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

February 28, 2013

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

Re: TILLSONBURG HYDRO INC
2013 Electricity Distribution Rate Application
EB-2012-0168

Dear Ms. Walli:

Tillsonburg Hydro Inc is pleased to submit to the Ontario Energy Board its Responses to the Supplemental Interrogatories as filed by Board Staff, Energy Probe and the Vulnerable Energy Consumers Coalition. This application is being filed pursuant to the Board's e-Filing Services. Two hard copies of Responses will be delivered to the board over the next two business days.

Excel versions in support of the Responses to Interrogatories that are being filed pursuant to the Board's e-Filing Services include the following:

EB-2012-0168 2013_Rev_Reqt_Work_Form_V3_20120628 PILS Corrected.xls
EB-2012-0168 VECC 45 CA Model.xls
EB-2012-0168 CDMF_Tillsonburg_20120220.xls
EB-2012-0168 2013_Smart_Meter_Model_V3.0.xls
EB-2012-0168 CDM_Ajusted_THI.xls

If you require any further information on this matter, please do not hesitate to contact the undersigned.

Yours very truly,

S.T. Lund, P.Eng.
General Manager
Tillsonburg Hydro Inc.

Tillsonburg Hydro Inc.

2013 COS Application

Response to Interrogatories

EB-2012-0168

Rates Effective: May 1, 2013

Date Filed: February 28, 2013

Tillsonburg Hydro Inc.

10 Lisgar Ave.

Tillsonburg, ON

N4G 5A5

Table of Contents

Title	Reference

File Number: EB-2012-0168

Date Filed: February 28, 2013

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General

0.0-Staff-9s

0.0-Staff-9s

Ref: 0.0-Staff-5

The RRWF filed in response to 0.0-Staff-5 is filled out incorrectly, as there are no entries made in or copied into column M on Sheet 3, as documented in Note 2 of that sheet.

Please provide updated versions of the RRWF reflecting all updates made as a response of supplemental interrogatories. In doing these updates, also reflect the updated Return on Equity and deemed Short-term and Long-term Debt Rates as communicated by the Board on February 14, 2013 for 2013 Cost of Service applications with an effective date of May 1, 2013.

Please file the RRWF in working Microsoft Excel format. Use columns I and M of the RRWF to reflect the further changes made; please do not change the Initial Application in Column E.

Response:

The RRWF in working Microsoft Excel format has been filed.

0.0-Staff-10s

0.0-Staff-10s

Ref: 0.0-Staff-1
Ref: 0.0-Staff-4

In response to 0.0-Staff-1, THI states that it inadvertently did not include the OMERS rate increase for 2013 in the amount of $13k. THI stated that it did include the 2011 and 2012 increase but that it was not proposing any adjustments at this time. In response to 0.0-Staff-4, THI lists the OMERS rate increase as one of the increases in OM&A for the test year. Please explain the conflicting responses. Please confirm whether or not the OMERS rate increase is included in test year costs shown in the Application.

<u>Response:</u>

THI did not include the OMERS rate increase in the test year costs. The answer to 0.0-Staff-4 should not have reflected the OMERS rate increase as one of the increases in OM&A.

0.0-Staff-11s

0.0-Staff-11s

Ref: 0.0-Staff-4

In response to 0.0-Staff-4, THI lists the projected increases in OM&A for the test year arising from reasons other than a change in capitalized overhead. In this list THI identifies the proposed hire of a lineperson ($68k), increased legal costs ($20k), billing system capitalized and amortized ($9k), replacement of a line truck ($35k) and increase in maintenance accounts due to a recent audit by the ESA ($45k).

a) Please provided further details regarding the expected hiring date of the lineperson? What has THI undertaken, to date, to fill the position?

b) Please explain the expenses related to the capitalizing and amortization of the billing system. How are these changes exclusive of changes to capitalized overhead? Do these amounts reflect the allocation of costs for the billing system (71.7%), approved in the Board's decision from THI's last cost of service application (EB-2008-0246)?

c) What is the full purchase price of line truck identified? Will it be used solely by THI? If not, please identify how the $35k cost was allocated to THI.

d) Please provide further details regarding the result of the ESA audit and the nature of the $45k increase in OM&A that will arise.

<u>Response:</u>

a) The expected hiring date of the linesperson at time of Application was April 1, 2013. To date, THI has not started the process. According to THI's standard hiring practice, it has not been necessary to start the process before March 1, 2013.

b) The capitalization and amortization of the billing system should not have been included in the list.

c) Currently identified in the 2013 budget process, the line truck is identified as a cost of $374k. The truck is not solely used by THI. Fleet vehicles are allocated on an hourly basis. The 35k is allocated to THI based on an estimated number of hours used and on a flat hourly rate as per the MSA.

d) In THI's 2012 ESA Audit it was identified that "*The distributor may want to incorporate a more formal inspection schedule with a set checklist to ensure all assets are assessed within a specific time frame*". This statement was based on the fact that THI has aging assets installed at 16,000volts that do not require replacement but will require more maintenance to prevent outages, increase reliability and extend asset life. The 45k increase is a reflected cost of the expected materials, supplies, subcontractors and fleet that will be required to perform the inspections and subsequent maintenance work required as a result of inspections. It should be noted that the labour component will be covered by the additional linesperson identified in a)

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Exhibit 1 - Administrative Documents

1.0-Energy Probe #33

Ref: 0.0-Staff-5

Please provide a corrected RRWF that includes the revised deficiency calculation after the adjustments made for interrogatory responses. The current response does not appear to include any return on capital or other distribution revenues in the Interrogatory Responses columns. Please also provide a live Excel spreadsheet that reflects the corrections.

Response:

The RRWF in working Microsoft Excel format has been filed.

1.0-Energy Probe #34

Ref: 0.0-Staff-5 &
0.0-Staff-7

The response to 0.0-Staff-5 indicates that THI has accepted changes to rate base based on actual 2012 capital expenditures and an updated cost of power. The response to 0.0-Staff-7 indicates that THI is not proposing any adjustments to the proposed service revenue requirement. Please reconcile these two statements.

<u>Response:</u>

THI understands that changes will need to be made to the proposed service revenue requirement; however THI would prefer not to make any final adjustments until we are in the draft rate order process.

1.0-Staff-3s

Ref: 1.0-Staff-2

In response to 1.0-Staff-2, THI states that it determined its 2% wage increase assumption by investigating and utilizing other local utility collective agreements. When was the last time THI negotiated its own collective agreement?

Response:

THI has no union employees and therefore does not negotiate its own collective agreement.

Tillsonburg Hydro Inc.

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Exhibit 2 - Rate Base

2.0-Staff-10s

Ref: 2.0-Energy Probe-8d)
Ref: 2.0-Staff-7

In response to 2.0-Energy Probe-8d), THI confirmed the use of the half year rule in the calculation of depreciation expense and accumulated depreciation for each of 2008 through to 2012.

In response to 2.0-Staff-7, THI indicated the variances in 2011 CGAAP depreciation expense between the updated Appendix 2-CE (depreciation schedule) and Appendix 2-B (fixed asset continuity schedule) is due to the half year rule. Based on THI's response to the interrogatory, the depreciation expense on the updated depreciation schedule is calculated using the half year rule. If the difference between the depreciation schedule and the fixed asset continuity schedule is due to the half year rule, then the accumulated depreciation in the fixed asset schedule would not have had the half year rule applied. This is contrary to THI's response to 2.0-Energy Probe-8d).

a) Please clarify whether or not THI has used the half year rule consistently in all schedules in the rate application.

b) If not, please update the evidence as appropriate to consistently reflect the half year rule.

<u>Response:</u>

a) THI has used the half year rule consistently in all schedules in the rate application. In the continuity schedule, a half year depreciation expense was applied in 2009, a full year in 2010 and the remaining half year was applied in 2011. In Appendix 2-CE, it applied a full years depreciation expense instead of the remaining half year. An example has been provided in the table below.

	Depreciation Rate	Appendix 2-B	Depreciation Rate	Appendix 2-CE
2009	25%	74161		
2010	50%	148322		
2011	25%	74160	50%	148322

2.0-Staff-11s

Ref: 2.0-Staff-3

In response to 2.0-Staff-3, THI indicated that "THI does not have the need to consider IAS 17 and IFRIC 4 since all services are contracted through the Master Services Agreement with the Town of Tillsonburg. This is clearly an operating lease and not a finance lease as the risks and rewards of ownership remain with the Corporation of the Town of Tillsonburg."

a) If THI has not considered IAS 17 and IFRIC 4, please explain how has THI applied IFRS with regards to lease arrangements in its current MIFRS rate application?

b) Please indicate if there are any particular sections of any IFRS standard that allows THI to be exempt from IAS 17 and IFRIC 4 with regards to lease arrangements.

c) How is THI able to conclude that the Master Services Agreement with the Town of Tillsonburg is "clearly an operating lease and not a finance lease" if THI has not performed any accounting treatment assessments under MIFRS? Have THI's external auditors considered this issue? If yes, please provide the auditor's response and conclusions.

<u>Response:</u>

a) THI has considered IAS 17 and IFRIC 4. The conclusion reached was that the Master Service Agreement (MSA) between THI and the Town of Tillsonburg meets the classification criteria as an operating lease under IAS 17. The MSA has been accounted for as an operating lease in the current MIFRS rate application.

b) THI is not exempt from IAS 17 and IFRIC 4 with regards to leasing arrangements. The MSA has been accounted for as an operating lease under IAS 17.

c) Yes, the external auditors, Scrimgeour and Company Chartered Accountant (S&C), have considered the accounting treatment under IAS 17 and IFRC 4. S&C analysed the classification criteria under IAS 17 and IFRIC 4 and concluded that the MSA with the Town of Tillsonburg is an operating lease since the substance of the agreement does not convey the right to control the use of the underlying asset nor any right to rewards, and the Town of Tillsonburg retains the risks. Scrimgeour Consulting Group (SCG) assessed the shared costs, those costs not directly attributable to a single business unit which primarily included administrative and general expenses (the management fee) and the facility, (annual lease rate) and concluded that these costs are consistent with market value, which supports the classification of the MSA as an operating lease under IAS 17 and IFRIC 4.

2.0-VECC TCQ-50

Reference: 2.0-VECC-3.0

a) Please confirm that all new connections are provided free basic connections assets as set out in section 3 of the Distribution System Code.

b) Please provide the most recent economic evaluation completed for a major residential subdivision.

<u>Response:</u>

a) THI confirms that all new connections are provided free basic connections as set out in the Code.

b) The economic evaluation model is provided at IR1/T4/S3/Att1.

Attachment 1 of 1

Economic Evaluation Model

Table No.			
	Project name	Park Place	
	Developer name		
	Project Start Year	2008	
	Customer connection horizon (max 5)	5	YELLOW CELLS ONLY ARE FOR DATA INPUT OF ANNUAL CONSTANTS.
	Customer revenue horizon (max 25)	25	BLUE CELLS ARE USED FOR PROJECT SPECIFIC DATA

1 Forecasted customer additions (non-cumulative)

Customer Class	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*	*Total*
Residential	1	10	8	19		13	51
General Service < 50kW							0
General Service > 50kW <500							0
General Service > 500 kW <1500							0
General Service >1500 kW							0
Other class - non-demand							0
Other class - non-demand							0
Sentinel Lights / Unmetered							0
Other class - demand							0

2 Estimate of average energy per added customer (monthly kWh)

Customer Class	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*
Residential	725	710	751	737	737	737
General Service < 50kW	3397	2672	3042	3033	3033	3033
Other class - non-demand	0	0	0	0	0	0
Other class - non-demand	0	0	0	0	0	0

3 Estimate of average demand per added customer kW

Customer Class	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*
General Service > 50kW <500	113	120	10868	128	128	128
General Service > 500 kW <1500	1762	1071	7819	822	822	822
General Service >1500 kW	0	0	6725	1900	1900	1900
Sentinel Lights / Unmetered	34	34	25	24	24	24
Other class - demand	0	0	0	0	0	0

4 Approved wires only rates per rate schedule - monthly fixed charge

Customer Class	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*
Residential	11.65	11.57	10.81	10.05	9.84	9.72
General Service < 50kW	25.04	24.95	24.79	24.84	24.88	24.81
General Service > 50kW <500	111.79	111.69	117.30	125.62	128.46	128.60
General Service > 500 kW <1500	1158.65	1105.63	1,148.43	1301.29	1,342.17	1,352.93
General Service >1500 kW	0.00	1158.49	1,412.65	1779.73	1,900.75	1,936.97
Other class - non-demand	0.00	0.00	-	0.00	-	-
Other class - non-demand	0.00	0.00	-	0.00	-	-
Sentinel Lights / Unmetered	1.18	1.18	1.11	1.03	1.00	1.00
Other class - demand	0.00	0.00	-	0.00	-	-

5 Approved wires only rates per rate schedule - variable charge (per kWh)

Customer Class	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*
Residential	0.0159	0.0171	0.0185	0.0172	0.0168	0.0166
General Service < 50kW	0.01	0.0117	0.0151	0.0151	0.0151	0.0151
Unmetered	0	0	-	0	-	-
Other class - non-demand	0	0	0	0	-	-

6 Approved wires only rates per rate schedule - demand charge (per kW)

Customer Class	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*
General Service > 50kW <500	0.8317	1.0435	0.8317	1.6510	1.6883	1.6901
General Service > 500 kW <1500	0.4774	0.5449	0.4774	0.8840	0.9118	0.9191
General Service >1500 kW	0.0000	1.0857	0.0000	3.1068	3.1386	3.8424
Sentinel Lights / Unmetered	7.3109	9.0273	7.3109	10.8492	10.6073	10.5485
Other class - demand	0.0000	0.0000	0.0000	0.0000	-	-

7 New facilities and/or reinforcement investments

Capital elements	*2008*	*2009*	*2010*	*2011*	*2012*
Distribution stations	146,802				
Distribution lines					
Distribution transformers					
Secondary busses					
Services					
Other					
Total	146,802	-	-	-	-

Table No.							
	Project name	Park Place					
	Developer name						
	Project Start Year	2008					

Assessed value of land					

8 Customer specific capital

Customer Class	*2008*	*2009*	*2010*	*2011*	*2012*
Residential	0	0	0	0	0
General Service < 50kW	0	0	0	0	0
General Service > 50kW <500	0	0	0	0	0
General Service > 500 kW <1500	0	0	0	0	0
General Service >1500 kW	0	0	0	0	0
Other class - non-demand	0	0	0	0	0
Other class - non-demand	0	0	0	0	0
Sentinel Lights / Unmetered	0	0	0	0	0
Other class - demand	0	0	0	0	0
Total	0	0	0	0	0

9 Incremental overheads at project level applicable to distribution system expansion (per customer addition)

Customer Class	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*
Residential	0	0	0	0	0	0
General Service < 50kW	0	0	0	0	0	0
General Service > 50kW <500	0	0	0	0	0	0
General Service > 500 kW <1500	0	0	0	0	0	0
General Service >1500 kW	0	0	0	0	0	0
Other class - non-demand	0	0	0	0	0	0
Other class - non-demand	0	0	0	0	0	0
Sentinel Lights / Unmetered	0	0	0	0	0	0
Other class - demand	0	0	0	0	0	0

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Attributable incremental annual operating and maintenance expenditures (per customer addition)

Customer Class	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*
Residential	182	221	217	229	254	260
General Service < 50kW	182	221	217	229	254	260
General Service > 50kW <500	182	221	217	229	254	260
General Service > 500 kW <1500	182	221	217	229	254	260
General Service >1500 kW	182	221	217	229	254	260
Other class - non-demand						
Other class - non-demand						
Sentinel Lights / Unmetered	182	221	217	229	254	260
Other class - demand						

11 Discount rate data

Incremental after-tax cost of capital	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*
Borrowing rate	5.00%	4.53%	4.53%	4.53%	4.53%	6.51%
Rate of return on common equity	8.57%	8.01%	8.01%	9.66%	9.66%	9.01%
Total debt outstanding (%)	0.00%	0.00%	12.55%	11.22%	9.96%	10.00%
Total common equity (%)	100.00%	100.00%	87.45%	88.78%	90.04%	90.00%
Marginal income tax rate	16.50%	16.50%	16.00%	15.50%	15.50%	15.50%
Incremental after-tax weighted average cost of capital	8.5700%	8.0100%	7.4824%	9.0058%	9.0789%	8.6591%

12 Tax rate data

Type of tax	*2008*	*2009*	*2010*	*2011*	*2012*	*Years 6-25*
Municipal tax rate	6.304691%	5.990462%	5.700079%	5.700079%	5.700079%	5.700079%
Marginal income tax rate	16.50%	16.50%	16.00%	15.50%	15.500%	15.500%
Federal capital tax rate	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
Provincial capital tax rate	0.225%	0.225%	0.150%	0.000%	0.000%	0.000%
Capital cost allowance rate	4.000%	4.000%	4.000%	4.000%	4.000%	4.000%
Taxable capital employed in Canada	8,409,264	9,053,092	10,053,092	10,353,000	10,653,000	10,953,000
Capital Deduction (Federal purposes)	8,409,264	9,053,092	10,053,092	10,353,000	10,653,000	10,953,000
Base for Federal capital tax	0	0	0	0	0	0
Capital Deduction (Provincial purposes	8,409,264	9,053,092	10,053,092	10,353,000	10,653,000	10,953,000
Base for Provincial capital tax	0	0	0	0	0	0

2.0-VECC TCQ-51

Reference: 2.0-VECC-6.0 / 2.0-VECC-5.0

a) Please identify the projects in Appendix 2-A which are associated with the Developer contribution of $797,835 in 2008.

b) The purpose of interrogatory 6 is to understand how the capital contribution forecast of $132,000 was derived. Please explain the methodology employed (e.g. average of past years, based on specific 2013 projects, etc.).

Response:

a) The projects shown in Appendix 2-A which are associated with the Developer contribution in 2008 is as follows:

- Project 902 – Baldwin Place #7 (under misc.)
- Project 903 – Brookside (Allen) (under misc.)
- Project 904 – Park Place
- Project 907 – Woodhaven Condos (under misc.)
- Project 913 – Oak Park 2007
- Project 914 – Oaks Subd.
- Project 915 – Baldwin Place #8
- Project 936 – Baldwin Place Poles
- Project 940 – Fairview Pumping Station

b) THI derived the $132k based on specific 2013 projects.

2.0-Energy Probe #35

Ref: 2.0 Energy Probe #12 &
Exhibit 3, Tab 1, Schedule 1, Attachment 1

a) Part (a) of the question was not fully answered. Please reconcile the volumes for 2013 shown in Attachment 2 of the response with the volumes shown in Table 3.1.1 in Exhibit 3, Tab 1, Schedule 1, Attachment 1. Please show where the resulting loss factor has been calculated in the original evidence that matches the figure used in this response.

b) Please show the derivation of the 2013 commodity price of $0.07932 used in Attachment 2.

<u>Response:</u>

a) On page 1 of E3/T1/S1/Att1, these volumes have not been adjusted for the loss factor. However on page 2 of Attachment 2 it shows the volumes with the loss factor applied. The loss factor calculation can be found at E8/T3/S6/Att2 which has been used to calculate the volumes found at E3/T1/S1/Att1/Pg2. A table has been provided below showing the derivation of the forecasted volumes.

Customer Class Name	2013 Normalized	Loss Factor	2013 Normalized
Residential	49,718,289	1.0333	51,372,641
General Service < 50 kW	22,374,916	1.0333	23,119,430
General Service > 50 to 499 kW	38,032,205	1.0333	39,297,708
General Service > 500 to 1499 kW	34,764,165	1.0333	35,920,926
General Service > 1,500 kW	35,588,409	1.0333	36,772,596
Unmetered Scattered Load	426,840	1.0333	441,043
Sentinel Lighting	118,423	1.0333	122,363
Street Lighting	1,399,171	1.0333	1,445,728
MicroFIT Generator			0
	182,422,418		**188,492,435**

b) When calculating the commodity price, THI erroneously used the RPP rate of $0.07932 as opposed to the weighted average price of $0.0798. The corrected cost of power calculation which reflects the Regulated Price Plan Price Report dated October 17, 2012, has been provided at IR1/T4/S5/Att1.

Attachment 1 of 1

2.0-Energy Probe #35 - Updated Cost of Power Calculation

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1
August 31, 2012

C8 Pass-through Charges

Volumes from sheet C1, Account #s from sheet Y4

Enter rates for pass-through charges and estimated Low Voltage revenues

		Customer	Revenue	Expense	2012	*rate ($/kWh):*	$0.06800	2013	*rate ($/kWh):*	$0.07980
Electricity (Commodity)		**Class Name**	**USA #**	**USA #**	**Volume**		**Amount**	**Volume**		**Amount**
	kWh	Residential	4006	4705	50,963,266		3,465,502	51,372,641		4,099,537
	kWh	General Service < 50 kW	4010	4705	22,595,241		1,536,476	23,119,430		1,844,931
	kWh	General Service > 50 to 499 kW	4035	4705	42,209,071		2,870,217	39,297,708		3,135,957
	kWh	General Service > 500 to 1499 kW	4035	4705	37,965,508		2,581,655	35,920,926		2,866,490
	kWh	General Service > 1,500 kW	4035	4705	36,121,927		2,456,291	36,772,596		2,934,453
	kWh	Unmetered Scattered Load	4010	4705	410,716		27,929	441,043		35,195
	kWh	Sentinel Lighting	4030	4705	109,945		7,476	122,363		9,765
	kWh	Street Lighting	4025	4705	1,475,121		100,308	1,445,728		115,369
		MicroFIT Generators								
		TOTAL			**191,850,795**		**13,045,854**	**188,492,435**		**15,041,696**
Transmission - Network		**Customer**	**Revenue**	**Expense**		**2012**			**2013**	
		Class Name	**USA #**	**USA #**	**Volume**	**Rate**	**Amount**	**Volume**	**Rate**	**Amount**
	kWh	Residential	4066	4714	50,963,266	$0.0068	346,550	51,372,641	$0.0070	359,608
	kWh	General Service < 50 kW	4066	4714	22,595,241	$0.0054	122,014	23,119,430	$0.0062	143,340
	kW	General Service > 50 to 499 kW	4066	4714	122,729	$2.3557	289,113	115,448	$2.4125	278,518
	kW	General Service > 500 to 1499 kW	4066	4714	87,967	$3.0870	271,554	87,241	$3.1614	275,804
	kW	General Service > 1,500 kW	4066	4714	68,321	$3.0870	210,907	70,544	$3.1614	223,018
	kWh	Unmetered Scattered Load	4066	4714	410,716	$0.0061	2,505	441,043	$0.0062	2,734
	kW	Sentinel Lighting	4066	4714	302	$1.9396	586	301	$1.9864	598
	kW	Street Lighting	4066	4714	3,831	$1.9347	7,412	3,767	$1.9813	7,464
		MicroFIT Generators	4066	4714						
		TOTAL			**74,252,373**		**1,250,641**	**75,210,415**		**1,291,085**
Transmission - Connection		**Customer**	**Revenue**	**Expense**		**2012**			**2013**	
		Class Name	**USA #**	**USA #**	**Volume**	**Rate**	**Amount**	**Volume**	**Rate**	**Amount**
	kWh	Residential	4068	4716	50,963,266	$0.0051	259,913	51,372,641	$0.0050	256,863
	kWh	General Service < 50 kW	4068	4716	22,595,241	$0.0061	137,831	23,119,430	$0.0045	104,037
	kW	General Service > 50 to 499 kW	4068	4716	122,729	$1.7945	220,237	115,448	$1.7443	201,376
	kW	General Service > 500 to 1499 kW	4068	4716	87,967	$2.4454	215,115	87,241	$2.3769	207,363
	kW	General Service > 1,500 kW	4068	4716	68,321	$2.4454	167,072	70,544	$2.3769	167,676
	kWh	Unmetered Scattered Load	4068	4716	410,716	$0.0046	1,889	441,043	$0.0045	1,985
	kW	Sentinel Lighting	4068	4716	302	$1.4782	446	301	$1.4368	432
	kW	Street Lighting	4068	4716	3,831	$1.4744	5,648	3,767	$1.4331	5,398
		MicroFIT Generators	4068	4716						
		TOTAL			**74,252,373**		**1,008,152**	**75,210,415**		**945,131**
Wholesale Market Service		**Customer**	**Revenue**	**Expense**	**2012**	*rate ($/kWh):*	**$0.00520**	**2013**	*rate ($/kWh):*	**$0.00520**
		Class Name	**USA #**	**USA #**	**Volume**		**Amount**	**Volume**		**Amount**
	kWh	Residential	4062	4708	50,963,266		265,009	51,372,641		267,138
	kWh	General Service < 50 kW	4062	4708	22,595,241		117,495	23,119,430		120,221
	kWh	General Service > 50 to 499 kW	4062	4708	42,209,071		219,487	39,297,708		204,348
	kWh		4062	4708	37,965,508		197,421	35,920,926		186,789
	kWh	General Service > 1,500 kW	4062	4708	36,121,927		187,834	36,772,596		191,217
	kWh	Unmetered Scattered Load	4062	4708	410,716		2,136	441,043		2,293
	kWh	Sentinel Lighting	4062	4708	109,945		572	122,363		636
	kWh	Street Lighting	4062	4708	1,475,121		7,671	1,445,728		7,518
	kWh	MicroFIT Generators	4062	4708						
		TOTAL			**191,850,795**		**997,624**	**188,492,435**		**980,161**

Tillsonburg Hydro Inc. (ED-2003-0026)

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C8 Pass-through Charges

Enter rates for pass-through charges and estimated Low Voltage revenues

Volumes from sheet C1, Account #s from sheet Y4

		Customer Class Name	Revenue USA #	Expense USA #	2012 Volume	rate ($/kWh):	$0.00130 Amount	2013 Volume	rate ($/kWh):	$0.00110 Amount
Rural Rate Protection	kWh	Residential	4062	4730	50,963,266		66,252	51,372,641		56,510
	kWh	General Service < 50 kW	4062	4730	22,595,241		29,374	23,119,430		25,431
	kWh	General Service > 50 to 499 kW	4062	4730	42,209,071		54,872	39,297,708		43,227
	kWh	General Service > 500 to 1499 kW	4062	4730	37,965,508		49,355	35,920,926		39,513
	kWh	General Service > 1,500 kW	4062	4730	36,121,927		46,959	36,772,596		40,450
	kWh	Unmetered Scattered Load	4062	4730	410,716		534	441,043		485
	kWh	Sentinel Lighting	4062	4730	109,945		143	122,363		135
	kWh	Street Lighting	4062	4730	1,475,121		1,918	1,445,728		1,590
	kWh	MicroFIT Generators	4062	4730						
		TOTAL			**191,850,795**		**249,406**	**188,492,435**		**207,342**
Debt Retirement Charge		**Customer Class Name**	**Revenue USA #**	**Expense USA #**	**2012 Volume**	rate ($/kWh):	**$0.00700 Amount**	**2013 Volume**	rate ($/kWh):	**$0.00700 Amount**
		TOTAL								
Low Voltage Charges		**Customer Class Name**	**Revenue USA #**	**Expense USA #**	**2012 Volume**	**2012 Rate**	**Amount**	**2013 Volume**	**2013 Rate**	**Amount**
	kWh	Residential	4075	4750	49,322,097			49,718,289		
	kWh	General Service < 50 kW	4075	4750	21,867,607			22,374,916		
	kW	General Service > 50 to 499 kW	4075	4750	122,729			115,448		
	kW	General Service > 500 to 1499 kW	4075	4750	87,967			87,241		
	kW	General Service > 1,500 kW	4075	4750	68,321			70,544		
	kWh	Unmetered Scattered Load	4075	4750	397,490			426,840		
	kW	Sentinel Lighting	4075	4750	302			301		
	kW	Street Lighting	4075	4750	3,831			3,767		
	-	MicroFIT Generators	4075	4750						
		TOTAL			**71,870,344**			**72,797,346**		
GRAND TOTAL							**16,551,677**			**18,465,415**

2.0-VECC TCQ-52

Reference: 2.0 Energy Probe-11 / 9.0-Staff-8

a) In the response the total recovered appears to be 89k rather than 89.5k. It is also not clear how the price per customer is calculated as 79,000/6042 = 13.08 (not 13.17) and 10,000/666 = 15.02 (not 14.71). Please reconcile these differences.

b) How long has Tillsonburg been accounting for residential meters separately from general service meters?

<u>Response:</u>

a) Please reference 9.0-Staff-16s. THI has requested to adopt Board staffs proposed methodology and respectfully suggest that further reconciliation is no longer required.

b) THI has always accounted for residential and general service meters separately.

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Date Filed: February 28, 2013

Tab 5 of 10

Exhibit 3 - Operating Revenue

3.0-Staff-13s

Ref: 3.0-Staff-1

a) For each customer class, please identify whether the class is on monthly, bi-monthly (i.e. every two months) or other (and if so, specify) billing.

b) How many meter billing cycles does THI have? In other words, how many different billing dates does THI have for generating bills in a typical month?

Response:

a) All customer classes are billed monthly.

b) THI has 24 billing cycles and 14 – 16 billing dates per month.

3.0-Staff-14s

Ref: 3.0-Staff-8

In its response to part e), THI states:

> At the time of calculation the final 2011 OPA results had not been released. The 30% factor is simply a proxy calculation for what THI estimates will be the net impact of new CDM programs introduced in 2013 that will ultimately reduce THI retail consumption.
>
> This is premised on THI's commitment to meet its licensed CDM targets. The 30% is factored on a simple acceleration model of program implementation to meet the 2014 target (10% in 2011, 20% in 2012, 30% in 2013 and finally 40% in 2014). Ultimately the true test of success will be upon the final publication of 2013 net CDM results and the calculation of the LRAMVA. THI understands that this is intended to save harm to the customer and to the shareholder.

Board staff observes that, while the LRAMVA is trued up, the load forecast for the 2013 test year is not. Therefore, any underage or overage in the test year load forecast due to an adjustment for the persistence of previous year CDM programs, the persistence of 2012 programs and the impact of 2013 programs on the 2013 load forecast is not trued up. An under-forecasting/over-forecasting of the 2013 CDM adjustment will result in an over-forecasting/under-forecasting of the test year consumption and demand. In turn, as the class-specific consumption or demand, as applicable, also serves as the billing determinant for volumetric distribution rates and also for other rate riders and adders, this would result in overstated/understated volumetric rates and other rate riders and rate adders.

a) Please confirm that while the LRAMVA amount is subject to true up, the test year load forecast is not. In the alternative, please provide WPI's explanation as to how the load forecast is "trued up" for any overage or underage of the CDM adjustment.

b) Board staff views that the response to b) of 3.0-Staff-8 does not adequately respond to the questions posed in b), c) and d) of 3-Staff-8. In light of the further information provided in the preamble to this supplemental interrogatory, please provide further responses to b), c) and d) of 3-Staff-8.

Response:

a) THI confirms that the LRAMVA is subject to true-up while the Load Forecast is not.

b) THI believes that at the time of calculation the final 2011 OPA results had not been released. It was universally expected that the 2011 results would be reduced from previous years. It was determined by THI that in using the 2006 to 2011 average as a reasonable and available proxy at the time, that it would compensate for the 2006 shortfall questioned in. THI also reasoned that ultimately the LRAMVA would be trued up and any significant change in the calculation would not be materially harmful to any affected party. THI proposed the as filed methodology as being reasonable at that point in time. THI acknowledges the inherent challenges of its proposal in light of further data being available. THI acknowledges that Boards staff proposed methodology in 3.0 - Staff - 15 s may more reasonably calculate the required adjustments.

3.0-Staff-15s

Ref: 3.0-Staff-8

THI has proposed to use a CDM target of 30% as the CDM adjustment for the 2013 load forecast amount to take into account the persistence of 2011 and 2012 CDM programs, and the impact of 2013 CDM programs on 2013 demand (consumption, measured in kWh).

An alternative approach is to take into account the 2011 results and their persistence, as measured and reported by the OPA for THI, and then to assume an equal increment for each of 2012, 2013, and 2014 so as to achieve THI's CDM target of 6,330,903 kWh. Board staff views that this approach is preferable as there are results on what the utility has achieved to date, and hence what more will be needed to achieve the cumulative four-year target. In using the measured and reported results from the 2011 programs, including the persistence into 2013, Board staff views that an improved estimate of the CDM impact of 2011-2013 programs on the LRAMVA threshold for 2013 (and 2014) would result, along with the corresponding adjustment to the 2013 test year load forecast.

Based on the final 2011 OPA results provided in response to 3.0-VECC-15.0 part c, Board staff has prepared the following table, which is also provided in working Microsoft Excel format:

Load Forecast CDM Adjustment Work Form (2013)

Tillsonburg Hydro Inc. ***EB-2012-0168***

4 Year (2011-2014) kWh Target:					
10,250,000					
	2011	2012	2013	2014	Total
%					
2011 CDM Programs	5.39%	4.65%	4.65%	4.60%	19.29%
2012 CDM Programs		13.45%	13.45%	13.45%	40.35%
2013 CDM Programs			13.45%	13.45%	26.90%
2014 CDM Programs				13.45%	13.45%
Total in Year	**5.39%**	**18.10%**	**31.55%**	**44.95%**	**100.00%**
kWh					
2011 CDM Programs	552,700	476,567	476,567	471,449	1,977,283
2012 CDM Programs		1,378,786	1,378,786	1,378,786	4,136,359
2013 CDM Programs			1,378,786	1,378,786	2,757,572
2014 CDM Programs				1,378,786	1,378,786
Total in Year	**552,700**	**1,855,353**	**3,234,139**	**4,607,807**	**10,250,000**

Check 10,250,000

	Net-to-Gross Conversion "Gross"	"Net"	Difference	"Net-to-Gross" Conversion Factor ('g')
2006 to 2011 OPA CDM programs: Persistence to 2013	1	1	0	0.00%

	2011	2012	2013	2014	Total for 2013
Amount used for CDM threshold for LRAMVA	476,567	1,378,786	1,378,786		3,234,139
Manual Adjustment for 2013 Load Forecast *Manual adjustment uses "gross" versus "net" (i.e. numbers multiplied by (1 + g)*	476,567	1,378,786	689,393 *Only 50% of 2013 CDM impact is used based on a half year rule*		2,544,746

The methodology for this is as follows:

For the top table

- The 2011-2014 CDM target is input into cell B4;
- Measured results for 2011 CDM programs for each of the years 2011 and persistence into 2012, 2013 and 2014 are input into cells C13 to F13;
- Based on these inputs, the residual kWh to achieve the 4 year CDM target is allocated so that there is an equal incremental increase in each of the years 2012, 2013 and 2014.

The second table is to calculate the conversion from "net" to "gross" results. While the LRAMVA is based on the "net" OPA-reported results, the load forecast is impacted also by CDM savings of "free riders" and "free drivers". While Board staff has input values of "1" in each of cells D24 and E24, in the absence of information, these should be populated with the measured "gross" and "net" CDM savings for the persistence of all CDM programs from 2006 to 2011 on 2013, as reported in the final OPA reports.

For the last table, two numbers are calculated:

- The "Amount used for CDM threshold for LRAMVA" is the sum of the persistence of 2011 and 2012 CDM programs and the annualized impact of 2013 CDM programs on 2013; and
- "Manual Adjustment for 2013 Load Forecast" represents the amount to be reflected in the 2013 load forecast. This amount uses the "gross" impact, which is calculated by multiplying each year's CDM program impact or persistence by (1 + g) from the second table. In addition, the impact of the 2013 CDM programs on 2013 "actual" consumption is divided by 2 to reflect a "half year" rule. Since the 2013 CDM programs are not in effect at midnight on January 1, 2013, the "annualized" results reported in the OPA report will overstate the "actual" impact. In the absence of information on the timing and uptake of CDM programs in their initial year, a "half-year" rule may proxy the impact.

a) Please input the "gross" and "net" cumulative kWh CDM savings from all CDM programs from 2006 to 2011 on 2013 as measured in the final OPA reports into, respectively, cells D24 and E24.

b) Please verify the inputs and results of the model.

c) Please derive the class CDM kWh and kW savings that would correspond with the "net" CDM savings above.

d) Please provide THI's comments on the methodology above to develop the CDM savings that will underlie the 2013 CDM amount for the LRAMVA and the corresponding CDM adjustment for the 2013 test year load forecast. What refinements to this approach should be considered?

Response:

a)

	Net-to-Gross Conversion "Gross"	"Net"	Difference	"Net-to-Gross" Conversion Factor ('g')
2006 to 2011 OPA CDM programs: Persistence to 2013	4,044,537	2,412,656	1,631,881	67.64%

	2011	**2012**	**2013**	**2014**	**Total for 2013**
Amount used for CDM threshold for LRAMVA	476,567	1,378,786	1,378,786		3,234,139
Manual Adjustment for 2013 Load Forecast	798,909	2,311,375	1,155,687		4,265,971
Manual adjustment uses "gross" versus "net" (i.e. numbers multiplied by (1 + g)			*Only 50% of 2013 CDM impact is used based on a half year rule*		

b) THI confirms the inputs and results of the model "CDMWF_Tillsonburg_20120220.xlsx"

c) THI presents the following subject to clarification by Board Staff.

kWh Calculation:

	2013 CDM Threshold (kWh of incremental CDM savings needed in 2013)	Application Factor 1.0 Full Year 0.5 Half Year	2013 Net kWh Load Forecast CDM Adjustment before Gross-Up	2013 Net to Gross Adjustment	2013 Load Forecast CDM Adjustment
	A	B	C = A * B	D	E = C * (1 + D)
Year					
2011	476,567	1.0	476,567	67.6%	798,909
2012	1,378,786	1.0	1,378,786	67.6%	2,311,375
2013	1,378,786	0.5	689,393	67.6%	1,155,687
	3,234,139		2,544,746		4,265,971

Based on the above kWh calculation the possible allocation would be as follows:

	Weather Normalized 2013F (Elenchus)		LRAMVA Allocation (kWh)	Net to Gross Load Forecast Adjustment (kWh)
Residential (kWh)	50,534,380	27%	879,475	1,160,066
GS<50 (kWh)	22,935,224	12%	399,153	526,500
GS>50-499 (kWh)	38,737,617	21%	674,170	889,260
GS 500-1499 (kWh)	35,408,962	19%	616,240	812,847
GS>1500 (kWh)	36,248,494	20%	630,850	832,119
Street Lights (kW)	1,422,827	1%	24,762	32,662
Sentinel Lights (kW)	118,423	0%	2,061	2,719
USL (kWh)	426,840	0%	7,429	9,799
Total Customer (kWh)	185,832,767	100%	3,234,139	4,265,971

kW Calculation using similar calculation as kWh.

Schedule to achieve 4 Year kW CDM Target

4 Year 2011 - 2014 kW CDM Target					
2,290					
%	2011	2012	2013	2014	Total
2011 Programs	64.8%	5.6%	5.6%	5.5%	81.6%
2012 Programs		3.1%	3.1%	3.1%	9.2%
2013 Programs			3.1%	3.1%	6.1%
2014 Programs				3.1%	3.1%
	64.8%	8.7%	11.8%	14.7%	100.0%

kWh	2011	2012	2013	2014	Total
2011 Programs	1,483	129	129	127	1,869
2012 Programs		70	70	70	211
2013 Programs			70	70	140
2014 Programs				70	70
	1,483	199	270	338	2,290

	2013 CDM Threshold (kW of incremental CDM savings needed in 2013)	Application Factor 1.0 Full Year 0.5 Half Year	2013 Net kW Load Forecast CDM Adjustment before Gross-Up	2013 Net to Gross Adjustment	2013 Load Forecast CDM Adjustment
	A	B	C = A * B	D	E = C * (1 + D)
Year					
2011	129	1.0	129	73.3%	224
2012	70	1.0	70	73.3%	122
2013	70	0.5	35	73.3%	61
	270		235		406

Based on the above kW calculation the possible allocation would be as follows:

	Weather Normalized 2013F (Elenchus)		LRAMVA Allocation (kW)	Net to Gross Load Forecast Adjustment (kW)
Residential (kWh)		0%	-	-
GS<50 (kWh)		0%	-	-
GS>50-499 (kW)	115,977	42%	113	170
GS 500-1499 (kW)	87,415	31%	85	128
GS>1500 (kW)	70,405	25%	68	103
Street Lights (kW)	3,831	1%	4	6
Sentinel Lights (kW)	301	0%	0	0
USL (kWh)		0%	-	-
Total Customer (kWh)	277,929	100%	270	406

d) THI has prepared the above as requested by Board staff but would be ambivalent to comment further subject to Board direction.

3.0-Staff-16s

Ref: 3.0-VECC-12

Are the year-to-date numbers shown for 2011 and 2012 year-end (December 31) or annual averages?

Response:

The numbers shown are annual averages.

3.0 Energy Probe #36

Ref: Energy Probe #14 &
Exhibit 3, Tab 1, Schedule 2, Attachment A.

a) Please confirm that based on the customers shown in Attachment 1 that THI has already hit its forecast for 2013 residential customers in 2012 (6,042).

b) The actual number of GS > 1,500 customers for 2012 is shown as 3, compared to the forecast of 2. Please identify the additional customer in 2012 compared to forecast in relation to the customer identified in Exhibit 3, Tab 1, Schedule 2, Attachment A. Please also provide the current status of this customer at the current time and any changes to the 2013 forecast that should be made as a result of this customer.

Response:

a) THI cannot confirm. Unfortunately, the table headings are not as clear as they could be, and THI apologizes for the confusion. The customer number THI believes Energy Probe is referring to is the column entitled "2012 Actual Ending Nov 30, 2012 Normalized" which indicates 6,042 customer attachments. This figure represents the November 2012 actual count. The "Normalized" column heading should have been removed as all other columns with this heading for customer connections display average annual figures. The average number of customer connections for 2012 (up to and including November) is 6,022, which is less than the 2013 forecast for residential customers. Assuming 6,042 customers in December 2012, the 2012 annual average is 6,024, consistent with the figures report in response to VECC #12. The monthly counts are displayed below:

Month	Residential
12-Jan	6,002
12-Feb	6,012
12-Mar	6,009
12-Apr	6,014
12-May	6,020
12-Jun	6,023
12-Jul	6,025
12-Aug	6,030
12-Sep	6,026
12-Oct	6,037
12-Nov	6,042

b) Please see response to 3.0 Energy Probe #16 (b).

3.0 Energy Probe #37

Ref: Energy Probe #15

Did the 2013 forecasts generated in the responses to part (e) use 18 or 19 peak days in February, 2013?

Response:

The forecasts generated in the responses to part (e) used 18 peak days in February 2013, as in THI's original filing.

3.0 Energy Probe #38

**Ref: Energy Probe #14 &
VECC #12**

Please reconcile the different number of customers for 2012 shown for the residential, GS < 50 and GS 50-499 classes.

Response:

Actual customer numbers for November 2011 and 2012

	Residential	GS<50	GS50-499	GS500-1499	GS>1500	Street	Sent	USL
2011	5,989	660	76	9	3	2,372	127	17
2012	6,042	649	78	9	3	2,372	127	17

3.0 Energy Probe #39

Ref: Energy Probe #19

Please explain the difference in the figures of $80.71/MWh and $0.08242/kWh shown in the response in Attachment 1 in the second last column of the table.

Response:

A formula was missed on Attachment 1. $0.08242/kWh should be $0.08071. The corrected version has been provided at IR1/T5/S8/Att1.

Attachment 1 of 1

3.0 Energy Probe #39 - Update to Commodity Price

RateMaker 2011 release 1.0 © Elenchus Research Associates

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

C7 Commodity Price

Enter actual non-RPP kWh's and forecast prices

Go to Overview

C1 Load Frcs

C3 Dist Reve

		2011 ACTUAL kWh's			2012 Actual & Estimated kWh's		
Customer Class Name	**Status**	**Total**	**non-RPP**	**RPP**	**Total**	**non-RPP**	**RPP**
Residential	Continued	50,395,810	11,143,151	39,252,659	49,322,097	5,297,663	44,024,434
General Service < 50 kW	Continued	22,678,308	7,041,761	15,636,547	21,867,607	4,388,578	17,479,029
General Service > 50 to 499 kW	Continued	38,818,213	34,262,344	4,555,869	40,849,813	35,097,122	5,752,691
General Service > 500 to 1499 kW	Continued	35,963,953	35,963,953	0	36,742,906	36,742,906	0
General Service > 1,500 kW	Continued	34,473,148	34,473,148	0	34,958,693	34,958,693	0
Unmetered Scattered Load	Continued	426,840	69,623	357,217	397,490	67,469	330,021
Sentinel Lighting	Continued	131,725		131,725	106,404		106,404
Street Lighting	Continued	1,422,827	1,422,827	0	1,427,618	1,427,618	0
MicroFIT Generators	New	0		0			0
TOTAL		**184,310,824**	**124,376,807**	**59,934,017**	**185,672,628**	**117,912,580**	**67,760,048**
%		***100.00%***	***67.48%***	***32.52%***	**100.00%**	**63.51%**	**36.49%**
<u>Forecast Price</u>							
HOEP ($/MWh)			$43.41			$20.65	
Global Adjustment ($/MWh)			$28.22			$59.36	
TOTAL ($/MWh)			**$71.63**	**$72.98**		**$80.71**	**$79.32**
$/kWh			***$0.07163***	***$0.07298***		***$0.08071***	***$0.07932***
%			67.48%	32.52%		63.51%	36.49%
WEIGHTED AVERAGE PRICE		**$0.0721**	$0.0483	$0.0237	**$0.0802**	$0.0513	$0.0289

3.0 Energy Probe #40

Ref: VECC #15

a) Please explain why the RPP price is shown as the HOEP price used for non-RPP volumes in Attachment 1.

b) Please explain why the percentages of RPP and non-RPP volumes are different in each of 2011, 2012 and 2013 as shown in Attachment 1.

c) Please explain the difference between the weighted price shown in Attachment 1 of $0.0812 for 2013 and the price of $0.07932 used for 2013 in Attachment 3.

d) Please explain the difference in the volumes used for 2013 in Attachment 1 compared to Attachments 2 and 3.

Response:

a) THI incorrectly used the RPP price instead of the HOEP price. The corrected version can be found at IR1/T5/S9/Att1.

b) The percentages change year over year is partially due to changes in consumption and retailer contracts being terminated & not renewed.

c) When calculating the commodity price, THI erroneously used the RPP rate of $0.07932 as opposed to the weighted average price. The corrected version can be found at IR1/T5/S9/Att2.

d) THI inadvertently missed applying the loss factor in Attachment 1. This has been updated and can be found at IR1/T5/S9/Att1.

Attachment 1 of 2

3.0 Energy Probe #40 - Power Supply Expense - 2012 & 2013

Tillsonburg Hydro Inc. (ED-2003-0026)

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C7 Commodity Price

Enter actual non-RPP kWh's and forecast prices

ew		2011 ACTUAL kWh's			2012 Actual & Estimated kWh's			2013 Forecast		
Customer Class Name	**Status**	**Total**	**non-RPP**	**RPP**	**Total**	**non-RPP**	**RPP**	**Total**	**non-RPP**	**RPP**
Residential	Continued	50,395,810	11,143,151	39,252,659	49,322,097	5,297,663	44,024,434	51,372,641	5,137,264	46,235,377
General Service < 50 kW	Continued	22,678,308	7,041,761	15,636,547	21,867,607	4,388,578	17,479,029	23,119,430	4,392,692	18,726,738
General Service > 50 to 499 kW	Continued	38,818,213	34,262,344	4,555,869	40,849,813	35,097,122	5,752,691	39,297,708	33,403,052	5,894,656
General Service > 500 to 1499 kW	Continued	35,963,953	35,963,953	0	36,742,906	36,742,906	0	35,920,926	35,920,926	0
General Service > 1,500 kW	Continued	34,473,148	34,473,148	0	34,958,693	34,958,693	0	36,772,596	36,772,596	0
Unmetered Scattered Load	Continued	426,840	69,623	357,217	397,490	67,469	330,021	441,043	66,156	374,887
Sentinel Lighting	Continued	131,725		131,725	106,404		106,404	122,363	-	122,363
Street Lighting	Continued	1,422,827	1,422,827	0	1,427,618	1,427,618	0	1,445,728	1,445,728	0
MicroFIT Generators	New	0		0			0			0
TOTAL		**184,310,824**	**124,376,807**	**59,934,017**	**185,672,628**	**117,912,580**	**67,760,048**	**188,492,435**	**117,138,414**	**71,354,021**
%		***100.00%***	***67.48%***	***32.52%***	**100.00%**	**63.51%**	**36.49%**	**100.00%**	**62.14%**	**37.86%**
Forecast Price										
HOEP ($/MWh)			$43.41			$21.05			$20.65	
Global Adjustment ($/MWh)			$28.22			$57.72			$59.36	
TOTAL ($/MWh)			**$71.63**	**$72.98**		**$78.77**	**$80.69**		**$80.01**	**$79.32**
$/kWh			***$0.07163***	***$0.07298***		***$0.07877***	***$0.08069***		***$0.08001***	***$0.07932***
%			67.48%	32.52%		63.51%	36.49%		62.14%	37.86%
WEIGHTED AVERAGE PRICE		**$0.0721**	$0.0483	$0.0237	**$0.0795**	$0.0500	$0.0294	**$0.0797**	$0.0497	$0.0300

File Number:EB-2012-0168

Tab: 5
Schedule: 9

Date Filed:February 28, 2013

Attachment 2 of 2

3.0 Energy Probe #40 - 2013 Updated Pass-Through Charges

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1

August 31, 2012

C8 Pass-through Charges

Enter rates for pass-through charges and estimated Low Voltage revenues

Volumes from sheet C1, Account #s from sheet Y4

Electricity (Commodity)		**Customer**	**Revenue**	**Expense**	**2012**	*rate ($/kWh):*	$0.06800	**2013**	*rate ($/kWh):*	$0.07980
		Class Name	**USA #**	**USA #**	**Volume**		**Amount**	**Volume**		**Amount**
	kWh	Residential	4006	4705	50,963,266		3,465,502	51,372,641		4,099,537
	kWh	General Service < 50 kW	4010	4705	22,595,241		1,536,476	23,119,430		1,844,931
	kWh	General Service > 50 to 499 kW	4035	4705	42,209,071		2,870,217	39,297,708		3,135,957
	kWh	General Service > 500 to 1499 kW	4035	4705	37,965,508		2,581,655	35,920,926		2,866,490
	kWh	General Service > 1,500 kW	4035	4705	36,121,927		2,456,291	36,772,596		2,934,453
	kWh	Unmetered Scattered Load	4010	4705	410,716		27,929	441,043		35,195
	kWh	Sentinel Lighting	4030	4705	109,945		7,476	122,363		9,765
	kWh	Street Lighting	4025	4705	1,475,121		100,308	1,445,728		115,369
		MicroFIT Generators								
		TOTAL			**191,850,795**		**13,045,854**	**188,492,435**		**15,041,696**
Transmission - Network		**Customer**	**Revenue**	**Expense**		**2012**			**2013**	
		Class Name	**USA #**	**USA #**	**Volume**	**Rate**	**Amount**	**Volume**	**Rate**	**Amount**
	kWh	Residential	4066	4714	50,963,266	$0.0068	346,550	51,372,641	$0.0070	359,608
	kWh	General Service < 50 kW	4066	4714	22,595,241	$0.0054	122,014	23,119,430	$0.0062	143,340
	kW	General Service > 50 to 499 kW	4066	4714	122,729	$2.3557	289,113	115,448	$2.4125	278,518
	kW	General Service > 500 to 1499 kW	4066	4714	87,967	$3.0870	271,554	87,241	$3.1614	275,804
	kW	General Service > 1,500 kW	4066	4714	68,321	$3.0870	210,907	70,544	$3.1614	223,018
	kWh	Unmetered Scattered Load	4066	4714	410,716	$0.0061	2,505	441,043	$0.0062	2,734
	kW	Sentinel Lighting	4066	4714	302	$1.9396	586	301	$1.9864	598
	kW	Street Lighting	4066	4714	3,831	$1.9347	7,412	3,767	$1.9813	7,464
		MicroFIT Generators	4066	4714						
		TOTAL			**74,252,373**		**1,250,641**	**75,210,415**		**1,291,085**
Transmission - Connection		**Customer**	**Revenue**	**Expense**		**2012**			**2013**	
		Class Name	**USA #**	**USA #**	**Volume**	**Rate**	**Amount**	**Volume**	**Rate**	**Amount**
	kWh	Residential	4068	4716	50,963,266	$0.0051	259,913	51,372,641	$0.0050	256,863
	kWh	General Service < 50 kW	4068	4716	22,595,241	$0.0061	137,831	23,119,430	$0.0045	104,037
	kW	General Service > 50 to 499 kW	4068	4716	122,729	$1.7945	220,237	115,448	$1.7443	201,376
	kW	General Service > 500 to 1499 kW	4068	4716	87,967	$2.4454	215,115	87,241	$2.3769	207,363
	kW	General Service > 1,500 kW	4068	4716	68,321	$2.4454	167,072	70,544	$2.3769	167,676
	kWh	Unmetered Scattered Load	4068	4716	410,716	$0.0046	1,889	441,043	$0.0045	1,985
	kW	Sentinel Lighting	4068	4716	302	$1.4782	446	301	$1.4368	432
	kW	Street Lighting	4068	4716	3,831	$1.4744	5,648	3,767	$1.4331	5,398
		MicroFIT Generators	4068	4716						
		TOTAL			**74,252,373**		**1,008,152**	**75,210,415**		**945,131**
Wholesale Market Service		**Customer**	**Revenue**	**Expense**	**2012**	*rate ($/kWh):*	$0.00520	**2013**	*rate ($/kWh):*	$0.00520
		Class Name	**USA #**	**USA #**	**Volume**		**Amount**	**Volume**		**Amount**
	kWh	Residential	4062	4708	50,963,266		265,009	51,372,641		267,138
	kWh	General Service < 50 kW	4062	4708	22,595,241		117,495	23,119,430		120,221
	kWh	General Service > 50 to 499 kW	4062	4708	42,209,071		219,487	39,297,708		204,348
	kWh		4062	4708	37,965,508		197,421	35,920,926		186,789
	kWh	General Service > 1,500 kW	4062	4708	36,121,927		187,834	36,772,596		191,217
	kWh	Unmetered Scattered Load	4062	4708	410,716		2,136	441,043		2,293
	kWh	Sentinel Lighting	4062	4708	109,945		572	122,363		636
	kWh	Street Lighting	4062	4708	1,475,121		7,671	1,445,728		7,518
	kWh	MicroFIT Generators	4062	4708						
		TOTAL			**191,850,795**		**997,624**	**188,492,435**		**980,161**

Tillsonburg Hydro Inc. (ED-2003-0026)

2013 EDR Application (EB-2012-0168) version: 1
August 31, 2012

C8 Pass-through Charges

Enter rates for pass-through charges and estimated Low Voltage revenues

Volumes from sheet C1, Account #s from sheet Y4

Rural Rate Protection		**Customer Class Name**	**Revenue USA #**	**Expense USA #**	**2012**	*rate ($/kWh):*	**$0.00130**	**2013**	*rate ($/kWh):*	**$0.00110**
					Volume		**Amount**	**Volume**		**Amount**
	kWh	Residential	4062	4730	50,963,266		66,252	51,372,641		56,510
	kWh	General Service < 50 kW	4062	4730	22,595,241		29,374	23,119,430		25,431
	kWh	General Service > 50 to 499 kW	4062	4730	42,209,071		54,872	39,297,708		43,227
	kWh	General Service > 500 to 1499 kW	4062	4730	37,965,508		49,355	35,920,926		39,513
	kWh	General Service > 1,500 kW	4062	4730	36,121,927		46,959	36,772,596		40,450
	kWh	Unmetered Scattered Load	4062	4730	410,716		534	441,043		485
	kWh	Sentinel Lighting	4062	4730	109,945		143	122,363		135
	kWh	Street Lighting	4062	4730	1,475,121		1,918	1,445,728		1,590
	kWh	MicroFIT Generators	4062	4730						
		TOTAL			**191,850,795**		**249,406**	**188,492,435**		**207,342**
Debt Retirement Charge		**Customer Class Name**	**Revenue USA #**	**Expense USA #**	**2012**	*rate ($/kWh):*	**$0.00700**	**2013**	*rate ($/kWh):*	**$0.00700**
					Volume		**Amount**	**Volume**		**Amount**
		TOTAL								
Low Voltage Charges		**Customer Class Name**	**Revenue USA #**	**Expense USA #**		**2012**			**2013**	
					Volume	**Rate**	**Amount**	**Volume**	**Rate**	**Amount**
	kWh	Residential	4075	4750	49,322,097			49,718,289		
	kWh	General Service < 50 kW	4075	4750	21,867,607			22,374,916		
	kW	General Service > 50 to 499 kW	4075	4750	122,729			115,448		
	kW	General Service > 500 to 1499 kW	4075	4750	87,967			87,241		
	kW	General Service > 1,500 kW	4075	4750	68,321			70,544		
	kWh	Unmetered Scattered Load	4075	4750	397,490			426,840		
	kW	Sentinel Lighting	4075	4750	302			301		
	kW	Street Lighting	4075	4750	3,831			3,767		
	-	MicroFIT Generators	4075	4750						
		TOTAL			**71,870,344**			**72,797,346**		
GRAND TOTAL							**16,551,677**			**18,465,415**

3.0 Energy Probe #41

Ref: VECC #16 &
Energy Probe #20

a) Please confirm that the response provided to VECC #16 includes interest revenue associated with regulatory asset accounts.

b) If verified in part (a) above, please provide the response to VECC #16 excluding any interest associated with regulatory accounts and provide a version of Appendix 2-F in Exhibit 3, Tab 3, Schedule 1, Attachment 1 that also excludes any interest associated with regulatory accounts.

<u>Response:</u>

a) THI confirms that the response provided to VECC #16 includes interest revenue associated with regulatory asset accounts.

b) The table below shows Other Operating Revenue excluding any interest associated with regulatory accounts. A version of Appendix 2-F which also excludes any interest associated with regulatory accounts is provided at IR1/T5/S10/Att1.

USoA #	USoA Description	2011 Actual - November	2012 Bridge Year - November
	Reporting Basis	CGAAP	CGAAP
4235	**Specific Service Charges**	$ 31,360	$ 41,120
4225	**Late Payment Charges**	$ 15,845	$ 17,570
4082	**Retail Services Revenues**	$ 12,080	$ 12,510
4084	Retail Service Transaction Request	$ 310	$ 209
4210	Power Poles	$ 26,664	$ 26,664
4080	Administration Charge	$ 16,127	$ 16,824
Specific Service Charges		$ 31,360	$ 41,120
Late Payment Charges		$ 15,845	$ 17,570
Other Operating Revenues		$ 55,181	$ 56,207
Other Income or Deductions		$ 22,585	$ 16,605
Total		$ 124,971	$ 131,502
Account 4405 - Interest and Dividend Income			
Reporting Basis			
Short-term Investment Interest			
Bank Deposit Interest		$ 22,585	$ 16,605
Miscellaneous Interest Revenue			
Total		$ 22,585	$ 16,605

Attachment 1 of 1

3.0 Energy Probe #41 - Appendix 2-F

File Number:	EB-2012-0168
Exhibit:	3
Tab:	3
Schedule:	1
Attachment:	1
Date:	September 28, 2012

Appendix 2-F
Other Operating Revenue

USoA #	USoA Description	2009 Actual	2010 Actual	2011 Actual²	Bridge Year³	Bridge Year³	Test Year
					2012	2012	2013
	Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
4235	**Specific Service Charges**	$ 40,500	$ 48,420	$ 34,115	$ 35,705	$ 35,705	$ 35,705
4225	**Late Payment Charges**	$ 20,092	$ 23,037	$ 17,022	$ 17,500	$ 17,500	$ 17,500
4082	**Retail Services Revenues**	$ 11,039	$ 14,706	$ 12,080	$ 13,390	$ 13,390	$ 14,030
4084	Retail Service Transaction Request	$ 248	$ 581	$ 310	$ 338	$ 338	$ 369
4210	Power Poles	$ 26,664	$ 26,664	$ 26,664	$ 26,664	$ 26,664	$ 26,664
4080	Administration Charge	$ 16,565	$ 17,128	$ 17,375	$ 17,723	$ 17,723	$ 18,077
Specific Service Charges		$ 40,500	$ 48,420	$ 34,115	$ 35,705	$ 35,705	$ 35,705
Late Payment Charges		$ 20,092	$ 23,037	$ 17,022	$ 17,500	$ 17,500	$ 17,500
Other Operating Revenues		$ 54,516	$ 59,079	$ 56,429	$ 58,115	$ 58,115	$ 59,140
Other Income or Deductions		$ 13,384	$ 15,911	$ 46,055	$ 24,000	$ 24,000	$ 18,000
Total		$ 128,492	$ 146,447	$ 153,621	$ 135,320	$ 135,320	$ 130,345

Description	**Account(s)**
Specific Service Charges:	4235
Late Payment Charges:	4225
Other Distribution Revenues:	4080, 4082, 4084, 4090, 4205, 4210, 4215, 4220, 4240, 4245
Other Income and Expenses:	4305, 4310, 4315, 4320, 4325, 4330, 4335, 4340, 4345, 4350, 4355, 4360, 4365, 4370, 4375, 4380, 4385, 4390, 4395, 4398, 4405, 4415

Note: Add all applicable accounts listed above to the table and include all relevant information.
The above table assumes adoption of MIFRS as of January 1, 2013. If the adoption year differs, please adjust the table accordingly.

Account Breakdown Details

For each "Other Operating Revenue" and "Other Income or Deductions" Account, a detailed breakdown of the account components is required. See the example below for Account 4405, Interest and Dividend Income.

Account 4405 - Interest and Dividend Income

	2009 Actual	2010 Actual	2011 Actual²	Bridge Year	Bridge Year	Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
Short-term Investment Interest						
Bank Deposit Interest	$ 11,716	$ 13,267	$ 26,500	$ 24,000	$ 24,000	$ 18,000
Miscellaneous Interest Revenue						$ -
etc.[1]						
Total	$ 11,716	$ 13,267	$ 26,500	$ 24,000	$ 24,000	$ 18,000

Notes:
1 List and specify any other interest revenue

3.0-VECC TCQ-38

Reference: Energy Probe #14, Attachment 1
Staff #2

a) Please confirm that the kWhs and kWs reported in Attachment 1 as “2012 Actuals Ending Nov 30, 2012 Normalized” are the actual values for the period.

b) Please explain how the “normalized” monthly values reported in Staff #2 were calculated.

<u>Response:</u>

a) Confirmed, with the further clarification that the reported figures represent customer attachments as of November 30, 2012.

b) Each of the regression equations were used to forecast monthly consumption using monthly normal HDD and CDD, forecast monthly employment, forecast month days or peak days, as required. For GS>50-499, the consumption of the customer #3 was also added as it was assumed this customer would be moving to the GS>50-499 class.

3.0-VECC TCQ-39

Reference: Staff #8 b) and c) VECC #13

a) Now that the actual 2011 CDM impacts are available would it be more appropriate to include these results in the determination of the CDM gross-up? If not, why not?

b) Please revise the Table provided in response to VECC #13 f) so that in column 6 the 2011-2014 CDM Target adjustment is based on 20% (not 30%).

c) The response provided to VECC #13 g) does not address the question posed. Please provide a response.

Response:

a) THI would agree that the determination of the CDM gross-up should include the actual 2011 CDM impacts.

b)

ENERGY (kWh) Adjusted to include 2011 Final							As Filed	Difference	
	Weather Normalized	2006-2011 CDM Programs		Weather Normalized	2011-2014 CDM Target	Weather Normalized	Weather Normalized		
	2013F	6 yr. Avg.	2013	Revised	(20% of Target)	Adjusted	Adjusted		
	(Elenchus)	(2006/11)	Persistence	2013F		2013F	2013F	kWh	%
Residential (kWh)	50,534,380	997,974	1,151,594	50,380,761	559,529	49,821,232	49,718,289	102,943	0.2%
GS<50 (kWh)	22,935,224	355,105	623,754	22,666,575	251,735	22,414,840	22,374,916	39,924	0.2%
GS>50-499 (kWh)	38,737,617	125,219	223,631	38,639,205	429,127	38,210,077	38,032,205	177,872	0.5%
GS 500-1499 (kWh)	35,408,962	114,459	204,415	35,319,006	392,253	34,926,753	34,764,165	162,588	0.5%
GS>1500 (kWh)	36,248,494	117,173	209,262	36,156,405	401,553	35,754,852	35,588,409	166,443	0.5%
Street Lights (kW)	1,422,827	0	0	1,422,827	15,802	1,407,025	1,399,171	7,854	0.6%
Sentinel Lights (kW)	118,423	0	0	118,423	0	118,423	118,423	0	0.0%
USL (kWh)	426,840	0	0	426,840	0	426,840	426,840	0	0.0%
Total Customer (kWh)	185,832,767	1,532,087	2,412,656	185,130,042	2,050,000	183,080,042	182,422,418	657,624	0.4%

c) At the time of calculation the final 2011 OPA results had not been released. It was universally expected that the 2011 results would be reduced from previous years. It was determined by THI that in using the 2006 to 2011 average as a reasonable and available proxy at the time, that it would compensate to reflect the 2011 reduction. While the

Residential forecast is based on the years 2008-2011, the adjustment is based on average CDM savings over 2006-2011 to compensate for expected reduced reporting impact of 2011.

3.0-VECC TCQ-40

Reference: **Staff #10**
Exhibit 3, Tab 1, Schedule 2, Attachment 1, pages 11-12

a) Please explain why Customer #1 was in the GS 500-1499 class up to December 2007 when its average monthly demand was 5,400 kW until May 2007.

<u>Response:</u>

a) THI incorrectly stated in response to 3.0-Staff-10 that Customer #1 was in the GS 500-1499 kW class when it should have stated GS 500-4999 kW class which was THI's highest customer consumption class at that time.

3.0-VECC TCQ-41

Reference: Staff #11
VECC #10 f)
Energy Probe #16 b)

a) Please provide a revised 2013 forecast for the GS 50-499 and GS>1500 classes to reflected Customer 3 continuing as a GS>1500 customer?

Response:

a) In order to respond to this question, THI has carried out the following steps. First, the kWh and kW consumption attributed to Customer #3 in the GS 50-499 class has been removed. Second, a more recent 6 month average consumption (August 2012 to January 2013) has been calculated based on the most recent data available for Customer # 3. These kWh and kW values have been added to the GS>1500 class. The following table displays the results

	2013 forecast			
	As filed		Per VECC 41	
	kWh	kW	kWh	kW
GS 50-499	38,737,617	115,977	38,543,878	115,397
GS>1500	36,248,494	70,405	36,558,472	72,409

3.0-VECC TCQ-42

Reference: **VECC #12**
Energy Probe #14

a) Please confirm that the customer counts provided in response to VECC #12 a) are average annuals for 2012 and 2013.

Response:

a) THI confirms that the customer counts provided in response to VECC #12 a) are average annuals for 2012 and 2013.

3.0-VECC TCQ-43

Reference: VECC #14

a) The file referenced in response to part (b) does not appear on the OEB web-site. Please provide an electronic copy.

b) Please clarify if the 2006-2011 CDM kW savings used to produce Table 3-7 were based on:

   i. The OPA's reported kW CDM savings for each class, or
   ii. The OPA's reported kWh CDM savings for each class and adjusted to kW using the historical kW/kWh ratio for each customer class

c) If the response to part (b) is approach (i) then please provide the response requested in VECC #14 c).

<u>Response:</u>

a) The live excel model "CDM_Adjusted_THI.xlsx" is filed with THI's interrogatory responses.

b) The kW Savings were the OPA's reported kWh CDM saving adjusted to kW using the normalized 2013 Forecast kWh ratio for the Greater than 50 kW class.

c) THI used the normalized 2013 Forecast kWh ratio for the Greater than 50 kW class which is believes reasonably represents the fair allocation of the kW CDM savings.

3.0-VECC TCQ-44

Reference: Energy Probe #20 b)

a) Please confirm that the Interest and Other Income values for 2013 do not include any interest related to regulatory accounts.

Response:

a) THI confirms that the Interest and Other Income value for 2013 do not include any interest related to regulatory accounts.

Tillsonburg Hydro Inc.

File Number: EB-2012-0168

Date Filed: February 28, 2013

Tab 6 of 10

Exhibit 4 - Operating Costs

4.0-Staff-10s

Ref: 4.0-VECC-21
Ref: 4.0-Energy Probe-22
Ref: 2.0-Staff-1

In response to 4.0-VECC-21, THI lists the reasons for increases in customer billing costs since 2009. Among the reasons cited, THI indicates staff overtime, more manual staff effort required for the Customer Information System, regulated changes and additional training requirements. Additionally, THI states that increases in meter reading expenses since 2009 included increases in subcontractor expense.

In the updated Appendix 2-I table, provided in response to 4.0-Energy Probe-22, THI shows an increase in billing and collecting expenses from $434,918 in 2009 to $611,388 in 2012. THI is forecasting billing and collecting expenses of $611,388 in the test year.

In response to 2.0-Staff-1, THI states that one of the benefits of the planned investment in its CIS upgrade is the capability of process automation which would allow staff to provide better customer service.

a) Do THI's proposed meter reading costs for the 2013 test year take in to account reductions in meter readings as a result of the implementation of smart meters? If so, please state the amount. If not, please provide an estimate of the savings in meter reading costs as a result of the implementation of smart meters.

b) THI has cited certain transitional costs (e.g. training, manual efforts) in the period of 2009 through 2012. Does THI expect that these costs will continue to be incurred beyond the 2013 test year and in to the IRM cycle? If not, how has THI accounted for these projected decreases in the 2013 test year costs shown in the Application?

c) THI is planning to upgrade its CIS system in the 2013 test year. Does THI anticipate that the upgrade will address the need for the manual staff effort currently required by its CIS system? If so, has THI adjusted the customer billing costs for 2013 test year to reflect these benefits?

<u>Response:</u>

a) The 2013TY takes into account a reduction in meter reading expenses in account 5310 under labour(Meter Reading Tech.). The reduction in meter reading costs as a result of the implementation of smart meters was budgeted and recognized in 2012. However THI still maintains to recognize an increase to Billing and Collecting attributed to rising subcontractor expenses.

b) THI expects some transitional costs to continue to be incurred beyond the 2013 test year. The planned implementation of the CIS upgrade is proposed to begin following the 3rd quarter of 2013. The anticipated length of upgrade completion is four to five (4–5) months. In order to capitalize on the automation processes available, subsequent training will be required on the automation platform and CIS database set up. Upon completion of the CIS upgrade, THI is proposing to improve and expand upon the self service options currently available to its customers (such as DSM). Accordingly, THI foresees that staff training relating to the new service options will be necessary.

c) THI anticipates that upon completion of the CIS upgrade and adequate staff training, there will be a reduction of the manual staff effort currently required. THI has not adjusted its customer billing costs since the planned implementation of the CIS upgrade is proposed to commence following the 3rd quarter of 2013. The projected duration of upgrade implementation is 4 – 5 months; subsequent training will be required.

4.0-Staff-11s

Ref: 4.0-Staff-9
Ref: Ex. 4/T. 7/Sch. 1/pages 1 & 2

In its response to 4.0-Staff-9, THI maps several useful lives from the Kinetrics Report for each asset type identified to the values shown in Ex. 4/T. 7/Sch. 1.

a) Please explain how THI uses the various useful lives identified for each asset type to arrive at the overall useful life identified in Ex. 4/T. 7/Sch. 1. Is componentization used?

b) For underground services, THI mapped its applied 40 year useful life to asset types UG # 30, 31 and 32 of the Kinetrics report. UG #30 shows a useful life of 70-80 years. How did THI arrive at the 40 year useful life for underground services provided in the Application, given the useful lives identified in the Kinetrics report?

c) Similarly, THI identified 50 years as the useful life of underground conductors and devices. The identified useful lives in the Kinetrics report are shown in the table below. Please explain how THI determined this amount.

Kinetrics Asset #	Useful Life (years)
UG 26	20 – 30
UG 27	20 – 30
UG 28	25 – 35
UG 29	35 – 55
UG 39	20 – 45

<u>Response:</u>

a) Componentization was used to arrive at the overall useful life identified in E4/T7/S1. Based on the material that THI utilizes an average useful life was determined for each asset type. Where multiple components were grouped together, THI ensured all components fell within the range of useful life identified in the Kinetrics report.

b) In THI's response to 4.0-Staff-9 it assumed as many sections of the Kinetrics Report were to be mapped to the asset types listed. In reality THI currently does not own or plan to own or install any asset categorized in UG#30. Therefore since the only assets THI will actually depreciate falls under UG#31 and 32 a useful life of 40 yrs was used.

c) Board Staff has indicated that THI identified a 50yr useful life of underground conductors and devices. Upon further investigation THI has found 2 references which both indicate a 30yr useful life. Please reference E2/T2/S3 and E4/T7/S1.

3.0-VECC TCQ-53

Reference: 4.0-VECC 25.0

a) Was a new management position created by the Town of Tillsonburg to fulfill the duties that required 1 FTE of management time? If yes, please provide the title and duties of this position.

<u>Response:</u>

a) A new management position was not created by the Town of Tillsonburg. The increase in 1 management FTE is a result of cumulative increases in staff time as identified in the transfer pricing study.

3.0-VECC TCQ-54

Reference: 4.0-VECC-24.0

a) How many units are subject to the $10,000 incremental cost for the Green Fleet (i.e. what is the total incremental cost of this program)

b) Are any of these vehicles shared with the Town. If yes, how many?

Response:

a) There are two units subject to the $10k incremental cost. The total incremental cost of the program is $20,000.

b) Both vehicles are shared with the Town of Tillsonburg.

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Exhibit 5 - Cost of Capital and Capital Structure

5.0-Staff-1s

Ref: 5.0-Energy Probe-28
Ref: 5.0-Energy Probe-29
Ref: Board letter of February 14, 2013 re: Cost of Capital update for Cost of Service Applications with May 1, 2013 effective dates

Please update Appendix 2-OA and the RRWF reflecting the Cost of Capital parameter updates as issued by the Board in its letter of February 14, 2013, and also incorporating the TD Canada Trust loan as discussed in 5.0-Energy Probe-28 b) and Energy Probe-29. For the TD Canada Trust loan please use the average forecasted principal balance of $853,539.

<u>Response:</u>

Appendix 2-OA and the RRWF have been updated.

Appendix 2-OA
Capital Structure and Cost of Capital

This table must be completed for the required years of all historical years, the bridge year and the test year.

Line No.	Particulars	Capitalization Ratio			Cost Rate		Return
	Application						
		(%)		($)	(%)		($)
	Debt						
1	Long-term Debt	56.00 %		$5,332,360	4.19%		$223,426
2	Short-term Debt	4.00%	(1)	$380,883	2.07%		$7,884
3	**Total Debt**	60.0%		$5,713,243	4.05%		$231,310
	Equity						
4	Common Equity	40.00		$3,808,828	8.98%		$342,033

5	Preferred Shares	%	$ -		$ -
6	**Total Equity**	40.0%	$3,808,828	8.98%	$342,033
7	**Total**	100.0 %	$9,522,071	6.02%	$573,343

Notes

(1) 4.0% unless an applicant has proposed or been approved for a different amount.

2013

1

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Exhibit 7 - Cost Allocation

7.0-Staff-2s

Ref: 7.0-Staff-1

In response to 7.0-Staff-1a), THI stated the following regarding its choice of distributors for the survey of average allocators for primary and secondary assets:

> A subset was chosen for having submitted cost of service application as opposed to IRM applications in 2012. The remainder was chosen on the basis of being a comparable size, age, and urban/suburban/rural composition.

a) If the goal was to survey distributors similar to THI, why did Elenchus also survey all distributors that submitted cost of service applications in 2012, regardless of their similarity to THI?

b) Please provide the primary/secondary asset split for only the distributors that Elenchus has identified as being of a comparable size, age and urban/suburban/rural composition to THI. If the resulting asset splits are materially different from the values used in THI's cost allocation study, please provide an updated cost allocation model reflecting the resulting primary/secondary asset splits.

<u>Response:</u>

a) Elenchus used IRM applications from 2012 to spread the sample more broadly, and attempted to limit the impact of an LDC's unique situation from impacting the results too much. Since the splits vary widely even between similar LDCs, it is anticipated that error in the specific methodology is immaterial compared to the error that arises from not capturing THI's specific situation. Therefore an appropriate split for THI will need to be determined prior to THI's next COS.

b) The following table identifies the proportion of each USoA account deemed to serve Primary customers. In consideration of the wide variety observed from LDC to LDC, a difference of 4% is not material.

USoA account	Cost Allocation Study	Similar Utilities
1830	67.08	71.03
1835	63.90	66.76
1840	52.08	54.60
1845	56.27	58.79

7.0-VECC TCQ-45

Reference: VECC #28 c)

a) Please provide a revised version of the 2013 CA model using the primary/secondary splits set out in response to VECC #28 c).

Response:

a) THI has filed a revised version of the 2013 CA model with its response to the IRs.

7.0-VECC TCQ-46

Reference: VECC #30

a) Reference is made in the response to a "2009 corrected" CA model. Is the 2009 CA model filed in response to VECC #30 a) the one used for the 2009 rate application or has it been "corrected" in some manner? If the later, what changes were made?

Response:

a) The model filed in response to VECC #30 a) is the one used for the 2009 rate application. A separate run was performed at the time of the initial application to identify the effect of applying the more appropriate fixed/variable splits to that 2009 rate application, and identify what the revenue to cost ratios would have been if that more appropriate split had been used in 2009. That is what is being referred to as the "2009 corrected" CA model.

7.0-VECC TCQ-47

Reference: VECC #26 d)

a) Please confirm that meter costs for all of the meter types used in Sheet I7.1 are the current costs for each type of meter (including installation). If not, how were they determined?

Response:

a) Confirmed, all meter costs have been updated as the current costs for each type of meter.

7.0-VECC TCQ-48

Reference: IRR File CA Model_20130125.xls

a) In conjunction with the interrogatory responses, Tillsonburg filed above referenced new CA Model run for 2013. Please indicate what inputs were changed for this new 2013 Model run versus the 2013 CA Model filed with the original application.

<u>Response:</u>

a) This model was filed pursuant to VECC # 27 a). The interval data for number 3 was removed from load profile for the class. The remaining two customers were then scaled to reflect the 2013 forecast. In the initial application, the combined interval data for all 3 customers had been scaled to the 2013 load forecast.

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Exhibit 8 - Rate Design

8.0-VECC TCQ-49

Reference: Energy Probe #31 b)
VECC #35 a) and b)

a) Please update the bill impacts provided in response to VECC #35 a) and b) to reflect the revised fix/variable rates now proposed per Energy Probe #31 b).

Response:

a) The bill impacts have been updated and are provided at IR1/T9/S1/Att1.

Attachment 1 of 1

8.0-VECC TCQ-49 - Revised Bill Impacts

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Appendix 2-W
Bill Impacts

Customer Class: **Residential**

Consumption **800** **kWh**

	Charge Unit	Current Board-Approved Rate ($)	Current Volume	Current Charge ($)	Proposed Rate ($)	Proposed Volume	Proposed Charge ($)	Impact $ Change	Impact % Change
Monthly Service Charge	Monthly	$ 9.9100	1	$ 9.91	$ 12.8700	1	$ 12.87	$ 2.96	29.87%
Smart Meter Rate Adder			1	$ -		1	$ -	$ -	
Distribution Volumetric Rate	kWh	$ 0.0169	800	$ 13.52	$ 0.0220	800	$ 17.60	$ 4.08	30.18%
Smart Meter Disposition Rider	Monthly	$ -	1	$ -	$ 1.2500	1	$ 1.25	$ 1.25	
LRAM & SSM Rate Rider	kW	$ 0.0004	800	$ 0.32	$ 0.0001	800	$ 0.08	-$ 0.24	-75.00%
Stranded Meter Rate Rider	Monthly	$ -	1	$ -	$ 3.3298	1	$ 3.33	$ 3.33	
Sub-Total A				$ 23.75			$ 35.13	**$ 11.38**	**47.91%**
Rate Rider for Deferral/Variance Account Disposition	kW	-$ 0.0020	800	-$ 1.60	$ -	800	$ -	$ 1.60	-100.00%
Rate Rider for Deferral/Variance Account Disposition	kW	$ -	800	$ -	-$ 0.0041	800	-$ 3.28	-$ 3.28	
Low Voltage Service Charge	kWh	$ -	800	$ -	$ -	800	$ -	$ -	
Smart Meter Entity Charge						800	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)				**$ 22.15**			**$ 31.85**	**$ 9.70**	**43.79%**
RTSR - Network	kWh	$ 0.0068	834	$ 5.67	$ 0.0070	827	$ 5.79	$ 0.12	2.08%
RTSR - Line and Transformation Connection	kWh	$ 0.0051	834	$ 4.25	$ 0.0050	827	$ 4.13	-$ 0.12	-2.78%
Sub-Total C - Delivery (including Sub-Total B)				**$ 32.07**			**$ 41.77**	**$ 9.70**	**30.25%**
Wholesale Market Service Charge (WMSC)	kWh	$ 0.0052	834	$ 4.33	$ 0.0052	827	$ 4.30	-$ 0.04	-0.83%
Rural and Remote Rate Protection (RRRP)	kWh	$ 0.0013	834	$ 1.08	$ 0.0011	827	$ 0.91	-$ 0.17	-16.09%
Standard Supply Service Charge			1	$ -		1	$ -	$ -	
Debt Retirement Charge (DRC)	kWh	$ 0.0070	834	$ 5.84	$ 0.0070	827	$ 5.79	-$ 0.05	-0.83%
Energy - RPP - Tier 1	kWh	$ 0.0750	600	$ 45.00	$ 0.0740	600	$ 44.40	-$ 0.60	-1.33%
Energy - RPP - Tier 2	kWh	$ 0.0880	234	$ 20.56	$ 0.0870	227	$ 19.72	-$ 0.84	-4.08%
TOU - Off Peak	kWh	$ 0.0650	534	$ 34.68	$ 0.0630	529	$ 33.33	-$ 1.35	-3.89%
TOU - Mid Peak	kWh	$ 0.1000	150	$ 15.00	$ 0.0990	149	$ 14.73	-$ 0.27	-1.83%
TOU - On Peak	kWh	$ 0.1170	150	$ 17.56	$ 0.1180	149	$ 17.56	$ 0.00	0.01%
Total Bill on RPP (before Taxes)				**$ 108.88**			**$ 116.88**	**$ 8.00**	**7.35%**
HST		13%		$ 14.15	13%		$ 15.19	$ 1.04	7.35%
Total Bill (including HST)				$ 123.03			$ 132.08	$ 9.04	7.35%
Ontario Clean Energy Benefit 1				-$ 12.30			-$ 13.21	-$ 0.91	7.40%
Total Bill on RPP (including OCEB)				**$ 110.73**			**$ 118.87**	**$ 8.13**	**7.34%**
Total Bill on TOU (before Taxes)				**$ 110.56**			**$ 118.38**	**$ 7.82**	**7.07%**
HST		13%		$ 14.37	13%		$ 15.39	$ 1.02	7.07%
Total Bill (including HST)				$ 124.93			$ 133.77	$ 8.84	7.07%
Ontario Clean Energy Benefit 1				-$ 12.49			-$ 13.38	-$ 0.89	7.13%
Total Bill on TOU (including OCEB)				**$ 112.44**			**$ 120.39**	**$ 7.95**	**7.07%**
Loss Factor (%)		4.20%			3.33%				

1 Applicable to eligible customers only. Refer to the Ontario Clean Energy Benefit Act, 201(

Note that the "Charge $" columns provide breakdowns of the amounts that each bill component contributes to the total monthly bill at the referenced consumption level at existing and proposed rates.

Applicants must provide bill impacts for residential at 800 kWh and GS<50kW at 2000 kWh. In addition, their filing should cover the range that is relevant to their service territory, class by class. A general guideline of consumption levels follows:

Residential (kWh) - 100, 250, 500, 800, 1000, 1500, 2000
GS<50kW (kWh) - 1000, 2000, 5000, 10000, 15000
GS>50kW (kW) - 60, 100, 500, 1000
Large User - range appropriate for utility
Lighting Classes and USL - 150 kWh and 1 kW, range appropriate for utility.

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Appendix 2-W
Bill Impacts

Customer Class: **Residential**

Consumption **500** **kWh**

	Charge Unit	Current Board-Approved Rate ($)	Volume	Charge ($)	Proposed Rate ($)	Volume	Charge ($)	Impact $ Change	% Change
Monthly Service Charge	Monthly	$ 9.9100	1	$ 9.91	$ 12.8700	1	$ 12.87	$ 2.96	29.87%
Smart Meter Rate Adder			1	$ -		1	$ -	$ -	
Distribution Volumetric Rate	kWh	$ 0.0169	500	$ 8.45	$ 0.0220	500	$ 11.00	$ 2.55	30.18%
Smart Meter Disposition Rider	Monthly	$ -	1	$ -	$ 1.2500	1	$ 1.25	$ 1.25	
LRAM & SSM Rate Rider	kW	$ 0.0004	500	$ 0.20	$ 0.0001	500	$ 0.05	-$ 0.15	-75.00%
Stranded Meter Rate Rider	Monthly	$ -	1	$ -	$ 3.3298	1	$ 3.33	$ 3.33	
Sub-Total A				$ 18.56			$ 28.50	**$ 9.94**	**53.55%**
Rate Rider for Deferral/Variance Account Disposition	kW	-$ 0.0020	500	-$ 1.00	$ -	500	$ -	$ 1.00	-100.00%
Rate Rider for Deferral/Variance Account Disposition	kW	$ -	500	$ -	-$ 0.0041	500	-$ 2.05	-$ 2.05	
Low Voltage Service Charge	kWh	$ -	500	$ -	$ -	500	$ -	$ -	
Smart Meter Entity Charge						500	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)				**$ 17.56**			**$ 26.45**	**$ 8.89**	**50.63%**
RTSR - Network	kWh	$ 0.0068	521	$ 3.54	$ 0.0070	517	$ 3.62	$ 0.07	2.08%
RTSR - Line and Transformation Connection	kWh	$ 0.0051	521	$ 2.66	$ 0.0050	517	$ 2.58	-$ 0.07	-2.78%
Sub-Total C - Delivery (including Sub-Total B)				**$ 23.76**			**$ 32.65**	**$ 8.89**	**37.41%**
Wholesale Market Service Charge (WMSC)	kWh	$ 0.0052	521	$ 2.71	$ 0.0052	517	$ 2.69	-$ 0.02	-0.83%
Rural and Remote Rate Protection (RRRP)	kWh	$ 0.0013	521	$ 0.68	$ 0.0011	517	$ 0.57	-$ 0.11	-16.09%
Standard Supply Service Charge			1	$ -		1	$ -	$ -	
Debt Retirement Charge (DRC)	kWh	$ 0.0070	521	$ 3.65	$ 0.0070	517	$ 3.62	-$ 0.03	-0.83%
Energy - RPP - Tier 1	kWh	$ 0.0750	521	$ 39.08	$ 0.0740	517	$ 38.23	-$ 0.84	-2.16%
Energy - RPP - Tier 2	kWh	$ 0.0880		$ -	$ 0.0870		$ -	$ -	
TOU - Off Peak	kWh	$ 0.0650	333	$ 21.67	$ 0.0630	331	$ 20.83	-$ 0.84	-3.89%
TOU - Mid Peak	kWh	$ 0.1000	94	$ 9.38	$ 0.0990	93	$ 9.21	-$ 0.17	-1.83%
TOU - On Peak	kWh	$ 0.1170	94	$ 10.97	$ 0.1180	93	$ 10.97	$ 0.00	0.01%
Total Bill on RPP (before Taxes)				**$ 69.87**			**$ 77.75**	**$ 7.88**	**11.29%**
HST		13%		$ 9.08	13%		$ 10.11	$ 1.03	11.29%
Total Bill (including HST)				$ 78.95			$ 87.86	$ 8.91	11.29%
Ontario Clean Energy Benefit 1				-$ 7.90			-$ 8.79	-$ 0.89	11.27%
Total Bill on RPP (including OCEB)				**$ 71.05**			**$ 79.07**	**$ 8.02**	**11.29%**
Total Bill on TOU (before Taxes)				**$ 72.82**			**$ 80.53**	**$ 7.72**	**10.60%**
HST		13%		$ 9.47	13%		$ 10.47	$ 1.00	10.60%
Total Bill (including HST)				$ 82.28			$ 91.00	$ 8.72	10.60%
Ontario Clean Energy Benefit 1				-$ 8.23			-$ 9.10	-$ 0.87	10.57%
Total Bill on TOU (including OCEB)				**$ 74.05**			**$ 81.90**	**$ 7.85**	**10.60%**

Loss Factor (%) 4.20% 3.33%

1 Applicable to eligible customers only. Refer to the Ontario Clean Energy Benefit Act, 201(

Note that the "Charge $" columns provide breakdowns of the amounts that each bill component contributes to the total monthly bill at the referenced consumption level at existing and proposed rates.

Applicants must provide bill impacts for residential at 800 kWh and GS<50kW at 2000 kWh. In addition, their filing should cover the range that is relevant to their service territory, class by class. A general guideline of consumption levels follows:

Residential (kWh) - 100, 250, 500, 800, 1000, 1500, 2000
GS<50kW (kWh) - 1000, 2000, 5000, 10000, 15000
GS>50kW (kW) - 60, 100, 500, 1000
Large User - range appropriate for utility
Lighting Classes and USL - 150 kWh and 1 kW, range appropriate for utility.

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Appendix 2-W
Bill Impacts

Customer Class: **Residential**

Consumption 1200 **kWh**

	Charge Unit	Current Board-Approved Rate ($)	Current Volume	Current Charge ($)	Proposed Rate ($)	Proposed Volume	Proposed Charge ($)	Impact $ Change	Impact % Change
Monthly Service Charge	Monthly	$ 9.9100	1	$ 9.91	$ 12.8700	1	$ 12.87	$ 2.96	29.87%
Smart Meter Rate Adder			1	$ -		1	$ -	$ -	
Distribution Volumetric Rate	kWh	$ 0.0169	1200	$ 20.28	$ 0.0220	1200	$ 26.40	$ 6.12	30.18%
Smart Meter Disposition Rider	Monthly	$ -	1	$ -	$ 1.2500	1	$ 1.25	$ 1.25	
LRAM & SSM Rate Rider	kW	$ 0.0004	1200	$ 0.48	$ 0.0001	1200	$ 0.12	-$ 0.36	-75.00%
Stranded Meter Rate Rider	Monthly	$ -	1	$ -	$ 3.3298	1	$ 3.33	$ 3.33	
Sub-Total A				$ 30.67			$ 43.97	**$ 13.30**	**43.36%**
Rate Rider for Deferral/Variance Account Disposition	kW	-$ 0.0020	1200	-$ 2.40	$ -	1200	$ -	$ 2.40	-100.00%
Rate Rider for Deferral/Variance Account Disposition	kW	$ -	1200	$ -	-$ 0.0041	1200	-$ 4.92	-$ 4.92	
Low Voltage Service Charge	kWh	$ -	1200	$ -	$ -	1200	$ -	$ -	
Smart Meter Entity Charge						1200	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)				**$ 28.27**			**$ 39.05**	**$ 10.78**	**38.13%**
RTSR - Network	kWh	$ 0.0068	1250	$ 8.50	$ 0.0070	1240	$ 8.68	$ 0.18	2.08%
RTSR - Line and Transformation Connection	kWh	$ 0.0051	1250	$ 6.38	$ 0.0050	1240	$ 6.20	-$ 0.18	-2.78%
Sub-Total C - Delivery (including Sub-Total B)				**$ 43.15**			**$ 53.93**	**$ 10.78**	**24.98%**
Wholesale Market Service Charge (WMSC)	kWh	$ 0.0052	1250	$ 6.50	$ 0.0052	1240	$ 6.45	-$ 0.05	-0.83%
Rural and Remote Rate Protection (RRRP)	kWh	$ 0.0013	1250	$ 1.63	$ 0.0011	1240	$ 1.36	-$ 0.26	-16.09%
Standard Supply Service Charge			1	$ -		1	$ -	$ -	
Debt Retirement Charge (DRC)	kWh	$ 0.0070	1250	$ 8.75	$ 0.0070	1240	$ 8.68	-$ 0.07	-0.83%
Energy - RPP - Tier 1	kWh	$ 0.0750	600	$ 45.00	$ 0.0740	600	$ 44.40	-$ 0.60	-1.33%
Energy - RPP - Tier 2	kWh	$ 0.0880	650	$ 57.24	$ 0.0870	640	$ 55.68	-$ 1.56	-2.72%
TOU - Off Peak	kWh	$ 0.0650	800	$ 52.02	$ 0.0630	794	$ 50.00	-$ 2.02	-3.89%
TOU - Mid Peak	kWh	$ 0.1000	225	$ 22.51	$ 0.0990	223	$ 22.10	-$ 0.41	-1.83%
TOU - On Peak	kWh	$ 0.1170	225	$ 26.33	$ 0.1180	223	$ 26.34	$ 0.00	0.01%
Total Bill on RPP (before Taxes)				**$ 162.27**			**$ 170.50**	**$ 8.23**	**5.07%**
HST		13%		$ 21.09	13%		$ 22.16	$ 1.07	5.07%
Total Bill (including HST)				$ 183.36			$ 192.66	$ 9.30	5.07%
Ontario Clean Energy Benefit 1				-$ 18.34			-$ 19.27	-$ 0.93	5.07%
Total Bill on RPP (including OCEB)				**$ 165.02**			**$ 173.39**	**$ 8.37**	**5.07%**
Total Bill on TOU (before Taxes)				**$ 160.89**			**$ 168.85**	**$ 7.96**	**4.95%**
HST		13%		$ 20.92	13%		$ 21.95	$ 1.03	4.95%
Total Bill (including HST)				$ 181.80			$ 190.80	$ 9.00	4.95%
Ontario Clean Energy Benefit 1				-$ 18.18			-$ 19.08	-$ 0.90	4.95%
Total Bill on TOU (including OCEB)				**$ 163.62**			**$ 171.72**	**$ 8.10**	**4.95%**

Loss Factor (%) 4.20% 3.33%

1 Applicable to eligible customers only. Refer to the Ontario Clean Energy Benefit Act, 201(

Note that the "Charge $" columns provide breakdowns of the amounts that each bill component contributes to the total monthly bill at the referenced consumption level at existing and proposed rates.

Applicants must provide bill impacts for residential at 800 kWh and GS<50kW at 2000 kWh. In addition, their filing should cover the range that is relevant to their service territory, class by class. A general guideline of consumption levels follows:

Residential (kWh) - 100, 250, 500, 800, 1000, 1500, 2000
GS<50kW (kWh) - 1000, 2000, 5000, 10000, 15000
GS>50kW (kW) - 60, 100, 500, 1000
Large User - range appropriate for utility
Lighting Classes and USL - 150 kWh and 1 kW, range appropriate for utility.

Appendix 2-W
Bill Impacts

Customer Class: **General Service < 50 kW**

Consumption **2000** **kWh**

	Charge Unit	Current Board-Approved Rate ($)	Current Board-Approved Volume	Current Board-Approved Charge ($)	Proposed Rate ($)	Proposed Volume	Proposed Charge ($)	Impact $ Change	Impact % Change
Monthly Service Charge	Monthly	$ 25.0700	1	$ 25.07	$ 29.4000	1	$ 29.40	$ 4.33	17.27%
Smart Meter Rate Adder			1	$ -		1	$ -	$ -	
Distribution Volumetric Rate	kWh	$ 0.0152	2000	$ 30.40	$ 0.0178	2000	$ 35.60	$ 5.20	17.11%
Smart Meter Disposition Rider	Monthly	$ -	1	$ -	$ 5.7200	1	$ 5.72	$ 5.72	
LRAM & SSM Rate Rider	kW	$ 0.0002	2000	$ 0.40	$ 0.0002	2000	$ 0.40	$ -	
Stranded Meter Rate Rider	monthly	$ -	2000	$ -	$ 3.3298	1	$ 3.33	$ 3.33	
Sub-Total A				$ 55.87			$ 74.45	**$ 18.58**	**33.26%**
Rate Rider for Deferral/Variance Account Disposition	kW	-$ 0.0015	2000	-$ 3.00	$ -	2000	$ -	$ 3.00	-100.00%
Rate Rider for Deferral/Variance Account Disposition	kW	$ -	2000	$ -	-$ 0.0041	2000	-$ 8.20	-$ 8.20	
Low Voltage Service Charge	kWh	$ -	2000	$ -	$ -	2000	$ -	$ -	
Smart Meter Entity Charge						2000	$ -	$ -	
Sub-Total B - Distribution (includes Sub-Total A)				**$ 52.87**			**$ 66.25**	**$ 13.38**	**25.31%**
RTSR - Network	kWh	$ 0.0054	2084	$ 11.25	$ 0.0062	2067	$ 12.81	$ 1.56	13.86%
RTSR - Line and Transformation Connection	kWh	$ 0.0061	2084	$ 12.71	$ 0.0045	2067	$ 9.30	-$ 3.41	-26.85%
Sub-Total C - Delivery (including Sub-Total B)				**$ 76.84**			**$ 88.36**	**$ 11.53**	**15.00%**
Wholesale Market Service Charge (WMSC)	kWh	$ 0.0052	2084	$ 10.84	$ 0.0052	2067	$ 10.75	-$ 0.09	-0.83%
Rural and Remote Rate Protection (RRRP)	kWh	$ 0.0013	2084	$ 2.71	$ 0.0011	2067	$ 2.27	-$ 0.44	-16.09%
Standard Supply Service Charge			1	$ -		1	$ -	$ -	
Debt Retirement Charge (DRC)	kWh	$ 0.0070	2084	$ 14.59	$ 0.0070	2067	$ 14.47	-$ 0.12	-0.83%
Energy - RPP - Tier 1	kWh	$ 0.0750	750	$ 56.25	$ 0.0740	750	$ 55.50	-$ 0.75	-1.33%
Energy - RPP - Tier 2	kWh	$ 0.0880	1334	$ 117.39	$ 0.0870	1317	$ 114.54	-$ 2.85	-2.43%
TOU - Off Peak	kWh	$ 0.0650	1334	$ 86.69	$ 0.0630	1323	$ 83.33	-$ 3.37	-3.89%
TOU - Mid Peak	kWh	$ 0.1000	375	$ 37.51	$ 0.0990	372	$ 36.83	-$ 0.69	-1.83%
TOU - On Peak	kWh	$ 0.1170	375	$ 43.89	$ 0.1180	372	$ 43.89	$ 0.01	0.01%
Total Bill on RPP (before Taxes)				**$ 278.61**			**$ 285.89**	**$ 7.28**	**2.61%**
HST		13%		$ 36.22	13%		$ 37.17	$ 0.95	2.61%
Total Bill (including HST)				$ 314.83			$ 323.06	$ 8.23	2.61%
Ontario Clean Energy Benefit 1				-$ 31.48			-$ 32.31	-$ 0.83	2.64%
Total Bill on RPP (including OCEB)				**$ 283.35**			**$ 290.75**	**$ 7.40**	**2.61%**
Total Bill on TOU (before Taxes)				**$ 273.07**			**$ 279.89**	**$ 6.83**	**2.50%**
HST		13%		$ 35.50	13%		$ 36.39	$ 0.89	2.50%
Total Bill (including HST)				$ 308.56			$ 316.28	$ 7.72	2.50%
Ontario Clean Energy Benefit 1				-$ 30.86			-$ 31.63	-$ 0.77	2.50%
Total Bill on TOU (including OCEB)				**$ 277.70**			**$ 284.65**	**$ 6.95**	**2.50%**

Loss Factor (%) 4.20% 3.33%

1 Applicable to eligible customers only. Refer to the Ontario Clean Energy Benefit Act, 201(

Note that the "Charge $" columns provide breakdowns of the amounts that each bill component contributes to the total monthly bill at the referenced consumption level at existing and proposed rates.

Applicants must provide bill impacts for residential at 800 kWh and GS<50kW at 2000 kWh. In addition, their filing should cover the range that is relevant to their service territory, class by class. A general guideline of consumption levels follows:

Residential (kWh) - 100, 250, 500, 800, 1000, 1500, 2000
GS<50kW (kWh) - 1000, 2000, 5000, 10000, 15000
GS>50kW (kW) - 60, 100, 500, 1000
Large User - range appropriate for utility
Lighting Classes and USL - 150 kWh and 1 kW, range appropriate for utility.

File Number: EB-2012-0168

Date Filed: February 28, 2013

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Exhibit 9 - Deferral and Variance Accounts

9.0-Staff-11s

Ref: 9.0-Staff-2

With regards to Account 1592, PILs and Tax Variances for 2006 and Subsequent Years, Sub-account HST / OVAT Input Tax Credits (ITCs):

a) Regarding the 2011 HST savings, provided in response to 9.0-Staff-2, THI indicated that "the amount reported on the rate application was incorrectly reported at $48,626. The HST savings for 2011 is $100,298.77".

    i. Please elaborate on the reason for this error. (i.e. Was it a reporting error, a change in the calculation etc.)
    ii. Please provide a detailed calculation of the 2011 HST savings.

b) In THI's 2010 IRM Decision, EB-2009-0251, the Board directed Tillsonburg to record amounts in deferral account 1592 beginning July 1, 2010. The Board stated "Tracking of these amounts will continue in the deferral account until the effective date of Tillsonburg's next cost of service rate order". In THI's current application, THI indicated that it will be requesting the disposition of this balance in a future application.

    i. Please explain why Tillsonburg is requesting a deviation from the Board's direction by requesting disposition of Account 1592 in a future IRM application.
    ii. As IRM applications only review Group 1 deferral and variance accounts, and Account 1592 is a Group 2 deferral account, when and how does Tillsonburg plan to request disposition of Account 1592 given the fact that THI may not file its next cost of service rate application for 5 years?

c) THI has indicated that it has chosen to determine the amount in Account 1592 based on actual expenditures rather than using the proxy as per Accounting Procedures Handbook FAQ #4.

    i. Given that THI has tracked savings in detail in 2010, 2011 and the majority of 2012, please provide an estimate of the PST savings for a four month period from January 1, 2013 to April 30, 2013, including carrying charges.

Response:

a)

i. THI incorrectly reported the HST savings of $48,626. It did not include capital expenditures. The revised calculation includes operating and capital expenditures.

ii. The detailed calculation is as follows:

	Total ITC's	ITC on IESO Inv	Column C - D	HST Savings
Jan	$192,604.21	$189,486.20	$3,118.01	$1,918.78
Feb	183,876.56	168,806.53	15,070.03	9,273.86
Mar	187,493.59	180,413.30	7,080.29	4,357.10
Apr	182,033.28	171,108.01	10,925.27	6,723.24
May	190,362.42	184,280.55	6,081.87	3,742.69
Jun	196,732.96	185,328.95	11,404.01	7,017.85
Jul	210,315.21	194,748.36	15,566.85	9,579.60
Aug	234,377.47	200,459.19	33,918.28	20,872.79
Sep	200,829.44	175,957.22	24,872.22	15,305.98
Oct	182,593.42	176,224.62	6,368.80	3,919.26
Nov	180,951.62	169,348.14	11,603.48	7,140.60
Dec	188,085.71	171,109.07	16,976.64	10,447.16
				$100,298.92

b)

i. THI incorrectly requested disposition of Account 1592 in a future IRM application. Accordingly, THI is now requesting disposition over a four year period. THI chose a four year period so as to avoid a rate shock to its customers that will occur if a short time period is chosen.

ii. THI is now requesting disposition of Account 1592 in this rate application.

c)

i. The estimated calculation of the 2013 HST savings to April 30, 2013 is as follows:

Jan	$6,201.26
Feb	9,626.09
Mar	6,697.71
Apr	8,106.61
	$30,631.67

9.0-Staff-12s

Ref: 9.0-Staff-4
Ref: Ex. 2/T. 2/Sch. 3/pg. 1

In response to 9.0-Staff-4, THI indicated that the useful lives for Account 1855 Services (Overhead & Underground) changed on the depreciation schedules from 45 years to 50 years from the 2012 MIFRS Appendix 2-CG to 2013 MIFRS Appendix 2-CH because of componentization. THI adopted MIFRS effective January 1, 2013. THI indicated that for 2013, capital assets are amortized over the asset's useful life consistent with MIFRS and the Kinetric's Study.

a) Under THI's current MIFRS rate application, was componentization implemented for all capital assets as at January 1, 2012 or as at January 1, 2013?

b) When was componentization effective and reflected in the depreciation schedules (i.e. January 1, 2012 or January 1, 2013)? If effective 2012, please explain why the change in useful life for Account 1855 Services (Overhead & Underground) is due to componentization. If effective in 2013, why was componentization not effective as at January 1, 2012 given that THI completed the 2012 MIFRS Appendices in the rate application? Were there any other assets that were affected by the change in useful life in 2013 as a result of componentization?

<u>Response:</u>

a) Componentization was implemented for all capital assets as at January 1, 2012.

b) Componentization was effective and reflected in the depreciation schedules on January 1, 2012. THI felt it necessary to have a different useful life for overhead services (50 years) and for underground services (40 years). This better reflects consistency with THI primary assets for OH & UG and is within better alignment with the Kinetric's Report. The capital work expected for 2013 is mainly overhead requiring an adjustment to the useful life years compared to 2012. No other assets were affected by the change in useful life in 2013 as a result of componentization.

9.0-Staff-13s

Ref: 9.0-Staff-4

In the response to part a) of 9.0-Staff-4, why is 7.5 years being used as the remaining useful life for smart meters? In response to part b), given that the applicable materiality threshold for this application is $50k, why does THI believe the stated variance of $85k to be immaterial?

Response:

7.5 years is being used to account for a full year's amortization on smart meters. THI had stated it felt $85.00 to be immaterial, not $85k.

9.0-Staff-14s

Ref: 9.0-Staff-8
Ref: 9.0-Staff-5
Ref: 9.0-Staff-7
Ref: 9.0-VECC-37
Ref: Smart Meter Model Version 3.0

a) On Sheet 8 of the Smart Meter Model Version 3.0 filed by THI, THI has input SMFA revenues for 2006 in December 2006, with a principal of $14,353.02. This means that no interest on SMFA revenues is calculated in 2006. However, THI had its 2006 EDR rates approved effective May 1, 2006 in Decision and Order RP-2005-0020/EB-2005-0420. Please allocate the SMFA revenues for the months from May to December of 2006 as collected from customers in approved rates. This information should be available from the sub-account entries of Account 1555. If this is not possible, please explain.

b) THI makes reference to an updated Smart Meter Model in its response to 9-VECC-37. Please file the updated Smart Meter Model also reflecting a) above, in working Microsoft Excel format. This model should reflect the proposed class-specific SMDRs as a fixed monthly charge to be recovered over the recovery period proposed by THI. If THI has any additional adjustments, please provide explanations and show all calculations.

<u>Response:</u>

a) THI has updated the Smart Meter Model Version 3.0 to reflect the SMFA revenues for the months from May to December 2006. The model, in working Microsoft Excel format has been provided with its response to the supplemental IRs.

b) Please see response to a).

9.0-Staff-15s

Ref: 2.0-Energy Probe-11
Ref: 9.0-Staff-8

In 9.0-Staff-8, Board staff requested that THI calculate the residual net book value of the stranded meters on per class basis along with the corresponding class specific rate riders. In its response, THI indicated that the remaining net book value ("NBV") for the residential class was $13.17 per residential customer and $14.71 per GS < 50 kW customer.

a) In other applications before the Board, the purchase value of residential meters, on a per meter basis, has typically been significantly less than the purchase value of GS < 50 kW meters. The remaining net book value indicated by THI for the residential and GS < 50 kW classes is virtually identical for the two classes. Please explain why this is the case for THI.

b) Please confirm that NBVs shown for each class reflects the accumulated depreciation as collected through approved rates to December 31, 2012. If not, please explain.

c) Please provide a table outlining the following by class:
   i. The average purchase price of the stranded meters that were removed.
   ii. The average useful life applied to calculate the depreciation for those meters.
   iii. The average remaining useful life of the meters that were removed from service.

d) Please provide the calculation shown in the response to 2.0-Energy Probe-11 and 9-Staff-8 in a working spreadsheet. Explain all units shown in the spreadsheet.

e) The Stranded Meter Rate Rider is a fixed charge per month. Please confirm that the class-specific SMRR should be a monthly rate rounded to the nearest cent, and provide the proposed SMRRs. In the alternative, please explain.

Response:

a) THI has more thoroughly reviewed our stranded meters and determined that the average purchase price for residential meters was $61, while the average purchase price for the GS<50 meters was $211. THI would now propose to calculate the stranded meter recovery based on the Board staffs proposal as found in response to 9.0-Staff-16s following this response.

b) THI confirms that the NBVs shown for each class reflect the accumulated depreciation to December 31, 2012.

c) Please see table below.

	RESIDENTIAL	GS<50KW
Average Purchase Price	$ 61.00	$ 211.00
Average Useful Life Applied	25 years	25 years
Average Remaining Useful Life for Partially Depreciated Meters	9 years	8 years

d) THI respectfully proposes to use the Board staff proposed methodology as found in response to 9.0-Staff-16s following this response, subsequently THI believes the request for a live excel model no longer required.

e) THI confirms that the class-specific SMRR should be a monthly rate rounded to the nearest cent.

9.0-Staff-16s

Ref: 9.0-VECC-36

In its response to 9.0-VECC-36, THI states that it has reviewed the allocation methodology for stranded meter costs employed by other utilities but that its proposed methodology does not reflect the Board's past decisions that the allocation should reflect cost causality. Please explain why THI does not propose to use the methodology reflected in the Board's past decisions. Please provide an updated allocation of the smart meter costs reflecting the methodology approved in the Board's prior decisions (e.g. Willington North Power Inc. (EB-2011-0249) and Guelph Hydro (EB-2011-0123)).

<u>Response:</u>

THI respectfully requests to use the methodology proposed by Board staff.

An updated allocation of the smart meter costs reflecting the methodology used by Wellington North Power Inc. has been provided below using both a 4 year and a 1 year recovery period. THI respectfully request to amend its recovery period to one year.

Proposed SMRR over a 4 year recovery period

	Meter Cost	Installation Cost	Total	Weighting Ratio
Residential	$ 61	$ 31	$ 92	28%
General Service < 50 kW	$ 211	$ 31	$ 242	72%
			$ 334	

	Customer Numbers	Weighting Ratio
Total Res customers	6,042	90%
Total GS<50 customers	666	10%
	6,708	

	Residential	GS < 50 kW
Customer Number weighting	90%	10%
Total Installation Cost weighting	28%	72%
Allocator	**59%**	**41%**

	Residential	GS < 50 kW	Total
Net Book Value Segregated by Rate Class	$ 52,542	$ 36,803	**$ 89,345**
Number of Metered Customers	6,042	666	6,708
Rate Rider to Recover Stranded Meter Costs	$ 0.18	$ 1.15	
Recovery period (months)	48	48	

Proposed SMRR over a 1 year recovery period

	Meter Cost	Installation Cost	Total	Weighting Ratio
Residential	$ 61	$ 31	$ 92	28%
General Service < 50 kW	$ 211	$ 31	$ 242	72%
			$ 334	

	Customer Numbers	Weighting Ratio
Total Res customers	6,042	90%
Total GS<50 customers	666	10%
	6,708	

	Residential	GS < 50 kW
Customer Number weighting	90%	10%
Total Installation Cost weighting	28%	72%
Allocator	**59%**	**41%**

	Residential	GS < 50 kW	Total
Net Book Value Segregated by Rate Class	$ 52,542	$ 36,803	**$ 89,345**
Number of Metered Customers	6,042	666	6,708
Rate Rider to Recover Stranded Meter Costs	$ 0.72	$ 4.60	
Recovery period (months)	12	12	