

EB-2011-0099

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

AND IN THE MATTER OF an application by E.L.K. Energy Inc. for an order approving just and reasonable rates and other charges for electricity distribution to be effective October 1, 2012.

E.L.K. ENERGY INC. (“E.L.K.”)

PROPOSED SETTLEMENT AGREEMENT

FILED: MARCH 25, 2013

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INTRODUCTION:

E.L.K. carries on the business of distributing electricity within the Towns of Essex, Lakeshore and Kingsville as described in its distribution licence. Within these towns, which cover a large geographic area in Southwestern Ontario, E.L.K. has six non-contiguous service areas, serving the communities of Belle River, Comber, Cottam, Essex, Harrow and Kingsville.

E.L.K. filed an application with the Ontario Energy Board (the “Board”) on October 24, 2012 under section 78 of the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15 (Schedule B), seeking approval for changes to the rates that E.L.K. charges for electricity distribution, to be effective October 1, 2012 (the Application”). The Board assigned the Application File Number EB-2011-0099.

Five parties requested and were granted intervenor status: the Association of Major Power Consumers in Ontario (“AMPCO”); Energy Probe Research Foundation (“Energy Probe” or “EP”), EnWin Utilities (“EnWin”), the School Energy Coalition (“SEC”); and the Vulnerable Energy Consumers’ Coalition (“VECC”). These parties are referred to collectively as the “Intervenors”.

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

In Procedural Order No 3, issued on February 8, 2013, the Board set dates for a Technical Conference (February 13, 2013); a Settlement Conference (February 28, 2013); and the filing of any Settlement Proposal arising out of the Settlement Conference (March 18, 2013). The Board also set dates for submissions in respect of the request for confidential treatment of material related to E.L.K.'s responses to two interrogatories: AMPCO IR #17(b) and SEC IR #12. The Board's Decision in respect of these responses was issued on March 1, 2013. In Procedural Order No. 4, issued on February 15, 2013, the Board established a separate process for submissions on E.L.K.'s response to AMPCO IR #17(b), and more particularly on E.L.K.'s request that a salary survey initially provided in response to that IR be removed from the record of this proceeding. On March 19, 2013 the Board issued its Decision requiring that the salary survey remain on the public record.

There is no Board-approved Issues List for this proceeding. The evidence in this proceeding (referred to herein as the "Evidence") consists of the Application, including updates to the Application, E.L.K.'s responses to the interrogatories on the record in this proceeding; and E.L.K.'s responses to Technical Conference Questions and Undertakings. The Appendices to this Settlement Agreement (the "Agreement") are also included in the Evidence. The Settlement Conference was duly convened in accordance with the Procedural Order No. 3, with Ms. Tracey Ehl as facilitator. The Settlement Conference was held on February 28, 2013.

E.L.K. and the following Intervenors participated in the Settlement Conference:

- AMPCO;
- Energy Probe;
- SEC; and
- VECC.

EnWin did not participate in the Settlement Conference. E.L.K. and the Intervenors that participated in the Settlement Conference are collectively referred to below as the "Parties".

These settlement proceedings are subject to the rules relating to confidentiality and privilege contained in the Board's *Settlement Conference Guidelines* (the "Guidelines"). The Parties understand this to mean that the documents and other information provided, the discussion of each issue, the offers and counter-offers, and the negotiations leading to the settlement – or not – of each issue during the Settlement

Conference are strictly confidential and without prejudice. None of the foregoing is admissible as evidence in this proceeding, or otherwise, with one exception: the need to resolve a subsequent dispute over the interpretation of any provision of this Settlement Agreement.

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

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

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

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

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

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

References to the Evidence supporting this Agreement on each issue are set out in each section of the Agreement. The Appendices to the Agreement provide further evidentiary support. The Parties agree this Agreement and the Appendices form part of the record in EB-2011-0099. The Appendices were prepared by the Applicant. The Intervenors are relying on the accuracy and completeness of the Appendices in entering into this Agreement. Appendix I to this Agreement – Proposed Schedule of 2013 Rates and Charges (Updated) – is a proposed Schedule of Rates and Charges. The Parties agree to forgo the Draft Rate Order process should the Board approve this Agreement, so that the final Rate Order would correspond to the Schedule of Rates and Charges set out in Appendix I. As discussed below, for the purposes of settlement, the Parties have agreed that the effective date of E.L.K.'s rates arising out of this Application and this settlement will be May 1, 2013; that there will be no retrospective adjustment to E.L.K.'s distribution rates; and that E.L.K. will not make an IRM rate adjustment application for 2013.

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

The Parties have agreed the effective date of the rates resulting from this proposed Agreement is May 1, 2013 (referred to below as the "Effective Date").

ORGANIZATION AND SUMMARY OF THE SETTLEMENT AGREEMENT:

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

The following Appendices accompany this Settlement Agreement:

Appendix A – Summary of Significant Changes (Updated)
Appendix B – Continuity Tables
Appendix C – Cost of Power Calculation (Updated)
Appendix D – 2012 Customer Load Forecast (Updated)
Appendix E – 2012 Other Revenue
Appendix F – 2012 PILS (Updated)
Appendix G – 2012 Cost of Capital
Appendix H – 2012 Revenue Deficiency (Updated)
Appendix I – Proposed 2013 Schedule of Rates and Charges (Updated)
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Appendix L – Revenue Requirement Work Form (Updated)
Appendix M – Revenue Reconciliation
Appendix N – Calculation of LV Rates

UNSETTLED MATTERS:

There are no unsettled matters in this proceeding.

OVERVIEW OF THE SETTLED MATTERS:

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

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

The Parties agree no rate classes face bill impacts that require mitigation efforts as a result of this agreement.

In this Agreement, except where otherwise expressly stated, all dollar figures are calculated and expressed using Canadian Generally Accepted Accounting Principles ("CGAAP"). E.L.K. has sought to comply with the Board's letter titled "Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies 2013", dated July 17, 2012. However, for the purposes of settlement, the Parties accept that E.L.K. will require time to consider the appropriate useful lives for its distribution assets and to determine the regulatory accounting changes for its depreciation expense and capitalization policies. The Parties' proposed approach in this regard is described in Section 4.2 of this Agreement. As a result of these changes, E.L.K. expects that there will be no material adjustments when E.L.K. ultimately converts to IFRS.

In E.L.K.'s initial evidence Exhibit 6 Table 6.1, the Service Revenue Requirement for the 2012 Test Year was \$4,539,680 which included a Base Revenue Requirement of \$3,859,625 and Revenue Offsets of \$680,055 with a resulting Revenue Deficiency of \$703,483.

Through the interrogatory and settlement process, E.L.K. made changes to the Service Revenue Requirement as shown in Settlement Table #1: Service Revenue Requirement as follows:

Settlement Table #1: Service Revenue Requirement

		COS Application	Interrogatory Responses	Settlement Submission	Difference Filing vs Settlement
Service Revenue Requirement	A	4,539,680	4,526,698	4,316,049	(223,631)
Revenue Offsets	B	(680,055)	(680,055)	(627,805)	52,250
Base Revenue Requirement	C=A+B	3,859,625	3,846,643	3,688,244	(171,381)
Revenue at Existing Rates	D	3,156,142	3,227,189	3,227,189	71,047
Revenue Deficiency/(Sufficiency)	E=C-D	703,483	619,454	461,055	(242,428)

The revised Service Revenue Requirement for the 2012 Test Year is \$4,316,049 which reflects the cost of capital parameters (ROE and Deemed Short Term Debt rate) issued by the Board on March 2, 2012 applicable to applications for rebasing effective May 1, 2012. The long term debt rate was agreed to be 2.71%, for the purpose of settlement. Compared to the forecast 2012 revenue at current rates of \$3,227,189 the revised Service Revenue Requirement represents a deficiency of \$461,055 which is a \$242,428 change from the revenue deficiency of \$703,483 set out in Exhibit 6, Table 6.1 in E.L.K.'s COS Application filing.

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

As a final introductory matter, the Parties note that in its July 18, 2011 Notice of Proceeding and Order Respecting Interim Rates (the "Notice") to make an order fixing just and reasonable rates for E.L.K., the Board declared E.L.K.'s distribution rates interim effective July 18, 2011, pending the hearing of the application to be filed by E.L.K. For the purposes of settlement, the Parties have agreed that the effective date of E.L.K.'s rates arising out of this Application and this settlement will be May 1, 2013; that there will be no retrospective adjustment to E.L.K.'s distribution rates; and that E.L.K. will not make an IRM rate adjustment application for 2013. In other words, the rates to be implemented as a result of this settlement contemplate the recovery of the 2012 Test Year revenue deficiency set out in the Application as adjusted through this settlement over the 12 month period commencing May 1, 2013.

1. GENERAL

- 1.1 Has E.L.K. responded appropriately to all relevant Board directions from previous proceedings?

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 1, Tab 1, Schedule 15

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

- 1.2 Are E.L.K.'s economic and business planning assumptions for 2012 appropriate?

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 1, Tab 2, Schedule 2 SEC IR #4

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

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 2, Tab 1, Schedule 2 Board Staff IR: #4 AMPCO IR #7 EnWin IR #3

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

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 1

For the purposes of settlement, the Parties have agreed that the effective date of E.L.K.'s rates arising out of this Application and this settlement will be May 1, 2013; that there will be no retrospective adjustment to E.L.K.'s distribution rates; and that E.L.K. will not make an IRM rate adjustment application for 2013. In other words, the rates to be implemented as a result of this settlement, contemplate the recovery of the 2012 Test Year revenue deficiency set out in the Application as adjusted through this settlement over the 12 month period commencing May 1, 2013.

The Parties accept that in the event that E.L.K.'s final rate order is not available in time for May 1st implementation, it would be appropriate to implement a rate rider over the remainder of the May 1, 2013 – April 30, 2014 period that will enable E.L.K. to recover or refund, as the case may be, the difference between its incremental Board-approved revenue, and its revenue at existing rates, for the month(s) in which its new rates are not in effect.

2. RATE BASE

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 2 Board Staff IR#3-10 AMPCO IR #3-9 Energy Probe IR #9-11 Enwin IR #3-9 SEC IR #7-10 VECC IR#2-8

For the purposes of settlement, the Parties have agreed that E.L.K.'s amended forecast Rate Base of \$12,324,592 for the 2012 Test Year under CGAAP is appropriate. A full calculation of this agreed Rate Base is set out later in this section in Settlement Table #2: Rate Base. The 2012 revised capital expenditures and amortization expense were accepted as proposed in E.L.K.'s interrogatory responses, with further adjustments arising out of the Settlement Conference relating to the Jakana Phase 3 project and the Viscount Estates project which are detailed in Appendix A.

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

- The Parties have agreed that the 2012 OM&A for the Test Year, including property taxes, should be \$ 2,472,009(CGAAP), a decrease of \$157,500 from \$2,629,509 in the original Application. OM&A expenses are discussed in further detail under item 4.1.
- The Parties have agreed that the Working Capital Rate percentage will be set at 12% which is a 3% decrease from the 15% in the original Application. The Allowance for Working Capital should be \$3,326,515, a decrease of \$842,831 from \$4,169,346 in the original Application. Working Capital Rate is discussed in further detail under item 2.2.

The changes to working capital allowance are set out in Settlement Table #3: Allowance for Working Capital, under Section 2.2 below.

Agreed upon adjustments to E.L.K.'s proposed Overall Rate Base under CGAAP are set out in Settlement Table #2: Rate Base, below.

Settlement Table #2: Rate Base

Rate Base					
Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Settlement Agreement
Gross Fixed Assets (average)	24,601,738	(76,375)	24,525,363	(27,323)	24,498,040
Accumulated Depreciation (average)	(15,504,990)	3,582	(15,501,408)	1,446	(15,499,962)
Net Fixed Assets (average)	9,096,748	(72,793)	9,023,955	(25,877)	8,998,078
Allowance for Working Capital	4,169,346	11,298	4,180,644	(854,129)	3,326,515
Total Rate Base	13,266,094	(61,495)	13,204,599	(880,007)	12,324,592

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

Status: Complete Settlement

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 2, Tab 1, Schedule 4

AMPCO IR#9

SEC IR# 7

VECC IR #8

For the purposes of settlement, the Parties agree to following the Working Capital Allowance calculated based on 12% of the OM&A expenses of \$2,472,009 (CGAAP including property tax), and Cost of Power of \$25,248,949. The reduction from 13% to 12% is intended to give effect to the reductions in required working capital that result from E.L.K.'s implementation of monthly billing. As discussed in Section 2.1 and this section, the Parties have agreed the adjustments shown below in Settlement Table #3:

Allowance for Working Capital, reflecting the settled matters, will be made to E.L.K.'s Working Capital Allowance calculation:

Settlement Table #3: Allowance for Working Capital

Rate Base					
Particulars	Initial Application	Adjustments	Interrogatory Responses	Adjustments	Per Settlement Agreement
Controllable Expenses	2,629,509	(7,500)	2,622,009	(150,000)	2,472,009
Cost of Power	25,166,131	82,818	25,248,949	-	25,248,949
Working Capital Base	27,795,640	75,318	27,870,958	(150,000)	27,720,958
Working Capital Rate %	15%	-	15%	-3%	12%
Working Capital Allowance	4,169,346	11,298	4,180,644	(854,129)	3,326,515

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 2, Tab 1, Schedule 3 Board Staff IR#5,6 AMPCO IR#6,8 Energy Probe IR#9,10 SEC IR#9 VECC IR#3-5

For the purposes of settlement, the Parties have accepted net capital expenditures of \$538,853 amended from E.L.K.'s original Application of \$746,250 reflecting E.L.K.'s response to Undertaking No: JT1.12, Board Staff IR#2 as well as further adjustment arising out of the Settlement Conference relating to the Jakana Phase 3 and the Viscount Estates projects. The resulting continuity schedule is shown in Appendix B.

2.4 Is the capitalization policy and allocation procedure appropriate?

Status:	Complete Settlement
Supporting Parties:	E.L.K., Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 2, Tab 1, Schedule 1 Application: Exhibit 4, Tab 2, Schedule 7 Board Staff IR#3 & 24 AMPCO IR#4, 6, & 8 Energy Probe IR# 8-10 & 24-26 SEC #9 & 16

For the purposes of settlement, the Parties have provisionally accepted E.L.K.'s capitalization policy as it was set out in Exhibit 2, Tab 1, Schedule 1 of the original Application, subject to the following adjustments. The Parties acknowledge that E.L.K. is not converting to International Financial Reporting Standards ("IFRS") in the 2012 Test Year and will remain on CGAAP until required by the Accounting Standards Board (the "AcSB") to move to IFRS. E.L.K. has sought to comply with the Board's letter titled "Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies 2013" dated July 17, 2012. However, for the purposes of settlement, the Parties accept that E.L.K. will require time to consider the appropriate useful lives for its distribution assets and to determine the regulatory accounting changes for its depreciation expense and capitalization policies. During 2013, E.L.K., together with its accounting advisors, will determine appropriate depreciation rates taking into consideration the recent Kinectrics Report on useful lives, and in addition will adjust its capitalization policy as required. The Parties have agreed that E.L.K. should use deferral account 1576 – Accounting Changes Under GAAP – to record 2012 adjustments to E.L.K.'s PP&E once this has been completed. The difference in the December 31, 2012 rate base resulting from the application in 2012 of the new depreciation rates and changes in the capitalization policy will be recorded in account 1576. Subject to the Board's approval of the new depreciation rates and changes in the capitalization policy, this amount will be disposed of as part of E.L.K.'s 2014 IRM rate application. In addition, the models used to support the rates set out in this proposed Settlement Agreement will be rerun to reflect the new depreciation rates and capitalization policy. The rates resulting from the rerun of the models will be used as the starting rates for the 2014 IRM rate application.

3. LOAD FORECAST AND OPERATING REVENUE

3.1 Is the load forecast methodology including weather normalization appropriate?

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 3, Tab 2, Schedule 1 Board Staff IR#11-13 Energy Probe IR#12-18 Enwin IR#10 VECC IR#9-15

For the purposes of settlement, the Parties accept E.L.K.'s proposed load forecast methodology, including weather normalization, as modified by E.L.K.'s response to Board Staff IR#11. There were no subsequent changes required to the load forecast methodology through the Technical or Settlement conferences.

This results in a billed consumption forecast of 240,658,928 kWh and 316,213 kW in the 2012 Test Year. The accepted CDM adjustment for 2012 CDM programs is 1,604,670 kWh and 1,803 kW for the 2012 Test Year. This does not include any adjustment for the 2011 programs as the 2011 programs are already reflected in the load forecast.

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 3, Tab 2, Schedule 1 Board Staff IR#11-13 Energy Probe #12-18 Enwin IR#10 VECC IR#9-15

For the purposes of settlement, the Parties accept E.L.K.'s proposed customers/connections and load forecasts (both kWh and kW) for the 2012 Test Year as modified by E.L.K.'s response to Board Staff IR#11. Settlement Table #4: Load Forecast, details the above change. Appendix D reflects the revised load forecast.

Settlement Table #4: Load Forecast

	Settlement Agreement
Residential	
Customers	10,023
kWh	95,979,438
GS<50	
Customers	1,214
kWh	32,594,962
GS>50	
Customers	93
kWh	66,668,106
kW	214,067
Streetlights	
Customers	2,801
kWh	2,225,084
kW	6,083
Unmetered Scattered Load	
Connections	32
kWh	188,991
Sentinel Lights	
Connections	7
kWh	5,564
kW	15
Hydro One	
Connections	4
kWh	42,996,782
kW	96,049
Total of Above	
Customer/Connections	14,176
kWh	240,658,928
kW from applicable classes	316,213

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 3, Tab 2, Schedule 1 Application: Exhibit 3, Tab 2, Schedule 1 Board Staff IR#11-13 Energy Probe #12-18 Enwin IR#10 VECC IR#9-15

For the purposes of settlement, the Parties agree that the impact of CDM is appropriately reflected in the load forecast as modified in E.L.K.'s response to Board Staff IR#11. Settlement Table #5: CDM Adjusted Forecast, below, provides the CDM impact on billed kW and kWh per customer class. The Parties acknowledge that the CDM adjustment is based on gross savings, instead of the more correct net basis. The Parties have agreed, for the purposes of settlement, to leave the load forecast and CDM adjustment, based on gross, unchanged, as the impact of making the correction would be *de minimis*.

Settlement Table #5: CDM Adjusted Forecast

	Billed Load Forecast before CDM Adjustment (kwh)	Billed Load Forecast after CDM Adjustment (kwh)	CDM Adjustment (kwh)
Residential	96,754,629	95,979,438	775,191
GS<50	32,858,219	32,594,962	263,257
GS>50	67,213,789	66,668,106	545,683
Streetlights	2,243,970	2,225,084	18,886
Unmetered Scattered Load	190,596	188,991	1,605
Sentinel Lights	5,612	5,564	48
Hydro One	42,996,782	42,996,782	-
	242,263,597	240,658,927	1,604,670
	Billed Load Forecast before CDM Adjustment (kW)	Billed Load Forecast after CDM Adjustment (kW)	CDM Adjustment (kW)
GS>50	215,819	214,067	1,752
Streetlights	6,134	6,083	51
Sentinel Lights	15	15	-
Hydro One	96,049	96,049	-
	318,017	316,214	1,803

For the purposes of settlement, the Parties agree the baseline for 2012 LRAMVA purposes of 1,570,670 kWh and 1766 kW has been calculated using the OPA's 2011-2014 CDM targets assigned to E.L.K., which reflects the actual 2011 CDM results and the persistence of 2011 into 2012. The baseline for LRAMVA purposes differs from the CDM adjustment of 1,604,670 kWh and 1,803 kW since the CDM adjustment is at the gross level. The LRAMVA baseline includes the persistent savings from 2011 included in the calculation in order to capture the correct amount of targets assigned to E.L.K. for 2012. Therefore, the 2012 LRAMVA baseline includes the 2011 persistent savings of 546,277 kWh as provided by the OPA's 2011 Final Annual Report, and the full year 2012 forecasted savings of 1,024,393 kWh.

Settlement Table #6: LRAMVA Calculation, below provides details of the 2012 kWh and kW savings which will be used in the calculation of the LRAMVA baseline.

Settlement Table #6: LRAMVA Calculation

4 Year 2011 to 2014 kWh target					
8,250,000					
	2011	2012	2013	2014	Total
2011 Programs	6.6%	6.6%	6.6%	5.6%	25.5%
2012 Programs		12.4%	12.4%	12.4%	37.3%
2013 Programs			12.4%	12.4%	24.8%
2014 Programs				12.4%	12.4%
	6.6%	19.0%	31.5%	42.9%	100.0%
kWh					
2011 Programs	546,277	546,277	546,277	464,811	2,103,641
2012 Programs	0	1,024,393	1,024,393	1,024,393	3,073,180
2013 Programs	0	0	1,024,393	1,024,393	2,048,786
2014 Programs	0	0	0	1,024,393	1,024,393
	546,277	1,570,670	2,595,063	3,537,990	8,250,000

The Parties agree, for the purposes of settlement, that the LRAMVA amount is to be allocated to the customer classes based on the percentages outlined in proportion of the class kWh to the total. Settlement Table #7: LRAMVA Allocation per Customer Class, below provides details of this allocation.

Settlement Table #7: LRAMVA Allocation per Customer Class

	Residential	General Service < 50 kW	General Service 50 to 4,999 kW	Street Lighting	Sentinel Lighting	Unmetered Scattered Load	Hydro One	Total
kWh	758,767	257,680	534,121	18,486	46	1,570		1,570,670
kW where applicable			1,715	51	0			1,766

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

Status: Complete Settlement

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 8, Appendix 8A
VECC IR#37

For the purposes of settlement, the Parties accept the forecast throughput revenue of \$3,688,244 as set out in Appendix L to this Agreement.

3.5 Is the test year forecast of other revenues appropriate?

Status: Complete Settlement

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 3, Tab 1, Schedule 1 & Tab 3
Board Staff IR#14
AMPCO IR #10

For the purposes of settlement, the Parties agreed upon a forecast of \$627,805 in Other Distribution Revenue, a decrease of \$52,250 from \$680,055. E.L.K. has removed from the calculation of other revenue, the profits associated with OPA Conservation Programs. The Parties agree that this amount should not have been included in other revenue.

Appendix E – 2013 Other Revenue provides additional detail.

4. OPERATING COSTS

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 4 Board Staff #2 Technical Conference JT1.12

For the purposes of settlement, the Parties agree the OM&A for the 2012 Test Year should be \$2,472,009 (CGAAP) including property tax, a decrease of \$157,500 from the \$2,629,509 original Application Filing and a decrease of \$150,000 from the revised \$2,622,009 submitted through the interrogatory process. The Parties relied on E.L.K.'s view that it can safely and reliably operate the distribution system based on the total OM&A budget proposed. E.L.K. has considered possible adjustments to its budget on a preliminary basis and has provided, in Settlement Table #8: OM&A Expense Budget, below, a revised OM&A budget based on this proposed total amount. The breakdown of the budget into categories is not intended by the Parties to be in any way a deviation from the normal rule that, once the budget is established, it is up to management to determine through the year how best to spend that budget given the actual circumstances and priorities of the company throughout the test year.

Settlement Table #8: OM&A Expense Budget

	Initial Application	Settlement Adjustments	Settlement Agreement	
Operations	\$ 291,000	\$ -	\$ 291,000	
Maintenance	\$ 455,000	\$ -	\$ 455,000	
Billing & Collecting	\$ 775,064	\$ -	\$ 775,064	
Community relations	\$ 10,000	\$ -	\$ 10,000	
Administrative & General	\$ 1,075,445	\$ (157,500)	\$ 917,945	
Property Tax	\$ 23,000	\$ -	\$ 23,000	
	\$ 2,629,509	\$ (157,500)	\$ 2,472,009	

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 2, Tab 1, Schedule 3 Application: Exhibit 4, Tab 2, Schedule 7 Board Staff IR#3, 24 AMPCO IR#8 Energy Probe IR#8-10 SEC IR #16 VECC IR #27 Undertaking JT1.9

For the purposes of settlement, the Parties accept the depreciation rates outlined in the Application and the depreciation expense reported in the continuity schedules in Appendix B for the purposes of establishing distribution rates for the May 1, 2013 – April 30, 2014 period, subject to the following process for adjustments as part of E.L.K.’s 2014 IRM rate adjustment application. The Parties acknowledge that E.L.K. is not converting to International Financial Reporting Standards (“IFRS”) in the 2012 Test Year and will remain on CGAAP until required by the Accounting Standards Board (the “AcSB”) to move to IFRS. E.L.K. will comply with the Board’s letter titled “Regulatory accounting

policy direction regarding changes to depreciation expense and capitalization policies 2013” dated July 17, 2012. However, for the purposes of settlement, the Parties accept that E.L.K. will require time to consider the appropriate useful lives for its distribution assets and to determine the regulatory accounting changes for its depreciation expense and capitalization policies. During 2013, E.L.K., together with its accounting advisors, will determine appropriate depreciation rates taking into consideration the recent Kinectrics Report on useful lives and in addition will adjust its capitalization policy to be consistent with IFRS standards. The Parties have agreed that E.L.K. will use deferral account 1576 to record 2012 adjustments to PP&E once this has been completed. The difference in the December 31, 2012 rate base resulting from the application in 2012 of the new depreciation rates and changes in the capitalization policy will be recorded in account 1576. Subject to the Board’s approval of the new depreciation rates and changes in the capitalization policy, this amount will be disposed of as part of E.L.K.’s 2014 IRM rate application. In addition, the models used to support the rates set out in this proposed Settlement Agreement will be rerun to reflect the new depreciation rates and capitalization policy. The rates resulting from the rerun of the models will be used as the starting rates for the 2014 IRM rate application. Subject to these adjustments as part of E.L.K.’s 2014 IRM application, the Parties have accepted for the purposes of settlement depreciation/amortization expenses of \$965,061 for the 2012 Test Year.

4.3 Are the 2013 compensation costs and employee levels appropriate?

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 4, Tab 2, Schedules 1, 2 & 6 Board Staff IR #17, 23 AMPCO IR #17 Energy Probe #23 SEC IR #14,15 VECC IR #25

For the purpose of settlement, the Parties accept that E.L.K.’s forecasted 2012 Test Year compensation costs and employee levels may be affected by the overall reduction in 2012 Test Year OM&A discussed above in Section 4.1. All Parties accept for the purpose of settlement that the compensation costs and employee levels in the revised OM&A budget are appropriate.

4.4 Is the test year forecast of property taxes appropriate?

Status: **Complete Settlement**

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 2 & Exhibit 4

E.L.K. has included property taxes payable in the 2012 Test Year as part of OM&A expenses which have been agreed to by all Parties.

4.5 Is the test year forecast of PILs appropriate?

Status: **Complete Settlement**

Supporting Parties: E.L.K., Energy Probe, SEC, VECC

Evidence: Application: Exhibit 4, Tab 3
Exhibit 9, Tab 4, Schedule 3, Appendix 9-A to 9-R
Board Staff IR #40-46, 51

For the purpose of settlement, the parties accept E.L.K.'s 2012 Test Year PILs forecast as set out in Appendix F to this Settlement Agreement. Please see Appendix F – 2012 PILs (Updated), for additional details.

5. CAPITAL STRUCTURE AND COST OF CAPITAL

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 5, Tab 1 Board Staff IR #25 Energy Probe IR #29 Enwin IR #18,19

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

This Settlement Agreement has been prepared using the Board's Cost of Capital Parameters for ROE (9.12%) and short term debt (2.08%) for cost of service applications for rates effective May 1, 2012, issued on March 2, 2012. For the purposes of settlement, the Parties have agreed these rates will be applied for the May 1, 2013 implementation date. These rates will be incorporated into the Draft Rate Order to be prepared following the issuance of the Board's Decision on the Settlement Agreement. Long-term debt is addressed separately in Section 5.2.

Settlement Table #10: Deemed Capital Structure for 2013, below provides details of the above-noted parameters. Please also refer to Appendix G – 2013 Cost of Capital.

Settlement Table #10: Deemed Capital Structure for 2012

	Per Settlement Agreement			
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$ 6,901,772	2.71%	\$ 187,182
Short-term Debt	4.00%	\$ 492,984	2.08%	\$ 10,254
Total Debt	60.00%	\$ 7,394,756	2.67%	\$ 197,436
Equity				
Common Equity	40.00%	\$ 4,929,837	9.12%	\$ 449,601
Preferred Shares	0.00%	\$ -	0.00%	\$ -
Total Equity	40.00%	\$ 4,929,837	9.12%	\$ 449,601
Total	100.00%	\$ 12,324,593	5.25%	\$ 647,037

5.2 Is the proposed long term debt rate appropriate?

Status: Complete Settlement

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 5, Tab 1
Energy Probe IR #29
Enwin IR #18,19

For the purposes of settlement, the Parties accept E.L.K.'s long term debt rate of 2.71%. The calculation of the long term debt rate is set out in Appendix G to this Agreement. The Long Term Debt Rate of 2.71% is based on the weighted average of the Note Payable to the Shareholder of \$1,900,000 at the deemed rate of 4.41% and the TD Loan Payable at the actual rate of 2.136%

6. SMART METERS AND STRANDED METERS

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 9, Tab 4, Schedule 1 Board Staff IR # 51-54

For the purposes of settlement, the Parties accept E.L.K.'s proposed inclusion of smart meter costs in the 2012 revenue requirement as appropriate.

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 9, Tab 1, Schedule 1 Application: Exhibit 9, Tab 2, Schedule 1 , 2 & 3 Board Staff IR #32-39

For the purposes of settlement, the Parties accept that E.L.K.'s proposed disposition of the balances in variance accounts 1555 and 1556 is appropriate. With respect to the methodology for calculating smart meter-related riders, the Parties have agreed to the class specific smart meter rate riders set out in Settlement Table #11. The Parties have agreed that E.L.K. will recover the residual deferred smart meter revenue requirement over a one year period on the basis provided in the following Settlement Table #11.

Settlement Table #11: Smart Meter Actual Cost Recovery Rate Rider – SMDR

Smart Meter Actual Cost Recovery Rate Rider - SMDR			
Calculated by Rate Class			
	Total	Residential	GS < 50
ELK Smart Meter Unit Cost		\$ 77.13	\$ 150.77
Total number of meters installed	10,802	9,834	968
Smart Meter Cost	\$ 904,482	\$ 758,541	\$ 145,941
Allocation of Smart Meter Costs	100.00%	83.86%	16.14%
Allocation of Number of meters installed	100.00%	91.04%	8.96%
Total Return (deemed interest plus return on equity)	\$ 158,840	\$ 133,211	\$ 25,629
Amortization	\$ 145,651	\$ 122,150	\$ 23,501
OM&A	\$ 65,504	\$ 59,634	\$ 5,870
Total Before PILs	\$ 369,995	\$ 314,995	\$ 55,001
PILs	\$ 13,750	\$ 11,706	\$ 2,044
Carry Charge - Amort and OM&A	\$ 2,290	\$ 1,972	\$ 319
Total Revenue Requirement	\$ 386,036	\$ 328,672	\$ 57,363
Smart Meter Rate Adder Revenues	(\$471,572)	(\$429,313)	(\$42,259)
Total Carrying Charge	(\$14,168)	(\$12,899)	(\$1,270)
Smart Meter True-up	(\$99,705)	(\$113,540)	\$13,834
Metered Customers	11,238	10,023	1,214
Rate Rider to Recover Smart Meter Costs	(\$0.74)	(\$0.94)	\$0.95

6.3 Is the proposal related to Stranded Meters appropriate?

Status: **Complete Settlement**

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 9, Tab 4, Schedule 3
Board Staff IR #50
Technical Conference JT#1.2

For the purposes of settlement, the Parties accept the stranded meter net book value for the year ended December 31, 2011 of \$264,606 as presented in Settlement Table #12: Stranded Meter Customer Class Rate Rider, below. The Parties accept the proposal for recovery of the amount through a rate rider of \$1.47 per metered Residential customer per month, and a rate rider of \$5.99 per metered General Service < 50 kW customer per month through the allocation methodology presented below. E.L.K. will recover costs over a one year period, commencing May 1, 2013.

[illegible]

7. COST ALLOCATION

7.1 Is E.L.K.'s cost allocation appropriate?

Status: Complete Settlement

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 7
AMPCO IR#19,20
Energy Probe IR#32
Enwin IR #20
VECC IR#31

The Parties have agreed for the purposes of settlement that the revenue-to-cost ratios for the 2012 Test Year, reflecting the agreed-upon 2012 Test Year Revenue Requirement, will be as set out in Settlement Table #13: 2012 Test Year Revenue to Cost Ratios, below.

Settlement Table #13: 2012 Test Year Revenue to Cost Ratios

Class	Revenue Requirement - 2012 Cost Allocation Model	2012 Base Revenue Allocated based on Proportion of Revenue at Existing Rates	Miscellaneous Revenue Allocated from 2012 Cost Allocation Model	Total Revenue	Revenue Cost Ratio	Check Revenue Cost Ratios from 2012 Cost Allocation Model	Proposed Revenue to Cost Ratio
Residential	2,804,359	2,396,551	433,247	2,829,798	100.9%	100.9%	100.9%
GS < 50 kW	646,214	247,542	82,013	329,555	51.0%	51.0%	85.0%
GS >50	501,762	980,269	74,997	1,055,266	210.3%	210.3%	120.0%
Sentinel Lights	577	51	65	117	20.2%	20.2%	85.0%
Street Lighting	186,053	1,061	18,445	19,507	10.5%	10.5%	85.0%
USL	4,560	2,801	575	3,376	74.0%	74.0%	85.0%
Hydro One	172,524	59,969	18,462	78,431	45.5%	45.5%	100.0%
TOTAL	4,316,049	3,688,244	627,805	4,316,049	100.0%	100.0%	

Proposed Revenue	Miscellaneous Revenue	Proposed Base Revenue	Board Target Low	Board Target High
2,829,798	433,247	2,396,551	85%	115%
549,142	82,013	467,129	80%	120%
602,114	74,997	527,117	80%	120%
491	65	425	80%	120%
158,105	18,445	139,659	70%	120%
3,875	575	3,300	80%	120%
172,524	18,462	154,062	85%	115%
4,316,049	627,805	3,688,244		

Please see Appendix K – Cost Allocation Sheet O1 for additional information for the results of the updated cost allocation model reflecting the settlement proposal.

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

Status: Complete Settlement

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 7
AMPCO IR#20

For the purposes of settlement, the Parties have accepted the revenue-to-cost ratios for the 2012 Test Year, as set out under issue 7.1, above, and that no further adjustments will be required from 2014-2016 as part of this Agreement. The Parties acknowledge that E.L.K.'s revenue to cost ratios remain subject to further Board policy changes of general application over this period.

8. RATE DESIGN

8.1 Are the fixed-variable splits and Low Volatge (LV) for each class appropriate?

Status: Complete Settlement

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 8, Tab 1, Schedule 1
VECC IR #32 (fixed-variable split)
Undertaking JT1.10 (LV rates)

For the purposes of settlement, the Parties accept the current fixed-variable splits for each class presented in Settlement Table #14: Fixed Charge Analysis, below.

Settlement Table #14: Fixed Charge Analysis

Customer Class	Current Volumetric Split	Current Fixed Charge Spilt	Total	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	2011 Rates From OEB Approved Tariff	Minimum System with PLCC Adjustment (Ceiling Fixed Charge From Cost Allocation Model)
Residential	36.16%	63.84%	100.00%	12.72	11.13	14.92
GS < 50 kW	25.58%	74.42%	100.00%	23.85	11.06	14.97
GS >50	42.29%	57.71%	100.00%	271.22	441.33	120.00
Sentinel Lights	25.22%	74.78%	100.00%	3.79	0.40	6.84
Street Lighting	63.80%	36.20%	100.00%	1.50	0.01	5.51
USL	13.11%	86.89%	100.00%	7.46	5.54	8.34
Hydro One	22.94%	77.06%	100.00%	2,473.48	842.45	65.41
TOTAL						

The parties agree the monthly service charge for all classes, except for the GS>50 to 4,999 kW class and the Hydro One class, would be the lesser of the monthly service charge using the current fixed/variable split or the ceiling fixed charge from the cost allocation model. However, the monthly service charge for the GS>50 to 4,999 kW class would be set at \$195.61, which is the average of the monthly service charge using the current fixed/variable split and the ceiling fixed charge from the cost allocation model. The monthly service charge Hydro One class will be set at \$2,473.48, which maintains the current fixed/variable split for that class. The fixed and variable rates are set out in Settlement Table #15: 2013

Base Revenue Distribution Rates, below. Appendix M also provides a reconciliation to show that the proposed fixed and variable rates will recover the base revenue requirement.

Settlement Table #15: 2012 Base Revenue Distribution Rates

Customer Class	Total Net Rev. Requirement	Rev Requirement %	Proposed Fixed Rate	Resulting Variable Rate
Residential	2,396,551	64.98%	12.72	\$0.0090
GS < 50 kW	467,129	12.67%	14.97	\$0.0076
GS >50	527,117	14.29%	195.61	\$1.8515
Sentinel Lights	425	0.01%	3.79	\$7.1055
Street Lighting	139,659	3.79%	1.50	\$14.6485
USL	3,300	0.09%	7.46	\$0.0023
Hydro One	154,062	4.18%	2,473.48	\$0.3679
TOTAL	3,688,244	100%		

For the purposes of settlement, the parties accept the LV rates set out in Appendix N.

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

Status: **Complete Settlement**

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 8, Tab 1, Schedule 2

For the purposes of settlement the Parties have agreed to the following Retail Transmission Service Rates (“RTSRs”), as proposed in the original application and are appropriate, and are as set out in Settlement Table #16: RTSR Network and RTSR Connection Rates, below.

Settlement Table #16: RTSR Network and RTSR Connection Rates

Rate Class	Unit	Proposed RTSR Network	Proposed RTSR Connecti on
Residential	kWh	\$ 0.0058	\$ 0.0046
General Service Less Than 50 kW	kWh	\$ 0.0052	\$ 0.0042
General Service 50 to 4,999 kW	kW	\$ 2.1567	\$ 1.6581
Unmetered Scattered Load	kWh	\$ 0.0052	\$ 0.0042
Sentinel Lighting	kW	\$ 1.6349	\$ 1.3096
Street Lighting	kW	\$ 1.6266	\$ 1.2827

8.3 Are the proposed loss factors appropriate?

Status: **Complete Settlement**

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 8, Tab 1, Schedule 3
Board Staff IR#29

For the purposes of settlement, the Parties accept the Distribution Loss Factor of 1.045 calculated using a 5 year average for the period 2007 to 2011 inclusive as shown in Settlement Table #17: Loss Factors, below.

When the Supply Facility Loss Factor of 1.034 is applied to the Distribution Loss Factor the resulting Total Loss Factor for secondary metered customers is 1.081 as shown in Settlement Table #17: Loss Factors, below:

Settlement Table #17: Loss Factors

		Historical Years					5-Year Average
		2007	2008	2009	2010	2011	
	Losses Within Distributor's System						
A(1)	"Wholesale" kWh delivered to distributor (higher value)	271,076,220	262,640,600	248,858,578	261,284,908	255,035,715	259,779,204
A(2)	"Wholesale" kWh delivered to distributor (lower value)	262,162,689	254,004,449	240,675,608	252,693,334	246,649,628	251,237,141
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)						0
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	262,162,689	254,004,449	240,675,608	252,693,334	246,649,628	251,237,141
D	"Retail" kWh delivered by distributor	253,561,025	244,708,081	229,809,479	235,427,525	238,556,765	240,412,575
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)						0
F	Net "Retail" kWh delivered by distributor = D - E	253,561,025	244,708,081	229,809,479	235,427,525	238,556,765	240,412,575
G	Loss Factor in Distributor's system = C / F	1.034	1.038	1.047	1.073	1.034	1.045
Losses Upstream of Distributor's System							
H	Supply Facilities Loss Factor	1.034	1.034	1.034	1.034	1.034	1.034
Total Losses							
I	Total Loss Factor = G x H	1.069	1.073	1.083	1.110	1.069	1.081

9. LOST REVENUE ADJUSTMENT MECHANISM

9.1 Is the proposal related to LRAM appropriate?

Status: **Complete Settlement**

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 8, Tab 1, Schedule 4
Board Staff IR #30
VECC IR #36,37

For the purposes of settlement, the Parties accept the Applicant's proposal related to LRAM and the LRAM rate riders set out in the following Settlement Table #18 – 2012 Test Year - LRAM.

Settlement Table #18: 2012 Test Year – LRAM

2012 Test Year - LRAM				
Rate Class	Amounts	Billing Units (2012)		Rate Riders
	LRAM			LRAM
	\$		Metrics	\$/unit (kWh or kW)
Residential	63,866	95,979,438	kWh	0.0007
General Service < 50 kW	5,210	32,594,962	kWh	0.0002
General Service 50 to 4,999 kW	11,458	214,067	kW	0.0535
Total	80,535			

10. DEFERRAL AND VARIANCE ACCOUNTS

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

Status:	Complete Settlement
Supporting Parties:	E.L.K., AMPCO, Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 9 Board Staff IR #32-39

For the purposes of settlement, the Parties have agreed to the disposition of 50% of all Group 1 and Group 2 account balances as set out in Board Staff IR #39 (d) over the 12 month period commencing on the effective date of the Rate Order arising out of this proceeding. The Parties note that Account 1562 is being addressed separately in this Settlement Agreement for the reasons discussed below. The Parties have agreed that the amounts remaining for disposition will be determined through a suitable audit process. In this regard, the Parties respectfully request that the Board direct the Regulatory Accounting and Audit branch of the Board to conduct an audit of E.L.K.'s Group 1 and Group 2 account balances at a time that is mutually acceptable to E.L.K. and the Board. The Parties have agreed that the results of the audit would be addressed by E.L.K. in its 2014 IRM rate adjustment application, the intention being that the Board would determine the final outstanding amounts to be authorized for disposition commencing May 1, 2014.

The Parties have agreed for the purposes of settlement that the cost allocation methodology as presented in the evidence cited above is appropriate.

With respect to the disposition of balance in Account 1562 (Deferred Payment in Lieu of Taxes), E.L.K. had originally calculated this balance as \$40,047 recoverable from customers. In discussions with Board Staff, it appears that the balance may actually be an amount of \$751,938 payable to customers. The Parties have agreed for the purpose of settlement to the payment to customers of 50% of the \$751,938 over a 36 month period commencing on the effective date of the rate order arising out of this proceeding. The Parties respectfully request that E.L.K. be allowed the proper time to review and analyze all activity

in this account and subsequently to undergo a regulatory audit or other detailed review of this account by the Board if the Board determines such an audit or detailed review is required. The Parties have agreed that the results of this review by E.L.K. or the Board, or a regulatory audit by the Board, would be addressed by E.L.K. in its 2014 IRM rate adjustment application, the intention being that the Board would then determine the final outstanding amounts to be authorized for disposition, commencing May 1, 2014 and the appropriate disposition period would then be addressed.

The Parties have also agreed for the purposes of settlement that E.L.K. will credit its customers for 50% of its gain on the disposition of the Kingsville Satellite location. As no disposition has yet taken place, the Parties have agreed that E.L.K. will track the gain, if any, on the disposition of the property and that E.L.K. will include the 50% of that amount for disposition at its next Cost of Service application.

Settlement Table #19: Group 1 & Group 2 Deferral and Variance Accounts, below summarizes the Parties' agreement with respect to the disposal of the balances of the accounts:

Settlement Table #19: Group 1 & Group 2 Deferral and Variance Accounts

Account Description	Account Number	Total Claim	50% Disposal Per Settlement	Final Settlement Amount	
Group 1 Accounts					
LV Variance Account	1550	(38,329)	(19,165)	(19,165)	
RSVA- Wholesale Market Service Charge	1580	(531,905)	(265,953)	(265,953)	
RSVA- Retail Transmission Network Charge	1584	(73,138)	(36,569)	(36,569)	
RSVA- Retail Transmission Connection Charge	1586	(155,983)	(77,992)	(77,992)	
RSVA- Power (excluding Global Adjustment)	1588	(3,257,593)	(1,628,797)	(1,628,797)	
RSVA- Power - Sub Account- Global Adjustment	1588	3,506,704	1,753,352	1,753,352	
Disposition and Recovery/Refund of Regulatory Balances	1595	(102,206)	(51,103)	(51,103)	
Subtotals		(652,450)	(326,225)	(326,225)	
Group 2 Accounts					
Other Regulatory Assets	1508	129,702	64,851	64,851	
Misc Deferred Debits	1525	3,276	1,638	1,638	
Differed Payments in Lieu of Taxes (50% over 3 years)	1562	(751,938)	(375,969)	(125,323)	
Input Tax Credit	1592	(567)	(284)	(284)	
Special Purpose Charge	1521	21,085	10,543	10,543	
Subtotals		(598,442)	(299,221)	(48,575)	

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

Status: Complete Settlement

Supporting Parties: E.L.K., AMPCO, Energy Probe, SEC, VECC

Evidence: Application: Exhibit 9

For the purposes of settlement, the Parties accept the proposed rate riders to dispose of those account balances that are the subject of disposition at this time. The Parties have agreed to a disposition period of 12 months. The Parties' acceptance of a 12 month recovery on 50% of the DVA balances (as currently calculated, subject to revision following the audit discussed above), except for PILs account balance will allow E.L.K. to maintain an appropriate cash flow position through recovery of outstanding amounts from its customers. As noted in section 9.1 above, the Parties have agreed for the purposes of settlement that

the disposition period for \$375,969, being 50% of \$751,938, will be 50% over three years, commencing May 1, 2013, with the balance and disposition period to be determined following an appropriate audit and in conjunction with E.L.K.'s 2014 IRM Application.

Settlement Table #20: Deferral and Variance Account Disposition Balances below reflects the disposition of 50% of the balances of the Group 1 and 2 Accounts.

Settlement Table #20: Deferral and Variance Account Disposition Balances

Deferral and Variance Accounts:	Amount	ALLOCATOR	Residential	GS < 50 kW	GS > 50 kW	Embedded Distributor	USL	Senitnel Lighting	Street Lighting	Total
LV Variance - Account 1550	\$ (19,165)	kWh	\$ (7,643)	\$ (2,596)	\$ (5,309)	\$ (3,424)	\$ (15)	\$ (0)	\$ (177)	\$ (19,165)
WMSC - Account 1580	\$ (265,952)	kWh	\$ (106,067)	\$ (36,021)	\$ (73,675)	\$ (47,516)	\$ (209)	\$ (6)	\$ (2,459)	\$ (265,952)
Network - Account 1584	\$ (36,569)	kWh	\$ (14,584)	\$ (4,953)	\$ (10,130)	\$ (6,533)	\$ (29)	\$ (1)	\$ (338)	\$ (36,569)
Connection - Account 1586	\$ (77,992)	kWh	\$ (31,105)	\$ (10,563)	\$ (21,606)	\$ (13,934)	\$ (61)	\$ (2)	\$ (721)	\$ (77,992)
Power Non GA - Account 1588	\$ (1,628,797)	kWh	\$ (649,596)	\$ (220,605)	\$ (451,214)	\$ (291,005)	\$ (1,279)	\$ (38)	\$ (15,060)	\$ (1,628,797)
Power GA - Account 1588	\$ 1,753,352	Non RPP kWh	\$ 198,647	\$ 44,974	\$ 883,082	\$ 593,263	\$ 2,608	\$ 77	\$ 30,701	\$ 1,753,352
Disposition and Recovery/Refund of Regulatory Balancesm- 1595	\$ (51,103)	2010 cost	\$ 25,525	\$ (4,933)	\$ (71,138)	\$ -	\$ 318	\$ 442	\$ (1,317)	\$ (51,103)
Subtotal - RSVA	\$ (326,225)		\$ (584,823)	\$ (234,697)	\$ 250,009	\$ 230,851	\$ 1,333	\$ 472	\$ 10,630	\$ (326,225)
Other Regulatory Assets - Acct 1508	\$ 64,851	# of Customers	\$ 57,144	\$ 6,924	\$ 533	\$ 23	\$ 183	\$ 11	\$ 34	\$ 64,851
Misc Deferred Debits - Acct 1525	\$ 1,638	# of Customers	\$ 1,443	\$ 175	\$ 13	\$ 1	\$ 5	\$ 0	\$ 1	\$ 1,638
Differed Payments in Lieu of Taxes - 15	\$ (125,323)	Dx Revenue	\$ (81,433)	\$ (8,411)	\$ (33,309)	\$ (2,038)	\$ (95)	\$ (2)	\$ (36)	\$ (125,323)
Input Tax Credit - 1592	\$ (284)	# of Customers	\$ (250)	\$ (30)	\$ (2)	\$ (0)	\$ (1)	\$ (0)	\$ (0)	\$ (284)
Special Purpose Charge -1521	\$ 10,543	kWh	\$ 4,205	\$ 1,428	\$ 2,921	\$ 1,884	\$ 8	\$ 0	\$ 97	\$ 10,543
Subtotal - Non RSVA, Variable	\$ (48,574)		\$ (18,891)	\$ 85	\$ (29,844)	\$ (131)	\$ 100	\$ 10	\$ 96	\$ (48,574)
Total to be Recovered	\$ (374,800)		\$ (603,713)	\$ (234,612)	\$ 220,165	\$ 230,720	\$ 1,432	\$ 482	\$ 10,726	\$ (374,800)
Balance to be collected or refunded, Var	\$ (2,002,828)		\$ (720,928)	\$ (271,174)	\$ (629,608)	\$ (360,506)	\$ (1,080)	\$ 407	\$ (19,939)	\$ (2,002,828)
Balance to be collected or refunded, Non RPP Variable	\$ 1,753,352		\$ 198,647	\$ 44,974	\$ 883,082	\$ 593,263	\$ 2,608	\$ 77	\$ 30,701	\$ 1,753,352
Balance to be collected or refunded, 15	\$ (125,323)		\$ (81,433)	\$ (8,411)	\$ (33,309)	\$ (2,038)	\$ (95)	\$ (2)	\$ (36)	\$ (125,323)
Total	\$ (374,800)		\$ (522,281)	\$ (226,200)	\$ 253,474	\$ 232,758	\$ 1,528	\$ 484	\$ 10,762	\$ (249,477)

Settlement Table #21: Deferral and Variance Account Disposition Rate Riders below reflects the rate riders for the disposition of 50% Deferral and Variance account balances (as currently calculated, subject to revision following the audit discussed above) over a 12 month period and the Account 1562 balance (again, as currently calculated, subject to revision following the audit discussed above) over a period of 36 months.

Settlement Table #21: Deferral and Variance Account Disposition Rate Riders

Rate Rider Calculation for Deferral / Variance Accounts Balances including Global Adj & PILs.

Class	Residential	GS < 50 kW	GS > 50 kW	Embedded Distributor	USL	Senitnel Lighting	Street Lighting
Deferral and Variance Account Rate Riders (effective until April 30, 2014)	\$ (0.0075)	\$ (0.0083)	\$ (2.9412)	\$ (3.7534)	\$(0.0057)	\$26.9698	\$(3.2780)
Billing Determinants	kWh	kWh	kW	kW	kWh	kW	kW
Deferral and Variance Account Rate Riders Non RPP - GA Rate Rider (effective until April 30, 2014)	\$ 0.0138	\$ 0.0138	\$ 4.2971	\$ 6.1767	\$ 0.0138	\$ 5.0873	\$ 5.0472
Billing Determinants	kWh	kWh	kW	kW	kWh	kW	kW
Rate Rider for Deferred PILs Variance Account 1562 Disposition (effective until April 30, 2016)	\$ (0.0008)	\$ (0.0003)	\$ (0.1556)	\$ (0.0212)	\$(0.0005)	\$ (0.1156)	\$(0.0059)
Billing Determinants	kWh	kWh	kW	kW	kWh	kW	kW

11. GREEN ENERGY ACT PLAN

11.1 Is E.L.K.'s Green Energy Act Plan, including the Smart Grid component of the plan appropriate?

Status:	Complete Settlement
Supporting Parties:	E.L.K., Energy Probe, SEC, VECC
Evidence:	Application: Exhibit 2, Tab 1, Appendix 2-B Board Staff IR#7-10

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

The 2012 Cost of Service Rate Application does not include any rate riders, capital expenditures, or OM&A costs relating to the Green Energy Act.

Appendix A – Summary of Significant Changes

2012 Rate Base

- Reduced computer software capital additions by \$18,000 to exclude web presentment software as per response to AMPCO 8 b)
- Reduced tools, shop and garage equipment capital additions by \$12,500 as per response to AMPCO 8 c)
- Reduced underground conduit, underground conductors and devices, line transformers, services and meters capital additions by \$87,470 to reflect the Jakana Phase 3 project not being in service by the end of 2012 and 25% of \$220,703 (\$55,175.75) which reflects that 25% of the Viscount Estates project not being in service by the end of 2012. These projects were referenced in response to Energy Probe 9 e) and f) and settlement proposal.
- Reduced transportation capital additions by \$89,250 as per response to Energy Probe 9 g)
- The CCA Continuity 2012 was updated to reflect the changes in the bullet points above.
- Reduced capital contribution associated with Jakana Phase 3 project by \$55,000.
- Working Capital Allowance rate moved from 15% to 12% as per settlement agreement.
- Depreciation of standard meters calculated at \$39,839 resulting in a net book value of stranded meters of \$264,606 through the settlement process. The parties have further agreed to recovery of the Stranded Meter Net Book Value through Rate Riders in the amount of \$1.47 value per metered Residential customer, per month and \$5.99 value per General Service < 50 kW customer, per month over a one year period, as discussed in Section 6.1, above.

2012 Load Forecast

- As per response to Board Staff #11

2012 Other Revenue

- Removed OPA Profit of \$52,250 per settlement agreement

2012 OM&A

- Reduced by \$7,500 to exclude the IFRS transition costs.
- Reduced by \$150,000 per settlement agreement

Deferral and Variance Accounts

- Disposition of 50% of all Group 1 and Group 2 account balances over the 12 month period commencing on the effective date of the Rate Order arising out of this proceeding.

- Adjusted 1562 PILS account amount from \$40,047 receivable to \$751,938 refundable back to the customer (as discussed in the Settlement Proposal, this amount is as currently calculated, and is subject to revision following the audit discussed above. Disposition of 50% over three years, commencing May 1, 2013, with the balance and disposition period to be determined following an appropriate audit and in conjunction with E.L.K.'s 2014 IRM Application

Appendix B – 2012 Continuity Table

CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance
N/A	1805	Land	2,112			2,112	0			0
CEC	1806	Land Rights	0			0	0			0
47	1808	Buildings and Fixtures	0			0	0			0
13	1810	Leasehold Improvements	0			0	0			0
47	1815	Transformer Station Equipment - Normally Prime	0			0	0			0
47	1820	Distribution Station Equipment - Normally Prime	142,098			142,098	140,952	62		141,014
47	1825	Storage Battery Equipment	0			0	0			0
47	1830	Poles, Towers and Fixtures	888,856	21,000		909,856	197,610	35,984		233,594
47	1835	Overhead Conductors and Devices	6,275,032	47,000		6,322,032	4,306,416	246,825		4,553,241
47	1840	Underground Conduit	1,251,541	180,675		1,432,216	243,930	53,680		297,610
47	1845	Underground Conductors and Devices	7,246,963	445,425		7,692,427	4,537,675	281,601		4,819,273
47	1850	Line Transformers	5,511,324	355,968		5,867,292	3,331,320	198,833		3,530,153
47	1855	Services	699,828	82,486		782,314	137,902	29,652		167,555
47	1860	Meters	514,261	19,040		533,301	67,207	9,590		76,797
47	1860	Meters (Smart Meters)	1,574,204			1,574,204	137,875	105,478		243,354
N/A	1865	Other Installations on Customer's Premises	0			0	0			0
N/A	1905	Land	171,765			171,765	0			0
CEC	1906	Land Rights	2,945			2,945	2,725			2,725
47	1908	Buildings and Fixtures	661,840	14,500		676,340	332,118	14,574		346,691
13	1910	Leasehold Improvements	0			0	0			0
8	1915	Office Furniture and Equipment	242,909	2,500		245,409	204,575	7,102		211,677
10	1920	Computer Equipment - Hardware	360,968	5,000		365,968	347,322	11,688		359,010
12	1925	Computer Software	265,646	1,000		266,646	202,137	41,389		243,527
10	1930	Transportation Equipment	1,886,565	0		1,886,565	1,562,244	83,137		1,645,381
8	1935	Stores Equipment	0			0	0			0
8	1940	Tools, Shop and Garage Equipment	365,317	12,500		377,817	306,443	13,284		319,727
8	1945	Measurement and Testing Equipment	0			0	0			0
8	1950	Power Operated Equipment	0			0	0			0
8	1955	Communication Equipment	35,831			35,831	23,199	1,545		24,744
8	1955	Communication Equipment (Smart Meters)	0			0	0			0
8	1960	Miscellaneous Equipment	0			0	0			0
47	1970	Load Management Controls - Customer Premises	0			0	0			0
47	1975	Load Management Controls - Utility Premises	0			0	0			0
47	1980	System Supervisory Equipment	0			0	0			0
47	1985	Sentinel Lighting Rentals	0			0	0			0
47	1990	Other Tangible Property	0			0	0			0
47	1995	Contributions and Grants	(3,871,421)	(648,250)		(4,519,671)	(1,064,210)	(169,374)		(1,233,584)
2005		Property under Capital Lease	0			0	0			0
		Total before Work in Process	24,228,613	538,853	0	24,767,466	15,017,437	965,051	0	15,982,488
WIP		Work in Process	0			0	0			0
		Total after Work in Process	24,228,613	538,853	0	24,767,466	15,017,437	965,051	0	15,982,488
						24,498,040	Less: Fully Allocated Depreciation			
	1925	Transportation					Transportation			
	1930	Stores Equipment					Communication			
							Net Depreciation			
							965,051			

Appendix C – Cost of Power Calculation (Updated)

2012 Load Forecast	kWh	kW	2011 %RPP		
Residential	95,979,438		85%		
General Service < 50 kW	32,594,962		90%		
General Service 50 to 4,999 kW	66,668,106	214,067	4%		
Street Lighting	2,225,084	6,083	0%		
Sentinel Lighting	5,564	15	0%		
Unmetered Scattered Load	188,991		0%		
Hydro One	42,996,782	96,049	0%		
TOTAL	240,658,928	316,213			
Electricity - Commodity RPP	2012 Forecasted	2012 Loss Factor	2012		
Class per Load Forecast RPP					
Residential	81,582,522	1.0791	88,035,700	\$0.08069	\$7,103,601
General Service < 50 kW	29,335,465	1.0791	31,655,901	\$0.08069	\$2,554,315
General Service 50 to 4,999 kW	2,666,724	1.0791	2,877,662	\$0.08069	\$232,199
Street Lighting	0	1.0791	0	\$0.08069	\$0
Sentinel Lighting	0	1.0791	0	\$0.08069	\$0
Unmetered Scattered Load	0	1.0791	0	\$0.08069	\$0
Hydro One	0	1.0791	0	\$0.08069	\$0
TOTAL	113,584,712		122,569,263		\$9,890,114
Electricity - Commodity Non-RPP	2012 Forecasted	2012 Loss Factor	2012		
Class per Load Forecast					
Residential	14,396,916	1.0791	15,535,712	\$0.07877	\$1,223,748
General Service < 50 kW	3,259,496	1.0791	3,517,322	\$0.07877	\$277,059
General Service 50 to 4,999 kW	64,001,382	1.0791	69,063,891	\$0.07877	\$5,440,163
Street Lighting	2,225,084	1.0791	2,401,088	\$0.07877	\$189,134
Sentinel Lighting	5,564	1.0791	6,004	\$0.07877	\$473
Unmetered Scattered Load	188,991	1.0791	203,941	\$0.07877	\$16,064
Hydro One	42,996,782	1.0791	46,397,828	\$0.07877	\$3,654,757
TOTAL	127,074,216		90,727,959		\$10,801,398
Transmission - Network		Volume Metric	2012		
Class per Load Forecast					
Residential		kWh	103,571,412	\$0.0058	\$599,520
General Service < 50 kW		kWh	35,173,223	\$0.0052	\$182,168
General Service 50 to 4,999 kW		kW	214,067	\$2.1567	\$461,670
Street Lighting		kW	6,083	\$1.6266	\$9,894
Sentinel Lighting		kW	15	\$1.6266	\$25
Unmetered Scattered Load		kWh	203,941	\$0.0052	\$1,056
Hydro One		kW	96,049	\$2.1567	\$207,144
TOTAL					\$1,461,477

<u>Transmission - Connection</u>		Volume			
Class per Load Forecast		Metric		2012	
Residential		kWh	103,571,412	\$0.0046	\$475,778
General Service < 50 kW		kWh	35,173,223	\$0.0042	\$147,214
General Service 50 to 4,999 kW		kW	214,067	\$1.6581	\$354,950
Street Lighting		kW	6,083	\$1.2827	\$7,802
Sentinel Lighting		kW	15	\$1.3096	\$20
Unmetered Scattered Load		kWh	203,941	\$0.0042	\$854
Hydro One		kW	96,049	\$1.6581	\$159,261
TOTAL					\$1,145,878
<u>Wholesale Market Service</u>					
Class per Load Forecast				2012	
Residential			103,571,412	\$0.0052	\$538,571
General Service < 50 kW			35,173,223	\$0.0052	\$182,901
General Service 50 to 4,999 kW			71,941,554	\$0.0052	\$374,096
Street Lighting			2,401,088	\$0.0052	\$12,486
Sentinel Lighting			6,004	\$0.0052	\$31
Unmetered Scattered Load			203,941	\$0.0052	\$1,060
Hydro One			46,397,828	\$0.0052	\$241,269
TOTAL			259,695,049		\$1,350,414
<u>Rural Rate Assistance</u>					
Class per Load Forecast				2012	
Residential			103,571,412	\$0.0011	\$113,929
General Service < 50 kW			35,173,223	\$0.0011	\$38,691
General Service 50 to 4,999 kW			71,941,554	\$0.0011	\$79,136
Street Lighting			2,401,088	\$0.0011	\$2,641
Sentinel Lighting			6,004	\$0.0011	\$7
Unmetered Scattered Load			203,941	\$0.0011	\$224
Hydro One			46,397,828	\$0.0011	\$51,038
TOTAL			259,695,049		\$285,665
	2012				
4705-Power Purchased	\$20,691,512				
4708-Charges-WMS	\$1,350,414				
4714-Charges-NW	\$1,461,477				
4716-Charges-CN	\$1,145,878				
4720-Other Expenses	\$26,599				
4730-Rural Rate Assistance	\$285,665				
4750-Low Voltage	\$287,404				
TOTAL	25,248,949				

Appendix D – 2012 Customer Load Forecast (Updated)

	2004 Actual	2005 Actual	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Weather Normal
Actual kWh Purchases	195,862,723	208,079,760	213,838,930	271,076,220	262,640,600	248,858,578	261,284,908	255,035,715	
Predicted kWh Purchases	195,508,416	213,745,834	211,598,040	269,111,681	263,658,970	246,491,382	253,504,114	263,058,997	263,174,825
% Difference	-0.2%	2.7%	-1.0%	-0.7%	0.4%	-1.0%	-3.0%	3.1%	
Billed kWh	179,298,067	186,343,673	198,488,138	253,561,025	244,708,081	229,809,479	235,427,525	238,556,765	240,658,928
By Class									
Residential									
Customers	9,311	9,413	9,497	9,581	9,629	9,741	9,871	9,932	10,023
kWh	89,513,544	97,150,870	91,182,112	93,919,803	91,598,924	89,480,942	94,261,084	91,775,630	95,979,438
GS<50									
Customers	1,060	1,071	1,081	1,090	1,096	1,122	1,167	1,194	1,214
kWh	26,488,710	28,551,858	27,522,033	27,486,362	27,305,136	27,046,725	27,843,390	30,635,475	32,594,962
GS>50									
Customers	106	107	108	109	110	113	108	95	93
kWh	60,862,095	58,176,696	77,078,801	70,538,573	71,763,589	63,032,184	65,599,183	64,324,224	66,668,106
kW	225,707	200,773	241,321	218,225	209,583	207,445	200,283	195,461	214,067
Streetlights									
Customers	2,709	2,736	2,745	2,754	2,763	2,772	2,781	2,790	2,801
kWh	2,254,100	2,301,306	2,249,665	2,409,618	2,296,059	2,082,393	2,409,951	2,245,234	2,225,084
kW	6,302	6,403	5,910	6,521	6,487	5,754	6,759	5,760	6,083
Unmetered Scattered Load									
Connections	36	36	35	35	34	34	34	33	32
kWh	0	0	267,964	428,118	293,947	285,456	275,513	201,696	188,991
Sentinel Lights									
Connections	138	127	105	83	61	39	18	7	7
kWh	179,618	162,943	187,563	182,802	93,339	50,856	18,863	5,962	5,564
kW	505	450	496	498	265	143	52	14	15
Hydro One									
Connections				4	4	4	4	4	4
kWh				58,595,749	51,357,088	47,830,923	45,019,542	49,368,544	42,996,782
kW				115,967	112,771	109,952	107,517	113,911	96,049
Total of Above									
Customer/Connections	13,361	13,490	13,571	13,656	13,697	13,823	13,981	14,054	14,176
kWh	179,298,067	186,343,673	198,488,138	253,561,025	244,708,081	229,809,479	235,427,525	238,556,765	240,658,928
kW from applicable classes	232,514	207,626	247,727	341,211	329,106	323,294	314,610	315,146	316,213

Appendix E – 2012 Other Revenue (Updated)

2012 Other Revenue- Settlement Values

Revenue Offset Schedule				
OEB	Account Description	ProjAmt	OffsetPct	OffsetAmt
4082	4082-RS Rev	(21,718)	100%	-21,718
4084	4084-Serv Tx Requests	(587)	100%	-587
4210	4210-Rent from Electric Property	(50,000)	100%	-50,000
4225	4225-Late Payment Charges	(130,000)	100%	-130,000
4235	4235-Miscellaneous Service Revenues	(66,000)	100%	-66,000
4330	4330-Costs and Expenses of Merchandising, Jobbing, Etc	6,500	100%	6,500
4355	4355-Gain on Disposition of Utility and Other Property	(21,000)	100%	-21,000
4375	4375-Revenues from Non-Utility Operations	(413,000)	100%	-413,000
4380	4380-Expenses of Non-Utility Operations	145,000	100%	145,000
4405	4405-Interest and Dividend Income	(77,000)	100%	-77,000
Total Revenue Offsets				-627,805

Appendix F – 2013 PILS (Updated)

2012 PILs Schedule			2012 Total Taxes	
Description	Source or Input	Tax Payable	Description	Tax Payable
Accounting Income	12' Rev Def	681,553	Total PILs	231,952
Tax Adj to Accounting Income	12' Rev Def	367,158	Net Capital Tax Payable	-
Taxable Income		1,048,711	PILs including Capital Taxes	231,952
Combined Income Tax Rate	PILs Rates	22.118%		
Total Income Taxes		231,952		
Investment Tax Credits				
Apprentice Tax Credits				
Other Tax Credits		-		
Total PILs		231,952		

Long Term Debt								
	Debt Holder	Affiliated with LDC?	Date of Issuance	Principal	Term (Years)	Rate%	Year Applied to	Interest Cost
Long Term Debt	Town of Essex	Y		1,900,000		4.41%	2012	83,790
Long Term Debt	TD Bank	N		5,600,000		2.14%	2012	119,616
								0
								0
								0
								0
								0
								0
								0
								0
2006 Total Long Term Debt				0	Total Interest Cost for 2006			0
					Weighted Debt Cost Rate for 2006			7.25%
2007 Total Long Term Debt				0	Total Interest Cost for 2007			0
					Weighted Debt Cost Rate for 2007			7.25%
2008 Total Long Term Debt				0	Total Interest Cost for 2008			0
					Weighted Debt Cost Rate for 2008			7.25%
2009 Total Long Term Debt				0	Total Interest Cost for 2009			0
					Weighted Debt Cost Rate for 2009			7.25%
2010 Total Long Term Debt				0	Total Interest Cost for 2010			0
					Weighted Debt Cost Rate for 2010			7.25%
2011 Total Long Term Debt				0	Total Interest Cost for 2011			0
					Weighted Debt Cost Rate for 2011			7.25%
2012 Total Long Term Debt				7,500,000	Total Interest Cost for 2012			203,406
					Weighted Debt Cost Rate for 2012			2.71%

	Per Settlement Agreement			
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$ 6,901,772	2.71%	\$ 187,182
Short-term Debt	4.00%	\$ 492,984	2.08%	\$ 10,254
Total Debt	60.00%	\$ 7,394,756	2.67%	\$ 197,436
Equity				
Common Equity	40.00%	\$ 4,929,837	9.12%	\$ 449,601
Preferred Shares	0.00%	\$ -	0.00%	\$ -
Total Equity	40.00%	\$ 4,929,837	9.12%	\$ 449,601
Total	100.00%	\$ 12,324,593	5.25%	\$ 647,037

Appendix H – 2013 Revenue Deficiency (Updated)

Description	2012 Test Existing Rates	2012 Test - Required Revenue
Revenue		
Revenue Deficiency		461,055
Distribution Revenue	3,227,189	3,227,189
Other Operating Revenue (Net)	627,805	627,805
Total Revenue	3,854,994	4,316,049
Costs and Expenses		
Administrative & General, Billing & Collecting	1,702,972	1,702,972
Operation & Maintenance	746,000	746,000
Depreciation & Amortization	965,051	965,051
Property Taxes	23,000	23,000
Other - LEAP program	38	38
Capital Taxes	0	0
Deemed Interest	197,436	197,436
Total Costs and Expenses	3,634,496	3,634,496
Less OCT Included Above	0	0
Total Costs and Expenses Net of OCT	3,634,496	3,634,496
Utility Income Before Income Taxes	220,498	681,553
Income Taxes:		
Corporate Income Taxes	129,977	231,952
Total Income Taxes	129,977	231,952
Utility Net Income	90,521	449,601
Capital Tax Expense Calculation:		
Total Rate Base	12,324,592	12,324,592
Exemption	0	0
Deemed Taxable Capital	12,324,592	12,324,592
Ontario Capital Tax	0	0
Income Tax Expense Calculation:		
Accounting Income	220,498	681,553
Tax Adjustments to Accounting Income	367,158	367,158
Taxable Income	587,655	1,048,711
Income Tax Expense	129,977	231,952
Tax Rate Reflecting Tax Credits	22.12%	22.12%
Actual Return on Rate Base:		
Rate Base	12,324,592	12,324,592
Interest Expense	197,436	197,436
Net Income	90,521	449,601
Total Actual Return on Rate Base	287,957	647,037
Actual Return on Rate Base	2.34%	5.25%
Required Return on Rate Base:		
Rate Base	12,324,592	12,324,592
Return Rates:		
Return on Debt (Weighted)	2.67%	2.67%
Return on Equity	9.12%	9.12%
Deemed Interest Expense	197,436	197,436
Return On Equity	449,601	449,601
Total Return	647,037	647,037
Expected Return on Rate Base	5.25%	5.25%
Revenue Deficiency After Tax	359,080	(0)
Revenue Deficiency Before Tax	461,055	(0)

Tax Exhibit	2012
Deemed Utility Income	449,601
Tax Adjustments to Accounting Income	367,158
Taxable Income prior to adjusting revenue to PILs	816,759
Tax Rate	22.12%
Total PILs before gross up	180,649
Grossed up PILs	231,952

Appendix I – Proposed 2013 Schedule of Rates and Charges (Updated)

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

This schedule supercedes and replaces all previously approved schedules of rates, Charges and Loss Factors

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to a service which is less than 50 kW supplied to a single family dwelling unit that is for domestic or household purposes, including seasonal occupancy. At E.L.K.'s discretion, residential rates may be applied to apartment buildings with 6 or less units by simple application of the residential rate or by blocking the residential rate by the number of units. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	12.72
Smart Meter Entity Charge	\$	XX
Smart Meter Cost Recovery Rider – effective until April 30, 2014	\$	(0.94)
Stranded Meter Rate Rider - effective until April 30, 2014	\$	1.47
Distribution Volumetric Rate	\$/kWh	0.009
Low Voltage Service Rate	\$/kWh	0.0012
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers – effective until April 30, 2014	\$/kWh	0.0138
Rate Rider for Deferral/Variance Account Disposition – effective until April 30, 2014	\$/kWh	(0.0075)
Rate Rider for Deferred PILs Variance Account 1562 Disposition – effective until April 30, 2016	\$/kWh	(0.0008)
Rate Rider for LRAM & SSM Disposition – effective until April 30, 2014	\$/kWh	0.0007
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0058
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0046

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to premises other than those designated as residential and do not exceed 50 kW in any month of the year. This includes multi-unit residential establishments such as apartment buildings supplied through one service (bulk-metered). Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	14.97
Smart Meter Entity Charge	\$	XX
Smart Meter Cost Recovery Rider – effective until April 30, 2014	\$	0.95
Stranded Meter Rate Rider - effective until April 30, 2014	\$	5.99
Distribution Volumetric Rate	\$/kWh	0.0076
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers – effective until April 30, 2014	\$/kWh	0.0138
Rate Rider for Deferral/Variance Account Disposition – effective until April 30, 2014	\$/kWh	(0.0083)
Rate Rider for Deferred PILs Variance Account 1562 Disposition – effective until April 30, 2016	\$/kWh	(0.0003)
Rate Rider for LRAM & SSM Disposition – effective until April 30, 2014	\$/kWh	0.0002
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification applies to a non residential account whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	195.61
Distribution Volumetric Rate	\$/kW	1.8515
Low Voltage Service Rate	\$/kW	0.4332
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers – effective until April 30, 2014	\$/kW	4.2971
Rate Rider for Deferral/Variance Account Disposition – effective until April 30, 2014	\$/kW	(2.9412)
Rate Rider for Deferred PILs Variance Account 1562 Disposition – effective until April 30, 2016	\$/kW	(0.1556)
Rate Rider for LRAM & SSM Disposition – effective until April 30, 2014	\$/kW	0.0535
Retail Transmission Rate – Network Service Rate	\$/kW	2.1567
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.6581

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to supply to street lighting equipment owned by and operated for a municipal corporation. The consumption for these customers will be based on the calculated load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	1.50
Distribution Volumetric Rate	\$/kW	14.6485
Low Voltage Service Rate	\$/kW	0.3351
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers – effective until April 30, 2014	\$/kW	5.0472
Rate Rider for Deferral/Variance Account Disposition – effective until April 30, 2014	\$/kW	(3.2780)
Rate Rider for Deferred PILs Variance Account 1562 Disposition – effective until April 30, 2016	\$/kW	(0.0059)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6266
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.2827

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. E.L.K. is not in the practice of connecting new unmetered scattered load services. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	3.79
Distribution Volumetric Rate	\$/kW	7.1055
Low Voltage Service Rate	\$/kW	0.3421
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers – effective until April 30, 2014	\$/kW	5.0873
Rate Rider for Deferral/Variance Account Disposition – effective until April 30, 2014	\$/kW	26.9698
Rate Rider for Deferred PILs Variance Account 1562 Disposition – effective until April 30, 2016	\$/kW	(0.1156)
Retail Transmission Rate – Network Service Rate	\$/kW	1.6349
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.3096

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification applies to an account whose average monthly maximum demand is less than, or is forecast to be less than, 50kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The level of the consumption will be agreed to by the distributor and the customer, based on detailed manufacturer information/documentation with regard to electrical consumption of the unmetered load or periodic monitoring of actual consumption. E.L.K. is not in the practice of connecting new unmetered scattered load services. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	7.46
Distribution Volumetric Rate	\$/kWh	0.0023
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers – effective until April 30, 2014	\$/kWh	0.0138
Rate Rider for Deferral/Variance Account Disposition – effective until April 30, 2014	\$/kWh	(0.0057)
Rate Rider for Deferred PILs Variance Account 1562 Disposition – effective until April 30, 2016	\$/kWh	(0.0005)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0042

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION

This classification applies to an electricity distributor licensed by the Board, and provided electricity by means of E.L.K. Energy Inc.'s distribution facilities. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable. In addition, the charges in the MONTHLY RATES AND CHARGES – Regulatory Component of this schedule do not apply to a customer that is an embedded wholesale market participant.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	2,473.48
Distribution Volumetric Rate	\$/kW	0.3679
Low Voltage Service Rate	\$/kW	0.4332
Rate Rider for Global Adjustment Sub-Account Disposition		
Applicable only for Non-RPP Customers – effective until April 30, 2014	\$/kW	6.1767
Rate Rider for Deferral/Variance Account Disposition – effective until April 30, 2014	\$/kW	(3.7534)
Rate Rider for Deferred PILs Variance Account 1562 Disposition – effective until April 30, 2016	\$/kW	(0.0212)
Retail Transmission Rate – Network Service Rate	\$/kW	2.1567
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	1.6581

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0044
Rural Rate Protection Charge	\$/kWh	0.0012
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.40
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ALLOWANCES

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

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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

Customer Administration

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

Non-Payment of Account

Late Payment - per month	% 1.50
Late Payment - per annum	% 19.56
Collection of account charge - no disconnection	\$ 30.00
Collection of account charge - no disconnection – after regular hours	\$ 165.00
Disconnect/Reconnect at Meter - during regular hours	\$ 65.00
Disconnect/Reconnect at Meter - after regular hours	\$ 185.00
Disconnect/Reconnect at Pole – during regular hours	\$ 185.00
Disconnect/Reconnect at Pole – after regular hours	\$ 415.00

Install/Remove load control device – during regular hours	\$ 65.00
Install/remove load control device – after regular hours	\$ 185.00
Service call – customer owned equipment	\$ 30.00
Service call – after regular hours	\$ 165.00
Temporary Service – Install & remove – overhead- no transformer	\$ 500.00
Temporary Service – Install & remove – underground- no transformer	\$ 300.00
Temporary Service – Install & remove – overhead- with transformer	\$ 1000.00
Specific Charge for Access to the Power Poles – per pole/year	\$ 22.35

E.L.K. Energy Inc.

PROPOSED TARIFF OF RATES AND CHARGES

Proposed Effective and Implementation Date May 1, 2013

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

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

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

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

LOSS FACTORS

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

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0810
Total Loss Factor – Secondary Metered Customer > 5,000 kW	N/A
Total Loss Factor – Primary Metered Customers <5,000 kW	1.0703
Total Loss Factor – Primary Metered Customers <5,000 kW	N/A

Appendix J - Updated Customer Impact – Residential (Updated)

		Consumption		800 kWh							
	Charge Unit	Current Board-Approved			Proposed			Impact			
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change		
1	Monthly Service Charge	\$ 11.1300	1	\$ 11.13	\$ 12.7200	1	\$ 12.72	\$ 1.59	14.29%		
2	Smart Meter Rate Adder	\$ 1.4500	1	\$ 1.45	\$ 0.9400	1	\$ 0.94	\$ -2.39	-164.83%		
3	Service Charge Rate Adder(s)		1	\$ -		1	\$ -	\$ -			
4	Service Charge Rate Rider(s)		1	\$ -		1	\$ -	\$ -			
5	Distribution Volumetric Rate	\$ 0.0079	800	\$ 6.32	\$ 0.0090	800	\$ 7.20	\$ 0.88	13.92%		
6	Low Voltage Rate Adder	\$ 0.0016	800	\$ 1.28	\$ 0.0012	800	\$ 0.96	\$ -0.32	-25.00%		
7	Volumetric Rate Adder(s)		800	\$ -		800	\$ -	\$ -			
8	Volumetric Rate Rider(s)		800	\$ -		800	\$ -	\$ -			
9	Smart Meter Disposition Rider		800	\$ -		800	\$ -	\$ -			
10	LRAM & SSM Rate Rider		800	\$ -	\$ 0.0007	800	\$ 0.56	\$ 0.56			
11	Deferral/Variance Account Disposition Rate Rider	\$ 0.0086	800	\$ 6.88	\$ 0.0075	800	\$ 6.01	\$ -12.89	-187.34%		
12	Late Payment	\$ 0.1300	1	\$ 0.13			\$ -	\$ 0.13	-100.00%		
13	Stranded Meter			\$ -	\$ 1.4743	1	\$ 1.47	\$ 1.47			
14	PILs Variance Account 1562			\$ -	\$ 0.0008	800	\$ 0.68	\$ -0.68			
15				\$ -			\$ -	\$ -			
16	Sub-Total A - Distribution			\$ 27.19			\$ 15.29	\$ -11.90	-43.78%		
17	RTSR - Network	\$ 0.0057	863.28	\$ 4.92	\$ 0.0058	864	\$ 5.00	\$ 0.08	1.64%		
18	RTSR - Line and Transformation Connection	\$ 0.0045	863.28	\$ 3.88	\$ 0.0046	864	\$ 3.97	\$ 0.08	2.17%		
19	Sub-Total B - Delivery (including Sub-Total A)			\$ 36.00			\$ 24.26	\$ -11.74	-32.61%		
20	Wholesale Market Service Charge (WMSC)	\$ 0.0052	863.28	\$ 4.49	\$ 0.0052	864	\$ 4.49	\$ 0.00	0.08%		
21	Rural and Remote Rate Protection (RRRP)	\$ 0.0013	863.28	\$ 1.12	\$ 0.0011	864	\$ 0.95	\$ -0.17	-15.31%		
22	Special Purpose Charge		863.28	\$ -		864	\$ -	\$ -			
23	Standard Supply Service Charge	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%		
24	Debt Retirement Charge (DRC)	\$ 0.0070	800	\$ 5.60	\$ 0.0070	800	\$ 5.60	\$ -	0.00%		
25	Energy		863.28	\$ -		864	\$ -	\$ -			
26		\$ 0.0750	600	\$ 45.00	\$ 0.0750	600	\$ 45.00	\$ -	0.00%		
27		\$ 0.0880	263.28	\$ 23.17	\$ 0.0880	264	\$ 23.23	\$ 0.06	0.27%		
28	Total Bill (before Taxes)			\$ 115.63			\$ 103.78	\$ -11.84	-10.24%		
29	HST	13%		\$ 15.03	13%		\$ 13.49	\$ -1.54	-10.24%		
30	Total Bill (including Sub-total B)			\$ 130.66			\$ 117.27	\$ -13.39	-10.25%		
31	Ontario Clean Energy Benefit (OCEB)	-10%		\$ -13.07	-10%		\$ -11.73	\$ 1.34	-10.25%		
32	Total Bill (including OCEB)			\$ 117.59			\$ 105.54	\$ -12.05	-10.25%		
33	Loss Factor (%)	Note 1	7.91%		8.00%						

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

		Consumption		2000 kWh									
	Charge Unit	Current Board-Approved			Proposed			Impact					
		Rate (\$)	Volume	Charge (\$)	Rate (\$)	Volume	Charge (\$)	\$ Change	% Change				
1	Monthly Service Charge	\$ 11.0600	1	\$ 11.06	\$ 14.9700	1	\$ 14.97	\$ 3.91	35.35%				
2	Smart Meter Rate Adder	\$ 1.4500	1	\$ 1.45	\$ 0.9500	1	\$ 0.95	-\$ 0.50	-34.48%				
3	Service Charge Rate Adder(s)		1	\$ -		1	\$ -	\$ -					
4	Service Charge Rate Rider(s)		1	\$ -		1	\$ -	\$ -					
5	Distribution Volumetric Rate	\$ 0.0017	2000	\$ 3.40	\$ 0.0076	2000	\$ 15.20	\$ 11.80	347.06%				
6	Low Voltage Rate Adder	\$ 0.0014	2000	\$ 2.80	\$ 0.0011	2000	\$ 2.20	-\$ 0.60	-21.43%				
7	Volumetric Rate Adder(s)		2000	\$ -		2000	\$ -	\$ -					
8	Volumetric Rate Rider(s)		2000	\$ -		2000	\$ -	\$ -					
9	Smart Meter Disposition Rider		2000	\$ -		2000	\$ -	\$ -					
10	LRAM & SSM Rider		2000	\$ -	\$ 0.0002	2000	\$ 0.40	\$ 0.40					
11	Deferral/Variance Account Disposition Rate Rider	\$ 0.0067	2000	\$ 13.40	-\$ 0.0083	2000	-\$ 16.64	-\$ 30.04	-224.17%				
12	Late Payment	\$ 0.1200	1	\$ 0.12			\$ -	-\$ 0.12	-100.00%				
13	Stranded Meter			\$ -	\$ 5.9887	1	\$ 5.99	\$ 5.99					
14	PILs Variance Account 1562			\$ -	-\$ 0.0003	2000	\$ 0.52	-\$ 0.52					
15				\$ -			\$ -	\$ -					
16	Sub-Total A - Distribution			\$ 32.23			\$ 22.55	-\$ 9.68	-30.02%				
17	RTSR - Network	\$ 0.0051	2158.2	\$ 11.01	\$ 0.0052	2160	\$ 11.16	\$ 0.15	1.36%				
18	RTSR - Line and Transformation Connection	\$ 0.0041	2158.2	\$ 8.85	\$ 0.0042	2160	\$ 9.07	\$ 0.22	2.52%				
19	Sub-Total B - Delivery (including Sub-Total A)			\$ 52.09			\$ 42.78	-\$ 9.30	-17.86%				
20	Wholesale Market Service Charge (WMSC)	\$ 0.0052	2158.2	\$ 11.22	\$ 0.0052	2160	\$ 11.23	\$ 0.01	0.08%				
21	Rural and Remote Rate Protection (RRRP)	\$ 0.0013	2158.2	\$ 2.81	\$ 0.0011	2160	\$ 2.38	-\$ 0.43	-15.31%				
22	Special Purpose Charge		2158.2	\$ -		2160	\$ -	\$ -					
23	Standard Supply Service Charge	\$ 0.2500	1	\$ 0.25	\$ 0.2500	1	\$ 0.25	\$ -	0.00%				
24	Debt Retirement Charge (DRC)	\$ 0.0070	2000	\$ 14.00	\$ 0.0070	2000	\$ 14.00	\$ -	0.00%				
25	Energy		2158.2	\$ -		2160	\$ -	\$ -					
26		\$ 0.0750	600	\$ 45.00	\$ 0.0750	600	\$ 45.00	\$ -	0.00%				
27		\$ 0.0880	1558.2	\$ 137.12	\$ 0.0880	1560	\$ 137.28	\$ 0.16	0.12%				
28	Total Bill (before Taxes)			\$ 262.49			\$ 252.92	-\$ 9.57	-3.64%				
29	HST	13%		\$ 34.12	13%		\$ 32.88	-\$ 1.24	-3.64%				
30	Total Bill (including Sub-total B)			\$ 296.61			\$ 285.80	-\$ 10.81	-3.64%				
31	Ontario Clean Energy Benefit (OCEB)	-10%		-\$ 29.66	-10%		-\$ 28.58	\$ 1.08	-3.64%				
32	Total Bill (including OCEB)			\$ 266.95			\$ 257.22	-\$ 9.73	-3.64%				
33	Loss Factor	(1)	7.91%		8.00%								

Appendix K – Cost Allocation Sheet O1 (Updated)

		1	2	3	7	8	9	10
	Total	Residential	GS <50	GS>50-Regular	Street Light	Sentinel	Unmetered Scattered Load	Embedded Distributor
Distribution Revenue at Existing Rates	\$3,227,189	\$2,096,966	\$216,597	\$857,729	\$929	\$45	\$2,451	\$52,472
Miscellaneous Revenue (mi)	\$627,805	\$433,247	\$82,013	\$74,997	\$18,445	\$65	\$575	\$18,462
	Miscellaneous Revenue Input equals Output							
Total Revenue at Existing Rates	\$3,854,994	\$2,530,213	\$298,611	\$932,726	\$19,374	\$110	\$3,025	\$70,934
Factor required to recover deficiency (1 + D)	1.1429							
Distribution Revenue at Status Quo Rates	\$3,688,244	\$2,396,551	\$247,542	\$980,269	\$1,061	\$51	\$2,801	\$59,969
Miscellaneous Revenue (mi)	\$627,805	\$433,247	\$82,013	\$74,997	\$18,445	\$65	\$575	\$18,462
Total Revenue at Status Quo Rates	\$4,316,049	\$2,829,798	\$329,555	\$1,055,266	\$19,507	\$117	\$3,376	\$78,431
Expenses								
Distribution Costs (di)	\$706,000	\$393,036	\$128,282	\$87,583	\$51,021	\$134	\$779	\$45,167
Customer Related Costs (cu)	\$815,064	\$690,260	\$57,920	\$63,047	\$483	\$63	\$1,012	\$2,278
General and Administration (ad)	\$950,946	\$670,221	\$119,559	\$96,109	\$33,260	\$123	\$1,105	\$30,570
Depreciation and Amortization (dep)	\$965,051	\$543,613	\$179,199	\$134,714	\$53,880	\$136	\$895	\$52,614
PILs (INPUT)	\$231,952	\$133,850	\$42,552	\$31,748	\$12,511	\$32	\$203	\$11,056
Interest	\$197,436	\$113,932	\$36,220	\$27,023	\$10,649	\$27	\$173	\$9,411
Total Expenses	\$3,866,448	\$2,544,912	\$563,733	\$440,224	\$161,803	\$515	\$4,166	\$151,094
Direct Allocation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Allocated Net Income (NI)	\$449,601	\$259,447	\$82,481	\$61,538	\$24,250	\$62	\$394	\$21,430
Revenue Requirement (includes NI)	\$4,316,049	\$2,804,359	\$646,214	\$501,762	\$186,053	\$577	\$4,560	\$172,524
	Revenue Requirement Input equals Output							
Rate Base Calculation								
Net Assets								
Distribution Plant - Gross	\$24,682,050	\$13,745,885	\$4,642,310	\$3,417,828	\$1,439,695	\$3,632	\$24,101	\$1,408,600
General Plant - Gross	\$4,011,536	\$2,293,813	\$740,962	\$550,056	\$221,583	\$564	\$3,628	\$200,930
Accumulated Depreciation	(\$15,499,962)	(\$8,511,493)	(\$2,942,499)	(\$2,158,042)	(\$928,561)	(\$2,333)	(\$15,709)	(\$941,325)
Capital Contribution	(\$4,195,546)	(\$2,340,737)	(\$788,855)	(\$578,027)	(\$246,163)	(\$621)	(\$4,110)	(\$237,033)
Total Net Plant	\$8,986,077	\$5,187,468	\$1,651,917	\$1,231,815	\$486,555	\$1,241	\$7,909	\$431,172
Directly Allocated Net Fixed Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cost of Power (COP)	\$25,248,949	\$10,069,770	\$3,419,730	\$6,994,545	\$233,447	\$584	\$19,828	\$4,511,046
OM&A Expenses	\$2,472,009	\$1,753,516	\$305,761	\$246,739	\$84,763	\$320	\$2,895	\$78,015
Directly Allocated Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$27,720,959	\$11,823,286	\$3,725,491	\$7,241,284	\$318,210	\$904	\$22,723	\$4,589,061

Appendix K – Cost Allocation Sheet O1 (Updated-Continued)

Working Capital	\$3,326,515	\$1,418,794	\$447,059	\$868,954	\$38,185	\$108	\$2,727	\$550,687
Total Rate Base	\$12,324,593	\$6,606,263	\$2,098,976	\$2,100,769	\$524,740	\$1,350	\$10,636	\$981,860
	Rate Base Input equals Output							
Equity Component of Rate Base	\$4,929,837	\$2,642,505	\$839,590	\$840,308	\$209,896	\$540	\$4,254	\$392,744
Net Income on Allocated Assets	\$449,601	\$284,886	(\$234,178)	\$615,042	(\$142,296)	(\$399)	(\$791)	(\$72,663)
Net Income on Direct Allocation Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$449,601	\$284,886	(\$234,178)	\$615,042	(\$142,296)	(\$399)	(\$791)	(\$72,663)
RATIOS ANALYSIS								
REVENUE TO EXPENSES STATUS QUO%	100.00%	100.91%	51.00%	210.31%	10.48%	20.22%	74.02%	45.46%
EXISTING REVENUE MINUS ALLOCATED COSTS	(\$461,055)	(\$274,146)	(\$347,603)	\$430,964	(\$166,679)	(\$467)	(\$1,535)	(\$101,590)
	Deficiency Input equals Output							
STATUS QUO REVENUE MINUS ALLOCATED COSTS	\$0	\$25,439	(\$316,659)	\$553,504	(\$166,546)	(\$461)	(\$1,185)	(\$94,053)
RETURN ON EQUITY COMPONENT OF RATE BASE	9.12%	10.78%	-27.89%	73.19%	-67.79%	-73.86%	-18.59%	-18.50%

Appendix L– Revenue Requirement Work Form (Updated)

	Initial Application	Adjustments	Settlement Agreement	(6)	Adjustments	Per Board Decision
1 Rate Base						
Gross Fixed Assets (average)	\$24,601,738	\$103,698.38	\$ 24,498,040			\$24,498,040
Accumulated Depreciation (average)	(\$15,504,990)	\$5,028.02	(\$15,499,962)			(\$15,499,962)
Allowance for Working Capital:						
Controllable Expenses	\$2,629,509	(\$157,500)	\$ 2,472,009			\$2,472,009
Cost of Power	\$25,166,131	\$82,819	\$ 25,248,949			\$25,248,949
Working Capital Rate (%)	15.00%		12.00%			12.00%
2 Utility Income						
Operating Revenues:						
Distribution Revenue at Current Rates	\$3,156,142	\$71,047	\$3,227,189			
Distribution Revenue at Proposed Rates	\$3,859,625	(\$171,381)	\$3,688,244			
Other Revenue:						
Specific Service Charges	\$66,000	\$0	\$66,000			
Late Payment Charges	\$130,000	\$0	\$130,000			
Other Distribution Revenue	\$407,055	(\$52,250)	\$354,805			
Other Income and Deductions	\$77,000	\$0	\$77,000			
Total Revenue Offsets	\$680,055	(7) (\$52,250)	\$627,805			
Operating Expenses:						
OM+A Expenses	\$2,606,509	(\$157,500)	\$ 2,449,009			\$2,449,009
Depreciation/Amortization	\$975,107	(\$10,056)	\$ 965,051			\$965,051
Property taxes	\$23,000		\$ 23,000			\$23,000
Other expenses						
3 Taxes/PILs						
Taxable Income:						
Adjustments required to arrive at taxable income	\$351,682	(3)	\$367,158			
Utility Income Taxes and Rates:						
Income taxes (not grossed up)	\$185,603		\$180,649			
Income taxes (grossed up)	\$238,598		\$231,952			
Federal tax (%)	15.00%		15.00%			
Provincial tax (%)	7.21%		7.12%			
Income Tax Credits						
4 Capitalization/Cost of Capital						
Capital Structure:						
Long-term debt Capitalization Ratio (%)	56.0%		56.0%			
Short-term debt Capitalization Ratio (%)	4.0%	(2)	4.0%	(2)		(2)
Common Equity Capitalization Ratio (%)	40.0%		40.0%			
Preferred Shares Capitalization Ratio (%)	100.0%		100.0%			
Cost of Capital						
Long-term debt Cost Rate (%)	2.71%		2.71%			
Short-term debt Cost Rate (%)	2.08%		2.08%			
Common Equity Cost Rate (%)	9.12%		9.12%			
Preferred Shares Cost Rate (%)						

Appendix L – Revenue Requirement Work Form (Updated) – Cont'd

Rate Base and Working Capital

Rate Base

Particulars		Initial Application		Adjustments		Settlement Agreement		Adjustments		Per Board Decision
Gross Fixed Assets (average)	(3)	\$24,601,738		(\$103,698)		\$24,498,040		\$ -		\$24,498,040
Accumulated Depreciation (average)	(3)	(\$15,504,990)		\$5,028		(\$15,499,962)		\$ -		(\$15,499,962)
Net Fixed Assets (average)	(3)	\$9,096,748		(\$98,670)		\$8,998,077		\$ -		\$8,998,077
Allowance for Working Capital	(1)	\$4,169,346		(\$842,831)		\$3,326,515		\$ -		\$3,326,515
Total Rate Base		\$13,266,094		(\$941,501)		\$12,324,592		\$ -		\$12,324,592

Allowance for Working Capital - Derivation

Controllable Expenses		\$2,629,509		(\$157,500)		\$2,472,009		\$ -		\$2,472,009
Cost of Power		\$25,166,131		\$82,819		\$25,248,949		\$ -		\$25,248,949
Working Capital Base		\$27,795,640		(\$74,681)		\$27,720,959		\$ -		\$27,720,959
Working Capital Rate %	(2)	15.00%		-3.00%		12.00%		0.00%		12.00%
Working Capital Allowance		\$4,169,346		(\$842,831)		\$3,326,515		\$ -		\$3,326,515

Appendix L – Revenue Requirement Work Form (Updated) – Cont'd

Utility Income

Line No.	Particulars	Initial Application	Adjustments	Settlement Agreement	Adjustments	Per Board Decision
	Operating Revenues:					
1	Distribution Revenue (at Proposed Rates)	\$3,859,625	(\$171,381)	\$3,688,244	\$ -	\$3,688,244
2	Other Revenue	(1) \$680,055	(\$52,250)	\$627,805	\$ -	\$627,805
3	Total Operating Revenues	\$4,539,680	(\$223,631)	\$4,316,049	\$ -	\$4,316,049
	Operating Expenses:					
4	OM+A Expenses	\$2,606,509	(\$157,500)	\$2,449,009	\$ -	\$2,449,009
5	Depreciation/Amortization	\$975,107	(\$10,056)	\$965,051	\$ -	\$965,051
6	Property taxes	\$23,000	\$ -	\$23,000	\$ -	\$23,000
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$3,604,617	(\$167,556)	\$3,437,061	\$ -	\$3,437,061
10	Deemed Interest Expense	\$212,518	(\$15,083)	\$197,436	\$ -	\$197,436
11	Total Expenses (lines 9 to 10)	\$3,817,135	(\$182,639)	\$3,634,496	\$ -	\$3,634,496
12	Utility income before income taxes	\$722,545	(\$40,992)	\$681,553	\$ -	\$681,553
13	Income taxes (grossed-up)	\$238,598	(\$6,646)	\$231,952	\$ -	\$231,952
14	Utility net income	\$483,947	(\$34,346)	\$449,601	\$ -	\$449,601

Other Revenues / Offsets

Notes	Other Revenues / Revenue Offsets					
(1)	Specific Service Charges	\$66,000	\$ -	\$66,000		\$66,000
	Late Payment Charges	\$130,000	\$ -	\$130,000		\$130,000
	Other Distribution Revenue	\$407,055	(\$52,250)	\$354,805		\$354,805
	Other Income and Deductions	\$77,000	\$ -	\$77,000		\$77,000
	Total Revenue Offsets	\$680,055	(\$52,250)	\$627,805	\$ -	\$627,805

Appendix L – Revenue Requirement Work Form (Updated) – Cont'd

Taxes/PILs

Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$483,947	\$449,601	\$449,601
2	Adjustments required to arrive at taxable utility income	\$351,682	\$367,158	\$351,682
3	Taxable income	<u>\$835,629</u>	<u>\$816,759</u>	<u>\$801,283</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	\$185,603	\$180,649	\$180,649
6	Total taxes	<u>\$185,603</u>	<u>\$180,649</u>	<u>\$180,649</u>
7	Gross-up of Income Taxes	\$52,995	\$51,303	\$51,303
8	Grossed-up Income Taxes	<u>\$238,598</u>	<u>\$231,952</u>	<u>\$231,952</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$238,598</u>	<u>\$231,952</u>	<u>\$231,952</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	7.21%	7.12%	7.12%
13	Total tax rate (%)	<u>22.21%</u>	<u>22.12%</u>	<u>22.12%</u>

Appendix L – Revenue Requirement Work Form (Updated) – Cont'd

Capitalization/ Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$7,429,012	2.71%	\$201,481
2	Short-term Debt	4.00%	\$530,644	2.08%	\$11,037
3	Total Debt	60.00%	\$7,959,656	2.67%	\$212,518
	Equity				
4	Common Equity	40.00%	\$5,306,437	9.12%	\$483,947
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$5,306,437	9.12%	\$483,947
7	Total	100.00%	\$13,266,094	5.25%	\$696,465
		Settlement Agreement			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$6,901,772	2.71%	\$187,182
2	Short-term Debt	4.00%	\$492,984	2.08%	\$10,254
3	Total Debt	60.00%	\$7,394,755	2.67%	\$197,436
	Equity				
4	Common Equity	40.00%	\$4,929,837	9.12%	\$449,601
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$4,929,837	9.12%	\$449,601
7	Total	100.00%	\$12,324,592	5.25%	\$647,037
		Per Board Decision			
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	56.00%	\$6,901,772	2.71%	\$187,182
9	Short-term Debt	4.00%	\$492,984	2.08%	\$10,254
10	Total Debt	60.00%	\$7,394,755	2.67%	\$197,436
	Equity				
11	Common Equity	40.00%	\$4,929,837	9.12%	\$449,601
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	40.00%	\$4,929,837	9.12%	\$449,601
14	Total	100.00%	\$12,324,592	5.25%	\$647,037

Appendix L – Revenue Requirement Work Form (Updated) – Cont'd

Revenue Deficiency/Sufficiency:

Line No.	Particulars	Initial Application		Settlement Agreement		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$703,483		\$461,055		\$461,055
2	Distribution Revenue	\$3,156,142	\$3,156,142	\$3,227,189	\$3,227,189	\$3,227,189	\$3,227,189
3	Other Operating Revenue	\$680,055	\$680,055	\$627,805	\$627,805	\$627,805	\$627,805
4	Offsets - net						
	Total Revenue	\$3,836,197	\$4,539,680	\$3,854,994	\$4,316,049	\$3,854,994	\$4,316,049
5	Operating Expenses	\$3,604,617	\$3,604,617	\$3,437,061	\$3,437,061	\$3,437,061	\$3,437,061
6	Deemed Interest Expense	\$212,518	\$212,518	\$197,436	\$197,436	\$197,436	\$197,436
	Total Cost and Expenses	\$3,817,135	\$3,817,135	\$3,634,496	\$3,634,496	\$3,634,496	\$3,634,496
7	Utility Income Before Income Taxes	\$19,062	\$722,545	\$220,498	\$681,553	\$220,498	\$681,553
8	Tax Adjustments to Accounting Income per 2009 PILs	\$351,682	\$351,682	\$367,158	\$367,158	\$367,158	\$367,158
9	Taxable Income	\$370,744	\$1,074,227	\$587,655	\$1,048,711	\$587,655	\$1,048,711
10	Income Tax Rate	22.21%	22.21%	22.12%	22.12%	22.12%	22.12%
11	Income Tax on Taxable Income	\$82,346	\$238,598	\$129,977	\$231,952	\$129,977	\$231,952
12	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Utility Net Income	(\$63,284)	\$483,947	\$90,521	\$449,601	\$90,521	\$449,601
14	Utility Rate Base	\$13,266,094	\$13,266,094	\$12,324,592	\$12,324,592	\$12,324,592	\$12,324,592
	Deemed Equity Portion of Rate Base	\$5,306,437	\$5,306,437	\$4,929,837	\$4,929,837	\$4,929,837	\$4,929,837
15	Income/(Equity Portion of Rate Base)	-1.19%	9.12%	1.84%	9.12%	1.84%	9.12%
16	Target Return - Equity on Rate Base	9.12%	9.12%	9.12%	9.12%	9.12%	9.12%
17	Deficiency/Sufficiency in Return on Equity	-10.31%	0.00%	-7.28%	0.00%	-7.28%	0.00%
18	Indicated Rate of Return	1.12%	5.25%	2.34%	5.25%	2.34%	5.25%
19	Requested Rate of Return on Rate Base	5.25%	5.25%	5.25%	5.25%	5.25%	5.25%
20	Deficiency/Sufficiency in Rate of Return	-4.13%	0.00%	-2.91%	0.00%	-2.91%	0.00%
21	Target Return on Equity	\$483,947	\$483,947	\$449,601	\$449,601	\$449,601	\$449,601
22	Revenue Deficiency/(Sufficiency)	\$547,231	\$ -	\$359,080	\$ -	\$359,080	\$ -
23	Gross Revenue	\$703,483 (1)		\$461,055 (1)		\$461,055 (1)	
	Deficiency/(Sufficiency)						

Appendix L – Revenue Requirement Work Form (Updated) – Cont'd

Revenue Requirement:

Line No.	Particulars	Application	Settlement Agreement	Per Board Decision
1	OM&A Expenses	\$2,606,509	\$2,449,009	\$2,449,009
2	Amortization/Depreciation	\$975,107	\$965,051	\$965,051
3	Property Taxes	\$23,000	\$23,000	\$23,000
5	Income Taxes (Grossed up)	\$238,598	\$231,952	\$231,952
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$212,518	\$197,436	\$197,436
	Return on Deemed Equity	\$483,947	\$449,601	\$449,601
8	Service Revenue Requirement (before Revenues)	\$4,539,680	\$4,316,049	\$4,316,049
9	Revenue Offsets	\$680,055	\$627,805	\$ -
10	Base Revenue Requirement	\$3,859,625	\$3,688,244	\$4,316,049
11	Distribution revenue	\$3,859,625	\$3,688,244	\$3,688,244
12	Other revenue	\$680,055	\$627,805	\$627,805
13	Total revenue	\$4,539,680	\$4,316,049	\$4,316,049
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	\$ - (1)	\$ - (1)	\$ - (1)

Appendix M - Revenue Reconciliation

Revenue Reconciliation										
Rate Class	Test Average Customer/Connections	Test Year Consumption		Proposed Rates		Revenues at Proposed Rates	Service Revenue Requirement	Transformer Allowance Credit	Total	Difference
		kWh	kW	Monthly Service Charge	Volumetric					
					kWh kW					
Residential	10,023	95,979,438		\$ 12.72	\$0.0090	\$ 2,393,791	\$ 2,396,551		\$ 2,396,551	\$ 2,761
GS < 50 kW	1,214	32,594,962		\$ 14.97	\$0.0076	\$ 465,891	\$ 467,129		\$ 467,129	\$ 1,238
GS>50-Regular	93	66,668,106	214,067	\$ 195.61	\$ 1.8515	\$ 615,731	\$ 527,117	\$ 88,618	\$ 615,735	\$ 3
Streetlighting	2,801	2,225,084	6,083	\$ 1.50	\$14.6485	\$ 139,661	\$ 139,659		\$ 139,659	-\$ 1
Sentinel Lighting	7	5,564	15	\$ 3.79	\$ 7.1055	\$ 425	\$ 425		\$ 425	-\$ 0
Unmetered Scattered Load	32	188,991		\$ 7.46	\$0.0023	\$ 3,302	\$ 3,300		\$ 3,300	-\$ 2
Embedded Distributor	4	42,996,782	96,049	\$2,473.48	\$ 0.3679	\$ 154,063	\$ 154,062		\$ 154,062	-\$ 1
Total	14,176	240,658,928	316,213			\$ 3,772,864	\$ 3,688,244	\$ 88,618	\$ 3,776,862	\$ 3,998

Appendix N – Calculation of LV Rates

Table 8-8 Low Voltage Costs Allocated by Customer Class - Settlement					
Customer Class	Retail Transmission Connection Rate		Basis for Allocation (\$)	Allocation Percentages	Allocated \$
	per KWh	per kW			
Residential	0.0046		440,902	40.08%	115,182
General Service < 50 kW	0.0042		136,423	12.40%	35,639
General Service 50 to 4,999 kW		1.6581	354,950	32.26%	92,727
Street Lighting		1.2827	7,802	0.71%	2,038
Sentinel Lighting		1.3096	20	0.00%	5
Unmetered Scattered Load	0.0042		791	0.07%	207
Embedded Distributor - Hydro One		1.6581	159,261	14.48%	41,605
TOTALS			1,100,149	100%	287,404

Table 8-9 Calculation of Low Voltage Rates by Rate Class - Settlement						
Customer Class	LV Adj. Allocated	Calculated kWh	Calculated kW	Volumetric Rate Type	LV/ Adj. Rates/kWh	LV Adj. Rates/ kW
Residential	115,182	95,979,438	0	kWh	0.0012	
General Service < 50 kW	35,639	32,594,962	0	kWh	0.0011	
General Service 50 to 4,999 kW	92,727	66,668,106	214,067	kW		0.4332
Street Lighting	2,038	2,225,084	6,083	kW		0.3351
Sentinel Lighting	5	5,564	15	kW		0.3421
Unmetered Scattered Load	207	188,991	0	kWh	0.0011	
Embedded Distributor - Hydro One	41,605	42,996,782	96,049	kW		0.4332
TOTALS	287,404	240,658,928	316,213			