Northern Ontario Wires Inc.
153 Sixth Avenue
P.O. Box 640
Cochrane, ON
P0L 1C0

April 19, 2013

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

Re: Cost of Service Application EB-2012-0153

Dear Ms. Walli:

Northern Ontario Wires Inc. hereby submits response to supplementary interrogatories with respect to our COS Application for 2013 rates. While NOW has completed the majority of the interrogatories, NOW was unable to complete all of them. The following is a list of outstanding interrogatories remaining to be filed. NOW respectfully request an extension to April 24, 2013 to complete the outstanding items.

Intervenor	Exh	Tab	Sch	Title
Board staff	2	2	1	1.0-Staff-42s Updated RRWF and List of Changes
VECC	2	2	2	1.0-VECC-42.0s Tracking Sheet RRWF
AMPCO	2	2	3	1.0-AMPCO-16s Updated Revenue Deficiency/Sufficiency
Board staff	2	3	1	2.0-Staff-43s Changes 2013 Capital Projects
VECC	2	3	6	2.0-VECC-46.0s 2012 2013 Capital Budget
VECC	2	5	3	4.0-VECC-57.0s LEAP contribution

NOW is also requesting that the following Interrogatory be a confidential filing, and request Board direction.

Intervenor	Exh	Tab	Sch	Title
SEC	2	6	3	5-SEC-12s Strategic Financial Plan

An electronic copy has been submitted to the Board through the RESS system, and two hard copies of revisions will be delivered to the OEB office.

This document is being filed pursuant to the Board's e-Filing Services.

Yours Truly,

NORTHERN ONTARIO WIRES INC.

Geoffrey Sutton, CPA CA
Chief Financial Officer

Northern Ontario Wires Inc.

2013 COS Rate Rebasing

Response to Interrogatories

EB-2012-0153

Rates Effective: May 1, 2013

Date Filed: April 19, 2013

Northern Ontario Wires Inc.

153 Sixth Avenue

P.O. Box 640

Cochrane, ON

P0L 1C0

File Number: EB-2012-0153

Date Filed: April 19, 2013

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Response to Supplementary Interrogatories

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AMPCO	2	3	9			2.0-AMPCO-18s Transportation Equipment
AMPCO	2	3	10			2.0-AMPCO-19s Defective Equipment
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AMPCO	2	5	9			4.0-AMPCO-22s OM&A per Customer
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Intervenor	Exh	Tab	Sch	Att	Num	Title
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Exhibit 1 Administrative Documents

1.0-Staff-42s Updated RRWF and List of Changes

Ref: 1.0-Staff-4 - Updated RRWF

On March 21, 2013, the Board issued a Decision and Rate Order (EB-2013- 0067) on the Wholesale Market Service (“WMS”) & Rural or Remote Rate Protection Plan (“RRRP”) Rates, in which the WMS rate was changed to $0.0044/kWh and the RRRP rate was changed to $0.0012/kWh.

On March 28, 2013, the Board issued a Decision and Order in the proceeding EB-2012-0100 / EB-2012-0211 which approved a Smart Metering Entity (“SME”) charge of $0.79 per month for Residential and General Service < 50 kW customers, effective May 1, 2013.

a) Please submit a Microsoft Excel file containing an updated RRWF (version 3.00) that represents any changes the applicant wishes to make to the amounts in the previous version of the RRWF. Please ensure that the changes noted above to the SME charge and the updated WMS and RRRP rates are reflected also. Column E of Sheet 3 should remain unchanged. Adjustments or changed numbers should be input into cells on columns I or M, as applicable.

NOW Response:

This will be filed in a supplemental submission as discussed in cover letter.

b) Please provide a list of all changes made to NOW’s original application (by exhibit), including an updated derivation of its revenue requirement, PILs calculation, base rates, rate adders/riders, and bill impacts.

NOW Response:

This will be filed in a supplemental submission as discussed in cover letter.

1.0-VECC-42.0s Tracking Sheet RRWF

Reference: Exhibits All

a) Please provide a tracking sheet (table) showing all adjustments arising from the interrogatories (include Reference IR #.; Item description; area of change, i.e. return on capital/rate base/working capital allowance/amortization/PILS/OM&A/ etc.).

NOW Response:

This will be filed in a supplemental submission as discussed in cover letter.

b) Please update the RRWF Excel Live spread sheet for these adjustments.

NOW Response:

This will be filed in a supplemental submission as discussed in cover letter.

1.0-AMPCO-16s Updated Revenue Deficiency/Sufficiency

a) Please confirm NOW's updated revenue deficiency/sufficiency as a result of the supplemental interrogatory process.

NOW Response:

This will be filed in a supplemental submission as discussed in cover letter.

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Exhibit 2 - Rate Base

2.0-Staff-43s Changes 2013 Capital Projects

Ref: 2.0-VECC-6.0; 2-SEC-2, 1.0-Staff-4 Updated RRWF – 2013 Capital Projects

In its response to 2.0-VECC-6.0, NOW states that the current forecast for 2013 capital projects has been revised as a result of rearranging of priorities and the forecast for 2013 is $1,846,336. This represents an increase of $46,375.

In its response to 2-SEC-2, NOW states that the insulators replacement project for Cochrane Station (with the total amount of $43,745) has been deferred to 2013.

a) Beside the insulators replacement project for Cochrane Station, please identify what other changes have been made to the 2013 capital projects forecast.

NOW Response:

See Response to AMPCO 17.

b) It appears that the Net Fixed Asset (average) of $5,621,149 as shown on page 3 of the updated RRWF has not been reflected in the revised 2013 capital projects. Please provide the updated Gross Fixed Assets (average), Accumulated Depreciation (average) and Net Fixed Asset (average) accordingly.

NOW Response:

This will be filed in a supplemental submission as discussed in cover letter.

2.0-Staff-44s Service Reliability

Ref: 2.0-AMPCO-4 – Service Reliability

a) In its responses to part a) of 2.0-AMPCO-4, NOW states that it believes that it might have at most one momentary interruption. Why does NOW believe that it would have so few incidents of these? What features of NOW's distribution network and operations would contribute to power quality that would result in such few momentary interruptions (any service interruptions with durations of less than 1 minute each)?

NOW Response:

NOW is a small LDC, wherein momentary interruptions (1 minutes or less) are few. Our interruptions usually have a longer duration as there are no OCRs in the 5kv stations, and a "momentary" interruption will result in a blown fuse, which is longer than a minute. Momentary interruptions are not easily recorded as all other stations are Hydro One-owned.

b) In the responses to parts d) and e) of 2.0-AMPCO-4, NOW has not provided the requested data by duration (minutes). Please provide the responses requested showing the minutes as requested. If NOW is unable to do so, please provide an explanation.

NOW Response:

Outage Minutes per Category

	2008	2009	2010	2011	2012	Total
Defective Equipment	187,575	190,710	1,158,030	615,990	476,025	2,628,330
Unknown/Other	61,680	285,045	-	180	38,205	385,110
Scheduled	935,700	54,000	30,000	360,000	129,300	1,509,000
Tree Contacts	4,800	281,085	316,110	25,500	-	627,495
Lightning	83,370	-	72,000	8,400	48,510	212,280
Foreign Interference	55,440	168,330	35,430	104,850	71,790	435,840
Loss of Supply/Hydro One	5,250	396,000	264,000	1,386,000	2,211,000	4,262,250
Human Element	495	-	-	75	-	570
Adverse Weather	900	19,200	-	132,330	864,600	1,017,030
Total	**1,335,210**	**1,394,370**	**1,875,570**	**2,633,325**	**3,839,430**	**11,077,905**

2.0-VECC-43.0s Pole Replacement

Reference: 2.0-Staff-6

a) Please provide the cost of pole replacements in 2005 through 2008.

NOW Response:

NOW POLE REPLACEMENTS HISTORY

	# Poles Installed/Replaced	Capital Cost booked to Poles
2005	Estimate 7	$ 7,784
2006	Estimate 20	$ 24,996
2007	Estimate 3	$ 3,837
2008	26	$ 52,306
2009	37	$ 44,303
2010	48	$ 94,218
2011	101	$ 147,980
2012	82	$ 186,319

We have estimated the number of poles installed for 2005 to 2007 since the statistics reports from the inventory system were deemed unreliable.
2008 to 2012 number of poles installed as reported above represent poles issued from inventory during those years, and these numbers may include counts that are not necessarily installs to our own poles.
NOW Inc., as part of its GIS and Asset Management planning is revamping its record keeping process to improve the availability and reliability of the information requested above.

b) Please provide the number of poles replaced in 2005 through 2012.

NOW Response:

Please see a) above

c) Please update the 2012 pole replacement figure for actual spending.

NOW Response:

Please see a) above

2.0-VECC-44.0s Kinectric Overhead Services

Reference: 2-VECC-3.0

a) The Kinectric recommended asset lives for 'Overhead Services' is not provided in the response. There is an explanation in the response which appears to indicate that there may be a significant difference between the Kinectric and NOW asset lives for this item. Please expand on the response and provide the difference (if any) in asset lives for overhead services and the associated difference in depreciation for 2013 if the Kinectrics average live had been used.

NOW Response:

As overhead services are comprised of overhead secondary conductor, NOW has selected the useful life for OH services to reflect a useful life of 35 years based on TUL of secondary cables. Note that the kinectrics report did not differentiate between OH and UG secondary conductor.

2.0-VECC-45.0s Capital Contributions

Reference: Exhibit 2, Tab 4, Schedule 2, pg.1

a) Please provide the actual capital contributions (grants) in 2009 through 2012 and that forecast for 2013.

NOW Response:

NOW did not have any capital contributions (grants) from 2009 to 2012, nor is there any forecast in 2013.

2.0-VECC-46.0s 2012 2013 Capital Budget

Reference: 2.0-VECC-6.0/ 2.0-SEC-2.0/ 2.0-SEC-3.0/ Exhibit 2, Tab 4, Schedule 3

a) The response shown at Attachment 1 appears to show no change in the 2012 actual (unaudited) capital budget (dollar values) from the forecast capital budget (i.e. $957,867 in both cases). Please provide the actual 2012 capital spending (unaudited).

NOW Response:

Actual 2012 Audited Capital Spending was $830,295. Breakdown by project is as follows:

	2012 Bridge Year Capital Projects Amount	2012 Audited Actual Capital Projects	Difference
Iroquois Falls 12kV extension from Windego to Cambridge	$ 74,926	$ 32,956	$ (41,970)
Iroquois Falls 12kV extension from Mustango to Hillcrest	$ 50,000	$ 48,774	$ (1,226)
Cochrane 11th Avenue Relocate and Upgrade	$ 44,400	$ 87,623	$ 43,223
Cochrane 4th/5th St. laneway reconstruction	$ 77,651	$ 13,839	$ (63,812)
Cochrane Sub Station replace insulators	$ 43,745	$ 11,206	$ (32,539)
Kapuskasing 5kV to 25kV conversion/upgrade/extension from Winnipeg St. To Sofijia	$ 62,400	$ 8,141	$ (54,259)
Kapuskasing 5kv to 25kV conversion/upgrade Cherry St.	$ 90,000	$ 103,728	$ 13,728
Cochrane Pole Changes	$ 52,000	$ 80,080	$ 28,080
Kapuskasing Pole Changes	$ 52,000	$ 67,997	$ 15,997
Iroquois Falls Pole Changes	$ 52,000	$ 16,557	$ (35,443)
Renovate Iroquois Falls Service Centre	$ 100,000	$ 116,245	$ 16,245
Tools and Equipment	$ 39,400	$ 24,265	$ (15,135)
Transportation Equipment	$ 219,345	$ 218,112	$ (1,233)
Miscellanous Other		$ 772	$ 772
Total Capital by Project	$ 957,867	$ 830,295	$ (127,572)

b) Please revise the Table shown at Exhibit 2, Tab 2, Schedule 3, Attachment 1 of 1 to show the actual 2012 and revised 2013 capital budget.

NOW Response:

This will be filed in a supplemental submission as discussed in cover letter.

c) Please revise the table to show the actual and forecast capital contributions separately for each year.

NOW Response:

NOW has not had any capital contributions and none are forecasted.

3-SEC-7s Pole Replacement

[2-Staff-6]

Please provide the number of polls replaced by the Applicant since 2009.

NOW Response:

Please reference 2.0-VECC-43.0.

2.0-AMPCO-17s Capital Projects

Reference: 2.0-VECC-6.0

a) Please confirm the "specific projects originally forecasted for 2013 that have been changed to 2014 and vice versa".

NOW Response:

As indicated below in our response to item b), the Iroquois Falls 12kV extension/conversion project is a forecast six year project. The section originally planned for 2013 was switched with the 2014 for logistical reasons. There is no change in the total cost forecast in either years.

b) Please confirm the specific projects in 2012 that were deferred to 2013.

NOW Response:

The Cochrane Sub Station replacement of insulators has been deferred to 2013, minimal work was performed in 2012 but majority of the replacement work will occur in 2013. 2012 Budgeted Cost as submitted in the 2012 Bridge Year Capital Forecast is $43,745. This was moved to 2014 as responded in the first set of interrogatories increasing the total capital expenditure by $46,375 to $1,846,336 (including Smart Meters Capital Costs being rolled in). There is a discrepancy between the 2012 Bridge Year Capital Forecast cost for the insulators project of $43,745 versus the increase in the total costs of $46,375. NOW is not sure why there is variance but notes the difference is insignificant.

A summary of the 2013 Forecast Capital Projects is provided in part c) below.

The specific section to be converted in the Iroquois Falls 12kV extension/conversion project was changed. Each annual section would be relatively the same in total work and capital cost. This is a forecast six year project. Essentially the forecast costs for these projects as submitted in the 2012 Bridge Year and 2013 Test Year Figures would change.

c) The response states that NOW's "current forecast for 2013 is $1,846,336 which will help ensure the reliability of NOW's infrastructure". Please provide a breakdown of this amount.

NOW Response:

2013 CAPITAL PROJECTS

	2013 Test Year Capital Projects per 2013 COS Application	Revised 2013 Capital Forecast	2013 Approved Budget (Board of Directors)
Iroquois Falls 12kV extension from ~~Picadilly to New Circle~~ Argylie to Buckingham	$ 77,920	$ 77,920	$ 80,000
Cochrane 4th/5th St. and 5th/6th St. laneways reconstruction	$ 92,598	$ 92,598	
Cochrane 5th/6th St. laneway reconstruction	$ 79,980	$ 79,980	$ 75,750
Cochrane 8th St Feeder - re routing			$ 20,000
Kapuskasing 5kV to 25kV conversion/upgrade/extension from Nipigon to Ottawa	$ 101,351	$ 101,351	$ 120,000
Cochrane Sub Station replace insulators		$ 46,375	$ 15,000
Cochrane Pole Changes	$ 53,560	$ 53,560	$ 41,600
Kapuskasing Pole Changes	$ 53,560	$ 53,560	$ 41,600
Iroquois Falls Pole Changes	$ 53,560	$ 53,560	$ 20,800
Meters			$ 25,000
Service Centre Upgrade in Iroquois Falls - completion			$ 23,854
Tools and Equipment	$ 12,875	$ 12,875	$ 24,100
Transportation Equipment	$ 176,500	$ 176,500	$ 262,000
Computer Equipment Hardware	$ 10,300	$ 10,300	$ 10,000
Computer Software	$ 5,150	$ 5,150	$ 5,000
Miscellaneous Equipment	$ 7,725	$ 7,725	$ 7,500
2013 Test Year Capital Projects	$ 725,079	$ 771,454	$ 772,204
Smart Meter Assets NBV @ Jan 1, 2013			
Smart Meters	$ 1,036,720	$ 1,036,720	
Computer Hardware	$ 20,669	$ 20,669	
Computer Software	$ 16,743	$ 16,743	
Tools And Equipment			
Other Equipment	$ 751	$ 751	
Total Smart Meters	$ 1,074,883	$ 1,074,883	
Total 2013 Additions	$ 1,799,962	$ 1,846,337	

NOW has recently approved its 2013 Capital Budget and although there are changes within the specifics of the planned projects and expenditures, the total capital budget for the year is relatively unchanged. The 2013 Capital Budget as approved by the NOW Board of Directors is $772,204 while the 2013 Test Year Capital Forecasts as submitted in the COS Application is $771.454. These figures both exclude the Smart Meter Capital Costs which are being rolled into Fixed Assets in 2013 as well.

2.0-AMPCO-18s Transportation Equipment

2.0-AMPCO-18s Reference: 2.0-VECC-7.0, Attachment #1

a) For the 2013 Transporation Equipment Capital Budget provided in Attachment #1, please provide the Unit #for the vehicles listed.

NOW Response:

Reel Trailer purchased in the fall 2012 Unit # 531. Pickup purchased in early 2013, Unit #532. The other vehicles have not yet been purchased, therefore unit numbers have yet to be assigned.

2.0-AMPCO-19s Defective Equipment

2.0-AMPCO-19s Reference: 2.0-AMPCO-4

a) Please explain why NOW does not record defective equipment outages by cause.

NOW Response:

NOW does record defective equipment outages by cause.

Defective Equipment Breakdown

Defective Equipment	2007	2008	2009	2010	2011	2012	Total
Fuse	1	5	1	1	4	5	**17**
Conductor	1				1		**2**
Insulator				1		1	**2**
Cut-out, switch, circuit interru		4	4	3	5	3	**19**
Stirrup/ clamp		1			1		**2**
Transformer (xmer)		2			2	1	**5**
Wire			2		1	1	**4**
Pole			1				**1**
Other	1	1	3		4	1	**10**
Total	3	13	11	5	18	12	**62**

b) Please explain the year over year variance in defective equipment totals for the years 2007 to 2011.

NOW Response:

There was a lag in tracking power outages in 2007 which resumed in the final quarter and improved in 2008. The variance in 2010 is a result of a “better than average” year.

c) Please discuss how NOW uses its defective equipment results in the development of its annual capital and operating plans.

NOW Response:

If ongoing issues have been identified, this item will be scheduled for repair/ upgrade. Currently, older infrastructure upgrades are being performed.

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Exhibit 3 - Operating Revenue

3.0-Staff-45s Load Forecast

Ref: 3.0-Staff-14; Exhibit 3/Tab 1/Schedule 2/Attachment 1 – Customer Count

In its response to 3.0-Staff-14, NOW states that there was an error in the historical number of customers presented for the GS<50, GS>50 and USL classes. NOW provides the revised customer counts and updated actual customer counts for 2012 for all classes. However NOW did not explain the impact of these changes to the customer counts forecast for 2013.

a) With the changes made as stated in response to 3.0-Staff-14, please provide the updated customer counts forecast for 2013.

NOW Response:

The year end 2012 customer counts for the GS<50, GS>50 and USL customer classes should form the forecast for 2013; that is, 752, 67 and 23, respectively.

b) Please confirm whether NOW is adopting the updated customer counts forecast as stated in (a) in this application. If not, please explain why.

NOW Response:

In order to minimize regulatory costs and facilitate the efficient disposition of this application, NOW is not proposing to change the filed load forecast at this time. NOW understands that the final customer numbers and the effect on cost allocation and rates may be a matter for discussion during any potential settlement or hearing.

3.0-Staff-46s Load Forecast

Ref: 3.0-Staff-9, 3.0-VECC-13.0 – Load Forecast

In its response to part a) of 3.0-Staff-9, NOW states: "The data used to develop the load forecast are actual billed consumption for each calendar month moved back by one month to reflect the month that the consumption took place." In part b), NOW confirms that all customers are billed monthly.

Does the response to the interrogatory mean that NOW has historically read all meters on the first day of the month, so that the billed consumption on a bill corresponds with the actual consumption in the previous calendar month? If not, please explain, including providing a quantitative example of how the monthly bill consumption variable has been measured or estimated.

NOW Response:

The response in Board Staff Interrogatory 3.0-Staff-9 does not mean that "NOW has historically read all meters on the first day of the month…" The table provided by Board Staff in part (b) of the interrogatory which NOW completed is titled "Billing Cycle". NOW responded that its billing cycle is monthly, meaning customers are billed for their consumption each month. This means any customers' meter is read sometime during the month, each month. Monthly billed consumption is simply the sum of all monthly meter reads. This is then moved to the previous month. For example, bills issued in January are for meters reads typically done in December. Therefore, for the load forecast analysis, January billings are considered as December consumption.

3.0-Staff-47s Load Forecast

Ref: 3.0-Staff-10 – Load Forecast

Why is the creation of the USL class in 2008 a factor as to why the regression range of the Residential and GS < 50 kW classes only goes back to 2008?

NOW Response:

It does not directly affect the Residential and GS<50 kW classes, but informs that complete class data is available only to 2008.

3.0-VECC-47.0s Load Forecast

Reference: 3.0 – VECC – 14 a)
3.0 – VECC – 15 a)
3.0 – Staff – 12 b)

a) With respect to VECC #15 a), please explain why this equation was not used for purposes of preparing the GS<50 forecast.

NOW Response:

Please see response to part (b) below.

b) If part of the rationale in response to part (a) is that the coefficient for the employment variable is not statistically significant, please explain fully why it is appropriate to exclude the employment variable on this basis for the GS<50 class when the same variable is used in the Residential equation, although it is also not statistically significant there too (see VECC 14 a))..

NOW Response:

The equation provided in response to VECC #15 (a) was not used, in part, due to the statistical insignificance of the employment variable. However, the equation also had an insignificant coefficient on the MonthDays variable. In addition, the MonthDays variable coefficient had a counterintuitive sign (negative rather than positive). This is an issue that intervenors , including VECC, have raised as an area of concern in other COS proceedings. The fact that the equation had two explanatory factors that were statistically insignificant, with one of these that additionally contained a counterintuitive coefficient sign, led to the rejection of the equation.

c) Please provide a projection for the GS<50 class for 2013 using the equation estimated in response to VECC 15 a).

NOW Response:

In the equation for the GS<50 class as provided in response to VECC 15 (a), the 2013 kWh projection is 20,306,641 kWh.

3.0-VECC-48.0s True North

Reference: 3.0 – Staff 13 b)
3.0 – VECC 17 a)

a) Prior to late 2010, how many shifts was True North operating?

NOW Response:

There were 3 shifts operating prior to late 2010. However, according to a company press release dated January 19, 2012, the closing of the plant in 2010 displaced nearly 220 people (VECC 48 Attachment 1). Based on an e-mail from True North CEO Charles Martin to Michael Gravelle, Minister of Northern Development and Mines, dated January 25, 2012 appearing as Agenda Item #7.1.1 of the Regular Council Meeting of the Corporation of the Town of Cochrane, February 5th 2013 (page 2-3 of VECC 48 Attachment 2), True North, as of January 2013, had 92 “workers” or one shift. In a formal letter to Minister Gravelle, also dated January 25, 2013, True North CEO Charles Martin states that the “workforce” is about 45 (page 5 of VECC 48 Attachment 2).

b) With respect to Staff 13 b) and True North, which “October” was as the basis for applying the 33% factor (i.e., was it October 2010)?

NOW Response:

October 2008, which is also essentially equivalent to the average of October 2009 and October 2010.

c) For the last full year when True North was operating, please discuss how representative this October usage was of the average monthly usage over the full year period and indicate what percentage of these 12 months usage is accounted for by the October usage.

NOW Response:

The October 2008 consumption represents 8.25% of annual consumption from December 2009 to November 2010, or almost exactly 1/12th (8.33%). Therefore, the figure chosen is very representative of monthly consumption in the last full year of operation.

d) With respect to VECC #17 a), please indicate when True North restarted operation and how many shifts it has operated each month since then.

NOW Response:

It is NOW's understanding that operations began in February 2013 . Please see response to part (a), including attachments.

e) With respect to VECC #17 a), is there any further update on the status of True North's expected production levels for 2013?

NOW Response:

Please see response to part (a) and attachment 2.

f) What is NOW's current forecast as to the number of shifts True North will operate over the balance of 2013 (i.e., the months not addressed in part (d))?

NOW Response:

The information NOW has was provided in part (a). The CEO of the Company has advised the Ontario Government that the company is at risk.

g) Based on the foregoing, is there any need to change the GS>50 forecast to account for revised expectations regarding True North? If yes, please provide the necessary revisions and explain how there were calculated.

NOW Response:

Based on the forgoing, it is likely that NOW's forecast for True North is overly optimistic. However, at the present time, NOW suggests the forecast be left as is, as more concrete information about the company's future is not currently available.

Attachment 1 of 1

3.0-VECC-48.0s Attachments

True North Hardwood Plywood Inc.

Press Release – For Distribution on January 19^{th}, 2012

After much effort and time, Cochrane's True North plant is poised to recommence its operation and begin making plywood again. For over a year now of being idle, Cochrane stakeholders have been pressing to put the laid-off employees back to work. Supported by the town and its Economic Development Corporation, much work has been accomplished to find investors and partners to revive the 47 year established plant.

In 2010, True North, which operated as a joint venture by Industry Norbord and Industrie Foresterie Longlac, permanently shuttered its doors displacing near 220 people. The negative impact of the closure has been far reaching and hurtful for the local and regional economy. With support from senior government, local stakeholders championed a grass root effort to explore and reposition the plywood company back as a contributing member of the local economy.

Sponsored by the Cochrane and Area Economic Development Corporation and supported by the Town of Cochrane, the lengthy process had its ups and downs over the past year. On one occasion, the community was abuzz with the identification of an Asian partner who, at the last moment, failed to ratify their position. In keeping with the northern spirit, the project team pressed on and a renewed effort bridged the gap. The former employees and their Union, the USW 1-2010 have been stellar in their commitment and patience.

"The struggle to re-build True North was significant" says Robert Manseau of Timmins' Commerce Management Group, who was charged with the task of leading the True North project. "The key turning point happened when True North's former employees agreed to invest in and provide the company with a new five year collective agreement" added Manseau. The employees will retain 20% of the company's common stock and actively participate on True North's board of directors and management sub-committees.

Since June of last year, an exhaustive search was done to find and secure a strategic partner to lead True North's new beginning. Success was found when terms were agreed with CMV Investments, LLC of Lemont Illinois. The Michigan based group of investors and business executives have committed to the project based on the considerable opportunity present. Speaking for the Company, Depow stated that "The value present in Cochrane is exceptional and with the employees, we have a winning combination". Depow and his team will focus on ramping production to ensure the idle mill is brought back with care. Under CMV Investment's leadership, True North will focus on manufacturing the quality Aspen plywood products the plant has been known for. Over time, Depow plans on expanding the product line and diversifying the base of operations to ensure stability.

This week Stephen Depow assumes his new role as True North's General Manager. Mr. Depow comes from New Brunswick where his ties to the plywood industry run deep. As manager and owner of other plywood mills, Mr. Depow sees Cochrane as a unique opportunity. "The plant's configuration is great and allows for many line combinations to respond with changing market conditions. "said Depow. "I'm looking forward to the challenge and meeting the people of Cochrane" he added.

As part of his initial functions, Mr. Depow will oversee the final permitting requirements and tool up the plant for a February start. Working with the new employee/owners, Depow will begin the important work of scheduling the employees to execute the plant's machinery start up. "I'm told we have a lot work to do but I'm also told we have eager people that are ready to come back" said Depow.

The company plans a general public press conference at the mill in early February once the machines are turning.

- End –

Contacts:

- Stephen Depow – True North General Manager 1-506-471-5054
- Robert Manseau – Commerce Management Group 1-705-268-8301
- Jamie Bernd - CMV Investments 1-616-633-1095

COCHRANE ONTARIO
WHERE:
✓ WE CAN SWIM WITH POLAR BEARS
✓ WE HAVE SOME OF THE LOWEST PROPERTY TAX RATES
✓ THERE IS A FAMILY DOCTOR FOR EVERYONE
✓ WE PAY 20% LESS FOR ELECTRICITY
✓ OUR PROPERTY ACTUALLY APPRECIATES IN VALUE
Wonderfully Unexpected!
171 Fourth Avenue
Cochrane, Ontario
P0L-1C0
OFFICE OF THE MAYOR - BUREAU DU MAIRE

Minister Gravelle (Michael),

Thank you for meeting with me last week to discuss this very issue. As expressed to you during the meeting, I appreciate the positive efforts of your staff and the Ministry to try and facilitate a more positive outcome. At the same time, as also discussed, I politely suggest that what's needed is to go beyond "facilitating" and to use either your legislated powers as Minister, or your constructive influence within the Ministry, to take a more active role in determining the outcome.

Certainly, what we are doing right now is not working and the fact remains clear; there are upwards of 300 (mill and woods) families out of work or about to be out of work in Cochrane and region, while the logs that will put them to work are going to other facilities and (remarkably) out of province to Quebec. I know everyone appreciates that not only is this unacceptable, it's not a position we should be in to begin with considering the extraordinary efforts (by everyone) that have gone into resurrecting this mill in the first place.

Right now the mill is being slated to shut down for the month of February because they are not getting the wood supply committed to them even though they are offering the highest rates for the logs. If this happens, can I respectfully suggest this is the beginning of the end as winter will pass one month later and not only will there not be enough logs to operate immediately, but the inventory will not be there to run after the thaw – As we know, this is a critical turning point and time of year in this industry.

While there can be a tendency to get caught up in complexities, can I respectfully suggest that the solution is really not so complex. Mr. Martin has made a very reasonable and appropriate request for the Ministry to direct that until the end users who share the same tree agree on terms, the tree stays on the stump. This will set the balanced negotiations environment and the right vested interest by everyone to get the dealings done and flow the wood supply where it belongs. Naturally each facility will move earth and water to make sure they get their wood supply. Currently, the situation is that True North's competitor has a choice to get "their" terms satisfied or they arbitrarily choose to take True North's wood to their mill, send it else where as they see fit, or even send it to Quebec to secure a better return while our families here in Ontario are sacrificed in the process. Honestly, how can anyone expect any other result than what exists now with this type of unbalanced and dysfunctional set of circumstances?

The economic reality is that for some reason we are fostering a set of circumstances that sees us justify risking a facility that only needs 1,000 m3 of forest for every person it employs for the fear of risking a facility that requires 2,000 m3 to 3,000 m3 of forest for every person they employ. While I believe that we shouldn't be risking either facility and managing the circumstances to see us create all the employment associated to all the facilities, the fact that the current circumstances seem to be such as I've just explained where this curious trade off is taking place, just adds to the perplexity.

As usual Minister, Cochrane is available to roll its sleeves up, work with you, your staff, the industry and anyone else with interest to create results that best satisfy the people of Northern, Ontario. I know you appreciate the gravity of the situation and continue to urge everyone to step back and see the need to act differently as the current approach is not working while much is being placed at unnecessary risk.

I can't help but remain captivated by Mr. Martin's last sentence that states, "If we end up in that unfortunate place, it will not have been for anything else but we did not get the logs that were committed to us in the first place.". In my view, this really is the perspective to focus on after all is said and done.

Finally Michael, please appreciate that as Mayor I cannot (and will not) stand by while this facility is placed in jeopardy because its committed fibre is being sent out of province to sustain jobs and families elsewhere. I have pleaded with everyone to understand that this is not a good position to place our community in and unless we can get a sense of reprieve with new and demonstrative actions, we will not be able to avoid the inevitable reaction. Considering all the other curious provincial choices being made recently that seem to consider every other interest but the people and families of this region, I would consider it a personal failure to allow this to to end up in that place.

As explained, Cochrane is ready, I know the regional associations are ready, and I remain ready to work with you and your team on correcting this now. As Mr. Martin has stated, six months from now will be too late.

Thanks for listening and anxiously Standing by ...

Thank You / Merci,

Peter Politis,
Mayor / Maire,
The Town Of Cochrane
Phone: (705) 272-4361 ext. 231
Fax: (705) 272-6068
Email: peter.politis@cochraneontario.com
Web: www.cochraneontario.com
Facebook: www.facebook.com/cochranemayor

From: Charles Martin [mailto:cp_martin@msn.com]
Sent: January-25-13 4:13 PM
To: Michael Gravelle
Cc: Ginette.Brindle@ontario.ca; jvanthof@ndp.on.ca; Peter Politis; Peter Elliott; Ray Poe; Larry Joy
Subject: True North Hardwood Plywood

Dear Minister,

I hate to bother you when you have so many issues you have to deal with. I pray your health improves and the changes in politics works out ok for you.
We put a great coalition of people together to rescue the True North Plywood plant. We have union employees as owners, a local First Nation group, Canadian investors and a group of friends of mine from the US.
Attached is a letter which conveys our situation right now.
I know you are extremely busy, but I ask you to read it on behalf of our

92 workers at our plant.

Best regards,
Charlie Martin
CEO
True North Hardwood Plywood

1/30/2013

TRUE NORTH
hardwood plywood

January 25th, 2013

Minister Michael Gravelle
Ministry of Natural Resources
Suite 6630, 6th Floor, Whitney Block
99 Wellesley Street West
Toronto, Ontario M7A 1W3

Honorable Minister Gravelle:

Re: True North Hardwood Plywood Wood Supply Deficiencies

Thank you for your efforts thus far in assisting us in this difficult transition period that we are experiencing with respect to resurrecting the True North Plywood Plant in Cochrane. I have spoken to Mayor Politis about his efforts to assist as well.

Our plant is on the verge of not surviving this transition and as such, please allow me to be politely direct in this note in an effort to ensure we are all making informed decisions going forward. My investment group selected this facility in Cochrane, over others in the country, because we believed that the workforce's interest in being part of the facility, the constructive and positive political climate in Cochrane and the timber supply agreements with Province assuring wood supply would all be there. As well reassurances from the Mayor that wood supply would not be an issue as in his experience the Ministry and Minister here are development orientated. Knowing this, I have to be honest with you, while we knew there would be challenges in resurrecting a mill of this nature we never for a moment thought those challenges would be getting logs. We have re-established sales and have HAD enough sales to ramp up to about a 200 employee level for months. We have reworked some of the mill configurations and are in a positive position for production. Our employees (both those who are working and those waiting to go to work) are anxious to get this moving. Our cash flow and financing have been aligned and we're in a positive position. But we don't have logs!

. . . Page 2

True North Hardwood Plywood Inc.
4 Boisvert Crescent
P.O. Box 1956
Cochrane, ON
Canada P0L 1C0
Tel 705 272-4210
Fax 705 272-3509
www.truenorthhp.com

We have been ready for logs since last summer. We paid deposits to companies that we don't believe we should have. Our timber supply should not be contingent upon us financially carrying our competitors. But we paid simply to constructively facilitate the relationships with other Forestry Companies in our area. We are paying more than anyone else in terms of rates, for logs (again subsidizing our competitors), which begs the question, why don't we have logs? Politely and with respect, we are paying these rates because this is the position we have been left in, with respect to our wood supply commitments from the Province while sales remain unsatisfied. Yet little to no logs have been delivered while we have first hand knowledge that our timber supply, committed to us by the province, is going to the competitors mills and to Quebec. While having enough sales to generate 200 jobs today (and since last fall) we have shut down the Mill for Christmas and just laid off half of the workforce as a result of no logs. Our workforce is about 45 right now while being in a position to ramp up to 200 employees, if we just had the logs.

Our current cash flow challenge has been a direct result of not having logs, to generate product, to satisfy sales and generate revenues. It will be difficult enough financially carrying this facility until the industry turns around but to do it with no sales because there are no logs – this is impossible. It's also a direct result of our competitors making ridiculous demands on us to cash flow their own operations before they honor the wood supply commitments we have from the province.

Honorable Minister, while I appreciate Ontario has its way of doing things and our company is respectful of this and looking forward to being long term partners with you, please let me be frank and say that we would never experience this in Michigan and certainly in New Brunswick where there was just a different value placed on our investment by the government. We just don't understand how so much risk can be allowed to happen to something so positive to both the Province and the Municipality. This mill was slated to be sold off and to be leveled into a parking lot. We have invested millions of dollars to save it. We don't expect handouts but are perplexed at how little the Province seems to value the need to help us make this happen. While there are challenges in competing with others in our industry, it just makes little sense to leave us vulnerable to the fact that our wood supply is caught up in the hands of our competitors and the government doesn't seem to accept the need for them to regulate their rules and commitments in this kind of environment. If we would have known that our critical wood supply would be left to our competitors to determine if we get it or not, we may have had second thoughts on this particular endeavor. I'm not sure that's a good development environment for any jurisdiction to be maintaining.

Finally, we are OK with being competitive and doing our work, but I must ask you to rethink the approach of leaving us to our competitor's whim on how we are to receive our wood supply. I ask that the Ministry realize that if more than one facility shares the fiber in the same tree, that the tree stay on the stump until they both agree on terms. This will create a vested interest in both to get it done and a balanced negotiation. Right now, if our competitors can simply take our wood to their mill, sell to others, or send it to Quebec, then we are dead in the water because they can hold us for ransom at all terms.

. . . Page 3

We want to be a model by which the government, the municipality and the region are proud to have. We are prepared to compete with other countries and create a sustainable economy in Northern Ontario using a Northern Ontario work force to do this. We are ready to ramp up as high as 200 jobs in just a few months if we can produce the product. Coincidently, this does not consider the spin off jobs in our local economy and other related wood industries associated to this operation. Our sales are ready and lined up. Our cash flows are sustainable at reasonable levels. All we need is our wood supply. I'm urging you to kindly do what you can to turn this matter around immediately. We need your help now as six months from now we will have an entirely different scenario and set of circumstances as a result. If we end up in that unfortunate place, it will not have been for anything else but we did not get the logs that were committed to us in the first place.

Your efforts are always appreciated and I remain...

Yours Truly,

Charlie Martin

Charlie Martin
CEO

c.c. Cochrane Mayor and Council
M.P.P. John Vanthof
MNR Regional Director Ginette Brindle

3.0-VECC-49.0s Ontario Northland

Reference: 3.0 – Staff 13 b)
3.0 – VECC 17 b)

a) How does Ontario Northland's actual usage for the last 12 months for which actual data is available compare with that for 2011?

NOW Response:

Comparing the most recent 12 month period, April 2012 to March 2013 with January to December 2011, Ontario Northland's kWh usage increased by 14.3% and its kW usage increase by 17.9%.

b) Would it be appropriate to the actual usage for the most recent 12 months as the basis for the 2013 forecast? If not, please explain why not?

NOW Response:

NOW believes it would be more appropriate to leave the forecast as is. In its GS>50 class forecast, NOW focused specifically on 2 customers who are known to be at risk. Both Ontario Northland and True North can still be considered at risk. The economy in the area that NOW provides service is fragile and every census area NOW serves exhibits declining population. If a change to the forecast for this class is to be considered, NOW suggests that the most recent 12 months consumption for the entire GS>50 class be considered as the test year forecast, as it is the entire class, not individual customers' consumption, that is the relevant quantity.

3.0-VECC-50.0s CDM Load Forecast Adjustment

Reference: 3.0 – Staff 15

a) The approach to determining the CDM load forecast adjustment set out in Staff 15 is materially different from that set out in NOW's Application. It is unclear from the response to Staff 15 c) if NOW is proposing to change its CDM adjustment and use the approach set out Staff 15 or not. Please clarify. In doing so, please specifically indicate whether or not NOW is proposing to adopt each of the following changes as represented by Staff's proposed approach:

i. Update the required net savings in 2013 (from 2011-2013 programs) to 30.89% of Target (from the 30% used in the Application).

ii. Apply the estimated gross savings (as opposed to net CDM savings) for purposes of the CDM adjustment.

iii. Apply a ½ year rule to the assumed savings in 2013 from 2013 CDM programs.

NOW Response:

NOW would propose to use the same CDM Load Forecast Adjustment methodologies established in recent filed settlement agreements being:

Tillsonburg Hydro Inc. (EB-2012-0168)

Bluewater Power Inc. (EB-2012-0107)

Greater Sudbury Hydro Inc. (EB-2012-0126)

CDM Adjustment To Load Forecast
Northern Ontario Wires Inc.

kWh	Weather Normalized 2014F (Elenchus)		CDM Load Forecast Adjustment	2014 CDM Adjusted Load Forecast
Residential (kWh)	42,936,585	36%	435,732	42,500,853
GS<50 (kWh)	20,103,818	17%	204,019	19,899,799
GS>50 (kW)	55,101,173	46%	559,182	54,541,991
Street Lights (kW)	1,610,563	1%	16,344	1,594,219
USL (kWh)	127,637	0%	1,295	126,342
Total Customer (kWh)	119,879,776	100%	1,216,572	118,663,204

kW	Weather Normalized 2014F (Elenchus)		CDM Load Forecast Adjustment	2014 CDM Adjusted Load Forecast
Residential (kWh)	-	0%	-	-
GS<50 (kWh)	-	0%	-	-
GS>50 (kW)	178,249	98%	205	178,044
Street Lights (kW)	4,315	2%	5	4,310
USL (kWh)	-	0%	-	-
Total Customer (kWh)	182,564	100%	210	182,354

Please reference Attachment 1 to this response for proposed calculation.

Attachment 1 of 1

3.0-VECC-50.0s CDM Load Forecast Adjustment

Utility

Northern Ontario Wires Inc.

2014 Target

kWh	5,880,000
kW	1,060

OPA Final Results

Northern Ontario Wires Inc.

Source: 2011 OPA Final Report	2011	2012	2013	2014
2011 Final kWh	481,705	481,705	481,705	431,406
2011 Final kWh	101	101	101	84

Calculate proportionate CDM savings required to achieve CDMTarget

Northern Ontario Wires Inc.

Schedule to achieve 4 Year kWH CDM Target

4 Year 2011 - 2014 kWh CDM Target					
5,880,000					
%	2011	2012	2013	2014	Total
2011 Programs	8.2%	8.2%	8.2%	7.3%	31.9%
2012 Programs		11.3%	11.3%	11.3%	34.0%
2013 Programs			11.3%	11.3%	22.7%
2014 Programs				11.3%	11.3%
	8.2%	19.5%	30.9%	41.4%	100.0%

kWh	2011	2012	2013	2014	Total
2011 Programs	481,705	481,705	481,705	431,406	1,876,522
2012 Programs		667,246	667,246	667,246	2,001,739
2013 Programs			667,246	667,246	1,334,493
2014 Programs				667,246	667,246
	481,705	1,148,952	1,816,198	2,433,145	5,880,000

Schedule to achieve 4 Year kW CDM Target

4 Year 2011 - 2014 kW CDM Target					
1,060					
%	2011	2012	2013	2014	Total
2011 Programs	9.5%	9.5%	9.5%	7.9%	36.5%
2012 Programs		10.6%	10.6%	10.6%	31.7%
2013 Programs			10.6%	10.6%	21.2%
2014 Programs				10.6%	10.6%
	9.5%	20.1%	30.7%	39.7%	100.0%

kWh	2011	2012	2013	2014	Total
2011 Programs	101	101	101	84	387
2012 Programs		112	112	112	336
2013 Programs			112	112	224
2014 Programs				112	112
	101	213	325	420	1,060

Load Forecast Adjustment Calculation
Northern Ontario Wires Inc.

Year	2013 CDM Threshold (kWh of incremental CDM savings needed in 2014)	Application Factor 1.0 Full Year 0.5 Half Year	2013 Net kWh Load Forecast CDM Adjustment
	A	B	C = A * B
2011	431,406	0.5	215,703
2012	667,246	1.0	667,246
2013	667,246	0.5	333,623
	1,765,898		1,216,572

Year	2013 CDM Threshold (kWh of incremental CDM savings needed in 2014)	Application Factor 1.0 Full Year 0.5 Half Year	2013 Net kW Load Forecast CDM Adjustment
	A	B	C = A * B
2011	84	0.5	42
2012	112	1.0	112
2013	112	0.5	56
	308		210

CDM Adjustment To Load Forecast
Northern Ontario Wires Inc.

kWh	Weather Normalized 2014F (Elenchus)		CDM Load Forecast Adjustment	2014 CDM Adjusted Load Forecast
Residential (kWh)	42,936,585	36%	435,732	42,500,853
GS<50 (kWh)	20,103,818	17%	204,019	19,899,799
GS>50 (kW)	55,101,173	46%	559,182	54,541,991
Street Lights (kW)	1,610,563	1%	16,344	1,594,219
USL (kWh)	127,637	0%	1,295	126,342
Total Customer (kWh)	119,879,776	100%	1,216,572	118,663,204

kW	Weather Normalized 2014F (Elenchus)		CDM Load Forecast Adjustment	2014 CDM Adjusted Load Forecast
Residential (kWh)	-	0%	-	-
GS<50 (kWh)	-	0%	-	-
GS>50 (kW)	178,249	98%	205	178,044
Street Lights (kW)	4,315	2%	5	4,310
USL (kWh)	-	0%	-	-
Total Customer (kWh)	182,564	100%	210	182,354

LRAMVA Allocation
Northern Ontario Wires Inc.

kWh	Weather Normalized 2014F (Elenchus)		LRAMVA (kWh)
Residential (kWh)	42,936,585	36%	632,481
GS<50 (kWh)	20,103,818	17%	296,141
GS>50 (kW)	55,101,173	46%	811,672
Street Lights (kW)	1,610,563	1%	23,725
USL (kWh)	127,637	0%	1,880
Total Customer (kWh)	119,879,776	100%	1,765,898

kW	Weather Normalized 2014F (Elenchus)		LRAMVA (kW)
Residential (kWh)	-	0%	-
GS<50 (kWh)	-	0%	-
GS>50 (kW)	178,249	98%	301
Street Lights (kW)	4,315	2%	7
USL (kWh)	-	0%	-
Total Customer (kWh)	182,564	100%	308

3.0-VECC-51.0s CDM Load Forecast Adjustment

Reference: 3.0 – Staff 15

a) Please confirm that the difference between the gross and net CDM savings represents those savings that would have occurred even if there were no CDM programs. If not, please explain why not.

NOW Response:

NOW is unable to confirm or deny that the difference between the gross and net CDM savings represents those savings that would have occurred even if there were no CDM programs.

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

NOW Response:

NOW in unable to confirm or deny that, for any given year, the difference between gross and net OPA reported savings does not reflect all of the CDM activity that will take place without any incentives being provided.

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

NOW Response:

NOW neither agrees or disagrees that the historical consumption values for each customer class will have been impacted by the total CDM activity that has occurred each year without any incentive being provided (and not just that associated with OPA CDM programs).

d) Can NOW provide any estimates of the total savings in each year 2008-2011 from CDM activity that has would have taken place in its service area without any incentive (as opposed to just that associated with OPA programs)? If so, please do so and indicate how the savings amounts were determined.

NOW Response:

NOW is not in a position to provide any estimates of the total savings in each year 2008-2011 from CDM activity that would have taken place in its service area without any incentive (as opposed to just that associated with OPA programs).

3.0-VECC-52.0s CDM Load Forecast Adjustment

Reference: 3.0 – VECC 19 b)

a) Consistent with the approach outlined in Staff 15, would it be reasonable to also apply a ½ year rule to the 2011 CDM program savings in 2011 and assume that this is the amount of CDM already captured in the initial load forecast? If not, why not?

NOW Response:

NOW is proposing to use the same CDM Load Forecast Adjustment methodologies established in recent filed settlement agreements being:

Tillsonburg Hydro Inc. (EB-2012-0168)
Bluewater Power Inc. (EB-2012-0107)
Greater Sudbury Hydro Inc. (EB-2012-0126)

Please reference Attachment 1 to 3.0-VECC-50.0s for proposed calculation. This updated proposal applies the above adjustment.

3.0-VECC-53.0s MicroFit service charge revenue

Reference: 3.0 – VECC - 20

a) Please explain the basis for the formula (i.e. ((13+5) X $5.40) used to determine 2013 MicroFit service charge revenue for 2013.

NOW Response:

The basis for the formula is as follows. As at the end of the second quarter of 2012, NOW has connected 13 MicroFIT installations and have a forecast of 5 additional connections through 2013. This forecasted total of 18 MicroFIT connections are multiplied by the updated rate of $5.40 to determine the 2013 MicroFIT service charge revenue for 2013.

3.0-VECC-54.0s Specific Service Charges

Reference: 3.0 – VECC - 21

a) Is NOW still planning to adopt MIFRS for 2013? If based on CGAAP, are any changes required to the forecast of Other Revenues for 2013?

NOW Response:

No, NOW is no longer planning on adopting MIFRS in 2013. Using CGAAP, there are no changes required to the forecast of Other Revenues for 2013.

b) With respect to Appendix 2-F, please explain why for Specific Service Charges the amounts shown in the detailed portion of the Table differ from those shown in the summary at the bottom of the table for 2011-2013 (.e.g., for 2011 the values are $74,958 versus $80,317).

NOW Response:

The Specific Service Charges amounts in the detailed portion of Appendix 2-F are different that in the Summary at the bottom of the table because USoA 4082 and 4084 in the detailed portion are included in the Specific Service Charges Summary. (e.g. for 2011, Act 4235 + Act 4082 + Act 4084 = Summary: $74,958 + $4,607 + $752 = $80,317.

c) Please explain the increase in 2012 Actual Utility Other Operating Income (i.e. $28,151 actual vs. $2,500 forecast). Also, please explain whether this increase should be assumed to continue for 2013.

NOW Response:

Response: NOW disposed of three obsolete vehicles in 2012 which amounted to $16,125. We also settled with a retailer for outstanding monies owing since 2009 for almost $8000. These items are anomalies and rarely occur. As per the first quarter for

2013, there are no entries recorded in Other Operating Income. Therefore, in NOW's opinion the $2,500 forecasted is reasonable and should continue for 2013.

3-SEC-8s 2012 Revenue Offsets

[3-VECC-21]

Please explain the difference between the 2012 Bridge Year Forecast and 2012 Actual amounts.

NOW Response:

USoA #	USoA Description	Bridge Year³	2012 Actual	Difference
		2012	Un-audited	
	Reporting Basis	CGAAP	CGAAP	
4235	Specific Service Charges	$ 66,250	$ 75,170	$ 8,920
4225	Late Payment Charges	$ 22,500	$ 35,420	$ 12,920
4080	SSS Admin Fees	$ 15,317	$ 16,261	$ 944
4082	Retail Services Revenues	$ 12,200	$ 3,277	-$ 8,923
4084	STR Revenues	$ 731	$ 501	-$ 230
4210	Rent from Electric Property	$ 95,500	$ 94,608	-$ 892
4215	Other Utility Operating Income	$ 2,500	$ 28,151	$ 25,651
4220	Other Electric Revenue	$ -	$ -	$ -
4325	Revenues from Merchandising, Jobbing etc,	$ 20,000	$ 14,956	-$ 5,044
4375	Revenues from Non-Utility & Other Property	$ 500	$ 767	$ 267
4390	Misc Non-Operating Income		$ -	$ -
4405	Interest and Dividend Income	$ 3,500	$ 2,709	-$ 791
Specific Service Charges		$ 79,181	$ 78,948	-$ 233
Late Payment Charges		$ 22,500	$ 35,420	$ 12,920
Other Operating Revenues		$ 113,317	$ 139,020	$ 25,703
Other Income or Deductions		$ 24,000	$ 18,432	-$ 5,568
Total		$ 238,998	$ 271,820	$ 32,822

Increase in Specific Service Charges is a result of Hand Delivery charges and change of occupancy.

Increase in late payment fees actual is unusually high due to late payment charges being applied to one of our two largest customers. This is considered to be non-recurring

The increase in other utility operating revenue is because NOW disposed of three obsolete vehicles in 2012 which amounted to $16,125. We also settled with a retailer for outstanding monies owing since 2009 for almost $8000. These items are anomalies and rarely occur. As per the first quarter for 2013, there are no entries recorded in Other Operating Income. Therefore, in NOW’s opinion the $2,500 forecasted is reasonable and should continue for 2013.

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Exhibit 4 - Operating Costs

4.0-VECC-55.0s 2012 Administrative and General spending

Reference: 4.0-VECC-23

a) Please explain the reason for the significant overspending in Administrative and General spending in 2012 as compared to the year's original budget.

NOW Response:

The reason for the significant "overspending" in Administrative and General spending in 2012 as compared to the original budget is a largely a result of year end allocations for payroll burden that have been grouped in Administrative and General Expenses. This would also explain why some of the other classifications are below the bridge year figures. The allocation that was not yet done as of the last interrogatories was approximately $225,000 which would result in a variance of $11k comparing the Bridge Year 2012 and 2012 Unaudited figures. (1,004,136 – 767,486 = 236,650 – 225,000 ≈ $11k)

Additionally, there has been an increase in outside services that have been necessary to complete the Cost of Service Application.

4.0-VECC-56.0s Reading outside services

Reference: 4.0-VECC-24.0

a) In respect to the tables provided on account 5310, please explain why “Reading outside services” has not declined since 2009 and given the installation of smart meters (33.8k vs. 38k).

NOW Response:

Account 5310 – Reading Outside Services reflects the cost of wholesale meter and interval meter reading and management services provided by Utilismart. This amounts to $2,750 per month. These costs have not been impacted by the installation of smart meters as they are related to services for meters outside the smart meters project. A small portion of these costs qualify as Non-STR costs and booked to the variance account accordingly. This account also includes our Metering Service Provider monthly costs – averaging $650/month which are also not affected by smart meters. This provider is Peterborough Utilities Services Inc. and they are a licensed Meter Service Provider with IESO and monitors, validate metered data and maintain all wholesale meter points to meet IESO requirements for NOW. This includes but is not limited to maintaining all registration documentation per site, maintaining meters seals to ensure compliance with Measurement Canada and IESO, and troubleshooting of anomalous conditions per wholesale site.

4.0-VECC-57.0s LEAP contribution

Reference: 4.0-VECC-27.0 LEAP

a) Does NOW intend to update and apply for a LEAP contribution based on the proposed 2013 revenue requirement?

NOW Response:

Yes, NOW intends to update and apply for a LEAP contribution based on the proposed 2013 revenue requirement.

b) Please calculate the 2013 LEAP contribution based on the updated revenue requirement before revenue offsets (line 8, sheet 9 of RRWF).

NOW Response:

This will be filed in a supplemental submission as discussed in cover letter.

4-SEC-9s Reading outside services

[4-VECC-24a]

Please explain the increase since 2009 of 'Reading Outside Services' category of expenses in Account 5310.

NOW Response:

Please reference 4.0-VECC-56.0s.

4-SEC-10s Management Fee

[4-VECC-31]

Please explain why the Applicant believes a 12% Management Fee is reasonable and appropriate?

NOW Response:

The 12% fee has been in effect since Jan 1, 2003 which was a reduction from an original start-up figure of 20% in 2000 when the Management Agreement between the Cochrane PUC and NOW was entered into. The 12% received further challenge by the Ministry of Finance in an audit in 2003/2004, however upon their further review also found it to be a reasonable and allowable charge. In light of the obligations and risks of CTS to ensure adequate trained personnel, appropriate benefits, Labour/HR services etc, NOW is of the opinion the fee is appropriate here in Northern Ontario.

4-SEC-11s Number of lineman

[4-AMPCO-7d, Ex.1/1/12/1,2/p.1]

Please reconcile the response to this interrogatory setting out the number of lineman with the utility's organizational chart.

NOW Response:

The organizational chart was created prior to filing. We had three apprentices, and one graduated to a full journeyperson, leaving us with two apprentices at the time of filing.

4.0-AMPCO-20s Appendix 2-L

Reference: 4.0-Staff-20, Attachment 1, Appendix 2-L

a) Please update Appendix 2-L to include 2012 actuals.

NOW Response:

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTEE

	Last Rebasing Year (2009 Board-Approved)	Last Rebasing Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year	2012 Actuals	2013 Test Year
Reporting Basis							
Number of Customers	6,069.00	6,099.00	6,049.00	6,059.00	6,105.00	6,094.00	6,110.00
Total Recoverable OM&A from Appendix 2-I	$ 2,034,317	$ 2,025,472	$ 2,055,199	$ 2,142,821	$ 2,293,226	$ 2,388,579	$ 2,484,371
OM&A cost per customer	$ 335.20	$ 332.10	$ 339.76	$ 353.66	$ 375.63	$ 391.96	$ 406.61
Number of FTEEs	16.28	15.8	15.65	17.1	18.8	18.8	18.8
Customers/FTEEs	372.79	386.01	386.52	354.33	324.73	324.15	325.00
OM&A Cost per FTEE	124,958.05	128,194.43	131,322.62	125,311.17	121,980.11	127,052.07	132,147.39

4.0-AMPCO-21s Maintenance Costs

Reference: 4.0-VECC-23, Attachment 1, Appendix 2-I

a) Please explain the decrease in maintenance costs from 2012 Bridge to 2012 Unaudited.

NOW Response:

The reason for the decrease in maintenance cost from 2012 Bridge to 2012 Unaudited is similar that that of 4.0-VECC-55.0. It is largely a result of year end allocations for payroll burden that have been grouped in Administrative and General Expenses and not yet allocated to other accounts including maintenance costs.

As can be seen in 4.0-AMPCO-21, the most recent 2012 figures show Maintenance costs of $450,645 compared to 2012 Bridge of $437,247.

4.0-AMPCO-22s OM&A per Customer

Reference 1: 4.0-VECC-30

Reference 2: 4.0 Staff-20

a) At the first reference, a customer count of 6100 is used in the calculation of OM&A/Customer. At reference 2, a customer count of 6110 is used in the calculation. Please reconcile and confirm the 2013 Test Year Customer Count.

NOW Response:

The value of 6110 should have been used.

b) Please provide the customer count used in the OM&A/Customer calculation for 2013 COS Application 2012 Bridger Year and 2011 OEB Yearbook in 4.0-VECC-30.

NOW Response:

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTEE

	Last Rebasing Year (2009 Board-Approved)	Last Rebasing Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year	2012 Actuals	2013 Test Year
Reporting Basis							
Number of Customers	6,069.00	6,099.00	6,049.00	6,059.00	6,105.00	6,094.00	6,110.00
Total Recoverable OM&A from Appendix 2-I	$ 2,034,317	$ 2,025,472	$ 2,055,199	$ 2,142,821	$ 2,293,226	$ 2,388,579	$ 2,484,371
OM&A cost per customer	$ 335.20	$ 332.10	$ 339.76	$ 353.66	$ 375.63	$ 391.96	$ 406.61
Number of FTEEs	16.28	15.8	15.65	17.1	18.8	18.8	18.8
Customers/FTEEs	372.79	386.01	386.52	354.33	324.73	324.15	325.00
OM&A Cost per FTEE	124,958.05	128,194.43	131,322.62	125,311.17	121,980.11	127,052.07	132,147.39

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Exhibit 5 - Cost of Capital and Rate of Return

5.0-VECC-58.0s Debt

Reference: 5.0-Staff-24 Long-term Debt

a) Please explain why the debt of $4.853,336 and interest costs of $182,000 shown in Appendix 2-OB are different than long-term debt and interest costs shown in Appendix 2-OA ($4,227,219 and $158,521 respectively).

NOW Response:

Appendix 2-OA ($4,227,219 and $158,521 respectively) is structured using this applications applied for rate base (matches RRWF) where Appendix 2-OB ($4.853,336 and $182,000 respectively) is the expected 2013 actual.

5.0-VECC-59.0s Infrastructure Ontario

Reference: 4.0-VECC-34.0

a) Please provide the interest rates offered by Infrastructure Ontario at the time the $4.8 million was renegotiated with the Cassie Populaire.

NOW Response:

NOW did not obtain interest rates from Infrastructure Ontario at the time the $4.8 million was renegotiated with the Caisse Populaire as it was satisfied with the services and rates provided by the local financial institutions. Previous experience with Infrastructure Ontario suggested that the rates are generally comparable.

5-SEC-12s Strategic Financial Plan

[5-Staff-24]

Please provide a copy of the Strategic Financial Plan.

NOW Response:

SEC has requested a copy of NOW's Strategic Financial Plan. NOW believes this document to contain information that is sensitive in nature and proprietary to the third party who prepared it. NOW seeks the Board's direction with respect to submission-in-confidence of an un-redacted version of this document to the Board. NOW is prepared to share a copy of this confidential filing to any intervenor who has signed the Board's confidential undertaking form, should the Board so direct.

5-SEC-13s Operation capital and cash flow forecast

[5-Staff-24]

Please provide a copy of the "three year operation capital and cash flow forecast identifying any changes to debt requirements and resulting impact on debt to equity".

NOW Response:

Please reference Attachment 1 to this response.

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5-SEC-13s Operation capital and cash flow forecast

NORTHERN ONTARIO WIRES INC
FINANCIAL OVERVIEW

UPDATED APRIL 20, 2012 TO REFLECT APPROVED $450 k DIVIDEND TO TOWN AND ADDITIONAL BORROWINGS
DID NOT ADJUST Profit and Loss for additional interest from additional borrowings. Would be approx $56 K/year on $1.5 million.

	ACTUAL 2009	ACTUAL 2010	BUDGET 2011	PRELIMINARY ACTUAL 2011	BUDGET 2012	FORECAST 2013	FORECAST 2014		
TOTAL REVENUES	$ 2,628,127	$ 2,716,226	$ 2,786,778	$ 2,764,552	$ 2,810,922	$ 3,020,922	$ 3,094,255		
EXPENSES									
Salaries and Benefits	$ 1,190,767	$ 1,274,622	$ 1,283,707	$ 1,243,625	$ 1,341,178	$ 1,378,061	$ 1,339,957		
Materials and Expenses and Taxes	$ 860,423	$ 814,463	$ 941,863	$ 948,250	$ 935,450	$ 985,585	$ 1,023,711		
Depreciation	$ 315,113	$ 295,966	$ 355,000	$ 355,000	$ 370,000	$ 370,000	$ 370,000		
Interest	$ 129,763	$ 123,655	$ 141,130	$ 135,167	$ 149,363	$ 149,363	$ 149,363		
	$ 2,496,066	$ 2,508,706	$ 2,721,700	$ 2,682,042	$ 2,795,991	$ 2,883,009	$ 2,883,031		
								6 yr total	
NET PROFIT (LOSS)	**$ 132,061**	**$ 207,520**	**$ 65,078**	**$ 82,510**	**$ 14,930**	**$ 137,913**	**$ 211,224**	**$ 786,159**	
Paid to Shareholder								6 yr total	
Management Fees (included in M&E)	$ 101,474	$ 97,482		$ 98,520	$ 100,687	$ 103,456	$ 106,301	$ 607,921	
Dividend	$ 13,206	$ 20,752		$ 8,251	$ 1,493	$ 13,791	$ 21,122	$ 78,616	
	$ 114,680	$ 118,234		$ 106,771	$ 102,180	$ 117,248	$ 127,424	$ 686,537	
RECAPITALIZATION DIVIDEND	$ 175,000				$ 450,000			$ 625,000	
								$ 1,311,537	
CAPITAL EXPENDITURE	**$ 247,069**	**$ 459,332**	**$ 1,023,000**	**$ 1,000,000**	**$ 869,400**	**$ 882,000**	**$ 807,500**		
				est					
Increase (Decrease) in borrowings (Debt) required for Operating/Capital/Regulatory requirement		$ 332,000		$ 800,000	$ 967,165	$ 754,000	$ (192,167)		
Long Term Debt	**$ 2,590,625**	**$ 2,417,905**		**$ 3,237,000**	**$ 4,034,165**	**$ 4,598,165**	**$ 4,215,998**		
DEBT/EQUITY RATIO								Recommend per Strategic Financial Plan	OEB Deemed for Rate Setting
DEBT	**44.5%**	**41.4%**		**48.0%**	**53.4%**	**56.6%**	**54.5%**	**55.0%**	**60.0%**
EQUITY	55.5%	58.6%		52.0%	46.6%	43.4%	45.5%	45.0%	40.0%
TOTAL	100.0%	100.0%		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

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Exhibit 7 - Cost Allocation

7.0-VECC-60.0s Street Lighting and USL customer Assets

Reference: 7.0 – AMPCO - 13

a) Are Street Lighting and USL customers required to own and maintain their service assets?

NOW Response:

Both Street Lighting and USL customers do own and maintain their service assets in our distribution service area.

b) If no, where is the capital costs incurred by NOW for these assets recorded?

NOW Response:

N/A

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Exhibit 9 - Deferral And Variance Accounts

9.0-Staff-48s Account 1590

Ref: 9.0-Staff-33 Attachment 1 of 1 – Account 1590

In its letter dated March 15, 2013 to the Board, NOW stated:

Effective May 1, 2012 the error resulted in an under-billing to select customers until the error was identified and corrected in March 2013 in the billing system. The correction will be reflected on customer statements issued April 1, 2013 in the next billing cycle.

a) Has NOW issued the customer statements in the April billing cycle for impacted rate classes i.e., residential, GS<50, and unmetered scattered load customers. If not, why not?

NOW Response:

NOW has issued customer invoices for the April billing cycle.

b) Please provide a redacted copy of a sample bill for each of the above rate classes showing the correction of the error.

NOW Response:

NOW confirms the correction of the error has been made to the billing system but the level of detail would not be evident on a bill as the amounts are consolidated with other charges.

In addition, NOW stated:

Northern Ontario Wires Inc. is of the opinion that the resulting billing error is not material. NOW plans to notify affected customers by way of bill insert in the upcoming bill cycle. The insert will state that a non-material billing error has been corrected.

c) NOW stated above that it plans to notify the impacted rate classes (residential, GS<50, and unmetered scattered load). Please provide a sample of the bill insert for impacted rate classes.

NOW also stated that the account balance in 1595 included the billing error up to December 31, 2011 and is proposed to be disposed in the current application. The remaining variance from January 1, 2012 to March 2013 will be proposed for disposition in a future proceeding.

NOW Response:

NOW assessed the billing error and determined that a bill insert will be sent should an adjustment on customer accounts be required. The cost of issuing bill inserts stating that a non-material error had been corrected would not provide sufficient benefit to affected customers to justify the bill inserts. As stated in NOW's letter dated March 15, 2013, we are waiting direction from the board on the actions to be taken by NOW.

d) Please state the amount of overbilling error that has impacted Account 1595 balance as at December 31, 2011.

NOW Response:

The amount of the overbilling error up to December 31, 2011 is approximately $488 for all classes of affected customers.

e) Please state the amount of overbilling error that has impacted Account 1595 balance from January 1, 2012 to March 31, 2013.

NOW Response:

The amount of the billing error from January 1, 2012 to March 31, 2013 is approximately $219 that was under billed for all classes of affected customers.

The approximate net variance over/under billing for all affected customers from May 1, 2011 to March 31, 2013 is $269 overbilled which NOW considers non-material.

9.0-Staff-49s IFRS

Ref: 9.0-VECC-39 – IFRS

In its response to 9.0-VECC-39, NOW states that:

NOW has determined that it is not adopting IFRS for January 1, 2013, based on the recent Accounting Standards Board decision to defer implementation to a future date. However NOW intends to adopt the Boards requirements specified in the Boards letter July 17, 2012 titled “Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013”.

On February 14, 2013, the Accounting Standards Board (“AcSB”) has extended the existing deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year to January 1, 2015.

a) Given the recent AcSB update on the deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year to January 1, 2015, when does NOW expect to adopt IFRS?

NOW Response:

Based on the deferral of mandatory IFRS changeover, NOW expects to adopt IFRS on January 1, 2015.

b) Since NOW is not adopting IFRS for January 1, 2013, please specify the accounting basis NOW is using for its 2013 COS rate application

NOW Response:

NOW is using CGAAP in the application in conjunction with the change in capital assets to conform with the Kinectrics Study

c) If NOW continues to adopt CGAAP in its 2013 COS rate application, please confirm NOW is withdrawing its request for disposition of Account 1575.

NOW Response:

NOW confirms that it is withdrawing its request for disposition of account 1575.

d) Please confirm that NOW made changes to its capitalization and depreciation effective January 1, 2013.

NOW Response:

Asset useful lives have been adjusted to take into consideration the Kinectrics useful life, and therefore have adjusted the depreciation rates accordingly. NOW's capitalization policy is in the process of being updated by NOW's IFRS consultants.

e) If NOW is using CGAAP for its 2013 rate application, please update all related schedules using the CGAAP accounting basis including the following schedules:

i. Fixed Assets Continuity Schedule –Appendix 2- B for 2013
ii. Depreciation and Amortization Expense –for 2013
iii. RRWF: Rate Base Tab and Revenue Requirement Tab

NOW Response:

f) Please provide a reconciliation supported by NOW's calculation for the following:

NOW Response:

i. RRWF: Rate Base and Working Capital Tab - gross fixed asset average and accumulated depreciation amounts compared to the amounts in Appendix 2-B (CGAAP) Fixed Asset Continuity Schedule for 2013

ii. RRWF: Revenue Requirement Tab - Amounts in Amortization and Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS lines compared to amortization in the Depreciation Expense-CGAAP for 2013 and updated Appendix 2-EB.

NOW Response:

9.0-Staff-50s Account 1508

Ref: 9.0-VECC-39; Exhibit 9 /Tab 1/ Schedule 2/ Page 5, Group 2 Accounts Table; APH FAQ #1, dated October 2009 – Account 1508

NOW is requesting disposition of Account 1508, Other Regulatory Assets, Sub-account Deferred IFRS Transition Costs for its audited December 31, 2011 combined principal and interest balance of $4,837.

Board staff notes the Accounting Procedures Handbook – FAQ #1, dated October 2009 stated the following with respect to the disposition of Account 1508 Other Regulatory Assets, Sub-account Deferred IFRS Transition:

The Board has approved a deferral account for a distributor to record one-time administrative incremental IFRS transition costs, which are not already approved and included for recovery in distribution rates.

In the distributor's next cost of service rate application immediately after the IFRS transition period, the balance in this sub-account should be included for review and disposition [emphasis added].

Given that NOW will defer its IFRS adoption and has not completed its transition to IFRS, is NOW requesting the disposition of Account 1508, Other Regulatory Assets, Sub-account Deferred IFRS Transition balance of $4,837 in this current COS rate application or in the next COS rate application?

NOW Response:

NOW would like to dispose of account 1508, Other Regulatory Asset, Sub-account Deferred IFRS Transition in the next COS rate application. This has been removed from the EDDVAR continuity schedule.

9.0-Staff-51s Account 1508 Other Regulatory Assets

Ref: 9.0-Staff-31 – Account 1508

Board staff notes that NOW did not have Board approval for recording the costs of retaining external resources to prepare its 2011 - 2014 CDM under Account 1508, Other Regulatory Assets, Sub account Others.

a) Please provide an explanation why the Board should approve the recovery for this cost given the cost was incurred and no Board approval was obtained in the past to recover it.

NOW Response:

NOW is a small LDC and does not have the staffing in order to meet all OEB requirements. NOW has employed the services of Burman Energy Consultants Inc. to deploy its CDM programs since 2010 and felt that due to this relationship, the organization's knowledge and experience, that they would be best suited to prepare the 2011-2014 CDM Strategy as mandated by the Ontario Energy Board.

b) In the event the Board does not approve this cost, please file with the Board an updated balance for Account 1508, Other Regulatory Assets, sub Account Others, after removing the CDM cost from this account.

NOW Response:

NOW confirms that In the event the Board does not approve this cost, NOW will file with the Board an updated balance for Account 1508, Other Regulatory Assets, sub Account Others removing the CDM cost from this account.

9.0-Staff-52s Stranded Meters

Ref: 9.0-Staff-37, 9.0-Staff-38, 9.0-Staff-39, 9.0-VECC-40, 9.0-VECC-41 – Stranded Meters

In its interrogatory responses referenced above, NOW states that it has revised its stranded meter cost recovery proposal, and is now proposing class-specific stranded meter rate riders for Residential and GS < 50 kW customers per the response to 9.0-VECC-41.

Analysis of the response to 9.0-VECC-41 indicates that the costs per smart meter, including installation of $92 + $37 for Residential and $164 + $37 for GS < 50 kW are used to allocate the NBV of $210,233 for stranded meters amongst the classes. A copy of Sheet I7.1 from NOW's 2009 cost allocation study, filed in the response to 9.0-Staff-39 indicates that the average capital cost for a conventional Residential meter was $85, and that for a GS < 50 kW customer was $210.77.

a) Please explain the rationale for why using smart meter costs per 9.0-VECC-41 is preferred to using the documented capital costs of conventional meters from the 2009 Cost Allocation study for allocating the NBV of stranded conventional meters.

NOW Response:

NOW would agree to the use of the documented capital costs of conventional meters from the 2009 Cost Allocation study for allocating the NBV of stranded conventional meters.

b) In its response to 9.0-Staff-37, NOW documents the NBV of stranded meters as $173,897 as of December 31, 2012. In the response to 9.0-VECC-41, NOW uses a NBV of $210,233 for the updated proposed stranded meter rate riders. Please confirm the NBV of stranded meters as of December 31, 2012 that NOW is proposing to recover. If this differs from the $173,897 documented in 9.0-Staff-37, please provide the derivation of the NBV of stranded meters.

NOW Response:

NOW has determined that the wrong value was entered in error and that $173,897 should have been entered as the NBV of stranded meters.

c) Using the allocation methodology shown in the second table of 9.0-VECC-41 but using the conventional meter capital costs from Sheet I7.1 of the 2009 Cost Allocation study as filed in the response to 9.0-Staff-39 and with the NBV of stranded meters confirmed in b) above, please provide a calculation showing proposed stranded meter rate riders. Please provide the calculations in working Microsoft Excel format if available.

NOW Response:

NOW has recalculated the Stranded Meter Rate Rider as shown below.

NOW Stranded Meter Rate Rider Calculation

	Rate Class	Meter Cost	Installation Cost	Total Cost	Weighting Factor
		A	B	C = A + B	E = C / D
	Residential	$ 85	$ -	$ 85	29%
	GS < 50 kW	$ 211	$ -	$ 211	71%
				$ 296	
				D	
	Rate Class	Customer Count	Weighting Factor		
		A	C = A / B		
	Residential	5,255	87%		
	GS < 50 kW	767	13%		
		6,022			
		B			
	Weighting	Residential	GS < 50 kW		
A	Meter Cost	29%	71%		
B	Customer Count	87%	13%		
	Allocator	**58%**	**42%**		
		C = (A + B) / 2			
		Residential	GS < 50 kW	Total	
A	**Allocator**	**58%**	**42%**		
B	NBV	$ 100,862	$ 73,035	$ 173,897	C
		D = A * C			
E	Number of Customers	5,255	767	6,022	
F	Number of Month	12	12		
	Stranded Meter Rate Rider	**$ 1.60**	**$ 7.94**		
		G = B / E / F			

9.0-VECC-61.0s MIFRS

Reference: 9.0-Staff-39.0 IFRS

a) Please explain if NOW is still seeking a PP&E adjustment given it is not moving to (M) IFRS in 2013?

NOW Response:

NOW is seeking a change in useful life of distribution assets from CGAAP to align with the Kinectrics study.

b) If yes, please explain why

NOW Response:

All LDCs were mandated to change their asset useful lives effective 01/01/2013.

c) Please explain if account 1576 or 1575 is being used to record any adjustments.

NOW Response:

Accounts 1576 may be used by NOW to track accounting changes under CGAAP to record financial differences due to changes in asset useful lives.

d) Is NOW seeking disposition of account 1508 IFRS transition costs prior to the change to (M)IFRS?

NOW Response:

Please reference 9.0-Staff-49s c).

e) Has NOW reviewed the Decision/Settlement agreements of other utilities who have deferred moving to (M)IFRS (e.g. Welland Hydro-Electric System EB-2012-0173 or Sudbury EB-2012-0126?).

NOW Response: