Centre Wellington Hydro Ltd.

2013 Cost of Service Rates Application

EB-2012-0113

EXHIBIT 1 - ADMINISTRATION

1-Staff-47s RRWF and Updated Revenue Requirement

Ref: 1-3 Staff-3 and 1-4 VECC 1

Please provide updated versions of the RRWF and the response to 1-4 VECC 1 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.

Response:
CWH has included an updated RRWF and the excel file with this submission.

CWH has provided a summary of changes since the original submission in the following table.

Centre Wellington Hydro
Summary of Proposed Cumulative Changes

	Exhibit	Regulated Return on Capital	Regulated Rate of Return	Rate Base	Working Capital	Working Capital Allowance	Amortization	PILs	OM&A	Service Revenue Requirement	Base Revenue Requirement	Gross Revenue Deficiency
Original Submission		**$740,597**	**6.18%**	**$11,984,186**	**$17,188,329**	**$2,234,483**	**$411,824**	**$5,887**	**$2,303,000**	**$3,461,309**	**$3,220,371**	**-$438,967**
IR# 2 Staff 10 Update Reg Price Plan Oct 2012 Report	**2**	**$740,867**	**6.18%**	**$11,988,543**	**$17,221,844**	**$2,238,840**	**$411,824**	**$5,916**	**$2,303,000**	**$3,461,607**	**$3,220,670**	**-$439,265**
Change		$270	0.00%	$4,357	$33,515	$4,357	$0	$29	$0	$298	$299	-$298
IR# 4 Staff 20 Revise One-Time Costs $40,100 (4 years)	**4**	**$740,625**	**6.18%**	**$11,984,634**	**$17,191,769**	**$2,234,930**	**$411,824**	**$5,890**	**$2,272,925**	**$3,431,265**	**$3,190,327**	**-$408,922**
Change		-$242	0.00%	-$3,909	-$30,075	-$3,910	$0	-$26	-$30,075	-$30,342	-$30,343	$30,343
IR# 8-Staff-28 Revised Loss Factor	**8**	**$740,253**	**6.18%**	**$11,978,609**	**$17,145,428**	**$2,228,906**	**$411,824**	**$5,850**	**$2,272,925**	**$3,430,852**	**$3,189,914**	**-$408,510**
Change		-$372	0.00%	-$6,025	-$46,341	-$6,024	$0	-$40	$0	-$413	-$413	$412
IR# 2-Staff 48s Adj Fergus MS-2 to actual	**2**	**$739,238**	**6.18%**	**$11,962,193**	**$17,145,428**	**$2,228,906**	**$411,451**	**$5,908**	**$2,272,925**	**$3,429,523**	**$3,188,585**	**-$407,180**
Change		-$1,015	0.00%	-$16,416	$0	$0	-$373	$58	$0	-$1,329	-$1,329	$1,330
IR# 8-Staff-56s Update RTSR Jan1 2013 Rates	**8**	**$741,066**	**6.18%**	**$11,991,769**	**$17,372,938**	**$2,258,482**	**$411,451**	**$6,106**	**$2,272,925**	**$3,431,548**	**$3,190,611**	**-$409,206**
Change		$1,828	0.00%	$29,576	$227,510	$29,576	$0	$198	$0	$2,025	$2,026	-$2,026
IR# 8-Staff-57s LV update to reflect Hydro One Charges	**8**	**$742,347**	**6.18%**	**$12,012,500**	**$17,532,406**	**$2,279,213**	**$411,451**	**$6,244**	**$2,272,925**	**$3,432,968**	**$3,192,030**	**-$410,626**
Change		$1,281	0.00%	$20,731	$159,468	$20,731	$0	$138	$0	$1,420	$1,419	-$1,420
IR# 4-VECC-58 Updated Cost of Capital parameters	**5**	**$720,130**	**5.99%**	**$12,012,500**	**$17,532,406**	**$2,279,213**	**$412,056**	**$5,010**	**$2,272,925**	**$3,410,122**	**$3,169,185**	**-$387,780**
Change		-$22,217	-0.19%	$0	$0	$0	$605	-$1,234	$0	-$22,846	-$22,845	$22,846
IR# 4-Staff-52 Revise one time legal costs $50,000 (4 years)	**4**	**$719,838**	**5.99%**	**$12,007,625**	**$17,494,906**	**$2,274,338**	**$412,056**	**$4,978**	**$2,235,425**	**$3,372,298**	**$3,131,360**	**-$349,956**
Change		-$292	0.00%	-$4,875	-$37,500	-$4,875	$0	-$32	-$37,500	-$37,824	-$37,825	$37,824
IR# 4-Staff 55s Revise One-Time Costs $58,352 (4 years)	**4**	**$719,952**	**5.99%**	**$12,009,521**	**$17,509,494**	**$2,276,234**	**$412,056**	**$4,991**	**$2,250,013**	**$3,387,012**	**$3,146,074**	**-$364,670**
Change		$114	0.00%	$1,896	$14,588	$1,896	$0	$13	$14,588	$14,714	$14,714	-$14,714
IR# 10 Staff 62 Smart Meter installed changes	**10**	**$720,436**	**5.99%**	**$12,017,599**	**$17,509,494**	**$2,276,234**	**$412,056**	**$5,044**	**$2,250,013**	**$3,387,549**	**$3,146,612**	**-$365,207**
Change		$484	0.00%	$8,078	$0	$0	$0	$53	$0	$537	$538	-$537
IR# 3 VECC 53 CDM Adjustments	**3**	**$720,312**	**5.99%**	**$12,015,536**	**$17,493,619**	**$2,274,170**	**$412,027**	**$5,030**	**$2,250,013**	**$3,387,383**	**$3,146,446**	**-$364,119**
		-$124	0.00%	-$2,063	-$15,875	-$2,064	-$29	-$14	$0	-$166	-$166	$1,088
IR# 9 Staff 61 PP&E Adj Removal	**3**	**$720,312**	**5.99%**	**$12,015,536**	**$17,493,619**	**$2,274,170**	**$508,560**	**$5,030**	**$2,250,013**	**$3,483,916**	**$3,242,978**	**-$460,651**
Change		$0	0.00%	$0	$0	$0	$96,533	$0	$0	$96,533	$96,532	-$96,532
Proposed at March 8 2013		**$720,312**	**5.99%**	**$12,015,536**	**$17,493,619**	**$2,274,170**	**$508,560**	**$5,030**	**$2,250,013**	**$3,483,916**	**$3,242,978**	**-$460,651**
Change - Proposed vs. Original		**-3%**	**0.19%**	**0%**	**2%**	**2%**	**23%**	**-15%**	**-2%**	**1%**	**1%**	**5%**
		-$20,285		**$31,350**	**$305,290**	**$39,688**	**$96,736**	**-$857**	**-$52,987**	**$22,607**	**$22,607**	**-$21,684**

EXHIBIT 2 – RATE BASE

2-Staff-48s 2012 Incremental Capital Module

Ref: 2-7 Staff-6

a) Please confirm that CWH, in this Application, is seeking final review and approval for the capital expenditures for the Fergus MS-2 rehabilitation funded by the 2012 ICM.

Response:
CWH confirms it is seeking final review and approval for the rehabilitation of Fergus MS-2. While the approved budget for this project was $1,199,400 the actual cost of the project which was completed in 2012 was $1,185,262.97 representing an under budget amount of $14,137.03 or 1.18%.

b) Please provide the 2012 actual capital expenditures for the Fergus MS-2 rehabilitation. Please indicate whether the actuals are audited or unaudited.

Response:
As stated in the response to part a) the actual expense in 2012 was $1,185,262.97 and will be audited during the week of March 18, 2013.

c) Please confirm that the gross book value and the accumulated depreciation for 2012 reflected in rate base correspond to 2012 actuals. In the alternative, please update relevant tables and schedules (i.e. Asset Continuity Schedule, rate base, RRWF, etc.), as necessary.

Response:
CWH confirms the gross book value and accumulated depreciation for the Fergus MS-2 project is recorded in the initial application at the budget amount of $1,199,400 and $13,326.67, respectively. CWH will update the RRWF to reflect the actual gross book value of $1,185,262.97 and accumulated depreciation of $13,140.12.

2-Staff-49s GEA Plan

Ref: 2-12 Staff-11 (b)

In its response, CWH makes reference to the wrong section of the *Filing Requirements* and therefore does not provide an answer to the prioritization methodology.

Please answer IR 2-12-OEB Staff-11 (b) which relates to Section 4.2.2.2, bullet 4 of the *Filing Requirements*.

Response:
To date, CWH's experience in connecting renewables has been at a modest rate with all pending connections being completed without conflict and scheduling has been manageable. This trend is expected to be the same for the next 5 years and prioritization of connecting renewables will continue to be to process proponents as they complete applications and agreements.

2-Staff-50s GEA Plan

Ref: (a) 2-13 Staff-12 (e)
(b) *Framework*[1] , Paragraph 1.1, Regulation 330/09

CWH in its pre-filed GEA plan did not specify any OM&A costs over the life of the plan, but noted at reference (a) that approx. $8,500 will be spent in 2012 on the GEA plan and that this amount has been allocated to account 1532.

On OM&A costs, reference (b) clarifies that certain up-front OM&A costs necessary for the purpose of enabling the connection of a qualifying generation facility are eligible for provincial recovery.

a) Please indicate whether the costs in Account 1532 are up-front costs as envisaged in reference (b).

Response:
The costs referred to in 2-13 Staff -12 were incurred for the preparation of CWH's Green Energy Act plan. Those costs were not related to the enablement of a qualifying generation facility. As a clarifying note the $8,452.80 was inclusive of HST.

b) If so, were these activities related to Renewable Enabling Improvements or Expansion works?

Response:
N/A

c) Since the Plan is in front of the Board, please explain the reasons why CWH has chosen not to clear account 1532.

[1] Report of the Board, Framework for Determining the Direct Benefits Accruing to Customers of a Distributor under Ontario Regulation 330/09

Response:
CWH submits it only asked for clearance of variance account balances that have been audited as at December 31, 2011. The costs in question were incurred in 2012 and have not been audited for inclusion in a 2013 Cost of Service rate application.

d) Please confirm that CWH does not foresee incremental GEA Plan related OM&A expenses in 2013.

Response:
At the time of this application, CWH confirms it does not foresee any incremental GEA Plan related OM&A expenses in 2013.

2-VECC-49

Reference: 2-VECC 2

a) CWH states that it does not have year-end results for its capital projects. How then does CWH monitor the progression of its capital budget throughout the year?

Response:
CWH did not have estimated final figures for the Capital projects on January 11th, 2013 when CWH started to answer the questions for the first round of interrogatories. Capital costs are monitored throughout the year using the Job Costing module of our financial system. In November 2012, a key staff member went on maternity leave and the replacement person was still familiarizing herself with our organization, therefore, CWH was not prepared to submit estimated figures at the time of the 1st round of interrogatories.

b) If preliminary final costs are not available, please indicate for each column in Table 2.25 whether the project was 100% complete and whether it was in service at the end of 2012.

The below revised table 2.25 indicates whether or not the project was completed in 2012. The total under expenditure in capital projects for 2012 was $243,499.

The items in “miscellaneous capital jobs” show an over expenditure of $247,852 in this area. This amount is mostly made up of three projects. Firstly, $54,615 for the installation of underground conduit for project CP35, Beatty Line Tie Loop, scheduled to start and to be completed in 2013 which was done at the same time as the underground conduit was installed for 2012 capital project CP17 – UG Services Argyll St. Secondly, the completion of the 2011 capital project related to Phase 2 of project CP15-Walmart.

Lastly, $16,338 related to the purchase of computer software of which $15,000 was to provide customers with web presentment of energy and the ability to access information regarding their account online.

CWH's 2012 capital project "CP20 – PME Fergus TS M3 budgeted at $180,000 was deferred as on-going discussions were taking place with Hydro One Networks throughout 2012. A decision was made in December 2012 that CWH would not relocate the wholesale metering equipment at Hydro One Fergus TS site and instead move to a retail agreement with Hydro One for metering settlement.

Revised Table 2.25 - 2012 Capital Projects Exhibit 2 Tab3 Schedule 2

USoA #	Description	CCA Class	CP7, CP16, CP21, CP22, CP23, CP24 - Pole Replacements	CP-9 - Transformer Purchases	CP17 - UG Service Argyll St.	CP19 - MS2 Queen St.	CP20 - PME Fergus 73-M3	CP25 - SCADA	CP28 - Fiber/ Operations Area	Miscellaneous Capital Jobs (See Note 1)	Total	2012 Unaudited Capital Expenditures
1611	Computer Equipment - Software	12									$ -	$ 16,338
1612	Land Rights	CEC								$ 4,000	$ 4,000	$ -
1805	Land	N/A				$ 50,000					$ 50,000	$ -
1820	Distribution Station Equipment	47				$ 1,149,400	$ 180,000				$ 1,329,400	$ 1,148,795
1830	Poles, Towers & Fixtures	47	$ 72,900								$ 72,900	$ 108,663
1835	Overhead Conductor & Devices	47	$ 74,500								$ 74,500	$ 152,677
1840	Underground Conduits	47			$ 186,000					$ 12,000	$ 198,000	$ 135,452
1845	Underground Conductors & Devices	47	$ 37,000		$ 40,300						$ 77,300	$ 69,537
1850	Line Transformers	47	$ 12,100	$ 100,000	$ 36,200						$ 148,300	$ 127,198
1855	Services	47			$ 3,000					$ 7,600	$ 10,600	$ 46,976
1860	Meters	47								$ 25,000	$ 25,000	$ 15,170
1908	Buildings & Fixtures	47							$ 30,000		$ 30,000	$ 30,009
1915	Office Furniture & Fixtures										$ -	$ 3,167
1920	Computer Equipment - Hardware	10							$ 20,000	$ 9,000	$ 29,000	$ 18,541
1930	Transportation Equipment	10									$ -	$ -
1940	Tools, Shop & Garage Equipment	8									$ -	$ -
1945	Measurement & Testing Equipment	8								$ 5,200	$ 5,200	$ 6,741
1960	Misc Equipment	8									$ -	$ -
1980	System Supervisory Equipment	47						$ 164,000			$ 164,000	$ 129,885
1995	Contributed Capital	N/A	-$ 44,700								-$ 44,700	-$ 79,149
	Total Forecasted Capital Expenditures		**$ 151,800**	**$ 100,000**	**$ 265,500**	**$ 1,199,400**	**$ 180,000**	**$ 164,000**	**$ 50,000**	**$ 62,800**	**$ 2,173,500**	**$ 1,930,000**
	Completed (Yes) Not Completed (No)		**Yes**	**Yes**	**No**	**Yes**	**No**	**Yes**	**Yes**	**Yes**		
	Total Actual 2012 Capital Expenditures Before Contributed Capital		$ 131,358	$ 152,071	$ 104,583	$ 1,185,263	$ -	$ 129,885	$ 35,488	$ 270,501		$ 2,009,150
	2012 Contributed Capital Contributions		-$ 16,160	-$ 40,340						-$ 22,649		-$ 79,149
	Net Actual Capital Expenditures by jobs listed for 2012		**$ 115,198**	**$ 111,731**	**$ 104,583**	**$ 1,185,263**	**$ -**	**$ 129,885**	**$ 35,488**	**$ 247,852**	**$ -**	**$ 1,930,001**
	Difference Under (Over) Expenditures 2012 Capital Budget		$ 36,602	-$ 11,731	$ 160,917	$ 14,137	$ 180,000	$ 34,115	$ 14,512	-$ 185,052		$ 243,499
Note 1	**Included in 2012 Actual Expenditures for Miscellaneous Capital Jobs:**											
	2013 Capital Project started in 2012 - Beatty Line Tie F1-F7 Loop	CP35								$ 54,615		$ 54,615
	2011 2nd Phase of CP15-Walmart	CP15								$ 124,823		$ 124,823
	2012-Customer Connect and Other Software									$ 16,338		$ 16,338
	Breakdown of Major Miscellaneous Capital Projects over forecasted amount		$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 195,775	$ -	$ 195,775

c) In the response CWH states that if a project was not completed in 2012 it will be completed in 2013. Please explain why CWH is certain in can complete both uncompleted 2012 projects and 2013 projects with the same resources it anticipated to employ full time in completing the 2013 capital budget.

Response:
CWH has provided an updated Table 2.26 related to the 2013 capital projects. CWH has reviewed the forecasted 2013 projects and believe that with the use of contracted services and staff working overtime that CWH will be able to complete all projects as listed below.

d) The 2012 capital contributions were forecast at $44,700 (Appendix 2-B 2012 CGAA – Appendices_V1.1_20121114). How many customers were anticipated to make contributions in 2012? Did these customer(s) make the forecast contribution(s)?

Response:
In 2012 the actual contributed capital was $79,149. There were two customers anticipated to make capital contributions in 2012, only one of those customers made a contribution of $29,237, the remainder of the contributions were made by 13 other customers. These amounts are reflected in the revised Table 2.25 in part "b" of the question.

Revised Table 2.26 - 2013 Capital Projects Exhibit 2 Tab3 Schedule 2

USoA #	Description	CCA Class	CP-30 - Library Expansion	CP-31 - Elora Sewage Plant	CP-33 - Wellington Place	CP-34 - MS-1 Substation	CP-35 - Beatty Line Tie Loop	1925 - Computer Software	Miscellaneous Capital Jobs	Total
1806	Land Rights	CEC							$ 4,000	**$ 4,000**
1820	Distribution Station Equipment	47				$ 1,101,300			$ -	**$ 1,101,300**
1830	Poles, Towers & Fixtures	47		$ 52,900	$ 96,000	$ 21,900	$ 51,900		$ -	**$ 222,700**
1835	Overhead Conductor & Devices	47		$ 31,100	$ 43,900	$ 10,600	$ 33,000		$ 15,600	**$ 134,200**
1840	Underground Conduits	47	$ 88,600				$ 21,700		$ -	**$ 110,300**
1845	Underground Conductors & Devices	47	$ 58,100			$ 11,200	$ 54,000		$ -	**$ 123,300**
1850	Line Transformers	47	$ 50,200	$ 5,100			$ 18,200		$ -	**$ 73,500**
1855	Services	47	$ 28,100	$ 6,500					$ 10,500	**$ 45,100**
1860	Meters	47							$ 18,400	**$ 18,400**
1915	Office Furniture & Equipment	8							$ 5,000	**$ 5,000**
1920	Computer Equipment - Hardware	10							$ 28,500	**$ 28,500**
1925	Computer Equipment - Software	12						$ 50,000	$ -	**$ 50,000**
1940	Tools, Shop & Garage Equipment	8							$ 1,000	**$ 1,000**
1995	Contributed Capital	N/A							-$ 40,900	**-$ 40,900**
	Total Actual Capital Expenditures		**$ 225,000**	**$ 95,600**	**$ 139,900**	**$ 1,145,000**	**$ 178,800**	**$ 50,000**	**$ 42,100**	**$ 1,876,400**
	To be completed 2013 (Yes) (No)		**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	**Yes**	
	Not included in 2013 capital projects submitted with Original application but will be added:									
	Less:2013 Capital Project started in 2012 -Beatty Line Tie F1-F7 Loop - reduction in costs						-$ 54,615			-$ 54,615
	Add: CP17 - UG Service Argyll St. started in 2012 to be completed 2013								$ 160,917	$ 160,917
	Total Adjustments for 2013 Capital		$ -	$ -	$ -	$ -	-$ 54,615	$ -	$ 160,917	$ 106,302
	Revised Capital Projects 2013		**$ 225,000**	**$ 95,600**	**$ 139,900**	**$ 1,145,000**	**$ 124,185**	**$ 50,000**	**$ 203,017**	**$ 1,982,702**

EXHIBIT 3 – OPERATING REVENUE AND LOAD FORECAST

3-Staff-51s Load Forecasting and CDM Adjustment --- Bruce Bacon

Ref: 3-28 3-Staff-16, 3-27 3-Staff-15

CWH has proposed an approach for 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), and to correspond to the amount used to establish the amount of CDM savings for 2013 (and hence 2014) for the LRAMVA. This has been updated in response to 3-28 3-Staff-16.

An alternative approach is to take into account the 2011 results and their persistence, as measured and reported by the OPA for CWH, and then to assume an equal increment for each of 2012, 2013, and 2014 so as to achieve CWH's CDM target of 7,810,000 kWh. Board staff views this approach as being preferable as there are actual results on what the utility has achieved to date, which can then be taken into account on 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 3-27 3-Staff-15, Board staff has prepared the following table, which is also provided in working Microsoft Excel format:

Load Forecast CDM Adjustment Work Form (2013)

Centre Wellington Hydro Ltd. ***EB-2012-0113***

4 Year (2011-2014) kWh Target:					
7,810,000					
	2011	2012	2013	2014	Total
		%			
2011 CDM Programs	12.48%	12.47%	12.47%	12.07%	49.49%
2012 CDM Programs		8.42%	8.42%	8.42%	25.25%
2013 CDM Programs			8.42%	8.42%	16.84%
2014 CDM Programs				8.42%	8.42%

Total in Year	**12.48%**	**20.89%**	**29.31%**	**37.33%**	**100.00%**
		kWh			
2011 CDM Programs	974,577	973,955	973,955	942,980	3,865,467
2012 CDM Programs		657,422	657,422	657,422	1,972,267
2013 CDM Programs			657,422	657,422	1,314,844
2014 CDM Programs				657,422	657,422
Total in Year	**974,577**	**1,631,377**	**2,288,799**	**2,915,247**	**7,810,000**
				Check	7,810,000

	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	973,955	657,422	657,422		2,288,799
Manual Adjustment for 2013 Load Forecast *Manual adjustment uses "gross" versus "net" (i.e. numbers multiplied by (1 + g)*	973,955	657,422	328,711 *Only 50% of 2013 CDM impact is used based on a half year rule*		1,960,088

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 other 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.
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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. Board staff believes that this would be 43.9%, shown as the 2013 "net" to "gross" ratio shown in the update to Table 3-16 in the response to 3-27 3-Staff-15 part a), but requests that CWH confirm the number.

Response:
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 have been entered, respectively, into cells D24 and E24 and provided in the live spreadsheet titled; "LFCDMWF_kcr_CWH_20130222". The resulting "net" to "gross" ratio is consistent with the value shown in the update to Table 3-16 in the response to 3-27 3-Staff-15 part a).

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

Response:
CWH has verified 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.

Response:
The class CDM kWh and kW savings that would correspond with the "net" CDM savings shown in "LFCDMWF_kcr_CWH_20130222" is provided below.

Table 3-18: 2013 Expected Savings for LRAM Variance Account								
	Residential	GS<50	GS>50	Street Lighting	Sentinels	USL	Intermediate	Total
kWh	716,875	319,364	959,425	17,686	586	9,458	265,405	2,288,799
kW where applicable			2,467	49	2		586	3,104

d) Please provide CWH'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:
CWH agrees with the methodology used to determine the CDM savings that will underlie the 2013 CDM amount for the LRAMVA. With regard to the manual CDM adjustment for the 2013 test year load forecast, CWH agrees it should be a value that represents the gross level. However, the 2011 value should not be included in the manual CDM adjustment. The results of the 2011 programs and how they persist into 2013 have been reflected in the CDM Activity variable since the 2011 programs impacts on the actual 2011 power purchases used in the regression analysis. In CWH's view, to include the 2011 value in the manual CDM adjustment would be a double count. With regard to the 2013 value used in the manual CDM adjustment, CWH is concerned with using the "half year rule" since it is CWH's understanding that there should be consistent treatment on how the load forecast is adjusted and how the LRAMVA threshold is determined. Since a full year amount is used in the LRAMVA threshold calculation for 2013 then a full year for 2013 should be used in the manual CDM adjustment.

3.0 – VECC – 50

Reference: Staff #14 d) / VECC #13 a)

a) Please provide forecasts for 2013 power purchases (prior to any manual adjustment for CDM) using the equations provided in:
   - Staff #14 d)
   - VECC #13 a)

Response:
The 2013 power purchased for Staff #14 d) is 158.8 (GWh) and for VECC #13 a) it is 159.0 (GWh)

a) What was the average loss factor (purchases vs. billed energy) for the period 2002-2011?

Response:
The average loss factor for the period 2003-2011 is provided in the table below. Unfortunately, data for 2002 is not readily available.

		Historical Years									9-Year Average
		2003	2004	2005	2006	2007	2008	2009	2010	2011	
	Losses Within Distributor's System										
A(1)	"Wholesale" kWh delivered to distributor (higher value)	154,812,595	160,096,079	160,363,706	159,479,086	157,122,112	161,716,845	153,664,849	155,715,326	154,123,383	157,454,887
A(2)	"Wholesale" kWh delivered to distributor (lower value)	151,086,095	156,211,548	155,716,390	154,774,514	154,991,026	159,504,886	151,573,964	153,540,169	152,086,055	154,387,183
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)										
C	Net "Wholesale" kWh delivered to distributor = **A(2) - B**	151,086,095	156,211,548	155,716,390	154,774,514	154,991,026	159,504,886	151,573,964	153,540,169	152,086,055	154,387,183
D	"Retail" kWh delivered by distributor	142,455,155	141,146,934	149,056,811	150,448,842	147,990,851	154,818,345	146,777,166	149,442,885	146,286,077	147,602,563
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)										
F	Net "Retail" kWh delivered by distributor = **D - E**	142,455,155	141,146,934	149,056,811	150,448,842	147,990,851	154,818,345	146,777,166	149,442,885	146,286,077	147,602,563
G	Loss Factor in Distributor's system = **C / F**	1.0606	1.1067	1.0447	1.0288	1.0473	1.0303	1.0327	1.0274	1.0396	1.0465
	Losses Upstream of Distributor's System										
H	Supply Facilities Loss Factor	1.0247	1.0249	1.0298	1.0304	1.0137	1.0139	1.0138	1.0142	1.0134	1.0199
	Total Losses										
I	Total Loss Factor = **G x H**	1.0867	1.1343	1.0759	1.0600	1.0617	1.0446	1.0469	1.0420	1.0536	1.0672

3.0 – VECC -51

Reference: VECC #14

a) Please explain why the proposed Residential model was used as opposed to the second model (top of page 46 of 121) provided in response to VECC #14 e).

Response:
The proposed Residential model was used since all variables in this model were statistically significant (i.e. t-stat higher than the absolute value of 2) and the coefficients were intuitive. This was not the case for the second model (top of page 46 of 121)

provided in response to VECC #14 e). In the second model, the CDM Activity and the Trend variables were not statistically significant.

b) Please update Table 3-4 to reflect the OPA's final CDM report for 2011.

Response:
An updated Table 3-4 has been provided below to reflect the OPA's final CDM report for 2011.

Table 3-4: 2011 Final Results and Persistent Impact plus OPA 2010 Final Results and Persistent Impact				
Centre Wellington Hydro 4 Year 2011 to 2014 kWh target				
7,810,000				
2011	2012	2013	2014	Total
kWh savings from 2011 programs with presistent impact				
974,577	973,955	973,955	942,980	3,865,467
OPA 2010 Final Results - kWh				
2006	2007	2008	2009	
416,278	1,901,458	2,162,792	2,555,243	
2010	2011	2012	2013	
2,690,124	2,496,800	2,458,592	2,446,482	

c) Please re-estimate the regression model for the Residential class using the OPA's final CDM results for 2011 and provide the resulting equation and regression statistics.

Response:
The regression model has been re-estimated for the Residential class using the OPA's final CDM results for 2011 and the following provides the resulting equation and regression statistics.

Statistic		
R Square	82.2%	
Adjusted R Square	81.2%	
F Test	83.1	
Variable	Coefficient	T-stat
Intercept	(3,258,907)	(3.50)
Heating Degree Days	1,833	14.64
Cooling Degree Days	4,095	5.70
Spring Fall Flag	(217,928)	(4.05)
Number of Days in Month	114,451	4.60
Employment	4,660	5.01
CDM Activity	(0.87)	(3.47)

d) Using the results from part c) and the persisting savings associated with the final 2011 CDM results, please provide a revised forecast for 2013 Residential billed energy (Table 3-6).

Response:
Using the results from part c) and the persisting savings associated with the final 2011 CDM results, the following provides a revised forecast for 2013 Residential billed energy (Table 3-6).

Table 3-6: Residential Billed - Updated for 2011 OPA Final Results			
Year	**Actual**	**Predicted**	**% Difference**
Billed Energy (GWh)			
2003	42.9	43.5	1.5%
2004	44.4	43.7	(1.4%)
2005	47.3	46.4	(1.9%)
2006	45.7	45.5	(0.5%)
2007	43.5	45.1	3.6%
2008	44.3	44.8	1.1%
2009	43.8	43.2	(1.3%)
2010	45.1	44.2	(1.9%)
2011	44.3	45.2	2.2%
2012 Weather Normal		**45.7**	
2013 Weather Normal		**46.1**	
2013 Weather Normal - 10 year average		**46.1**	
2013 Weather Normal - 20 year trend		**46.1**	

e) What is Center Wellington's view regarding using this revised Residential forecast as opposed to the one provided in the original Application?

Response:
It is CWH's view that using the revised Residential forecast as opposed to the one provided in the original Application would be reasonable since it reflects final 2011 CDM results.

3.0 – VECC -52

Reference: VECC #15

a) Please explain why the proposed GS<50 model was used as opposed to the second model (top of page 50 of 121) or the fourth model (top of page 51 of 121) provided in response to VECC #15 a).

Response:
The proposed GS<50 model was used since all variables in this model were statistically significant (i.e. t-stat higher than the absolute value of 2) and the coefficients were intuitive. This was not the case for the second model (top of page 50 of 121) or the fourth model (top of page 51 of 121) provided in response to VECC #15 a). In the second model the Employment, CDM Activity and the Trend variables were not statistically significant. In the fourth model the Number of Peak Hours variable was not statistically significant.

b) Please re-estimate the regression model for the GS<50 class using the OPA's final CDM results for 2011 and provide the resulting equation and regression statistics.

Response:
The regression model has been re-estimated for the GS<50 rate class using the OPA's final CDM results for 2011 and the following provides the resulting equation and regression statistics.

Statistic		
R Square	66.0%	
Adjusted R Square	64.1%	
F Test	34.9	
Variable	Coefficient	T-stat
Intercept	(497,262)	(1.21)
Heating Degree Days	468	8.48
Cooling Degree Days	1,938	6.11
Spring Fall Flag	(63,026)	(2.66)
Number of Days in Month	45,583	4.15
Employment	1,059	2.58
CDM Activity	(0.34)	(3.09)

c) Using the results from part b) and the persisting savings associated with the final 2011 CDM results, please provide a revised forecast for GS<50 billed energy (Table 3-7).

Response:
Using the results from part b) and the persisting savings associated with the final 2011 CDM results, the following provides a revised forecast for 2013 GS<50 billed energy (Table 3-7).

Table 3-7: GS < 50 kW Billed - Updated for 2011 OPA Final Results			
Year	**Actual**	**Predicted**	**% Difference**
Billed Energy (GWh)			
2003	20.5	20.4	(0.5%)
2004	19.6	20.4	4.1%
2005	21.3	21.3	(0.1%)
2006	21.2	20.8	(1.7%)
2007	20.5	20.6	0.6%
2008	19.6	20.3	3.8%
2009	20.1	19.8	(1.5%)
2010	20.4	20.3	(0.7%)
2011	20.6	20.4	(1.0%)
2012 Weather Normal		**20.5**	
2013 Weather Normal		**20.5**	
2013 Weather Normal - 10 year average		**20.5**	
2013 Weather Normal - 20 year trend		**20.6**	

d) What is Center Wellington's view regarding using this revised GS<50 forecast as opposed to the one provided in the original Application?

Response:
It is CWH's view that using the revised GS<50 forecast as opposed to the one provided in the original Application would be reasonable since it reflects final 2011 CDM results.

3.0 – VECC – 53

Reference: Staff #16 f)

a) Based on the updated Table 3-17 provided in Staff #16 f), please revise the calculations for the following:
- The total manual CDM adjustment required to the 2013 load forecast,
- The allocation of the revised CDM adjustment to customer classes (i.e., revise Table 3-19),
- The total 2013 CDM savings to be used for the LRAM variance account, and
- The assignment of the LRAM savings to customer classes (i.e., revise Table 3-18).

Response:
A revised Table 3-19 reflecting the 2011 Final OPA results is provided below and includes a revised CDM adjustment for 2013 of 1,730,946 (kWh). With regard to revised LRAM variance account information reflecting the 2011 Final OPA results please refer to response to Board Staff 51s.

Table 3-19: Adjustment for CDM reflecting 2011 Final OPA Results.								
Year	Residential	GS<50	GS>50	Street Lighting	Sentinels	USL	Intermediate	Total
Billed Energy Forecast (GWh)								
2012	45.7	20.5	61.6	1.1	0.04	0.6	17.6	147.1
2013	46.1	20.5	61.7	1.1	0.04	0.6	17.1	147.2
CDM Adjustment (GWh)								
2012	(0.3)	(0.1)	(0.4)	(0.0)	(0.00)	(0.0)	(0.1)	(0.9)
2013	(0.5)	(0.2)	(0.7)	(0.0)	(0.00)	(0.0)	(0.2)	(1.7)
CDM Adjusted Billed Energy Forecast (GWh)								
2012	45.4	20.3	61.2	1.1	0.04	0.6	17.5	146.2
2013	45.6	20.3	61.0	1.1	0.04	0.6	16.9	145.5

b) What is Centre Wellington's vies regarding using the response to part (a) as its CDM adjustment as opposed to that set out in the initial

Response:
It is CWH's view that using the response to part (a) as its CDM adjustment as opposed to that set out in the initial Application would be reasonable since it reflects final 2011 CDM results.

3.0 – VECC – 54

Reference: VECC #18

a) Please confirm that, for any given year, the difference between gross and net OPA reported savings does not reflect all of the CDM activity that will take place without any incentive being provided. If not confirmed, please explain why.

Response:
It is confirmed that, for any given year, the difference between gross and net OPA reported savings does not reflect all of the CDM activity that will take place without any incentive being provided.

b) Does Centre Wellington agree that the historical consumption values for each customer class will have been impacted by the total CDM activity that has occurred each year without any incentive being provided (and not just that associated with OPA CDM programs)?

Response:
CWH agrees that the historical consumption values for each customer class will have been impacted by the total CDM activity that has occurred in the historical year.

c) Can Centre Wellington provide any estimates of the total savings in each year 2002-2011 from CDM activity that has would have taken place in its service area without

any incentive (as opposed to just that associated with OPA programs)? If so, please do so and indicate how the savings amounts were determined.

Response:
CWH does not have the information to provide any estimates of the total savings in each year 2002-2011 from CDM activity that would have taken place in its service area.

3.0 – VECC – 55

Reference: VECC #20 b)

a) Please confirm whether or not Centre Wellington is still transitioning to MIFRS in 2012.

Response:
CWH is not transitioning to MIFRS in 2012. CWH has chosen to follow the instruction provided in the Board letter dated July 17, 2012 titled "Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013".

CWH will be adopting the new useful lives for Fixed Assets in 2013 and since the existing capitalization policy complies with IRFS/MIFRS requirements no other changes are required.

EXHIBIT 4 – OM&A

4-Staff-52s OM&A Drivers

Ref: 4-38 Staff-18

In part b) of the response, CWH states, with respect to increase in Outside Services costs in Account 5630:

> Increased legal costs to CWH are being incurred to assist CWH with expected Service Area Amendment issues. There is currently one request for a preliminary Offer to Connect from a developer in progress, and CWH anticipates more in the coming years.
>
> On-going increases in legal fees also relates to staff and union employees, contractual agreements and other legal issues. Also included in 5630, is an increase in year-end audit and tax services. CWH is also requiring the assistance of miscellaneous consultants to assist with on-going and new

regulatory requirements, implementation of new financial modules to meet new requirements imposed by regulators, and the on-going use of consultants to train staff on new standards and regulations.

a) What is the quantum of the legal costs associated with current and expected Service Area Amendments? What is CWH's rationale that increased legal costs to deal with Offers to Connect and related Service Area Amendments should be borne by all CWH's ratepayers? Why are these costs not being tracked to specific Offers to Connect? What net benefits to CWH's ratepayers support recovery of these costs from all CWH's ratepayers generally through distribution rates?

Response:
CWH received a legal quote of $50K for assistance with the Service Area Amendments. Those costs are deemed to be one time.

Increased legal costs associated with Service Area Amendments needs to be borne by all customers as there is no mechanism in place to charge only customers affected by those types of amendments. The results of a successful service area amendment would produce a net benefit to all customers by spreading OM&A across a larger customer base.

The offer to connect statement on page 27 of Exhibit 4, Tab 2, Schedule 4 was in reference to boundary expansions and not related to specific offers to connect where those costs would be included in an economic expansion calculation.

b) Please provide further explanation of the quantum and nature of the drivers for the cost increases documented in the second paragraph quoted above.

Response:
CWH has provided the following table to further clarify the OM&A Drivers:

Description of Expense	2011 Actual	2012 Budget	2012 Actual	2013 Budget /Initial Application	2013 On-going Budget	2013 One-time Budget	Rate Application 2013 Updated
Audit Fees & Financial Advise	33,231.00	34,000.00	38,545.00	36,900.00	36,900.00		36,900.00
Outside Consultants	20,763.74	35,000.00	37,041.82	35,000.00	35,000.00		35,000.00
Legal - Boundary Expansion	-	50,000.00	-	50,000.00		50,000.00	12,500.00
Legal - Other	6,282.65	5,000.00	8,245.25	3,100.00	3,100.00		3,100.00
	60,277.39	124,000.00	83,832.07	125,000.00	75,000.00	50,000.00	87,500.00

CWH has reduced account 5630 by $37,500 to account for the one-time legal costs. This is reflected on the updated RRWF for this second round of IRs.

4-Staff-53s: OM&A – One-time Regulatory Costs

Ref: 4-40 Staff-20

In part a) of the response to 4-40 Staff-20, CWH states: "The above are a one-time cost of $40,100 and should have been reflected in the revenue requirement in an amount of $10,025 per year. CWH proposes to adjust the revenue requirement accordingly." Has CWH reflected this adjustment in the updated revenue requirement and in the updated RRWF?

Response:
CWH confirms this adjustment was made during the first round of IRs and was reflected in the updated RRWF.

4-Staff-54s: Billing Expenses

Ref: 4-41 Staff-21

In part b) of the response to 4-41 Staff-21, CWH was asked to provide reasons for the "forecasted increases in Account 5315 Customer Billing to $305,100 in 2012 and the further increase forecasted to $322,400 for the 2013 test year." CWH documented the reasons for the increases, which amount to $76,242 for 2012 over 2011 and an additional $17,300 for 2013 over 2012.

a) What is the 2012 actual for Account 5315?

Response:
The unaudited 2012 actual expenditure for account 5315 is $296,062.

b) The response indicates that the 2013 increase is incremental to that of the 2012 increase. It is not clear if all of the increases are incremental and ongoing, or if they are one time?

Response:
The increases are incremental and on-going.

i. Item 2 under part b) is stated as:

2. Increase of $17,600 in computer expenses, made up of annual $6,000 cost for the customer connect program, $11,200 transferred to prepaid

expenses for incorrect account of seed money posted to expense account in 2007.

Please explain what the "$11,200 transferred to prepaid expenses for incorrect account [sic] of seed money posted to expense account in 2007". Why is this related to the 2012 expenses? Is this one-time or ongoing?

Response:
A 2007 expense related to seed money for the start-up of "Utilities Collaborative Services", which was formed to take advantage of mitigating costs related to Hosting of CIS and annual software fees, should have been recorded as a prepaid expense in that year. In 2011 this error was identified that the seed money should have been recorded in a prepaid expense account and not in account 5315-Customer Billing. An entry to correct this was done in 2011 which had the effect of reducing/understating 2011 expenses by $11,200.

Comparing 2012 to 2011, gives the impression that 2012 is overspending by $11,200 which is not the case.

The $17,600 is an ongoing cost to Host the CIS and cover other computer related costs.

ii. Item 4 under part b) is documented as an "[i]ncrease of $19,300 for outside billing service assistance." Please explain what this increase is? Is it one-time or is it recurring in 2013 and subsequent years.

Response:
CWH has utilized this service since 2011 and expects to continue using the service on an ongoing basis. The $19,300 relates to 2011 being only a partial year of taking this service. CWH considered this expense as a recurring expense.

iii. Item 5 under part b) documents an increase in postage of $20,100, of which $6,400 was related to TOU billing notification, and "an overcharge of $12,000 to [Account] 4380-Non utility expense related to water and sewer billing in 2011". Why is the $6,400 for TOU billing only offset by a decrease of $6,000 for the removal of the one-time TOU billing for the 2013 expense, shown as item 3 under the explanation for 2013 increases? Is the $12,000 adjustment a one-time or recurring expense?

Response:
There was an over allocation of postage expenses in 2011 of $12,000 to account 4380 instead of 5315. Although this appears as an understatement of account 5315 in 2011 the $12,000 postage costs continue as a recurring expense in account 5315. Actual distribution postage expense for 2012 was $32,852.

4-Staff-55s OM&A – Regulatory Expenses

Ref: 4-40 4-Staff-20 and 4-53 VECC 30

With respect to part c) of 4-53 VECC 30, what is CWH now proposing as the one-time regulatory expenses related to this Application, and what is CWH's proposal for recovery of these costs?

Response:
The incremental one time of cost of preparing the 2013 Cost of Service rate application is estimated at $98,452 (2013-$40,100 + 2012-$58,352) as stated in response to 4-53 VECC 30. CWH proposes to recover these costs over a four year period. The revenue requirement was adjusted during the first round of IRs to reflect one quarter of the $40,100. CWH is now proposing and has adjusted the revenue requirement for the remaining $58,352 over a four year period and included this in the summary of changes and has reflected it in the RRWF.

4-VECC – 56

Reference: 4-43 OEB Staff -23

a) With respect to the pre -2011 LRAM related CDM programs, please provide the following information:

- Program Name
- Program start date
- Efficiency Measure
- Number of units/participants
- Rate Class program applies
- Number of units/participants
- Measure life;
- Annual Energy Savings
- Contribution to LRAM.

Response:

a) The table below summarizes CWH's pre-2011 CDM initiatives. This breakdown includes each program initiative, its related rate classification, the # of units and the total annual energy savings for that initiative. These CDM initiatives were implemented in 2010 with energy savings persisting into 2011.

OPA Conservation & Demand Management Programs

Initiative Results at End-User Level for: Centre Wellington Hydro Ltd.

Net Summer Peak Demand Savings (MW)

#	Program Name	Rate Class	Program Year	Results Status	# of Units	2010	2011 Persistance
1	Great Refrigerator Roundup	Residential	2010	Final	108	0.010	0.010
2	Cool Savings Rebate	Residential	2010	Final	247	0.039	0.039
3	Every Kilowatt Counts Power Savings Event	Residential	2010	Final	681	0.002	0.002
4	***peaksaver®***	Residential / GS < 50	2010	Final	14	0.008	0.008
5	Electricity Retrofit Incentive	Residential / GS < 50	2010	Final	0	0.000	0.000
6	Toronto Comprehensive	Residential / GS < 50	2010	Final	0	0.000	0.000
7	High Performance New Construction	GS < 50	2010	Final	0	0.017	0.017
8	Power Savings Blitz	GS < 50	2010	Final	80	0.070	0.070
9	Multi-Family Energy Efficiency Rebates	Residential / GS < 50	2010	Final	0	0.000	0.000
10	Demand Response 2	GS < 50, GS > 50	2010	Final	0	0.158	0.000
11	Demand Response 3	GS < 50, GS > 50	2010	Final	0	0.333	0.000
12	Loblaw & York Region Demand Response	GS < 50, GS > 50	2010	Final	0	0.039	0.000
13	LDC Custom - Hydro Ottawa - Small Commercial Demand Response	Residential	2010	Final	0	0.000	0.000
Overall Total						**0.68**	**0.15**

Net Energy Savings (MWh)

#	Program Name	Rate Class	Program Year	Results Status	# of Units	2010	2011 Persistance
1	Great Refrigerator Roundup	Residential	2010	Final	108	65	65
2	Cool Savings Rebate	Residential	2010	Final	247	62	62
3	Every Kilowatt Counts Power Savings Event	Residential	2010	Final	681	21	19
4	***peaksaver®***	Residential / GS < 50	2010	Final	14	0	0
5	Electricity Retrofit Incentive	Residential / GS < 50	2010	Final	0	0	0
6	Toronto Comprehensive	Residential / GS < 50	2010	Final	0	0	0
7	High Performance New Construction	GS < 50	2010	Final	0	39	39
8	Power Savings Blitz	GS < 50	2010	Final	80	214	214
9	Multi-Family Energy Efficiency Rebates	Residential / GS < 50	2010	Final	0	3	3
10	Demand Response 2	GS < 50, GS > 50	2010	Final	0	184	0
11	Demand Response 3	GS < 50, GS > 50	2010	Final	0	7	0
12	Loblaw & York Region Demand Response	GS < 50, GS > 50	2010	Final	0	0	0
13	LDC Custom - Hydro Ottawa - Small Commercial Demand Response	Residential	2010	Final	0	0	0
Overall Total						**595**	**402**

Gross Summer Peak Demand Savings (MW)

#	Program Name	Rate Class	Program Year	Results Status	# of Units	2010	2011 Persistance
1	Great Refrigerator Roundup	Residential	2010	Final	108	0.019	0.019
2	Cool Savings Rebate	Residential	2010	Final	247	0.091	0.091
3	Every Kilowatt Counts Power Savings Event	Residential	2010	Final	681	0.004	0.004
4	***peaksaver®***	Residential / GS < 50	2010	Final	14	0.009	0.009
5	Electricity Retrofit Incentive	Residential / GS < 50	2010	Final	0	0.000	0.000
6	Toronto Comprehensive	Residential / GS < 50	2010	Final	0	0.000	0.000
7	High Performance New Construction	GS < 50	2010	Final	0	0.024	0.024
8	Power Savings Blitz	GS < 50	2010	Final	80	0.070	0.070
9	Multi-Family Energy Efficiency Rebates	Residential / GS < 50	2010	Final	0	0.000	0.000
10	Demand Response 2	GS < 50, GS > 50	2010	Final	0	0.158	0.000
11	Demand Response 3	GS < 50, GS > 50	2010	Final	0	0.333	0.000
12	Loblaw & York Region Demand Response	GS < 50, GS > 50	2010	Final	0	0.039	0.000
13	LDC Custom - Hydro Ottawa - Small Commercial Demand Response	Residential	2010	Final	0	0.000	0.000
Overall Total						**0.75**	**0.22**

Gross Energy Savings (MWh)

#	Program Name	Rate Class	Program Year	Results Status	# of Units	2010	2011 Persistance
1	Great Refrigerator Roundup	Residential	2010	Final	108	121	121
2	Cool Savings Rebate	Residential	2010	Final	247	148	148
3	Every Kilowatt Counts Power Savings Event	Residential	2010	Final	681	46	46
4	***peaksaver®***	Residential / GS < 50	2010	Final	14	0	0
5	Electricity Retrofit Incentive	Residential / GS < 50	2010	Final	0	0	0
6	Toronto Comprehensive	Residential / GS < 50	2010	Final	0	0	0
7	High Performance New Construction	GS < 50	2010	Final	0	56	56
8	Power Savings Blitz	GS < 50	2010	Final	80	216	216
9	Multi-Family Energy Efficiency Rebates	Residential / GS < 50	2010	Final	0	5	5
10	Demand Response 2	GS < 50, GS > 50	2010	Final	0	184	0
11	Demand Response 3	GS < 50, GS > 50	2010	Final	0	7	0
12	Loblaw & York Region Demand Response	GS < 50, GS > 50	2010	Final	0	0	0
13	LDC Custom - Hydro Ottawa - Small Commercial Demand Response	Residential	2010	Final	0	0	0
Overall Total						**782**	**591**

Further to the above, Attachment "A" provides the efficiency measure and the measured life for all 2010 CDM initiatives.

The table below summarizes the table above, clearly indicating the contribution of pre-2011 CDM initiatives to LRAM by rate class.

LRAMVA - 2010 Persistence in 2011	kWh		kW		Volumetric Rate (Jan - Apr)	Volumetric Rate (May - Dec)		
Residential	145,388		58		$0.0129	$0.0127		$1,856.12
General Service <50 kW	256,159		87		$0.0161	$0.0159		$4,090.01
Total:	**401,547**		**145**					**$5,946.13**

Based on the above, Centre Wellington Hydro is claiming LRAMVA in the amount of **$5,946.13** for OPA programs launched in 2006 – 2010 that have persisted into 2011. Carrying Charges in the amount of **$50.99** are applicable to the above amount.

b) Please provide the third party review of the pre-2011 CDM programs and 2011 programs if available.

Response:

b) CWH has achieved all of its CDM energy conservation measures through OPA-Contracted Province-wide CDM programs. As per section 2.7.10 of the Ontario Energy Board Filing Requirements for Electricity Transmission and Distribution Applications, dated, June 28, 2012, a separate third party review of a distributor's OPA-Contracted Province-Wide CDM programs is not required. As a result, CWH is not submitting a third-party review of its pre-2011 CDM programs.

4-VECC-57

Reference: 4-47-VECC-24

a) Please explain why CWH does not have estimates or unaudited OM&A figures nearly two months after the completion of the year. That is, how does CWH monitor is OM&A budget during the year to ensure it is on-track with its budgeted spending?

Response:
CWH did not have estimated final figures for the OM&A on January 11th, 2013 when CWH started to answers the questions for the first round of interrogatories. Operations

and maintenance costs are monitored throughout the year using the Job Costing module of our financial system. In November 2012, a key staff member went on maternity leave and the replacement person was still familiarizing herself with our organization, therefore, CWH was not prepared to submit estimated figures at the time of the first round of interrogatories.

b) The response implies CWH does have new estimates of 2012 OM&A spending (i.e. "*CWH does not have the information available to provide **accurate** estimates…"* – emphasis added)? Is this correct? If so – why are these estimates not more accurate than the estimates filed with the application last year? The response also indicates that detailed OM&A expense updates are not available. Is CWH able to provide an update based on the OM&A Summary categories?

Response:
At the time of the second round of interrogatories on February 22, 2013, CWH is prepared to provide unaudited updated figures based on the OM&A Summary categories as provided in Table 4.6 (Appendix 2-G) of Exhibit 4, Tab 2, Schedule 2.

The table below sets out the OM&A expenses for 2012, the column titled "2012 unaudited actuals" has been added.

Account	Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual[2]	2012 Unaudited Actuals	Bridge Year 2012[3]	Bridge Year 2012[3]	Test Year 2013
Reporting Basis		CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
Operations								
5005	Operation Supervision and Engineering	$ 102,510	$ 141,791	$ 119,396	$ 133,913	$ 126,600	$ 126,600	$ 101,100
5010	Load Dispatching	$ 8,008	$ 12,719	$ 14,785	$ 24,984	$ 14,900	$ 14,900	$ 14,300
5012	Station Buildings and Fixtures Expense	$ 40,434	$ 34,947	$ 29,948	$ 31,268	$ 27,600	$ 27,600	$ 25,300
5014	Transformer Station Equipment - Operation Labour	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5015	Transformer Station Equipment - Operation Supplies and Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5016	Distribution Station Equipment - Operation Labour	$ -	$ -	$ 12,192	$ 3,837	$ -	$ -	$ -
5017	Distribution Station Equipment - Operation Supplies and Expenses	$ 4,245	$ 1,034	$ 7,476	$ 3,730	$ -	$ -	$ -
5020	Overhead Distribution Lines and Feeders - Operation Labour	$ -	$ -	$ 618	$ 285	$ 500	$ 500	$ 1,300
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	$ 453	$ 445	$ -	$ 9,171	$ 10,800	$ 10,800	$ 700
5030	Overhead Sub-transmission Feeders - Operation	$ 223	$ 1,638	$ 1,462	$ 591	$ 500	$ 500	$ 600
5035	Overhead Distribution Transformers - Operation	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5040	Underground Distribution Lines and Feeders - Operation Labour	$ -	$ -	$ 5,553	$ 4,935	$ -	$ -	$ 5,700
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	$ -	$ -	$ -	$ 462	$ -	$ -	$ 300
5050	Underground Sub-transmission Feeders - Operation	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5055	Underground Distribution Transformers - Operation	$ -	$ 86	$ -	$ 2,894	$ 15,200	$ 15,200	$ 7,000
5060	Street Lighting and Signal System Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5065	Meter Expense	$ 115,283	$ 134,285	$ 152,985	$ 81,087	$ 107,800	$ 107,800	$ 71,600
5070	Customer Premises - Operation Labour	$ 372	$ 93	$ -	$ -	$ -	$ -	$ -
5075	Customer Premises - Operation Materials and Expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5085	Miscellaneous Distribution Expenses	$ 18,020	$ 29,523	$ 27,429	$ 34,043	$ 52,400	$ 52,400	$ 64,800
5090	Underground Distribution Lines and Feeders - Rental Paid	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5095	Overhead Distribution Lines and Feeders - Rental Paid	$ 4,588	$ -	$ 9,348	$ 4,674	$ 4,700	$ 4,700	$ 4,700
5096	Other Rent	$ -	$ -	$ -		$ -	$ -	$ -
Total - Operations		$ 294,136	$ 356,562	$ 381,192	$ 335,875	$ 361,000	$ 361,000	$ 297,400

Account	Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual[2]	2012 Unaudited Actuals	Bridge Year 2012[3]	Bridge Year 2012[3]	Test Year 2013
Maintenance								
Reporting Basis		CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
5105	Maintenance Supervision and Engineering	$ 44,886	$ 58,106	$ 51,146	$ 56,600	$ 62,200	$ 62,200	$ 42,500
5110	Maintenance of Buildings and Fixtures - Distribution Stations	$ 452	$ 1,082	$ 11,162	$ 4,937	$ -	$ -	$ 2,000
5112	Maintenance of Transformer Station Equipment	$ -	$ -	$ -		$ -	$ -	$ -
5114	Maintenance of Distribution Station Equipment	$ 63,720	$ 11,785	$ 44,864	$ 5,499	$ 4,600	$ 4,600	$ 18,300
5120	Maintenance of Poles, Towers and Fixtures	$ 19,412	$ 20,946	$ 23,217	$ 54,440	$ 86,700	$ 86,700	$ 30,900
5125	Maintenance of Overhead Conductors and Devices	$ 44,947	$ 23,401	$ 32,825	$ 16,974	$ 32,200	$ 32,200	$ 29,000
5130	Maintenance of Overhead Services	$ 18,992	$ 23,306	$ 19,888	$ 16,001	$ 17,400	$ 17,400	$ 16,200
5135	Overhead Distribution Lines and Feeders - Right of Way	$ 61,193	$ 81,019	$ 53,740	$ 61,521	$ 66,400	$ 66,400	$ 47,600
5145	Maintenance of Underground Conduit	$ 3,403	$ 2,978	$ 4,123	$ 1,129	$ 1,500	$ 1,500	$ 2,500
5150	Maintenance of Underground Conductors and Devices	$ 3,171	$ 5,465	$ 5,714	$ 2,122	$ 3,700	$ 3,700	$ 3,600
5155	Maintenance of Underground Services	$ 32,576	$ 31,588	$ 47,287	$ 38,428	$ 37,200	$ 37,200	$ 36,700
5160	Maintenance of Line Transformers	$ 6,959	$ 13,450	$ 23,896	$ 22,903	$ 20,200	$ 20,200	$ 9,400
5165	Maintenance of Street Lighting and Signal Systems	$ -	$ -	$ -		$ -	$ -	$ -
5170	Sentinel Lights - Labour	$ -	$ -	$ -		$ -	$ -	$ -
5172	Sentinel Lights - Materials and Expenses	$ -	$ -	$ -		$ -	$ -	$ -
5175	Maintenance of Meters	$ 368	$ 1,934	$ -		$ -	$ -	$ 12,600
5178	Customer Installations Expenses - Leased Property	$ -	$ -	$ -		$ -	$ -	$ -
5195	Maintenance of Other Installations on Customer Premises	$ -	$ -	$ 40		$ -	$ -	$ -
Total - Maintenance		$ 300,079	$ 275,059	$ 317,900	$ 280,555	$ 332,100	$ 332,100	$ 251,300

Account	Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual[2]	2012 Unaudited Actuals	Bridge Year 2012[3]	Bridge Year 2012[3]	Test Year 2013
Billing and Collecting								
Reporting Basis		CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
5305	Supervision	$ -	$ -	$ -		$ -	$ -	$ -
5310	Meter Reading Expense	$ 35,379	$ 7,588	$ 1,684	$ 89,175	$ 93,300	$ 93,300	$ 108,100
5315	Customer Billing	$ 217,035	$ 179,146	$ 228,858	$ 296,062	$ 305,100	$ 305,100	$ 322,400
5320	Collecting	$ 61,361	$ 67,101	$ 73,125	$ 71,554	$ 72,600	$ 72,600	$ 74,600
5325	Collecting - Cash Over and Short	$ 62	$ 151	-$ 5	-$ 51	$ -	$ -	$ -
5330	Collection Charges	$ 4,636	$ -	$ -		$ -	$ -	$ -
5335	Bad Debt Expense	$ -	$ 9,079	$ 13,662	$ 6,866	$ 14,000	$ 14,000	$ 18,600
5340	Miscellaneous Customer Accounts Expenses	$ 2,116	$ 455	$ -		$ -	$ -	$ -
Total - Billing and Collecting		$ 320,588	$ 263,519	$ 317,324	$ 463,607	$ 485,000	$ 485,000	$ 523,700

Account	Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual[2]	2012 Unaudited Actuals	Bridge Year 2012[3]	Bridge Year 2012[3]	Test Year 2013
Community Relations								
Reporting Basis		CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
5405	Supervision	$ 2,107	$ -	$ -		$ -	$ -	$ -
5410	Community Relations - Sundry	$ 10,959	$ 6,406	$ 19,244	$ 22,270	$ 21,800	$ 21,800	$ 21,000
5415	Energy Conservation	$ 2,778	$ 3,311	$ 3,188	$ 4,712	$ 3,500	$ 3,500	$ 10,000
5420	Community Safety Program	$ 2,565	$ 4,483	$ 13,603	$ 1,113	$ 5,200	$ 5,200	$ 1,500
5425	Miscellaneous Customer Service and Informational Expenses	$ 16,227	$ 11,884	$ 6,612	$ 5,155	$ 6,200	$ 6,200	$ 5,900
5505	Supervision						$ -	$ -
5510	Demonstrating and Selling Expense						$ -	$ -
5515	Advertising Expenses						$ -	$ -
5520	Miscellaneous Sales Expense						$ -	$ -
Total - Community Relations		$ 34,636	$ 26,084	$ 42,647	$ 33,250	$ 36,700	$ 36,700	$ 38,400

Account	Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual[2]	2012 Unaudited Actuals	Bridge Year 2012[3]	Bridge Year 2012[3]	Test Year 2013
Administrative and General Expenses								
Reporting Basis		CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
5605	Executive Salaries and Expenses	$ -	$ -	$ -		$ -	$ -	$ -
5610	Management Salaries and Expenses	$ 276,071	$ 270,815	$ 288,551	$ 295,678	$ 300,500	$ 300,500	$ 316,400
5615	General Administrative Salaries and Expenses	$ 164,091	$ 192,690	$ 222,941	$ 263,118	$ 246,700	$ 246,700	$ 319,500
5620	Office Supplies and Expenses	$ 37,160	$ 65,054	$ 58,594	$ 54,911	$ 61,500	$ 61,500	$ 63,800
5625	Administrative Expense Transferred - Credit	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5630	Outside Services Employed	$ 35,671	$ 37,987	$ 60,277	$ 83,832	$ 124,000	$ 124,000	$ 87,500
5635	Property Insurance	$ 11,560	$ 11,889	$ 14,120	$ 14,757	$ 15,000	$ 15,000	$ 15,500
5640	Injuries and Damages	$ 25,274	$ 27,968	$ 28,153	$ 23,923	$ 26,000	$ 26,000	$ 27,000
5645	OMERS Pensions and Benefits	$ 25,362	$ 22,695	$ 27,970	$ 3,961	$ 8,600	$ 8,600	$ 12,100
5646	Employee Pensions and OPEB	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5647	Employee Sick Leave	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5650	Franchise Requirements	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5655	Regulatory Expenses	$ 48,424	$ 64,363	$ 85,373	$ 154,909	$ 125,400	$ 125,400	$ 138,113
5660	General Advertising Expenses	$ 927	$ 1,929	$ 1,556	$ 1,871	$ 2,000	$ 2,000	$ 2,000
5665	Miscellaneous General Expenses	$ 81,128	$ 91,924	$ 69,956	$ 90,319	$ 90,400	$ 90,400	$ 90,400
5670	Rent	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5672	Lease Payment Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5675	Maintenance of General Plant	$ 15,689	$ 13,099	$ 15,228	$ 14,772	$ 18,500	$ 18,500	$ 19,500
5680	Electrical Safety Authority Fees	$ 7,428	$ 8,745	$ 9,804	$ 10,214	$ 9,900	$ 9,900	$ 11,000
5681	Special Purpose Charge Expense	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5685	Independent Electricity System Operator Fees and Penalties	$ -	$ -	$ -	$ -	$ -	$ -	$ -
5695	OM&A Contra Account	$ -	$ -	$ -	$ -	$ -	$ -	$ -
6205	Donations1	$ 10,000	$ 81,820	$ 8,601	$ 9,996	$ 10,000		
6105	Property Taxes	$ 30,253	$ 28,434	$ 34,860	$ 29,157	$ 35,400	$ 35,400	$ 36,400
Total - Administrative and General Expenses		$ 769,038	$ 919,410	$ 925,985	$1,051,418	$1,073,900	$ 1,063,900	$1,139,213
Total OM&A		$1,718,477	$1,840,634	$1,985,049	$2,164,705	$2,288,700	$ 2,278,700	$2,250,013
Adjustments for non-recoverable items								
5681	Special Purpose Charge Expense							
6205	Donations[1]	$ 10,000	$ 81,820	$ 8,601	$ 9,996	$ 10,000		
Total Recoverable OM&A		$1,708,477	$1,758,814	$1,976,448	$2,154,709	$2,278,700	$ 2,278,700	$2,250,013

4-VECC-58

Reference: 5-60-OEB Staff-24

a) Please update Tables 5.2 and 5.3 for the recently announced cost of capital parameters issued by the Board on February 14, 2013.

Response:
Tables 5.2 and 5.3 from the initial rate application have been updated below using the cost of Capital parameters issued by the Board on February 14, 2013:

Table 5.2

Deemed Capital Structure for 2009

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	4,445,636	52.67%	7.62%	338,757
Unfunded Short Term Debt	337,622	4.00%	1.33%	4,490
Total Debt	4,783,257	56.67%		343,248
Common Share Equity	3,657,289	43.33%	8.01%	292,949
Total equity	3,657,289	43.33%		292,949
Total Rate Base	8,440,546	100.00%	7.54%	636,197

Deemed Capital Structure for 2010

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	4,785,323	56.00%	7.62%	364,642
Unfunded Short Term Debt	341,809	4.00%	1.33%	4,546
Total Debt	5,127,132	60.00%		369,188
Common Share Equity	3,418,088	40.00%	8.01%	273,789
Total equity	3,418,088	40.00%		273,789
Total Rate Base	8,545,219	100.00%	7.52%	642,976

Deemed Capital Structure for 2011

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	4,818,882	56.00%	7.62%	367,199
Unfunded Short Term Debt	344,206	4.00%	1.33%	4,578
Total Debt	5,163,087	60.00%		371,777
Common Share Equity	3,442,058	40.00%	8.01%	275,709
Total equity	3,442,058	40.00%		275,709
Total Rate Base	8,605,146	100.00%	7.52%	647,486

Deemed Capital Structure for 2012

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	5,508,644	56.00%	7.62%	419,759
Unfunded Short Term Debt	393,475	4.00%	1.33%	5,233
Total Debt	5,902,118	60.00%		424,992
Common Share Equity	3,934,745	40.00%	8.01%	315,173
Total equity	3,934,745	40.00%		315,173
Total Rate Base	9,836,864	100.00%	7.52%	740,165

Deemed Capital Structure for 2013

Description	$	% of Rate Base	Rate of Return	Return
Long Term Debt	6,727,000	56.00%	4.14%	278,695
Unfunded Short Term Debt	480,500	4.00%	2.07%	9,946
Total Debt	7,207,500	60.00%		288,641
Common Share Equity	4,805,000	40.00%	8.98%	431,489
Total equity	4,805,000	40.00%		431,489
Total Rate Base	12,012,500	100.00%	5.99%	720,130

Table 5.3

Debt & Capital Cost Structure

Weighted Debt Cost

Description	Debt Holder	Affliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Promissory Note	Township of Centre Wellington	Yes	November 1, 2000	5,046,753	open	7.62%	2009	384,563
Promissory Note	Township of Centre Wellington	Yes		5,046,753	open	7.62%	2010	384,563
Promissory Note	Township of Centre Wellington	Yes		5,046,753	open	7.62%	2011	384,563
Promissory Note	Township of Centre Wellington	Yes		5,046,753	open	7.62%	2012	384,563
Promissory Note	Township of Centre Wellington	Yes		5,046,753	open	4.12%	2013	207,926
Loan-Capital Projects	RBC Royal Bank	No	January 1, 2013	1,329,000	5 yr 25 Amort	4.23%	2013	56,217
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0
								0

2009 Total Long Term Debt	5,046,753	Total Interest Cost for 2009	384,563
		Weighted Debt Cost Rate for 2009	7.62%
2010 Total Long Term Debt	5,046,753	Total Interest Cost for 2010	384,563
		Weighted Debt Cost Rate for 2010	7.62%
2011 Total Long Term Debt	5,046,753	Total Interest Cost for 2011	384,563
		Weighted Debt Cost Rate for 2011	7.62%
2012 Total Long Term Debt	5,046,753	Total Interest Cost for 2012	384,563
		Weighted Debt Cost Rate for 2012	7.62%
2013 Total Long Term Debt	6,375,753	Total Interest Cost for 2013	264,143
		Weighted Debt Cost Rate for 2013	4.14%

4-VECC-59

Reference: 1-4 VECC 1

a) Please update the table provided in this interrogatory for adjustments made as part of the supplemental interrogatories.

Response:
CWH has updated the "summary of changes table" to reflect all adjustments made as a result of the interrogatories. See response to Board Staff 1-Staff-47s for a copy of the summary of changes.

b) Please file a revised RRWF Excel worksheet which reflects CWH's final proposal.

Response:
As part of the responses to the interrogatories, CWH has provided an updated copy of the RRWF to reflect all changes.

EXHIBIT 7 - COST ALLOCATION

7.0 – VECC – 60

Reference: Staff #27

a) Please explain why the implementation of smart meters has significantly increased the time spent by Centre Wellington on checking reviewing the meter readings for Residential and GS<50 customers. Isn't this data reviewed and validation carried out by the SME/IESO?

Response:
CWH has forecasted the meter reading expenses based on electronically reading the smart meters. Although the IESO does an automated check of the reads it has been found their algorithm methodology does not identify all discrepancies. The remaining discrepancies are left in the hands of the LDC to ensure that all reads are correct for billing purposes. There are many new costs associated with the implementation of Smart Meters. A list of items that contribute to the meter reading costs, some of which are incurred in an attempt to reduce costs and increase efficiencies for the LDC, are:

Util-Assist – Harris (CIS) support charges

CWH is a member of Utility Collaborative Services Inc. (UCS), a billing co-operative sharing billing related services and software support for our CIS billing system. This charge is in payment of these services.

UCS was created to provide members with reliable and cost-competitive long term software and service solutions. Our members support and work co-operatively on standardization of our systems leading to major cost savings for each other. As UCS is a standards based organization, the services provided by our partners allows the members to build common business processes that bring cost savings and efficiencies amongst the members.

Operational Data Store

Savage Data ODS (Operational Data Store) fees are for external secondary checks on interval data for validating, editing and estimating. Total expenses are based on a per meter charge per month.

AMI Hosting operations

This expense is paid to Elster who host our Advanced Metering Infrastructure (AMI) which collects the meter reading data. The data is then sent to both the ODS and MDM/R for editing and verification.

AS2 Hosting is an additional expense incurred to provide the link and manage the electronic communications between our individual CIS billing software, the AMI and the ODS.

MAS System Maintenance

This support fee is paid to Elster on an annual basis for the regular maintenance of the equipment required to house CWH's data.

Collector Fees

CWH's mesh metering system requires the use of Gatekeepers/Collectors with Cellular modems at various locations throughout our distribution system to ensure meter data collection. CWH has a VPN Cellular Data plan with Bell for this service.

Harris M-Care and Customer Connect

These two fees are paid to Harris, CWH's billing software provider, on an annual basis for software support. M-Care is necessary for electronic meter related work orders and Customer Connect is utilized for web presentment of TOU consumption by customers and invoices that customers access through the web.

Security Audit

With the mass deployment of AMI systems, security of the AMI network is critical to prevent utilities from becoming susceptible to new levels of potential security breaches and to ensure customer privacy and acceptance of the network. CWH, along with approximately 20 other Elster LDCs have contracted with N-Dimension to perform this security audit on behalf of the group, thereby reducing the individual LDC cost significantly.

EXHIBIT 8 - RATE DESIGN

8-Staff-56s Rate Design

Ref: 8-70 VECC 42 and Hydro One Distribution Sub Transmission Rates

CWH filed an update of its Retail Transmission Service Rates (RTSR) model on February 1, 2013. As an embedded distributor, it correctly used as its forecasted wholesale cost the rates charged by Hydro One Distribution to its Sub Transmission class. However, the rates used in the model are not the rates that became effective January 1, 2013, which are available on the Board's web-site at EB-2012-0136, Rate Order, pg. 21 of 28.

a) Please provide an updated RTSR model.

Response:
CWH has updated the RTSR model and has included the model with the responses to the IRs.

b) Please update the proposed rates in Table 8.1.9 for use in updated Bill Impact calculations

Response:
CWH has provided an update to Table 8.1.9 below. The impact of this change has been reflected on CWH's Summary of Changes worksheets and on the RRWF.

Rate Class	Unit	Proposed RTSR Network	Proposed RTSR Connection
Residential	kWh	$ 0.0072	$ 0.0055
General Service Less Than 50 kW	kWh	$ 0.0067	$ 0.0048
General Service 50 to 2,999 kW	kW	$ 2.7023	$ 1.9299
General Service 3,000 to 4,999 kW	kW	$ 3.0223	$ 2.2762
Unmetered Scattered Load	kWh	$ 0.0067	$ 0.0048
Sentinel Lighting	kW	$ 2.0485	$ 1.5232
Street Lighting	kW	$ 2.0380	$ 1.4920

8-Staff-57s Rate Design

Ref: 8-70 VECC 43 and Hydro One Distribution Sub Transmission Rates

CWH provided a forecast of its LV charges from Hydro One Distribution in Table 8.1.10 at $84,024. In response to VECC interrogatory # 43, it provided the detailed record of its 2012 charges, showing the charges at two delivery points, at a cost totaling $244,522.

a) Please provide a table in the format used in the interrogatory response, showing how the forecast cost was derived from CWH's load forecast and the Sub Transmission rates that were in effect at the time the LV cost forecast was calculated. Along with the table, please provide an explanation of why the LV costs are expected to decrease by such a large amount.

Response:
CWH was forecasting LV charges incorrectly. The initial forecast was based on CWH's 2012 billing rates multiplied by the billing determinants from the 2013 Load Forecast as shown in the table below.

Low Voltage		**Volume**			
Class per Load Forecast		**Metric**	**2012**		
Residential		kWh	45,390,825	$0.0006	$27,234
GS<50		kWh	20,241,264	$0.0006	$12,145
GS 50-2999		kW	157,523	$0.2169	$34,167
Streetlights		kW	3,160	$0.1677	$530
Sentinels		kW	104	$0.1712	$18
USL		kWh	603,929	$0.0006	$362
GS 3000-4999		kW	37,388	$0.2559	$9,568
TOTAL					**$84,024**

The billing rates CWH has been using to recover LV charges for several years have recovered only approximately one third of the actual costs. The balance has been posted in the LV Variance Account.

CWH has recalculated a forecast of Hydro One LV charges based on 2012 quantities billed by Hydro One multiplied by the Hydro One rates approved January 1, 2013. The following table reflects a revised forecast of LV charges for 2013 which more closely resembles the 2013 actual LV charges from Hydro One.

CWH submits it would be appropriate to avoid future under-billings by updating the LV costs in this application. CWH has reflected this update in the RRWF.

	2012 Hydro One LV kW	Specific ST Lines (km)	Service Charge	Total LV Forecast 2013
Jan-12	25,738	5.24	295.68	
Feb-12	24,451	5.24	295.68	
Mar-12	23,447	5.24	295.68	
Apr-12	21,887	5.24	295.68	
May-12	23,837	5.24	295.68	
Jun-12	26,926	5.24	295.68	
Jul-12	28,080	5.24	295.68	
Aug-12	24,393	5.24	295.68	
Sep-12	23,975	5.24	295.68	
Oct-12	23,378	5.24	295.68	
Nov-12	24,894	5.24	295.68	
Dec-12	24,834	5.24	295.68	
Total 2012	295,840	62.88	3548.16	
Hydro One Rates	$ 0.675	$ 640.12		
2013 Forecast	$ 199,692.00	$ 40,250.75	3548.16	**$ 243,490.91**

b) Please provide a table in the format used in the interrogatory response, based on CWH's load forecast and the applicable Sub Transmission rates that became effective January 1, 2103 (EB-2012-0136).

Response:
Please see response to part a) above.

8-Staff-58s Rate Design

Ref: 8-70 VECC 45

Please provide updated bill impact analysis (i.e. the bill impact appendix showing the impacts of customers in each class with typical consumption/demand profiles) based on updated RTSRs and LV charges, and any other rate changes that CWH believes to be appropriate at this time.

Response:
CWH has provided below copies of the bill impacts for all changes shown in the "Summary of changes" and the revised "RRWF".

Customer Class:	Residential									
	Consumption	800	kWh							
		Current Board-Approved			Proposed			Impact		
	Charge Unit	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change	
Monthly Service Charge	Monthly	$ 13.88	1	$ 13.88	$ 16.44	1	$ 16.44	$ 2.56	18.44%	
Stranded Meter Rate Adder	Monthly		1	$ -	$ 0.90	1	$ 0.90	$ 0.90		
Distribution Volumetric Rate	per kWh	$ 0.0128	800	$ 10.24	$ 0.0152	800	$ 12.16	$ 1.92	18.75%	
Smart Meter Disposition Rider	Monthly		1	$ -	$ 0.57	1	$ 0.57	$ 0.57		
LRAM & SSM Rate Rider	per kWh	$ 0.0009	800	$ 0.72		800	$ -	-$ 0.72	-100.00%	
Sub-Total A				$ 24.84			$ 30.07	$ 5.23	21.04%	
Deferral/Variance Account Disposition Rate Rider	per kWh	-$ 0.0015	800	-$ 1.20	-$ 0.0006	800	-$ 0.48	$ 0.72	-59.63%	
Stranded Meter Rate Rider	Monthly		1	$ -		800	$ -	$ -		
PILs 1562 Disposition Rate Rider	per kWh	-$ 0.0019	800	-$ 1.52	-$ 0.0019	800	-$ 1.52	$ -	0.00%	
Incremental Capital Rate Rider	per kWh	$ 0.0014	800	$ 1.12		800	$ -	-$ 1.12	-100.00%	
Low Voltage Service Charge	per kWh	$ 0.0006	800	$ 0.48	$ 0.0018	800	$ 1.44	$ 0.96	200.00%	
Smart Meter Entity Charge	Monthly				$ 0.8600	1	$ 0.86	$ 0.86		
Sub-Total B - Distribution (includes Sub-Total A)				$ 23.72			$ 30.36	$ 6.64	28.00%	
RTSR - Network	per kWh	$ 0.0053	836	$ 4.43	$ 0.0072	840	$ 6.08	$ 1.65	37.14%	
RTSR - Line and Transformation Connection	per kWh	$ 0.0044	836	$ 3.68	$ 0.0055	840	$ 4.58	$ 0.90	24.51%	
Sub-Total C - Delivery (including Sub-Total B)				$ 31.83			$ 41.02	$ 9.19	28.87%	
Wholesale Market Service Charge (WMSC)		$ 0.0052	836	$ 4.35	$ 0.0052	840	$ 4.37	$ 0.02	0.46%	
Rural and Remote Rate Protection (RRRP)		$ 0.0011	836	$ 0.92	$ 0.0011	840	$ 0.92	$ 0.00	0.46%	
Standard Supply Service Charge		$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%	
Debt Retirement Charge (DRC)		$ 0.0070	800	$ 5.60	$ 0.0070	800	$ 5.60	$ -	0.00%	
Energy - RPP - Tier 1		$ 0.0750	600	$ 45.00	$ 0.0750	600	$ 45.00	$ -	0.00%	
Energy - RPP - Tier 2		$ 0.0880	236	$ 20.76	$ 0.0880	240	$ 21.10	$ 0.34	1.63%	
TOU - Off Peak		$ 0.0650	535	$ 34.77	$ 0.0650	537	$ 34.93	$ 0.16	0.46%	
TOU - Mid Peak		$ 0.1000	150	$ 15.05	$ 0.1000	151	$ 15.12	$ 0.07	0.46%	
TOU - On Peak		$ 0.1170	150	$ 17.60	$ 0.1170	151	$ 17.69	$ 0.08	0.46%	
Total Bill on RPP (before Taxes)				$ 108.71			$ 118.26	$ 9.55	8.78%	
HST		13%		$ 14.13	13%		$ 15.37	$ 1.24	8.78%	
Total Bill (including HST)				$ 122.84			$ 133.63	$ 10.79	8.78%	
Ontario Clean Energy Benefit [1]				-$ 12.28			-$ 13.36	-$ 1.08	8.79%	
Total Bill on RPP (including OCEB)				$ 110.56			$ 120.27	$ 9.71	8.78%	
Total Bill on TOU (before Taxes)				$ 110.37			$ 119.89	$ 9.52	8.63%	
HST		13%		$ 14.35	13%		$ 15.59	$ 1.24	8.63%	
Total Bill (including HST)				$ 124.72			$ 135.48	$ 10.76	8.63%	
Ontario Clean Energy Benefit [1]				-$ 12.47			-$ 13.55	-$ 1.08	8.66%	
Total Bill on TOU (including OCEB)				$ 112.25			$ 121.93	$ 9.68	8.62%	
Loss Factor (%)		4.4900%			4.9700%					

Customer Class:	General Service Less Than 50KW									
	Consumption	2000	kWh							
		Current Board-Approved			Proposed			Impact		
	Charge Unit	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change	
Monthly Service Charge	Monthly	$ 15.31	1	$ 15.31	$ 18.59	1	$ 18.59	$ 3.28	21.42%	
Stranded Meter Rate Adder	Monthly		1	$ -	$ 2.79	1	$ 2.79	$ 2.79		
Distribution Volumetric Rate	per kWh	$ 0.0160	2000	$ 32.00	$ 0.0194	2000	$ 38.80	$ 6.80	21.25%	
Smart Meter Disposition Rider	Monthly			$ -	$ 4.0800	1	$ 4.08	$ 4.08		
LRAM & SSM Rate Rider	per kWh	$ 0.0002	2000	$ 0.40		2000	$ -	-$ 0.40	-100.00%	
Sub-Total A				$ 47.71			$ 64.26	$ 16.55	34.69%	
Deferral/Variance Account Disposition Rate Rider	per kWh	-$ 0.0018	2000	-$ 3.60	-$ 0.0020	2000	-$ 4.09	-$ 0.49	13.59%	
	Monthly		1	$ -			$ -	$ -		
PILs 1562 Disposition Rate Rider	per kWh	$ 0.0012	2000	-$ 2.40	-$ 0.0012	2000	-$ 2.40	$ -	0.00%	
Incremental Capital Rate Rider	per kWh	$ 0.0001	2000	$ 0.18			$ -	-$ 0.18	-100.00%	
Low Voltage Service Charge	per kWh	$ 0.0006	2000	$ 1.20	$ 0.0016	2000	$ 3.20	$ 2.00	166.67%	
Smart Meter Entity Charge	Monthly				$ 0.8600	1	$ 0.86	$ 0.86		
Sub-Total B - Distribution (includes Sub-Total A)				$ 43.09			$ 61.83	$ 18.74	43.49%	
RTSR - Network	per kWh	$ 0.0049	2090	$ 10.24	$ 0.0067	2099	$ 14.04	$ 3.80	37.14%	
RTSR - Line and Transformation Connection	per kWh	$ 0.0039	2090	$ 8.15	$ 0.0048	2099	$ 10.15	$ 2.00	24.51%	
Sub-Total C - Delivery (including Sub-Total B)				$ 61.48			$ 86.02	$ 24.54	39.92%	
Wholesale Market Service Charge (WMSC)		$ 0.0052	2090	$ 10.87	$ 0.0052	2099	$ 10.92	$ 0.05	0.46%	
Rural and Remote Rate Protection (RRRP)		$ 0.0011	2090	$ 2.30	$ 0.0011	2099	$ 2.31	$ 0.01	0.46%	
Standard Supply Service Charge		$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%	
Debt Retirement Charge (DRC)		$ 0.0070	2000	$ 14.00	$ 0.0070	2000	$ 14.00	$ -	0.00%	
Energy - RPP - Tier 1		$ 0.0750	600	$ 45.00	$ 0.0750	600	$ 45.00	$ -	0.00%	
Energy - RPP - Tier 2		$ 0.0880	1490	$ 131.10	$ 0.0880	1499	$ 131.95	$ 0.84	0.64%	
TOU - Off Peak		$ 0.0650	1337	$ 86.94	$ 0.0650	1344	$ 87.34	$ 0.40	0.46%	
TOU - Mid Peak		$ 0.1000	376	$ 37.62	$ 0.1000	378	$ 37.79	$ 0.17	0.46%	
TOU - On Peak		$ 0.1170	376	$ 44.01	$ 0.1170	378	$ 44.21	$ 0.20	0.46%	
Total Bill on RPP (before Taxes)				$ 265.00			$ 290.44	$ 25.45	9.60%	
HST		13%		$ 34.45	13%		$ 37.76	$ 3.31	9.60%	
Total Bill (including HST)				$ 299.45			$ 328.20	$ 28.75	9.60%	
Ontario Clean Energy Benefit [1]				-$ 29.94			-$ 32.82	-$ 2.88	9.62%	
Total Bill on RPP (including OCEB)				$ 269.51			$ 295.38	$ 25.87	9.60%	
Total Bill on TOU (before Taxes)				$ 257.46			$ 282.83	$ 25.37	9.86%	
HST		13%		$ 33.47	13%		$ 36.77	$ 3.30	9.86%	
Total Bill (including HST)				$ 290.93			$ 319.60	$ 28.67	9.86%	
Ontario Clean Energy Benefit [1]				-$ 29.09			-$ 31.96	-$ 2.87	9.87%	
Total Bill on TOU (including OCEB)				$ 261.84			$ 287.64	$ 25.80	9.85%	
Loss Factor (%)		4.4900%			4.9700%					

Customer Class:	General Service 50 to 2999 kW									
	Consumption	1095000	kWh		Consumption		2500	KW		
		Current Board-Approved			Proposed			Impact		
	Charge Unit	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change	
Monthly Service Charge	Monthly	$ 131.15	1	$ 131.15	$ 172.06	1	$ 172.06	$ 40.91	31.19%	
Distribution Volumetric Rate	per kW	$ 2.9144	2500	$ 7,286.00	$ 3.7296	2500	$ 9,324.00	$ 2,038.00	27.97%	
LRAM & SSM Rate Rider	per kW	$ 0.0376	2500	$ 94.00		2500	$ -	-$ 94.00	-100.00%	
Sub-Total A				$ 7,511.15			$ 9,496.06	**$ 1,984.91**	**26.43%**	
Deferral/Variance Account Disposition Rate Rider	per kW	-$ 0.7631	2500	-$ 1,907.75	-$ 1.0061	2500	-$ 2,515.37	-$ 607.62	31.85%	
PILs 1562 Disposition Rate Rider	per kW	-$ 0.1781	2500	-$ 445.25	-$ 0.1781	2500	-$ 445.25	$ -	0.00%	
Incremental Capital Rate Rider	per kW	$ 0.1367	2500	$ 341.75		2500	$ -	-$ 341.75	-100.00%	
			2500	$ -		2500	$ -	$ -		
Low Voltage Service Charge	per kW	$ 0.2169	2500	$ 542.25	$ 0.6334	2500	$ 1,583.50	$ 1,041.25	192.02%	
Smart Meter Entity Charge	Monthly					1	$ -	$ -		
Sub-Total B - Distribution (includes Sub-Total A)				**$ 6,042.15**			**$ 8,118.94**	**$ 2,076.79**	**34.37%**	
RTSR - Network	per kW	$ 1.9796	2500	$ 4,949.00	$ 2.7023	2500	$ 6,755.86	$ 1,806.86	36.51%	
RTSR - Line and Transformation Connection	per kW	$ 1.5571	2500	$ 3,892.75	$ 1.9299	2500	$ 4,824.68	$ 931.93	23.94%	
Sub-Total C - Delivery (including Sub-Total B)				**$ 14,883.90**			**$ 19,699.48**	**$ 4,815.58**	**32.35%**	
Wholesale Market Service Charge (WMSC)	per kWh	$ 0.0052	1144166	$ 5,949.66	$ 0.0052	1149422	$ 5,976.99	$ 27.33	0.46%	
Rural and Remote Rate Protection (RRRP)	per kWh	$ 0.0011	1144166	$ 1,258.58	$ 0.0011	1149422	$ 1,264.36	$ 5.78	0.46%	
Standard Supply Service Charge	Monthly	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%	
Debt Retirement Charge (DRC)	per kWh	$ 0.0070	1095000	$ 7,665.00	$ 0.0070	1095000	$ 7,665.00	$ -	0.00%	
Energy - RPP - Tier 1		$ 0.0750	600	$ 45.00	$ 0.0750	600	$ 45.00	$ -	0.00%	
Energy - RPP - Tier 2		$ 0.0880	1143566	$ 100,633.76	$ 0.0880	1148822	$ 101,096.29	$ 462.53	0.46%	
Energy - Commodity COP	per kWh	$ 0.0807	1144166	$ 92,322.71	$ 0.0807	1149422	$ 92,746.82	$ 424.11	0.46%	
				$ -	$ 0.1000		$ -	$ -		
				$ -	$ 0.1170		$ -	$ -		
Total Bill on Commodity COP				**$ 130,436.16**			**$ 135,747.38**	**$ 5,311.22**	**4.07%**	
HST		13%		$ 16,956.70	13%		$ 17,647.16	$ 690.46	4.07%	
Total Bill (including HST)				$ 147,392.86			$ 153,394.54	$ 6,001.68	4.07%	
Ontario Clean Energy Benefit [1]				-$ 14,739.29			-$ 15,339.45	-$ 600.16	4.07%	
Total Bill on TOU (including OCEB)				**$ 132,653.57**			**$ 138,055.09**	**$ 5,401.52**	**4.07%**	
Loss Factor (%)		4.4900%			4.9700%					

Customer Class:	General Service 3000 to 4999 kW									
	Consumption	1,600,000	kWh		Consumption		3500	KW		
		Current Board-Approved			Proposed			Impact		
	Charge Unit	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change	
Monthly Service Charge	Monthly	$ 561.62	1	$ 561.62	$ 654.60	1	$ 654.60	$ 92.98	16.56%	
Distribution Volumetric Rate	per kW	$ 2.4754	3500	$ 8,663.90	$ 2.7859	3500	$ 9,750.65	$ 1,086.75	12.54%	
Sub-Total A				$ 9,225.52			$ 10,405.25	**$ 1,179.73**	**12.79%**	
Deferral/Variance Account Disposition Rate Rider	per kW	-$ 0.9708	3500	-$ 3,397.80	-$ 1.1829	3500	-$ 4,140.00	-$ 742.20	21.84%	
PILs 1562 Disposition Rate Rider	per kW	-$ 0.1133	3500	-$ 396.55	-$ 0.1133	3500	-$ 396.55	$ -	0.00%	
GA Rate Rider	per kW		3500	$ -	$ 1.3079	3500	$ 4,577.70	$ 4,577.70		
Incremental Capital Rate Rider	per kW	$ 0.1053	3500	$ 368.55		3500	$ -	-$ 368.55	-100.00%	
Low Voltage Service Charge	per kW	$ 0.2559	3500	$ 895.65	$ 0.7471	3500	$ 2,614.85	$ 1,719.20	191.95%	
Smart Meter Entity Charge	Monthly					1	$ -	$ -		
Sub-Total B - Distribution (includes Sub-Total A)				**$ 6,695.37**			**$ 13,061.25**	**$ 6,365.88**	**95.08%**	
RTSR - Network	per kW	$ 2.2140	3500	$ 7,749.00	$ 3.0223	3500	$ 10,578.13	$ 2,829.13	36.51%	
RTSR - Line and Transformation Connection	per kW	$ 1.8365	3500	$ 6,427.75	$ 2.2762	3500	$ 7,966.56	$ 1,538.81	23.94%	
Sub-Total C - Delivery (including Sub-Total B)				**$ 20,872.12**			**$ 31,605.95**	**$ 10,733.83**	**51.43%**	
Wholesale Market Service Charge (WMSC)	per kWh	$ 0.0052	1671840	$ 8,693.57	$ 0.0052	1679520	$ 8,733.50	$ 39.94	0.46%	
Rural and Remote Rate Protection (RRRP)	per kWh	$ 0.0011	1671840	$ 1,839.02	$ 0.0011	1679520	$ 1,847.47	$ 8.45	0.46%	
Standard Supply Service Charge	Monthly	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%	
Debt Retirement Charge (DRC)	per kWh	$ 0.0070	1600000	$ 11,200.00	$ 0.0070	1600000	$ 11,200.00	$ -	0.00%	
Energy - RPP - Tier 1		$ 0.0750		$ -	$ 0.0750		$ -	$ -		
Energy - RPP - Tier 2		$ 0.0880		$ -	$ 0.0880		$ -	$ -		
Energy - Commodity COP	per kWh	$ 0.0807	1671840	$ 134,900.77	$ 0.0807	1679520	$ 135,520.47	$ 619.70	0.46%	
				$ -			$ -	$ -		
				$ -			$ -	$ -		
Total Bill on Commodity COP				**$ 177,505.73**			**$ 188,907.64**	**$ 11,401.91**	**6.42%**	
HST		13%		$ 23,075.75	13%		$ 24,557.99	$ 1,482.25	6.42%	
Total Bill (including HST)				$ 200,581.48			$ 213,465.63	$ 12,884.16	6.42%	
Ontario Clean Energy Benefit [1]				-$ 20,058.15			-$ 21,346.56	-$ 1,288.41	6.42%	
Total Bill on TOU (including OCEB)				**$ 180,523.33**			**$ 192,119.07**	**$ 11,595.75**	**6.42%**	
Loss Factor (%)		4.4900%			4.9700%					

Customer Class:	Unmetered Scattered Load										
	Consumption	275	kWh								
		Current Board-Approved			Proposed			Impact			
	Charge Unit	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change		
Monthly Service Charge	Monthly	$15.3100	1	$ 15.31	$ 7.69	1	$ 7.69	-$ 7.62	-49.79%		
Distribution Volumetric Rate	per kWh	$ 0.0242	275	$ 6.66	$ 0.0122	275	$ 3.36	-$ 3.30	-49.59%		
Sub-Total A				$ 21.97			$ 11.04	**-$ 10.92**	**-49.73%**		
Deferral/Variance Account Disposition Rate Rider	per kWh	-$ 0.0018	275	-$ 0.50	-$ 0.0023	275	-$ 0.64	-$ 0.15	29.89%		
PILs 1562 Disposition Rate Rider	per kWh	-$ 0.0015	275	-$ 0.41	-$ 0.0015	275	-$ 0.41	$ -	0.00%		
Incremental Capital Rate Rider	per kWh	$ 0.0010	275	$ 0.28			$ -	-$ 0.28	-100.00%		
				$ -			$ -	$ -			
Low Voltage Service Charge	per kWh	$ 0.0006	275	$ 0.17	$ 0.0016	275	$ 0.44	$ 0.28	166.67%		
Smart Meter Entity Charge	Monthly						$ -	$ -			
Sub-Total B - Distribution (includes Sub-Total A)				**$ 21.50**			**$ 10.43**	**-$ 11.07**	**-51.50%**		
RTSR - Network	per kWh	$ 0.0049	287	$ 1.41	$ 0.0067	289	$ 1.93	$ 0.52	37.14%		
RTSR - Line and Transformation Connection	per kWh	$ 0.0039	287	$ 1.12	$ 0.0048	289	$ 1.40	$ 0.27	24.51%		
Sub-Total C - Delivery (including Sub-Total B)				**$ 24.03**			**$ 13.75**	**-$ 10.27**	**-42.76%**		
Wholesale Market Service Charge (WMSC)		$ 0.0052	287	$ 1.49	$ 0.0052	289	$ 1.50	$ 0.01	0.46%		
Rural and Remote Rate Protection (RRRP)		$ 0.0011	287	$ 0.32	$ 0.0011	289	$ 0.32	$ 0.00	0.46%		
Standard Supply Service Charge		$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%		
Debt Retirement Charge (DRC)		$ 0.0070	275	$ 1.93	$ 0.0070	275	$ 1.93	$ -	0.00%		
Energy - RPP - Tier 1		$ 0.0750	287	$ 21.55	$ 0.0750	289	$ 21.65	$ 0.10	0.46%		
Energy - RPP - Tier 2		$ 0.0880	0	$ -	$ 0.0880	0	$ -	$ -			
TOU - Off Peak		$ 0.0650	184	$ 11.95	$ 0.0650	185	$ 12.01	$ 0.05	0.46%		
TOU - Mid Peak		$ 0.1000	52	$ 5.17	$ 0.1000	52	$ 5.20	$ 0.02	0.46%		
TOU - On Peak		$ 0.1170	52	$ 6.05	$ 0.1170	52	$ 6.08	$ 0.03	0.46%		
Total Bill on RPP (before Taxes)				**$ 49.56**			**$ 39.40**	**-$ 10.17**	**-20.51%**		
HST		13%		$ 6.44	13%		$ 5.12	-$ 1.32	-20.51%		
Total Bill (including HST)				$ 56.01			$ 44.52	-$ 11.49	-20.51%		
Ontario Clean Energy Benefit [1]				-$ 5.60			-$ 4.45	$ 1.15	-20.54%		
Total Bill on RPP (including OCEB)				**$ 50.41**			**$ 40.07**	**-$ 10.34**	**-20.51%**		
Total Bill on TOU (before Taxes)				**$ 51.19**			**$ 41.03**	**-$ 10.16**	**-19.84%**		
HST		13%		$ 6.65	13%		$ 5.33	-$ 1.32	-19.84%		
Total Bill (including HST)				$ 57.84			$ 46.36	-$ 11.48	-19.84%		
Ontario Clean Energy Benefit [1]				-$ 5.78			-$ 4.64	$ 1.14	-19.72%		
Total Bill on TOU (including OCEB)				**$ 52.06**			**$ 41.72**	**-$ 10.34**	**-19.86%**		
Loss Factor (%)		4.4900%			4.9700%						

Customer Class:	Streetlights										
	Consumption	108,831	kWh		Consumption		295	KW			
		Current Board-Approved			Proposed			Impact			
	Charge Unit	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)	$ Change	% Change		
Monthly Service Charge	Monthly	$ 4.4300	295	$ 1,306.85	$ 1.94	295	$ 571.36	-$ 735.49	-56.28%		
Distribution Volumetric Rate	per kW	$ 21.3836	295	$ 6,308.16	$ 9.3488	295	$ 2,757.90	-$ 3,550.27	-56.28%		
Sub-Total A				$ 7,615.01			$ 3,329.25	**-$ 4,285.76**	**-56.28%**		
Deferral/Variance Account Disposition Rate Rider	per kW	-$ 0.7165	295	-$ 211.37	-$ 0.8879	295	-$ 261.93	-$ 50.56	23.92%		
PILs 1562 Disposition Rate Rider	per kW	-$ 1.4965	295	-$ 441.47	-$ 1.4965	295	-$ 441.47	$ -	0.00%		
Incremental Capital Rate Rider	per kW	$ 2.0300	295	$ 598.85		295	$ -	-$ 598.85	-100.00%		
GA Rate Rider			295	$ -	$ 1.0312	295	$ 304.21	$ 304.21			
Low Voltage Service Charge	per kW	$ 0.1677	295	$ 49.47	$ 0.4897	295	$ 144.46	$ 94.99	192.01%		
Smart Meter Entity Charge	Monthly					1	$ -	$ -			
Sub-Total B - Distribution (includes Sub-Total A)				**$ 7,610.50**			**$ 3,074.52**	**-$ 4,535.97**	**-59.60%**		
RTSR - Network	per kW	$ 1.4929	295	$ 440.41	$ 2.0380	295	$ 601.20	$ 160.79	36.51%		
RTSR - Line and Transformation Connection	per kW	$ 1.2038	295	$ 355.12	$ 1.4920	295	$ 440.14	$ 85.02	23.94%		
Sub-Total C - Delivery (including Sub-Total B)				**$ 8,406.03**			**$ 4,115.86**	**-$ 4,290.17**	**-51.04%**		
Wholesale Market Service Charge (WMSC)	per kWh	$ 0.0052	113718	$ 591.33	$ 0.0052	114240	$ 594.05	$ 2.72	0.46%		
Rural and Remote Rate Protection (RRRP)	per kWh	$ 0.0011	113718	$ 125.09	$ 0.0011	114240	$ 125.66	$ 0.57	0.46%		
Standard Supply Service Charge	Monthly	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25	$ -	0.00%		
Debt Retirement Charge (DRC)	per kWh	$ 0.0070	108831	$ 761.82	$ 0.0070	108831	$ 761.82	$ -	0.00%		
Energy - RPP - Tier 1		$ 0.0750		$ -	$ 0.0750		$ -	$ -			
Energy - RPP - Tier 2		$ 0.0880		$ -	$ 0.0880		$ -	$ -			
Energy - Commodity COP	per kWh	$ 0.0807	113718	$ 9,175.87	$ 0.0807	114240	$ 9,218.02	$ 42.15	0.46%		
				$ -			$ -	$ -			
				$ -			$ -	$ -			
Total Bill on Commodity COP				**$ 19,060.38**			**$ 14,815.65**	**-$ 4,244.72**	**-22.27%**		
HST		13%		$ 2,477.85	13%		$ 1,926.04	-$ 551.81	-22.27%		
Total Bill (including HST)				$ 21,538.23			$ 16,741.69	-$ 4,796.54	-22.27%		
Ontario Clean Energy Benefit [1]				-$ 2,153.82			-$ 1,674.17	$ 479.65	-22.27%		
Total Bill on TOU (including OCEB)				**$ 19,384.40**			**$ 15,067.52**	**-$ 4,316.88**	**-22.27%**		
Loss Factor (%)		4.4900%			4.9700%						

Customer Class:	Sentinel Lights									
	Consumption	50	kWh		Consumption		0.3	KW		
		Current Board-Approved			Proposed				Impact	
	Charge Unit	Rate ($)	Volume	Charge ($)	Rate ($)	Volume	Charge ($)		$ Change	% Change
Monthly Service Charge	Monthly	$ 4.4600	1	$ 4.46	$ 4.92	1	$ 4.92		$ 0.46	10.35%
Distribution Volumetric Rate	per kW	$ 11.7762	0.3	$ 3.53	$ 12.9944	0.3	$ 3.90		$ 0.37	10.34%
Sub-Total A				$ 7.99			$ 8.82		$ 0.83	10.34%
Deferral/Variance Account Disposition Rate Rider	per kW	-$ 0.0303	0.3	-$ 0.01	$ 0.6203	0.3	$ 0.19		$ 0.20	-2147.11%
PILS 1562 Disposition Rate Rider		-$ 0.9275	0.3	-$ 0.28	-$ 0.9275	0.3	-$ 0.28		$ -	0.00%
Incremental Capital Rate Rider		$ 1.0862	0.3	$ 0.33		0.3	$ -		-$ 0.33	-100.00%
			0.3	$ -		0.3	$ -		$ -	
Low Voltage Service Charge	per kW	$ 0.1712	0.3	$ 0.05	$ 0.5000	0.3	$ 0.15		$ 0.10	192.06%
Smart Meter Entity Charge	Monthly					1	$ -		$ -	
Sub-Total B - Distribution (includes Sub-Total A)				$ 8.08			$ 8.88		$ 0.79	9.83%
RTSR - Network	per kW	$ 1.5006	0.3	$ 0.45	$ 2.0485	0.3	$ 0.61		$ 0.16	36.51%
RTSR - Line and Transformation Connection	per kW	$ 1.2290	0.3	$ 0.37	$ 1.5232	0.3	$ 0.46		$ 0.09	23.94%
Sub-Total C - Delivery (including Sub-Total B)				$ 8.90			$ 9.95		$ 1.05	11.77%
Wholesale Market Service Charge (WMSC)	per kWh	$ 0.0052	52	$ 0.27	$ 0.0052	52	$ 0.27		$ 0.00	0.46%
Rural and Remote Rate Protection (RRRP)	per kWh	$ 0.0011	52	$ 0.06	$ 0.0011	52	$ 0.06		$ 0.00	0.46%
Standard Supply Service Charge	Monthly	$ 0.2500	1	$ 0.25	$ 0.2500	1	$ 0.25		$ -	0.00%
Debt Retirement Charge (DRC)	per kWh	$ 0.0070	50	$ 0.35	$ 0.0070	50	$ 0.35		$ -	0.00%
Energy - RPP - Tier 1		$ 0.0750	52	$ 3.92	$ 0.0750	52	$ 3.94		$ 0.02	0.46%
Energy - RPP - Tier 2		$ 0.0880	0	$ -	$ 0.0880	0	$ -		$ -	
Energy - Commodity COP	per kWh	$ 0.0807	52	$ 4.22	$ 0.0807	52	$ 4.24		$ 0.02	0.46%
				$ -			$ -		$ -	
				$ -			$ -		$ -	
Total Bill on Commodity COP				$ 17.96			$ 19.05		$ 1.09	6.05%
HST		13%		$ 2.34	13%		$ 2.48		$ 0.14	6.05%
Total Bill (including HST)				$ 20.30			$ 21.53		$ 1.23	6.05%
Ontario Clean Energy Benefit [1]				-$ 2.03			-$ 2.15		-$ 0.12	6.05%
Total Bill on TOU (including OCEB)				$ 18.27			$ 19.37		$ 1.10	6.05%
Loss Factor (%)		4.4900%			4.9700%					

8.0 – VECC – 61

Reference: VECC #43

a) Please provide an estimate of the LV costs for 2012 based on Hydro One's approved 2013 rates.

Response:
CWH has assumed VECC is asking for an estimate of the LV costs for 2013 and not for 2012 based on Hydro One's approved 2013 rates and has prepared the table below. Reference should also be made to the response to Board Staff IR 8-Staff-57s which identifies an error in the 2013 Forecast of LV costs in the initial application.

	2012 Hydro One LV kW	Specific ST Lines (km)	Service Charge	Total LV Forecast 2013
Jan-12	25,738	5.24	295.68	
Feb-12	24,451	5.24	295.68	
Mar-12	23,447	5.24	295.68	
Apr-12	21,887	5.24	295.68	
May-12	23,837	5.24	295.68	
Jun-12	26,926	5.24	295.68	
Jul-12	28,080	5.24	295.68	
Aug-12	24,393	5.24	295.68	
Sep-12	23,975	5.24	295.68	
Oct-12	23,378	5.24	295.68	
Nov-12	24,894	5.24	295.68	
Dec-12	24,834	5.24	295.68	
Total 2012	295,840	62.88	3548.16	
Hydro One Rates	$ 0.675	$ 640.12		
2013 Forecast	$ 199,692.00	$ 40,250.75	3548.16	**$ 243,490.91**

b) Please provide the actual purchased energy for 2012 and the forecast purchased energy for 2013 (after CDM adjustments).

Response:
The actual purchased energy with losses for 2012 is 156.6 (GWh) and the forecast purchased energy for 2013 (after CDM adjustments) is 152.8 (GWh).

8.0 – VECC – 62

Reference: VECC #45

a) The initial question did not request an update based on the approved 2013 UTRs but rather based on Hydro One's 2013 approved RTSRs. Please update the Centre Wellington's proposed RTSRs for 2013 based on Hydro One's approved 2013 ST rates and re-do the bill impact analysis.

Response:
CWH has updated the above; please see response to OEB 8-Staff-56s.

9-Staff-59s

Ref: 9-77 9-Staff-32, Deferral/Variance Accounts Work form for 2013 Filers

In its response to 9-Staff-32, relating to Account 1592, sub account HST/OVAT/ITCs balance of $40,034 CWH stated that "it has updated the DVA Continuity Work form at tab 2 row 86 for 100% for the HST savings. CWH will submit an updated DVA Continuity Work form with the responses to the IR." Board staff is unable to locate an updated DVA Continuity Work form.

Please provide the missing DVA Continuity Work form in working Microsoft Excel format.

Response:
CWH apologizes for not including the revised EDDVAR model with the responses to the first round of interrogatories. That model will be included with these responses.

EXHIBIT 8 – DEFERRAL AND VARIANCE ACCOUNTS

9-Staff-60s

Ref: 9-80 9-Staff-35: Table- Rate Rider Calculation for Deferral/Variance Accounts Balances (excluding Global Adjustment) and 3-26 3-Staff-14 d): Centre Wellington Load Hydro Forecast for 2013 Rate Application

In the table "Rate Rider Calculation for Deferral/Variance Accounts Balances (excluding Global Adjustment)" CWH has used kWh and kW billing determinants that are different from the billing determinants that were filed in the updated CWH Load forecast for 2013 Rate Application for the residential, GS<50 and GS 50-2999 rate classes.

a) Please explain why the billing determinants for the DVAs are different from the updated load forecast.

Response:
The EDDVAR model on worksheet "4.Billing Determinants" indicates the user has the option of using the latest approved or the most recent year of actual data. CWH has populated this worksheet with the most recent year of actuals (2011) and submits this data reflects the LDC better than an estimated forecast for 2009 which was the last approved load forecast. The model did not allow for the latest 2013 updated load forecast.

b) Please explain what should be the correct billing determinants for the DVA rate riders.

Response:
CWH submits the billing determinants included in the original submission are appropriate and no change is required to the rate riders.

c) If necessary, please update the table "Rate Rider Calculation for Deferral/Variance Accounts Balances (excluding Global Adjustment)" with the correct billing determinants for each rate class.

Response:
Please see response to parts a) & b).

9-Staff-61s

Ref: IRR 9-81 9-Staff-36

In its response, CWH stated:

> CWH's proposed approach to the PP&E account 1575 would be to remove it from this rate application. CWH has chosen to defer adoption of IFRS until 2014 and later if further deferral options are offered.

a) Please confirm that CWH is still proposing a four-year disposition period for Account 1575 if the Board does not approve CWH's request for removing the disposition of this account in this proceeding.

Response:
CWH confirms it is still proposing a four year disposition if the Board does not approve the request to remove the PP&E adjustment.

CWH would like to present an email which includes opinions/direction from Market Operations (Board staff) which discusses the handling of the PP&E adjustment account for those LDCs who change their useful lives and are submitting a COS rate application in the same year. This is referred to as item "C" in the email and refers to Board Staff response to item "A". The key items are in ***BOLD, Italic, and highlighted in yellow***.

The content of the entire email begins here:

Hi Jane,

In order to enhance the responses to the various scenarios you have provided, I made a few assumptions with respect to these scenarios. You did not identify whether Canadian GAAP or MIFRS was the accounting basis upon which the cost of service

(CoS) applications would be filed. I assumed CGAAP in all cases since distributors are generally deferring the adoption of IFRS in light of the current positions of AcSB and IASB regarding rate-regulated entities. These scenarios are subject to change pending the AcSB's decisions on further deferrals, or mandatory adoption of IFRS in the future. It is important to note, for example, that if an interim IFRS standard (allowing regulatory accounting within IFRS) is issued in the timeframe of these forward looking scenarios, the use of Account 1575 maybe required, together with Account 1576, or by itself, upon distributors' adoption of IFRS in the future.

The general premise under CGAAP (and USGAAP) is that regulatory accounting or the ratemaking actions of the regulator is recognized for financial reporting purposes. Therefore, this requirement continues in effect now even in the case where a distributor has filed a "MIRFS-based" CoS application, which was approved by the Board ("the regulator"), and the accounting changes are effective in current rates. Consequently, the changes to useful lives/ depreciation for ratemaking purposes is relevant to financial reporting in that these accounting changes should also be reflected and reported in distributors' CGAAP-based financial statements.

For easy of reference, I have provided my comments (shown in bullets) under each scenario appended to this email below. These "bulleted" comments should be read in the context of my aforementioned comments.

Regards,

Ben

Ben Baksh | Senior Advisor, Audit and Accounting | Applications and Regulatory Audit | Ontario Energy Board
2300 Yonge Street, 27th Floor **|** Toronto, Ontario **|** M4P 1E4 **|** T: 416.440.8128 **|** E: ben.baksh@ontarioenergyboard.ca

From: Jane Wei [mailto:jwei@checenergy.ca]
Sent: January 22, 2013 9:46 AM
To: Market Operations
Cc: Dave Proctor (david.proctor@sympatico.ca); Ken Robertson
Subject: Request for clarification of PP&E adjustment [OEB Ref# MPE-2013-0033]

Good morning:

CHEC group of Utilities would like clarification around the timing of the PP&E adjustment calculation.

All CHEC LDCs would calculate their PP&E adjustment due to a change in useful lives from the Kinectrics Report only. None of them have a need to change accounting policies related to capital expenditures.

Some LDCs who have submitted a 2013 Cost of Service application with a PP&E adjustment have removed the PP&E adjustment during the Interrogatory process. This also happened to 2012 COS filers.

I recognized that changes in accounting policy like adoption of MIFRS are retrospective whereas changes in accounting estimate are prospective. Since the adoption of MIFRS is deferred to 2014 according to the updates, there is no need for these LDCs to make the PP&E adjustment for 2012 and 2011.

Please confirm whether our understanding (in blue) is correct or not regarding when an LDC would begin and continue to calculate the PP&E adjustment and which accounts should be used under the following scenarios:

A – Adopted new useful lives in 2012 with a Cost of Service Application submitted for 2012

There should be no need to adjust PP&E, as the changes in useful lives have been reflected in new rates set up in 2012 COS. And this is a change in accounting estimate, which is prospective.

However, there are LDCs that filed their 2012 COS under MIFRS and then deferred the adoption of MIFRS. Yet they were not required to remove the PP&E adjustment for 2012 COS. What is the appropriate accounting treatment in this circumstance?

- ***Account 1576 is not used.*** The 2012 accounting change occurred in the same year as the CoS application's 2012 rate year, the impact of which is reflected in 2012 rates. To be clear, the change in accounting estimate is effective on January 1, 2012, and therefore, the 2012 closing PP&E should include the impact of this change.

- It should be noted that regardless of whether "regulatory accounting" or "MIFRS" was used in a CoS application, at the end of the day, if the Board (the regulator) approved the changes in rates, these changes should be recognized and reflected in the 2012 CGAAP-based financial statements. Also, please see my comments on this issue above in the second paragraph of my email.

B - Adopted new useful lives in 2012 with a Cost of Service Application submitted for 2013

Depreciation expense was reduced in 2012, while the revenue in 2012 was collected at the rates set up in the previous COS based on the old useful lives, therefore was over collected. In 2012 the difference in fixed assets that resulted from the changes in useful lives should be recorded in Account 1576 and the offsetting entry should go to Account 4305. The balance of 1576 would be disposed in 2013 COS and amortized over the approved period. The amortization of the PP&E adjustment shall be debited in Account 1576 and credited in Account 5705 Depreciation Expense in each year of the amortization period.

- Confirmed. Account 1576 should be used to record the impact of the 2012 accounting change. The accounting guidance as set out in the Board' letter of July

17, 2012 and the July 2012 APH-FAQs should be followed. In addition, the impact of the 2013 accounting changes should be reflected in the CoS application's 2013 test year revenue requirement for approval in 2013 rates.

C - Adopted new useful lives in 2013 with a Cost of Service Application submitted for 2013

The same as the interpretation on "A".

- ***Confirmed, and with the same comments I have noted above in A.***

D - Adopted new useful lives in 2012 with a Cost of Service Application submitted for 2014

The entry to record the PP&E changes should be made in 2012 and 2013, the same as in Appendix B of APH - FAQs July 2012.The cumulative balance in Account 1576 shall be disposed in 2014 COS and amortized over the approved period. The amortization of the PP&E adjustment shall be debited in Account 1576 and credited in Account 5705 in each year of the amortization period.

- Confirmed, and yes, this is the same scenario cited in Appendix B of the July 2012 APH-FAQs.

E - Adopted new useful lives in 2012 with a Cost of Service Application submitted for 2015

The same as the interpretation on ``D``, the PP&E changes shall be recorded in 2012, 2013 and 2014. And the cumulative balance in Account 1576 shall be disposed in 2015 COS.

- Confirmed, just one year further out.

F - Adopted new useful lives in 2013 with a Cost of Service Application due for 2015 but LDC chooses to follow an Annual IR Rate-Setting Index Method for 2015

Record the PP&E changes in 2013 and 2014. But we don`t know when and how to dispose the cumulative amount of PP&E changes. Could this potentially postpone a true-up of the PP&E change indefinitely?

- *The Report of the Board - Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach*, October 18, 2012 states at page 21, "The prudence review associated with the disposition of Group 2 variance and deferral accounts makes their disposition generally incompatible with the design of the Annual IR Index. For that reason, a distributor that applies to have its rates set under the Annual IR Index is expected to limit requests for disposition of deferral and variance accounts to Group 1 accounts while it is on the Annual IR Index. If a distributor is seeking the disposition of any Group 2 accounts, that review and disposition will need to be the subject of a separate application."

- The distributor would be required to record the accounting changes for each year in Account 1576 until such time its rates are rebased in a CoS application.

- In this scenario and given the Board's expectations noted above for distributors electing to use the Annual IR Index, the clearance of the 1576 account balance would deferred to a later timeframe. This extended period also implies that IFRS adoption could be mandatory and thus the use of Account 1575 maybe required.

Email ends here.

b) Please confirm that CWH's 2013 rate application is still in MIFRS for establishing rates for 2013 test year from a rate-setting perspective.

Response:
CWH confirms the 2013 Rate Application has been prepared on a MIFRS basis. However, CWH has proposed the PP&E adjustment be removed since the only move towards MIFRS required by CWH is to adopt the change in useful lives of the fixed assets. Past decisions in Midland's and Wellington North Power's rate applications have had their PP&E adjustments removed as the change in useful lives occurred at the same time as the cost of service application. CWH would also like to make reference again to the Email presented in part a).

c) Please explain why the Board should allow CWH to not dispose PP&E Account 1575 through the adjustment of the 2013 revenue requirement given the fact that CWH application for 2013 is on MIFRS basis from a regulatory prospective.

Response:
CWH is not proposing to not dispose of PP&E account 1575 but rather to eliminate the calculation as presented in Chapter 2 Appendices 2-EB altogether and remove it from the revenue requirement calculation. CWH reiterates if the only change in 2013 is a change in useful lives with no other change in Capitalization policy, account 1575 should not be used. It is CWH's view, by changing the useful lives in 2013 and eliminating the use of account 1575, CWH is in compliance with the Board's MIFRS policy direction.

EXHIBIT 10 – SMART METERS

10-Staff-62s Smart Meters

Ref: 10-84 Staff-39, updated Smart Meter Model Version 3.0 filed February 1, 2013

a) From the response to 10-84 Staff-39, Board staff understands that CWH recorded the original procurement costs for smart meters in 2009 for an amount of $839,986. Negative entries in 2010 and 2011 reflect smart meters "in inventory" that were installed for GS > 50 kW customers instead of for Residential or GS < 50 kW customers. There are no additional smart meter procurement costs shown for Residential and GS < 50 kW customers post 2009 as any deployed smart meters would have been taken "from inventory". Please confirm or correct Board staff's understanding.

Response:
CWH confirms that Board staff understanding is correct.

b) Board staff has attached a copy of Decision and Order EB-2012-0310, with respect to Kingston Hydro Corporation's Smart Meter application, issued on January 10, 2013. Pages 6 to 10 of that Decision and Order are pertinent. While spare meters "in inventory" are normally treated as capital assets in rate base rather than as inventory, in accordance with Article 510 of the Accounting Procedures Handbook, the Board determined that the replacement of conventional meters by smart meters was not a "like-for-like" replacement from inventory, and that treating smart meters in inventory as capital assets in rate base was not appropriate. Instead, smart meter capital costs should be allocated to reflect more closely when the smart meters were deployed in service. Please provide an update to the smart meter model that would more closely align the capital costs with the installation of smart meters in the years.

Response:
CWH has allocated the dollars associated with the smart meters to the years in which the smart meters were installed. CWH has also adjusted the Smart Meter model to reflect the actual meters that were installed in 2012 instead of the estimated meters as reported in the original submission. A copy of the Smart Meter model in excel is included in this submission.

In addition, CWH has disposed of the SMDR over a four (4) year period during this round of interrogatories in order to bring the total bill impact for the GS<50 kW customer class to under 10%.

c) The response to b) would also affect the accumulated depreciation of installed smart meters as of January 1, 2013 for inclusion in rate base. As necessary, update the 2013 asset continuity schedule and rate base to reflect any changes.

Response:
CWH has updated the 2013 asset continuity schedule which updates the revenue requirement for 2013. These changes have been reflected in the Revenue Requirement Work form and included in the summary of changes file.

d) In the alternative, please explain CWH's reason for recording for recovery smart meter procurement costs upon procurement rather than when the assets went into service and hence became "used and useful".

Response:
N/A