File Number: **EB-2014-0083**

Date Filed: **April 25, 2014**

EXHIBIT 7

COST ALLOCATION

EXHIBIT 7: Cost Allocation

TAB 1 (of 3)

Cost Allocation Study Requirements

OVERVIEW

As required by Chapter 2 of the *Filing Requirements*, Hydro One Brampton has conducted a Cost Allocation Study ("CAS") in this rate application for its 2015 rebasing year. Hydro One Brampton used the Board-approved methodology to prepare its CAS and has followed the Board's policies outlined in the Board's report of March 31, 2011 *Review of Electricity Distribution Cost Allocation Policy* (EB-2010-0219) (the "Cost Allocation Review"). In addition, HOBNI has followed the directions from the Board in its Letter of July 16, 2013, setting out the Board's approach to the allocation of host electricity distributor costs to embedded distributors *(EB-2010-0219).*

Summary

HOBNI has completed the CAS using the Board-approved methodology based on the most recent update of the model (version 3.1) of the CAS model. HOBNI has submitted into evidence a completed copy of the electronic excel spreadsheet model with this application and has submitted a hard copy of input sheets I-6, and I-8, and output sheets O-1, O-2, and O-3.1 of the Board model, in Tab 4 of this Exhibit. In addition, HOBNI submits the completed OEB Appendix 2-P in this Exhibit, Tab 2, Appendix 1.

HOBNI performed this study as an enterprise wide endeavor obtaining all information for the study internally with the exception of demand data for the model. HOBNI used the services of the HONI Forecasting division to collect this data. HOBNI gathered the necessary data from a number of its functional department units to perform the 2015 Test Year CAS, including: Planning & Standards, Development & Expansions, Project Engineering, Customer Service, Information Technology, Metering, Energy Services, Accounting, and Regulatory Affairs.

There were no classes that experienced a significant decline in customers or disappeared, or will disappear in the Test Year; therefore, there were no unique adjustments that were required to customer class data.

HOBNI did not use any default weighting factors in this CAS. The Company established distributor specific weighting factors as determined by the relevant functional departments accountable for the related activities.

As per the *Filing Requirements: "If the host has a separate rate class for its embedded distributor(s) the host distributor must include the class as such in its cost allocation study and in OEB Appendix 2-P".* HOBNI has complied with this requirement and has modeled the Embedded Distributor Class in its CAS Model.

Load Profile Forecasts by Customer Class:

HOBNI utilized the services of the HONI Forecasting group to forecast the 2015 hourly load profile data by customer class as required for use in the CAS model. HOBNI's load profiles were based on hourly smart meter and interval meter data, conventional metered monthly kWh consumption data (where hourly data wasn't available), and data compiled based on the North American Industry Classification System ("NAICS") codes.

Load Profile Forecasts for Smart Metered Customer Classes:

This is the first COS rate application in which HOBNI utilized complete historical hourly smart meter data sets for an entire calendar year for the two low volume consumer classes. Hydro One Brampton had full years of data available for both the Residential and General Service < 50 kW classes. This data was robust and allowed HOBNI to use high quality demand data to forecast the 2015 hourly loads for these two classes. Utilizing the forecast hourly profiles for 2015 based on smart meter data allowed for more precision when allocating costs across customer classes. Using smart metering data for the two low volume customer classes resulted in the following Revenue to Cost Ratios for:

- the Residential Class fell from the 2011 OEB approved ratio (updated in 2013) of 101.12 % to 94.70% in this rate application, and
- the General Service < 50 kW class increased from the 2011 OEB approved ratio of 120.00% to 124.61%.

In previous CASs the data used for these two classes were based on the former Ontario Hydro generic provincial load profile data for these two customer classes. The new data allowed HOBNI to adjust revenue to cost ratios to reduce the resulting cross subsidization between classes.

Load Profile Forecasts for Other Customer Classes:

Historical interval meter data was used to forecast the 2015 hourly load profiles for the following customer classes:

- General Service > 700 to 4,999 kW,
- Large User,
- Distributed Generation, and
- Embedded Distributor

For the General Service > 50 to 699 kW class a mixture of data was used to forecast load profiles; some of the data for this class was based on hourly interval data, while other data was based on monthly actual kWh data. In addition, data by NAICS code was also extracted from HOBNI's customer information system to assist in preparing the load profiles for the General Service > 50 to 699 kW class. There was only a partial year of smart meter data available for the aforementioned class so the monthly NAICS data was compiled on the basis of NAICS code supplemented the determination of the peak demand load profiling forecasts.

For the Unmetered customer class load profiles, HONI used HOBNI actual load profile data for the Street Lighting class, and generic hourly data for the Unmetered Scattered Load Class.

The deliverables received from HONI included peak hourly demand data by customer class required for the "I8 Demand Data" tab of the cost allocation model for both co-incident peak and non co-incident peak demand data, and the weather sensitivity factors that were used in the Load Forecast.

Weighting Factors

In the OEB's *Report to the Board: Review of Electricity Distribution Cost Allocation Policy (EB-2010-0219),* issued March 31, 2011*,* the Board stated that weighting factors are included in the Cost Allocation model to ensure that certain costs related to customer classes are properly assigned to the respective classes. The Board also stated that distributors are expected to develop their own weighting factors to be used in the Cost Allocation model. Distributors should only use the default weighting factors under exceptional situations. With this view in mind, Hydro

One Brampton developed its own weighting factors and included them in the Cost Allocation model.

Services:

The weighting factors for services were derived by allocating the costs recorded in Account 1855 – Services, to each customer class. According to the Board's *"Accounting Procedures Handbook for Electricity Distributors"*, issued December 2011, Account 1855 *"shall include the cost installed of overhead and underground conductors leading from a point where wires leave the last pole of the overhead system or the transformers or manhole, or the top of the pole of the distribution line, to the point of connection with the customer's electrical panel. Conduit used for underground service conductors shall be included herein.*"

To develop the weighting factors, HOBNI's engineering group evaluated the costs recorded in Account 1855 based on the level of effort and investment required to service each customer class. A factor of one was then assigned to the cost of servicing residential customers according to the Board's instructions in its *"2014 Cost Allocation Model"*. The weighting for the other customer classes were then developed relative to the weighting factor assigned to the Residential class. The results are presented in **Table 1** below. For example, as shown in **Table 1** below, the relative cost to service a General Service > 50 kW customer is 10.9 times more costly than a Residential customer. Note a number of classes own their own services or there are no specific service costs associated with their account/class.

Table 1: Weighting Factors for Services

Rate Class	Weighting Factors
Residential	1.0
General Service < 50 kW	7.8
General Service > 50 kW	10.9
Intermediate	3.9
Large Use (> 5000 kW)	-
Street Lighting	-
Unmetered Scattered Load	-
Embedded Distributor	-
Distributed Generation Class	-
Energy from Waste Generation	-
Backup/Standby Power	-

Billing and Collection:

The weighting factors for billing and collection were developed using information recorded in Accounts 5315, 5320 and 5340. Hydro One Brampton considered a number of factors that are generally associated with billing and collection for each rate class. These factors include the nature of the bill, the complexity of the bill, and the need for manual intervention. Once the cost associated with each rate class was determined, the Residential class was then assigned a factor of one. The weights associated with the other classes were then calculated relative to the Residential class. The results are presented in **Table 2** below. As shown in **Table 2** below, the relative billing and collection cost for a single Residential, General Service < 50 kW, Street Lighting or Unmetered Scattered Load account are the same. For all other rate classes, the cost is 10.2 times more expensive due to the higher level of effort by the customer service staff and higher level of departmental resource utilization.

Table 2: Weighting Factors for Billing and Collections

Rate Class	Weighting Factors
Residential	1.0
General Service < 50 kW	1.0
General Service > 50 kW	10.2
Intermediate	10.2
Large Use (> 5000 kW)	10.2
Street Lighting	1.0
Unmetered Scattered Load	1.0
Embedded Distributor	10.2
Distributed Generation Class	10.2
Energy from Waste Generation	10.2
Backup/Standby Power	10.2

Meter Reading and Meter Capital Cost:

The weighting factors developed for meter reading reflect the costs to read the relevant meters. HOBNI groups customer meters into two different categories for meter reading purposes – Smart Meters and Interval Meters. All forecasted Residential, General Service < 50 kW and approximately 64% of the General Service > 50 kW customers are equipped with smart meters. The remaining customer classes are equipped with interval meters. Approximately 36% of the General Service > 50 kW have interval meters, and all of the General Service > 700 kW (Intermediate), Large User and Distributed Generation. There are no meter costs associated with the Street Lighting and Unmetered Scattered Load classes. Also, the Energy from Waste Generation and Backup/Stand-by Power classes are not individually metered but rather use part of the meter (a channel) associated with a General Service class load account, therefore no costs allocated for meter reading and meter capital for these classes. The meter related to the Embedded Distributor class was excluded since this class is addressed separately in the Direct Allocation section of this Exhibit.

According to the Board's instructions in its *"2014 Cost Allocation Model",* the Residential class is to be assigned a weighting factor of one and therefore all rate classes with smart meters are assigned a factor of one. To calculate the weighting factor for interval meters, Hydro One Brampton calculated the estimated cost for reading all interval meters then divided the result by the forecasted number of interval meters to get the average meter reading cost. The average interval meter reading cost was then divided by the average smart meter reading cost to derive the weighting factor for interval meters. The results are shown in **Table 3** below.

Table 3: Weighting Factors for Meter Reading

Meter Type	Weighting Factors
Smart Meter	1.0
Interval Meter	57.9

Hydro One Brampton calculated smart meter capital costs based on an installed cost basis, and the remaining meters and metering equipment were calculated out on a replacement cost basis. The average cost of each meter by class is shown in **Table 4** below.

Table 4: Average Meter Capital Cost

Rate Class	Average Meter Capital Cost
Residential	194.92
General Service < 50 kW	854.16
General Service > 50 kW	3,232.39
Intermediate	5,891.43
Large Use (> 5000 kW)	17,986.60
Distributed Generation	3,824.86

DIRECT ALLOCATION

As indicated in *Exhibit 1 Tab 6 Schedule 1* HOBNI is a Host Distributor supplying power to HONI who is partially embedded in HOBNI's distribution system. HOBNI provides service to HONI through one feeder with four sections supplying power from the Pleasant Transformer Station. HOBNI owns the following four sections of line which HONI is supplied power along Chinguacousy Rd from the Pleasant Transformer Station through to Mayfield Rd.:

Section A - Chinguacousy - Pleasant TS to Bovaird Dr.

Section B - Chinguacousy - Bovaird Dr. to Sandalwood Pkwy.

Section C - Chinguacousy - Sandalwood Pkwy. to Wanless Dr.

Section D - Chinguacousy - Wanless Dr. to Mayfield Rd.

As HOBNI has a separate rate class for its embedded distributor class currently it has included this class in its CAS as directed by the Board in its Chapter 2 *Filing Requirements*. HOBNI has chosen to use the Direct Allocation approach for cost allocation as HOBNI was able to identify the costs incurred to provide service to the embedded distributor.

As required in the *Filing Requirements,* HOBNI has consulted with its embedded distributor and has shared its direct cost allocation approach with HONI, and HONI supported HOBNI's approach to the allocation of costs and rate design. See *Exhibit 1 Tab 6 Schedule 1* pertaining to customer engagement and *Exhibit 8 Tab 9* for details regarding rate design.

Fixed Asset Capital Cost Allocation

Capital costs have been allocated for the above mentioned feeders based on the 2015 forecast peak demand of 5.5 MVa and on the capacity utilization of each of the 4 sections of line. The cost allocations of the feeders are provided in **Table 5** below:

Table 5: Feeder Capital, Accumulated Depreciation & Depreciation Expense Allocation

USoA Account	Description	Allocated Capital Cost	Allocated Accumulated Depreciation	Depreciation Expense
1830	Poles, Towers and Fixtures	101,122	34,202	2,079
1835	Overhead Conductors and Devices	76,380	24,742	1,282
		177,502	58,944	3,361

Note: Allocated Capital Cost & Accumulated Depreciation values are averages between 2014 & 2015 closing Trial Balance values

In addition, specifically identifiable meter capital costs have been included in the Direct Allocation as follows:

Table 6: Meter Capital, Accumulated Depreciation & Depreciation Expense Allocated

USoA Account	Description	Capital Cost	Accumulated Depreciation	Depreciation Expense
1860	Meters	43,968	9,893	2,198

Note: Allocated Capital Cost & Accumulated Depreciation values are averages between 2014 & 2015 closing Trial Balance values

OM&A and Depreciation Expense:

First, HOBNI determined which operating, maintenance and customer billing costs are driven by the feeder line owned by HOBNI and used by the embedded distributor. HOBNI determined that the expense accounts in **Table 7** below are impacted by the infrastructure built and used by the embedded distributor. Then an allocation approach was determined using the proportion of the number of poles for the four sections of feeders as compared the total number of poles in the city coupled with the proportion of the capacity utilization of the feeders used by the embedded distributor. An allocation percentage of 0.1274% was derived and used in **Table 7** below. This

resulted in total Operating, Maintenance and Customer Billing costs of $13,601 allocated in sheet "I9 Direct Allocation" of the CAS model spreadsheet. The remaining costs directly allocated include Amortization Expense of $5,560, PILs of $427, and return on rate base of $5,852 for a total of $25,440 directly allocated costs. The total allocated costs derived in sheet *"I9 Direct Allocation"* of the CAS model spreadsheet are provided below in **Table 7**.

Table 7: Allocation of OM& Customer Billing and Depreciation Costs

USoA Account	Description	2015 Totals	Allocation	Costs Allocated
5005	Operation Supervision and Engineering	$222,000	0.1274%	$283
5010	Load Dispatching	$2,101,555	0.1274%	$2,678
5020	Overhead Distribution Lines and Feeders - Operation Labour	$129,272	0.1274%	$165
5025	Overhead Distribution Lines & Feeders - Operation Supplies and Expenses	$85,136	0.1274%	$108
5070	Customer Premises - Operation Labour	$645,000	0.1274%	$822
5120	Maintenance of Poles, Towers and Fixtures	$487,176	0.1274%	$621
5125	Maintenance of Overhead Conductors and Devices	$900,675	0.1274%	$1,148
5135	Overhead Distribution Lines and Feeders - Right of Way	$250,000	0.1274%	$319
5150	Maintenance of Underground Conductors and Devices	$1,940,875	0.1274%	$2,473
5175	Maintenance of Meters	$211,590	0.1274%	$270
5310	Meter Reading Expense	$572,700	0.1274%	$730
5315	Customer Billing	$3,128,229	0.1274%	$3,986
	Total Operation, Maintenance and Customer Billing	$10,674,210	0.1274%	$13,601
5705	Amortization Expense - Property, Plant, and Equipment			$5,560
	Approved Total PILs			$427
	Approved Total Return on Debt			$2,778
	Approved Total Return on Equity			$3,075
	Total			$6,280
	Total Directly Allocated Costs			$25,440

Administration costs were not allocated as part of the direct allocation methodology above since the CAS model already allocated a total of $7,124 of costs to the embedded distributor class, and in discussions with HONI, HOBNI concluded that it would be excessive to allocate any further administration costs to this customer class. In addition, the CAS model allocated additional distribution costs of $51, Amortization of $1,055, PILs $1,070, and return on rate base of $14,659 for other shared assets. Total Costs Allocated to the Embedded Distributor Class, Directly Allocated and Allocated by the CAS Model totalled $49,399. See **Table 8** below for the preceding.

Revenue to Cost Ratio Analysis

The revenue to cost ratio for the embedded distributor class was determined by the CAS. **Table 8** below provides an excerpt from sheet *"O1 Revenue to Cost |RR"* of the model. As illustrade below, the revenue to cost ratio is 5.72%. HOBNI is, therefore, proposing an increase of this revenue to cost ratio and this is discussed further in *Exhibit 8*.

Table 8: Revenue to Cost Ratios

Revenue to Cost	
Revenues	
Distribution Revenue	$2,709
Miscellaneous Revenue	$117
Total Revenue	**$2,826**
Expenses	
Distribution Costs	$51
Customer Related Costs	$0
General and Administration	$7,124
Depreciation and Amortization	$1,055
PILs	$1,070
Interest	$6,957
Directly Allocated Costs	$25,440
Allocated Net Income	$7,701
Total Costs	**$49,399**
Revenue to Cost Ratio	**5.72%**

REVIEW OF CUSTOMER CLASSES

New Customer Classes:

HOBNI is establishing two new service classifications:

1. Distributed Generation, and
2. Energy from Waste Generation

Distributed Generation:

There are Feed in Tariff ("FIT") generators in HOBNI's service territories, however, the company does not have a unique service classification for this group of generators, therefore there are no class specific approved rates. The number of these generators has grown since the end of 2011 when there were only 3 FIT generators. By the end of 2013 HOBNI had 23 FIT generators and the forecast is for 60 & 74 by the end of 2014 and 2015, respectively.

There are times these generators consume power and draw power from HOBNI's distribution grid and currently HOBNI bills these customers for their energy using the General Service < 50 kW class volumetric transmission and distribution rates, wholesale market service rates, rural rate protection charge and the microFit fixed monthly service charge rates. HOBNI used the microFit fixed monthly service charge as this was the only service charge that was available relating to a generation class.

HOBNI is proposing to create a new service classification for this group of generators so they pay their fair share of distribution costs in order to avoid cross subsidization between classes. HOBNI included this class in its CAS and provided class specific data to HONI who modelled this class with the others to determine class specific coincident and non-coincident peak load data that was used in the CAS model.

HOBNI proposes to bill these generators for their consumption based on the following rate elements:

- Energy at RPP rates as their consumption volumes are low, i.e. less than 50 kW,
- Retail Transmission Network Service Rate, Retail Transmission Connection Service Rate, Wholesale Market Service Rate, and Rural Rate Protection Charges based on the General Service < 50 kW class rates,
- Volumetric Distribution rates and Monthly Fixed Service Charges have been determined as submitted in *Exhibit 8 Tab 1,* and
- Applicable rate riders/adders.

The reason HOBNI is proposing to bill this class the Retail Transmission Service Rates ("RTSR") based on the retail rates being billed to the General Service < 50 kW class is because it does not have class specific rates. The RTSR's billed to the General Service < 50 kW class are the most suitable as the expected average monthly demand for this class is expected to be less than 50 kW. HOBNI has considered designing class specific rates for this class but determined that as any attempt to do so without a complete RTSR CAS, would not provide rates any more accurate than using the rates HOBNI is proposing.

Energy from Waste Generation:

Currently there is an "Energy from Waste" Generator in HOBNI's service territory. This generator is a legacy generator that existed pre-market era. HOBNI currently settles with the generator for energy only. Currently this generator does not belong to a service classification and HOBNI proposes to create one. This generator does not consume any power. As a result, HOBNI does not charge this generator for any charges related to consumption. However, this generator does not pay a fixed monthly service charge either. HOBNI is proposing that this generator be part of a new service classification so that the Company may obtain approval for a new monthly fixed service charge and recover costs relating to this account. The costs relate to the capture of meter data, and billing/administration and settlement of the generators account. Currently there are no recoveries of costs from this account.

Changes to Existing Customer Class:

Embedded Distributor:

HOBNI is a Host Distributor with an embedded distributor and an approved Embedded Distributor Service Classification. HOBNI has an approved distribution volumetric rate to recover power wheeling costs from this embedded distributor. The embedded distributor, HONI, is partially embedded and does not have a registered wholesale meter at the point of supply for their load and HOBNI is currently settling with HONI as a Load Transfer customer.

According to the *Filing Requirements*, *"if the host has a separate rate class for its embedded distributor(s) the host distributor must include the class as such in its cost allocation study"*. HOBNI has complied and has included the class in its CAS. In addition, the Company consulted with HONI prior to preparing its CAS and filing its rate application, and in discussions and correspondence with HONI they support HOBNI's approach to the allocation of costs and rate design.

HOBNI included this class in its CAS and provided the class specific data to HONI who modeled this class with the others in order to determine class specific coincident and non-coincident peak load data to be used in the CAS model.

In addition, HOBNI is proposing to change the way it bills HONI, its embedded distributor, and to expand the tariff sheet to include other tariffs similar to other service classifications and to cease billing HONI as load transfer customer. HOBNI proposes to bill this class for consumption based on the following rate elements:

- Energy at Hourly Ontario Energy Prices,
- Global Adjustment based on IESO's posted prices,
- Retail Transmission Network Service Rate, Retail Transmission Connection Service Rate, Wholesale Market Service Rate, and Rural Rate Protection Charges based on the General Service 700 to 4,999 kW service classification rates,
- A Monthly Fixed Service Charge with no volumetric distribution rate as determined in *Exhibit 8 Tab 1,*
- Exclude the SSS administration charge

HOBNI is proposing to bill this class the Retail Transmission Service Rates ("RTSR") based on the retail rates being billed to the General Service 700 to 4,999 kW class since it does not have class specific rates. The RTSRs billed to the General Service 700 to 4,999 kW class would be most suitable as the forecast average monthly demand for this class is expected to be about 3.3 MW in 2015. HOBNI has considered designing class specific rates for this class but determined that any attempt to do so without a complete RTSR CAS, would not yield defensible results.

HOBNI is proposing to design a 100% fixed monthly distribution rate for this class with no volumetric rate for this class. The peak demand load values fluctuate significantly for this class and can be anywhere between zero and more than 5.0 MW due to the irregular nature of the embedded distributor's capacity requirements. For instance, the forecast demand for 2014 is zero but it was been in excess of 7.9 MW average peak demand in 2013. Although the average peak demand is expected to be about 3.3 MW for 2015 to 2019, this is uncertain as well. It is expected that starting in 2019 demands are forecasted to start to increase. However, as there is volatility in peak demand volumes, in order for Hydro One Brampton to recover its base revenue requirement for this class, a fixed distribution rate structure would be most appropriate. A fixed rate structure would enable revenue stability as HOBNI has a fixed investment in the distribution feeders that supply this customer and the peak load volumes have no bearing on the costs that will be incurred to distribute power to this customer class. The embedded distributor, HONI, supports this approach of rate design for this class.

micro-FIT Class:

HOBNI confirms that it has not included the micro-FIT class as a separate class in the CAS model for 2015.

Elimination of Customer Classes:

The Company confirms is not proposing to eliminate or combine any existing customer classes.

EXHIBIT 7: Cost Allocation

TAB 2 (of 3)

Class Revenue Requirements and Revenue to Cost Ratios

OVERVIEW

CLASS REVENUE REQUIREMENTS

Hydro One Brampton completed the *OEB Appendix 2-P* with the results of its 2015 CAS according to Chapter 2 of the Board's *Filing Requirements.*

In the Board's *Filing Requirements* in subsection 2.10.1 Cost Allocation Study Requirements there is a requirement that if a distributor establishes new customer classes, information provided in the distributor's previous cost of service application concerning class revenue requirements must be restated in *OEB Appendix 2-P* on the basis of the proposed customer classes, to provide continuity with the proposed new customer class(es).

Table 1 below shows the re-stated allocated cost from the 2011 CAS and the allocated cost based on the 2015 CAS.

Table 1: Allocated Costs

Rate Classes	Costs Allocated from Previous Study	%	Costs Allocated in Test Year Study (Column 7A)	%
Residential	$ 34,813,009	55.20%	$ 44,819,313	60.86%
GS < 50 kW	$ 5,801,650	9.20%	$ 7,380,479	10.02%
GS > 50 - 699 KW	$ 12,993,372	20.60%	$ 11,380,540	15.45%
GS > 700 - 4,999 kW	$ 5,370,443	8.52%	$ 5,582,719	7.58%
Large User, if applicable	$ 2,030,404	3.22%	$ 2,243,603	3.05%
Street Lighting	$ 1,786,238	2.83%	$ 1,926,181	2.62%
Sentinel Lighting	$ -	0.00%	$ -	0.00%
Unmetered Scattered Load (USL)	$ 142,087	0.23%	$ 150,450	0.20%
Distributed Generation Class	$ 88,879	0.14%	$ 105,916	0.14%
Energy from Waste Generation	$ 694	0.00%	$ 845	0.00%
Embedded Distributor	$ 42,081	0.07%	$ 49,399	0.07%
Standby Power	$ -	0.00%	$ -	0.00%
Total	**$ 63,068,856**	**100.00%**	**$ 73,639,446**	**100.00%**

HOBNI re-stated the 2011 CAS to include three customer classes which were not modeled as part of HOBNI's 2011 CAS. The three classes included by Hydro One Brampton in its 2015 CAS are the Distributed Generation, Embedded Distributor, and Energy from Waste Generation classes. *OEB Appendix 2-P Table A* "*Allocated Costs*" presented in *Appendix 1* of this Schedule

has been reproduced per **Table 1** above. This table provides the allocated costs comparison of the forecast 2015 vs. the OEB approved values for 2011. As required, for comparative purposes HOBNI has restated the costs allocated from the previous study results from its 2011 CAS that was filed with its last Cost of Service rate application. The approach used to restate the 2011 values was that the 2015 percentage proportions of allocated costs by class for the new classes were used to recalculate the 2011 costs and the offset reduction was allocated across all other classes to balance the total costs to 100%. As Hydro One Brampton did not have the data to update its 2011 CAS to add the new classes, the Company used this high level approach which arrived at reasonable results. In addition, the amounts allocated were not significant, as they were below HOBNI's materiality threshold of $368,000.

OEB Appendix 2-P Table B "Calculated Class Revenue" of *Appendix 1* of this schedule has been reproduced per **Table 2** below.

Table 2: Calculated Class Revenues

Classes (same as previous table)	Load Forecast (LF) X current approved rates	L.F. X current approved rates X (1 + d)	LF X proposed rates	Miscellaneous Revenue
Residential	$ 37,011,790	$ 39,463,798	$ 39,771,991	$ 2,978,655
GS < 50 kW	$ 8,305,737	$ 8,855,987	$ 8,146,834	$ 340,718
GS > 50 - 699 KW	$ 9,458,822	$ 10,085,463	$ 10,921,333	$ 459,207
GS > 700 - 4,999 kW	$ 7,032,138	$ 7,498,013	$ 6,579,463	$ 119,799
Large User, if applicable	$ 1,914,284	$ 2,041,104	$ 2,210,884	$ 32,719
Street Lighting	$ 1,347,656	$ 1,436,937	$ 1,652,010	$ 81,554
Sentinel Lighting	$ -	$ -	$ -	$ -
Unmetered Scattered Load	$ 122,389	$ 130,498	$ 143,587	$ 6,863
Distributed Generation	$ 7,240	$ 7,720	$ 46,099	$ 6,859
Energy from Waste Generation	$ -	$ -	$ 747	$ 98
Embedded Distributor	$ 2,541	$ 2,709	$ 49,281	$ 117
Standby Power	$ 84,997	$ 90,628	$ 90,628	$ -
Total	**$ 65,287,594**	**$ 69,612,857**	**$ 69,612,857**	**$ 4,026,589**

This table provides a comparison of the forecast revenue by class based on three different class revenue calculations. The first calculates revenues based on the forecasted billing determinants for 2015 multiplied by the 2014 Board approved existing rates. The second calculates revenues based on the forecasted billing determinants for 2015 multiplied the 2014 Board approved existing rates multiplied by (one plus the distribution revenue increase factor) to yield the 2015 Test Year base revenue requirement. The third, calculates the revenues based on the

forecasted billing determinants for 2015 multiplied by the proposed rates. The last column in **Table 2** above shows the allocated Miscellaneous Revenue by rate class.

REVENUE TO COST RATIOS

The results of a CAS are presented in the form of revenue-to-cost ratios. The ratio is shown by rate classification and is the percentage of distribution revenue collected by rate classification compared to the costs allocated to the classification. The percentage identifies the rate classifications that are being subsidized and those that are over-contributing. A percentage of less than 100% means the rate classification is under-contributing and is being subsidized by customers of other classes. A percentage of greater than 100% indicates the rate classification is over-contributing and is subsidizing customers of other classes.

In the Board Report *Review of Electricity Distribution Cost Allocation Policy* EB-2010-0219, dated March 31, 2011, the OEB established what it considered to be the appropriate ranges of revenue-to-cost ratios which are summarized in *Table C of OEB Appendix 2-P*. Table C, Revenue-to-Cost Ratios, presents Hydro One Brampton's revenue-to-cost ratios from the 2012 IRM application, the updated 2015 CAS results and the proposed 2015 revenue-to-cost ratios. The Board's decision (EB-2010-0132) in HOBNI's 2011 cost of service application prescribed a phase-in period to adjust the revenue-to-cost ratio for the Street Lighting rate class from 41.2% in 2011 to 70% in 2012 and apply additional revenue to decrease the revenue-to-cost ratio to 130% for the General Service 700-to 4,999 kW rate class. Hence, HOBNI's information from the 2012 IRM application has been included as it contains the final adjustment to the revenue-to-cost ratio for Street Lighting Class and General Service 700 to 4,999 kW rate classes.

Hydro One Brampton is proposing to re-align its revenue-to-cost ratios by changing the revenue-to-cost ratios for those rate classes that are outside of the Board's Policy Range to the upper or lower end of the range as applicable, and reallocating the revenue to the remaining rate classes proportionately. *Table C of OEB Appendix 2-P* provides information on calculated class revenues. The resulting 2015 proposed base revenue will be the amount used in *Exhibit 8* to design the proposed distribution charges in this application.

Hydro One Brampton is adjusting revenue-to-cost ratios for customer classes to bring them all closer to unity[1]. The revenue-to-cost ratios for customer classes that are outside of the policy range were brought to at least either end of the range. Revenue-to-cost ratios for customer classes that were already in the policy range were brought closer to unity. HOBNI has included four new classes in the CAS in this application with the following treatment of revenue-to-cost ratios:

- Distributed Generation – HOBNI could not bring the current revenue-to-cost ratio of 13.77% to the policy range[2] since the rate impact was so large. HOBNI brought their revenue-to-cost ratios to 50% with a proposed transition plan to increase the revenue-to-cost ratios to 70% in 2016 and 90% in 2017. *Table C of OEB Appendix 2-P* has been updated to reflect this.

- Energy from Waste Generation – The revenue to cost ratio for this class was 11.59%. Currently Hydro One Brampton collects no distribution revenue from this class. In this allocation HOBNI is looking to recovery a small monthly service charge to recover costs of meter reading and billing and collecting; therefore, HOBNI is proposing a revenue-to-cost ratio of 100.00%.

- Embedded Distributor Class – HOBNI is currently charging the embedded distributor class a nominal monthly wheeling charge of $0.0634 per kW of peak demand. The revenue-to-cost ratio is currently 5.72% which is considerably lower than the cost to service this class. HOBNI is proposing to increase the revenue-to-cost ratio for this class to 100%. The total bill impact on this class is expected to be (0.16%), the reason for the reduction is lowered retail transmission rates.

- Standby Power – HOBNI was not able to model this class in the CAS as there is no provision to handle a Standby Power Class. HOBNI will perform a CAS for this class once the Board has concluded its work on rate design/cost allocation for Standby Power service classifications. HOBNI is proposing to increase the rates of this class based on the growth of total proposed distribution revenue in 2015 vs. 2014, (2015 proposed base

[1] Unity in this context refers to a revenue-to-cost ratio which is 100%.
[2] HOBNI assumes that the Board Policy Range is 80%-120%, the same as the General Service < 50 kW class as the consumption of Distributed Generators is low for these generators.

revenue requirement divided by base revenue requirement at existing rates) i.e. 6.62%, per Sheet *O1 Revenue to Cost |RR* in the Cost Allocation Model V3.1.

EXHIBIT 7: Cost Allocation

Appendix 1

OEB Appendix 2-P - Cost Allocation

File Number:	EB-2014-0083
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Appendix 2-P
Cost Allocation

Please complete the following four tables.

A) Allocated Costs

Classes	Costs Allocated from Previous Study	%	Costs Allocated in Test Year Study (Column 7A)	%
Residential	$ 34,813,009	55.20%	$ 44,819,313	60.86%
GS < 50 kW	$ 5,801,650	9.20%	$ 7,380,479	10.02%
GS > 50 - 699 KW	$ 12,993,372	20.60%	$ 11,380,540	15.45%
GS > 700 - 4,999 kW	$ 5,370,443	8.52%	$ 5,582,719	7.58%
Large User, if applicable	$ 2,030,404	3.22%	$ 2,243,603	3.05%
Street Lighting	$ 1,786,238	2.83%	$ 1,926,181	2.62%
Sentinel Lighting	$ -	0.00%		0.00%
Unmetered Scattered Load (USL)	$ 142,087	0.23%	$ 150,450	0.20%
Distributed Generation Class	$ 88,879	0.14%	$ 105,916	0.14%
Energy from Waste Generation	$ 694	0.00%	$ 845	0.00%
Embedded distributor class	$ 42,081	0.07%	$ 49,399	0.07%
Standby Power		0.00%	$ -	0.00%
Total	$ 63,068,856	100.00%	$ 73,639,446	100.00%

Notes

1 Customer Classification - If proposed rate classes differ from those in place in the previous Cost Allocation study, modify the rate classes to match the current application as closely as possible.

2 Host Distributors - Provide information on embedded distributor(s) as a separate class, if applicable. If embedded distributor(s) are billed as customers in a General Service class, include the allocated cost and revenue of the embedded distributor(s) in the applicable class. Also complete Appendix 2-Q.

3 Class Revenue Requirements - If using the Board-issued model, in column 7A enter the results from Worksheet O-1, Revenue Requirement (row 40 in the 2013 model). This excludes costs in deferral and variance accounts. Note to Embedded Distributor(s), it also does not include Account 4750 - Low Voltage (LV) Costs.

B) Calculated Class Revenues

Classes (same as previous table)	Column 7B Load Forecast (LF) X current approved	Column 7C L.F. X current approved rates X (1	Column 7D LF X proposed rates	Column 7E Miscellaneous Revenue
Residential	$ 37,011,790	$ 39,463,798	$ 39,771,991	$ 2,978,655
GS < 50 kW	$ 8,305,737	$ 8,855,987	$ 8,146,834	$ 340,718
GS > 50 - 699 KW	$ 9,458,822	$ 10,085,463	$ 10,921,333	$ 459,207
GS > 700 - 4,999 kW	$ 7,032,138	$ 7,498,013	$ 6,579,463	$ 119,799
Large User, if applicable	$ 1,914,284	$ 2,041,104	$ 2,210,884	$ 32,719
Street Lighting	$ 1,347,656	$ 1,436,937	$ 1,652,010	$ 81,554
Sentinel Lighting				
Unmetered Scattered Load (USL)	$ 122,389	$ 130,498	$ 143,587	$ 6,863
Distributed Generation Class	$ 7,240	$ 7,720	$ 46,099	$ 6,859
Energy from Waste Generation	$ -	$ -	$ 747	$ 98
Embedded distributor class	$ 2,541	$ 2,709	$ 49,281	$ 117
Standby Power	$ 84,997	$ 90,628	$ 90,628	$ -
Total	$ 65,287,594	$ 69,612,857	$ 69,612,857	$ 4,026,589

Notes:

1 Columns 7B to 7D - LF means Load Forecast of Annual Billing Quantities (i.e. customers or connections X 12, (kWh or kW, as applicable). Revenue Quantities should be net of Transfomrer Ownership Allowance. Exclude revenue from rate adders and rate riders.

2 Columns 7C and 7D - Column total in each column should equal the Base Revenue Requirement

3 Columns 7C - The Board cost allocation model calculates "1+d" in worksheet O-1, cell C21. "d" is defined as Revenue Deficiency/ Revenue at Current Rates.

4 Columns 7E - If using the Board-issued Cost Allocation model, enter Miscellaneous Revenue as it appears in Worksheet O-1, row 19.

Appendix 2-P
Cost Allocation

C) Rebalancing Revenue-to-Cost (R/C) Ratios

Class	Previously Approved Ratios Most Recent Year: 2012	Status Quo Ratios (7C + 7E) / (7A)	Proposed Ratios (7D + 7E) / (7A)	Policy Range
	%	%	%	%
Residential	101.12	94.70	95.38	85 - 115
GS < 50 kW	120.00	124.61	115.00	80 - 120
GS > 50 - 699 KW	80.00	92.66	100.00	80 - 120
GS > 700 - 4,999 kW	131.55	136.45	120.00	80 - 120
Large User, if applicable	100.00	92.43	100.00	85 - 115
Street Lighting	70.00	78.83	90.00	70 - 120
Sentinel Lighting				80 - 120
Unmetered Scattered Load (USL)	80.00	91.30	100.00	80 - 120
Distributed Generation Class		13.77	50.00	85 - 115
Energy from Waste Generation		11.59	100.00	100
Embedded distributor class		5.72	100.00	
Standby Power			N/A	

Notes

1 Previously Approved Revenue-to-Cost Ratios - For most applicants, Most Recent Year would be the third year of the IRM 3 period, e.g. if the applicant rebased in 2009 with further adjustments over 2 years, the Most recent year is 2011. For applicants whose most recent rebasing

2 Status Quo Ratios - The Board's updated Cost Allocation Model yields the Status Quo Ratios in Worksheet O-1. Status Quo means

D) Proposed Revenue-to-Cost Ratios

Class	Proposed Revenue-to-Cost Ratios			Policy Range
	2015	2016	2017	
	%	%	%	%
Residential	95.38			85 - 115
GS < 50 kW	115.00			80 - 120
GS > 50 - 699 KW	100.00			80 - 120
GS > 700 - 4,999 kW	120.00			80 - 120
Large User, if applicable	100.00			85 - 115
Street Lighting	90.00			70 - 120
Sentinel Lighting				80 - 120
Unmetered Scattered Load (USL)	100.00			80 - 120
Distributed Generation Class	50.00	70.00	90.00	85 - 115
Energy from Waste Generation	100.00			100
Embedded distributor class	100.00			
Standby Power	N/A			

Note

1 The applicant should complete Table D if it is applying for approval of a revenue to cost ratio in 2013 that is outside the Board's policy range for any customer class. Table (d) will show the information that the distributor would likely enter in the IRM model) in 2013. In 2014 Table (d), enter the planned ratios for the classes that will be 'Change' and 'No Change' in 2014 (in the current Revenue Cost Ratio Adjustment Workform, Worksheet C1.1 'Decision – Cost Revenue Adjustment', column d), and enter TBD for class(es) that will be entered as 'Rebalance'.

EXHIBIT 7: Cost Allocation

TAB 3 (of 3)

2014 Cost Allocation Model

2014 Cost Allocation Model

EB-2014-0083

Sheet I6.1 Revenue Worksheet -

Total kWhs from Load Forecast	3,972,635,063
Total kWs from Load Forecast	5,864,284
Deficiency/sufficiency (RRWF 8. cell F51)	- 4,325,262
Miscellaneous Revenue (RRWF 5. cell F48)	4,026,589

			1	2	3	4	5	6	7	8	9	10	11
	ID	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**GS >50-Intermediate**	**Large Use >5MW**	**Street Light**	**Unmetered Scattered Load**	**Embedded Distributor**	**Distributed Generation Class**	**Energy from Waste Generation**	**Back-up/Standby Power**
Billing Data													
Forecast kWh	**CEN**	3,972,635,063	1,308,264,983	354,668,870	1,064,497,599	806,154,180	382,619,513	33,306,955	5,931,733	17,012,414	178,816		
Forecast kW	**CDEM**	5,864,284			2,979,826	1,969,146	719,987	100,672		40,073	-		54,580
Forecast kW, included in CDEM, of customers receiving line transformer allowance		1,827,695			241,367	1,586,328							
Optional - Forecast kWh, included in CEN, from customers that receive a line transformation allowance on a kWh basis. In most cases this will not be applicable and will be left blank.		370,521		370,521									
KWh excluding KWh from Wholesale Market Participants	**CEN EWMP**	3,972,635,063	1,308,264,983	354,668,870	1,064,497,599	806,154,180	382,619,513	33,306,955	5,931,733	17,012,414	178,816	-	-
Existing Monthly Charge			$ 10.51	$ 24.39	$ 121.18	$ 1,196.32	$ 4,549.67	$0.84	$ 0.96		$ 5.40		
Existing Distribution kWh Rate			$ 0.0147	$ 0.0160					$0.0176		$0.0160		
Existing Distribution kW Rate					$2.5039	$3.4411	$2.2038	$8.7506		$0.0634			$1.5573
Existing TOA Rate					$0.7048	$0.8758							
Additional Charges													
Distribution Revenue from Rates		$66,847,016	$37,011,790	$8,305,737	$9,628,937	$8,421,445	$1,914,284	$1,347,656	$122,389	$2,541	$7,240	$0	$84,997
Transformer Ownership Allowance		$1,559,421	$0	$0	$170,115	$1,389,306	$0	$0	$0	$0	$0	$0	$0
Net Class Revenue	**CREV**	$65,287,595	$37,011,790	$8,305,737	$9,458,822	$7,032,138	$1,914,284	$1,347,656	$122,389	$2,541	$7,240	$0	$84,997

2014 Cost Allocation Model

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Sheet I6.2 Customer Data Worksheet -

			1	2	3	4	5	6	7	8	9	10	11
	ID	Total	Residential	GS <50	GS>50-Regular	GS >50-Intermediate	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor	Distributed Generation Class	Energy from Waste Generation	Back-up/Standby Power
Billing Data													
Bad Debt 3 Year Historical Average	BDHA	$727,036	$404,598	$102,991	$218,616	$831	$0	$0	($0)	$0	$0	$0	$0
Late Payment 3 Year Historical Average	LPHA	$1,307,185	$926,701	$154,060	$196,631	$30,436	($1,297)	$57	$596				
Number of Bills	CNB	1,833,806	1,701,847	111,432.61	17,500	1,442	72	27	662		811	12	
Number of Devices													
Number of Connections (Unmetered)	CCON	23,896						22,335	1,562				
Total Number of Customers	CCA	151,706	140,979	8,989	1,491	115	6	2	56	-	68	1	
Bulk Customer Base	CCB	-											
Primary Customer Base	CCP	151,706	140,979	8,989	1,491	115	6	2	56		68	1	
Line Transformer Customer Base	CCLT	151,307	140,979	8,792	1,386	25	-	2	56		68	-	
Secondary Customer Base	CCS	147,219	140,110	6,251	766	12	-	2	56		23	-	
Weighted - Services	CWCS	197,242	140,110	48,755	8,331	47	-	-	-	-	-	-	-
Weighted Meter -Capital	CWMC	41,344,782	27,479,148	7,678,128	4,818,585	912,572	197,853	-	-	-	258,497	-	-
Weighted Meter Reading	CWMR	195,228	140,979	8,989	31,685	8,968	637	-	-	-	3,913	58	-
Weighted Bills	CWNB	2,016,507	1,701,847	111,433	178,678	14,723	735	27	662	-	8,280	123	-

Bad Debt Data

Historic Year:	2011	939,905	508,660	114,033	314,720	2,492	-	-	-				
Historic Year:	2012	677,070	327,534	124,270	225,265	-	-	-	- 0				
Historic Year:	2013	564,133	377,599	70,671	115,863	-	-	-	-				
Three-year average		**727,036**	**404,598**	**102,991**	**218,616**	**831**	**-**	**-**	**- 0**	**-**	**-**	**-**	**-**

2014 Cost Allocation Model

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Sheet I8 Demand Data Worksheet -

This is an input sheet for demand allocators.

CP TEST RESULTS	4 CP
NCP TEST RESULTS	4 NCP

Co-incident Peak	Indicator
1 CP	CP 1
4 CP	CP 4
12 CP	CP 12

Non-co-incident Peak	Indicator
1 NCP	NCP 1
4 NCP	NCP 4
12 NCP	NCP 12

			1	2	3	4	5	6	7	8	9	10	11
Customer Classes		Total	Residential	GS <50	GS>50-Regular	GS >50-Intermediate	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor	Distributed Generation Class	Energy from Waste Generation	Back-up/Standby Power
CO-INCIDENT PEAK													
1 CP													
Transformation CP	TCP1	828,014	433,168	66,074	163,113	122,259	42,693		686		20		
Bulk Delivery CP	BCP1	-											
Total Sytem CP	DCP1	828,014	433,168	66,074	163,113	122,259	42,693	-	686		20		
4 CP													
Transformation CP	TCP4	2,993,959	1,493,122	280,724	590,795	424,781	201,522		2,795		220		
Bulk Delivery CP	BCP4	-											
Total Sytem CP	DCP4	2,993,959	1,493,122	280,724	590,795	424,781	201,522	-	2,795		220		
12 CP													
Transformation CP	TCP12	7,794,612	3,198,935	708,888	1,848,356	1,369,234	607,752	52,751	8,418		278		
Bulk Delivery CP	BCP12	-											
Total Sytem CP	DCP12	7,794,612	3,198,935	708,888	1,848,356	1,369,234	607,752	52,751	8,418		278		
NON CO_INCIDENT PEAK													
1 NCP													
Classification NCP from Load Data Provider	DNCP1	924,765	442,908	93,204	180,503	137,224	61,489	8,490	757		190		
Primary NCP	PNCP1	924,765	442,908	93,204	180,503	137,224	61,489	8,490	757		190		
Line Transformer NCP	LTNCP1	740,741	442,908	91,153	167,838	29,405	-	8,490	757		190		
Secondary NCP	SNCP1	621,792	440,176	64,807	92,796	14,703	-	8,490	757		63		
4 NCP													
Classification NCP from Load Data Provider	DNCP4	3,411,295	1,525,696	356,159	708,333	540,682	243,723	33,164	2,899		640		
Primary NCP	PNCP4	3,411,295	1,525,696	356,159	708,333	540,682	243,723	33,164	2,899		640		
Line Transformer NCP	LTNCP4	2,685,215	1,525,696	348,323	658,634	115,861	-	33,164	2,899		640		
Secondary NCP	SNCP4	2,222,291	1,516,285	247,646	364,153	57,930	-	33,164	2,899		213		
12 NCP													
Classification NCP from Load Data Provider	DNCP12	8,778,006	3,434,780	960,665	2,050,673	1,541,211	684,768	95,997	8,423		1,489		
Primary NCP	PNCP12	8,778,006	3,434,780	960,665	2,050,673	1,541,211	684,768	95,997	8,423		1,489		
Line Transformer NCP	LTNCP12	6,717,268	3,434,780	939,529	1,906,790	330,259	-	95,997	8,423		1,489		
Secondary NCP	SNCP12	5,405,862	3,413,594	667,974	1,054,248	165,130	-	95,997	8,423		496		

2014 Cost Allocation Model

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Sheet O1 Revenue to Cost Summary Worksheet -

Instructions:
Please see the first tab in this workbook for detailed instructions

Class Revenue, Cost Analysis, and Return on Rate Base

Rate Base Assets		Total	1 Residential	2 GS <50	3 GS>50-Regular	4 GS >50-Intermediate	5 Large Use >5MW	6 Street Light	7 Unmetered Scattered Load	8 Embedded Distributor	9 Distributed Generation Class	10 Energy from Waste Generation	11 Back-up/Standby Power
crev	Distribution Revenue at Existing Rates	$65,287,595	$37,011,790	$8,305,737	$9,458,822	$7,032,138	$1,914,284	$1,347,656	$122,389	$2,541	$7,240	$0	$84,997
mi	Miscellaneous Revenue (mi)	$4,026,589	$2,978,655	$340,718	$459,207	$119,799	$32,719	$81,554	$6,863	$117	$6,859	$98	$0
		Miscellaneous Revenue Input equals Output											
	Total Revenue at Existing Rates	$69,314,184	$39,990,444	$8,646,455	$9,918,029	$7,151,937	$1,947,003	$1,429,210	$129,253	$2,658	$14,100	$98	$84,997
	Factor required to recover deficiency (1 + D)	1.0662											
	Distribution Revenue at Status Quo Rates	$69,612,857	$39,463,798	$8,855,987	$10,085,463	$7,498,013	$2,041,104	$1,436,937	$130,498	$2,709	$7,720	$0	$90,628
	Miscellaneous Revenue (mi)	$4,026,589	$2,978,655	$340,718	$459,207	$119,799	$32,719	$81,554	$6,863	$117	$6,859	$98	$0
	Total Revenue at Status Quo Rates	$73,639,446	$42,442,452	$9,196,704	$10,544,670	$7,617,812	$2,073,823	$1,518,491	$137,361	$2,826	$14,580	$98	$90,628
	Expenses												
di	Distribution Costs (di)	$8,861,993	$5,187,129	$1,018,006	$1,317,213	$745,114	$310,586	$262,722	$19,624	$51	$1,540	$8	$0
cu	Customer Related Costs (cu)	$7,932,996	$6,214,296	$611,893	$873,376	$93,048	$8,906	$82,024	$7,343	$0	$41,583	$526	$0
ad	General and Administration (ad)	$8,778,917	$5,953,083	$851,436	$1,144,613	$438,406	$167,158	$180,235	$14,098	$7,124	$22,486	$278	$0
dep	Depreciation and Amortization (dep)	$15,931,314	$9,245,823	$1,713,762	$2,595,082	$1,341,632	$542,027	$438,882	$34,126	$1,055	$18,915	$11	$0
INPUT	PILs (INPUT)	$2,184,600	$1,239,573	$216,725	$370,822	$201,698	$82,660	$65,474	$5,120	$1,070	$1,455	$2	$0
INT	Interest	$14,203,117	$8,059,051	$1,409,033	$2,410,886	$1,311,336	$537,415	$425,676	$33,291	$6,957	$9,462	$10	$0
	Total Expenses	$57,892,938	$35,898,955	$5,820,857	$8,711,992	$4,131,235	$1,648,752	$1,455,012	$113,601	$16,257	$95,442	$834	$0
	Direct Allocation	$25,440	$0	$0	$0	$0	$0	$0	$0	$25,440	$0	$0	$0
NI	Allocated Net Income (NI)	$15,721,068	$8,920,358	$1,559,623	$2,668,548	$1,451,484	$594,851	$471,170	$36,848	$7,701	$10,473	$11	$0
	Revenue Requirement (includes NI)	$73,639,446	$44,819,313	$7,380,479	$11,380,540	$5,582,719	$2,243,603	$1,926,181	$150,450	$49,399	$105,916	$845	$0
		Revenue Requirement Input equals Output											
			61%	10%	15%	8%	3%	3%	0%	0%	0%	0%	
	Rate Base Calculation												
	Net Assets												
dp	Distribution Plant - Gross	$780,583,098	$458,517,182	$83,940,703	$122,036,777	$63,912,858	$25,799,108	$24,098,556	$1,825,668	$14,116	$437,536	$593	$0
gp	General Plant - Gross	$42,565,634	$24,759,421	$4,505,718	$6,720,891	$3,645,869	$1,495,769	$1,296,294	$99,143	$20,758	$21,738	$33	$0
accum dep	Accumulated Depreciation	($302,126,675)	($178,820,777)	($32,686,404)	($47,491,656)	($23,496,153)	($9,214,010)	($9,477,963)	($711,990)	($20,808)	($206,702)	($213)	$0
co	Capital Contribution	($180,813,157)	($111,132,503)	($21,902,167)	($23,655,815)	($12,730,257)	($5,239,655)	($5,709,367)	($415,256)	$0	($27,973)	($164)	$0
	Total Net Plant	$340,208,901	$193,323,323	$33,857,850	$57,610,197	$31,332,318	$12,841,212	$10,207,521	$797,566	$14,065	$224,599	$249	$0
	Directly Allocated Net Fixed Assets	$152,632	$0	$0	$0	$0	$0	$0	$0	$152,632	$0	$0	$0
COP	Cost of Power (COP)	$470,431,894	$154,922,253	$41,999,214	$126,055,783	$95,463,246	$45,309,076	$3,944,146	$702,425	$2,014,578	$21,175	$0	$0
	OM&A Expenses	$25,573,906	$17,354,508	$2,481,336	$3,335,202	$1,276,569	$486,650	$524,981	$41,065	$7,175	$65,609	$811	$0
	Directly Allocated Expenses	$13,601	$0	$0	$0	$0	$0	$0	$0	$13,601	$0	$0	$0
	Subtotal	*$496,019,401*	*$172,276,761*	*$44,480,550*	*$129,390,985*	*$96,739,814*	*$45,795,726*	*$4,469,127*	*$743,489*	*$2,035,354*	*$86,784*	*$811*	*$0*
	Working Capital	$64,482,522	$22,395,979	$5,782,471	$16,820,828	$12,576,176	$5,953,444	$580,987	$96,654	$264,596	$11,282	$105	$0
	Total Rate Base	$404,844,055	$215,719,302	$39,640,322	$74,431,025	$43,908,493	$18,794,656	$10,788,507	$894,219	$431,294	$235,881	$355	$0
		Rate Base Input equals Output											
	Equity Component of Rate Base	$161,937,622	$86,287,721	$15,856,129	$29,772,410	$17,563,397	$7,517,862	$4,315,403	$357,688	$172,517	$94,353	$142	$0
	Net Income on Allocated Assets	$15,715,437	$6,543,497	$3,375,848	$1,832,678	$3,486,578	$425,071	$63,479	$23,759	($38,871)	($80,863)	($736)	$84,997
	Net Income on Direct Allocation Assets	$3,075	$0	$0	$0	$0	$0	$0	$0	$3,075	$0	$0	$0
	Net Income	$15,718,512	$6,543,497	$3,375,848	$1,832,678	$3,486,578	$425,071	$63,479	$23,759	($35,797)	($80,863)	($736)	$84,997
	RATIOS ANALYSIS												
	REVENUE TO EXPENSES STATUS QUO%	100.00%	94.70%	124.61%	92.66%	136.45%	92.43%	78.83%	91.30%	5.72%	13.77%	11.59%	0.00%
	EXISTING REVENUE MINUS ALLOCATED COSTS	($4,325,262)	($4,828,869)	$1,265,975	($1,462,511)	$1,569,219	($296,600)	($496,972)	($21,197)	($46,741)	($91,816)	($747)	$84,997
		Deficiency Input equals Output											
	STATUS QUO REVENUE MINUS ALLOCATED COSTS	($0)	($2,376,861)	$1,816,225	($835,870)	$2,035,093	($169,780)	($407,690)	($13,089)	($46,572)	($91,336)	($747)	$90,628
	RETURN ON EQUITY COMPONENT OF RATE BASE	9.71%	7.58%	21.29%	6.16%	19.85%	5.65%	1.47%	6.64%	-20.75%	-85.70%	-518.42%	0.00%

2014 Cost Allocation Model

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Sheet O2 Monthly Fixed Charge Min. & Max. Worksheet -

Output sheet showing minimum and maximum level for Monthly Fixed Charge

Summary

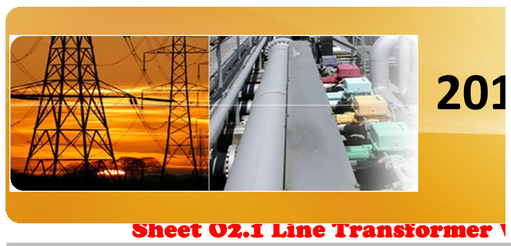
	1	2	3	4	5	6	7	8	9	10	11
	Residential	GS <50	GS>50-Regular	GS >50-Intermediate	Large Use >5MW	Street Light	Unmetered Scattered Load	Embedded Distributor	Distributed Generation Class	Energy from Waste Generation	Back-up/Standby Power
Customer Unit Cost per month - Avoided Cost	$4.42	$11.23	$53.77	$112.05	$407.55	$0.29	$0.33	0	$85.13	$40.04	0
Customer Unit Cost per month - Directly Related	$6.15	$13.99	$73.24	$148.76	$484.58	$0.45	$0.53	0	$111.53	$61.20	0
Customer Unit Cost per month - Minimum System with PLCC Adjustment	$11.61	$20.80	$94.74	$162.04	$588.18	$7.16	$4.45	0	$114.02	$63.10	0
Existing Approved Fixed Charge	$10.51	$24.39	$121.18	$1,196.32	$4,549.67	$0.84	$0.96	$0.00	$5.40	$0.00	$0.00

2014 Cost Allocation Model

Sheet O2.1 Line Transformer Worksheet -

Line Transformers Demand Unit Cost for PLCC Adjustment to Customer Related Cost
Allocation by rate classification

		1	2	3	4	5	6	7	8	9
Description	**Total**	**Residential**	**GS <50**	**GS>50-Regular**	**GS >50-Intermediate**	**Large Use >5MW**	**Street Light**	**Unmetered Scattered Load**	**Embedded Distributor**	**Distributed Generation Class**
Depreciation on Acct 1850 Line Transformers	$1,653,683	$893,023	$229,592	$450,874	$79,554	$0	$0	$275	$0	$365
Depreciation on General Plant Assigned to Line Transformers	$224,523	$124,255	$33,250	$56,925	$10,017	$0	$0	$37	$0	$38
Acct 5035 - Overhead Distribution Transformers- Operation	$52,607	$28,409	$7,304	$14,343	$2,531	$0	$0	$9	$0	$12
Acct 5055 - Underground Distribution Transformers - Operation	$51,411	$27,763	$7,138	$14,017	$2,473	$0	$0	$9	$0	$11
Acct 5160 - Maintenance of Line Transformers	$151,629	$81,883	$21,052	$41,341	$7,294	$0	$0	$25	$0	$33
Allocation of General Expenses	$320,256	$172,945	$44,463	$87,317	$15,407	$0	$0	$53	$0	$71
Admin and General Assigned to Line Transformers	$133,529	$72,083	$18,541	$36,420	$6,433	$0	$0	$22	$0	$29
PILs on Line Transformers	$297,377	$160,590	$41,287	$81,079	$14,306	$0	$0	$49	$0	$66
Debt Return on Line Transformers	$1,933,386	$1,044,069	$268,424	$527,135	$93,010	$0	$0	$321	$0	$427
Equity Return on Line Transformers	$2,140,015	$1,155,653	$297,112	$583,472	$102,951	$0	$0	$356	$0	$472
Total	**$6,958,417**	**$3,760,673**	**$968,163**	**$1,892,924**	**$333,977**	**$0**	**$0**	**$1,156**	**$0**	**$1,524**
Line Tranformer NCP	2,407,554	1,300,129	334,256	656,416	115,821	0	0	400	0	531
PLCC Amount	277,661	225,567	14,067	2,218	39	0	33,164	2,499	0	108
Adjustment to Customer Related Cost for PLCC	**$707,244**	**$652,460**	**$40,744**	**$6,396**	**$113**	**$0**	**$0**	**$7,221**	**$0**	**$310**
General Plant - Gross Assets	$42,565,634	$24,759,421	$4,505,718	$6,720,891	$3,645,869	$1,495,769	$1,296,294	$99,143	$20,758	$21,738
General Plant - Accumulated Depreciation	($28,729,143)	($16,711,062)	($3,041,078)	($4,536,182)	($2,460,734)	($1,009,551)	($874,917)	($66,915)	($14,010)	($14,672)
General Plant - Net Fixed Assets	$13,836,490	$8,048,359	$1,464,640	$2,184,709	$1,185,135	$486,218	$421,377	$32,228	$6,748	$7,066
General Plant - Depreciation	$1,648,879	$959,114	$174,539	$260,349	$141,231	$57,942	$50,215	$3,841	$804	$842
Total Net Fixed Assets Excluding General Plant	**$326,525,042**	**$185,274,964**	**$32,393,210**	**$55,425,488**	**$30,147,182**	**$12,354,993**	**$9,786,144**	**$765,338**	**$159,950**	**$217,533**
Total Administration and General Expense	$8,778,917	$5,953,083	$851,436	$1,144,613	$438,406	$167,158	$180,235	$14,098	$7,124	$22,486
Total O&M	**$16,808,590**	**$11,401,425**	**$1,629,900**	**$2,190,589**	**$838,163**	**$319,493**	**$344,745**	**$26,967**	**$13,652**	**$43,124**
Line Transformer Rate Base										
Acct 1850 - Line Transformers - Gross Assets	$79,932,113	$43,165,005	$11,097,490	$21,793,367	$3,845,328	$0	$0	$13,280	$0	$17,642
Line Transformers - Accumulated Depreciation	($35,484,204)	($19,162,209)	($4,926,501)	($9,674,713)	($1,707,054)	$0	$0	($5,896)	$0	($7,832)
Line Transformers - Net Fixed Assets	$44,447,908	$24,002,796	$6,170,990	$12,118,653	$2,138,274	$0	$0	$7,385	$0	$9,810
General Plant Assigned to Line Transformers - NFA	$1,884,071	$1,042,683	$279,018	$477,682	$84,059	$0	$0	$311	$0	$319
Line Transformer Net Fixed Assets Including General Plant	$46,331,980	$25,045,479	$6,450,007	$12,596,335	$2,222,333	$0	$0	$7,696	$0	$10,129
General Expenses										
Acct 5005 - Operation Supervision and Engineering	$155,202	$76,502	$17,948	$34,664	$18,604	$7,427	$0	$32	$0	$24
Acct 5010 - Load Dispatching	$1,469,214	$724,200	$169,906	$328,144	$176,117	$70,312	$0	$307	$0	$228
Acct 5085 - Miscellaneous Distribution Expense	$178,298	$87,886	$20,619	$39,822	$21,373	$8,533	$0	$37	$0	$28
Acct 5105 - Maintenance Supervision and Engineering	$70,445	$34,724	$8,147	$15,734	$8,444	$3,371	$0	$15	$0	$11
Total	$1,873,159	$923,311	$216,620	$418,364	$224,539	$89,644	$0	$392	$0	$291
Acct 1850 - Line Transformers - Gross Assets	$79,932,113	$43,165,005	$11,097,490	$21,793,367	$3,845,328	$0	$0	$13,280	$0	$17,642
Acct 1815 - 1855	$467,518,024	$230,447,261	$54,065,624	$104,418,647	$56,042,205	$22,373,975	$0	$97,742	$0	$72,570



Line Transformers Demand Unit Cost for PLCC Adjustment to Customer Related Cost
Allocation by rate classification

	10	11	12	13	14	15	16	17	18	19	20
Description	Energy from Waste Generation	Back-up/Standby Power	Rate class 1	Rate class 2	Rate class 3	Rate class 4	Rate class 5	Rate class 6	Rate class 7	Rate class 8	Rate class 9
Depreciation on Acct 1850 Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Depreciation on General Plant Assigned to Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5035 - Overhead Distribution Transformers- Operation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5055 - Underground Distribution Transformers - Operation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5160 - Maintenance of Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Allocation of General Expenses	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Admin and General Assigned to Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
PILs on Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Debt Return on Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Equity Return on Line Transformers	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Line Tranformer NCP	0	0	0	0	0	0	0	0	0	0	0
PLCC Amount	0	0	0	0	0	0	0	0	0	0	0
Adjustment to Customer Related Cost for PLCC	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
General Plant - Gross Assets	$33	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Plant - Accumulated Depreciation	($23)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Plant - Net Fixed Assets	$11	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Plant - Depreciation	$1	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total Net Fixed Assets Excluding General Plant	**$239**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Total Administration and General Expense	$278	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total O&M	**$533**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Line Transformer Rate Base											
Acct 1850 - Line Transformers - Gross Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Line Transformers - Accumulated Depreciation	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Line Transformers - Net Fixed Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Plant Assigned to Line Transformers - NFA	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Line Transformer Net Fixed Assets Including General Plant	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
General Expenses											
Acct 5005 - Operation Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5010 - Load Dispatching	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5085 - Miscellaneous Distribution Expense	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 5105 - Maintenance Supervision and Engineering	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Total	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 1850 - Line Transformers - Gross Assets	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Acct 1815 - 1855	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

2014 Cost Allocation Model

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Sheet O3.1 Line Transformers Unit Cost Worksheet -

ALLOCATION BY RATE CLASSIFICATION

Description	Total	1 Residential	2 GS <50	3 GS>50-Regular	4 GS >50-Intermediate	5 Large Use >5MW	6 Street Light	7 Unmetered Scattered Load	8 Embedded Distributor	9 Distributed Generation Class	10 Energy from Waste Generation	11 Back-up/Standby Power
Depreciation on Acct 1850 Line Transformers	$2,544,128	$1,609,766	$274,289	$457,921	$79,679	$0	$113,550	$8,215	$0	$709	$0	$0
Depreciation on General Plant Assigned to Line Transformers	$348,396	$223,983	$39,723	$57,814	$10,033	$0	$15,661	$1,108	$0	$74	$0	$0
Acct 5035 - Overhead Distribution Transformers- Operation	$80,934	$51,210	$8,726	$14,568	$2,535	$0	$3,612	$261	$0	$23	$0	$0
Acct 5055 - Underground Distribution Transformers - Operation	$79,094	$50,046	$8,527	$14,236	$2,477	$0	$3,530	$255	$0	$22	$0	$0
Acct 5160 - Maintenance of Line Transformers	$233,275	$147,602	$25,150	$41,988	$7,306	$0	$10,412	$753	$0	$65	$0	$0
Allocation of General Expenses	$475,444	$298,403	$51,860	$88,388	$15,411	$0	$19,808	$1,442	$0	$131	$0	$0
Admin and General Assigned to Line Transformers	$205,419	$129,938	$22,151	$36,990	$6,443	$0	$9,177	$664	$0	$57	$0	$0
PILs on Line Transformers	$457,502	$289,479	$49,324	$82,347	$14,328	$0	$20,419	$1,477	$0	$127	$0	$0
Debt Return on Line Transformers	$2,974,440	$1,882,040	$320,682	$535,374	$93,156	$0	$132,755	$9,604	$0	$828	$0	$0
Equity Return on Line Transformers	$3,292,331	$2,083,182	$354,954	$592,591	$103,112	$0	$146,943	$10,630	$0	$917	$0	$0
Total	**$10,690,965**	**$6,765,651**	**$1,155,387**	**$1,922,217**	**$334,481**	**$0**	**$475,868**	**$34,410**	**$0**	**$2,953**	**$0**	**$0**
Billed kW without Line Transformer Allowance		0	0	2,738,459	382,818	719,987	100,672	0	40,073	0	0	54,580
Billed kWh without Line Transformer Allowance		1,308,264,983	354,298,350	1,064,497,599	806,154,180	382,619,513	33,306,955	5,931,733	17,012,414	178,816	0	0
Line Transformation Unit Cost ($/kW)		**$0.0000**	**$0.0000**	**$0.7019**	**$0.8737**	**$0.0000**	**$4.7269**	**$0.0000**	**$0.0000**	**$0.0000**	**$0.0000**	**$0.0000**
Line Transformation Unit Cost ($/kWh)		**$0.0052**	**$0.0033**	**$0.0018**	**$0.0004**	**$0.0000**	**$0.0143**	**$0.0058**	**$0.0000**	**$0.0165**	**$0.0000**	**$0.0000**
General Plant - Gross Assets	$42,565,634	$24,759,421	$4,505,718	$6,720,891	$3,645,869	$1,495,769	$1,296,294	$99,143	$20,758	$21,738	$33	$0
General Plant - Accumulated Depreciation	($28,729,143)	($16,711,062)	($3,041,078)	($4,536,182)	($2,460,734)	($1,009,551)	($874,917)	($66,915)	($14,010)	($14,672)	($23)	$0
General Plant - Net Fixed Assets	$13,836,490	$8,048,359	$1,464,640	$2,184,709	$1,185,135	$486,218	$421,377	$32,228	$6,748	$7,066	$11	$0
General Plant - Depreciation	$1,648,879	$959,114	$174,539	$260,349	$141,231	$57,942	$50,215	$3,841	$804	$842	$1	$0
Total Net Fixed Assets Excluding General Plant	$326,525,042	$185,274,964	$32,393,210	$55,425,488	$30,147,182	$12,354,993	$9,786,144	$765,338	$159,950	$217,533	$239	$0
Total Administration and General Expense	$8,778,917	$5,953,083	$851,436	$1,144,613	$438,406	$167,158	$180,235	$14,098	$7,124	$22,486	$278	$0
Total O&M	$16,808,590	$11,401,425	$1,629,900	$2,190,589	$838,163	$319,493	$344,745	$26,967	$13,652	$43,124	$533	$0
Line Transformer Rate Base												
Acct 1850 - Line Transformers - Gross Assets	$122,972,481	$77,809,338	$13,257,964	$22,133,995	$3,851,364	$0	$5,488,513	$397,058	$0	$34,250	$0	$0
Line Transformers - Accumulated Depreciation	($54,591,084)	($34,541,842)	($5,885,598)	($9,825,928)	($1,709,733)	$0	($2,436,511)	($176,266)	$0	($15,205)	$0	$0
Line Transformers - Net Fixed Assets	$68,381,397	$43,267,495	$7,372,366	$12,308,067	$2,141,631	$0	$3,052,001	$220,792	$0	$19,045	$0	$0
General Plant Assigned to Line Transformers - NFA	$2,923,550	$1,879,543	$333,337	$485,148	$84,191	$0	$131,415	$9,297	$0	$619	$0	$0
Line Transformer Net Fixed Assets Including General Plant	$71,304,947	$45,147,038	$7,705,703	$12,793,215	$2,225,822	$0	$3,183,416	$230,090	$0	$19,664	$0	$0
General Expenses												
Acct 5005 - Operation Supervision and Engineering	$221,717	$128,808	$23,023	$35,742	$18,830	$7,523	$7,206	$537	$4	$43	$0	$0
Acct 5010 - Load Dispatching	$2,098,878	$1,219,360	$217,947	$338,350	$178,250	$71,221	$68,217	$5,086	$40	$404	$2	$0
Acct 5085 - Miscellaneous Distribution Expense	$254,711	$147,977	$26,449	$41,061	$21,632	$8,643	$8,279	$617	$5	$49	$0	$0
Acct 5105 - Maintenance Supervision and Engineering	$100,636	$58,465	$10,450	$16,223	$8,547	$3,415	$3,271	$244	$2	$19	$0	$0
Total	**$2,675,942**	**$1,554,611**	**$277,870**	**$431,376**	**$227,258**	**$90,802**	**$86,973**	**$6,484**	**$51**	**$515**	**$2**	**$0**
Acct 1850 - Line Transformers - Gross Assets	$122,972,481	$77,809,338	$13,257,964	$22,133,995	$3,851,364	$0	$5,488,513	$397,058	$0	$34,250	$0	$0
Acct 1815 - 1855	$689,953,366	$405,368,105	$71,036,890	$108,024,004	$56,795,508	$22,695,006	$24,098,556	$1,785,794	$14,116	$134,792	$593	$0