

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

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

**WASAGA DISTRIBUTION INC. (“WDI”)
PROPOSED SETTLEMENT AGREEMENT**

FILED: NOVEMBER 7, 2012

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EB-2011-0103

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**WASAGA DISTRIBUTION INC.
PROPOSED SETTLEMENT AGREEMENT
FILED: NOVEMBER 7, 2012**

INTRODUCTION:

Wasaga Distribution Inc. (“WDI”) carries on the business of distributing electricity within the Town of Wasaga Beach.

WDI filed an application with the Ontario Energy Board (the “Board”) on June 29, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), seeking approval for changes to the rates that WDI charges for electricity distribution, to be effective May 1, 2012 (the “Application”). The Board assigned the Application File Number EB-2011-0103.

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

In Procedural Order No. 2, issued on August 17, 2012, the Board approved the Intervenors in this proceeding, set dates for interrogatories and interrogatory responses and made its determination regarding the cost eligibility of the Intervenors.

WDI received Supplemental Interrogatories from the Intervenors and Board staff during October 2 and October 5, 2012. WDI filed its’ responses on October 11, 2012.

In Procedural Order No. 3, issued on October 10, 2012, the Board set dates for a Settlement Conference (October 18, 2012, continuing October 19, 2012 if necessary); and the filing of any Settlement Proposal arising out of the Settlement Conference (November 7, 2012). There is no Board-approved Issues List for this proceeding.

The evidence in this proceeding (referred to here as the “Evidence”) consists of the Application, including updates to the Application, and WDI’s responses to the initial and supplemental interrogatories. The Appendices to this Settlement Agreement (the “Agreement”) are also included in the Evidence. The Settlement Conference was duly convened in accordance with the Procedural Order No. 3, with Mr. Chris Haussmann as facilitator. The Settlement Conference was held on October 18, 2012.

WDI and the following Intervenors participated in the Settlement Conference:

- Energy Probe and
- VECC.

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

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

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

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

The Parties are pleased to advise the Board that a complete settlement has been reached on all issues in this proceeding. This document comprises the Proposed Settlement Agreement, and it is presented jointly by WDI, EP and VECC to the Board. It identifies the settled matters, and contains such references to the Evidence as are necessary to assist the Board in understanding the Agreement. The Parties confirm that the Evidence filed to date in respect of each settled issue, as supplemented in some instances by additional information recorded in this Agreement, supports the settlement of the matters identified in this Agreement. In addition, the Parties agree that the Evidence, supplemented where necessary by the additional information appended to this Agreement, contains sufficient detail, rationale and quality of information to allow the Board to make findings in keeping with the settlement reached by the Parties.

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

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

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

References to the Evidence supporting this Agreement on each issue are set out in each section of the Agreement. The Appendices to the Agreement provide further evidentiary support. The Parties agree

that this Agreement and the Appendices form part of the record in EB-2011-0103. The Appendices were prepared by the Applicant. The Intervenors are relying on the accuracy and completeness of the Appendices in entering into this Agreement. Appendix I to this Agreement – Proposed Schedule of 2012 Tariff of Rates and Charges (Updated) – is a proposed schedule of Rates and Charges that WDI will use as the basis for its draft Rate Order following Board approval of this Agreement.

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

The Parties have agreed that the effective date of the rates resulting from this proposed Agreement is December 1, 2012 (referred to below as the "Effective Date").

ORGANIZATION AND SUMMARY OF THE SETTLEMENT AGREEMENT:

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

The following Appendices accompany this Settlement Agreement:

Appendix A – Summary of Significant Changes
Appendix B – Continuity Tables (Updated)
Appendix C – Cost of Power Calculation (Updated)
Appendix D – 2012 Customer Load Forecast (Updated)
Appendix E – 2012 Other Revenue (Updated)
Appendix F – 2012 PILS (Updated)
Appendix G – 2012 Cost of Capital
Appendix H – 2012 Revenue Deficiency (Updated)
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Appendix L – Revenue Requirement Work Form (Updated)

UNSETTLED MATTERS:

There are no unsettled matters in this proceeding.

OVERVIEW OF THE SETTLED MATTERS:

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

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

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

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

In WDI's initial evidence a Service Revenue Requirement for the 2012 Test Year was \$4,264,037 which included a Base Revenue Requirement of \$3,710,036 plus Revenue Offsets of \$554,001 and a resulting Revenue Deficiency of \$176,110. However, the OEB issued Procedural Order 1, dated April 1, 2012 which reduced WDI's monthly service charge and volumetric rate by 4.4% for all classes. In the initial Interrogatory Round by Energy Probe (1.0 Energy Probe #1), WDI subsequently revised its Test Year Revenues at existing rates of \$3,382,107 and the Revenue Deficiency to \$327,929. All subsequent revisions to the Revenue Deficiency are based on this starting point.

The revised Service Revenue Requirement for the 2012 Test Year is \$3,967,935 which reflects the updated cost of capital parameters (ROE and Deemed ST Debt rate) issued by the Board on March 2, 2012 applicable to applications for rebasing effective May 1, 2012. The long term debt rate was agreed to be 4.41%, for the purpose of settlement. Compared to the forecast 2012 revenue at current rates, of \$3,385,037 the revised Service Revenue Requirement represents a deficiency of \$0 which is \$327,929 lower than the revenue deficiency of \$327,929 set out in WDI's evidence. The changes are detailed in the table below:

	Original as per Application (A)	Interrogatory 1 -Energy Probe #1 (Interim Rate Order) (B)	Settlement Submission (D)	Difference (E=D-A)
Service Revenue Requirement	4,264,037	4,264,037	3,967,935	-296,102
Revenue Offset	554,001	554,001	582,898	28,897
Base Revenue Requirement	3,710,036	3,710,036	3,385,037	-324,999
Revenue at Existing Rates	3,533,926	3,382,107	3,385,037	-148,889
Revenue Deficiency	176,110	327,929 ¹	0	-176,110

¹ The Re-calculated actual deficiency is \$332,078, instead of \$327,929 reported in 1-EP-1 for a difference of \$4,149

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

1. GENERAL

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 1, Tab 1 Schedule 13

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

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

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

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

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 2, Schedule 11 VECC IR #11

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

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

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

For the purpose of settlement, the Parties accept that the appropriate effective date of the new rates flowing from this Application is December 1, 2012. That replaces the WDI request of rates effective May 1, 2012, in the original Application.

In the event that WDI's rate application is not available in time for December 1st implementation, WDI would note that it is not required to calculate a foregone revenue rate rider as long as the rates order was received by December 15th, 2012.

2. RATE BASE

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 2, Schedule 1 Board Staff IR #4, #5, #23 EP IR #4, #5, #6, #8, #12 VECC IR #4, #5, #6, #7, #8, #32, #47, #49, #50 Settlement Agreement, Section 4.1, Appendix C

For the purposes of settlement, the Parties have agreed that WDI's Rate Base is \$12,762,842 for the 2012 Test Year under CGAAP. A full calculation of this agreed Rate Base is set out later in this section in the table titled "Rate Base". The 2012 capital expenditures and amortization expense were accepted as proposed in WDI's initial application.

The revised Rate Base value reflects the following changes to the working capital allowance:

- The Parties have agreed that WDI's Working Capital Allowance will be reduced from 15% of the sum of cost of power and controllable expenses to 14%. The calculation of the Working Capital Allowance is discussed in further detail below, under item 2.2.
- With respect to its Cost of Power, the Parties have agreed for the purposes of settlement to accept The Load Forecast in WDI's Initial Application except for the following:
 - The GS>50 kW throughput to be increased from the original forecast of 51,408 kW to 52,968 kW based on WDI's response to EP IR #12d. This produces an increase in rate base of \$843.
 - WDI updated the Retail Transmission Service Rates ("RTSRs"), based on the updated Uniform Transmission Rates issued by the Board on December 20, 2011 in EB-2011-0268 and Board Staff IR#23. This produces a decrease to rate base of \$1,861.
 - The LV rates were adjusted to more accurately reflect a simple weighting by months based on the rates from Hydro One's 2012 Common ST Lines for the year 2012. The

Parties agreed that the total LV charges should be forecasted to total \$221,137. That results in a decrease to rate base of \$2,529.

Please see Appendix C for the detailed Cost of Power calculation.

- The Parties have agreed that the 2012 OM&A for the Test Year should be \$2,549,254 (CGAAP), a decrease of \$252,577 from \$2,801,831 of the original application. This produces a decrease in rate base of \$35,361. OM&A expenses are discussed in further detail under item 4.1.

Agreed upon adjustments to WDI's proposed Overall Rate Base under CGAAP is set out in the following table:

	Rate Base		
	Initial Application	Adjustments	Settlement Agreement
Gross Fixed Assets (average)	21,851,555	0	21,851,555
Accumulated Depreciation (average)	11,281,423	0	11,281,423
Net Fixed Assets (average)	10,570,132	0	10,570,132
Allowance for Working Capital	2,390,885	-198,175	2,192,710
Total Rate Base	12,961,017	-198,175	12,762,842

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

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 2, Schedule 1
Energy Probe IR #4
Settlement Agreement, Section 2.1

For the purposes of settlement, the Parties agree to the following Working Capital Allowance calculated based on 14% of the OM&A expenses of \$2,549,254 (CGAAP), plus property tax of \$25,000, and Cost of Power of \$13,087,961. As discussed in Section 2.1 and this section, the Parties have agreed that the following adjustments, reflecting the settled matters, will be made to WDI's Working Capital Allowance calculation:

Allowance for Working Capital			
	Initial Application	Adjustments	Settlement
Controllable Expenses	2,826,830	-252,576	2,574,254
Cost of Power	13,112,406	-24,445	13,087,961
Working Capital Base	15,939,236	-277,021	15,662,215
Working Capital Rate %	15%	-1%	14%
Working Capital Allowance	2,390,885	-198,175	2,192,710

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

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 2, Schedules 2-6
Board Staff IR #4, #5
EP IR #4, #5, #6, #8
VECC IR #4, #5, #6, #7, #8, #49, #50

The Parties have accepted net capital expenditures of \$1,513,874 (excluding WIP) that were filed in WDI's original Application.

2.4 Is the capitalization policy and allocation procedure appropriate?

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 2, Schedule 2

The Parties have accepted WDI's capitalization policy as it was set out on Exhibit 2, Schedule 2, page 6 of the original Application.

3. LOAD FORECAST AND OPERATING REVENUE

3.1 Is the load forecast methodology including weather normalization appropriate?

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application, Exhibit 3, Schedule 2 Board Staff IR #10 Energy Probe IR #9, #10, #12 VECC IR #12, #14, #15, #18, #45

The Parties accept WDI's load forecast methodology including weather normalization as contained in its original Application. This included the power purchased forecast of 136,620,167 kWh (before CDM adjustment) and billed consumption forecast of 125,637,505 kWh in the 2012 Test Year. The accepted CDM adjustment was 802,000 kWh for the 2012 Test Year.

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application, Exhibit 3, Schedule 2 Board Staff IR #11, #12 Energy Probe IR #11, #12d), #29 VECC IR #13, #17, #44 Settlement Agreement, Appendix A

For the purposes of settlement, the Parties agree with WDI's customers/connections and load forecasts (both kWh and kW) for the 2012 test year, as modified through the settlement process with respect to WDI's GS>50 kW customer class. The change in the GS>50 kW throughput resulted from WDI's response to Energy Probe (IR#12d) in which WDI recorded an increase of 3.8% for eight months which

was higher than the 2.2% decrease in the original 2012 load forecast. The change that was agreed to by all parties through the Settlement Agreement was to increase the GS>50 kW consumption from 51,408 to 52,968 kW. This resulted in an approximate \$7,000 reduction in WDI's Revenue Deficiency and resulted in a change in Rate Base of \$843 based on the progression of changes that are detailed in Appendix A. Illustrated in the table below is the calculation of the change in the Rate Base:

Increased Forecast (1,560 kW) - GS > 50 kW Class			
	Initial Application - Including updated RTSR Rates	Adjusted Billed Total - Increased 1,560 kW	Change in Cost of Power
	[A]	[B]	[A] - [B]
LV Charges	103,108	106,237	-3,130
Transmission - Network	56,420	58,132	-1,712
Transmission - Connection	38,992	40,174	-1,182
Working Capital Base	198,519	204,544	-6,024 [C]
Revised working Capital Rate %			14% [D]
Working Capital Allowance (Change in Rate Base)			-843 [C] * [D]

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

Status: Complete Settlement

Supporting Parties: WDI, EP, VECC

Evidence: Application, Exhibit 3, Schedule 2, page 15
Board Staff IR #10
Energy Probe IR #12
VECC IR #18

For the purposes of settlement, the Parties agree that the CDM adjustments as presented in the Application are appropriate. The table illustrated below provides the CDM impact on billed kW and kWh per customer class.

CDM Adjusted Forecast kWh			
	Load Forecast	CM Adjusted Forecast	CDM Adjustment
Residential	92,721,561	92,162,274	559,287
GS<50 kW	19,067,748	18,952,733	115,015
GS>50 kW	22,680,860	22,553,162	127,698
Street lighting	1,828,859	1,828,859	-
USL	321,139	321,139	-
	136,620,167	135,818,167	802,000

CDM Adjusted Forecast kW			
	Load Forecast	CM Adjusted Forecast	CDM Adjustment
GS>50 kW	53,259	52,968	291

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

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application, Exhibit 3, Schedule 1
Settlement Agreement, Section 3.2

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

Base Revenue Requirement			
	Initial Application	Adjustments	Settlement
Service Revenue Requirement	4,264,037	-296,102	3,967,935
Less: Revenue Offsets	554,001	28,897	582,898
Base Revenue Requirement	3,710,036	-267,205	3,385,037

Please refer to Section 3.2 discussion for the kW throughput.

3.5 Is the test year forecast of other revenues appropriate?

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application, Exhibit 3, Schedule 4, Table 3.21-3.23, Page 22 - 26
Energy Probe IR #12, #13
VECC IR# 19, #20
Settlement Agreement, Appendix E

For the purposes of settlement, the Parties agreed upon a forecast of \$582,898 in Other Distribution Revenue, an increase of \$28,897 from \$554,001 as set out in the original application. Appendix E – 2012 Other Revenue provides additional detail.

The revised other revenue values reflect the following significant changes:

- The Parties agreed that it was appropriate to increase miscellaneous operating revenue by \$6,000 due to increased revenues-to-date compared to last year, and in comparison to 2012 test year forecast.
- The Parties agreed to increase an affiliate note receivable interest rate from 1.47% to the deemed short-term rate of 2.08% for an increase of \$20,230.
- The Parties agreed to increase forecasted SSA Admin Charges to correctly reflect the charges expected from the forecasted customer growth that resulted in an increase of \$2,655.

4. OPERATING COSTS

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 4, Schedule 1 – 5 Board Staff IR #14-20 Energy Probe IR #14-23,49 VECC #21-27

For the purposes of settlement, the Parties agree that the 2012 OM&A for the Test Year should be \$2,549,254 (CGAAP), a decrease of \$252,577 from the \$2,801,830 originally submitted. The Parties relied on WDI's view that it can safely and reliably operate the distribution system based on the total OM&A budget proposed. The Parties have agreed that the adjustment will be based on an "envelope" approach, so that any determination of potential budget reductions to reflect the Board-approved 2012 OM&A will be at the discretion of WDI.

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

OM&A Cost per Customer and per FTEE

	LRV - Board Approved	LRV - Actual	Year 4 Actual	Year 3 Actual	Year 2 Actual	Year 1 Actual	Bridge Year	Test Year
	2006	2006	2007	2008	2009	2010	2011 (Actuals)	2012
Number of Customers	12,249	12,954	13,447	13,910	14,213	14,449	14,727	15,010
Total OM&A	\$ 1,654,952	\$ 1,701,254	\$ 1,775,074	\$ 1,888,555	\$ 2,005,305	\$ 2,178,894	\$ 2,224,856	\$ 2,549,254
OM&A cost per customer	\$ 135.11	\$131.33	\$132.01	\$135.77	\$141.09	\$150.80	\$151.07	\$169.84
Number of FTEs	16.00	18.50	19.00	19.00	18.00	18.50	19.00	19.00
Customers/FTEs	766	700	708	732	790	781	775	790
OM&A Cost per FTEE	\$ 103,435	\$ 91,960	\$ 93,425	\$ 99,398	\$ 111,406	\$ 117,778	\$ 117,098	\$ 134,171

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 2, Schedule 6 VECC IR #3, #49

For the purposes of settlement, the Parties accept the useful lives proposed by WDI in the table below and the depreciation expense reported in the continuity schedules in Appendix B. The Parties have agreed that the proposed level of depreciation/amortization expense of \$561,546 for the 2012 Test Year is appropriate.

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

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

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

	Description	Current - Useful lives	Updated - Useful lives
✓ 1820	Distribution Station Equipment	30	20-50
✓ 1830	Poles, Towers and Fixtures	25	45
✓ 1835	Overhead Conductors and Devices	25	45
✓ 1840	Underground Conduit	25	50
✓ 1845	Underground Conductors and Devices	25	30
✓ 1850	Line Transformers	25	40
✓ 1855	Services	25	35
✓ 1860	Meters	25	25
✓ 1860	Meters (Smart Meters)	15	15
✓ 1908	Building and Fixtures	40	50
✓ 1920	Computer Equipment - Hardware	5	5
✓ 1925	Computer Software	10	10
✓ 1995	Contributions and Grants	25-30	20-50
✓ 2005	Property under Capital Leases	10	10

2012 Depreciation Expense

Account	Description	Opening Balance	Additions	Years	Depreciation Rate	2012 Depreciation Expense	2012 Depreciation Additions	Depreciation Expense	Did Depreciation Rate in "g" Change (Yes/No)? ³
		(a)	(b)		(g) = 1 / (f)	(from schedules)	(1/2 * (G))	(h) = (e) / (f)	
1805	Land	\$ 121,775		-					
1806	Land Rights	\$ 5,512							
1808	Buildings	\$ -		-					
1810	Leasehold Improvements	\$ -		-					
1815	Transformer Station Equipment >50 kV	\$ -		-					
1820	Distribution Station Equipment <50 kV	\$ 3,358,633	\$ 145,000	20-50	3.33%	\$ 84,443	\$ 2,417	\$ 86,859	Yes
1825	Storage Battery Equipment	\$ -		-				\$ -	
1830	Poles, Towers & Fixtures	\$ 3,198,570	\$ 300,978	45.00	2.22%	\$ 79,078	\$ 3,344	\$ 82,422	Yes
1835	Overhead Conductors & Devices	\$ 3,515,887	\$ 369,413	45.00	2.22%	\$ 77,569	\$ 4,105	\$ 81,674	Yes
1840	Underground Conduit	\$ 68,685	\$ 190,500	50.00	2.00%	\$ 4,928	\$ 1,905	\$ 6,833	Yes
1845	Underground Conductors & Devices	\$ 4,713,085	\$ 446,073	30.00	3.33%	\$ 145,506	\$ 7,435	\$ 152,941	Yes
1850	Line Transformers	\$ 3,866,581	\$ 435,117	40.00	2.50%	\$ 63,769	\$ 5,439	\$ 69,208	Yes
1855	Services (Overhead and Underground)	\$ 3,563,400	\$ 252,063	35.00	2.86%	\$ 69,072	\$ 3,601	\$ 72,673	Yes
1860	Meters	\$ 4,336	\$ 33,000	25.00	4.00%	\$ 173	\$ 660	\$ 833	Yes
1860	Meters (Smart Meters)	\$ 1,646,261	\$ 120,000	15.00	6.67%	\$ 109,751	\$ 4,000	\$ 113,751	Yes
1905	Land	\$ 382,467	\$ 120,000	-				\$ -	
1906	Land Rights	\$ -						\$ -	
1908	Buildings & Fixtures	\$ 1,014,876	\$ 449,981	50.00	2.00%	\$ 19,662	\$ 4,500	\$ 24,162	Yes
1910	Leasehold Improvements	\$ -						\$ -	
1915	Office Furniture & Equipment (10 Years)	\$ -						\$ -	
1915	Office Furniture & Equipment (5 Years)	\$ -						\$ -	
1920	Computer Equipment - Hardware	\$ -						\$ -	
1920	Computer Equip. - Hardware (Post Mar. 22/04)	\$ -						\$ -	
1920	Computer Equip. - Hardware (Post Mar. 19/07)	\$ -	\$ 10,500	5.00	20.00%	\$ -	\$ 1,050	\$ 1,050	
1925	Computer Software	\$ 51,375	\$ 87,500	10.00	10.00%	\$ 4,882	\$ 4,375	\$ 9,257	Yes
1930	Transportation Equipment	\$ -							
1935	Stores Equipment	\$ -							
1940	Tools, Shop & Garage Equipment	\$ -							
1945	Measurement & Testing Equipment	\$ -							
1950	Power Operated Equipment	\$ -							
1955	Communications Equipment	\$ -							
1955	Communication Equipment (Smart Meters)	\$ -							
1960	Miscellaneous Equipment	\$ -							
1975	Load Management Controls Utility Premises	\$ -							
1980	System Supervisor Equipment	\$ -							
1985	Miscellaneous Fixed Assets	\$ -							
1995	Contributions & Grants	\$ (4,674,899)	\$ (384,000)	20-50		\$ (146,457)		\$ (146,457)	Yes
2005	Property Under Capital Lease	\$ -	\$ 126,794	10.00	10.00%		\$ 6,340	\$ 6,340	
WIP	Work in Process								
	Total	\$ 21,727,575	\$ 717,770			\$ 512,377	\$ 49,169	\$ 561,546	\$ -

4.3 Are the 2012 compensation costs and employee levels appropriate?

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 4, Schedule 4 Board Staff IR #17 Settlement Agreement, Section 4.1

For the purpose of settlement, and subject to the overall reduction in 2012 Test Year OM&A discussed above in Section 4.1, the Parties accept WDI's forecast 2012 Test Year compensation costs and employee levels.

4.4 Is the test year forecast of property taxes appropriate?

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 4, Schedule 7

WDI has forecasted an amount of \$25,000 in property taxes that will be payable in the 2012 Test Year.

For the purposes of settlement, the Parties have accepted WDI's 2012 Test Year forecast of property taxes from the original Application.

4.5 Is the test year forecast of PILs appropriate?

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 4, Schedule 7 Energy Probe IR #21 Settlement Agreement, Appendix F

For the purpose of settlement, the parties accept WDI's 2012 Test Year PILs forecast as set out in Appendix F to this Settlement Agreement. It was also agreed by all Parties that for CCA, the closing UCC balances for 2011 are also the Opening UCC balances for 2012, based on revised CCA schedules provided in Energy Probe IR#21a). For 2012, it was agreed that additions for computer hardware should be attributed to CCA Class 50 (rather than Class 10).

The Parties also agreed to include a SRED Investment Tax Credit of \$20,000 for the 2012 Test Year.

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

5. CAPITAL STRUCTURE AND COST OF CAPITAL

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

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 5, Schedule 1
Board Staff IR #21, #50
Settlement Agreement, Appendix G

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

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

Please refer to Appendix G – 2012 Cost of Capital.

Deemed Capital Structure for 2012				
Description	Rate Base	% of Rate Base	Rate of Return	Return
Long Term Debt	7,147,192	56.00%	4.41%	315,191
Unfunded Short Term Debt	510,514	4.00%	2.08%	10,619
Total Debt	7,657,705	60.00%		325,810
Common Share Equity	5,105,137	40.00%	9.12%	465,588
Total equity	5,105,137	40.00%		465,588
Total	12,762,842	100.00%	6.20%	791,398

5.2 Is the proposed long term debt rate appropriate?

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 4, Schedule 1 VECC IR #30 Board Staff IR 21, #50 Settlement Agreement, Appendix G

For the purposes of settlement, the Parties agreed to WDI's long term debt rate of 4.41%. The calculation of the long term debt rate is set out in Appendix G to this Agreement.

6. SMART METERS

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 11 Board Staff IR #43-47 VECC IR#36-43

For the purposes of settlement, the Parties accept as appropriate WDI's proposed inclusion in the original Application of \$155,000 OM&A expenses related to Smart Meters in the 2012 revenue requirement. The Parties also accept \$1,646,260 of smart meter related Capital Additions included in the Rate Base calculations as at January 1, 2012.

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 11 Board Staff IR #43-47 VECC IR #36-43 Settlement Agreement, Section 1.4

For the purposes of settlement, the Parties accept that WDI's proposed disposition of the balances in variance accounts 1555 and 1556 is appropriate. With respect to the methodology for calculating Smart Meter-related riders, the parties have agreed that WDI will calculate class specific Smart Meter Disposition Riders based on the revenue requirement for smart meters installed less the actual Smart Meter Funding Adder revenues collected from each rate class. The Parties have agreed that WDI will recover the residual deferred Smart Meter revenue requirement over a 12-month period on the basis provided in the following table:

Smart Meter Disposition Rider Calculation

Smart Meter Actual Cost Recovery Rate Rider - SMDR Calculated by Rate Class			
	Total	Residential	GS < 50
Allocators			
Smart Meter Cost	\$ 1,646,260	\$ 1,470,045	\$ 176,215
Allocation of Smart Meter Costs	100.0%	89.3%	10.7%
Number of meters installed	12,263	11,484	779
Allocation of Number of meters installed	100.0%	93.6%	6.4%
Cost per installed meter	\$ 134.25	\$ 128.01	\$ 226.21
Total Return (deemed interest plus return on equity)	\$ 248,356	\$ 221,772	\$ 26,584
Amortization	\$ 242,095	\$ 216,181	\$ 25,914
OM&A	\$ 151,393	\$ 141,776	\$ 9,617
Total Before PILs	\$ 641,844	\$ 579,729	\$ 62,115
PILs	\$ 43,579	\$ 39,362	\$ 4,217
Total Revenue Requirement 2006 to 2011	\$ 685,423	\$ 619,091	\$ 66,332
	100.0%	90.3%	9.7%
Smart Meter Rate Adder Revenues	(\$571,222)	(\$533,900)	(\$37,322)
Carrying Charge	\$5,097	\$4,764	\$333
Smart Meter True-up	\$ 119,298	\$ 89,955	\$ 29,343
Metered Customers	12,406	11,614	791
Recovery Period in Months	12	12	12
Rate Rider to Recover Smart Meter Costs	\$ 0.80	\$ 0.65	\$ 3.09

As indicated in Section 1.4, the Parties accept an effective date of December 1, 2012 for new rates.

6.3 Is the proposal related to Stranded Meters appropriate?

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 2, Schedule 7
Energy Probe IR #7
VECC IR #9
Settlement Agreement, Section 1.4

For the purposes of settlement, the Parties accept the stranded meter net book value of \$344,185 as presented in the following table. The Parties accept the proposal for recovery of that amount through a rate rider of \$1.86 per metered Residential customer per month, and a rate rider of \$8.91 metered General Service < 50 kW customer per month updated through Energy Probe Interrogatory #7 and VECC IR # 9 to be allocated based on relative meter costs from the last board approved (2006) cost allocation model. WDI will recover costs over a 12-month period as illustrated below:

Stranded Meters Calculation:			
Net Book Value Segregated by Rate Class:	Residential	GS <50 kW	Total
	\$ 259,539	\$ 84,645	\$ 344,185
Allocated Weighting Based on 2006 Cost Allocation	75.407%	24.593%	100%
Number of Metered Customers:	11,614	791	12,406
Rate Rider to Recover Stranded Meter Costs:	1.86	8.91	
Recovery period (months):	12	12	

As indicated in Section 1.4, the Parties accept an effective date of December 1, 2012 for new rates.

7. COST ALLOCATION

7.1 Is WDI's cost allocation appropriate

Status: Complete Settlement

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 7
Energy Probe IR# 26, #30
VECC IR #29
Settlement Agreement, Appendix K

The Parties have agreed for the purposes of settlement that the revenue-to-cost ratios for the 2012 Test Year, reflecting the agreed-upon 2012 Test Year Revenue Requirement, will be as set out in the following tables based on the cost methodology agreed to in Energy Probe IR #26 and IR #30 by reducing the USL proposed revenue to Cost Ratio to be aligned with the Residential revenue to cost ratio.

Class	Revenue Requirement - 2012 Cost Allocation Model -	2012 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2012 Cost Allocation Model	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2012 Cost Allocation Model	Proposed Revenue to Cost Ratio
Residential	3,105,012	2,772,978	439,353	3,212,332	103.5%	103.5%	102.29%
GS < 50 kW	458,395	355,201	69,275	424,476	92.6%	92.6%	92.60%
GS > 50 kW	289,236	241,789	43,168	284,957	98.5%	98.5%	98.52%
Street Lighting	110,177	7,608	30,172	37,780	34.3%	34.3%	70.00%
USL	5,115	7,461	930	8,391	164.0%	103.5%	102.29%
TOTAL	3,967,935	3,385,037	582,898	3,967,935	100.0%	100.0%	

Class	Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue	Board Target Low	Board Target High
Residential	3,176,146	439,353	2,736,792	85%	115%
GS < 50 kW	424,476	69,275	355,201	80%	120%
GS > 50 kW	284,957	43,168	241,789	80%	180%
Street Lighting	77,124	30,172	46,952	70%	120%
USL	5,232	930	4,302	80%	120%
TOTAL	3,967,935	582,898	3,385,037		

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

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 7 Settlement Agreement Energy Probe IR# 26, #30 VECC IR #29 Settlement Agreement, Section 7.1

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

8. RATE DESIGN

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

Status: Complete Settlement

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 8 Schedule 2

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

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

Fixed Charge Analysis								
Customer Class	Current Volumetric Split	Current Fixed Charge Split	Total	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	2011 Rates From OEB Approved Tariff	Minimum System with PLCC Adjustment	Target Fixed Charge Split	Fixed Charge with Target Split
Residential	43.21%	56.79%	100.00%	11.15	11.30	14.73	56.79%	11.15
GS < 50 kW	65.12%	34.88%	100.00%	13.05	13.05	17.83	34.88%	13.05
GS > 50 kW	94.95%	5.05%	100.00%	29.91	29.91	178.01	5.05%	29.91
Street Lighting	8.61%	91.39%	100.00%	1.42	0.23	3.70	91.39%	1.42
USL	52.53%	47.47%	100.00%	3.77	6.53	5.82	47.47%	3.77

The parties agree to the following fixed and variable rates.

2012 Test Year - Base Revenue Distribution Rates				
Customer Class	Connection	Customer	kWh	kW
Residential	\$ -	\$ 11.15	\$0.0139	\$ -
GS < 50 kW	\$ -	\$ 13.05	\$0.0132	\$ -
GS > 50 kW	\$ -	\$ 29.91	\$ -	\$ 4.5383
Street Lighting	\$ 1.42	\$ -	\$ -	\$ 0.8473
USL	\$ -	\$ 3.77	\$0.0076	\$ -

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

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 8, Schedule 3
Board Staff IR #23

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

Rate Class	Unit	Proposed RTSR Network	Proposed RTSR Connection
Residential	kWh	\$ 0.0054	\$ 0.0032
General Service Less Than 50 kW	kWh	\$ 0.0049	\$ 0.0027
General Service 50 to 4,999 kW	kW	\$ 2.0057	\$ 1.0975
Unmetered Scattered Load	kWh	\$ 0.0049	\$ 0.0027
Street Lighting	kW	\$ 1.5127	\$ 0.8484

8.3 Are the proposed LV rates appropriate?

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 8, Schedule 4, Table 8.11
VECC IR # 32 #47

The LV rates were adjusted to more accurately reflect a simple weighting by months based on the rates from Hydro One's 2012 Common ST Lines for the year 2012. The Parties agree that the total LV charges should be forecasted to total \$221,137 a decrease of \$16,884, from \$238,021 of the original application. The result is a decrease to the Rate Base of \$2,529. For the purposes of settlement, the Parties have agreed that the following LV rates, as set out in the table below, are appropriate:

Customer Class	LV Adj. Allocated	Calculated kWh	Calculated kW	Volumetric Rate Type	LV/ Adj. Rates/kWh	LV Adj. Rates/ kW
Residential	\$ 158,815	85,253,972		kWh	0.0019	
GS < 50 kW	\$ 28,206	17,532,074		kWh	0.0016	
GS > 50 kW	\$ 31,482	20,862,622	52,968	kW		0.5944
Street Lighting	\$ 2,192	1,691,769	4,771	kW		0.4595
USL	\$ 442	297,067		kWh	0.0015	
TOTALS	\$ 221,137	125,637,505	57,739			

8.4 Are the proposed loss factors appropriate?

Status: Complete Settlement

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 8, Schedule 5
Board Staff IR #24
Energy Probe IR #28
VECC IR # 33

For the purposes of settlement, the Parties accept the Distribution Loss Factor of 1.0456 calculated using a 7 year average for the period 2005 to 2011 inclusive as shown in the table below

When the Supply Facility Loss Factor of 1.034 is applied to the Distribution Loss Factor the resulting Total Loss Factor for secondary metered customers is 1.0810 as shown below:

		Historical Years							7-Year Average
		2005	2006	2007	2008	2009	2010	2011	
	Losses Within Distributor's System								
A(1)	"Wholesale" kWh delivered to distributor (higher value)	116,383,501	114,820,362	124,112,646	128,195,743	127,978,298	129,504,071	131,684,905	128,295,133
A(2)	"Wholesale" kWh delivered to distributor (lower value)	112,556,579	111,044,839	120,031,574	123,980,408	123,800,273	125,298,778	127,408,125	124,103,832
B	Portion of "Wholesale" kWh delivered to distributor for its								0
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	112,556,579	111,044,839	120,031,574	123,980,408	123,800,273	125,298,778	127,408,125	124,103,832
D	"Retail" kWh delivered by distributor	104,361,984	106,422,351	109,546,147	117,173,372	121,083,046	125,814,571	124,253,328	119,574,093
E	Portion of "Retail" kWh delivered by distributor to its Large Use								0
F	Net "Retail" kWh delivered by distributor = D - E	104,361,984	106,422,351	109,546,147	117,173,372	121,083,046	125,814,571	124,253,328	119,574,093
G	Loss Factor in Distributor's system = C / F	1.0785	1.0434	1.0957	1.0581	1.0224	0.9959	1.0254	1.0456
	Losses Upstream of Distributor's System								
H	Supply Facilities Loss Factor	1.0340	1.0340	1.0340	1.0340	1.0337	1.0336	1.0336	1.034
	Total Losses								
I	Total Loss Factor = G x H	1.1152	1.0789	1.1330	1.0941	1.0569	1.0293	1.0598	1.0810

9. DEFERRAL AND VARIANCE ACCOUNTS

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 9, Exhibit 10 Board Staff IR #26 - #42, #51-53 VECC IR #35 Settlement Agreement, Section 6.2, Section 6.3

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

- The Parties have agreed that the balance in Account 1562 for PILS – recovery of \$(402,400) will be disposed of.
- The Parties have agreed that WDI has appropriately calculated the Stranded Meter Rider in the amount of \$1.86 per metered Residential and \$8.91 per General Service < 50 kW customer per month over a 12-month period, as discussed in item 6.3, above.
- The Parties have agreed that WDI has appropriately calculated the Smart Meter Disposition Rider in the amount of \$0.65 per metered Residential and \$3.09 per General Service < 50 kW customer per month over a 12-month period, as discussed in item 6.2, above.
- The Parties have agreed that for purposes of settlement, the interest rate calculation was included to April 30, 2012 for disposal for all Deferral and Variance Accounts.
- The Parties have agreed that the balance in Account 1592, sub account HST/OVAT ITC, in Group 2 Accounts will be refunded to customers – disposal of \$(4,182) as per the OEB's Account Procedures Handbook December 31, 2010 FAQ's. It was also agreed by all parties that WDI

would stop using Account 1592, sub account HST/OVAT ITC with effect from the date that the LDC's 2012 rates are approved.

- The Parties have agreed to all other Group 1 and Group 2 disposition in WDI's original Application except for those changes discussed in the above points.

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

Account Description	Account Number	Principal Amounts as of Dec-31 2011	Interest to Dec 31-11	Interest Jan 1-12 to Apr 30-12	Total Claim
RSVA - Wholesale Market Service Charge	1580	\$ (419,539)	\$ (5,673)	\$ (1,672)	\$ (426,884)
RSVA - One Time	1582	\$ 6,671	\$ 1,337	\$ 33	\$ 8,041
RSVA - Retail Transmission Network Charge	1584	\$ (305,093)	\$ (2,900)	\$ (1,085)	\$ (309,078)
RSVA - Retail Transmission Connection Charge	1586	\$ (562,830)	\$ (10,077)	\$ (2,515)	\$ (575,422)
RSVA - Power - (excluding GA)	1588	\$ (3,138,210)	\$ (38,614)	\$ (11,575)	\$ (3,188,399)
RSVA - Power - Global Adjustment	1588	\$ 1,675,232	\$ 26,600	\$ 8,793	\$ 1,710,625
Sub-Totals		\$ (2,743,769)	\$ (29,327)	\$ (8,021)	\$ (2,781,117)
Other Regulatory Assets	1508	\$ 150,967	\$ 18,207	\$ 765	\$ 169,939
Retail Cost Variance Account - Retail	1518				\$ -
Retail Cost Variance Account - STR	1548				\$ -
Smart Meters Revenue and Capital	1555				\$ -
Smart Meter Expenses	1556				\$ -
Low Voltage	1550	\$ (376)	\$ (257)	\$ 73	\$ (560)
Special Purpose Variance	1521	\$ (2,445)	\$ 267	\$ -	\$ (2,178)
PILS - Sub Account - HST/OVAT	1592	\$ (4,136)	\$ (31)	\$ (15)	\$ (4,182)
Sub-Totals		\$ 144,010	\$ 18,186	\$ 823	\$ 163,019
Totals per column		\$ (2,599,759)	\$ (11,141)	\$ (7,198)	\$ (2,618,098)

Account Description	Account Number	Principal to December 31, 2010	Interest to December 31, 2010	Estimated Interest		Disposition Total
				Jan 1 - Dec 31 2011	Jan 1 - Apr 30 2012	
PILS	1562	\$ (334,257)	\$ (61,592)	\$ (4,914)	\$ (1,638)	\$ (402,400)

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

Status: **Complete Settlement**

Supporting Parties: WDI, EP, VECC

Evidence: Application: Exhibit 9, Exhibit 10
Board Staff IR #26 - #42, #51-53
VECC IR #35

For the purposes of settlement, the Parties accept the proposed rate riders to dispose of those account balances that are the subject of disposition at this time. The Parties have agreed to a disposition period of 29 months. The Parties' acceptance of a 29-month period payout on DVA balances will allow WDI to return outstanding amounts to its customers while maintaining an appropriate cash flow position.

In keeping with the Board's approach of Dispositions having an expiry date of April 30, all Parties agree that a disposition period of 29 months is applied for the period of December 1, 2012 to April 30, 2015.

The rate rider calculations are set out in the table below and reflect the disposition period of 29 months:

Note:

In the table, the number of years is shown as 2.417. This has been calculated by:

[A] May 1, 2012 to 30 April, 2015	= 36 months
[B] December 1, 2012 to April 30, 2012	= 29 months
[C] Ratio [B] / [A]	= [29/36] = 0.80555
[D] 3 years x Ratio [C]	= [3 x 0.80555] = 2.417

Deferral and Variance Account Disposition:

Deferral and Variance Accounts								
Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 KW	GS 50 - 999 kW	Street Lighting	Unmetered Scattered Load	Total
1580	\$ (426,884)	kWh	\$ (289,671)	\$ (59,569)	\$ (70,886)	\$ (5,748)	\$ (1,009)	\$ (426,884)
1550	\$ (560)	kWh	\$ (380)	\$ (78)	\$ (93)	\$ (8)	\$ (1)	\$ (560)
1584	\$ (309,078)	kWh	\$ (209,731)	\$ (43,130)	\$ (51,324)	\$ (4,162)	\$ (731)	\$ (309,078)
1586	\$ (575,422)	kWh	\$ (390,464)	\$ (80,297)	\$ (95,551)	\$ (7,748)	\$ (1,361)	\$ (575,422)
1588 Excl GA	\$ (3,188,399)	kWh	\$ (2,163,555)	\$ (444,925)	\$ (529,447)	\$ (42,933)	\$ (7,539)	\$ (3,188,399)
1588 - Global Adjustment	\$ 1,710,625	kwh - Non RPP	\$ 283,365	\$ 75,148	\$ 1,247,856	\$ 104,256	\$ -	\$ 1,710,625
1592	\$ (4,182)	kWh	\$ (2,838)	\$ (584)	\$ (694)	\$ (56)	\$ (10)	\$ (4,182)
Subtotal - RSVA	\$ (2,793,900)		\$ (2,773,275)	\$ (553,436)	\$ 499,861	\$ 43,601	\$ (10,651)	\$ (2,793,900)
1508	\$ 169,939	Dx Revenue	\$ 137,134	\$ 17,815	\$ 12,289	\$ 2,439	\$ 262	\$ 169,939
1582	\$ 8,041	kWh	\$ 5,456	\$ 1,122	\$ 1,335	\$ 108	\$ 19	\$ 8,041
1548	\$ -	# of Customers	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1521	\$ (2,178)	kWh	\$ (1,478)	\$ (304)	\$ (362)	\$ (29)	\$ (5)	\$ (2,178)
Subtotal - Non RSVA, Variable	\$ 175,801		\$ 141,112	\$ 18,633	\$ 13,262	\$ 2,517	\$ 276	\$ 175,801
Total to be Recovered	\$ (2,618,098)		\$ (2,632,163)	\$ (534,802)	\$ 513,123	\$ 46,118	\$ (10,375)	\$ (2,618,098)
Balance to be collected or refunded (Excluding Global Adjustment)	\$ (4,328,723)		\$ (2,915,528)	\$ (609,950)	\$ (734,732)	\$ (58,138)	\$ (10,375)	\$ (4,328,723)
Number of years for Variable	2.417							
Balance to be collected or refunded per year, Variable	\$ (1,791,196)		\$ (1,206,425)	\$ (252,393)	\$ (304,027)	\$ (24,057)	\$ (4,293)	\$ (1,791,196)
Class			Residential	GS < 50 KW	GS 50 - 4,999 kW	Street Lighting	Unmetered Scattered	
Deferral and Variance Account Rate Riders, Variable (Excluding Global Adjustment)			\$ (0.0142)	\$ (0.0144)	\$ (5.9140)	\$ (5.0420)	\$ (0.0145)	
Billing Determinants			kWh	kWh	kW	kW	kWh	
Global Adjustment Balance to be collected or refunded	\$ 1,710,625		\$ 283,365	\$ 75,148	\$ 1,247,856	\$ 104,256	\$ -	\$ 1,710,625
Number of years for Variable	2.417							
Balance to be collected or refunded per year, Variable	\$ 707,845		\$ 117,254.64	\$ 31,096	\$ 516,354	\$ 43,140	\$ -	\$ 707,845
Global Adjustment Rate Rider			\$ 0.0255	\$ 0.0255	\$ 10.3487	\$ 9.0416	\$ -	
Billing Determinants			kWh	kWh	kW	kW	kWh	

10. GREEN ENERGY ACT PLAN

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

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 2, Schedule 9 Board Staff IR #6, #7, #8, #9, #48

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

11. WDI's 2011 OVEREARNINGS

11.1 Has WDI's 2011 over-earnings been appropriately resolved?

Status:	Complete Settlement
Supporting Parties:	WDI, EP, VECC
Evidence:	Application: Exhibit 1, Schedule 9 Board Staff IR #3 Energy Probe #25

The parties considered the 2011 over-earnings issue in the context of the overall Settlement Agreement and agree that the elimination of the revenue deficiency as a result of the Settlement Agreement sufficiently addresses this matter such that WDI is not required to further compensate ratepayers for this over-earning.

Appendix A – Summary of Significant Changes

	Original Application [A]	Settlement Agreement [B]	Difference [B] - [A]
Rate Base:			
Gross Fixed Assets (Average)	21,851,555	21,851,555	-
Accumulated Depreciation (Average)	11,281,423	11,281,423	-
Allowance for Working Capital	2,390,885	2,192,710	(198,175)
Controllable Expenses	2,826,830	2,574,254	(252,576)
Cost of Power	13,112,406	13,087,961	(24,445)
Utility Income			
Operating Revenues			
Distribution Revenue at Current Rates	3,533,925	3,385,037	(148,888)
Distribution Revenue at Proposed Rates	3,710,035	3,385,037	(324,998)
Other Revenue			
Specific Service Charges	100,000	106,012	6,012
Late Payment Charges	32,000	32,000	-
Other Distribution Revenue	337,001	339,656	2,655
Other Income and Deductions	85,000	105,230	20,230
Operating Expenses			
OM&A Expenses	2,801,831	2,549,254	(252,577)
Depreciation	561,546	561,546	-
Property Taxes	25,000	25,000	-
Taxes/PILS			
Adjustments required to arrive at table income	(80,446)	(114,471)	(34,025)
Utility Income Taxes and Rates:			
Income Taxes (not grossed up)	60,818	34,423	(26,395)
Income Taxes (grossed up)	71,974	40,738	(31,236)
Federal Tax (%)	11.0%	11.0%	0.0%
Provincial Tax (%)	4.5%	4.5%	0.0%
Cost of Capital			
Deemed Long-Term Interest Rate	56.0%	56.0%	0.0%
Deemed Short-Term Interest Rate	4.0%	4.0%	0.0%
Deemed Equity Rate	40.0%	40.0%	0.0%

Appendix A (Continued): Summary of Significant Changes

Issues	Exhibit	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance	Amortization	PILs	OM&A	Service Revenue Requirement	Base Revenue Requirement	Gross Revenue Deficiency		
Original Submission		\$803,687	6.20%	\$12,961,018	\$15,939,236	\$2,390,885	\$561,546	\$71,974	\$2,826,831	\$4,264,037	\$3,710,036	\$176,110	Initial Application	Driver
4.4% OEB Imposed Reduction		\$803,687	6.20%	\$12,961,018	\$15,939,236	\$2,390,885	\$561,546	\$71,974	\$2,826,831	\$4,264,037	\$3,710,036	\$332,078	Interrogatories	Energy Probe #1
Change		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$155,968		
3 EP 12 - SSS Admin Revenue Updated	3	\$803,687	6.20%	\$12,961,018	\$15,939,236	\$2,390,885	\$561,546	\$71,974	\$2,826,831	\$4,264,037	\$3,707,381	\$329,423	Interrogatories	Energy Probe #13
Change		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$2,655	\$153,313		
4 EP 21 CCA Adjustments	4	\$803,687	6.20%	\$12,961,018	\$15,939,236	\$2,390,885	\$561,546	\$65,732	\$2,826,831	\$4,267,796	\$3,701,139	\$323,182	Interrogatories	Energy Probe #21
Change		\$0	\$0	\$0	\$0	\$0	\$0	-\$6,242	\$0	-\$6,241	-\$6,242	-\$6,241		
8 Staff 23 RTSR Change	8	\$803,571	6.20%	\$12,959,157	\$15,926,836	\$2,389,025	\$561,546	\$65,720	\$2,826,831	\$4,257,668	\$3,701,012	\$323,054	Interrogatories	Board Staff #23
Change		-\$116	\$0	-\$1,861	-\$12,400	-\$1,860	\$0	-\$12	\$0	-\$128	-\$127	-\$128		
Reduction of Working Capital to 14%	4	\$793,696	6.20%	\$12,799,889	\$15,932,836	\$2,229,757	\$561,546	\$64,654	\$2,826,831	\$4,246,726	\$3,690,070	\$312,113	Settlement Conference	Changes agreed upon in settlement
Change		-\$9,875	\$0	-\$159,268	\$0	-\$159,268	\$0	-\$1,066	\$0	-\$10,942	-\$10,942	-\$10,941		
KW Load Increase per to 1,560 kW for GS>50	3	\$793,748	6.20%	\$12,800,732	\$15,932,860	\$2,230,600	\$561,546	\$64,660	\$2,826,831	\$4,246,784	\$3,690,128	\$305,091	Settlement Conference	
Change		\$52	\$0	\$843	\$6,024	\$843	\$0	\$6	\$0	\$58	\$58	-\$7,022		
Interest Rate - Revenue from Affiliate - Changed to 2.08%	3	\$793,748	6.20%	\$12,800,732	\$15,932,860	\$2,230,600	\$561,546	\$64,660	\$2,826,831	\$4,246,784	\$3,669,898	\$284,861	Settlement Conference	
Change		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$20,230	-\$20,230		
Increase in Misc Rev of \$6K	3	\$793,748	6.20%	\$12,800,732	\$15,932,860	\$2,230,600	\$561,546	\$64,660	\$2,826,831	\$4,246,784	\$3,663,898	\$278,861	Settlement Conference	
Change		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$6,000	-\$6,000		
SRED Investment Credit added - \$20K	4	\$793,748	6.20%	\$12,800,732	\$15,932,860	\$2,230,600	\$561,546	\$40,991	\$2,826,831	\$4,223,115	\$3,640,229	\$255,192	Settlement Conference	
Change		\$0	\$0	\$0	\$0	\$0	\$0	-\$23,669	\$0	-\$23,669	-\$23,669	-\$23,669		
MicroFit Service Charge Changed to \$5.40	3	\$793,748	6.20%	\$12,800,732	\$15,932,860	\$2,230,600	\$561,546	\$40,991	\$2,826,831	\$4,223,115	\$3,640,217	\$255,180	Settlement Conference	
Change		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-\$12	-\$12		
Low Voltage Billed Changed to \$221,137	8	\$793,591	6.20%	\$12,798,203	\$15,914,792	\$2,228,071	\$561,546	\$40,974	\$2,826,831	\$4,222,942	\$3,640,043	\$255,006	Settlement Conference	
Change		-\$157	\$0	-\$2,529	-\$18,068	-\$2,530	\$0	-\$17	\$0	-\$173	-\$174	-\$174		
Reduction of OM&A Expenses - Envelope	4	\$791,398	6.20%	\$12,762,842	\$15,662,215	\$2,192,710	\$561,546	\$40,738	\$2,574,254	\$3,967,935	\$3,385,037	\$0	Settlement Conference	
Change		-\$2,193	\$0	-\$35,361	-\$252,577	-\$35,361	\$0	-\$236	-\$252,577	-\$255,007	-\$255,006	-\$255,006		
Total Change from Original Submission		\$12,289	\$0	\$198,176	\$277,021	\$198,175	\$0	\$31,236	\$252,577	\$296,102	\$324,999	\$176,110		
Proposed at September 19, 2012		\$791,398	\$0	\$12,762,842	\$15,662,215	\$2,192,710	\$561,546	\$40,738	\$2,574,254	\$3,967,935	\$3,385,037	\$0		
% Of Change		-1.53%	0.00%	-1.53%	-1.74%	-8.29%	0.00%	-43.40%	-8.93%	-6.94%	-8.76%			

Appendix B – Continuity Tables (Updated: CGAAP with Revised Depreciation Rates and inclusion of Smart Meter Costs)

Fixed Asset Continuity Schedule

Year ¹ **Test Year 2012**

CCA Class	OEB	Description	Cost				Accumulated Depreciation				
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	121,775	0	0	121,775	0	0	0	0	121,775
CEC	1806	Land Rights	5,512	0	0	5,512	5,512	0	0	5,512	0
47	1808	Buildings and Fixtures	0	0	0	0	0	0	0	0	0
13	1810	Leasehold Improvements	0	0	0	0	0	0	0	0	0
47	1815	Transformer Station Equipment - Normally Prima	0	0	0	0	0	0	0	0	0
47	1820	Distribution Station Equipment - Normally Prima	3,358,633	145,000	0	3,503,633	914,113	86,860	0	1,000,973	2,502,660
47	1825	Storage Battery Equipment	0	0	0	0	0	0	0	0	0
47	1830	Poles, Towers and Fixtures	3,153,339	300,978	0	3,454,317	1,999,850	82,422	0	2,082,273	1,372,045
47	1835	Overhead Conductors and Devices	3,515,888	369,413	0	3,885,301	2,150,506	81,674	0	2,232,180	1,653,121
47	1840	Underground Conduit	268,601	190,500	0	459,101	36,002	6,833	0	42,835	416,266
47	1845	Underground Conductors and Devices	5,015,219	446,073	0	5,461,292	2,223,302	152,941	0	2,376,243	3,085,049
47	1850	Line Transformers	4,049,391	435,117	0	4,484,508	2,092,853	69,208	0	2,162,061	2,322,447
47	1855	Services	3,608,743	252,063	0	3,860,806	1,939,854	72,673	0	2,012,527	1,848,279
47	1860	Meters	4,336	33,000	0	37,336	87	833	0	920	36,416
47	1860	Meters (Smart Meters)	1,646,261	120,000	0	1,766,261	242,095	113,751	0	355,846	1,410,415
N/A	1865	Other Installations on Customer's Premises	0	0	0	0	0	0	0	0	0
N/A	1905	Land	382,467	120,000	0	502,467	0	0	0	0	502,467
CEC	1906	Land Rights	0	0	0	0	0	0	0	0	0
47	1908	Buildings and Fixtures	1,014,876	449,981	0	1,464,857	361,303	24,162	0	385,465	1,079,392
13	1910	Leasehold Improvements	0	0	0	0	0	0	0	0	0
8	1915	Office Furniture and Equipment	0	0	0	0	0	0	0	0	0
50	1920	Computer Equipment - Hardware	0	10,500	0	10,500	0	1,050	0	1,050	9,450
12	1925	Computer Software	51,375	87,500	0	138,875	9,607	9,257	0	18,863	120,012
10	1930	Transportation Equipment	0	0	0	0	0	0	0	0	0
8	1935	Stores Equipment	0	0	0	0	0	0	0	0	0
8	1940	Tools, Shop and Garage Equipment	0	0	0	0	0	0	0	0	0
8	1945	Measurement and Testing Equipment	0	0	0	0	0	0	0	0	0
8	1950	Power Operated Equipment	0	0	0	0	0	0	0	0	0
8	1955	Communication Equipment	0	0	0	0	0	0	0	0	0
8	1955	Communication Equipment (Smart Meters)	0	0	0	0	0	0	0	0	0
8	1960	Miscellaneous Equipment	0	0	0	0	0	0	0	0	0
47	1970	Load Management Controls - Customer Premise	0	0	0	0	0	0	0	0	0
47	1975	Load Management Controls - Utility Premises	0	0	0	0	0	0	0	0	0
47	1980	System Supervisory Equipment	0	0	0	0	0	0	0	0	0
47	1985	Sentinel Lighting Rentals	0	0	0	0	0	0	0	0	0
47	1990	Other Tangible Property	0	0	0	0	0	0	0	0	0
47	1995	Contributions and Grants	(5,377,446)	(1,021,750)	0	(6,399,196)	(974,434)	(146,457)	0	(1,120,891)	(5,278,305)
2005		Property under Capital Lease	0	126,794	0	126,794	0	6,340	0	6,340	120,454
		Total before Work in Process	20,818,971	2,065,169	0	22,884,140	11,000,650	561,546	0	11,562,196	11,321,944
WIP		Work in Process	551,295	0	551,295	0	0			0	0
		Total after Work in Process	21,370,266	2,065,169	551,295	22,884,140	11,000,650	561,546	0	11,562,196	11,321,944

	1925	Transportation
	1930	Stores Equipment

Less: Fully Allocated Depreciation
Transportation
Communication
Net Depreciation 561,546

Appendix C – Cost of Power (Updated)

2012 Load Forecast	kWh	kW	2011 %RPP
Residential	85,253,972		94.6%
General Service < 50 kW	17,532,074		93.0%
General Service > 50 kW	20,862,622	52,968	2.9%
Street Lighting	1,691,769	4,771	0.0%
Unmetered Scattered Load	297,067		100.0%
TOTAL	125,637,505	57,739	

Electricity - Commodity RPP	Forecasted Metered	2012 Loss Factor	2012		
Class per Load Forecast RPP					
Residential	80,655,788	1.0810	87,191,071	\$0.08068	\$7,034,576
General Service < 50 kW	16,312,645	1.0810	17,634,407	\$0.08068	\$1,422,744
General Service > 50 kW	613,607	1.0810	663,325	\$0.08068	\$53,517
Street Lighting	0	1.0810	0	\$0.08068	\$0
Unmetered Scattered Load	297,067	1.0810	321,138	\$0.08068	\$25,909
TOTAL	97,879,107		105,809,941		\$8,536,746

Electricity - Commodity Non-RPP	Forecasted Metered	2011 Loss Factor	2012		
Class per Load Forecast					
Residential	4,598,184	1.0810	4,970,760	\$0.07877	\$391,547
General Service < 50 kW	1,219,429	1.0810	1,318,236	\$0.07877	\$103,837
General Service > 50 kW	20,249,015	1.0810	21,889,729	\$0.07877	\$1,724,254
Street Lighting	1,691,769	1.0810	1,828,848	\$0.07877	\$144,058
Unmetered Scattered Load	0	1.0810	0	\$0.07877	\$0
TOTAL	27,758,398		30,007,573		\$2,363,697

Transmission - Network	Volume Metric	2012		
Class per Load Forecast				
Residential	kWh	92,161,831	\$0.0054	\$494,047
General Service < 50 kW	kWh	18,952,643	\$0.0049	\$93,248
General Service > 50 kW	kW	52,968	\$2.0057	\$106,237
Street Lighting	kW	4,771	\$1.5127	\$7,217
Unmetered Scattered Load	kWh	321,138	\$0.0049	\$1,580
TOTAL				\$702,328

Transmission - Connection	Volume Metric	2012		
Class per Load Forecast				
Residential	kWh	92,161,831	\$0.0032	\$293,258
General Service < 50 kW	kWh	18,952,643	\$0.0027	\$52,083
General Service > 50 kW	kW	52,968	\$1.0975	\$58,132
Street Lighting	kW	4,771	\$0.8484	\$4,048
Unmetered Scattered Load	kWh	321,138	\$0.0027	\$883
TOTAL				\$408,403

Wholesale Market Service		2012		
Class per Load Forecast				
Residential	kWh	92,161,831	\$0.0052	\$479,242
General Service < 50 kW	kWh	18,952,643	\$0.0052	\$98,554
General Service > 50 kW	kW	22,553,054	\$0.0052	\$117,276
Street Lighting	kW	1,828,848	\$0.0052	\$9,510
Unmetered Scattered Load	kWh	321,138	\$0.0052	\$1,670
TOTAL		135,817,514		\$706,251

Rural Rate Assistance		2012		
Class per Load Forecast				
Residential	kWh	92,161,831	\$0.0011	\$101,378
General Service < 50 kW	kWh	18,952,643	\$0.0011	\$20,848
General Service > 50 kW	kW	22,553,054	\$0.0011	\$24,808
Street Lighting	kW	1,828,848	\$0.0011	\$2,012
Unmetered Scattered Load	kWh	321,138	\$0.0011	\$353
TOTAL		135,817,514		\$149,399

Low Voltage	Volume Metric	2012		
Class per Load Forecast				
Residential	kWh	85,253,972	\$0.0018	\$151,974
General Service < 50 kW	kWh	17,532,074	\$0.0017	\$29,020
General Service > 50 kW	kW	52,968	\$0.7012	\$37,141
Street Lighting	kW	4,771	\$0.5260	\$2,510
Unmetered Scattered Load	kWh	297,067	\$0.0017	\$492
TOTAL				\$221,137

Cost of Power Account	2012
4705-Power Purchased	\$10,900,443
4708-Charges-WMS	\$706,251
4714-Charges-NW	\$702,328
4716-Charges-CN	\$408,403
4730-Rural Rate Assistance	\$149,399
4750-Low Voltage	\$221,137
TOTAL	13,087,961

Appendix D – 2012 Customer Class Load Forecast (Updated)

Wasaga Distribution Weather Normal Load Forecast for 2012 Rate Application										
	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Weather Normal
Actual kWh Purchases	106,191,026	108,200,330	116,383,501	114,820,362	124,112,646	128,195,743	127,978,298	129,504,071	131,684,905	
Predicted kWh Purchases	105,648,222	108,138,351	117,707,949	116,309,890	123,150,766	125,093,569	125,613,798	131,826,881	133,581,455	135,818,167
% Difference	-0.5%	-0.1%	1.1%	1.3%	-0.8%	-2.4%	-1.8%	1.8%		
Billed kWh	97,719,571	96,153,972	104,361,984	106,422,351	109,546,147	117,173,372	121,083,046	125,814,571	124,253,328	125,637,505
Residential										
Customers	8,689	9,037	9,440	9,858	10,274	10,659	10,919	11,120	11,371	11,614
kWh	70,014,315	70,397,000	74,670,218	73,494,501	74,223,887	78,678,925	82,719,010	84,575,464	84,023,443	85,253,972
GS < 50kW										
Customers	749	749	743	747	754	757	767	777	781	791
kWh	14,233,406	13,909,441	14,537,478	14,223,774	14,339,658	15,092,313	15,369,940	17,287,125	16,948,879	17,532,074
GS > 50kW										
Customers	44	42	43	42	37	32	31	32	34	34
kWh	11,492,581	10,082,486	13,382,992	16,866,827	19,112,118	21,485,441	21,015,698	21,893,070	21,275,033	20,862,622
kW	40,426	42,249	45,843	45,915	51,226	51,630	50,836	51,417	52,544	52,968
Street Lighting										
Customers	2,113	2,126	2,182	2,260	2,340	2,422	2,463	2,483	2,494	2,525
kWh	1,617,396	1,481,841	1,506,679	1,581,465	1,649,563	1,743,400	1,723,126	1,736,181	1,695,783	1,691,769
kW	1,711	4,120	4,205	4,534	4,428	4,730	4,965	4,976	5,015	4,771
USL										
Connections	53	54	53	47	42	40	33	37	47	45
kWh	361,872	283,203	264,617	255,784	220,922	173,292	255,272	322,731	310,190	297,067
Total										
Customer/Connections	11,648	12,008	12,461	12,954	13,447	13,910	14,213	14,449	14,727	15,010
kWh	97,719,571	96,153,972	104,361,984	106,422,351	109,546,147	117,173,372	121,083,046	125,814,571	124,253,328	125,637,505
kW from applicable classes	42,137	46,369	50,048	50,449	55,654	56,359	55,801	56,393	57,559	57,739

Appendix E – 2012 Other Revenue (Updated)

Other Distribution Revenue

USoA #	USoA Description	OEB Approved 2006	Actual 2006	Actual 2007	Actual 2008	Actual 2009	Actual 2010	Actual 2011	Test Year
4080	SSS Admin	\$0	\$29,091	\$31,368	\$33,987	\$32,520	\$33,828	\$35,154	\$37,455
4082	Retail Services Revenues	\$1,800	\$10,462	\$12,655	\$0	\$0	\$11,062	\$9,355	\$9,355
4084	STR Revenues - EBT's	\$219	\$552	\$756	\$413	\$294	\$309	\$452	\$452
4210	Rent from Electric Property	\$104,531	\$246,130	\$204,399	\$158,718	\$443,568	\$380,913	\$274,324	\$292,394
4225	Late Payment Charges	\$24,281	\$24,598	\$33,839	\$37,481	\$38,106	\$34,651	\$34,467	\$32,000
4235	Specific Service Charges	\$46,674	\$0	\$0	\$42,020	\$44,837	\$142,201	\$103,393	\$106,012
4325	Revenue from Merchandise	\$0	\$0	\$0	\$0	\$0	\$3,163	\$0	\$0
4355	Gain on Disposal	\$0	\$0	\$1,144	\$0	\$0	\$7,200	\$5,600	\$0
4360	Loss on Disposal	\$0	\$0	\$0	\$0	-\$3,115	\$0	\$0	\$0
4375	Revenue from non-utility operations	\$0	\$0	\$0	\$0	\$8,560	\$0	\$0	\$0
4390	Miscellaneous Non-Operating Income	\$35,851	\$25,213	\$0	\$32,000	\$4,263	\$296	\$6,823	\$5,000
4405	Interest & Dividend Income	\$0	\$0	\$0	\$0	\$8,145	\$22,249	\$66,069	\$100,230
4090	Electric Service Incidental to Energy Sales	\$26,808	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total	\$240,164	\$336,046	\$284,161	\$304,619	\$577,178	\$635,872	\$535,637	\$582,898
	Specific Service Charges	\$151,205	\$0	\$0	\$42,020	\$44,837	\$142,201	\$103,393	\$106,012
	Late Payment Charges	\$24,281	\$24,598	\$33,839	\$37,481	\$38,106	\$34,651	\$34,467	\$32,000
	Other Operating Revenues	\$28,827	\$286,235	\$249,178	\$193,118	\$476,382	\$426,112	\$319,285	\$339,656
	Other Income or Deductions	\$35,851	\$25,213	\$1,144	\$32,000	\$17,853	\$32,908	\$78,492	\$105,230
	Total	\$240,164	\$336,046	\$284,161	\$304,619	\$577,178	\$635,872	\$535,637	\$582,898

Appendix F – 2012 PILS (Updated)

2012 PILs Schedule			2012 Total Taxes	
Description	Source or Input	Tax Payable	Description	Tax Payable
Accounting Income	12' Rev Def	506,326	Total PILs	40,738
Tax Adj to Accounting Income	12' Rev Def	(114,471)	Net Capital Tax Payable	-
Taxable Income		391,855	PILs including Capital Taxes	40,738
Combined Income Tax Rate	PILs Rates	15.500%		
Total Income Taxes		60,738		
Investment Tax Credits		20,000		
Apprentice Tax Credits		-		
Other Tax Credits		-		
Total PILs		40,738		

Appendix G – 2012 Cost of Capital (Updated)

Debt & Capital Cost Structure

Weighted Debt Cost								
Description	Debt Holder	Affiliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Note Payable	Shareholder	Y	October 1, 2000	3,593,269		7.25%	2006	260,512
Note Payable	Shareholder	Y	October 1, 2000	3,593,269		7.25%	2007	260,512
Note Payable	Shareholder	Y	October 1, 2000	3,593,269		6.10%	2008	219,189
Note Payable	Shareholder	Y	October 1, 2000	3,593,269		6.10%	2009	219,189
Note Payable	Shareholder	Y	October 1, 2000	3,593,269		5.63%	2010	202,301
Note Payable	Shareholder	Y	October 1, 2000	3,593,269		6.10%	2011	219,189
Note Payable	Shareholder	Y	October 1, 2000	3,593,269		4.41%	2012	158,463
2006 Total Long Term Debt				3,593,269	Total Interest Cost for 2006		260,512	
					Weighted Debt Cost Rate for 2006		7.25%	
2007 Total Long Term Debt				3,593,269	Total Interest Cost for 2007		260,512	
					Weighted Debt Cost Rate for 2007		7.25%	
2008 Total Long Term Debt				3,593,269	Total Interest Cost for 2008		219,189	
					Weighted Debt Cost Rate for 2008		6.10%	
2009 Total Long Term Debt				3,593,269	Total Interest Cost for 2009		219,189	
					Weighted Debt Cost Rate for 2009		6.10%	
2010 Total Long Term Debt				3,593,269	Total Interest Cost for 2010		202,301	
					Weighted Debt Cost Rate for 2010		5.63%	
2011 Total Long Term Debt				3,593,269	Total Interest Cost for 2011		219,189	
					Weighted Debt Cost Rate for 2011		6.10%	
2012 Total Long Term Debt				3,593,269	Total Interest Cost for 2012		158,463	
					Weighted Debt Cost Rate for 2012		4.41%	

Deemed Capital Structure for 2012					
Description	\$	% of Rate Base	Rate of Return	Return	
Long Term Debt	7,147,192	56.00%	4.41%	\$	315,191
Unfunded Short Term Debt	510,514	4.00%	2.08%	\$	10,619
Total Debt	7,657,705	60.00%		\$	325,810
Common Share Equity	5,105,137	40.00%	9.12%	\$	465,588
Total equity	5,105,137	40.00%		\$	465,588
Total Rate Base	12,762,842	100.00%	6.20%	\$	791,398

Appendix H – 2012 Revenue Deficiency (Updated)

Wasaga Distribution Inc. Revenue Deficiency Determination

Description	2011 Bridge Actual	2012 Test Existing Rates	2012 Test - Required Revenue
Revenue			
Revenue Deficiency			0
Distribution Revenue	3,597,520	3,385,037	3,385,037
Other Operating Revenue (Net)	494,881	582,898	582,898
Total Revenue	4,092,401	3,967,935	3,967,935
Costs and Expenses			
Administrative & General, Billing & Collecting	1,594,111	1,856,913	1,856,913
Operation & Maintenance	626,867	687,841	687,841
Depreciation & Amortization	606,263	561,546	561,546
Property Taxes	24,231	25,000	25,000
Other - LEAP program	3,878	4,500	4,500
Capital Taxes	0	0	0
Deemed Interest	499,933	325,810	325,810
Total Costs and Expenses	3,355,283	3,461,609	3,461,609
Less OCT Included Above	0	0	0
Total Costs and Expenses Net of OCT	3,355,283	3,461,609	3,461,609
Utility Income Before Income Taxes	737,118	506,326	506,326
Income Taxes:			
Corporate Income Taxes	144,080	40,738	40,738
Total Income Taxes	144,080	40,738	40,738
Utility Net Income	593,039	465,588	465,588
Capital Tax Expense Calculation:			
Total Rate Base	11,492,718	12,762,842	12,762,842
Exemption	0	15,000,000	15,000,000
Deemed Taxable Capital	11,492,718	-2,237,158	-2,237,158
Ontario Capital Tax	0	0	0
Income Tax Expense Calculation:			
Accounting Income	737,118	506,326	506,326
Tax Adjustments to Accounting Income	192,428	-114,471	-114,471
Taxable Income	929,546	391,855	391,855
Income Tax Expense	144,080	40,738	40,738
Tax Rate Reflecting Tax Credits	15.50%	10.40%	0.103960701
Actual Return on Rate Base:			
Rate Base	11,492,718	12,762,842	12,762,842
Interest Expense	499,933	325,810	325,810
Net Income	593,039	465,588	465,588
Total Actual Return on Rate Base	1,092,972	791,398	791,398
Actual Return on Rate Base	9.51%	6.20%	6.20%
Required Return on Rate Base:			
Rate Base	11,492,718	12,762,842	12,762,842
Return Rates:			
Return on Debt (Weighted)	7.25%	4.25%	4.25%
Return on Equity	9.00%	9.12%	9.12%
Deemed Interest Expense	499,933	325,810	325,810
Return On Equity	413,738	465,588	465,588
Total Return	913,671	791,398	791,398
Expected Return on Rate Base	7.95%	6.20%	6.20%
Revenue Deficiency After Tax	-179,301	0	0
Revenue Deficiency Before Tax	-212,190	0	0

Tax Exhibit	2012
Deemed Utility Income	465,588
Tax Adjustments to Accounting Income	(114,471)
Taxable Income prior to adjusting revenue to PILs	351,117
Tax Rate	10.40%
Total PILs before gross up	36,502
Grossed up PILs	40,738

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

Wasaga Distribution Inc. TARIFF OF RATES AND CHARGES Effective and Implementation Date December 1, 2012

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

EB-2011-0103

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less where the electricity is used exclusively in a separately metered living accommodation. Customers shall be residing in single-dwelling units that consist of a detached house or one unit of a semi-detached, duplex, triplex, or quadruplex house, with a residential zoning. Separately metered dwellings within a town house complex or apartment building also qualify as residential customers. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any 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 wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

Rate Rider Global Adjustment Sub-Account Disposition – effective until April 30, 2015 – Applicable to Non-RPP Customers	\$/kWh	0.0255
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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	11.15
Smart Meter Disposition Rate Rider Per Month – effective until November 30, 2013	\$	0.65
Stranded Meter Disposition Rate Rider Per Month – effective until November 30, 2013	\$	1.86
Distribution Volumetric Rate	\$/kWh	0.0139
Low Voltage Service Rate	\$/kWh	0.0019
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kWh	(0.0074)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kWh	(0.0003)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2015	\$/kWh	(0.0142)
PILs Disposition Rate Rider – effective until November 30, 2013	\$/kWh	(0.0038)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0054
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0032

MONTHLY RATES AND CHARGES – Regulatory Component

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

Wasaga Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date December 1, 2012

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

EB-2011-0103

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to a non residential account taking electricity at 750 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the distributor's Condition 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 rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

Rate Rider Global Adjustment Sub-Account Disposition – effective until April 30, 2015 – Applicable to Non-RPP Customers	\$/kWh	0.0255
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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	13.05
Smart Meter Disposition Rate Rider Per Month – effective until November 30, 2013	\$	3.09
Stranded Meter Disposition Rate Rider Per Month – effective until November 30, 2013	\$	8.91
Distribution Volumetric Rate	\$/kWh	0.0132
Low Voltage Service Rate	\$/kWh	0.0016
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kWh	(0.0076)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kWh	(0.0009)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2015	\$/kWh	(0.0144)
PILs Disposition Rate Rider – effective until November 30, 2013	\$/kWh	(0.0024)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0027

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

Wasaga Distribution Inc.

TARIFF OF RATES AND CHARGES Effective and Implementation Date December 1, 2012

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

EB-2011-0103

GENERAL SERVICE 50 TO 4,999 kW SERVICE CLASSIFICATION

This classification refers to a non residential whose monthly average peak demand is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000kW. Further servicing details are available in the distributor's Condition 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 rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

Rate Rider Global Adjustment Sub-Account Disposition – effective until April 30, 2015 – Applicable to Non-RPP Customers	\$/kW	10.3487
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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	29.91
Distribution Volumetric Rate	\$/kW	4.5383
Low Voltage Service Rate	\$/kW	0.5944
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kW	(3.3316)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	3.2601
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2015	\$/kW	(5.9140)
PLIs Disposition Rate Rider – effective until November 30, 2013	\$/kW	(0.5449)
Retail Transmission Rate – Network Service Rate	\$/kW	2.0057
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.0975

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

Wasaga Distribution Inc. TARIFF OF RATES AND CHARGES Effective and Implementation Date December 1, 2012

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

EB-2011-0103

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 750 volts or less whose monthly average peak 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 customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the distributor's Condition of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Codes 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 rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	3.77
Distribution Volumetric Rate	\$/kWh	0.0076
Low Voltage Service Rate	\$/kWh	0.0015
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kWh	(0.0072)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kWh	(0.0020)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2015	\$/kWh	(0.0145)
PLIs Disposition Rate Rider – effective until November 30, 2013	\$/kWh	(0.0021)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0049
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0027

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

Wasaga Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date December 1, 2012

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EB-2011-0103

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, 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 the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any 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 rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

Rate Rider Global Adjustment Sub-Account Disposition – effective until April 30, 2015 – Applicable to Non-RPP Customers	\$/kW	9.0416
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MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	1.42
Distribution Volumetric Rate	\$/kW	0.8473
Low Voltage Service Rate	\$/kW	0.4595
Rate Rider for Deferral/Variance Account Disposition (2010) – effective until April 30, 2013	\$/kW	(2.0606)
Rate Rider for Deferral/Variance Account Disposition (2011) – effective until April 30, 2014	\$/kW	(0.6695)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2015	\$/kW	(5.0420)
PLIs Disposition Rate Rider – effective until November 30, 2013	\$/kW	(1.2137)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5127
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.8484

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

Wasaga Distribution Inc.
TARIFF OF RATES AND CHARGES
Effective and Implementation Date December 1, 2012

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

EB-2011-0103

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 the distributor's Condition 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 rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.40
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Wasaga Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date December 1, 2012

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approved schedules of Rates, Charges and Loss Factors

EB-2011-0103

ALLOWANCES

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

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any 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 rates and charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or wholesale market price, as applicable.

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

Customer Administration

Arrears certificate	\$	15.00
Statement of account	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Legal letter Charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00

Non-Payment of Account

Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Disconnect/Reconnect at pole - during regular hours	\$	185.00
Disconnect/Reconnect at pole - after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Service call – customer owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Specific Charge for Access to the Power Poles \$/ per pole/year	\$	22.35

Wasaga Distribution Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date December 1, 2012

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

EB-2011-0103

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

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

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

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

LOSS FACTORS

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0810
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0702
Total Loss Factor – Primary Metered Customer > 5,000 kW	N/A

Appendix J - Updated Customer Impact - Residential (Updated)

○ Application of New Loss Factor to all applicable items Ⓞ Application of new Loss Factor to Deliver

		Consumption		800 kWh						
	Charge Unit	Current Board-Approved			Proposed			Impact		
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change	
1	Monthly Service Charge	monthly	\$ 11.8200	1	\$ 11.82	\$ 11.1500	1	\$ 11.15	-\$ 0.67	-5.67%
2	Smart Meter Rate Adder	monthly	\$ 1.0000	1	\$ 1.00		1	\$ -	-\$ 1.00	-100.00%
3	Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4	Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5	Distribution Volumetric Rate	per kWh	\$ 0.0147	800	\$ 11.76	\$ 0.0139	800	\$ 11.12	-\$ 0.64	-5.44%
6	Low Voltage Rate Adder	per kWh	\$ 0.0014	800	\$ 1.12	\$ 0.0019	800	\$ 1.52	\$ 0.40	35.71%
7	Volumetric Rate Adder(s)			800	\$ -		800	\$ -	\$ -	
8	Volumetric Rate Rider(s)			800	\$ -		800	\$ -	\$ -	
9	Smart Meter Disposition Rider			800	\$ -		800	\$ -	\$ -	
10	LRAM & SSM Rate Rider	per kWh	\$ 0.0016	800	\$ 1.28		800	\$ -	-\$ 1.28	-100.00%
11	Deferral/Variance Account Disposition Rate Rider	per kWh	-\$ 0.0077	800	-\$ 6.16	-\$ 0.0257	800	-\$ 20.52	-\$ 14.36	233.13%
12	Stranded Meter Disposition	monthly	\$ -	1	\$ -	\$ 1.8600	1	\$ 1.86	\$ 1.86	
13	Late Payment	monthly	\$ 0.0900	1	\$ 0.09	\$ -	1	\$ -	-\$ 0.09	-100.00%
14	Smart Meter Disposition Rider	monthly			\$ -	\$ 0.6500	1	\$ 0.65	\$ 0.65	
15					\$ -			\$ -	\$ -	
16	Sub-Total A - Distribution				\$ 20.91			\$ 5.78	\$ 15.13	-72.36%
17	RTSR - Network	per kWh	\$ 0.0073	859.12	\$ 6.27	\$ 0.0054	864.826	\$ 4.64	-\$ 1.64	-26.09%
18	RTSR - Line and Transformation Connection	per kWh	\$ 0.0044	859.12	\$ 3.78	\$ 0.0032	864.826	\$ 2.75	-\$ 1.03	-27.20%
19	Sub-Total B - Delivery (including Sub-Total A)				\$ 30.96			\$ 13.17	-\$ 17.80	-57.47%
20	Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	859.12	\$ 4.47	\$ 0.0052	864.826	\$ 4.50	\$ 0.03	0.66%
21	Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	859.12	\$ 1.12	\$ 0.0011	864.826	\$ 0.95	-\$ 0.17	-14.82%
22	Special Purpose Charge			859.12	\$ -		864.826	\$ -	\$ -	
23	Standard Supply Service Charge	monthly	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24	Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	800	\$ 5.60	\$ 0.0070	800	\$ 5.60	\$ -	0.00%
25	Energy		\$ 0.0757	859.12	\$ 65.02	\$ 0.0757	864.826	\$ 65.45	\$ 0.43	0.66%
26					\$ -			\$ -	\$ -	
27					\$ -			\$ -	\$ -	
28	Total Bill (before Taxes)				\$ 107.41			\$ 89.91	\$ 17.50	-16.29%
29	HST		13%		\$ 13.96	13%		\$ 11.69	-\$ 2.27	-16.29%
30	Total Bill (including Sub-total B)				\$ 121.38			\$ 101.60	-\$ 19.78	-16.30%
31	Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 12.14	-10%		-\$ 10.16	\$ 1.98	-16.31%
32	Total Bill (including OCEB)				\$ 109.24			\$ 91.44	-\$ 17.80	-16.29%
33	Loss Factor (%)	Note 1	7.39%			8.10%				

Notes:

(1): Enter existing and proposed total loss factor (Secondary Metered Customer < 5,000 kW) as a percentage.

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

○ Application of New Loss Factor to all applicable items ○ Application of new Loss Factor to Delivery Items


		Consumption	2000	kWh						
		Charge Unit	Current Board-Approved			Proposed			Impact	
			Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change
1	Monthly Service Charge	monthly	\$ 13.6500	1	\$ 13.65	\$ 13.0500	1	\$ 13.05	-\$ 0.60	-4.40%
2	Smart Meter Rate Adder	monthly	\$ 1.0000	1	\$ 1.00		1	\$ -	-\$ 1.00	-100.00%
3	Service Charge Rate Adder(s)			1	\$ -		1	\$ -	\$ -	
4	Service Charge Rate Rider(s)			1	\$ -		1	\$ -	\$ -	
5	Distribution Volumetric Rate	per kWh	\$ 0.0138	2000	\$ 27.60	\$ 0.0132	2000	\$ 26.40	-\$ 1.20	-4.35%
6	Low Voltage Rate Adder	per kWh	\$ 0.0013	2000	\$ 2.60	\$ 0.0016	2000	\$ 3.20	\$ 0.60	23.08%
7	Volumetric Rate Adder(s)			2000	\$ -		2000	\$ -	\$ -	
8	Volumetric Rate Rider(s)			2000	\$ -		2000	\$ -	\$ -	
9	Smart Meter Disposition Rider			2000	\$ -		2000	\$ -	\$ -	
10	LRAM & SSM Rider	per kWh	\$ 0.0001	2000	\$ 0.20	\$ -	2000	\$ -	-\$ 0.20	-100.00%
11	Deferral/Variance Account Disposition Rate Rider	per kWh	-\$ 0.0085	2000	-\$ 17.00	-\$ 0.0253	2000	-\$ 50.60	-\$ 33.60	197.65%
12	Stranded Meter Disposition	per kWh	\$ -	1	\$ -	\$ 8.9100	1	\$ 8.91	\$ 8.91	
13	Late Payment	monthly	\$ 0.1600	1	\$ 0.16	\$ -	1	\$ -	-\$ 0.16	-100.00%
14	Smart Meter Disposition Rider	monthly			\$ -	\$ 3.0900	1	\$ 3.09	\$ 3.09	
15					\$ -			\$ -	\$ -	
16	Sub-Total A - Distribution				\$ 28.21			\$ 4.05	-\$ 24.16	-85.64%
17	RTSR - Network	per kWh	\$ 0.0067	2147.8	\$ 14.39	\$ 0.0049	2162.06	\$ 10.64	-\$ 3.75	-26.08%
18	RTSR - Line and Transformation Connection	per kWh	\$ 0.0038	2147.8	\$ 8.16	\$ 0.0027	2162.06	\$ 5.94	-\$ 2.22	-27.20%
19	Sub-Total B - Delivery (including Sub-Total A)				\$ 50.76			\$ 20.63	-\$ 30.13	-59.36%
20	Wholesale Market Service Charge (WMSC)	per kWh	\$ 0.0052	2147.8	\$ 11.17	\$ 0.0052	2162.06	\$ 11.24	\$ 0.07	0.66%
21	Rural and Remote Rate Protection (RRRP)	per kWh	\$ 0.0013	2147.8	\$ 2.79	\$ 0.0011	2162.06	\$ 2.38	-\$ 0.41	-14.82%
22	Special Purpose Charge			2147.8	\$ -		2162.06	\$ -	\$ -	
23	Standard Supply Service Charge	monthly	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%
24	Debt Retirement Charge (DRC)	per kWh	\$ 0.0070	2000	\$ 14.00	\$ 0.0070	2000	\$ 14.00	\$ -	0.00%
25	Energy		\$ 0.0757	2147.8	\$ 162.55	\$ 0.0757	2162.06	\$ 163.63	\$ 1.08	0.66%
26					\$ -			\$ -	\$ -	
27					\$ -			\$ -	\$ -	
28	Total Bill (before Taxes)				\$ 241.52			\$ 212.12	-\$ 29.39	-12.17%
29	HST		13%		\$ 31.40	13%		\$ 27.58	-\$ 3.82	-12.17%
30	Total Bill (including Sub-total B)				\$ 272.92			\$ 239.70	-\$ 33.22	-12.17%
31	Ontario Clean Energy Benefit (OCEB)		-10%		-\$ 27.29	-10%		-\$ 23.97	\$ 3.32	-12.17%
32	Total Bill (including OCEB)				\$ 245.63			\$ 215.73	-\$ 29.90	-12.17%
33	Loss Factor	(1)	7.39%			8.10%				

Notes:

(1): See Note (1) from Sheet 10A. Bill Impacts - Residential



Appendix K – Cost Allocation Sheet O1 (Updated)

 2012 COST ALLOCATION Wasaga Distribution Inc. EB-2011-0103 June-30-12						
Instructions: Please see the first tab in this workbook for detailed instructions						
Class Revenue, Cost Analysis, and Return on Rate						
	1	2	3	7	9	
Total	Residential	GS <50	GS>50-Regular	Street Light	Unmetered Scattered Load	
Distribution Revenue at Existing Rates	\$3,385,037	\$2,772,978	\$355,201	\$241,789	\$7,608	\$7,461
Miscellaneous Revenue (mi)	\$582,898	\$439,353	\$69,275	\$43,168	\$30,172	\$930
Miscellaneous Revenue Input equals Output						
Total Revenue at Existing Rates	\$3,967,935	\$3,212,332	\$424,476	\$284,957	\$37,780	\$8,391
Factor required to recover deficiency (1 + D)	1.0000					
Distribution Revenue at Status Quo Rates	\$3,385,037	\$2,772,978	\$355,201	\$241,789	\$7,608	\$7,461
Miscellaneous Revenue (mi)	\$582,898	\$439,353	\$69,275	\$43,168	\$30,172	\$930
Total Revenue at Status Quo Rates	\$3,967,935	\$3,212,332	\$424,476	\$284,957	\$37,780	\$8,391
Expenses						
Distribution Costs (di)	\$694,487	\$488,739	\$101,148	\$64,715	\$38,876	\$1,009
Customer Related Costs (cu)	\$1,035,725	\$916,682	\$69,293	\$45,243	\$3,018	\$1,487
General and Administration (ad)	\$844,042	\$682,270	\$85,018	\$54,657	\$20,892	\$1,204
Depreciation and Amortization (dep)	\$561,546	\$416,618	\$78,606	\$47,853	\$17,940	\$528
PILs (INPUT)	\$40,738	\$29,408	\$6,087	\$3,758	\$1,442	\$43
Interest	\$325,810	\$235,196	\$48,679	\$30,057	\$11,531	\$347
Total Expenses	\$3,502,347	\$2,768,913	\$388,832	\$246,284	\$93,699	\$4,619
Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0
Allocated Net Income (NI)	\$465,588	\$336,099	\$69,564	\$42,953	\$16,478	\$496
Revenue Requirement (includes NI)	\$3,967,935	\$3,105,012	\$458,395	\$289,236	\$110,177	\$5,115
Revenue Requirement Input equals Output						
Rate Base Calculation						
Net Assets						
Distribution Plant - Gross	\$25,893,770	\$18,752,226	\$3,782,932	\$2,208,518	\$1,118,783	\$31,311
General Plant - Gross	\$1,846,106	\$1,334,722	\$274,234	\$163,400	\$71,664	\$2,087
Accumulated Depreciation	(\$11,281,423)	(\$8,181,250)	(\$1,616,787)	(\$929,191)	(\$539,605)	(\$14,589)
Capital Contribution	(\$5,888,321)	(\$4,273,710)	(\$862,351)	(\$473,032)	(\$271,769)	(\$7,458)
Total Net Plant	\$10,570,132	\$7,631,988	\$1,578,028	\$969,694	\$379,072	\$11,350
Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Power (COP)	\$13,087,961	\$8,881,112	\$1,826,358	\$2,173,310	\$176,236	\$30,946
OM&A Expenses	\$2,574,254	\$2,087,692	\$255,460	\$164,615	\$62,786	\$3,701
Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$15,662,215	\$10,968,803	\$2,081,818	\$2,337,925	\$239,022	\$34,647
Working Capital	\$2,192,710	\$1,535,632	\$291,455	\$327,309	\$33,463	\$4,851
Total Rate Base	\$12,762,842	\$9,167,620	\$1,869,482	\$1,297,004	\$412,535	\$16,200
Rate Base Input equals Output						
Equity Component of Rate Base	\$5,105,137	\$3,667,048	\$747,793	\$518,802	\$165,014	\$6,480
Net Income on Allocated Assets	\$465,588	\$443,418	\$35,645	\$38,673	(\$55,920)	\$3,772
Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$465,588	\$443,418	\$35,645	\$38,673	(\$55,920)	\$3,772
RATIOS ANALYSIS						
REVENUE TO EXPENSES STATUS QUO%	100.00%	103.46%	92.60%	98.52%	34.29%	164.05%
EXISTING REVENUE MINUS ALLOCATED COSTS	(\$0)	\$107,319	(\$33,919)	(\$4,279)	(\$72,397)	\$3,276
Deficiency Input equals Output						
STATUS QUO REVENUE MINUS ALLOCATED COSTS	(\$0)	\$107,319	(\$33,919)	(\$4,279)	(\$72,397)	\$3,276
RETURN ON EQUITY COMPONENT OF RATE BASE	9.12%	12.09%	4.77%	7.45%	-33.89%	58.20%

Appendix L – Revenue Requirement (Updated):

	Initial Application		Adjustments		Settlement Agreement	(6)
1	<u>Rate Base</u>					
	Gross Fixed Assets (average)	\$21,851,555			\$ 21,851,555	
	Accumulated Depreciation (average)	(\$11,281,423)	(5)		(\$11,281,423)	
	Allowance for Working Capital:					
	Controllable Expenses	\$2,826,831		(\$252,577)	\$ 2,574,254	
	Cost of Power	\$13,112,406		(\$24,445)	\$ 13,087,961	
	Working Capital Rate (%)	15.00%			14.00%	
2	<u>Utility Income</u>					
	Operating Revenues:					
	Distribution Revenue at Current Rates	\$3,533,925		(\$148,888)	\$3,385,037	
	Distribution Revenue at Proposed Rates	\$3,710,036		(\$324,999)	\$3,385,037	
	Other Revenue:					
	Specific Service Charges	\$34,800		\$2,655	\$37,455	
	Late Payment Charges	\$32,000		\$0	\$32,000	
	Other Distribution Revenue	\$114,807		\$6,012	\$120,819	
	Other Income and Deductions	\$372,394		\$20,230	\$392,624	
	Total Revenue Offsets	\$554,001	(7)	\$28,897	\$582,898	
	Operating Expenses:					
	OM+A Expenses	\$2,826,831		(\$252,577)	\$ 2,574,254	
	Depreciation/Amortization	\$561,546			\$ 561,546	
	Property taxes					
	Other expenses					
3	<u>Taxes/PILs</u>					
	Taxable Income:					
	Adjustments required to arrive at taxable income	(\$80,446)	(3)		(\$114,471)	
	Utility Income Taxes and Rates:					
	Income taxes (not grossed up)	\$60,818			\$34,423	
	Income taxes (grossed up)	\$71,974			\$40,737	
	Federal tax (%)	11.00%			11.00%	
	Provincial tax (%)	4.50%			4.50%	
	Income Tax Credits				(\$20,000)	
4	<u>Capitalization/Cost of Capital</u>					
	Capital Structure:					
	Long-term debt Capitalization Ratio (%)	56.0%			56.0%	
	Short-term debt Capitalization Ratio (%)	4.0%	(2)		4.0%	(2)
	Common Equity Capitalization Ratio (%)	40.0%			40.0%	
	Preferred Shares Capitalization Ratio (%)					
		100.0%			100.0%	
	Cost of Capital					
	Long-term debt Cost Rate (%)	4.41%			4.41%	
	Short-term debt Cost Rate (%)	2.08%			2.08%	
	Common Equity Cost Rate (%)	9.12%			9.12%	
	Preferred Shares Cost Rate (%)					

Rate Base:

Line No.	Particulars		Initial Application		Adjustments		Settlement Agreement
1	Gross Fixed Assets (average)	(3)	\$21,851,555		\$ -		\$21,851,555
2	Accumulated Depreciation (average)	(3)	(\$11,281,423)		\$ -		(\$11,281,423)
3	Net Fixed Assets (average)	(3)	\$10,570,132		\$ -		\$10,570,132
4	Allowance for Working Capital	(1)	\$2,390,885		(\$198,175)		\$2,192,710
5	Total Rate Base		\$12,961,018		(\$198,175)		\$12,762,842

Working Capital:

Controllable Expenses		\$2,826,831		(\$252,577)		\$2,574,254
Cost of Power		\$13,112,406		(\$24,445)		\$13,087,961
Working Capital Base		\$15,939,236		(\$277,022)		\$15,662,214
Working Capital Rate %	(2)	15.00%		-1.00%		14.00%
Working Capital Allowance		\$2,390,885		(\$198,175)		\$2,192,710

Utility Income:

Particulars	Initial Application	Adjustments	Settlement Agreement
Operating Revenues:			
Distribution Revenue (at Proposed Rates)	\$3,710,036	(\$324,999)	\$3,385,037
Other Revenue (1)	\$554,001	\$28,897	\$582,898
Total Operating Revenues	\$4,264,037	(\$296,102)	\$3,967,935
Operating Expenses:			
OM+A Expenses	\$2,826,831	(\$252,577)	\$2,574,254
Depreciation/Amortization	\$561,546	\$ -	\$561,546
Property taxes	\$ -	\$ -	\$ -
Capital taxes	\$ -	\$ -	\$ -
Other expense	\$ -	\$ -	\$ -
Subtotal (lines 4 to 8)	\$3,388,377	(\$252,577)	\$3,135,800
Deemed Interest Expense	\$330,869	(\$5,059)	\$325,810
Total Expenses (lines 9 to 10)	\$3,719,245	(\$257,636)	\$3,461,609
Utility income before income taxes	\$544,792	(\$38,466)	\$506,326
Income taxes (grossed-up)	\$71,974	(\$31,236)	\$40,737
Utility net income	\$472,818	(\$7,230)	\$465,588

Other Revenues / Offsets:

Specific Service Charges	\$34,800	\$2,655	\$37,455
Late Payment Charges	\$32,000	\$ -	\$32,000
Other Distribution Revenue	\$114,807	\$6,012	\$120,819
Other Income and Deductions	\$372,394	\$20,230	\$392,624
Total Revenue Offsets	\$554,001	\$28,897	\$582,898

Taxes/PILs:

Particulars	Application	Settlement Agreement
<u>Determination of Taxable Income</u>		
Utility net income before taxes	\$472,818	\$465,588
Adjustments required to arrive at taxable utility income	(\$80,446)	(\$114,471)
Taxable income	\$392,372	\$351,117
<u>Calculation of Utility income Taxes</u>		
Income taxes	\$60,818	\$34,423
Total taxes	\$60,818	\$34,423
Gross-up of Income Taxes	\$11,156	\$6,314
Grossed-up Income Taxes	\$71,974	\$40,737
PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$71,974	\$40,737
Other tax Credits	\$ -	(\$20,000)
<u>Tax Rates</u>		
Federal tax (%)	11.00%	11.00%
Provincial tax (%)	4.50%	4.50%
Total tax rate (%)	15.50%	15.50%

Capitalization/ Cost of Capital:

Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application				
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$7,258,170	4.41%	\$320,085
Short-term Debt	4.00%	\$518,441	2.08%	\$10,784
Total Debt	60.00%	\$7,776,611	4.25%	\$330,869
Equity				
Common Equity	40.00%	\$5,184,407	9.12%	\$472,818
Preferred Shares	0.00%	\$ -	0.00%	\$ -
Total Equity	40.00%	\$5,184,407	9.12%	\$472,818
Total	100.00%	\$12,961,018	6.20%	\$803,687
Settlement Agreement				
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$7,147,192	4.41%	\$315,191
Short-term Debt	4.00%	\$510,514	2.08%	\$10,619
Total Debt	60.00%	\$7,657,705	4.25%	\$325,810
Equity				
Common Equity	40.00%	\$5,105,137	9.12%	\$465,588
Preferred Shares	0.00%	\$ -	0.00%	\$ -
Total Equity	40.00%	\$5,105,137	9.12%	\$465,588
Total	100.00%	\$12,762,842	6.20%	\$791,398

Revenue Deficiency/Sufficiency:

Particulars	Initial Application		Settlement Agreement	
	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
Revenue Deficiency from Below Distribution Revenue	\$3,533,925	\$176,110 \$3,533,925	\$3,385,037	\$0 \$3,385,037
Other Operating Revenue	\$554,001	\$554,001	\$582,898	\$582,898
Offsets - net				
Total Revenue	\$4,087,927	\$4,264,037	\$3,967,935	\$3,967,935
Operating Expenses	\$3,388,377	\$3,388,377	\$3,135,800	\$3,135,800
Deemed Interest Expense	\$330,869	\$330,869	\$325,810	\$325,810
Total Cost and Expenses	\$3,719,245	\$3,719,245	\$3,461,609	\$3,461,609
Utility Income Before Income Taxes	\$368,681	\$544,792	\$506,326	\$506,326
Tax Adjustments to Accounting Income per 2009 PILs	(\$80,446)	(\$80,446)	(\$114,471)	(\$114,471)
Taxable Income	\$288,235	\$464,346	\$391,855	\$391,855
Income Tax Rate	15.50%	15.50%	15.50%	15.50%
Income Tax on Taxable Income	\$44,676	\$71,974	\$60,737	\$60,737
Income Tax Credits	\$ -	\$ -	(\$20,000)	(\$20,000)
Utility Net Income	\$324,005	\$472,818	\$465,588	\$465,588
Utility Rate Base	\$12,961,018	\$12,961,018	\$12,762,842	\$12,762,842
Deemed Equity Portion of Rate Base	\$5,184,407	\$5,184,407	\$5,105,137	\$5,105,137
Income/(Equity Portion of Rate Base)	6.25%	9.12%	9.12%	9.12%
Target Return - Equity on Rate Base	9.12%	9.12%	9.12%	9.12%
Deficiency/Sufficiency in Return on Equity	-2.87%	0.00%	0.00%	0.00%
Indicated Rate of Return	5.05%	6.20%	6.20%	6.20%
Requested Rate of Return on Rate Base	6.20%	6.20%	6.20%	6.20%
Deficiency/Sufficiency in Rate of Return	-1.15%	0.00%	0.00%	0.00%
Target Return on Equity	\$472,818	\$472,818	\$465,588	\$465,588
Revenue Deficiency/(Sufficiency)	\$148,813	\$ -	\$0	(\$0)
Gross Revenue	\$176,110	(1)	\$0	(1)
Deficiency/(Sufficiency)				

Revenue Requirement:

Particulars	Application	Settlement Agreement
OM&A Expenses	\$2,826,831	\$2,574,254
Amortization/Depreciation	\$561,546	\$561,546
Property Taxes	\$ -	
Income Taxes (Grossed up)	\$71,974	\$40,737
Other Expenses	\$ -	
Return		
Deemed Interest Expense	\$330,869	\$325,810
Return on Deemed Equity	\$472,818	\$465,588
Service Revenue Requirement (before Revenues)	\$4,264,037	\$3,967,935
Revenue Offsets	\$554,001	\$582,898
Base Revenue Requirement	\$3,710,036	\$3,385,037
Distribution revenue	\$3,710,036	\$3,385,037
Other revenue	\$554,001	\$582,898
Total revenue	\$4,264,037	\$3,967,935
Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$ - (1)	(\$0)