VERIDIAN
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January 23, 2013

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

Dear Ms. Walli:

Re: Veridian Connections Inc., Motion for Review and Variance
Board File No. EB-2012-0247

Please find enclosed Veridian Connections Inc.'s Request for Review and Variance of the Ontario Energy Board's October 25, 2012 Decision and Order in the EB-2012-0247 proceeding.

Please do not hesitate to contact me if you have any questions.

Yours truly,

Original signed by

George Armstrong
Vice President, Corporate Services

cc Laurie McLorg, Veridian Connections Inc.
Michael Janigan, Vulnerable Energy Consumers Coalition
Shelley Grice, Vulnerable Energy Consumers Coalition

EB-2012-0247

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 Veridian Connections Inc. for an Order or Orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* approving rate riders for the recovery of Smart Meter costs as of September 1st, 2012.

AND IN THE MATTER OF the Board's Decision dated October 25, 2012 (File Number EB-2012-0247).

Motion for Request for Review and Variance

Veridian Connections Inc. ("Veridian") will make a Request for Review and Variance (the "Motion") pursuant to Rule 42.01 to the Ontario Energy Board (the "Board") on a date and at a time to be determined by the Board.

PROPOSED METHOD OF HEARING: Veridian proposes that the Motion be heard in writing.

THE MOTION IS FOR an Order or Orders of the Board:

1. extending the time for filing the motion with the Board; and

2. varying its October 25, 2012 Decision and Order in the EB-2012-0247 proceeding (the "Decision") to allow Veridian to recover an additional $478,223.79 in revenue requirement related to 2009 amortization expenses associated with Smart Meter Capital Expenditures made in 2006, 2007 and 2008, with such recovery to be made through the amendment of the existing SMDR on May 1, 2013 and to continue until April 30, 2014.

THE GROUND FOR THE MOTION: ERROR IN FACT

3. In 2007, Veridian commenced the deployment of its Smart Meters. In accordance with the Board's letter *Smart Meters … Accounting Matters arising from the Board's 2006 EDR Decision on Common or Generic Issues EB-2006-0136*, dated June 13, 2006 and the Board's Accounting Procedures Handbook Frequently Asked Questions issued August 2008 Veridian separately tracked its Smart Meter ("SM") capital expenditures and operating, maintenance and

administration ("OM&A") expenses in accounts 1555 Smart Meter Capital Variance Account and 1556_Smart Meter OM&A Variance Account for future disposition.

4. On October 2, 2009 Veridian applied to the Board for approval of 2010 rates on a Cost of Service basis (EB-2009-0140) (the "Interim Disposition Proceeding"), within which Veridian applied for interim disposition of SM related revenue requirement amounts. The amounts claimed for interim clearance included:

   a) SM OM&A expenses incurred up to December 31, 2008;
   b) SM related amortization amounts incurred up to December 31, 2008; and
   c) SM related return on capital and PILS amounts calculated up to December 31, 2009.

5. As part of the Interim Disposition Proceeding the capital expenditures associated with Smart Meter investments up to December 31, 2008 were included in Veridian's rate base effective January 1, 2010. Accordingly, going forward from January 1, 2010, the revenue requirement associated with SM capital expenditures up to December 31, 2008 was included in base rates.

6. However, even after taking into account the interim clearance of SM amounts as approved by the Board in the Interim Disposition Proceeding, the 2009 amortization amounts related to SM capital investments made prior to January 1, 2009 were neither a) included in base rates nor b) recovered as part of the interim clearance.

7. On May 31st, 2012, Veridian applied for final disposition of SM related amounts under Board file number EB-2012-0247 (the "Final Disposition Proceeding"). As part of that proceeding Veridian used the Board's SM Model (the "Model") to calculate the revenue requirement to be cleared.

8. The Model calculated the recoverable revenue requirement associated with the application on the basis of SM capital expenditures that remained outside of the utility's existing COS rate base; in the case of Veridian this meant that the recoverable capital related revenue requirement was calculated on the basis of 2009, 2010, and 2011 SM related capital additions.

9. Similarly the Model calculated the recoverable amount based on SM OM&A expenditures for years where recovery had yet to be allowed; in Veridian's case SM OM&A expenditures for 2009, 2010, and 2011 remained outstanding and were therefore recovered in the Model.

10. What the Model did not anticipate in design, however, was the possible discrete gap in the amounts recovered as between any interim recovery and final disposition of SM related amounts in relation to amortization.

11. Specifically, in Veridian's case, the Model did not address the fact that although Veridian's pre-2009 SM capital expenditures had been added to rate base in 2010 such that there were no outstanding pre-2009 capital expenditures to input into the Model for the purposes of calculating a final disposition rider, the 2009 amortization related to those pre-2009 SM capital expenditures remained outstanding.

12. The 2009 net incremental revenue requirement associated with the amortization related to pre-2009 SM capital expenditures is $478,224 inclusive of PILs impacts. It is this amount that Veridian asks the Board to allow recovery for through the amendment of the existing SMDR on May 1, 2013 and to continue until April 30, 2014.

13. Veridian submits that the SM capital expenditures that underpin the claimed $478,224 have already been approved by the Board. In addition, the 2006, 2007, 2008, 2010, 2011, and 2012 amortization expense related to the those SM capital expenditures have been allowed and recovered through the mechanisms of the interim clearance proceeding and the transfer of those capital amounts to rate base effective January 2010. Veridian respectfully submits that the omission of the 2009 amortization is essentially and simply a calculation error that should be remedied through a variance of the original Decision. Therefore, the ground for this motion is error in fact.

REQUEST FOR EXTENSION OF TIME TO FILE THE REQUEST FOR REVIEW

14. Veridian's entitlement to recover that amortization expense exists as a result of SM Accounts 1555 and 1556; as those accounts were ostensibly finally disposed of as a result of the Board's October 25, 2012 order in EB-2012-0247 it is necessary for Veridian to make a Request for Review and Vary under Rule 42.01 of the Board Rules of Practice in order to include recovery of that amortization expense.

15. Veridian discovered the gap in recovery on January 9th, 2013 during preparation of its regular accounting year-end working papers. It was during this process that Veridian realized that with respect to the costs incurred by Veridian in relation to SM implementation it had not yet recovered the 2009 amortization expense related to pre-2009 SM capital expenditures, totalling $528,859 (before accounting for PILS impacts).

16. As a result of the timing of Veridian's discovery of this missing recovery it was not in a position to file a motion to review and vary within the prescribed limitation period, which expired on or about November 14, 2012. Accordingly, Veridian asks that Board use its discretion to extend the time period for filing a request for review.

17. The amount at issue, $478,224, is significant for Veridian. In light of this fact, as well as the reasonableness of the mistake in fact and the Board's practice of allowing for recovery of SM amortization costs, Veridian respectfully requests that it be given an extension of time to file its motion.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

i. the affidavit of Laurie McLorg dated January 23, 2013;
ii. the filings on the record in the proceeding (EB-2012-0247);
iii. the filings on the record in the proceeding (EB-2009-0140); and
iv. such further evidence as counsel for Veridian may submit and the Board may allow.

All of which is respectfully submitted.

January 23, 2013

Veridian Connections Inc.
By its Counsel: Michael Buonaguro

EB-2012-0247

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 Veridian Connections Inc. for an Order or Orders pursuant to section 78 of the *Ontario Energy Board Act, 1998* approving rate riders for the recovery of Smart Meter costs as of September 1st, 2012.

AND IN THE MATTER OF the Board's Decision dated October 25, 2012 (File Number EB-2012-0247).

AFFIDAVIT OF LAURIE D. McLORG
SWORN JANUARY 23, 2013

I, LAURIE D. McLORG, of the City of Oshawa, Ontario, MAKE OATH AND SAY:

1. I am the Vice President of Financial Services and Chief Financial Officer of Veridian Connections Inc. ("Veridian"), the Moving Party in the motion in support of which this affidavit has been sworn. I prepared the written evidence submitted on behalf of Veridian in EB-2012-0247 (the "Final Disposition Proceeding") and directed the accounting entries to which this motion relates, and as such I have knowledge of the matters hereinafter deposed.

Introduction

2. As outlined in the Notice of Motion for Review, Veridian has discovered an error in the calculation of the amount to be recovered in order to effect final disposition of Account 1556. In summary, there are amortization expenses of $528,859 previously recorded within Account 1556 – Smart Meter ("SM") Related OM&A Variance Account that have yet to be disposed of. The amount is specifically and discretely related to 2009 amortization expenses for pre-2009 SM related capital expenditures included in rate base as of January 1, 2010. The 2009 amortization expense was not included for recovery

within either the interim disposition within Veridian's 2010 COS Application (EB-2009-0140) (the "Interim Disposition Proceeding") or Veridian's final SM Disposition Application (EB-2012-0247). The associated revenue requirement for recovery has been calculated as $478,223.79. Details of the revenue requirement calculation are provided later in this affidavit.

3. Veridian notes that the claimed amount is material as defined by the materiality thresholds as outlined in the *Supplemental Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors* dated September 17, 2008 (EB-2007-0673). That report outlines materiality thresholds as:

- $50,000 for a distributor with a distribution revenue requirement less than or equal to $10 million;
- 0.5% of distribution revenue requirement for a distributor with a distribution revenue requirement greater than $10 million and less than or equal to $200 million; and
- $1 million for a distributor with a distribution revenue requirement of more than $200 million.

4. Veridian's most recent Board Approved COS distribution revenue requirement (EB-2009-0140) is $46,284,010. Accordingly, Veridian's materiality threshold is calculated as 0.5% of that revenue requirement or $231,420.

Timing of Discovery of the Gap in Recovery

5. Upon receipt of the Board's Decision in EB-2012-0247 (the "Decision") dated October 25th, 2012 Veridian, as ordered, filed a Draft Rate Order and attached a proposed Tariff of Rates and Charges within 6 days of the date of the Decision and Order. In completing the Draft Rate Order Veridian completed a review of the Decision, including the amounts approved in relation to the amounts proposed for recovery within the Application. At that time Veridian did not discover any discrepancies.

6. The calculation error was discovered on January 9th, 2013 during Veridian's regular process of preparation of its 2012 year-end working papers. After recording of the disposition entries based on the amounts for approval from the Decision, an amount of $528,859 remained within Account 1556 – SM OM&A Variance compared with an expected balance of zero. A detailed continuity reconciliation was conducted which determined the amount to be equal to the 2009 amortization expense related to the pre-2009 SM related capital expenditures.

7. Through further review of the evidence submitted in Veridian's Interim Disposition Proceeding and Final Disposition Proceeding, the omission of the 2009 amortization expenses for the pre-2009 SM related capital expenditures was confirmed.

8. Veridian immediately began work on calculations related to the gap in recovery, the required incremental revenue requirement, the associated riders and this Motion to Review.

2009 Amortization Amount

9. The 2009 amortization expense for Veridian's Board approved SM related capital expenditures during 2007, 2008 and 2009 was $528,859. The amortization expense was calculated and recorded in Account 1556 – SM OM&A Variance Account as at December 31, 2009, in accordance with the accounting treatment prescribed by the following documents issued by the Board:

   a) its letter *Smart Meters ... Accounting Matters arising from the Board's 2006 EDR Decision on Common or Generic Issues EB-2006-0136*, dated June 13, 2006, and

   b) its *Accounting Procedures Handbook Frequently Asked Questions* issued August 2008.

10. I verify that the amount reported by Veridian within its April 30th, 2010 RRR 2009 Trial Balance filing for Account 1556 – Smart Meter OM&A Variance Account included the amount of $528,859, being the 2009 amortization amount related to the pre-2009 SM related capital expenditures. To this effect, Veridian is not seeking to add amounts to

those previously and appropriately incurred and recorded in Account 1556, but rather to correct the omission of these amounts from both the interim and final SM dispositions.

11. A summary table of the pre-2009 capital expenditures by asset class, the calculation of the related 2009 amortization amounts and the resulting 2009 ending Net Book Value are provided as Exhibit "A".

12. The details of the pre-2009 capital expenditures and the calculation of the 2009 amortization amounts were also filed in Veridian's Interim Disposition Proceeding in its model calculating the interim disposition of the SM Variance Accounts at Exhibit 9, Tab 4, Schedule 4, Attachment 1, a copy of which accompanies this affidavit as Exhibit "B". These amounts have been highlighted on page five of the Exhibit.

13. Veridian notes that the 2009 Average Net Book Value of the pre-2009 SM related capital expenditures as submitted in the Interim Disposition Proceeding model, totaling $6,644,821.81, was the amount proposed by Veridian for inclusion in its 2010 rate base. This amount was approved in rate base through full Settlement and is documented at pages 29 and 30 of the Settlement Agreement accepted by the Board. A copy of the Board's Decision and Order in EB-2009-0140, dated March 31, 2010, which includes the Settlement Agreement, accompanies this affidavit as Exhibit "C".

Gap in Recovery

Recoveries in Interim Disposition

14. Within its 2010 COS Application (EB-2009-0140) the Board approved inclusion within Veridian's rate base SM capital expenditures up to December 31, 2008 having a Gross Book Value of $7,819,147.74 and a Net Book Value of $6,644,821.81. With the SM capital expenditures included in rate base the revenue requirement associated with those capital expenditures was included in base rates as of January 1, 2010.

15. In that same proceeding the Board approved interim disposition of the balances in Veridian's SM variance accounts 1555-Smart Meter Capital Variance and 1556-Smart Meter OM&A Variance. The amounts claimed for interim disposition included:

i) SM OM&A expenses incurred up to December 31, 2008,

ii) SM related amortization amounts incurred up to December 31, 2008, and

iii) SM related return on capital and PILs amounts calculated up to December 31, 2009.

16. The revenue requirement calculated and approved in the interim disposition did not include the 2009 amortization amounts of $528,859 related to pre-2009 SM capital expenditures, as, in accordance with the Board's prescribed accounting treatment, this amount was not recorded in the balance of 1556-Smart Meter OM&A Variance as at December 31, 2008 and therefore not eligible for recovery at that time.

17. Veridian included the 2009 return on capital and PILs related to the pre-2009 SM capital expenditures in the interim disposition as accounting treatment by the Board did not provide for recording of these amounts in Accounts 1555 and 1556; they were to be calculated and proposed for recovery at the time of interim disposition. The calculation of the 2009 PILs did not include impacts arising from the 2009 amortization or the 2009 Capital Cost Allowance amounts related to the pre-2009 SM capital expenditures. These impacts are reflected in the calculation of the Incremental Revenue Requirement amount of $478,223.79 that has yet to either be recovered or included in an existing SM rider by Veridian.

Recoveries in Final Disposition

18. On May 31st, 2012 Veridian applied for final disposition of SM related amounts under Board file number EB-2012-0247. In its application Veridian used the Board issued Smart Meter Model (the "Model") version 2.17, issued December 15, 2011. The Model is designed to calculate the recoverable revenue requirement associated with the historical smart meter capital expenditures that remain outside of the utility's existing COS rate base; in the case of Veridian this meant that the recoverable capital related revenue requirement was calculated on the basis of 2009, 2010 and 2011 SM related capital expenditures. What the Model did not anticipate in design, however, was possible

gaps in the amounts recovered as between any interim recovery and final disposition of SM related amounts in relation to amortization.

19. Specifically, in Veridian's case, the Model and Veridian's input to the Model did not address the fact that although Veridian's pre-2009 SM capital expenditures had been added to rate base in 2010 such that there were no outstanding pre-2009 capital expenditures to input into the Model for the purposes of calculating a final disposition rider, the 2009 amortization related to those pre-2009 SM capital expenditures remained outstanding.

20. Once the capital expenditure amounts for 2009, 2010 and 2011 were input, the Model calculated the related amortization and return amounts applicable to those expenditures.

21. Veridian did not include the pre-2009 SM capital expenditures as these amounts were included in rate base as of January 1st, 2010. Had these amounts been included as inputs to the Model, calculations of return and amortization for recovery in years subsequent to 2009 would have been overstated by revenue requirement already included in 2010 base rates. As a result of the omission of the pre-2009 SM capital expenditures, however, the amortization calculations completed within the Model for 2009 did not include the amortization for the pre-2009 capital expenditures.

22. With the 2009 amortization expense having been omitted from both the 2010 interim disposition and the 2012 final disposition, Veridian has not yet recovered this amortization associated with Board approved SM related capital expenditures.

23. It appears to Veridian that the potential for such a gap in recovery as between an interim disposition, the inclusion of partial SM related capital expenditures in rate base prior to final disposition of SM related expenditures and the Model that was created by the Board for final disposition of SM expenses was a simple oversight, resulting in the failure to properly clear all the amounts recorded in Account 1556.

24. To illustrate the components and sequence and mechanisms of recoveries of the various components of the revenue requirements associated with Veridian's smart metering

activities from 2007 through to 2012, a recovery timeline has been completed and accompanies this affidavit as Exhibit "D".

Calculation of Incremental Revenue Requirement related to 2009 Amortization

25. Had the oversight not occurred and had the 2009 amortization related to the pre-2009 SM capital expenditures been included within Veridian's calculation, only the 2009 revenue requirement would have been affected. The revenue requirement for 2010 and beyond is not affected as the revenue requirement related to the pre-2009 SM capital expenditures was included within Veridian's base revenue requirement as of January 1, 2010. As a result, only the revenue requirement to be recovered through class specific Smart Meter Disposition Rate Riders ("SMDR") is affected.

26. Since discovering the error Veridian has attempted to use the Board issued SM Model to recalculate the 2009 revenue requirement when including the 2009 amortization related to the pre-2009 SM capital expenditures but was unable to do so. Due to protected Excel formulas within the Model, the calculation of the return on capital in 2009 would erroneously include the pre-2009 capital amounts and would overstate return and revenue requirement. The Board Model is write-protected through a password and Veridian was unable to modify the Model to correct the calculation.

27. Veridian has calculated the 2009 incremental revenue requirement as $478,223.79, being the unrecovered $528,859 amortization less a credit to the Grossed-up Taxes/PILs of ($50,635). The credit to grossed-up PILs is due to the weighted average accounting amortization rate for the pre-2009 SM capital expenditures being less than the weighted average Capital Cost Allowance ("CCA") rate for tax calculation purposes. This has the effect of producing a tax benefit in 2009, and thus a reduction in revenue requirement.

28. The 2009 revenue requirement to be included in the calculation of the SMDR would increase from the previously calculated amount of $1,343,790 to $1,822,014. The detailed calculations for the incremental revenue requirement, including differences in tax calculations are provided as Exhibit "E" and accompany this affidavit.

Calculation of Requested Revision to Currently Approved Class Specific Rate Riders

29. Veridian is requesting the Board to approve a revision, effective May 1, 2013, to the amount of the currently approved class specific Rate Riders for Disposition of Residual Historical Smart Meter Costs (otherwise known as the SMDR). Veridian requests no change in the sunset date of April 30, 2014 for the current riders.

30. Veridian has calculated the change in the currently approved class specific rate riders that would be required to recover the incremental revenue requirement of $478,223.79 over the remaining 12 month period of the rider as at May 1st, 2013.

31. Veridian has used the same methodology as approved by the Board in the Final Disposition Proceeding in allocating recovery to the specific rate classes and calculating class specific rate riders.

32. Veridian requests revisions as outlined below:

Rate Class	Currently Approved Rate Rider	Requested Revision to Rate Rider effective May 1, 2013
Residential	$0.55	$0.83
Residential – Urban Year Round	$0.55	$0.83
Residential – Suburban Year Round	$0.55	$0.83
General Service Less Than 50 kW	$3.45	$4.59

33. In Exhibit "F" accompanying this affidavit, Veridian has provided a schedule similar to Appendix "A" of Veridian's Draft Rate Order filed October 29, 2012 in which Class Specific Smart Meter Disposition Rate Riders were calculated.

34. The schedule in Exhibit "F" shows the amounts as filed in Appendix "A" and also the recalculated revenue requirement when including the 2009 amortization for the pre-2009 SM capital expenditures. Revised or recalculated amounts are highlighted and columns containing revisions or recalculations are labeled with letter headings of A through G

while rows containing revisions or recalculations are labeled with letter headings of H through L.

35. Row H shows that had the 2009 amortization amounts been included, the 18 month rate riders would have been calculated as $0.74 and $4.21, rather than $0.55 and $3.45 respectively.

36. Row J shows the allocation of the incremental revenue requirement of $478,223.79 to the Residential and General Services Less Than 50 kW classes.

37. Row K calculates the increase required in the rate riders for the 12 months remaining effective May 1st, 2013 and Row L shows the requested revised amount for the rate riders, being the sum of the existing rate rider value and the increase calculated in Row K.

38. Veridian has also recalculated what total bill impacts would have been had the 2009 amortization amount been included in the original calculation of the rate riders and found that increases in bill impacts were not significant and increased only by a range of 0.13% to 0.26%. The full details of bill impacts have been included in Exhibit "G" accompanying this affidavit.

SWORN BEFORE ME at the City)
of Pickering in the Province of Ontario)
this 23 day of January, 2013)
)
E. Maughan)
Name:)

Eileen Maughan, a Commissioner, etc., Regional Municipality of Durham, for The Corporation of the City of Pickering Expires May 8, 2013.

Laurie D. McLorg
Vice President and Chief Financial Officer

Exhibit "A" - SM Capital Expenditures - 2006 through 2008 - NBV Calculation to Dec 31, 2009

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters	2006	2007	2008	2009
Opening Capital Investment	$ -	$ 46,178.51	$ 4,411,826.81	$ 7,455,100.14
Capital Investment *(3. LDC Assumptions and Data)*	$ 46,178.51	$ 4,365,648.30	$ 3,043,273.33	$ -
Closing Capital Investment	$ 46,178.51	$ 4,411,826.81	$ 7,455,100.14	$ 7,455,100.14
Opening Accumulated Amortization	$ -	$ 925.49	$ 148,979.13	$ 545,418.81
Amortization Year 1 (15 Years Straight Line)	$ 925.49	$ 148,053.64	$ 396,439.68	$ 460,645.42
Closing Accumulated Amortization	$ 925.49	$ 148,979.13	$ 545,418.81	$ 1,006,064.23
Opening Net Fixed Assets	$ -	$ 45,253.02	$ 4,262,847.68	$ 6,909,681.34
Closing Net Fixed Assets	$ 45,253.02	$ 4,262,847.68	$ 6,909,681.34	$ 6,449,035.91
Average Net Fixed Assets	$ 22,626.51	$ 2,154,050.35	$ 5,586,264.51	$ 6,679,358.62

Net Fixed Assets - Computer Hardware	2006	2007	2008	2009
Opening Capital Investment	$ -	$ -	$ 136,045.20	$ 187,131.69
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ 136,045.20	$ 51,086.49	$ -
Closing Capital Investment	$ -	$ 136,045.20	$ 187,131.69	$ 187,131.69
Opening Accumulated Amortization	$ -	$ -	$ 11,188.97	$ 38,734.87
Amortization Year 1 (5 Years Straight Line)	$ -	$ 11,188.97	$ 27,545.91	$ 29,679.36
Closing Accumulated Amortization	$ -	$ 11,188.97	$ 38,734.87	$ 68,414.23
Opening Net Fixed Assets	$ -	$ -	$ 124,856.24	$ 148,396.82
Closing Net Fixed Assets	$ -	$ 124,856.24	$ 148,396.82	$ 118,717.46
Average Net Fixed Assets	$ -	$ 62,428.12	$ 136,626.53	$ 133,557.14

Net Fixed Assets - Computer Software	2006	2007	2008	2009
Opening Capital Investment	$ -	$ -	$ 102,778.61	$ 176,915.91
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ 102,778.61	$ 74,137.30	$ -
Closing Capital Investment	$ -	$ 102,778.61	$ 176,915.91	$ 176,915.91
Opening Accumulated Amortization	$ -	$ -	$ 16,232.57	$ 61,313.26
Amortization Year 1 (3 Years Straight Line)	$ -	$ 16,232.57	$ 45,080.69	$ 38,534.22
Closing Accumulated Amortization	$ -	$ 16,232.57	$ 61,313.26	$ 99,847.47
Opening Net Fixed Assets	$ -	$ -	$ 86,546.04	$ 115,602.66
Closing Net Fixed Assets	$ -	$ 86,546.04	$ 115,602.66	$ 77,068.44
Average Net Fixed Assets	$ -	$ 43,273.02	$ 101,074.35	$ 96,335.55

Total 2009 Amortization Related to Pre-2009 SM Capital Expenditures	
Smart Meters	$ 460,645.42
Computer Hardware	$ 29,679.36
Computer Software	$ 38,534.22
	$ 528,859.00

Exhibit "B" - 2010 COS Application - 2008 Interim Disposition Model

Veridian Connections inc.
EB-2012-0247
Motion to Review

Calculation of Disposition of Smart Meter Deferral Account for Balances as of December 31, 2008

	2006	2007	2008	2009	Total
Rate Base Additions					
Smart Meter Related Fixed Assets Net Book Value - Dec 31	45,253	4,474,250	7,173,681	6,644,822	
Smart Meters - 1860				*6,449,036*	
Computer Hardware - 1920				*118,717*	
Computer Software - 1925				*77,068*	
Rate Base Addition	45,253	4,428,997	2,699,431	-	
Return Calculation per Year	**2006**	**2007**	**2008**	**2009**	
Average Net Fixed Assets	22,627	2,259,751	5,823,965	6,909,251	
15% Working Capital Allowance	-	23,460	67,284	-	
Total Rate Base	22,627	2,283,211	5,891,250	6,909,251	
Debt Cost	885	89,285	240,849	294,749	
Return on Equity	916	92,470	225,340	248,733	
Total Return on Rate Base	**1,801**	**181,755**	**466,189**	**543,482**	
Smart Meter Expenses (2006 - 2008)					
Incremental Operating Expense	-	156,399	448,562	-	
Depreciation Expense	925	175,475	469,066		
Total Expenses	**925**	**331,875**	**917,628**	**-**	
Revenue Requirement before PILs	**2,727**	**513,630**	**1,383,817**	**543,482**	**2,443,655**
Calculation of Income for PILs Purposes					
Incremental Operating Expenses	-	156,399	448,562	-	
Depreciation Expense	925	175,475	469,066		
Interest Expense	885	89,285	240,849	294,749	
Income for PILs purposes	916	92,470	225,340	248,733	
Grossed up PILs	**133**	**35,134**	**79,579**	**137,461**	**252,306**
Revenue Requirement before PILs					2,443,655
Grossed up PILs					252,306
	2,859	548,763	1,463,396	680,943	2,695,961
Less: Smart Meter Adder Recovery	(246,213)	(697,640)	(981,229)		(1,925,083)
Difference under/(over) recovered	(243,354)	(148,877)	482,166	680,943	770,879
Carrying Charge on Under/(over)Recovery (See below for Calc)	-	7,394	24,077	6,881	38,353
Difference Under/(over) Recovered plus Carrying Charge					**809,231**
Recovery on 2010 Forecasted number of metered Customers/Connections					111,284
Charge per metered customer per month					**$ 0.61**

Calculation of Disposition of Smart Meter Deferral Account for Balances as of December 31, 2008

Cost of Capital Assumptions					
Long Term Debt Rate		7.11%	7.11%	7.11%	7.11%
Equity Rate		9.00%	9.00%	9.00%	9.00%
Capital Structure Assumptions					
Long Term Debt Portion		55%	55%	57.5%	60%
Short Term Debt Portion					
Equity Portion		45%	45%	42.5%	40%
Prescribed Interest Rates OEB - Average Per Year		2006	2007	2008	2009
	Q1		0.0459	0.0514	0.0245
	Q2	0.0414	0.0459	0.0408	0.010
	Q3	0.0459	0.0459	0.0335	0.0055
	Q4	0.0459	0.0514	0.0335	0.0055
	Average	0.0444	0.047275	0.0398	0.011375

Summary of Smart Meter Actual vs Estimated Costs

Veridian Connections

Summary of Actual vs Estimated costs	2006 Actual	2007 Estimate	2007 Actual	Variance	2008 Estimate	2008 Actual	Variance
Capital Costs ***(must be installed, and used and useful)***							
Smart Meters	$ 46,179	$ 4,648,120	$ 4,365,648	$ (282,472)	$ 4,648,120	$ 3,043,273	$ (1,604,847)
Computer Hardware		$ 220,000	$ 136,045	$ (83,955)	$ 220,000	$ 51,086	$ (168,914)
Computer Software		$ 18,500	$ 102,779	$ 84,279	$ 18,500	$ 74,137	$ 55,637
Tools & Equipment			$ -	$ -			$ -
Other Equipment				$ -			$ -
Total Capital Costs	$ 46,179	$ 4,886,620	$ 4,604,472	$ (282,148)	$ 4,886,620	$ 3,168,497	$ (1,718,123)

Note: Credit indicates Actual less than Estimate

O M & A							
2.1 Advanced metering communication device (AMCD)					$ -		
2.2 Advanced metering regional collector (AMRC) (includes LAN)					$ -		
2.3 Advanced metering control computer (AMCC)		$ 55,000	$ 9,965	$ (45,035)	$ 55,000	$ 50,975	$ (4,025)
2.4 Wide area network (WAN)		$ 122,000	$ 22,093	$ (99,907)	$ 122,000	$ 145,220	$ 23,220
2.5 Other AMI OM&A costs related to minimum functionality		$ 302,000	$ 124,342	$ (177,658)	$ 302,000	$ 252,366	$ (49,634)
Total O M & A Costs	$ -	$ 479,000	$ 156,399	$ (322,601)	$ 479,000	$ 448,562	$ (30,438)
Amortization Expenses							
Smart Meters	$ 925	$ 180,000	$ 148,054	$ (31,946)	$ 180,000	$ 396,440	$ 216,440
Computer Hardware			$ 11,189	$ 11,189		$ 27,546	$ 27,546
Computer Software			$ 16,233	$ 16,233		$ 45,081	$ 45,081
Tools & Equipment							$ -
Other Equipment							
Total Amortization Expenses	$ 925	$ 180,000	$ 175,475	$ (4,525)	$ 180,000	$ 469,066	$ 289,066

Note: Credit indicates Actual less than Estimate

LDC Amortization Policy:	Amortization		Amort %age	CCA Class	CCA Rate	
Smart Meter Amortization Rate *Enter Amortization Policy*	15	Years	6.7%	47	8	%
Computer Hardware Amortization Rate *Enter Amortizat*	5	Years	20.0%	45	45	%
Computer Software Amortization Rate *Enter Amortizati*	3	Years	33.3%	45	45	%
Tools & Equipment Amortization Rate *Enter Amortizati*	10	Years	10.0%	8	20	%
Other Equipment Amortization Rate *Enter Amortization*	10	Years	10.0%	8	20	%

Exhibit "B" - 2010 COS Application - 2008 Interim Disposition Model

Veridian Connections inc.
EB-2012-0247
Motion to Review

Disposition of Smart Meter Deferral Account for Balances as of December 31, 2008
PILs Calculation

	2006	2007	2008	2009
Income Tax				
Net Income	916	92,470	225,340	248,733
Amortization	925	175,475	469,066	0
CCA - from Nt Fix Ass & UCC	-1,847	-228,361	-568,478	
Change in taxable income	(5)	39,584	125,929	248,733
Tax Rate	36.12%	36.12%	33.50%	33.00%
Income Taxes Payable	**(2)**	**14,298**	**42,186**	**82,082**
Ontario Capital Tax				
Rate Base	45,253	4,474,250	7,173,681	6,644,822
Less: Exemption	-	-	-	-
Deemed Taxable Capital	45,253	4,474,250	7,173,681	6,644,822
Ontario Capital Tax Rate	0.3000%	0.2850%	0.2250%	0.2250%
Net OCT Amount	**136**	**12,752**	**16,141**	**14,951**
	PILs Payable	**PILs Payable**	**PILs Payable**	**PILs Payable**
Change in Income Taxes Payable	-2	14,298	42,186	82,082
Change in OCT	136	12,752	16,141	14,951
PILs	134	27,049	58,327	97,033
Gross Up	36.12%	36.12%	33.50%	33.00%
Grossed Up PILs				
Income Tax	-3	22,382	63,438	122,510
OCT	136	12,752	16,141	14,951
Total	133	35,134	79,579	137,461

Exhibit "B" - 2010 COS Application - 2008 Interim Disposition Model Veridian Connections inc.

Disposition of Smart Meter Deferral Account for Balances as of December 31, 2008 EB-2012-0247

Motion to Review

Net Fixed Assets and UCC

Smart Meter Average Net Fixed Assets

Net Fixed Assets - Smart Meters	2006	2007	2008	2009
Opening Capital Investment	$ -	$ 46,178.51	$ 4,411,826.81	$ 7,455,100.14
Capital Investment *(3. LDC Assumptions and Data)*	$ 46,178.51	$ 4,365,648.30	$ 3,043,273.33	$ -
Closing Capital Investment	$ 46,178.51	$ 4,411,826.81	$ 7,455,100.14	$ 7,455,100.14
Opening Accumulated Amortization	$ -	$ 925.49	$ 148,979.13	$ 545,418.81
Amortization Year 1 (15 Years Straight Line)	$ 925.49	$ 148,053.64	$ 396,439.68	$ 460,645.42
Closing Accumulated Amortization	$ 925.49	$ 148,979.13	$ 545,418.81	$ 1,006,064.23
Opening Net Fixed Assets	$ -	$ 45,253.02	$ 4,262,847.68	$ 6,909,681.34
Closing Net Fixed Assets	$ 45,253.02	$ 4,262,847.68	$ 6,909,681.34	$ 6,449,035.91
Average Net Fixed Assets	$ 22,626.51	$ 2,154,050.35	$ 5,586,264.51	$ 6,679,358.62

Net Fixed Assets - Computer Hardware	2006	2007	2008	2009
Opening Capital Investment	$ -	$ -	$ 136,045.20	$ 187,131.69
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ 136,045.20	$ 51,086.49	$ -
Closing Capital Investment	$ -	$ 136,045.20	$ 187,131.69	$ 187,131.69
Opening Accumulated Amortization	$ -	$ -	$ 11,188.97	$ 38,734.87
Amortization Year 1 (5 Years Straight Line)	$ -	$ 11,188.97	$ 27,545.91	$ 29,679.36
Closing Accumulated Amortization	$ -	$ 11,188.97	$ 38,734.87	$ 68,414.23
Opening Net Fixed Assets	$ -	$ -	$ 124,856.24	$ 148,396.82
Closing Net Fixed Assets	$ -	$ 124,856.24	$ 148,396.82	$ 118,717.46
Average Net Fixed Assets	$ -	$ 62,428.12	$ 136,626.53	$ 133,557.14

Net Fixed Assets - Computer Software	2006	2007	2008	2009
Opening Capital Investment	$ -	$ -	$ 102,778.61	$ 176,915.91
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ 102,778.61	$ 74,137.30	$ -
Closing Capital Investment	$ -	$ 102,778.61	$ 176,915.91	$ 176,915.91
Opening Accumulated Amortization	$ -	$ -	$ 16,232.57	$ 61,313.26
Amortization Year 1 (3 Years Straight Line)	$ -	$ 16,232.57	$ 45,080.69	$ 38,534.22
Closing Accumulated Amortization	$ -	$ 16,232.57	$ 61,313.26	$ 99,847.47
Opening Net Fixed Assets	$ -	$ -	$ 86,546.04	$ 115,602.66
Closing Net Fixed Assets	$ -	$ 86,546.04	$ 115,602.66	$ 77,068.44
Average Net Fixed Assets	$ -	$ 43,273.02	$ 101,074.35	$ 96,335.55

Exhibit "B" - 2010 COS Application - 2008 Interim Disposition Model Veridian Connections inc.

Disposition of Smart Meter Deferral Account for Balances as of December 31, 2008 EB-2012-0247

Motion to Review

Net Fixed Assets and UCC

Net Fixed Assets - Tools & Equipment	2006	2007	2008	2009
Opening Capital Investment	$ -	$ -	$ -	$ -
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ -	$ -	$ -
Closing Capital Investment	$ -	$ -	$ -	$ -
Opening Accumulated Amortization	$ -	$ -	$ -	$ -
Amortization Year 1 (10 Years Straight Line)	$ -	$ -	$ -	$ -
Closing Accumulated Amortization	$ -	$ -	$ -	$ -
Opening Net Fixed Assets	$ -	$ -	$ -	$ -
Closing Net Fixed Assets	$ -	$ -	$ -	$ -
Average Net Fixed Assets	$ -	$ -	$ -	$ -

Net Fixed Assets - Other Equipment	2006	2007	2008	2009
Opening Capital Investment	$ -	$ -	$ -	$ -
Capital Investment *(3. LDC Assumptions and Data)*	$ -	$ -	$ -	$ -
Closing Capital Investment	$ -	$ -	$ -	$ -
Opening Accumulated Amortization	$ -	$ -	$ -	$ -
Amortization Year 1 (10 Years Straight Line)	$ -	$ -	$ -	$ -
Closing Accumulated Amortization	$ -	$ -	$ -	$ -
Opening Net Fixed Assets	$ -	$ -	$ -	$ -
Closing Net Fixed Assets	$ -	$ -	$ -	$ -
Average Net Fixed Assets	$ -	$ -	$ -	$ -

Exhibit "B" - 2010 COS Application - 2008 Interim Disposition Model Veridian Connections inc.

Disposition of Smart Meter Deferral Account for Balances as of December 31, 2008 EB-2012-0247

Motion to Review

Net Fixed Assets and UCC
For PILs Calculation

UCC - Smart Meters

CCA Class 47 (8%)	2006	2007	2008	2009
Opening UCC	$ -	$ -	$ 4,191,022.37	$ 6,777,282.98
Capital Additions	$ 46,178.51	$ 4,365,648.30	$ 3,043,273.33	$ -
UCC Before Half Year Rule	$ 46,178.51	$ 4,365,648.30	$ 7,234,295.70	$ 6,777,282.98
Half Year Rule (1/2 Additions - Disposals)	$ 23,089.26	$ 2,182,824.15	$ 1,521,636.67	$ -
Reduced UCC	$ 23,089.26	$ 2,182,824.15	$ 5,712,659.03	$ 6,777,282.98
CCA Rate Class 47	8.0%	8.0%	8.0%	8.0%
CCA	$ 1,847.14	$ 174,625.93	$ 457,012.72	$ 542,182.64
Closing UCC	$ 44,331.37	$ 4,191,022.37	$ 6,777,282.98	$ 6,235,100.34

UCC - Computer Equipment

CCA Class 45 (45%)	2006	2007	2008	2009
Opening UCC	$ -	$ -	$ 185,088.45	$ 198,847.09
Capital Additions Computer Hardware	$ -	$ 136,045.20	$ 51,086.49	$ -
Capital Additions Computer Software	$ -	$ 102,778.61	$ 74,137.30	$ -
UCC Before Half Year Rule	$ -	$ 238,823.81	$ 310,312.24	$ 198,847.09
Half Year Rule (1/2 Additions - Disposals)	$ -	$ 119,411.91	$ 62,611.90	$ -
Reduced UCC	$ -	$ 119,411.91	$ 247,700.35	$ 198,847.09
CCA Rate Class 45	45%	45%	45%	45%
CCA	$ -	$ 53,735.36	$ 111,465.16	$ 89,481.19
Closing UCC	$ -	$ 185,088.45	$ 198,847.09	$ 109,365.90

UCC - General Equipment

CCA Class 8 (20%)	2006	2007	2008	2009
Opening UCC	$ -	$ -	$ -	$ -
Capital Additions Tools & Equipment	$ -	$ -	$ -	$ -
Capital Additions Other Equipment	$ -	$ -	$ -	$ -
UCC Before Half Year Rule	$ -	$ -	$ -	$ -
Half Year Rule (1/2 Additions - Disposals)	$ -	$ -	$ -	$ -
Reduced UCC	$ -	$ -	$ -	$ -
CCA Rate Class 8	20%	20%	20%	20%
CCA	$ -	$ -	$ -	$ -
Closing UCC	$ -	$ -	$ -	$ -

Ontario Energy Board

Commission de l'énergie de l'Ontario

EB-2009-0140

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 Veridian Connections Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective May 1, 2010.

BEFORE: Cynthia Chaplin
Vice-Chair and Presiding Member

Ken Quesnelle
Member

DECISION

BACKGROUND

Veridian Connections Inc. ("Veridian") filed an application with the Ontario Energy Board (the "Board") on October 2, 2009, 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 Veridian charges for electricity distribution, to be effective May 1, 2010.

Veridian is one of over 80 electricity distributors in Ontario regulated by the Board. In 2006, the Board announced the establishment of a multi-year electricity distribution rate-setting plan for the years 2007-2010. In an effort to assist distributors in preparing their applications, the Board issued the *Filing Requirements for Transmission and Distribution Applications* on November 14, 2006. Chapter 2 of that document, as amended on May 27, 2009, outlines the filing requirements for cost of service rate applications, based on a forward test year, by electricity distributors.

On January 29, 2009, the Board informed Veridian that it would be one of the electricity distributors to have its rates rebased for the 2010 rate year. Accordingly, on October 2, 2009, Veridian filed a cost of service application based on 2010 as the forward test year.

The Board assigned the application file number EB-2009-0140 and issued a Notice of Application and Hearing dated October 23, 2009.

In Procedural Order No.1, issued November 23, 2009, the Board granted intervenor status to the Consumer Council of Canada ("CCC"), the Energy Probe Research Foundation ("Energy Probe"), the School Energy Coalition ("SEC") and the Vulnerable Energy Consumers Coalition ("VECC"). The Board granted Ms. Robin Stewart observer status. Also in Procedural Order No.1, the Board made provision for written interrogatories and stated that after its review of the responses, it would determine the next steps in the proceeding. Veridian filed its responses to Board staff and intervenors' interrogatories on January 11, 2010.

In Procedural Order No.2, issued January 27, 2010, the Board decided to proceed with the application by way of a Technical Conference, a Settlement Conference and an oral Hearing. Supplemental interrogatories were to be filed by February 4, 2010. Dates for the conferences, Settlement Proposal and oral Hearing were also specified. A transcribed Technical Conference was held on February 8, 2010.

On February 16 and 17, 2010, Veridian and the intervenors participated in a Settlement Conference with the assistance of a facilitator. As a result of the Settlement Conference, the parties prepared a Settlement Proposal and agreed to present this to the Board. The Settlement Proposal was a complete settlement subject to Veridian's four municipal shareholders and Veridian's parent, Veridian Corporation, accepting the terms and rates of the various debt instruments. Some delay was expected before these approvals would be obtained since approval, in most instances, would be sought at the regularly-scheduled municipal council meetings.

In Procedural Order No.3, issued February 24, 2010, the Board cancelled the oral Hearing ordered in Procedural Order No.2 and ordered that the Settlement Proposal resulting from the Settlement Conference to now be filed by March 5, 2010. On March 4, 2010, Veridian requested – and received – Board approval to extend the filing date for the Settlement Proposal to March 10, 2010. Veridian filed the conditional Settlement

Proposal on March 10, 2010. After correcting a typographic error and a spreadsheet omission, Veridian re-filed the Settlement Proposal on March 24, 2010.

On March 30, 2010, Veridian informed the Board that the four municipal shareholders and Veridian Corporation had approved the terms and rates of the debt instruments thus removing the conditions associated with the Settlement Proposal.

ISSUES

Settlement Proposal

The Settlement Proposal filed on March 24, 2010, by Veridian, CCC, Energy Probe, SEC and VECC together with the March 30, 2010, confirmation from Veridian that the four municipal shareholders and Veridian Corporation had approved the terms and rates of the debt instruments, constitutes a complete settlement of all the issues by the parties. The Settlement Proposal is attached as Appendix 1 of this Decision. The confirmation letter from Veridian is attached as Appendix 2 of this Decision.

Board Findings

The Board has examined the Settlement Proposal and accepts the terms of the proposal and the costs consequences of the proposal as filed by the parties on March 24, 2010. The Board reminds parties that the terms contained in a settlement agreement do not create a precedent for the Board.

The Board commends the parties on achieving settlement of all the issues.

Introduction of MicroFit Generator Service Classification and Rate

Ontario's Feed-In Tariff (FIT) program for renewable energy generation was established in the *Green Energy and Green Economy Act, 2009*. The program includes a stream called micro FIT, which is designed to encourage homeowners, businesses and others to generate renewable energy with projects of 10 kilowatts (kW) or less.

In its EB-2009-0326 Decision and Order, issued February 23, 2010, the Board approved the following service classification definition, which is to be used by all licensed distributors:

microFIT Generator

> *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.*

On March 17, 2010, the Board approved a province-wide fixed service charge of $5.25 per month for all electricity distributors effective September 21, 2009.

Board Findings

As part of its draft Rate Order, Veridian shall identify the MicroFit Generator service classification on its Tariff of Rates and Charges and include the approved monthly service charge of $5.25.

IMPLEMENTATION OF RATES

Pursuant to the approval by the Board of the terms and costs consequences of the Settlement Proposal, the new rates are to be effective May 1, 2010.

The results of the Settlement Proposal together with the Board's findings outlined in this Decision are to be reflected in Veridian's Draft Rate Order. The Board expects Veridian to file detailed supporting material, including all relevant calculations, showing the impact of the implementation of the Settlement Proposal and this Decision on its proposed Revenue Requirement; the allocation of the approved Revenue Requirement to the classes within each Tariff Zone; the determination of the final rates including bill impacts; and, for each Tariff Zone, a reconciliation of the Revenue Requirement with the expected Revenue resulting from the application of the load forecast to the Tariff of Rates and Charges. Supporting documentation shall include, but not be limited to, filing a completed version of the Revenue Requirement Work Form excel spreadsheet which can be found on the Board's website. Veridian should also show detailed calculations of any revisions to the rate riders or rate adders reflecting the Settlement Proposal.

COST AWARDS

The Board may grant cost awards to eligible stakeholders pursuant to its authority under section 30 of the *Ontario Energy Board Act, 1998*. The Board will determine cost awards in accordance with its Practice Direction on Cost Awards. When determining the amounts of the cost awards, the Board will apply the principles set out in section 5 of the Board's Practice Direction on Cost Awards. The maximal hourly rate set out in the Board's Cost Awards Tariff will also be applied.

A cost awards decision will be issued after the following steps have been completed.

1. Intervenors found eligible for cost awards shall file with the Board, and forward to Veridian, their respective cost claims within 24 days from the date of this Decision.

2. Veridian shall file with the Board and forward to intervenors any objections to the claimed costs within 38 days from the date of this Decision.

3. Intervenors shall file with the Board and forward to Veridian any responses to any objections for cost claims within 45 days of the date of this Decision.

A Rate Order will be issued after the steps set out below are completed.

THE BOARD DIRECTS THAT:

1. Veridian shall file with the Board, and shall also forward to the intervenors, a Draft Rate Order attaching a proposed Tariff of Rates and Charges and other filings reflecting the Board's findings in this Decision within 14 days of the date of this Decision.

2. Intervenors shall file any comments on the Draft Rate order with the Board and forward them to Veridian within 7 days of the date of filing of the Draft Rate Order.

3. Veridian shall file with the Board and forward to intervenors, responses to any comments on its Draft Rate Order within 7 days of the date of receipt of intervenor submissions.

DATED at Toronto, March 31, 2010

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

APPENDIX 1

Settlement Proposal

Veridian Connections Inc.
EB-2009-0140

VERIDIAN
CONNECTIONS

55 Taunton Road East
Ajax, ON L1T 3V3
TEL (905) 427-9870
TEL 1-888-445-2881
FAX (905) 619-0210
www.veridian.on.ca

March 24, 2010

Via RESS e-filing – signed original to follow by courier

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

Dear Ms. Walli:

Re: Revision to 2010 Electricity Distribution Rate Application – Settlement Proposal
Board File No.: EB-2009-0140

On March 11th Veridian Connections Inc. ("Veridian") filed its Settlement Proposal with the Board. Since then, the revenue requirement work form (Appendix "F") has been revised and a typographical error has come to our attention on page 5 of 87.

The revenue requirement work form has been revised to reflect the values originally filed in the application, the adjustments resulting from the Settlement Agreement and the final figures, as noted in the column labelled "Per Board Decision". The TLF for the Veridian_Gravenhurst Rate Zone was incorrectly noted as 1.010125. The correct figure is 1.10125. As advised by Board staff, a corrected full electronic version is being filed here. Two paper copies of the revised documents are also provided for updates to the previously filed paper copies.

Veridian would also like to acknowledge that at this time 2 of the 4 municipal shareholder councils have approved of the amendments to the debt instruments as described in section 5b. Veridian will be seeking the approval of the remaining two shareholders councils on March 29, 2010.

Please do not hesitate to contact me at 905-427-9870, extension 2202 if further information is required.

Yours truly,

Original signed by

George Armstrong
Manager, Regulatory Affairs & Key Projects

cc Intervenors of Record for EB-2009-0140
Stephen Shields, Ontario Energy Board
Andrew Taylor, Ogilvy Renault, LLP

EB-2009-0140

Veridian Connections Inc.

Proposed Settlement Agreement

March 10, 2010

This settlement agreement (the "Settlement Proposal" or "Settlement Agreement") is for the consideration of the Ontario Energy Board (the "Board") in its determination of the rate application by Veridian Connections Inc. ("Veridian" or "VCI") for 2010 electricity distribution rates (EB-2009-0140), as updated by Veridian on January 11, 2010 (the "Application Update")(collectively referred to as the "Application").

Veridian's Application was received by the Board on October 2, 2009. Further to Procedural Order #2, dated January 27, 2010, a settlement conference was scheduled for February 16 and 17, 2010 (the "Settlement Conference").

The Settlement Conference was duly convened in accordance with Procedural Order No. 2 with Mr. Chris Haussmann as facilitator. The Settlement Conference concluded on February 17, 2010.

Veridian and the following intervenors (the "Intervenors" and collectively including Veridian, the "Parties") participated in the Settlement Conference:

Energy Probe Research Foundation ("EP")

School Energy Coalition ("SEC")

Vulnerable Energy Consumers Coalition ("VECC")

Consumers Council of Canada ("CCC")

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

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in 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 proposal.

This Agreement represents a complete settlement of all issues. It is 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.

The Parties explicitly request that the Board consider and accept this 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 Settlement 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 Settlement Agreement in its entirety, then there is no settlement unless the Parties agree that those portions of the Settlement Agreement that the Board does accept may continue as a valid settlement.

It should be noted that the proposed long-term debt rate of 5.57%, as well as the terms of the debt instruments held by Veridian Corporation's four municipal shareholders (the "Shareholders") (described in more detail in section 5b below), requires the approval of the municipal councils of each of the Shareholders. As well, the proposed long-term debt rate of 5.57% for the $19,950,000 debt instrument held by Veridian Corporation and the proposed amendments to the terms of that debt instruments require approval by Veridian Corporation's Board of Directors. In the event that either: one or more Shareholder does not obtain such approval of the proposed long-term debt rate and terms; or approval is not obtained from Veridian Corporation, the Parties agree that the following three issues will be addressed by way of oral hearing for determination by the Board:

- the appropriate long-term debt rate (section 5b below);
- the appropriate capital structure (section 5a below); and
- the appropriate return on equity ("ROE") (section 5c below).

Any decision by the Board on these issues will not affect settlement on the remaining issues contained in this Settlement Agreement. For greater clarity, if the municipal councils of all of the Shareholders approve the proposed long-term debt rate and terms as described in section 5b below, the Parties (subject to certain parties taking no position) agree that the capital structure and ROE will be set in accordance with the Board's letter dated February 24, 2010 - Cost of Capital Parameter Updates for 2010 Cost of Service Applications.

It is also agreed that this Settlement 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 Settlement Agreement. However, none of the Parties will in any subsequent proceeding take the position that the resolution therein of any issue settled in this Settlement Agreement, if contrary to the terms of this Settlement Agreement, should be applicable for all or any part of the 2010 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 Settlement Agreement provide further evidentiary support. The Parties agree that this Settlement Agreement and the Appendices form part of the record in EB-2009-0140. The Appendices were prepared by the Applicant. The intervenors are relying on the accuracy and completeness of the Appendices in entering into this Agreement.

There is no approved issues list for this proceeding. However, for the purposes of organizing this Settlement Agreement, and without prejudice to the positions of the Parties with respect to the issues that might otherwise be considered in this proceeding should a hearing be required, the Parties have followed the issues list set out at Appendix "A" to this Settlement Agreement.

The other appendices attached to this Settlement Agreement are:

"B" - VCI 2010 Tariff of Rates and Charges

"C" – Bill Impact Summaries

"D" – Bill Impact Comparison (Application vs Settlement)

"E" – VCI 2010 Revenue Deficiency

"F" – VCI 2010 Revenue Requirement Work Form

"G" – VCI 2010 Schedule of Cost of Capital

"H" – VCI 2010 Summary of Rate Base

"I" – VCI 2010 Appendix 2-N – Depreciation

"J" – VCI 2010 PILs and CCA Mappings

"K" – VCI 2010 OM&A Expenses

"L" - Ajax Building Expansion Project Scenarios

Summary

The following table summarizes the settlement on the key ratemaking components of the Application:

Summary Comparison (Application vs. Settlement

Key Ratemaking Components

Rate Base (Exhibit 2)	**Application**	**Settlement**
Rate Base	$187,675,529	$186,594,959
Working Capital Allowance	$32,927,655	$32,602,576
Capital Expenditures	$25,743,225	$25,443,225
Revenue and Deficiency (Exhibits 3, 6)		
Other Revenue	$4,218,100	$4,463,100
Base Revenue Requirement	$47,648,472	$46,284,010
Service Revenue Requirement	$51,866,572	$50,747,110
Revenue Deficiency	$3,757,603	$2,393,117
Revenue Apportionment to Rate Zones		
Veridian_Main	$44,808,623	$43,525,482
Veridian_Gravenhurst	$2,839,849	$2,758,527
Operating Costs (Exhibit 4)		
OM&A	$22,236,324	$21,486,324
Amortization	$12,947,743	$12,743,021
Grossed-up PILs	$3,098,385	$3,193,898
Revenue Deficiency	$3,757,603	$2,393,117
Cost of Capital and ROR (Exhibit 5)		
Short-Term Interest Rate	1.33%	2.07%
Weighted Average Long-Term Interest Rate	7.11%	5.57%
Return on Equity	8.01%	9.85%
Regulated Rate of Return	7.24%	7.14%
Debt Structure	4% STD, 56% LTD	4% STD, 56%
LTD		
Cost Allocation (Exhibit 7)		

No Changes in Methodology or
Proposed Revenue/Cost Ratios

Rate Design (Exhibit 8)

Loss Adjustment Factors

Rate Zone	DLF	SFLF	TLF
Veridian_Main	1.02995	1.0138	1.04416
Veridian_Gravenhurst	1.06504	1.034	1.10125

Bill Impacts

Veridian_Main:

Residential – 800 kWh

	APPLICATION	SETTLEMENT
Distribution Charges Impact	$2.65 or 11.2%	$1.93 or 8.1%
Total Bill Impact	($0.95) or (1.0%)	($1.77) or (1.9%)

GS < 50 kW – 2,000 kWh

	APPLICATION	SETTLEMENT
Distribution Charges Impact	$2.27 or 4.6%	$0.88 or 1.8%
Total Bill Impact	($6.93) or (3.1%)	($8.59) or (3.8%)

Veridian_Gravenhurst:

Residential –Urban - 800 kWh

	APPLICATION	SETTLEMENT
Distribution Charges Impact	$4.52 or 17.7%	$3.77 or 14.8%
Total Bill Impact	$7.77 or 7.9%	$7.02 or 7.2%

Residential –SubUrban - 800 kWh

	APPLICATION	SETTLEMENT
Distribution Charges Impact	$5.89 or 19.9%	$4.93 or 16.6%
Total Bill Impact	$9.14 or 9.0%	$8.18 or 8.0%

Residential –SubUrban-Seasonal - 800 kWh

	APPLICATION	SETTLEMENT
Distribution Charges Impact	$8.42 or 17.0%	$6.79 or 13.7%
Total Bill Impact	$11.91 or 9.8%	$10.28 or 8.4%

GS < 50 kW – 2,000 kWh

	APPLICATION	SETTLEMENT
Distribution Charges Impact	$9.19 or 18.5%	$7.70 or 15.5%
Total Bill Impact	$17.28 or 7.4%	$15.79 or 6.7%

Variance and Deferral Accounts (Exhibit 9)

No Changes in Methodology or Proposed Dispositions

In addition, the Parties agree to the following as part of this Settlement Agreement:

1) Veridian will file a lead-lag study with its next cost of service rate application;

2) Veridian will file an analysis with its next cost of service rate application on the differences in the cost of service between Veridian Main and Veridian Gravenhurst; and

3) In the event that that Board is unable to implement Veridian's distribution rates by May 1, 2010, the intervenors will support a May 1, 2010 effective date for distribution rates.

The revenue requirement and rate adjustments arising from this Settlement Agreement will allow Veridian to make the necessary investments to serve customers, maintain the integrity of the distribution system, to maintain and improve the quality of its service and to meet all compliance requirements during 2010.

While Veridian has filed budgets for the Test Year that are illustrative of how it would achieve these goals, as is always the case with forward test year cost of service cases, the actual decisions as to how to allocate resources, and in what areas to spend the agreed-upon capital and OM&A, are ones that must be made by the utility during the course of the year, subject to the Board's normal review in subsequent proceedings.

Settlement Terms by Issue

1. **Administration (Exhibit 1)**

1 a. Has Veridian responded appropriately to all interrogatories?

Complete Settlement: For the purpose of obtaining a complete settlement of all issues, the Parties agree that the interrogatory responses are sufficient for the purposes of the record in this proceeding,

Evidence: Responses to interrogatories received pursuant to Procedural Order #1, dated November 23, 2009 and Procedural Order #2, dated January 27, 2010.

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

1 b. Is there any key information still missing?

Complete Settlement: For the purpose of obtaining a complete settlement of all issues, the Parties agree that the record before the Board is sufficient to support the resolution of those issues as proposed herein.

Evidence: N/A

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

1 c. Has Veridian responded appropriately to all relevant Board directions from previous proceedings?

Complete Settlement: For the purpose of obtaining a complete settlement of all issues, the Parties accept Veridian's evidence that it has responded appropriately to all relevant Board directions from previous proceedings.

Evidence: Exhibit 1, Tab 1, Schedule 14.

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

2. Rate Base (Exhibit 2)

2 a. Are Veridian's planning assumptions (asset condition, economic, business, etc.) appropriate? (Also Exhibit 4)

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties agree that VCI's assumptions on asset condition, economic and business planning assumptions for 2010 are an appropriate and reasonable foundation for the settlement herein.

Evidence: Exhibit 1, Tab 2, Schedule 2, Exhibit 2, Tab 3, Schedule 1, Exhibit 2, Tab 5, Schedule 7, Exhibit 4, Tab 2, Schedule 1.

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

2 b. Is the Capital Planning and Budgeting Process appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties agree that VCI's capital planning and budgeting process, as it was implemented in respect of the Test Year, was appropriate.

Evidence: Exhibit 2, Tab 3, Schedules 1 and 2, Exhibit 2, Tab 11, Schedule 1, Application Update: Exhibit 3, Tab 1

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

2 c. Has the Working Capital Allowance been determined appropriately? (Also Exhibit 6)

Complete Settlement: Veridian agrees to recalculate the 2010 Cost of Power for working capital purposes using an estimated average commodity cost for all sales based on the weighted average of the RPP and non-RPP costs (as requested to be calculated in VECC IR #5). As a result, the forecast Cost of Power has been reduced by $1,417,196

and Working Capital Allowance has been reduced by $212,579. Working Capital Allowance has been calculated as 15% of forecast cost of power and controllable distribution expenses, excluding amortization and PILs.

Veridian also agrees that it will carry out a lead-lag study to determine its working capital requirements on a go-forward basis, to be completed in time for its next rebasing.

Evidence: Exhibit 2, Tab 10, Schedule 2, Response to VECC Interrogatory #5.

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

2 d. Are the amounts proposed for Capital Expenditures appropriate?

Complete Settlement: For the purposes of obtaining complete settlement of all issues, the Parties agree that the capital expenditure budget for the Test Year will be reduced by $300,000, representing an estimate of avoided costs of provincial sales tax in the Test Year attributable to the July 1st elimination of the provincial retail sales tax.

With respect to the Ajax Building Expansion Project, the Parties agree to the inclusion of capital expenditures in the Test Year capital budget as filed by the Applicant. However, in light of the concern of the intervenors that the required capital spending may be less than the forecast, or that the in-service date will not be in 2010, the Parties also agree to the establishment of a variance account to be in effect for the Test Year and subsequent IRM period until Veridian's next cost of service rebasing period. The purpose of the variance account will be to track the revenue requirement impacts in the test year and subsequent IRM period resulting from Veridian's capital investment and associated OM&A costs for its proposed Ajax Building Expansion Project. The total capital expenditures related to that project in the Test Year have been forecast at $6,000,000 and a reduction in normalized OM&A costs of $163,151. The "as-filed" accounting impact of the Project, both OM&A and capital (including amortization and return on capital) forms the baseline for variances for the years 2010 through 2013 or the end of the IRM period. The baseline includes the expected accounting entries related to the Project for each of those years, including the initial test year under cost of service, and the subsequent three years where rates are expected to be set under the IRM formula. Actuals will then be compared to that baseline, and entries to the variance account will reflect the difference between actuals and baseline each year.

The variance account will capture the following:

a. Asymmetric revenue requirement variances resulting if actual capital costs are less than forecast capital costs. The reduction in revenue requirement would be credited to the variance account for future distribution to ratepayers.

b. The decrease in revenue requirement for the Test Year, and the change (increase or decrease) in revenue requirement for each of the subsequent IRM years, due to a change of in-service date of the Ajax Building Expansion Project from 2010 or beyond. The annual increase or decrease in revenue requirement would be recorded in the variance account. The cumulative balance would be distributed to ratepayers in the future.

By way of example, and without limiting the generality of the foregoing, the parties have annexed to this Agreement as Appendix "L" a numerical example showing the hypothetical calculation of the variance account in different scenarios.

Appendix "L" sets out four Scenarios.

Scenario 1 is the agreed baseline, i.e. the amounts that are assumed to be the accounting costs and savings each year for the Project on an "as-filed" basis. The Parties agree that it is accounting variations from this baseline that are to be captured through entries to the variance account.

Scenario 2 illustrates the same calculation for each year, but with a lower total cost of the Project in 2010, and identifies the variance account entries that would reflect that lower cost in that scenario.

Scenario 3 then illustrates the variance account entries if the Project does not come into service until March 31, 2011. In that scenario, the capital costs are delayed, so amortization and return on capital are lower in years 2010 and 2011, but the OM&A savings are also delayed, increasing OM&A in 2011 to partially offset the delay in the capital cost.

Scenario 4 is similar to Scenario 3, but with a lower total cost of the Project as well.

The Parties agree that Appendix "L" correctly describes the operation of the variance account in the specific examples, and agree that the actual entries in the variance account should be consistent with the rules underlying those calculations.

Evidence: Exhibit 2, Tabs 4 and 5, Response to Energy Probe, Interrogatory #1, Application Update, Exhibits 1 and 3

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

2 e. Are the amounts proposed for the Rate Base appropriate?

Complete Settlement: The Applicant agrees to adjust 2009 capital additions to the value of Veridian's 2009 actual capital additions (in-service by December 31st, 2009). This results in a reduction of 2009 capital additions and of 2010 opening rate base of $375,000. Veridian also agrees to apply full year amortization to the 2009 capital additions of $16,200,596, to be consistent with the accounting treatment assumed in the previous cost of service proceeding in 2006, and consistent with the accounting rules applied in 2007 and 2008. This results in an increase in 2009 amortization, and a resulting reduction in opening rate base, of $433,773.

Evidence: Exhibit 2, Tab 10, Schedule 2, Response to VECC Interrogatory #5, Response to SEC Technical Conference Interrogatory #9.

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

Opposing parties: None

3. Loads, Customers – Throughput Revenue (Exhibit 3)

3a. Are the customer and load forecasts (including methodology and weather normalization) appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the customer and load forecasts, including methodology and weather normalization.

Evidence: Exhibit 3, Tabs 4, 5, 6 and 7

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

3 b. Is the impact of CDM initiatives suitably reflected in the load forecast?

Complete Settlement: Veridian has not included any CDM program impacts in the 2010 load forecast as details regarding Ontario Power Authority programs in the test year were not available at the time that the load forecast was prepared. For the purpose of obtaining complete settlement of all issues, the Parties agree that this treatment is appropriate.

Evidence: N/A

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

3 c. Are the proposed Loss Factors suitably reflected in the load forecast?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the intervenors accept the evidence of Veridian that the proposed Loss Factors have been suitably reflected in the load forecast.

Evidence: Exhibit 3, Tab 7, Schedule 3

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

3 d. Is the proposed amount for Revenue Offsets appropriate?

Complete Settlement: Veridian agrees to increase its 2010 forecast of Revenue Offsets by $245,000, from $4,218,100 to $4,463,100. Veridian has agreed to this increase for two reasons. First, Veridian has identified that there will be additional shared services provided to its affiliate on a one-time basis through the renewal of a transitional services agreement. Second, the amount of 2009 actual revenue offsets was $245,643 higher than the 2009 forecast of revenue offsets. The Parties agree for the purposes of settlement that a total increase of Revenue Offsets by $245,000 appropriately accounts for these two factors. This increase has been added to the grouping of Other Income and Expenses.

Evidence: Exhibit 3, Tab 8, Schedule 1, Application Update, Exhibit 1, Page 3, Response to SEC Technical Conference Interrogatory #1.

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

3e. Are the Specific Service Charges and revenues appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept that the proposed Specific Service Charges are consistent with the levels established by the Board, and accept the forecast revenues therefrom.

Evidence: Exhibit 3, Tab 8, Schedule 1, Application Update, Exhibit 1, Page 3,

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

3 f. Is the calculation of the proposed Service and Distribution Revenue Requirements appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept Veridian's the calculation of the proposed Service and Distribution Revenue Requirements as set forth in Schedule F to this Agreement.

Evidence: Exhibit 6, Tab 1, Schedule 1

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

4. Operating Costs (Exhibit 4)

4a. Are the proposed Shared Services (including methodologies and Service Agreements) appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept for the Test Year the proposed Shared Services (including methodologies and Service Agreements).

Evidence: Exhibit 4, Tab 6, Schedule 4

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

4 b. Are the Staffing Resources and related costs appropriate?

Complete Settlement: Please see Issue 4 f.

Evidence: Exhibit 4, Tab 5

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

4 c. Is Veridian's capitalization policy and depreciation (policy and expenses) appropriate?

Complete Settlement: Please see Issue 2e on treatment of bridge year amortization. Veridian agrees to change the useful life for amortization purposes of the Ajax Building Expansion from the proposed life of 32 years to 50 years in accordance with that provided in the OEB Accounting Procedures Handbook.

Evidence: Exhibit 4, Tab 8, Application Update, Exhibit 4, Tab 8

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

4 d. Is Veridian's proposed method of handling the GST/PST to HST change appropriate?

Complete Settlement: Please see Issues 2d and 4f.

Evidence: Response to EP Interrogatory #1.

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

4 e. Is the Payment in Lieu of Taxes (including methodology) appropriate?

Complete Settlement: The Parties agree to increase Veridian's 2010 forecast of Tax Credits from $19,506 to $110,000 for apprenticeship tax credits available in the Test Year. Veridian will also recalculate its test year taxes using a provincial tax rate of 13% and will include a reduction of income taxes payable by $18,905 related to the reduction in the small business rate from 5.5% to 4.5% on the first $500,000 of taxable income and the elimination of the 4.25% surtax on taxable income over $500,000 up to $1.5 million, both effective July 1, 2010.

Evidence: Response to EP Interrogatory #34, EP Interrogatory #50 and Board Staff Interrogatory #31

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

4 f. Are the overall levels of OM&A budgets appropriate?

Complete Settlement: Veridian agrees to reduce its 2010 forecast OM&A expenses by $750,000. This reduction includes, but is not limited to the following:

i) An estimate of avoided costs of $24,237 in provincial sales tax in the Test Year attributable to the July 1st elimination of the provincial retail sales tax

ii) Elimination of proposed staffing related to the Board's initiative on Low-Income Energy Assistance Program (LEAP-EB-2008-0150) and proposed amendments to customer service standards (EB-2007-022)

Annexed to this Agreement as Appendix "K" is a revised OM&A forecast for the Test Year, prepared by Veridian, reflecting the new total OM&A.

Evidence: Response to EP Interrogatory #34, EP Interrogatory #50 and Board Staff Interrogatory #31

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

5. Cost of Capital and Rate of Return

5 a. Is the proposed Capital structure appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, and subject the settlement of Issue 5b below, the Parties accept the proposed capital structure for the test year.

Evidence: Exhibit 4, Tab 6, Schedule 4

Supporting parties: SEC, VCI

Parties taking no position: EP, CCC and VECC

Opposing parties: None

5 b. Is the Cost of Debt appropriate?

Complete Settlement:

Veridian's total debt obligation to its municipal shareholders is $43,588,000, as set out in the following table:

Note Holder	**Amount ($)**
Town of Ajax	14,060,000
City of Belleville	5,588,000
Municipality of Clarington	5,966,000
City of Pickering	17,974,000
Total	**43,588,000**

Veridian agrees, and confirms that its municipal shareholders have agreed (subject to council approvals as set forth below), that the terms of all existing non-arms length debt owing by Veridian to the said municipal shareholders will be amended as follows:

1. ***Term.*** The term of each promissory note shall be 30 years, subject to the limited early redemption or repayment rights set forth below.

2. ***Interest.*** The interest rate shall be as follows:

a. For the period from May 1, 2010 to and including December 31, 2014, 5.57%, being the Board's deemed long-term debt rate, less 30 basis points

b. For each five year period after that date, the Board's deemed long-term debt rate set closest in time to the start of the period, less the same fixed 30 basis points. By way of example, if on February 15, 2015 the Board establishes a deemed long term-debt rate of 7.00%, for regulatory purposes, the rate on the notes commencing January 1, 2015 will be 6.7%, and will be fixed at that rate until December 31, 2019.

Notwithstanding the implementation date of the updated interest rate as stated in clause 2(a) of this proposed settlement agreement, the effective interest rate used to calculate Veridian's Cost of Debt in the 2010 test year for the purpose of setting distribution rates shall be 5.57%.

3. ***Redemption or Repayment.*** Notes shall not be callable by the holder(s) except pursuant to a duly enacted resolution or bylaw of the municipality holding the note(s) certifying that the funds are required for the purpose of spending the funds for municipal matters, including but not limited to: (i) spending on capital projects; (ii) the acquisition of assets by such municipal shareholder; (iii) replenishing and/or increasing the level of the reserves/reserve funds held by the municipal shareholder. In those circumstances, and subject to the following, any note can be called on six months notice in whole or in part by any holder, notwithstanding that other holders of shareholder debt have not called all or any part of their notes. For greater certainty, the notes shall not be callable by the holder(s) for the purpose of reinvesting the funds.

The Parties acknowledge that, while the Treasurers of each of the municipal shareholders have approved and recommended the above changes to the terms of the promissory notes, those changes require the approval of the Municipal Councils of the shareholders. In the event that one or more of the said councils does not approve of these changes on or before March 31, 2010, this issue (5b) would be considered unsettled in all respects. Veridian agrees to provide an update to the Board and to the Intervenors on the status of this proposal as it stands before the Municipal Councils on March 24, 2010.

Veridian also has two 10-year debt instruments with its parent Veridian Corporation. One of the debt instruments is for $22,648,300 and bears an interest rate of 5.56% ("Instrument 1"), and the other is for $19,950,000 that has a variable interest rate to be set annually at the same level as the Board's deemed long-term debt rate ("Instrument 2"). For the purpose of obtaining complete settlement of all issues, the Parties agree that for

Instrument 1 the debt rate of 5.56% will be used for the purpose of establishing Veridian's Cost of Debt, without amendment to Instrument 1.

With respect to Instrument 2, Veridian agrees, and confirms that Veridian Corporation has agreed (subject to approval as set forth below), that the terms of Instrument 2 will be amended as follows:

1. ***Term.*** The term of the promissory note shall be 30 years.

2. ***Interest.*** The interest rate shall be as follows:

    a. For the period from May 1, 2010 to and including December 31, 2014, 5.57%, being the Board's deemed long-term debt rate, less 30 basis points

    b. For each five year period after that date, the Board's deemed long-term debt rate set closest in time to the start of the period, less the same fixed 30 basis points. By way of example, if on February 15, 2015 the Board establishes a deemed long-term debt rate of 7.00%, for regulatory purposes, the rate on the notes commencing January 1, 2015 will be 6.7%, and will be fixed at that rate until December 31, 2019.

Notwithstanding the implementation date of the updated interest rate as stated in clause 2(a) of this proposed settlement agreement, the effective interest rate used to calculate Veridian's Cost of Debt in the 2010 test year for the purpose of setting distribution rates shall be 5.57%.

The Parties acknowledge that these changes require approval by Veridian Corporation by way of resolution by Veridian Corporation's Board of Directors.

These changes would reduce the weighted average long-term debt rate for calculating VCIs 2010 Cost of Capital for ratemaking purposes from 7.11% as filed in the Application to 5.57%.

In the event that, pursuant to this Agreement, issue 5b is considered unsettled as aforesaid, issues 5a and 5c will also be considered to be unsettled in all respects as well.

All three such issues will then be dealt with by the Board in an oral hearing at such time as the Board shall determine.

Veridian has adjusted the Deemed Short-Term Debt Rate to 2.07% as provided by the Board in its letter dated February 24, 2010 – Cost of Capital Parameter Updates for 2010 Cost of Service Applications. The Parties accept that this rate is appropriate.

Evidence: Exhibit 4, Tab 6, Schedule 4

Supporting parties: SEC, VCI, EP, CCC

Parties taking no position: VECC

Opposing parties: None

5 c. Is the proposed Rate of Return on Equity appropriate?

Complete Settlement: Veridian has adjusted Return on Equity to 9.85% as provided by the Ontario Energy Board in its letter dated February 24, 2010 – Cost of Capital Parameter Updates for 2010 Cost of Service Applications. For the purpose of obtaining complete settlement of all issues, and subject to issue 5b above, those Parties agreeing to the settlement of this issue accept the use of the said ROE for the test year.

Evidence: Exhibit 4, Tab 6, Schedule 4

Supporting parties: SEC, VCI

Parties taking no position: EP, CCC and VECC

Opposing parties: None

6. Calculation of Revenue Deficiency or Surplus (Exhibit 6)

6 a. Is the calculation of Revenue Deficiency appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the calculation of revenue deficiency set out in Schedule E attached.

Evidence: Exhibit 6, Tab 1, Schedules 1 and 2

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

6 b. Is the apportionment of the Revenue requirement between rate zones appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed 2010 apportionment of the revenue requirement between rate zones. Veridian agrees that it will complete a study, to be tabled at or before its next Cost of Service rebasing rate application, to determine the differences in cost of service for its Main and Gravenhurst rate zones.

Evidence: Exhibit 6, Tab 2, Schedules 2

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

7. Cost Allocation (Exhibit 7)

7 a. Is Veridian's cost allocation appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept Veridian's cost allocation for the test year.

Evidence: Exhibit 7, Tab 1, Schedule 2

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

7 b. Are the proposed revenue-to-cost ratios appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed revenue-to-cost ratios for the test year.

Evidence: Exhibit 7, Tab 3, Schedule 1

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

8. Rate Design (Exhibit 8)

8 a. Are the customer charges and the fixed-variable splits for each class appropriate?

Complete Settlement: For the purposes of obtaining complete settlement of all issues, the Parties accept the customer charges and the fixed-variable splits for each class for the test year.

Evidence: Exhibit 8, Tab 2, Schedules 1 and 2, Exhibit 8, Tab 3, Schedules 1 and 2

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

8 b. Is Veridian's proposed Tariff of Rates and Charges appropriate?

Complete Settlement: The intervenors are entering into this Agreement in reliance on Veridian's representation that Veridian's proposed Tariff of Rates and Charges correctly reflects the terms of this Agreement.

Evidence: Exhibit 8, Tab 7, Schedule 1, Application Update, Exhibit 4, Tab 7

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

8 c. Are the customer bill impacts appropriate?

Complete Settlement: Veridian has attached a summary of customer bill impacts resulting from all adjustments (at Appendix "C" and changes contained within this settlement agreement (at Appendix "D"). For the purpose of obtaining complete settlement of all issues, the Parties accept the customer bill impacts for the test year.

Evidence: Exhibit 8, Tab 7, Schedule 2, Application Update, Exhibit 4, Tabs 10 and 11

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

8 d. Are the proposed Retail Transmission Service and Low Voltage rates appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed Retail Transmission and Low Voltage rates .

Evidence: Exhibit 8, Tabs 4 and 5

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

8 e. Is the Smart Meter funding adder appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed Smart Meter Funding Adder.

Evidence: Exhibit 9, Tab 4, Schedule 6

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

8 f. Is the rate mitigation appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed rate mitigation.

Evidence: Exhibit 8, Tab 7, Schedule 3

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

8 g. Is the resulting Distribution Revenue appropriate?

Complete Settlement: The intervenors have relied on the calculation of distribution revenue by Veridian as set for the in Schedule F attached..

Evidence: Exhibit 8, Tab 7, Schedule 4

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

9. Deferral and Variance Accounts (Exhibit 9)

9 a. Is the proposal for the amounts, disposition and continuance of Veridian's Deferral and Variance accounts appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed amounts, disposition and continuance of Veridian's Deferral and Variance accounts, subject to the changes therefore set forth elsewhere in this Agreement.

Evidence: Exhibit 9, Tab 3, Schedules 1,2,3 and 4

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

9 b. Is the proposed treatment of Account 2425 appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed treatment of Account 2425.

Evidence: Exhibit 9, Tab 3, Schedule 2

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

9 c. Is the proposed Z-factor accounting treatment of 2009 PCB testing costs appropriate?

Complete Settlement: For the purpose of obtaining complete settlement of all issues, the Parties accept the proposed Z-factor treatment of 2009 PCB testing costs.

Evidence: Exhibit 9, Tab 2, Schedule 2

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

9 d. Are the proposed Deferral and Variance Account rate riders appropriate?

Complete Settlement: The intervenors have relied on Veridian's calculation of the proposed Deferral and Variance Account rate riders as being consistent with the evidence and in accordance with this Agreement.

Evidence: Exhibit 9, Tab 3, Schedule 4

Supporting parties: VCI, SEC, EP, CCC, and VECC

Parties taking no position: None.

Opposing parties: None

Appendix "A"
Veridian Connections Inc.
EB-2009-0140
Issues List for Settlement Conference, February 16 & 17, 2010

1. **ADMINISTRATION (Exhibit 1)**
   a. Has Veridian responded appropriately to all interrogatories?
   b. Is there any key information still missing?
   c. Has Veridian responded appropriately to all relevant Board directions from previous proceedings?

2. **RATE BASE (Exhibit 2)**
   a. Are Veridian's planning assumptions (asset condition, economic, business, etc.) appropriate? (Also Exh.4)
   b. Is the Capital Planning and Budgeting Process appropriate?
   c. Has the Working Capital Allowance been determined appropriately? (Also Exh.6)
   d. Are the amounts proposed for Capital Expenditures appropriate?
   e. Are the amounts proposed for the Rate Base appropriate?

3. **LOADS, CUSTOMERS - THROUGHPUT REVENUE (Exhibit 3)**
   a. Are the customer and load forecasts (including methodology and weather normalization) appropriate?
   b. Is the impact of CDM initiatives suitably reflected in the load forecast? (Also Exh.4)
   c. Are the proposed Loss Factors suitably reflected in the load forecast? (Also Exh.8)
   d. Is the proposed amount for Revenue Offsets appropriate?
   e. Are the Specific Service Charges and revenues appropriate? (Also Exhs.1,6 & 8)
   f. Is the calculation of the proposed Service and Distribution Revenue Requirements appropriate?

4. **OPERATING COSTS (Exhibit 4)**
   a. Are the proposed Shared Services (including methodologies and Service Agreements) appropriate?
   b. Are the Staffing Resources and related costs appropriate?
   c. Is Veridian's capitalization policy and depreciation (policy and expenses) appropriate?
   d. Is Veridian's proposed method of handling the GST/PST to HST change appropriate?
   e. Is the Payment in Lieu of Taxes (including methodology) appropriate?
   f. Are the overall levels of OM&A budgets appropriate?

5. **COST OF CAPITAL AND RATE OF RETURN (Exhibit 5)**
   a. Is the proposed Capital Structure appropriate?
   b. Is the Cost of Capital / Return on Debt appropriate?
   c. Is the proposed Rate of Return on Equity appropriate?

6. **CALCULATION OF REVENUE DEFICIENCY OR SURPLUS (Exhibit 6)**
   a. Is the calculation of Revenue Deficiency appropriate?
   b. Is the apportionment of the Revenue Requirement between rate zones appropriate?

7. **COST ALLOCATION (Exhibit 7)**
   a. Is Veridian's cost allocation appropriate?
   b. Are the proposed revenue-to-cost ratios appropriate?

8. RATE DESIGN (Exhibit 8)

a. Are the customer charges and the fixed-variable splits for each class appropriate?
b. Is Veridian's proposed Tariff of Rates and Charges appropriate? (Also Exh.1)
c. Are the customer bill impacts appropriate?
d. Are the proposed Retail Transmission Service and Low Voltage rates appropriate?
e. Is the Smart Meter funding adder appropriate? (Also Exhs.2 & 9)
f. Is the rate mitigation appropriate?
g. Is the resulting Distribution Revenue appropriate?

9. DEFERRAL AND VARIANCE ACCOUNTS (Exhibit 9)

a. Is the proposal for the amounts, disposition and continuance of Veridian's Deferral and Variance accounts appropriate?
b. Is the proposed treatment of Account 2425 appropriate?
c. Is the proposed Z-factor accounting treatment of 2009 PCB testing costs appropriate?
d. Are the proposed Deferral and Variance Account rate riders appropriate (Also Exh.8)

10. OTHER ISSUES

TBD

Appendix "B" - Veridian Connections Inc.

Revised - Veridian Connections_Main - Tariff of Rates and Charges

Residential		**Effective May 1/10**
Service Charge	$	11.06
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$/kWh	0.0156
Low Voltage Cost Rate Adder	$/kWh	0.0006
Regulatory Asset Recovery Rate Rider (effective until April 30, 2012)	$/kWh	(0.0045)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0047
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0033
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers) (effective until April 30, 2012)	$/kWh	0.0019
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

General Service Less Than 50 kW

Service Charge	$	13.69
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$	0.0169
Low Voltage Cost Rate Adder	$/kWh	0.0005
Regulatory Asset Recovery Rate Rider (effective until April 30, 2012)	$/kWh	(0.0046)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0030
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers, except Public Sector non-RPP)(effective until April 30, 2012)	$/kWh	0.0019
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

General Service 50 to 2,999 kW

Service Charge	$	134.72
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$/kW	3.0172
Low Voltage Cost Rate Adder	$/kW	0.2462
Regulatory Asset Recovery Rate Rider (effective until April 30, 2012)	$//kW	(1.8069)
Retail Transmission Rate – Network Service Rate	$/kW	2.0883
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4423
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers) (effective until April 30, 2012)	$/kWh	0.0019
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

		Effective May 1/10
General Service 3,000 to 4,999 kW		
Service Charge	$	5,333.07
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$/kW	1.4111
Low Voltage Cost Rate Adder	$/kW	0.2710
Regulatory Asset Recovery Rate Rider (effective until April 30, 2012)	$/kW	(1.7658)
Retail Transmission Rate – Network Service Rate	$/kW	2.2916
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.5874
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers) (effective until April 30, 2012)	$/kWh	0.0019
Standard Supply Service – Administrative Charge (if applicable)	$	0.25
Large Use		
Service Charge	$	8,011.37
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$/kW	1.6807
Low Voltage Cost Rate Adder	$/kW	0.2710
Regulatory Asset Recovery Rate Rider (effective until April 30, 2012)	$/kW	(2.5329)
Retail Transmission Rate – Network Service Rate	$/kW	2.2916
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.5874
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers) (effective until April 30, 2012)	$/kWh	0.0019
Standard Supply Service – Administrative Charge (if applicable)	$	0.25
Unmetered Scattered Load		
Service Charge (per connection)	$	7.47
Distribution Volumetric Rate	$/kWh	0.0185
Low Voltage Cost Rate Adder	$/kWh	0.0005
Regulatory Asset Recovery Rate Rider (effective until April 30, 2012)	$/kWh	(0.0045)
Retail Transmission Rate – Network Service Rate	$/kWh	0.0043
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0030
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013

Revised - Veridian Connections_Main - Tariff of Rates and Charges

Sentinel Lighting		**Effective May 1/10**
Service Charge (per connection)	$	2.84
Distribution Volumetric Rate	$/kW	8.8454
Low Voltage Cost Rate Adder	$/kW	0.1527
Regulatory Asset Recovery Rate Rider (effective until April 30, 2012)	$/kW	(1.6712)
Retail Transmission Rate – Network Service Rate	$/kW	1.2936
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	0.8946
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.2500

Street Lighting

Service Charge (per connection)	$	0.65
Distribution Volumetric Rate	$/kW	3.6272
Low Voltage Cost Rate Adder	$/kW	0.1609
Regulatory Asset Recovery Rate Rider (effective until April 30, 2012)	$/kW	(1.6256)
Retail Transmission Rate – Network Service Rate	$/kW	1.3659
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	0.9426
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.2500

Specific Service Charges

Customer Administration		
Arrears Certificate	$	15.00
Statement of Account	$	15.00
Request for other billing information	$	15.00
Easement 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
Account set up charge / change of occupancy charge	$	30.00
Special Meter reads	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Disconnect/Reconnect at meter – during regular hours	$	65.00
Disconnect/Reconnect at meter – after regular hours	$	185.00

Revised - Veridian Connections_Main - Tariff of Rates and Charges

Non-Payment of Account		**Effective May 1/10**
Late Payment - per month	%	1.50
Collection of account charge – no disconnection	$	30.00
Disconnect/Reconnect at meter – during regular hours	$	65.00
Disconnect/Reconnect at meter – after regular hours	$	185.00
Install / remove load control device – during regular hours	$	65.00
Install / remove load control device – after regular hours	$	185.00
Temporary service install and remove – overhead – no transformer	$	500.00
Temporary service install and remove – overhead - with transformer	$	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	$	22.35
Customer Substation Isolation - After Hours	$	905.00
Retail Service Charges (if Applicable)		
Retailer Service Agreement -- standard charge	$	100.00
Retailer Service Agreement -- monthly fixed charge (per retailer)	$	20.00
Retailer Service Agreement -- monthly variable charge (per customer)	$	0.50
Distributor-Consolidated Billing -- monthly charge (per customer)	$	0.30
Retailer-Consolidated Billing -- monthly credit (per customer)	$	(0.30)
Service Transaction Request -- request fee (per request)	$	0.25
Service Transaction Request -- processing fee (per processed request)	$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customer, 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
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)
LOSS FACTORS		
Total Loss Factor - Secondary Metered > 5000 kW		1.0442
Total Loss Factor - Primary Metered Customer < 5,000 kW		1.0442
Total Loss Factor - Primary Metered Customer >5,000 kW		1.0145

Appendix "B" Veridian Connections Inc.

Revised - Veridian Connections_Gravenhurst - Tariff of Rates and Charges

Residential Urban Year-Round		**Effective May 1/10**
Service Charge	$	9.95
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$/kWh	0.0192
Low Voltage Cost Rate Adder	$/kWh	0.0029
Regulatory Asset Recovery Rate Rider (effective until April 30, 2014)	$/kWh	0.0030
Retail Transmission Rate – Network Service Rate	$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0051
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers) (effective until April 30, 2012)	$/kWh	0.0003
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Residential Suburban Year-Round		
Service Charge	$	14.56
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$	0.0201
Low Voltage Cost Rate Adder	$/kWh	0.0029
Regulatory Asset Recovery Rate Rider (effective until April 30, 2014)	$/kWh	0.0030
Retail Transmission Rate – Network Service Rate	$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0051
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers) (effective until April 30, 2012)	$/kWh	0.0003
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Residential Suburban Seasonal		
Service Charge	$	26.44
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$/kWh	0.0326
Low Voltage Cost Rate Adder	$/kWh	0.0029
Regulatory Asset Recovery Rate Rider (effective until April 30, 2014)	$/kWh	0.0033
Retail Transmission Rate – Network Service Rate	$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0051
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers) (effective until April 30, 2012)	$/kWh	0.0003
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Appendix "B" Veridian Connections Inc.

Revised - Veridian Connections_Gravenhurst - Tariff of Rates and Charges

General Service Less Than 50 kW		**Effective May 1/10**
Service Charge	$	11.49
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$/kWh	0.0195
Low Voltage Cost Rate Adder	$/kWh	0.0026
Regulatory Asset Recovery Rate Rider (effective until April 30, 2014)	$/kWh	0.0030
Retail Transmission Rate – Network Service Rate	$/kWh	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0045
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers, except Public Sector non-RPP) (effective until April 30, 2012)	$/kWh	0.0003
Standard Supply Service – Administrative Charge (if applicable)	$	0.25
General Service 50 to 4,999 kW		
Service Charge	$	110.62
Smart Meter Funding Adder	$	1.00
Smart Meter Cost Recovery Rate Rider (effective until April 30, 2011)	$	0.61
Distribution Volumetric Rate	$/kW	4.0779
Low Voltage Cost Rate Adder	$/kW	0.9486
Regulatory Asset Recovery Rate Rider (effective until April 30, 2014)	$/kW	1.2281
Retail Transmission Rate – Network Service Rate	$/kW	1.9357
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.7915
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Global Adjustment Recovery Rate Rider (applies to non-RPP customers) (effective until April 30, 2012)	$/kWh	0.0003
Standard Supply Service – Administrative Charge (if applicable)	$	0.25
Sentinel Lighting		
Service Charge (per connection)	$	1.57
Distribution Volumetric Rate	$/kW	2.9843
Low Voltage Cost Rate Adder	$/kW	0.7486
Regulatory Asset Recovery Rate Rider (effective until April 30, 2014)	$/kW	0.9363
Retail Transmission Rate – Network Service Rate	$/kW	1.4672
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4138
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013

Appendix "B" Veridian Connections Inc.

Revised - Veridian Connections_Gravenhurst - Tariff of Rates and Charges

Street Lighting		**Effective May 1/10**
Service Charge (per connection)	$	0.43
Distribution Volumetric Rate	$/kW	0.4055
Low Voltage Cost Rate Adder	$/kW	0.7333
Regulatory Asset Recovery Rate Rider (effective until April 30, 2014)	$/kW	1.0537
Retail Transmission Rate – Network Service Rate	$/kW	1.4599
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.3849
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0013
Standard Supply Service – Administrative Charge (if applicable)	$	0.25

Specific Service Charges

Customer Administration		
Arrears Certificate	$	15.00
Statement of Account	$	15.00
Request for other billing information	$	15.00
Easement 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
Account set up charge / change of occupancy charge	$	30.00
Special Meter reads	$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	$	30.00
Disconnect/Reconnect at meter – during regular hours	%	65.00
Disconnect/Reconnect at meter – after regular hours	$	185.00

Non-Payment of Account		
Late Payment - per month	%	1.50
Collection of account charge – no disconnection	$	30.00
Disconnect/Reconnect at meter – during regular hours	$	65.00
Disconnect/Reconnect at meter – after regular hours	$	185.00
Install / remove load control device – during regular hours	$	65.00
Install / remove load control device – after regular hours	$	185.00
Temporary service install and remove – overhead – no transformer	$	500.00
Temporary service install and remove – overhead – with transformer	$	1,000.00
Specific Charge for Access to the Power Poles – per pole/year	$	22.35

Appendix "B" Veridian Connections Inc.

Revised - Veridian Connections_Gravenhurst - Tariff of Rates and Charges

Retail Service Charges (if Applicable)		**Effective May 1/10**
Retailer Service Agreement -- standard charge	$	100.00
Retailer Service Agreement -- monthly fixed charge (per retailer)	$	20.00
Retailer Service Agreement -- monthly variable charge (per customer)	$	0.50
Distributor-Consolidated Billing -- monthly charge (per customer)	$	0.30
Retailer-Consolidated Billing -- monthly credit (per customer)	$	(0.30)
Service Transaction Request -- request fee (per request)	$	0.25
Service Transaction Request -- processing fee (per processed request)	$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customer, 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
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	1.00
LOSS FACTORS		
Total Loss Factor - Secondary Metered < 5000 kW		1.1013
Total Loss Factor - Primary Metered < 5000 kW		

Appendix "C" - Final Settlement - VCI_Main Bill Impact Summary

Customer Class Name	Volume		RPP Rate Class	Distribution Charges		Delivery Sub-total		Total Bill	
	kWh	kW		$ change	% change	$ change	% change	$ change	% change
Residential	800	0	Summer	$1.93	8.1%	($1.67)	(5.5%)	($1.77)	(1.9%)
	1,000	0	Summer	$2.07	7.7%	($2.44)	(6.9%)	($2.56)	(2.3%)
	1,500	0	Summer	$2.42	7.0%	($4.35)	(9.2%)	($4.54)	(2.7%)
	2,000	0	Summer	$2.77	6.5%	($6.25)	(10.6%)	($6.50)	(3.0%)
	5,000	0	Summer	$4.87	5.5%	($17.70)	(13.5%)	($18.30)	(3.4%)
	800	0	n/a	$1.93	8.1%	($0.15)	(0.5%)	($0.24)	(0.3%)
General Service Less Than 50 kW	1,000	0	Non-res.	$0.88	2.8%	($3.74)	(9.5%)	($3.86)	(3.3%)
	2,000	0	Non-res.	$0.88	1.8%	($8.34)	(12.9%)	($8.59)	(3.8%)
	10,000	0	Non-res.	$0.88	0.5%	($45.24)	(17.1%)	($46.43)	(4.3%)
	35,000	0	Non-res.	$0.88	0.1%	($160.53)	(18.0%)	($164.71)	(4.4%)
	25,000	0	Non-res.	$0.88	0.2%	($114.42)	(17.9%)	($117.42)	(4.3%)
	2,000	0	n/a	$0.88	1.8%	($4.54)	(7.0%)	($4.77)	(2.2%)
	25,000	0	n/a	$0.88	0.2%	($66.92)	(10.5%)	($69.70)	(2.7%)
General Service 50 to 2,999 kW	435,000	1,480	n/a	$63.70	1.3%	($1,784.01)	(17.6%)	($1,832.26)	(4.2%)
	100,000	500	n/a	$23.23	1.3%	($690.22)	(19.7%)	($701.32)	(6.2%)
	40,000	100	n/a	$6.71	1.5%	($97.98)	(12.1%)	($102.40)	(2.6%)
General Service 3,000 to 4,999 kW	1,750,000	4,000	n/a	$285.21	2.4%	($3,452.99)	(12.7%)	($3,647.09)	(2.2%)
Large Use	4,200,000	6,800	n/a	$1,490.13	7.5%	($7,753.59)	(16.8%)	($4,930.35)	(1.4%)
Unmetered Scattered Load	800	0	Non-res.	$1.80	8.6%	($1.81)	(6.7%)	($1.91)	(2.2%)
Sentinel Lighting	180	1	Non-res.	$2.40	48.7%	$1.56	25.9%	$1.54	8.0%
Street Lighting	180	1	Non-res.	$0.24	10.2%	($0.57)	(16.6%)	($0.59)	(3.6%)

Note: RPP Rate Class of "n/a" indicates Non-RPP customers subject to the Global Adjustment Rate Rider

Appendix "C" - Final Settlement - VCI_Gravenhurst Bill Impact Summary

Customer Class Name	Volume		RPP Rate Class	Distribution Charges		Delivery Sub-total		Total Bill	
	kWh	kW		$ change	% change	$ change	% change	$ change	% change
Residential Urban Year-Round	800	0	Summer	$3.77	14.8%	$6.27	18.2%	$7.02	7.2%
	1,000	0	Summer	$4.23	14.4%	$7.37	18.1%	$8.31	6.9%
	1,500	0	Summer	$5.38	13.7%	$10.07	17.9%	$11.47	6.4%
	2,000	0	Summer	$6.53	13.3%	$12.79	17.9%	$14.65	6.2%
	5,000	0	Summer	$13.43	12.4%	$29.09	17.7%	$33.75	5.7%
	800	0	n/a	$3.77	14.8%	$6.53	19.0%	$7.22	7.3%
Residential Suburban Year-Round	800	0	Summer	$4.93	16.6%	$7.43	19.2%	$8.18	8.0%
	1,000	0	Summer	$5.49	16.3%	$8.63	19.2%	$9.57	7.6%
	1,500	0	Summer	$6.89	15.7%	$11.58	19.1%	$12.98	7.1%
	2,000	0	Summer	$8.29	15.4%	$14.55	19.1%	$16.41	6.8%
	5,000	0	Summer	$16.69	14.6%	$32.35	19.0%	$37.01	6.2%
	800	0	n/a	$4.93	16.6%	$7.69	19.9%	$8.38	8.2%
Residential Suburban Seasonal	800	0	Summer	$6.79	13.7%	$9.53	16.3%	$10.28	8.4%
	1,000	0	Summer	$7.55	13.5%	$10.99	16.4%	$11.93	8.1%
	1,500	0	Summer	$9.45	13.2%	$14.59	16.5%	$15.99	7.5%
	2,000	0	Summer	$11.35	12.9%	$18.21	16.5%	$20.07	7.3%
	5,000	0	Summer	$22.75	12.4%	$39.91	16.7%	$44.57	6.7%
	800	0	n/a	$6.79	13.7%	$9.79	16.7%	$10.48	8.5%
General Service Less Than 50	1,000	0	Non-res.	$5.00	16.6%	$8.13	20.2%	$9.07	7.6%
	2,000	0	Non-res.	$7.70	15.5%	$13.93	19.9%	$15.79	6.7%
	35,000	0	Non-res.	$96.80	14.0%	$205.99	19.7%	$238.61	5.9%
	25,000	0	Non-res.	$69.80	14.1%	$147.78	19.7%	$171.07	5.9%
	2,000	0	n/a	$7.70	15.5%	$14.57	20.9%	$16.29	7.1%
	25,000	0	n/a	$69.80	14.1%	$155.80	20.8%	$177.40	6.4%
General Service 50 to 4,999 kW	435,000	1,480	n/a	($588.86)	(7.2%)	$1,368.26	10.0%	$1,744.01	3.6%
	100,000	500	n/a	($140.12)	(5.1%)	$506.01	10.9%	$592.39	4.7%
	40,000	100	n/a	$43.04	7.5%	$178.68	18.9%	$213.23	5.1%
Sentinel Lighting	180	1	Non-res.	$3.11	>100%	$4.05	79.8%	$4.20	22.4%
Street Lighting	180	1	Non-res.	$0.15	10.3%	$1.20	28.1%	$1.35	7.5%

Note: RPP Rate Class of "n/a" indicates Non-RPP customers subject to the Global Adjustment Rate Rider

Appendix "D" - Bill Impact Comparison Summary Table

VCI_Main

Customer Class Name		Volume	Distribution Charges		Delivery Sub-total		Total Bill	
		kWh	$ change	% change	$ change	% change	$ change	% change
Residential	Settlement	800	$1.93	8.1%	($1.67)	(5.5%)	($1.77)	(1.9%)
	As Filed	800	$2.65	11.2%	($0.95)	(3.1%)	($0.95)	(1.0%)
General Service Less Than 50 kW	Settlement	2,000	$0.88	1.8%	($8.34)	(12.9%)	($8.59)	(3.8%)
	As Filed	2,000	$2.27	4.6%	($6.93)	(10.7%)	($6.93)	(3.1%)

VCI_Gravenhurst

Customer Class Name		Volume	Distribution Charges		Delivery Sub-total		Total Bill	
		kWh	$ change	% change	$ change	% change	$ change	% change
Residential Urban Year-Round	Settlement	800	$3.77	14.8%	$6.27	18.2%	$7.02	7.2%
	As Filed	800	$4.52	17.7%	$7.02	20.4%	$7.77	7.9%
Residential Suburban Year-Round	Settlement	800	$4.93	16.6%	$7.43	19.2%	$8.18	8.0%
	As Filed	800	$5.89	19.9%	$8.39	21.7%	$9.14	9.0%
Residential Suburban Seasonal	Settlement	800	$6.79	13.7%	$9.53	16.3%	$10.28	8.4%
	As Filed	800	$8.42	17.0%	$11.16	19.0%	$11.91	9.8%
General Service Less Than 50 kW	Settlement	2,000	$7.70	15.5%	$13.93	19.9%	$15.79	6.7%
	As Filed	2,000	$9.19	18.5%	$15.42	22.1%	$17.28	7.4%

Appendix "E" - Veridian 2010 - Test Year Revenue Deficiency

Cost of Capital		
Rate Base	186,594,959	
Requested Rate of Return	7.14%	13,323,866
Cost of Service		
OM&A Expenses	21,486,324	
Amortization	12,743,021	
(PILs)	3,193,898	37,423,243
Service Revenue Requirement		50,747,110
Less: Revenue Offsets		(4,463,100)
Distribution Revenue Requirement		46,284,010
Distribution Revenue at Existing Rates		43,890,892
Revenue Deficiency		(2,393,117)

REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc. (1)

File Number: EB-2009-0140

Rate Year: 2010

Version: *1.0*

Table of Content

Sheet	Name
A	Data Input Sheet
1	Rate Base
2	Utility Income
3	Taxes/PILS
4	Capitalization/Cost of Capital
5	Revenue Sufficiency/Deficiency
6	Revenue Requirement
7	Bill Impacts

Notes:

(1) Pale green cells represent inputs

(2) ***Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.***

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REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
File Number: EB-2009-0140
Rate Year: 2010

Ontario

		Data Input					(1)
		Application		Adjustments		Per Board Decision	
1	**Rate Base**						
	Gross Fixed Assets (average)	$331,835,322	(4)	($452,092)		$331,383,230	
	Accumulated Depreciation (average)	($177,087,447)	(5)	($303,400)		($177,390,847)	
	Allowance for Working Capital:						
	Controllable Expenses	$22,236,324	(6)	($750,000)		$21,486,324	
	Cost of Power	$197,281,376		($1,417,196)		$195,864,180	
	Working Capital Rate (%)	15.00%				15.00%	
2	**Utility Income**						
	Operating Revenues:						
	Distribution Revenue at Current Rates	$43,890,892				$43,890,892	
	Distribution Revenue at Proposed Rates	$47,648,472				$46,284,010	
	Other Revenue:						
	Specific Service Charges	$1,772,300				$1,772,300	
	Late Payment Charges	$618,650				$618,650	
	Other Distribution Revenue	$983,000				$983,000	
	Other Income and Deductions	$844,150				$1,089,150	
	Operating Expenses:						
	OM+A Expenses	$22,236,324		($750,000)		$21,486,324	
	Depreciation/Amortization	$12,947,743		($204,722)		$12,743,021	
	Property taxes						
	Capital taxes	$259,013				$128,696	
	Other expenses						
3	**Taxes/PILs**						
	Taxable Income:						
	Adjustments required to arrive at taxable income	$81,498	(3)			($113,972)	
	Utility Income Taxes and Rates:						
	Income taxes (not grossed up)	$1,950,279				$2,114,990	
	Income taxes (grossed up)	$2,868,057				$3,065,203	
	Capital Taxes	$259,013				$128,696	
	Federal tax (%)	18.00%				18.00%	
	Provincial tax (%)	14.00%				13.00%	
	Income Tax Credits	($19,506)				($110,000)	
4	**Capitalization/Cost of Capital**						
	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%	
	Prefered Shares Capitalization Ratio (%)						
	Cost of Capital						
	Long-term debt Cost Rate (%)	7.11%				5.57%	
	Short-term debt Cost Rate (%)	1.33%				2.07%	
	Common Equity Cost Rate (%)	8.01%				9.85%	
	Prefered Shares Cost Rate (%)						

Notes:

This input sheet provides all inputs needed to complete sheets 1 through 6 (Rate Base through Revenue Requirement), except for Notes that the utility may wish to use to support the components. Notes should be put on the applicable pages to understand the context of each such note.

(1) All inputs are in dollars ($) except where inputs are individually identified as percentages (%)
(2) 4.0% unless an Applicant has proposed or been approved for another amount.
(3) Net of addbacks and deductions to arrive at taxable income.
(4) Average of Gross Fixed Assets at beginning and end of the Test Year
(5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.

REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
File Number: EB-2009-0140
Rate Year: 2010

Ontario

Rate Base

Line No.	Particulars		Application	Adjustments	Per Board Decision
1	Gross Fixed Assets (average)	(3)	$331,835,322	($452,092)	$331,383,230
2	Accumulated Depreciation (average)	(3)	($177,087,447)	($303,400)	($177,390,847)
3	Net Fixed Assets (average)	(3)	$154,747,875	($755,492)	$153,992,383
4	Allowance for Working Capital	(1)	$32,927,655	($325,079)	$32,602,576
5	**Total Rate Base**		$187,675,530	($1,080,571)	$186,594,959

	(1) Allowance for Working Capital - Derivation				
6	Controllable Expenses		$22,236,324	($750,000)	$21,486,324
7	Cost of Power		$197,281,376	($1,417,196)	$195,864,180
8	Working Capital Base		$219,517,700	($2,167,196)	$217,350,504
9	Working Capital Rate %	(2)	15.00%		15.00%
10	Working Capital Allowance		$32,927,655	($325,079)	$32,602,576

Notes

(2) Generally 15%. Some distributors may have a unique rate due as a result of a lead-lag study.
(3) Average of opening and closing balances for the year.

REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
File Number: EB-2009-0140
Rate Year: 2010

Line No.	Particulars		Utility income: Application	Adjustments	Per Board Decision
	Operating Revenues:				
1	Distribution Revenue (at Proposed Rates)		$47,648,472	($1,364,462)	$46,284,010
2	Other Revenue	(1)	$4,218,100	$245,000	$4,463,100
3	Total Operating Revenues		$51,866,572	($1,119,462)	$50,747,110
	Operating Expenses:				
4	OM+A Expenses		$22,236,324	($750,000)	$21,486,324
5	Depreciation/Amortization		$12,947,743	($204,722)	$12,743,021
6	Property taxes		$ -	$ -	$ -
7	Capital taxes		$259,013	($130,317)	$128,696
8	Other expense		$ -	$ -	$ -
9	Subtotal		$35,443,080	($1,085,039)	$34,358,041
10	Deemed Interest Expense		$7,572,332	($1,597,562)	$5,974,771
11	Total Expenses (lines 4 to 10)		$43,015,412	($2,682,601)	$40,332,812
12	**Utility income before income taxes**		$8,851,160	$1,563,139	$10,414,298
13	Income taxes (grossed-up)		$2,868,057	$197,146	$3,065,203
14	**Utility net income**		$5,983,102	$1,365,993	$7,349,096

Notes

(1)	**Other Revenues / Revenue Offsets**			
	Specific Service Charges	$1,772,300		$1,772,300
	Late Payment Charges	$618,650		$618,650
	Other Distribution Revenue	$983,000		$983,000
	Other Income and Deductions	$844,150		$1,089,150
	Total Revenue Offsets	$4,218,100		$4,463,100

REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
File Number: EB-2009-0140
Rate Year: 2010

Taxes/PILs

Line No.	Particulars	Application	Per Board Decision
	Determination of Taxable Income		
1	Utility net income	$6,013,124	$7,351,841
2	Adjustments required to arrive at taxable utility income	$81,498	($113,972)
3	Taxable income	$6,094,622	$7,237,869
	Calculation of Utility income Taxes		
4	Income taxes	$1,950,279	$2,114,990
5	Capital taxes	$259,013	$128,696
6	Total taxes	$2,209,292	$2,243,686
7	Gross-up of Income Taxes	$917,778	$950,213
8	Grossed-up Income Taxes	$2,868,057	$3,065,203
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	$3,127,070	$3,193,899
10	Other tax Credits	($19,506)	($110,000)
	Tax Rates		
11	Federal tax (%)	18.00%	18.00%
12	Provincial tax (%)	14.00%	13.00%
13	Total tax rate (%)	32.00%	31.00%

Notes

REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
File Number: EB-2009-0140
Rate Year: 2010

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
	Application				
		(%)	($)	(%)	($)
	Debt				
1	Long-term Debt	56.00%	$105,098,297	7.11%	$7,472,489
2	Short-term Debt	4.00%	$7,507,021	1.33%	$99,843
3	**Total Debt**	60.00%	$112,605,318	6.72%	$7,572,332
	Equity				
4	Common Equity	40.00%	$75,070,212	8.01%	$6,013,124
5	Preferred Shares	0.00%	$ -	0.00%	$ -
6	**Total Equity**	40.00%	$75,070,212	8.01%	$6,013,124
7	**Total**	100%	$187,675,530	7.24%	$13,585,456
	Per Board Decision				
		(%)	($)	(%)	
	Debt				
8	Long-term Debt	56.00%	$104,493,177	5.57%	$5,820,270
9	Short-term Debt	4.00%	$7,463,798	2.07%	$154,501
10	**Total Debt**	60.00%	$111,956,975	5.34%	$5,974,771
	Equity				
11	Common Equity	40.0%	$74,637,983	9.85%	$7,351,841
12	Preferred Shares	0.0%	$ -	0.00%	$ -
13	**Total Equity**	40.0%	$74,637,983	9.85%	$7,351,841
14	**Total**	100%	$186,594,959	7.14%	$13,326,612

Notes

(1) 4.0% unless an Applicant has proposed or been approved for another amount.

REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
File Number: EB-2009-0140
Rate Year: 2010

Ontario

Line No.	Particulars	Revenue Sufficiency/Deficiency			
		Per Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		$3,758,916		$2,423,037
2	Distribution Revenue	$43,890,892	$43,889,556	$43,890,892	$43,860,973
3	Other Operating Revenue Offsets - net	$4,218,100	$4,218,100	$4,463,100	$4,463,100
4	**Total Revenue**	$48,108,992	$51,866,572	$48,353,992	$50,747,110
5	Operating Expenses	$35,443,080	$35,443,080	$34,358,041	$34,358,041
6	Deemed Interest Expense	$7,572,332	$7,572,332	$5,974,771	$5,974,771
	Total Cost and Expenses	$43,015,412	$43,015,412	$40,332,812	$40,332,812
7	**Utility Income Before Income Taxes**	$5,093,580	$8,851,160	$8,021,180	$10,414,298
8	Tax Adjustments to Accounting Income per 2009 PILs	$81,498	$81,498	($113,972)	($113,972)
9	**Taxable Income**	$5,175,078	$8,932,658	$7,907,208	$10,300,326
10	Income Tax Rate	32.00%	32.00%	31.00%	31.00%
11	**Income Tax on Taxable Income**	$1,656,025	$2,858,450	$2,451,235	$3,193,101
12	**Income Tax Credits**	($19,506)	($19,506)	($110,000)	($110,000)
13	**Utility Net Income**	$3,457,061	$5,983,102	$5,679,946	$7,349,096
14	**Utility Rate Base**	$187,675,530	$187,675,530	$186,594,959	$186,594,959
	Deemed Equity Portion of Rate Base	$75,070,212	$75,070,212	$74,637,983	$74,637,983
15	Income/Equity Rate Base (%)	4.61%	7.97%	7.61%	9.85%
16	Target Return - Equity on Rate Base	8.01%	8.01%	9.85%	9.85%
	Sufficiency/Deficiency in Return on Equity	-3.40%	-0.04%	-2.24%	0.00%
17	Indicated Rate of Return	5.88%	7.22%	6.25%	7.14%
18	Requested Rate of Return on Rate Base	7.24%	7.24%	7.14%	7.14%
19	Sufficiency/Deficiency in Rate of Return	-1.36%	-0.02%	-0.90%	0.00%
20	Target Return on Equity	$6,013,124	$6,013,124	$7,351,841	$7,351,841
21	Revenue Sufficiency/Deficiency	$2,556,063	($30,022)	$1,671,896	($2,746)
22	**Gross Revenue Sufficiency/Deficiency**	$3,758,916 (1)		$2,423,037 (1)	

Notes:
(1) Revenue Sufficiency/Deficiency divided by (1 - Tax Rate)

REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
File Number: EB-2009-0140
Rate Year: 2010

Line No.	Particulars	Revenue Requirement: Application	Revenue Requirement: Per Board Decision
1	OM&A Expenses	$22,236,324	$21,486,324
2	Amortization/Depreciation	$12,947,743	$12,743,021
3	Property Taxes	$ -	$ -
4	Capital Taxes	$259,013	$128,696
5	Income Taxes (Grossed up)	$2,868,057	$3,065,203
6	Other Expenses	$ -	$ -
7	Return		
	Deemed Interest Expense	$7,572,332	$5,974,771
	Return on Deemed Equity	$6,013,124	$7,351,841
8	Distribution Revenue Requirement before Revenues	$51,896,594	$50,749,856
9	Distribution revenue	$47,648,472	$46,284,010
10	Other revenue	$4,218,100	$4,463,100
11	**Total revenue**	$51,866,572	$50,747,110
12	**Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)**	($30,022) (1)	($2,746) (1)

Notes

(1) Line 11 - Line 8

REVENUE REQUIREMENT WORK FORM

Name of LDC: Veridian Connections Inc.
File Number: EB-2009-0140
Rate Year: 2010

Ontario

		Selected Delivery Charge and Bill Impacts Per Draft Rate Order							
		Monthly Delivery Charge				Total Bill			
		Current	Per Draft Rate Order	Change $	Change %	Current	Per Draft Rate Order	Change $	Change %
Residential	**800 kWh/month**	$ 30.39	$ 29.44	-$ 0.95	-3.1%	$ 91.25	$ 90.30	-$ 0.95	-1.0%
GS < 50kW	**2000** kWh/month	$ 64.48	$ 57.55	-$ 6.93	-10.7%	$ 223.38	$ 216.45	-$ 6.93	-3.1%

Notes:

Provided for Veridian_Main Classes Only as no mechanism exists within the model to add rows for Veridian_Gravenhurst classes

Appendix "G" - VCI-2010-Cost of Capital-Final Settlement

VCI - 2010 - Weighted average cost of long term debt-Final Settlement

Description	Amount	Issue Date (dd-mmm-yyyy)	Term Date (dd-mmm-yyyy)	Interest Rate	Other Costs	Deemed Rate?	Annual Cost
Note Payable - VC	22,648,300	1-Jun-2007	1-Jun-2017	5.56%		NO	1,259,245
Note - Town of Ajax	14,060,000	1-Nov-2009	1-Nov-2039	5.57%		NO	783,142
Note - City of Belleville	5,588,000	1-Nov-2009	1-Nov-2039	5.57%		NO	311,252
Note - Municipality of Clarington	5,966,000	1-Nov-2009	1-Nov-2039	5.57%		NO	332,306
Note - City of Pickering	17,974,000	1-Nov-2009	1-Nov-2039	5.57%		NO	1,001,152
Note Payable - VC	19,950,000	17-Dec-2009	17-Dec-2039	5.57%		NO	1,111,215

Description	Effective Rate	Days o/s in 2010	Average Balance	2010 Cost	2010 Ending Balance	Debt o/s USA #	Int. Expense USA #
Note Payable - VC	5.56%	365	22,648,300	1,259,245	22,648,300	2520	6005
Note - Town of Ajax	5.57%	365	14,060,000	783,142	14,060,000	2520	6005
Note - City of Belleville	5.57%	365	5,588,000	311,252	5,588,000	2520	6005
Note - Municipality of Clarington	5.57%	365	5,966,000	332,306	5,966,000	2520	6005
Note - City of Pickering	5.57%	365	17,974,000	1,001,152	17,974,000	2520	6005
Note Payable - VC	5.57%	365	19,950,000	1,111,215	19,950,000	2520	6005
TOTAL	**5.57%**		**86,186,300**	**4,798,312**	**86,186,300**		

VCI - 2010 - Deemed Capital Structure and Return On Capital-Final Settlement

	Current Application		
	Deemed Portion	***Effective Rate***	***Return Amount***
Short-Term Debt	4.00%	2.07%	
Long-Term Debt	56.00%	5.57%	
Total Equity	40.00%	9.85%	
Regulated Rate of Return	**100.00%**	**7.14%**	
Rate Base			186,594,959
Regulated Return on Capital			**13,323,866**
Deemed Interest Expense			*5,972,025*
Deemed Return on Equity			*7,351,841*

Appendix "H" - Veridian - 2010 Rate Base Summary-Final-Settlement

Working Capital Allowance

		2010
Eligible Distribution Expenses:		
3500-Distribution Expenses - Operation		4,190,515
3550-Distribution Expenses - Maintenance		2,838,441
3650-Billing and Collecting		5,805,867
3700-Community Relations		389,743
3800-Administrative and General Expenses		8,261,758
3950-Taxes Other Than Income Taxes		0
Total Eligible Distribution Expenses		21,486,324
3350-Power Supply Expenses		195,864,180
Total Expenses for Working Capital		217,350,504
Working Capital Allowance		
	15.0%	**32,602,576**

TOTAL RATE BASE

		2010
Net Fixed Assets in Service:		
Opening Balance	147,970,939	
Closing Balance	160,013,828	
Average Balance		153,992,384
Working Capital Allowance		32,602,576
TOTAL RATE BASE		**186,594,959**

Appendix "I" - VCI -Appendix 2-N-Final-Settlement

Depreciation Expense Detail for 2009 Bridge Year
Updated for increased amortization in 2009 full to half year

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Expense	Added depreciation for adj to 1/2 year from 2006 Board Approved full year	Total Depreciation before FMV adjustment	Less: Adj for depreciation related to FMV write-up	Adjusted Depreciation Expense
1800	Land	$ 685,406	N/A	N/A	$ 11,876	N/A	N/A	N/A				
1806	Land Rights	$ 523,959	$ -	$ 523,959	$ 3,887	$ 525,903	50	$ 10,518	$ 104	$ 10,622		$ 10,622
1808	Bldg & Fixtures	$ 668,106		$ 668,106	$ -	$ 668,106	50	$ 13,362	$ -	$ 13,362		$ 13,362
1815	TS	$ 176,775		$ 176,775	$ -	$ 176,775	40	$ 4,419	$ -	$ 4,419		$ 4,419
1820	Substations	$ 23,782,603	$ (548,935)	$ 23,233,668	$ 1,844,879	$ 24,156,108	30	$ 805,204	$ 49,397	$ 854,600	$ (2,018)	$ 852,582
1830	Dist Poles	$ 32,580,906	$ (277,739)	$ 32,303,167	$ 2,214,458	$ 33,410,396	25	$ 1,336,416	$ 59,292	$ 1,395,708	$ (18,035)	$ 1,377,673
1835	Dist Wire	$ 44,320,795	$ (704,354)	$ 43,616,442	$ 3,266,502	$ 45,249,693	25	$ 1,809,988	$ 87,461	$ 1,897,449	$ -	$ 1,897,449
1840	Dist Duct	$ 55,583,855	$ (250,991)	$ 55,332,864	$ 913,600	$ 55,789,664	25	$ 2,231,587	$ 24,462	$ 2,256,048	$ 6,319	$ 2,262,367
1845	Dist Cable	$ 25,952,464	$ (128,895)	$ 25,823,569	$ 2,137,594	$ 26,892,366	25	$ 1,075,695	$ 57,234	$ 1,132,929	$ -	$ 1,132,929
1850	Transformer	$ 61,956,694	$ (162,834)	$ 61,793,860	$ 2,792,739	$ 63,190,229	25	$ 2,527,609	$ 74,776	$ 2,602,385	$ 3,261	$ 2,605,646
1855	Services	$ 26,526,006	$ (531,214)	$ 25,994,792	$ 1,999,715	$ 26,994,649	25	$ 1,079,786	$ 53,543	$ 1,133,329	$ (40,170)	$ 1,093,159
1860	Meters	$ 12,329,845	$ (71,676)	$ 12,258,169	$ 216,507	$ 12,366,423	25	$ 494,657	$ 5,797	$ 500,454		$ 500,454
1901	Land Rights	$ 151,444	$ -	$ 151,444	$ -	$ 151,444	50	$ 3,029	$ -	$ 3,029		$ 3,029
1905	Land	$ 1,035,731	N/A	N/A	$ -	N/A	N/A	N/A	$ -	N/A		N/A
1908	Servc Centre Bldgs	$ 9,419,504	$ -	$ 9,419,504	$ 556,220	$ 9,697,614	50	$ 193,952	$ 14,893	$ 208,845		$ 208,845
1908	Servc Centre Bldgs-Renos	$ -	$ -	$ -		$ -	25	$ -	$ -	$ -		$ -
1910	Leasehold Improv	$ 736,880	$ (35,412)	$ 701,468	$ 123,009	$ 762,972	5	$ 152,594	$ 3,294	$ 155,888		$ 155,888
1915	Offc Furn & Equip	$ 1,696,319	$ (200,399)	$ 1,495,920	$ 241,362	$ 1,616,601	10	$ 161,660	$ 6,463	$ 168,123		$ 168,123
1920	Comp Hdrwre	$ 1,460,102	$ (328,932)	$ 1,131,170	$ 710,135	$ 1,486,238	5	$ 297,248	$ 19,014	$ 316,261		$ 316,261
1925	Comp Sftwre	$ 6,013,733	$ (884,328)	$ 5,129,405	$ 1,168,158	$ 5,713,484	5	$ 1,142,697	$ 31,278	$ 1,173,974		$ 1,173,974
1930	Vehicles	$ 3,983,027	$ (292,292)	$ 3,690,735	$ 967,369	$ 4,174,419	8	$ 521,802	$ 25,901	$ 547,704		$ 547,704
1935	Stores Equip	$ 4,887		$ 4,887	$ 2,327	$ 6,051	10	$ 605	$ 62	$ 667		$ 667
1940	Tools & Equip	$ 534,774	$ (83,154)	$ 451,619	$ 65,252	$ 484,245	10	$ 48,425	$ 1,747	$ 50,172		$ 50,172
1945	Test Equip	$ 75,265		$ 75,265	$ -	$ 75,265	10	$ 7,526	$ -	$ 7,526		$ 7,526
1955	Comm. Equip	$ 192,270	$ (30,625)	$ 161,644	$ 50,343	$ 186,816	10	$ 18,682	$ 1,348	$ 20,030		$ 20,030
1960	Misc Equip	$ 159,178	$ (18,862)	$ 140,317	$ 17,231	$ 148,932	10	$ 14,893	$ 461	$ 15,355		$ 15,355
1980	SCADA	$ 4,417,544	$ (41,654)	$ 4,375,890	$ 476,499	$ 4,614,140	15	$ 307,609	$ 12,758	$ 320,368	$ (576)	$ 319,792
1990	Misc Intang Plant	$ 233,343	$ (61,544)	$ 171,799	$ 135,751	$ 239,674	3	$ 79,891	$ 3,635	$ 83,526		$ 83,526
1995	Contributions	$ (44,105,867)	$ -	$ (44,105,867)	$ (3,714,817)	$ (45,963,275)	25	$ (1,838,531)	$ (99,465)	$ (1,937,996)		$ (1,937,996)
		$ 271,095,549	$ (4,653,841)	$ 264,720,572	$ 16,200,596	$ 272,814,932		$ 12,501,323	$ 433,773	$ 12,934,778	$ (51,219)	$ 12,883,559

Less: Amortiztion for Vehicles (capitalized) $ (547,704)

$ 12,335,855

Appendix "I" - VCI -Appendix 2-N-Final-Settlement

Depreciation Expense Detail for 2010 Test Year
Updated for reduction for HST, amortization change on building expansion

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions	HST Reduction	Net Additions	Total for Depreciation	Years	Depreciation Expense	Less: Adj for depreciation related to FMV write-up	Adjusted Depreciation Expense
1800	Land	$ 697,282	N/A	N/A	N/A			N/A	N/A	N/A		
1806	Land Rights	$ 527,846		$ 527,846	$ -		$ -	$ 527,846	50	$ 10,557		$ 10,557
1808	Bldg & Fixtures	$ 668,106		$ 668,106	$ -		$ -	$ 668,106	50	$ 13,362		$ 13,362
1815	TS	$ 176,775		$ 176,775	$ -		$ -	$ 176,775	25	$ 7,071		$ 7,071
1820	Substations	$ 25,078,547	$ (99,200)	$ 24,979,347	$ 5,370,000	$ (62,580)	$ 5,307,420	$ 27,633,057	40	$ 690,826	$ (1,952)	$ 688,874
1830	Dist Poles	$ 34,517,625	$ (192,642)	$ 34,324,983	$ 4,497,500	$ (52,412)	$ 4,445,088	$ 36,547,527	25	$ 1,461,901	$ (17,313)	$ 1,444,588
1835	Dist Wire	$ 46,882,944	$ (763,403)	$ 46,119,541	$ 2,995,000	$ (34,902)	$ 2,960,098	$ 47,599,590	25	$ 1,903,984	$ -	$ 1,903,984
1840	Dist Duct	$ 56,246,464	$ (2,548,878)	$ 53,697,585	$ 710,000	$ (8,274)	$ 701,726	$ 54,048,448	25	$ 2,161,938	$ 6,067	$ 2,168,005
1845	Dist Cable	$ 27,961,163	$ (153,961)	$ 27,807,203	$ 2,209,000	$ (25,743)	$ 2,183,257	$ 28,898,831	25	$ 1,155,953	$ -	$ 1,155,953
1850	Transformer	$ 64,586,599	$ (1,322,995)	$ 63,263,604	$ 2,128,000	$ (24,799)	$ 2,103,201	$ 64,315,205	25	$ 2,572,608	$ 3,130	$ 2,575,738
1855	Services	$ 27,994,507	$ (353,825)	$ 27,640,682	$ 853,000	$ (9,940)	$ 843,060	$ 28,062,212	25	$ 1,122,488	$ (38,564)	$ 1,083,924
1860	Meters	$ 12,474,676	$ (169,264)	$ 12,305,412	$ 509,000	$ (5,932)	$ 503,068	$ 12,556,946	25	$ 502,278		$ 502,278
1860	Smart Meters	$ 6,449,036	$ -	$ 6,449,036	$ -	$ -	$ -	$ 6,449,036	15	$ 429,936		$ 429,936
1901	Land Rights	$ 151,444		$ 151,444	$ -	$ -	$ -	$ 151,444	50	$ 3,029		$ 3,029
1905	Land	$ 1,035,731	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		N/A
1908	Servc Centre Bldgs	$ 9,975,724	$ -	$ 9,975,724		$ -	$ -	$ 9,975,724	50	$ 199,514		$ 199,514
1908	Servc Centre Bldgs-Renos/	$ -	$ -	$ -		$ -	$ -	$ -	25	$ -		$ -
1908	Servc Centre Bldgs-Renos/Add'ns				$ 5,289,482	$ (61,641)	$ 5,227,841	$ 2,613,920	50	$ 52,278		$ 52,278
1910	Leasehold Improv	$ 824,477	$ (3,188)	$ 821,289	$ 70,000	$ (816)	$ 69,184	$ 855,881	5	$ 171,176		$ 171,176
1915	Offc Furn & Equip	$ 1,737,282	$ (97,656)	$ 1,639,626	$ 790,518	$ (9,212)	$ 781,306	$ 2,030,279	10	$ 203,028		$ 203,028
1920	Comp Hdrwre-from SM	$ 118,717	0	$ 118,717	$ -	$ -	$ -	$ 118,717	5	$ 23,743		$ 23,743
1920	Comp Hdrwre	$ 1,841,305	$ (351,820)	$ 1,841,305	$ 563,100	$ (6,562)	$ 556,538	$ 2,119,574	5	$ 423,915		$ 423,915
1925	Comp Sftwre - SM	$ 77,068		$ 77,068	$ -	$ -	$ -	$ 77,068	3	$ 25,689		$ 25,689
1925	Comp Sftwre	$ 6,297,563	$ (1,110,320)	$ 5,187,243	$ 835,000	$ (9,731)	$ 825,269	$ 5,599,877	5	$ 1,119,975		$ 1,119,975
1930	Vehicles	$ 4,658,104	$ (274,277)	$ 4,383,827	$ 1,770,000	$ (20,627)	$ 1,749,373	$ 5,258,513	8	$ 657,314		$ 657,314
1935	Stores Equip	$ 7,214		$ 7,214	$ -	$ -	$ -	$ 7,214	10	$ 721		$ 721
1940	Tools & Equip	$ 516,871	$ (17,975)	$ 498,897	$ 136,000	$ (1,585)	$ 134,415	$ 566,104	10	$ 56,610		$ 56,610
1945	Test Equip	$ 75,265	$ (26,608)	$ 48,657	$ -	$ -	$ -	$ 48,657	10	$ 4,866		$ 4,866
1955	Comm. Equip	$ 211,987	$ (36,923)	$ 175,064	$ -	$ -	$ -	$ 175,064	10	$ 17,506		$ 17,506
1960	Misc Equip	$ 157,548	$ (2,255)	$ 155,293	$ -	$ -	$ -	$ 155,293	10	$ 15,529		$ 15,529
1980	SCADA	$ 4,852,389	$ (95,942)	$ 4,756,447	$ 345,000	$ (4,020)	$ 340,980	$ 4,926,937	15	$ 328,462	$ (538)	$ 327,924
1990	Misc Intang Plant	$ 307,550	$ (118,980)	$ 188,570	$ 200,000	$ (2,331)	$ 197,669	$ 287,404	3	$ 95,801		$ 95,801
1995	Contributions	$ (47,820,684)	$ -	$ (47,820,684)	$ (3,527,375)	$ 41,106	$ (3,486,269)	$ (49,563,818)	25	$ (1,982,553)		$ (1,982,553)
												$ -
		$ 289,287,125	$ (7,740,111)	$ 280,165,821	$ 25,743,225	$ (300,000)	$ 25,443,225	$ 292,887,434		$ 13,449,510	$ (49,170)	$ 13,400,340
											Less: Amortiztion for Vehicles (capitalized)	$ (657,314)
												$ 12,743,026

Appendix "J" - CCA
Account Mapping to Class
Connections - January 1 to December 31, 2009

OEB Account Grouping by G/L Detail	CCA Class	Account Description	2009 Additions	2009 Disposals	Total
30.000.1725.001	47	Sub Trans Poles & Fixtures	0		-
30.000.1730.001	47	Sub Trans Conduct Etc. - O/H	0		-
30.000.1735.001	47	Sub Trans Conduit U/G	0		-
30.000.1740.001	47	Sub Trans Cond & Dev	0		-
30.000.1808.001	47	Distribution Building & Fixtures	0		-
30.000.1815.001	47	Transformer Station Equipment	0		-
30.000.1820.001	47	Substations	1,844,879		1,844,879
30.000.1830.001	47	Poles, Towers & Fixtures	2,214,458		2,214,458
30.000.1835.001	47	O/H Conductors & Devices	3,266,502		3,266,502
30.000.1840.001	47	Underground Conduit	913,600		913,600
30.000.1845.001	47	U/G Conductors & Devices	2,137,594		2,137,594
30.000.1850.001	47	Line Transformers	2,792,739		2,792,739
30.000.1855	47	Services Overhead & Underground	1,999,715		1,999,715
30.000.1860	47	Meters (All)	216,507		216,507
30.000.1908.001	47	Service Centre Buildings	556,220		556,220
30.000.1995	47	Contributions in Aid of Construction	(3,714,817)		(3,714,817)
					-
	47 Total	Distribution Plant	12,227,397	-	12,227,397
30.000.1915.001	8	Office Furniture & Equipment	241,362		241,362
30.000.1935.001	8	Stores Equipment	0		-
30.000.1940.001	8	Tools & Equipment	65,252		65,252
30.000.1945.001	8	Measure & Test Equipment	2,327		2,327
30.000.1955.001	8	Communication Equipment	50,343		50,343
30.000.1960.001	8	Miscellaneous Equipment	-		-
30.000.1980.001	8	S.C.A.D.A.	493,730		493,730
	8 Total	General Office/Stores Equip	853,014	-	853,014
30.000.1930.002	10	Vehicles	967,369		967,369
	10 Total	Vehicles	967,369	-	967,369
30.000.1925.001	12	Computer Software	1,168,158		1,168,158
	12 Total	ComputerSoftware	1,168,158	-	1,168,158
30.000.1910.002	13	Leasehold Improvements -	123,009		123,009
	13 Total	Leasehold Improvements -	123,009	-	123,009
30.000.1606.004	14	Deferred Inc. Costs - Grav	0	-	-
30.000.1990.001	14	Misc Intangible Plant -			-
	14 Total	Intangibles		-	-
30.000.1981.001	42	Fibre Optics	-		-
	42 Total		-	-	-
30.000.1920.001	52	Computer Hardware	710,135		710,135
	52 Total	Hardware	710,135	-	710,135
30.000.1800.001	-	Land - Distribution	0		-
30.000.1806.001	-	Land Rights			-
30.000.1901.001	-	Land Rights	-		-
30.000.1905.001	-	Land	0		-
30.000.2060.001	-	Elec Plant Acquisition Adj - Uxbridge			-
30.000.2060.002	-	Elec Plant Acquisition Adj - Port Hope			-
30.000.2060.003	-	Elec Plant Acquisition Adj - Brock			-
	- Total			-	-
	Grand Total		16,049,082		

Appendix "J" - CCA
Account Mapping to Class
Connections - January 1 to December 31, 2010

Veridian Connections Inc.
EB-2009-0140
Settlement Final - Mar 10th, 2010
Appendix J

OEB Account Grouping by G/L Detail	CCA Class	Account Description	2010 Additions	2010 Disposals	Total
30.000.1725.001	47	Sub Trans Poles & Fixtures			-
30.000.1730.001	47	Sub Trans Conduct Etc. - O/H			-
30.000.1735.001	47	Sub Trans Conduit U/G			-
30.000.1740.001	47	Sub Trans Cond & Dev			-
30.000.1808.001	47	Distribution Building & Fixtures	0		-
30.000.1815.001	47	Transformer Station Equipment	0		-
30.000.1820.001	47	Substations	5,307,420		5,307,420
30.000.1830.001	47	Poles, Towers & Fixtures	4,445,088		4,445,088
30.000.1835.001	47	O/H Conductors & Devices	2,960,098		2,960,098
30.000.1840.001	47	Underground Conduit	701,726		701,726
30.000.1845.001	47	U/G Conductors & Devices	2,183,257		2,183,257
30.000.1850.001	47	Line Transformers	2,103,201		2,103,201
30.000.1855	47	Services Overhead & Underground	843,060		843,060
30.000.1860	47	Meters (All)	503,068		503,068
30.000.1861.001	47	Smart Meters	7,455,100		7,455,100
30.000.1908.001	47	Service Centre Buildings	5,227,841		5,227,841
30.000.1995	47	Contributions in Aid of Construction	(3,486,269)		(3,486,269)
					-
	47 Total	Distribution Plan	28,243,591	-	28,243,591
30.000.1915.001	8	Office Furniture & Equipment	781,306		781,306
30.000.1935.001	8	Stores Equipment	0		-
30.000.1940.001	8	Tools & Equipment	134,415		134,415
30.000.1945.001	8	Measure & Test Equipment	0		-
30.000.1955.001	8	Communication Equipment	-		-
30.000.1960.001	8	Miscellaneous Equipment	-		-
30.000.1980.001	8	S.C.A.D.A.	340,980		340,980
	8 Total	General Office/Tools	1,256,700	-	1,256,700
30.000.1930.002	10	Vehicles	1,749,373		1,749,373
	10 Total	Vehicles	1,749,373		1,749,373
30.000.1925.001	12	Computer Software	1,002,185		1,002,185
	12 Total	Software	1,002,185	-	1,002,185
30.000.1910.002	13	Leasehold Improvements -	69,184		69,184
	13 Total	Leasehold Improvements -	69,184	-	69,184
30.000.1606.004	14	Deferred Inc. Costs - Grav	0	-	-
30.000.1990.001	14	Misc Intangible Plant -			-
	14 Total	Intangibles	0	-	-
30.000.1981.001	42	Fibre Optics	-		-
	42 Total		-	-	-
30.000.1920.001	52	Computer Hardware	743,670		743,670
	52 Total	Hardware	743,670	-	743,670
30.000.1800.001	-	Land - Distribution	0		-
30.000.1806.001	-	Land Rights	0		-
30.000.1901.001	-	Land Rights	-		-
30.000.1905.001	-	Land	0		-
30.000.2060.001	-	Elec Plant Acquisition Adj - Uxbridge			-
30.000.2060.002	-	Elec Plant Acquisition Adj - Port Hope			-
30.000.2060.003	-	Elec Plant Acquisition Adj - Brock			-
	- Total		-	-	-
				-	
	Grand Total		33,064,703		

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

APPENDIX "J" FINAL - SETTLEMENT - MARCH 5TH, 2010

P0 Administration

Enter administrative information about the Application

Application Version	Final-Settlement
Name of Applicant	Veridian Connections Inc.
License Number	ED-2002-0503
Test Year	2010
File Number(s)	EB-2009-0140
Date of Application	5-Mar-2010
Contact:	
Name	Laurie McLorg
email	lmclorg@veridian.on.ca
phone	905.427.9870 x2230
Date of previous Test Year approval	12-Apr-2006

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P1 Undepreciated Capital Costs (UCC)

Enter actual balances and projected asset additions & retirements

Class	Description	UCC Balance 31 Dec/08 [1]	Less: Non-Distribution Portion	Less: Disallowed FMV Increment	UCC 2009 Opening Balance
1	Distribution System - post 1987	120,250,612			**120,250,612**
2	Distribution System - pre 1988				
8	General Office/Stores Equip	2,110,944			**2,110,944**
10	Computer Hardware/ Vehicles	1,948,046			**1,948,046**
10.1	Certain Automobiles				
12	Computer Software	999,770			**999,770**
13.1	Leasehold Improvement # 1	345,147			**345,147**
13.2	Leasehold Improvement # 2				
13.3	Leasehold Improvement # 3				
13.4	Leasehold Improvement # 4				
14	Franchise				
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs				
43.1	Certain Energy-Efficient Electrical Generating Equipment				
45	Computers & Systems Software acq'd post Mar 22/04	232,042			**232,042**
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				
47		33,820,886			**33,820,886**
50	Hardware	313,091			**313,091**
42		72,363			**72,363**
52	Hardware and System Software- purchased after Jan 27, 2009 prior to Feb, 2011				
		160,092,901			**160,092,901**

[1] per Schedule 8 of 2008 corporate tax return

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-014

FINAL - SETTLEMENT - MARCH 5TH, 2010

P1 Undepreciated Capital Costs (UCC)

Enter actual balances and projected asset additions

Class	Description	2009 Projected Additions	2009 Projected Retirements	UCC Before 1/2 Yr Adjustment	1/2 Year Reduction	Reduced UCC	Rate %	2009 CCA
1	Distribution System - post 1987			120,250,612		120,250,612	4.0%	4,810,024
2	Distribution System - pre 1988						6.0%	
8	General Office/Stores Equip	853,014		2,963,958	426,507	2,537,451	20.0%	507,490
10	Computer Hardware/ Vehicles	967,369		2,915,415	483,685	2,431,731	30.0%	729,519
10.1	Certain Automobiles						30.0%	
12	Computer Software	1,168,158		2,167,928	584,079	1,583,849	100.0%	1,583,849
13.1	Leasehold Improvement # 1	123,009		468,156	61,505	406,652	5 years	81,330
13.2	Leasehold Improvement # 2						4 years	
13.3	Leasehold Improvement # 3							
13.4	Leasehold Improvement # 4							
14	Franchise						6 years	
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs						8.0%	
43.1	Certain Energy-Efficient Electrical Generating Equipment						30.0%	
45	Computers & Systems Software acq'd post Mar 22/04			232,042		232,042	45.0%	104,419
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)						30.0%	
47		12,227,397		46,048,283	6,113,699	39,934,585	8.0%	3,194,767
50	Hardware			313,091		313,091	55.0%	172,200
42				72,363		72,363	12.0%	8,684
52	Hardware and System Software- purchased after Jan 27, 2009 prior to Feb, 2011	710,135		710,135		710,135	100.0%	710,135
		16,049,082		**176,141,983**	**7,669,474**	**168,472,510**		**11,902,417**

[1] per Schedule 8 of 2008 corporate tax return

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-014

FINAL - SETTLEMENT - MARCH 5TH, 2010

P1 Undepreciated Capital Costs (UCC)

Enter actual balances and projected asset additions

Class	Description	UCC 31 Dec/09
1	Distribution System - post 1987	115,440,588
2	Distribution System - pre 1988	
8	General Office/Stores Equip	2,456,468
10	Computer Hardware/ Vehicles	2,185,896
10.1	Certain Automobiles	
12	Computer Software	584,079
13.1	Leasehold Improvement # 1	386,826
13.2	Leasehold Improvement # 2	
13.3	Leasehold Improvement # 3	
13.4	Leasehold Improvement # 4	
14	Franchise	
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	
43.1	Certain Energy-Efficient Electrical Generating Equipment	
45	Computers & Systems Software acq'd post Mar 22/04	127,623
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	
47		42,853,516
50	Hardware	140,891
42		63,679
52	Hardware and System Software- purchased after Jan 27, 2009 prior to Feb, 2011	
		164,239,566

[1] per Schedule 8 of 2008 corporate tax return

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-014

FINAL - SETTLEMENT - MARCH 5TH, 2010

P1 Undepreciated Capital Costs (UCC)

Enter actual balances and projected asset additions

Class	Description	2010 Projected Additions	2010 Projected Retirements	UCC Before 1/2 Yr Adjustment	1/2 Year Reduction	Reduced UCC	Rate %	2010 CCA
1	Distribution System - post 1987			115,440,588		115,440,588	4.0%	4,617,624
2	Distribution System - pre 1988						6.0%	
8	General Office/Stores Equip	1,256,700		3,713,168	628,350	3,084,818	20.0%	616,964
10	Computer Hardware/ Vehicles	1,749,373		3,935,269	874,687	3,060,582	30.0%	918,175
10.1	Certain Automobiles						30.0%	
12	Computer Software	1,002,185		1,586,264	501,093	1,085,172	100.0%	1,085,172
13.1	Leasehold Improvement # 1	69,184		456,010	34,592	421,418	5 years	84,284
13.2	Leasehold Improvement # 2							
13.3	Leasehold Improvement # 3							
13.4	Leasehold Improvement # 4							
14	Franchise							
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs						8.0%	
43.1	Certain Energy-Efficient Electrical Generating Equipment						30.0%	
45	Computers & Systems Software acq'd post Mar 22/04			127,623		127,623	45.0%	57,430
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)						30.0%	
47		28,243,591		71,097,107	14,121,795	56,975,312	8.0%	4,558,025
50	Hardware			140,891		140,891	55.0%	77,490
42				63,679		63,679	12.0%	7,642
52	Hardware and System Software- purchased after Jan 27, 2009 prior to Feb, 2011	743,670		743,670		743,670	100.0%	743,670
		33,064,703		**197,304,269**	**16,160,517**	**181,143,752**		**12,766,473**

[1] per Schedule 8 of 2008 corporate tax return

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-014

FINAL - SETTLEMENT - MARCH 5TH, 2010

P1 Undepreciated Capital Costs (UCC)

Enter actual balances and projected asset additions

Class	Description	UCC 31 Dec/10
1	Distribution System - post 1987	110,822,964
2	Distribution System - pre 1988	
8	General Office/Stores Equip	3,096,205
10	Computer Hardware/ Vehicles	3,017,094
10.1	Certain Automobiles	
12	Computer Software	501,093
13.1	Leasehold Improvement # 1	371,726
13.2	Leasehold Improvement # 2	
13.3	Leasehold Improvement # 3	
13.4	Leasehold Improvement # 4	
14	Franchise	
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	
43.1	Certain Energy-Efficient Electrical Generating Equipment	
45	Computers & Systems Software acq'd post Mar 22/04	70,193
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	
47		66,539,082
50	Hardware	63,401
42		56,038
52	Hardware and System Software- purchased after Jan 27, 2009 prior to Feb, 2011	
		184,537,796

[1] per Schedule 8 of 2008 corporate tax return

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P2 Cumulative Eligible Capital (CEC)

Enter actual balance, projected changes and deduction rates

	2009				2010			
CEC Opening Balance [1]				**3,306,054**				**3,074,630**
Eligible Capital Property (ECP) Acquisitions								
Other Adjustments								
Subtotal		**x 3/4 =**				**x 3/4 =**		
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after December 20, 2002		**x 1/2 =**				**x 1/2 =**		
Amount transferred on amalgamation or wind-up of subsidiary								
Subtotal before deductions				**3,306,054**				**3,074,630**
ECP Dispositions (net)								
Other Adjustments								
Subtotal		**x 3/4 =**				**x 3/4 =**		
Balance before tax deduction				**3,306,054**				**3,074,630**
Tax Deduction			*Rate:*	***7.0%*** **231,424**			*Rate:*	***7.0%*** **215,224**
CEC Ending Balance				**3,074,630**				**2,859,406**

[1] 2009 amount per ending balance on Schedule 10 of 2008 corporate rax return

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P3 Interest Expense

Enter deemed and projected actual interest amounts

	2009	2010	
Deemed Interest Expense (A)	6,149,888	5,972,025	
3900-Interest Expense	6,149,888	4,798,312	
Add: Capitalized Interest (USA #6040)			*Enter credit to P&L as positive number*
Add: Capitalized Interest (USA #6042)			*Enter credit to P&L as positive number*
Less: non-debt interest expense (USA #6035)			
			Enter other adjustments for tax purposes
Total Interest Projected (B)	**6,149,888**	**4,798,312**	
Excess Interest Expense			*(B) less (A); if negative: zero*

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P4 Loss Carry-Forward (LCF)

Enter details of historical losses available to offset projected taxable income

	Balance 31 Dec/08 [1]	Less: Non-Distribution Portion	Utility Balance 31 Dec/08	2009	2010
Non-Capital LCF:					
Opening Balance					
Application of LCF to reduce taxable income					
Ending Balance					
Net Capital LCF:					
Opening Balance					
Application of LCF to reduce taxable capital gains					
Ending Balance					

[1] per Schedule 7-1 of 2008 corporate tax return

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P5 Reserve Balances

Enter balance amounts and projected changes in tax and accounting reserves

	Balance 31 Dec/08 [1]	Less: Non-Distribution Portion	Utility Balance 31 Dec/08	Changes (+ / -) in 2009	Balance 31 Dec/09	Changes (+ / -) in 2010	Balance 31 Dec/10
Capital Gains Reserves ss.40(1)							
Tax Reserves not deducted for book purposes:							
Reserve for doubtful accounts ss. 20(1)(l)							
Reserve for goods and services not delivered ss. 20(1)(m)							
Reserve for unpaid amounts ss. 20(1)(n)							
Debt & Share Issue Expenses ss. 20(1)(e)							
TOTAL							
Accounting Reserves not deducted for tax purposes:							
General Reserve for Inventory Obsolescence (non-specific)							
General reserve for bad debts							
Accrued Employee Future Benefits:	1,391,286		1,391,286	19,034	1,410,320	123,922	1,534,242
- Medical and Life Insurance							
- Short & Long-term Disability							
- Accumulated Sick Leave							
- Termination Cost							
- Other Post-Employment Benefits							
Provision for Environmental Costs							
Restructuring Costs							
Accrued Contingent Litigation Costs							
Accrued Self-Insurance Costs							
Other Contingent Liabilities							
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)							
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)							
TOTAL			**1,391,286**	**19,034**	**1,410,320**	**123,922**	**1,534,242**

[1] per Schedule 13 of 2008 corporate tax return

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P6 Taxable Income

Enter amounts required to calculate taxable income

	T2 S1 line #	2006 EDR Approved			2009 Projection	2010 @ existing rates	2010 @ new dist. rates
		Total Entity	Less: Non-Distribution Portion	Utility Only			
Income/(Loss) before PILs/Taxes (Accounting) [1]		5,875,571		5,875,571	9,474,475	6,817,816	7,351,841
Additions:							
Interest and penalties on taxes	103						
Amortization of tangible assets	104	8,764,518		8,764,518	12,335,854	12,743,021	12,743,021
Amortization of intangible assets	106						
Recapture of capital cost allowance from Schedule 8	107						
Gain on sale of eligible capital property from Schedule 10	108						
Income or loss for tax purposes- joint ventures or partnerships	109						
Loss in equity of subsidiaries and affiliates	110						
Loss on disposal of assets	111						
Charitable donations	112				55,000	60,000	60,000
Taxable Capital Gains	113						
Political Donations	114						
Deferred and prepaid expenses							
Scientific research expenditures deducted on financial statements							
Capitalized interest							
Non-deductible club dues and fees		3,373		3,373			
Non-deductible meals and entertainment expense					25,771	26,287	26,287
Non-deductible automobile expenses							
Non-deductible life insurance premiums							
Non-deductible company pension plans							
Tax reserves beginning of year							
Reserves from financial statements- balance at end of year		672,436		672,436	1,410,320	1,534,242	1,534,242

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P6 Taxable Income

Enter amounts required to calculate taxable income

	T2 S1 line #	2006 EDR Approved			2009 Projection	2010 @ existing rates	2010 @ new dist. rates
		Total Entity	Less: Non-Distribution Portion	Utility Only			
Income/(Loss) before PILs/Taxes (Accounting) [1]		5,875,571		5,875,571	9,474,475	6,817,816	7,351,841
Soft costs on construction and renovation of buildings							
Book loss on joint ventures or partnerships							
Capital items expensed							
Debt issue expense							
Development expenses claimed in current year							
Financing fees deducted in books							
Gain on settlement of debt							
Non-deductible advertising	226						
Non-deductible interest	227						
Non-deductible legal and accounting fees	228						
Recapture of SR&ED expenditures	231				64,124	64,124	64,124
Share issue expense	235						
Write down of capital property	236						
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237						
Ontario Specified Tax Credits	603.2				17,168	17,168	17,168
Add back for disallowed bad debt expense		101,317		101,317			
Add back for disallowed advertising expense		2,115		2,115			
Total Additions		**9,543,759**		**9,543,759**	**13,908,237**	**14,444,842**	**14,444,842**

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P6 Taxable Income

Enter amounts required to calculate taxable income

	T2 S1 line #	2006 EDR Approved			2009 Projection	2010 @ existing rates	2010 @ new dist. rates
		Total Entity	Less: Non-Distribution Portion	Utility Only			
Income/(Loss) before PILs/Taxes (Accounting) [1]		5,875,571		5,875,571	9,474,475	6,817,816	7,351,841
Deductions:							
Gain on disposal of assets per financial statements	401						
Dividends not taxable under section 83	402						
Capital cost allowance from Schedule 8	403	6,491,863		6,491,863	11,902,417	12,766,473	12,766,473
Terminal loss from Schedule 8	404						
Cumulative eligible capital deduction from Schedule 10 CEC	405	328,389		328,389	231,424	215,224	215,224
Allowable business investment loss	406						
Deferred and prepaid expenses	409						
Scientific research expenses claimed in year	411						
Tax reserves end of year	413						
Reserves from financial statements - balance at beginning of year	414	672,436		672,436	1,391,286	1,410,320	1,410,320
Contributions to deferred income plans	416						
Book income of joint venture or partnership	305						
Equity in income from subsidiary or affiliates	306						
Allowance for Funds used during Construction	390	154,479		154,479	166,796	166,796	166,796
Capital Lease Payments		21,200		21,200			
Excess Interest (from Tab "Schedule 7-3")		45,797		45,797			
Total Deductions		**7,714,165**		**7,714,165**	**13,691,923**	**14,558,814**	**14,558,814**

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P6 Taxable Income

Enter amounts required to calculate taxable income

	T2 S1 line #	2006 EDR Approved			2009 Projection	2010 @ existing rates	2010 @ new dist. rates
		Total Entity	Less: Non-Distribution Portion	Utility Only			
Income/(Loss) before PILs/Taxes (Accounting) [1]		5,875,571		5,875,571	9,474,475	6,817,816	7,351,841
NET INCOME (LOSS) FOR TAX PURPOSES		**7,705,164**		**7,705,164**	**9,690,789**	**6,703,844**	**7,237,870**
Charitable donations from Schedule 2							
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)							
Non-capital losses of preceding taxation years from Schedule 4							
Net-capital losses of preceding taxation years from Schedule 4							
Limited partnership losses of preceding taxation years from Schedule 4							
TAXABLE INCOME (LOSS)		**7,705,164**		**7,705,164**	**9,690,789**	**6,703,844**	**7,237,870**

[1] 2009 Projection = "Earnings before Tax' (sheet E1); 2010 @ existing rates = "Earnings before Tax' (sheet E2); 2010 @ new dist. rates = "Deemed Return On Equity' (sheet E3)
Note: 2006 EDR Approved is the addition of 2006 EDR Approved for Gravenhurst Hydro and 2006 EDR Approved for VCI_Scugog Harmonized

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P7 Capital Taxes

Rates and exemptions from sheet Y1

Enter rate base amounts

	2009	2010	
OCT (Ontario Capital Tax):			
Rate Base	175,338,608	186,594,959	*'Calculated Value' from sheet E3*
Less: Exemption	15,000,000	15,000,000	
Deemed Taxable Capital	160,338,608	171,594,959	
Tax Rate	0.225%	0.075%	
OCT payable	**360,762**	**128,696**	
Federal LCT (Large Corporations Tax):			
Rate Base	175,338,608	186,594,959	
Less: Exemption	50,000,000	50,000,000	
Deemed Taxable Capital	125,338,608	136,594,959	
Tax Rate			
LCT payable			

Veridian Connections Inc. (ED-2002-0503)

PILs Calculations for 2010 EDR Application (EB-2009-0140) version: Final-Settlement

FINAL - SETTLEMENT - MARCH 5TH, 2010

P8 Total PILs Expense

Enter tax credit amounts

	2009 Projection	2010 Projection [1]	2010 Test [1]	
Regulatory Taxable Income/(Loss)	9,690,789	6,703,844	7,237,870	*from sheet P6*
Combined Income Tax Rate	33.00%	31.00%	31.00%	*"t" (from sheet Y1)*
Total Income Taxes	3,197,960	2,078,192	2,224,990	
Investment & Miscellaneous Tax Credits	19,506	19,506	110,000	*Input amounts*
Income Tax Payable	**3,178,454**	**2,058,686**	**2,114,990**	*"i"*
Large Corporations Tax (LCT)				*from sheet P7*
Ontario Capital Tax (OCT)	360,762	128,696	128,696	*from sheet P7*
Grossed-up Income Tax			3,065,202	*= i / (1 - t)*
Grossed-up LCT				*= LCT / (1 - t)*
Total PILs Expense	**3,539,216**	**2,187,382**	**3,193,898**	***Enter these results on sheet E4***

[1] 'Projection' per existing rates; 'Test' based on proposed revenue requirement

Appendix "K" - VCI Summary of 2010 OM&A Expenses

	2010 Test
Operations	$ 4,090,516
Maintenance	$ 2,838,442
Billing and Collecting	$ 5,555,867
Community Relations	$ 389,743
Administrative and General	$ 8,611,756
Total OM&A	$ 21,486,324

Appendix "L" - Ajax Building Expansion Project Variance Account Example

Scenario Summaries - Annual Entries to Variance Account and YE Variance Account Balances

	2010			2011			2012			2013		
	Revenue Requirement	Entries to Variance Account	**YE Balance Variance Account**	Revenue Requirement	Entries to Variance Account	**YE Balance Variance Account**	Revenue Requirement	Entries to Variance Account	**YE Balance Variance Account**	Revenue Requirement	Entries to Variance Account	**YE Balance Variance Account**
Scenario 1 - As Filed Completed in 2010, $6M or more	$ 136,692	$ -	**$ -**	$ 431,294	$ -	**$ -**	$ 410,144	$ -	**$ -**	$ 390,343	$ -	**$ -**
Scenario 2 Completed in 2010, $5.5M	$ 111,559	$ (25,133)	**$ (25,133)**	$ 381,757	$ (49,537)	**$ (74,670)**	$ 362,369	$ (47,775)	**$ (122,445)**	$ 344,218	$ (46,125)	**$ (168,570)**
Scenario 3 Completed in 2011, $6M or more	$ (155,016)	$ (291,708)	**$ (291,708)**	$ 145,749	$ (236,008)	**$ (527,716)**	$ 431,550	$ 21,406	**$ (506,310)**	$ 410,655	$ 20,312	**$ (485,998)**
Scenario 4 Completed in 2011, $5.5M	$ (155,016)	$ (291,708)	**$ (291,708)**	$ 120,616	$ (310,678)	**$ (602,386)**	$ 382,601	$ (27,543)	**$ (629,929)**	$ 365,098	$ (25,245)	**$ (655,174)**

Note: For simplicity in calculations, PILs impacts have not been included in these examples. It is understood that PILs impacts would be calculated and included in the entries to the variance accoun

Appendix "L" - Ajax Building Expansion Project Variance Account Example

Working Capital Allowance 15.0% Before Tax Weighted Average Cost of Capital 7.14%

Components of Revenue Requirement	Capex	Related OM&A	WCA	Rate Base	Return	Amortization	PILs impact	Rev Req't
Scenario 1 - As Filed					**2010**			
Completed in 2010, $6M or more	$ 6,000,000	$ (163,151)	$ (24,473)	$ 2,975,527	$ 212,453	$ 87,390		$ 136,692
					2011			
	$ 6,000,000	$ (163,151)	$ (24,473)	$ 5,912,610	$ 422,160	$ 172,285		$ 431,294
					2012			
	$ 6,000,000	$ (163,151)	$ (24,473)	$ 5,740,325	$ 409,859	$ 163,436		$ 410,144
					2013			
	$ 6,000,000	$ (163,151)	$ (24,473)	$ 5,576,889	$ 398,190	$ 155,304		$ 390,343
					Cumulative to 2013			**$ 1,368,473**
Scenario 2					**2010**			
Completed in 2010, $5.5M	$ 5,500,000	$ (163,151)	$ (24,473)	$ 2,725,527	$ 194,603	$ 80,108		$ 111,559
					2011			
	$ 5,500,000	$ (163,151)	$ (24,473)	$ 5,419,892	$ 386,980	$ 157,928	$ -	$ 381,757
					2012			
	$ 5,500,000	$ (163,151)	$ (24,473)	$ 5,261,965	$ 375,704	$ 149,816	$ -	$ 362,369
					2013			
	$ 5,500,000	$ (163,151)	$ (24,473)	$ 5,112,149	$ 365,007	$ 142,362	$ -	$ 344,218
					Cumulative to 2013			**$ 1,199,903**

Appendix "L" - Ajax Building Expansion Project Variance Account Example

Working Capital Allowance 15.0% Before Tax Weighted Average Cost of Capital 7.14%

Components of Revenue Requirement	Capex	Related OM&A	WCA	Rate Base	Return	Amortization	PILs impact	Rev Req't
Scenario 3				**2010**				
Completed in 2011, $6M or more	$ -	$ (154,190)	$ (23,129)	$ (23,129)	$ (826)	$ -		$ (155,016)
				2011				
	$ 6,000,000	$ (154,190)	$ (23,129)	$ 2,976,871	$ 212,549	$ 87,390		$ 145,749
				2012				
	$ -	$ (154,190)	$ (23,129)	$ 5,819,560	$ 415,517	$ 170,224		$ 431,550
				2013				
	$ -	$ (154,190)	$ (23,129)	$ 5,649,336	$ 403,363	$ 161,482		$ 410,655
					Cumulative to 2013			**$ 832,937**
Scenario 4				**2010**				
Completed in 2011, $5.5M	$ -	$ (154,190)	$ (23,129)	$ (23,129)	$ (826)	$ -		$ (155,016)
				2011				
	$ 5,500,000	$ (154,190)	$ (23,129)	$ 2,726,871	$ 194,699	$ 80,108		$ 120,616
				2012				
	$ -	$ (154,190)	$ (23,129)	$ 5,332,669	$ 380,753	$ 156,039		$ 382,601
				2013				
	$ -	$ (154,190)	$ (23,129)	$ 5,199,759	$ 371,263	$ 148,026		$ 365,098
					Cumulative to 2013			**$ 713,299**

Note: For simplicity in calculations, PILs impacts have not been included in these examples. It is understood that PILs impacts would be calculated and included in the entries to the variance account.

Appendix "L" - Ajax Building Expansion Project Variance Account Example
Amortization Calculations

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions		Net Additions	Total for Depreciation	Years	Depreciation Expense
Scenario 1 - As Filed										
Completed in 2010, $6M or more						2010				
1908	Servc Centre Bldgs-Renos/Add'ns				$ 5,289,482	$ (61,641)	$ 5,227,841	$ 2,613,920	50	*$ 52,278*
1915	Offc Furn & Equip			$ -	$ 710,518	$ (8,280)	$ 702,238	$ 351,119	10	*$ 35,112*
										$ -
		$ -	$ -	$ -	$ 6,000,000	$ (69,921)	$ 5,930,079	$ 2,965,039		*$ 87,390*
						2011				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 5,237,204		$ 5,237,204	*$ -*		$ 5,237,204	$ 5,237,204	50	*$ 104,744*
1915	Offc Furn & Equip	$ 675,406		$ 675,406	*$ -*		$ 675,406	$ 675,406	10	*$ 67,541*
					$ -	*$ -*	$ 5,912,610	$ 5,912,610		*$ 172,285*
						2012				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 5,132,460		$ 5,132,460			$ 5,132,460	$ 5,132,460	50	*$ 102,649*
1915	Offc Furn & Equip	$ 607,865		$ 607,865			$ 607,865	$ 607,865	10	*$ 60,787*
					$ -	*$ -*	$ 5,740,325	$ 5,740,325		*$ 163,436*
						2013				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 5,029,810		$ 5,029,810			$ 5,029,810	$ 5,029,810	50	*$ 100,596*
1915	Offc Furn & Equip	$ 547,079		$ 547,079			$ 547,079	$ 547,079	10	*$ 54,708*
					$ -	*$ -*	$ 5,576,889	$ 5,576,889		*$ 155,304*

Appendix "L" - Ajax Building Expansion Project Variance Account Example
Amortization Calculations

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions		Net Additions	Total for Depreciation	Years	Depreciation Expense
Scenario 2						2010				
Completed in 2010, $5.5M										
1908	Servc Centre Bldgs-Renos/Add'ns	$ -	$ -		$ 4,848,692	$ (56,504)	$ 4,792,187	$ 2,396,094	50	*$ 47,922*
1915	Offc Furn & Equip	$ -	$ -	$ -	$ 651,308	$ (7,590)	$ 643,718	$ 321,859	10	*$ 32,186*
										$ -
		$ -	$ -	$ -	$ 5,500,000	$ (64,095)	$ 5,435,905	$ 2,717,953		*$ 80,108*
						2011				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 4,800,770	$ -	$ 4,800,770	*$ -*			$ 4,800,770	50	*$ 96,015*
1915	Offc Furn & Equip	$ 619,122	$ -	$ 619,122	*$ -*			$ 619,122	10	*$ 61,912*
					$ 5,500,000		$ -	$ 5,419,892		*$ 157,928*
						2012				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 4,704,755		$ 4,704,755	*$ -*			$ 4,704,755	50	*$ 94,095*
1915	Offc Furn & Equip	$ 557,210		$ 557,210	*$ -*			$ 557,210	10	*$ 55,721*
					$ 5,500,000		$ -	$ 5,261,965		*$ 149,816*
						2013				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 4,610,659		$ 4,610,659	*$ -*			$ 4,610,659	50	*$ 92,213*
1915	Offc Furn & Equip	$ 501,489		$ 501,489	*$ -*			$ 501,489	10	*$ 50,149*
					$ 5,500,000		$ -	$ 5,112,149		*$ 142,362*

Appendix "L" - Ajax Building Expansion Project Variance Account Example
Amortization Calculations

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions		Net Additions	Total for Depreciation	Years	Depreciation Expense
Scenario 3										
Completed in 2011, $6M or more										
						2011				
1908	Servc Centre Bldgs-Renos/Add'ns	$ -	$ -	$ -	$ 5,289,482	$ (61,641)	$ 5,227,841	$ 2,613,920	50	*$ 52,278*
1915	Offc Furn & Equip	$ -	$ -	$ -	$ 710,518	$ (8,280)	$ 702,238	$ 351,119	10	*$ 35,112*
										$ -
					$ 6,000,000	$ (69,921)	$ 5,930,079	$ 2,965,039		*$ 87,390*
						2012				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 5,175,562		$ 5,175,562	*$ -*		$ -	$ 5,175,562	50	*$ 103,511*
1915	Offc Furn & Equip	$ 667,126		$ 667,126	*$ -*		$ -	$ 667,126	10	*$ 66,713*
										$ -
					$ -	*$ -*	$ -	$ 5,842,688		*$ 170,224*
						2013				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 5,072,051		$ 5,072,051	*$ -*		$ -	$ 5,072,051	50	*$ 101,441*
1915	Offc Furn & Equip	$ 600,413		$ 600,413	*$ -*		$ -	$ 600,413	10	*$ 60,041*
					$ -	$ -	$ -	$ 5,672,465		*$ 161,482*

Appendix "L" - Ajax Building Expansion Project Variance Account Example
Amortization Calculations

Scenario 4
Completed in 2011, $5.5M or more

Account	Description	Opening Balance	Less Fully Depreciated	Net for Depreciation	Additions		Net Additions	Total for Depreciation	Years	Depreciation Expense
						2011				
1908	Servc Centre Bldgs-Renos/Add'ns	$ -	$ -	$ -	$ 4,848,692	$ (56,504)	$ 4,792,187	$ 2,396,094	50	*$ 47,922*
1915	Offc Furn & Equip	$ -	$ -	$ -	$ 651,308	$ (7,590)	$ 643,718	$ 321,859	10	*$ 32,186*
										$ -
					$ 5,500,000	$ (64,095)	$ 5,435,905	$ 2,717,953		*$ 80,108*
						2012				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 4,744,265		$ 4,744,265	$ -		$ -	$ 4,744,265	50	*$ 94,885*
1915	Offc Furn & Equip	$ 611,532		$ 611,532	$ -		$ -	$ 611,532	10	*$ 61,153*
										$ -
					$ -	$ -	$ -	$ 5,355,798		*$ 156,039*
						2013				
1908	Servc Centre Bldgs-Renos/Add'ns	$ 4,649,380		$ 4,649,380	$ -		$ -	$ 4,649,380	50	*$ 92,988*
1915	Offc Furn & Equip	$ 550,379		$ 550,379	$ -		$ -	$ 550,379	10	*$ 55,038*
					$ -	$ -	$ -	$ 5,199,759		*$ 148,026*

Appendix "L" - Ajax Building Expansion Project Variance Account Example
OM&A Calculations

Scenario 1 - As Filed

Calculation of 2010 OM&A cost reduction	**2010**	**2011**	**2012**	**2013**	
Base Lease Costs-Pickering Parkway	$213,875				
Taxes, Maintenance Insurance - Pickering Parkway	$130,500				
Incremental Maintenance expenses-building expansion		$234,000	$234,000	$234,000	
Operational Efficiencies		($33,000)	($33,000)	($33,000)	
	$344,375	$201,000	$201,000	$201,000	
Four year Total					**$947,375**
Total costs amortized over 4 year period					**$236,844**
New OM&A requirements for space	$236,844				
Less:Original OM&A levels in revenue requirement (as above)	($344,375)				
	($107,531)				
Less: Avoided lease costs-Metering Facilities	($55,620)				
Test Year OM&A Reduction	**($163,151)**				

Scenario 3 - Building Completion in 2011 - assume March 31st

Calculation of 2010 OM&A cost reduction	**2010**	**2011**	**2012**	**2013**	
Base Lease Costs-Pickering Parkway	$213,875	$53,469			
Taxes, Maintenance Insurance - Pickering Parkway	$130,500	$32,625			
Incremental Maintenance expenses-building expansion		$175,500	$234,000	$234,000	
Operational Efficiencies		($24,750)	($33,000)	($33,000)	
	$344,375	**$236,844**	**$201,000**	**$201,000**	
Four year Total					**$983,219**
Total costs amortized over 4 year period					**$245,805**
New OM&A requirements for space	$245,805				
Less:Original OM&A levels in revenue requirement (as above)	($344,375)				
	($98,570)				
Less: Avoided lease costs-Metering Facilities	($55,620)				
Test Year OM&A Reduction	**($154,190)**				

Veridian Connections Inc.

2010 Electricity Distribution Rate Application

EB-2009-0140

Settlement Summary

2010 Cost of Service Settlement Results

Revenue Requirement	Veridian EB-2009-0140 Agreement Filed - March 10, 2010		
	As Filed	As per Settlement Agreement (before CoC impact)	As per Settlement Agreement including CoC estimate impact)
Net Fixed Assets	$ 154,747,875	$ 153,992,384	$ 153,992,384
Working Capital	$ 32,927,655	$ 32,602,576	$ 32,602,576
Rate Base	$ 187,675,530	$ 186,594,960	$ 186,594,960
Deemed Long-Term Debt Component (%)	56.00%	56.00%	56.00%
Deemed Short-Term Debt Component (%)	4.00%	4.00%	4.00%
Deemed Equity Components (%)	40.00%	40.00%	40.00%
Long-Term Debt Rate (%)	7.11%	5.57%	5.57%
Short-Term Debt Rate (%)	1.33%	1.33%	2.07%
Return on Equity (%)	8.01%	8.01%	9.85%
Weighted Average Cost of Capital (%)	7.24%	6.38%	7.14%
Cost of Capital (Return on Rate Base)	**$ 13,585,456**	**$ 11,898,041**	**$ 13,323,866**
OM&A	$ 22,236,324	$ 21,486,324	$ 21,486,324
Municipal and Property Taxes	included in above	included in above	included in above
Depreciation and Amortization	$ 12,947,743	$ 12,743,021	$ 12,743,021
PILs	$ 3,098,385	$ 3,193,898	$ 3,193,898
Service Revenue Requirement	$ 51,867,908	$ 49,321,284	$ 50,747,109
Revenue Offsets	$ 4,218,100	$ 4,463,100	$ 4,463,100
Base Revenue Requirement	**$ 47,649,808**	**$ 44,858,184**	**$ 46,284,009**

APPENDIX 2

Letter Accepting the Proposed Changes to the Debt Instruments in the Settlement Proposal

Veridian Connections Inc.
EB-2009-0140

VERIDIAN
CONNECTIONS

55 Taunton Road East
Ajax, ON L1T 3V3
TEL (905) 427-9870
TEL 1-888-445-2881
FAX (905) 619-0210
www.veridian.on.ca

March 30, 2010

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

Dear Ms. Walli:

Re: 2010 Electricity Distribution Rate Application – Veridian Connections Inc., Shareholder Approvals Concerning the Proposed Settlement Agreement Board File No.: EB-2009-0140

Further to the revised Settlement Proposal filed with the Board on March 24th 2010, Veridian Connections Inc. is pleased to report that all of its municipal shareholders and its parent company have now formally accepted the proposed changes to the debt instruments as detailed in section 5(b).

Veridian looks forward to the Board's procedural order outlining the next steps in this proceeding.

If you have any questions on this matter, please call me at 905-427-9870, extension 2202.

Yours truly,

Original signed by

George Armstrong
Manager of Regulatory Affairs and Key Projects

cc Intervenors of Record for EB-2009-0140
Stephen Shields, Ontario Energy Board
Andrew Taylor, Ogilvy Renault LLP

EXHIBIT "D" VERIDIAN SM REVENUE REQUIREMENT RECOVERY TIMELINE

Veridian Connections inc.
EB-2012-0247
Motion to Review

YEAR INCURRED AND MECHANISM OF RECOVERY

COMPONENT OF REVENUE REQUIREMENT

AMORTIZATION	2006	2007	2008	2009	2010	2011	2012
2006 CAPEX AMORTIZATION	INTERIM DISPOSITION PROCEEDING	INTERIM DISPOSITION PROCEEDING	INTERIM DISPOSITION PROCEEDING	NO RECOVERY	2010 BASE RATES	2010 BASE RATES	2010 BASE RATES
2007 CAPEX AMORTIZATION	NONE	INTERIM DISPOSITION PROCEEDING	INTERIM DISPOSITION PROCEEDING	NO RECOVERY	2010 BASE RATES	2010 BASE RATES	2010 BASE RATES
2008 CAPEX AMORTIZATION	NONE	NONE	INTERIM DISPOSITION PROCEEDING	NO RECOVERY	2010 BASE RATES	2010 BASE RATES	2010 BASE RATES
2009 CAP EX AMORTIZATION	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING
2010 CAP EX AMORTIZATION	NONE	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING
2011 CAP EX AMORTIZATION	NONE	NONE	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING
2012 CAP EX AMORTIZATION	NONE	NONE	NONE	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING

RETURN AND PILS	2006	2007	2008	2009	2010	2011	2012
2006 CAPEX RETURN AND PILS	INTERIM DISPOSITION PROCEEDING	INTERIM DISPOSITION PROCEEDING	INTERIM DISPOSITION PROCEEDING	INTERIM DISPOSITION PROCEEDING	2010 BASE RATES	2010 BASE RATES	2010 BASE RATES
2007 CAPEX RETURN AND PILS	NONE	INTERIM DISPOSITION PROCEEDING	INTERIM DISPOSITION PROCEEDING	INTERIM DISPOSITION PROCEEDING	2010 BASE RATES	2010 BASE RATES	2010 BASE RATES
2008 CAPEX RETURN AND PILS	NONE	NONE	INTERIM DISPOSITION PROCEEDING	INTERIM DISPOSITION PROCEEDING	2010 BASE RATES	2010 BASE RATES	2010 BASE RATES
2009 CAPEX RETURN AND PILS	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING
2010 CAPEX RETURN AND PILS	NONE	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING
2011 CAPEX RETURN AND PILS	NONE	NONE	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING	FINAL DISPOSITION PROCEEDING
2012 CAPEX RETURN AND PILS	NONE	NONE	NONE	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING

OM&A	2006	2007	2008	2009	2010	2011	2012
2006 OM&A	INTERIM DISPOSITION PROCEEDING	NONE	NONE	NONE	NONE	NONE	NONE
2007 OM&A	NONE	INTERIM DISPOSITION PROCEEDING	NONE	NONE	NONE	NONE	NONE
2008 OM&A	NONE	NONE	INTERIM DISPOSITION PROCEEDING	NONE	NONE	NONE	NONE
2009 OM&A	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING	NONE	NONE	NONE
2010 OM&A	NONE	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING	NONE	NONE
2011 OM&A	NONE	NONE	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING	NONE
2012 OM&A	NONE	NONE	NONE	NONE	NONE	NONE	FINAL DISPOSITION PROCEEDING

Exhibit "E" Revenue Requirement Calculation

Veridian Connections inc.
EB-2012-0247
Motion to Review

Revenue Requirement Calculations

	Originally Filed	Update with 2009 Amortization	Difference
Average Net Fixed Asset Values (from Sheet 4)			
Smart Meters	$ 1,656,873	$ 1,656,873	$ -
Computer Hardware	$ 33,678	$ 33,678	$ -
Computer Software	$ 170,735	$ 170,735	$ -
Tools & Equipment	$ -	$ -	$ -
Other Equipment	**$ -**	**$ -**	**$ -**
Total Net Fixed Assets	$ 1,861,286	$ 1,861,286	$ -
	$ -		
Working Capital	$ -		
Operating Expenses (from Sheet 2)	$ 1,083,532	$ 1,083,532	$ -
Working Capital Factor (from Sheet 3)	15.0%	15.0%	0.0%
Working Capital Allowance	$ 162,530	$ 162,530	$ -
Incremental Smart Meter Rate Base	**$ 2,023,816**	**$ 2,023,816**	**$ -**
Return on Rate Base			
Capital Structure			
Deemed Short Term Debt	$ 80,953	$ 80,953	
Deemed Long Term Debt	$ 1,133,337	$ 1,133,337	
Equity	$ 809,526	$ 809,526	
Preferred Shares			
Total Capitalization	$ 2,023,816	$ 2,023,816	$ -
Return on	$ -		
Deemed Short Term Debt	$ 3,619	$ 3,619	$ -
Deemed Long Term Debt	$ 80,580	$ 80,580	$ -
Equity	$ 72,857	$ 72,857	$ -
Preferred Shares			$ -
Total Return on Capital	**$ 157,056**	**$ 157,056**	**$ -**
Operating Expenses	$ 1,083,532	$ 1,083,532	$ -
Amortization Expenses (from Sheet 4)	$ -		$ -
Smart Meters	$ 114,267	$ 574,913	$ 460,645
Computer Hardware	$ 7,484	$ 37,163	$ 29,679
Computer Software	$ 37,941	$ 76,475	$ 38,534
Tools & Equipment	$ -	$ -	$ -
Other Equipment			$ -
Total Amortization Expense in Year	$ 159,692	$ 688,551	$ 528,859
	$ -		$ -
Incremental Revenue Requirement before Taxes/PILs	$ 1,400,280	$ 1,929,139	$ 528,859

Exhibit "E" Revenue Requirement Calculation

Veridian Connections inc.
EB-2012-0247
Motion to Review

	Revenue Requirement Calculations		
Calculation of Taxable Income			$ -
Incremental Operating Expenses	$ 1,083,532	$ 1,083,532	$ -
Amortization Expense	$ 159,692	$ 688,551	$ 528,859
Interest Expense	$ 84,199	$ 84,199	$ -
Net Income for Taxes/PILs	$ 1,327,423	$ 1,856,282	$ 528,859
			$ -
Grossed-up Taxes/PILs (from Sheet 7)	-$ 56,489.66	-$ 107,124.87	-$ 50,635
			$ -
Revenue Requirement, including Grossed-up Taxes/PILs	$ 1,343,790	$ 1,822,014	$ 478,224

Exhibit "E" Revenue Requirement Calculation

Veridian Connections inc.
EB-2012-0247
Motion to Review

	PILs Calculations		
	2009 - originally filed	**Update with 2009 Dep'n**	**Difference**
INCOME TAX			
Net Income	$ 72,857.38	$ 72,857.38	$ -
Amortization	$ 159,692.25	$ 688,551.26	$ 528,859.00
CCA - Smart Meters	-$ 137,120.56	-$ 679,303.20	-$ 542,182.64
CCA - Computers	-$ 227,125.60	-$ 316,606.79	-$ 89,481.19
CCA - Applications Software	$ -		
CCA - Other Equipment	$ -		
Change in taxable income	-$ 131,696.52	-$ 234,501.34	-$ 102,804.82
Tax Rate (from Sheet 3)	33.00%	33.00%	
Income Taxes Payable	-$ 43,459.85	-$ 77,385.44	-$ 33,925.59
ONTARIO CAPITAL TAX			
Smart Meters	$ 3,313,746.84	$ 3,313,746.84	$ -
Computer Hardware	$ 67,355.74	$ 67,355.74	$ -
Computer Software (Including Application Software)	$ 341,470.33	$ 341,470.33	$ -
Tools & Equipment	$ -		
Other Equipment	$ -		
Rate Base	$ 3,722,572.91	$ 3,722,572.91	$ -
Less: Exemption			
Deemed Taxable Capital	$ 3,722,572.91	$ 3,722,572.91	$ -
Ontario Capital Tax Rate (from Sheet 3)	0.225%	0.225%	
Net Amount (Taxable Capital x Rate)	$ 8,375.79	$ 8,375.79	$ -
Change in Income Taxes Payable	-$ 43,459.85	-$ 77,385.44	-$ 33,925.59
Change in OCT	$ 8,375.79	$ 8,375.79	$ -
PILs	-$ 35,084.06	-$ 69,009.65	-$ 33,925.59

Gross Up PILs

Tax Rate	33.00%	33.00%	
Change in Income Taxes Payable	-$ 64,865.45	-$ 115,500.66	-$ 50,635.21
Change in OCT	$ 8,375.79	$ 8,375.79	$ -
PILs	**-$ 56,489.66**	**-$ 107,124.87**	**-$ 50,635.21**

Exhibit "E" Revenue Requirement Calculation

Veridian Connections inc.
EB-2012-0247
Motion to Review

	CCA and UCC Calculations		
	2009 - originally filed	**Update with 2009 Dep'n**	**Difference**
UCC - Smart Meters	**2009**	**2009**	
Opening UCC	$ -	$ 6,777,282.98	
Capital Additions	$ 3,428,013.97	$ 3,428,013.97	
Retirements/Removals (if applicable)	$ -		
UCC Before Half Year Rule	$ 3,428,013.97	$ 10,205,296.95	
Half Year Rule (1/2 Additions - Disposals)	$ 1,714,006.99	$ 1,714,006.99	
Reduced UCC	$ 1,714,006.99	$ 8,491,289.97	
CCA Rate Class	47	47	
CCA Rate	8.0%	8.0%	
CCA	$ 137,120.56	$ 679,303.20	$ 542,182.64
Closing UCC	$ 3,290,893.41	$ 9,525,993.75	
UCC - Computer Equipment *(Additions in 2009)*	**2009**	**2009**	
Opening UCC	$ -	$ -	
Capital Additions Computer Hardware	$ 74,839.71	$ 74,839.71	
Capital Additions Computer Software	$ 379,411	$ 379,411	
Retirements/Removals (if applicable)	$ -		
UCC Before Half Year Rule	$ 454,251.19	$ 454,251.19	
Half Year Rule (1/2 Additions - Disposals)	$ 227,125.60	$ 227,125.60	
Reduced UCC	$ 227,125.60	$ 227,125.60	
CCA Rate Class	52	52	
CCA Rate	100.0%	100.0%	
CCA	$ 227,125.60	$ 227,125.60	$ -
Closing UCC	$ 227,125.60	$ 227,125.60	
UCC - Computer Equipment *(Additions Prior to 2009)*	**2009**	**2009**	
Opening UCC	$ -	$ 198,847.09	
Capital Additions Computer Hardware	$ -		
Capital Additions Computer Software	$ -		
Retirements/Removals (if applicable)	$ -		
UCC Before Half Year Rule	$ -	$ 198,847.09	
Half Year Rule (1/2 Additions - Disposals)	$ -	$ -	
Reduced UCC	$ -	$ 198,847.09	
CCA Rate Class	52	52	
CCA Rate*	45.0%	45.0%	
CCA	$ -	$ 89,481.19	$ 89,481.19
Closing UCC		$ 109,365.90	

Note: Computer Equipment category has two sub-categories - One for additions in 2009 *and another for Additions Prior to 2009 as different CCA rates applied depending upon when the additions were acquired*
100% CCA rate was in effect in 2009 only for assets acquired after Jan 2009, prior to that 45% CCA rate was in effect

Total **$ 631,663.83**

Exhibit "F" - Updated Calculation of SMDR and SMIRR amounts and Rate Riders (NOTE: No change to the SMIRR)

Revised Calculation for Class Specific SMDR - Includes Foregone SMIRR revenues - May 1st to October 31st - Updated to include 2009 Amortization related to Pre-2009 SM Capital Expenditures

		A					B	C			D	F	G
	As Filed 2009	Recalculated 2009*	2010	2011	2012	Total as Filed	Total (Recalc 2009 - 2012)	Incremental	Explanation Allocator	Evidence Reference	Total	Residential	General Service Less than 50 kW
Revenue Requirement from Smart Meter Model - Sheet 5.SM_Rev_Reqt	$1,343,790.48	$1,822,014.28	$1,657,425.89	$1,755,576.47	$950,747.62	**$5,707,540.46**	$6,185,764.25	$478,223.79					
Interest on Operating Expenses from Smart Meter Model- Sheet 9-SMFA_SMDR_SMIRR	$7,070.84	$7,070.84	$15,092.63	$46,045.94		**$68,209.41**	**$68,209.41**	**$0.00**					
Interest on SMFA revenues from Smart Meter Model - Sheet	-$3,201.01	-$3,201.01	-$12,632.35	-$41,421.62	-$58,443.78	**-$115,698.76**	**-$115,698.76**	**$0.00**					
TOTAL	**$1,347,660.31**	**$1,825,884.10**	**$1,659,886.17**	**$1,760,200.79**	**$892,303.84**	**$5,660,051.11**	**$6,138,274.90**	**$478,223.79**					
Total Return on Capital	$157,056.23	$157,056.23	$364,229.61	$463,651.92	$228,250.24	**$1,213,188.00**	**$1,213,188.00**	**$0.00**	Toal Capital Costs by Class	Table 12 - Page 23	100.00%	76.10%	23.90%
						Allocated per Cla	**Allocated per Class**				$1,213,188.00	$923,236.07	$289,951.93
Amortization and interest Expense	$163,562.08	$692,421.08	$424,518.05	$568,858.53	$243,424.91	**$1,400,363.57**	$1,929,222.58	$528,859.00	Toal Capital Costs by Class	Table 12 - Page 23	100.00%	76.10%	23.90%
						Allocated per Cla	**Allocated per Class**				$1,929,222.58	$1,468,138.38	$461,084.20
Operating Expenses	$1,083,531.66	$1,083,531.66	$876,480.44	$616,995.53	$363,551.03	**$2,940,558.66**	**$2,940,558.66**	**$0.00**	Number of Smart Meters Installed for each Class	Table 12 - Page 23	112,354	103,719	8,635
						Allocated per Cla	**Allocated per Class**				$2,940,558.66	$2,714,561.15	$225,997.51
Grossed-up Taxes/PILs	-$56,489.66	-$107,124.87	-$5,341.93	$110,694.82	$57,077.66	**$105,940.88**	$55,305.67	-$50,635.21	Revenue Requirement allocated to each Class before PILs		$6,082,969.24	$5,105,935.60	$977,033.64
						Allocated per Cla	**Allocated per Class**				$55,305.67	$46,422.59	$8,883.08
											Total	**Residential**	**General Service Less than 50 kW**
		TOTAL				**$5,660,051.11**	**$6,138,274.90**	**$478,223.79**			**$6,138,274.90**	**$5,152,358.19**	**$985,916.71**
							Percentage of costs allocated to Residential and GS < 50 kW customer classes				100.00%	83.94%	16.06%
						Revenue Generated from Smart Meter Funding Adder	**$4,091,832.76**						
									SMFA Revenues directly attributable to class			91.46%	7.60%
									Residual SMFA revenues (from other metered classes) attributed evenly			0.47%	0.47%
									Total			91.93%	8.07%
		Revenues Generated from SMFA					**$4,091,832.76**					$ 3,761,628.97	$330,203.79
						Net Deferred Revenue Requirement	**$2,046,442.14**						
							Recalculated Allocation per Class				$2,046,442.14	$1,390,729.22	$655,712.93
							Number of Metered Customers			(2012)		104,494	8,650
						H	**Recalculated Smart Meter Disposition Rate Rider - when including 2009 Amortization for Pre-2009 SM Capital Expenditures (18 month rider)**					$0.74	$4.21
							Board Approved Smart Meter Disposition Rate Rider					$0.55	$3.45
						I	**Recalculated Allocation per Class to include 2009 Amortization on Pre-2009 Capital Expenditures**					$1,390,729.22	$655,712.93
							Less: Previously Allocated per Class					$1,031,560.49	$536,657.86
						J	**Amounts to be recovered by Rate Class for Incremental SMDR for 2009 Amortization of Pre-2009 SM Capital Expenditures**				$478,223.79	$359,168.72	$119,055.07
						K	**Increase in Rate Rider required effective May 1, 2013 for recovery of 2009 Amortization for Pre-2009 SM Capex (for balance of Rate Rider life - 12 months)**					$0.29	$1.15
						L	**Revised Amount for SMDR Effective May 1, 2013 to April 30, 2014 (previously approved rider amount plus incremental amount required for balance of 12 month recovery)**					$0.83	$4.59

**** -2009 Revenue Requirement updated to include 2009 amortization expense related to SM assets to December 31, 2008***

As reported in Veridian's RRR Filings (except for 2012 - based on customer counts to April 30th)

Smart Meter Funding Adder Revenues

Year	Number of customers: Residential	GS < 50 kW	Other Metered Customer Classes (GS > 50 kW, Intermediate, Large Use)	Total Metered Customers where SMFA applied	Estimated Allocation of SMFA Revenues by Rate Class: Residential	GS < 50 kW	Other Metered Customer Classes	Total	SMFA revenues collected from Smart Meter Model
2009	101,547	8,501	1,054	111,102	$ 893,053.67	$ 74,761.93	$ 9,269.39	**$ 977,084.98**	$ 977,084.98
2010	102,929	8,578	1,062	112,569	$ 1,095,246.12	$ 91,276.72	$ 11,300.52	**$ 1,197,823.36**	$ 1,197,823.36
2011	104,060	8,595	1,054	113,709	$ 1,274,886.70	$ 105,301.28	$ 12,913.04	**$ 1,393,101.02**	$ 1,393,101.02
2012 - To April 30th	104,651	8,663	1,070	114,384	**$ 479,250.97**	$ 39,672.35	**$ 4,900.08**	**$ 523,823.40**	$ 523,823.40
					$ 3,742,437.46	**$ 311,012.27**	**$ 38,383.03**	**$ 4,091,832.76**	**$ 4,091,832.76**
					91.46%	**7.60%**	**0.94%**	100.00%	
					83.94%	16.06%			
Even allocation					50.00%	50.00%			
Allocation of 0.94% to Res and GS < 50 kW					**0.469%**	0.469%			
					91.93%	8.07%			

Schedule of SMFA in effect

Rate Year	SMFA
2008	$ 0.73
2009	$ 0.73
2010	$ 1.00
2011	$ 1.00

Exhibit "G" - Changes in Total Bill Impacts

Veridian Connections inc.
EB-2012-0247
Motion to Review

Summary of Bill Impacts as Board Approved

Rate Class	Monthly Volume		Rate Rider Totals	Total Bill Charges		Monthly Bill Impacts	
	kWh	kW	$/mo	Current	Proposed	$	%
Veridian Main							
Residential	800		1.80	$ 104.36	106.16	$1.80	1.73%
GS<50	2,000		6.62	$ 256.16	262.78	$6.62	2.58%
Veridian Gravenhurst							
Residential - Urban	800		1.80	$ 117.27	119.07	$1.80	1.54%
Residential - Suburban	800		1.80	$ 130.62	132.42	$1.80	1.38%
Residential - Seasonal	800		1.80	$ 145.38	147.18	$1.80	1.24%
GS<50	2,000		6.62	$ 277.77	284.39	$6.62	2.38%

Summary of Bill Impacts had 2009 Amortization on Pre-2009 SM Capital Expenditures been included

Rate Class	Monthly Volume		Rate Rider Totals	Total Bill Charges		Monthly Bill Impacts		Increases from As Approved
	kWh	kW	$/mo	Current	Proposed	$	%	% age
Veridian Main								
Residential	800		1.99	$ 104.36	106.35	$1.99	1.91%	0.18%
GS<50	2,000		7.28	$ 256.16	263.44	$7.28	2.84%	0.26%
Veridian Gravenhurst								
Residential - Urban	800		1.99	$ 117.27	119.26	$1.99	1.70%	0.16%
Residential - Suburban	800		1.99	$ 130.62	132.61	$1.99	1.52%	0.14%
Residential - Seasonal	800		1.99	$ 145.38	147.37	$1.99	1.37%	0.13%
GS<50	2,000		7.28	$ 277.77	285.05	$7.28	2.62%	0.24%