Tillsonburg
Hydro Inc.

October 22, 2012

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

Dear Ms. Walli:

RE: TILLSONBURG HYDRO INC.
Application for Rates
Application Board File Number EB-2012-0168

Tillsonburg Hydro Inc. ("THI") filed it's 2013 Cost of Service Rate Application on October 1, 2012, with a corrected version filed October 5, 2012.

Subsequent to the filing, THI received a letter dated October 12, 2012 stating that "a preliminary review of the application has identified that certain sections of the evidence supporting the application do not comply with the Board's Filing Requirements for cost of service applications and/or the assocaited spreadsheets, models and workforms".

Attached is a summary of the corrected areas of the application noting the purpose of the correction/addition, the original content, and the revision made. The pages that have been corrected are provided.

A full updated version of the application has been filed with the corrected pages inserted. Please note that 15 PDF files have been uploaded. These files include the entire application including parts that have not changed.

Should you have any questions or require further information, please do not hesitate to contact us.

Yours truly

Steven T. Lund, P. Eng.
General Manager

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
1				ADMINISTRATIVE DOCUMENTS					
1	1			Application Summary					
1	1	1		Table of Contents	1		Added Certification of Accuracy	None	E1/T1/S2/Att1
					3		Added Average Opening and Closing Balances	None	E2/T3/S3/Att3
					3		Added Starting and In-Service Dates for Capital Projects	None	E2/T4/S3/Att2
					4		Added Average Historical Actual Consumption Spreadsheet	None	E3/T1/S2/Att3
					4		Added Load Forecast Data	None	E3/T1/S2/Att4
					6		Added I-6 Revenue Worksheet	None	E7/T1/S1/Att3
					6		Added I-8 Demand Data Worksheet	None	E7/T1/S1/Att4
					6		Added O-1 Revenue to Cost Summary Worksheet	None	E7/T1/S1/Att5
					6		Added O-2 Monthly Fixed Charge Min. & Max. Worksheet	None	E7/T1/S1/Att6
					8		Added Letter from the Fairness Commissioner	None	E9/T4/S1/Att1
1	1	2		Legal Application					
1	1	2	1	Certification from a Senior Officer	New		Added a certification from a senior officer as to the accuracy of the application.	Not provided.	Provided.
1	1	3		Statement of Publication					
1	1	4		Proposed Issues List					
1	1	5		Rate Order Requirement for Implementation	1	2	Added statement as to when the Board's rate order would be required.	"THI is requesting the Board to issue a rate order approving the proposed Rate Schedule as presented at…"	"THI is requesting the Board to issue a rate order for rates effective May 1, 2013 no later than April 30, 2012. The proposed Rate Schedule is presented at…"
1	1	5	1	Proposed Rate Schedule	1		Updated attachment to reflect change in stranded meter rate rider	stranded meter rate rider .0003/kWh	stranded meter rate rider 3.3298/month
1	1	5	2	Current Rate Schedule					
1	1	6		Utility Operating Environment					
1	1	6	1	Map of LDC’s Distribution System					
1	1	7		Corporate Organization					
1	1	7	1	Corporate Entities Chart					
1	1	7	2	Utility Organizational Chart					
1	1	7	3	Planned Changes to the Organizational Structure					
1	1	8		Board Direction from previous EDR decisions					
1	1	9		Procedural Orders, Motions & Correspondence					
1	1	10		Accounting Orders					
1	1	11		Accounting Treatment of non-utility related business					
1	1	12		Compliance Orders					
1	1	13		Other Board Directions					
1	1	14		Conditions of Service					
1	2			Overview of Filing					

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
1	2	1		Summary of Application and Approvals Requested	3	13	Added a statement as to when the forecast was prepared and approved by the utility's Board of Directors for use in the Application.	No previous statement.	"THI's Board of Director's originally approved the financial plan for fiscal 2012 and fiscal 2013 in March 2012, and amendments were made in September 2012. Those financial plans were the basis for the 2012BY and 2013TY forecasts which used in this Application. "
					3	17	Added a statement confirming no approval is requested to deem transmission assets as distribution assets.	No previous statement.	"THI does not have any transmission assets (>50kV) and has not previously requested the Board deem any such assets as distribution assets, nor is it seeking Board any such approval in the current application"
1	2	2		Accounting Standard for Financial Reporting					
1	2	3		Budget Directives and Assumptions					
1	2	4		Changes in Methodology					
1	2	5		Revenue Sufficiency / Deficiency					
1	2	6		Approved Revenue Requirement	1	7	Schedule of 2009 Approved Revenue Requirement and breakdown added.	No previous table.	Table added.
					2	New	Summary of the dollar impacts of MIFRS to each component of the revenue requirement. The change in accounting policy to MIFRS from CGAAP is the only accounting policy that has changed since the last cost of service application. The Revenue requirement impact is shown in the new table created.	No previous table.	Table added.
1	2	7		Revenue Requirement Work Form					
1	2	7	1	Revenue Requirement Work Form - Board Model					
1	2	7	2	Revenue Requirement Work Form - Board Model Adjusted for PILs	7	All	Board Staff noted that a Schedule of Overall Revenue Sufficiency/Deficiency was required. The schedule was provided in the original filing at E1/T2/S7/Att2 (and reference had been made in the narrative at E7/T2/S7	Exisiting.	No change.
1	2	8		Annual Reports					
1	2	8	1	Six-month Statement of Operations (2012)					
1	2	9		Affiliate Transactions					
1	2	9	1	Service Level Agreement(s)					
1	3			Financial Information					
1	3	1		Historical Financial Statements					
1	3	1	1	2011 Audited Statements with 2010 comparative information					

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
1	3	1	2	2010 Audited Statements with 2009 comparative information					
1	3	1	3	2009 Audited Statements with 2008 comparative information					
1	3	2		Historical Financial Result Filings					
1	3	2	1	2009-2011 Account Balances					
1	3	3		Reconciliation between Financial Statements and Results Filed					
1	3	3	1	Reconciliation between Financial Statements and Results Filed Spreadsheet					
1	3	4		Financial Projections					
1	3	4	1	2012 Pro-Forma Financial Statements					
1	3	4	2	2013 Pro-Forma Financial Statements					
1	3	5		Prospectus and recent debt/share issuance update	1	7	THI added statement that it does not have any rating agency reports	No statement.	"THI does not have any Rating Agency Reports."
1	4			Materiality Threshold					
1	4	1		Materiality Threshold					

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
2				RATE BASE					
2	1			Overview					
2	1	1		Rate Base Overview					
2	1	1	1	Rate Base Trend Table - MIFRS					
2	1	1	2	Rate Base Trend Table - CGAAP					
2	1	1	3	Elecsar Report					
2	1	1	4	Capital Financial Plan					
2	1	2		Rate Base Variance Analysis					
2	1	2	1	Rate Base Variances Table - MIFRS					
2	1	2	2	Rate Base Variances Table - CGAAP					
2	2			Capital Asset Policies					
2	2	1		Capitalization Policy					
2	2	1	1	Capitalization of Overhead					
2	2	2		Asset Retirement Policy					
2	2	3		Depreciation Policy					
2	2	4		Capital Contribution Policy					
2	3			Fixed Assets					
2	3	1		Gross Assets			Written explanation of variances	Completed schedule provided.	No change.
2	3	1	1	Gross Asset Variances Table					
2	3	2		Capital Accumulated Depreciation					
2	3	3		Fixed Asset Continuities					
2	3	3	1	Fixed Asset Continuity Statements					
2	3	3	2	OEB Appendix 2-B Fixed Asset Continuity Schedule	1	51	Contributions & Grants opening balance in accumulated depreciation wasn't recorded for 2008	$0	$207,182
2	3	3	3	Average Opening and Closing Balances	New		Added the average opening and closing balances for gross assets and accumulated depreciation	Not provided	Provided.
2	4			Capital Plan					
2	4	1		Summary of Historical Capital Expenditures					
2	4	2		Project/Program Classifications					
2	4	3		Historical Investments by Project					
2	4	3	1	Historical Capital Project Tables					
2	4	3	2	Starting and In-Service Dates for Capital Project	New		Added start dates and in-service dates for each capital project	Not provided	Provided
2	4	4		Forecast Investments by Project					
2	4	4	1	OEB Appendix 2-A Capital Projects Table					
2	4	5		Asset Management Plan					
2	4	6		Treatment of Stranded Assets Related to Smart Meter Deployment	3	9	Corrected table to reflect change from kWh to Monthly charge	Rate rider calculated at .0003/kWh	Rate rider calculated at $3.3298 monthly charge
2	4	6	1	Calculation of Stranded Meter Rate Rider	1		Corrected attachment to Monthly charge	Rate rider calculated per kWh	Rate rider calculated as a monthly charge
2	4	7		Green Energy Plan Capital Expenditures					
2	4	8		Harmonized Sales Tax					
2	5			Allowance for Working Capital					
2	5	1		Derivation of Working Capital Allowance					
2	6			Service Quality and Reliability Performance					
2	6	1		Service Quality					

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
2	6	1	1	Service Quality Indictors					
2	6	2		Reliability Performance					
2	6	2	1	Reliability Performance Measures					
2	7			Green Energy Plan					
2	7	1		Green Energy Act Plan					
3				REVENUE					
3	1			Load and Revenue Forecast					
3	1	1		Overview of Operating Revenue					
3	1	1	1	Volumetric Trend Table					
3	1	2		Approach to Weather Normalized Load Forecast					
3	1	2	1	Load Forecast Report					
3	1	2	2	Census Profile					
3	1	2	3	Average Historical Actual Consumption	New		Added average historical actual consumption and forecasted average consumption for the BY and TY	Not provided	Provided
3	1	2	4	Load Forecast Data	New		Added spreadsheet	Not provided	Provided
3	1	3		Approach to Conservation and Demand Management					
3	1	3	1	CDM Adjustment Detailed					
3	1	4		Pass-through Charges					
3	1	4	1	Projected Power Supply Expenses					
3	1	5		Overview of Distribution Revenue					
3	1	5	1	Pro-forma Revenue from Current Distribution Charges					
3	2			Variance Analysis					
3	2	1		Overview of Changes to Load Forecast					
3	2	1	1	Variance Analysis of Load Forecast					
3	3			Other Revenue					
3	3	1		Overview of Other Revenue					
3	3	1	1	OEB Appendix 2-F Other Operating Revenue					
3	3	1	2	Other Revenue Trend Table					
3	3	2		Other Revenue from Service Charges					
3	3	2	1	Trend Table of Other Revenue from Service Charges					
3	3	3		Other Revenue Variance Analysis					
3	3	3	1	Other Revenue Variances Table					
3	3	4		Revenue Offsets					
3	3	4	1	Test Year Revenue Offsets					
4				OPERATING COSTS					
4	1			Manager's Summary					
4	1	1		Overall Cost Trends					
4	1	1	1	Profit and Loss Variance Analysis - MIFRS					
4	1	1	2	Profit and Loss Variance Analysis - CGAAP					
4	1	2		OM&A Test Year Levels					
4	1	3		Conservation & Demand Management Programs					
4	1	4		Cost Drivers					
4	2			Summary and Cost Driver Tables					
4	2	1		OM&A Expense Tables					
4	2	1	1	OEB Appendix 2-I Summary of Recoverable OM&A Expenses					
4	2	1	2	OEB Appendix 2-G Detailed, Account by Account, OM&A Expenses					
4	2	1	3	OEB Appendix 2-J OM&A Cost Drivers					
4	2	1	4	OEB Appendix 2-M Regulatory Cost Schedule					
4	2	1	5	OEB Appendix 2-L OM&A per Customer and per FTEE					

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
4	2	2		One-Time Costs					
4	2	2	1	Transfer Pricing Study					
4	2	3		Regulatory Costs					
4	2	4		Low-Income Energy Assistance Program (LEAP)					
4	2	5		Charges related to the Green Energy and Green Economy Act					
4	2	6		CDM Costs					
4	2	7		Charitable Donations					
4	3			OM&A Variance Analysis					
4	3	1		OM&A Variances Table					
4	3	1	1	OM&A Variances Table					
4	3	1	2	OEB Appendix 2-H OM&A Variance Analysis					
4	4			Employee Compensation					
4	4	1		Staffing and Compensation Levels	2	21	Inserted comment regarding post-retirement benefits.	No previous comment.	"As former PUC staff retire, they are entitled to health benefits until the age of 65, these costs are accrued upon retirement."
4	4	1	1	OEB Appendix 2-K Employee Costs					
4	5			Corporate Cost Allocations					
4	5	1		Shared Services & Corporate Cost Allocations					
4	5	1	1	OEB Appendix 2-N Shared Services/Corporate Cost Allocation					
4	6			Purchase of Non-Affiliate Services					
4	6	1		Purchases from Suppliers					
4	6	1	1	Table of Purchases by Supplier					
4	6	1	2	Procurement Policy					
4	7			Depreciation and Amortization					
4	7	1		Depreciation Rates and Methodology	2	4 & 5	Inserted comment regarding Asset Retirement Obligations	No previous comment.	"THI does not have any Asset Retirement Obligations and associated depreciation or accretion expenses in relation to the ARO's".
4	7	1	1	Amortization of Capital Assets					
4	7	1	2	Asset Depreciation Study					
4	8			Income & Capital Taxes					
4	8	1		Overview of Provision In Lieu of Taxes (PILs)					
4	8	2		Historical PILs					
4	8	2	1	Previously Approved PILs Model					
4	8	2	2	Latest Filed Federal Tax Return					
4	8	2	3	Latest Filed Ontario Tax Return					
4	8	2	4	Tax Assessments and Correspondence					
4	8	3		Allowance for PILs					
4	8	3	1	Proposed PILs Model - MIFRS					
4	8	3	2	Proposed PILs Model - CGAAP					
4	8	4		Non-recoverable and Disallowed Expenses					
4	9			Green Energy Act Plan O&M Costs					
4	9	1		Green Energy Act Plan Proposal					
4	10			Conservation and Demand Management Costs					
4	10	1		Programs Requiring Board Approval					
5				COST OF CAPITAL AND CAPITAL STRUCTURE					
5	1			Cost of Capital and Capital Structure					
5	1	1		Cost of Capital and Capital Structure					
5	1	1	1	Deemed Capital Structure and Return on Capital					

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
5	1	1	2	OEB Appendix 2-OA Capital Structure / Cost of Capital					
5	1	1	3	OEB Appendix 2-OB Cost of Debt					
5	1	2		Cost of Capital					
5	1	2	1	Weighted Average Cost of Debt					
5	1	2	2	TD Debt Instrument					
6				REVENUE DEFICIENCY OR SUFFICIENCY					
6	1			Utility Revenue					
6	1	1		Calculation of Utility Income					
6	1	2		Overview of Revenue Requirement	1	14	Table of Distribution Revenue Requirement did not have the MIFRS Amortization Adjustment presented to make the table better to understand.	MIFRS Amortization Adjustment line not included.	MIFRS Amortization Adjustment line added.
6	1	2	1	Distribution Revenue Requirement					
6	2			Deficiency or Sufficiency					
6	2	1		Calculation of Revenue Deficiency or Sufficiency					
6	2	1	1	Table of Revenue Deficiency or Sufficiency					
6	2	1	2	Statement of Rate Base - MIFRS					
6	2	1	3	Statement of Rate Base - CGAAP					
6	2	2		Causes of Revenue Deficiency or Sufficiency					
6	2	2	1	Rate Base Trend Analysis					

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
7				COST ALLOCATION					
7	1			Cost Allocation Model					
7	1	1		Overview of Cost Allocation					
7	1	1	1	Cost Allocation Study Report					
7	1	1	2	OEB Appendix 2-P Cost Allocation					
7	1	1	3	I-6 Revenue Worksheet	new		Inserted I-6 worksheet	Not provided	Inserted I-6 worksheet
7	1	1	4	I-8 Demand Data Worksheet	new		Inserted I-8 worksheet	Not provided	Inserted I-8 worksheet
7	1	1	5	O-1 Revenue to Cost Summary Worksheet	new		Inserted O-1 worksheet	Not provided	Inserted O-1 worksheet
7	1	1	6	O-2 Monthly Fixed Charge Min. & Max. Worksheet	new		inserted O-2 worksheet	Not provided	inserted O-2 worksheet
7	2			Revenue Allocation and Revenue-to-Cost Ratios					
7	2	1		Allocation of Low Voltage Charges					
7	2	2		Overview of Base Revenue Allocation					
7	2	2	1	Fixed/Variable Rate Design					
7	2	2	2	Revenue-to-Cost Ratios					
8				RATE DESIGN					
8	1			Existing Rates					
8	1	1		Overview of Existing Rates					
8	1	1	1	Current Rate Schedule					
8	1	1	2	Existing Rates in the 2013 Test Year					
8	2			Proposed Changes to Distribution Rates					
8	2	1		Overview of Fixed and Variable Charges	3	5	Updated table to reflect change in stranded meter rate rider	Stranded meter rate rider .0003/kWh	Stranded meter rate rider 3.3298/month
8	2	1	1	Fixed/Variable Revenue Split					
8	2	1	2	Reconciliation to Base Revenue Requirement					
8	3			Transmission, Low Voltage and Line Losses					
8	3	1		Retail Transmission Service Rates (RTSR)					
8	3	1	1	Historical Transmission Costs and Revenues					
8	3	2		Retail Service Charge					
8	3	3		Wholesale Market Service Rate					
8	3	4		Specific Service Charges					
8	3	5		Low Voltage Charges					
8	3	6		Loss Adjustment Factors					
8	3	6	1	Calculation of Proposed Total Loss Factors					
8	3	6	2	OEB Appendix 2-R Loss Factors					
8	4			Rate Schedules and Bill Impacts					
8	4	1		Base Revenue Calculations and Reconciliations					
8	4	1	1	OEB Appendix 2-V Revenue Reconciliation					
8	4	2		Proposed Changes to Conditions of Service					
8	4	3		Rate Changes and Bill Impacts			Updated table to reflect change in stranded meter rate rider	Total bill impact was $6.39 or 5.68% for residential and $6.06 or 2.18% for GS<50	Total bill impact is now $9.57 or 8.51% for residential and $8.95 or 3.22% for GS<50
8	4	3	1	Proposed Rate Schedule	1		Updated attachment to reflect change in stranded meter rate rider	Stranded meter rate rider .0003/kWh	Stranded meter rate rider 3.3298/month
8	4	3	2	OEB Appendix 2-W Bill Impacts	1 & 2		Updated attachment to reflect change in stranded meter rate rider	Stranded meter rate rider .0003/kWh	Stranded meter rate rider 3.3298/month

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
9				DEFERRAL AND VARIANCE ACCOUNTS					
9	1			Status of Deferral and Variance Accounts					
9	1	1		Description of Deferral and Variance Accounts	2	11	Confirmed that 1589 GA Variance is calculated based on pro-rated IESO GA for non-RPP consumption.	"This account is used to record the net difference between the global adjustment billed to non-Regulated Price Plan consumers and the global adjustment charged to THI using the settlement invoice from the IESO"	"This account is used to record the net difference between the global adjustment billed to non-Regulated Price Plan consumers and the pro-rated non-Regulated Price Plan portion of the global adjustment charged to THI using the settlement invoice from the IESO"
9	1	2		Deferral and Variance Account Balances					
9	1	2	1	Continuity Statements for Deferral/Variance Accounts					
9	2			Clearance of Deferral and Variance Accounts					
9	2	1		Selection of Balances for Disposition					
9	2	1	1	Proposed Deferral / Variance Account Balance Recoveries					
9	2	2		Calculation of Rate Riders					
9	2	2	1	Table of Proposed Rate Riders	1		Updated table to reflect change in stranded meter rate rider	Stranded meter rate rider .0003/kWh	Stranded meter rate rider 3.3298/month
9	2	2	2	Global Adjustment Rate Rider					
9	2	3		HST Deferral Account	1	5	Board Staff noted that THI had not provided an analysis that supports conformity with December 2010 APH FAQ#4. That is because THI chosen to determine the HST Deferral amount based on actual expenditures. As such, cannot dispose of the account until after the final amount is recorded in April 2013.	No specific reference to December 2010 FAQ #4	Reference to December 2010 FAQ#4 added and an example of the method being followed was provided.
9	2	4		Deferred PILs Account	1		Board Staff noted that disposition of Account 1592 and a completed Appendix 2-T was required. THI provided the completed Appendix 2-T at E9/T2/S4/Att1 in the original application. The schedule showed $Nil balances since no entries were made to the account.	No disposition required.	No change.
9	2	4	1	OEB Appendix 2-T Deferred PILs Account 1592 Balances	1			Completed schedule provided.	No change.
9	3			IFRS Transition					
9	3	1		Proposed Recovery of One-Time Incremental IFRS Costs					
9	3	1	1	OEB Appendix 2-U One-Time Incremental IFRS Transition Costs					
9	3	2		Account 1575 Transitional PP&E Amounts					
9	3	2	1	OEB Appendix 2-CG Depreciation and Amortization Expense					
9	3	2	2	OEB Appendix 2-CH Depreciation and Amortization Expense					
9	3	2	3	OEB Appendix 2-EB IFRS-CGAAP Transitional PP&E Amounts					
9	4			Smart Meters					

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
9	4	1		Smart Meter Implementation Plan & Smart Meter Cost Recovery	3	8 through 12	Added general description of contractual arrangements	No previous comment.	THI utilized the following vendors for its smart metering initiative: Utilismart - provider of AMI services, Elster - provider of smart meter inventory, MeterSense - provider of ODS service, Northstar Utilities Solutions - MDM/R Integration
					5	10 & 11	Added comment on the cost allocation methodology for the calculation of the SMDR	No previous comment.	THI has utilized the OEB Smart Meter Model (E9/T4/S1/Att1) to calculate a uniform SMDR.
					6	21	Changed proposed stranded meter rate recovery amount	.0003/kWh	3.3298/month
9	4	1	1	Letter from the Fairness Commissioner	new		Added letter from the Fairness Commissioner	Not provided	Added letter from the Fairness Commissioner
9	4	1	2	Smart Meter Summary Information					
9	4	1	3	OEB Appendix 2-S Stranded Meter Treatment					
9	4	2		Clearance of Smart Meter Variance Accounts					
9	4	2	1	Calculation of Smart Meter Rate Riders	23 - new		Updated to reflect SMDR rate rider	Proposed Rate Rider calculation not showing	Updated to reflect SMDR rate rider calculation
9	5			LRAM Variance Account ("LRAMVA")					
9	5	1		LRAMVA Process					
9	5	1	1	OPA Report	7 pages added		Updated to show complete file	Only showing one page previously	Updated to show 8 pages
9	5	1	2	Third Party Report					
9	5	2		Calculation of Rate Riders					
				new attachment					
				files affected by addition					
				updates made					