Tillsonburg Hydro Inc.

2013 EDR Application

EB-2012-0168

Submitted 28 September, 2012

Tillsonburg Hydro Inc.
10 Lisgar Ave
Tillsonburg, ON
N4G 5A5

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					

Tillsonburg Hydro Inc.

October 5, 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.
2013 Electricity Distribution Rate Application
EB-2012-0168

Tillsonburg Hydro Inc. ("THI") filed its 2013 Cost of Service Rate Application on October 1, 2012.

Subsequent to the filing, THI noticed certain typographical and referencing errors. As such, THI is providing a corrected version of the application.

THI wishes to stress that the corrections were purely typographical and cosmetic in nature; none of the main content of the application has changed.

Attached is a summary of the corrected areas of the application noting the purpose of the correction, 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.

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

Yours truly,

William J. Gott, C.A.
Finance Regulatory Affairs Manager

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
1				ADMINISTRATIVE DOCUMENTS					
1	1	1		Table of Contents	All		E3/T2/S1/Att1 removed from application as redundant.	E3/T2/S1/Att1 listed	E3/T2/S1/Att1 no longer listed
1	1	2		Legal Application	2	8	Residential customer bill impact noted did not agree to Bill Impact Analysis.	"5.7% or $6.43"	"5.7% or $6.39"
					2	9	GS <50 customer bill impact noted did not agree to Bill Impact Analysis.	"2.2% or $6.18"	"2.2% or $6.06"
1	1	5	1	Proposed Rate Schedule	All		Rate Riders for Global Adjustment Sub-account and Rate Riders for Deferral/Variance Account printed as $Nil. Proposed rate riders were reflected on the proposed Rate Schedule provided at E8/T4/S3/Att1.	Rate Rider for Global Adjustment Sub-account and Rate Rider for Deferral/Variance Account: $Nil.	Proposed Rate Riders for Global Adjustment Sub-account and proposed Rate Riders for Deferral/Variance Account added.
					All		Presenting a Low Voltage Service Rate of $Nil unnecessary.	Low Voltage Service Rate $Nil	Removed.
					2		Streetlight Distribution Volumetric Rate did not agree to supporting schedules.	Streetlight Distribution Volumetric Rate $9.1332/kW	Streetlight Distribution Volumetric Rate $9.1331/kW
					3		Existing microFIT Generator Service rate of $5.25 printed instead of the applied for $5.40	microFIT Generator Service rate: $5.25	microFIT Generator Service rate: $5.40
					3		Did not show continuation of existing EBT charges: Up to 2 times a year at no charge; After $2 per request	Not stated	Added EBT charges: Up to 2 times a year at no charge; After $2 per request
					3		Average Loss factor incorrectly noted.	Loss Factor: 1.0338	Loss Factor: 1.0333
1	1	7	3	Planned Changes to the Organizational Structure	2	2	Stated no changes to THI's Corporate and operational structures. Added clarification that the organization's FTE count is proposed to decrease 0.30 FTE.	"No changes … are planned at the present time"	"No changes … are planned at the present time except for a proposed reduction in CSR utilization of 0.30 FTE (E4/T4/S1)"

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
1	2	1		Summary of Application and Approvals Requested	1	4	Grammatical error.	"will result in actual a Return"	"will result in an actual Return"
					1	5	2009 Approved Return on Equity value presented instead of current Return on Equity.	"Current Return on Equity of 7.54%"	"Current Return on Equity of 7.52%"
					1	22	Incorrect reference	"proposed loss factor as set out in E8/T3/S6/Att1"	"proposed loss factor of 1.0333 as set out in E8/T3/S6/Att2"
					2	5	Reference added for additional clarity.	Transmission - Connection rates, in accordance"	Transmission - Connection rates (E8/T3/S1/Att1), in accordance"
					2	13	Reference added for additional clarity.	"in the variance account, effective May 1, 2013"	"in the variance account (E9/T2/S3), effective May 1, 2013"
					2	15	Reference added for additional clarity.	"over a one year period."	"over a one year period. (E9/T2/S2)"
					2	18	Reference added for additional clarity.	"Regulated Price Plan."	"Regulated Price Plan. (E9/T2/S2)"
					2	23	Reference added for additional clarity.	"Green Economy Act (GEGEA) If required"	"Green Economy Act (GEGEA) If required (E4/T2/S5)"
					2	25	Reference added for additional clarity.	"1556 - Smart Meter OM&A"	"1556 - Smart Meter OM&A (E9/T4/S2)"
					2	26	Reference added for additional clarity.	"Stranded Meter Assets."	"Stranded Meter Assets. (E2/T4/S6)"
					3	2	Reference added for additional clarity.	"Transition to a future application"	"Transition to a future application (E9/T3/S1)"
					3	4	Reference added for additional clarity.	"dispose over four years"	"dispose over four years (E9/T3/S2)"
					3	5	Reference added for additional clarity.	"recovery of the LRAM amount"	"recovery of the LRAM amount of $24,711 (E9/T5/S1)"
					3	8	Reference added for additional clarity.	"0.80 over three years"	"0.80 over three years (E7/T2/S2/Att2)"
					3	10	Reference added for additional clarity.	"per month"	"per month (E8/T4/S3)"
1	2	2		Accounting Standard for Financial Reporting	1	6	Reference added for additional clarity.	"now expensed as OM&A."	"now expensed as OM&A. (E2/T2/S1)"
					1	8	Reference added for additional clarity.	"depreciation expense."	"depreciation expense. (E2/T2/S3)"
1	2	3		Budget Directives and Assumptions	1	13	Incorrect reference	"as described in E3/T1/S3"	"as described in E3/T1/S4"
					2	12	Reference added for additional clarity.	Regulatory Costs:"	Regulatory Costs: (E4/T2/S1/Att4)"
					2	13	Reference added for additional clarity.	"to cost $180,000"	"to cost $180,000 (E4/T2/S2)"
					2	31	Incorrect reference	Elecsar report (E2/T1/S1/Att2)"	Elecsar report (E2/T1/S1/Att3)"
1	3	1		Historical Financial Statements	1	4a	Incorrect reference	Attachment 1	E1/T3/S1/Att1
					1	4b	Incorrect reference	Attachment 2	E1/T3/S1/Att2
					1	4c	Incorrect reference	Attachment 3	E1/T3/S1/Att3

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
2				RATE BASE					
2	1	2	1	Rate Base Variances Table - MIFRS	All		Page 5 of 6 was removed since it was blank.	Page 5 of 6 blank	Renumbered pages.
2	1	2	2	Rate Base Variances Table - CGAAP	All		Page 5 of 6 was removed since it was blank.	Page 5 of 6 blank	Renumbered pages.
2	2	1	1	Capitalization of Overhead	All		Cover sheet provided referencing, was not also in the header on the page.	Header blank	Referencing added to header.
2	3	3	1	Fixed Asset Continuity Statements	All		Removed the section for 1915 since it showed no activity and $Nil balances.	1915 - Office Furniture and Equipment $Nil	Removed the section for 1915.
2	4	4	1	OEB Appendix 2-A Capital Projects Table	-		To improve clarity, cover page inserted.	No cover page	Cover page added
2	7	1		Green Energy Act Plan	All		As the document was referenced as a stand-alone report, it was potentially confusing since integrated into this application.	Referenced as E1/T1/S1 to E1/T5/S1/Att2	Referenced as E2/T7.0/S1 to E2/T7.5/S1/Att2
3				REVENUE					
3	1	1		Overview of Operating Revenue	2	2	Correction to Table	Wrong values listed under Total Net Distribution and Total Operating Revenue for 2009 Board Approved - 2012BY	Table corrected
3	2	1	1	Variance Analysis of Load Forecast	2	all	Removed attachment. Table already inserted in previous schedule (E3/T2/S1) - redundant.	Attachment 1	Attachment 1 removed
3	3	1	2	Other Revenue Trend Table	2		Correction to Table	Wrong values listed under 2010 Actual to 2009 Actual - Other Distribution Revenue ($1,147) and under Total Revenue Offset ($14,539)	$1,147 changed to $4,563 and $14,539 changed to $17,955
6				REVENUE DEFICIENCY OR SUFFICIENCY					
6	1	1		Calculation of Utility Income	1	TABLE	Incorrect reference for OM&A Expenses	E4/T3/S1/Att2	E4/T2/S1/Att2
6	1	2		Overview of Revenue Requirement	1	4	Incorrect reference	E7/T2/S2/Att2	E3/T1/S5/Att1
					1	5	Incorrect reference	E2/T3/S4/Att1	E3/T3/S4/Att1
					1	TABLE	Incorrect reference	E3/T3/S3/Att1	E3/T3/S4/Att1
6	2	1		Calculation of Revenue Deficiency or Sufficiency	1	16	Correction to pg 2 of document caused lines 16 and 17 onto the next page	Line 16 and 17 - pg 1	Line 1 and 2 - pg 2
					2	2	Incorrect reference	E2/T1/S1/Att2	E2/T1/S1/Att1

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
7				COST ALLOCATION					
7	1	1	2	OEB Appendix 2-P Cost Allocation	1	6	Clarification added.	"The relevant input and output sheet of the cost allocation model is filed under E7/T1/S1/Att2"	"OEB Appendix 2-P Cost Allocation is provided at E7/T1/S1/Att2"
8				RATE DESIGN					
8	2	1		Overview of Fixed and Variable Charges	1	5	Incorrect reference	E8/T4/S4/Att1	E8/T4/S3/Att1
8	3	1		Retail Transmission Service Rates (RTSR)			Clarification added.	"The Network and Connection Rates for each class are provided at E8/T3/S1/Att1 of the current tab."	"The Network and Connection Rates for each class are provided at E8/T3/S1/Att1 of the current tab. The revised rates presented were calculated using the Board's RTSR model. The electronic version of the RTSR model has been filed along with the Application."
8	3	6	2	OEB Appendix 2-R Loss Factors			Cover sheet added to provide additional separation from Attachment 1 for presentation purposes only.	No cover.	Cover added.
8	4	2		Proposed Changes to Conditions of Service			Stated no changes to THI's Conditions of Service	Originally said "No changes to Conditions of Service"	THI's updated Conditions of Service is provided at E1/T1/S14. Only minor updates were made to this document.
8	4	3		Rate Changes and Bill Impacts	1	2	Incorrect referecence	E8/T4/S4	E8/T4/S3/Att2
					2	4 & 5	Addition	blank	As per the Board letter dated September 20, 2012, THI is proposing to update its fixed monthly charge for the MicroFIT Generators class from $5.25 to $5.40.
8	4	3	1	Proposed Rate Schedule	All		Unnecessary $Nil rate rows existed	$Nil rate rows	$Nil rate rows removed.
					All		Presenting a Low Voltage Service Rate of $Nil unnecessary.	Low Voltage Service Rate $Nil	Removed.
					4		Did not show continuation of existing EBT charges: Up to 2 times a year at no charge; After $2 per request	Not stated	Added EBT charges: Up to 2 times a year at no charge; After $2 per request
					4		Average Loss factor incorrectly noted.	Loss Factor: 1.0338	Loss Factor: 1.0333

Exh	Tab	Sch	Att	Title	Pg	Ln	Comment	Original	Revised
9				DEFERRAL AND VARIANCE ACCOUNTS					
9	2	1		Selection of Balances for Disposition	1	9	Incorrect reference	"is proposed at E9/T4/S3"	"is proposed at E9/T4/S2"
9	2	1	1	Proposed Deferral / Variance Account Balance Recoveries			Attachment provided did not indicate which accounts recovery is requested	"No recovery"	Accounts that recovery is proposed were changed to "Recovery"
9	2	2		Calculation of Rate Riders	1	2	Clarification added.	E9/T2/S2/Att1 shows the calculation of the proposed rate riders"	E9/T2/S2/Att1 shows the proposed rate riders"
					1	11	Clarification added.	"shows the calculation of the proposed rate rider"	"shows the calculation of the proposed Deferral and variance rate rider and the proposed Global Adjustment rate rider"
					1	15	Clarification added.	Blank	"E9/T4/S2/Att1 shows the calculation of the proposed Smart Meter Rate Rider."
					1	17	Clarification added.	Blank	"E9/T5/S2 shows the calculation of the proposed LRAM Rate Rider."
9	4	1		Smart Meter Implementation Plan & Smart Meter Cost Recovery	3	9	Incorrect reference	Table 1: Estimated Costs per Installated Meter (E9/T4/S3/Att1)	Table 1: Estimated Costs per Installated Meter (E9/T4/S2/Att1)
					4	3	Clarification added to show how the paragraph is a summary of the details in the table provided. And, the net result value presented of $131k was incorrect.	THI has calculated a revenue requirement of $610k. Since the funding adder collected up to May 1, 2012 is in the amount of $463k, the remaining smart meter related costs to be recovered in the amount of $131k.	THI has calculated a revenue requirement of $616k, being $610k plus carrying charges of $6k. Since the funding adder collected up to May 1, 2012 is in the amount of $463k, and reflecting the carrying charges of $18k, the remaining smart meter related costs to be recovered is $135k as shown in the following table:
					5	2	Incorrect reference	Remaining Smart Meter Cost Recovery: (E9/T4/S3/Att1)	Remaining Smart Meter Cost Recovery: (E9/T4/S2/Att1)
					5	2	The table summary was correct, but it has been made clearer on how it ties to the supporting detail. Two columns were added to show how the existing values were arrived at.	Original Table.	Expanded Table.

Tillsonburg Hydro Inc.

September 28, 2012

Ontario Energy Board
2300 Yonge Street
Suite 2701
P.O. Box 2319
Toronto, Ontario
M4P 1E4

Attn: K Walli, Board Secretary

Dear Ms. Walli:

RE: EB-2012-0168

Please find enclosed Tillsonburg Hydro Inc.'s 2013 Electricity Distribution Rates Application

Yours truly,

Darrell Eddington, CA
Treasurer

Cc Kelley Coulter, President; Phillip Esseltine, Chair

Exhibit 1:

ADMINISTRATIVE DOCUMENTS

Exhibit 1: Administrative Documents

Tab 1 (of 4): Application Summary

Table Of Contents

Table Of Contents

Table Of Contents

Table Of Contents

Table Of Contents

Table Of Contents

Table Of Contents

Table Of Contents

LEGAL APPLICATION

ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by Tillsonburg Hydro Inc. for an Order or Orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* approving just and reasonable rates and other service charges for the distribution of electricity, effective May 1, 2013.

APPLICATION

1) Tillsonburg Hydro Inc. (“THI”) is an Ontario business corporation with its office located in the Town of Tillsonburg. THI is licensed, pursuant to license ED-2003-0026, to distribute electricity within the Town of Tillsonburg.

2) THI hereby applies to the Ontario Energy Board (the "Board") for an order or orders made pursuant to Section 78 of the *Ontario Energy Board Act, 1998,* as amended, (the "OEB Act") for approval of its proposed rates and other charges, effective May 1, 2013.

3) THI seeks an order of the Board authorizing its 2013 Test Year (“2013TY”) rate base.

4) THI also applies for an Order of the Board authorizing its current rates on an interim basis effective May 1, 2013 if the Board has not authorized final rates on or before that date.

5) This Application is supported by written pre-filed evidence, prepared in accordance with the Board's filing requirements for rates based on a forward test year. A summary of the Board direction from the 2009 EDR is found at E1/T1/S8.

6) The proposed rates and charges are just and reasonable and will support THI recovering the ongoing costs incurred to provide electricity distribution services to its customers at an appropriate level of quality and provide THI with an opportunity to earn a reasonable return on its invested capital.

7) The proposed rates will result in a monthly bill increase of 5.7% or $6.39 per residential customer consuming 800 kWh on TOU, and 2.2% or $6.06 per general service > 50 kW customer consuming 2,000 kWh on TOU.

8) The Applicant requests that, pursuant to Section 34.01 of the Board's Rules of Practice and Procedure, this proceeding be conducted by way of written hearing.

9) The Applicant requests that a copy of all documents filed with the Board in this proceeding be served on the Applicant and the Applicant's advisor, as follows:

The Applicant:

Tillsonburg Hydro Inc.
10 Lisgar Ave.
Tillsonburg, ON N4G 5A5

Attention:
Steven T. Lund, P. Eng., General Manager
slund@tillsonburg.ca
Tel: 519-688-3009 x3228 Fax: 519-842-9431

William J. Gott, C.A., Finance Regulatory Affairs Manager
wgott@tillsonburg.ca
Tel: 519-688-3009 x3229 Fax: 519-842-9431

The Applicant's advisor:

Elenchus Research Associates
34 King Street East, Suite 600
Toronto, Ontario. M5C 2X8

Attention:
John Todd, President
jtodd@elenchus.ca
Telephone: (416) 348-9910 Fax: (416) 348-9930

DATED at Tillsonburg, Ontario, this 28th day of September, 2012.

TILLSONBURG HYDRO INC.

Kelley Coulter, MPA, CGA
President

Phillip Esseltine
Chair

CERTIFICATION OF ACCURACY

I hereby certify that the evidence filed in this application is accurate to the best of my knowledge.

DATED at Tillsonburg, Ontario, this 19th day of October, 2012.

TILLSONBURG HYDRO INC.

Steven T. Lund, P. Eng.
General Manager

STATEMENT OF PUBLICATION

THI will arrange to publish an English version of the Notice of Application in the local newspaper (The Tillsonburg Independent News, distributed to all residents at no charge) which has the highest circulation in THI's service area according to the best information available, place the Application on its website, and make it available to the public at its customer service centre.

PROPOSED ISSUES LIST

THI expects that the following matters pertaining to the 2013TY may constitute issues in this Application:

- Capital spending and related depreciation, reflecting the impact of MIFRS
- Spending for Operations, Maintenance and Administration
- Load forecast
- Proposed retail delivery rates for transmission
- Allowance for Payments in Lieu of Taxes
- Miscellaneous Revenues and offsets to Base Revenue Requirement
- Cost Allocation methodology
- Disposition of deferral and variance account balances, and proposed rate riders
- Disposition of stranded meter assets, and proposed rate rider.
- Proposed treatment of Smart Meter costs and associated rate rider.
- Lost Revenue Adjustment Mechanism (“LRAM”), and proposed rate rider.
- Adjustment to Return on Rate base associated with deferred PP&E balance

RATE ORDER REQUIREMENT FOR IMPLEMENTATION

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 E1/T1/S5/Att1. THI's current Rate Schedule is provided at E1/T1/S5/Att2.

EB-2012-0168

Exhibit 1

Tab 1

Schedule 5

Attachment 1

Proposed Rate Schedule

X91 Monthly Rates and Charges

		Effective May 1/13
Residential		
Service Charge	$	10.00
Smart Meter Disposition Rider	$	1.25
Distribution Volumetric Rate	$/kWh	0.0261
Rate Rider for LRAM/SSM	$/kWh	0.0001
Stranded Meter Rate Rider	$	3.3298
Rate Rider for Global Adjusment Sub-Account (Applicable only to Non-RPP customers)	$/kWh	0.0043
Rate Rider for Deferral/Variance Account Disposition	$/kWh	(0.0041)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0068
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0051
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25
General Service < 50 kW		
Service Charge	$	25.00
Smart Meter Disposition Rider	$	5.72
Distribution Volumetric Rate	$/kWh	0.0194
Rate Rider for LRAM/SSM	$/kWh	0.0002
Stranded Meter Rate Rider	$	3.3298
Rate Rider for Global Adjusment Sub-Account (Applicable only to Non-RPP customers)	$/kWh	0.0043
Rate Rider for Deferral/Variance Account Disposition	$/kWh	(0.0041)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0046
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$/kWh	0.25
General Service > 50 to 499 kW		
Service Charge	$	130.00
Distribution Volumetric Rate	$/kW	2.1365
Rate Rider for LRAM/SSM	$/kW	0.1112
Rate Rider for Global Adjusment Sub-Account (Applicable only to Non-RPP customers)	$/kW	1.4136
Rate Rider for Deferral/Variance Account Disposition	$/kW	(1.3554)
Retail Transmission Rate – Network Service Rate	$/kW	2.3723
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.7842
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

X91 Monthly Rates and Charges

		Effective May 1/13
General Service > 500 to 1499 kW		
Service Charge	$	1,352.00
Distribution Volumetric Rate	$/kW	1.1666
Rate Rider for Global Adjusment Sub-Account (Applicable only to Non-RPP customers)	$/kW	1.7099
Rate Rider for Deferral/Variance Account Disposition	$/kW	(1.6395)
Retail Transmission Rate – Network Service Rate	$/kW	3.1087
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	2.4313
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25
General Service > 1,500 kW		
Service Charge	$	1,915.00
Distribution Volumetric Rate	$/kW	2.2156
Rate Rider for Global Adjusment Sub-Account (Applicable only to Non-RPP customers)	$/kW	2.1647
Rate Rider for Deferral/Variance Account Disposition	$/kW	(2.0757)
Retail Transmission Rate – Network Service Rate	$/kW	3.1087
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	2.4313
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25
Unmetered Scattered Load		
Service Charge (per connection)	$	7.00
Distribution Volumetric Rate	$/kWh	0.0137
Rate Rider for Global Adjusment Sub-Account (Applicable only to Non-RPP customers)	$/kWh	0.0043
Rate Rider for Deferral/Variance Account Disposition	$/kWh	(0.0041)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0046
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25
Sentinel Lighting		
Service Charge (per connection)	$	2.00
Distribution Volumetric Rate	$/kW	19.3715
Rate Rider for Deferral/Variance Account Disposition	$/kW	(1.6187)
Retail Transmission Rate – Network Service Rate	$/kW	1.9532
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4697
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

X91 Monthly Rates and Charges

		Effective May 1/13
Street Lighting		
Service Charge (per customer)	$	1,700.00
Distribution Volumetric Rate	$/kW	9.1331
Rate Rider for Global Adjusment Sub-Account (Applicable only to Non-RPP customers)	$/kW	1.5938
Rate Rider for Deferral/Variance Account Disposition	$/kW	(1.5282)
Retail Transmission Rate – Network Service Rate	$/kW	1.9483
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4659
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25
MicroFIT Generators		
Service Charge	$	5.40
Specific Service Charges		
Returned Cheque charge (plus bank charges)	$	15.00
Account set up charge / change of occupancy charge	$	30.00
Special Meter reads	$	30.00
Late Payment - per month	%	1.50
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
Install / remove load control device – after regular hours	$	185.00
Service call – after regular hours	$	165.00
Specific Charge for Access to the Power Poles – per pole/year	$	22.35
Retailer Service Agreement -- standard charge	$	100.00
Retailer Service Agreement -- monthly fixed charge (per retailer)	$	20.00
Retailer Service Agreement -- monthly variable charge (per customer)	$	0.50
Distributor-Consolidated Billing -- monthly charge (per customer)	$	0.30
Retailer-Consolidated Billing -- monthly credit (per customer)	$	(0.30)
Service Transaction Request -- request fee (per request)	$	0.25
Service Transaction Request -- processing fee (per processed request)	$	0.50
Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	$	no charge
More than twice a year	$	2.00
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	1.00
LOSS FACTORS		
Secondary Metered Customer		1.0333

EB-2012-0168

Exhibit 1

Tab 1

Schedule 5

Attachment 2

Current Rate Schedule

Appendix A

To Decision and Order

Draft Tariff of Rates and Charges

Board File No: EB-2011-0198

DATED: April 19, 2012

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

RESIDENTIAL SERVICE CLASSIFICATION

This classification applies to an account in one of three categories of residential services: single-family or single-unit homes, multi-family buildings, and subdivision developments. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	9.91
Distribution Volumetric Rate	$/kWh	0.0169
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	$/kWh	0.0004
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	$/kWh	(0.0020)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	$/kWh	(0.0023)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0068
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0051

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

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	25.07
Distribution Volumetric Rate	$/kWh	0.0152
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	$/kWh	0.0002
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	$/kWh	(0.0015)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	$/kWh	(0.0023)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0046

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

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

GENERAL SERVICE 50 to 499 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 forecast to be equal to or greater than, 50 kW but less than 500 kW. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	129.43
Distribution Volumetric Rate	$/kW	1.7010
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	$/kW	0.0341
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	$/kW	(0.2069)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	$/kW	(0.8227)
Retail Transmission Rate – Network Service Rate	$/kW	2.3557
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.7945

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

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

GENERAL SERVICE 500 to 1,499 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 forecast to be equal to or greater than, 500 kW but less than 1,500 kW. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	1,352.34
Distribution Volumetric Rate	$/kW	0.9187
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery/Shared Savings Mechanism (SSM) Recovery (2012) – effective until April 30, 2013	$/kW	0.0229
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	$/kW	(0.2541)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	$/kW	(1.0757)
Retail Transmission Rate – Network Service Rate – Interval Metered	$/kW	3.0870
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	$/kW	2.4454

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

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

GENERAL SERVICE EQUAL TO OR GREATER THAN 1,500 kW

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 forecast to be equal to or greater than, 1,500 kW. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	1,915.17
Distribution Volumetric Rate	$/kW	3.7991
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	$/kW	(0.3347)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	$/kW	(1.2116)
Retail Transmission Rate – Network Service Rate – Interval Metered	$/kW	3.0870
Retail Transmission Rate – Line and Transformation Connection Service Rate – Interval Metered	$/kW	2.4454

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

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

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, 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 servicing details are available in Tillsonburg Hydro's Conditions of Service.

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	$	14.75
Distribution Volumetric Rate	$/kWh	0.0290
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	$/kWh	(0.0023)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	$/kWh	(0.0023)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0061
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0046

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

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	$	1.01
Distribution Volumetric Rate	$/kW	10.6876
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	$/kW	(0.9740)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only for Non-RPP Customers	$/kW	(0.8424)
Retail Transmission Rate – Network Service Rate	$/kW	1.9396
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4782

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

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

STREET LIGHTING SERVICE CLASSIFICATION

This classification applies to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting, controlled by photo cells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in Tillsonburg Hydro's Conditions of Service.

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per customer)	$	1,700.59
Distribution Volumetric Rate	$/kW	12.0665
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	$/kW	(1.0989)
Rate Rider for Global Adjustment Sub-Account Disposition (2012) – effective until April 30, 2013 Applicable only to Non-RPP Customers	$/kW	(0.8092)
Retail Transmission Rate – Network Service Rate	$/kW	1.9347
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4744

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

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

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 servicing details are available in Tillsonburg Hydro's Conditions of Service.

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	$	5.25

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	$/kW	(0.60)
Primary Metering Allowance for transformer losses – 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 Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No 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 or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Customer Administration		
Returned Cheque (plus bank charges)	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Special Meter Reads	$	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 Charge at Meter - During Regular Hours	$	65.00
Disconnect/Reconnect Charge at Meter - After Regular Hours	$	185.00
Disconnect/Reconnect Charge at Pole – During Regular Hours	$	185.00
Install/Remove Load Control Device – After Regular Hours	$	185.00
Service Call – After Regular Hours	$	165.00
Specific Charge for Access to the Power Poles – per pole/year	$	22.35

Tillsonburg Hydro Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date May 1, 2012

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

EB-2011-0198

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 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 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 charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

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 monthly charge, per customer, per retailer	$/cust.	0.30
Retailer-consolidated billing monthly 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

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0420
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0320

UTILITY OPERATING ENVIRONMENT

THI is licensed by the Board to distribute electricity to the inhabitants of the Town of Tillsonburg (License ED-2003-0026)

THI relies on approximately 157 km of circuits and 1016 transformers to deliver approximately 184M kWh of energy and 277k kW of power to approximately 6,900 customers. THI's circuits include approximately 102 km of overhead lines and 55 km of buried conductor. A map of THI's distribution system is provided at E1/T1/S6/Att1.

THI provides electricity distribution service to approximately 6,900 customers situated in the Town of Tillsonburg made up of residential, general service and specialized customers (eg. street lighting). 87% of the customers are residential, 10% are Commercial, 1% is Large Commercial or Industrial, and 2% are Street Lighting, Sentinel Lighting and Unmetered Scattered Load customers. The Large Commercial or Industrial customers consume over half of the energy delivered and account for 2/3rds of the power delivered. The residential customer account for approximately 25% of the energy delivered. The load attributable to Street Lighting, Sentinel Lighting and Unmetered Scattered Load customers is comparatively small.

THI provides its customers with high quality energy redelivery service. This is demonstrated by THI's reported Service Quality Indicator data that is provided at E2/T6/S1/Att1.

THI is 100% owned by the Town of Tillsonburg ("Town"). THI contracts the Town to assist in the operation and maintenance of the distribution system and to provide an appropriate level of customer service. The provision of these services is governed by a Master Services Agreement. This contract between THI and the Town sets out the services provided as well as the level of quality, the consideration payable and the legal remedies available to both parties; it is provided at E1/T2/S9/Att1.

THI has realized economies of scale and scope through the provision of services by the Town. Specifically, THI owns and is responsible for assets that are unique to the provision of electricity distribution services and acquires common services (eg. IT, financial management) from the Town of Tillsonburg. This approach to conducting business has allowed THI to enjoy access to appropriately skilled management and

executive and access to a commercial infrastructure that it could not otherwise cost effectively provide on a stand-alone basis.

The prices paid under the MSA are at cost. Each party has access to the historical costs of prior year. THI's system and business plan for the next period is relied on to negotiate the appropriate level of service for the upcoming period and is adjusted consistent with THI's plans.

Through this approach, THI provides its customers with a consistently high quality of distribution service, prudently incurs costs and charges just and reasonable rates.

THI is directly connected to Hydro One Networks Inc.'s transmission system and does not have any embedded LDC's within its service area. THI currently has 15 embedded generators within its service area.

EB-2012-0168

Exhibit 1

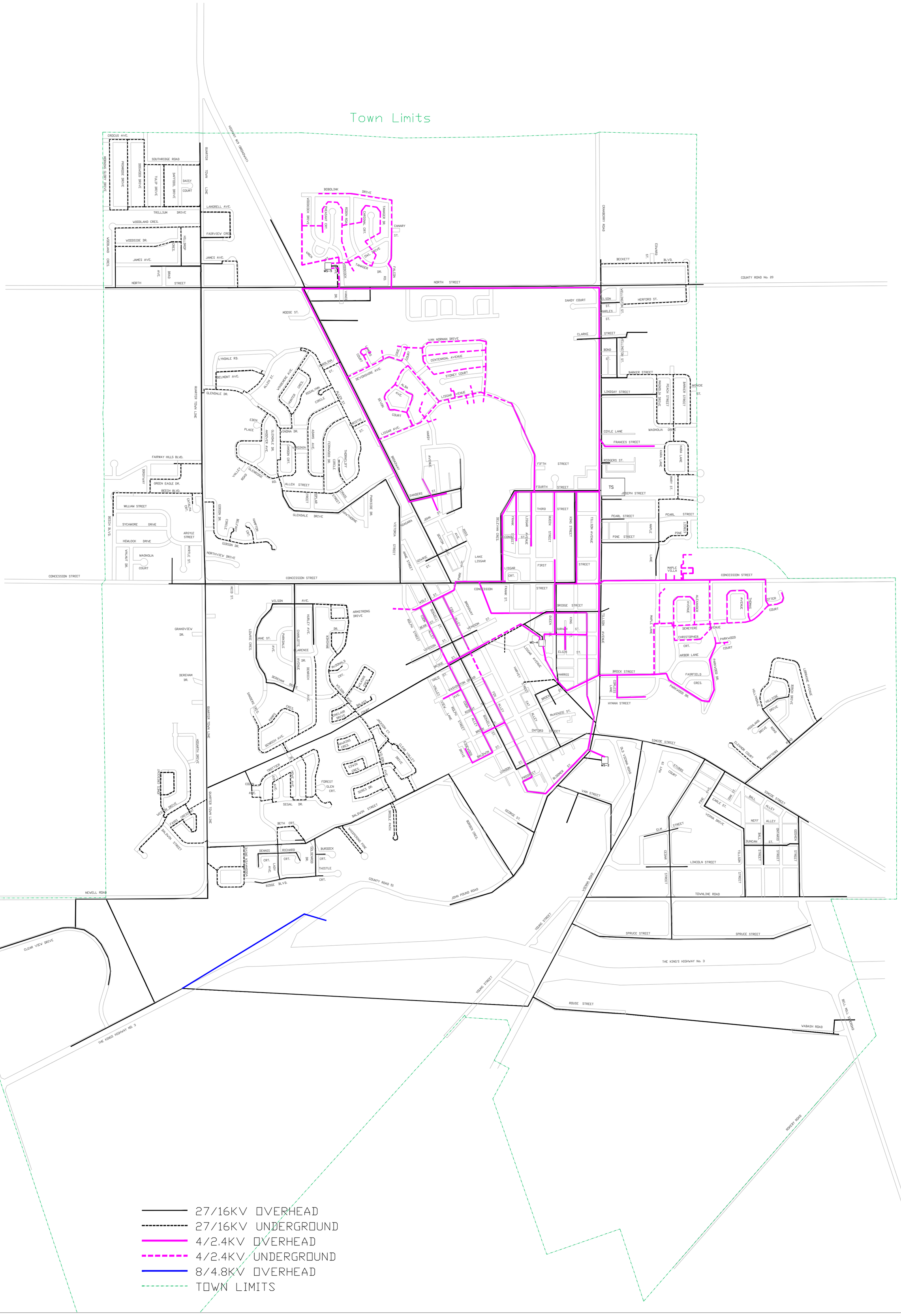
Tab 1

Schedule 6

Attachment 1

Map of LDC’s Distribution System

OVERVIEW OF HYDRO DISTRIBUTION IN TOWN OF TILLSONBURG



CORPORATE ORGANIZATION

THI's Corporate Entities chart is at E1/T1/S7/Att1, its Utility Organization chart at E1/T1/S7/Att2, and the Planned Changes to the Organization Chart E1/T1/S7/Att3.

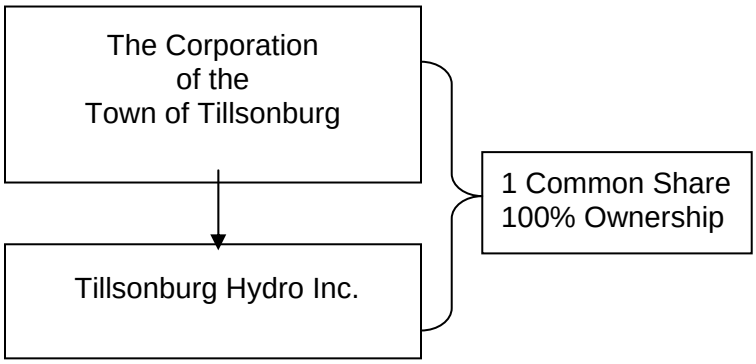
Attachment 1 (of 3):

Corporate Entities Chart

Corporate Entities Relationships Chart

THI is a legal affiliate of the Town of Tillsonburg and of no other party. The following chart documents this relationship.

THI Corporate Relationships Chart



Attachment 2 (of 3):

Utility Organizational Chart

Title	Full Time Equivalent Allocated to THI		
	2011HY	2012BY	2013TY
Chief Administrative Officer	0.10	0.16	0.16
Director of Operations	0.25	0.26	0.26
Director of Finance	0.10	0.21	0.21
Executive	**0.45**	**0.62**	**0.62**
Manager Customer Service	0.46	0.59	0.59
Deputy Treasurer	0.10	0.19	0.19
Finance Regulatory Affairs Manager	0.73	0.92	0.92
HR Manager	0.15	0.16	0.16
Clerk	-	0.08	0.08
Manager Utility	0.50	0.50	0.50
Manager Engineering	0.20	0.20	0.20
Operations Regulatory Affairs Manager	0.42	-	-
Management	**2.56**	**2.65**	**2.65**
Foreman	1.00	1.00	1.00
Utility Engineer	0.40	0.40	0.40
Instrument Technician	1.00	1.00	1.00
Operations Regulatory Affairs Officer	0.58	1.00	1.00
Linesman	3.20	3.20	4.20
Linesman - Apprentice	2.00	2.00	1.00
Inventory Clerk	0.70	0.70	0.70
Operations Technologist	1.00	1.00	1.00
Asset Management Technologist	0.25	0.25	0.25
Customer Service Representative	6.04	6.12	5.82
Senior Budget & Cost Analyst	0.05	0.02	0.02
Accounts Payable/Payroll Clerk	0.15	0.16	0.16
Records Management Admin	0.05	-	-
Non-Union	**16.42**	**16.85**	**16.55**
Total	**19.42**	**20.11**	**19.81**

Attachment 3 (of 3):

Planned Changes to the Organizational Structure

Planned Changes in Corporate and Operational Structure

No changes to THI's corporate and operational structures are planned at the present time except for a proposed reduction in CSR utilization of 0.30 FTE (E4/T4/S1).

BOARD DIRECTION FROM PREVIOUS EDR DECISIONS

In Board Decision EB-2008-0246 on THI's 2009 EDR application, the Board expected:

> *"THI to cause a review of the provisions in the current MSA with respect to the mark up provision for goods and services supplied by third parties for the exclusive use by THI and the appropriateness of the current 5% fee level. The review should either involve, or at a minimum include an opinion by, a reputable third party on such matters. THI should file this evidence at the time of its next rebasing application."*

THI submits that this review was completed in 2012, and the results are presented at E4/T2/S2/Att1, and the impact of the results has been reflected in the application.

PROCEDURAL ORDERS, MOTIONS & CORRESPONDENCE

In the Board's letter dated January 26, 2012, THI was directed to file a 2013 Cost of Service Application.

As at the date of submitting this application, THI has not been served with any other utility-specific Procedural Orders, Motions or Correspondence on any matters which relate, directly or indirectly, to its application for 2013 rates.

ACCOUNTING ORDERS

At the time of this Application, the Accounting Standard Board ("AcSB") has deferred mandatory adoption of IFRS for qualifying rate-regulated entities to January 1, 2014. However, the Board has directed that all LDC's must adopt either IFRS or an alternative method of accounting no later than January 1, 2013. And that the 2013 Cost of Service Application is to be filed on that alternative accounting basis.

As such, THI has prepared its current application on an MIFRS basis.

ACCOUNTING TREATMENT OF NON-UTILITY RELATED BUSINESS

THI has not included any of its non-regulated operations in this application.

COMPLIANCE ORDERS

THI has not received any compliance orders, nor is it aware of any areas in which it is non-compliant.

OTHER BOARD DIRECTIONS

THI has not received any other utility-specific directions from the Board since submitting its last cost of service rate application for 2009 EDR, and no such directions are outstanding presently.

Conditions of Service

Revised May 16, 2012

Table of Contents

1 INTRODUCTION

1.1 Identification of Distributor and Territory

Tillsonburg Hydro Inc. referred to herein as either Tillsonburg Hydro or the Distributor is a Corporation, incorporated under the laws of the Province of Ontario to distribute electricity.

Tillsonburg Hydro is licensed by the Ontario Energy Board (OEB) to supply electricity to its Customers as described in its Distribution Licence issued on December 22, 2003 by the OEB. Additionally there are requirements imposed on Tillsonburg Hydro by the various codes referred to in the Licence and by the Electricity Act and the Ontario Energy Board Act.

Tillsonburg Hydro operates distribution facilities within its licensed territory as defined in the Transitional Distribution Licence, generally within the boundaries of the Municipality of the Town of Tillsonburg.

Tillsonburg Hydro will normally provide one electrical service to each Customer's location at a nominal service voltage. For new or upgraded electrical services, the Customer or their representative shall make application and shall consult with Tillsonburg Hydro concerning the availability of supply, the voltage of supply, service location, metering and other details as described in these Conditions of Service. These requirements are separate from and in addition to those of the Electrical Safety Authority. Customers may be required to pay capital contributions for the addition of new electrical services in accordance with the policies and procedures outlined elsewhere in this document.

1.2 Related Codes and Governing Laws

Tillsonburg Hydro scope of operation is defined by:

1. Electricity Pricing, Conservation and Supply Act, 2002
2. Electricity Act, 1998 and associated regulations
3. Ontario Energy Board Act, 1998
4. Distribution Licence No. ED-2003-0026
5. Affiliate Relationships Code
6. Transmission System Code
7. Distribution System Code
8. Retail Settlements Code
9. Standard Service Supply Code

10. Ontario Electrical Safety Code

11. Personal Information Protection and Electronic Documentation Act

In the event of a conflict between this document and the Transitional Distribution Licence or regulatory Codes issued by the OEB, or the Electricity Act, the provisions of the Act, the Transitional Distribution Licence and associated regulatory Codes shall prevail.

When planning and designing an electricity service, Customers and their agents must refer to all applicable provincial and Canadian electrical codes, and all other applicable federal, provincial, and municipal laws, regulations, codes and by-laws to also ensure compliance with their requirements. The work shall be conducted in accordance with the Occupational Health and Safety Act, the Regulations for Construction Projects and the E&USA Rulebook.

1.3 Interpretations

Questions as to the interpretation or intent of any part of this document should be directed to Tillsonburg Hydro and Tillsonburg Hydro shall have the sole right to make such interpretation.

Headings and underlining are for convenience only and do not affect the interpretation of these Conditions of Service. Words referring to the singular include the plural and vice versa and words referring to a gender include any gender.

1.4 Amendments and Changes

Tillsonburg Hydro reserves the right to make changes to these Conditions of Service at any time. In the event of changes, a public notice shall be made in the form of either a notice in the local newspaper, or a notice on The Town of Tillsonburg Website (www.tillsonburg.ca). Suggestions for revisions or improvement can be directed to Tillsonburg Hydro Engineering Department at 519-688-3009 Ext. 2232.

The Customer is responsible for contacting Tillsonburg Hydro to ensure they have the latest version of these Conditions of Service.

1.5 Contact Information

Tillsonburg Hydro and its agents can be contacted during normal working hours Monday to Friday 8:00 A.M. – 4:00 P.M. at 519-842-9200. (Customer Service Centre)

For repairs and service or in event of an emergency outside of normal working hours, please call 519-842-9200 (Fire Dispatch)

For new services and connections, contact the Manager of Engineering at 519 -688-3009 ext. 2232 or the Operations Utility Manager at 519-688-3009 ext. 2225 or the Hydro Foreman at 519-688-3009 ext. 2227.

The business offices and a department directory can be reached at 519-688-3009.

Tillsonburg Hydro's mailing address is: 200 Broadway, 2nd floor,
Tillsonburg Ontario,
N4G 5A7

1.6 Customer Rights

All Customers shall have non -discriminatory access to Tillsonburg Hydro distribution system and services in accordance with the terms of these Conditions of Service and the applicable Acts, Regulations and Codes.

Tillsonburg Hydro shall only be liable to a Customer for any damages that arise directly out of the wilful misconduct or negligence of Tillsonburg Hydro and its agents and employees in providing distribution services to the Customer, on being connected to Tillsonburg Hydro distribution system, meeting the respective obligations under this Conditions of Service, their licences, and any other applicable law.

Notwithstanding the above, neither Tillsonburg Hydro, shall be liable under any circumstances whatsoever for any loss of profits or revenue, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages whatsoever, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort, or otherwise.

A Customer or Embedded Generator shall indemnify and hold harmless Tillsonburg Hydro, its Directors, Officers, Employees and Agents from any claims made by any third parties in connection with the construction and installation of a generator by or on behalf of the Customer or Embedded Generator.

The provisions of these Conditions of Service and any amendments made from time to time form part of any Contract made between a connected Customer, Retailer, or Generator, and Tillsonburg Hydro.

1.6.1 Privacy of Information

Tillsonburg Hydro is committed to protecting the privacy of individuals through the safeguarding of personal information. Tillsonburg Hydro gathers information about it customers in order to provide electricity and related services. The information is protected by administrative, technical, contractual and physical practices designed to ensure that personal information is protected at all times.

Our general policy is not to provide personal information to any party outside of Tillsonburg Hydro. There are certain limited circumstances under which it is necessary to do so. In these circumstances, Tillsonburg Hydro will provide only the information that is necessary under the particular circumstances to third parties. The information is only used for the purpose stipulated and is subject to strict terms of confidentiality

1.6.2 Accessibility

The Accessibility for Ontarians with Disabilities Act (AODA) was established in 2005. All organizations must comply with the Accessibility Standards for Customer Service (Ontario Regulation 429/07) by January 1, 2012. These standards are intended to provide accessible customer service to people with various kinds of disabilities. Tillsonburg Hydro has established policies, practices and procedures that will comply with these Standards. Tillsonburg Hydro will continue to treat all customers with dignity and respect and ensure it provides service to people with disabilities.

1.6.3 Ontario Clean Energy Benefit (OCEB)

The Ontario Clean Energy Benefit (OCEB) is a 10% rebate to the electricity bill provided by the Ontario government for eligible customers for a five-year period commencing January 1, 2011. Eligible customers include residential customers and small business consumers (general service energy-billed with less than 50 kW demand consuming less than 250,000 kWh annually).

Customers eligible for the Regulated Price Plan (RPP) two-tiered prices and Time-of-Use (TOU) prices are eligible for this rebate. In addition, retailer enrolled customers are eligible as long as they would otherwise be RPP eligible.

Certain customers, such as Bulk-Metered Multi-Unit premises, must complete a Declaration Form, in order to qualify for the Ontario Clean Energy Benefit.

1.7 Distributor's Rights

The supply of electricity is conditional upon Tillsonburg Hydro being permitted and able to provide such a supply, obtaining the necessary apparatus and material, and constructing works to provide the service. Should Tillsonburg Hydro not be permitted to supply or not be able to do so, it is under no responsibility to the Customer.

The Customer is required to provide Tillsonburg Hydro with sufficient lead time (16 - 20 weeks) in order to ensure the timely provision of supply to new and updated premises or the availability of adequate capacity for additional loads to be connected at existing premises. If special equipment is required or equipment delivery problems occur, then longer lead times may be necessary. The Customer will be notified of any extended lead times.

Customers will be required to pay the cost of repair or replacement of Tillsonburg Hydro equipment that has been damaged or lost by the direct or indirect act or omission of the Customer or its agents.

Nothing contained in this document or in any contract for the supply of electricity by Tillsonburg Hydro shall prejudice or affect any rights, privileges, or power vested in Tillsonburg Hydro by law under any Act of the Legislature of Ontario or the Parliament of Canada, or any Regulations there under.

Tillsonburg Hydro assumes no risk and will not be liable for damages resulting from the presence of its equipment on the Customer's premises or approaches thereto, or action, omission or occurrence beyond its control, or negligence of any Persons over whom Tillsonburg Hydro has no control.

Unless they are an Employee or an agent of Tillsonburg Hydro, or other Person lawfully entitled to do so, no Person shall remove, replace, alter, repair, inspect or tamper with Tillsonburg Hydro equipment. Other rights respecting access to equipment, payment of arrears, etc. are covered elsewhere in this document.

1.8 Disputes

Any dispute between Customers and retailers and the distributor shall be settled according to the dispute resolution process specified in the Distributor Licence. In this section, the Distributor should outline the Customer complaint and Dispute resolution processes that have been established as a condition of licence.

Any dispute between Customers or Retailers and the Distributor shall be settled according to the dispute resolution process in Section 16 of the Distribution Licence.

If a customer or other Market Participant has a complaint about Tillsonburg Hydro Inc. regarding services provided under its Distribution Licence, the Customer may contact Tillsonburg Hydro Inc. at (519) 842-9200.

Upon receipt of a complaint, Tillsonburg Hydro Inc. will contact the Customer to acknowledge receipt of the complaint and if possible resolve or investigate and follow up on the complaint as required.

To resolve disputes, Tillsonburg Hydro Inc. will follow the terms of Section 16 of the Distribution Licence.

In the Distribution License it states:

The Licensee shall:

a) Have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;

b) Publish information which will make its customers aware of and help them to use its dispute resolution process;

c) Refer unresolved complaints and subscribe to an independent third party complaints resolution agency which has been approved by the Board.

d) Make a copy of complaints resolution procedure available for inspection by members of the public at each of the Licensee's premises during normal business hours.

e) Give or send free of charge a copy of the procedure to any person who reasonably requests it; and

f) Keep a record of all complaints whether or not including the name of the complainant, the nature of the complaint, the date resolved or referred and the result of the dispute resolution.

1.8.1 Dispute Resolution Process

If, following good faith negotiations between a Customer or other market participant and Tillsonburg Hydro Inc., a resolution cannot be reached, the dispute may be submitted to a dispute resolution process.

Any dispute which shall arise between Tillsonburg Hydro Inc. and a Customer(s) and other market participants subject to the terms of these Conditions of Service concerning the rights, duties or obligations of Tillsonburg Hydro Inc. or others subject to these Conditions of Service, shall be subject to the following dispute resolution procedure:

Mediation

- Either party (the "Initiating Party") may invoke the dispute resolution procedure by sending a written notice to the other party (the "Respondent Party") describing the nature of the dispute and designating a representative of the Initiating Party with appropriate authority to be its representative in negotiations relating to the dispute. The responding Party shall, within five business days of the receipt of such notice, send a written notice to the Initiating Party, designating a representative of the Responding Party with the appropriate authority to be its representative in negotiations relating to the dispute.

- Within ten business days of the receipt by the Initiating Party of the written notice of the Responding Party the designated representatives shall enter into good faith negotiations with a view to resolving the dispute. If the dispute is not resolved in thirty days of the commencement of such negotiations, or such longer period as may be agreed upon, either party may, by written notice to the other party require that the parties be assisted in their negotiations by a mediator. The mediator shall be acceptable to both parties and have knowledge and experience in the matter under dispute, or professional qualifications, or experience in alternative dispute resolution, or both. The parties shall thereafter participate in mediation with the mediator through such process as the mediator, in consultation with the parties, may determine.

- None of the parties shall be deemed to be in default of any matter being mediated until effective on or after the date mediation fails.

Referral to Dispute Resolution

Any dispute that is not resolves through mediation as described above shall be referred to a third party dispute resolution agency according to the following procedure:

- Upon the written demand of either of the parties, the dispute shall be referred to an independent third party disputes resolution agency that has been approved by the Board.

- An independent third party disputes resolution agency that has been approved by the Board, shall be selected within ten days of the receipt of the demand by the other party.

- The third party disputes resolution agency selected to hear the dispute shall be qualified by education and training to pass on the particular question in dispute.

- The third party disputes resolution agency selected shall immediately proceed to hear the matter or matters in dispute. The decision of the third party disputes resolution agency shall be made within 45 days of the selection, subject to any reasonable delay due to unforeseen circumstances. Notwithstanding the forgoing, if the third party disputes

resolution agency fails to make a decision within 60 days of the selection, then either party may elect to have another third party disputes resolution agency hear the matter or matters as if none had previously heard the matter or matters.

- The decision of the third party disputes resolution agency shall be in writing and signed by the agency. It shall be final and binding upon all the parties hereto as to any matter or matters so submitted to the third party disputes resolution agency and shall observe and implement the terms and conditions thereof.

- The compensation and expenses of the third party disputes resolution agency (unless otherwise determined by the agency) shall be paid equally by the parties.

…….

2 DISTRIBUTION ACTIVITIES (GENERAL)

2.1 Connections

This section includes information that is applicable to all Customer classes. Information applicable to specific Customer classes can be found in Section 3.

2.1.1 Building That Lies Along

Tillsonburg Hydro, as the Distributor, has an obligation to connect any building that "lies along" its distribution system as stated in Section 28 of the Electricity Act 1998.

Sections 2.3 and 3 outline the conditions under which Tillsonburg Hydro will provide service to a Customer that "lies along" an existing distribution line. Customers that meet these conditions will not be denied service save and except as provided in this document. Conditions for connection refusal are outlined in Section 2.1.3.

A building "lies along" a distribution line if it is within the boundaries of Tillsonburg Hydro licensed service territory, can be connected to Tillsonburg Hydro distribution system without an Expansion or Enhancement, and meets the conditions of service outlined in this document.

2.1.2 Expansions / Offer to Connect

2.1.2.1 Rationale

Extending the distribution system to connect new Customers requires a capital investment. The revenue generated by the new load may or may not offset the capital investment and on-going maintenance costs of the system expansion. If there is a shortfall between the anticipated revenue and the capital and maintenance costs, the Customer is required to make up the difference through a capital contribution. (See OEB Distribution System Code Section 3.2) Due to the uncertainty of load projections and changing market conditions, Tillsonburg Hydro requires a deposit from the customer equal to the total estimated capital investment, to be paid prior to ordering material. One year after the system has been installed, actual costs for the capital investment will be known and a load projection can be more accurately determined. An economic calculation (known as a Net Present Value calculation or NPV) will be used to determine what portion of the deposit, if any, will be returned to the Customer. Since the system expansion may benefit other Customers not included in the original load forecast, the OEB allows for a five year window during which the NPV calculation may be reviewed to account for un-forecasted Customer connections.

2.1.2.2 Definitions

To connect a building that does not "lie along" the distribution system, a system expansion is required. A system expansion is defined as being that part of the Tillsonburg Hydro distribution system that needs to be extended or reinforced to feed a new load or Customer, and in future, could be used to feed additional Customers. Normally, this includes the distribution plant (primary and secondary conductors, poles, transformers, etc) installed along Town of Tillsonburg streets and roadways to service present and future load additions. It does not include that part of the system installed on private property for the exclusive use of the Customer(s) on that specific property. For example, the primary cable and transformation installed on private property to serve a specific Customer or group of Customers are considered connection assets (see Section 3) and are not considered a system expansion.

Note**:** Connection assets are not subject to the NPV calculation and therefore, no rebates apply.

2.1.2.3 Process

Customers requiring a system expansion must submit detailed plans and specifications to the Engineering Department and or Operations/Utility Manager well in advance of the anticipated project start date. At a minimum, the plans must show property lines, building outlines, roadways, curbs, sidewalks, deep services, and preferred location(s) for transformation and/or service entrance. The specifications must indicate if servicing will be overhead or underground, the required voltage, estimated kW peak by year for 5 years, and desired in -service date.

Within 60 days of receipt of all relevant information, Tillsonburg Hydro will present the Customer with a written "Offer to Connect". This Offer to Connect will contain an estimated cost to connect the service, including all upstream costs necessary to expand the system to meet the Customers' load requirement. Depending on location and timing, Tillsonburg Hydro may choose to make an investment in the distribution system to enhance performance (such as oversized conductors, automated switches, etc). The incremental costs associated with the system enhancements will not be included in the estimated cost to connect the service. A tentative schedule for installation and energization will be provided, subject to receipt of deposit and completion of other deep

services. The projected rebate, if any, will be estimated by Tillsonburg Hydro and written in the Offer to Connect. The required deposit amount will be identified, and must be paid by certified cheque prior to ordering material.

Tillsonburg Hydro will provide one free estimate and Offer to Connect for any new project. If owners or contractors wish to explore alternative scenarios for servicing, Tillsonburg Hydro can provide additional estimates on a time and material cost recovery basis.

2.1.2.4 Deposits

Tillsonburg Hydro requires a security deposit equal to the total estimated cost of providing service to the Customer. The estimated cost will be calculated at Tillsonburg Hydro discretion by using unit pricing (such as a charge per lot for residential subdivisions) or a detailed design / estimate. The estimated rebate will be calculated using the total estimated cost of providing service, and a load projection determined by Tillsonburg Hydro in accordance with Appendix B of the Distribution System Code.

2.1.2.5 Rebates

One year after the service has been energized Tillsonburg Hydro will review the actual cost to provide the service and the amount of actual load that was connected during the first 12 months. A revised load forecast will be created to reflect the amount of actual load connected and the present market conditions. Using the actual costs and revised forecast, the NPV calculation will determine the revised amount of the rebate. If there are no other financial constraints (i.e. account in good standing, etc) a cheque in the amount of the revised rebate will be issued to the Customer. During the next four years, and at 12 month intervals, the Customer may request Tillsonburg Hydro to review the NPV calculation if additional load has been added. An administrative fee will be charged to review the NPV calculation**.** No rebates will be issued for additional load added after five years from the day the system was energized. Interest will not be paid on any rebates.

2.1.2.6 Additional/Un-forecasted Load

Within the first five years, if new Customers not included in the original development plan to connect to the system expansion, the original Customer may be entitled to an additional rebate. New Customers connecting to the expanded facilities will be charged a proportional share of the original cost of the expanded facilities based on their load and location, and the original Customer will be entitled to a rebate. At 12 month intervals, the original Customer may request Tillsonburg Hydro to review the NPV calculation if additional Customers have been added. This review will be completed at the same time as the review based on the Customer's load and will be covered by the administrative fee to have the NPV calculation reviewed. No rebates will be issued for additional load added after five years from the day the system was energized.

2.1.2.7 Phased Developments

If a development will be constructed in phases over several years, the estimated cost of servicing the first phase may reflect costs associated with the installation of equipment to accommodate the future phases. At Tillsonburg Hydro discretion, these costs may be excluded from the cost of servicing the first phase and proportioned to the future phases as they develop. Customers must clearly identify the timing and scope of future phases with their original submittal. In the “Offer to Connect”, Tillsonburg Hydro will identify any costs associated with accommodating future phases

and specify if these costs are included in the servicing cost estimate, or if they are excluded but will be charged when the next phase proceeds.

2.1.2.8 Examples

The following examples will illustrate the above mentioned definitions and procedures.

i) Connection versus Expansion – Example #1

A new commercial plaza is to be built in an area where a three phase line is already in service along the street. The plaza requires an 800 A, 347/600 V three phase service, underground distribution with the transformer located at the side of the building. Tillsonburg Hydro prepares an Offer to Connect with a cost estimate for the three phase primary riser, underground primary cables, and a pad-mount transformer. These components are considered connection assets since they will provide service to the commercial plaza only. No rebates are applicable.

ii) Connection versus Expansion – Example #2

A new residential home is to be built on acreage outside the core area of the Town of Tillsonburg. The existing Tillsonburg Hydro distribution system stops 600m from the property line. The home requires a 200 A, 120/240 V single phase service, with overhead construction. The home will be built 200m back from the edge of the road. Tillsonburg Hydro prepares an Offer to Connect with a cost estimate for the following: 600m of single phase primary overhead distribution along the roadway, 200m of single phase primary overhead distribution on private property including a drop service (transformation and up to 30m of secondary at no charge). The 600m of distribution along the roadway are considered a system expansion since additional Customers could be added if more lots develop. The 200m of distribution on private property are considered connection assets since they provide service only to this specific Customer. The NPV calculation is completed for the 600m section only. If additional Customers make use of this section within the next five years, the NPV calculation will be reviewed (see next example).

(Note: Since the 200m section on private property exceeds the limit identified in Section 3.1, the Customer is required to build and maintain this section).

iii) Additional Customers – Example

Two years after the line extension in the previous example has been in service, a nearby landowner decides to develop a property. The point of connection is at the mid-point of the expansion which was paid for by the original Customer. Tillsonburg Hydro prepares an Offer to Connect for the new Customer which includes 25% of the actual cost to build the 600m extension (50% of the cost to build the shared portion of the line extension). After the new Customer has been connected, the original Customer pays the administrative fee to have the NPV calculation reviewed. With the additional load added and the money collected for the shared portion of the line extension, the NPV calculation reveals the original Customer is entitled to an additional rebate.

Phased Development – Example

A new subdivision is planned with approximately 500 residential lots, zoning for a school and a commercial plaza. The first phase will only be 100 residential lots, with 100 lots to be added each year until all 500 are serviced. The developer has indicated the commercial plaza will be built

within 2 years, and the school will be built in 4 years. Tillsonburg Hydro prepares an Offer to Connect for the first phase with an estimate based on 100 lots x the unit price per lot. The design also includes provision for three phase power for the future commercial plaza and school. The additional cost for installing additional cables and equipment to service the future three phase loads is then added to the total cost of the first phase. The developer pays the full amount of the deposit and the first phase is constructed.

One year after being energized, only 15 lots have been sold. Tillsonburg Hydro revises the load forecast to allow for 20 lots per year instead of 100 lots per year. The actual cost of servicing the first 100 lots is determined. The NPV calculation is completed using the actual cost and the revised load forecast. The developer receives a small rebate. During the next two years, the first phase has sold out and the developer initiates phase 2. At the developer's request and after payment of an administrative fee, the NPV calculation for phase 1 is reviewed to account for the actual load connected. The NPV calculation reveals the developer is entitled to another small rebate. A separate Offer to Connect is made for phase 2. The developer pays the required deposit for phase 2 and the process continues. In year 6, the commercial plaza is constructed adding a significant load to the system. Since the provision for this three phase load was installed and paid for with phase 1 more than five years previously, the NPV calculation for phase 1 will not be reviewed.

2.1.3 Connection Denial

Tillsonburg Hydro has the right to refuse to connect, or continue to connect, a Customer for any of the following reasons as specified in the Distribution System Code:

- Contravention of the laws of Canada or the Province of Ontario.
- Violation of conditions in Tillsonburg Hydro Distributor's Licence.
- Use of a distribution system line for a purpose that it does not serve and that Tillsonburg Hydro does not intend it to serve. (e.g., using a pole to mount a sign or as a support for a fence, etc.)
- Adverse effect on the reliability or safety of the distribution system.
- Imposition of an unsafe work situation beyond normal risks inherent in the operation of the distribution system.
- A material decrease in the efficiency of Tillsonburg Hydro distribution system.
- A materially adverse effect on the quality of distribution services received by an existing connection.
- Discriminatory access to distribution services.
- If the person or business requesting the connection, or an associated business owes Tillsonburg Hydro money for distribution services.
- If an electrical connection to the Tillsonburg Hydro distribution system does not meet Tillsonburg Hydro design requirements.
- Violation of any other conditions in this Conditions of Service document.

If Tillsonburg Hydro refuses to connect a building or facility that lies along one of its distribution lines, Tillsonburg Hydro will inform the person requesting the connection of the reasons for not connecting, and where Tillsonburg Hydro is able to provide a remedy, will make an Offer to Connect. If Tillsonburg Hydro is unable to provide a remedy to resolve the issue, it is the responsibility of the Customer to do so before a connection may be made.

2.1.4 Inspection before Connection

All Customers electrical installations shall be inspected and approved by the Electrical Safety Authority and must also meet Tillsonburg Hydro requirements. It is the responsibility of the Customer to contact the Electrical Safety Authority in this regard, and to pay all costs associated with such inspection and approval. Tillsonburg Hydro requires notification from the Electrical Safety Authority of this approval prior to the energization of a Customer's supply of electricity**.*** N.B. Services that have been disconnected for a period of six months or longer must also be re-inspected and approved by the Electrical Safety Authority prior to reconnection. The Customer is responsible for any reconnection fees.

In the event the Customer's existing service mast is damaged (for example, during a storm), the Customer is responsible for re-installing and re-anchoring the service mast and the installation must be re-inspected and approved by the Electrical Safety Authority before Tillsonburg Hydro can re-install the service conductors.

Temporary services, typically used for construction purposes, must be approved by the Electrical Safety Authority for a period of twelve months and must be re-inspected should the period of use exceed twelve months.

Tillsonburg Hydro reserves the right to inspect and witness the construction of any equipment or facilities that will be connected to the Tillsonburg Hydro distribution system. Tillsonburg Hydro will notify the Customer in advance if any witness testing or inspections will be required during construction.

All electrical equipment and materials used by the Customer will be subject to approval by Tillsonburg Hydro, the Electrical Safety Authority and the Canadian Standards Association (CSA) failing which, Tillsonburg Hydro reserves the right to withhold connection to the supply.

2.1.4.1 Overlap of Electrical Services

In certain situations where an existing service is being upgraded or relocated, Tillsonburg Hydro may allow two services to be energized for a period of up to 15 days to provide the owner with adequate time to transfer all internal circuits to the new system.

Prior to any overlap of services, the owner must obtain approval from Tillsonburg Hydro and they reserve the right to disconnect the non-permanent service should the 15 day overlap period be exceeded.

2.1.5 Relocation of Plant

Anyone other than a Road Authority requesting Tillsonburg Hydro to relocate its plant or equipment will be required to pay 100**%** of the costs incurred by Tillsonburg Hydro. The above

costs would include all engineering, labour, material, equipment, trucking, easements, applicable burdens, administrative costs, and taxes associated with the required plant modifications.

An exception to the 100% recovery of costs would occur in cases where Tillsonburg Hydro decided to modify or enhance its distribution system for its own purposes and did not replace or relocate the equipment in a "like for like" manner. Relocating plant "like for like" is defined as new plant built to the latest Tillsonburg Hydro standards that has the capacity to perform the same function as the plant that it replaces. In those cases, where the equipment is not relocated in a "like for like" manner, the differential in cost will be absorbed by Tillsonburg Hydro.

Anyone requesting the relocation of Tillsonburg Hydro plant or equipment must submit a written request to Tillsonburg Hydro in order to initiate the relocation process. Tillsonburg Hydro will provide a cost estimate and must receive either a certified cheque in advance or a Letter of Credit for the full amount of the estimate from a chartered bank, trust company or credit union prior to any work being done.

If the relocation is from public to private property or is within the requestor's private properties, then the requestor must supply Tillsonburg Hydro with equivalent property rights in the form of a new registered easement, tree cutting rights, etc. if applicable. This shall be done at the requestor's cost.

The requestor is responsible for plotting the new locations of all plant to be relocated as agreed to by Tillsonburg Hydro. The costs for any subsequent relocations required due to improper plotting will be at the expense of the person requesting the locate.

If a Customer installs a new driveway and Tillsonburg Hydro overhead structure does not have adequate clearance because of the location of the new driveway, Tillsonburg Hydro will raise or relocate its plant at no cost to the Customer. Where a Customer requires an aerial service to be relocated because of a proposed addition or swimming pool, Tillsonburg Hydro will normally relocate and attach the service to the most secure point along the distribution system where feasible. Normally an aerial service will be relocated to the property line between two neighbouring Customers to avoid further relocation.

Should a Customer require relocation of an underground service cable and/or a high voltage primary cable to clear a proposed addition or swimming pool, the Customer is required to provide a new trench between Tillsonburg Hydro distribution point and the point of connection at the Customer's meter stack. Tillsonburg Hydro must be consulted to determine the location of the distribution point. The Customer will be responsible for 100% of the costs incurred.

2.1.6 Easements and Access to Equipment

The Customer shall grant, at no cost to Tillsonburg Hydro, where requested, a registered easement to permit the installation and maintenance of service. The width and extent of this easement shall be determined by Tillsonburg Hydro. In the case of multi-dwelling units such as town homes or condominiums, a registered blanket easement on the entire property shall be provided to Tillsonburg Hydro by the Customer. The easement shall be granted prior to installation of the service.

To maintain the reliability, structural integrity and efficiency of the distribution system, Tillsonburg Hydro has the right to have supply facilities on private property registered against title to the property. Easements are required whenever Tillsonburg Hydro underground or overhead plant is

to be located on or above private property and crosses over to an adjacent property to service a Customer other than the owner of the original property. An easement may also be required if a property will be severed or if service locations require Tillsonburg Hydro to gain access from adjacent properties (e.g. mutual driveways, narrow side setbacks, land locked properties, etc.).

The Customer will prepare at their cost a reference plan and associated easement document(s) to the satisfaction of Tillsonburg Hydro solicitor prior to its registration and will register the easement plan and Transfer/Deed of easement. Details will be provided upon application for service.

Tillsonburg Hydro requires access to a Customer's premises at all reasonable times to read meters, or to inspect, repair, or remove meters, wires, cables, or equipment owned by Tillsonburg Hydro. Customers must also provide sufficient access and clearance to permit Tillsonburg Hydro to adequately service its equipment including pad-mounted transformers, switching units, vaults, meters, etc.

For pad-mounted equipment, each side of the concrete pad must have at least 1 metre of clearance except any side with an access door which must have 2.5 metres of clearance in front. A clear path must be available to provide access to the equipment. No landscaping, bushes, sheds, or equipment should encroach on this area. Concrete pads must remain at least 5 cm above the surrounding grade and the grade of the immediate area should be sloped in such a manner that water does not collect around the pad.

Tillsonburg Hydro is not responsible for any damage or removal of any Customer-owned landscaping or equipment within the access area or on the easement. Where Tillsonburg Hydro is required to perform surface restoration following any repairs or maintenance to a Customer's service, Tillsonburg Hydro will provide only soil, sod, gravel or asphalt repairs.

Where a Customer owns a private structure that impedes access to their own underground secondary service cable (e.g. a shed, deck, concrete pad, landscaping, etc.), they will be responsible for all costs to remove the obstruction or relocate the service cable in the event repairs need to be made. Tillsonburg Hydro reserves the right to leave the premises without power until a remedy has been agreed to.

Where a Customer's service entrance is located more than 100m from the right-of-way and the Customer has elected to transfer the ownership and future maintenance of the primary line to Tillsonburg Hydro, the Customer will be responsible for maintaining and clearing an all weather roadway for vehicle access along the length of line.

2.1.7 Contracts

Generators and Customers with Customer-owned substations will be required to sign a Connection Agreement prior to commencement of service. Tillsonburg Hydro may require, at its discretion, other Customers with unusual conditions to also sign a Connection Agreement. In addition to contracting for the conveyance of electricity and the use of Tillsonburg Hydro distribution system, Connection Agreements will typically define boundaries and responsibilities for the ownership, operation and maintenance of equipment at the Customer’s location.

In all cases, notwithstanding the absence of a formal contract, or Connection Agreement, the taking and using of electrical energy from Tillsonburg Hydro by any Person or Persons implies and constitutes the acceptance of the terms and conditions of all regulations and rates as established by Tillsonburg Hydro. Such acceptance and use of energy shall be deemed to be the acceptance

of a binding contract with Tillsonburg Hydro and the Person so accepting shall be liable for payment for all services and energy received and the contract shall be binding upon the Person's heirs, administrators, executors, successors or assigns.

2.1.7.1 Contract for New or Modified Service

Tillsonburg Hydro shall only connect a Building for a new or modified supply of electricity upon receipt of a completed and signed contract for service in a form acceptable to Tillsonburg Hydro. There will also be the requirement of payment to Tillsonburg Hydro of any applicable connection charge, and the inspection and approval by the Electrical Safety Authority of the electrical equipment for the new service.

2.1.7.2 Implied Contracts

In all cases, notwithstanding the absence of a written contract, Tillsonburg Hydro has an implied contract with any Customer that is connected to Tillsonburg Hydro's distribution system and receives distribution services from Tillsonburg Hydro. Any person or persons who consume electricity from Tillsonburg Hydro shall be liable for payment for such electricity. Any implied contract for the supply of electricity by Tillsonburg Hydro shall be binding upon the heirs, administrators, executors, successors or assignees of the Person or Persons who consumed electricity supplied by Tillsonburg Hydro.

2.1.8 Payment by Building Owner

The Building Owner is responsible for paying for the supply of electricity by Tillsonburg Hydro to the building except in the case of multi-tenant buildings with individual meters where the occupants have contracted for supply with Tillsonburg Hydro. In the case of multi-tenant buildings with bulk metering, the Building Owner must pay the total cost of the electrical account. The Building Owner may then apportion the bill among individual tenants according to their consumption as a percentage of the total consumption.

A Building Owner wishing to terminate the supply of electricity to their building must notify Tillsonburg Hydro in writing. Until Tillsonburg Hydro receives such written notice from the Owner, the Building Owner or the Occupant(s), as applicable, shall be responsible for paying for the supply of electricity to the building. Tillsonburg Hydro reserves the right to refuse to terminate the supply of electricity to a Building, Owner's building when there are occupant(s) in the building (e.g. during certain periods of the winter).

2.1.9 Customers with Dual Feeds

There are a number of different circumstances under which a Customer may require or request two sources of primary supply and/or two high voltage connections. Various situations are described below:

2.1.9.1 Customer Load Greater than 10 MW

The largest load that can be fed by a single primary supply at 16/27.6Y kV is 10 MW because of the limitations of the largest primary metering unit and current transformer used by Tillsonburg Hydro (200/100-5 A current rating).

If a Customer's load is predicted to exceed 10 MW then a second primary supply must be provided. The Customer will be permitted to totalize the load fed from the two supplies for peak demand metering purposes and will be responsible for paying the connection charges for both sources of supply as described in Section 3.

If a Customer required two primary connections because of load reasons, normal design practice would suggest that if possible, the two connections should also come from two separate sources of supply. This may not always be possible without a system expansion. If for security purposes, a Customer requires their two connections to be fed from separate sources of supply and if a system expansion is required to provide this, the Customer will be responsible for contributing to the cost of the expansion as outlined in Section 2.1.2.

2.1.9.2 Dual Feed due to Tillsonburg Hydro Loop-through Design

At times, the design of Tillsonburg Hydro distribution system will call for a loop-through design that results in a Customer having two high voltage connections.

In the case of a loop-through pad-mount transformer for example, if Tillsonburg Hydro has chosen to put the Customer's transformer on a loop to enable the circuit to continue to feed other Customers, the first Customer receives the benefit of two high voltage connections at no extra charge.

In a case where a Customer owns their own switchgear and substation, if Tillsonburg Hydro chooses to add another cell to the switchgear to permit the primary circuit to continue to feed other Customers, Tillsonburg Hydro will pay for the cost of the additional switchgear cell. Tillsonburg Hydro could also elect to provide a separate switching unit with a tap to the Customer's equipment to allow for the loop through design. The Customer would therefore benefit from having two high voltage connections at no extra cost.

In these situations, it will be solely at Tillsonburg Hydro judgement whether or not a loop-through circuit is required to allow the servicing of additional Customers.

2.1.9.3 Backup Supply and Standby Charges

For an amount of load less than their normal load requirement at that connection point, proof of procedures for load shedding will be required to ensure that automatic load transfers do not exceed the contracted amount.

If the Customer wishes to be able to transfer more than one megawatt (1MW) between its two high voltage connections, and is willing to first notify Tillsonburg Hydro of their desire and request permission to make the load transfer, and if Tillsonburg Hydro reserves the right to deny the transfer because of loading conditions at the time, then the Customer will not be required to pay the standby charge. However, the Customer must be prepared to accept that their request to transfer load can be denied by Tillsonburg Hydro at any time since there would be no special planning guidelines in place to ensure that spare capacity was available on the second source of supply.

Also see Section 2.3.4 for a further discussion of billing arrangements for Customers with more than one metered service connection. Customers who have two high voltage connections must also decide how much transfer capability they require internally between the two connections and whether or not they require a true second source of supply.

As discussed earlier, normal design practice would attempt to connect a Customer's two high voltage connections to two separate feeders if such feeders were available. However, there is no guarantee in the future that those two feeders will actually remain as separate feeders. As loads change and as work on Tillsonburg Hydro system progresses, switching of the system could result in both high voltage connections being actually fed from the same feeder. In some cases, a long term review of the distribution system in the area could result in such a situation becoming permanent. Therefore, if a Customer requires a true second source of supply, this must be identified during the planning stages, and arrangements must be made to ensure that the second high voltage connection will always be fed from a second source.

Tillsonburg Hydro also has restrictions on how much load can be automatically transferred between feeders. If a Customer has auto transfer capability within their premises, Tillsonburg Hydro will permit the Customer to transfer up to one megawatt (1MW) of load (at 27.6 kV) from one high voltage connection to the other at any time without charge.

If a Customer has a need to transfer more than one megawatt (1 MW) of load between its two high voltage connections, and needs to perform that transfer either automatically or manually without first obtaining permission from Tillsonburg Hydro, there will be a standby charge per kilowatt that will be charged every month for the amount of load the Customer wishes to be able to transfer. This standby charge recovers the cost to Tillsonburg Hydro of reserving that amount of system capacity on the second source of supply at all times.

2.1.10 Pole Attachments

Customers will not be permitted to make any attachments to Tillsonburg Hydro poles without written consent. Generally, consent will only be provided to the Town of Tillsonburg and Town of Tillsonburg licensed franchisees, such as Bell Canada, Rogers Cable, and others. Each pole attachment is subject to a yearly joint use charge and the use of Tillsonburg Hydro poles for Customer-owned service cables or equipment will only be permitted under special circumstances.

Unacceptable attachments include privately-owned electrical service equipment and lighting, private signs, banners and notices, and privately-owned brackets and planters. Any such attachments not approved by Tillsonburg Hydro will be removed at the owner's expense.

Notwithstanding this policy, Tillsonburg Hydro will cooperate with community groups to allow the use of Tillsonburg Hydro poles for certain community purposes. In all cases the design of the attachment must meet strict requirements to minimize wind loading and damage to the pole and all such installations must have full approval by the Town of Tillsonburg who control the use of the right-of-way. All costs and liability for the attachments are the responsibility of the community group.

2.2 Disconnection

Tillsonburg Hydro reserves the right to disconnect the supply of electrical energy for causes not limited to:

- Contravention of the laws of Canada or the Province of Ontario.
- Adverse effect on the reliability and safety of the distribution system.

- Imposition of an unsafe worker situation beyond normal risks inherent in the operation of the distribution system.
- A material decrease in the efficiency of the Distributor's distribution system.
- A materially adverse effect on the quality of distribution services received by an existing connection.
- Discriminatory access to distribution services.
- Inability of Tillsonburg Hydro to perform planned inspections and maintenance.
- Failure of the Customer to comply with a directive by Tillsonburg Hydro that makes for purposes meeting its licence obligations.
- Failure of the Customer to maintain Customer owned equipment that Tillsonburg Hydro believes poses a safety or system reliability risk.
- Overdue amounts payable to Tillsonburg Hydro for the distribution or retail of electricity.
- Electrical disturbance propagation caused by Customer equipment that is not corrected in a timely fashion.
- Any other conditions identified in this Conditions of Service document.

Tillsonburg Hydro may disconnect the supply of electricity to a Customer without notice in accordance with a court order, or for emergency, safety, or system reliability reasons. The remainder of this section describes in more detail various disconnection circumstances.

2.2.1 Collection of Arrears

Bills are sent to the Customer a minimum of 16 days prior to the due date. Immediately following the last date for net payment, steps shall be taken to collect the full amount of the bill. If the bill is still unpaid twenty one days after the last date for net payment, the service may be disconnected and not reconnected until satisfactory payment arrangements have been made, including an adequate charge for the cost of reconnecting.

No Customer shall be disconnected without first having been issued a final notice advising the Customer of the disconnection date. If a Customer does not pay the bill after the final notice has been issued and the disconnection date as indicated has passed, Tillsonburg Hydro may limit or cut off the supply of power.

All costs of collecting from the Customer may be collected including but not limited to interest and any legal costs, etc. Interest is charged to a Customer at a monthly rate of 1.5% compounded daily beginning the first day after a due date.

Such discontinuance of service does not relieve the Customer of the liability for arrears or minimum bills for the balance of the term of contract nor shall Tillsonburg Hydro be liable for any damage on the Customer's premises resulting from such discontinuance of service.

2.2.2 Disconnection On Order Of Inspection Department

The Electrical Safety Authority has the power under the Electricity Act, 1998 to order any utility to disconnect a service. The regulations pertaining to service discontinuance are contained in the Ontario Electrical Safety Code, 22nd Edition, 1998, Page 32, 2-018, Defects.

2.2.3 Disconnect and Reconnect Of Private Substations for Maintenance

2.2.3.1 Introduction

Customers normally perform substation maintenance annually on the transformers and switchgear contained within the confines of their private substation. When this occurs there are a number of procedures that should be followed before this maintenance can be completed.

2.2.3.2 Procedure

The steps to be followed by owners or electrical contractors are outlined below:

i) The owner or electrical contractor will contact a Tillsonburg Hydro representative at (519) 842-9200 ext. 2225 or 2227 to arrange a date and time for the disconnection and reconnection of the high voltage connections for the substation. Tillsonburg Hydro normally requires at least three (3) working days advanced notice to schedule the disconnection and reconnection of the substation.

ii) The owner or electrical contractor will supply Tillsonburg Hydro with a purchase order number and a billing address.

iii) It is the responsibility of the owner or electrical contractor to contact the Electrical Safety Authority and complete an "Application for Inspection".

It should be noted that Tillsonburg Hydro is unable to reconnect the supply power until connection authorization has been received from the Electrical Safety Authority. In order to improve the inspection efficiency, the Electrical Safety Authority has an "advanced connection authorization" program available to qualified contractors. In this case the contractor shall provide the Electrical Safety Authority with at least two working days advanced notification of scheduled work. Provided that a permit has been issued for the work, the Inspection department will issue an advanced connection authorization to Tillsonburg Hydro. The Inspection Department will perform the actual inspection following reconnection of the substation.

iv) All substation disconnections and reconnections for maintenance are performed under a time and material basis. If the work is carried out during normal working hours (07:30 to 16:00) Monday to Friday except holidays, regular time will apply, any hours worked outside normal working hours will be billed at premium time.

The Electrical Safety Authority establishes the fee schedule for Electrical Inspections. Note that this fee schedule is revised annually.

v) If the electrical contractor does not require Tillsonburg Hydro to disconnect the high voltage connections but only requires the T1-L switch for isolation, the contractor may open this switch provided that they use approved safety procedures and contact Tillsonburg Hydro at

842-9200 ext. 2227 before operating the switch. The operation of the switch by the electrical contractor is permissible because the switch is normally part of the private substation.

vi) In the event that Tillsonburg Hydro is unable to perform scheduled work due to inclement weather, distribution system emergencies or similar, Tillsonburg Hydro foreperson or authorized person will contact the owner or electrical contractor to reschedule the work.

If a maintenance job is scheduled to be completed during premium time and the owner or electrical contractor cancels the job within 2 hours of the start time, two hours at the applicable premium rate will be billed to the job.

2.2.4 Disconnection & Reconnection of Residential Meters and Service Cables

Cut and reconnect

Subject to annual review

See Appendix "A"

2.2.5 Electrical Disturbances

Customers must ensure that their equipment does not cause any disturbances such as harmonics and spikes that may interfere with the operation of adjacent Customer equipment. Examples of equipment, which may cause disturbances, include large motors, welders and variable speed drives.

If an undesirable system disturbance is being caused by the Customer's equipment, the Customer will be required to cease operation of the equipment until satisfactory remedial action has been taken. If the Customer does not take such action within a reasonable time, then Tillsonburg Hydro may disconnect the supply of power to the Customer.

When the supply of power is disconnected because of electrical disturbances, inspection is required before reconnection. It shall be the responsibility of the Customer requiring the reconnection to arrange for the inspection and the payment of fees.

Tillsonburg Hydro also reserves the right and has an obligation to disconnect a Customer's private line or equipment if it has caused or is likely to cause because of its condition, a disturbance or outage on Tillsonburg Hydro system. It is the Customer's responsibility to maintain their privately owned equipment to industry accepted standards to ensure that outages affecting other Tillsonburg Hydro Customers do not occur due to lack of maintenance.

2.2.6 Energy Diversion

If Tillsonburg Hydro should find that energy diversion, fraud or abuse is taking place at a Customer's location, Tillsonburg Hydro may disconnect the supply of power to the Customer.

Tillsonburg Hydro takes action to mitigate unauthorized energy use upon identification of possible unauthorized energy use. Tillsonburg Hydro may notify, Measurement Canada, Electrical Safety Authority, police officials, retailers that service customers affected by the unauthorized energy use or other entities.

When the supply of power is disconnected because of energy diversion, fraud or abuse, inspection is required before reconnection. It shall be the responsibility of the Customer requiring the reconnection to arrange for the inspection and the payment of fees.

2.2.7 Hazardous Conditions

If Tillsonburg Hydro should discover hazardous wiring or conditions that would put the life or safety of the general public or Tillsonburg Hydro employees in jeopardy, the Customer will be notified of the condition and will be required to remedy the hazard. If the Customer does not take such action within a reasonable time, then Tillsonburg Hydro may disconnect the supply of power to the Customer.

When the supply of power is disconnected because of an electrical hazard, inspection is required before reconnection. It shall be the responsibility of the Customer requiring the reconnection to arrange for the inspection and the payment of fees.

2.2.8 Reconnection after Six Months

Where a service has been disconnected by Tillsonburg Hydro for non-payment of rates or due to a change of occupancy of the premises, for a period of six months or longer, Rule 2-012 of the Ontario Electrical Safety Code requires a re-inspection by the Electrical Safety Authority. It shall be the responsibility of the party requiring the reconnection to arrange for the inspection and the payment of fees.

2.2.9 Disconnection of Overlapped Services

Tillsonburg Hydro reserves the right to disconnect a service in situations where 2 services have been permitted to be overlapped should the overlap period exceed 15 days. (See Section 2.1.4.1).

2.2.10 Demolition Requirements

Anyone requesting a building demolition must first obtain a Town of Tillsonburg Demolition Permit Application. The Town of Tillsonburg will request Tillsonburg Hydro to confirm the disconnection and removal of all hydro services and equipment. To avoid delays, the Applicant must provide the following information to Tillsonburg Customer Service Centre Office at (519-842-9200) correct demolition address, all Tillsonburg Hydro accounts and meter numbers associated with the property, the Customer's name and phone number, and the list of equipment to be removed.

2.2.11 House Moving

If the loaded height of a house or building that is going to be moved is over 4.42 metres (14.5 feet), application must be made to Tillsonburg Hydro before the building can be moved on Town of Tillsonburg streets.

The mover is required to complete an application at the Town of Tillsonburg Customer Service Centre: 10 Lisgar Ave, Tillsonburg Ontario N4G 5A5 and provide this application to Tillsonburg Hydro. Following an on-site visit to view the building and the proposed route of the move, the Hydro Department will provide the mover with an estimated cost based on the loaded height of the building, the distance and the route that will be taken. The mover must guarantee the height of the building at the time of making the deposit.

Tillsonburg Hydro will disconnect or raise overhead wires during the move and the mover will be required to pay the actual costs incurred.

2.3 Conveyance of Electricity

2.3.1 Limitations on the Guaranty of Supply

Tillsonburg Hydro will endeavour to use reasonable diligence in providing a regular and uninterrupted supply but does not guarantee a constant supply or the maintenance of unvaried frequency or voltage and will not be liable in damages to the Customer by reason of any failure in respect thereof.

Customers requiring a higher degree of security than that of normal supply are responsible to provide their own back-up or standby facilities. Customers may require special protective equipment at their premises to minimize the effect of momentary power interruptions or voltage sags.

Tillsonburg Hydro will endeavour to maintain voltage variation limits under normal operating conditions at the Customers' delivery points as specified by the latest edition of the Canadian Standards Association, CAN3-C235-87 (or latest edition).

Customers requiring a three-phase supply should install protective apparatus to avoid damage to their equipment, which may be caused by the interruption of one phase, or non-simultaneous switching of phases of the power supply by Tillsonburg Hydro.

Although it is Tillsonburg Hydro policy to minimize inconvenience to Customers, it is necessary to occasionally interrupt a Customer's supply to maintain or improve Tillsonburg Hydro system or to provide new or upgraded services to other Customers.

When practical, Tillsonburg Hydro will endeavour to notify Customers prior to interrupting the supply of power to any individual service. However, if an unsafe or hazardous condition is found to exist or if the use of electricity by a Customer’s apparatus, appliances or other equipment is found to be unsafe or damaging to Tillsonburg Hydro or the public, or if service must be disconnected to assist in the safe or efficient restoration of power, or maintenance of Tillsonburg Hydro system, or in response to a shortage in supply, service may be disconnected without notice.

Tillsonburg Hydro shall have access rights to a property in accordance with Section 40 of the Electricity Act, 1998 and any successor Acts thereto.

2.3.2 Power Quality

This section should outline the guidelines and policies to which the distributor will endeavour to adhere to in conveying electricity supply, such as service voltage guidelines and outage notification processes. This section should also indicate the process the distributor uses for handling voltage disturbances and power quality testing and remedial action.

In response to a Customer power quality concern, where the utilization of electric power affects the performance of electrical equipment, an investigative analysis will be performed to identify the underlying cause. Depending on the circumstances, this may include review of relevant power interruption data, trend analysis, and/or use of diagnostic measurement tools.

Upon determination of the cause resulting in power quality concern, where it is deemed a system delivery issue and where industry standards are not met, Tillsonburg Hydro Inc. will recommend

and/or take appropriate mitigation measures. Tillsonburg Hydro Inc. will endeavour to control harmonics generated by its own system where these are found to be detrimental to the Customers. If Tillsonburg Hydro Inc. is unable to correct the problem due to the impact on other Customers, then it is not obligated to make the corrections. Appropriate industry standards (such as IEC or IEEE standards) will be used as a guideline. If the problem lies on the Customer side of the system, Tillsonburg Hydro Inc. may seek reimbursement from the Customer for the costs incurred in its investigation.

If an undesirable system disturbance is being caused by the Customers equipment, the Customer will be required to cease operation of the equipment until satisfactory remedial action has been taken. If the Customer does not take such action within reasonable time, the Customer's supply of power may be disconnected.

If Tillsonburg Hydro Inc. determines that Consumer's equipment may be the source causing unacceptable harmonics, voltage flicker or voltage level on Tillsonburg Hydro Inc.'s distribution system; the Consumer shall assist Tillsonburg Hydro Inc. in its investigation by providing required equipment information, relevant data and necessary access for monitoring the equipment.

All electrical and mechanical equipment used by the Customer shall be subject to the reasonable approval of Tillsonburg Hydro Inc. When Customers plan to install large motors over 500hp, they must contact the Tillsonburg Hydro Inc. to ensure the existing or new services are sized correctly and that the distribution system can supply the required starting current. If customers have equipment or install equipment that results in poor power factor (less than 90%), a power factor penalty will be applied and it is the Customer's responsibility to install equipment to correct or improve power factor.

……..

2.3.3 Electrical Disturbances

Tillsonburg Hydro shall not be held liable for the failure to maintain supply voltages within standard levels due to Force Majeure as defined in Section 2.3.5 of these Conditions of Service.

Voltage fluctuations and other disturbances can cause flickering lights and other serious difficulties for Customers connected to Tillsonburg Hydro distribution system. Customers must ensure that their equipment does not cause disturbances such as harmonics or spikes that might interfere with the operation of adjacent Customer equipment. Equipment that may cause disturbances includes large motors, welders, variable speed drives, etc. In planning the installation of such equipment, the Customer must consult with Tillsonburg Hydro.

In general, larger motors will require reduced voltage starting equipment to prevent electrical disturbances. The largest motors permitted to be started across the line are as follows:

120/240 volts - 3 H.P.

120/208Y volts - 5 H.P.

347/600Y volts - 25 H.P.

Under certain conditions where the service entrance equipment rating is low in comparison to the motor starting inrush current, if lamp flicker becomes objectionable at an adjacent Customer's premises, reduced voltage starting equipment will be required on motors smaller than those specified above.

Customers having non-linear load shall not be connected to Tillsonburg Hydro distribution system unless power quality is maintained by implementing proper corrective measures such as installing filters, and/or grounding. Further, to ensure the distribution system is not adversely affected, installed power electronics equipment must comply with IEEE Standard 519-1992. The limit on individual harmonic distortion is 3%, while the limit on total harmonic distortion is 5%.

Customers, who may require an uninterrupted source of power supply or a supply completely free from fluctuation and disturbance, must provide their own power conditioning equipment for these purposes.

Where more than one metered service connection is provided to a single land parcel in order to provide different supply requirements to separate buildings, and there is not electrical tie between the service connections, each connection will be treated as a separate Customer for billing purposes. Where multiple feeds have been provided to a single land parcel because of limitations in Tillsonburg Hydro supply capacity, or where multiple feeds have been provided for security purposes and there is an electrical connection between the feeds, all of the metered connections will be aggregated together and treated as one Customer for billing purposes. Existing Customers who have different supply or billing arrangements will be permitted to maintain their existing arrangement until a material change is required in one or more of the service connections.

2.3.4 Standard Voltage Offerings

Tillsonburg Hydro distributes electrical power through 27.6 kV and 4.16 kV primary distribution systems. All supply feeders are arranged to run radial with open points between interconnections where practical. These feeders supply distribution transformers either directly or through 4.16 kV step-down sub-distribution systems.

The supply of electricity at primary voltage levels will primarily be at 27.6 kV depending on the proximity of the Customer's premises to the nearest distribution facility. For connection of a Customer at 4.16 kV, Tillsonburg Hydro will carry out a special study to justify the investment as in many areas the 4.16 kV distribution facilities are being phased out. The cost of this study may be charged to the Customer.

Tillsonburg Hydro standard secondary supply voltages are as follows:

- 120/240 volt, single phase, 3 wire

- 120/208Y volt, three phase, 4 wire

- 347/600Y volt, three phase, 4 wire

Not all secondary voltages are available at all locations. For example, some areas only have single phase power available and other areas such as industrial subdivisions may have a standardized 347/600Y volt secondary bus. In all cases Customers are required to consult with Tillsonburg Hydro to determine what secondary voltages are available.

Tillsonburg Hydro also has the following primary voltages in some but not all parts of its service territory:

- 2.4/4.16Y kV, three phase, 4 wire

- 16.0/27.6Y kV, three phase, 4 wire

As stated above, not all of these voltages are available in all areas of Tillsonburg Hydro service territory. Customers are required to consult with Tillsonburg Hydro to determine what voltages are available and to discuss their service requirements.

Customers requiring different voltages than those available in their area will be required to provide their own step down or step up transformation equipment.

In general, only one service will be permitted per Customer at one voltage, i.e., the Customer must supply their own transformation if other voltages higher or lower than the service voltage are required for any portion of their operation. Under normal circumstances, only a single service through a single point of entry will be provided for each land parcel. If a Customer has more than one building on a single land parcel, it will be the Customer's responsibility to sub-feed the additional building(s) from the single point of supply. Exceptions may be made for commercial and industrial properties with multiple, separate buildings with different supply requirements. **N.B.** Customers must make application to Tillsonburg Hydro to determine if more than one service to a property will be permitted.

Where more than one metered service connection is provided to a single land parcel in order to provide different supply requirements to separate buildings, and there is no electrical tie between the service connections, each connection will be treated as a separate Customer for billing purposes. Where multiple feeds have been provided to a single land parcel because of limitations in Tillsonburg Hydro supply capacity, or where multiple feeds have been provided for security purposes and there is an electrical connection between the feeds, all of the metered connections will be aggregated together and treated as one Customer for billing purposes. Existing Customers who have different supply or billing arrangements will be permitted to maintain their existing arrangement until a material change is required in one or more of the service connections.

2.3.5 Voltage Guidelines

Tillsonburg Hydro maintains service voltage at the Customer's service entrance within the guidelines of C.S.A. Standard CAN3-C235-87 (or latest edition) which allows variations from nominal voltage of:

5% for Normal Operating Conditions

8% for Extreme Operating Conditions

Where voltages lie outside the indicated limits for Normal Operating Conditions but within the indicated limits for Extreme Operating Conditions, improvement or corrective action should be taken on a planned and programmed basis. Where voltages lie outside indicated limits for Extreme Operating Conditions, improvements or corrective action should be taken on an emergency basis. The urgency of such actions will depend on many factors such as the location and nature of load or circuit involved the extent to which limits are exceeded with respect to voltage levels, the expected duration of the emergency, etc.

Tillsonburg Hydro will practice reasonable diligence in maintaining voltage levels, but is not responsible for variations in voltage from external forces such as operating contingencies, exceptionally high loads or low voltage supply from Tillsonburg Hydro Transmitter or Host Distributor. Tillsonburg Hydro shall not be liable for any delay or failure in the performance of any of its obligations under this Conditions of Service due to any events or causes beyond the reasonable control of Tillsonburg Hydro, including without limitation, severe weather, flood, fire, lightning, other forces of nature, acts of animals, epidemic, quarantine restriction, war, sabotage, terrorist activity, act of a public enemy, earthquake, insurrection, riot, civil disturbance, strike, restraint by court order or public authority, or action or non-action by or inability to obtain authorization or approval from any governmental authority or any combination of these causes. (”Force Majeure")

2.3.6 Backup Generators

Customers with portable or permanently connected generation capability used for emergency back-up shall comply with all applicable criteria of the Ontario Electrical Safety Code. In particular, the Customer shall ensure that their emergency generation does not operate in parallel with Tillsonburg Hydro system without a proper interface protection and does not adversely affect Tillsonburg Hydro distribution system.

Customers with permanently connected emergency generation equipment shall notify Tillsonburg Hydro regarding the presence of such equipment.

2.3.7 Electric Metering Details & Requirements

2.4 Tariffs and Charges

2.4.1 Service Connections and Miscellaneous Charges

Tillsonburg Hydro policy is to develop and set average Customer charges at a level to permit full recovery of the allowable connection charges described in the “ OEB Distribution System Code “.

Where fixed rate average connection charges do not apply, Customers will be charged on a time and material basis to fully recover the allowable cost.

2.4.1.1 Customers Switching to a Retailer

There are no physical service connection differences between Standard Service Supply (SSS) Customers and third party retailers' Customers. Both Customer energy supplies are delivered through the local Distributor with the same distribution requirements. Therefore all service connection requirements applicable to the SSS Customers are applicable to third party retailers' Customers.

2.4.1.2 Payment of Connection Charges and Supply Deposits

Where connection charges or deposits apply, an irrevocable (standby) Letter of Credit or Letter of Guarantee from a chartered bank, trust company or credit union is acceptable in lieu of a cash deposit. Purchase orders in lieu of a cash payment will be accepted from the Town of Tillsonburg only.

2.4.2 Energy Supply

2.4.2.1 Standard Service Supply (SSS)

All existing Tillsonburg Hydro Customers are Standard Service Supply (SSS) Customers until Tillsonburg Hydro is informed of their switch to a Retail Electricity Supplier. The Service Transfer Request (STR) must be made by the Customer or the Customer's authorized retailer.

2.4.2.2 Retailer Supply

Customers transferring from Standard Service Supply (SSS) to a retailer must comply with the Service Transfer Request (STR) requirements outlined in Sections 10.5 through 10.5.6 of the Retail Settlement Code.

All requests shall be submitted as Electronic files and transmitted through Tillsonburg Hydro EBT system. Service Transfer Requests (STR) must contain information as set out in Section 10.3 of the Retail Settlement Code.

If the information is incomplete, Tillsonburg Hydro will notify the retailer or Customer about the specific deficiencies and await a reply before proceeding to process the transfer.

2.4.2.3 Wheeling of Energy

All Customers considering delivery of electricity through Tillsonburg Hydro distribution system are required to contact Tillsonburg Hydro for technical requirements and applicable tariffs.

2.4.3 Deposits

This section should outline any deposit and prudential requirements the distributor has established for providing a Customer with distribution services, supply through standard service supply or through a retailer per the rules and regulations laid out in the Retail Settlement Code.

Definitions:

- "**Good payment history**" means a customer is deemed to have a good payment history unless, the customer has received more than one disconnection notice from Tillsonburg Hydro Inc., more than one cheque given to Tillsonburg Hydro Inc. by the customer has been returned for insufficient funds, more than one pre-authorized payment to Tillsonburg Hydro Inc. has been returned for insufficient funds or a disconnect/collect trip has occurred in one year in the case of a residential customer, in the previous 5 years in the case of a non-residential customer in a <50 kW demand rate class or in the previous 7 years in the case of a non-residential customer in any other rate class. The time period that makes up the good payment history must be the

most recent period of time and some of the time period must have occurred in the previous 24 months.

- "**Standard Supply Service**" means customers have not chosen to sign a contract with a licensed retailer and Tillsonburg Hydro, as required by the OEB, will provide the commodity (electricity) at wholesale market prices.

Tillsonburg Hydro Inc. may require a security deposit for service based on each meter connection connected to Tillsonburg Hydro Inc.'s distribution system unless the customer has a 'Good payment history'.

Any one of the following forms of payment of a security deposit will be accepted by Tillsonburg Hydro Inc.:

1. Cash, cheque or debit, which may be paid in equal instalments, over at least four months or a shorter time period should the customer so choose.

2. An automatically renewing, irrevocable letter of credit, in a form satisfactory to Tillsonburg Hydro Inc. from a Bank for a non-residential customer.

The maximum amount of a security deposit that Tillsonburg Hydro Inc. may require a customer to pay is calculated as 2.5 times the estimated bill based on the customer's estimate or average monthly load with Tillsonburg Hydro Inc. for the most recent 12 consecutive months within the past two years. Where the average monthly load for the Customer is not available, Tillsonburg Hydro will calculate the consumption based upon its best estimate.

Where a non-residential customer in any rate class other than a <50 kW demand rate class has a credit rating from a recognized credit rating agency, the maximum amount of a security deposit which Tillsonburg Hydro Inc. may require the non-residential customer to pay shall be reduced in accordance with by the following:

Credit Rating	**Allowable Reduction in Security**
AAA – and above or equivalents	100%
AA-,AA,AA+ or equivalent	95%
A-, From A, A+ to below A or equivalent	85%
BBB-, From BBB, BBB+ to below A or equivalent	75%
Below BBB- or equivalent	0%

Tillsonburg Hydro Inc. shall not require a security deposit where a customer provides a letter from another hydro or gas distributor in Canada confirming a good payment history with that distributor for the most recent relevant time period where some of the time period which makes up the good payment history has occurred in the previous 24 months; or a customer, other than a customer in a > 5000 kW demand rate class, provides a satisfactory credit check made at the customer's expense.

Tillsonburg Hydro inc. shall not require a security deposit if the Customer is qualified as an eligible low-income customer and requests a waiver under section 2.4.11.1 of the Distribution System Code.

Tillsonburg Hydro Inc. may in its discretion reduce the amount of a security deposit that it requires a customer to pay for any reason including where the customer pays under an interim payment arrangement and where the customer makes pre-authorized payments.

Tillsonburg Hydro Inc. will review every customer's security deposit at least once in a calendar year to determine whether the entire amount of the security deposit is to be returned to the customer as the customer is now in a position that it would be exempt from paying a security deposit because of "Good payment history" or whether the amount of security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit.

A customer may, no earlier than 12 months after the payment of a security deposit or the making of a prior demand of a review, beginning on February 1, 2005, demand in writing that Tillsonburg Hydro Inc. undertake a review to determine whether the entire amount of the security deposit is to be returned to the customer as the customer is now in a position that would be exempt from paying a security deposit or whether the amount of the security deposit is to be adjusted based on a re-calculation of the maximum amount of the security deposit.

Where Tillsonburg Hydro Inc. determines in conducting a review that some or all of the security deposit is to be returned to the customer, it shall promptly return this amount to the customer by crediting the customer's account. Where the maximum amount of the security deposit is to be adjusted upward, the distributor may require the customer to pay this additional amount at the same time as that customer's next regular bill comes due.

For customers in a >5000 kW demand rate class where the customer is now in a position that would exempt it from paying a security deposit, Tillsonburg Hydro Inc. is only required to return 50% of their security deposit credited to their account.

Tillsonburg Hydro Inc. shall promptly return any security deposit received from the customer upon closure of the customer's account, subject to the right to use the security deposit to set off another amounts owing by the customer. The security deposit shall be returned within six weeks of closure of an account.

Services that require a deposit will not be connected unless the deposit has been received and/ or Tillsonburg Hydro Inc. has agreed to acceptable arrangements for payment of such a deposit.

It is the Customer's responsibilities to notify Tillsonburg Hydro Inc. when they assume responsibility for utility services and provide the deposit if applicable. Tillsonburg Hydro Inc. will initiate the necessary action to collect the deposit if the customer does not comply.

If a service has been disconnected for non-payment of account and the customer has a deposit with Tillsonburg Hydro Inc., upon request of a reconnection, the amount of the security deposit will be reviewed and increased if necessary. The customer must pay this additional deposit before the service will be reconnected.

If a service has been disconnected for non-payment of account and a deposit with Tillsonburg Hydro Inc. does not exist, a deposit will be required prior to reconnection.

Tillsonburg Hydro Inc. may establish additional deposit requirements where a diversion of power by a particular customer or at a specific location, has been confirmed.

Interest shall accrue monthly on security deposits made by way of cash, cheque or debit commencing on receipt of the total required deposit. The interest rate shall be at the Prime Business Rate as published on the Bank of Canada website less 2 percent, updated quarterly. The interest accrued shall be paid out at least every 12 months or on return or application of the security deposit or closure of the account, whichever comes first, and may be paid by crediting the customer's account.

Tillsonburg Hydro Inc. will apply a security deposit to the final bill prior to the change in service where a customer changes from Standard Supply Service to a competitive retailer that uses retailer-consolidate billing or a customer changes billing options from distributor-consolidating billing to split billing or retailer-consolidating billing. Any remaining amount will be promptly returned to the customer. Tillsonburg Hydro Inc. will not pay any portion of a customer's security deposit to a competitive retailer. Tillsonburg Hydro Inc. may retain a portion of the security deposit amount where a change is made from distributor-consolidated billing to split billing and which reflects the non-payment risk associated with the new billing option.

2.4.4 Billing

This section should outline the billing methods and billing cycles the distributor has established to provide a Customer with distribution services, supply through standard service supply or through a retailer as per the rules and regulations laid out in the Retail Settlement Code.

Tillsonburg Hydro Inc. renders bills to its Customers on a monthly basis. Bills for the use of electrical energy may be based on either a metered rate or flat rate, as determined by Tillsonburg Hydro Inc.

The Customer may dispute charges shown on the Customer's bill or other matters by contacting and advising Tillsonburg Hydro Inc. of the reasons for the dispute. Tillsonburg Hydro Inc. will promptly investigate all disputes and advise the Customer of the results.

2.4.4.1 Billing Errors

a) As per the Retail Settlement Code, where billing errors have resulted in over-billing and Measurement Canada has not become involved in the dispute, the maximum period of over-billing for which the customer or retailer is entitled to be repaid is 2 years. If the amount is equal to or exceeds the customer's or retailer's average monthly billing

amount, the customer or retailer will be notified within 10 days of determination of the error and be advised that they may elect to have the full amount credited to their account or repaid in full by cheque, within 11 days of requesting payment by cheque. Where the customer or retailer has not requested payment by cheque within 10 days of notification, Tillsonburg Hydro will credit the full amount to the account. If there are outstanding arrears on the account, Tillsonburg Hydro will apply the over-billed amount to the
arrears and credit or repay to the customer or retailer the remaining balance. If the amount over-billed is less than the customer's or retailer's average monthly billing amount, Tillsonburg Hydro will credit the account in the next regularly scheduled bill. Interest
will be paid at a rate equal to the prime rate charged by the Company's bank.

b) Where billing errors have resulted in under-billing and Measurement Canada has not become involved in the dispute, and all relevant data is available, the customer or retailer will be charged for a period not exceeding 2 years. Tillsonburg Hydro will allow the customer to pay the under-billed amount in equal installments over a period at least equal to the duration of the billing error, up to a maximum of 2 years. For instances where the customer or retailer was responsible for the error, whether by willful damage or unauthorized energy use, Tillsonburg Hydro will require full payment of the under-billed amount on the next regularly scheduled bill.

c) Where billing errors have resulted in an under-payment for an eligible low-income customer, the Customer will be charged the amount not billed in accordance with b) and c) above, or, alternatively, may be granted extended payment options as per Section 7.7.4.1 of the Retail Settlement Code.

2.4.5 Payments and Late Payment Interest Charges

This section should outline payment methods that the distributor has established to provide the Customer with distribution services, supply through standard service supply or through a retailer as per the rules and regulations laid out in the Retail Settlement Code.

Bills are rendered for distribution services and electrical energy used by the Customer. Bills are payable in full by the due date. An interest charge will apply on the outstanding balance of each account at a rate approved by the Regulator (OEB). It will be assessed at the time each bill is issued. For current amounts (due by the most recent due date) a charge will apply from the due date to the billing date or the payment date whichever is earlier. If there are arrears prior to the current bill, a charge will apply from the last billing date to the current billing date or payment date whichever is earlier. Partial payments will apply to the oldest arrears first.

Outstanding bills are subject to the collection process and may ultimately lead to the service being disconnected. Service will be restored once satisfactory payment has been made. Disconnection of service does not relieve the Customer of the liability for arrears.

Tillsonburg Hydro Inc. shall not be liable for any damage on the Customer's premises resulting from such disconnection of services. A reconnection charge will apply where the service has been disconnected due to non-payment.

The customer will be required to pay additional charges for the processing of non-sufficient fund (N.S.F.) cheques.

Customers will pay special charges and deposits, on request, which may arise from a variety of conditions such as:

- Deposit, as a guarantee of payment of bills, Customers may be required to pay a deposit to Tillsonburg Hydro Inc.

- Transfer charge. A change of occupancy charge will apply to all accounts taken over by a new customer.

- Collection Charge. It is sometimes necessary, for the customer's convenience, for Tillsonburg Hydro Inc. employee or agent to visit a Customer's premises to collect payment for an account. There will be a charge for this service.

- Reconnection Charge. A consumer disconnected for non-payment shall be required to pay a reconnection charge.

2.5 Customer Information

The Conditions of Service shall describe the prevision of information with respect to chapter 11 of the Retail Settlement Code. This specifies the rights of consumers and retailers to access current and historical usage information and related data and the obligations of distributors in providing access to such information. The Condition of Service should include reference to include information subject to privacy regulations and load profile information.

Any processes for handling requests for information outside of the requirements of the Retail Settlement Code should be described in this section.

The rights of consumers and retailers to access current and historical usage information and related data and the obligations of Tillsonburg Hydro Inc. in providing access to such information is outlined in the Retail Settlement Code.

A third party who is not a Retailer may request historical usage information with the written authorization of the Customer to provide their historical usage information.

Tillsonburg Hydro Inc. will provide information appropriate for operational purposes that has been aggregated sufficiently, such that an individual's Customer information cannot reasonably be identified, at no charge to another distributor, a transmitter, the IMO or the OEB. Tillsonburg Hydro Inc. may charge a fee that has been approved by the OEB for all other request for aggregated information.

At the request of a Customer, Tillsonburg Hydro Inc. will provide a list of retailers who have Service Agreements in effect within its distribution service area. The list will inform the Customer that an alternative retailer does not have to be chosen in order to ensure that the Customer receives electricity and the terms of service that are available under Standard Supply Service.

Upon receiving an inquiry from a Customer connected to its distribution system. Tillsonburg Hydro Inc. will either respond to the inquiry if it deals with its own distribution services of provide the Customer with contact information for the entity responsible for the item of inquiry, in accordance the Retail Settlement Code.

An embedded distributor that receives electricity from Tillsonburg Hydro Inc. shall provide load forecasts or any other information related to the embedded distributor's system load to Tillsonburg Hydro Inc. as determined and required by Tillsonburg Hydro Inc. A distributor shall not require any information from another Distributor unless it is required for the safe and reliable operation or either Distributor's distribution system or to meet a Distributor's license obligations.

2.5.1 Customer Class Definition and Application of Rates

All Customers are to be classified according to the policies and guidelines of the Ontario Energy Board Electricity Distribution Handbook. The specific application of these policies and guidelines within the Tillsonburg Hydro service territory are outlined in this section.

The Ontario Energy Board approves all retail distribution and retail transmission rates for each retail Customer class. Refer to Section 2.4.7 for reference to the current approved rates.

2.5.2 Annual Rate Class Review

To ensure fairness and uniform application of rates, it is necessary to confirm that all Customers continue to be properly classified. To ensure that, Tillsonburg Hydro will conduct a periodic review of its Customer base to determine changes to customer specific rate classifications. Tillsonburg Hydro will conduct a review for all customers based on the Customer's consumption during a predefined annual 12-month consumption period. The annual 12-month consumption period will normally be deemed to be between the Customer's first meter reading date occurring in October of each year through to the end meter reading date in October of the next year, unless otherwise specified. Normally, a Customer rate reclassification review will occur in November of each year with the first change being made after January 1st of the new billing year.

Interim reviews of a Customer's rate classification can be made at any time at either Tillsonburg Hydro discretion or upon request by the customer. An interim review would be based on the immediately preceding months, up to but no greater than a 12-month period. If an annual or interim review requires a Customer to be moved into a different rate class, Tillsonburg Hydro will notify the Customer of the rate reclassification a minimum of one bill period before the reclassification is being made. Rate reclassifications apply only to future charges; neither Tillsonburg Hydro nor the Customer can charge or recover monies for payments made during the 12-month period preceding a review and rate reclassification.

2.5.2.1 Temporary Services

Customers will be classified into the temporary service classification whenever their billing period will be less than 12 months of consecutive service. The consecutive service period is defined as the time between when the electric service becomes activated by a Customer for billing to the time the service becomes deactivated and the billing to the Customer ceases. Initial Customer rate classification will be determined by using the best available criteria from use of either forecasted consumption data, historical consumption data derived from typical/similar Customer use when available or through the use of the Application of Rates and Charges, outlined in Chapter 9 of the OEB Rate handbook. For determining the appropriate customer rate class for temporary service

Customers, the evaluation process will use less than 12-month consumption averages for determining the appropriate rate class to be applied.

There are two major sets of categories under which Tillsonburg Hydro must classify its Customers and apply rates. These categories are distribution services and transmission services. The distribution services relate to the actual distribution system that Tillsonburg Hydro utilizes to provide services directly within the service territory. The transmission services are related to the infrastructure of both the transmission system and provincial electric market operations to provide service to the Tillsonburg Hydro service territory.

For each major category a definition of Customer classes and rate applications are required.

2.5.2.2 Retail Distribution Rates

2.5.2.2.1 Residential – Energy Metered and General Service < 50 kW – Energy Metered

All non demand customers without interval meters will be deemed to be Residential – Energy Metered and General Service < 50 kW – Energy Metered. This rate class will include all residential customers and general service customers with either a 12-month average annual consumption period demand of less than 50 kW per month or projected average demand of less than 50 kW per month for new Customers.

Any of the above class of Customers that install an interval meter will be deemed to be on the same retail distribution rate schedule and rate application as this Customer rate class. The service charge will be applied on a per (electric service) connection basis.

Multi-unit residential establishments such as apartment buildings supplied through one service (bulk meter) shall be classified as general service; however Tillsonburg Hydro may apply residential rates to apartment buildings with six or less units. Such application must be undertaken consistently within its service area.

Where electricity service is provided to combine residential and business (including agricultural) usage and the wiring does not provide for separate metering, the classification shall be at the discretion of the utility and should be based on such considerations as the estimated predominate consumption.

2.5.2.2.2 Sentinel Lighting & Un-metered/Scattered loads

Sentinel lighting & un-metered/Scattered loads will be defined as the un-metered (Non-Streetlight) service accounts with Town of Tillsonburg. The demand kW rate will be applied on an estimated peak (connected load) demand occurring at any time of the month and the monthly service charge will be applied on a per connection basis. See Section 2.3.4 for a further discussion of billing arrangements for Customers with more than one metered service connection.

2.5.2.2.3 Street Lighting

Street Lighting will be defined as the un-metered street light service accounts with The Town of Tillsonburg. The demand kW rates will be applied on an estimated peak (connected load) demand occurring at any time of the month. The service charge will be on a per connection basis.

2.5.2.2.4 General Service - Demand Metered

This rate class will include all general service non interval-metered Customers with a 12-month average annual consumption period demand of greater than or equal to 50 kW per month or projected average demand of greater than or equal to 50 kW per month for new Customers and having an annual consumption period demand of less than 500 kW per month for existing Customers or projected average demand of less than 500 kW per month for new Customers. Customers with a 12-month annual consumption period demand of greater or equal to 1,000 kW per month are to be placed in the General Service – Interval Metered category, as per the OEB Distribution System Code (DSC) Section 5.1.3. For demand non-interval metered Customers the demand kW charge will be applied to billing demand (measured peak demand occurring at any time of the billing period). The measured demand will be adjusted for transformer losses and power factor as applicable to determine the billing demand. The billing demand will be determined by the higher of 90% KVA or 100% kW (Power factor adjusted) and shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer). The service charge will be applied on a per (electric service) connection basis. See Section 2.3.4 for a further discussion of billing arrangements for customers with more than one metered service connection.

Note: **OEB Distribution System Code Section 5.1.4 states the following:**

A Distributor may set a threshold level for installation of MIST meters other than that required by section 5.1.3. As long as the threshold is delineated by customer class in the distributor's Condition of Service and sets a threshold lower than that required by section 5.1.3.

Therefore, since Tillsonburg Hydro has set a threshold for mandatory interval meter limit at 500 kW all such customers will be placed in the appropriate customer class interval meter category and the appropriate rates and applications of distribution retail rates will be applied.

2.5.2.2.5 General Service - Interval Meter

This rate class will include all general service interval metered Customers with a 12-month average annual consumption period demand of greater than or equal to 50 kW per month or projected average demand of greater than or equal to 50 kW per month for new Customers and having an annual consumption period demand of less than 5,000 kW per month or projected average demand of less than 5,000 kW per month for new Customers.

The billing demand of a General Service – Interval Metered Customer shall be based on the maximum demand in kilowatts during any consecutive 15 minutes (15-Minute Clock Average) in the bill period, as recorded on an interval meter in 15-minute intervals. The measured demand shall be adjusted for transformer losses and power factor as applicable to determine the billing demand. The billing demand will be determined by the higher of 90% kVA or 100% kW (Power factor adjusted) and shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer).

The service charge will be applied on a per (electric service) connection basis.

2.5.2.2.6 Large User > 5,000 kW - Interval Meter

Customers with a monthly peak demand averaged over 12 consecutive months equal to 5,000 kW or greater shall be classified as large user. Where forecast demands clearly establish that a

customer would become a large user, the customer may be classified as a large user as soon as the maximum demand exceeds 5,000 kW. Normally, a customer's classification will be reviewed annually at the end of the calendar year.

The billing demand of a large user Customer shall be based on the maximum demand in kilowatts during any consecutive 60 minutes (Rolling 60-Minute Averages) in the bill period as recorded on an interval meter with a demand interval of either 5 or 15 minutes. The measured demand will be adjusted for transformer losses and power factor as applicable to determine the billing demand. The billing demand will be determined by the higher of 90% kVA or 100% kW (Power factor adjusted) and shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer).

The service charge will be applied on a per (electric service) connection basis.

2.5.2.2.7 Embedded Generation

Embedded generation, co-generation or load displacement Customers have the option to reserve demand capacity on the Tillsonburg Hydro distribution system for import load through mutual agreement/contract. The Customer's contracted reserve amount shall not exceed the generator(s) nameplate capacity rating. The Customer can make a request to change the reserve amount annually 30 days prior to the anniversary date of the agreement/contract. The distribution standby rate will be applied to all monthly KWS reserved before any transformer discounts for Customer owned equipment. The transformer discount will be applied to all KWS reserved or billed when the Customer owns their own transformation.

The distribution kW rate is applied to the incremental billed demand. Incremental billed demand is equivalent to the peak monthly billed demand less the standby reserve kW.

The monthly measured peak demand will be determined by the higher of 90% KVA or 100% kW (Power factor adjusted) and shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer).

The billed demand will be determined by the measured peak demand occurring during any time of the billing period (i.e. month). The service charge will be applied on a per (electric service) connection basis.

When gross peak demand is determined to be over an annual average of 5,000 kW per month, the billing demand will be based on the maximum demand during any consecutive 60 minutes (Rolling 60-Minute Averages) in the bill period.

When gross peak demand is determined to be less than an annual average of 5,000 kW per month, the billing demand will be based on the maximum demand during any consecutive 15 minutes (15-Minute Clock Average) in the bill period.

Gross Demand = Import plus Generation Less Export.

2.5.2.2.8 Embedded Distributor

The embedded distributor would be treated the same as the General Service – Interval Meter Customer class in the application of rates when gross peak demand is determined to be less than

an annual 12-month consumption average of 5,000 kW per month or the projected average per month would be less than 5,000 kW on average for new embedded distributors.

The embedded distributor would be treated the same as the Large User – Interval Meter Customer class in the application of rates when gross peak demand is determined to be greater than or equal to an annual 12-month consumption average of 5,000 kW per month or the projected average per month would be greater than or equal to 5,000 kW on average for new embedded distributors.

2.5.2.2.9 Transformer Allowance

The transformer allowance will be applied to all kW reserved or billed when the Customer owns their own transformation.

2.5.2.2.10 Specific Service Charges

All specific service charge rates will be applied as outlined in the distribution rates schedules approved by the Ontario Energy Board.

2.5.2.3 Retail Transmission Rates

2.5.2.3.1 Residential - Energy Metered, General Service < 50 kW - Energy Metered and Un-metered Scattered Loads

All non demand Customers without interval meters will be deemed to be Residential – Energy Metered, General Service < 50 kW – Energy Metered or Un-metered Scattered Loads. This rate class will include all residential Customers and general service Customers with either a 12-month average annual consumption period demand of less than 50 kW per month or projected average demand of less than 50 kW per month for new Customers. The rates will be applied to all energy adjusted for the total loss factor set out under the Retail Settlements Code.

Any of the above class of Customers that install an interval meter will be deemed to be on the same retail transmission rate schedule and rate application as the Residential - Energy Metered and General Service < 50 kW - Energy Metered. As the number of interval metered Customers increase in these rate classes, a redefinition of the application could be made once coincident factor data is available.

2.5.2.3.2 Sentinel Lighting

Sentinel Lighting will be defined as the un-metered sentinel light service accounts with The Town of Tillsonburg and the rates will be applied on a connected load basis.

2.5.2.3.3 Street Lighting

Street Lighting will be defined as the un-metered street light service accounts with The Town of Tillsonburg and the rates will be applied on an average monthly connected load basis.

2.5.2.3.4 General Service - Demand Metered

This rate class will include all non interval-metered Customers with a 12-month average demand of equal to or greater than 50 kW or a 12-month average demand of less than 500 kW.

For demand non-interval metered Customers the retail transmission network and connection service charges will be based on their peak billed demand occurring at any time.

The measured demands for both connection and network retail transmission service charges shall be adjusted for transformer losses and power factor as applicable to determine the billing demand. The billing demand will be determined by the higher of 90% Kva or 100% kW (Power factor adjusted) and shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer).

Note: OEB Distribution System Code Section 5.1.4 states the following:

A Distributor may set a threshold level for installation of MIST meters other than that required by section 5.1.3. As long as the threshold is delineated by Customer class in the distributor's Condition of Service and sets a threshold lower than that required by section 5.1.3.

Therefore, since Tillsonburg Hydro has set a threshold for mandatory interval meter limit at 500 kW all such Customers will be placed in the appropriate Customer class interval meter category and the appropriate rates and applications of transmission retail rates will be applied.

2.5.2.3.5 General Service - Interval Meter

This rate class will include all interval-metered Customers with an annual average calendar year monthly demand of greater than or equal to 50 kW or less than 5,000 kW.

The network and connection billing demand of a General Service – Interval Metered Customer shall be based on the maximum demand in kilowatts during any consecutive 15 minutes (15 Minute Clock Average) in the month as recorded on an interval meter. The measured demands for both connection and network retail transmission service charges shall be adjusted for transformer losses and power factor as applicable to determine the billing demand. The billing demand will be determined by the higher of 90% Kva or 100% kW (Power factor adjusted) and shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer).

The billed demand for network retail transmission service charges will be determined by the measured peak billed demand occurring during the peak periods of 7 am to 7 pm (local time) on weekdays excluding holidays as defined by the Hydro One Networks Inc., Transmission Rates Schedule.

The billed demand for connection retail transmission service charges will be determined by the measured peak billed demand occurring during any time of the billing period (i.e. month) as defined by the Hydro One Networks Inc., Transmission Rates Schedule.

2.5.2.3.6 Large User > 5,000 kW – Interval Meter

A Customer with a monthly peak demand regardless of whether the demand occurs in the peak or off-peak transmission system periods, averaged over 12 consecutive months, is equal to 5,000 kW or greater, shall be classified as large user. Where forecast demands clearly establish that a Customer would become a large user, the Customer may be classified as a large user as soon as the maximum demand exceeds 5,000 kW. Normally a customer's classification will be reviewed annually at the end of the calendar year.

The billing demand of a large user customer shall be based on the maximum demand in kilowatts during any consecutive 60 minutes (Rolling 60-Minute Average) in the month as recorded on an interval meter with a demand interval of either 5 or 15 minutes. The measured demands for both connection and network retail transmission service charges shall be adjusted for transformer losses and power factor as applicable to determine the billing demand. The billing demand will be determined by the higher of 90% kva or 100% kW (Power factor adjusted) and shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer).

The billed demand for network retail transmission service charges will be determined by the measured peak billed demand occurring during the peak periods of 7 am to 7 pm (local time) on weekdays excluding holidays as defined by the Hydro One Networks Inc., Transmission Rates Schedule.

The billed demand for connection retail transmission service charges will be determined by the measured peak billed demand occurring during any time of the billing period (i.e. month) as defined by the Hydro One Networks Inc., Transmission Rates Schedule.

2.5.2.3.7 Generation (Existing & New < 1MW)

Generation (Existing & New < 1 MW) rates will apply to all embedded generation Customer import/consumed energy taken from the Tillsonburg Hydro distribution system as follows:

Existing embedded generation is defined as those generators with required approvals for such generation before October 30, 1998. Embedded generation < 1 MW will be those generators installed at any time with a generation rating of 1 MW or less and have an interval meter installed on the service entrance.

Retail Network Service Charge – rates applied to the measured coincidental net energy consumed during the clock hour at time of either the higher of the transmission system peak or 85% delivery point peak between the peak time hours of 7 am to 7 pm (local time) on weekdays excluding holidays as defined by the Hydro One Networks Inc., Transmission Rates Schedule.

The billing demand will be determined by the higher of 90% kVA or 100% kW (Power factor adjusted) and shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer).

Retail Connection Service Charge – rates applied to the measured coincidental net energy consumed during the clock hour at the time of their delivery point peak. The billing demand will be determined by the higher of 90% kVA or 100% kW (Power factor adjusted) and shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer).

The connection import demand will be determined by the billing import demand, which will be determined by the highest of either 90% kVA or 100% kW (Power factor adjusted). Import demand shall be adjusted for 1% transformer losses when the metering installation is deemed to be primary metered (Primary Meter = Meter on supply side of the transformer).

2.5.3 Distribution Rates

The Ontario Energy Board must approve all rates and charges that Tillsonburg Hydro applies.

The following are the types of rates and charges that are approved by the OEB:

- Loss Factors
- Retail Distribution Rates
- Retail Transmission Rates
- Wholesale Market Service Rate
- Standard Supply Service Rates
- Miscellaneous Rates and Charges

2.6 Customer Information

A third party who is not a retailer may request historical usage information with the written authorization of the Customer to provide their historical usage information.

Tillsonburg Hydro will provide information appropriate for operational purposes that has been aggregated sufficiently, such that an individual's Consumer information cannot reasonably be identified, at no charge to another Distributor, the transmitter, the IMO or the OEB. Tillsonburg Hydro may charge a fee that has been approved by the OEB for all other requests for aggregated information.

At the request of a Consumer, Tillsonburg Hydro will provide a list of retailers who have Service Agreements in effect within its distribution service area. The list will inform the Consumer that an alternative retailer does not have to be chosen in order to ensure that the Consumer receives electricity and the terms of service that are available under Standard Supply Service.

Upon receiving an inquiry from a Customer connected to its distribution system, Tillsonburg Hydro will either respond to the inquiry if it deals with its own distribution services or provide the Customer with contact information for the entity responsible for the item of inquiry, in accordance with Chapter 7 of the Retail Settlement Code.

An embedded Distributor that receives electricity from Tillsonburg Hydro shall provide load forecasts or any other information related to the embedded Distributor's system load to Tillsonburg Hydro, as determined and required by Tillsonburg Hydro.

3 CUSTOMER SPECIFIC

3.1 Residential

This section is divided into three categories of residential services: single-family or single-unit homes, multi-family buildings, and subdivision developments.

3.1.1 Single-Family Residential - General

Single-family residential dwelling units will be provided with a basic connection to Tillsonburg Hydro electric system without charge. The basic connection includes the supply and installation of overhead distribution transformer capacity or an equivalent credit for transformation equipment and up to 30 metres of overhead conductor or an equivalent credit for underground services.

For the purpose of determining whether a basic connection is provided free of charge or whether a commercial service charge applies, a single family residential dwelling must be zoned residential by the Town of Tillsonburg, must be used for dwelling purposes, and must have only one electric meter. Any costs associated with modifying a service to a residential dwelling unit to add additional meters will incur General Service (Commercial) connection costs as described in Section 3.2.

Energy supplied to residential dwellings will be single phase, 3 wires, 60 Hz, having a nominal voltage of 120/240 volts, up to a maximum 200 amps per dwelling unit. Only one electrical service will be permitted per dwelling.

3.1.1.1 Early Consultation

Where a new service is required, the Customer must supply Tillsonburg Hydro with the following information well in advance of the date when the service will be required:

i) required in-service date

ii) requested service entrance capacity and voltage rating of the service entrance equipment

iii) Locations of other services such as gas, telephone, water, cable TV, underground sprinkler systems, etc.

iv) details respecting heating equipment, air conditioners and any appliances which demand a high consumption of electrical energy

v) A survey or site plan indicating the proposed location of the service entrance equipment with respect to public rights of way and lot lines.

Customers requesting disconnect or reconnect of an existing service to permit a service upgrade should refer to “Disconnection and Reconnection of Residential Service Cables” Section 2.2.4

Point of Demarcation

The Point of Demarcation for residential overhead services is at the connection point where Tillsonburg Hydro service drop connects to the Customer's anchor point and service mast weather head. Tillsonburg Hydro is responsible for the maintenance and repair of the transformer, transformer hardware and the first 30m of the overhead service wire. The Customer is responsible for the maintenance and repair of the anchor point, weather head and all points downstream of the connection splice including the meter socket base and the jaw and connection block assemblies. Tillsonburg Hydro is responsible for the maintenance and repair of the electric meter.

The Point of Demarcation for residential underground services is at the meter. Tillsonburg Hydro is responsible for the maintenance and repair of the transformer, transformer hardware, the underground secondary cable and the electric meter. The Customer is responsible for the maintenance and repair of the meter socket base, the meter jaw and connection block assemblies and all equipment downstream. The Customer is also responsible for the conduit that guides the service cable from underground to the meter base.

For Customers who have service entrances with recessed meter bases and 'Amalgamated' switches, combination panels or a similar configuration, Tillsonburg Hydro service cables enter the Customer's disconnect switch ahead of the meter. In these instances, the Customer is also responsible for the maintenance and repair of the disconnect switch or combination panel.

For Customers whose service entrance is located more than 100 metres from the right-of-way, a high voltage primary line (either overhead or underground) will be required. The Customer will be responsible to own and maintain the primary portion of the line unless they elect to pay a 20% premium on the initial cost of the primary line to transfer the ownership and future maintenance responsibilities to Tillsonburg Hydro. If the Customer is responsible to maintain the primary line, the Point of Demarcation for overhead lines is at the first pole and the Point of Demarcation for underground lines is at the primary cable riser connection. The Customer is responsible for the maintenance and repair of all poles, primary conductors and hardware, (including regular tree trimming), primary cable terminators, cable hangers, and primary cables in addition to the equipment listed in the first two paragraphs of this section. Tillsonburg Hydro is responsible for the transformer, transformer hardware, the civil components associated with pad mounted transformers (slab, pull box, grounding), and the first 30m of overhead secondary wire. Tillsonburg Hydro will be responsible for maintaining all residential underground secondary cables.

In all cases, if a Customer requires a primary line on their property, the Customer must sign a Connection Agreement that will describe in detail which party is responsible for the maintenance of various components of the line.

3.1.1.2 Servicing Details

The Customer or the Customer's electrical contractor must contact Tillsonburg Hydro to arrange a mutually agreeable service location and supply service arrangement.

i) Overhead Services

Arrangements for a service layout for overhead service conductors may be made directly with the Hydro foreperson at (519) 688-3009, Ext. 2227.

In overhead supplied areas, Tillsonburg Hydro will install overhead service wires from its aerial circuits on the public right of way at no charge to the Customer if the distance between Tillsonburg Hydro supply point and the Customer's service entrance is not more than 30 metres. If the distance is greater than 30 metres, the Customer will incur a charge for additional material and labour. If a pole or poles and any other attachments are required on the Customer's property to support, anchor or terminate the service conductors, these shall be supplied and installed at the Customer's expense.

If the distance is greater than 100 metres, the Customer will be required to construct a primary voltage pole line on their property to support the circuit. The Customer will have a choice to both own and maintain this line or to pay a 20% premium on the initial cost of the line to transfer the ownership and future maintenance of the line to Tillsonburg Hydro as described in Section 3.1.1.2. Tillsonburg Hydro will make the connection to Tillsonburg Hydro circuits on the public right-of-way. If a transformer is required, Tillsonburg Hydro will supply the transformer and will install and maintain up to 30m of secondary service cable. The Customer will be responsible for the installation and maintenance of all poles, hardware, primary conductors (including regular tree trimming) and any secondary conductors beyond the first 30m from the transformer pole to the

service entrance. The Customer will also be required to sign a Connection Agreement with Tillsonburg Hydro and connection charges will apply.

The permissible height for the service wires entering the residential dwelling is a minimum of 15 Feet above the finished ground level. Higher elevations may be required to ensure proper clearance over driveways or from windows and other obstructions.

A Customer will be responsible to supply and install all equipment for the anchoring of the service wires near the service weather head. This will include a through bolt and insulator for the service attachment.

The Customer must locate the service conduit head not further than 3 meters from the corner of the building closest to Tillsonburg Hydro supply point. The Customer's service conductors must run from the meter socket through the service conduit riser with at least 24 inches of conductor extending from the weather head to provide for connection to the service drop with an adequate drip loop.

The location of the service point of attachment must be such that the service wires will not cross over any part of the building, additions, out buildings, awning, or any place that is not accessible by Tillsonburg Hydro employees. The point of attachment must also be accessible by ladder.

ii) Underground Services

Arrangements for service layouts for underground supply service conductors may be made directly with the Tillsonburg Hydro at (519) 688-3009, Ext. 2227.

In underground residential areas, Tillsonburg Hydro will install underground service wires for a fixed fee if the distance from the property line to the Customer's service entrance is not more than 30 metres. The fixed fee is described in Appendix A and represents the cost of the underground service less a credit for an equivalent basic overhead connection.

In areas that are supplied with overhead circuits, a Customer may request an underground service and must meet the following conditions:

a) The Customer must arrange for a service layout, obtain approval for a proposed trench layout. Tillsonburg Hydro will supply and install the secondary cable**.**

b) The Customer is responsible for digging the trench and ensuring that the backfill is free of debris (bricks, stones, etc.). If the native material is unsuitable for backfill, the Customer is responsible to install 6 inches of sand bedding and cover. The trench must be a minimum of 36 inches in depth and 6 inches in width. Tillsonburg Hydro will advise the Customer of minimum clearances required from Tillsonburg Hydro distribution equipment.

c) The Customer must provide a 50 mm (2 inch) rigid polyvinyl chloride (PVC) conduit from the base of the meter socket to at least 1 metre below finished grade. The service entrance and meter location must be located not further than 3m from the corner of the building closest to Tillsonburg Hydro supply point.

d) If a pole is required on the Customer's property to support the underground dip or if boring costs are incurred to cross a roadway, or if any other costs are required over and above the cost of an equivalent overhead connection, these will be at the Customer's expense.

e) Tillsonburg Hydro will be responsible for terminating the secondary cable at the overhead circuit and on the line side of the Customer's meter base.

f) For services greater than 30m in length an additional charge per meter will be added.

Tillsonburg Hydro will own, operate and maintain the underground secondary cable provided there is reasonable access to the underground plant. The Customer will be responsible to remove and reinstate any privately owned obstructions (landscaping, sprinklers and sprinkler piping, sheds, buildings, etc.) if required for access. To avoid open cut driveways to repair future cable faults, an appropriate electrical conduit crossing will be accepted. Under no circumstances will drainage pipe be permitted.

In the event of a fault on the Customer's underground supply or an adjacent Customer's supply, Tillsonburg Hydro reserves the right to install temporary jumper cables from either a Customer or a neighbouring Customer service to maintain power to the affected Customer until the fault is repaired. The connections are made on the line side of the meter and do not affect consumption charges.

For services larger than 200 A, single phase, Tillsonburg Hydro will supply and install parallel secondary cables. Two 50 mm (2 inch) rigid polyvinyl chloride (PVC) conduits must be supplied by the Customer as well as an indoor main disconnect switch. Tillsonburg Hydro will install the secondary cables up through the entrance conduit into the Customer-owned switch and make the connections on the line side. For services larger than 200 A, connection charges will apply.

3.1.1.3 Metering

All of the requirements for metering single family residential dwellings are discussed in sections 2.4.6.3

3.1.2 Multi-Family Residential

For the purpose of this document, multi-family residential dwellings are defined as buildings containing more than one single family dwelling unit that are either individually metered or are metered with a bulk meter and have a service entrance capacity greater than 200 amps.

Multi-family residential dwellings fall under the General Service (Commercial) classification and connection charges will apply as described in Sections 3.2 to 3.4, depending on the size of the service. Please refer to the appropriate General Service section of this document for the conditions of service that apply to multi-family residential dwellings.

3.1.3 Residential Subdivision Developments

Electrical service facilities for single family and multi-family townhouse and condominium residential developments will be installed underground consisting of mini-pad mount transformers and primary/secondary conductors. Any variation in service will require Tillsonburg Hydro review for approval Tillsonburg Hydro will provide and install the complete distribution system including services to the line side of the Customer's meter base. The entire distribution system will be operated and maintained by Tillsonburg Hydro.

The sub-divider developer must enter into a Subdivision Agreement (I-68) with Tillsonburg Hydro. This Agreement must be fully executed before construction starts.

Early consultation with Tillsonburg Hydro is essential to avoid delays in servicing this type of development. Tillsonburg Hydro requires a minimum notice of 12 weeks prior to the required in-service date. The sub-divider developer is required to provide a site servicing plan and a lot grading plan for the placement of pad mount transformers. If the area described by a Registered Plan will be developed in stages, it is important for each stage or portion of work to be given a designation that is understood and accepted by all parties.

Tillsonburg Hydro will design a subdivision electrical servicing layout and the sub-divider developer will have the opportunity to review Tillsonburg Hydro design prior to installation. **N.B.** Minor changes are permitted as long as they do not compromise Tillsonburg Hydro standards and practices.

Tillsonburg Hydro will require the sub-divider developer to authorize the installation through a "Joint Letter" process. The sub-divider developer must sign the final distribution drawings from Tillsonburg Hydro and provide grade levels for all above ground equipment to be installed.

The sub-divider developer must provide registered easements as required by Tillsonburg Hydro. For multi-family townhouse and condominium developments, a registered blanket easement will be required for the entire project site as a Condition of Service. (See Section 2.1.6).

In most case Tillsonburg Hydro will install telephone, cable TV, and street lighting cables jointly during the electrical construction installation. Tillsonburg Hydro will facilitate the coordination process but the sub-divider developer is responsible for meeting the requirements of Bell Canada, Rogers Cable, and the Town of Tillsonburg with respect to the installation of their services. Tillsonburg Hydro is not responsible for the design of any of these systems. Trenching is to be supplied by others at no cost to Tillsonburg Hydro.

The sub-divider developer will be required to make a capital contribution towards the installation as described in Section 2.1.2.

For details regarding service voltage, Point of Demarcation, access and service locations see Section 3.1.1.

3.2 General Service

This section describes the Conditions of Service applicable to General Service Customers. General Service Customers are also known as Commercial Customers and this section applies to all Customers other than single family residential Customers described in Section 3.1.1.

3.2.1 Early Consultation

Early consultation with Tillsonburg Hydro is essential since it's difficult to document all of the circumstances and conditions of service that would apply to all cases. Customers should consult with Tillsonburg Hydro in the early planning stages and submit the following information.

a) Required in-service date.

b) Voltage requirements.

c) Estimated initial maximum electric demand.

d) Estimated future maximum electric demand.

e) Specific listing of the type of loads for lighting, motors, heating, air conditioning, or other.

f) Grading plan and site plan, to scale, showing the building or buildings in relation to existing or proposed property lines, and other buildings or structures such as parking garages and loading ramps. If applicable, the plans should include vertical and horizontal views of the proposed incoming duct bank from the point of entry to the delivery point.

g) Number of suites and/or divisions within the building(s) and the areas of each.

h) Plan, to scale, of the area in which the transformer vault is to be located (if one is required), showing detail of the vault.

i) Plan, to scale, showing the electrical room and provision for the metering equipment.

j) A drawing if applicable depicting the single line riser schematic for the entire primary/secondary distribution system.

k) The Customer/Consultant will be required to provide both conventional (paper hard copy full size) and digital format drawings to Tillsonburg Hydro. Digital drawings shall be supplied as AutoCAD files (dwg format with attached data base information). The contents of the drawing files must explicitly follow layering, colour, and line-type schemes as set out by the Town of Tillsonburg GIS specifications.

3.2.2 Point of Demarcation

The Point of Demarcation for various service types is generally as follows:

3.2.2.1 Overhead Secondary Services

For overhead secondary services, the Point of Demarcation is at the connection point where Tillsonburg Hydro service drop connects to the Customer's anchor point and service mast weather head. Tillsonburg Hydro is responsible for the maintenance and repair of the transformer, transformer hardware, and the first 30m of the overhead service wire. The Customer is responsible for the maintenance and repair of the anchor point, weather-head and all points downstream of the connection splice including the meter socket base and the jaw and connection block assemblies. Tillsonburg Hydro is responsible for the maintenance and repair of the electric meter.

3.2.2.2 Underground Secondary Services

For underground secondary services fed from pad mount transformers, the Point of Demarcation is at the secondary terminals of the transformer. The Customer is responsible to maintain and repair the secondary cable terminators, secondary cables and all equipment downstream with the exception of any metering Cts. and Pts. and Tillsonburg Hydro associated metering equipment. Tillsonburg Hydro is responsible for maintaining and repairing the electric meter, the pad mount transformer and all primary cables and equipment upstream of the Point of Demarcation.

For secondary connections in Customer vaults, the Point of Demarcation is at the secondary cable terminators. The Customer is responsible to maintain and repair the secondary cable and terminators and all equipment downstream with the exception of any metering Cts. and Pts or metering equipment if it is located on the secondary side of the service. The Customer is also responsible for maintaining the structural integrity of the Customer owned vault and keeping it in a dry, non-humid and safe environment. Repairs must be made by a "competent" person as defined in the Occupational Health and Safety Act. Tillsonburg Hydro is responsible for maintaining the transformers and any primary cables and equipment upstream of the Point of Demarcation. Tillsonburg Hydro is also responsible for the metering Cts & Pts and any associated equipment.

3.2.2.3 Service Lengths Greater than 100 metres

For Customers whose service entrance is located more than 100 metres from the right-of-way, a high voltage primary line (either overhead or underground) will be required. The Customer will be responsible to own and maintain the primary portion of the line unless they elect to pay a 20% premium on the initial cost of the primary line to transfer the ownership and future maintenance responsibilities to Tillsonburg Hydro. If the Customer is responsible to maintain the primary line, the Point of Demarcation for overhead lines is at the first pole and the Point of Demarcation for underground lines is at the primary cable riser connection. The Customer is responsible for the maintenance and repair of all poles, primary conductors and hardware, (including regular tree trimming), primary cable terminators, cable hangers, and primary cables in addition to the equipment listed in the first two paragraphs of this section. Tillsonburg Hydro is responsible for the transformer, transformer hardware and the first 30m of secondary cable or wire.

In all cases, if a Customer requires a primary line on their property, the Customer must sign a Connection Agreement that will describe in detail which party is responsible for the maintenance of various components of the line. The Agreement will also describe operational requirements necessary to provide isolation and protection of personnel and plant.

3.2.2.4 Customer-Owned Substations

For Customer-owned substations, Tillsonburg Hydro supplies the Customer at high voltage and the Customer owns all high voltage equipment, transformers, and points downstream.

For overhead high voltage primary services, the Point of Demarcation is at the first pole or connection point on the Customer's property. The Customer is responsible for the maintenance and repair of all poles, primary conductors, disconnect switches, substation equipment and transformers downstream. Tillsonburg Hydro is responsible for the aerial primary conductor and any in-line disconnect switches or power fuses upstream of the first pole or connection point on the Customer's property.

For underground high voltage primary services, the Point of Demarcation is at the primary cable riser connection. The Customer is responsible for the maintenance and repair of the primary cable terminators, primary cables, substation equipment and transformers downstream of the Demarcation Point with the exception of metering Cts and Pts and associated metering equipment. Tillsonburg Hydro is responsible for the cable riser fused disconnects switch and lightning arresters and will hang the Customer's terminated cable on the riser pole. The Customer is responsible for providing the supports for hanging the cable and the U-guard protection for the first 10 feet.

Customers have an obligation to maintain their Customer-owned equipment on a regular basis. Tillsonburg Hydro reserves the right to disconnect Customer-owned equipment if they believe it poses a safety or system reliability risk.

3.2.2.5 Deviations

In cases where there is a deviation in demarcation from what is described above, a separate Connection Agreement must be signed by the Customer and Tillsonburg Hydro to define each party's responsibilities. The Agreement will also describe operational requirements necessary to provide isolation and protection of personnel and plant.

3.2.3 Short Circuit Capacity

The Customer must ensure that their service entrance equipment has an adequate circuit interrupting capability in order to demonstrate compliance with Rule 14-012, Types and Ratings of Protective and Control Devices, of the Ontario Electrical Safety Code. Tillsonburg Hydro will advise on request, the maximum short circuit current available at any specific location and will provide short circuit information at either the primary point of supply if the service is a Customer-owned substation or at the secondary bushings at the transformer supplied by Tillsonburg Hydro. Maximum short circuit levels are provided since the actual levels may change from time to time as Tillsonburg Hydro primary distribution circuits are reconfigured, capacity at supply transformer stations is increased, cogeneration facilities are connected, or as Hydro One's transmission/generation systems are modified.

3.2.4 Access and Easements

The Customer shall grant, at no cost to Tillsonburg Hydro, where requested, a registered easement to permit the installation and maintenance of service. See Section 2.1.6.

3.2.5 Servicing Details

In addition to the servicing details described in Section 3.1.1.4, the following information applies to larger general service Customers:

3.2.5.1 Overhead Secondary Services

Customers may be required to provide space for the transformer pole and transformer bank on their private property at the discretion of Tillsonburg Hydro.

Customers may at their option choose to provide their own underground secondary service cables to be fed from Tillsonburg Hydro overhead transformer bank. This is described in the following section.

3.2.5.2 Underground Secondary Services

i) Supplied from Tillsonburg Hydro Overhead System

The Customer may at their option and at their cost provide underground secondary servicing from Tillsonburg Hydro overhead system provided that:

- Service size is limited to 600 amperes, 120/208Y or 347/600Y volts.

In special circumstances, Tillsonburg Hydro may allow the connection of an 800 ampere 347/600Y volt service - special application must be made to Tillsonburg Hydro.

- Secondary conductors are subject to approval by the Electrical Safety Authority and are limited to the numbers and maximum sizes as follows:

- For Corflex conductors, a maximum of 1 run of four 750 kcmil aluminium/copper conductors.

- For copper conductors and conduit, 1 runs of four 500 kcmil copper conductors in one 4" rigid PVC conduit. The Customer must supply conduit, weather head(s) and all mounting hardware.

    - A pole may be required on the Customer's property to terminate their underground service cables. The location of the pole must be approved by Tillsonburg Hydro and the installation must pass inspection by the Electrical Safety Authority.

3.2.6 Metering

3.3 General Service (Above 50 kW)

In addition to the requirements of Section 3.2, individual services that are forecast by Tillsonburg Hydro to have a monthly average peak demand of over 50 kW, will be required to have a demand meter in addition to the kilowatt hour consumption meter.

Customers without demand meters whose yearly energy consumption exceeds 150,000 kW hrs over any 12 month period may be required to have a demand meter at the discretion of Tillsonburg Hydro.

3.4 General Service (Above 500 kW)

In addition to the requirements of Sections 3.2 and 3.3, the OEB Distribution System Code requires interval metering on all new services having a monthly average peak demand during the calendar year of over 500 kW.

3.5 Embedded Generation Facilities

This section should include all terms and conditions applicable to the connection of embedded generation facility to the distributor (e.g., application process, engineering standards and operating agreements).

The Generator Classifications set forth in the Distribution System Code are outlined in the table below:

Generator Classification	Rating
Micro	≤ 10 kW, for Customer's own use
Small	(a) ≤ 500 kW connected on distribution system voltage <15 kV (b) ≤ 1 MW connected on distribution system voltage ≥15 kV
Mid-Sized	(a) <10 MW but > 500 kW connected on distribution system voltage <15 kV (b) > 1 MW but < 10 MW connected on distribution system voltage ≥15 kV
Large	≥10 MW

3.5.1 Connection Agreement

Section 3.5 does not apply to the connection or operation of an emergency backup generation facility or an embedded generation facility that is used excessively for load displacement purposes. Refer to Subsection 2.3.6 for applicable requirements.

All existing Customers shall enter into a Connection Agreement with Tillsonburg Hydro who have an embedded generation facility connected to the Tillsonburg Hydro distribution system. Where Tillsonburg Hydro does not have a Connection Agreement with an existing Customer that has a generation facility connected to the Tillsonburg Hydro distribution system, Tillsonburg Hydro shall be deemed to have an implied contract with the generator. The terms of the implied contract are embedded in these Conditions, the rate schedules, Tillsonburg Hydro's distribution license, the Distribution System Code and the Rate Handbook.

3.5.2 Connection Process

Tillsonburg Hydro will promptly make available a generation connection information package (the "package") to any person who requests this package. The package shall contain the following information:

a) the process for having a generation facility connected to the Tillsonburg Hydro distribution system, including any form necessary for the application:

b) information regarding any approvals from the ESA, the IESO, OEB, or a transmitter that are required before Tillsonburg Hydro will connect a generation facility to its distribution system;
c) the technical requirements for being connected to Tillsonburg Hydro's distribution system
including the metering requirements; and
d) the standard contractual terms and conditions for being connected to the Tillsonburg Hydro distribution system.

Subject to all applicable laws, Tillsonburg Hydro will make all reasonable efforts in accordance with the provisions of Section 3.5 to promptly connect to its distribution system a generation facility, which is the subject of an application for connection.

3.5.3 Connection of Micro-Generation Facilities

A person who wishes to connect a micro-embedded load displacement generation facility to the Tillsonburg Hydro distribution system shall submit an application to Tillsonburg Hydro providing the following
information:

a) the name-plate rated capacity of each unit of the proposed generation facility and the total name-plate rated capacity of the proposed generation facility at the connection point;
b) the fuel type of the proposed generation facility;
c) the type of technology to be used; and
d) the location of the proposed generation facility including address and account number where available.

Where the proposed micro-embedded load displacement generation facility is located at an existing Customer connection, Tillsonburg Hydro shall, within 15 days of receiving the application, make an offer to connect or provide reasons for refusing to connect the proposed generation facility. Tillsonburg Hydro shall give the applicant at least 30 days to accept the offer to connect and shall not revoke the offer to connect until this time period has expired. Tillsonburg Hydro will not charge the Customer for the preparation of the Offer to Connect.

Tillsonburg Hydro shall make any necessary metering changes and connect the applicant's micro-embedded load displacement generation facility to its distribution system within 5 days of the applicant completing the following:

a) provide Tillsonburg Hydro with a copy of the authorization to connect from the ESA;
b) enter into a Connection Agreement with Tillsonburg Hydro; and
c) pay Tillsonburg Hydro for the costs of any necessary metering changes.

3.5.4 Connection of Other Generation Facilities

Subsection 3.5.4 applies to the connection to the Tillsonburg Hydro distribution system of an embedded generation facility, which is not a micro-embedded load generation facility.

After a person who is considering applying for the connection of a generation facility to the

Tillsonburg Hydro distribution system has requested a preliminary meeting with Tillsonburg Hydro and has provided the required initial set of information, Tillsonburg Hydro shall provide a time when its relevant employees are available to meet with the person within 15 days of the person requesting the meeting. For the purposes of this section, the following is the required "initial set of information":

a) the nameplate rated capacity of each unit of the proposed generation facility and the total nameplate rated capacity of the generation facility at the connection point;
b) the fuel type of the proposed generation facility;
c) the type of technology to be used; and
d) the location of the proposed generation facility including address and account number with the distributor where available.

At the preliminary meeting, Tillsonburg Hydro shall discuss the basic feasibility of the proposed connection including discussing the location of its existing distribution facilities in relation to the proposed generation facility and providing an estimate of the time and costs necessary to complete the connection. Tillsonburg Hydro will not charge for its preparation for and attendance at the preliminary meeting.

A person who wishes to apply for the connection of a generation facility to the Tillsonburg Hydro distribution system shall submit an application, pay their impact assessment costs and provide the following information:

a) any of the "initial set of information" which has not yet been provided to Tillsonburg Hydro;
b) a single line diagram of the proposed connection; and
c) a preliminary design of the proposed interface protection.

For a small embedded generation facility where Tillsonburg Hydro believes that a System directly connected to its distribution system may be impacted by the proposed small embedded generating facility, Tillsonburg Hydro will advise the Customer of the costs to conduct any required impact assessment, with its assessment of the impact of the proposed generation facility, a detailed cost estimate of the proposed connection and an offer to connect within:

a) 60 days of the receipt of the application where no distribution system reinforcement or expansion is required; and
b) 90 days of the receipt of the application where a distribution system reinforcement or expansion is required.

A. For a mid-sized embedded generation facility, Tillsonburg Hydro shall provide the Customer with its impact assessment of the proposed generation facility within 60 days of the receipt of the application.

B. For a large embedded generation facility, Tillsonburg Hydro shall provide the Customer with its impact assessment of the proposed generation facility within 90 days of the receipt of the application.

The impact assessment shall set out the impact of the proposed generation facility on the Tillsonburg Hydro distribution system and any of its Customers including:

a) any voltage impacts, impacts-on current loading settings and impacts on fault currents;
b) the connection feasibility;

c) the need for any line or equipment upgrades;
d) the need for transmission system protection modifications; and
e) any metering requirements

The Customer shall submit any material revisions to the design, planned equipment or plans for the proposed generation facility and connection with Tillsonburg Hydro. Tillsonburg Hydro shall then prepare a new impact assessment within the relevant time period as set out above.

In the case of an application for the connection of a mid-sized or large embedded generation facility, after receiving from Tillsonburg Hydro the impact assessment the applicant shall pay to Tillsonburg Hydro for the cost of preparing a detailed cost estimate of the proposed connection and enter into an agreement with Tillsonburg Hydro on the scope of the project, Tillsonburg Hydro shall then provide the applicant with a detailed cost estimate and an offer to connect by the later of 90 days after the receipt of payment from the applicant and 30 days after the receipt of comments from a transmitter or other distributor that may have been advised under the following clause.

Within 10 days of receiving payment from the applicant for preparing a detailed cost estimate, Tillsonburg Hydro shall advise any transmitter or distributor whose transmission or distribution system is
directly connected to the Tillsonburg Hydro distribution system that it is preparing a detailed cost estimate for a proposed large or mid-sized embedded generation facility. Tillsonburg Hydro will use its discretion in advising impacted transmitter or distributor when the detailed cost estimate involves a proposed small embedded generation facility.

After the applicant has entered into a connection cost agreement with Tillsonburg Hydro and has provided the detailed engineering drawings with respect to the proposal, Tillsonburg Hydro shall conduct a design review to determine if the detailed engineering plans are acceptable.

Tillsonburg Hydro has the right to witness the commissioning and testing of the connection of the generation facility to its distribution system. After the applicant has

a) informed Tillsonburg Hydro that it has received all necessary approvals;
b) provided Tillsonburg Hydro with a copy of the authorization to connect from the ESA; and
c) entered into a Connection Agreement,

Tillsonburg Hydro shall act promptly to connect the generation facility to its distribution system.

Subject to any delays in commissioning and testing of the generation facility, which may be beyond the control of Tillsonburg Hydro, Tillsonburg Hydro shall connect a proposed small embedded generation facility within:

a) 60 days of the applicant taking the steps set out above, where no distribution system reinforcement or expansion is required; and
b) 180 days of the applicant taking die steps set out above, where a distribution system reinforcement or expansion is required.

The Connection Agreement to connect a small, mid-sized generation facility is shown in Appendix F.

Information on the process for connecting a generation facility to a distribution system is set out in

Appendix F.I of the Distribution System Code.

3.5.5 Technical Requirements

The Customer shall ensure that the connection of its generation facility to the distribution system does not materially adversely affect the safety, reliability and efficiency of the Tillsonburg Hydro distribution system. New or significantly modified generation facilities shall meet the technical requirements specified in Appendix F.2 of the Distribution System Code. In addition, the Customer shall also comply with the detailed requirements outlined in Appendix G.

The Customer with an embedded generation facility connected to the Tillsonburg Hydro distribution system (other than a micro-embedded load displacement generation facility) shall reimburse Tillsonburg Hydro for any damage to the distribution system or increased operating costs that may result from the connection of a generation facility.

A Customer with a generation facility connected to the Tillsonburg Hydro distribution system shall include in the connection agreement and upon request by Tillsonburg Hydro provide satisfactory evidence of a regular, scheduled maintenance plan that ensures that the generator's connection devices, protection systems and control systems are maintained in good working order.

All equipment that is connected, operated, procured or ordered before May 1, 2002 is deemed to be in compliance with the technical requirements of the Distribution System Code.

Tillsonburg Hydro may determine that equipment that was deemed to be in compliance with the technical requirements of the Distribution System Code as noted in the immediately preceding paragraph is not in actual compliance with the technical requirements due to any of the following conditions:

a) a material deterioration of the reliability of the distribution system resulting from the performance of the generator's equipment; or
b) a material negative impact on the quality of power of an existing or a new Customer resulting from the performance of the generator's equipment; or
c) a material increase in generator capacity at the site where the equipment deemed compliant is located.

In such a case, Tillsonburg Hydro will provide the Customer with rules and procedures for requiring such
equipment to be brought into actual compliance. The Customer shall then bring its equipment into actual compliance with the technical requirements and within a reasonable time period specified by Tillsonburg Hydro.

When a Customer with an embedded generation facility is connected to Tillsonburg Hydro's distribution
system, the Customer shall provide an interface protection that is capable of automatically isolating the generation facility from Tillsonburg Hydro's distribution system under the following situations:

a) internal faults within the generator
b) external faults in Tillsonburg Hydro distribution system - - —-
c) certain abnormal system conditions, such as over/under voltage, over/under frequency.

The Customers shall disconnect the embedded generation facility from Tillsonburg Hydro's distribution

system when:

a) a remote trip or transfer trip is included in the interface protection, and
b) the Customer affects changes in the normal feeder arrangements other than those agreed upon in the operating agreement between Tillsonburg Hydro and the Customer.

3.5.6 Net Metering for an Embedded Generation Facility

Tillsonburg Hydro will encourage eligible Customers wishing to participate in the net metering program.
Participation in the net metering program is available to all Tillsonburg Hydro Customers with a generator that meets all of the following conditions:

- The electricity is generated primarily for Customers own use;
- The electricity generated is conveyed to the Customers own consumption point without reliance on the Tillsonburg Hydro distribution system;
- The maximum cumulative output capacity of the generator does not exceed 500 kW;
- The electricity is solely generated from a renewable energy source (such as wind, drop in water elevation, solar radiation, agricultural bio-masss or any combination thereof).

In order to participate in the Net Metering program, the Customer must contact Tillsonburg Hydro well in
advance and meet all the parallel generation requirements for Connecting Micro-Generation Facilities (10 kW or less) or Other Generation Facilities (greater than 10 kW and less than 500 kW), as applicable to the generator size, as found in Section 3.5 - Embedded Generation Facilities.

The Customer must have a bi-directional revenue meter that records energy flow in both directions.

Tillsonburg Hydro also provides Net Metering for Residential Customers. Please see Appendix O for
Residential Customers.

3.5.7 Ontario Power Authority's (OPA) Feed-In Tariff (FIT) Program for an Embedded Generation Facility

In conjunction with the OPA's FIT Program, Tillsonburg Hydro has established its policy to encourage and promote greater use of renewable energy sources such as wind, solar, photovoltaic (PV), renewable biomass, bio-gas, bio-fuel, landfill gas, or drop in water elevation for generating electricity. Renewable energy electricity generation may be connected to Tillsonburg Hydro distribution system in order to export electricity.

The Generator may be solely responsible for any costs associated with the connection to the Tillsonburg Hydro distribution system and any required metering installation.

3.6 Embedded Market Participant

Under the "Market Rules for the Ontario Electricity Market", Chapter 2, Section 1.2.1, "No persons shall participate in the IMO - administered Markets or cause or permit electricity to be conveyed into, through or out of the IMO - controlled grid unless that person has been authorized by the IMO to do so".

All Embedded Market Participants within the service jurisdiction of Tillsonburg Hydro, once approved by the IMO, are required to inform Tillsonburg Hydro of their approved status in writing, 30 days prior to their participation in the Ontario Electricity Market.

3.7 Embedded Distributor

All Embedded Distributors within the service jurisdiction of Tillsonburg Hydro are required to inform Tillsonburg Hydro of their status in writing 30 days prior to the supply of energy from Tillsonburg Hydro. The terms and conditions applicable to the connection of an Embedded Distributor shall be included in a Connection Agreement with Tillsonburg Hydro.

3.8 Un-metered Connections

This section pertains to the conditions of service and supply of electrical energy for un-metered connections.

3.8.1 Street Lighting

The location of supply for street lighting circuits will vary and must be established through consultation with Town of Tillsonburg Engineering Department Ext.232 for each application. Underground feeds will generally be supplied from pad mount transformers, network vaults, or from an overhead system through a cable riser. Overhead systems will normally be fed by way of individual connections for each street light from the secondary spun bus, although in some circumstances, a separate street lighting circuit may be required. All underground street lighting services will require a separate disconnect switch to allow for isolation of the service without requiring the presence of Tillsonburg Hydro personnel. In most cases, overhead street lighting systems will not require disconnect switches unless required by the Electrical Safety Authority.

The service voltage for overhead street lighting connections will be 120 volts, single phase, 2 wires and the service voltage for underground street lighting feeds will be 120 volts, single phase, and 3 wires. The onus is on the installer to ensure a balanced loading between the two 120 volt legs of the supply.

Prior to the energization of a new street lighting service, Tillsonburg Hydro will require notification from the Electrical Safety Authority that the installation has been inspected and approved. The final power source connection will be made by Tillsonburg Hydro.

All street lighting services will be un-metered and energy consumption will be based on the connected wattage and the calculated hours of use using the approved methods and rates established by the OEB. For Underground Street light services fed from pad mount transformers or vaults, a connection fee will apply based on Tillsonburg Hydro approved commercial connection charge for a 100 Amp U/G 120/240 volt service. Tillsonburg Hydro personnel must be involved in

the disconnection and reconnection of existing street light services fed from pad mount transformers or vaults where there is no disconnect switch.

3.8.2 Traffic Signals

The location of supply for traffic signal systems will vary and must be established for each application through consultation with Town of Tillsonburg Engineering Department Ext.232

Feeds may be from either the overhead or underground electrical systems and in all cases a disconnect switch will need to be installed and approved by the Electrical Safety Authority. All cabling used for the purpose of traffic signal installations must be installed in dedicated conduits separate from street lighting or any other secondary duct work.

The service voltage for traffic signal systems will be 120 volts, single phase, and 2 wires.

Prior to the energization of a new traffic signal service, Tillsonburg Hydro will require notification from the Electrical Safety Authority that the installation has been inspected and approved. The final power source connection will be made by Tillsonburg Hydro.

All traffic signal services will be metered and a connection fee for new traffic signal (and intersection lighting) feeds will apply based on Tillsonburg Hydro approved commercial connection charge for a 100 Amp U/G 120/240 volt service. Tillsonburg Hydro personnel must be involved in the disconnection and reconnection of existing traffic signal services fed from pad mount transformers or vaults where there is no disconnect switch accessible. A charge per trip will apply.

4 GLOSSARY OF TERMS

"Affiliate Relationships Code" means the code, approved by the Ontario Energy Board.

"Billing Demand" means the metered demand or connected load after necessary adjustments have been made for power factor, intermittent rating, transformer losses and minimum billing. A measurement in kilowatts (kW) of the maximum rate at which electricity is consumed during a billing period.

"Building" means a building, portion of a building, structure, or facility.

"Conditions of Service" means a document developed by a Distributor in accordance with subsection 2.4 of the Distribution System Code that described the operating practices and connection rules for Distributors.

"Connection" means the process of installing and activating connection assets in order to distribute electricity to a Customer.

"Connection Agreement" means an agreement entered into between the Distributor and a person connected to its distribution system that delineates the conditions of the connection and delivery of electricity to that connection.

"Connection Assets" means that portion of the distribution system used to connect the Customer to the existing main distribution system, and consists of the assets between the point of

connection on a Distributor's main distribution system and the ownership Demarcation Point with that Customer.

"Connection Authorization" when concerning supply of electrical energy to an electrical installation from a supply authority, shall mean written permission by the Electrical Safety Authority to Tillsonburg Hydro or any other person or corporation, to supply electric energy to a particular electrical installation; or when concerning supply of electric energy from one part of an electrical installation to another, or from a source of electric energy other than that of Tillsonburg Hydro, shall mean permission from the inspection department to a contractor to connect a particular electrical installation or part thereof to a source of electric energy.

"Consumer" means a person who uses electricity that the person did not generate.

"Consumer's Service" shall mean all that portion of the Consumer's installation from the service box or its equivalent up to and including the point at which Tillsonburg Hydro makes connection.

"Contract" shall mean a contract for the supply of electrical service or energy.

"Contractor" shall mean any person who as principal, servant, or agent, by himself or herself or by associates, employees, servants or agents performs or engages to perform either for his or her own use and benefit or for that of another and for or without remuneration or gain any work with respect to any electrical installation or any other work to which the Ontario Electrical Code applies.

"Customer" shall mean the person or persons contracting for the supply of electric service or energy from Tillsonburg Hydro. This includes developers of residential or commercial subdivisions.

"Customer in Arrears" shall mean a Customer who owes to Tillsonburg Hydro charges or accounts for power after the due date.

"Demand" means the average value of power measured over a specified interval of time, usually expressed in kilowatts (kW).

"Demand Meter" means a meter that measures a Consumer's peak usage during a specified period of time.

"Demarcation Point or Point of Demarcation" means the physical location at which a Distributor's responsibility for operational control or ownership and maintenance of distribution equipment including connection assets ends at the Customer. The Demarcation Point for operational control may be different then the Demarcation Point for the ownership and maintenance of equipment.

"Developer" means a Person or Persons owning property for which new or modified electrical services are to be installed.

"Disconnection" means deactivation of connection assets that result in cessation of distribution services to a Customer.

"Distribution Loss Factor" means a factor or factors by which metered loads must be multiplied such that when summed equal the total measured load at the supply point(s) to the distribution system.

"Distribution Losses" means energy losses that result from the interaction of intrinsic characteristics of the distribution network such as electrical resistance with network voltages and current flows.

"Distribution Services" means services related to the distribution of electricity and the services the Board has required Distributors to carry out, for which a charge or rate has been approved by the OEB under Section 78 of the Ontario Energy Board Act.

"Distribution System Code" means the code approved by the Ontario Energy Board.

"Distributor" means a Person who owns or operates a Distribution System.

"Electrical Safety Authority" or ESA means the Person or body designated under the Electricity Act Regulations as the Electrical Safety Authority.

"Electricity Act" means the Electricity Act 1998, SO 1998, as amended from time to time.

"**Eligible Low-Income Customer"** means (a) a residential electricity customer who has a pre-tax household income at or below the pre-tax Low Income Cut-Off, according to Statistics Canada, plus 15%, taking into account family size and community size, as qualified by a Social Service Agency or Government Agency; or (b) a residential electricity customer who has been qualified for Emergency Financial Assistance.

"Embedded Distributor" means a Distributor who is not a Wholesale Market Participant and that is provided electricity by a Host Distributor.

"Embedded Generator or Embedded Generation Facility" means a Generator whose generation facility is not directly connected to the IMO - Controlled Grid but instead is connected to a Distribution System.

"Embedded Retail Generator" means an Embedded Generator that settles through a Distributor's Retail Settlement System and is not a wholesale market participant.

"Embedded Wholesale Consumer" means a Consumer who is a Wholesale Market Participant whose facility is not directly connected to the IMO - Controlled Grid but is connected to a Distribution System.

"Embedded Wholesale Generator" means an Embedded Generator that is a Wholesale Market Participant.

"**Emergency Financial Assistance"** means any Ontario Energy Board-approved emergency financial assistance program made available by a distributor to eligible low-income residential customers.

"Energy Competition Act" means the Energy Competition Act, 1998, SO-1998, as amended from time to time.

"Energy Diversion" means the electricity consumption unaccounted for but that can be quantified through various measures upon review of the meter mechanism, such as unbilled meter readings, tap off load(s) before revenue meter or meter tampering.

"Enhancement" means a modification to an existing distribution system that is made for purposes of improving system operating characteristics such as reliability or power quality or for relieving system capacity constraints resulting, for example from general load growth.

"Expansion" means an addition to a distribution system in response to a request for additional Customer connections that otherwise could not be made: for example, by increasing the length of the distribution system.

"EUSA" is the Electrical and Utility Safety Authority.

"**IESO"** means the Independent Electricity System Operator established under the Electricity Act.

"IMO" means the Independent Electricity Market Operator established under the Electricity Act.

"Inspector" shall mean any person duly appointed by the Electrical Safety Authority for the purpose of enforcing the Ontario Electrical Code.

"Load Factor" means the ratio of average demand for a designated time period (usually one month) to the maximum demand occurring in that period.

"Load Transfer" means a network supply point of one Distributor that is supplied through the distribution network of another Distributor and where this supply point is not considered a wholesale supply or bulk sale point.

"Load Transfer Customer" means a Customer that is provided distribution services through a load transfer.

"Market Rules" means the rules made under the Electricity Act.

"Measurement Canada" means the Special Operating Agency established by the Electricity and Gas Inspection Act, 1980-81-82-83, C.87.

"Meter Service Provider" means any entity that performs metering services on behalf of a Distributor.

"Meter Socket" means a mounting device for accommodating a socket type revenue meter.

"Multi-Family Residential Dwelling" means a dwelling zoned residential by the Town of Tillsonburg, used for dwelling purposes, containing more than one single family dwelling unit that are either individually metered or are metered with a bulk-meter having a service entrance capacity greater than 200 amps.

"**Ontario Clean Energy Benefit" or "OCEB"** is a 10% rebate to the electricity bill provided by the Ontario government for eligible customers for a five-year period commencing January 1, 2011. Eligible customers include residential customers and small business consumers (general service < 50 kW demand consuming less than 250,000 kWh annually)

"OEB" is the Ontario Energy Board, the regulatory authority in Ontario responsible for electricity and gas.

"Ontario Energy Board Act" means the Ontario Energy Board Act, 1988, S.O. 1998, C.15, as amended from time to time.

"**OPA"** means Ontario Power Authority

"Permit" shall mean the official written permission of the Electrical Safety Authority, on a form provided for the purpose, authorizing work to be commenced on any electrical installation.

"Person" includes an individual, corporation, a sole proprietorship, partnership, unincorporated organization, unincorporated association, body corporate, and any other legal entity.

"Physical Distributor" with respect to a load transfer, means the Distributor that provides physical delivery of electricity to a load transfer Customer, but is not responsible for connecting and billing the load transfer Customer directly.

Point of Demarcation" See Demarcation Point.

"Retail" with respect to electricity means,

a) To sell or offer to sell electricity to a Consumer

b) To act as agent or broker for a retailer with respect to the sale or offer for sale of electricity

c) To act or offer to act as an agent or broker for a Consumer with respect to the sale or offering for sale of electricity.

"Retail Settlement Code" means the code approved by the Ontario Energy Board.

"Retailer" means a person who retails electricity.

"Secondary Service" means any service which is supplied with a nominal voltage less than 750 volts.

"Service Agreement" means the agreement that sets out the relationship between a licensed retailer and a Distributor in accordance with the provisions of Chapter 12 of the Retail Settlement Code.

"Service Area" with respect to a Distributor, means the area in which the Distributor is authorized by its licence to distribute electricity.

"Single Family Residential Dwelling" shall be a dwelling zoned residential by the Town of Tillsonburg, used for dwelling purposes, and having only one electric meter with a service entrance capacity of 200 amps or less.

"Standard Supply Service Code" means the code approved by the Ontario Energy Board.

"Supply Service" shall mean any one set of conductors run by Tillsonburg Hydro from its electrical system to a Consumer's service.

"Wholesale Market Participant" means a person that sells or purchases electricity or ancillary services through the IMO - administered markets.

"Wholesale Settlement Cost" means costs for both competitive and non-competitive electricity services billed to a Distributor by the IMO or a Host Distributor or provided by an Embedded Retail Generator or by a neighbouring Distributor.

"Wholesale Supplier" means a person who sells electricity or ancillary services through the IMO administered markets or directly to another person other than a Consumer.

5 TABLES

Table 1 Demarcation Points, Connection Fees and Disconnection Fees

The range of connections listed below may not be available in all areas due to limitations within the distribution system.

Customer Class (Service Type)	Ownership Demarcation Point	Basic Connection - includes the following connection assets	Basic Connection Fee - Subject to Annual Review	Variable Connection Fee	Customer Responsibilities and Other Charges	Service Disconnection Fee (Initiated by Customer)
Class 1 - Residential Class - Single Service for single family detached or semi-detached						
Overhead	Top of Customer's service mast	Up to 30 m OH service wire from THI supply pole inc. connections, standard revenue meter (one meter per unit) and equipment credit for transformation	No Charge - Recovered through distribution rates	Customer charged actual costs for connection assets above and beyond basic connection.	Customers requesting an UG service in an OH area will be required to pay 1 00% connection costs less the Standard Allowance for an OH service Customer responsible for all trenching, conduit, road crossings and restoration.	Temporary meter removal or re-install $60.00 Service Upgrade No charge for Cut & Reconnect - (maximum 200 amp) No Charge for permanent removal of Connection Assets
Underground	Line side of Customer's meter base	Same as Residential Class overhead	No Charge - Recovered through distribution rates	Customer charged actual costs for connection assets above and beyond basic connection	Customers requesting an UG service will be required to pay 100% connection costs less the Standard Allowance for an OH service Customer responsible for all trenching, conduit, road crossings and restoration.	Temporary meter removal or re-install $60.00 Service Upgrade No charge for Cut & Reconnect - (maximum 200 amp) No charge for permanent removal of Connection Assets
Class 2A - General Service - Less than 50 kW - Multi unit residential (Maximum 6 units)						
Overhead	Top of Customer service mast	Up to 30 m OH service wire from THI supply pole inc. connections, one standard revenue meter per unit (plus house meter if req'd) and equipment credit for pole mounted transformation	No Charge - Recovered through distribution rates as determined through economic evaluation based on averaged connection costs.	Customer charged actual costs for connection assets above and beyond basic connection.	Customers requesting an UG service will be required to pay 100% connection costs less the Std. Allowance for an OH service Customer responsible for all trenching, conduit and restoration.	Temporary meter removal or re-install $60.00 Service Upgrade (Up to max. 6 units) Cut & Reconnect service $450.00 No Charge for permanent removal of Connection Assets

Underground	Line side of Customer's meter base					
Customer Class (Service Type)	Ownership Demarcation Point	Basic Connection - includes the following connection assets	Basic Connection Fee - Subject to Annual Review	Variable Connection Fee	Customer Responsibilities and Other Charges	Service Disconnection Fee (Initiated by Customer)
Class 2B - General Service - Less than 50 kW - Commercial						
Overhead - Single Building Service	Top of Customer's service mast	Up to 30 m OH service wire from THI supply pole inc. connections, standard revenue meter and averaged cost for transformation	120/208V Up to 100A $7,108.00 200A $8,485.00 347/600V Up to 100A $8,282.00	Customer charged actual costs for connection assets above and beyond basic connection Interval meters, if requested, will be included in the variable connection fee.	Customer responsible for costs associated with additional or redesign due to changes in Customer's original request.	Temporary meter removal or re-install $60.00 Service Upgrade Customer charged applicable Basic Connection Fee (Transformer credit may apply - See Sec. 2.1.1.1 b)
Underground - Single Building Service	Point of connection at utility supply point. This could be secondary buss (UG or OH) or transformer secondary spade. Secondary service conductor supplied, installed and owned by Customer. (Subject to ESA inspection.)	Connections at utility supply point, standard revenue meter and averaged cost for transformation.	120/208V Up to 100A $6,901.00 200A $8,105.00 347/600V Up to 100A $7,975.00	Customer charged actual costs for connection assets above and beyond basic connection Interval meters, if requested, will be included in the variable connection fee.	Customer responsible for costs associated with additional or redesign due to changes in Customer's original request. Customer responsible for all trenching, conduit, secondary conductor, road crossings, restoration and all applicable permits and approvals.	Temporary meter removal and reinstall $60.00 Service Upgrade Customer charged applicable Basic Connection Fee (Transformer credit may apply - See Sec. 2.1. 1.1 b) No Charge for permanent removal of Connection Assets
Class 3A - General Service - Greater than 50 kW (50 kW - 999 kW) Commercial						
Overhead - Single Building Service (Not requiring transformers on private property)	Top of Customer's service mast	Up to 30 m OH service wire from THI supply pole inc. connections, standard revenue meter (interval meter if required) and averaged cost for transformation.	Customer charged actual costs to provide connection. Costs to include all labour, equipment, material, transformers, metering, engineering and administration charges.	100% of connection asset cost recovered through "Basic Connection Charge".	Customer responsible for costs associated with additional or redesign due to changes in Customer's original request.	Customer charged fixed, average costs associated with service upgrade, disconnection and/or removal of all connection assets up the demarcation point.

Underground - Single Building Service (Not requiring transformers on private property)	Point of connection at utility supply point. This could be secondary buss (UG or OH) or transformer secondary spade. Underground secondary service conductor owned by Customer.	Connections at utility supply point, standard revenue meter (interval meter if required) and averaged cost for transformation.	Customer charged actual costs to provide connection. Costs to include all labour, equipment, material, transformers, metering, engineering and administration charges.	100% of connection asset cost recovered through "Basic Connection Charge".	Customer responsible for costs associated with additional or redesign due to changes in Customer's original request. Customer responsible for secondary conductor from point of supply to main disconnect, all trenching, conduit, road crossings, restoration and all applicable permits and approvals.	Customer charged fixed, average costs associated with service upgrade, disconnection and/or removal of all connection assets up the demarcation point.
Customer Class (Service Type)	Ownership Demarcation Point	Basic Connection - includes the following connection assets	Basic Connection Fee - Subject to Annual Review	Variable Connection Fee	Customer Responsibilities and Other Charges	Service Disconnection Fee (Initiated by Customer)
Overhead - Single Building Service (Requiring utility owned transformers on private property)	Top of Customer's service mast (OH secondary) or Point of connection at utility supply point. This could be secondary buss (UG or OH) or transformer secondary spade. Secondary service conductor owned by Customer. (UG secondary)	Up to 30 m of 3 phase OH primary conductor and neutral wire from THI supply pole, transformer pole and transformer(s) inc. connections, standard revenue meter (interval meter if required)	Customer charged actual costs to provide connection. Costs to include all labour, equipment, material, cables, duct work as applicable, transformers, metering, engineering and administration charges.	100% of connection asset cost recovered through "Basic Connection Charge".	Customer responsible for costs associated with additional or redesign due to changes in Customer's original request. Customer responsible for UG secondary conductor from point of supply to main disconnect, all trenching, conduit, road crossings, restoration and all applicable permits and approvals.	Customer charged actual costs associated with service upgrade, disconnection and/or removal of all connection assets inc. cables, transformers and associated equipment up the demarcation point.
Underground – Single Building Service (Requiring utility owned transformers on private property)	Point of connection at utility supply point. This point of connection will be the transformer secondary spade. Underground secondary service conductor owned by Customer.	Up to 30 m of 3 phase UG primary conductor from THI supply pole, and transformer inc. connections, standard revenue meter (interval meter if required). Connection point on distribution system that lies along the Customer's connection based on original Customer request.	Customer charged actual costs to provide connection. Costs to include all labour, equipment, material, cables, duct work as applicable, transformers, metering, engineering and administration charges.	100% of connection asset cost recovered through "Basic Connection Charge".	Customer responsible for costs associated with additional or redesign due to changes in Customer's original request Customer responsible for secondary conductor from point of supply to main disconnect, all trenching, conduit, road crossings, restoration and all applicable permits and approvals.	Customer charged actual costs associated with service upgrade, disconnection and/or removal of all connection assets inc. cables, transformers and associated equipment up the demarcation point.
Class 3B - General Service - Greater than 50 kW Multi-unit Residential (more than 6 units) and Subdivisions						

Overhead or Underground - Multi-unit residential housing development (No transformers required on private property)	Top ofCustomer's service mast (OH secondary) or Point of connection at utility supply point. This could be secondary buss (UG or OH) or transformer Secondary spade. Secondary service conductor owned by Customer. (UG secondary)	Not Applicable	Economic Evaluation completed to determine connection fees	Economic Evaluation completed to determine connection fees	Connection Agreement required. Developer to provide security as required by THI.	Customer charged actual costs associated with service upgrade, disconnection and/or removal of all connection assets inc. cables, transformers and associated equipment up the demarcation point.
Customer Class (Service Type)	Ownership Demarcation Point	Basic Connection - includes the following connection assets	Basic Connection Fee - Subject to Annual Review	Variable Connection Fee	Customer Responsibilities and Other Charges	Service Disconnection Fee (Initiated by Customer)
Overhead or Underground - Multi-unit residential housing development (Requiring utility owned transformers on private property)	Top of Customer's service mast (OH secondary) or Point of connection at utility supply point. This could be secondary buss (UG or OH) or transformer Secondary spade. Secondary service conductor owned by Customer. (UG secondary)	Not Applicable	Economic Evaluation completed to determine connection fees	Economic Evaluation completed to determine connection fees	Connection Agreement required. Developer to provide security as required by THI.	Customer charged actual costs associated with service upgrade, disconnection and/or removal of all connection assets inc. cables, transformers and associated equipment up the demarcation point.
Residential Subdivision Development	Line side of Customer's meter base (UG). Top of Customer's service mast (OH)	Not Applicable	Economic Evaluation completed to determine connection fees	Economic Evaluation completed to determine connection fees	Electrical Distribution System Servicing Agreement required. Developer to provide security as required by THI.	Not Applicable
Class 4 - General Service - 1000 kW and Above (Including Large User)						

Overhead or Underground Supply to Customer Owned Substation or Customer Owned Transformers	First point of attachment on private property for OH primary line (Customer owned pole or structure within 30m of property line) Load side of utility owned switchgear or primary junction for UG supply.	Connection point on distribution system that lies along the Customer's building. Overhead or underground primary conductors (3 phase and neutral), connection to distribution system. Interval revenue metering at secondary voltage. Design of connection based on original Customer request.	Customer charged actual costs to provide connection. Costs to include all labour, equipment, material, engineering and administration charges. The cost of Primary Metering, if required, will be included in the Basic Connection Fee.	100% of connection asset cost recovered through "Basic Connection Charge".	Customer responsible for costs associated with additional or redesign due to changes in Customer initial request; inspection and related feeder switching and scheduling	One annual power interruption to facilitate station maintenance at no charge, provided work is completed during THI normal working hours. All other interruptions the Customer is charged actual costs associated with service upgrade, disconnection and/or removal of all connection assets up the demarcation point including related switching and scheduling.

Table 2 Meter Sockets

Self Contained Socket Metering

Voltage	Phase	Wire	Meter Socket (See description below)	Maximum Service Switch Size Rating in Amperes
120/240	1	3	A	200
208/120	2	3	B	200
208/120	3	4	C	200
600/347	3	4	C	200

** Used only where grounded supply is not available.

Meter Socket Descriptions

A - 4 Jaw socket type square - Standard Square Base - 100A overhead and 60A Off Splitter

, - 200A Jumbo Type - 200A Overhead and All Underground

B - 5 Jaw socket type with the "5" jaw at the 9 o'clock position c/w #12 white wire from "5" jaw to an insulated neutral block in the meter base.

C - 7 Jaw meter base with the "7" jaw at the 6 o'clock position c/w #12 white wire from "7" jaw to an insulated neutral block in the meter base.

Notes:

1. A list of approved meter sockets is available upon request.
2. Meter sockets shall be mounted so that the midpoint of the meter is set at 68" from finished grade or floor level. Meter base location shall be determined by Tillsonburg Hydro Inc.
3. Where the supply is from a 4-wire 600/347-volt system, metering shall be 4-wire. Where the Customer does not require a neutral, a full size neutral conductor sized in accordance with Table 17 of the Electrical Safety Code must be provided to all meter cabinets or sockets. The neutral conductor is to be terminated in the socket (or cabinet) on an insulated neutral block in accordance with the Ontario Electrical Safety Code.
4. Three phase meter bases shall be mounted on the load side of the main switch.

Table 3 **Meter Cabinets**

Meter Cabinets

<table>
<tr><th>Voltage</th><th>Phase</th><th>Wire</th><th>Main Switch Size in Amperes</th><th>Meter Cabinets (See description below)</th></tr>
<tr><td>120/240</td><td>1</td><td>3</td><td>400**</td><td>A</td></tr>
<tr><td>208/120</td><td rowspan="2">3</td><td rowspan="2">4</td><td>Over 200 - 800</td><td>B</td></tr>
<tr><td>600/347</td><td>Over 800</td><td>A
(Instrument transformers in switchgear or primary metered installation)</td></tr>
<tr><td rowspan="2">600*</td><td rowspan="2">3</td><td rowspan="2">3</td><td>Over 200 – 800</td><td>B</td></tr>
<tr><td>Over 800</td><td>A
(Instrument transformers in switchgear or primary metered installation)</td></tr>
</table>

* Use only where grounded 4 wires supply not available.
** If the meter base is remote from the cabinet, a "self-shorting" meter base shall be used.

Meter Cabinet Descriptions

A - 30" X 30" X 12" complete with removable 26" X 26" back plate. B - 48" X 48" X 12" complete with removable 44" X 44" back plate.

Notes:

1. Meter cabinets shall be fabricated with a minimum #16 gauge steel
2. Cabinets shall have side-hinged doors opening at the center and be equipped with a three-point latching device and complete with a provision for padlocking.
3. The cabinet shall be mounted a maximum distance of 78" from the floor to the top of the cabinet and a minimum of 24" from the floor to the bottom of the cabinet.
4. Where two or more circuits are used in one meter cabinet, Tillsonburg Hydro Inc. will issue specific metering requirements.
5. Normally the current transformers will be installed in the meter cabinet and the

   Customer's contractor shall supply and install connectors to terminate the conductors at the current transformers. The neutral must be connected to an isolated neutral block within the meter cabinet for 600/347-volt services.
6. For installations where the current transformers are remote from the meter cabinet a 30" X 30" X 12" meter cabinet may be used. The Customer is responsible to supply and install an 11/4" conduit to connect the two locations. The length of this conduit shall not exceed 150 ft.
7. Outdoor meter cabinets may be permitted and must be approved by Tillsonburg Hydro Inc. If approved, only "outdoor type" waterproof cabinets shall be used.

Table 4 Meter Centers (Section)

Meter centers may be used for installations of 750 volts or less provided they meet the following specifications:

1. Side-hinged doors or panels shall be installed over all sections of the switchboard where Tillsonburg Hydro Inc. may be required to work, such as unmetered sections and those sections containing breakers, switches and meter mounting devices. Hinged doors or panels shall have provisions for sealing or padlocking in the closed position. Where bolts are used, they shall be of a captive knurled type. The hinged covers over breakers or switches shall be constructed so the covers cannot be opened when sealed or padlocked.

2. Breakers or switch handles shall have provisions for sealing or padlocking in the "off[1] position.

3. Meter mounting devices shall be wired/connected on the load side of the breakers or switches. (Cold metering)

4. Each combination meter socket and breaker panel shall have adequate space for permanent Customer identification with respect to street address and/or unit number.

5. The center of the finished floor. The center of the top row of meter sockets shall not be more than 72" from the finished floor.

6. The distance between horizontally or vertically adjacent meter socket rims shall not be less than 6".

7. The meter mounting socket and sealing ring shall be acceptable to Tillsonburg Hydro Inc.

8. Where a neutral is required, the meter-mounting device shall have a pre-wired

   Ungrounded neutral connection to the 5th or 7th terminal. The connection, if not made directly to the neutral buss, shall be not less than #12 AWG copper.

Table 5 **Primary Metering**

The following is provided only as a guideline regarding primary metered installations.

Tillsonburg Hydro Inc. will provide specific requirements and specifications for each individual

Installation.

1. Primary metering installations will be specified by Tillsonburg Hydro Inc. and dealt with on an individual basis.

2. The equipment may be a fully contained metering tank or individual current and potential transformers and all other necessary equipment.

3. The primary metering PTs and CTs and the metering cabinet can be mounted at various locations indoors or outdoors depending on the application.

4. The Customer's contractor must provide a 30" L X 30" W X 12" D lockable metering cabinet with removable back plate.

5. Outdoor cabinets must be water proof in design and acceptable to Tillsonburg Hydro Inc.

6. The Customer's contractor must supply a 1-1/4" conduit to connect the primary PTs and CTs terminal box to the metering cabinet. The two locations and the length of this conduit cannot exceed 150 feet.

7. Primary metering locations require interval metering. Since the Utility reads interval meter remotely via telephone line, the Utility requires telephone line access to the meter. The customer must provide dedicated phone line for the meter phone line and locate it inside the metering cabinet.

6 REFERENCES

1. Economic Evaluation Model for Distribution System Expansion

Refer to Appendix B of the Distribution System Code: "Methodology and Assumptions for an Economic Evaluation"

2. Sample Standard Connection Agreement

Refer to Appendix D of the Distribution System Code: "Information in a Connection Agreement with Customer"

3. Sample Operations Agreement between the Distributor and an Embedded Generator

Refer to Appendix E of the Distribution System Code: "Information in a Connection Agreement with a Generator"

Appendix A
To Decision and Order
Draft Tariff of Rates and Charges
Board File No: EB-2011-0198
Tillsonburg Hydro Inc.

DATED: April 19, 2012

Tariff of Rates and Charges

Appendix B
Process for FIT Applications

Process for FIT Applications.pdf

Appendix C
Process for MicroFIT Applications

Process for microFIT Applications.pdf

Exhibit 1: Administrative Documents

Tab 2 (of 4): Overview of Filing

SUMMARY OF APPLICATION AND APPROVALS REQUESTED

THI is submitting this application for rates that are just and reasonable. The current rates will result in an actual Return on Equity in 2013 below the level currently approved by the OEB (6.20% vs 7.52% [E5/T1/S1/Att2]). The increase in rates is required to:

1) Maintain current capital investment levels in infrastructure to ensure a safe, reliable distribution system.

2) Manage staffing levels and skills to ensure regulatory compliance, ESA compliance, promote conservation programs, implementation of smart meters, prepare for the Green Energy and Green Economy Act requirements, and implement changes required from the adoption of International Financial Reporting Standards.

3) Pursue THI's top priority for the health and safety of its workers.

4) Provide a reasonable rate of return to shareholders.

In this proceeding, THI is seeking the following approvals:

- Approval to charge rates effective May 1, 2013 to recover a service revenue requirement of $3,575k, as set out in E6/T1/S2/Att1.
- Approval of proposed rates as set out in E1/T1/S5/Att1.
- Approval of the proposed capital structure, with a deemed common equity component of 40% and a deemed debt component of 60%, as set out in E5/T1/S1/Att1.
- Approval of the proposed loss factor of 1.0333 as set out in E8/T3/S6/Att2.

- Approval to continue to charge the Wholesale Market Service Rate and the Rural Rate Protection Charges approved in the OEB Decision and Order in the matter of THI's 2012 Distribution Rates (EB-2011-0198).

- Approval of the proposed Retail Transmission – Network Service and Retail Transmission – Connection rates (E8/T3/S1/Att1), in accordance with the Guideline for Electricity Distribution Retail Transmission Service (G-2008-0001), Revision 1.0 issued July 22, 2009.

- Approval to continue the Specific Service Charges and Transformer Allowance approved in the OEB Decision and Order in the matter of THI's 2012 Distribution Rates (EB-2012-0198).

- Approval to cease recording Provincial Sales Tax for disposition in the variance account, effective May 1, 2013 or such date as the new rates become effective, and maintain for disposition in a future application (E9/T2/S3).

- Approval to dispose of Deferral and Variance Account balances as at December 31, 2011 with interest to April 30, 2013, over a one-year period (E9/T2/S2).

- Approval to dispose of the 1589 - 1588-Power Global Adjustment variance account, by way of a distinct rate rider charged to customers not subject to the Regulated Price Plan (E9/T2/S2).

- Approval to use the Board Approved 1595 account – Disposition and Recovery of Regulatory Balances and sub-accounts to record the disposition and recoveries of Deferral and Variance account balances.

- Approval to use the Board Approved accounts to collect costs in connection with the Green Energy and Green Economy Act (GEGEA) if required (E4/T2/S5).

- Approval for disposition of Account 1555 - Smart Meter Capital and Account 1556 – Smart Meter OM&A (E9/T4/S2)

- Approval of the recovery of Stranded Meter Assets (E2/T4/S6)

- Approval to defer disposition of Account 1508 – Other Regulatory Assets – IFRS Transition to a future application (E9/T3/S1).

- Approval to transfer to Account 1575 the difference between CGAAP and MIFRS amortization in 2012BY, and to dispose of over four years (E9/T3/S2).

- Approval of the recovery of the LRAM amount of $24,711 (E9/T5/S1) related to conservation and demand management projects for 2010 and 2011 projects.

- Approval to increase the Sentinel Light class cost allocation ratio to the floor of 0.80 over three years. 50% in 2013, 25% in 2014, and 25% in 2015 (E7/T2/S1/Att2).

- Approval to increase the MicroFIT Generator monthly charge from $5.25 to $5.40 per month (E8/T4/S3).

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.

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.

ACCOUNTING STANDARD FOR FINANCIAL REPORTING

Historical financial results are presented using the CGAAP method of presentation. As directed by the Board, THI has provided 2012BY on both a CGAAP basis and a MIFRS basis. 2013TY is presented on a MIFRS basis only.

The main area impacted by the change in presentation is to Capital Assets. Indirect costs previously capitalized are now expensed as OM&A (E2/T2/S1). And amortization of Capital investments over useful life rather than the deemed 25 years decreases annual depreciation expense (E2/T2/S3).

BUDGET DIRECTIVES AND ASSUMPTIONS

THI compiles budget information for three major components of the budgeting process: revenue forecasts, operation, maintenance and administration forecasts and capital forecast. Budget information was prepared for both the Bridge and Test Years. 2012BY forecasts were updated based on actual 2011 results, and the 2013TY projections were also reviewed in light of 2011 results.

Revenue Forecast

The revenue budget includes three components: energy revenue, distribution revenue and other revenue.

The energy revenue for 2013 was forecast using the weather normalized load forecast prepared by Elenchus Research Associates ("ERA") as presented in E3/T1/S2/Att1. Rates for energy pass-through charges are described in E3/T1/S4.

Distribution revenue was forecast using the weather normalized volumes multiplied by both current approved distribution rates and by proposed rates in order to project revenue for the 2013TY. Other revenues were reviewed on an item by item basis with each account projection being determined based on the most reliable historical indicator.

Operations, Maintenance and Expense Forecast

The OM&A expenses for the 2012BY and 2013TY were forecast using work plans, approved pay grid progression, capital budgets and prior years historical costs. The expenditures were submitted to THI's Board of Directors for approval and reflected the following assumptions:

Wages:

- Wages reflect movement of the individual currently in the position along the existing salary grid.
- Assumed cost of living adjustments of 2%.
- The impact of the transfer pricing study on the allocation charge of indirect labour has been reflected.
- No other changes in staffing levels to occur.

Fleet:

- Assumed Fleet rates will increase by 2%.
- Assumed no change in fleet levels will be required.

Operating and Maintenance, Billing and Collecting, General Administration

- Costs other than labour and fleet have assumed to increase 3%.

Regulatory Costs (E4/T2/S1/Att4):

- 2013 Cost of Service application assumed to cost $180,000 (E4/T2/S2). Assumed full recovery through rates from May 2013 to April 2016.
- Assumed OEB Annual assessments of $22,000 and $1,000 in other cost awards.
- Assumed Annual distributor license fee of $800
- Assumed $4,000 per year in Low-Income Energy Assistance Program (LEAP) funding.

Amortization:

- 2013 Amortization on an MIFRS basis.

PILS:

- Regulatory PILS as per Board model.

Capital Budget

The capital budget is formulated on a project by project basis. The maintenance program is relied on to identify any assets that must or should be removed from service and replaced in order to maintain secure and reliable supply. THI also continues to convert its existing 4.16 kV assets to 27.6 kV following the recommendations of the Elecsar report (E2/T1/S1/Att3). Projects are prioritized by location and asset condition.

Capital spending to replace existing aging infrastructure is required in order to maintain safe and reliable delivery of electricity to THI's customers.

Additional information on THI's approach to investment planning is included in E2/T4/S4.

CHANGES IN METHODOLOGY

The pro-forma projections for the 2013TY were prepared in accordance with THI's usual process, including the directives and assumptions described in E1/T2/S3, with the following exceptions:

1) Rates for Distribution and Sales of Electricity are assumed to be constant for the entire calendar year.

2) Amortization reflects the half-year rule for capital additions.

3) No amount for Provincial Sales Tax ("PST") was included in the 2013TY. THI will cease deferral of PST amounts actually paid.

4) Regulatory costs have been normalized over a four year period.

5) Indirect capital costs are now expensed due to the transition to International Financial Reporting Standard

REVENUE SUFFICIENCY / DEFICIENCY

THI calculates its 2013TY Revenue Deficiency at existing rates to be $501k (E6/T2/S1/Att1). Using the Board model Revenue Requirement Workform unaltered, the Revenue Deficiency is calculated to be $486k (E1/T2/S7/Att1 pg7). However, the Board's model incorrectly adds a PILs recovery amount on the negative taxable regulatory income at existing rates, yet model does not add back a PILs recovery in calculation of the Revenue Deficiency at proposed rates. THI is providing a version of the Board's model that zero's out the tax rates to confirm its calculation of the Revenue Deficiency at existing rates of $501k (E1/T2/S7/Att2 pg7).

APPROVED REVENUE REQUIREMENT

THI's Revenue Requirement Work Form is presented at E1/T2/S7/Att1 pg8 and shows a service revenue requirement of $3,575k, which already reflects the annual amortization of $54k Adjustment to Return on Rate Base associated with deferred PP&E balance as a result of the transition from CGAAP to MIFRS.

Table 1: Revenue Requirement Comparison 2013 TY vs 2009 Approved

	2013 Test Year (E6/T1/S2)	**2009 Approved**
OM&A Expenses	$2,715,082	$1,862,236
3850-Amortization Expense	$336,228	$491,357
Total Distribution Expenses	**$3,051,310**	**$2,353,593**
Less: MIFRS Amortization Adjustment	(53,689)	-
Regulated Return On Capital Before MIFRS Adjustment	$590,444	$654,719
MIFRS Adjustment	($13,316)	-
Regulated Return On Capital	$577,128	$654,719
PILs (with gross-up)	$0	$62,158
Service Revenue Requirement	**$3,574,749**	**$3,070,470**
Less: Revenue Offsets	$130,344	$130,733
Base Revenue Requirement	**$3,444,405**	**$2,939,737**

The following table compares the 2013TY on a MIFRS basis to the 2013TY on a CGAAP basis:

Table 2: Calculation of Distribution Revenue Requirement 2013TY MIFRS vs 2013TY CGAAP

	2013TY CGAAP	MIFRS Adjustments	2013TY MIFRS	Evidence Reference
OM&A Expenses	$ 2,595,842	$ 119,240	$ 2,715,082	E4/T2/S1/Att2
3850-Amortization Expense	$ 672,026	$ (335,798)	$ 336,228	E2/T3/S3/Att2
Total Distribution Expenses	$ 3,267,868	$ (216,558)	$ 3,051,310	
Less: MIFRS Amortization Adjustment	$ -	$ (53,689)	$ (53,689)	E9/T3/S2/Att3
Adjusted Distribution Expenses	$ 3,267,868	$ (270,247)	$ 2,997,621	
Regulated Return On Capital Before MIFRS Adjustment	$ 569,458	$ 20,986	$ 590,444	E5/T1/S1/Att1
MIFRS Adjustment	$ -	$ (13,316)	$ (13,316)	
Regulated Return On Capital	$ 569,458	$ 7,670	$ 577,128	
PILs (with gross-up)	$ 51,814	$ (51,814)	$ -	E4/T8/S3/Att1
Service Revenue Requirement	$ 3,889,140		$ 3,574,749	
Less: Revenue Offsets	$ 130,344	$ -	$ 130,344	E3/T3/S4/Att1
Base Revenue Requirement	$ 3,758,796	$ -	$ 3,444,405	

REVENUE REQUIREMENT WORK FORM

The Board's Revenue Requirement Work Form for this Application can be found at E1/T2/S7/Att1.

EB-2012-0168

Exhibit 1

Tab 2

Schedule 7

Attachment 1

Revenue Requirement Work Form – Board Model

Revenue Requirement Workform

Version 3.00

Utility Name	Tillsonburg Hydro Inc.
Service Territory	
Assigned EB Number	EB-2012-0168
Name and Title	William J. Gott
Phone Number	519-688-3009 x 3229
Email Address	wgott@tillsonburg.ca

Revenue Requirement Workform

Notes:

(1)	Pale green cells represent inputs
(2)	Pale green boxes at the bottom of each page are for additional notes
(3)	Pale yellow cells represent drop-down lists
(4)	***Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.***
(5)	***Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel***

Data Input (1)

		Initial Application	(2)		(6)		Per Board Decision	
1	**Rate Base**							
	Gross Fixed Assets (average)	$16,527,843		$ 16,527,843			$16,527,843	
	Accumulated Depreciation (average)	($9,596,382)	(5)	($9,596,382)			($9,596,382)	
	Allowance for Working Capital:							
	Controllable Expenses	$2,715,082		$ 2,715,082			$2,715,082	
	Cost of Power	$17,212,690		$ 17,212,690			$17,212,690	
	Working Capital Rate (%)	13.00%	(9)	13.00%	(9)		13.00%	(9)
2	**Utility Income**							
	Operating Revenues:							
	Distribution Revenue at Current Rates	$2,943,520					$2,943,520	
	Distribution Revenue at Proposed Rates	$3,444,407					$3,444,407	
	Other Revenue:							
	Specific Service Charges	$76,768					$76,768	
	Late Payment Charges	$17,500					$17,500	
	Other Distribution Revenue	$18,077					$18,077	
	Other Income and Deductions	$18,000					$18,000	
	Total Revenue Offsets	$130,345	(7)				$130,345	
	Operating Expenses:							
	OM+A Expenses	$2,715,082		$ 2,715,082			$2,715,082	
	Depreciation/Amortization	$282,540	(10)	$ 282,540			$282,540	
	Property taxes							
	Other expenses							
3	**Taxes/PILs**							
	Taxable Income:							
	Adjustments required to arrive at taxable income	($429,058)	(3)				($429,058)	
	Utility Income Taxes and Rates:							
	Income taxes (not grossed up)	$ -						
	Income taxes (grossed up)	$ -						
	Federal tax (%)	11.50%					11.50%	
	Provincial tax (%)	4.00%					4.00%	
	Income Tax Credits							
4	**Capitalization/Cost of Capital**							
	Capital Structure:							
	Long-term debt Capitalization Ratio (%)	56.0%					56.0%	
	Short-term debt Capitalization Ratio (%)	4.0%	(8)		(8)		4.0%	(8)
	Common Equity Capitalization Ratio (%)	40.0%					40.0%	
	Prefered Shares Capitalization Ratio (%)							
		100.0%					100.0%	
	Cost of Capital							
	Long-term debt Cost Rate (%)	4.41%					4.41%	
	Short-term debt Cost Rate (%)	2.08%					2.08%	
	Common Equity Cost Rate (%)	9.12%					9.12%	
	Prefered Shares Cost Rate (%)							
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS ($)	($13,315)	(11)		(11)		($13,315)	(11)

Notes:

General Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.

(1) All inputs are in dollars ($) except where inputs are individually identified as percentages (%)
Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use

(2) colimn M and Adjustments in column I

(3) Net of addbacks and deductions to arrive at taxable income.

(4) Average of Gross Fixed Assets at beginning and end of the Test Year

(5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.

(6) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.

(7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement

(8) 4.0% unless an Applicant has proposed or been approved for another amount.

(9) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.

(10) Depreciation Expense should include the adjustment resulting from the amortization of the deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.

(11) Adjustment should include the adjustment to the return on rate base associated with deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.

Revenue Requirement Workform

Rate Base and Working Capital

Rate Base

Line No.	Particulars		Initial Application						Per Board Decision
1	Gross Fixed Assets (average)	(3)	$16,527,843		$ -		$16,527,843	$ -	$16,527,843
2	Accumulated Depreciation (average)	(3)	($9,596,382)		$ -		($9,596,382)	$ -	($9,596,382)
3	Net Fixed Assets (average)	(3)	$6,931,461		$ -		$6,931,461	$ -	$6,931,461
4	Allowance for Working Capital	(1)	$2,590,610		$ -		$2,590,610	$ -	$2,590,610
5	**Total Rate Base**		$9,522,071		$ -		$9,522,071	$ -	$9,522,071

Allowance for Working Capital - Derivation

	(1)								
6	Controllable Expenses		$2,715,082		$ -		$2,715,082	$ -	$2,715,082
7	Cost of Power		$17,212,690		$ -		$17,212,690	$ -	$17,212,690
8	Working Capital Base		$19,927,772		$ -		$19,927,772	$ -	$19,927,772
9	Working Capital Rate %	(2)	13.00%		0.00%		13.00%	0.00%	13.00%
10	Working Capital Allowance		$2,590,610		$ -		$2,590,610	$ -	$2,590,610

Notes

(2) Some Applicants may have a unique rate as a result of a lead-lag study. Default rate for 2013 cost of service applications is 13%.

(3) Average of opening and closing balances for the year.

Revenue Requirement Workform

Utility Income

Line No.	Particulars		Initial Application								Per Board Decision
	Operating Revenues:										
1	Distribution Revenue (at Proposed Rates)		$3,444,407		($3,444,407)		$ -		$3,444,407		$3,444,407
2	Other Revenue	(1)	$130,345		($130,345)		$ -		$130,345		$130,345
3	Total Operating Revenues		$3,574,752		($3,574,752)		$ -		$3,574,752		$3,574,752
	Operating Expenses:										
4	OM+A Expenses		$2,715,082		$ -		$2,715,082		$ -		$2,715,082
5	Depreciation/Amortization		$282,540		$ -		$282,540		$ -		$282,540
6	Property taxes		$ -		$ -				$ -		
7	Capital taxes		$ -		$ -		$ -		$ -		$ -
8	Other expense		$ -		$ -				$ -		
9	Subtotal (lines 4 to 8)		$2,997,622		$ -		$2,997,622		$ -		$2,997,622
10	Deemed Interest Expense		$243,079		($243,079)		$ -		$243,079		$243,079
11	Total Expenses (lines 9 to 10)		$3,240,701		($243,079)		$2,997,622		$243,079		$3,240,701
12	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS		($13,315)		$13,315		$ -		($13,315)		($13,315)
13	**Utility income before income taxes**		$347,366		($3,344,988)		($2,997,622)		$3,344,988		$347,366
14	Income taxes (grossed-up)		$ -		$ -		$ -		$ -		$ -
15	**Utility net income**		$347,366		($3,344,988)		($2,997,622)		$3,344,988		$347,366

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges		$76,768				$ -				$76,768
	Late Payment Charges		$17,500				$ -				$17,500
	Other Distribution Revenue		$18,077				$ -				$18,077
	Other Income and Deductions		$18,000				$ -				$18,000
	Total Revenue Offsets		$130,345		$ -		$ -		$ -		$130,345

Revenue Requirement Workform

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
	Determination of Taxable Income			
1	Utility net income before taxes	$347,365	$ -	$347,365
2	Adjustments required to arrive at taxable utility income	($429,058)	$ -	($429,058)
3	Taxable income	($81,693)	$ -	($81,693)
	Calculation of Utility income Taxes			
4	Income taxes	$ -	$ -	$ -
6	Total taxes	$ -	$ -	$ -
7	Gross-up of Income Taxes	$ -	$ -	$ -
8	Grossed-up Income Taxes	$ -	$ -	$ -
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$ -	$ -	$ -
10	Other tax Credits	$ -	$ -	$ -
	Tax Rates			
11	Federal tax (%)	11.50%	11.50%	11.50%
12	Provincial tax (%)	4.00%	4.00%	4.00%
13	Total tax rate (%)	15.50%	15.50%	15.50%

Notes

Revenue Requirement Workform

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return
		Initial Application				
		(%)	($)	(%)		($)
	Debt					
1	Long-term Debt	56.00%	$5,332,360	4.41%		$235,157
2	Short-term Debt	4.00%	$380,883	2.08%		$7,922
3	**Total Debt**	60.00%	$5,713,243	4.25%		$243,079
	Equity					
4	Common Equity	40.00%	$3,808,828	9.12%		$347,365
5	Preferred Shares	0.00%	$ -	0.00%		$ -
6	**Total Equity**	40.00%	$3,808,828	9.12%		$347,365
7	**Total**	100.00%	$9,522,071	6.20%		$590,445
		(%)	($)	(%)		($)
	Debt					
1	Long-term Debt	0.00%	$ -	0.00%		$ -
2	Short-term Debt	0.00%	$ -	0.00%		$ -
3	**Total Debt**	0.00%	$ -	0.00%		$ -
	Equity					
4	Common Equity	0.00%	$ -	0.00%		$ -
5	Preferred Shares	0.00%	$ -	0.00%		$ -
6	**Total Equity**	0.00%	$ -	0.00%		$ -
7	**Total**	0.00%	$9,522,071	0.00%		$ -
		Per Board Decision				
		(%)	($)	(%)		($)
	Debt					
8	Long-term Debt	56.00%	$5,332,360	4.41%		$235,157
9	Short-term Debt	4.00%	$380,883	2.08%		$7,922
10	**Total Debt**	60.00%	$5,713,243	4.25%		$243,079
	Equity					
11	Common Equity	40.00%	$3,808,828	9.12%		$347,365
12	Preferred Shares	0.00%	$ -	0.00%		$ -
13	**Total Equity**	40.00%	$3,808,828	9.12%		$347,365
14	**Total**	100.00%	$9,522,071	6.20%		$590,445

Notes

(1) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use colimn M and Adjustments in column I

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application				Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		$485,901		($24,601)		$485,901
2	Distribution Revenue	$2,943,520	$2,958,506	$2,943,520	$3,469,008	$2,943,520	$2,958,506
3	Other Operating Revenue Offsets - net	$130,345	$130,345	$ -	$ -	$130,345	$130,345
4	**Total Revenue**	$3,073,865	$3,574,752	$2,943,520	$3,444,407	$3,073,865	$3,574,752
5	Operating Expenses	$2,997,622	$2,997,622	$2,997,622	$2,997,622	$2,997,622	$2,997,622
6	Deemed Interest Expense	$243,079	$243,079	$ -	$ -	$243,079	$243,079
7	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	($13,315) **(2)**	($13,315)	$ - **(2)**	$ -	($13,315) **(2)**	($13,315)
8	**Total Cost and Expenses**	$3,227,386	$3,227,386	$2,997,622	$2,997,622	$3,227,386	$3,227,386
9	**Utility Income Before Income Taxes**	($153,521)	$347,366	($54,102)	$446,785	($153,521)	$347,366
10	Tax Adjustments to Accounting Income per 2013 PILs model	($429,058)	($429,058)	($429,058)	($429,058)	($429,058)	($429,058)
11	**Taxable Income**	($582,579)	($81,692)	($483,160)	$17,727	($582,579)	($81,692)
12	Income Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
13	**Income Tax on Taxable Income**	($90,300)	($12,662)	($74,890)	$2,748	($90,300)	($12,662)
14	**Income Tax Credits**	$ -	$ -	$ -	$ -	$ -	$ -
15	**Utility Net Income**	($63,222)	$347,366	$20,788	($2,997,622)	($63,222)	$347,366
16	**Utility Rate Base**	$9,522,071	$9,522,071	$9,522,071	$9,522,071	$9,522,071	$9,522,071
17	Deemed Equity Portion of Rate Base	$3,808,828	$3,808,828	$ -	$ -	$3,808,828	$3,808,828
18	Income/(Equity Portion of Rate Base)	-1.66%	9.12%	0.00%	0.00%	-1.66%	9.12%
19	Target Return - Equity on Rate Base	9.12%	9.12%	0.00%	0.00%	9.12%	9.12%
20	Deficiency/Sufficiency in Return on Equity	-10.78%	0.00%	0.00%	0.00%	-10.78%	0.00%
21	Indicated Rate of Return	1.89%	6.20%	0.22%	0.00%	1.89%	6.20%
22	Requested Rate of Return on Rate Base	6.20%	6.20%	0.00%	0.00%	6.20%	6.20%
23	Deficiency/Sufficiency in Rate of Return	-4.31%	0.00%	0.22%	0.00%	-4.31%	0.00%
24	Target Return on Equity	$347,365	$347,365	$ -	$ -	$347,365	$347,365
25	Revenue Deficiency/(Sufficiency)	$410,587	$0	($20,788)	$ -	$410,587	$0
26	**Gross Revenue Deficiency/(Sufficiency)**	$485,901 **(1)**		($24,601) **(1)**		$485,901 **(1)**	

Notes:

(1) Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)

(2) Treated as an adjustment pre-tax to avoid an impact on taxes/PILs and hence on revenue sufficiency deficiency

Revenue Requirement Workform

Revenue Requirement

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	$2,715,082		$2,715,082		$2,715,082	
2	Amortization/Depreciation	$282,540		$282,540		$282,540	
3	Property Taxes	$ -					
5	Income Taxes (Grossed up)	$ -		$ -		$ -	
6	Other Expenses	$ -					
7	Return						
	Deemed Interest Expense	$243,079		$ -		$243,079	
	Return on Deemed Equity	$347,365		$ -		$347,365	
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	($13,315)		$ -		($13,315)	
8	**Service Revenue Requirement (before Revenues)**	$3,574,752		$2,997,622		$3,574,752	
9	Revenue Offsets	$130,345		$ -		$130,345	
10	**Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)**	$3,444,407		$2,997,622		$3,444,407	
11	Distribution revenue	$3,444,407		$ -		$3,444,407	
12	Other revenue	$130,345		$ -		$130,345	
13	**Total revenue**	$3,574,752		$ -		$3,574,752	
14	**Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)**	$0	(1)	($2,997,622)	(1)	$0	(1)

Notes

(1) Line 11 - Line 8

EB-2012-0168

Exhibit 1

Tab 2

Schedule 7

Attachment 2

Revenue Requirement Work Form – Board Model Adjusted for PILs

Revenue Requirement Workform

Version 3.00

Utility Name	Tillsonburg Hydro Inc.
Service Territory	
Assigned EB Number	EB-2012-0168
Name and Title	William J. Gott
Phone Number	519-688-3009 x 3229
Email Address	wgott@tillsonburg.ca

Revenue Requirement Workform

Notes:

(1)	Pale green cells represent inputs
(2)	Pale green boxes at the bottom of each page are for additional notes
(3)	Pale yellow cells represent drop-down lists
(4)	***Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.***
(5)	***Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel***

Data Input (1)

		Initial Application	(2)		(6)	Per Board Decision	
1	**Rate Base**						
	Gross Fixed Assets (average)	$16,527,843		$ 16,527,843		$16,527,843	
	Accumulated Depreciation (average)	($9,596,382)	(5)	($9,596,382)		($9,596,382)	
	Allowance for Working Capital:						
	Controllable Expenses	$2,715,082		$ 2,715,082		$2,715,082	
	Cost of Power	$17,212,690		$ 17,212,690		$17,212,690	
	Working Capital Rate (%)	13.00%	(9)	13.00%	(9)	13.00%	(9)
2	**Utility Income**						
	Operating Revenues:						
	Distribution Revenue at Current Rates	$2,943,520				$2,943,520	
	Distribution Revenue at Proposed Rates	$3,444,407				$3,444,407	
	Other Revenue:						
	Specific Service Charges	$76,768				$76,768	
	Late Payment Charges	$17,500				$17,500	
	Other Distribution Revenue	$18,077				$18,077	
	Other Income and Deductions	$18,000				$18,000	
	Total Revenue Offsets	$130,345	(7)			$130,345	
	Operating Expenses:						
	OM+A Expenses	$2,715,082		$ 2,715,082		$2,715,082	
	Depreciation/Amortization	$282,540	(10)	$ 282,540		$282,540	
	Property taxes						
	Other expenses						
3	**Taxes/PILs**						
	Taxable Income:						
	Adjustments required to arrive at taxable income	($429,058)	(3)			($429,058)	
	Utility Income Taxes and Rates:						
	Income taxes (not grossed up)	$ -					
	Income taxes (grossed up)	$ -					
	Federal tax (%)	0.00%				0.00%	
	Provincial tax (%)	0.00%				0.00%	
	Income Tax Credits						
4	**Capitalization/Cost of Capital**						
	Capital Structure:						
	Long-term debt Capitalization Ratio (%)	56.0%				56.0%	
	Short-term debt Capitalization Ratio (%)	4.0%	(8)		(8)	4.0%	(8)
	Common Equity Capitalization Ratio (%)	40.0%				40.0%	
	Prefered Shares Capitalization Ratio (%)						
		100.0%				100.0%	
	Cost of Capital						
	Long-term debt Cost Rate (%)	4.41%				4.41%	
	Short-term debt Cost Rate (%)	2.08%				2.08%	
	Common Equity Cost Rate (%)	9.12%				9.12%	
	Prefered Shares Cost Rate (%)						
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS ($)	($13,315)	(11)		(11)	($13,315)	(11)

Notes:

General Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.

(1) All inputs are in dollars ($) except where inputs are individually identified as percentages (%)
Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use colimn M and Adjustments in column I

(2) Net of addbacks and deductions to arrive at taxable income.

(4) Average of Gross Fixed Assets at beginning and end of the Test Year

(5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.

(6) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.

(7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement

(8) 4.0% unless an Applicant has proposed or been approved for another amount.

(9) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.

(10) Depreciation Expense should include the adjustment resulting from the amortization of the deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.

(11) Adjustment should include the adjustment to the return on rate base associated with deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.

Revenue Requirement Workform

Rate Base and Working Capital

Rate Base

Line No.	Particulars		Initial Application						Per Board Decision
1	Gross Fixed Assets (average)	(3)	$16,527,843		$ -		$16,527,843	$ -	$16,527,843
2	Accumulated Depreciation (average)	(3)	($9,596,382)		$ -		($9,596,382)	$ -	($9,596,382)
3	Net Fixed Assets (average)	(3)	$6,931,461		$ -		$6,931,461	$ -	$6,931,461
4	Allowance for Working Capital	(1)	$2,590,610		$ -		$2,590,610	$ -	$2,590,610
5	**Total Rate Base**		$9,522,071		$ -		$9,522,071	$ -	$9,522,071

Allowance for Working Capital - Derivation

(1)									
6	Controllable Expenses		$2,715,082		$ -		$2,715,082	$ -	$2,715,082
7	Cost of Power		$17,212,690		$ -		$17,212,690	$ -	$17,212,690
8	Working Capital Base		$19,927,772		$ -		$19,927,772	$ -	$19,927,772
9	Working Capital Rate %	(2)	13.00%		0.00%		13.00%	0.00%	13.00%
10	Working Capital Allowance		$2,590,610		$ -		$2,590,610	$ -	$2,590,610

Notes

(2) Some Applicants may have a unique rate as a result of a lead-lag study. Default rate for 2013 cost of service applications is 13%.

(3) Average of opening and closing balances for the year.

Revenue Requirement Workform

Utility Income

Line No.	Particulars		Initial Application								Per Board Decision
	Operating Revenues:										
1	Distribution Revenue (at Proposed Rates)		$3,444,407		($3,444,407)		$ -		$3,444,407		$3,444,407
2	Other Revenue	(1)	$130,345		($130,345)		$ -		$130,345		$130,345
3	Total Operating Revenues		$3,574,752		($3,574,752)		$ -		$3,574,752		$3,574,752
	Operating Expenses:										
4	OM+A Expenses		$2,715,082		$ -		$2,715,082		$ -		$2,715,082
5	Depreciation/Amortization		$282,540		$ -		$282,540		$ -		$282,540
6	Property taxes		$ -		$ -				$ -		
7	Capital taxes		$ -		$ -		$ -		$ -		$ -
8	Other expense		$ -		$ -				$ -		
9	Subtotal (lines 4 to 8)		$2,997,622		$ -		$2,997,622		$ -		$2,997,622
10	Deemed Interest Expense		$243,079		($243,079)		$ -		$243,079		$243,079
11	Total Expenses (lines 9 to 10)		$3,240,701		($243,079)		$2,997,622		$243,079		$3,240,701
12	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS		($13,315)		$13,315		$ -		($13,315)		($13,315)
13	**Utility income before income taxes**		$347,366		($3,344,988)		($2,997,622)		$3,344,988		$347,366
14	Income taxes (grossed-up)		$ -		$ -		$ -		$ -		$ -
15	**Utility net income**		$347,366		($3,344,988)		($2,997,622)		$3,344,988		$347,366

Notes

Other Revenues / Revenue Offsets

(1)	Specific Service Charges		$76,768				$ -				$76,768
	Late Payment Charges		$17,500				$ -				$17,500
	Other Distribution Revenue		$18,077				$ -				$18,077
	Other Income and Deductions		$18,000				$ -				$18,000
	Total Revenue Offsets		$130,345		$ -		$ -		$ -		$130,345

Revenue Requirement Workform

Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
	Determination of Taxable Income						
1	Utility net income before taxes	$347,365		$ -		$347,365	
2	Adjustments required to arrive at taxable utility income	($429,058)		$ -		($429,058)	
3	Taxable income	($81,693)		$ -		($81,693)	
	Calculation of Utility income Taxes						
4	Income taxes	$ -		$ -		$ -	
6	Total taxes	$ -		$ -		$ -	
7	Gross-up of Income Taxes	$ -		$ -		$ -	
8	Grossed-up Income Taxes	$ -		$ -		$ -	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$ -		$ -		$ -	
10	Other tax Credits	$ -		$ -		$ -	
	Tax Rates						
11	Federal tax (%)	0.00%		0.00%		0.00%	
12	Provincial tax (%)	0.00%		0.00%		0.00%	
13	Total tax rate (%)	0.00%		0.00%		0.00%	

Notes

Revenue Requirement Workform

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return
		Initial Application				
		(%)	($)	(%)		($)
	Debt					
1	Long-term Debt	56.00%	$5,332,360	4.41%		$235,157
2	Short-term Debt	4.00%	$380,883	2.08%		$7,922
3	**Total Debt**	60.00%	$5,713,243	4.25%		$243,079
	Equity					
4	Common Equity	40.00%	$3,808,828	9.12%		$347,365
5	Preferred Shares	0.00%	$ -	0.00%		$ -
6	**Total Equity**	40.00%	$3,808,828	9.12%		$347,365
7	**Total**	100.00%	$9,522,071	6.20%		$590,445
		(%)	($)	(%)		($)
	Debt					
1	Long-term Debt	0.00%	$ -	0.00%		$ -
2	Short-term Debt	0.00%	$ -	0.00%		$ -
3	**Total Debt**	0.00%	$ -	0.00%		$ -
	Equity					
4	Common Equity	0.00%	$ -	0.00%		$ -
5	Preferred Shares	0.00%	$ -	0.00%		$ -
6	**Total Equity**	0.00%	$ -	0.00%		$ -
7	**Total**	0.00%	$9,522,071	0.00%		$ -
		Per Board Decision				
		(%)	($)	(%)		($)
	Debt					
8	Long-term Debt	56.00%	$5,332,360	4.41%		$235,157
9	Short-term Debt	4.00%	$380,883	2.08%		$7,922
10	**Total Debt**	60.00%	$5,713,243	4.25%		$243,079
	Equity					
11	Common Equity	40.00%	$3,808,828	9.12%		$347,365
12	Preferred Shares	0.00%	$ -	0.00%		$ -
13	**Total Equity**	40.00%	$3,808,828	9.12%		$347,365
14	**Total**	100.00%	$9,522,071	6.20%		$590,445

Notes

(1) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use colimn M and Adjustments in column I

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application				Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		$500,887		$54,102		$500,887
2	Distribution Revenue	$2,943,520	$2,943,520	$2,943,520	$3,390,305	$2,943,520	$2,943,520
3	Other Operating Revenue Offsets - net	$130,345	$130,345	$ -	$ -	$130,345	$130,345
4	**Total Revenue**	$3,073,865	$3,574,752	$2,943,520	$3,444,407	$3,073,865	$3,574,752
5	Operating Expenses	$2,997,622	$2,997,622	$2,997,622	$2,997,622	$2,997,622	$2,997,622
6	Deemed Interest Expense	$243,079	$243,079	$ -	$ -	$243,079	$243,079
7	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	($13,315) **(2)**	($13,315)	$ - **(2)**	$ -	($13,315) **(2)**	($13,315)
8	**Total Cost and Expenses**	$3,227,386	$3,227,386	$2,997,622	$2,997,622	$3,227,386	$3,227,386
9	**Utility Income Before Income Taxes**	($153,521)	$347,366	($54,102)	$446,785	($153,521)	$347,366
10	Tax Adjustments to Accounting Income per 2013 PILs model	($429,058)	($429,058)	($429,058)	($429,058)	($429,058)	($429,058)
11	**Taxable Income**	($582,579)	($81,692)	($483,160)	$17,727	($582,579)	($81,692)
12	Income Tax Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
13	**Income Tax on Taxable Income**	$ -	$ -	$ -	$ -	$ -	$ -
14	**Income Tax Credits**	$ -	$ -	$ -	$ -	$ -	$ -
15	**Utility Net Income**	($153,521)	$347,366	($54,102)	($2,997,622)	($153,521)	$347,366
16	**Utility Rate Base**	$9,522,071	$9,522,071	$9,522,071	$9,522,071	$9,522,071	$9,522,071
17	Deemed Equity Portion of Rate Base	$3,808,828	$3,808,828	$ -	$ -	$3,808,828	$3,808,828
18	Income/(Equity Portion of Rate Base)	-4.03%	9.12%	0.00%	0.00%	-4.03%	9.12%
19	Target Return - Equity on Rate Base	9.12%	9.12%	0.00%	0.00%	9.12%	9.12%
20	Deficiency/Sufficiency in Return on Equity	-13.15%	0.00%	0.00%	0.00%	-13.15%	0.00%
21	Indicated Rate of Return	0.94%	6.20%	-0.57%	0.00%	0.94%	6.20%
22	Requested Rate of Return on Rate Base	6.20%	6.20%	0.00%	0.00%	6.20%	6.20%
23	Deficiency/Sufficiency in Rate of Return	-5.26%	0.00%	-0.57%	0.00%	-5.26%	0.00%
24	Target Return on Equity	$347,365	$347,365	$ -	$ -	$347,365	$347,365
25	Revenue Deficiency/(Sufficiency)	$500,887	$0	$54,102	$ -	$500,887	$0
26	**Gross Revenue Deficiency/(Sufficiency)**	$500,887 **(1)**		$54,102 **(1)**		$500,887 **(1)**	

Notes:

(1) Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)

(2) Treated as an adjustment pre-tax to avoid an impact on taxes/PILs and hence on revenue sufficiency deficiency

Revenue Requirement Workform

Revenue Requirement

Line No.	Particulars	Application				Per Board Decision	
1	OM&A Expenses	$2,715,082		$2,715,082		$2,715,082	
2	Amortization/Depreciation	$282,540		$282,540		$282,540	
3	Property Taxes	$ -					
5	Income Taxes (Grossed up)	$ -		$ -		$ -	
6	Other Expenses	$ -					
7	Return						
	Deemed Interest Expense	$243,079		$ -		$243,079	
	Return on Deemed Equity	$347,365		$ -		$347,365	
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	($13,315)		$ -		($13,315)	
8	**Service Revenue Requirement (before Revenues)**	$3,574,752		$2,997,622		$3,574,752	
9	Revenue Offsets	$130,345		$ -		$130,345	
10	**Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)**	$3,444,407		$2,997,622		$3,444,407	
11	Distribution revenue	$3,444,407		$ -		$3,444,407	
12	Other revenue	$130,345		$ -		$130,345	
13	**Total revenue**	$3,574,752		$ -		$3,574,752	
14	**Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)**	$0	(1)	($2,997,622)	(1)	$0	(1)

Notes

(1) Line 11 - Line 8

ANNUAL REPORTS

THI does not prepare annual reports.

THI's 2011 Audited Financial Statements with 2010 comparative information is provided at E1/T3/S1/Att1.

THI's 2012 Statement of Operations for the six months ended June 30, 2012 is provided at E1/T2/S8/Att1.

EB-2012-0168

Exhibit 1

Tab 2

Schedule 8

Attachment 1

Six-month Statement of Operations (2012)

Tillsonburg Hydro Inc.
Statement of Operations
For the six months ended

June 30, 2012

	Actual For the six months ended June 30, 2012	Actual For the six months ended June 30, 2011	Actual For the year ended December 31, 2011
POWER SERVICE			
General	5,417,154	5,292,862	10,435,136
Residential	1,644,679	1,503,123	3,153,549
Streetlighting	-	-	-
Wholesale and transmission charges	1,554,967	1,519,291	3,149,733
	8,616,800	8,315,276	16,738,418
COST OF POWER	8,616,800	8,315,276	16,738,418
GROSS MARGIN ON POWER	-	-	-
DISTRIBUTION REVENUE			
Distribution Service	1,473,168	1,526,405	2,948,431
Retail Service	6,023	7,089	12,390
Other	105,489	96,649	205,176
	1,584,680	1,630,143	3,165,997
GROSS MARGIN ON NON-UTILITY ACTIVITIES	5,322	-	19,865
	1,590,002	1,630,143	3,185,862
EXPENSES			
Operating and maintenance	505,221	555,140	984,496
Billing and collecting	330,638	208,132	563,328
General administration	324,725	341,666	593,445
Regulatory Expenses	28,559	56,761	86,602
Amortization	261,042	338,688	596,701
Interest and finance charges	24,637	5,601	42,340
	1,474,822	1,505,988	2,866,912
NET OPERATING REVENUE	115,180	124,155	318,950
PROVISION FOR PIL OF CORPORATE INCOME	19,622	52,670	85,557
NET EARNINGS FOR THE PERIOD	95,558	71,485	233,393

AFFILIATE TRANSACTIONS

THI is 100% owned by the Town of Tillsonburg ("Town"). THI contracts the Town to assist in the operation and maintenance of the distribution system and to provide an appropriate level of customer service. The provision of these services is governed by a Master Services Agreement. This contract between THI and the Town sets out the services provided as well as the level of quality, the consideration payable and the legal remedies available to both parties; it is provided at E1/T2/S9/Att1.

The prices paid under the MSA are at cost. Each party has access to the historical costs of prior year. THI's system and business plans for the next period are relied on to negotiate the appropriate level of service for the upcoming period and are adjusted consistent with THI's plans.

EB-2012-0168

Exhibit 1

Tab 2

Schedule 9

Attachment 1

Service Level Agreement(s)

MASTER SERVICES AGREEMENT

THIS AGREEMENT

BETWEEN:

THE CORPORATION OF THE TOWN OF TILLSONBURG

(Hereinafter referred to as the "Town")

OF THE FIRST PART

- and -

TILLSONBURG HYDRO INC.

(hereinafter referred to as the "Utility")

OF THE SECOND PART

WHEREAS the Utility is a duly incorporated electric Utility pursuant to the law of the Province of Ontario;

AND WHEREAS both the Town and the Utility are separate corporate entities;

AND WHEREAS the Parties have agreed that the Town will provide services as listed in Schedule A to the Utility on a fee-for-service basis and the Town shall provide such further and other products and services as may be agreed to in writing, by the Parties from time to time;

AND WHEREAS the Parties acknowledge and agree that in providing goods and services contemplated herein the Town acts as an independent contractor and not as an agent, partner, or servant of the Utility;

AND WHEREAS the Parties shall consult as frequently as may be desirable to ensure that the Utility receives adequate, economical and effective services as listed in Schedule A as attached to this document.

NOW THEREFORE IN CONSIDERATION of the mutual covenants and Agreements set forth, and for other good valuable consideration and the sum of two ($2.00) dollars of lawful money of Canada now paid by each of the Parties to the other (the receipt and sufficiency of which is hereby expressly acknowledged), the Parties covenant and agree, and with each other, as follows:

1. Definitions

1.01 **"Board"** means the board of directors of the Utility;

1.02 **"Customer Service Costs"** means the cost incurred by a Party to bill and collect and to provide related customer services.

1.03 **"Customer Services"** means all services related to customer services, which without limiting the generality of the foregoing shall include customer billing collection of unpaid accounts, and customer relations, etc.

1.04 **"Direct Costs"** means the costs incurred directly by the Utility for its own operations including but not limited to electrical power costs for Standard Supply Services, IESO costs, Hydro One Transmission costs, Competition Transition Charge, Retail/Wholesale Settlement costs, Ministry of Finance OEB Regulatory costs, EDA dues, MEARIE insurance and other insurance premiums, legal, accounting and audit fees, etc.

1.05 **"Effective Date"** means January 1, 2012.

1.06 "**ESA**" or "**Electrical Safety Authority**" means the Electrical Safety Authority or any successor entity thereto;

1.07 **"Extraordinary Costs"** means those unusual and unanticipated costs as more particularly described in Section 9.

1.08 **"Fully Allocated Cost"** means the sum of direct costs plus a proportional share of indirect costs.

1.09 "**Independent Electricity System Operator**" or "**IESO**" means the Independent Electricity System Operator or any successor entity thereto;

1.10 "**Independent Director**" means an Independent Director as defined by the Affiliate Relationship Code.

1.11 "**Ontario Energy Board**" or "**OEB**" means the Ontario Energy Board or any successor entity thereto;

1.12 "**Joint Board of Management**" means a committee that shall meet on a regular basis in order to ensure proper consultation and involvement by the Utility in the performance of services under this Agreement. The committee shall consist of the Chief Administrative Officer of the Town, General Manager of the Utility, and two Board appointed independent directors.

1.13 "**Services**" means the services described in Schedule A;

1.14 **"Parties"** means the Town and the Utility; and "**Party**" means either one as the context requires;

1.15 **"Person"** means any other businesses or persons with which the Town chooses to establish a business relationship.

2. Term

2.01 Unless terminated in accordance with Section 22, the term of this Agreement shall be from January 1, 2012 to and including December 31, 2015. The term shall be extended

for a further period of two years unless either Party gives the other notice in writing not less than ninety (90) days prior to the end of the term that the Agreement is not to be extended.

2.02 In providing regulatory, market participation, business, customer service support, maintenance and construction services as identified in Schedule A for the Utility, the Town shall be responsible for maintaining regulated and non-regulated performance standards as determined by the Utility, the IESO, the ESA and the OEB, as the case may be, and shall not discriminate in its performance and delivery of identified services.

3. Force Majeure

3.01 It shall not be a breach of this Agreement if the Parties to this Agreement fail to perform their obligations to provide services, work, or the supply of goods or materials to either Party by reason of war, insurrection, tempest, or any other event beyond the reasonable control of the Parties. The foregoing shall not apply to an obligation to pay money.

4. Covenants of the Town

4.01 Subject to the obligations of the Town hereunder, the Town shall be free to offer services to any other person.

4.02 The Town shall be responsible for obtaining and maintaining all necessary approvals, licences and permits and for complying with all applicable federal, provincial and municipal laws, regulations, codes, orders, decrees and directives in connection with the provision of the Services hereunder and the Town shall when requested provide the Utility with adequate evidence of its compliance with this Section.

4.03 The Town shall comply, while on the premises used by the Utility, with the Occupational Health and Safety Act and all rules, regulations and policies of the Utility from time to time in force which are brought to its notice or of which it should reasonably be aware.

4.04 The Town shall pay for and maintain for the benefit of the Utility appropriate insurance concerning the operations and liabilities of the Town relevant to this Agreement.

4.05 The Town shall indemnify and save the Utility, its officers, directors, agents and employees, if any, harmless from and against all claims, which the Utility or its officers, directors, agents or employees may suffer as a result of the negligence of the Town in the performance or non-performance of this Agreement.

4.06 The town shall be entitled to retain consultants, contractors and other third parties as required in order to deliver the Services (Schedule A).

5. Confidentiality and Ownership of Information

5.01 Subject to the requirements of the *Municipal Freedom of Information and Protection of Privacy Act* and the OEB's *Affiliate Relationships Code for Electricity Distributors and*

Transmitters and any other legal requirement to disclose information, it is agreed that confidential information of the Utility shall be kept in strict confidence by the Town.

5.02 The Town shall take such measures as are necessary in order to comply with the confidentiality obligations under subsection 5.01 above.

5.03 Information stored or produced by any Party to this Agreement on the sole behalf of any other Party to this Agreement, shall be the property of the Party on whose sole behalf such information is stored or produced. Where such information consists of an original report, computer program, information, or intellectual property produced by a Party to this Agreement for the sole purpose of supplying services to that other Party and the cost of producing such report is included in the remuneration payable by such other Party, the property (including copyright and moral rights) to such original report, computer program, information, or intellectual property shall belong to such other Party. The foregoing shall not apply where information is stored or produced by a Party to this Agreement on behalf of a third Party to this Agreement, or where the information is stored and produced by a Party to this Agreement for the mixed benefit of another Party and the Party which produced the information.

6. Costs

6.01 The Utility shall pay the Town the fees and charges more particularly described in Schedule A and as specified in Schedule B as attached.

6.02 Unless specifically stated applicable taxes are not included.

6.03 The costing provisions are set out in Schedule "A" and Schedule "B" and includes a fixed management fee of $140,000 for each of the years of the agreement. The costing for each year of operations and capital costs shall be directly incurred costs. Services not rendered during any given year shall be reported to the board annually. The town and utility shall review the appropriateness of the management fee level as provided in the OEB's decision in proceeding EB-2008-0246 which stipulated that such a review should either involve, at a minimum include an opinion by, a reputable third party on such matters.

6.04 The Town shall be entitled to additional remuneration, including a management fee, if:

(a) It has agreed to provide, or has been required by law to provide, services which exceed those described in Schedule "A";

(b) It has agreed to provide, or has been required by law to provide, Services at a level that exceeds the level described in Schedule "A";

(c) Where the Town provides Services to the Utility, it shall use its best efforts to minimize the actual costs of providing such services while still complying with all applicable standards;

(d) It is acknowledged that there will be some duplication in the description of services. Such duplication is insignificant, does not imply that there is multiple costing for those services, and the Parties agree that no such multiple costing is present.

6.05 The Parties agree that a reasonably competitive market does not exist for the total services that the Utility acquires from the Town and therefore the Utility agrees to pay no more that the affiliate's fully-allocated cost to provide that service. The Utility shall obtain from the Town a detailed breakdown of the affiliate's allocated cost of providing the services as part of the annual business plan process.

6.06 Upon renewal of the term of this Agreement, the Town may adjust their fees upon ninety (90) days prior notice in writing to the Utility provided that if the Utility does not accept the adjusted costs and the Parties are unable to agree after negotiating in good faith, the adjusted costs may be submitted to arbitration pursuant to Section 12 of this Agreement.

6.07 The Utility agrees to reimburse the Town for any unanticipated events over and above normal customer service costs to which the Town may be put resulting from extraordinary unanticipated events such as fire, major storms, tornadoes, equipment failures, and the like provided such equipment failures are not caused by negligence on the part of the Town to perform services as outlined in Schedule "A" of this Agreement.

7. Remuneration

7.01 The Utility shall pay the Town in accordance with the actual costs incurred by the Town in performing the Services as set forth in the Schedules.

7.02 The aggregate remuneration payable quarterly to the Town in respect of the services provided by the Town to the Utility shall, so long as the Town continues to provide full treasury and financial services, be recovered from the applicable Party by direct transfers of funds from and to the appropriate accounts at times convenient to the Town Treasurer in accordance with proper principles of contract administration and IFRS and business principles. The Parties to this Agreement specifically authorize that such transfers may be performed by the Town Treasurer or his/her designate, and such authorization shall remain in effect during the full term of this Agreement. In the event that the Town ceases to provide full treasury and financial services, the aggregate remuneration payable to the Town in respect of the services provided by the Town shall be requested in periodic invoices delivered by the Town, such invoices to be delivered not more frequently than monthly. The terms of any such invoice, whether so marked or not, shall be net 30 days.

7.03 The presence of subsection 7.02 shall not be interpreted to mean the Utility has unilateral ability, without the agreement of the Town, to terminate its use of full treasury and financial services from the Town.

7.04 The remuneration payable to the members of the Board shall be an expense of the Utility and shall be processed by the Town pursuant to the Schedules.

8. Annual Review of Schedules

8.01 The Parties shall review the contents of each Schedule on an annual basis. The purpose of such review shall be to determine whether the activities described in each Schedule continue to be accurate.

8.02 In the event that during such a review, disagreement arises with respect to suggested amendments to any Schedule and such disagreement cannot be settled by the Parties, either Party may refer such to arbitration in accordance with Section 12 of this Agreement.

8.03 The review described in 8.01 shall be commenced within sufficient time so that the Parties might reasonably have completed their review in time for the annual Town budget and estimates process.

9. Invoicing

9.01 The Town shall submit an invoice or supporting documentation to the Utility for payment for all costs incurred by the Town in performing its services. All invoices shall provide sufficient detail of the costs incurred and the description of the services undertaken by the Town. All invoices shall be paid by the Utility within thirty (30) days from the date of receipt. A charge of one and one-half (1.5%) per month will be levied against all late payments.

9.02 The town will pay all accounts payable in a timely manner in order to minimize any vendor late payment charges.

9.03 The Town will submit details of any unanticipated events to the Utility for review before invoicing. Invoices for unanticipated events will be paid by the Utility within ten (10) days from approval by the Board.

10. Easements

10.01 The Utility represents that it has secured all requisite easements necessary for the delivery of electrical services for the distribution of electric power throughout the Utility's service area.

10.02 The Utility shall indemnify and save the Town harmless from any claims, demands, actions and applications brought against the Town arising from the failure of the Utility to have secured easements or from any defect or deficiency in the easements secured by the Utility prior to the effective date of this Agreement.

10.03 After the effective date of this Agreement, the Town shall act on behalf of the Utility to secure all easements required for the performance of the expansion or upgrade of electrical distribution services pursuant to this Agreement. Any costs related to the acquisition of easements, including appraisal and legal costs, shall be paid by the Utility.

11. Customer Billing

11.01 The Town shall bill the Utility's customers for electricity and distribution services supplied to them and such bills shall read "Tillsonburg Hydro Inc. Charges" and shall conform to the requirements of the OEB and any applicable laws.

11.02 The Utility shall be responsible for all costs related to the bad debt associated with the non-payment of the electricity bills.

11.03 The Town shall assume responsibility for any billing errors arising after the commencement of this Agreement only to the extent that any such costs arising from the billing errors are unrecoverable from the Utility's customer and only if the billing error is attributable to the Town's negligence or the negligence of its servants, agents or representatives.

12. Arbitration

12.01 The Parties agree to consult with each other and to negotiate in good faith to resolve any differences or disputes which either Party may have relating to the interpretation, application or implementation of this Agreement, or any dispute which may arise over any costs, fees or other costs incurred and failing Agreement the Parties agree to resolve their disputes by arbitration as provided in subsection 12.02.

12.02 Arbitration of a dispute shall be commenced by written notice by a Party requesting arbitration to the other, which notice shall identify the issue or issues it wishes to submit to arbitration. Within thirty (30) days of the date of the notice, the Parties shall agree upon a single arbitrator and failing Agreement then each Party shall appoint an arbitrator and the two appointees shall within 45 days of the date of the notice of arbitration appoint a third person who shall act as Chair of the Arbitration Panel, and failing Agreement the Chair shall be appointed by a Judge of the Superior Court of Ontario pursuant to the provisions of the *Arbitration Act, 1991*, S.O. 1991 c.A.17.

12.03 The commencement of the arbitration and all rules of procedure for the arbitration shall be by Agreement of the Parties, or failing Agreement, as determined by the arbitrator or Chair of the arbitrator panel. The provisions of the *Arbitration Act, 1991*, SO 1991 c.A.17, as amended or any successor legislation shall apply to the arbitration.

12.04 All decisions of the arbitrator or arbitrators, as the case may be, shall be made in writing and shall be delivered to all Parties within ten (10) days, or within such other time as the Parties may agree, from the conclusion of the arbitration. Except for matters of law only, all decisions shall be final and binding upon the Parties, their respective successors and assigns, and shall not be subject to appeal.

12.05 Each Party shall pay its own costs incurred in respect of the arbitration including the payment of its appointee to the arbitration panel, and in the case of a three person panel the Parties agree to share the fees of the Chair and other related costs equally.

13. Insurance

13.01 The Utility shall provide and maintain the following:

(a) A Comprehensive General Liability Policy which shall name the Town as a Named Insured but only with respect to operations and services performed by the Town on behalf of the Utility;

(b) An Environmental Impairment Policy which shall name the Town as a named insured but only with respect to operations and services performed by the Town on behalf of the Utility;

(c) Directors and Officers liability insurance providing coverage for the directors of the Utility;

(d) The Errors & Omissions Liability Policy which shall be in the name of the Utility with the Town added as a Named Insured but only with respect to claims for compensatory damage as a result of errors or omissions by the Town acting on behalf of the Utility; and,

(e) Such other insurance in keeping with good utility practice.

13.02 The Utility agrees to endorse its insurance coverage with the Town as a Named Insured to cover any liability of the Town resulting or arising from any claims of injury, including injury resulting in death, third Party property damage arising from the operations of the Named Insured and/or the operations and services performed by the Town on behalf of the Utility.

13.03 All policies referred to in subsection 13.01 and 13.02 shall contain a clause requiring each insurer to give the Town or the Utility, as the case may be, ninety (90) days written notice prior to cancelling insurance coverage.

13.04 Both Parties will notify the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE) of any occurrence, claim, suit and/or accident pertaining to the operations of the Named Insured and/or the operations performed by the Town on behalf of the Named Insured.

14. No Warranty or Guarantee

14.01 The Town provides no warranty or guarantee for any defective or deficient equipment or materials utilized except for the manufacturers or supplier's warranties or guarantees applicable to the defective or deficient equipment or materials.

15. Notices

15.01 All notices required to be given to either of the Parties under this Agreement shall be in writing and shall be delivered by prepaid unregistered post or hand delivery to the following:

(a) The Corporation of the Town of Tillsonburg

200 Broadway, 2nd Floor
Tillsonburg, ON N4G 5A7

Telephone: (519) 842-6428
Fax: (519) 842-9431

Attention: Town Clerk

and

(b) Tillsonburg Hydro Inc.

10 Lisgar Ave
Tillsonburg, ON N4G 5A5

Telephone: (519) 842-6428
Fax: (519) 842-9431

Attention: General Manager

or to such other address or individual as may be designated by written notice to the other Party. Any notice given by personal delivery shall be deemed to have been given on the day of actual delivery hereof and if sent by prepaid post, on the third day after mailing.

16. Successors

16.01 This Agreement shall inure to the benefit of and be binding upon the Parties and their successors and assigns, respectively.

17. Regulatory Changes

17.01 The Parties acknowledge that substantial changes to legislation and regulations and government policies are likely to occur during the term of this Agreement which are likely to affect the nature of the relationship between them, and as consequence, the Parties hereby agree to consult and negotiate in good faith any amendments to this Agreement which may be necessitated by changes in the regulatory environment and in keeping with the intent of the Parties, and failing Agreement to submit their differences to arbitration as provided in Section 12.

18. Entire Agreement

18.01 This Agreement, including Schedules A and B, constitutes the entire Agreement between the Parties.

19. Amendments

19.01 Amendments to this Agreement shall be in writing and executed by the Parties duly authorized signing officers.

20. Headings

20.01 The headings in this Agreement are for purposes of reference only and shall not be read or construed so as to abridge or modify the meaning of any provision in the main test of this Agreement.

21. Governing Law

21.01 This Agreement shall be construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

22. Termination

22.01 In the event of non-performance by either Party of any material obligation(s) under this Agreement, the other Party may at its sole option elect to terminate this Agreement provided that the defaulting Party shall be given written notice of the default and shall be given sixty (60) days to cure the default, and then only upon failure to cure the default the Agreement may be terminated.

23. Responsibility and Indemnification

23.01 While the Utility continues to be a wholly owned subsidiary of the Town:

(a) The Town shall have no responsibility for any actions, causes of action, claims or demands which may be advanced against the Utility even where the said action, cause of action, claim or demand arose partly or entirely out of any misfeasance or nonfeasance on the part of the Town in the performance of its operations pertaining to the distribution of electricity. The Utility shall indemnify, release and save harmless the Town in respect of any such action, cause of action, claim or demand save and except when operations pertain to the operations other than those pertaining to the distribution of electricity.

(b) In situations where the Town and the Utility are jointly liable to any person otherwise than in contract, the Utility shall absorb all such liability pertaining to the distribution of electricity and shall indemnify and save harmless the Town; and

(c) The Utility shall reimburse, indemnify and save harmless the Town against any costs, courses of action, claims, demands, expenses or liabilities of any description incurred by the Town for the benefit of the Utility, whether such reimbursement and indemnification is complicit with this Agreement or otherwise.

24. Joint Management Committee

24.01 It is a matter of importance to the Parties that there shall be proper consultation and involvement by the Utility in the performance of services under this Agreement. For that reason, the following committee shall be formed and shall meet on a regular basis, the schedule thereof as determined by the members of the Joint Management Committee, in order to identify, resolve, and coordinate matters of common concern in relation to the services performed hereunder:

(a) The Joint Management Committee shall consist of the Chief Administrative Officer of the Town, General Manager of the Utility, and two Board appointed independent directors and if required, the Chair of the Board may attend as an ex-officio member;

(b) Either Party to this Agreement shall have the right to requisition a meeting of the said Joint Management Committee at any time upon five (5) days written notice to the other;

(c) Where a member is unable to be present at any meeting of the said Joint Management Committee, he or she may substitute another individual to attend and participate at any such meeting in his or her stead.

25. Relationship

25.01 Parties acknowledge and agree that the Town shall act as an independent contractor providing its services under this Agreement and the Parties further acknowledge and agree that nothing in this Agreement shall be deemed or construed to be the formation of a partnership between the Town and the Utility.

IN WITNESS WHEREOF the Parties have duly executed this Agreement on the date first above written:

The Corporation of the Town of Tillsonburg

Mayor

Per:

CAO

Tillsonburg Hydro Inc.

Chair

Per:

Secretary

SCHEDULE A – LIST OF SERVICES

A.1 HYDRO OPERATIONS

(a) FULL DESCRIPTION OF THE SERVICE:

Provision of a General Manager of Tillsonburg Hydro Inc.

- Provision of a General Manager for the Utility who is a Town Employee.

Substation Maintenance

- To provide supervision, labour, materials, equipment and tools to maintain all the substations, substation buildings and substation fixtures including any tests, inspections or monthly monitoring and record keeping.

Overhead Maintenance

- To provide supervision, labour, materials, equipment and tools to maintain and repair all overhead lines, hardware, poles, switches, etc. To render repairs at any time to facilitate restoration or power with the least amount of inconvenience to the customer.

Underground Maintenance

- To provide supervision, labour, materials, equipment and tools to maintain and repair all Underground Lines, hardware, and switches etc. To render repairs at any time to facilitate restoration or power with the least amount of inconvenience to the customer.

Inspection

- Provide inspection and testing of the electrical plant to the present standards required by good utility practice, the Utility and all applicable laws.

Emergency Response

- Provide 24 hour 7 day a week trouble crew with the possibility of providing up to 4 people and supervision within 1 hour in response to all trouble calls. To provide supervision on a 24 hour 7 day a week.

Transformer Installation and Repair

- Provide qualified crews and supervision to install overhead, underground and pad mount transformers. To ensure proper voltage to customers.

Service Installations

- Provide qualified labour and supervision to install all types of services from 3 phase 27.6 KV primary to 120/240 volt single phase underground or overhead.

Conservation Demand Management (CDM)

- Develop, maintain and monitor an approved CDM plan as required.

Smart Grid

- Provide necessary services to implement, maintain and monitor a smart grid plan in accordance with regulations, standards and practices.

Service Repairs

- Repair all secondary and primary services to re-establish power 24 hours 365 days a year.

Relocation Work

- To provide the supervisory services, labour, equipment, materials and tools necessary to move, remove, shift, or build electrical plant for the purpose of road, sidewalk or any other project on Town streets.

PCB Management

- Provide expertise in PCB Management, testing and reclassification of transformers when required.

- Provide the required supervision, labour, equipment to remediate, clean up, contain, control, transport and store all material until decommissioning or disposal in accordance with all applicable law.

Billable Work

- To provide qualified crews and people and supervision to perform work to private individuals on behalf of the Utility. To provide customers of the Utility with expertise and knowledge and render service to customers on a 24 hours basis on behalf of the Utility.

Customer Relations

- To provide help to the customers of the Utility with their concerns such as no power calls, cats in trees, kites in wires and all other similar instances on behalf of the Utility utilizing, where appropriate, the Town Active Citizen Response (ACR) technology. The town will provide web presentment technology in association with smart meter and smart grid technology. The Town provides additional

payment options including online methods for customers in order to pay their utility bills.

Supervision

- To arrange and facilitate all high voltage switching. To set standards and arrange all duties that crews require performing to standards and are done to EUSA, Ministry of Labour and Town of Tillsonburg rules and regulations.

Memberships and Licence Fees

- Maintain memberships in OEB, IHSA, EDA and ACORE.

Green Fleet Vehicles/Fleet

- Providing, maintaining and fuelling green fleet technology type vehicles owned by the Town as necessary to complete all maintenance and construction work as required to maintain service for the Utility.

Line Locate

- Provide line locate to all requests for line locates within the Utility's service area

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Substation Maintenance

- Create a standard monthly report of substation status.

Overhead Maintenance

- Maintain system to OEB required standard or better in responding to calls.

Underground Maintenance

- Maintain system to OEB required standard or better in responding to calls.

Inspection

- Provide inspection reports for switches, vaults (3 year rotation), and poles (10 year rotation).

Emergency Response

- Emergency response will be in accordance to OEB required Guidelines and applicable law.

Transformer Installation and Repair

- Maintain voltage ranges to customer to CSA standards.

Service Installations

- Installations will be made to OEB requirements.

Service Repairs

- To OEB requirements.

Relocation Work

- Perform work to OEB requirements and good utility practice standards.

PCB Management

- All activity to within the Ministry of the Environment and any other legal requirements.

Billable Work

- Perform work to OEB requirements and good utility practice standards.

Customer Relations

- To OEB requirements to meet or exceed the top quartile in terms of customer service standards related Ontario LDC's.

Supervision

- To meet or exceed Ministry of Labour and IHSA's requirements. To meet OEB requirements.

Line Locate

- Locates will be done to meet the OEB requirements.

A.2 ELECTRICAL ENGINEERING SERVICES

- FULL DESCRIPTION OF THE SERVICE:
- Maintain engineering files and records, both digital and hard copy.
- Installation, support and licensing of the following engineering software:

(A) AutoCad;

(B) LRIS.

(C) Investigate GIS systems for the benefit of THI.

- Prepare and track the engineering budget and capital construction budget from concept to final estimates.
- Review and comment on plans for proposed developments submitted by property owners and the Town of Tillsonburg Planning Services and other agencies.
- Review and comment on plans for proposed new electrical services, over 150kVA, submitted by property owners.
- Plan revisions and extensions to the electrical distribution system.

DESIGN SERVICES

- Plan, design and supervise the installation of all new electrical plant and equipment related to capital and operations work.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- The above services will be provided in an expedient manner and according to the codes, standards and guidelines of the ESA, OEB or the IESO as applicable.

A.3 METER SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

On an as needed basis:

- Provide qualified Meter Technicians;
- Install/remove residential electric meters;
- Install/remove General Service Meters;
- Install/remove Data recorders;
- Install/remove CT and PT and prepare meter installations;
- Provide technical advice on the procurement of all meters required by the Utility;
- Maintain, verify or re-verify all meters according to schedule;
- Install and maintain smart meters and implement smart grid technology in accordance with standards.

- Maintain the appropriate meter database as required by Measurement Canada, the IESO, OEB or Utility;
- Identify all meters that have malfunctioned and assist in the necessary corrective actions required to address such malfunction;
- Recommend to Utility management any technological advances that should be implemented at the Utility to comply with all rules and regulations set out by Measurement Canada or other legislation;
- Test or have tested all meters according to general accepted principals for an Utility meter shop as set out by the current courses for Meter Technicians;
- Provide technical assistance to customers and consultants on meter installation requirements;
- Provide regular reports to Utility management;
- Provide management and supervision;
- Provide safety training and ensure all employees work to IHSA safety standards;
- Provide necessary vehicles and equipment of a general nature;
- Meet any OEB required requirement set out by Utility;
- Promote public safety and awareness using external communication.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED

- Meter readings to be accurate;
- Service provided to the schedule set out by the Utility;
- All OEB codes to be met;
- All Measurement Canada codes, guidelines or rules to be met;
- Meters to be purchased using industry standards including MEA, IHSA, CSA and UL;
- Supply and testing to meet Utility schedule and OMB OEB required requirements.

A.4 METER DATA MANAGEMENT

(a) FULL DESCRIPTION OF THE SERVICE:

- Read all residential and commercial meters except interval meters;
- Handle all customer complaints regarding incorrect readings or performance of meter readers;
- Provide meter reading software and system owned by THI;
- Read all residential electric meters according to schedule using MVRS handheld provided by Town and provision of Smart Metering Services in accordance with applicable legislation and OEB requirements;
- Read all General Service meters and reset demand meters according to schedule using MVRS handheld provided by Town;
- Read all General Service or residential electric telemeters according to schedule using MV90 software;
- Read all wholesale meters using MV90 Standard;
- Read all embedded generation using MV90 Standard;
- Provide, maintain, administer and operate MV90 or similar software;
- Provide standard (MVRS and MV90) file formats for all scheduled readings for import into Utility's CIS/billing package, retail settlement package or service, and posting as required for retailer access;
- Provide Verified, Edited or Estimated readings to the Utility's CIS/billing package, retail settlement package or service, and posting as required for retailer access;
- Maintain backup copies for the periods scheduled by the Utility;
- Ensure compliance with all OEB and OEB required requirements;
- Provide all supervision and management functions;
- Provide all required equipment and supplies for employees;
- Provide safety training and monitoring;
- Provide rregular reports to Utility management.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED

- Meter readings to be accurate to reasonable industry standards;
- Service provided to the schedule set out by the Utility to reasonable industry standards;
- All OEB codes to be met;
- All Measurement Canada rules to be met;
- Ensure that all readings are obtained as per schedule of the Town.

A.5 TREE TRIMMING

(a) FULL DESCRIPTION OF THE SERVICE:

- Trim trees to ensure that distribution lines and plant are clear of any obstruction.
- Provide supervision and control to ensure that proper clearances are maintained.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- The Town will be cleared on a rotational basis once every three years.

A.6 CUSTOMER SERVICES

A.6.1 BILLING ADMINISTRATION

(a) FULL DESCRIPTION OF THE SERVICE:

- Calculation of monthly bills for existing customer base of +/- 6,800 customers;
- Answer all customer inquiries including inquiries regarding bill calculation, type and cost of services offered, high consumption and power outages. Provide for over the counter service at the Customer Service Centre;
- The Customer Service Centre is to operate between the hours of 8:00 a.m. and 5:00 p.m. Monday to Friday, excluding statutory holidays. These hours of operation are subject to change upon mutual Agreement between the Town and the Utility;
- Handle all customer requests for connection and disconnection of services, roll-outs, and spot services;
- Handle all customer complaints;

- Ensure proper update of the billing system of all information, concerning, rate, consumer, location and retailer information;
- Provide after hours answering service to dispatch emergency calls;
- Monitor and report on telephone access, appointments and written responses to inquiries as required by the OEB to meet the Performance Based Regulations;
- Promote policies, and programs which encourage high levels of service;
- Notification to retailers of changes in customer accounts.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Maintain high levels of customer satisfaction;
- Ensure Performance Based Regulations are met;
- Enforce the Standard Application of Rates and/or policies of Regulator are followed;
- Ensure all accounts are billed monthly as per schedule.

A.6.2 DISPATCH

(a) FULL DESCRIPTION OF THE SERVICE:

- Provide radio dispatch service and necessary record keeping for customer service and emergency needs.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- In accordance with established policy and procedures.

A.6.3 GENERAL MAIL SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Provision of mail and courier services excluding invoice mailings and including pick-up or receipt, processing, distribution and delivery; includes daily pick-up and delivery to and from the Tillsonburg Customer Service Centre (CSC).

(b) STANDARDS TO WHICH THE SERVICE WILL BE PROVIDED:

• Pick-up and delivery to and from the CSC	Daily
• Delivery to work locations	Daily by 10:00 a.m.

- Pick-up from work locations Daily by 3:30 p.m.

All mail will be processed by the end of the working day on which they have been received.

A.6.4 REMITTANCE PROCESSING

(a) FULL DESCRIPTION OF THE SERVICE:

- Processing of all payments, including opening/sorting mail, data capture, encoding and preparing deposit;
- Providing cashiering services at the Tillsonburg Customer Service Centre from 8:00 a.m. - 5:00 p.m. Monday to Friday, excluding statutory holidays. These hours of operation are subject to change upon mutual Agreement between the Town and the Utility;
- Daily reconciliation of monies collected to system records.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- All payments will be posted the day they were received;
- Bank deposits to be made daily;
- Reconciliation of posted amounts and cash received daily and monitored for errors;
- All payment investigations to be done on a timely basis;
- Payment types to be accepted are Debit, Cash, and Cheque, Credit Card, Telebanking and bank payments.

A.6.5 BILL DESIGN, PRINTING, INSERTING AND MAILING INVOICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Design of a customer driven bill and collection notices. The design of the bill will ensure that the customer is aware the Utility is the energy distribution provider, and distinct from charges for other services on the bill;
- Generate and/or print all monthly bills and notices for existing customer base of +/- 6,800 customers;
- Inserting and preparing bills/notices for mailing including up to 3 additional inserts and business return envelopes and delivery to post office, including postal charges, at current rates.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- All mail will be delivered to Canada Post daily;
- Mailing addresses will be verified for address accuracy;
- Bills will be responsive to the customers' needs and will conform to the requirements of the Regulator.

A.6.6 COLLECTION SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Notify customers of overdue payments by telephone, mail and continue notification processes until payment is received or discontinuation of services, for consumer and miscellaneous receivable accounts;
- Field Collection Services to obtain payment, notify of impending disconnection, and disconnection of hydro services when payment is not received;
- Recommend and co-ordinate legal actions where payment is not received;
- Trace and locate debtors on final accounts;
- Administer the contract and co-ordinate services with the Credit Bureau and external Collection Agency;
- Maintain accurate system records on all collection activity;
- Collect deposits and/or other forms of security as required by the policies of the Utility;
- Report on collection activity as required;
- Recommend Collection Policies to reduce bad debts;
- Recommend accounts to be written off. The Utility will assume the expense of bad debt write-offs.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Ensure regulations of Regulator and/or Standards Application of Rates are followed;
- Ensure the collection and deposit policies of the Utility are followed.

A.6.7 CUSTOMER RELATIONS, ADMINISTRATION AND MARKETING

(a) FULL DESCRIPTION OF THE SERVICE:

- Administration, customer relations, and marketing for all Utility functions not covered in other schedules;
- Provision and maintenance of a website for Utility information;
- Provision of teleconferencing services, as required, for some or all of the board members for meetings.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- The Town will take all reasonable steps to use the Utility's name, logo or other distinguishing characteristics, in a manner that would not mislead consumers as to the distinction between the Utility and the Town.

A.7 MANAGEMENT SERVICES

A.7.1 MEETING MANAGEMENT SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Provision of a Recording Secretary to the Utility;
- Preparation and distribution of agendas;
- Take minutes of board meetings;
- Minute preparation, distribution and retention;
- General administrative support to Board members including correspondence, reports, bookings and other related tasks arising from board meetings;
- Provision of suitable meeting room accommodations including a conference table and seating for Board members and other attendees.

(b) STANDARDS TO WHICH THE SERVICE WILL BE PROVIDED:

- Agendas will be prepared and distributed two working days prior to meetings;
- Minutes will be prepared and distributed within five working days following the meeting;
- Minutes and all related documentation will be retained in secured storage.

A.7.2 INSURANCE & RISK MANAGEMENT SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

Placement and management of: (a) Liability and Property Insurance; (b) Directors and Officers liability insurance providing coverage for the directors of the Utility; (c) insurance claims administration and adjusting services; (d) assistance to the Board of Directors in the development of risk management procedures.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Town of Tillsonburg to be an additional named insured on all policies where such coverage is available;
- Liability and property insurance will be obtained with the level of coverage to be determined by the Board of Directors. The Town's Director of Finance shall provide in consultation with the Insurance Company(s), advice and assistance to the Board in connection with such policy limits;
- Claims administration will be undertaken by the Town's Director of Finance or his or her designate;
- Adjusting Services for Claims will be provided when necessary;
- Timely updates on matters of risk management, events, and occurrences.

A.7.3 TELEPHONE SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Provision of the necessary telephones for all staff involved in Utility services, including required telephone lines, voice mail, cell phones where necessary, and specialized telephone equipment (i.e. headsets) for customer service personnel as may be required.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- A fully functional telephone system with voice mail will be provided including system support and repair.

A.7.4 ACCOUNTS PAYABLE PROCESSING

(a) FULL DESCRIPTION OF THE SERVICE:

- Accounts payable processing.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Invoices are paid within their due dates. Discounts should be taken when possible;
- Any late payment charges on invoices paid by the Town will not be passed on to THI.

A.7.5 PAYROLL FUNCTIONS

(a) FULL DESCRIPTION OF THE SERVICE:

- Payroll functions.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Employee(s) paid/filings (WSIB, Rec. General &c.) all done on a timely basis;
- .

A.7.6 MISCELLANEOUS ACCOUNTS RECEIVABLE ADMINISTRATION

(a) FULL DESCRIPTION OF THE SERVICE:

- Miscellaneous (non-consumer) accounts receivable administration.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Billings completed on a timely basis.
- Collection of Accounts Receivable in accordance with legislative standards.

A.7.7 RECORDS MANAGEMENT SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

Provision of records management services using records management software to:

- Maintain file plans and retention schedules;
- Transfer and store of inactive records;
- Destroy records;
- Retrieve and deliver inactive records;
- Train Records Coordinators and other records service users;
- Customize reports.

(b) STANDARDS TO WHICH THE SERVICE WILL BE PROVIDED:

- File plans and retention schedules reviewed with Records Coordinator and revised annually in accordance with OEB and town policy.
-

A.7.8 FINANCIAL STATEMENT PREPARATION

(a) FULL DESCRIPTION OF THE SERVICE:

- Financial Statement Preparation.
- Annual audit.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Quarterly statements presented to the Board on a timely basis;
- Audited financial statements to be completed on a timely basis.
- Annual review of internal controls by third party (auditor).

A.7.9 OTHER FINANCIAL SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Other financial services including rate applications, business plans, reports to the regulator and others as needed;
- Includes provision of a Treasurer to the Utility, which Treasurer shall either be or, shall report to and, receive direction from the President of THI in accordance with established board policy...

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- All rate applications/budgets and submissions will be prepared in accordance with the requirements of the Regulator and the Boards of Directors.

A.7.10 TREASURY SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Treasury services including financial systems integrity, internal controls, investment and banking administration, cheques and disbursement of funds, financial management and analysis, payroll and accounting administrative functions, purchasing services and hydro collection administrative services.

- Bank reconciliations should be completed on a timely basis

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- All treasury services to be provided to standards in accordance with Town policy and those of the Regulator and the Utility.

A.7.11 LEGAL SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Consultants and outside solicitors engaged as deemed necessary but supervised and instructed by the General Manager as per board policy;

- Also provides outside legal representation and advice to municipal departments which perform electricity services, whether directly or indirectly.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Basic legal services, including minute book and sign off on an as-needed basis;

- matters will be referred to outside solicitors with supervision performed by the General Manager as per board policy.

A.7.12 HUMAN RESOURCE SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Services will be supplied in respect of Town employees performing THI-related services;

- Payroll and benefit management;

- Salary Administration & Pay equity;

- Labour Relations management;

- Health and Safety. OHSA compliance. Injury and loss prevention. WSIB management including modified and related work programs;

- Employment Services. Job Descriptions and job evaluations. Recruitment, interviewing, selection.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Consistent with service level provided to all Town departments.

A.7.13 MISCELLANEOUS SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Miscellaneous services, not specified as services in any schedule, but provided to any of the foregoing at the Utility's request and upon the Agreement of the Town.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Legislative and industry standards and guidelines.

A.7.14 SENIOR MANAGEMENT SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

(b) Senior Management Services not necessarily included within any other service schedule. STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- As required, when required.

A.7.15 MANAGEMENT ADMINISTRATION

(a) FULL DESCRIPTION OF THE SERVICE:

Management, administrative services and customer service and support using current industry standard technology:

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

As required when required.

A.7.16 INVENTORY MANAGEMENT - STORES

(a) FULL DESCRIPTION OF THE SERVICE:

- Maintain inventory levels to satisfy hydro operations and engineering needs;
- distribution of materials and costs to hydro operations as released;
- reconciliation of physical count v. book value.
- provide purchasing needs for hydro stores & inventory;
- provide purchasing needs for hydro operations external to stores.
-

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Monthly cycle counts will be completed and an annual inventory to meet sufficient inventory levels to meet operating and emergency needs as required;
- Keep inventory value at a reasonable and manageable level.
- Timely purchasing and delivery to satisfy needs and maintain levels.

A.7.17 IT SERVICES

(a) FULL DESCRIPTION OF THE SERVICE:

- Installation and maintenance of all hardware including servers, and mainframes necessary for ongoing operations;
- Installation, support, and licensing of all software applications;
- Provision of network, email, and Internet access;
- Programming support for custom applications. This includes design/implementation of new development as well as maintenance of current modules;
- Database installation, support and licensing;
- Security: Nightly, weekly, and monthly backups including disaster recovery. Firewall. Maintenance of employee profiles, access rights, and permissions;
- Technical guidance for meetings, committees and projects.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

Hardware, Software, Database, Communications Availability

Available 24 hours a day 7 days a week except for scheduled backups, maintenance, month end and year-end procedures.

Problem Resolution

Priority 1 - Hardware, software, database, or communication failure which causes 1 person to be unable to carry out their main job function. An IT support technician will respond within 1 working day.

Priority 2 - Problems which do not cause an employee to be unable to carry out their main job functions are logged, prioritized and dealt with as soon as possible, depending on the availability of staff due to number of priority 1 and priority 2 problems.

Programming Requests

All programming requests are submitted to IT through ACR, logged and prioritized. Small requests are handled on a combined priority and first in first out (FIFO) basis. Large requests are prioritized and scheduled after discussion with the Town.

A.8 USE OF THE CUSTOMER SERVICE CENTRE, DISPATCH AND PROPERTY MANAGEMENT

(a) FULL DESCRIPTION OF THE SERVICE:

- Buildings, property, equipment, or other depreciable assets used by the Town to provide services to the Utility;
- All aspects of Property Management relating to the Customer Service Centre, including janitorial, mechanical, electrical, plumbing, security systems, window cleaning, mats, pest control, fire plans;
- Project management for renovations and mechanical replacement;
- Cost of providing building/facility for stores, dispatch and hydro operation.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Available during normal office hours and on call 24 hours a day, 7 days a week;
- Sufficient to house and provide necessary services.

A.9 RETAIL/WHOLESALE SETTLEMENT & ENERGY MANAGEMENT

(a) FULL DESCRIPTION OF THE SERVICE:

- Retail Settlement;
- Receive inputs from MDMR, IESO;
- Operate and maintain the Retail Settlement System to meet the billing requirements of the Utility, OEB and Retailers;
- Meet timelines established by the Utility, OEB, Retailers;
- Supply and maintain a modern settlement system or service;
- Retain and Maintain required records;
- Provide supervision and Management;
- Provide energy management advice to customers and staff;

- Inform Utility management of energy management trends and recommend programs;
- Perform, Manage and Investigate Energy misappropriation providing the Utility with a proper Theft of Energy Program;
- Provide Customer Education including education in the schools;
- Maintain evidence to prosecute to the full extent of the law;
- Meet all OEB, Utility or Ministry guidelines for Customer Education.

A.10 CAPITAL SERVICES

A.10.1 CAPITAL PROJECTS

(a) FULL DESCRIPTION OF THE SERVICE:

- Labour, equipment and applicable materials to perform capital projects, the result of which will be to produce capital assets owned by the Utility.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- While the staff levels maintained by the Town permits a portion of that staff to be utilized for normal operating functions and for the performance of capital projects, the exact amount of in-house labour available to perform such capital projects will vary from time to time because of workload issues and other pertinent factors;
- Town staff will make appropriate recommendations to the Utility from year to year and from time to time with respect to the capacity of Town staff to undertake projects on an in-house basis, and which projects (or which portions of projects) will need to be performed by contractors under contract to the Utility. Where such outside forces are contracted by the Utility, Town staff shall provide contract administration and management services in connection with such contracts to the Utility.

A.10.2 ACQUISITION & DISPOSITION OF REAL PROPERTY

(a) FULL DESCRIPTION OF THE SERVICE:

- Estimate value, obtain appraisals, declare surplus, negotiate, receive appropriate approvals and ensure closings for any required purchases on fee simple or easements;
- Negotiate the sale of any surplus properties through tender or listing.

(b) STANDARD(S) TO WHICH THE SERVICE WILL BE PROVIDED:

- Services available on request of the Utility;
- Service requirements expected to be minimal due to the fact that most plant is located within municipal road allowances.

SCHEDULE B – LABOUR ALLOCATION

Corporate Admin

Financial Admin

Operations Admin

SCHEDULE C – Annual Financial Plan

Exhibit 1: Administrative Documents

Tab 3 (of 4): Financial Information

HISTORICAL FINANCIAL STATEMENTS

The following audited financial statements are attached:

Table 1: Audited Financial Statements

E1/T3/S1/Att1	Year ended 31 December, 2011
E1/T3/S1/Att2	Year ended 31 December, 2010
E1/T3/S1/Att3	Year ended 31 December, 2009

EB-2012-0168

Exhibit 1

Tab 3

Schedule 1

Attachment 1

2011 Audited Statements with 2010 Comparative Information

TILLSONBURG HYDRO INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2011

SCRIMGEOUR & COMPANY
CHARTERED ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors:

I have audited the accompanying financial statements of Tillsonburg Hydro Inc., which comprise the statement of financial position as at December 31, 2011 and the statements of retained earnings, operations and changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted audit standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. an audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2011 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

May 15, 2012
London, Canada

Scrimgeour · Company
LICENSED PUBLIC ACCOUNTANT

Suite 950, 495 Richmond Street London, Ontario N6A 5A9 • Phone: 519-672-6811 Fax: 519-672-9757

TILLSONBURG HYDRO INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2011
(with comparative balances as at December 31, 2010)

	2011	2010
ASSETS		
Current		
Cash	$ 1,818,658	$ 2,957,459
Accounts receivable	2,752,906	2,462,098
Due from related parties (note 11)	314,253	
Income taxes receivable (note 9)	40,104	
Inventory	425,714	343,563
Prepaid expenses	10,336	56,900
	5,361,971	5,820,020
Capital - (note 4)		
Cost	15,368,250	14,719,786
Less accumulated amortization	(9,385,732)	(8,789,031)
	5,982,518	5,930,755
Other assets		
Deferred costs (note 6)	35,344	125,906
Regulatory assets (note 5)	539,419	862,270
	574,763	988,176
Total assets	**$ 11,919,252**	**$ 12,738,951**
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,790,923	$ 2,048,676
Income taxes payable (note 9)		65,220
Customer deposits	86,233	234,393
Current portion of long term debt (note 7)	113,975	103,141
Deposits in aid of construction	65,549	69,547
Due to related parties (note 11)		117,637
	2,056,680	2,638,614
Long term		
Customer deposits	172,890	153,073
Bank loan (note 7)	917,433	1,158,408
	1,090,323	1,311,481
Total liabilities	**3,147,003**	**3,950,095**
Shareholder's Equity		
Common shares (note 8)	6,992,565	6,992,565
Contributed capital	1,190,387	1,190,387
Accumulated net earnings - Statement 2	589,297	605,904
	8,772,249	8,788,856
Total liabilities and shareholder's equity	**$ 11,919,252**	**$ 12,738,951**

On behalf of the Board: _____ _____

The accompanying notes are an integral part of this financial statement.

TILLSONBURG HYDRO INC.
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2011
(with comparative balances for the year ended December 31, 2010)

	2011	2010
Accumulated net earnings, beginning of year	**$ 605,904**	**$ 303,212**
Net earnings for the year - Statement 3	233,393	452,692
Dividends	(250,000)	(150,000)
Accumulated net earnings, end of year	**$ 589,297**	**$ 605,904**

The accompanying notes are an integral part of these financial statements.

TILLSONBURG HYDRO INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2011
(with comparative balances for the year ended December 31, 2010)

	2011	2010
Power service		
General	$ 10,435,136	$ 9,454,099
Residential	3,153,549	2,854,249
Wholesale and transmission charges	3,149,733	3,089,182
	16,738,418	15,397,530
Cost of power	16,738,418	15,397,530
Gross margin on power		
Distribution revenue		
Distribution service	2,948,431	3,172,213
Retail service	12,390	15,286
Other	205,176	197,079
	3,165,997	3,384,578
Net non-utility activities (note 10)	19,865	17,791
Expenses		
Operating and maintenance	984,496	1,082,028
Billing and collecting	563,328	484,560
General administration	593,445	549,520
Regulatory expenses (note 6)	86,602	86,673
Amortization (note 1)	596,701	653,359
Interest and finance charges	42,340	10,049
	2,866,912	2,866,189
Net operating revenue	**318,950**	**536,180**
Provision for corporate taxes (note 9)	85,557	83,488
Net earnings for the year	**$ 233,393**	**$ 452,692**

The accompanying notes are an integral part of these financial statements.

TILLSONBURG HYDRO INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2011
(with comparative balances for the year ended December 31, 2010)

	2011	2010
Operating activities		
Net earnings for the year (Statement 3)	$ 233,393	$ 452,692
Charges not involving cash		
Amortization	596,701	653,359
Net change in non-cash working capital balances related to operations (A)	(1,273,520)	934,526
	(443,426)	2,040,577
Investing activities		
Contributions in aid of construction	172,793	90,325
Capital asset acquisitions (net of dispositions)	(821,257)	(689,698)
	(648,464)	(599,373)
Financing activities		
Regulatory assets	90,562	(510,539)
Customer deposits-long term	19,817	60,884
Debt	(230,141)	1,261,549
Deferred costs	322,851	(37,570)
Dividends paid	(250,000)	(150,000)
	(46,911)	624,324
Change in cash during the year	(1,138,801)	2,065,528
Cash, beginning of year	2,957,459	891,931
Cash, end of year	**$ 1,818,658**	**$ 2,957,459**

(A) Consists of changes in accounts receivable, inventory, prepaid expenses, current customer deposits, due from (to) related parties and accounts payable and accrued liabilities.

The accompanying notes are an integral part of these financial statements.

TILLSONBURG HYDRO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2011

Tillsonburg Hydro Inc. was incorporated in Ontario on October 26, 2000 to distribute electrical power in accordance with Section 144 of the Electricity Act, 1998.

1. Significant accounting policies

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles as amended by principles specifically prescribed by the Ontario Energy board for rate regulated businesses in the "Accounting Procedures Handbook for Electric Distribution Utilities".

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that the use of International Financial Reporting Standards (IFRS) for financial statement presentation will be required for year ends beginning on or after January 1, 2011 for publicly accountable enterprises. IFRS will replace Canada's current generally accepted accounting principles for those enterprises which include Tillsonburg Hydro Inc. The Corporation is currently evaluating the impact of the transition to IFRS on its financial statements.

During 2010, the AcSB granted an optional one year deferral for IFRS adoption for entities subject to rate regulation. The Corporation has decided to elect the optional one year deferral of its adoption of IFRS. The Corporation continues to monitor the impact of the transition to IFRS. In April 2012, this deferral has been extended to year ends beginning on or after January 1, 2013.

Basis of accounting

These financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Revenue recognition

Service revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading to the end of the year. Estimated customer usage from the last billing date to the end of the year, is included in revenue.

Accounts receivable

Accounts receivable are shown net of an allowance for doubtful accounts of $72,551 (2010 - $46,012).

Inventory

Inventory consists of repair parts, supplies and material held for future capital expansion and maintenance activities and is valued at the lower of cost and replacement value. Cost is determined using weighted averages of direct costs. Due to the nature of the inventory, no overhead costs are allocated.

1. Significant accounting policies continued

Capital assets and amortization

Capital assets included property, plant and equipment. These assets are valued at acquisition cost less accumulated amortization. Amortization is provided on the straight line basis using the following rates, which are designed to reflect the approximate economic life of each class of asset:

Substation equipment	25 years
Distribution lines and transformers	25 years
Distribution meters	25 years
Computer hardware	2 years
Computer software	2 years

Deposit in aid of construction

Deposits in aid of construction are required contributions received from outside sources used to finance additions to property, plant and equipment. These deposits are deferred until expended on the intended capital project. Amounts expended are transferred to a contra-asset account and amortized at an equivalent rate to that used for the depreciation of the related property, plant and equipment. Unspent amounts are refunded.

Payment in lieu of corporate income taxes

The company provides for payments in lieu of corporate income taxes using the taxes payable method. Under the taxes payable method, no provisions are made for the future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of Tillsonburg Hydro Inc.

Regulatory policies

Tillsonburg Hydro Inc. has adopted the following policies, as prescribed by the Ontario Energy Board (OEB) for rate-regulated enterprises. The policies have resulted in accounting treatments differing from Canadian generally accepted accounting principles (GAAP) for enterprises operating on a non-regulated environment:

1. Various regulatory costs have been deferred in accordance with criteria set out in the OEB's Accounting Procedures handbook. In the absence of such regulation, their costs would have been expensed when incurred under Canadian GAAP.

2. The company has deferred certain retail settlement variance amounts under the provisions of Article 490 in the OEB's Accounting Procedures handbook.

3. The company provides for payments in lieu of corporate income taxes relating to its regulated business using the taxes payable method as directed by the OEB.

1. Significant accounting policies continued

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. Rate setting and industry regulation

The Ontario Energy Board Act (1998) (the Act) gave the Ontario Energy Board (OEB) increased powers and responsibilities to regulate the electricity industry on Ontario. These powers and responsibilities include the ability to approve or fix rates for the transmission and distribution of electricity, the ability to provide continued rate protection for rural and remote electricity consumers and the responsibility for ensuring the distribution companies fulfil obligations to connect and service customers.

The Act provides for a competitive market in the sale of electricity in addition to the regulation of the monopoly electricity delivery system in Ontario.

The OEB has regulatory authority over the electricity delivery sector. The Act sets out the Board's powers to issue a distribution license, which must be obtained by any person owning or operating a distribution system under the Act. The Act allows the Board to prescribe license requirements and conditions to electricity distributors, which they include such considerations as specified accounting records, regulatory accounting principles, separation of accounts for separate businesses and filing requirements for rate setting purposes.

With the commencement of the open market, the company purchases electricity from the Independent Electricity System Operator (IESO), at spot market rates and charges its customers unbundled rates. The unbundled rates include the actual cost of generation and transmission of electricity and an approved rate for electricity distribution. The cost of generation, transmission and other charges such as connection and debt retirement are collected by Tillsonburg Hydro Inc. and remitted to the IESO. The company retains the distribution charge on the customer hydro invoices. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered on future rates. In addition, the company has recorded regulatory liabilities, which will represent amounts for expenses incurred in different periods than would be the case had the company been unregulated. Specific regulatory assets and liabilities are disclosed in note 5.

The Corporation's approved distribution rates include components for the recovery of distribution expenses, regulatory assets and liabilities, payments in lieu of corporate income taxes, and a rate of return on capital assets.

3. Financial instruments

The fair value of cash, accounts and income taxes receivable, due from (to) related parties, accounts payable and accrued liabilities and customer deposits is approximately equal to their carrying value given their short-term maturity date.

4. Capital assets

The value of property, plant and equipment as at year end are as follows:

	Cost	Accumulated Amortization	Net 2011	Net 2010
Substation land	$ 11,520	$	$ 11,520	$ 11,520
Substation equipment	400,152	(336,636)	63,516	64,946
Distribution system	17,430,724	(9,339,166)	8,091,558	7,896,366
Computer hardware	11,532	(11,532)		2,883
Computer software	296,643	(296,643)		74,160
	18,150,571	(9,983,977)	8,166,594	8,049,875
Contributions in aid of construction	(2,782,321)	598,245	(2,184,076)	(2,119,120)
	$15,368,250	$(9,385,732)	$ 5,982,518	$ 5,930,755

5. Regulatory assets and liabilities

The following expenses (recoveries) may be considered by the Ontario Energy Board in future rate applications and accordingly have been deferred until such time as direction is provided by the OEB.

	2011	2010
Deferred costs:		
Deferred PILs	$ (185,281)	$ (63,358)
Miscellaneous deferrals	(35,380)	(63,604)
Smart meters	1,049,943	991,775
	829,282	864,813
Retail settlement variances	(533,164)	106,691
Recovery of regulatory assets	243,301	(109,234)
Total regulatory (liabilities) assets	$ 539,419	$ 862,270

The deferred payment in lieu of taxes represents the accumulated difference in the approved estimate of taxes to be paid and the actual taxes paid to December 31, 2005. The estimate of taxes to be paid was approved by the OEB and was recovered as part of the company's service revenue requirement in the related years. The true up has been recorded as part of deferred payments in lieu of taxes and reduced income. The OEB ruled that the $185,281 plus 2012 interest of $723, be disposed on a final basis in the 2012 Distribution Rate Order.

5. Regulatory assets and liabilities continued

Starting in 2006, rates included an amount to fund a smart meter conversion program. The amount the Corporation collects in rates is deferred to offset the costs of the conversion program. The project was completed in 2010 and was funded by long term debt as described in note 7. In 2012, the OEB ruled that the existing smart meter funding adder of $2.17 expires April 30, 2012. Final disposition of this account is anticipated in the Corporation's 2013 cost of service distribution rate application.

The retail service variance accounts represent the difference between the amount charged by the IESO based on the settlement invoice and the amount billed to customers using the OEB approved rates. The disposition of these amounts is expected to be reflected in future rate adjustments.

The balance in the recovery of regulatory assets represents the amount that the OEB has considered final in prior applications and set a rate for recovery.

The Corporation continually assesses the likelihood of recovery of each of it's regulatory assets and liabilities into the setting of future rates. If, at some future date, the Corporation judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

6. Deferred costs and regulatory expenses

The Corporation incurred costs to prepare and file a rate rebasing application. The Ontario Energy Board provided approval to recover $106,000 of these costs through rates over a four year period commencing in 2009. The amortization of these costs is recorded in regulatory expenses. As at December 31, 2011, the deferred costs related to this application are $35,344 (2010 - $61,840).

In 2010, the Corporation had also deferred costs related to adjustments to the retail settlement variances and harmonized tax savings of $64,066.

7. Long-term debt

The Corporation incurred long-term financing for the smart meter program during the year. The bank loan is repayable over 10 years, and bears interest at 4.53%, and has the option of a 10% prepayment each year. The loan is secured by a general security agreement.

Principal repayments over the next five years are as follows:

2012	$113,975
2013	$119,254
2014	$124,770
2015	$130,541
2016	$136,571

8. Share capital

The share capital of the Corporation consists of the following:

Authorized
- Unlimited common shares
- Unlimited number of Class A shares - non-voting, non-cumulative redeemable

	2011	2010
Issued		
- 1 voting common share	$ 6,992,565	$ 6,992,565

9. Payments in lieu of income taxes

As a regulated Lines Distribution Corporation, Tillsonburg Hydro Inc. is required to remit payments in lieu of income taxes as follows:

	2011	2010
Income taxes - current	$ 67,471	$ 89,489
Income taxes - prior year's adjustment	18,086	(6,001)
	$ 85,557	$ 83,488

Payments in lieu of income taxes are calculated on the net operating revenues, adjusted for timing differences arising on differences between amortization of capital assets for tax purposes. The applicable rates for the year ending December 31, 2011 are 15.5% (2010 - 15.5%) combined federal and provincial rates on the first $500,000.

10. Net non-utility activities

Ontario Power Authority funded Conservation and Demand Management programs are not regulated by the OEB and therefore, are classified as non-utility activities. Consequently, these net revenues are not recognized for rate-setting purposes.

11. Related party transactions

Banking and accounting activities are administered by the Town of Tillsonburg on behalf of Tillsonburg Hydro Inc. Amounts due from (to) related parties represent the net working capital position between the Town and the Corporation. A Master Service Agreement, which was updated in 2009, governs the financial relationship between the Corporation and the Town of Tillsonburg. These financial statements reflect this Agreement. This Agreement was updated subsequent to year end for the years ending December 31, 2012 and forward.

12. Prudential support

Tillsonburg Hydro Inc. has posted a letter of credit with the Independent Electricity System Operator (IESO) in the amount of $ 956,406 (2010 - $956,406). The IESO is responsible for ensuring that prudential support is posted by all market participants to satisfy their prudential support and obligation and, therefore, mitigate the impact of an event of default by a market participant on the rest of the market.

EB-2012-0168

Exhibit 1

Tab 3

Schedule 1

Attachment 2

2010 Audited Statements with 2009 Comparative Information

TILLSONBURG HYDRO INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2010

SCRIMGEOUR & COMPANY
CHARTERED ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Shareholder and Board of Directors:

I have audited the accompanying financial statements of Tillsonburg Hydro Inc., which comprise the statement of financial position as at December 31, 2010 and the statements of retained earnings, operations and changes in financial position for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted audit standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. an audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2010 and its financial performance and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

May 17, 2011
London, Canada

Scrimgeour Company
LICENSED PUBLIC ACCOUNTANT

Suite 950, 495 Richmond Street London, Ontario N6A 5A9 • Phone: 519-672-6811 Fax: 519-672-9757

TILLSONBURG HYDRO INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
(with comparative balances as at December 31, 2009)

	2010	2009
ASSETS		
Current		
Cash	$ 2,957,459	$ 891,931
Accounts receivable	2,462,098	2,926,997
Due from related parties (note 11)		114,001
Income taxes receivable (note 9)		56,581
Inventory	343,563	320,024
Prepaid expenses	56,900	14,203
	5,820,020	4,323,737
Capital - (note 4)		
Cost	14,719,785	14,120,413
Less accumulated amortization	(8,789,030)	(8,135,672)
	5,930,755	5,984,741
Other assets		
Deferred costs (note 6)	125,906	88,336
Regulatory assets (note 5)	862,270	351,731
	988,176	440,067
Total assets	**$ 12,738,951**	**$ 10,748,545**
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities	$ 2,048,676	$ 1,869,569
Income taxes payable (note 9)	65,220	
Customer deposits	234,393	149,543
Current portion of long term debt (note 7)	103,141	
Deposits in aid of construction	69,547	151,080
Due to related parties (note 11)	117,637	
	2,638,614	2,170,192
Long term		
Customer deposits	153,073	92,189
Bank loan (note 7)	1,158,408	
	1,311,481	92,189
Total liabilities	**3,950,095**	**2,262,381**
Shareholder's Equity		
Common shares (note 8)	6,992,565	6,992,565
Contributed capital	1,190,387	1,190,387
Accumulated net earnings - Statement 2	605,904	303,212
	8,788,856	8,486,164
Total liabilities and shareholder's equity	**$ 12,738,951**	**$ 10,748,545**

On behalf of the Board:_____ _____

The accompanying notes are an integral part of this financial statement.

TILLSONBURG HYDRO INC.
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative balances for the year ended December 31, 2009)

	2010	2009
Accumulated net earnings, beginning of year	**$ 303,212**	**$ 235,667**
Net earnings for the year - Statement 3	452,692	167,545
Dividends	(150,000)	(100,000)
Accumulated net earnings, end of year	**$ 605,904**	**$ 303,212**

The accompanying notes are an integral part of these financial statements.

TILLSONBURG HYDRO INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative balances for the year ended December 31, 2009)

	2010	2009
Power service		
General	$ 9,454,099	$ 9,680,637
Residential	2,854,249	2,413,589
Streetlight		9,883
Wholesale and transmission charges	3,089,182	3,069,954
	15,397,530	15,174,063
Cost of power	15,397,530	15,174,063
Gross margin on power		
Distribution revenue		
Distribution service	3,172,213	2,709,942
Retail service	15,286	11,288
Other	197,079	103,591
	3,384,578	2,824,821
Net non-utility activities (note 10)	17,791	26,834
Expenses		
Operating and maintenance	1,082,028	1,039,723
Billing and collecting	484,560	434,918
General administration	549,520	370,579
Regulatory expenses (note 6)	86,673	250,494
Amortization (note 1)	653,359	551,911
Interest and finance charges	10,049	14,844
	2,866,189	2,662,469
Net operating revenue	**536,180**	**189,186**
Provision for corporate taxes (note 9)	83,488	21,641
Net earnings for the year	**$ 452,692**	**$ 167,545**

The accompanying notes are an integral part of these financial statements.

TILLSONBURG HYDRO INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2010
(with comparative balances for the year ended December 31, 2009)

	2010	2009
Operating activities		
Net earnings for the year (Statement 3)	$ 452,692	$ 167,545
Charges not involving cash		
Amortization	653,359	551,911
Net change in non-cash working capital balances related to operations (A)	934,526	(245,111)
	2,040,577	474,345
Investing activities		
Contributions in aid of construction	90,325	91,847
Capital asset acquisitions (net of dispositions)	(689,698)	(1,020,825)
	(599,373)	(928,978)
Financing activities		
Regulatory assets	(510,539)	(961,698)
Customer deposits-long term	60,884	
Debt	1,261,549	
Deferred costs	(37,570)	412,421
Dividends paid	(150,000)	(100,000)
	624,324	(649,277)
Change in cash during the year	2,065,528	(1,103,910)
Cash, beginning of year	891,931	1,995,841
Cash, end of year	**$ 2,957,459**	**$ 891,931**

(A) Consists of changes in accounts receivable, inventory, prepaid expenses, current customer deposits, due from (to) related parties and accounts payable and accrued liabilities.

The accompanying notes are an integral part of these financial statements.

TILLSONBURG HYDRO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

Tillsonburg Hydro Inc. was incorporated in Ontario on October 26, 2000 to distribute electrical power in accordance with Section 144 of the Electricity Act, 1998.

1. Significant accounting policies

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles as amended by principles specifically prescribed by the Ontario Energy board for rate regulated businesses in the "Accounting Procedures Handbook for Electric Distribution Utilities".

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that the use of International Financial Reporting Standards (IFRS) for financial statement presentation will be required for year ends beginning on or after January 1, 2011 for publicly accountable enterprises. IFRS will replace Canada's current generally accepted accounting principles for those enterprises which include Tillsonburg Hydro Inc. The Corporation is currently evaluating the impact of the transition to IFRS on its financial statements.

During 2010, the AcSB granted an optional one year deferral for IFRS adoption for entities subject to rate regulation. The Corporation has decided to elect the optional one year deferral of its adoption of IFRS. The Corporation continues to monitor the impact of the transition to IFRS.

Basis of accounting

These financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenses are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Revenue recognition

Service revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading to the end of the year. Estimated customer usage from the last billing date to the end of the year, is included in revenue.

Accounts receivable

Accounts receivable are shown net of an allowance for doubtful accounts of $46,012 (2009 - $48,068).

Inventory

Inventory consists of repair parts, supplies and material held for future capital expansion and maintenance activities and is valued at the lower of cost and replacement value. Cost is determined using weighted averages of direct costs. Due to the nature of the inventory, no overhead costs are allocated.

1. Significant accounting policies continued

Capital assets and amortization

Capital assets included property, plant and equipment. These assets are valued at acquisition cost less accumulated amortization. Amortization is provided on the straight line basis using the following rates, which are designed to reflect the approximate economic life of each class of asset:

Substation equipment	25 years
Distribution lines and transformers	25 years
Distribution meters	25 years
Computer hardware	2 years
Computer software	2 years

Deposit in aid of construction

Deposits in aid of construction are required contributions received from outside sources used to finance additions to property, plant and equipment. These deposits are deferred until expended on the intended capital project. Amounts expended are transferred to a contra-asset account and amortized at an equivalent rate to that used for the depreciation of the related property, plant and equipment. Unspent amounts are refunded.

Payment in lieu of corporate income taxes

The company provides for payments in lieu of corporate income taxes using the taxes payable method. Under the taxes payable method, no provisions are made for the future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of Tillsonburg Hydro Inc.

Regulatory policies

Tillsonburg Hydro Inc. has adopted the following policies, as prescribed by the Ontario Energy Board (OEB) for rate-regulated enterprises. The policies have resulted in accounting treatments differing from Canadian generally accepted accounting principles (GAAP) for enterprises operating on a non-regulated environment:

1. Various regulatory costs have been deferred in accordance with criteria set out in the OEB's Accounting Procedures handbook. In the absence of such regulation, their costs would have been expensed when incurred under Canadian GAAP.

2. The company has deferred certain retail settlement variance amounts under the provisions of Article 490 in the OEB's Accounting Procedures handbook.

3. The company provides for payments in lieu of corporate income taxes relating to its regulated business using the taxes payable method as directed by the OEB.

1. Significant accounting policies continued

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. Rate setting and industry regulation

The Ontario Energy Board Act (1998) (the Act) gave the Ontario Energy Board (OEB) increased powers and responsibilities to regulate the electricity industry on Ontario. These powers and responsibilities include the ability to approve or fix rates for the transmission and distribution of electricity, the ability to provide continued rate protection for rural and remote electricity consumers and the responsibility for ensuring the distribution companies fulfil obligations to connect and service customers.

The Act provides for a competitive market in the sale of electricity in addition to the regulation of the monopoly electricity delivery system in Ontario.

The OEB has regulatory authority over the electricity delivery sector. The Act sets out the Board's powers to issue a distribution license, which must be obtained by any person owning or operating a distribution system under the Act. The Act allows the Board to prescribe license requirements and conditions to electricity distributors, which they include such considerations as specified accounting records, regulatory accounting principles, separation of accounts for separate businesses and filing requirements for rate setting purposes.

With the commencement of the open market, the company purchases electricity from the Independent Electricity System Operator (IESO), at spot market rates and charges its customers unbundled rates. The unbundled rates include the actual cost of generation and transmission of electricity and an approved rate for electricity distribution. The cost of generation, transmission and other charges such as connection and debt retirement are collected by Tillsonburg Hydro Inc. and remitted to the IESO. The company retains the distribution charge on the customer hydro invoices. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered on future rates. In addition, the company has recorded regulatory liabilities, which will represent amounts for expenses incurred in different periods than would be the case had the company been unregulated. Specific regulatory assets and liabilities are disclosed in note 5.

The Corporation's approved distribution rates include components for the recovery of distribution expenses, regulatory assets and liabilities, payments in lieu of corporate income taxes, and a rate of return on capital assets.

3. Financial instruments

The fair value of cash, accounts and income taxes receivable, due from (to) related parties, accounts payable and accrued liabilities and customer deposits is approximately equal to their carrying value given their short-term maturity date.

4. Capital assets

The value of property, plant and equipment as at year end are as follows:

	Cost	Accumulated Amortization	Net 2010	Net 2009
Substation land	$ 11,520	$	$ 11,520	$ 11,520
Substation equipment	400,152	(335,206)	64,946	74,943
Distribution system	16,609,467	(8,713,101)	7,896,366	7,798,516
Computer hardware	11,532	(8,649)	2,883	8,649
Computer software	296,643	(222,483)	74,160	222,482
	17,329,314	(9,279,439)	8,049,875	8,116,110
Contributions in aid of construction	(2,609,529)	490,409	(2,119,120)	(2,131,369)
	$14,719,785	$(8,789,030)	$ 5,930,755	$ 5,984,741

5. Regulatory assets and liabilities

The following expenses (recoveries) may be considered by the Ontario Energy Board in future rate applications and accordingly have been deferred until such time as direction is provided by the OEB.

	2010	2009
Deferred costs:		
Deferred PILs	$ (63,358)	$ (62,902)
Miscellaneous deferrals	(63,604)	1,508
Smart meters	991,775	188,634
	864,813	127,240
Retail settlement variances	106,691	408,673
Recovery of regulatory assets	(109,234)	(184,182)
Total regulatory (liabilities) assets	$ 862,270	$ 351,731

The deferred payment in lieu of taxes represents the accumulated difference in the approved estimate of taxes to be paid and the actual taxes paid to December 31, 2005. The estimate of taxes to be paid was approved by the OEB and was recovered as part of the company's service revenue requirement in the related years. The true up has been recorded as part of deferred payments in lieu of taxes and reduced income.

5. Regulatory assets and liabilities continued

Starting in 2006, rates included an amount to fund a smart meter conversion program. The amount the Corporation collects in rates is deferred to offset the costs of the conversion program. The project was completed in 2010 and was funded by long term debt as described in note 7.

The retail service variance accounts represent the difference between the amount charged by the IESO based on the settlement invoice and the amount billed to customers using the OEB approved rates. The disposition of these amounts is expected to be reflected in future rate adjustments.

The balance in the recovery of regulatory assets represents the amount that the OEB has considered in prior applications and set a rate for recovery.

Regulatory asset amounts included in approved accounts that were recognized after December 31, 2004 have been reviewed by the OEB regulatory auditors for the period ending December 31, 2007. The company continually assesses the likelihood of recovery of each of it's regulatory assets and liabilities into the setting of future rates. If, at some future date, the company judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

6. Deferred costs and regulatory expenses

The Corporation incurred costs to prepare and file a rate rebasing application. The Ontario Energy Board provided approval to recover $106,000 of these costs through rates over a four year period commencing in 2009. The amortization of these costs is recorded in regulatory expenses. As at December 31, 2010, the deferred costs related to this application are $61,840.

In addition, the Corporation has deferred costs related to adjustments to the retail settlement variances and harmonized tax savings of $64,066.

7. Long-term debt

The Corporation incurred long-term financing for the smart meter program during the year. The bank loan is repayable over 10 years, and bears interest at 4.53%, and has the option of a 10% prepayment each year. The loan is secured by a general security agreement.

Principal repayments over the next five years are as follows:

2011	$103,141
2012	$107,763
2013	$112,895
2014	$118,117
2015	$113,032

8. Share capital

The share capital of the Corporation consists of the following:

Authorized
- Unlimited common shares
- Unlimited number of Class A shares - non-voting, non-cumulative redeemable

	2010	2009
Issued		
- 1 voting common share	$ 6,992,565	$ 6,992,565

9. Payments in lieu of income taxes

As a regulated Lines Distribution Corporation, Tillsonburg Hydro Inc. is required to remit payments in lieu of income taxes as follows:

	2010	2009
Income taxes - current	$ 89,489	$ 30,270
Income taxes - prior year's adjustment	(6,001)	(8,629)
	$ 83,488	$ 21,641

Payments in lieu of income taxes are calculated on the net operating revenues, adjusted for timing differences arising on differences between amortization of capital assets for tax purposes. The applicable rates for the year ending December 31, 2010 are 15.5% (2009 - 16.5%) combined federal and provincial rates on the first $500,000 and 33.11% (2009 - 37.25%) on the excess over $500,000.

10. Net non-utility activities

Ontario Power Authority funded Conservation and Demand Management programs are not regulated by the OEB and therefore, are classified as non-utility activities. Consequently, these net revenues are not recognized for rate-setting purposes.

11. Related party transactions

Banking and accounting activities are administered by the Town of Tillsonburg on behalf of Tillsonburg Hydro Inc. Amounts due from (to) related parties represent the net working capital position between the Town and the Corporation. A Master Service Agreement, which was updated in 2009, governs the financial relationship between the Corporation and the Town of Tillsonburg. These financial statements reflect this Agreement.

12. Prudential support

Tillsonburg Hydro Inc. has posted a letter of credit with the Independent Electricity System Operator (IESO) in the amount of $ 956,406 (2009 - $956,406). The IESO is responsible for ensuring that prudential support is posted by all market participants to satisfy their prudential support and obligation and, therefore, mitigate the impact of an event of default by a market participant on the rest of the market.

EB-2012-0168

Exhibit 1

Tab 3

Schedule 1

Attachment 3

2009 Audited Statements with 2008 Comparative Information

TILLSONBURG HYDRO INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2009

SCRIMGEOUR & COMPANY
CHARTERED ACCOUNTANT

AUDITOR'S REPORT

To the Shareholder and Board of Directors:

I have audited the statement of financial position of the Tillsonburg Hydro Inc. as at December 31, 2009 and the statements of operations, retained earnings and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Tillsonburg Hydro Inc. as at December 31, 2009 and the results of its operations and changes in financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

May 14, 2010
London, Canada

Scrimgeour · Company
LICENSED PUBLIC ACCOUNTANT

Suite 950, 495 Richmond Street London, Ontario N6A 5A9 • Phone: 519-672-6811 Fax: 519-672-9757

TILLSONBURG HYDRO INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
(with comparative balances as at December 31, 2008)

	2009	2008
ASSETS		
Current		
Cash	$ 891,931	$ 1,995,841
Accounts receivable	2,926,997	2,839,931
Due from related parties (note 10)	114,001	
Income taxes receivable	56,581	81,366
Inventory	320,024	321,043
Prepaid expenses	14,203	12,319
	4,323,737	5,250,500
Capital - (note 4)		
Cost	14,120,413	13,191,435
Less accumulated amortization	(8,135,672)	(7,583,761)
	5,984,741	5,607,674
Other assets		
Deferred costs (note 6)	88,336	500,757
Regulatory assets (note 5)	351,731	
	440,067	500,757
Total assets	**$ 10,748,545**	**$ 11,358,931**
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current		
Accounts payable and accrued liabilities	$ 1,869,569	$ 1,738,801
Customer deposits	149,543	153,235
Deposits in aid of construction	151,080	143,032
Due to related parties (note 10)		198,499
	2,170,192	2,233,567
Long term		
Customer deposits	92,189	96,778
Other liabilities		
Regulatory liabilities (note 5)		609,967
Total liabilities	**2,262,381**	**2,940,312**
Shareholder's Equity		
Common shares (note 7)	6,992,565	6,992,565
Contributed capital	1,190,387	1,190,387
Accumulated net earnings - Statement 2	303,212	235,667
	8,486,164	8,418,619
Total liabilities and shareholder's equity	**$ 10,748,545**	**$ 11,358,931**

On behalf of the Board: _____ _____

The accompanying notes are an integral part of this financial statement.

TILLSONBURG HYDRO INC.
STATEMENT OF RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative balances for the year ended December 31, 2008)

	2009	2008
Accumulated net earnings (deficit), beginning of year	**$ 235,667**	**$ (170,171)**
Net earnings for the year - Statement 3	167,545	405,838
Dividends	(100,000)	
Accumulated net earnings, end of year	**$ 303,212**	**$ 235,667**

The accompanying notes are an integral part of this financial statement.

TILLSONBURG HYDRO INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative balances for the year ended December 31, 2008)

	Financial Plan 2009	Actual 2009	Actual 2008
Power service			
General	$ 8,522,000	$ 9,680,637	$ 10,166,476
Residential	2,399,000	2,413,589	2,276,477
Streetlight	17,000	9,883	53,799
Wholesale and transmission charges	2,950,000	3,069,954	3,149,917
	13,888,000	15,174,063	15,646,669
Cost of power	(13,888,000)	15,174,063	15,646,669
Gross margin on power			
Distribution revenue			
Distribution service	2,713,000	2,709,942	2,405,624
Retail service	15,000	11,288	14,843
Other	98,000	103,591	130,453
	2,826,000	2,824,821	2,550,920
Net non-utility activities (note 9)	2,000	26,834	27,974
Expenditures			
Operating and maintenance	1,039,721	1,039,723	776,128
Billing and collecting	425,604	434,918	424,963
General administration	419,469	370,579	415,523
Regulatory expenses (note 6)	59,327	250,494	15,151
Amortization (note 1)	627,660	551,911	459,467
Interest and finance charges	20,000	14,844	36,176
	2,591,781	2,662,469	2,127,408
Net operating revenue	**236,219**	**189,186**	**451,486**
Provision for corporate taxes (note 8)	39,000	21,641	45,648
Net earnings for the year	**$ 197,219**	**$ 167,545**	**$ 405,838**

The accompanying notes are an integral part of this financial statement.

TILLSONBURG HYDRO INC.
STATEMENT OF CHANGES IN FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2009
(with comparative balances for the year ended December 31, 2008)

	2009	2008
Operating activities		
Net earnings for the period (Statement 3)	$ 167,545	$ 405,838
Charges not involving cash		
Amortization	551,911	459,467
Net change in non-cash working capital balances related to operations (A)	(245,111)	448,520
	474,345	1,313,825
Investing activities		
Contributions in aid of construction	91,847	768,457
Capital asset acquisitions (net of dispositions)	(1,020,825)	(917,687)
	(928,978)	(149,230)
Financing activities		
Regulatory assets	(961,698)	484,540
Deferred costs	412,421	(500,757)
Dividends paid	(100,000)	
	(649,277)	(16,217)
Change in cash during the year	(1,103,910)	1,148,378
Cash, beginning of year	1,995,841	847,463
Cash, end of year	**$ 891,931**	**$ 1,995,841**

(A) Consists of changes in accounts receivable, inventory, prepaid expenses, customer deposits, due from (to) related parties and accounts payable and accrued liabilities.

The accompanying notes are an integral part of this financial statement.

TILLSONBURG HYDRO INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

Tillsonburg Hydro Inc. was incorporated in Ontario on October 26, 2000 to distribute electrical power in accordance with Section 144 of the Electricity Act, 1998.

1. Significant accounting policies

The Corporation's financial statements have been prepared in accordance with Canadian generally accepted accounting principles as amended by principles specifically prescribed by the Ontario Energy board for rate regulated businesses in the "Accounting Procedures Handbook for Electric Distribution Utilities".

In February 2008, the Canadian Accounting Standards Board (AcSB) confirmed that the use of International Financial Reporting Standards (IFRS) for financial statement presentation will be required for year ends beginning on or after January 1, 2011 for publicly accountable enterprises. IFRS will replace Canada's current generally accepted accounting principles for those enterprises which include Tillsonburg Hydro Inc. The Corporation is currently evaluating the impact of the transition to IFRS on its financial statements.

Basis of Accounting

These financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable. Expenditures are recognized as they are incurred and measurable as a result of the receipt of goods or services and the creation of a legal obligation to pay.

Accounts receivable

Accounts receivable are shown net of an allowance for doubtful accounts of $48,068 (2008 - $21,680).

Inventories

Inventory consists of repair parts, supplies and material held for future capital expansion and maintenance activities and is valued at the lower of cost and replacement value. Cost is determined using weighted averages of direct costs.

Capital assets and amortization

Capital assets included property, plant and equipment. These assets are valued at acquisition cost less accumulated amortization. Amortization is provided on the straight line basis using the following rates, which are designed to reflect the approximate economic life of each class of asset:

Substation equipment	25 years
Distribution lines and transformers	25 years
Distribution meters	25 years
Computer hardware	2 years
Computer software	2 years

1. Significant accounting policies continued

Revenue Recognition

Service revenue is recorded on the basis of regular meter readings and estimates of customer usage since the last meter reading to the end of the year. Estimated customer usage from the last billing date to the end of the year, is included in revenue.

Deposit in aid of construction

Deposits in aid of construction are required contributions received from outside sources used to finance additions to property, plant and equipment. These deposits are deferred until expended on the intended capital project. Amounts expended are transferred to a contra-asset account and amortized at an equivalent rate to that used for the depreciation of the related property, plant and equipment. Unspent amounts are refunded.

Payment in lieu of corporate income taxes

The company provides for payments in lieu of corporate income taxes using the taxes payable method. Under the taxes payable method, no provisions are made for the future income taxes as a result of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. When unrecorded future income taxes become payable, it is expected that they will be included in the rates approved by the OEB and recovered from the customers of Tillsonburg Hydro Inc.

Regulatory policies

Tillsonburg Hydro Inc. has adopted the following policies, as prescribed by the Ontario Energy Board (OEB) for rate-regulated enterprises. The policies have resulted in accounting treatments differing from Canadian generally accepted accounting principles (GAAP) for enterprises operating on a non-regulated environment:

1. Various regulatory costs have been deferred in accordance with criteria set out in the OEB's Accounting Procedures handbook. In the absence of such regulation, their costs would have been expensed when incurred under Canadian GAAP.

2. The company has deferred certain retail settlement variance amounts under the provisions of Article 490 in the OEB's Accounting Procedures handbook.

3. The company provides for payments in lieu of corporate income taxes relating to its regulated business using the taxes payable method as directed by the OEB.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

2. Rate setting and industry regulation

The Ontario Energy Board Act (1998) (the Act) gave the Ontario Energy Board (OEB) increased powers and responsibilities to regulate the electricity industry on Ontario. These powers and responsibilities include the ability to approve or fix rates for the transmission and distribution of electricity, the ability to provide continued rate protection for rural and remote electricity consumers and the responsibility for ensuring the distribution companies fulfil obligations to connect and service customers.

The Act provides for a competitive market in the sale of electricity in addition to the regulation of the monopoly electricity delivery system in Ontario.

The OEB has regulatory authority over the electricity delivery sector. The Act sets out the Board's powers to issue a distribution license, which must be obtained by any person owning or operating a distribution system under the Act. The Act allows the Board to prescribe license requirements and conditions to electricity distributors, which they include such considerations as specified accounting records, regulatory accounting principles, separation of accounts for separate businesses and filing requirements for rate setting purposes.

With the commencement of the open market, the company purchases electricity from the Independent Electricity System Operator (IESO), at spot market rates and charges its customers unbundled rates. The unbundled rates include the actual cost of generation and transmission of electricity and an approved rate for electricity distribution. The cost of generation, transmission and other charges such as connection and debt retirement are collected by Tillsonburg Hydro Inc. and remitted to the IESO. The company retains the distribution charge on the customer hydro invoices. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing gives rise to the recognition of regulatory assets and liabilities. The company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered on future rates. In addition, the company has recorded regulatory liabilities, which will represent amounts for expenses incurred in different periods than would be the case had the company been unregulated. Specific regulatory assets and liabilities are disclosed in note 5.

The Corporation's approved distribution rates include components for the recovery of distribution expenses, regulatory assets and liabilities, payments in lieu of corporate income taxes, and a rate of return on capital assets.

3. Financial instruments

The fair value of cash, accounts and income taxes receivable, due from (to) related parties, accounts payable and accrued liabilities and customer deposits is approximately equal to their carrying value given their short-term maturity date.

4. Capital assets

The value of property, plant and equipment as at year end are as follows:

	Cost	Accumulated Amortization	Net 2009	Net 2008
Substation land	$ 11,520	$	$ 11,520	$ 11,520
Substation equipment	400,152	(325,209)	74,943	84,940
Distribution system	15,919,770	(8,121,254)	7,798,516	7,649,666
Computer hardware	11,532	(2,883)	8,649	
Computer software	296,643	(74,161)	222,482	
	16,639,617	(8,523,507)	8,116,110	7,746,126
Contributions in aid of construction	(2,519,204)	387,835	(2,131,369)	(2,138,452)
	$14,120,413	$(8,135,672)	$ 5,984,741	$ 5,607,674

5. Regulatory assets and liabilities

The following expenses (recoveries) may be considered by the Ontario Energy Board in future rate applications and accordingly have been deferred until such time as direction is provided by the OEB.

	2009	2008
Deferred costs:		
OEB cost assessment		$ 19,620
OMERS cost		69,445
Deferred PILs	$ (62,902)	(62,258)
Miscellaneous deferrals	1,508	14,615
Smart meters	188,634	(55,466)
	127,240	(14,044)
Retail settlement variances	408,673	(1,303,136)
Recovery of regulatory assets	(184,182)	707,213
Total regulatory (liabilities) assets	$ 351,731	$ (609,967)

The deferred payment in lieu of taxes represents the accumulated difference in the approved estimate of taxes to be paid and the actual taxes paid to December 31, 2005. The estimate of taxes to be paid was approved by the OEB and was recovered as part of the company's service revenue requirement in the related years. The true up has been recorded as part of deferred payments in lieu of taxes and reduced income.

5. Regulatory assets and liabilities continued

Starting in 2006, rates included an amount to fund a smart meter conversion program. The amount the Corporation collects in rates is deferred to offset the costs of the conversion program. During 2009, the Corporation has incurred costs for implementation of the smart meter program. It is anticipated this project will be completed in 2010. The total cost of the project is estimated at $1,275,000 and will be funded by long-term debt.

The retail service variance accounts represent the difference between the amount charged by the IESO based on the settlement invoice and the amount billed to customers using the OEB approved rates. The disposition of these amounts is expected to be reflected in future rate adjustments.

The balance in the recovery of regulatory assets represents the amount that the OEB has considered in prior applications and set a rate for recovery.

Regulatory asset amounts included in approved accounts that were recognized after December 31, 2004 have been reviewed by the OEB regulatory auditors for the period ending December 31, 2007. The company continually assesses the likelihood of recovery of each of it's regulatory assets and liabilities into the setting of future rates. If, at some future date, the company judges that it is no longer probable that the OEB will include a regulatory asset or liability in future rates, the appropriate carrying amount will be reflected in results of operations in the period that the assessment is made.

6. Deferred costs and regulatory expenses

The Corporation incurred costs to prepare and file a rate rebasing application. At December 31, 2008, the Corporation deferred $216,647. During 2009, a further $111,969 was expended. The Ontario Energy Board provide approval to recover $106,000 of these costs through rates over a four year period. Regulatory expenses of $250,494 in 2009 reflect the expense of the unrecoverable rate application costs, amortization of the approved costs, and OEB annual assessment and cost awards.

In addition, at December 31, 2008, the Corporation deferred costs incurred to replace the customer information and billing software of $284,110. During 2009, a further $24,065 was expended to complete the conversion and the full cost was capitalized and is being amortized over a two year period.

7. Share capital

The share capital of the Corporation consists of the following:

Authorized
- Unlimited common shares
- Unlimited number of Class A shares - non-voting, non-cumulative redeemable

	2009	2008
Issued		
- 1 voting common share	$ 6,992,565	$ 6,992,565

8. Payments in lieu of income taxes

As a regulated Lines Distribution Corporation, Tillsonburg Hydro Inc. is required to remit payments in lieu of income taxes as follows:

	2009	2008
Income taxes - current	$ 30,270	$ 95,480
Income taxes - prior year's adjustment	(8,629)	(49,832)
	$ 21,641	$ 45,648

Payments in lieu of income taxes are calculated on the net operating revenues, adjusted for timing differences arising on differences between amortization of capital assets for tax purposes. The applicable rates for the year ending December 31, 2009 are 16.5% combined federal and provincial rates on the first $500,000 and 37.25% on the excess over $500,000.

9. Net non-utility activities

Ontario Power Authority funded Conservation and Demand Management programs are not regulated by the OEB and therefore, are classified as non-utility activities. Consequently, these net revenues are not recognized for rate-setting purposes.

10. Related party transactions

Banking and accounting activities are administered by the Town of Tillsonburg on behalf of Tillsonburg Hydro Inc. Amounts due from related parties represent the net working capital position between the Town and the Corporation. A Master Service Agreement, which was updated in 2009, governs the financial relationship between the Corporation and the Town of Tillsonburg. These financial statements reflect this Agreement.

11. Prudential support

Tillsonburg Hydro Inc. has posted a letter of credit with the Independent Electricity System Operator (IESO) in the amount of $ 956,406 (2008 - $956,406). The IESO is responsible for ensuring that prudential support is posted by all market participants to satisfy their prudential support and obligation and, therefore, mitigate the impact of an event of default by a market participant on the rest of the market.

In turn, Tillsonburg Hydro Inc. has received prudential support from retailers in the amount of $ NIL (2008 - $23,824).

12. Litigation and contingent liabilities

Class actions were commenced against the Consumers Gas Company in 1994 and against Toronto Hydro as the proposed representative defendant for all Ontario Municipal Electric Utilities in 1998. Both actions claimed restitution for unjust enrichment arising from the late payment penalties levied on overdue utility bills by the defendant nullities.

On April 24, 2004, the Supreme Court of Canada rendered it's judgment regarding defences raised by Consumers Gas. With respect to the unjust enrichment claim, the Court held that the rate orders of the Ontario Energy Board contravened the Criminal Code, which is Federal legislation and this is paramount to Provincial legislation and the Ontario Energy Board Act. This Court also ruled that an order for repayment of monies collected would not occur before the issuance of the statement of claim in 1994. The Electric Distributors Association and Toronto Hydro jointly engaged legal counsel to represent the interests of the LDCs in the class action litigation.

In 2010, an offer to settle was received and accepted by LDCs, subject to court approval. The Corporation's share of the proposed settlement of $30,083 (2008 - $75,000) has been accrued in these financial statements.

13. Comparative balances

Certain comparative balances have been reclassified to conform with the current year's presentation.

HISTORICAL FINANCIAL RESULT FILINGS

Historical financial results by account, as previously filed under the Board's annual reporting requirements, is provided at E1/T3/S2/Att1. The 2009-approved balances listed at E1/T3/S2/Att1 are from THI's 2009 RateMaker model that formed the basis in determining 2009 Rates. The balances presented are as per the Board's Decision and Order, with the following exception.

In the Board's Decision and Order, the billing system software was to be capitalized and amortized. THI incorrectly reflected the annual amortization in Account 5315 – Customer Billing instead of Account 5705 – Amortization. As the result, no rate of return was reflected on this investment which benefited the ratepayer. The presentation was not corrected in this filing since it would distort other schedules that relied on approved Rate Base.

EB-2012-0168

Exhibit 1

Tab 3

Schedule 2

Attachment 1

2009 -2011 Account Balances

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

A2 Approved & Actual Balances

Enter historical approved and actual results by USA account

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
1050-Current Assets	1005-Cash	1,818,658.05	2,957,459.44	891,930.92	1,350,881.00
	1010-Cash Advances and Working Funds				
	1020-Interest Special Deposits				
	1030-Dividend Special Deposits				
	1040-Other Special Deposits				
	1060-Term Deposits				
	1070-Current Investments				
	1100-Customer Accounts Receivable	1,182,466.44	961,673.55	1,102,350.61	1,064,619.00
	1102-Accounts Receivable - Services	81.86			
	1104-Accounts Receivable - Recoverable Work				
	1105-Accounts Receivable - Merchandise, Jobbing, etc.				
	1110-Other Accounts Receivable		(47,257.04)	5,698.07	
	1120-Accrued Utility Revenues	1,642,908.87	1,510,765.00	1,742,465.29	1,660,064.00
	1130-Accumulated Provision for Uncollectible Accounts--Credit	(72,551.21)	(46,012.07)	(48,068.13)	
	1140-Interest and Dividends Receivable				
	1150-Rents Receivable				
	1170-Notes Receivable				
	1180-Prepayments	50,440.25	56,900.16	3,688.36	821,318.00
	1190-Miscellaneous Current and Accrued Assets			10,514.40	10,514.00
	1200-Accounts Receivable from Associated Companies	314,252.93			
	1210-Notes Receivable from Associated Companies				
1100-Inventory	1305-Fuel Stock				
	1330-Plant Materials and Operating Supplies	425,714.18	343,563.02	320,023.88	361,777.00
	1340-Merchandise				
	1350-Other Materials and Supplies				
1150-Non-Current Assets	1405-Long Term Investments in Non-Associated Companies				3,056,674.00
	1408-Long Term Receivable - Street Lighting Transfer				
	1410-Other Special or Collateral Funds				
	1415-Sinking Funds				
	1425-Unamortized Debt Expense				
	1445-Unamortized Discount on Long-Term Debt--Debit				
	1455-Unamortized Deferred Foreign Currency Translation Gains and Losses				
	1460-Other Non-Current Assets	35,344.00	125,905.77	88,336.00	
	1465-O.M.E.R.S. Past Service Costs				
	1470-Past Service Costs - Employee Future Benefits				
	1475-Past Service Costs - Other Pension Plans				
	1480-Portfolio Investments - Associated Companies				
	1485-Investment in Associated Companies - Significant Influence				
	1490-Investment in Subsidiary Companies				
1200-Other Assets and Deferred Charges	1505-Unrecovered Plant and Regulatory Study Costs				
	1508-Other Reg Assets-OEB Cost Assessments				19,932.00
	1508-Other Reg Assets-Pension Contributions				70,494.00
	1508-Other Reg Assets- Deferred IFRS Transition	3,161.60	1,521.08	1,509.03	35,274.00
	1508-Other Reg Assets- Incremental Capital				
	1518-RCVARetail				
	1521-Special Purpose Charge Assessment Variance Account	10,084.31			
	1525-Miscellaneous Deferred Debits				14,805.00
	1530-Deferred Losses from Disposition of Utility Plant				
	1531-Renewable Connection Capital Deferral				
	1532-Renewable Connection OM&A Deferral				
	1534-Smart Grid Capital Deferral				
	1535-Smart Grid OM&A Deferral				
	1540-Unamortized Loss on Reacquired Debt				
	1545-Development Charge Deposits/ Receivables				
	1548-RCVASTR				
	1550-LV Variance Account				
	1555-Smart Meters Capital Variance Account	935,771.11	954,388.80	187,188.53	(36,770.00)
	1556-Smart Meters OM&A Variance Account	114,172.28	37,385.72	1,445.68	
	1560-Deferred Development Costs				
	1562-Deferred Payments in Lieu of Taxes	(185,281.00)	(63,358.47)	(62,902.69)	(63,248.00)
	1563-Account 1563 - Deferred PILs Contra Account				
	1565-Conservation and Demand Management Expenditures and Recoveries				(85,220.00)
	1566-CDM Contra Account				
	1570-Qualifying Transition Costs				539,095.00
	1571-Pre-market Opening Energy Variance				141,714.00
	1572-Extraordinary Event Costs				
	1574-Deferred Rate Impact Amounts				
	1580-RSVAWMS	(300,101.77)	(229,230.90)	(124,738.93)	(417,011.00)
	1582-RSVAONE-TIME				161.00
	1584-RSVANW	173,659.88	(63,791.00)	(212,280.88)	(130,558.00)
	1586-RSVACN	57,398.91	97,010.49	6,221.09	(10,287.00)

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1
August 31, 2012

A2 Approved & Actual Balances

Enter historical approved and actual results by USA account

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	1588-RSVAPOWER Main Account	(464,121.03)	302,702.01	739,471.63	(479,610.00)
	1589-1588 Global Adjustment sub-account				
	1590-Recovery of Regulatory Asset Balances				(619,500.00)
	1592-2006 PILs/Taxes Variance	(48,626.43)	(65,124.45)		
	1595-Disposition and Recovery of Regulatory Balances	243,301.38	(109,233.54)	(184,182.25)	
1300-Intangible Plant	1605-Electric Plant in Service - Control Account				
	1606-Organization				
	1608-Franchises and Consents				
	1610-Miscellaneous Intangible Plant				
1350-Not for distributor use	1615-Land				
	1616-Land Rights				
	1620-Buildings and Fixtures				
	1630-Leasehold Improvements				
	1635-Boiler Plant Equipment				
	1640-Engines and Engine-Driven Generators				
	1645-Turbogenerator Units				
	1650-Reservoirs, Dams and Waterways				
	1655-Water Wheels, Turbines and Generators				
	1660-Roads, Railroads and Bridges				
	1665-Fuel Holders, Producers and Accessories				
	1670-Prime Movers				
	1675-Generators				
	1680-Accessory Electric Equipment				
	1685-Miscellaneous Power Plant Equipment				
	1705-Land				
	1706-Land Rights				
	1708-Buildings and Fixtures				
	1710-Leasehold Improvements				
	1715-Station Equipment				
	1720-Towers and Fixtures				
	1725-Poles and Fixtures				
	1730-Overhead Conductors and Devices				
	1735-Underground Conduit				
	1740-Underground Conductors and Devices				
	1745-Roads and Trails				
1450-Distribution Plant	1805-Land	11,520.38	11,520.38	11,520.38	11,520.00
	1806-Land Rights				
	1808-Buildings and Fixtures				
	1810-Leasehold Improvements				
	1815-Transformer Station Equipment - Normally Primary above 50 kV				
	1820-Distribution Station Equipment - Normally Primary below 50 kV	400,152.28	400,152.28	400,152.28	400,152.00
	1825-Storage Battery Equipment				
	1830-Poles, Towers and Fixtures	4,679,038.47	4,523,817.29	4,378,632.99	4,578,930.00
	1835-Overhead Conductors and Devices	1,560,341.24	1,481,953.93	1,394,537.27	1,448,274.00
	1840-Underground Conduit	3,508,077.27	3,399,850.21	3,352,470.14	3,342,633.00
	1845-Underground Conductors and Devices	1,529,810.34	1,442,147.63	1,370,471.84	1,167,657.00
	1850-Line Transformers	4,286,676.35	4,079,506.65	3,833,266.09	3,755,402.00
	1855-Services	1,083,343.76	930,558.94	846,866.08	824,167.00
	1860-Meters	783,436.21	751,632.19	743,525.33	731,136.00
	1865-Other Installations on Customer's Premises				
	1870-Leased Property on Customer Premises				
	1875-Street Lighting and Signal Systems				
1500-General Plant	1905-Land				
	1906-Land Rights				
	1908-Buildings and Fixtures				
	1910-Leasehold Improvements				
	1915-Office Furniture and Equipment				
	1920-Computer Equipment - Hardware	11,531.65	11,531.65	11,531.65	
	1925-Computer Software	296,643.35	296,643.35	296,643.35	
	1930-Transportation Equipment				
	1935-Stores Equipment				
	1940-Tools, Shop and Garage Equipment				
	1945-Measurement and Testing Equipment				
	1950-Power Operated Equipment				
	1955-Communication Equipment				
	1960-Miscellaneous Equipment				
	1965-Water Heater Rental Units				
	1970-Load Management Controls - Customer Premises				
	1975-Load Management Controls - Utility Premises				
	1980-System Supervisory Equipment				
	1985-Sentinel Lighting Rental Units				
	1990-Other Tangible Property				
1550-Other Capital Assets	1995-Contributions and Grants - Credit	(2,782,321.41)	(2,609,528.71)	(2,519,203.91)	(1,845,895.00)
	2005-Property Under Capital Leases				
	2010-Electric Plant Purchased or Sold				
	2020-Experimental Electric Plant Unclassified				
	2030-Electric Plant and Equipment Leased to Others				
	2040-Electric Plant Held for Future Use				
	2050-Completed Construction Not Classified--Electric				
	2055-Construction Work in Progress--Electric				
	2060-Electric Plant Acquisition Adjustment				
	2065-Other Electric Plant Adjustment				
	2070-Other Utility Plant				

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1
August 31, 2012

A2 Approved & Actual Balances

Enter historical approved and actual results by USA account

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	2075-Non-Utility Property Owned or Under Capital Leases				
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(9,385,731.85)	(8,789,030.89)	(8,135,671.89)	(8,078,232.00)
	2120-Accumulated Amortization of Electric Utility Plant - Intangibles				
	2140-Accumulated Amortization of Electric Plant Acquisition Adjustment				
	2160-Accumulated Amortization of Other Utility Plant				
	2180-Accumulated Amortization of Non-Utility Property				
1650-Current Liabilities	2205-Accounts Payable	(1,412,414.78)	(1,590,994.19)	(1,444,424.25)	(1,420,000.00)
	2208-Customer Credit Balances	(139,153.98)	(94,906.58)	(64,587.92)	(48,295.00)
	2210-Current Portion of Customer Deposits	(151,781.23)	(303,939.55)	(300,623.46)	(489,262.00)
	2215-Dividends Declared				
	2220-Miscellaneous Current and Accrued Liabilities	(15,220.34)	(193,242.81)	(32,597.31)	(78,054.00)
	2225-Notes and Loans Payable				
	2240-Accounts Payable to Associated Companies		(117,637.28)	114,000.89	503,207.00
	2242-Notes Payable to Associated Companies				
	2250-Debt Retirement Charges(DRC) Payable	(182,393.35)	(86,600.23)	(203,403.84)	(238,505.00)
	2252-Transmission Charges Payable				
	2254-Electrical Safety Authority Fees Payable				
	2256-Independent Market Operator Fees and Penalties Payable				
	2260-Current Portion of Long Term Debt	(113,974.96)	(103,140.60)		
	2262-Ontario Hydro Debt - Current Portion				
	2264-Pensions and Employee Benefits - Current Portion				
	2268-Accrued Interest on Long Term Debt				
	2270-Matured Long Term Debt				
	2272-Matured Interest on Long Term Debt				
	2285-Obligations Under Capital Leases--Current				
	2290-Commodity Taxes	(41,736.92)			
	2292-Payroll Deductions / Expenses Payable				
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.		(65,220.00)	56,581.00	95,000.00
	2296-Future Income Taxes - Current				
1700-Non-Current Liabilities	2305-Accumulated Provision for Injuries and Damages				
	2306-Employee Future Benefits				
	2308-Other Pensions - Past Service Liability				
	2310-Vested Sick Leave Liability				
	2315-Accumulated Provision for Rate Refunds				
	2320-Other Miscellaneous Non-Current Liabilities				(23,911.00)
	2325-Obligations Under Capital Lease--Non-Current				
	2330-Development Charge Fund				
	2335-Long Term Customer Deposits	(172,889.81)	(153,073.44)	(92,188.75)	(96,778.00)
	2340-Collateral Funds Liability				
	2345-Unamortized Premium on Long Term Debt				
	2348-O.M.E.R.S. - Past Service Liability - Long Term Portion				
	2350-Future Income Tax - Non-Current				
	2405-Other Regulatory Liabilities				
	2410-Deferred Gains from Disposition of Utility Plant				
	2415-Unamortized Gain on Reacquired Debt				
	2425-Other Deferred Credits				
	2435-Accrued Rate-Payer Benefit				
1800-Long-Term Debt	2505-Debentures Outstanding - Long Term Portion				
	2510-Debenture Advances				
	2515-Reacquired Bonds				
	2520-Other Long Term Debt				
	2525-Term Bank Loans - Long Term Portion	(917,433.24)	(1,158,408.20)		
	2530-Ontario Hydro Debt Outstanding - Long Term Portion				(3,056,674.00)
	2550-Advances from Associated Companies				
1850-Shareholders' Equity	3005-Common Shares Issued	(6,992,565.00)	(6,992,565.00)	(6,992,565.00)	(6,992,565.00)
	3008-Preference Shares Issued				
	3010-Contributed Surplus				
	3020-Donations Received				
	3022-Development Charges Transferred to Equity				
	3026-Capital Stock Held in Treasury				
	3030-Miscellaneous Paid-In Capital	(1,190,387.93)	(1,190,387.93)	(1,190,387.93)	(1,190,388.00)
	3035-Installments Received on Capital Stock				
	3040-Appropriated Retained Earnings				
	3045-Unappropriated Retained Earnings	(605,906.66)	(303,215.64)	(235,671.33)	(528,549.00)
	3046-Balance Transferred From Income	(233,394.45)	(452,691.02)	(167,544.31)	(109,046.00)
	3047-Appropriations of Retained Earnings - Current Period				
	3048-Dividends Payable-Preference Shares				
	3049-Dividends Payable-Common Shares	250,000.00	150,000.00	100,000.00	
	3055-Adjustment to Retained Earnings				

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

A2 Approved & Actual Balances

Enter historical approved and actual results by USA account

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	3065-Unappropriated Undistributed Subsidiary Earnings				
3000-Sales of Electricity	4006-Residential Energy Sales	(3,153,548.51)	(2,854,248.80)	(2,413,589.03)	(3,137,758.00)
	4010-Commercial Energy Sales				
	4015-Industrial Energy Sales				
	4020-Energy Sales to Large Users		(1,009,248.23)	(764,725.65)	
	4025-Street Lighting Energy Sales	(85,182.29)		(9,882.66)	(82,947.00)
	4030-Sentinel Lighting Energy Sales	(7,505.71)	(5,710.97)	(6,893.67)	(4,679.00)
	4035-General Energy Sales	(6,175,973.23)	(3,812,760.85)	(5,251,886.47)	(8,264,306.00)
	4040-Other Energy Sales to Public Authorities				
	4045-Energy Sales to Railroads and Railways			(300.37)	(1,294.00)
	4050-Revenue Adjustment				
	4055-Energy Sales for Resale	(4,166,475.19)	(4,626,378.69)	(3,656,830.52)	
	4060-Interdepartmental Energy Sales				
	4062-Billed WMS	(1,050,188.00)	(1,046,652.05)	(1,206,121.55)	(1,229,957.00)
	4064-Billed-One-Time				
	4066-Billed NW	(1,160,078.39)	(1,100,387.25)	(951,269.66)	(918,274.00)
	4068-Billed CN	(939,466.17)	(942,142.34)	(912,562.62)	(790,919.00)
	4075-Billed-LV				
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	(2,948,431.22)	(3,172,210.44)	(2,709,940.56)	(2,411,867.00)
	4082-Retail Services Revenues	(12,079.90)	(14,705.80)	(11,039.85)	(7,969.00)
	4084-Service Transaction Requests (STR) Revenues	(310.25)	(580.50)	(247.75)	(967.00)
	4090-Electric Services Incidental to Energy Sales				
3070-Not for distributor use	4105-Transmission Charges Revenue				
	4110-Transmission Services Revenue				
3100-Other Operating Revenues	4205-Interdepartmental Rents				
	4210-Rent from Electric Property	(27,390.25)	(27,390.25)	(29,116.12)	(29,390.00)
	4215-Other Utility Operating Income				
	4220-Other Electric Revenues				
	4225-Late Payment Charges	(13,302.14)	(17,786.80)	(15,682.29)	(12,300.00)
	4230-Sales of Water and Water Power				
	4235-Miscellaneous Service Revenues	(88,229.98)	(94,049.80)	(45,409.36)	(52,376.00)
	4240-Provision for Rate Refunds				
	4245-Government Assistance Directly Credited to Income				
3150-Other Income & Deductions	4305-Regulatory Debits				
	4310-Regulatory Credits				
	4315-Revenues from Electric Plant Leased to Others				
	4320-Expenses of Electric Plant Leased to Others				
	4325-Revenues from Merchandise, Jobbing, Etc.				
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.				
	4335-Profits and Losses from Financial Instrument Hedges				
	4340-Profits and Losses from Financial Instrument Investments				
	4345-Gains from Disposition of Future Use Utility Plant				
	4350-Losses from Disposition of Future Use Utility Plant				
	4355-Gain on Disposition of Utility and Other Property				
	4360-Loss on Disposition of Utility and Other Property				
	4365-Gains from Disposition of Allowances for Emission				
	4370-Losses from Disposition of Allowances for Emission				
	4375-Revenues from Non-Utility Operations	(375,882.53)	(383,167.73)	(296,068.55)	(39,689.00)
	4380-Expenses of Non-Utility Operations	356,017.75	355,683.89	268,015.27	39,689.00
	4385-Non-Utility Rental Income				
	4390-Miscellaneous Non-Operating Income				
	4395-Rate-Payer Benefit Including Interest				
	4398-Foreign Exchange Gains and Losses, Including Amortization				
3200-Investment Income	4405-Interest and Dividend Income	(46,054.97)	(15,911.00)	(13,384.29)	6,000.00
	4415-Equity in Earnings of Subsidiary Companies				
3250-Not for distributor use	4505-Operation Supervision and Engineering				
	4510-Fuel				
	4515-Steam Expense				
	4520-Steam From Other Sources				
	4525-Steam Transferred--Credit				
	4530-Electric Expense				
	4535-Water For Power				
	4540-Water Power Taxes				
	4545-Hydraulic Expenses				
	4550-Generation Expense				
	4555-Miscellaneous Power Generation Expenses		9,692.80	1,220.00	
	4560-Rents				
	4565-Allowances for Emissions				
	4605-Maintenance Supervision and Engineering				
	4610-Maintenance of Structures				
	4615-Maintenance of Boiler Plant				
	4620-Maintenance of Electric Plant				

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

A2 Approved & Actual Balances

Enter historical approved and actual results by USA account

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	4625-Maintenance of Reservoirs, Dams and Waterways				
	4630-Maintenance of Water Wheels, Turbines and Generators				
	4635-Maintenance of Generating and Electric Plant				
	4640-Maintenance of Miscellaneous Power Generation Plant				
3350-Power Supply Expenses	4705-Power Purchased	6,092,648.57	7,307,990.41	6,161,652.06	11,489,689.00
	4708-Charges-WMS	807,649.05	797,744.25	973,815.93	983,965.00
	4710-Cost of Power Adjustments	7,490,545.30	5,000,357.13	5,942,456.31	
	4712-Charges-One-Time				72.00
	4714-Charges-NW	1,160,078.39	1,100,387.25	951,269.66	918,274.00
	4715-System Control and Load Dispatching				
	4716-Charges-CN	939,466.17	942,142.34	912,562.62	790,919.00
	4720-Other Expenses				
	4725-Competition Transition Expense				
	4730-Rural Rate Assistance Expense	248,030.01	248,907.80	232,305.32	245,991.00
	4750-Charges-LV				
3450-Not for distributor use	4805-Operation Supervision and Engineering				
	4810-Load Dispatching				
	4815-Station Buildings and Fixtures Expenses				
	4820-Transformer Station Equipment - Operating Labour				
	4825-Transformer Station Equipment - Operating Supplies and Expense				
	4830-Overhead Line Expenses				
	4835-Underground Line Expenses				
	4840-Transmission of Electricity by Others				
	4845-Miscellaneous Transmission Expense				
	4850-Rents				
	4905-Maintenance Supervision and Engineering				
	4910-Maintenance of Transformer Station Buildings and Fixtures				
	4916-Maintenance of Transformer Station Equipment				
	4930-Maintenance of Towers, Poles and Fixtures				
	4935-Maintenance of Overhead Conductors and Devices				
	4940-Maintenance of Overhead Lines - Right of Way				
	4945-Maintenance of Overhead Lines - Roads and Trails Repairs				
	4950-Maintenance of Overhead Lines - Snow Removal from Roads and Trails				
	4960-Maintenance of Underground Lines				
	4965-Maintenance of Miscellaneous Transmission Plant				
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	159,631.99	161,858.99	248,397.00	146,397.00
	5010-Load Dispatching	2,395.15	1,614.88	1,303.00	1,303.00
	5012-Station Buildings and Fixtures Expense				
	5014-Transformer Station Equipment - Operation Labour				
	5015-Transformer Station Equipment - Operation Supplies and Expenses				
	5016-Distribution Station Equipment - Operation Labour				
	5017-Distribution Station Equipment - Operation Supplies and Expenses	23,635.05	25,057.45	18,723.00	18,723.00
	5020-Overhead Distribution Lines and Feeders - Operation Labour				
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	14,960.90	44,346.10	67,421.00	67,421.00
	5030-Overhead Subtransmission Feeders - Operation				
	5035-Overhead Distribution Transformers-Operation	5,777.32	6,990.79	20,283.00	20,283.00
	5040-Underground Distribution Lines and Feeders - Operation Labour				
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	3,409.19	5,801.94	16,881.00	16,881.00
	5050-Underground Subtransmission Feeders - Operation				
	5055-Underground Distribution Transformers - Operation	6,509.16	13,531.14	5,577.00	5,577.00
	5060-Street Lighting and Signal System Expense				
	5065-Meter Expense	105,494.29	75,993.38	86,544.00	86,544.00
	5070-Customer Premises - Operation Labour				
	5075-Customer Premises - Materials and Expenses	70,858.72	75,970.57	73,205.00	73,205.00
	5085-Miscellaneous Distribution Expense	346,757.49	484,361.04	315,295.00	278,209.00
	5090-Underground Distribution Lines and Feeders - Rental Paid				
	5095-Overhead Distribution Lines and Feeders - Rental Paid	4,958.20	1,921.19		
	5096-Other Rent				
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	27,004.24	9,692.07	7,725.00	7,725.00
	5110-Maintenance of Buildings and Fixtures - Distribution Stations				

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1
August 31, 2012

A2 Approved & Actual Balances

Enter historical approved and actual results by USA account

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	5112-Maintenance of Transformer Station Equipment				
	5114-Maintenance of Distribution Station Equipment	4,787.70	2,733.11	1,348.00	1,348.00
	5120-Maintenance of Poles, Towers and Fixtures	20,200.70	23,980.55	18,199.00	18,198.00
	5125-Maintenance of Overhead Conductors and Devices	11,020.52	21,925.47	31,051.00	31,051.00
	5130-Maintenance of Overhead Services	27,685.12	9,338.72	17,995.00	17,994.00
	5135-Overhead Distribution Lines and Feeders - Right of Way	68,125.20	48,559.02	66,220.00	66,220.00
	5145-Maintenance of Underground Conduit				
	5150-Maintenance of Underground Conductors and Devices	7,387.45	15,757.67	18,112.00	18,112.00
	5155-Maintenance of Underground Services	9,566.74	11,125.10	10,149.00	10,149.00
	5160-Maintenance of Line Transformers	28,621.58	27,071.43	15,295.00	15,295.00
	5165-Maintenance of Street Lighting and Signal Systems				
	5170-Sentinel Lights - Labour				
	5172-Sentinel Lights - Materials and Expenses				
	5175-Maintenance of Meters	1,257.26	656.01		
	5178-Customer Installations Expenses- Leased Property				
	5185-Water Heater Rentals - Labour				
	5186-Water Heater Rentals - Materials and Expenses				
	5190-Water Heater Controls - Labour				
	5192-Water Heater Controls - Materials and Expenses				
	5195-Maintenance of Other Installations on Customer Premises				
3600-Not for distributor use	5205-Purchase of Transmission and System Services				
	5210-Transmission Charges				
	5215-Transmission Charges Recovered				
3650-Billing and Collecting	5305-Supervision				
	5310-Meter Reading Expense	76,879.14	57,790.37	50,240.00	50,240.00
	5315-Customer Billing	414,541.77	332,837.08	241,819.00	306,006.00
	5320-Collecting	87.90	782.49		
	5325-Collecting- Cash Over and Short				
	5330-Collection Charges				
	5335-Bad Debt Expense	26,860.14	21,758.13	26,311.73	17,000.00
	5340-Miscellaneous Customer Accounts Expenses	44,959.41	71,391.49	116,547.00	128,376.00
3700-Community Relations	5405-Supervision				
	5410-Community Relations - Sundry				
	5415-Energy Conservation	5,364.75	1,967.05		
	5420-Community Safety Program				
	5425-Miscellaneous Customer Service and Informational Expenses				
	5505-Supervision				
	5510-Demonstrating and Selling Expense				
	5515-Advertising Expense				
	5520-Miscellaneous Sales Expense				
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses				
	5610-Management Salaries and Expenses				
	5615-General Administrative Salaries and Expenses	146,559.59	136,557.79	94,257.00	167,988.00
	5620-Office Supplies and Expenses				
	5625-Administrative Expense Transferred Credit				
	5630-Outside Services Employed	140,004.00	152,525.45	59,445.00	
	5635-Property Insurance				
	5640-Injuries and Damages				
	5645-Employee Pensions and Benefits				
	5650-Franchise Requirements				
	5655-Regulatory Expenses	52,569.65	44,732.19	27,877.47	43,544.00
	5660-General Advertising Expenses	5,239.99	2,624.52		
	5665-Miscellaneous General Expenses	203,673.90	163,242.80	118,856.07	152,947.00
	5670-Rent	90,144.00	90,144.00	91,900.00	91,900.00
	5675-Maintenance of General Plant				
	5680-Electrical Safety Authority Fees	2,458.06	2,458.06	6,120.50	3,602.00
	5685-Independent Market Operator Fees and Penalties				
	5695-Smart Meters OM&A Contra	34,452.00	13,741.00		
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	596,700.96	653,359.00	551,911.00	491,357.00
	5710-Amortization of Limited Term Electric Plant				
	5715-Amortization of Intangibles and Other Electric Plant				
	5720-Amortization of Electric Plant Acquisition Adjustments				
	5725-Miscellaneous Amortization				
	5730-Amortization of Unrecovered Plant and Regulatory Study Costs				
	5735-Amortization of Deferred Development Costs				
	5740-Amortization of Deferred Charges				
3900-Interest Expense	6005-Interest on Long Term Debt				
	6010-Amortization of Debt Discount and Expense				

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

A2 Approved & Actual Balances

Enter historical approved and actual results by USA account

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	6015-Amortization of Premium on Debt Credit				
	6020-Amortization of Loss on Reacquired Debt				
	6025-Amortization of Gain on Reacquired Debt--Credit				
	6030-Interest on Debt to Associated Companies				
	6035-Other Interest Expense	42,339.71	10,048.57	14,844.18	37,213.00
	6040-Allowance for Borrowed Funds Used During Construction--Credit				
	6042-Allowance For Other Funds Used During Construction				
	6045-Interest Expense on Capital Lease Obligations				
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes				
4000-Income Taxes	6110-Income Taxes	85,557.00	83,488.00	21,641.00	22,239.00
	6115-Provision for Future Income Taxes				
4100-Extraordinary & Other Items	6205-Donations				
	6210-Life Insurance				
	6215-Penalties				
	6225-Other Deductions			222,616.24	
	6305-Extraordinary Income				
	6310-Extraordinary Deductions				
	6315-Income Taxes, Extraordinary Items				
	6405-Discontinues Operations - Income/ Gains				
	6410-Discontinued Operations - Deductions/ Losses				
	6415-Income Taxes, Discontinued Operations				
1150-Non-Current Assets	1407-Finance Lease Receivable				
	1481-Investment in Equity-Accounted Joint Venture				
	1495-Deferred Taxes - Non-Current Assets				
1200-Other Assets and Deferred Charges	1506-1508-Other Reg Assets-IFRS Transition Costs Sub-account				
	15071508-Other Reg Assets- Incremental Capital Charges Sub-account				
	1509-1508-Other Reg Assets- Financial Assistence Payment and Recovery Variance - OCEB Sub-account				
	1533-Renewable Generation Connection Funding Adder Deferral Account				
	1536-Smart Grid Funding Adder Deferral Account				
	1567-Board Approved CDM Programs Variance Account				
	1575-IFRS-CGAPP Transitional PP&E Amounts				
	1593-1592 2006 PILs/Tax Variance - HST / OVAT Input Tax Credits Sub-Account				
	1596-1595-Disposition and Recovery of Regulatory Balances - Principal Balances Approved - Sub Account				
	1597-1595-Disposition and Recovery of Regulatory Balances - Carrying Balances Approved - Sub Account				
	1598-1595-Disposition and Recovery of Regulatory Balances - Carrying Charges for Net Principal - Sub Account				
1300-Intangible Plant	1609-Capital Contributions Paid				
	1611-Computer Software				
	1612-Land Rights				
1450-Distribution Plant	1861-1860-Meters - Smart Meter Sub-Account				
1550-Other Capital Assets	2076-2075-Non-Utility Property - Generation Facility Assets Sub-Account				
1650-Current Liabilities	2265-Non-OMERS-Current				
	2286-2285-Obligations Under Capital Leases - Current - Generation Facility Liabilities Sub-Account				
1700-Non-Current Liabilities	2326-2325-Obligations Under Capital Lease--Non-Current - Generation Facility Liabilities - Sub-Account				
	2440-Deferred Revenues				
1850-Shareholders' Equity	3070-Non Rate-Regulated Utility Shareholders Equity				
	3071-Non Rate-Regulated Utility Shareholders Equity- Generation Facilities Sub-Account				
	3080-Current Taxes - Shareholders Equity				
	3081-Deferred Taxes - Shareholders Equity				
	3090-Accumulated Other Comprehensive Income				
3150-Other Income & Deductions	4324-Special Purpose Charge Recovery	(30,199.41)	(41,940.96)		
	4376-4375-Revenues from Non-Utility Operations - Generation Facility Revenues - Sub-Account				
	4381-4380-Expenses of Non-Utility Operations - Generation Facility Expenses - Sub-Account				
3200-Investment Income	4420-Share of Profit or Loss of Joint Venture				
3350-Power Supply Expenses	4707-Charges-Global Adjustment				
3800-Administrative and General Expenses	5646-Employee Pensions and OPEB				
	5647-Employee Sick Leave				
	5672-Lease Payment Expense				
	5681-Special Purpose Charge Expense	30,199.41	41,940.96		

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

A2 Approved & Actual Balances

Enter historical approved and actual results by USA account

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	6206-6205-Donations - LEAP Funding - Sub-Account	3,833.10			
4200-Other Comprehensive Income	7005-Available-for-Sale Financial Asset or Cash Flow Hedge				
	7010-Pension Actuarial Gains or Losses or Remeasurement Adjustment				
	7020-Current Taxes - Other Comprehensive Income				
	7025-Deferred Taxes				
	7030-Miscellaneous				
Balance Sheet Total		**(0.00)**	**(0.00)**	**(0.00)**	**(32,958.00)**
Net Income		**(233,394.45)**	**(452,691.02)**	**(167,544.61)**	

RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND RESULTS FILED

A reconciliation between the financial statements and the results filed is provided at E1/T3/S3/Att1. On the balance sheet the cause of the differences are credit balances reflected as a liability and debit balances reflected as an asset. On the Income statement the special purpose charge, rate application costs, and LEAP costs cause presentation differences. The overall income difference is due the non-distribution related cost of investigating power generation options.

EB-2012-0168

Exhibit 1

Tab 3

Schedule 3

Attachment 1

Reconciliation between Financial Statements and Results Filed Spreadsheet

Tillsonburg Hydro Inc.

Reconciliation between Financial Statements and Results Filed

	2011			
	Actuals	**Fin. Stmt.**	**Variance**	
Total Assets	11,919,253	11,919,252	**1**	
Difference due to:				
Rounding		1	1	Balancing amount due to rounding
			0	
			0	
			0	
TOTAL DIFFERENCES			**1**	
Total Liabilities	3,146,999	3,147,003	**(4)**	
Difference due to:				
Rounding		(4)	(4)	Balancing amount due to rounding
			0	
			0	
			0	
			0	
TOTAL DIFFERENCES			**(4)**	
Total Equity	8,772,254	8,772,249	**5**	
Net Income	233,394	233,393	**1**	
Differences:				
Net Revenues	(3,155,663)	(3,185,862)	30,199	Special Purpose Charge Recovery - offsets expense
OM&A Expenses	2,193,838	2,227,871	(34,033)	Account 5681 - Special Purpose Charge Expense ($30k)- offsetting revenue recorded; Account 6205 - Donations - LEAP ($4k)
Amortization Expense	596,701	596,701	0	
Interest Expense	42,340	42,340	0	
Taxes	85,557	85,557	0	
Extraordinary & Other Items	3,833	0	3,833	Account 6205 - Donations - LEAP $4k - shown as OM&A
TOTAL DIFFERENCES			**(1)**	

Tillsonburg Hydro Inc.
Reconciliation between Financial Statements and Results Filed

	2010			
	Actuals	**Fin. Stmt.**	**Variance**	
Total Assets	12,656,022	12,738,951	**(82,929)**	
Difference due to:				
Customer Credit balances		(35,672)	(35,672)	Credit balances reflected a liability
HST		(47,257)	(47,257)	Credit balance reflected a liability
			0	
			0	
TOTAL DIFFERENCES			**(82,929)**	
Total Liabilities	3,867,163	3,950,095	**(82,932)**	
Difference due to:				
Customer Credit balances		(35,672)	(35,672)	Credit balances reflected a liability
HST		(47,257)	(47,257)	Credit balance reflected a liability
Rounding		(3)	(3)	Balancing amount due to rounding
			0	
			0	
TOTAL DIFFERENCES			**(82,932)**	
Total Equity	8,788,859	8,788,856	**3**	
Net Income	462,383	452,692	**9,691**	
Differences:				
Net Revenues	(3,370,118)	(3,402,369)	32,251	Account 4555 - Misc Power Generation Expenses ($10k); Special Purpose Charge Recovery $42k - offsets expense
OM&A Expenses	2,160,839	2,202,781	(41,942)	Account 5681 - Special Purpose Charge Expense - offsetting revenue recorded
Amortization Expense	653,359	653,359	0	
Interest Expense	10,049	10,049	0	
Taxes	83,488	83,488	0	
Extraordinary & Other Items		0	0	
TOTAL DIFFERENCES			**(9,691)**	

Tillsonburg Hydro Inc.
Reconciliation between Financial Statements and Results Filed

	2009			
	Actuals	**Fin. Stmt.**	**Variance**	
Total Assets	10,453,412	10,748,545	**(295,133)**	
Difference due to:				
Customer Credit balances		(85,218)	(85,218)	Credit balances reflected a liability
GST		(39,334)	(39,334)	Credit balance reflected a liability
PILS		(56,581)	(56,581)	Debit balance reflected an asset
Due from Affiliates		(114,000)	(114,000)	Debit balance reflected an asset
TOTAL DIFFERENCES			**(295,133)**	
Total Liabilities	1,967,244	2,262,381	**(295,137)**	
Difference due to:				
Customer Credit balances		(85,218)	(85,218)	Credit balances reflected a liability
GST		(39,334)	(39,334)	Credit balance reflected a liability
PILS		(56,581)	(56,581)	Debit balance reflected an asset
Due from Affiliates		(114,000)	(114,000)	Debit balance reflected an asset
Rounding		(4)	(4)	Balancing amount due to rounding
TOTAL DIFFERENCES			**(295,137)**	
Total Equity	8,486,168	8,486,164	**4**	
Net Income	168,765	167,545	**1,220**	
Differences:				
Net Revenues	(2,852,874)	(2,851,655)	(1,219)	Account 4555 - Misc Power Generation Expenses
OM&A Expenses	1,873,097	2,095,714	(222,617)	Account 6225 - Other Deductions: Disallowed 2009 Rate Application costs
Amortization Expense	551,911	551,911	0	
Interest Expense	14,844	14,844	0	
Taxes	21,641	21,641	0	
Extraordinary & Other Items	222,616	0	222,616	Disallowed 2009 Rate Application costs shown as OM&A
TOTAL DIFFERENCES			**(1,220)**	

FINANCIAL PROJECTIONS

E1/T2/S3 describes the budgeting process used by THI to prepare its projections for the 2013TY. E1/T2/S4 describes certain changes in budgeting methodology which were adopted in preparing projections for the 2013TY. E1/T3/S4/Att1 and E1/T3/S4/Att2 shows the pro-forma Income Statement and Balance Sheet for the 2013TY and 2012BY respectively.

EB-2012-0168

Exhibit 1

Tab 3

Schedule 4

Attachment 1

2012 Pro-Forma Financial Statements

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

S1 Finalize 2012 Pro-forma Projections

Enter final adjustments to projected account balances for 2012

Account Grouping	Account Description	2011 Actual		2012		Comment
			Model Projection *	Override Amount	Final Projection	
1050-Current Assets	1005-Cash	1,818,658		1,818,658	1,818,658	
	1100-Customer Accounts Receivable	1,182,466		1,182,466	1,182,466	
	1102-Accounts Receivable - Services	82		82	82	
	1120-Accrued Utility Revenues	1,642,909		1,642,909	1,642,909	
	1130-Accumulated Provision for Uncollectible Accounts--Credit	(72,551)		(72,551)	(72,551)	
	1180-Prepayments	50,440		50,440	50,440	
	1200-Accounts Receivable from Associated Companies	314,253		314,253	314,253	
1100-Inventory	1330-Plant Materials and Operating Supplies	425,714		425,714	425,714	
1150-Non-Current Assets	1460-Other Non-Current Assets	35,344		35,344	35,344	
1200-Other Assets and Deferred Charges	1508-Other Reg Assets- Deferred IFRS Transition	3,162	3,208		3,208	
	1521-Special Purpose Charge Assessment Variance Account	10,084	0		0	
	1555-Smart Meters Capital Variance Account	935,771	968,823		968,823	
	1556-Smart Meters OM&A Variance Account	114,172	79,307		79,307	
	1562-Deferred Payments in Lieu of Taxes	(185,281)	(65,034)		(65,034)	
	1580-RSVAWMS	(300,102)	(304,418)		(304,418)	
	1584-RSVANW	173,660	176,122		176,122	
	1586-RSVACN	57,399	58,198		58,198	
	1588-RSVAPOWER Main Account	(464,121)	(742,490)		(742,490)	
	1589-1588 Global Adjustment sub-account		271,758		271,758	
	1592-2006 PILs/Taxes Variance	(48,626)	(49,335)		(49,335)	
	1595-Disposition and Recovery of Regulatory Balances	243,301		243,301	243,301	
1450-Distribution Plant	1805-Land	11,520	11,520		11,520	
	1820-Distribution Station Equipment - Normally Primary below 50 kV	400,152	400,152		400,152	
	1830-Poles, Towers and Fixtures	4,679,038	4,831,198		4,831,198	
	1835-Overhead Conductors and Devices	1,560,341	1,660,565		1,660,565	
	1840-Underground Conduit	3,508,077	3,585,621		3,585,621	
	1845-Underground Conductors and Devices	1,529,810	1,599,524		1,599,524	
	1850-Line Transformers	4,286,676	4,469,052		4,469,052	
	1855-Services	1,083,344	1,155,086		1,155,086	
	1860-Meters	783,436	811,436		811,436	

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

S1 Finalize 2012 Pro-forma Projections

Enter final adjustments to projected account balances for 2012

Account Grouping	Account Description	2011 Actual	2012 Model Projection *	2012 Override Amount	2012 Final Projection	Comment
1500-General Plant	1920-Computer Equipment - Hardware	11,532	11,532		11,532	
	1925-Computer Software	296,643	296,643		296,643	
1550-Other Capital Assets	1995-Contributions and Grants - Credit	(2,782,321)	(2,794,681)		(2,794,681)	
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(9,385,732)	(9,909,955)		(9,909,955)	
1650-Current Liabilities	2205-Accounts Payable	(1,412,415)		(1,412,415)	(1,412,415)	
	2208-Customer Credit Balances	(139,154)		(139,154)	(139,154)	
	2210-Current Portion of Customer Deposits	(151,781)		(151,781)	(151,781)	
	2220-Miscellaneous Current and Accrued Liabilities	(15,220)		(15,220)	(15,220)	
	2250-Debt Retirement Charges(DRC) Payable	(182,393)		(182,393)	(182,393)	
	2260-Current Portion of Long Term Debt	(113,975)		(113,975)	(113,975)	
	2290-Commodity Taxes	(41,737)		(41,737)	(41,737)	
1700-Non-Current Liabilities	2335-Long Term Customer Deposits	(172,890)		(172,890)	(172,890)	
1800-Long-Term Debt	2525-Term Bank Loans - Long Term Portion	(917,433)		(917,433)	(917,433)	
1850-Shareholders' Equity	3005-Common Shares Issued	(6,992,565)		(6,992,565)	(6,992,565)	
	3030-Miscellaneous Paid-In Capital	(1,190,388)		(1,190,388)	(1,190,388)	
	3045-Unappropriated Retained Earnings	(605,907)	(839,301)		(839,301)	
	3046-Balance Transferred From Income	(233,394)	(10,710)		(10,710)	
	3049-Dividends Payable-Common Shares	250,000		250,000	250,000	
3000-Sales of Electricity	4006-Residential Energy Sales	(3,153,549)	(3,543,987)		(3,543,987)	
	4010-Commercial Energy Sales		(1,631,883)		(1,631,883)	
	4025-Street Lighting Energy Sales	(85,182)	(99,972)		(99,972)	
	4030-Sentinel Lighting Energy Sales	(7,506)	(8,321)		(8,321)	
	4035-General Energy Sales	(6,175,973)	(7,693,384)		(7,693,384)	
	4055-Energy Sales for Resale	(4,166,475)				
	4062-Billed WMS	(1,050,188)	(1,240,501)		(1,240,501)	
	4066-Billed NW	(1,160,078)	(1,247,550)		(1,247,550)	
	4068-Billed CN	(939,466)	(1,007,640)		(1,007,640)	
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	(2,948,431)	(2,968,877)		(2,968,877)	
	4082-Retail Services Revenues	(12,080)	(13,390)		(13,390)	
	4084-Service Transaction Requests (STR) Revenues	(310)	(338)		(338)	
3100-Other Operating Revenues	4210-Rent from Electric Property	(27,390)	(26,664)		(26,664)	
	4225-Late Payment Charges	(13,302)	(17,500)		(17,500)	
	4235-Miscellaneous Service Revenues	(88,230)	(35,705)		(35,705)	
3150-Other Income & Deductions	4375-Revenues from Non-Utility Operations	(375,883)				
	4380-Expenses of Non-Utility Operations	356,018				
3200-Investment Income	4405-Interest and Dividend Income	(46,055)	(30,000)		(30,000)	
3350-Power Supply Expenses	4705-Power Purchased	6,092,649	12,977,546		12,977,546	
	4708-Charges-WMS	807,649	992,401		992,401	
	4710-Cost of Power Adjustments	7,490,545				
	4714-Charges-NW	1,160,078	1,247,550		1,247,550	

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

S1 Finalize 2012 Pro-forma Projections

Enter final adjustments to projected account balances for 2012

Account Grouping	Account Description	2011 Actual	2012 Model Projection *	2012 Override Amount	2012 Final Projection	Comment
	4716-Charges-CN	939,466	1,007,640		1,007,640	
	4730-Rural Rate Assistance Expense	248,030	248,100		248,100	
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	159,632	169,015		169,015	
	5010-Load Dispatching	2,395	2,180		2,180	
	5017-Distribution Station Equipment - Operation Supplies and Expenses	23,635	27,902		27,902	
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	14,961	43,431		43,431	
	5035-Overhead Distribution Transformers- Operation	5,777	18,847		18,847	
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	3,409	11,754		11,754	
	5055-Underground Distribution Transformers - Operation	6,509	43,572		43,572	
	5065-Meter Expense	105,494	108,792		108,792	
	5075-Customer Premises - Materials and Expenses	70,859	88,287		88,287	
	5085-Miscellaneous Distribution Expense	346,757	395,222		395,222	
	5095-Overhead Distribution Lines and Feeders - Rental Paid	4,958	2,000		2,000	
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	27,004	16,000		16,000	
	5114-Maintenance of Distribution Station Equipment	4,788	5,667		5,667	
	5120-Maintenance of Poles, Towers and Fixtures	20,201	33,000		33,000	
	5125-Maintenance of Overhead Conductors and Devices	11,021	26,680		26,680	
	5130-Maintenance of Overhead Services	27,685	20,000		20,000	
	5135-Overhead Distribution Lines and Feeders - Right of Way	68,125	108,291		108,291	
	5150-Maintenance of Underground Conductors and Devices	7,387	10,230		10,230	
	5155-Maintenance of Underground Services	9,567	11,160		11,160	
	5160-Maintenance of Line Transformers	28,622	35,283		35,283	
	5175-Maintenance of Meters	1,257	3,079		3,079	

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

S1 Finalize 2012 Pro-forma Projections

Enter final adjustments to projected account balances for 2012

Account Grouping	Account Description	2011 Actual	2012 Model Projection *	2012 Override Amount	2012 Final Projection	Comment
3650-Billing and Collecting	5310-Meter Reading Expense	76,879	69,477		69,477	
	5315-Customer Billing	414,542	428,312		428,312	
	5320-Collecting	88	1,000		1,000	
	5335-Bad Debt Expense	26,860	27,000		27,000	
	5340-Miscellaneous Customer Accounts Expenses	44,959	73,375		73,375	
3700-Community Relations	5415-Energy Conservation	5,365	1,000		1,000	
3800-Administrative and General Expenses	5615-General Administrative Salaries and Expenses	146,560	179,105		179,105	
	5630-Outside Services Employed	140,004	140,004		140,004	
	5655-Regulatory Expenses	52,570	49,877		49,877	
	5660-General Advertising Expenses	5,240	7,000		7,000	
	5665-Miscellaneous General Expenses	203,674	159,096		159,096	
	5670-Rent	90,144	132,620		132,620	
	5680-Electrical Safety Authority Fees	2,458	6,200		6,200	
	5695-Smart Meters OM&A Contra	34,452	35,000		35,000	
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	596,701	524,223		524,223	
3900-Interest Expense	6035-Other Interest Expense	42,340	55,000		55,000	
4000-Income Taxes	6110-Income Taxes	85,557	9,483		9,483	
4100-Extraordinary & Other Items	6205-Donations					

EB-2012-0168

Exhibit 1

Tab 3

Schedule 4

Attachment 2

2013 Pro-Forma Financial Statements

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

S2 Finalize 2013 Pro-forma Projections

Enter final adjustments to projected account balances for 2013 at Existing Rates

Account Grouping	Account Description	2012 Projection	2013 (existing rates)			Comment
			Model Projection *	Override Amount	Final Projection	
1200-Other Assets and Deferred Charges	1521-Special Purpose Charge Assessment Variance Account	0	0		0	
	1555-Smart Meters Capital Variance Account	968,823	968,823		968,823	
	1556-Smart Meters OM&A Variance Account	79,307	79,307		79,307	
	1562-Deferred Payments in Lieu of Taxes	(187,461)	(187,461)		(187,461)	
	1580-RSVAWMS	(304,418)	(304,418)		(304,418)	
	1584-RSVANW	176,122	176,122		176,122	
	1586-RSVACN	58,198	58,198		58,198	
	1588-RSVAPOWER Main Account	(742,490)	(742,490)		(742,490)	
	1589-1588 Global Adjustment sub-account	0	0		0	
	1592-2006 PILs/Taxes Variance	(49,335)	(49,335)		(49,335)	
1450-Distribution Plant	1805-Land	11,520	11,520		11,520	
	1820-Distribution Station Equipment - Normally Primary below 50 kV	400,152	400,152		400,152	
	1830-Poles, Towers and Fixtures	4,805,838	4,980,168		4,980,168	
	1835-Overhead Conductors and Devices	1,643,861	1,799,871		1,799,871	
	1840-Underground Conduit	3,572,697	3,616,532		3,616,532	
	1845-Underground Conductors and Devices	1,587,905	1,642,800		1,642,800	
	1850-Line Transformers	4,438,656	4,661,156		4,661,156	
	1855-Services	1,143,129	1,220,259		1,220,259	
	1860-Meters	811,436	1,079,502		1,079,502	
1500-General Plant	1920-Computer Equipment - Hardware	11,532	30,795		30,795	
	1925-Computer Software	296,643	607,299		607,299	
1550-Other Capital Assets	1995-Contributions and Grants - Credit	(2,792,621)	(2,925,121)		(2,925,121)	
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(9,588,301)	(9,604,463)		(9,604,463)	
1650-Current Liabilities	2205-Accounts Payable	(1,412,415)	0	(1,412,415)	(1,412,415)	
	2208-Customer Credit Balances	(139,154)	0	(139,154)	(139,154)	
	2210-Current Portion of Customer Deposits	(151,781)	0	(151,781)	(151,781)	
	2220-Miscellaneous Current and Accrued Liabilities	(15,220)	0	(15,220)	(15,220)	
	2296-Future Income Taxes - Current	0	0	0	0	
1700-Non-Current Liabilities	2335-Long Term Customer Deposits	(172,890)	0	(172,890)	(172,890)	
1800-Long-Term Debt	2520-Other Long Term Debt	0	0	0	0	
	2525-Term Bank Loans - Long Term Portion	(917,433)	(1,270,000)		(1,270,000)	
1850-Shareholders' Equity	3005-Common Shares Issued	(6,992,565)	0	(6,992,565)	(6,992,565)	

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

S2 Finalize 2013 Pro-forma Projections

Enter final adjustments to projected account balances for 2013 at Existing Rates

Account Grouping	Account Description	2012 Projection	2013 (existing rates)			Comment
			Model Projection *	Override Amount	Final Projection	
	3045-Unappropriated Retained Earnings	(839,301)	(1,039,817)		(1,039,817)	
	3046-Balance Transferred From Income	(200,516)	34,094		34,094	
3000-Sales of Electricity	4006-Residential Energy Sales	(3,543,987)	(3,749,175)		(3,749,175)	
	4010-Commercial Energy Sales	(1,631,883)	(1,719,443)		(1,719,443)	
	4025-Street Lighting Energy Sales	(99,972)	(105,509)		(105,509)	
	4030-Sentinel Lighting Energy Sales	(8,321)	(8,930)		(8,930)	
	4035-General Energy Sales	(7,693,384)	(8,173,120)		(8,173,120)	
	4062-Billed WMS	(1,240,501)	(1,225,201)		(1,225,201)	
	4066-Billed NW	(1,247,550)	(1,265,364)		(1,265,364)	
	4068-Billed CN	(1,007,640)	(965,948)		(965,948)	
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	(2,969,759)	(2,962,480)		(2,962,480)	
	4082-Retail Services Revenues	(13,390)	(14,030)		(14,030)	
	4084-Service Transaction Requests (STR) Revenues	(338)	(369)		(369)	
3100-Other Operating Revenues	4210-Rent from Electric Property	(26,664)	(26,664)		(26,664)	
	4225-Late Payment Charges	(17,500)	(17,500)		(17,500)	
	4235-Miscellaneous Service Revenues	(35,705)	(35,705)		(35,705)	
3350-Power Supply Expenses	4705-Power Purchased	12,977,546	13,756,178		13,756,178	
	4708-Charges-WMS	992,401	980,161		980,161	
	4714-Charges-NW	1,247,550	1,265,364		1,265,364	
	4716-Charges-CN	1,007,640	965,948		965,948	
	4730-Rural Rate Assistance Expense	248,100	245,040		245,040	
3500-Distribution Expenses - Operation	5005-Operation Supervision and Engineering	169,015	177,503		177,503	
	5010-Load Dispatching	2,180	2,010		2,010	
	5017-Distribution Station Equipment - Operation Supplies and Expenses	27,902	26,130		26,130	
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	43,431	44,100		44,100	
	5035-Overhead Distribution Transformers- Operation	18,847	18,700		18,700	
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses	11,754	11,775		11,775	
	5055-Underground Distribution Transformers - Operation	43,572	34,600		34,600	
	5065-Meter Expense	144,106	102,370		102,370	
	5075-Customer Premises - Materials and Expenses	88,287	90,000		90,000	
	5085-Miscellaneous Distribution Expense	502,122	584,148		584,148	

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

S2 Finalize 2013 Pro-forma Projections

Enter final adjustments to projected account balances for 2013 at Existing Rates

Account Grouping	Account Description	2012 Projection	2013 (existing rates)			Comment
			Model Projection *	Override Amount	Final Projection	
	5095-Overhead Distribution Lines and Feeders - Rental Paid	2,000	2,100		2,100	
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	16,000	17,000		17,000	
	5114-Maintenance of Distribution Station Equipment	5,667	5,250		5,250	
	5120-Maintenance of Poles, Towers and Fixtures	33,000	33,950		33,950	
	5125-Maintenance of Overhead Conductors and Devices	26,680	27,300		27,300	
	5130-Maintenance of Overhead Services	20,000	21,000		21,000	
	5135-Overhead Distribution Lines and Feeders - Right of Way	108,291	108,850		108,850	
	5150-Maintenance of Underground Conductors and Devices	10,230	10,400		10,400	
	5155-Maintenance of Underground Services	11,160	12,970		12,970	
	5160-Maintenance of Line Transformers	35,283	35,500		35,500	
	5175-Maintenance of Meters	3,079	3,092		3,092	
3650-Billing and Collecting	5310-Meter Reading Expense	69,477	70,000		70,000	
	5315-Customer Billing	428,312	419,305		419,305	
	5320-Collecting	1,000	1,000		1,000	
	5335-Bad Debt Expense	27,000	27,000		27,000	
	5340-Miscellaneous Customer Accounts Expenses	73,375	79,200		79,200	
3700-Community Relations	5415-Energy Conservation	1,000	900		900	
3800-Administrative and General Expenses	5615-General Administrative Salaries and Expenses	179,105	202,405		202,405	
	5630-Outside Services Employed	140,004	140,004		140,004	
	5655-Regulatory Expenses	49,877	68,800		68,800	
	5660-General Advertising Expenses	7,000	7,000		7,000	
	5665-Miscellaneous General Expenses	159,096	187,900		187,900	
	5670-Rent	132,620	132,620		132,620	
	5680-Electrical Safety Authority Fees	6,200	6,200		6,200	
	5695-Smart Meters OM&A Contra	35,000	0		0	

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

S2 Finalize 2013 Pro-forma Projections

Enter final adjustments to projected account balances for 2013 at Existing Rates

Account Grouping	Account Description	2012 Projection	2013 (existing rates)			Comment
			Model Projection *	Override Amount	Final Projection	
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	202,569	336,228		336,228	
3900-Interest Expense	6035-Other Interest Expense	55,000	57,531		57,531	
4000-Income Taxes	6110-Income Taxes	0	0		0	

PROSPECTUS AND RECENT DEBT/SHARE ISSUANCE UPDATE

THI has not issued and does not propose to issue in the 2013TY any prospectuses, information or share issue updates. THI has issued 1 common share to the Town of Tillsonburg who has 100% control over THI.

THI does not have any Rating Agency Reports.

Exhibit 1: Administrative Documents

Tab 4 (of 4): Materiality Threshold

MATERIALITY THRESHOLD

THI's annual revenue requirement is well below $10M. In accordance with section 2.2.4 of the Board's filing requirements; a materiality threshold of $50k applies throughout this application.