair value at the balance sheet date.

Increases and decreases in capital assets during reviews will be reported as a profit or loss in equity. If expectations differ from previous estimates the changes shall be accounted for as a change in estimate in accordance with IAS 8.

The following factors will be considered when determining the useful life of an asset:

- a) Expected usage of the asset. Usage is assessed by reference to the asset's expected capacity or physical output.

- b) Expected physical wear and tear, which depends on operational factors such as the number of shifts for which the asset is to be used and the repair and maintenance program, and the care and maintenance of the asset while idle.
- c) Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset.
- d) Legal or similar limits on the use of the asset, such as the expiry dates of related leases.
- e) Kinectrics report published by the OEB, to assist in determining the typical useful lives under IFRS.
- f) Professional judgment

Acknowledgement & Agreement

I, **(Employee Name)**, acknowledge that I have read and understand the Capitalization Policy of WNP Group of Companies. Further, I agree to adhere to this Policy and will ensure that employees working under my direction adhere to these guiding principles. I understand that if I violate the rules/procedures outlined in this Policy, I may face corrective action, up to and including termination of employment.


Name: _____

Signature: _____

Date: _____

Witness: _____

Appendix L – Cost Allocation Sheet O1 (Updated)

<div>  <div> 2012 COST ALLOCATION Wellington North Power Inc EB-2011-0249 Friday, September 07, 2012 Sheet O1 Revenue to Cost Summary Worksheet - Run 3 WNP_Cost Allocation EB-2011-0249 </div> </div>								
Instructions: Please see the first tab in this workbook for detailed instructions								
Class Revenue, Cost Analysis, and Return on Rate Base								
	Total	1 Residential	2 General Service <50 kW	3 General Service >50. 999 kW	4 General Service >1000- 4999kW	7 Street Lighting	8 Sentinel Lighting	9 Unmeter Scattered Load
Rate Base Assets								
crev Distribution Revenue at Existing Rates	\$1,709,309	\$872,158	\$291,880	\$270,417	\$201,019	\$65,692	\$8,037	\$106
mi Miscellaneous Revenue (mi)	\$149,992	\$90,940	\$34,448	\$10,511	\$8,949	\$4,990	\$136	\$18
	Miscellaneous Revenue Input equals Output							
Total Revenue at Existing Rates	\$1,859,301	\$963,098	\$326,328	\$280,928	\$209,968	\$70,683	\$8,173	\$124
Factor required to recover deficiency (1 + D)	1.2966							
Distribution Revenue at Status Quo Rates	\$2,216,307	\$1,130,849	\$378,454	\$350,626	\$260,643	\$85,177	\$10,421	\$137
Miscellaneous Revenue (mi)	\$149,992	\$90,940	\$34,448	\$10,511	\$8,949	\$4,990	\$136	\$18
Total Revenue at Status Quo Rates	\$2,366,300	\$1,221,789	\$412,903	\$361,137	\$269,593	\$90,168	\$10,557	\$155
Expenses								
di Distribution Costs (di)	\$421,562	\$195,207	\$55,331	\$58,231	\$87,546	\$24,722	\$496	\$30
cu Customer Related Costs (cu)	\$407,587	\$252,399	\$119,378	\$24,730	\$3,750	\$6,982	\$288	\$59
ad General and Administration (ad)	\$682,857	\$366,142	\$141,468	\$69,446	\$78,486	\$26,595	\$648	\$71
dep Depreciation and Amortization (dep)	\$387,630	\$194,645	\$66,954	\$46,651	\$61,911	\$17,104	\$346	\$20
INPUT PILs (INPUT)	\$2,033	\$979	\$316	\$253	\$384	\$99	\$2	\$0
INT Interest	\$191,420	\$92,196	\$29,730	\$23,842	\$36,128	\$9,325	\$188	\$11
Total Expenses	\$2,093,090	\$1,101,567	\$413,178	\$223,152	\$268,205	\$84,827	\$1,968	\$192
Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NI Allocated Net Income (NI)	\$273,210	\$131,589	\$42,433	\$34,029	\$51,565	\$13,309	\$269	\$16
Revenue Requirement (includes NI)	\$2,366,300	\$1,233,157	\$455,611	\$257,181	\$319,770	\$98,136	\$2,236	\$208
	Revenue Requirement Input equals Output							
Rate Base Calculation								
Net Assets								
dp Distribution Plant - Gross	\$9,949,042	\$4,744,227	\$1,417,080	\$1,332,726	\$1,920,187	\$523,685	\$10,580	\$556
gp General Plant - Gross	\$2,739,769	\$1,327,250	\$428,845	\$344,332	\$501,286	\$135,162	\$2,725	\$169
accum dep Accumulated Depreciation	(\$6,405,398)	(\$3,024,615)	(\$861,135)	(\$886,184)	(\$1,277,869)	(\$348,216)	(\$7,043)	(\$335)
co Capital Contribution	(\$420,514)	(\$220,287)	(\$73,012)	(\$59,518)	(\$42,756)	(\$24,413)	(\$487)	(\$41)
Total Net Plant	\$5,862,899	\$2,826,575	\$911,778	\$731,356	\$1,100,847	\$286,218	\$5,775	\$350
Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
COP								
Cost of Power (COP)	\$10,105,275	\$2,541,511	\$1,093,558	\$2,024,554	\$4,369,522	\$72,736	\$2,989	\$406
OM&A Expenses	\$1,512,006	\$813,748	\$316,178	\$152,406	\$169,782	\$58,298	\$1,432	\$161
Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$11,617,281	\$3,355,259	\$1,409,736	\$2,176,960	\$4,539,304	\$131,034	\$4,421	\$566
Working Capital	\$1,626,419	\$469,736	\$197,363	\$304,774	\$635,503	\$18,345	\$619	\$79
Total Rate Base	\$7,489,318	\$3,296,311	\$1,109,141	\$1,036,131	\$1,736,350	\$304,562	\$6,394	\$429
	Rate Base Input equals Output							
Equity Component of Rate Base	\$2,995,727	\$1,318,525	\$443,656	\$414,452	\$694,540	\$121,825	\$2,558	\$172
Net Income on Allocated Assets	\$273,210	\$120,221	(\$275)	\$137,984	\$1,387	\$5,341	\$8,589	(\$37)
Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$273,210	\$120,221	(\$275)	\$137,984	\$1,387	\$5,341	\$8,589	(\$37)
RATIOS ANALYSIS								
REVENUE TO EXPENSES STATUS QUO%	100.00%	99.08%	90.63%	140.42%	84.31%	91.88%	472.05%	74.42%
EXISTING REVENUE MINUS ALLOCATED COSTS	(\$506,999)	(\$270,059)	(\$129,283)	\$23,747	(\$109,802)	(\$27,453)	\$5,936	(\$85)
	Deficiency Input equals Output							
STATUS QUO REVENUE MINUS ALLOCATED COSTS	(\$0)	(\$11,368)	(\$42,708)	\$103,955	(\$50,178)	(\$7,968)	\$8,320	(\$53)
RETURN ON EQUITY COMPONENT OF RATE BASE	9.12%	9.12%	-0.06%	33.29%	0.20%	4.38%	335.80%	-21.59%

Appendix M – Revenue Requirement (Updated):

	Initial Application		Adjustments		Settlement Agreement
1	<u>Rate Base</u>				
Gross Fixed Assets (average)	\$12,256,658		\$11,639		\$ 12,268,297
Accumulated Depreciation (average)	(\$6,453,505)	(5)	\$48,107		(\$6,405,398)
Allowance for Working Capital:					
Controllable Expenses	\$1,716,475		(\$204,469)		\$ 1,512,006
Cost of Power	\$10,033,158		\$72,117		\$ 10,105,275
Working Capital Rate (%)	15.00%				14.00%
2	<u>Utility Income</u>				
Operating Revenues:					
Distribution Revenue at Current Rates	\$1,685,387		\$23,922		\$1,709,309
Distribution Revenue at Proposed Rates	\$2,407,571		(\$191,263)		\$2,216,308
Other Revenue:					
Specific Service Charges	\$45,871		\$11,172		\$57,043
Late Payment Charges	\$26,047		\$0		\$26,047
Other Distribution Revenue	\$54,895		\$2,190		\$57,085
Other Income and Deductions	\$14,773		(\$4,955)		\$9,818
Total Revenue Offsets	\$141,585	(7)	\$8,408		\$149,992
Operating Expenses:					
OM+A Expenses	\$1,704,469		(\$204,469)		\$ 1,500,000
Depreciation/Amortization	\$358,142		\$29,488		\$ 387,630
Property taxes	\$12,006		\$ -		\$ 12,006
Other expenses					
3	<u>Taxes/PILs</u>				
Taxable Income:					
Adjustments required to arrive at taxable income	(\$247,778)	(3)			(\$262,128)
Utility Income Taxes and Rates:					
Income taxes (not grossed up)	\$4,373				\$1,718
Income taxes (grossed up)	\$5,176				\$2,033
Federal tax (%)	11.00%				11.00%
Provincial tax (%)	4.50%				4.50%
Income Tax Credits					
4	<u>Capitalization/Cost of Capital</u>				
Capital Structure:					
Long-term debt Capitalization Ratio (%)	56.0%				56.0%
Short-term debt Capitalization Ratio (%)	4.0%	(2)			4.0%
Common Equity Capitalization Ratio (%)	40.0%				40.0%
Preferred Shares Capitalization Ratio (%)					
	100.0%				100.0%
Cost of Capital					
Long-term debt Cost Rate (%)	4.42%				4.42%
Short-term debt Cost Rate (%)	2.08%				2.08%
Common Equity Cost Rate (%)	9.12%				9.12%
Preferred Shares Cost Rate (%)					

Rate Base:

Particulars		Initial Application		Adjustments		Settlement Agreement
Gross Fixed Assets (average)	(3)	\$12,256,658		\$11,639		\$12,268,297
Accumulated Depreciation (average)	(3)	(\$6,453,505)		\$48,107		(\$6,405,398)
Net Fixed Assets (average)	(3)	\$5,803,153		\$59,746		\$5,862,899
Allowance for Working Capital	(1)	\$1,762,445		(\$136,026)		\$1,626,419
Total Rate Base		\$7,565,598		(\$76,280)		\$7,489,318

Working Capital:

Controllable Expenses		\$1,716,475		(\$204,469)		\$1,512,006
Cost of Power		\$10,033,158		\$72,117		\$10,105,275
Working Capital Base		\$11,749,633		(\$132,352)		\$11,617,281
Working Capital Rate %	(2)	15.00%		-1.00%		14.00%
Working Capital Allowance		\$1,762,445		(\$136,026)		\$1,626,419

Utility Income:

Particulars	Initial Application	Adjustments	Settlement Agreement
Operating Revenues:			
Distribution Revenue (at Proposed Rates)	\$2,407,571	(\$191,263)	\$2,216,308
Other Revenue (1)	\$141,585	\$8,408	\$149,992
Total Operating Revenues	\$2,549,155	(\$182,855)	\$2,366,300
Operating Expenses:			
OM+A Expenses	\$1,704,469	(\$204,469)	\$1,500,000
Depreciation/Amortization	\$358,142	\$29,488	\$387,630
Property taxes	\$12,006	\$ -	\$12,006
Capital taxes	\$ -	\$ -	\$ -
Other expense	\$ -	\$ -	\$ -
Subtotal (lines 4 to 8)	\$2,074,617	(\$174,981)	\$1,899,636
Deemed Interest Expense	\$193,370	(\$1,950)	\$191,420
Total Expenses (lines 9 to 10)	\$2,267,987	(\$176,930)	\$2,091,057
Utility income before income taxes	\$281,168	(\$5,925)	\$275,243
Income taxes (grossed-up)	\$5,176	(\$3,143)	\$2,033
Utility net income	\$275,993	(\$2,782)	\$273,211

Other Revenues / Offsets:

Specific Service Charges	\$45,871	\$11,172	\$57,043
Late Payment Charges	\$26,047	\$ -	\$26,047
Other Distribution Revenue	\$54,895	\$2,190	\$57,085
Other Income and Deductions	\$14,773	(\$4,955)	\$9,818
Total Revenue Offsets	\$141,585	\$8,408	\$149,992

Taxes/PILs:

Particulars	Application	Settlement Agreement
<u>Determination of Taxable Income</u>		
Utility net income before taxes	\$275,993	\$273,210
Adjustments required to arrive at taxable utility income	(\$247,778)	(\$262,128)
Taxable income	\$28,215	\$11,082
<u>Calculation of Utility income Taxes</u>		
Income taxes	\$4,373	\$1,718
Total taxes	\$4,373	\$1,718
Gross-up of Income Taxes	\$802	\$315
Grossed-up Income Taxes	\$5,176	\$2,033
PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$5,176	\$2,033
Other tax Credits	\$ -	\$ -
<u>Tax Rates</u>		
Federal tax (%)	11.00%	11.00%
Provincial tax (%)	4.50%	4.50%
Total tax rate (%)	15.50%	15.50%

Capitalization/ Cost of Capital:

Particulars	Capitalization Ratio		Cost Rate		Return	
	Initial Application					
	(%)		(\$)		(%)	(\$)
Debt						
Long-term Debt	56.00%		\$4,236,735		4.42%	\$187,075
Short-term Debt	4.00%		\$302,624		2.08%	\$6,295
Total Debt	60.00%		\$4,539,359		4.26%	\$193,370
Equity						
Common Equity	40.00%		\$3,026,239		9.12%	\$275,993
Preferred Shares	0.00%		\$ -		0.00%	\$ -
Total Equity	40.00%		\$3,026,239		9.12%	\$275,993
Total	100.00%		\$7,565,598		6.20%	\$469,363
	Settlement Agreement					
	(%)		(\$)		(%)	(\$)
Debt						
Long-term Debt	56.00%		\$4,194,018		4.42%	\$185,189
Short-term Debt	4.00%		\$299,573		2.08%	\$6,231
Total Debt	60.00%		\$4,493,591		4.26%	\$191,420
Equity						
Common Equity	40.00%		\$2,995,727		9.12%	\$273,210
Preferred Shares	0.00%		\$ -		0.00%	\$ -
Total Equity	40.00%		\$2,995,727		9.12%	\$273,210
Total	100.00%		\$7,489,318		6.20%	\$464,631

Revenue Deficiency/Sufficiency:

Particulars	Initial Application		Settlement Agreement	
	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below		\$722,184		\$506,999
Distribution Revenue	\$1,685,387	\$1,685,387	\$1,709,309	\$1,709,309
Other Operating Revenue	\$141,585	\$141,585	\$149,992	\$149,992
Offsets - net				
Total Revenue	\$1,826,971	\$2,549,155	\$1,859,301	\$2,366,300
Operating Expenses	\$2,074,617	\$2,074,617	\$1,899,636	\$1,899,636
Deemed Interest Expense	\$193,370	\$193,370	\$191,420	\$191,420
Total Cost and Expenses	\$2,267,987	\$2,267,987	\$2,091,057	\$2,091,057
Utility Income Before Income Taxes	(\$441,015)	\$281,168	(\$231,755)	\$275,243
Tax Adjustments to Accounting Income per 2009 PILs	(\$247,778)	(\$247,778)	(\$262,128)	(\$262,128)
Taxable Income	(\$688,793)	\$33,390	(\$493,884)	\$13,115
Income Tax Rate	15.50%	15.50%	15.50%	15.50%
Income Tax on Taxable Income	(\$106,763)	\$5,176	(\$76,552)	\$2,033
Income Tax Credits	\$ -	\$ -	\$ -	\$ -
Utility Net Income	(\$334,253)	\$275,993	(\$155,203)	\$273,211
Utility Rate Base	\$7,565,598	\$7,565,598	\$7,489,318	\$7,489,318
Deemed Equity Portion of Rate Base	\$3,026,239	\$3,026,239	\$2,995,727	\$2,995,727
Income/(Equity Portion of Rate Base)	-11.05%	9.12%	-5.18%	9.12%
Target Return - Equity on Rate Base	9.12%	9.12%	9.12%	9.12%
Deficiency/Sufficiency in Return on Equity	-20.17%	0.00%	-14.30%	0.00%
Indicated Rate of Return	-1.86%	6.20%	0.48%	6.20%
Requested Rate of Return on Rate Base	6.20%	6.20%	6.20%	6.20%
Deficiency/Sufficiency in Rate of Return	-8.07%	0.00%	-5.72%	0.00%
Target Return on Equity	\$275,993	\$275,993	\$273,210	\$273,210
Revenue Deficiency/(Sufficiency)	\$610,246	(\$0)	\$428,414	\$0
Gross Revenue	\$722,184 (1)		\$506,999 (1)	
Deficiency/(Sufficiency)				

Revenue Requirement:

Particulars	Application	Settlement Agreement
OM&A Expenses	\$1,704,469	\$1,500,000
Amortization/Depreciation	\$358,142	\$387,630
Property Taxes	\$12,006	\$12,006
Income Taxes (Grossed up)	\$5,176	\$2,033
Other Expenses	\$ -	
Return		
Deemed Interest Expense	\$193,370	\$191,420
Return on Deemed Equity	\$275,993	\$273,210
Service Revenue Requirement (before Revenues)	\$2,549,156	\$2,366,300
Revenue Offsets	\$141,585	\$149,992
Base Revenue Requirement	\$2,407,571	\$2,216,307
Distribution revenue	\$2,407,571	\$2,216,308
Other revenue	\$141,585	\$149,992
Total revenue	\$2,549,155	\$2,366,300
Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	(\$0) (1)	\$0

Appendix N – Feasibility Study of WNP’s Facilities by Structural Engineer:

Facility Needs Study: Part 1
Wellington North Power
Mount Forest



EXECUTIVE SUMMARY

PURPOSE OF THIS STUDY:

The intent of Part I of this study is to analyze the existing headquarters facility for Wellington North Power and to identify deficiencies of the site and its buildings. It also examines how well the existing facility meets current and projected future needs of Wellington North Power. Recommendations are offered to address deficiencies and upgrade the facility.

FINDINGS:

Over the years the main building at Wellington North Power has been expanded and maintained at a basic level with minimal cost. Renovations have been piece-meal, responding to problems as they arise. There appears to have been little future planning and no attempt to keep pace with the changing requirements of the Ontario Building Code.

Major findings are as follows:

- Before construction work can begin, the zoning of the site must first be changed to reflect its actual current use
- The site is located in a low lying area - potential flooding risks should be evaluated and this information used to guide the design of any contemplated upgrades
- The existing main building is not designed to 'Post Disaster Building' standard as required by the Building Code
- The heating, ventilating and air conditioning systems of the existing buildings are inadequate, do not meet the requirements of the Building Code, and are at times unhealthy for occupants
- The size of existing rooms and spaces do not meet basic needs of staff and customers and fall far short of what will be needed in future
- The existing facility does not meet barrier free requirements of the Building Code
- The existing main building does not meet energy efficiency requirements of the Building Code
- The existing main building does not comply with Building Code requirements for life safety – it lacks fire separations, adequate emergency exits and emergency lighting

Findings indicate that the buildings in this facility fall far short of the requirements of the Ontario Building Code. Neither does the facility meet the current accommodation needs of Wellington North Power. With expected increases in staff numbers over the coming years, this inadequate and unsafe situation will only deteriorate further without major changes.

Facility Needs Study: Part 1
Wellington North Power
Mount Forest



BMROSS File No. 12045 ASA Job No. 1203

IDENTIFIED NEEDS:

To provide a safe, adequate and efficient facility for staff and customers of Wellington North Power, both now and for the future, the following criteria need to be met:

- The size of existing buildings will have to be greatly increased to provide the extra accommodation required to meet current and future needs
- Major upgrades will be needed in the main building's energy efficiency and in its mechanical, electrical and life safety systems
- Existing buildings will have to be structurally upgraded to meet requirements for a 'Post Disaster Building' – any new construction will also have to meet these same requirements
- The site must be re-organized and upgraded significantly both to accommodate necessary site amenities as well as the larger buildings that will be needed

In light of the many and serious deficiencies with both buildings and the site, what is urgently needed is a well planned, comprehensive strategy for the future. Such a strategy should aim at providing a sustainable facility that meets both the current and projected future needs of Wellington North Power.

There are two options available by which to provide such a facility, and they are as follows:

Option 1: Renovation / Addition

Re-organize and upgrade the site, gut and renovate existing buildings to 'Post Disaster Building' standard. This would be supplemented by a large new building addition to provide needed space. The mechanical, electrical and life safety systems of the existing main building would be replaced.

Option 2: New Build

Demolish existing buildings, re-organize and upgrade the site. New and larger buildings would then be constructed to current standards, meeting the facility needs identified in this study.

RECOMMENDATIONS:

Based on the findings, we recommend the second option of providing an entirely new facility. This is likely the most cost effective and prudent option in the long term.

The cost of gutting and renovating the existing buildings to current standards would likely match or exceed the cost of equivalent new construction. On the other hand, the merit of new construction is that it can provide a better fit for the identified needs of Wellington North Power. If required, flexibility in financing the new facility could be provided by phasing the work over a number of years.

If the site is improved and the buildings replaced as recommended, we envision a facility that will successfully meet the present and foreseeable future needs of Wellington North Power.

Appendix N – Heating and Air Condition Violation Report at WNP's Office

Violation - Corrections Required					work order/meter #
<div style="position: absolute; top: 10px; left: 10px; font-size: 2em; color: blue; opacity: 0.5;">COPY</div> Union Gas Toll Free 1-877-969-0999 for customer service					DIIN #
					PREMISE #
					* All Fields Must Be Completed. Please Press Firmly *
Gas Technician to: 1) Notify the user verbally and give written notice. 2) Copy of infraction posted to or near appliance -NOTE- use separate form per appliance. 3) Notify Union Gas Immediately call 1-866-298-7888 (for Contractors Only) 4) Fax or mail notice to Union Gas Limited FAX 1-866-396-5151					√
Street: 250 Queen St W		Municipality (City/Town): Mount Forest			
Name: Wellington North Tower		Home Phone #: 519 383 1710		Business Phone #:	
INTERNAL USE ONLY	DATE SENT	O			
INFRACTION DEPT.		T			
Gas Technician Information					
Company Name Of Contractor: Cushing Heating and Air Conditioning			TSSA Contractor's Registration #: 000182190		
Gas Technician's Name: Derek Cushing			Gas Technician's Certificate # or Union Gas Employee #: 00742213 62		
Phone #: 519 843-8634			Fax #:		
Infraction Information					
Date Condition Found	Appliance Type	Manufacturer	Model	Serial #	
Aug 10 2012	Furnace	Lennox	G21Q3-60-1	58951 16127	
<input checked="" type="checkbox"/> A The appliance and/or piping is unsafe - the appliance has had its supply of gas turned off for the reasons listed below.					
<input type="checkbox"/> TECHNICAL STANDARDS AND SAFETY AUTHORITY NOTIFIED (IF REPORTABLE INCIDENT) DO NOT REPAIR OR DISTURB UNTIL AUTHORIZED BY TSSA (THE PROVINCIAL ENFORCING AUTHORITY)					
<input type="checkbox"/> B The appliance and/or piping is in an unacceptable condition, but does not constitute an immediate hazard. However, corrections are required for your protection. To comply with Government Regulations, the corrections listed below must be completed within 49 days. Due date will NOT be a Friday, Saturday, Sunday or Statutory Holiday. In these cases DUE DATE will be previous Thursday. If not corrected the gas supply will be discontinued on DUE DATE and charges will apply.					
Description of Condition to be Corrected: (Be Specific)					Clause Reference Required
Unsafe working condition					4.5.2
Customer Signature: [Signature]			Technician's Signature: [Signature]		
Correction Report - to be forwarded to Union Gas by gas technician completing work					
Gas Technician's Name:		Technician's Certificate #:		Technician's Signature:	
Company Name:			TSSA Contractor's Registration #:		
Date "Condition" Corrected:			Phone #:		Fax #:
Description of Correction:					

Form UG 086X (2010/08)

Copy 3 - Affix to appliance